



Efficient

EFFICIENT E-SOLUTIONS BERHAD

(Company No. 632479-H)

(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE THIRD QUARTER ENDED

30 SEPTEMBER 2007

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2007

| | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|--------------------|---------------------|---------------------|
| | 30.09.2007 | 30.09.2006 | 30.09.2007 | 30.09.2006 |
| | RM | RM | RM | RM |
| Revenue | 14,061,009 | 9,866,412 | 40,155,526 | 31,277,421 |
| Cost of sales | <u>(7,735,189)</u> | <u>(4,673,109)</u> | <u>(19,888,939)</u> | <u>(16,256,561)</u> |
| Gross profit | 6,325,820 | 5,193,303 | 20,266,587 | 15,020,860 |
| Other income | 281,349 | - | 281,349 | - |
| Operating expenses | <u>(2,659,243)</u> | <u>(1,788,475)</u> | <u>(8,120,533)</u> | <u>(5,080,677)</u> |
| Profit from operations | 3,947,926 | 3,404,828 | 12,427,403 | 9,940,183 |
| Finance costs | (114,157) | (306,174) | (281,924) | (402,987) |
| Interest income | 34,475 | 22,661 | 37,272 | 73,840 |
| Share of profit of associates | <u>353,884</u> | <u>17,012</u> | <u>405,795</u> | <u>586,293</u> |
| Profit before tax | 4,222,128 | 3,138,327 | 12,588,546 | 10,197,329 |
| Income tax expense | <u>(323,583)</u> | <u>(334,482)</u> | <u>(1,415,342)</u> | <u>(1,243,191)</u> |
| Profit for the period | <u>3,898,545</u> | <u>2,803,845</u> | <u>11,173,204</u> | <u>8,954,138</u> |
| Attributable to : | | | | |
| Equity holders of the parent | 3,898,545 | 2,803,845 | 11,173,204 | 8,954,138 |
| Minority Interest | - | - | - | - |
| | <u>3,898,545</u> | <u>2,803,845</u> | <u>11,173,204</u> | <u>8,954,138</u> |
| Earnings per share attributable to equity holders of the parent : | | | | |
| (a) Basic (sen) | <u>1.19</u> | <u>0.93</u> | <u>3.41</u> | <u>2.98</u> |
| (b) Diluted (sen) | <u>1.17</u> | <u>0.89</u> | <u>3.38</u> | <u>2.85</u> |
| (The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.) | | | | |

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2007

| | As at 30.09.2007 | As at 31.12.2006 |
|--|---------------------|---------------------|
| | RM | RM |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 29,260,400 | 25,588,433 |
| Prepaid lease payments | 374,853 | 378,446 |
| Investments in associates | 2,890,083 | 1,584,288 |
| Software development expenditure | 772,889 | 779,619 |
| Goodwill arising from consolidation | 1,582,719 | 1,582,719 |
| | <u>34,880,944</u> | <u>29,913,505</u> |
| Current assets | | |
| Inventories | 1,484,529 | 1,033,165 |
| Trade receivables | 19,401,675 | 22,386,941 |
| Other receivables | 2,289,772 | 1,007,974 |
| Tax recoverable | 48,546 | 22,467 |
| Short term Investment | 3,064,079 | - |
| Deposits with licensed banks | 5,559,688 | 417,022 |
| Cash and bank balances | 11,250,652 | 6,701,369 |
| | <u>43,098,941</u> | <u>31,568,938</u> |
| Total assets | <u>77,979,885</u> | <u>61,482,443</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 32,880,005 | 30,031,255 |
| Share premium | 2,990,000 | 27,300 |
| Share based reserve | 254,234 | - |
| Retained profits | 28,268,117 | 18,245,713 |
| | <u>64,392,356</u> | <u>48,304,268</u> |
| Minority Interest | - | - |
| Total equity | <u>64,392,356</u> | <u>48,304,268</u> |
| Non-current liabilities | | |
| Hire purchase creditors | 408,553 | 1,938,432 |
| Bank Borrowings | 3,641,315 | 1,140,405 |
| Deferred tax liabilities | 1,684,622 | 1,684,622 |
| | <u>5,734,490</u> | <u>4,763,459</u> |
| Current liabilities | | |
| Trade payables | 2,796,183 | 2,920,780 |
| Other payables | 1,145,686 | 1,038,857 |
| Hire purchase creditors | 2,043,494 | 2,302,087 |
| Bank borrowings | 305,508 | 669,498 |
| Provision for taxation | 411,368 | 432,400 |
| Dividend Payable | 1,150,800 | 1,051,094 |
| | <u>7,853,039</u> | <u>8,414,716</u> |
| Total liabilities | <u>13,587,529</u> | <u>13,178,175</u> |
| Total equity and liabilities | <u>77,979,885</u> | <u>61,482,443</u> |

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2007

| | Attributable to equity holders of the parent | | | | Total | Minority Interest | Total Equity |
|---|--|------------------|-------------------|----------------|--------------------|-------------------|--------------------|
| | Share Capital | Share Premium | Retained Profits | Reserves | | | |
| | RM | RM | RM | RM | RM | RM | RM |
| <u>FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006</u> | | | | | | | |
| As at 1 January 2006 | 12,000,002 | 14,287,051 | 10,630,910 | 259,831 | 37,177,794 | - | 37,177,794 |
| Prior year adjustments - effects of adopting FRS 3 | - | - | 259,831 | (259,831) | - | - | - |
| As at 1 January 2006 (restated) | 12,000,002 | 14,287,051 | 10,890,741 | - | 37,177,794 | - | 37,177,794 |
| Net profit for the period | - | - | 8,954,138 | - | 8,954,138 | - | 8,954,138 |
| Total recognised income and expense for the period | - | - | 8,954,138 | - | 8,954,138 | - | 8,954,138 |
| Issuance of ordinary shares pursuant to ESOS | 7,000 | 13,400 | - | - | 20,400 | - | 20,400 |
| Issuance of bonus shares | 18,003,003 | (14,295,251) | (3,707,752) | - | - | - | - |
| As at 30 September 2006 | 30,010,005 | 5,200 | 16,137,127 | - | 46,152,332 | - | 46,152,332 |
| <u>FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007</u> | | | | | | | |
| As at 1 January 2007 | 30,031,255 | 27,300 | 18,245,713 | - | 48,304,268 | - | 48,304,268 |
| Net profit for the period | - | - | 11,173,204 | - | 11,173,204 | - | 11,173,204 |
| Dividend declared for the period | - | - | (1,150,800) | - | (1,150,800) | - | (1,150,800) |
| Total recognised income and expense for the period | 30,031,255 | 27,300 | 28,268,117 | - | 58,326,672 | - | 58,326,672 |
| Share-based payment under ESOS | - | - | - | 254,234 | 254,234 | - | 254,234 |
| Issuance of ordinary shares pursuant to ESOS | 2,848,750 | 2,962,700 | - | - | 5,811,450 | - | 5,811,450 |
| As at 30 September 2007 | 32,880,005 | 2,990,000 | 28,268,117 | 254,234 | 64,392,356 | - | 64,392,356 |

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2007

| | As at 30.09.2007 | As at 30.09.2006 |
|---|--------------------------|-------------------------|
| | RM | RM |
| Net cash generated from operating activities | 15,585,832 | 3,765,858 |
| Net cash used in investing activities | (7,938,609) | (2,645,404) |
| Net cash from / (used in) financing activities | <u>5,199,141</u> | <u>(2,938,205)</u> |
| Net change in cash and cash equivalents | 12,846,364 | (1,817,751) |
| Cash and cash equivalents at beginning of the financial period | 6,775,198 | 7,649,563 |
| Cash and cash equivalents at end of the financial period* | <u><u>19,621,562</u></u> | <u><u>5,831,812</u></u> |
| *Cash and cash equivalents at end of the financial period comprise the following:- | | |
| Cash and bank balances | 11,250,652 | 3,617,765 |
| Bank overdraft | - | - |
| Deposits with licensed banks (Note) | 5,306,831 | 2,214,047 |
| Short term investment | <u>3,064,079</u> | - |
| | <u><u>19,621,562</u></u> | <u><u>5,831,812</u></u> |
| Note : | - | - |
| The deposits with licensed banks exclude the security deposit of RM252,857 which has been pledged to the bank in respect of the banking facilities granted to the group. | | |
| (The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.) | | |

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134 : Interim Financial Reporting and Chapter 9 Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2006.

A2 Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for year ended 31 December 2006 was not subject to any qualification.

A3 Seasonality or cyclicity of interim operations

The Group's operations are not materially affected by seasonal or cyclical factors during the quarter and financial period under review.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter and financial period ended 30 September 2007.

A5 Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial period's results.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter and financial period under review except for the following :

Employee Share Options Scheme ("ESOS")

During the quarter under review, the Company issued and allotted 25,000 new ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS at exercise price of RM0.204.

During the financial period ended 30 September 2007, the Company issued and allotted 28,487,500 new ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS at exercise price of RM0.204.

During the same financial period, the Company granted 32,000,000 new options at exercise price of RM0.42 to eligible employees and Executive Director of the Company and its subsidiaries. The options were granted on 8 March 2007 and will expire on 7 September 2008.

A7 Dividend paid

During the financial period ended 30 September 2007, dividend amounting to RM1,051,094, being first interim dividend of 3.5% tax exempted for the financial year ended 31 December 2006 was paid on 15 January 2007.

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

A8 Segmental information

Segmental results for the financial period ended 30 September 2007 are as follows:

| Business Segment | Data and Document Processing | Software Development | Forms Printing | Others | Elimination | Total |
|-------------------------------|-------------------------------------|-----------------------------|-----------------------|---------------|--------------------|--------------|
| | RM | RM | RM | RM | RM | RM |
| External sales | 27,614,315 | 12,516,011 | 25,200 | - | - | 40,155,526 |
| Inter segment sales | - | 1,711,500 | 1,808,145 | - | (3,519,645) | - |
| Total operating revenue | 27,614,315 | 14,227,511 | 1,833,345 | - | (3,519,645) | 40,155,526 |
| Profit/(Loss) from operations | 5,209,376 | 7,378,942 | 294,773 | 694,312 | (1,150,000) | 12,427,403 |
| Finance costs | | | | | | (281,924) |
| Interest income | | | | | | 37,272 |
| Share of profit of associates | | | | | | 405,795 |
| Profit before taxation | | | | | | 12,588,546 |
| Income tax expense | | | | | | (1,415,342) |
| Profit for the period | | | | | | 11,173,204 |
| | | | | | | - |

A9 Valuations of property, plant & equipment

The Group did not carry out any valuation on its property, plant and equipment during the quarter and financial period under review.

A10 Material events subsequent to the end of the quarter

The Board is not aware of any material events subsequent to the Balance Sheet date that have not been reflected in the financial statements for the period ended 30 September 2007.

A11 Changes in the composition of the Group

During the quarter under review, Efficient E-Solutions Berhad (E-Sol) had on 10 August 2007 subscribed for 300,000 ordinary shares of RM1.00 each of the issued and paid-up share capital of Regalia Records Management Sdn Bhd (RRM) at par. E-Sol's shareholding in RRM was maintained at 30%.

There were no other changes in the composition of the Group during the quarter under review.

A12 Changes in contingent liabilities and contingent assets

There were no changes in the contingent liabilities and contingent assets of the Group since the last annual balance sheet date as at 31 December 2006 except for a corporate guarantee amounting to RM8.0million given by the Company to a financial institution for banking facilities granted to a subsidiary company during the financial period ended 30 September 2007.

A13 Capital commitments

The amount of capital commitments for the purchase of property, plant and equipment and investment not provided for in the financial statements as at 30 September 2007 was as follow:

Approved and contracted for RM '000
12,474

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

A14 Significant related party transactions

| Related Transacting Parties | Related Parties and Relationship |
|---------------------------------|---|
| VPI International Sdn Bhd (VPI) | VPI is deemed related to the Group by virtue of Shaik Aqmal bin Shaik Allaudin's common directorship in VPI and Efficient E-Solutions Berhad and he is also a substantial shareholder in VPI. |

The related party transactions of the Group for the quarter ended 30 September 2007 are as follows:

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|-----------|--------------------|-----------|
| | 30.9.2007 | 30.9.2006 | 30.9.2007 | 30.9.2006 |
| | RM | RM | RM | RM |
| Provision of data and documents processing services to VPI | - | - | - | 595,950 |
| Management fee for the provision of project management / administration of data and document processing services to VPI | 36,000 | 36,000 | 108,000 | 108,000 |
| Billing of license fee for the usage of e-TALK and e-DOC software applications to VPI | - | - | - | 72,000 |
| Provision of software application development for data and document processing as well as data capture and conversion services to VPI | 5,177,674 | 2,420,025 | 12,349,036 | 8,056,538 |

The Directors of the Company are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

PART B - EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Performance Review

The Group's revenue and profit for the period ended 30 September 2007 of RM40.2 million and RM11.2 million respectively represented growth of 28% and 25% compared to the previous year corresponding period. The growth in revenue and profit for the year was mainly attributable to increase in data printing's volume from existing customers, and software application development services rendered in relation to data capture and conversion.

The Group's revenue and profit for the current quarter of RM14.1 million and RM3.9 million respectively represented an increase of 43% and 39% compared to the previous year corresponding quarter. The increase in revenue and profit for the quarter was also attributable to the same reason stated above.

B2 Material changes in the profit before taxation for the current quarter as compared with the preceding quarter

The Group recorded higher profit before taxation by RM0.18 million in the current quarter as compared to the preceding quarter. The marginal increase in profit before taxation of 4% was due mainly to higher share of profit of the associated companies during the quarter under review.

B3 Current year prospects

Barring unforeseen circumstances, the group expects a continuous earnings growth with higher revenue generated from data and document processing segment and software development segment.

B4 Profit forecast or profit guarantee

This note is not applicable.

B5 Taxation

| | Individual Quarter | | Cumulative Quarter | |
|--------------|--------------------|------------|--------------------|------------|
| | 30.09.2007 | 30.09.2006 | 30.09.2007 | 30.09.2006 |
| | RM | RM | RM | RM |
| Current tax | 323,583 | 334,482 | 1,415,342 | 1,243,191 |
| Deferred tax | 323,583 | 334,482 | 1,415,342 | 1,243,191 |
| | | | | |

The effective tax rates for current quarter and financial year were lower than the statutory tax rate due principally to exempt income granted to Efficient Softech Sdn Bhd, a Multimedia Super Corridor status company.

B6 Sale of unquoted investments and properties

There were no sale of unquoted investments and properties for the current quarter and financial period under review.

B7 Marketable securities

There were no purchases and disposals of quoted securities for the current quarter and financial period under review.

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

PART B - EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8 Corporate proposals

There were no corporate proposals announced as at the date of this announcement.

Status of Utilisation of Proceeds

As at 28 November 2007, the proceeds arising from the public issue of RM18,900,000 were utilised as follows:

| Purpose of Proceeds | Proposed Utilisation | Amount Utilised | Intended Time Frame | Balance |
|----------------------------|-----------------------------|------------------------|----------------------------|----------------|
| | RM | RM | | RM |
| R&D expenditure | 2,000,000 | 2,000,000 | 2005 - 2007 | - |
| New facility in Shah Alam | 6,000,000 | 6,000,000 | 2005 - 2006 | - |
| Branding & promotion | 600,000 | 106,181 | 2005 - 2007 | 493,819 |
| Working capital | 8,700,000 | 8,700,000 | 2005 - 2007 | - |
| Defray listing expenses | 1,600,000 | 1,600,000 | 2005 | - |
| | 18,900,000 | 18,406,181 | | 493,819 |
| | | | | |

The Group expects to fully utilise the balance within the intended time frame.

B9 Borrowings and debt securities

The Group's total borrowings, all of which were secured and were denominated in Ringgit Malaysia as at 30 September 2007, were as follows :

| | Short term | Long term | Total |
|-------------------------|-------------------|------------------|------------------|
| | RM | RM | RM |
| Hire purchase creditors | 2,043,494 | 408,553 | 2,452,047 |
| Secured bank borrowings | 305,508 | 3,641,315 | 3,946,823 |
| Total | 2,349,002 | 4,049,868 | 6,398,870 |
| | | | |

B10 Off Balance Sheet financial instruments

There were no off balance sheet financial instruments as at 28 November 2007.

B11 Changes in material litigation

There were no material litigation as at 28 November 2007.

B12 Dividend

The Board of Directors has declared a first interim tax exempt dividend of 3.5% per ordinary share of RM0.10 each for the financial period ended 30 September 2007. The dividend is payable on 16 January 2008. The book closure and entitlement date will fall on 19 December 2007.

A first interim tax exempt dividend of 3.5% per ordinary share of RM0.10 each was declared for the financial period ended 30 September 2006.

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

PART B - EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B13 Earnings per share

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|-------------|--------------------|-------------|
| | 30.09.2007 | 30.09.2006 | 30.09.2007 | 30.09.2006 |
| | RM | RM | RM | RM |
| <u>Basic Earnings Per Share</u> | | | | |
| Profit attributable to ordinary equity holders of the parent | 3,898,545 | 2,803,845 | 11,173,204 | 8,954,138 |
| Weighted average number of ordinary shares in issue | 328,791,083 | 300,025,508 | 327,945,288 | 300,025,508 |
| Basic EPS (sen) | 1.19 | 0.93 | 3.41 | 2.98 |
| <u>Diluted Earnings Per Share</u> | | | | |
| Profit attributable to ordinary equity holders of the parent | 3,898,545 | 2,803,845 | 11,173,204 | 8,954,138 |
| Weighted average number of ordinary shares in issue | 328,791,083 | 300,025,508 | 327,945,288 | 300,025,508 |
| Effect of dilution of share options | 3,826,140 | 14,561,866 | 2,981,512 | 14,561,866 |
| Adjusted weighted average number of ordinary shares in issue and issuable | 332,617,223 | 314,587,374 | 330,926,800 | 314,587,374 |
| Diluted EPS (sen) | 1.17 | 0.89 | 3.38 | 2.85 |

B14 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 November 2007.