



EFFICIENT E-SOLUTIONS BERHAD

(Company No. 632479-H)

(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE SECOND QUARTER ENDED

30 JUNE 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2013

	Individual Quarter		Cumulative Quarter	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM	RM	RM	RM
Revenue	11,214,858	10,640,898	23,324,202	22,257,301
Cost of sales	(6,819,755)	(7,447,499)	(14,963,758)	(15,159,473)
Gross profit	4,395,103	3,193,399	8,360,444	7,097,828
Other operating income	46,869	1,512,115	305,440	1,819,238
Administrative and operating expenses	(2,741,497)	(2,428,188)	(5,481,403)	(5,324,854)
Profit from operations	1,700,475	2,277,326	3,184,481	3,592,212
Finance costs	(77,481)	(95,349)	(157,975)	(192,576)
Interest income	262,158	234,016	533,319	445,510
Share of result of associates	53,641	113,088	171,491	182,990
Profit before tax	1,938,793	2,529,081	3,731,316	4,028,136
Income tax expense	(681,673)	(306,605)	(1,164,035)	(694,925)
Profit for the period	1,257,120	2,222,476	2,567,281	3,333,211
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,257,120	2,222,476	2,567,281	3,333,211
Profit for the period attributable to :				
Equity holders of the parent	1,257,120	2,222,476	2,567,281	3,333,211
Non-controlling interests	-	-	-	-
	1,257,120	2,222,476	2,567,281	3,333,211
Total comprehensive income for the period attributable to :				
Equity holders of the parent	1,257,120	2,222,476	2,567,281	3,333,211
Non-controlling interests	-	-	-	-
	1,257,120	2,222,476	2,567,281	3,333,211
Earnings per share attributable to equity holders of the parent :				
Basic (sen)	0.18	0.31	0.36	0.47
Diluted (sen)	NA	0.31	NA	0.47

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012.)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	(Unaudited) As at 30.06.2013	(Audited) As at 31.12.2012
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	36,554,609	37,309,411
Investment in associated companies	3,703,909	3,532,418
Other investments	150,000	150,000
Software development expenditure	253,205	316,309
Goodwill on consolidation	1,582,719	1,582,719
	42,244,442	42,890,857
Current assets		
Inventories	2,370,833	2,112,762
Trade receivables	24,021,189	21,771,232
Other receivables	3,240,233	3,072,070
Investment securities	11,475,317	11,337,099
Deposits with licensed banks	37,513,432	34,353,501
Cash and bank balances	9,110,277	11,821,662
	87,731,281	84,468,326
Total assets	129,975,723	127,359,183
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	70,913,010	70,913,010
Share premium	4,633,588	4,633,588
Share option reserve	81	81
Retained earnings	43,284,821	40,717,540
Total equity	118,831,500	116,264,219
Non-current liabilities		
Term loans	3,535,115	4,068,812
Deferred tax liabilities	2,254,506	2,254,506
	5,789,621	6,323,318
Current liabilities		
Trade payables	1,348,483	1,300,251
Other payables	2,391,244	2,282,084
Term loans	1,050,846	1,016,780
Tax Payable	564,029	172,531
	5,354,602	4,771,646
Total liabilities	11,144,223	11,094,964
Total equity and liabilities	129,975,723	127,359,183

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2013

	Share Capital	Non Distributable Share Premium	Share Option Reserve	Distributable Retained Earnings	Total	Non-Controlling Interests	Total Equity
	RM	RM	RM	RM	RM	RM	RM
<u>FINANCIAL PERIOD ENDED 30 JUNE 2012</u>							
As at 1 January 2012	70,899,010	4,625,269		37,752,165	113,276,444	-	113,276,444
Profit for the year	-	-	-	3,333,211	3,333,211	-	3,333,211
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,333,211	3,333,211	-	3,333,211
Issuance of new shares pursuant to private placement	14,000	8,400	-	-	22,400	-	22,400
Dividends declared during the period	-	-	-	(1,063,695)	(1,063,695)	-	(1,063,695)
As at 30 June 2012	70,913,010	4,633,669	-	40,021,681	115,568,360	-	115,568,360
<u>FINANCIAL PERIOD ENDED 30 JUNE 2013</u>							
As at 1 January 2013	70,913,010	4,633,588	81	40,717,540	116,264,219	-	116,264,219
Profit for the year	-	-	-	2,567,281	2,567,281	-	2,567,281
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,567,281	2,567,281	-	2,567,281
Issuance of new shares pursuant to ESOS	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
As at 30 June 2013	70,913,010	4,633,588	81	43,284,821	118,831,500	-	118,831,500

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 JUNE 2013

	30.06.2013	30.06.2012
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,731,316	4,028,135
Adjustments for:-		
Amortisation of software development expenditure	63,104	109,737
Depreciation of property, plant and equipment	1,915,844	2,102,103
Fair value (gain)/loss on FVTPL financial assets	29,269	(117,284)
Property, plant and equipment written off	3,635	-
Gain on disposal of investment securities	-	2,008
Gain on disposal of property, plant and equipment	(5,433)	(1,436,355)
Dividend income	(42,788)	-
Interest income	(533,318)	(445,510)
Interest expenses	157,975	194,101
Investment income from investment securities	(125,610)	(151,521)
Share of results of associated companies	(171,491)	(182,990)
Operating profit before changes in working capital	5,022,503	4,102,424
Inventories	(258,071)	203,202
Trade and other receivables	(2,418,122)	1,079,878
Trade and other payables	157,393	(876,394)
Cash generated from operations	2,503,703	4,509,110
Tax paid, net of tax refunded	(772,537)	(655,548)
Dividends paid	-	(1,063,485)
Net cash generated from operating activities	1,731,166	2,790,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	42,788	-
Net changes of fixed deposits pledged	-	(14,350)
Interest from deposits with licensed banks	533,318	445,510
Increase in investment securities	(167,487)	(266,797)
Investment income	125,610	266,797
Proceeds from disposal of property, plant & equipment	6,745	2,809,300
Purchase of property, plant and equipment	(1,165,990)	(1,757,925)
Purchase of software development expenditure	-	(290,211)
Net cash (used in) / generated from investing activities	(625,016)	1,192,324
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of new shares	-	22,400
Repayment of term loans	(499,630)	(466,737)
Repayment of hire purchase payables	-	(52,501)
Interest paid	(157,975)	(194,103)
Net cash used in financing activities	(657,605)	(690,941)
Net change in cash and cash equivalents	448,545	3,291,460
Cash and cash equivalents at beginning of the financial period	46,109,512	36,634,992
Cash and cash equivalents at end of the financial period*	46,558,057	39,926,452
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	9,110,277	11,750,038
Deposits with licensed banks (Note)	37,447,780	28,176,414
	46,558,057	39,926,452
Note :		
The security deposit of RM65,652 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 2012.)		

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 : INTERIM FINANCIAL REPORTING

A1 Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and *MFRS134 : Interim Financial Reporting* in Malaysia and with *IAS34, Interim Financial Reporting*.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with audited financial statements of the Group as at and for the financial year ended 31 December 2012. The audited financial statements of the Group were prepared in accordance with the provisions of the Companies Act 1965, Malaysia Financial Reporting Standards ("MFRS"), and International Financial Reporting Standards ("IFRS").

The Group's audited financial statements as at and for the financial year ended 31 December 2012 was the Group's first financial statements prepared in accordance with MFRS and MRFS 1, First-time Adoption of Malaysia Financial Reporting Standards has been applied.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2013 did not have any significant impact on the condensed consolidated interim financial statements upon their initial application :

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements
MFRS 128 Investment in Associates and Joint Ventures
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 cycle)
Amendments to MFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11 Joint Arrangements: Transition Guidance
Amendments to MFRS 12 Disclosure of Interest in Other Entities: Transition Guidance
Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvement 2009-2011 Cycle)
Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board as these standards are effective for financial period beginning on or after 1 January 2014:

Amendments to MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)
MFRS 9 Financial Instruments (effective from 1 January 2015)

A2 Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for year ended 31 December 2012 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.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013
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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 : INTERIM FINANCIAL REPORTING

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

No dividend was paid during the quarter and financial period ended 30 June 2013.

A8 Segment information

Segment information is presented in respect of the Group's business segment for the financial period ended 30 June 2013.

Analysis by activities	Data and Document Processing	Software Development	Forms Printing	Others	Elimination	Total
	RM	RM	RM	RM	RM	RM
Operating Revenue						
External sales	22,672,426	252,037	356,951	42,788	-	23,324,202
Inter-segment sales	-	1,078,818	1,561,662	-	(2,640,480)	-
Total operating revenue	22,672,426	1,330,855	1,918,613	42,788	(2,640,480)	23,324,202
Result						
Profit/(Loss) from operations	3,498,117	(247,082)	345,763	(412,317)	-	3,184,481
Finance costs	(141,175)	(16,800)	-	-	-	(157,975)
Interest income	174,487	10,270	17,418	331,144	-	533,319
Share of result of associates	-	-	-	171,491	-	171,491
Profit before taxation	3,531,429	(253,612)	363,181	90,318	-	3,731,316
Income tax expense						(1,164,035)
Profit for the period						2,567,281
Other comprehensive income						-
Total comprehensive income for the period						2,567,281

A9 Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current quarter and financial period under review.

A10 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 as follows :

The Group had on 23 May 2013 acquired the entire equity interest in Data Framework Sdn Bhd ("DFSB") comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00 only. DFSB is a dormant company and its authorised share capital is RM400,000 comprising of 400,000 ordinary shares of RM1.00 each. The intended principal activities of DFSB are property investment and provision of document archiving and related services.

Data Framework Sdn. Bhd. had changed its name to Efficient Storage Solutions Sdn. Bhd. on 27 June 2013.

A11 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 2012.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 : INTERIM FINANCIAL REPORTING

A12 Capital commitments

The were no capital commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 30 June 2013 except as follows :

On 25 January 2013, one of the subsidiary company of the Group had entered into a sale and purchase agreement with HIG Livingston Sdn. Bhd. ("HIG") for the acquisition of a property for a total cash consideration of RM 904,000.

During the financial period under review, 20% of progress payment amounting to RM180,800 was paid to HIG.

A13 Significant related party transactions

Related Transacting Parties	Related Parties and Relationship
Regalia Records Management Sdn Bhd ("RRM")	An associated company

The related party transactions of the Group for the quarter and financial period ended 30 June 2013 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	6,922	2,253	19,617	4,472
Renting of vault room for security file storage and related services to RRM	102,060	102,060	204,120	204,120
Total	108,982	104,313	223,737	208,592

The Directors of the Group 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 Review of performance

(a) Current Year To Date Vs Preceding Year To Date

Group revenue for the financial period ended 30 June 2013 increased by 5% to RM23.3 million from previous corresponding period of RM22.3 million, which was mainly due to the increase of revenue from the services rendered for data and document processing.

Group profit after tax for the financial period ended 30 June 2013 decreased by 23% to RM2.6 million from preceding year corresponding period of RM3.3million. The decrease in Group profit was mainly due to the capital gain arising from the disposal of leasehold land and buildings of RM1.4 million in previous year. The Group operation performance had improved in tandem with the increase of revenue.

	Cumulative Quarter		Variance	
	30.06.2013	30.06.2012	RM'000	%
	RM'000	RM'000		
Revenue	23,324	22,257	1,067	5%
Profit after tax for the financial period	2,567	3,333	(766)	-23%

(b) Current Quarter Vs Preceding Year Corresponding Quarter

Group revenue for the quarter ended 30 June 2013 increased by 5% to RM11.2 million from previous corresponding quarter of RM10.6 million, which was mainly due to the increase of revenue from the services rendered for data and document processing.

Group profit after tax for the quarter ended 30 June 2013 decreased by 43% to RM1.3 million from preceding year corresponding quarter of RM2.2million. The decrease in Group profit was mainly due to the capital gain arising from the disposal of leasehold land and buildings of RM1.4 million in previous year corresponding quarter. The Group operation performance had improved in tandem with the increase of revenue.

	Individual Quarter		Variance	
	30.06.2013	30.06.2012	RM'000	%
	RM'000	RM'000		
Revenue	11,215	10,641	574	5%
Profit after tax for the quarter	1,257	2,222	(965)	-43%

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

The Group recorded RM1.9 million profit before tax for the quarter, an increase of 8% as compared to the preceding quarter of RM1.8 million. The increase in the profit before tax was largely contributed by the cost optimization measures initiated by the management.

	Current Quarter	Immediate Preceding Quarter	Variance	
	30.06.2013	31.03.2013	RM'000	%
	RM'000	RM'000		
Profit before taxation	1,939	1,793	146	8%

B3 Prospects

The implementation of minimum wage rate since beginning of the year has a direct impact on our production cost, the management has initiated some productivity incentives and other cost optimization measures to cushion the impact.

The management foresees that the performance of the group should improve with more cost optimization efforts. We expect a slight increase in revenue with some one-off projects from customers in the coming quarters.

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	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM	RM	RM	RM
Current tax	681,673	306,605	1,164,035	694,925
Deferred tax	-	-	-	-
	681,673	306,605	1,164,035	694,925

The effective tax rate for the financial period ended 30 June 2013 is higher than the statutory tax rate of 25%. This is mainly due to the building cost of a subsidiary company, Efficient Mailcom Sdn Bhd does not qualify for industrial building allowance. However, the impact is set off by exempt income granted to another subsidiary company, Efficient Softech Sdn Bhd, a Multimedia Super Corridor status company.

B6 Corporate proposals

There were no corporate proposals announced but not completed during the quarter and financial period under review.

B7 Borrowings and debt securities

The Group's total borrowings, all of which were secured and were denominated in Ringgit Malaysia as at 30 June 2013, are as follows:

	Short term	Long term	Total
	RM	RM	RM
Secured bank borrowings	1,050,846	3,535,115	4,585,961
Total	1,050,846	3,535,115	4,585,961

B8 Changes in material litigation

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

B9 Dividend

There was no dividend declared during the quarter and financial period ended 30 June 2013.

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

B10 Earnings per share

	Individual Quarter		Cumulative Quarter	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM	RM	RM	RM
Basic Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	1,257,120	2,222,476	2,567,281	3,333,211
Weighted average number of ordinary shares in issue	709,130,100	708,890,100	709,130,100	708,870,100
Basic EPS (sen)	0.18	0.31	0.36	0.47
Diluted Earnings Per Share				
Profit attributable to ordinary equity holders of the parent		2,222,476		3,333,211
Weighted average number of ordinary shares in issue		708,890,100		708,870,100
Effect of dilution of share options		-		-
Adjusted weighted average number of ordinary shares in issue and issuable		708,890,100		708,870,100
Diluted EPS (sen)	NA	0.31	NA	0.47

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.

The Group's ESOS may have potential dilutive effects on the earnings per share. However, as the exercise price of the ESOS is higher than the current market price of the ordinary shares, there will be no impact of dilution on the earnings per share.

B11 Profit for the period

	Individual Quarter		Cumulative Quarter	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM	RM	RM	RM
Profit for the period is arrived at after charging :				
Interest expense	77,481	95,349	157,975	192,576
Depreciation of property, plant and equipment	940,095	1,044,892	1,915,844	2,102,103
Amortisation of software development expenditure	21,217	58,994	63,104	109,737
Fair value loss on FVTPL financial assets	119,876	27,594	29,269	(117,284)
and after crediting :				
Interest income	262,157	234,016	533,318	445,510
Other income including investment income	162,356	155,323	372,518	350,134
Gain on disposal of property, plant and equipment	3,866	1,384,385	5,433	1,351,819
Foreign exchange gain	1,844	-	482	-

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

B12 Realised and unrealised profit/ losses

Total retained profits of the Group comprised the following:-

	30.06.2013	31.12.2012
	RM	RM
Realised	44,661,487	42,065,977
Unrealised	(2,283,294)	(2,083,574)
	<u>42,378,193</u>	<u>39,982,403</u>
Add consolidation adjustments	906,628	735,137
Total Group retained profits as per consolidated accounts	<u><u>43,284,821</u></u>	<u><u>40,717,540</u></u>

B13 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 22 August 2013.