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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 FOURTH QUARTER ENDED**

**31 DECEMBER 2014**

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2014**

	Individual Quarter		Cumulative Quarter	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM	RM	RM	RM
Revenue	11,020,154	11,138,485	46,055,760	44,858,981
Cost of sales	(8,340,901)	(7,642,805)	(30,235,610)	(30,173,102)
Gross profit	2,679,253	3,495,680	15,820,150	14,685,879
Other operating income	460,409	356,343	1,455,667	1,167,412
Administrative and operating expenses	(2,564,007)	(2,800,091)	(11,123,578)	(10,764,760)
Profit from operations	575,655	1,051,932	6,152,239	5,088,531
Finance costs	(54,333)	(71,000)	(235,593)	(302,732)
Interest income	209,151	289,574	1,035,140	1,105,689
Share of result of associates	144,640	189,545	668,803	476,746
Profit before tax	875,113	1,460,051	7,620,589	6,368,234
Income tax expense	238,504	(157,988)	(2,010,246)	(1,508,340)
Profit for the period	1,113,617	1,302,063	5,610,343	4,859,894
Other comprehensive income	49,094	123,377	122,098	123,377
Total comprehensive income for the period	1,162,711	1,425,440	5,732,441	4,983,271
Profit for the period attributable to :				
Equity holders of the parent	1,113,617	1,302,063	5,610,343	4,859,894
Non-controlling interests	-	-	-	-
	1,113,617	1,302,063	5,610,343	4,859,894
Total comprehensive income for the period attributable to :				
Equity holders of the parent	1,162,711	1,425,440	5,732,441	4,983,271
Non-controlling interests	-	-	-	-
	1,162,711	1,425,440	5,732,441	4,983,271
Earnings per share attributable to equity holders of the parent :				
Basic ( sen )	0.16	0.18	0.79	0.69

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	(Unaudited) As at 31.12.2014	(Audited) As at 31.12.2013
	RM	RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	35,404,558	35,445,611
Investment properties	12,727,455	-
Investment in associated companies	4,677,967	4,009,163
Other investments	150,000	150,000
Software development expenditure	-	210,772
Goodwill on consolidation	1,582,719	1,585,252
	54,542,699	41,400,798
<b>Current assets</b>		
Inventories	1,763,124	1,737,517
Trade receivables	15,933,476	20,493,830
Other receivables	10,086,706	3,868,698
Tax recoverable	266,328	8,031
Investment securities	18,513,442	12,111,428
Deposits with licensed banks	24,327,990	42,970,100
Cash and bank balances	9,539,710	9,115,297
	80,430,776	90,304,901
<b>Total assets</b>	134,973,475	131,705,699
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	70,913,010	70,913,010
Share premium	4,633,588	4,633,588
Available-for-sale reserve	245,475	123,377
Retained earnings	49,769,598	45,577,515
<b>Total equity</b>	125,561,671	121,247,490
<b>Non-current liabilities</b>		
Term loans	1,830,860	2,986,437
Deferred tax liabilities	1,684,346	2,007,361
	3,515,206	4,993,798
<b>Current liabilities</b>		
Trade payables	1,891,590	1,953,442
Other payables	2,497,818	2,069,958
Term loans	1,157,469	1,085,259
Tax Payable	349,721	355,752
	5,896,598	5,464,411
<b>Total liabilities</b>	9,411,804	10,458,209
<b>Total equity and liabilities</b>	134,973,475	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 31 DECEMBER 2014  
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 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
<b><u>FINANCIAL YEAR ENDED 31 DECEMBER 2013</u></b>								
As at 1 January 2013	70,913,010	4,633,588	81	-	40,717,540	<b>116,264,219</b>	-	<b>116,264,219</b>
Profit for the year	-	-	-	-	4,859,894	<b>4,859,894</b>	-	<b>4,859,894</b>
Other comprehensive income	-	-	-	123,377	-	<b>123,377</b>	-	<b>123,377</b>
Total comprehensive income for the period	-	-	-	123,377	4,859,894	<b>4,983,271</b>	-	<b>4,983,271</b>
Upon expiry of the share options	-	-	(81)	-	81	-	-	-
As at 31 December 2013	<b>70,913,010</b>	<b>4,633,588</b>	-	<b>123,377</b>	<b>45,577,515</b>	<b>121,247,490</b>	-	<b>121,247,490</b>
<b><u>FINANCIAL YEAR ENDED 31 DECEMBER 2014</u></b>								
As at 1 January 2014	70,913,010	4,633,588	-	123,377	45,577,515	<b>121,247,490</b>	-	<b>121,247,490</b>
Profit for the year	-	-	-	-	5,610,343	<b>5,610,343</b>	-	<b>5,610,343</b>
Other comprehensive income	-	-	-	122,098	-	<b>122,098</b>	-	<b>122,098</b>
Total comprehensive income for the period	-	-	-	122,098	5,610,343	<b>5,732,441</b>	-	<b>5,732,441</b>
Dividends	-	-	-	-	(1,418,260)	<b>(1,418,260)</b>	-	<b>(1,418,260)</b>
As at 31 December 2014	<b>70,913,010</b>	<b>4,633,588</b>	-	<b>245,475</b>	<b>49,769,598</b>	<b>125,561,671</b>	-	<b>125,561,671</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 2013.)								

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 31 DECEMBER 2014**

	31.12.2014	31.12.2013
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,620,589	6,368,234
Adjustments for:-		
Amortisation of software development expenditure	210,771	105,537
Depreciation of property, plant and equipment	2,985,944	3,583,098
Fair value loss/(gain) on FVTPL financial assets	191,952	(271,017)
Property, plant and equipment written off	479,920	4,970
Gain on disposal of investment securities	(226,902)	(94,433)
Loss/ (gain) on disposal of property, plant and equipment	34,947	(29,776)
Dividend income	(68,003)	(73,546)
Interest income	(1,035,140)	(1,105,689)
Interest expenses	235,593	302,732
Investment income from investment securities	(262,080)	(221,542)
Share of results of associated companies	(668,803)	(476,746)
Goodwill Impairment	71,793	-
Operating profit before changes in working capital	<u>9,570,581</u>	<u>8,091,822</u>
Inventories	(25,607)	375,245
Trade and other receivables	(1,657,654)	480,774
Trade and other payables	296,748	438,533
Cash generated from operations	<u>8,184,068</u>	<u>9,386,374</u>
Tax paid, net of tax refunded	(2,597,589)	(1,580,294)
Dividends paid	(1,418,260)	-
<b>Net cash generated from operating activities</b>	<u><b>4,168,219</b></u>	<u><b>7,806,080</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend income	68,003	73,546
Net changes of fixed deposits pledged	(2,143)	(2,119)
Interest from deposits with licensed banks	1,035,140	1,105,689
Increase in investment securities	(10,054,880)	(3,785,502)
Investment income	262,080	221,542
Proceeds from disposal of investment securities	3,809,914	3,500,000
Proceeds from disposal of property, plant & equipment	228,500	29,776
Purchase of property, plant and equipment	(3,688,258)	(1,724,269)
Purchase of investment properties	(12,727,455)	-
<b>Net cash (used in) / generated from investing activities</b>	<u><b>(21,069,099)</b></u>	<u><b>(581,337)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of term loans	(1,083,367)	(1,013,896)
Interest paid	(235,593)	(302,732)
<b>Net cash used in financing activities</b>	<u><b>(1,318,960)</b></u>	<u><b>(1,316,628)</b></u>
Net change in cash and cash equivalents	(18,219,840)	5,908,115
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>33,797,787</u></u>	<u><u>52,017,627</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	9,539,710	9,115,297
Deposits with licensed banks ( Note )	24,258,077	42,902,330
	<u><u>33,797,787</u></u>	<u><u>52,017,627</u></u>
Note :		
The security deposit of RM69,913 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.)		

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**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 cyclical of interim operations**

The Group's operations are not materially affected by seasonal or cyclical factors during the quarter and financial year 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 year under review.

**A5 Material changes in estimates**

There were no changes in estimates that have had a material effect in the current financial year'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 year 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.

**A8 Segment information**

Segment information is presented in respect of the Group's business segment for the financial year ended 31 December 2014.

<b>Analysis by activities</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
<b>Operating Revenue</b>						
External sales	45,360,355	316,151	311,250	68,004	-	46,055,760
Inter-segment sales		1,912,144	2,441,154	17,000,000	(21,353,298)	-
Total operating revenue	45,360,355	2,228,295	2,752,404	17,068,004	(21,353,298)	46,055,760
<b>Result</b>						
Profit/(Loss) from operations	6,879,827	(165,836)	441,517	(1,003,269)	-	6,152,239
Finance costs	(211,357)	(24,236)	-	-	-	(235,593)
Interest income	273,119	14,457	44,641	702,923	-	1,035,140
Share of result of associates	-	-	-	668,803	-	668,803
Profit before taxation	6,941,589	(175,615)	486,158	368,457	-	7,620,589
Income tax expense						(2,010,246)
Profit for the period						5,610,343
Other comprehensive income						122,098
Total comprehensive income for the period						5,732,441

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**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 year 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 year under review except as follows :

(a) 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 out the activities of a private school.

(b) The Group had on 5 November 2014 acquired the entire equity interest in Efficient Digital Esplanade Sdn Bhd ("EDE") comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00 only.

EDE 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 activities of EDE are property investment and provision of document archiving and related services.

**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 31 December 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.

70% of progress payment amounting to RM632,800 was paid to HIG as at 31 December 2014.

(b) On 26 November 2014, one of the subsidiary company of the Group had contracted to construct a warehouse for an amount of RM9.9 million at Bandar Baru Enstek, Negeri Sembilan.

**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 year ended 31 December 2014 are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	2,825	2,477	10,583	26,883
Renting of vault room for security file storage and related services to RRM	102,060	102,060	408,240	408,240
Renting of warehouse for file and carton storage and related services to RRM	105,000	140,000	420,000	140,000
<b>Total</b>	<b>209,885</b>	<b>244,537</b>	<b>838,823</b>	<b>575,123</b>

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**

The Group revenue for the financial year ended 31 December 2014 increased by 3% to RM46.1 million as compared to preceding year corresponding period of RM44.9 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 year ended 31 December 2014 increased by 15% to RM5.6 million from preceding year corresponding period of RM4.9 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 higher share of results in the associated company.

	Cumulative Quarter		Variance	
	31.12.2014	31.12.2013	RM'000	%
Revenue	46,056	44,859	1,197	3%
Profit after tax for the financial period	5,610	4,860	750	15%

**(b) Current Quarter Vs Preceding Year Corresponding Quarter**

Group revenue for the quarter ended 31 December 2014 decreased marginally by 1% to RM11.0 million from preceding year corresponding quarter of RM11.1 million.

Group profit after tax for the quarter ended 31 December 2014 decreased by 14% to RM1.1 million from preceding year corresponding quarter of RM1.3 million. The decrease in Group profit after tax was in tandem with the decrease in revenue as well as due to lower margin from the services rendered for data and document processing.

	Individual Quarter		Variance	
	31.12.2014	31.12.2013	RM'000	%
Revenue	11,020	11,138	(118)	-1%
Profit after tax for the quarter	1,114	1,302	(188)	-14%

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

The Group recorded RM0.9 million profit before tax for the quarter, a decrease of 52% as compared to the preceding quarter of RM1.8 million. The decrease in the profit before tax was attributed to lower margin from the services rendered for data and document processing during the quarter as well as negative fair value from investment in shares.

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.12.2014	30.9.2014	RM'000	%
Profit before taxation	875	1,836	(961)	-52%

**B3 Prospects**

We expect an improved performance next year due to various Goods and Services Tax (GST) initiatives from our customers.

**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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM	RM	RM	RM
Current tax	84,511	405,133	2,333,261	1,755,485
Deferred tax	(323,015)	(247,145)	(323,015)	(247,145)
	(238,504)	157,988	2,010,246	1,508,340

The effective tax rate for the financial year ended 31 December 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 year 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 31 December 2014, are as follows:

	Short term	Long term	Total
	RM	RM	RM
Secured bank borrowings	1,157,469	1,830,860	2,988,329
Total	1,157,469	1,830,860	2,988,329

**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 year ended 31 December 2014.

**B10 Earnings per share**

	Individual Quarter		Cumulative Quarter	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM	RM	RM	RM
<b>Basic Earnings Per Share</b>				
Profit attributable to ordinary equity holders of the parent	1,113,617	1,302,063	5,610,343	4,859,894
Weighted average number of ordinary shares in issue	709,130,100	709,130,100	709,130,100	709,130,100
Basic EPS (sen)	0.16	0.18	0.79	0.69

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/year.

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

**B11 Profit for the year**

	Individual Quarter		Cumulative Quarter	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM	RM	RM	RM
<b>Profit for the period is arrived at after charging :</b>				
Interest expense	54,333	71,000	235,593	302,732
Depreciation of property, plant and equipment	725,389	816,381	2,985,944	3,583,098
Amortisation of software development expenditure	147,121	21,216	210,771	105,537
Loss on disposal of property, plant and equipment	38,226	(24,343)	34,947	(29,776)
Foreign exchange loss	(662)	-	34	-
Fair value loss on FVTPL financial assets	(1,699)	71,940	191,952	271,017
Property, plant and equipment written off	-	4,970	479,920	4,970
				-
<b>and after crediting :</b>				
Interest income	209,151	289,574	1,035,140	1,105,689
Other income including investment income	264,661	283,829	1,158,323	843,328
Gain on disposal of quoted and unquoted investments	76,902	(2,283)	226,902	94,433
Foreign exchange gain	35,946	1,922	35,946	2,404

**B12 Realised and unrealised profit/ losses**

Total retained profits of the Group comprised the following:-

	31.12.2014	31.12.2013
	RM	RM
Realised	49,177,237	46,099,443
Unrealised	(1,288,325)	(1,736,344)
	47,888,912	44,363,099
Add consolidation adjustments	1,880,686	1,214,416
Total Group retained profits as per consolidated accounts	49,769,598	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 26 February 2015.