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EFFICIENT E-SOLUTIONS BERHAD

Company No. 200301030059 (632479-H)
(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FIRST QUARTER ENDED

31 MARCH 2021

EFFICIENT E-SOLUTIONS BERHAD Company No. 200301030059 (632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2021
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2021

	Individual Quarter		Cumulative Quarter	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM	RM	RM	RM
Revenue	1,749,799	1,151,400	1,749,799	1,151,400
Cost of sales	(1,023,034)	(510,130)	(1,023,034)	(510,130)
Gross profit	726,765	641,270	726,765	641,270
Other operating income	392,554	509,171	392,554	509,171
Administrative and operating expenses	(2,767,692)	(2,674,454)	(2,767,692)	(2,674,454)
Loss from operations	(1,648,373)	(1,524,013)	(1,648,373)	(1,524,013)
Finance costs	(526)	(745)	(526)	(745)
Interest income	195,294	382,029	195,294	382,029
Share of result of associates	135,531	200,924	135,531	200,924
Loss before tax	(1,318,074)	(941,805)	(1,318,074)	(941,805)
Income tax expense	(1,466)	(8,842)	(1,466)	(8,842)
Net loss for the period	(1,319,540)	(950,647)	(1,319,540)	(950,647)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(1,319,540)	(950,647)	(1,319,540)	(950,647)
Loss for the period attributable to :				
Equity holders of the parent	(1,323,767)	(939,836)	(1,323,767)	(939,836)
Non-controlling interests	4,227	(10,811)	4,227	(10,811)
	(1,319,540)	(950,647)	(1,319,540)	(950,647)
Total comprehensive loss for the period attributable to :				
Equity holders of the parent	(1,323,767)	(939,836)	(1,323,767)	(939,836)
Non-controlling interests	4,227	(10,811)	4,227	(10,811)
	(1,319,540)	(950,647)	(1,319,540)	(950,647)
Loss per share attributable to equity holders of the parent :				
Basic (sen)	(0.19)	(0.13)	(0.19)	(0.13)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020.)

EFFICIENT E-SOLUTIONS BERHAD Company No. 200301030059 (632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	(Unaudited) As at 31.03.2021	(Audited) As at 31.12.2020
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	27,135,769	26,860,537
Investment properties	39,656,407	39,827,516
Intangible assets	150,000	150,000
Investment in associated companies	6,020,228	6,034,697
Right of use asset	56,485	47,850
	73,018,889	72,920,600
Current assets		
Trade receivables	718,631	1,572,745
Other receivables	1,933,694	979,816
Tax recoverable	70,633	69,537
Investment securities	7,196,033	7,307,646
Deposits with licensed banks	37,494,480	40,072,273
Cash and bank balances	5,538,479	5,555,192
	52,951,950	55,557,209
Total assets	125,970,839	128,477,809
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	75,546,598	75,546,598
Retained earnings	48,243,091	49,566,858
	123,789,689	125,113,456
Non-controlling interest	151,441	147,214
Total equity	123,941,130	125,260,670
Non-current liabilities		
Deferred tax liabilities	5,799	6,400
Lease liabilities	11,990	27,428
	17,789	33,828
Current liabilities		
Trade payables	162,839	458,963
Other payables	991,429	952,146
Contract liabilities	810,890	1,747,906
Lease liabilities	45,956	21,787
Tax Payable	806	2,509
	2,011,920	3,183,311
Total liabilities	2,029,709	3,217,139
Total equity and liabilities	125,970,839	128,477,809

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020.)

EFFICIENT E-SOLUTIONS BERHAD Company No. 200301030059 (632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2021
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2021

	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 2020</u>								
As at 1 January 2020	75,546,598	-	-	-	53,857,603	129,404,201	204,580	129,608,781
Loss for the year	-	-	-	-	(4,290,745)	(4,290,745)	(57,366)	(4,348,111)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(4,290,745)	(4,290,745)	(57,366)	(4,348,111)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
As at 31 December 2020	75,546,598	-	-	-	49,566,858	125,113,456	147,214	125,260,670
<u>FINANCIAL PERIOD ENDED 31 MARCH 2021</u>								
As at 1 January 2021	75,546,598	-	-	-	49,566,858	125,113,456	147,214	125,260,670
Loss for the period	-	-	-	-	(1,323,767)	(1,323,767)	4,227	(1,319,540)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(1,323,767)	(1,323,767)	4,227	(1,319,540)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
As at 31 March 2021	75,546,598	-	-	-	48,243,091	123,789,689	151,441	123,941,130
(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020.)								

EFFICIENT E-SOLUTIONS BERHAD Company No. 200301030059 (632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2021
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 31 MARCH 2021

	31.03.2021	31.12.2020
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation:	(1,318,074)	(4,297,969)
Adjustments for:		
Allowance of expected credit losses	-	373,120
Bad debts written off	-	9,160
Depreciation of investment properties	171,109	665,559
Depreciation of property, plant and equipment	228,646	972,417
Depreciation of right of use asset	7,819	30,857
Impairment of property, plant and equipment	-	41,076
Fair value (gain)/loss on FVTPL financial assets	123,828	(180,534)
Gain on disposal of investment securities	-	(1,175,541)
Loss on disposal of property, plant and equipment	-	102,916
Dividend income	(15,831)	(19,579)
Interest income	(195,294)	(1,162,131)
Interest expenses	526	2,523
Investment income from investment securities	(20,352)	(161,534)
Share of results of associated companies	(135,531)	(525,649)
Reversal of allowance for expected credit losses	-	(3,683)
Operating loss before changes in working capital	<u>(1,153,154)</u>	<u>(5,328,992)</u>
Increase in trade and other receivables	(99,765)	(798,211)
(Decrease)/Increase in trade and other payables	<u>(1,193,855)</u>	<u>913,519</u>
Cash generated used in operations	<u>(2,446,774)</u>	<u>(5,213,684)</u>
Tax paid, net of tax paid/refunded	<u>(4,864)</u>	<u>(101,917)</u>
Net cash used in operating activities	<u>(2,451,638)</u>	<u>(5,315,601)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	15,831	19,579
Decrease in fixed deposits with maturity of more than three months	4,146,689	6,746,630
Interest from deposits with licensed banks	195,294	1,162,131
Increase in investment securities	(12,216)	(161,534)
Investment income	20,352	161,534
Proceeds from disposal of investment securities	-	2,300,000
Proceeds from disposal of property, plant & equipment	-	1
Purchase of property, plant and equipment	(503,879)	(35,114)
Purchase of investment properties	-	(131,642)
Dividend Income from associated company	150,000	330,000
Net cash generated from/(used in) investing activities	<u>4,012,071</u>	<u>10,391,585</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(7,724)	(30,477)
Interest paid	<u>(526)</u>	<u>(2,523)</u>
Net cash used in financing activities	<u>(8,250)</u>	<u>(33,000)</u>
Net change in cash and cash equivalents	1,552,183	5,042,984
Cash and cash equivalents at beginning of the financial year	29,082,283	24,039,299
Cash and cash equivalents at end of the financial period*	<u><u>30,634,466</u></u>	<u><u>29,082,283</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	5,538,479	5,555,192
Deposits with licensed banks	<u>37,494,480</u>	<u>40,072,273</u>
	43,032,959	45,627,465
Less: Deposit with maturity more than three months	<u>(12,398,493)</u>	<u>(16,545,182)</u>
	<u><u>30,634,466</u></u>	<u><u>29,082,283</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 2020.)		

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 2020. The audited financial statements of the Group were prepared in accordance with the provisions of the Companies Act 2016, Malaysia Financial Reporting Standards ("MFRS"), and International Financial Reporting Standards ("IFRS").

The accounting policies used in the preparation of these interim financial statements are consistent with those adopted in the annual audited financial statements except for the adoption of the new and revised MFRS. Effective 1 January 2019, the Company adopted MFRS 16, Leases. The adoption of MFRS 16, Leases have not resulted in any material impact on the financial statements of the Group.

A2 Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2020 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 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 under review.

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 period ended 31 March 2021.

Analysis by activities	Records Management	IT Services	Others	Elimination	Total
	RM	RM	RM	RM	RM
Operating Revenue					
External sales	332,224	1,365,743	51,832	-	1,749,799
Inter-segment sales	-	1,440	-	(1,440)	-
Total operating revenue	332,224	1,367,183	51,832	(1,440)	1,749,799
Result					
Loss from operations before finance income	(294,168)	(448,809)	(899,466)	(5,930)	(1,648,373)
Finance income	4,443	8,955	181,896	-	195,294
Loss from operations	(289,725)	(439,854)	(717,570)	(5,930)	(1,453,079)
Finance costs	(189)	(1,123)	(337)	1,123	(526)
Share of result of associates	-	-	135,531	-	135,531
Loss before taxation	(289,914)	(440,977)	(582,376)	(4,807)	(1,318,074)
Income tax expense	(733)	(60)	(673)	-	(1,466)
Loss for the period	(290,647)	(441,037)	(583,049)	(4,807)	(1,319,540)
NCI	-	(4,227)	-	-	(4,227)
Total comprehensive loss for the period	(290,647)	(445,264)	(583,049)	(4,807)	(1,323,767)

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 under review.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A11 Changes in contingent liabilities and contingent assets

The contingent liabilities for the Group as of 31 March 2021 were RM341,500.

A12 Capital commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the financial period as at 31 March 2021.

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.
Efficient Protection Services Sdn Bhd ("EPS")	EPS is a company connected to a Director of E-Sol, Dato' Robiah Binti Abdul Ghani, by virtue of Section 197 of the Companies Act 2016.
The Third Letter Sdn Bhd ("TTL")	Mr. Cheah Chee Kong and Mr. Edward Cheah Wern Harn (Notes)

Notes:-

Mr. Edward Cheah Wern Harn is a director of a subsidiary of the Company, and is a director and major shareholder of TTL. Mr Cheah Chee Kong, being the director and major shareholder of the Company, is person connected to Mr. Edward Cheah Wern Harn by virtue of his family relationship.

The related party transactions of the Group for the quarter and financial period 31 March 2021 are as follows:

	Individual Quarter		Cumulative Quarter	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	450	600	450	600
Provision of document archiving and related services to RRM	332,224	348,471	332,224	348,471
IT Services provided to RRM	90,446	80,993	90,446	80,993
IT Services provided to OTC	-	264,000	-	264,000
Provision of RO water to OTC	2,222	9,011	2,222	9,011
Provision of security services by EPS	108,000	87,360	108,000	87,360
Renting of shoplot to TTL	15,400	-	15,400	-
Total	548,742	790,436	548,742	790,436

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	
	31.03.2021	31.03.2020			31.03.2021	31.03.2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,750	1,151	599	52.0%	1,750	1,151	599	52.0%
Loss from operations	(1,648)	(1,524)	(124)	8.1%	(1,648)	(1,524)	(124)	8.1%
Loss before interest and tax	(1,648)	(1,524)	(124)	8.1%	(1,648)	(1,524)	(124)	8.1%
Loss before tax for the financial period	(1,318)	(942)	(376)	39.9%	(1,318)	(942)	(376)	39.9%
Loss after tax for the financial period	(1,320)	(951)	(369)	38.8%	(1,320)	(951)	(369)	38.8%
Loss for the period attributable to:								
Equity holders of the parent	(1,324)	(940)	(384)	40.9%	(1,324)	(940)	(384)	40.9%
Non-controlling interests	4	(11)	15		4	(11)	15	
	(1,320)	(951)	(369)	38.8%	(1,320)	(951)	(369)	38.8%

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

The Group revenue for the financial year of RM1.75 million was 52% or RM599k higher than preceding year of RM1.15 million, the increase was due to revenue contribution from IT Services - Cybersecurity.

The Group recorded loss before tax of RM1.32 million compared to RM0.94 million loss in preceding year corresponding period. It was mainly due to (a) lower interest income, lower other operating income and lower share of associate result; (b) fair value loss recorded in current quarter.

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

The Group's revenue increased by 144.8% from RM0.72 million in the immediate preceding quarter to RM1.75 million of current quarter, it was mainly contributed by IT services - cybersecurity.

The Group recorded RM1.65 million loss before tax in the current quarter against RM2.34 million loss before tax in the immediate preceding quarter mainly due to provision of expected credit loss and loss on disposal of property, plant and equipment recorded in preceding quarter.

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.03.2021	31.12.2020	RM'000	%
Revenue	1,750	715	1,035	144.8%
Loss from operations	(1,648)	(2,338)	690	29.5%
Loss before interest and tax	(1,648)	(2,338)	690	29.5%
Loss before taxation	(1,318)	(1,998)	680	34.0%
Loss after tax for the quarter	(1,320)	(2,031)	711	35.0%
Loss for the period attributable to:				
Equity holders of the parent	(1,324)	(2,008)	684	34.1%
Non-controlling interests	4	(23)	27	
	(1,320)	(2,031)	711	35.0%

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

B3 Prospects

The pandemic has been impacted businesses in different way, some industry like technology and glove were positively impacted while others like tourism and hospitality were negatively impacted. Businesses are adjusting to the new normal and business priority. We encountered businesses delay in decision making and implementation after contracts awarded due to the pandemic and movement control order ('MCO') implemented by government. However, we have seen the increased awareness amongst organisation to prioritise cybersecurity.

B4 Profit forecast or profit guarantee

This note is not applicable.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM	RM	RM	RM
Current tax	(2,066)	(9,442)	(2,066)	(9,442)
Deferred tax	600	600	600	600
	(1,466)	(8,842)	(1,466)	(8,842)

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 30 June 2021 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 31 March 2021.

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	22.9	Within 18 months	57%	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

This note is not applicable.

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 financial period.

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

B10 Earnings per share

	Individual Quarter		Cumulative Quarter	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM	RM	RM	RM
Basic Earnings Per Share				
Loss attributable to ordinary equity holders of the parent	(1,323,767)	(939,836)	(1,323,767)	(939,836)
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)	(0.19)	(0.13)	(0.19)	(0.13)

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 financial period.

B11 Loss for the year

	Individual Quarter		Cumulative Quarter	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM	RM	RM	RM
Loss for the period is arrived at after charging :				
Interest expense - Right of use asset	526	745	526	745
Depreciation of property, plant and equipment	228,646	260,052	228,646	260,052
Depreciation of Investment properties	171,109	168,430	171,109	168,430
Depreciation of right of use asset	7,819	7,714	7,819	7,714
Foreign exchange loss	2,464	3,786	2,464	3,786
Fair value loss on FVTPL financial assets	123,828	-	123,828	-
and after crediting :				
Interest income	195,294	382,029	195,294	382,029
Rental income	366,936	412,770	366,936	412,770
Other income including investment income	24,998	72,350	24,998	72,350
Foreign exchange gain	620	134	620	134
Fair value gain on FVTPL financial assets	-	23,917	-	23,917

B12 Realised and unrealised profit/(loss)

Total retained profits of the Group comprised the following:

	31.03.2021	31.12.2020
	RM	RM
Realised	40,833,489	43,313,813
Unrealised	89,885	(1,157,396)
	<u>40,923,374</u>	<u>42,156,417</u>
Add consolidation adjustments	7,319,717	7,410,441
Total Group retained profits as per consolidated accounts	<u>48,243,091</u>	<u>49,566,858</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 28 May 2021.