



Efficient

EFFICIENT E-SOLUTIONS BERHAD

(Company No. 632479-H)
(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE SECOND QUARTER ENDED

30 JUNE 2008

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2008
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2008

	Individual Quarter		Cumulative Quarter	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
Revenue	14,502,634	12,719,718	29,671,536	26,094,517
Cost of sales	<u>(7,070,593)</u>	<u>(6,103,035)</u>	<u>(14,193,863)</u>	<u>(12,153,750)</u>
Gross profit	7,432,041	6,616,683	15,477,673	13,940,767
Other income	16,148	-	28,065	-
Operating expenses	<u>(2,989,974)</u>	<u>(2,658,023)</u>	<u>(5,657,983)</u>	<u>(5,461,290)</u>
Profit from operations	4,458,215	3,958,660	9,847,755	8,479,477
Finance costs	(159,805)	(63,957)	(331,990)	(167,767)
Interest income	61,135	-	121,132	2,797
Share of profit of associates	<u>291,030</u>	<u>148,762</u>	<u>(86,411)</u>	<u>51,911</u>
Profit before tax	4,650,575	4,043,465	9,550,486	8,366,418
Income tax expense	<u>(514,581)</u>	<u>(531,667)</u>	<u>(1,109,713)</u>	<u>(1,091,759)</u>
Profit for the period	<u>4,135,994</u>	<u>3,511,798</u>	<u>8,440,773</u>	<u>7,274,659</u>
Attributable to :				
Equity holders of the parent	4,135,994	3,511,798	8,440,773	7,274,659
Minority Interest	-	-	-	-
	<u>4,135,994</u>	<u>3,511,798</u>	<u>8,440,773</u>	<u>7,274,659</u>
Earnings per share attributable to equity holders of the parent :				
(a) Basic (sen)	<u>0.63</u>	<u>0.53</u>	<u>1.28</u>	<u>1.11</u>
(b) Diluted (sen)	<u>0.63</u>	<u>0.53</u>	<u>1.28</u>	<u>1.10</u>

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 JUNE 2008
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2008

	As at 30.06.2008 RM	As at 31.12.2007 RM
ASSETS		
Non-current assets		
Property, plant and equipment	43,821,397	32,992,105
Prepaid lease payments	371,261	373,656
Investments in associates	3,282,447	2,582,058
Software development expenditure	713,722	768,069
Goodwill arising from consolidation	1,582,719	1,582,719
	49,771,546	38,298,607
Current assets		
Inventories	1,973,137	1,436,977
Trade receivables	19,074,691	23,160,300
Other receivables	3,270,177	2,026,643
Tax recoverable	46,917	58,872
Short term Investment	3,068,112	2,040,048
Deposits with licensed banks	7,128,602	12,572,998
Cash and bank balances	8,350,921	4,325,565
	42,912,557	45,621,403
Total assets	92,684,103	83,920,010
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	65,810,010	32,905,005
Share premium	-	3,016,000
Retained profits	9,616,056	32,216,839
	75,426,066	68,137,844
Minority Interest	-	-
Total equity	75,426,066	68,137,844
Non-current liabilities		
Hire purchase creditors	31,044	73,273
Bank Borrowings	7,996,481	5,649,246
Deferred tax liabilities	2,158,322	2,158,322
	10,185,847	7,880,841
Current liabilities		
Trade payables	2,412,392	2,066,040
Other payables	2,752,754	2,610,699
Hire purchase creditors	847,927	1,811,812
Bank borrowings	724,837	213,667
Provision for taxation	334,280	48,307
Dividend Payable	-	1,150,800
	7,072,190	7,901,325
Total liabilities	17,258,037	15,782,166
Total equity and liabilities	92,684,103	83,920,010
	-	-
(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 JUNE 2008
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2008

	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 JUNE 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	-	-	7,274,659	-	7,274,659	-	7,274,659
Dividend declared for the period	-	-	-	-	-	-	-
Total recognised income and expense for the period	-	-	7,274,659	-	7,274,659	-	7,274,659
Share-based payment under ESOS	-	-	-	254,234	254,234	-	254,234
Issuance of ordinary shares pursuant to ESOS	2,846,250	2,960,100	-	-	5,806,350	-	5,806,350
As at 30 June 2007	32,877,505	2,987,400	25,520,372	254,234	61,639,511	-	61,639,511
<u>FINANCIAL QUARTER ENDED 30 JUNE 2008</u>							
As at 1 January 2008	32,905,005	3,016,000	32,216,839	-	68,137,844	-	68,137,844
Net profit for the period	-	-	8,440,773	-	8,440,773	-	8,440,773
Dividend paid for the period	-	-	(1,152,551)	-	(1,152,551)	-	(1,152,551)
Total recognised income and expense for the period	-	-	7,288,222	-	7,288,222	-	7,288,222
Issuance of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-
Issuance of bonus shares	32,905,005	(3,016,000)	(29,889,005)	-	-	-	-
As at 30 June 2008	65,810,010	-	9,616,056	-	75,426,066	-	75,426,066
	-	-	-	-	-	-	-

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 JUNE 2008
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2008

	As at 30.06.2008	As at 31.12.2007
	RM	RM
Net cash generated from operating activities	12,295,308	18,013,532
Net cash used in investing activities	(11,179,600)	(8,636,859)
Net cash from / (used in) financing activities	<u>(1,506,684)</u>	<u>2,524,528</u>
Net change in cash and cash equivalents	(390,976)	11,901,201
Cash and cash equivalents at beginning of the financial period	18,676,399	6,775,198
Cash and cash equivalents at end of the financial period*	<u><u>18,285,423</u></u>	<u><u>18,676,399</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	8,350,921	4,325,565
Deposits with licensed banks (Note)	6,866,390	12,310,786
Short term investment	<u>3,068,112</u>	<u>2,040,048</u>
	<u><u>18,285,423</u></u>	<u><u>18,676,399</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 2007 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 JUNE 2008
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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 2007.

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 2007.

A2 Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for year ended 31 December 2007 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 under review.

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

During the quarter and financial period ended 30 June 2008, the issued and paid-up share capital of Efficient E-Solutions Berhad ("E-SOL") increased from 329,050,050 ordinary shares of RM0.10 each to 658,100,100 shares by the issuance of 329,050,050 new ordinary shares of RM0.10 each in E-SOL pursuant to the completion of a bonus issue, on the basis of one (1) bonus share for every one (1) existing ordinary share of RM0.10 each, on 12 June 2008.

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter and financial period under review.

A7 Dividend paid

During the financial period ended 30 June 2008, dividend amounting to RM1,151,675, being first interim tax exempt dividend of 3.5% and RM1,151,676 being final tax exempt dividend of 3.5% for the financial year ended 31 December 2007 was paid on 16 January 2008 and 10 June 2008 respectively.

A8 Segmental information

Segmental results for the financial period ended 30 June 2008 are as follows:

Business Segment	Data and Document Processing	Software Development	Forms Printing	Others	Elimination	Total
	RM	RM	RM	RM	RM	RM
External sales	21,148,427	8,508,859	14,250	-	-	29,671,536
Inter segment sales	-	1,075,800	1,601,122	-	(2,676,922)	-
Total operating revenue	21,148,427	9,584,659	1,615,372	-	(2,676,922)	29,671,536
Profit/(Loss) from operations	4,181,639	5,692,331	287,337	(313,552)	-	9,847,755
Finance costs						(331,990)
Interest income						121,132
Share of profit of associates						(86,411)
Profit before taxation						9,550,486
Income tax expense						(1,109,713)
Profit for the period						8,440,773
						-

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2008
 THE FIGURES HAVE NOT BEEN AUDITED**

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

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 financial period ended 30 June 2008.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter and the financial period under review except as follows:-

During the financial period ended 30 June 2008, Efficient E-Solutions Berhad had on 16 January 2008, acquired the entire equity interest in Efficient International Sdn Bhd (EISB) comprising 2 ordinary shares of RM1.00 each at par.

EISB was incorporated on 5 May 2006 and its authorised share capital is RM100,000. EISB is established to be involved in investment holding for overseas ventures.

During the quarter under review, EISB had on 14 April 2008 subscribed for 900,000 ordinary shares of HKD1.00 each at par, equivalent to RM370,800, in its overseas venture, First Leader (Asia) Limited (FL), representing 45% of the issued and paid-up share capital of FL.

And on 8 May 2008, EISB had further subscribed for 1,000,000 redeemable cumulative preference shares of HKD1.00 each at par, equivalent to RM416,000, in FL.

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 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 June 2008 was as follow:

	RM '000
Approved and contracted for	2,373

A14 Significant related party transactions

Related Transacting Parties	Related Parties and Relationship
VPI International Sdn Bhd and its subsidiaries (VPI Group)	VPI Group is deemed related to the Group by virtue of Shaik Aqmal bin Shaik Allaudin's common directorship in VPI International Sdn Bhd (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 June 2008 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
Provision of DDP and EBP services to VPI Group	552,600	-	552,600	-
Management fee for the provision of project management/administration of DDP and EBP services to VPI Group	36,000	36,000	72,000	72,000
Licence fee for the usage of e-TALK and e-DOC software applications and provision of software application development for DDP and EBP services to VPI Group	4,275,716	3,872,704	8,436,359	7,171,362

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 JUNE 2008
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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 financial period ended 30 June 2008 of RM29.7 million and RM8.4 million respectively represented growth of 14% and 16% 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 RM14.5million and RM4.1 million respectively represented an increase of 14% and 18% 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 lower profit before taxation by RM0.2 million in the current quarter as compared to the preceding quarter. The decrease in profit before taxation of 5% was due mainly to higher operating expenses incurred for relocation.

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	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
Current tax	514,581	531,667	1,109,713	1,091,759
Deferred tax	-	-	-	-
	514,581	531,667	1,109,713	1,091,759

The effective tax rates for current quarter and financial period ended 30 June 2008 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.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2008
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PART B - EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8 Corporate proposals

(a) Proposals

On 21 March 2008, announcement was made that the Group is proposing to undertake the following proposals:-

a) bonus issue of up to 329,300,050 new ordinary shares of RM0.10 each in Efficient E-Solutions Berhad ("E-SOL") ("Bonus Shares"), to be credited as fully paid-up, on the basis of one (1) Bonus Share for every one (1) existing ordinary share of RM0.10 each ("Share") held in E-SOL on an entitlement date to be determined later ("Proposed Bonus Issue") ;

(b) transfer of the listing and quotation of the entire enlarged issued and paid-up share capital of the E-SOL of up to RM65,860,010 comprising up to 658,600,100 Shares from the MESDAQ Market to the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") after the completion of the Proposed Bonus Issue ("Proposed Transfer") ;

(c) increase in the authorised share capital of E-SOL from RM50,000,000 comprising 500,000,000 Shares to RM200,000,000 comprising 2,000,000,000 Shares by the creation of 1,500,000,000 new Shares ("Proposed Increase In Authorised Share Capital") ; and

(d) amendments to the Memorandum and Articles of Association of E-SOL ("Proposed Amendments").

Bursa Securities had on 8 April 2008, approved the listing and quotation of up to 329,300,050 Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

The shareholders of E-SOL had approved the Proposed Bonus Issue, the Proposed Increase In Authorised Share Capital and the Proposed Amendments in the Extraordinary General Meeting held on 2 May 2008.

Securities Commission had on 9 June 2008, approved the transfer of the listing and quotation of the entire enlarged issued and paid-up share capital of the E-SOL of up to 658,600,100 Shares from the MESDAQ Market to the Main Board of Bursa Securities.

The bonus issue of up to 329,050,050 new ordinary shares of RM0.10 each in E-SOL, on the basis of one (1) bonus share for every one (1) existing ordinary share of RM0.10 each, was successfully allotted on 12 June 2008 and listed on the MESDAQ Market of Bursa Securities Berhad on 13 June 2008.

The Proposals are expected to be completed by the third quarter of the financial year ending 31 December 2008.

B9 Borrowings and debt securities

The Group's total borrowings, all of which were secured and were denominated in Ringgit Malaysia as at 30 June 2008, were as follows :

	Short term	Long term	Total
	RM	RM	RM
Hire purchase creditors	847,927	31,044	878,971
Secured bank borrowings	724,837	7,996,481	8,721,318
Total	1,572,764	8,027,525	9,600,289

B10 Off Balance Sheet financial instruments

There were no off balance sheet financial instruments as at 25 August 2008.

B11 Changes in material litigation

There were no material litigation as at 25 August 2008.

B12 Dividend

No dividend has been declared for the financial period ended 30 June 2008 (30 June 2007 : Nil).

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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	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
Basic Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	4,135,994	3,511,798	8,440,773	7,274,659
Weighted average number of ordinary shares in issue	658,100,100	657,550,100	658,100,100	655,030,762
Basic EPS (sen)	0.63	0.53	1.28	1.11
Diluted Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	4,135,994	3,511,798	8,440,773	7,274,659
Weighted average number of ordinary shares in issue	658,100,100	657,550,100	658,100,100	655,030,762
Effect of dilution of share options	145,833	10,673,494	145,833	7,018,300
Adjusted weighted average number of ordinary shares in issue and issuable	658,245,933	668,223,594	658,245,933	662,049,062
Diluted EPS (sen)	0.63	0.53	1.28	1.10

The Basic EPS for the quarter and financial period ended 30 June 2007 were calculated based on the profit attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue of 328,775,050 and 327,515,381 respectively.

The weighted average number of ordinary shares in issue for the quarter and financial period ended 30 June 2007 have been adjusted for the proportionate change in the number of ordinary shares to reflect the bonus issue allotted.

The bonus issue of 329,050,050 new ordinary shares of RM0.10 each in Efficient E-Solutions Berhad, on the basis of one (1) bonus shares for every one (1) existing ordinary shares of RM0.10 each, was successfully allotted on 12 June 2008 and listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 13 June 2008.

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 25 August 2008.