



EFFICIENT E-SOLUTIONS BERHAD

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE THIRD QUARTER ENDED

30 SEPTEMBER 2010

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2010

	Individual Quarter		Cumulative Quarter	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM	RM	RM	RM
Revenue	14,594,153	17,052,670	47,175,605	50,292,260
Cost of sales	<u>(8,340,511)</u>	<u>(9,051,636)</u>	<u>(25,422,581)</u>	<u>(25,598,218)</u>
Gross profit	6,253,642	8,001,034	21,753,024	24,694,042
Other income	190,946	92,140	509,045	285,635
Operating expenses	<u>(3,545,981)</u>	<u>(3,426,512)</u>	<u>(10,456,044)</u>	<u>(10,058,568)</u>
Profit from operations	2,898,607	4,666,662	11,806,025	14,921,109
Finance costs	(117,963)	(114,108)	(342,011)	(376,563)
Interest income	106,434	70,659	298,021	147,549
Share of result of associates	<u>140,696</u>	<u>47,711</u>	<u>208,429</u>	<u>19,254</u>
Profit before tax	3,027,774	4,670,924	11,970,464	14,711,349
Income tax expense	<u>(29,469)</u>	<u>(306,526)</u>	<u>(714,321)</u>	<u>(1,168,697)</u>
Profit for the period	2,998,305	4,364,398	11,256,143	13,542,652
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>2,998,305</u>	<u>4,364,398</u>	<u>11,256,143</u>	<u>13,542,652</u>
Profit for the period attributable to :				
Equity holders of the parent	2,998,305	4,364,398	11,256,143	13,542,652
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,998,305</u>	<u>4,364,398</u>	<u>11,256,143</u>	<u>13,542,652</u>
Total comprehensive income for the period attributable to :				
Equity holders of the parent	2,998,305	4,364,398	11,256,143	13,542,652
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,998,305</u>	<u>4,364,398</u>	<u>11,256,143</u>	<u>13,542,652</u>
Earnings per share attributable to equity holders of the parent :				
Basic (sen)	<u>0.46</u>	<u>0.66</u>	<u>1.71</u>	<u>2.06</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 30 SEPTEMBER 2010
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

	As at 30.09.2010	As at 31.12.2009
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	44,350,061	46,391,892
Prepaid lease payments	360,482	364,075
Investments in associates	3,149,177	2,940,748
Other investment	579,325	579,325
Software development expenditure	331,960	454,063
Goodwill arising from consolidation	1,582,719	1,582,719
	50,353,724	52,312,822
Current assets		
Inventories	2,618,081	2,095,598
Trade receivables	24,812,365	15,395,754
Other receivables	2,566,201	2,362,654
Tax recoverable	518,292	467,862
Short term investment	10,738,393	8,063,714
Deposits with licensed banks	14,463,001	30,471,183
Cash and bank balances	8,898,914	2,943,585
	64,615,247	61,800,350
Total assets	114,968,971	114,113,172
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	33,810,161	32,429,270
	99,645,671	98,264,780
Minority Interest	-	-
Total equity	99,645,671	98,264,780
Non-current liabilities		
Hire purchase creditors	113,975	189,151
Bank borrowings	6,260,295	6,913,926
Deferred tax liabilities	2,698,900	2,698,900
	9,073,170	9,801,977
Current liabilities		
Trade payables	1,900,049	1,631,630
Other payables	3,278,078	3,417,195
Hire purchase creditors	99,554	95,467
Bank borrowings	884,701	870,395
Provision for taxation	87,748	31,728
Derivative liability	-	-
	6,250,130	6,046,415
Total liabilities	15,323,300	15,848,392
Total equity and liabilities	114,968,971	114,113,172
	-	-

(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 30 SEPTEMBER 2010
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 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
FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009							
As at 1 January 2009	65,810,010	-	17,010,472	-	82,820,482	-	82,820,482
Profit for the period	-	-	13,542,652	-	13,542,652	-	13,542,652
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	13,542,652	-	13,542,652	-	13,542,652
Issuance of ordinary shares pursuant to ESOS	25,000	500	-	-	25,500	-	25,500
Dividend paid for the period			(1,316,700)		(1,316,700)		(1,316,700)
As at 30 September 2009	65,835,010	500	29,236,424	-	95,071,934	-	95,071,934
FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010							
As at 1 January 2010	65,835,010	500	32,429,270	-	98,264,780	-	98,264,780
Profit for the period			11,256,143		11,256,143		11,256,143
Other comprehensive income			-		-		-
Total comprehensive income for the period	-	-	11,256,143	-	11,256,143	-	11,256,143
Dividend declared during the period			(9,875,252)		(9,875,252)		(9,875,252)
As at 30 September 2010	65,835,010	500	33,810,161	-	99,645,671	-	99,645,671
	-	-	-	-	-	-	-

(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.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 SEPTEMBER 2010

	9 Months Ended	
	30.09.2010	30.09.2009
	RM	RM
Net cash (used in) / generated from operating activities	(5,466,613)	30,379,388
Net cash used in investing activities	(867,616)	(2,409,300)
Net cash used in financing activities	<u>(1,052,425)</u>	<u>(1,008,296)</u>
Net change in cash and cash equivalents	(7,386,654)	26,961,792
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>33,624,045</u></u>	<u><u>35,876,736</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	8,898,914	2,264,958
Deposits with licensed banks (Note)	13,986,738	25,581,286
Short term investment	<u>10,738,393</u>	<u>8,030,492</u>
	<u><u>33,624,045</u></u>	<u><u>35,876,736</u></u>
Note :	-	-
The security deposit of RM476,263 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.)		

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
THE FIGURES HAVE NOT BEEN AUDITED

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 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.

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
THE FIGURES HAVE NOT BEEN AUDITED

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 quarter and financial period under review.

A7 Dividend paid

During the financial period ended 30 September 2010, dividend amounting to RM9,875,252, being 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 was paid on 2 April 2010.

A8 Operating Segments

Operating segments' results for the financial period ended 30 September 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	37,146,656	9,563,572	465,377	-	-	47,175,605
Inter segment sales	-	1,839,400	2,711,972	-	(4,551,372)	-
Total operating revenue	37,146,656	11,402,972	3,177,349	-	(4,551,372)	47,175,605
Profit/(Loss) from operations	3,471,998	8,206,552	637,276	(509,801)	-	11,806,025
Finance costs	(305,199)	(36,713)	(99)	-	-	(342,011)
Interest income	20,584	3,313	1,813	272,311	-	298,021
						11,762,035
Share of result of associates						208,429
Profit before taxation						11,970,464
Income tax expense						(714,321)
Profit for the period						11,256,143
Other comprehensive income						-
Total comprehensive income for the period						11,256,143
						-

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 quarter and financial period ended 30 September 2010.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter and 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 not provided for in the financial statements as at 30 September 2010.

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
THE FIGURES HAVE NOT BEEN AUDITED

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 quarter and financial period ended 30 September 2010 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM	RM	RM	RM
Provision of DDP and EBP services to VPI Group	51,554	1,178,609	609,975	2,550,323
Management fee for the provision of project management/ administration of DDP and EBP services to VPI Group	36,000	36,000	108,000	108,000
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	4,170,643	8,876,354	12,491,928
Provision of document archiving and related services by RRM	1,079	1,531	3,310	3,611
Renting of vault room for security file storage and related services to RRM	102,060	26,768	306,180	80,303
Selling of printed forms to VPI Group	170,627	-	170,627	-
Total	3,103,438	5,413,551	10,074,446	15,234,165

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 SEPTEMBER 2010
THE FIGURES HAVE NOT BEEN AUDITED

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

B1 Performance Review

Group revenue for the financial period ended 30 September 2010 decreased by 6.2% to RM47.2 million from preceding year's RM50.3 million. The decrease in revenue was due mainly to reduction in services rendered for software application development during the financial period. Group profit for the financial period ended 30 September 2010 decreased by 16.9% to RM11.3 million from preceding year's RM13.5 million, it was due mainly to higher operating cost incurred during the financial period for the preparation of incoming data printing and document processing projects. Revenue from the incoming projects is expected to be materialized progressively in the next two quarters.

Revenue for the quarter ended 30 September 2010 decreased by 14.4% to RM14.6 million from RM17.1 million of the preceding year corresponding quarter. The decrease in Group revenue was due mainly to reduction in revenue generated from services rendered for data printing, document processing and software application development. Group profit for the quarter ended 30 September 2010 decreased by 31.3% to RM3.0 million from RM4.4 million of the preceding year corresponding quarter. The decrease was in tandem with the lower revenue and higher operating cost incurred for the incoming data printing and document processing projects during the quarter. Revenue from the incoming projects is expected to be materialized progressively in the next two quarters.

	Cumulative Quarter		Variance	
	30.09.2010	30.09.2009	RM'000	%
Revenue	RM'000 47,176	RM'000 50,292	RM'000 (3,116)	% -6.2%
Profit for the period	11,256	13,543	(2,287)	-16.9%

	Individual Quarter		Variance	
	30.09.2010	30.09.2009	RM'000	%
Revenue	RM'000 14,594	RM'000 17,053	RM'000 (2,459)	% -14.4%
Profit for the period	2,998	4,364	(1,366)	-31.3%

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

The Group recorded RM3.0 million profit before tax for the quarter, a decrease of RM1.1 million as compared to the preceding quarter. The decrease in profit before taxation of 26.5% was mainly attributable to a lower revenue from services rendered for data printing and document processing during the quarter and higher operating cost incurred for the incoming projects of data printing and document processing.

	Current Quarter	Immediate Preceding Quarter	Variance	
	30.09.2010	30.06.2010	RM'000	%
Profit before taxation	RM'000 3,028	RM'000 4,122	RM'000 (1,094)	% -26.5%

B3 Current year prospects

Due to recent postage hike, our customers may re-evaluate their printing and distribution requirements. The change may affect data printing and document processing industry unfavourably as a whole.

As a measure of diversification, the Group is introducing its newly developed e-Statement products to its existing customers.

B4 Profit forecast or profit guarantee

This note is not applicable.

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
THE FIGURES HAVE NOT BEEN AUDITED

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

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM	RM	RM	RM
Current tax	29,469	306,526	714,321	1,168,697
Deferred tax	-	-	-	-
	29,469	306,526	714,321	1,168,697

The effective tax rates for current quarter and financial period ended 30 September 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 quarter and financial period under review except as follows :

During the financial period ended 30 September 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.

B7 Marketable securities

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

B8 Corporate proposals

There were no corporate proposals announced but not completed 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 September 2010, are as follows :

	Short term	Long term	Total
	RM	RM	RM
Hire purchase creditors	99,554	113,975	213,529
Secured bank borrowings	884,701	6,260,295	7,144,996
Total	984,255	6,374,270	7,358,525

B10 Derivatives

There was no other derivative financial instrument for the quarter and financial period under review except as follows :

The Group had entered into a forward currency exchange contract in USD currency for highly probable forecasted transactions to manage the exposure to fluctuations in USD currency exchange rate during the financial period under review.

There was no outstanding derivative financial instrument as at 30 September 2010.

B11 Changes in material litigation

There was no material litigation as at 30 November 2010.

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
THE FIGURES HAVE NOT BEEN AUDITED

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

B12 Dividend

During the quarter under review, the Board of Directors has declared a first interim tax exempt dividend of 1.5% per ordinary share of RM0.10 each for the financial period ended 30 September 2010. The dividend is payable on 5 January 2011. The book closure and entitlement date will fall on 20 December 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 30 September 2009. The dividend was paid on 3 July 2009.

B13 Earnings per share

	Individual Quarter		Cumulative Quarter	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM	RM	RM	RM
Basic Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	2,998,305	4,364,398	11,256,143	13,542,652
Weighted average number of ordinary shares in issue	658,350,100	658,350,100	658,350,100	658,271,345
Basic EPS (sen)	0.46	0.66	1.71	2.06

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 30 November 2010.