



EFFICIENT E-SOLUTIONS BERHAD

(Company No. 632479-H)

(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FIRST QUARTER ENDED

31ST MARCH 2010

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2010
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2010

	Individual Quarter		Cumulative Quarter	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
			RM	RM
Revenue	15,425,791	16,363,176	15,425,791	16,363,176
Cost of sales	<u>(7,524,750)</u>	<u>(8,358,269)</u>	<u>(7,524,750)</u>	<u>(8,358,269)</u>
Gross profit	7,901,041	8,004,907	7,901,041	8,004,907
Other income	150,917	94,384	150,917	94,384
Operating expenses	<u>(3,275,694)</u>	<u>(3,342,188)</u>	<u>(3,275,694)</u>	<u>(3,342,188)</u>
Profit from operations	4,776,264	4,757,103	4,776,264	4,757,103
Finance costs	(108,996)	(140,176)	(108,996)	(140,176)
Interest income	103,362	21,246	103,362	21,246
Share of result of associates	<u>50,355</u>	<u>(183,166)</u>	<u>50,355</u>	<u>(183,166)</u>
Profit before tax	4,820,985	4,455,007	4,820,985	4,455,007
Income tax expense	<u>(448,831)</u>	<u>(299,458)</u>	<u>(448,831)</u>	<u>(299,458)</u>
Profit for the period	4,372,154	4,155,549	4,372,154	4,155,549
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>4,372,154</u>	<u>4,155,549</u>	<u>4,372,154</u>	<u>4,155,549</u>
Profit for the period attributable to :				
Equity holders of the parent	4,372,154	4,155,549	4,372,154	4,155,549
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,372,154</u>	<u>4,155,549</u>	<u>4,372,154</u>	<u>4,155,549</u>
Total comprehensive income for the period attributable to :				
Equity holders of the parent	4,372,154	4,155,549	4,372,154	4,155,549
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,372,154</u>	<u>4,155,549</u>	<u>4,372,154</u>	<u>4,155,549</u>
Earnings per share attributable to equity holders of the parent :				
Basic (sen)	<u>0.66</u>	<u>0.63</u>	<u>0.66</u>	<u>0.63</u>

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 MARCH 2010
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	As at 31.03.2010	As at 31.12.2009
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	46,254,073	46,391,892
Prepaid lease payments	362,877	364,075
Investments in associates	2,991,103	2,940,748
Other investment	579,325	579,325
Software development expenditure	407,532	454,063
Goodwill arising from consolidation	1,582,719	1,582,719
	<u>52,177,629</u>	<u>52,312,822</u>
Current assets		
Inventories	2,360,131	2,095,598
Trade receivables	17,797,911	15,395,754
Other receivables	2,939,725	2,362,654
Tax recoverable	431,378	467,862
Short term investment	13,996,174	8,063,714
Deposits with licensed banks	25,236,913	30,471,183
Cash and bank balances	3,282,889	2,943,585
	<u>66,045,121</u>	<u>61,800,350</u>
Total assets	<u>118,222,750</u>	<u>114,113,172</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	65,835,010	65,835,010
Share premium	500	500
Retained profits	26,926,172	32,429,270
	<u>92,761,682</u>	<u>98,264,780</u>
Minority Interest	-	-
Total equity	<u>92,761,682</u>	<u>98,264,780</u>
Non-current liabilities		
Hire purchase creditors	164,433	189,151
Bank borrowings	6,687,468	6,913,926
Deferred tax liabilities	2,698,900	2,698,900
	<u>9,550,801</u>	<u>9,801,977</u>
Current liabilities		
Trade payables	1,628,585	1,631,630
Other payables	3,334,687	3,417,195
Hire purchase creditors	96,830	95,467
Bank borrowings	882,452	870,395
Provision for taxation	92,461	31,728
Dividend Payable	9,875,252	-
	<u>15,910,267</u>	<u>6,046,415</u>
Total liabilities	<u>25,461,068</u>	<u>15,848,392</u>
Total equity and liabilities	<u>118,222,750</u>	<u>114,113,172</u>
	-	-

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 MARCH 2010
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2010

	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 PERIOD ENDED 31 MARCH 2009</u>							
As at 1 January 2009	65,810,010	-	17,010,472	-	82,820,482	-	82,820,482
Issuance of ordinary shares pursuant to ESOS	25,000	500	-	-	25,500	-	25,500
Dividend paid for the period			-		-		-
Total comprehensive income for the period	-	-	4,155,549	-	4,155,549	-	4,155,549
As at 31 March 2009	65,835,010	500	21,166,021	-	87,001,531	-	87,001,531
<u>FINANCIAL PERIOD ENDED 31 MARCH 2010</u>							
As at 1 January 2010	65,835,010	500	32,429,270	-	98,264,780	-	98,264,780
Dividend declared during the period			(9,875,252)		(9,875,252)		(9,875,252)
Total comprehensive income for the period	-	-	4,372,154		4,372,154	-	4,372,154
As at 31 March 2010	65,835,010	500	26,926,172	-	92,761,682	-	92,761,682
(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)							

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 31 MARCH 2010

	3 Months Ended	
	31.03.2010	31.03.2009
	RM	RM
Net cash generated from operating activities	2,224,974	10,105,754
Net cash used in investing activities	(840,728)	(307,598)
Net cash used in financing activities	<u>(346,752)</u>	<u>(334,431)</u>
Net change in cash and cash equivalents	1,037,494	9,463,725
Cash and cash equivalents at beginning of the financial period	41,010,699	8,914,944
Cash and cash equivalents at end of the financial period*	<u><u>42,048,193</u></u>	<u><u>18,378,669</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	3,282,889	6,567,610
Deposits with licensed banks (Note)	24,769,130	9,798,903
Short term investment	<u>13,996,174</u>	<u>2,012,156</u>
	<u><u>42,048,193</u></u>	<u><u>18,378,669</u></u>
Note :	-	-
The security deposit of RM467,783 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 statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 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 2009.

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 2009 except for the adoption of the following new/revised Financial Reporting Standards ("FRS"), amendments and interpretation effective 1 January 2010 as disclosed below.

The adoption of the new/revised FRS and their consequential amendments, Amendments to FRS and IC Interpretations are not expected to have any significant impact on the financial statements of the Group.

FRSs / Amendments / Interpretations

Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs (revised)
Amendments to FRS 132 and FRS 101	Financial Instruments: Presentation: Puttable Financial Instruments and Obligation Arising on Liquidation and Presentation of Financial Statements
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosures and Reassessment of Embedded Derivatives
Improvements to FRSs (2009)	Amendment to FRS 5, 8, 107, 108, 110,116, 117, 118, 119, 120, 123, 127, 128, 129, 131, 134, 136, 138 & 140
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11 : FRS 2	Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14 : FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

A2 Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for year ended 31 December 2009 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 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 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.

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

A6 Debt and equity securities

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

A7 Dividend paid

No dividend was paid during the financial period ended 31 March 2010.

A8 Operating Segments

Operating segments' results for the financial period ended 31 March 2010 are as follows:

Operating Segment	Data and Document Processing	Software Development	Forms Printing	Others	Elimination	Total
	RM	RM	RM	RM	RM	RM
External sales	12,425,973	2,906,618	93,200	-	-	15,425,791
Inter segment sales	-	653,320	1,106,870	-	(1,760,190)	-
Total operating revenue	12,425,973	3,559,938	1,200,070	-	(1,760,190)	15,425,791
Profit/(Loss) from operations	2,079,823	2,512,982	252,780	(69,321)	-	4,776,264
Finance costs	(97,411)	(11,585)	-	-	-	(108,996)
Interest income	3,656	2,068	214	97,424	-	103,362
						4,770,630
Share of result of associates						50,355
Profit before taxation						4,820,985
Income tax expense						(448,831)
Profit for the period						4,372,154
Other comprehensive income						-
Total comprehensive income for the period						4,372,154
						-

A9 Valuations of property, plant & equipment

The Group did not carry out any valuation on its property, plant and equipment during the 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 31 March 2010.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period under review except a disposal of interest in an associated company as disclosed in note B6.

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 2009.

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 19 May 2010.

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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 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 major shareholder in E-SOL and 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 a major shareholder of E-SOL and a shareholder in RRM through VPI.

The related party transactions of the Group for the financial period ended 31 March 2010 are as follows:

	Individual Quarter		Cumulative Quarter	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	RM	RM	RM	RM
Provision of DDP and EBP services to VPI Group	65,559	546,255	65,559	546,255
Management fee for the provision of project management/ administration of DDP and EBP services to VPI Group	36,000	36,000	36,000	36,000
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	2,742,118	4,160,643	2,742,118	4,160,643
Provision of document archiving and related services by RRM	955	719	955	719
Renting of vault room for security file storage and related services to RRM	102,060	26,768	102,060	26,768

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

Group revenue for the financial period ended 31 March 2010 decreased by 5.7% to RM15.4 million from RM16.4 million of the preceding year. The decrease in Group revenue was due mainly to reduction in software application development services rendered during the financial period under review. Group profit for the financial period ended 31 March 2010 increased by 5.2% from RM4.2 million of the preceding year to RM4.4 million. The increase in Group profit was due to lower software development cost incurred during the financial period under review.

	Individual Quarter		Variance	
	31.03.2010	31.03.2009	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	15,426	16,363	(937)	-5.7%
Profit for the period	4,372	4,156	216	5.2%

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

The Group recorded an increase in profit before taxation by RM0.9million in the current quarter as compared to the preceding quarter. The increase in profit before taxation of 24.0% was mainly due to an impairment loss of RM1.3 million made during the preceding quarter for an investment in an overseas associate company.

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.03.2010	31.12.2009	RM'000	%
	RM'000	RM'000	RM'000	%
Profit before taxation	4,821	3,889	932	24.0%

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	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	RM	RM	RM	RM
Current tax	448,831	299,458	448,831	299,458
Deferred tax	-	-	-	-
	448,831	299,458	448,831	299,458

The effective tax rates for current quarter and financial period ended 31 March 2010 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 financial period under review except as follows :

During the financial period ended 31 March 2010, a wholly owned subsidiary company of Efficient E-Solutions Berhad, Efficient International Sdn Bhd ("EISB") had on 1 February 2010, disposed the entire equity interest in First Leader (Asia) Limited ("FL") which resulted in a loss on disposal of RM1.3m. There was no financial impact during the financial period under review as the full provision was made in previous financial year.

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

B7 Marketable securities

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

B8 Corporate proposals

There were no corporate proposals announced but not completed for the 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 31 March 2010, are as follows :

	Short term	Long term	Total
	RM	RM	RM
Hire purchase creditors	96,830	164,433	261,263
Secured bank borrowings	882,452	6,687,468	7,569,920
Total	979,282	6,851,901	7,831,183

B10 Off Balance Sheet financial instruments

There were no off balance sheet financial instruments as at 19 May 2010.

B11 Changes in material litigation

There were no material litigation as at 19 May 2010.

B12 Dividend

There was no dividend declared for the financial period ended 31 March 2010.

The Board of Directors had declared a first interim tax exempt dividend of 2.0% per ordinary share of RM0.10 each for the financial period ended 31 March 2009. The dividend was paid on 3 July 2009.

B13 Earnings per share

	Individual Quarter		Cumulative Quarter	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	RM	RM	RM	RM
Basic Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	4,372,154	4,155,549	4,372,154	4,155,549
Weighted average number of ordinary shares in issue	658,350,100	658,111,211	658,350,100	658,111,211
Basic EPS (sen)	0.66	0.63	0.66	0.63

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 19 May 2010.