



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

31 DECEMBER 2010

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

	Individual Quarter		Cumulative Quarter	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM	RM	RM	RM
Revenue	11,575,083	15,161,985	58,750,688	65,454,245
Cost of sales	<u>(6,840,920)</u>	<u>(7,188,521)</u>	<u>(32,263,501)</u>	<u>(32,786,739)</u>
Gross profit	4,734,163	7,973,464	26,487,187	32,667,506
Other income	200,635	440,106	709,680	725,741
Operating expenses	<u>(3,363,610)</u>	<u>(5,224,650)</u>	<u>(13,819,654)</u>	<u>(15,283,218)</u>
Profit from operations	1,571,188	3,188,920	13,377,213	18,110,029
Finance costs	(114,706)	(112,778)	(456,717)	(489,341)
Interest income	107,813	84,076	405,834	231,625
Share of result of associates	<u>118,177</u>	<u>728,630</u>	<u>326,606</u>	<u>747,884</u>
Profit before tax	1,682,472	3,888,848	13,652,936	18,600,197
Income tax expense	<u>(242,827)</u>	<u>(696,002)</u>	<u>(957,148)</u>	<u>(1,864,699)</u>
Profit for the period	1,439,645	3,192,846	12,695,788	16,735,498
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>1,439,645</u>	<u>3,192,846</u>	<u>12,695,788</u>	<u>16,735,498</u>
Profit for the period attributable to :				
Equity holders of the parent	1,439,645	3,192,846	12,695,788	16,735,498
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,439,645</u>	<u>3,192,846</u>	<u>12,695,788</u>	<u>16,735,498</u>
Total comprehensive income for the period attributable to :				
Equity holders of the parent	1,439,645	3,192,846	12,695,788	16,735,498
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,439,645</u>	<u>3,192,846</u>	<u>12,695,788</u>	<u>16,735,498</u>
Earnings per share attributable to equity holders of the parent :				
Basic (sen)	<u>0.22</u>	<u>0.48</u>	<u>1.93</u>	<u>2.54</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 DECEMBER 2010
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	As at 31.12.2010	As at 31.12.2009
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	43,994,031	46,391,892
Prepaid lease payments	359,284	364,075
Investments in associates	3,267,354	2,940,748
Other investment	579,325	579,325
Software development expenditure	293,722	454,063
Goodwill arising from consolidation	1,582,719	1,582,719
	<u>50,076,435</u>	<u>52,312,822</u>
Current assets		
Inventories	2,520,832	2,095,598
Trade receivables	23,743,646	15,395,754
Other receivables	1,903,899	2,362,654
Tax recoverable	621,356	467,862
Short term investment	10,793,980	8,063,714
Deposits with licensed banks	14,092,487	30,471,183
Cash and bank balances	9,943,372	2,943,585
	<u>63,619,572</u>	<u>61,800,350</u>
Total assets	<u>113,696,007</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	34,262,281	32,429,270
	<u>100,097,791</u>	<u>98,264,780</u>
Minority Interest	-	-
Total equity	<u>100,097,791</u>	<u>98,264,780</u>
Non-current liabilities		
Hire purchase creditors	88,235	189,151
Bank borrowings	6,030,208	6,913,926
Deferred tax liabilities	2,698,900	2,698,900
	<u>8,817,343</u>	<u>9,801,977</u>
Current liabilities		
Trade payables	1,568,017	1,631,630
Other payables	2,143,543	3,417,195
Hire purchase creditors	100,916	95,467
Bank borrowings	898,762	870,395
Provision for taxation	69,635	31,728
Derivative liability	-	-
	<u>4,780,873</u>	<u>6,046,415</u>
Total liabilities	<u>13,598,216</u>	<u>15,848,392</u>
Total equity and liabilities	<u>113,696,007</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)
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THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 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 DECEMBER 2009</u>							
As at 1 January 2009	65,810,010	-	17,010,472	-	82,820,482	-	82,820,482
Profit for the period	-	-	16,735,498	-	16,735,498	-	16,735,498
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	16,735,498	-	16,735,498	-	16,735,498
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 31 December 2009	65,835,010	500	32,429,270	-	98,264,780	-	98,264,780
<u>FINANCIAL PERIOD ENDED 31 DECEMBER 2010</u>							
As at 1 January 2010	65,835,010	500	32,429,270	-	98,264,780	-	98,264,780
Profit for the period			12,695,788		12,695,788		12,695,788
Other comprehensive income			-		-		-
Total comprehensive income for the period	-	-	12,695,788	-	12,695,788	-	12,695,788
Dividend declared during the period			(10,862,777)		(10,862,777)		(10,862,777)
As at 30 December 2010	65,835,010	500	34,262,281	-	100,097,791	-	100,097,791

(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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THE FIGURES HAVE NOT BEEN AUDITED

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

	12 Months Ended	
	31.12.2010	31.12.2009
	RM	RM
Net cash (used in) / generated from operating activities	(3,936,067)	35,580,938
Net cash used in investing activities	(1,128,816)	(2,122,371)
Net cash used in financing activities	<u>(1,407,535)</u>	<u>(1,362,813)</u>
Net change in cash and cash equivalents	(6,472,418)	32,095,754
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>34,538,281</u></u>	<u><u>41,010,698</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	9,943,372	2,943,585
Deposits with licensed banks (Note)	13,800,929	30,003,399
Short term investment	<u>10,793,980</u>	<u>8,063,714</u>
	<u><u>34,538,281</u></u>	<u><u>41,010,698</u></u>
Note :		
The security deposit of RM291,558 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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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.

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 year ended 31 December 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.

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
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PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

A8 Operating Segments

Operating segments' results for the financial period ended 31 December 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	48,617,779	9,587,572	545,337	-	-	58,750,688
Inter segment sales	-	2,971,680	3,384,602	-	(6,356,282)	-
Total operating revenue	48,617,779	12,559,252	3,929,939	-	(6,356,282)	58,750,688
Profit/(Loss) from operations	4,537,114	8,924,623	658,274	(742,798)	-	13,377,213
Finance costs	(407,556)	(49,062)	(99)	-	-	(456,717)
Interest income	27,887	3,358	4,363	370,226	-	405,834
Share of result of associates						13,326,330
Profit before taxation						326,606
Income tax expense						13,652,936
Profit for the period						(957,148)
Other comprehensive income						12,695,788
Total comprehensive income for the period						-
						12,695,788
						-

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 31 December 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 31 December 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
One BPO Sdn Bhd (formerly known as VPI International Sdn Bhd) and its subsidiaries ("One BPO Group")	One BPO Group is deemed related to the Group by virtue of Dato' Shaik Aqmal bin Shaik Allaudin's common directorship in One BPO Sdn Bhd ("One BPO") and Efficient E-Solutions Berhad ("E-SOL") and he is also a major shareholder in E-SOL and One BPO. The Company had on 30 November 2010 accepted the resignation of Dato' Shaik Aqmal bin Shaik Allaudin as a director of the Company.
Regalia Records Management Sdn Bhd ("RRM")	RRM is deemed related to the Group by virtue of Dato' 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 One BPO. The Company was promptly informed that Dato' Shaik Aqmal bin Shaik Allaudin had on 8 November 2010 resigned as a director of RRM.

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

	Individual Quarter		Cumulative Quarter	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM	RM	RM	RM
Provision of DDP and EBP services to One BPO Group	13,119	215,010	623,094	2,765,333
Management fee for the provision of project management/ administration of DDP and EBP services to One BPO Group	36,000	36,000	144,000	144,000
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 One BPO Group	(10,000)	2,860,642	8,866,354	15,352,570
Provision of document archiving and related services by RRM	1,376	921	4,686	4,532
Renting of vault room for security file storage and related services to RRM	68,040	177,352	374,220	257,655
Selling of printed forms to One BPO Group	81,060	-	251,687	-
Total	189,595	3,289,925	10,264,041	18,524,090

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)
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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 year ended 31 December 2010 decreased by 10.2% to RM58.8 million from preceding year's RM65.5 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 year ended 31 December 2010 decreased by 24.1% to RM12.7 million from preceding year's RM16.7 million. The decrease in Group profit was in tandem with the decrease of revenue.

Revenue for the quarter ended 31 December 2010 decreased by 23.7% to RM11.6 million from RM15.2 million of the preceding year corresponding quarter. The decrease in Group revenue was due to reduction in revenue generated from services rendered for software application development. Group profit for the quarter ended 31 December 2010 decreased by 54.9% to RM1.4 million from RM3.2 million of the preceding year corresponding quarter. The decrease was in tandem with the lower revenue.

	Cumulative Quarter		Variance	
	31.12.2010	31.12.2009	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	58,751	65,454	(6,703)	-10.2%
Profit for the period	12,696	16,735	(4,039)	-24.1%

	Individual Quarter		Variance	
	31.12.2010	31.12.2009	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	11,575	15,162	(3,587)	-23.7%
Profit for the period	1,440	3,193	(1,753)	-54.9%

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

The Group recorded RM1.7 million profit before tax for the quarter, a decrease of RM1.3million as compared to the preceding quarter. The decrease in profit before taxation of 44.4% was mainly attributable to a lower revenue from services rendered for software application development during the quarter.

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.12.2010	30.09.2010	RM'000	%
	RM'000	RM'000	RM'000	%
Profit before taxation	1,682	3,028	(1,346)	-44.5%

B3 Prospects

Due to recent postage hike, some customers have opted to re-evaluate their printing and distribution requirements which include the use of e-statements. The Group has introduced its newly developed e-Statement products to its existing customers and is able to offer simultaneously both physical and electronic version of statement. Ultimately we see the migration as an opportunity due to higher margin arising from lower capital expenditure as compared to physical printing.

We expect volume of a segment of data printing to increase in coming year due to the recent regulatory changes.

The contribution from software application development will be reduced significantly as we had just completed a project. More deliverables from the project will be minimal.

A more favourable trend is expected in the 2nd half of 2011 with the initiatives and changes of market trends.

B4 Profit forecast or profit guarantee

This note is not applicable.

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

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM	RM	RM	RM
Current tax	242,827	696,002	957,148	1,864,699
Deferred tax	-	-	-	-
	242,827	696,002	957,148	1,864,699

The effective tax rates for current quarter and financial year ended 31 December 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 year ended 31 December 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 year 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 31 December 2010, are as follows :

	Short term	Long term	Total
	RM	RM	RM
Hire purchase creditors	100,916	88,235	189,151
Secured bank borrowings	898,762	6,030,208	6,928,970
Total	999,678	6,118,443	7,118,121

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 31 December 2010.

B11 Changes in material litigation

There was no pending material litigation as at the latest applicable date from the date of issuance of this report.

B12 Dividend

During the quarter under review, the Board of Directors declared a first interim tax exempt dividend of 1.5% per ordinary share of RM0.10 each for the quarter and financial year ended 31 December 2010 (31 December 2009: 2.0% per ordinary share of RM0.10 each). The dividend was paid on 5 January 2011. Entitlement to dividends was determined on the basis of the record of depositors as at 20 December 2010.

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 THE FIGURES HAVE NOT BEEN AUDITED

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

B13 Earnings per share

	Individual Quarter		Cumulative Quarter	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM	RM	RM	RM
Basic Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	1,439,645	3,192,846	12,695,788	16,735,498
Weighted average number of ordinary shares in issue	658,350,100	658,350,100	658,350,100	658,271,345
Basic EPS (sen)	0.22	0.48	1.93	2.54

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 28 February 2011.