



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

30TH JUNE 2009

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2009
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2009

	Individual Quarter		Cumulative Quarter	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM	RM	RM	RM
Revenue	16,876,414	14,502,634	33,239,590	29,671,536
Cost of sales	<u>(8,188,313)</u>	<u>(7,070,593)</u>	<u>(16,546,582)</u>	<u>(14,193,863)</u>
Gross profit	8,688,101	7,432,041	16,693,008	15,477,673
Other income	99,111	16,148	193,495	28,065
Operating expenses	<u>(3,289,868)</u>	<u>(2,989,974)</u>	<u>(6,632,056)</u>	<u>(5,657,983)</u>
Profit from operations	5,497,344	4,458,215	10,254,447	9,847,755
Finance costs	(122,279)	(159,805)	(262,455)	(331,990)
Interest income	55,644	61,135	76,890	121,132
Share of result of associates	<u>154,709</u>	<u>291,030</u>	<u>(28,457)</u>	<u>(86,411)</u>
Profit before tax	5,585,418	4,650,575	10,040,425	9,550,486
Income tax expense	<u>(562,713)</u>	<u>(514,581)</u>	<u>(862,171)</u>	<u>(1,109,713)</u>
Profit for the period	<u>5,022,705</u>	<u>4,135,994</u>	<u>9,178,254</u>	<u>8,440,773</u>
Attributable to :				
Equity holders of the parent	5,022,705	4,135,994	9,178,254	8,440,773
Minority Interest	-	-	-	-
	<u>5,022,705</u>	<u>4,135,994</u>	<u>9,178,254</u>	<u>8,440,773</u>
Earnings per share attributable to equity holders of the parent :				
(a) Basic (sen)	<u>0.76</u>	<u>0.63</u>	<u>1.39</u>	<u>1.28</u>
(b) Diluted (sen)	<u>NA</u>	<u>0.63</u>	<u>NA</u>	<u>1.28</u>
(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)				

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2009

	As at 30.6.2009	As at 31.12.2008
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	47,291,158	47,974,813
Prepaid lease payments	366,470	368,866
Investments in associates	2,164,407	2,271,665
Other investment	1,890,125	1,890,125
Software development expenditure	540,616	627,169
Goodwill arising from consolidation	1,582,719	1,582,719
	<u>53,835,495</u>	<u>54,715,357</u>
Current assets		
Inventories	2,392,817	3,637,819
Trade receivables	16,727,990	19,561,770
Other receivables	2,636,926	12,663,294
Tax recoverable	322,516	350,293
Short term investment	8,009,720	-
Deposits with licensed banks	16,601,840	6,651,599
Cash and bank balances	7,157,071	2,525,557
	<u>53,848,880</u>	<u>45,390,332</u>
Total assets	<u>107,684,375</u>	<u>100,105,689</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	65,835,010	65,810,010
Share premium	500	-
Retained profits	24,872,026	17,010,472
	<u>90,707,536</u>	<u>82,820,482</u>
Minority Interest	-	-
Total equity	<u>90,707,536</u>	<u>82,820,482</u>
Non-current liabilities		
Bank borrowings	7,353,400	7,848,755
Deferred tax liabilities	2,386,387	2,386,387
	<u>9,739,787</u>	<u>10,235,142</u>
Current liabilities		
Trade payables	3,104,773	2,043,990
Other payables	3,184,690	4,167,816
Hire purchase creditors	31,044	73,273
Bank borrowings	847,563	745,883
Provision for taxation	68,982	19,103
	<u>7,237,052</u>	<u>7,050,065</u>
Total liabilities	<u>16,976,839</u>	<u>17,285,207</u>
Total equity and liabilities	<u>107,684,375</u>	<u>100,105,689</u>
	-	-

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2009

	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
FINANCIAL PERIOD ENDED 30 JUNE 2008							
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 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
FINANCIAL PERIOD ENDED 30 JUNE 2009							
As at 1 January 2009	65,810,010	-	17,010,472	-	82,820,482	-	82,820,482
Net profit for the period	-	-	9,178,254	-	9,178,254	-	9,178,254
Dividend paid for the period	-	-	(1,316,700)	-	(1,316,700)	-	(1,316,700)
Total recognised income and expense for the period	-	-	7,861,554	-	7,861,554	-	7,861,554
Issuance of ordinary shares pursuant to ESOS	25,000	500	-	-	25,500	-	25,500
As at 30 June 2009	65,835,010	500	24,872,026	-	90,707,536	-	90,707,536
	-	-	-	-	-	-	-
(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)							

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2009

	6 Months Ended	
	30.06.2009	30.06.2008
	RM	RM
Net cash generated from operating activities	24,719,817	12,295,308
Net cash used in investing activities	(1,473,516)	(11,179,600)
Net cash (used in) / from financing activities	<u>(672,859)</u>	<u>(1,506,684)</u>
Net change in cash and cash equivalents	22,573,442	(390,976)
Cash and cash equivalents at beginning of the financial period	8,914,944	18,676,399
Cash and cash equivalents at end of the financial period*	<u><u>31,488,386</u></u>	<u><u>18,285,423</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	7,157,071	8,350,921
Deposits with licensed banks (Note)	16,321,595	6,866,390
Short term investment	<u>8,009,720</u>	<u>3,068,112</u>
	<u><u>31,488,386</u></u>	<u><u>18,285,423</u></u>
Note :	-	-
The security deposit of RM280,245 which has been pledged to the bank in respect of the banking facilities granted to the group is excluded from the deposits with licensed banks.		
(The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)		

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
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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 Para 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008.

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 2008.

A2 Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for year ended 31 December 2008 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 except as follows:

Included in Balance Sheet's Other receivables as at 30 June 2009 was RM1.1 million (31 December 2008 : RM11.2 million) of advance postage placed with POS Malaysia Berhad for the incentive scheme offered. Gain from the incentive scheme will be recognised upon utilization of the incentive given.

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 as follows:

Employee Share Options Scheme ("ESOS")

During the financial period ended 30 June 2009, the Company issued 250,000 ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS at exercise price of RM0.102.

A7 Dividend paid

During the financial period ended 30 June 2009, dividend amounting to RM1,316,700, being first interim tax exempt dividend of 2.0% for the financial year ending 31 December 2009 was paid on 3 July 2009.

A8 Segmental information

Segmental results for the financial period ended 30 June 2009 are as follows:

Business Segment	Data and Document Processing	Software Development	Forms Printing	Others	Elimination	Total
	RM	RM	RM	RM	RM	RM
External sales	24,571,430	8,495,785	172,375	-	-	33,239,590
Inter segment sales	-	1,365,800	1,867,139	-	(3,232,939)	-
Total operating revenue	24,571,430	9,861,585	2,039,514	-	(3,232,939)	33,239,590
Profit/(Loss) from operations	3,970,463	6,583,238	277,262	(576,516)	-	10,254,447
Finance costs						(262,455)
Interest income						76,890
Share of result of associates						(28,457)
Profit before taxation						10,040,425
Income tax expense						(862,171)
Profit for the period						9,178,254
						-

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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 2009.

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.

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 2008.

A13 Capital commitments

There were no capital commitments for the purchase of property, plant and equipment and investment not provided for in the financial statements as at 30 June 2009.

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 ("E-SOL") and he is also a substantial shareholder in VPI.
Regalia Records Management Sdn Bhd ("RRM")	RRM is deemed related to the Group by virtue of Shaik Aqmal bin Shaik Allaudin's common directorship in RRM and E-SOL and he is also a substantial shareholder in RRM through VPI.

The related party transactions of the Group for the quarter ended 30 June 2009 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.06.2009	30.6.2008	30.06.2009	30.6.2008
	RM	RM	RM	RM
Provision of DDP and EBP services to VPI Group	825,459	552,600	1,371,714	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	4,160,642	4,275,716	8,321,285	8,436,359
Provision of document archiving and related services by RRM	1,361	-	2,080	-
Renting of vault room for security file storage and related services to RRM	26,767	-	53,535	-

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 revenue for the financial period ended 30 June 2009 increased to RM33.2million from RM29.7million in the previous year corresponding period. It represents a growth rate of 12.0%. The increase in Group revenue was due mainly to increase in data printing's volume from existing customers. The Group profit for the financial period ended 30 June 2009 of RM9.2million increased by 8.7% from RM8.4million in the previous year corresponding period. The increase in Group profit was in tandem with the increase in Group revenue as well as higher margin of software application development services rendered, despite higher operating and building cost incurred during the financial period under reviewed.

The Group revenue and profit for the current quarter increased by 16.4% and 21.4% respectively to RM16.9million and RM5.0million from RM14.5million and RM4.1million in the previous year corresponding quarter. The increase in Group revenue and profit for the quarter was due 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 a higher profit before taxation by RM1.1 million in the current quarter as compared to the preceding quarter. The increase in profit before taxation of 25.4% was due mainly to increase in data printing's volume from existing customers.

B3 Current year prospects

Barring unforeseen circumstances, the Group expects a continuous earnings growth from data and document processing segment and software development segment with higher revenue and appropriate cost control measures.

B4 Profit forecast or profit guarantee

This note is not applicable.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM	RM	RM	RM
Current tax	562,713	514,581	862,171	1,109,713
Deferred tax	-	-	-	-
	562,713	514,581	862,171	1,109,713

The effective tax rates for current quarter and financial period ended 30 June 2009 were lower than the statutory tax rate due principally to exempt income granted to a subsidiary company, 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.

B8 Corporate proposals

There were no corporate proposals announced for the quarter and financial period under review.

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 2009, were as follows :

	Short term	Long term	Total
	RM	RM	RM
Hire purchase creditors	31,044	-	31,044
Secured bank borrowings	847,563	7,353,400	8,200,963
Total	878,607	7,353,400	8,232,007

B10 Off Balance Sheet financial instruments

There were no off balance sheet financial instruments as at 26 August 2009.

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

B11 Changes in material litigation

There were no material litigation as at 26 August 2009.

B12 Dividend

The Board of Directors had declared a first interim tax exempt dividend of 2.0% per ordinary share of RM0.10 each during the financial period ended 30 June 2009. The dividend was paid on 3 July 2009.

There was no dividend declared for previous year corresponding financial period.

B13 Earnings per share

	Individual Quarter		Cumulative Quarter	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM	RM	RM	RM
Basic Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	5,022,705	4,135,994	9,178,254	8,440,773
Weighted average number of ordinary shares in issue	658,350,100	658,100,100	658,231,315	658,100,100
Basic EPS (sen)	0.76	0.63	1.39	1.28
Diluted Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	-	4,135,994	-	8,440,773
Weighted average number of ordinary shares in issue	-	658,100,100	-	658,100,100
Effect of dilution of share options	-	145,833	-	145,833
Adjusted weighted average number of ordinary shares in issue and issuable	-	658,245,933	-	658,245,933
Diluted EPS (sen)	NA	0.63	NA	1.28

During the quarter and financial period ended 30 June 2009, all the Company's ESOS was fully exercised. There is no effect of dilution to the existing ordinary shares in issue.

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 26 August 2009.