



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 2014

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Individual Quarter		Cumulative Quarter	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM	RM	RM	RM
Revenue	10,565,893	10,396,294	35,035,606	33,720,496
Cost of sales	(7,076,553)	(7,566,539)	(21,894,709)	(22,530,297)
Gross profit	3,489,340	2,829,755	13,140,897	11,190,199
Other operating income	447,943	505,629	995,258	811,069
Administrative and operating expenses	(2,424,417)	(2,483,266)	(8,559,568)	(7,964,669)
Profit from operations	1,512,866	852,118	5,576,587	4,036,599
Finance costs	(57,821)	(73,757)	(181,260)	(231,732)
Interest income	261,561	282,796	825,989	816,115
Share of result of associates	119,403	115,710	524,163	287,201
Profit before tax	1,836,009	1,176,867	6,745,479	4,908,183
Income tax expense	(384,408)	(186,317)	(2,248,750)	(1,350,352)
Profit for the period	1,451,601	990,550	4,496,729	3,557,831
Other comprehensive income	81,198	-	73,004	-
Total comprehensive income for the period	1,532,799	990,550	4,569,733	3,557,831
Profit for the period attributable to :				
Equity holders of the parent	1,451,601	990,550	4,496,729	3,557,831
Non-controlling interests	-	-	-	-
	1,451,601	990,550	4,496,729	3,557,831
Total comprehensive income for the period attributable to :				
Equity holders of the parent	1,532,799	990,550	4,569,733	3,557,831
Non-controlling interests	-	-	-	-
	1,532,799	990,550	4,569,733	3,557,831
Earnings per share attributable to equity holders of the parent :				
Basic (sen)	0.20	0.14	0.63	0.50

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	(Unaudited) As at 30.09.2014	(Audited) As at 31.12.2013
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	33,772,823	35,445,611
Investment properties	5,883,300	-
Investment in associated companies	4,533,327	4,009,163
Other investments	150,000	150,000
Software development expenditure	147,121	210,772
Goodwill on consolidation	1,654,512	1,585,252
	46,141,083	41,400,798
Current assets		
Inventories	1,963,398	1,737,517
Trade receivables	22,804,902	20,493,830
Other receivables	5,786,920	3,868,698
Tax recoverable	17,452	8,031
Investment securities	20,579,074	12,111,428
Deposits with licensed banks	32,110,043	42,970,100
Cash and bank balances	5,549,284	9,115,297
	88,811,073	90,304,901
Total assets	134,952,156	131,705,699
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
Available-for-sale reserve	196,381	123,377
Retained earnings	48,655,984	45,577,515
Total equity	124,398,963	121,247,490
Non-current liabilities		
Term loans	2,126,182	2,986,437
Deferred tax liabilities	2,007,361	2,007,361
	4,133,543	4,993,798
Current liabilities		
Trade payables	2,252,819	1,953,442
Other payables	2,035,475	2,069,958
Term loans	1,139,609	1,085,259
Tax Payable	991,747	355,752
	6,419,650	5,464,411
Total liabilities	10,553,193	10,458,209
Total equity and liabilities	134,952,156	131,705,699

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Share Capital	Non Distributable Share Premium	Share Option Reserve	Available- for-sales Reserve	Distributable Retained Earnings	Total	Non-Controlling Interests	Total Equity
	RM	RM	RM	RM	RM	RM	RM	RM
<u>FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	3,557,831	3,557,831	-	3,557,831
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	3,557,831	3,557,831	-	3,557,831
Dividends	-	-	-	-	-	-	-	-
As at 30 September 2013	70,913,010	4,633,588	81	-	44,275,371	119,822,050	-	119,822,050
<u>FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014</u>								
As at 1 January 2014	70,913,010	4,633,588	-	123,377	45,577,515	121,247,490	-	121,247,490
Profit for the year	-	-	-	-	4,496,729	4,496,729	-	4,496,729
Other comprehensive income	-	-	-	73,004	-	73,004	-	73,004
Total comprehensive income for the period	-	-	-	73,004	4,496,729	4,569,733	-	4,569,733
Dividends	-	-	-	-	(1,418,260)	(1,418,260)	-	(1,418,260)
As at 30 September 2014	70,913,010	4,633,588	-	196,381	48,655,984	124,398,963	-	124,398,963
(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013.)								

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	30.09.2014	30.09.2013
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,745,479	4,908,183
Adjustments for:-		
Amortisation of software development expenditure	63,650	84,321
Depreciation of property, plant and equipment	2,260,555	2,766,717
Fair value loss/(gain) on FVTPL financial assets	193,651	(199,077)
Property, plant and equipment written off	479,920	3,635
Gain on disposal of investment securities	(150,000)	(96,716)
Gain on disposal of property, plant and equipment	(3,279)	(29,775)
Dividend income	(68,003)	(73,546)
Interest income	(825,989)	(816,115)
Interest expenses	181,260	231,732
Investment income from investment securities	(204,479)	(179,774)
Share of results of associated companies	(524,163)	(287,201)
Operating profit before changes in working capital	<u>8,148,602</u>	<u>6,312,384</u>
Inventories	(225,881)	967
Trade and other receivables	(4,229,294)	(1,030,503)
Trade and other payables	195,634	(126,032)
Cash generated from operations	<u>3,889,061</u>	<u>5,156,816</u>
Tax paid, net of tax refunded	(1,622,175)	(1,255,577)
Dividends paid	(1,418,260)	-
Net cash generated from operating activities	<u>848,626</u>	<u>3,901,239</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	68,003	73,546
Net changes of fixed deposits pledged	-	-
Interest from deposits with licensed banks	825,989	816,115
Increase in investment securities	(9,650,793)	(446,769)
Investment income	204,479	179,774
Proceeds from disposal of property, plant & equipment	70,500	31,088
Proceeds from disposal of investment securities	1,212,500	-
Purchase of property, plant and equipment	(1,134,909)	(1,224,496)
Purchase of investment properties	(5,883,300)	-
Net cash (used in) / generated from investing activities	<u>(14,287,531)</u>	<u>(570,742)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	(805,905)	(755,063)
Interest paid	(181,260)	(231,732)
Net cash used in financing activities	<u>(987,165)</u>	<u>(986,795)</u>
Net change in cash and cash equivalents	(14,426,070)	2,343,702
Cash and cash equivalents at beginning of the financial year	52,017,627	46,109,512
Cash and cash equivalents at end of the financial year*	<u><u>37,591,557</u></u>	<u><u>48,453,214</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	5,549,284	8,972,775
Deposits with licensed banks (Note)	32,042,273	39,480,439
	<u><u>37,591,557</u></u>	<u><u>48,453,214</u></u>
Note :		
The security deposit of RM67,770 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 2013.)		

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, *MFRS134 : Interim Financial Reporting* in Malaysia and *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 2013. 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").

A2 Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for year ended 31 December 2013 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

Dividend amounting to RM1,418,260 being interim tax exempt dividend of 2.0% per ordinary share of RM0.10 each for the financial year ended 31 December 2013 was paid on 28 March 2014.

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

A8 Segment information

Segment information is presented in respect of the Group's business segment for the financial period ended 30 September 2014.

Analysis by activities	Data and Document Processing	Software Development	Forms Printing	Others	Elimination	Total
	RM	RM	RM	RM	RM	RM
Operating Revenue						
External sales	34,431,459	293,393	242,750	68,004	-	35,035,606
Inter-segment sales		1,439,362	1,849,608	17,000,000	(20,288,970)	-
Total operating revenue	34,431,459	1,732,755	2,092,358	17,068,004	(20,288,970)	35,035,606
Result						
Profit/(Loss) from operations	6,147,387	(207,137)	373,105	(736,768)	-	5,576,587
Finance costs	(162,633)	(18,627)	-	-	-	(181,260)
Interest income	228,816	7,470	36,608	553,095	-	825,989
Share of result of associates	-			524,163	-	524,163
Profit before taxation	6,213,570	(218,294)	409,713	340,490	-	6,745,479
Income tax expense						(2,248,750)
Profit for the period						4,496,729
Other comprehensive income						73,004
Total comprehensive income for the period						4,569,733

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

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 1 July 2014 acquired the entire equity interest in Livingston Education Sdn Bhd ("Livingston") comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00 only.

Livingston is a dormant company and its authorised share capital is RM400,000 comprising of 400,000 ordinary shares of RM1.00 each, of which 2 shares have been issued and fully paid-up.

The intended principal activity of Livingston is to carry on the activities of a private school.

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 2013.

A12 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 2014 except as follows :

(a) 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.

35% of progress payment amounting to RM316,400 was paid to HIG as at 30 September 2014.

(b) On 8 July 2014, one of the subsidiary company of the Group had entered into a Sale and Purchase Agreement with Lembaga Tabung Haji (the Proprietor) and THP Enstek Development Sdn Bhd ("THP") (the Vendor) to purchase 23,301 square metre of freehold lands all held at Bandar Baru Enstek, District of Seremban, State of Negeri Sembilan for a total consideration of RM6,521,050.

10% deposit amounting to RM652,105 was paid to THP as at 30 September 2014.

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 September 2014 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	2,478	4,789	7,758	24,406
Renting of vault room for security file storage and related services to RRM	102,060	102,060	306,180	306,180
Renting of warehouse for file and carton storage and related services to RRM	105,000	-	315,000	-
Total	209,538	106,849	628,938	330,586

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.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014
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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

The Group revenue for the financial period ended 30 September 2014 increased by 4% to RM35.0 million as compared to preceding year corresponding period of RM33.7 million, which was mainly due to the increase of revenue from the services rendered for data and document processing.

The Group profit after tax for the financial period ended 30 September 2014 increased by 26% to RM4.5 million from preceding year corresponding period of RM3.6 million. The increase in profit after tax was in tandem with the increase in revenue. The improvement in group profit after tax was also contributed by continuous cost optimization effort and higher share of results in the associated company.

	Cumulative Quarter		Variance	
	30.09.2014	30.09.2013	RM'000	%
Revenue	RM'000 35,036	RM'000 33,720	1,316	4%
Profit after tax for the financial period	4,497	3,558	939	26%

(b) Current Quarter Vs Preceding Year Corresponding Quarter

Group revenue for the quarter ended 30 September 2014 increased marginally by 2% to RM10.6 million from preceding year corresponding quarter of RM10.4 million.

Group profit after tax for the quarter ended 30 September 2014 increased by 47% to RM1.5 million from preceding year corresponding quarter of RM1.0 million. The increase in Group profit after tax was due to the same reason stated in (a).

	Individual Quarter		Variance	
	30.09.2014	30.09.2013	RM'000	%
Revenue	RM'000 10,566	RM'000 10,396	170	2%
Profit after tax for the quarter	1,452	991	461	47%

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

The Group recorded RM1.8 million profit before tax for the quarter, a decrease of 29% as compared to the preceding quarter of RM2.6 million. The decrease in the profit before tax was attributed to the decrease of revenue from the services rendered for data and document processing.

	Current Quarter	Immediate Preceding Quarter	Variance	
	30.09.2014	30.06.2014	RM'000	%
Profit before taxation	RM'000 1,836	RM'000 2,592	(756)	-29%

B3 Prospects

We expect a positive results in the last quarter as we continue with our cost optimization efforts and our constant improvements in our productivity.

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	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM	RM	RM	RM
Current tax	384,408	186,317	2,248,750	1,350,352
Deferred tax	-	-	-	-
	384,408	186,317	2,248,750	1,350,352

The effective tax rate for the financial period ended 30 September 2014 is higher than the statutory tax rate of 25%. The higher effective tax rate was due to the building cost of a subsidiary company, Efficient MailCom Sdn Bhd does not qualify for industrial building allowance.

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 September 2014, are as follows:

	Short term	Long term	Total
	RM	RM	RM
Secured bank borrowings	1,139,609	2,126,182	3,265,791
Total	1,139,609	2,126,182	3,265,791

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 were no dividend declared during the quarter and financial period ended 30 September 2014.

B10 Earnings per share

	Individual Quarter		Cumulative Quarter	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM	RM	RM	RM
Basic Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	1,451,601	990,550	4,496,729	3,557,831
Weighted average number of ordinary shares in issue	709,130,100	709,130,100	709,130,100	709,130,100
Basic EPS (sen)	0.20	0.14	0.63	0.50

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.

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

B11 Profit for the period

	Individual Quarter		Cumulative Quarter	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM	RM	RM	RM
Profit for the period is arrived at after charging :				
Interest expense	57,820	73,757	181,260	231,732
Depreciation of property, plant and equipment	714,297	850,873	2,260,555	2,766,717
Amortisation of software development expenditure	27,678	21,217	63,650	84,321
Foreign exchange loss	(433)	-	696	-
Fair value loss on FVTPL financial assets	(406,769)	169,808	193,651	199,077
Property, plant and equipment written off	-	-	479,920	-
and after crediting :				
Interest income	261,560	282,797	825,989	816,115
Other income including investment income	328,545	186,981	893,662	559,499
Gain on disposal of property, plant and equipment	-	24,343	3,279	29,775
Gain on disposal of quoted and unquoted investments	150,000	96,716	150,000	96,716
Foreign exchange gain	-	-	-	482

B12 Realised and unrealised profit/ losses

Total retained profits of the Group comprised the following:-

	30.09.2014	31.12.2013
	RM	RM
Realised	49,049,854	46,099,443
Unrealised	(2,201,709)	(1,736,344)
	46,848,145	44,363,099
Add consolidation adjustments	1,807,839	1,214,416
Total Group retained profits as per consolidated accounts	48,655,984	45,577,515

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 19 November 2014.