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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 SECOND QUARTER ENDED

30 JUNE 2016

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2016

	Individual Quarter		Cumulative Quarter	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Revenue	719,041	11,477,400	1,012,343	25,780,773
Cost of sales	(301,510)	(6,697,392)	(496,570)	(15,205,680)
Gross profit	417,531	4,780,008	515,773	10,575,093
Other operating income	518,488	385,230	1,053,066	1,269,344
Administrative and operating expenses	(2,507,769)	(2,768,001)	(5,153,322)	(5,906,943)
(Loss)/Profit from operations	(1,571,750)	2,397,237	(3,584,483)	5,937,494
Finance costs	-	(43,363)	-	(90,668)
Interest income	487,982	107,833	1,179,374	289,298
Share of result of associates	133,411	155,672	335,561	148,311
(Loss)/Profit before tax	(950,357)	2,617,379	(2,069,548)	6,284,435
Income tax expense	(47,654)	(762,121)	(115,717)	(1,813,889)
(Loss)/Profit for the period	(998,011)	1,855,258	(2,185,265)	4,470,546
Other comprehensive income	-	107,774	-	(19,742)
Total comprehensive (loss) / income for the period	(998,011)	1,963,032	(2,185,265)	4,450,804
(Loss) / Profit for the period attributable to :				
Equity holders of the parent	(998,011)	1,855,258	(2,185,265)	4,470,546
Non-controlling interests	-	-	-	-
	(998,011)	1,855,258	(2,185,265)	4,470,546
Total comprehensive (loss) / income for the period attributable to :				
Equity holders of the parent	(998,011)	1,963,032	(2,185,265)	4,450,804
Non-controlling interests	-	-	-	-
	(998,011)	1,963,032	(2,185,265)	4,450,804
(Loss) / Earnings per share attributable to equity holders of the parent :				
Basic (sen)	(0.14)	0.26	(0.31)	0.63

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	(Unaudited) As at 30.06.2016	(Audited) As at 31.12.2015
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	30,856,658	4,916,966
Investment properties	40,057,596	65,116,646
Investment in associated companies	5,568,487	5,232,926
Other investments	5,150,000	5,150,000
	81,632,741	80,416,538
Current assets		
Trade receivables	668,539	147,170
Other receivables	7,915,408	12,099,412
Tax recoverable	162,253	113,900
Investment securities	12,128,982	4,922,784
Deposits with licensed banks	45,000,000	80,441,382
Cash and bank balances	9,627,683	1,841,513
	75,502,865	99,566,161
Total assets	157,135,606	179,982,699
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
Dividend	(12,055,212)	-
Retained earnings	92,575,270	94,760,536
Total equity	156,066,656	170,307,134
Non-current liabilities		
Deferred tax liabilities	23,908	8,805
	23,908	8,805
Current liabilities		
Trade payables	-	596,420
Other payables	990,074	9,070,340
Tax Payable	54,968	-
	1,045,042	9,666,760
Total liabilities	1,068,950	9,675,565
Total equity and liabilities	157,135,606	179,982,699

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2016

	Share Capital RM	Non Distributable Share Premium RM	Share Option Reserve RM	Available- for-sales Reserve RM	Distributable Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
FINANCIAL PERIOD ENDED 30 JUNE 2015								
As at 1 January 2015	70,913,010	4,633,588	-	245,475	49,769,600	125,561,673	-	125,561,673
Profit for the year	-	-	-	-	4,470,546	4,470,546	-	4,470,546
Other comprehensive income	-	-	-	(19,742)	-	(19,742)	-	(19,742)
Total comprehensive income for the period	-	-	-	(19,742)	4,470,546	4,450,804	-	4,450,804
Dividends	-	-	-	-	-	-	-	-
As at 30 JUNE 2015	70,913,010	4,633,588	-	225,733	54,240,146	130,012,477	-	130,012,477
FINANCIAL PERIOD ENDED 30 JUNE 2016								
As at 1 January 2016	70,913,010	4,633,588	-	-	94,760,536	170,307,134	-	170,307,134
Loss for the year	-	-	-	-	(2,185,265)	(2,185,265)	-	(2,185,265)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(2,185,265)	(2,185,265)	-	(2,185,265)
Dividends	-	-	-	-	(12,055,212)	(12,055,212)	-	(12,055,212)
As at 30 June 2016	70,913,010	4,633,588	-	-	80,520,059	156,066,657	-	156,066,657
(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015.)								

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 JUNE 2016

	30.06.2016	30.06.2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(2,069,548)	6,284,435
Adjustments for:-		
Depreciation of property, plant and equipment	720,805	1,521,400
Fair value loss/(gain) on FVTPL financial assets	875,882	(503,238)
Property, plant and equipment written off	-	21,326
Gain on disposal of investment securities	-	(207,000)
Loss on disposal of property, plant and equipment	-	8,689
Dividend income	(39,909)	(40,915)
Interest income	(1,179,374)	(289,298)
Interest expenses	-	90,668
Investment income from investment securities	(37,929)	(58,892)
Share of results of associated companies	(335,561)	(148,311)
Operating profit/(loss) before changes in working capital	<u>(2,065,634)</u>	<u>6,678,864</u>
(Increase)/Decrease in inventories	-	150,809
Decrease/(Increase) in trade and other receivables	3,662,635	(1,914,156)
(Decrease)/Increase in trade and other payables	(8,676,687)	1,029,370
Cash (used in) / generated from operations	<u>(7,079,686)</u>	<u>5,944,887</u>
Tax paid, net of tax refunded	(94,000)	(1,024,899)
Dividends paid	(12,055,212)	-
Net cash (used in)/ generated from operating activities	<u>(19,228,898)</u>	<u>4,919,988</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	39,909	40,915
Interest from deposits with licensed banks	1,179,374	289,298
Increase in investment securities	(8,082,080)	(5,105,002)
Investment income	37,929	58,892
Proceeds from disposal of investment securities	-	5,207,000
Proceeds from disposal of property, plant & equipment	-	407,869
Purchase of property, plant and equipment	(1,601,446)	(5,342,078)
Purchase of investment properties	-	(14,520,452)
Net cash used in investing activities	<u>(8,426,314)</u>	<u>(18,963,558)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	-	(568,709)
Interest paid	-	(90,668)
Net cash used in financing activities	<u>-</u>	<u>(659,377)</u>
Net change in cash and cash equivalents	(27,655,212)	(14,702,947)
Cash and cash equivalents at beginning of the financial year	82,282,895	33,797,789
Cash and cash equivalents at end of the financial year*	<u>54,627,683</u>	<u>19,094,842</u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	9,627,683	8,991,987
Deposits with licensed banks	45,000,000	10,102,855
	<u>54,627,683</u>	<u>19,094,842</u>
(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015.)		

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016
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 2015. 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 2015 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 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

Special cash dividend of RM0.017 per share or an aggregate of RM12.1 million in respect of financial year ending 31 December 2016 was paid 22 April 2016.

A8 Segment information

Segment information is presented in respect of the Group's business segment for the financial year ended 30 June 2016.

Analysis by activities	IT Services	Records Management	Others	Elimination	Total
	RM	RM	RM	RM	RM
Operating Revenue					
External sales	550,312	111,321	350,710	-	1,012,343
Inter-segment sales					
Total operating revenue	550,312	111,321	350,710	-	1,012,343
Result					
Loss from operations	(492,743)	(285,660)	(2,806,080)	-	(3,584,483)
Interest income	-	177	1,179,197	-	1,179,374
Share of result of associates		-	335,561		335,561
Loss before taxation	(492,743)	(285,483)	(1,291,322)	-	(2,069,548)
Income tax expense					(115,717)
Loss for the period					(2,185,265)
Other comprehensive income					-
Total comprehensive loss for the period					(2,185,265)

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.

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 2015.

A12 Capital commitments

The capital commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 30 June 2016 are as follows :

Approved and contracted for :	RM'000
Property, plant and equipment	963
	<u>963</u>

A13 Significant related party transactions

Related Transacting Parties	Related Parties and Relationship
Regalia Records Management Sdn Bhd ("RRM")	RRM is deemed related to the Group by virtue of a director of the Group, Victor Cheah Chee Wai, is also the director in RRM.
	RRM is an associated company of E-Sol where E-Sol has 30% equity interest in RRM.

The related party transactions of the Group for the quarter and financial year ended 30 June 2016 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	-	2,875	-	4,523
Provision of document archiving and related services to RRM	111,321	-	111,321	-
Renting of vault room for security file storage and related services to RRM	68,040	102,060	170,100	204,120
Renting of warehouse for file and carton storage and related services to RRM	70,000	105,000	175,000	210,000
IT Services provided to RRM	60,000	-	60,000	-
Total	309,361	209,935	516,421	418,643

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

B1 Review of performance

Current Year To Date Vs Preceding Year To Date

The Group revenue for the financial period ended 30 June 2016 (RM1.0 million) was much lower as compared to preceding year corresponding period of RM25.8 million, this was due to the disposal of 100% equity interest in subsidiaries, (a) Efficient MailCom Sdn Bhd and b) Efficient Softech Sdn Bhd

The Group recorded loss after tax of RM2.2 million for the financial period ended 30 June 2016 compared to RM4.5 million profit after tax of preceding year corresponding period. The losses was mainly attributed to RM0.9 million unrealised loss in short term investment and operating cost incurred in new document storage facility.

	Cumulative Quarter		Variance	
	30.06.2016	30.06.2015	RM'000	%
Revenue	1,012	25,781	(24,769)	-96.1%
(Loss)/Profit after tax for the financial period	(2,185)	4,471	(6,656)	-148.9%

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

For the quarter under review, the Group reported 15.1% lower loss before taxation as compared to the preceding quarter of RM1.1 million, this was due to higher revenue recorded in the current quarter.

	Current Quarter	Immediate Preceding Quarter	Variance	
	30.06.2016	31.03.2016	RM'000	%
Loss before taxation	(950)	(1,119)	169	15.1%

B3 Prospects

Construction of one stop document storage facility at Bandar Baru Enstek had completed and ready to be used for document storage, inventory listing and packing, retrieval, disposal/ destruction, online digital access and vault storage for highly secured documents. This facility is in line with the Group's continuous effort in developing document management business. The Group is also exploring other business opportunities in relation to business process outsourcing services.

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	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Current tax	32,551	800,121	100,614	1,851,889
Deferred tax	15,103	(38,000)	15,103	(38,000)
	47,654	762,121	115,717	1,813,889

Provision of taxation The tax provision was attributable to profit earned by holding company after making adjustment on unrealised loss in short term investment.

B6 Corporate proposals

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

The Board of Directors of Efficient wishes to announce that the Company is in the process of preparing an application pursuant to Paragraph 8.03A(5) of the Listing Requirements to be submitted to Bursa Securities.

B7 Borrowings and debt securities

The Group's borrowings were fully settled as at 31 December 2015.

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

During the financial year under review, the Group declared special cash dividend of RM0.017 per share or an aggregate of RM12.1 million on 21 March 2016 for the financial year ending 31 December 2016. The dividend was paid on 22 April 2016.

B10 Earnings per share

	Individual Quarter		Cumulative Quarter	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Basic Earnings Per Share				
(Loss) / Profit attributable to ordinary equity holders of the parent	(998,011)	1,855,258	(2,185,265)	4,470,546
Weighted average number of ordinary shares in issue	709,130,100	709,130,100	709,130,100	709,130,100
Basic (Loss) /Earning per share (sen)	(0.14)	0.26	(0.31)	0.63

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) 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	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Profit for the period is arrived at after charging :				
Interest expense	-	43,363	-	90,668
Depreciation of property, plant and equipment	482,286	808,913	720,805	1,521,400
Loss on disposal of property, plant and equipment	-	(4,215)	-	8,689
Foreign exchange loss	152	19	152	725
Property, plant and equipment written off	-	-	-	21,326
and after crediting :				
Interest income	487,982	107,833	1,179,374	289,298
Other income including investment income	518,488	235,854	1,053,066	513,927
Gain on disposal of quoted and unquoted investments	-	-	-	207,000
Foreign exchange gain	-	6,052	-	24,378
Fair value (loss) /gain on FVTPL financial assets	(313,678)	134,109	(875,882)	503,238

B12 Realised and unrealised profit/ losses

Total retained profits of the Group comprised the following:-

	30.06.2016	31.12.2015
	RM	RM
Realised	99,685,908	101,918,346
Unrealised	(96,656)	191,733
	99,589,252	102,110,079
Add consolidation adjustments	(7,013,982)	(7,349,543)
Total Group retained profits as per consolidated accounts	92,575,270	94,760,536

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 25 August 2016.