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**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 2011**

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2011**

	Individual Quarter		Cumulative Quarter	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
			RM	RM
Revenue	14,924,166	15,425,791	14,924,166	15,425,791
Cost of sales	<u>(9,033,348)</u>	<u>(7,524,750)</u>	<u>(9,033,348)</u>	<u>(7,524,750)</u>
Gross profit	5,890,818	7,901,041	5,890,818	7,901,041
Other income	158,768	150,917	158,768	150,917
Operating expenses	<u>(3,352,899)</u>	<u>(3,275,694)</u>	<u>(3,352,899)</u>	<u>(3,275,694)</u>
Profit from operations	2,696,687	4,776,264	2,696,687	4,776,264
Finance costs	(108,406)	(108,996)	(108,406)	(108,996)
Interest income	114,638	103,362	114,638	103,362
Share of result of associates	<u>(25,906)</u>	<u>50,355</u>	<u>(25,906)</u>	<u>50,355</u>
Profit before tax	2,677,013	4,820,985	2,677,013	4,820,985
Income tax expense	<u>(516,402)</u>	<u>(448,831)</u>	<u>(516,402)</u>	<u>(448,831)</u>
Profit for the period	2,160,611	4,372,154	2,160,611	4,372,154
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>2,160,611</u>	<u>4,372,154</u>	<u>2,160,611</u>	<u>4,372,154</u>
Profit for the period attributable to :				
Equity holders of the parent	2,160,611	4,372,154	2,160,611	4,372,154
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,160,611</u>	<u>4,372,154</u>	<u>2,160,611</u>	<u>4,372,154</u>
Total comprehensive income for the period attributable to :				
Equity holders of the parent	2,160,611	4,372,154	2,160,611	4,372,154
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,160,611</u>	<u>4,372,154</u>	<u>2,160,611</u>	<u>4,372,154</u>
Earnings per share attributable to equity holders of the parent :				
Basic ( sen )	<u>0.33</u>	<u>0.66</u>	<u>0.33</u>	<u>0.66</u>
Diluted ( sen )	<u>0.32</u>	<u>NA</u>	<u>0.32</u>	<u>NA</u>
( The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011**

	As at 31.03.2011	As at 31.12.2010
	RM	RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	43,015,887	43,994,031
Prepaid lease payments	358,088	359,285
Investments in associates	3,241,449	3,267,355
Other investment	579,325	579,325
Software development expenditure	255,485	293,722
Goodwill arising from consolidation	1,582,719	1,582,719
	<u>49,032,953</u>	<u>50,076,437</u>
<b>Current assets</b>		
Inventories	3,161,583	2,520,832
Trade receivables	26,999,408	23,228,475
Other receivables	2,720,904	2,460,742
Tax recoverable	375,751	538,879
Short term investment	11,111,307	10,791,902
Deposits with licensed banks	17,777,078	14,086,352
Cash and bank balances	4,456,339	10,089,576
	<u>66,602,370</u>	<u>63,716,758</u>
<b>Total assets</b>	<u>115,635,323</u>	<u>113,793,195</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	65,835,010	65,835,010
Share premium	500	500
Retained profits	36,194,737	34,034,126
	<u>102,030,247</u>	<u>99,869,636</u>
<b>Minority Interest</b>	-	-
<b>Total equity</b>	<u>102,030,247</u>	<u>99,869,636</u>
<b>Non-current liabilities</b>		
Hire purchase creditors	62,154	88,235
Bank borrowings	5,795,015	6,030,208
Deferred tax liabilities	2,806,605	2,806,605
	<u>8,663,774</u>	<u>8,925,048</u>
<b>Current liabilities</b>		
Trade payables	2,002,675	1,568,017
Other payables	1,809,965	2,355,629
Hire purchase creditors	102,278	100,916
Bank borrowings	913,098	898,762
Provision for taxation	113,286	75,187
Dividend Payable	-	-
	<u>4,941,302</u>	<u>4,998,511</u>
<b>Total liabilities</b>	<u>13,605,076</u>	<u>13,923,559</u>
<b>Total equity and liabilities</b>	<u>115,635,323</u>	<u>113,793,195</u>

( The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2011**

	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
<b><u>FINANCIAL PERIOD ENDED 31 DECEMBER 2010</u></b>							
As at 1 January 2010	65,835,010	500	32,429,270	-	<b>98,264,780</b>	-	<b>98,264,780</b>
Profit for the period	-	-	12,467,633	-	<b>12,467,633</b>	-	<b>12,467,633</b>
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	12,467,633	-	<b>12,467,633</b>	-	<b>12,467,633</b>
Issuance of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-
Dividend paid for the period			(10,862,777)		<b>(10,862,777)</b>		<b>(10,862,777)</b>
As at 31 December 2010	65,835,010	500	34,034,126	-	<b>99,869,636</b>	-	<b>99,869,636</b>
<b><u>FINANCIAL PERIOD ENDED 31 MARCH 2011</u></b>							
As at 1 January 2011	65,835,010	500	34,034,126	-	<b>99,869,636</b>	-	<b>99,869,636</b>
Profit for the period			2,160,611		<b>2,160,611</b>		<b>2,160,611</b>
Other comprehensive income			-		-		-
Total comprehensive income for the period	-	-	2,160,611	-	<b>2,160,611</b>	-	<b>2,160,611</b>
Dividend declared during the period			-		-		-
As at 31 March 2011	65,835,010	500	36,194,737	-	<b>102,030,247</b>	-	<b>102,030,247</b>

( The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 31 MARCH 2011**

	3 Months Ended	
	31.03.2011	31.03.2010
	RM	RM
Net cash generated from operating activities	(1,373,085)	2,224,974
Net cash used in investing activities	101,880	(840,728)
Net cash used in financing activities	<u>(353,981)</u>	<u>(346,752)</u>
Net change in cash and cash equivalents	(1,625,186)	1,037,494
Cash and cash equivalents at beginning of the financial period	34,678,352	41,010,699
Cash and cash equivalents at end of the financial period*	<u><u>33,053,166</u></u>	<u><u>42,048,193</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	4,456,339	3,282,889
Deposits with licensed banks ( Note )	17,485,520	24,769,130
Short term investment	<u>11,111,307</u>	<u>13,996,174</u>
	<u><u>33,053,166</u></u>	<u><u>42,048,193</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 2010 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 2011**  
**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 2010.

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 2010 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 2010 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 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 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 31 MARCH 2011**  
**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 under review.

**A7 Dividend paid**

During the quarter ended 31 March 2011, dividend amounting to RM987,525 being first interim tax exempt dividend of 1.5% per ordinary share of RM0.10 each for the financial year ended 31 December 2010 was paid on 5 January 2011.

**A8 Operating Segments**

Operating segments' results for the financial period ended 31 March 2011 are as follows:

<b>Operating Segment</b>	<b>Data and Document Processing</b>	<b>Software Development</b>	<b>Forms Printing</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	RM	RM	RM	RM	RM	RM
External sales	13,942,544	880,274	101,348	-	-	14,924,166
Inter segment sales	-	670,700	1,090,873	-	(1,761,573)	-
Total operating revenue	13,942,544	1,550,974	1,192,221	-	(1,761,573)	14,924,166
Profit/(Loss) from operations	1,996,868	692,237	248,093	(240,511)	-	2,696,687
Finance costs	(96,840)	(11,566)	-	-	-	(108,406)
Interest income	4,723	14,587	151	95,177	-	114,638
Share of result of associates						2,702,919
Profit before taxation						(25,906)
Income tax expense						2,677,013
Profit for the period						(516,402)
Other comprehensive income						2,160,611
Total comprehensive income for the period						-
						2,160,611

**A9 Valuations of property, plant & equipment**

The Group did not carry out any valuation on its property, plant and equipment during the quarter under review.

**A10 Material events subsequent to the end of the quarter**

Subsequent to the financial quarter ended 31 March 2011, the Company has on, 26 May 2011, announced a proposed private placement of up to 52,668,000 new ordinary shares of RM0.10 each in the Company representing up to 8% of the existing issued and paid up capital of the Company ("Proposed Private Placement"). The additional listing application in respect of the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad on 27 May 2011.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter.

**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 2010.

**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 May 2011.

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011**  
**THE FIGURES HAVE NOT BEEN AUDITED**

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

**A14 Significant related party transactions**

<b>Related Transacting Parties</b>	<b>Related Parties and Relationship</b>
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.

The related party transactions of the Group for the quarter and financial period ended 31 March 2011 are as follows:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.03.2011</b>	<b>31.03.2010</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
	RM	RM	RM	RM
Provision of DDP and EBP services to One BPO Group	540,102	65,559	540,102	65,559
Management fee for the provision of project management/ administration of DDP and EBP services to One BPO 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 One BPO Group	650,000	2,742,118	650,000	2,742,118
Selling of printed forms to One BPO Group	101,348	-	101,348	-
<b>Total</b>	<b>1,327,450</b>	<b>2,843,677</b>	<b>1,327,450</b>	<b>2,843,677</b>

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.



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

**B1 Performance Review**

Group revenue for the quarter ended 31 March 2011 decreased by 3.3% to RM14.9 million from previous year corresponding quarter RM15.4 million. The decrease in revenue was due mainly to reduction in services rendered for software application development. Group profit after tax for the quarter ended 31 March 2011 decreased by 50.6% to RM2.2 million from preceding year quarter's RM4.4 million. The decrease in Group profit was due mainly to a significant lower revenue in services rendered for software application development, which carry a high profit margin, despite a higher revenue from services for data and document processing.

	Individual Quarter		Variance	
	31.03.2011	31.03.2010	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	14,924	15,426	(502)	-3.3%
Profit for the period	2,161	4,372	(2,211)	-50.6%

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

The Group recorded RM2.7 million profit before tax for the quarter, an increase of RM1.0million as compared to the preceding quarter. The increase in profit before taxation of 62.8% was mainly attributable to higher data printing volume arising from data printing and document processing projects during the quarter.

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.03.2011	31.12.2010	RM'000	%
	RM'000	RM'000	RM'000	%
Profit before taxation	2,677	1,644	1,033	62.8%

**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 a lower profit margin from data and document processing services and an increase volume from a segment of data printing during the financial year due to the recent regulatory changes.

The contribution from software application development will reduce significantly as a major project was ended last year. More deliverables from the project will be minimal.

**B4 Profit forecast or profit guarantee**

This note is not applicable.

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

**B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM	RM	RM	RM
Current tax	516,402	448,831	516,402	448,831
Deferred tax	-	-	-	-
	516,402	448,831	516,402	448,831

The effective tax rates for current quarter ended 31 March 2011 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 under review.

**B7 Marketable securities**

Purchase & Sales of quoted securities

	Individual Quarter 31.03.2011 RM'000	Cumulative Quarter 31.03.2011 RM'000
Total Purchase of quoted securities	1,223	1,223
Sales proceeds	-	-
Profit on Sale	-	-

Investment in quoted securities as at 31 March 2011:-

	RM'000
At cost	1,223
At carrying value/ bookvalue	1,223
At market value	<u>1,183</u>

**B8 Corporate proposals**

There were no corporate proposals announced but not completed for the quarter 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 2011, are as follows :

	Short term	Long term	Total
	RM	RM	RM
Hire purchase creditors	102,278	62,154	164,432
Secured bank borrowings	913,098	5,795,015	6,708,113
Total	<u>1,015,376</u>	<u>5,857,169</u>	<u>6,872,545</u>

**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 March 2011.

**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.

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011**  
**THE FIGURES HAVE NOT BEEN AUDITED**

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

**B12 Dividend**

There was no dividend declared for the financial period ended 31 March 2011 (31 March 2010: Nil)

**B13 Earnings per share**

	Individual Quarter		Cumulative Quarter	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM	RM	RM	RM
<b>Basic Earnings Per Share</b>				
Profit attributable to ordinary equity holders of the parent	2,160,611	4,372,154	2,160,611	4,372,154
Weighted average number of ordinary shares in issue	658,350,100	658,350,100	658,350,100	658,350,100
Basic EPS (sen)	0.33	0.66	0.33	0.66
<b>Diluted Earnings Per Share</b>				
Profit attributable to ordinary equity holders of the parent	2,160,611		2,160,611	
Weighted average number of ordinary shares in issue	658,350,100		658,350,100	
Effect of dilution of share options	14,434,024		14,434,024	
Adjusted weighted average number of ordinary shares in issue and issuable	672,784,124	-	672,784,124	-
Diluted EPS (sen)	0.32	NA	0.32	NA

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. ESOS.

**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 May 2011.