



Efficient

EFFICIENT E-SOLUTIONS BERHAD

(Company No. 632479-H)

(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED

31 DECEMBER 2007

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2007

	Individual Quarter		Cumulative Quarter	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM	RM	RM	RM
Revenue	16,254,208	11,735,088	56,409,734	43,012,509
Cost of sales	<u>(8,402,486)</u>	<u>(5,357,220)</u>	<u>(28,291,425)</u>	<u>(21,613,781)</u>
Gross profit	7,851,722	6,377,868	28,118,309	21,398,728
Other income	15,681	-	297,030	-
Operating expenses	<u>(2,637,123)</u>	<u>(2,033,624)</u>	<u>(10,757,656)</u>	<u>(7,114,301)</u>
Profit from operations	5,230,280	4,344,244	17,657,683	14,284,427
Finance costs	(104,822)	(129,849)	(386,746)	(532,836)
Interest income	74,990	14,083	112,262	87,923
Share of profit of associates	<u>(608,025)</u>	<u>(423,318)</u>	<u>(202,230)</u>	<u>162,975</u>
Profit before tax	4,592,423	3,805,160	17,180,969	14,002,489
Income tax expense	<u>(643,701)</u>	<u>(645,480)</u>	<u>(2,059,043)</u>	<u>(1,888,671)</u>
Profit for the period	<u>3,948,722</u>	<u>3,159,680</u>	<u>15,121,926</u>	<u>12,113,818</u>
Attributable to :				
Equity holders of the parent	3,948,722	3,159,680	15,121,926	12,113,818
Minority Interest	-	-	-	-
	<u>3,948,722</u>	<u>3,159,680</u>	<u>15,121,926</u>	<u>12,113,818</u>
Earnings per share attributable to equity holders of the parent :				
(a) Basic (sen)	<u>1.20</u>	<u>1.05</u>	<u>4.61</u>	<u>4.04</u>
(b) Diluted (sen)	<u>1.20</u>	<u>0.99</u>	<u>4.60</u>	<u>3.81</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 31 DECEMBER 2007
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007

	As at 31.12.2007	As at 31.12.2006
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	32,992,105	25,588,433
Prepaid lease payments	373,656	378,446
Investments in associates	2,582,058	1,584,288
Software development expenditure	768,069	779,619
Goodwill arising from consolidation	1,582,719	1,582,719
	<u>38,298,607</u>	<u>29,913,505</u>
Current assets		
Inventories	1,436,977	1,033,165
Trade receivables	23,160,300	22,386,941
Other receivables	2,026,643	1,007,974
Tax recoverable	58,872	22,467
Short term Investment	2,040,047	-
Deposits with licensed banks	12,572,998	417,022
Cash and bank balances	4,325,566	6,701,369
	<u>45,621,403</u>	<u>31,568,938</u>
Total assets	<u>83,920,010</u>	<u>61,482,443</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	32,905,005	30,031,255
Share premium	3,016,000	27,300
Retained profits	32,216,839	18,245,713
	<u>68,137,844</u>	<u>48,304,268</u>
Minority Interest	-	-
Total equity	<u>68,137,844</u>	<u>48,304,268</u>
Non-current liabilities		
Hire purchase creditors	73,273	1,938,432
Bank Borrowings	5,649,246	1,140,405
Deferred tax liabilities	2,158,322	1,684,622
	<u>7,880,841</u>	<u>4,763,459</u>
Current liabilities		
Trade payables	2,066,040	2,920,780
Other payables	2,610,699	1,038,857
Hire purchase creditors	1,811,812	2,302,087
Bank borrowings	213,667	669,498
Provision for taxation	48,307	432,400
Dividend Payable	1,150,800	1,051,094
	<u>7,901,325</u>	<u>8,414,716</u>
Total liabilities	<u>15,782,166</u>	<u>13,178,175</u>
Total equity and liabilities	<u>83,920,010</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.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 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	-	-	12,113,818	-	12,113,818	-	12,113,818
Dividend declared for the period	-	-	(1,051,094)	-	(1,051,094)	-	(1,051,094)
Total recognised income and expense for the period	-	-	11,062,724	-	11,062,724	-	11,062,724
Issuance of ordinary shares pursuant to ESOS	28,250	35,500	-	-	63,750	-	63,750
Issuance of bonus shares	18,003,003	(14,295,251)	(3,707,752)	-	-	-	-
As at 31 December 2006	30,031,255	27,300	18,245,713	-	48,304,268	-	48,304,268
<u>FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	15,121,926	-	15,121,926	-	15,121,926
Dividend declared for the period	-	-	(1,150,800)	-	(1,150,800)	-	(1,150,800)
Total recognised income and expense for the period	-	-	13,971,126	-	13,971,126	-	13,971,126
Issuance of ordinary shares pursuant to ESOS	2,873,750	2,988,700	-	-	5,862,450	-	5,862,450
As at 31 December 2007	32,905,005	3,016,000	32,216,839	-	68,137,844	-	68,137,844
	-	-	-	-	-	-	-

(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.)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2007

	As at 31.12.2007	As at 31.12.2006
	RM	RM
Net cash generated from operating activities	18,841,970	7,647,361
Net cash used in investing activities	(14,204,385)	(5,525,670)
Net cash from / (used in) financing activities	<u>7,263,616</u>	<u>(2,996,056)</u>
Net change in cash and cash equivalents	11,901,201	(874,365)
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>18,676,399</u></u>	<u><u>6,775,198</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	7,765,566	5,701,369
Bank overdraft	-	(90,336)
Deposits with licensed banks (Note)	8,870,786	164,165
Short term investment	<u>2,040,047</u>	<u>1,000,000</u>
	<u><u>18,676,399</u></u>	<u><u>6,775,198</u></u>
Note :	-	-
The deposits with licensed banks exclude the security deposit of RM262,212 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.)		

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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 year 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 year ended 31 December 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 250,000 new ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS at exercise price of RM0.204.

During the financial year ended 31 December 2007, the Company issued and allotted 28,737,500 new ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS at exercise price of RM0.204.

During the quarter under review, the Company has invalidated the 32,000,000 options at an exercise price of RM0.42 each to its eligible employees and Executive Directors of the Company and its subsidiary pursuant to the clarification of Bursa Securities and in accordance with the ESOS by-laws.

A7 Dividend paid

During the financial year ended 31 December 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.

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

A8 Segmental information

Segmental results for the financial year ended 31 December 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	38,852,115	17,532,419	25,200	-	-	56,409,734
Inter segment sales	-	2,247,800	2,286,092	1,150,000	(5,683,892)	-
Total operating revenue	38,852,115	19,780,219	2,311,292	1,150,000	(5,683,892)	56,409,734
Profit/(Loss) from operations	7,283,042	10,331,554	345,182	847,905	(1,150,000)	17,657,683
Finance costs						(386,746)
Interest income						112,262
Share of profit of associates						(202,230)
Profit before taxation						17,180,969
Income tax expense						(2,059,043)
Profit for the period						15,121,926
						-

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 year ended 31 December 2007.

A11 Changes in the composition of the Group

During the quarter under review, Efficient E-Solutions Berhad (E-Sol) had on 10 October 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.

During the financial year ended 31 December 2007, E-Sol had subscribed for 1,200,000 ordinary shares of RM1.00 each of the issued and paid-up share capital of 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 year ended 31 December 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 31 December 2007 was as follow:

Approved and contracted for	RM '000 <u>7,518</u>
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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 31 December 2007 are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM	RM	RM	RM
Provision of data and documents processing services to VPI	-	-	516,000	595,950
Management fee for the provision of project management / administration of data and document processing services to VPI	36,000	36,000	144,000	144,000
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	5,016,408	3,231,260	17,365,444	11,287,798

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.

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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 year ended 31 December 2007 of RM56.4 million and RM15.1 million respectively represented growth of 31% 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 and new 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 RM16.3 million and RM3.9 million respectively represented an increase of 39% and 25% 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 RM0.4 million in the current quarter as compared to the preceding quarter. The increase in profit before taxation of 9% was due mainly to higher margin of software application development services rendered 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	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM	RM	RM	RM
Current tax	170,001	529,736	1,585,343	1,772,927
Deferred tax	473,700	115,744	473,700	115,744
	643,701	645,480	2,059,043	1,888,671

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 year under review.

B7 Marketable securities

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

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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 27 February 2008, 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	126,541	126,541	2005 - 2007	-
Working capital	9,173,459	8,700,000	2005 - 2007	473,459
Defray listing expenses	1,600,000	1,600,000	2005	-
	18,900,000	18,426,541		473,459

The Group had on 17 January 2008 obtained the approval from Securities Commission ("SC") to utilise the balance of proceeds raised pursuant to the Initial Public Offer of RM473,459 which was initially earmarked for branding & promotion then to be utilised for working capital purposes.

The SC had also granted an extension of time to 31 December 2008 for the Group to utilise the above balance.

B9 Borrowings and debt securities

The Group's total borrowings, all of which were secured and were denominated in Ringgit Malaysia as at 31 December 2007, were as follows :

	Short term	Long term	Total
	RM	RM	RM
Hire purchase creditors	1,811,812	73,273	1,885,085
Secured bank borrowings	213,667	5,649,246	5,862,913
Total	2,025,479	5,722,519	7,747,998

B10 Off Balance Sheet financial instruments

There were no off balance sheet financial instruments as at 27 February 2008.

B11 Changes in material litigation

There were no material litigation as at 27 February 2008.

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 year ended 31 December 2007. The dividend was payable on 16 January 2008. The book closure and entitlement date was 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 year ended 31 December 2006.

The Board of Directors recommends a final tax exempt dividend of 3.5% per ordinary share of RM0.10 each for the financial year ended 31 December 2007 for approval of the shareholders at the forthcoming Annual General Meeting.

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

B13 Earnings per share

	Individual Quarter		Cumulative Quarter	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM	RM	RM	RM
<u>Basic Earnings Per Share</u>				
Profit attributable to ordinary equity holders of the parent	3,948,722	3,159,680	15,121,926	12,113,818
Weighted average number of ordinary shares in issue	329,020,159	300,062,790	328,216,214	300,062,790
Basic EPS (sen)	1.20	1.05	4.61	4.04
<u>Diluted Earnings Per Share</u>				
Profit attributable to ordinary equity holders of the parent	3,948,722	3,159,680	15,121,926	12,113,818
Weighted average number of ordinary shares in issue	329,020,159	300,062,790	328,216,214	300,062,790
Effect of dilution of share options	162,888	17,702,870	277,471	17,702,870
Adjusted weighted average number of ordinary shares in issue and issuable	329,183,047	317,765,660	328,493,685	317,765,660
Diluted EPS (sen)	1.20	0.99	4.60	3.81

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 27 February 2008.