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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 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Individual Quarter		Cumulative Quarter	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM	RM	RM	RM
Revenue	840,231	961,720	2,518,884	1,974,063
Cost of sales	(300,981)	(338,741)	(946,547)	(835,311)
Gross profit	539,250	622,979	1,572,337	1,138,752
Other operating income	440,917	395,703	1,585,808	1,448,769
Administrative and operating expenses	(2,198,946)	(2,148,894)	(6,653,636)	(7,302,216)
Loss from operations	(1,218,779)	(1,130,212)	(3,495,491)	(4,714,695)
Finance costs	(4,905)	-	(14,171)	-
Interest income	512,948	516,295	1,466,272	1,695,669
Share of result of associates	215,625	247,727	666,823	583,288
Loss before tax	(495,111)	(366,190)	(1,376,567)	(2,435,738)
Income tax expense	(70,520)	(6,858)	(69,804)	(122,575)
Loss for the period from continuing operations, net of tax	(565,631)	(373,048)	(1,446,371)	(2,558,313)
Net loss for the period	(565,631)	(373,048)	(1,446,371)	(2,558,313)
Total comprehensive loss for the period	(565,631)	(373,048)	(1,446,371)	(2,558,313)
Loss for the period attributable to :				
Equity holders of the parent	(565,631)	(373,048)	(1,446,371)	(2,558,313)
Non-controlling interests	-	-	-	-
	(565,631)	(373,048)	(1,446,371)	(2,558,313)
Total comprehensive loss for the period attributable to :				
Equity holders of the parent	(565,631)	(373,048)	(1,446,371)	(2,558,313)
Non-controlling interests	-	-	-	-
	(565,631)	(373,048)	(1,446,371)	(2,558,313)
Loss per share attributable to equity holders of the parent :				
Basic (sen)	(0.08)	(0.05)	(0.20)	(0.36)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	(Unaudited) As at 30.09.2017	(Audited) As at 31.12.2016
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	30,419,063	31,315,280
Investment properties	41,829,535	42,446,282
Investment in associated companies	6,422,271	5,932,010
Other investments	150,000	150,000
	78,820,869	79,843,572
Current assets		
Trade receivables	587,074	1,040,501
Other receivables	1,692,842	4,255,511
Tax recoverable	92,723	187,468
Investment securities	8,854,639	10,250,957
Deposits with licensed banks	55,133,557	42,954,588
Cash and bank balances	2,574,020	11,286,417
	68,934,855	69,975,442
Total assets	147,755,724	149,819,014
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
Retained earnings	71,312,028	72,758,399
Total equity	146,858,626	148,304,997
Non-current liabilities		
Hire purchase payable	184,087	304,749
Deferred tax liabilities	14,648	27,639
	198,735	332,388
Current liabilities		
Trade payables	56,275	-
Other payables	421,487	936,378
Hire purchase payables	203,284	245,251
Tax Payable	17,317	-
	698,363	1,181,629
Total liabilities	897,098	1,514,017
Total equity and liabilities	147,755,724	149,819,014

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	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 YEAR ENDED 31 DECEMBER 2016</u>								
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
<u>FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017</u>								
As at 1 January 2017	70,913,010	4,633,588	-	-	72,758,399	148,304,997	-	148,304,997
Loss for the period	-	-	-	-	(1,446,371)	(1,446,371)	-	(1,446,371)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(1,446,371)	(1,446,371)	-	(1,446,371)
As at 30 September 2017	70,913,010	4,633,588	-	-	71,312,028	146,858,626	-	146,858,626

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
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THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	30.09.2017	30.09.2016
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation:	(1,376,567)	(2,435,738)
Adjustments for:		
Depreciation of investment properties	692,266	419,736
Depreciation of property, plant and equipment	1,255,466	831,739
Reversal impairment of investment in associated company	(123,438)	-
Fair value (gain)/loss on FVTPL financial assets	(418,402)	569,447
Loss on disposal of investment in associates	130,000	-
Loss on disposal of property, plant and equipment	52,901	(5,891)
Loss on disposal of investment properties	84	-
Dividend income	(58,192)	(68,632)
Interest income	(1,466,272)	(1,695,669)
Interest expenses	14,171	-
Investment income from investment securities	(76,251)	(85,223)
Share of results of associated companies	(666,823)	(583,288)
Operating loss before changes in working capital	<u>(2,041,057)</u>	<u>(3,053,519)</u>
Decrease/(Increase) in trade and other receivables	1,974,213	801,364
Decrease in trade and other payables	(458,615)	(8,573,662)
Cash generated from/(used in) operations	<u>(525,459)</u>	<u>(10,825,817)</u>
Tax paid, net of tax refunded	29,267	(128,023)
Dividends paid	-	(12,055,212)
Net cash used in operating activities	<u>(496,192)</u>	<u>(23,009,052)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	58,192	68,632
Interest from deposits with licensed banks	1,466,272	1,695,669
Increase in investment securities	(1,185,280)	(8,126,660)
Investment income	76,251	85,223
Proceeds from disposal of associate	170,000	-
Proceeds from disposal of investment securities	3,000,000	-
Proceeds from disposal of property, plant & equipment	235,849	115,000
Proceeds from disposal of investment properties	283	-
Purchase of property, plant and equipment	(648,000)	(2,309,766)
Purchase of investment properties	(75,886)	(2,700,000)
Consideration received from disposal of subsidiary company	1,041,883	7,151,091
Net cash generated from/(used in) investing activities	<u>4,139,564</u>	<u>(4,020,811)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase and lease creditors	(162,629)	-
Interest paid	(14,171)	-
Net cash used in financing activities	<u>(176,800)</u>	<u>-</u>
Net change in cash and cash equivalents	3,466,572	(27,029,863)
Cash and cash equivalents at beginning of the financial year	54,241,005	84,456,775
Cash and cash equivalents at end of the financial year*	<u>57,707,577</u>	<u>57,426,912</u>
*Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	2,574,020	9,950,839
Deposits with licensed banks	55,133,557	47,476,073
	<u>57,707,577</u>	<u>57,426,912</u>

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016.)

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 Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, and *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 the audited financial statements of the Group for the financial year ended 31 December 2016. 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 the year ended 31 December 2016 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.

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, other than repayment of hire purchase loan.

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

A7 Dividend paid

There were no dividend paid during the financial period.

A8 Segment information

Segment information is presented in respect of the Group's business segment for the financial year ended 30 September 2017.

Analysis by activities	Records Management	IT Services	Others	Elimination	Total
	RM	RM	RM	RM	RM
Operating Revenue					
External sales	935,518	1,444,306	139,060	-	2,518,884
Inter-segment sales	-	-	-	-	-
Total operating revenue	935,518	1,444,306	139,060	-	2,518,884
Result					
Loss from operations	(755,224)	(190,139)	(2,262,223)	-	(3,207,586)
Unrealised Depreciation	-	-	-	(287,905)	(287,905)
Finance costs	(5,505)	-	(8,666)	-	(14,171)
Interest income	51,633	29,823	1,384,816	-	1,466,272
Share of result of associates	-	-	666,823	-	666,823
Loss before taxation	(709,096)	(160,316)	(219,250)	(287,905)	(1,376,567)
Income tax expense					(69,804)
Loss for the period					(1,446,371)
Other comprehensive income					-
Total comprehensive loss for the period					(1,446,371)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2017
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 except for:
 The Group has incorporated two indirect wholly-owned subsidiary companies namely Efficient Technology Solutions Sdn Bhd and Efficient Technology Solutions (M) Sdn Bhd on 15 November 2017 and 16 November 2017 respectively. The intended principal activities are investment holding, IT security and IT related services.

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

The contingent liabilities of the Group since the last annual balance sheet date as at 31 December 2016 were RM236,500.

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 2017 are as follows :

Approved and contracted for :	RM'000
Property, plant and equipment	<u>225</u>
	<u>225</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.
Olive Tree Concepts Sdn Bhd ("OTC")	OTC is deemed related to the Group by virtue of a Director of the Group, Victor Cheah Chee Wai, is also the Director in OTC.
	OTC is a company connected to a Director of the Group, Cheah Chee Kong, by virtue of Section 197 of the Companies Act 2016.

The related party transactions of the Group for the quarter and financial year ended 30 September 2017 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	800	-	1,050	-
Provision of document archiving and related services to RRM	314,528	304,527	935,518	415,848
Renting of vault room for security file storage and related services to RRM	-	-	-	170,100
Renting of warehouse for file and carton storage and related services to RRM	-	-	-	175,000
IT Services provided to RRM	60,000	60,000	180,000	120,000
IT Services provided to OTC	264,000	264,000	792,000	528,000
Total	639,328	628,527	1,908,568	1,408,948

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 Financial review for current quarter and financial year to date

	Individual Quarter		Variance		Cumulative Quarter		Variance	
	30.09.2017	30.09.2016			30.09.2017	30.09.2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	840	962	(122)	-12.7%	2,519	1,974	545	27.6%
Loss from operations	(1,219)	(1,130)	(89)	7.9%	(3,495)	(4,715)	1,220	-25.9%
Loss before interest and tax	(1,219)	(1,130)	(89)	7.9%	(3,495)	(4,715)	1,220	-25.9%
Loss before tax for the financial period	(495)	(366)	(129)	35.2%	(1,377)	(2,436)	1,059	-43.5%
Loss after tax for the financial period	(566)	(373)	(193)	51.7%	(1,446)	(2,558)	1,112	-43.5%
Loss for the period attributable to equity holders of the parent	(566)	(373)	(193)	51.7%	(1,446)	(2,558)	1,112	-43.5%

(a) Current Year To Date Vs Preceding Year To Date

The Group revenue was RM2.5 million for the financial period ended 30 September 2017, which was RM0.5 million higher as compared to the preceding year corresponding period of RM2 million primarily due to higher revenue from both IT Services and Records Management.

The Group recorded loss before tax of RM1.4 million as compared to RM2.6 million loss in preceding year corresponding period mainly due to increase in revenue from (a) IT services and Records Management; and (b) fair value gain from other investment.

(b) Current Quarter Vs Preceding Year Corresponding Quarter

For the quarter ended 30 September 2017, the Group revenue decreased by 12.7% to RM0.8 million compared to preceding year corresponding quarter of RM0.9 million mainly due to a service contract ended last year.

The Group recorded RM0.5 million loss before tax for the current quarter against RM0.3 million loss in preceding year corresponding quarter mainly due to a service contract ended last year.

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

The Group's revenue of RM0.8 million for current quarter was 6.6% higher than the immediate preceding quarter of RM0.7 million. This was attributed by dividend income received from investment and higher revenue from IT services.

Despite increase in current quarter revenue, the Group recorded RM0.5 million loss before tax against RM0.3 million loss before tax of preceding quarter as a result of lower investment income and lower fair value gain through profit and loss recorded in current quarter as compared to previous quarter.

	Current Quarter	Immediate Preceding Quarter	Variance	
	30.09.2017	30.06.2017	RM'000	%
Revenue	840	788	52	6.6%
Loss from operations	(1,219)	(1,038)	(181)	-17.4%
Loss before interest and tax	(1,219)	(1,038)	(181)	-17.4%
Loss before taxation	(495)	(374)	(121)	-32.4%
Loss after tax for the quarter	(566)	(382)	(184)	-48.2%
Loss for the period attributable to equity holders of the parent	(566)	(382)	(184)	-48.2%

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

B3 Prospects

The Group intend to broaden its IT services to SME market where digital transformation is the key focus of markets today and the next 5 years. Digital transformation in Malaysia is gaining more importance and it changes the way people do business especially SME. We are at the stage of positioning ourselves to take advantage of the opportunity of this market.

B4 Profit forecast or profit guarantee

This note is not applicable.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM	RM	RM	RM
Current tax	71,312	1,924	82,795	102,538
Deferred tax	(792)	4,934	(12,991)	20,037
	70,520	6,858	69,804	122,575

The Group's accounted for tax expenses due to interest income and certain expenses not deductible for tax purpose.

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 31 December 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 period ended 30 September 2017.

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe	Deviation	Explanations
	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	9.5	Within 18 months	82%	The Group is exploring new business opportunity
Working Capital	8.0	8.0	Within 12 months	-	
Estimated expenses in relation to the Proposals	1.4	1.4	Within 1 month	-	

B7 Borrowing and debt securities

The Group acquired hire purchase facility of RM550,000 as at 31 December 2016. The hire purchase loan balance as at 30 September 2017 is as follow:

	Cumulative Quarter		
	30.09.2017		
	Long term	Short term	Total
	RM	RM	RM
Secured bank borrowings	184,087	203,284	387,371
Total	184,087	203,284	387,371

	Cumulative Quarter		
	30.09.2016		
	Long term	Short term	Total
	RM	RM	RM
Secured bank borrowings	-	-	-
Total	-	-	-

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

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 paid during the period.

B10 Earnings per share

	Individual Quarter		Cumulative Quarter	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM	RM	RM	RM
Basic Earnings Per Share				
Loss attributable to ordinary equity holders of the parent	(565,631)	(373,048)	(1,446,371)	(2,558,313)
Weighted average number of ordinary shares in issue	709,130,100	709,130,100	709,130,100	709,130,100
Basic Loss per share (sen)	(0.08)	(0.05)	(0.20)	(0.36)

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares in issue during the period.

B11 Profit for the period

	Individual Quarter		Cumulative Quarter	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM	RM	RM	RM
Profit for the period is arrived at after charging :				
Interest expense	4,905	-	14,171	-
Depreciation of property, plant and equipment	402,005	530,671	1,255,466	977,651
Depreciation of Investment property	230,089	-	692,266	273,824
Loss on disposal of property, plant and equipment	-	-	52,901	-
Loss on disposal of Investment property	-	-	84	-
Loss on disposal of investment in associate	130,000	-	130,000	-
Foreign exchange loss	59	-	372	152
and after crediting :				
Interest income	512,948	516,295	1,466,272	1,695,669
Rental income	363,518	342,518	1,091,055	1,357,655
Other income including investment income	30,460	47,293	76,351	85,223
Gain on disposal of property, plant and equipment	-	5,891	-	5,891
Fair value gain on FVTPL financial assets	46,938	306,435	418,402	(569,447)
Impairment of investment in associate no longer required	123,438	-	123,438	-

B12 Realised and unrealised profit/(loss)

Total retained profits of the Group comprised the following:

	30.09.2017	31.12.2016
	RM	RM
Realised	77,524,151	80,391,083
Unrealised	403,754	(637,890)
	<u>77,927,904</u>	<u>79,753,193</u>
Add consolidation adjustments	(6,615,876)	(6,994,794)
Total Group retained profits as per consolidated accounts	<u>71,312,028</u>	<u>72,758,399</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 23 November 2017.