



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

31ST DECEMBER 2009

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2009

	Individual Quarter		Cumulative Quarter	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM	RM	RM	RM
Revenue	15,161,985	15,490,177	65,454,245	59,500,103
Cost of sales	<u>(7,188,521)</u>	<u>(7,453,548)</u>	<u>(32,786,739)</u>	<u>(28,668,099)</u>
Gross profit	7,973,464	8,036,629	32,667,506	30,832,004
Other income	440,106	183,250	725,741	256,668
Operating expenses	<u>(5,224,650)</u>	<u>(4,740,872)</u>	<u>(15,283,218)</u>	<u>(13,443,611)</u>
Profit from operations	3,188,920	3,479,007	18,110,029	17,645,061
Finance costs	(112,778)	(166,532)	(489,341)	(673,179)
Interest income	84,076	18,062	231,625	238,686
Share of result of associates	<u>728,630</u>	<u>285,253</u>	<u>747,884</u>	<u>277,457</u>
Profit before tax	3,888,848	3,615,790	18,600,197	17,488,025
Income tax expense	<u>(696,002)</u>	<u>(228,537)</u>	<u>(1,864,699)</u>	<u>(1,652,836)</u>
Profit for the period	<u>3,192,846</u>	<u>3,387,253</u>	<u>16,735,498</u>	<u>15,835,189</u>
Attributable to :				
Equity holders of the parent	3,192,846	3,387,253	16,735,498	15,835,189
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,192,846</u>	<u>3,387,253</u>	<u>16,735,498</u>	<u>15,835,189</u>
Earnings per share attributable to equity holders of the parent :				
(a) Basic (sen)	<u>0.48</u>	<u>0.51</u>	<u>2.54</u>	<u>2.40</u>
(b) Diluted (sen)	<u>NA</u>	<u>0.51</u>	<u>NA</u>	<u>2.40</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 31 DECEMBER 2009

	As at 31.12.2009 RM	As at 31.12.2008 RM
ASSETS		
Non-current assets		
Property, plant and equipment	46,391,892	47,974,813
Prepaid lease payments	364,075	368,866
Investments in associates	2,940,748	2,271,665
Other investment	579,325	1,890,125
Software development expenditure	454,063	627,169
Goodwill arising from consolidation	1,582,719	1,582,719
	52,312,822	54,715,357
Current assets		
Inventories	2,095,598	3,637,819
Trade receivables	15,395,754	19,561,770
Other receivables	2,284,742	12,663,294
Tax recoverable	467,862	350,293
Short term investment	8,063,714	-
Deposits with licensed banks	30,471,183	6,651,599
Cash and bank balances	2,943,585	2,525,557
	61,722,438	45,390,332
Total assets	114,035,260	100,105,689
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	65,835,010	65,810,010
Share premium	500	-
Retained profits	32,429,270	17,010,472
	98,264,780	82,820,482
Minority Interest	-	-
Total equity	98,264,780	82,820,482
Non-current liabilities		
Hire purchase creditors	189,151	-
Bank borrowings	6,913,926	7,848,755
Deferred tax liabilities	2,698,900	2,386,387
	9,801,977	10,235,142
Current liabilities		
Trade payables	1,631,630	2,043,990
Other payables	3,339,283	4,167,816
Hire purchase creditors	95,467	73,273
Bank borrowings	870,395	745,883
Provision for taxation	31,728	19,103
	5,968,503	7,050,065
Total liabilities	15,770,480	17,285,207
Total equity and liabilities	114,035,260	100,105,689
	-	-
(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.)		

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2009

	Attributable to equity holders of the parent						Minority Interest	Total Equity
	Share Capital	Share Premium	Retained Profits	Reserves	Total			
	RM	RM	RM	RM	RM	RM	RM	
FINANCIAL PERIOD ENDED 31 DECEMBER 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	-	-	15,835,189	-	15,835,189	-	15,835,189	
Dividend paid for the period	-	-	(1,152,551)	-	(1,152,551)	-	(1,152,551)	
Total recognised income and expense for the period	-	-	14,682,638	-	14,682,638	-	14,682,638	
Issuance of bonus shares	32,905,005	(3,016,000)	(29,889,005)	-	-	-	-	
As at 31 December 2008	65,810,010	-	17,010,472	-	82,820,482	-	82,820,482	
FINANCIAL PERIOD ENDED 31 DECEMBER 2009								
As at 1 January 2009	65,810,010	-	17,010,472	-	82,820,482	-	82,820,482	
Net profit for the period	-	-	16,735,498	-	16,735,498	-	16,735,498	
Dividend paid for the period	-	-	(1,316,700)	-	(1,316,700)	-	(1,316,700)	
Total recognised income and expense for the period	-	-	15,418,798	-	15,418,798	-	15,418,798	
Issuance of ordinary shares pursuant to ESOS	25,000	500	-	-	25,500	-	25,500	
As at 31 December 2009	65,835,010	500	32,429,270	-	98,264,780	-	98,264,780	

(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.)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2009

	12 Months Ended	
	31.12.2009	31.12.2008
	RM	RM
Net cash generated from operating activities	35,574,780	12,281,976
Net cash used in investing activities	(2,232,442)	(19,029,253)
Net cash used in financing activities	<u>(1,062,813)</u>	<u>(3,014,178)</u>
Net change in cash and cash equivalents	32,279,525	(9,761,455)
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>41,194,469</u></u>	<u><u>8,914,944</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	2,943,585	2,525,557
Deposits with licensed banks (Note)	30,187,170	6,389,387
Short term investment	<u>8,063,714</u>	-
	<u><u>41,194,469</u></u>	<u><u>8,914,944</u></u>
Note :	-	-
The security deposit of RM284,013 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.)		

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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009
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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 Main Market 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 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 under review.

A5 Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial year'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 year under review except as follows:

Employee Share Options Scheme ("ESOS")

During the financial year ended 31 December 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 year ended 31 December 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 year ended 31 December 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	49,121,424	15,995,241	337,580	-	-	65,454,245
Inter segment sales	-	2,566,400	3,511,718	-	(6,078,118)	-
Total operating revenue	49,121,424	18,561,641	3,849,298	-	(6,078,118)	65,454,245
Profit/(Loss) from operations	7,870,504	11,985,856	469,760	(2,216,091)	-	18,110,029
Finance costs						(489,341)
Interest income						231,625
Share of result of associates						747,884
Profit before taxation						18,600,197
Income tax expense						(1,864,699)
Profit for the period						16,735,498
						-

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 year 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 year ended 31 December 2009 except as follow :

Pursuant to the announcements made on 8 January 2010 and 25 January 2010, the Company proposed to implement an executives' share option scheme for the eligible executives (including Executive Directors) of the Company and its non-dormant subsidiaries (Proposed ESOS).

On 3 February 2010, an announcement had been made, that Bursa Malaysia Securities Berhad had, vide its letter dated 2 February 2010, approved the listing of such number of additional new ordinary shares of RM0.10 each in the Company, representing up to 15% of the issued and paid-up share capital (excluding treasury shares) of the Company, to be issued pursuant to the exercise of options under the Proposed ESOS.

The proposed ESOS was approved by shareholders during Extraordinary General Meeting held on 24 February 2010.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter and the financial year 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

The were no capital commitments for the purchase of property, plant and equipment and investment not provided for in the financial statements as at 24 February 2010.

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

B1 Performance Review

Group revenue for the financial year ended 31 December 2009 increased to RM65.5 million from RM59.5 million of the preceding year. It represents a growth rate of 10.0%. The increase in Group revenue was due mainly to increase in data printing's volume from existing and new customers. Group profit for the financial year ended 31 December 2009 increased by 5.7% from RM15.8 million of the preceding year to RM16.7 million. The increase in Group profit was in tandem with the increase in Group revenue, despite higher operating and building cost incurred during the financial year under review.

Group revenue for the current quarter decreased marginally by 2.1% to RM15.2 million from RM15.5 million in the previous year corresponding quarter. The decrease in Group revenue was due mainly to reduction in software application development services rendered in the current quarter. Group profit for the current quarter decreased by 5.7% to RM3.2 million from RM3.4 million in the previous year corresponding quarter, which was in tandem with the decrease in Group revenue. Impairment loss of RM1.3 million was made during the quarter for an investment in an overseas associate company.

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

The Group recorded a decrease in profit before taxation by RM0.8million in the current quarter as compared to the preceding quarter. The decrease in profit before taxation of 16.7% was mainly due to both reduction in data printing's volume from existing customers as well as software application development services rendered during the quarter under review. Impairment loss of RM1.3 million was made during the quarter for an investment in an overseas associate company.

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	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM	RM	RM	RM
Current tax	383,489	472	1,552,186	1,424,771
Deferred tax	312,513	228,065	312,513	228,065
	696,002	228,537	1,864,699	1,652,836

The effective tax rates for current quarter and financial year ended 31 December 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 year under review.

B7 Marketable securities

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

B8 Corporate proposals

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

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

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 2009, were as follows :

	Short term	Long term	Total
	RM	RM	RM
Hire purchase creditors	95,467	189,151	284,618
Secured bank borrowings	870,395	6,913,926	7,784,321
Total	965,862	7,103,077	8,068,939

B10 Off Balance Sheet financial instruments

There were no off balance sheet financial instruments as at 24 February 2010.

B11 Changes in material litigation

There were no material litigation as at 24 February 2010.

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 year ended 31 December 2009. The dividend was paid on 3 July 2009.

During the quarter under review, the Board of Directors has declared a second interim tax exempt dividend of 1.5% and special tax exempt dividend of 13.5% per ordinary share of RM0.10 each for the financial year ended 31 December 2009. The dividend is payable on 2 April 2010. The book closure and entitlement date will fall on 16 March 2010.

There was no dividend declared for the financial year ended 31 December 2008.

B13 Earnings per share

	Individual Quarter		Cumulative Quarter	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM	RM	RM	RM
Basic Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	3,192,846	3,387,253	16,735,498	15,835,189
Weighted average number of ordinary shares in issue	658,350,100	658,100,100	658,271,345	658,100,100
Basic EPS (sen)	0.48	0.51	2.54	2.40
Diluted Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	-	3,387,253	-	15,835,189
Weighted average number of ordinary shares in issue	-	658,100,100	-	658,100,100
Effect of dilution of share options	-	(5,000)	-	(5,000)
Adjusted weighted average number of ordinary shares in issue and issuable	-	658,095,100	-	658,095,100
Diluted EPS (sen)	NA	0.51	NA	2.40

During the quarter and financial year ended 31 December 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 24 February 2010.