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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 THIRD QUARTER ENDED**

**30 SEPTEMBER 2016**

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

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

	Individual Quarter		Cumulative Quarter	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
Revenue	961,720	9,144,812	1,974,063	34,925,585
Cost of sales	(338,741)	(6,223,578)	(835,311)	(21,429,258)
Gross profit	622,979	2,921,234	1,138,752	13,496,327
Other operating income	395,703	268,951	1,448,769	1,538,295
Administrative and operating expenses	(2,148,894)	(2,621,196)	(7,302,216)	(8,528,139)
(Loss)/Profit from operations	(1,130,212)	568,989	(4,714,695)	6,506,483
Finance costs	-	(27,859)	-	(118,527)
Interest income	516,295	81,205	1,695,669	370,503
Share of result of associates	247,727	174,134	583,288	322,445
(Loss)/Profit before tax	(366,190)	796,469	(2,435,738)	7,080,904
Income tax expense	(6,858)	(69,337)	(122,575)	(1,883,226)
(Loss)/Profit for the period	(373,048)	727,132	(2,558,313)	5,197,678
Other comprehensive income	-	(225,733)	-	(245,475)
Total comprehensive (loss) / income for the period	(373,048)	501,399	(2,558,313)	4,952,203
(Loss) / Profit for the period attributable to :				
Equity holders of the parent	(373,048)	727,132	(2,558,313)	5,197,678
Non-controlling interests	-	-	-	-
	(373,048)	727,132	(2,558,313)	5,197,678
Total comprehensive (loss) / income for the period attributable to :				
Equity holders of the parent	(373,048)	501,399	(2,558,313)	4,952,203
Non-controlling interests	-	-	-	-
	(373,048)	501,399	(2,558,313)	4,952,203
(Loss) / Earnings per share attributable to equity holders of the parent :				
Basic ( sen )	(0.05)	0.10	(0.36)	0.73

(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 SEPTEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	(Unaudited) As at 30.09.2016	(Audited) As at 31.12.2015
	RM	RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	31,071,110	4,916,966
Investment properties	42,611,683	65,116,646
Investment in associated companies	5,816,214	5,232,926
Other investments	5,150,000	5,150,000
	<b>84,649,007</b>	<b>80,416,538</b>
<b>Current assets</b>		
Trade receivables	1,371,750	147,170
Other receivables	2,922,377	12,099,412
Tax recoverable	152,253	113,900
Investment securities	12,513,913	4,922,784
Deposits with licensed banks	40,309,180	80,441,382
Cash and bank balances	14,909,938	1,841,513
	<b>72,179,411</b>	<b>99,566,161</b>
<b>Total assets</b>	<b>156,828,418</b>	<b>179,982,699</b>
<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
Dividend	(12,055,212)	-
Retained earnings	92,202,223	94,760,536
<b>Total equity</b>	<b>155,693,609</b>	<b>170,307,134</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	28,842	8,805
	<b>28,842</b>	<b>8,805</b>
<b>Current liabilities</b>		
Trade payables	-	596,420
Other payables	1,093,098	9,070,340
Tax Payable	12,869	-
	<b>1,105,967</b>	<b>9,666,760</b>
<b>Total liabilities</b>	<b>1,134,809</b>	<b>9,675,565</b>
<b>Total equity and liabilities</b>	<b>156,828,418</b>	<b>179,982,699</b>

( 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 SEPTEMBER 2016  
 THE FIGURES HAVE NOT BEEN AUDITED

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

	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>FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015</b>								
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	-	-	-	-	5,197,678	5,197,678	-	5,197,678
Other comprehensive income	-	-	-	(245,475)	-	(245,475)	-	(245,475)
Total comprehensive income for the period	-	-	-	(245,475)	5,197,678	4,952,203	-	4,952,203
Dividends	-	-	-	-	-	-	-	-
As at 30 September 2015	70,913,010	4,633,588	-	-	54,967,278	130,513,876	-	130,513,876
<b>FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016</b>								
As at 1 January 2016	70,913,010	4,633,588	-	-	94,760,536	170,307,134	-	170,307,134
Loss for the year	-	-	-	-	(2,558,313)	(2,558,313)	-	(2,558,313)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(2,558,313)	(2,558,313)	-	(2,558,313)
Dividends	-	-	-	-	(12,055,212)	(12,055,212)	-	(12,055,212)
As at 30 September 2016	70,913,010	4,633,588	-	-	80,147,011	155,693,609	-	155,693,609
( 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 SEPTEMBER 2016**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	30.09.2016	30.09.2015
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(2,435,738)	7,080,904
Adjustments for:-		
Depreciation of property, plant and equipment	1,251,475	2,361,438
Fair value loss/(gain) on FVTPL financial assets	569,447	(126,234)
Property, plant and equipment written off	-	33,819
Gain on disposal of investment securities	-	(591,506)
Gain on disposal of property, plant and equipment	(5,891)	8,689
Dividend income	(68,632)	(71,427)
Interest income	(1,695,669)	(370,503)
Interest expenses	-	118,527
Investment income from investment securities	(85,223)	(58,892)
Share of results of associated companies	(583,288)	(322,445)
Operating profit/(loss) before changes in working capital	<u>(3,053,519)</u>	<u>8,062,370</u>
(Increase)/Decrease in inventories	-	295,245
Decrease/(Increase) in trade and other receivables	7,952,455	(3,594,768)
(Decrease)/Increase in trade and other payables	(8,573,662)	(1,167,928)
Cash (used in) / generated from operations	<u>(3,674,726)</u>	<u>3,594,919</u>
Tax paid, net of tax refunded	(128,023)	(1,858,052)
Dividends paid	<u>(12,055,212)</u>	<u>-</u>
<b>Net cash (used in)/ generated from operating activities</b>	<b><u>(15,857,961)</u></b>	<b><u>1,736,867</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend income	68,632	71,427
Interest from deposits with licensed banks	1,695,669	370,503
Increase in investment securities	(8,160,574)	(9,058,892)
Increase in other investment	-	(5,000,000)
Investment income	85,223	58,892
Proceeds from disposal of investment securities	-	23,551,575
Proceeds from disposal of property, plant & equipment	115,000	407,869
Purchase of property, plant and equipment	(2,309,766)	(5,697,399)
Purchase of investment properties	<u>(2,700,000)</u>	<u>(19,329,597)</u>
<b>Net cash used in investing activities</b>	<b><u>(11,205,816)</u></b>	<b><u>(14,625,622)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of term loans	-	(860,054)
Interest paid	-	(118,527)
<b>Net cash used in financing activities</b>	<b><u>-</u></b>	<b><u>(978,581)</u></b>
Net change in cash and cash equivalents	(27,063,777)	(13,867,336)
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><u>55,219,118</u></u>	<u><u>19,930,453</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	14,909,938	7,975,594
Deposits with licensed banks	40,309,180	11,954,859
	<u><u>55,219,118</u></u>	<u><u>19,930,453</u></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.)		

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 nature 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 period ended 30 September 2016.

<b>Analysis by activities</b>	<b>IT Services</b>	<b>Records Management</b>	<b>Rental</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	RM	RM	RM	RM	RM	RM
<b>Operating Revenue</b>						
External sales	972,683	415,848	-	585,532	-	1,974,063
Inter-segment sales	30,000				(30,000)	-
Total operating revenue	1,002,683	415,848	-	585,532	(30,000)	1,974,063
<b>Result</b>						
Loss from operations	(670,698)	(493,531)	(1,234,539)	(2,315,926)	-	(4,714,695)
Gain on disposal of subsidiary companies	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Interest income	-	508	682	1,694,479	-	1,695,669
Share of result of associates				583,288		583,288
Loss before taxation	(670,698)	(493,024)	(1,233,857)	(38,159)	-	(2,435,738)
Income tax expense						(122,575)
Loss for the period						(2,558,313)
Other comprehensive income						-
Total comprehensive loss for the period						(2,558,313)

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**  
**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 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 September 2016 are as follows :

Approved and contracted for :	<b>RM'000</b>
Property, plant and equipment	<u>827</u>
	<b>827</b>

**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 September 2016 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	-	1,667	-	6,190
Provision of document archiving and related services to RRM	304,527	-	415,848	-
Renting of vault room for security file storage and related services to RRM	-	102,060	170,100	306,180
Renting of warehouse for file and carton storage and related services to RRM	-	105,000	175,000	315,000
IT Services provided to RRM	60,000	-	120,000	-
<b>Total</b>	<b>364,527</b>	<b>208,727</b>	<b>880,948</b>	<b>627,370</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**

**Current Year To Date Vs Preceding Year To Date**

The Group revenue for the financial period ended 30 September 2016 decreased by 94.3% to RM2.0 million as compared to preceding year corresponding period of RM34.9 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 RM2.6 million for the financial period ended 30 September 2016 compared to RM5.2 million profit after tax of preceding year corresponding period. The losses was mainly attributed to RM0.6 million unrealised loss in short term investment and operating cost incurred in document storage and existing business.

	Cumulative Quarter		Variance	
	30.09.2016	30.09.2015	RM'000	%
Revenue	1,974	34,926	(32,952)	-94.3%
(Loss)/Profit after tax for the financial period	(2,558)	5,198	(7,756)	-149.2%

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

The Group recorded RM0.4 million loss before tax for the quarter, a decreased of 146% as compared to the preceding quarter of RM0.8 million profit before tax. The decrease in profit before tax was mainly due to the disposal of core businesses.

	Current Quarter	Immediate Preceding Quarter	Variance	
	30.09.2016	30.06.2016	RM'000	%
(Loss)/ Profit before tax	(366)	796	(1,162)	-146.0%

**B3 Prospects**

One stop document storage facility at Bandar Baru Enstek is in used. Management will continue to develop the document management segment and explore on other potential business opportunity 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	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
Current tax	1,924	52,921	102,538	1,904,810
Deferred tax	4,934	16,416	20,037	(21,584)
	<b>6,858</b>	<b>69,337</b>	<b>122,575</b>	<b>1,883,226</b>

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

**B6 Corporate proposals**

(a) 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.

(b) Utilisation of proceeds as at financial period ended 30 September 2016.

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation
	RM' million	RM' million		
Proposed Distribution	12.1	12.1	Within 6 months	-
Development of the document management segment and/or acquisition of viable new businesses and/or assets	53.5	4.1	Within 18 months	-
Working Capital	8.0	8.0	Within 12	-
Estimated expenses in relation to the Proposals	1.4	1.4	Within 1 month	-

**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.

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

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

**B10 Earnings per share**

	Individual Quarter		Cumulative Quarter	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
<b>Basic Earnings Per Share</b>				
(Loss) / Profit attributable to ordinary equity holders of the parent	(373,048)	727,132	(2,558,313)	5,197,678
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)	(0.05)	0.10	(0.36)	0.73

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.

**B11 Profit for the year**

	Individual Quarter		Cumulative Quarter	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
<b>Profit for the period is arrived at after charging :</b>				
Interest expense	-	27,859	-	118,527
Depreciation of property, plant and equipment	530,671	840,038	1,251,476	2,361,438
Loss on disposal of property, plant and equipment	-	-	-	8,689
Foreign exchange loss	-	928	-	1,653
Property, plant and equipment written off	-	12,493	-	33,819
				-
<b>and after crediting :</b>				
Interest income	516,295	81,205	1,695,669	370,503
Other income including investment income	389,812	237,572	1,442,878	751,499
Gain on disposal of property, plant and equipment	5,891	-	5,891	-
Gain on disposal of quoted and unquoted investments	-	384,506	-	591,506
Foreign exchange gain	-	54,389	-	78,767
Fair value (loss) /gain on FVTPL financial assets	306,435	(377,004)	(569,447)	126,234

**B12 Realised and unrealised profit/ losses**

Total retained profits of the Group comprised the following:-

	<b>30.09.2016</b>	<b>31.12.2015</b>
	RM	RM
Realised	99,660,982	101,918,346
Unrealised	(692,504)	191,733
	<u>98,968,478</u>	<u>102,110,079</u>
Add consolidation adjustments	(6,766,255)	(7,349,543)
Total Group retained profits as per consolidated accounts	<u>92,202,223</u>	<u>94,760,536</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 29 November 2016.