



Efficient[®]

A Name You Can Trust

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 2016

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2016
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2016

	Individual Quarter		Cumulative Quarter	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM	RM	RM	RM
Revenue	890,154	138,840	2,864,217	210,267
Cost of sales	(313,580)	(370,191)	(1,148,890)	(898,569)
Gross profit	576,574	(231,351)	1,715,327	(688,302)
Other operating income	423,760	641,543	1,872,529	1,451,302
Administrative and operating expenses	(8,954,536)	(10,706,900)	(16,256,751)	(11,231,375)
Loss from operations	(7,954,202)	(10,296,708)	(12,668,895)	(10,468,375)
Finance costs	-	-	-	-
Interest income	447,380	26,078	2,143,049	216,487
Share of result of associates	115,796	232,514	699,084	554,959
Loss before tax	(7,391,026)	(10,038,116)	(9,826,762)	(9,696,929)
Income tax expense	2,412	(13,082)	(120,163)	(100,937)
Loss for the period from continuing operations, net of tax	(7,388,614)	(10,051,198)	(9,946,925)	(9,797,866)
Discontinued Operations Profit from discontinued operations, net of tax	-	49,844,453	-	54,788,802
Net (loss)/profit for the year	(7,388,614)	39,793,255	(9,946,925)	44,990,936
Other comprehensive loss	-	-	-	(245,475)
Total comprehensive (loss) / income for the period	(7,388,614)	39,793,255	(9,946,925)	44,745,461
(Loss) / Profit for the period attributable to :				
Equity holders of the parent	(7,388,614)	39,793,255	(9,946,925)	44,990,936
Non-controlling interests	-	-	-	-
	(7,388,614)	39,793,255	(9,946,925)	44,990,936
Total comprehensive (loss) / income for the period attributable to :				
Equity holders of the parent	(7,388,614)	39,793,255	(9,946,925)	44,745,461
Non-controlling interests	-	-	-	-
	(7,388,614)	39,793,255	(9,946,925)	44,745,461
(Loss) / Earnings per share attributable to equity holders of the parent :				
Basic (sen)	(1.04)	5.61	(1.40)	6.35

(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 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	(Unaudited) As at 31.12.2016	(Audited) As at 31.12.2015
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	31,315,280	4,916,966
Investment properties	42,446,282	65,116,646
Investment in associated companies	5,932,010	5,232,926
Other investments	150,000	5,150,000
	79,843,572	80,416,538
Current assets		
Trade receivables	1,040,501	147,170
Other receivables	4,371,506	12,099,412
Tax recoverable	187,468	113,900
Investment securities	12,556,455	4,922,784
Deposits with licensed banks	40,765,048	80,441,382
Cash and bank balances	11,170,459	1,841,513
	70,091,437	99,566,161
Total assets	149,935,009	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	84,813,611	94,760,536
Total equity	148,304,997	170,307,134
Non-current liabilities		
Hire purchase payable	304,749	-
Deferred tax liabilities	27,639	8,805
	332,388	8,805
Current liabilities		
Trade payables	-	596,420
Other payables	1,052,373	9,070,340
Hire purchase payables	245,251	-
Tax Payable	-	-
	1,297,624	9,666,760
Total liabilities	1,630,012	9,675,565
Total equity and liabilities	149,935,009	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 31 DECEMBER 2016
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 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
FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	-	-	44,990,936	44,990,936	-	44,990,936
Other comprehensive income	-	-	-	(245,475)	-	(245,475)	-	(245,475)
Total comprehensive income for the period	-	-	-	(245,475)	44,990,936	44,745,461	-	44,745,461
Dividends	-	-	-	-	-	-	-	-
As at 31 December 2015	70,913,010	4,633,588	-	-	94,760,536	170,307,134	-	170,307,134
FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	-	-	(9,946,925)	(9,946,925)	-	(9,946,925)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(9,946,925)	(9,946,925)	-	(9,946,925)
Dividends	-	-	-	-	(12,055,212)	(12,055,212)	-	(12,055,212)
As at 31 December 2016	70,913,010	4,633,588	-	-	72,758,399	148,304,997	-	148,304,997
(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 31 DECEMBER 2016
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 31 DECEMBER 2016

	31.12.2016	31.12.2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation:		
- Continuing operations	(9,826,762)	(9,696,929)
- Discontinued operations	-	56,120,961
	<u>(9,826,762)</u>	<u>46,424,032</u>
Adjustments for:-		
Amortisation of investment properties	880,106	229,882
Depreciation of property, plant and equipment	1,385,763	2,743,748
Impairment of property, plant and equipment	-	94,215
Impairment of investment in associated company	-	123,438
(Impairment write back)/Impairment on non trade receivables	(4,750,000)	4,750,000
Impairment on other investment	9,750,000	-
Fair value loss/(gain) on FVTPL financial assets	610,252	(377,004)
Property, plant and equipment written off	-	63,074
Gain on disposal of investment in subsidiaries	-	(49,165,964)
Gain on disposal of investment linked fund	(36,694)	(775,218)
Loss on disposal of property, plant and equipment	61,229	8,689
Dividend income	(67,997)	(71,427)
Interest income	(2,143,049)	(454,042)
Interest expenses	-	132,073
Investment income from investment securities	(129,729)	(58,891)
Share of results of associated companies	(699,084)	(678,397)
Operating (loss)/profit before changes in working capital	<u>(4,965,965)</u>	<u>2,988,208</u>
Decrease in inventories	-	212,225
Decrease/(Increase) in trade and other receivables	6,834,575	(2,279,247)
(Decrease)/Increase in trade and other payables	(8,614,387)	9,160,232
Cash (used in) / generated from operations	<u>(6,745,777)</u>	<u>10,081,418</u>
Tax paid, net of tax refunded	(174,897)	(2,766,055)
Dividends paid	(12,055,212)	-
Net cash (used in)/ generated from operating activities	<u>(18,975,886)</u>	<u>7,315,363</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	67,997	71,427
Net changes of fixed deposits pledged	-	69,913
Interest from deposits with licensed banks	2,143,049	454,041
Increase in investment securities	(8,207,229)	(9,058,892)
Increase in other investment	-	(5,000,000)
Investment income	129,729	58,891
Proceeds from disposal of investment securities	-	23,556,298
Proceeds from disposal of property, plant & equipment	525,000	115,997
Purchase of property, plant and equipment	(3,052,253)	(7,527,119)
Purchase of investment properties	(2,977,795)	(25,822,256)
Net proceeds from disposal of subsidiary company	-	67,371,845
Net cash (used in)/generated from investing activities	<u>(11,371,502)</u>	<u>44,290,145</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	-	(2,988,329)
Interest paid	-	(132,073)
Net cash used in financing activities	<u>-</u>	<u>(3,120,402)</u>
Net change in cash and cash equivalents	(30,347,388)	48,485,106
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>51,935,507</u></u>	<u><u>82,282,895</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	11,170,459	1,841,513
Deposits with licensed banks	40,765,048	80,441,382
	<u><u>51,935,507</u></u>	<u><u>82,282,895</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.)		

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 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 cyclicity 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

The Group acquired hire purchase facility of RM550,000 as at 31 December 2016.

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 31 December 2016.

Analysis by activities	IT Services	Records Management	Rental	Others	Elimination	Total
	RM	RM	RM	RM	RM	RM
Operating Revenue						
External sales	1,418,182	727,307	-	718,727	-	2,864,216
Inter-segment sales	45,000				(45,000)	-
Total operating revenue	1,463,182	727,307	-	718,727	(45,000)	2,864,216
Result						
Loss from operations	(905,526)	(801,610)	(1,597,094)	(9,364,665)	-	(12,668,895)
Interest income	-	1,012	1,090	2,140,946	-	2,143,049
Share of result of associates		-	-	699,084		699,084
Loss before taxation	(905,526)	(800,598)	(1,596,004)	(6,524,634)	-	(9,826,762)
Income tax expense						(120,163)
Loss for the period						(9,946,925)
Other comprehensive income						-
Total comprehensive loss for the period						(9,946,925)

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 31 December 2016 are as follows :

Approved and contracted for :	RM'000
Property, plant and equipment	928
	928

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 31 December 2016 are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	-	3,727	-	9,917
Provision of document archiving and related services to RRM	311,459	-	727,307	-
Renting of vault room for security file storage and related services to RRM	-	102,060	170,100	408,240
Renting of warehouse for file and carton storage and related services to RRM	-	105,000	175,000	420,000
IT Services provided to RRM	60,000	-	180,000	-
Total	371,459	210,787	1,252,407	838,157

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 recorded RM2.9 million revenue for the financial year ended 31 December 2016 which was RM2.65 million higher as compared to the corresponding preceding year of RM0.2 million. The increase in the revenue mainly contributed by the increase of revenue from IT Services and Records Management. Revenue from preceding corresponding period was generated from less than 12 months operation.

However, the Group recorded RM9.9 million loss after tax for the financial year as compared to RM45 million profit after tax of preceding year corresponding period mainly due to gain on disposal of the entire equity interest in subsidiaries, (a) Efficient MailCom Sdn Bhd and (b) Efficient Softech Sdn Bhd in preceding year; fair value loss on investment through profit and loss in current year and provision on impairment loss on other investment.

	Cumulative Quarter		Variance	
	31.12.2016	31.12.2015	RM'000	%
	RM'000	RM'000		
Revenue	2,864	210	2,654	1263.8%
(Loss)/Profit after tax for the financial year	(9,947)	44,991	(54,938)	-122.1%

(b) Current Quarter Vs Preceding Year Corresponding Quarter

Group revenue for the quarter ended 31 December 2016 increased by approximately RM0.75 million to RM0.9 million from preceding year corresponding quarter of RM0.1 million mainly contributed by revenue generated from IT services and records management.

The Group loss after tax from continuing operation for the financial quarter ended 31 December 2016 improved by 26.5% to a loss of RM7.4 million from preceding year corresponding quarter of RM10.1 million. The improvement in group loss after tax was mainly due to the one off advisory cost and increased operational expenses arising from the Proposed Disposal in preceding period.

	Individual Quarter		Variance	
	31.12.2016	31.12.2015	RM'000	%
	RM'000	RM'000		
Revenue	890	139	751	540.3%
(Loss)/Profit after tax for the quarter	(7,389)	(10,051)	2,662	-26.5%

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 recorded RM7.4 million loss before taxation as compared to the preceding quarter of RM0.37 million. The increased in loss was due to cost incurred in engaging experts to carry out feasibility study for potential business; higher depreciation cost incurred in current quarter; fair value loss on investment through profit and loss and impairment loss on other investment.

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.12.2016	30.09.2016	RM'000	%
	RM'000	RM'000		
Loss before taxation	(7,391)	(366)	(7,025)	-1919.4%

B3 Prospects

Development of the document management segment remain as the key area of focus in year 2017 while the Group continues to explore on other potential business opportunities in relation to business process outsourcing services.

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

B4 Profit forecast or profit guarantee

This note is not applicable.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM	RM	RM	RM
Current tax	(1,209)	13,082	101,329	100,937
Deferred tax	(1,203)	-	18,834	-
	(2,412)	13,082	120,163	100,937

Provision of tax was attributable to profit earned by holding company after making adjustment on fair value loss on investment through profit and loss.

B6 Corporate proposals

(a) There were no corporate proposals announced but not completed during the quarter and financial period under review except for:

The Board of Directors of Efficient wishes to announce that Bursa Securities has granted Efficient an extension of time up to 30 June 2017 to submit a regularisation plan pursuant to paragraph 8.04(3) together with paragraph 5.0 of Practice Note 17 of the Main Market Listing Requirements of Bursa Securities.

(b) Utilisation of proceeds as at financial year ended 31 December 2016.

Purpose	Proposed RM' million	Actual RM' million	Intended	Deviation
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	7.9	Within 18 months	-
Working Capital	8.0	8.0	Within 12 months	-
Estimated expenses in relation to the Proposals	1.4	1.4	Within 1 month	-

B7 Borrowings and debt securities

The Group acquired hire purchase facility of RM550,000 as at 31 December 2016.

	Short term RM	Long term RM	Total RM
Secured bank borrowings	245,251	304,749	550,000
Total	245,251	304,749	550,000

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.

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

B10 Earnings per share

	Individual Quarter		Cumulative Quarter	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM	RM	RM	RM
Basic Earnings Per Share				
(Loss) / Profit attributable to ordinary equity holders of the parent	(7,388,614)	39,793,255	(9,946,925)	44,990,936
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)	(1.04)	5.61	(1.40)	6.35

Basic earnings/(loss) per share is calculated by dividing the net (loss)/profit 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM	RM	RM	RM
Profit for the period is arrived at after charging :				
Interest expense	-	13,546	-	132,073
Depreciation of property, plant and equipment	1,014,394	612,192	2,265,869	2,973,630
Loss on disposal of property, plant and equipment	67,120	-	67,120	8,689
Foreign exchange (gain)/loss	-	(928)	-	725
Fair value loss on FVTPL financial assets	40,805	-	610,252	-
Property, plant and equipment written off	-	29,255	-	63,074
Impairment of property, plant and equipment	-	94,215	-	94,215
Impairment of investment in associated company	-	123,438	-	123,438
Impairment of non trade receivable	-	4,750,000	-	4,750,000
Impairment of other investment	9,750,000	-	9,750,000	-
and after crediting :				
Interest income	447,380	83,539	2,143,049	454,042
Other income including investment income	387,025	207,060	1,829,903	958,559
Gain on disposal of subsidiary companies	-	49,165,964	-	49,165,964
Gain on disposal of property, plant and equipment	-	-	5,891	-
Gain on disposal of quoted and unquoted investments	36,694	183,712	36,694	775,218
Foreign exchange gain/(loss)	41	(10,573)	41	68,194
Fair value (loss) /gain on FVTPL financial assets	-	250,770	-	377,004
Impairment of non trade receivable no longer required	4,750,000	-	4,750,000	-

B12 Realised and unrealised profit/ losses

Total retained profits of the Group comprised the following:-

	31.12.2016	31.12.2015
	RM	RM
Realised	92,569,733	101,918,346
Unrealised	(637,890)	191,733
	91,931,843	102,110,079
Add consolidation adjustments	(7,118,232)	(7,349,543)
Total Group retained profits as per consolidated accounts	84,813,611	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 27 February 2017.