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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 THIRD QUARTER ENDED

30 SEPTEMBER 2021

EFFICIENT E-SOLUTIONS BERHAD Company No. 200301030059 (632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Individual Quarter		Cumulative Quarter	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Revenue	2,558,643	926,193	5,632,334	3,309,080
Cost of sales	(1,133,360)	(402,431)	(2,705,701)	(1,282,901)
Gross profit	1,425,283	523,762	2,926,633	2,026,179
Other operating income	394,921	340,928	1,187,135	2,483,938
Administrative and operating expenses	(2,637,624)	(2,588,070)	(8,170,829)	(8,155,510)
Loss from operations	(817,420)	(1,723,380)	(4,057,061)	(3,645,393)
Finance costs	(2,354)	(593)	(4,017)	(2,007)
Interest income	170,925	252,809	536,236	951,423
Share of result of associates	139,181	100,302	278,856	396,117
Loss before tax	(509,668)	(1,370,862)	(3,245,986)	(2,299,860)
Income tax expense	(80,033)	(3,515)	(82,756)	(17,156)
Net loss for the period	(589,701)	(1,374,377)	(3,328,742)	(2,317,016)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(589,701)	(1,374,377)	(3,328,742)	(2,317,016)
Loss for the period attributable to :				
Equity holders of the parent	(591,275)	(1,374,824)	(3,356,411)	(2,282,476)
Non-controlling interests	1,574	447	27,669	(34,540)
	(589,701)	(1,374,377)	(3,328,742)	(2,317,016)
Total comprehensive loss for the period attributable to :				
Equity holders of the parent	(591,275)	(1,374,824)	(3,356,411)	(2,282,476)
Non-controlling interests	1,574	447	27,669	(34,540)
	(589,701)	(1,374,377)	(3,328,742)	(2,317,016)
Loss per share attributable to equity holders of the parent :				
Basic (sen)	(0.08)	(0.19)	(0.47)	(0.32)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	(Unaudited) As at 30.09.2021	(Audited) As at 31.12.2020
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	26,975,692	26,860,537
Investment properties	39,314,189	39,827,516
Intangible assets	150,000	150,000
Investment in associated companies	6,163,553	6,034,697
Right of use asset	40,847	47,850
	72,644,281	72,920,600
Current assets		
Trade receivables	1,652,099	1,572,745
Other receivables	1,848,996	979,816
Tax recoverable	18,443	69,537
Investment securities	7,276,177	7,307,646
Deposits with licensed banks	36,364,563	40,072,273
Cash and bank balances	5,249,551	5,555,192
	52,409,829	55,557,209
Total assets	125,054,110	128,477,809
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	75,546,598	75,546,598
Retained earnings	46,210,447	49,566,858
	121,757,045	125,113,456
Non-controlling interest	174,883	147,214
Total equity	121,931,928	125,260,670
Non-current liabilities		
Hire purchase payable	125,925	-
Deferred tax liabilities	4,599	6,400
Lease liabilities	11,990	27,428
	142,514	33,828
Current liabilities		
Trade payables	201,710	458,963
Other payables	945,926	952,146
Contract liabilities	1,733,176	1,747,906
Hire purchase payable	41,369	-
Lease liabilities	30,321	21,787
Tax Payable	27,166	2,509
	2,979,668	3,183,311
Total liabilities	3,122,182	3,217,139
Total equity and liabilities	125,054,110	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 30 SEPTEMBER 2021
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 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 30 SEPTEMBER 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	-	-	-	-	(3,356,411)	(3,356,411)	27,669	(3,328,742)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(3,356,411)	(3,356,411)	27,669	(3,328,742)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
As at 30 September 2021	75,546,598	-	-	-	46,210,447	121,757,045	174,883	121,931,928
(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 30 SEPTEMBER 2021
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	30.09.2021	31.12.2020
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation:	(3,245,986)	(4,297,969)
Adjustments for:		
Allowance of expected credit losses	-	373,120
Bad debts written off	-	9,160
Depreciation of investment properties	513,327	665,559
Depreciation of property, plant and equipment	730,225	972,417
Depreciation of right of use asset	23,458	30,857
Impairment of property, plant and equipment	-	41,076
Fair value loss/(gain) on FVTPL financial assets	85,907	(180,534)
Gain on disposal of investment securities	-	(1,175,541)
Loss on disposal of property, plant and equipment	-	102,916
Dividend income	(29,573)	(19,579)
Interest income	(536,236)	(1,162,131)
Interest expenses	4,018	2,523
Investment income from investment securities	(61,271)	(161,534)
Share of results of associated companies	(278,856)	(525,649)
Reversal of allowance for expected credit losses	-	(3,683)
Operating loss before changes in working capital	<u>(2,794,987)</u>	<u>(5,328,992)</u>
Decrease/(Increase) in trade and other receivables	(948,536)	(798,211)
(Decrease)/Increase in trade and other payables	<u>(272,905)</u>	<u>913,519</u>
Cash generated used in operations	(4,016,428)	(5,213,684)
Tax paid, net of tax paid/refunded	<u>(14,101)</u>	<u>(101,917)</u>
Net cash used in operating activities	<u>(4,030,529)</u>	<u>(5,315,601)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	29,573	19,579
Decrease in fixed deposits with maturity of more than three months	14,883,272	6,746,630
Interest from deposits with licensed banks	536,236	1,162,131
Increase in investment securities	(54,439)	(161,534)
Investment income	61,271	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	(667,482)	(35,114)
Purchase of investment properties	-	(131,642)
Dividend Income from associated company	150,000	330,000
Net cash used in investing activities	<u>14,938,431</u>	<u>10,391,585</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase and lease liabilities	(33,964)	(30,477)
Interest paid	<u>(4,017)</u>	<u>(2,523)</u>
Net cash used in financing activities	<u>(37,981)</u>	<u>(33,000)</u>
Net change in cash and cash equivalents	10,869,921	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>39,952,204</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	5,249,551	5,555,192
Deposits with licensed banks	<u>36,364,563</u>	<u>40,072,273</u>
	41,614,114	45,627,465
Less: Deposit with maturity more than three months	<u>(1,661,910)</u>	<u>(16,545,182)</u>
	<u><u>39,952,204</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 and financial period under review, other than repayment of hire purchase loan.
 The Group acquired hire purchase facility of RM177,900 as at 28 May 2021.

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 30 September 2021.

Analysis by activities	Records Management	IT Services	Others	Elimination	Total
	RM	RM	RM	RM	RM
Operating Revenue					
External sales	984,267	4,510,494	137,573	-	5,632,334
Inter-segment sales	-	4,380	-	(4,380)	-
Total operating revenue	984,267	4,514,874	137,573	(4,380)	5,632,334
Result					
Loss from operations before finance income	(804,290)	(748,071)	(2,490,346)	(14,353)	(4,057,061)
Finance income	12,626	24,764	498,846	-	536,236
Loss from operations	(791,664)	(723,307)	(1,991,500)	(14,353)	(3,520,825)
Finance costs	(982)	(4,323)	(1,791)	3,079	(4,017)
Share of result of associates	-	-	278,856	-	278,856
Loss before taxation	(792,646)	(727,630)	(1,714,435)	(11,274)	(3,245,986)
Income tax expense	(3,742)	(2,947)	(76,067)	-	(82,756)
Loss for the period	(796,388)	(730,577)	(1,790,502)	(11,274)	(3,328,742)
NCI	-	(27,669)	-	-	(27,669)
Total comprehensive loss for the period	(796,388)	(758,246)	(1,790,502)	(11,274)	(3,356,411)

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.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 : INTERIM FINANCIAL REPORTING

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 30 September 2021 were RM1,341,500.

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 30 September 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 30 September 2021 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	578	600	1,774	1,800
Provision of document archiving and related services to RRM	327,038	341,837	984,267	1,037,987
IT Services provided to RRM	118,887	104,207	339,866	271,248
IT Services provided to OTC	-	-	-	352,000
IT Services provided to TTL	-	-	511	-
Provision of RO water to OTC	1,984	3,533	7,587	13,933
Provision of RO water to RRM	-	-	204	-
Provision of security services by EPS	108,300	110,400	325,500	306,960
Renting of shoplot to TTL	11,550	-	50,050	-
Renting of office to RRM	14,244	-	33,236	-
Total	582,581	560,577	1,742,995	1,983,928

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	
	30.09.2021	30.09.2020			30.09.2021	30.09.2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	2,559	926	1,633	176.3%	5,632	3,309	2,323	70.2%
Loss from operations	(817)	(1,723)	906	-52.6%	(4,057)	(3,645)	(412)	11.3%
Loss before interest and tax	(817)	(1,723)	906	-52.6%	(4,057)	(3,645)	(412)	11.3%
Loss before tax for the financial period	(510)	(1,371)	861	-62.8%	(3,246)	(2,300)	(946)	41.1%
Loss after tax for the financial period	(590)	(1,374)	784	-57.1%	(3,329)	(2,317)	(1,012)	43.7%
Loss for the period attributable to:								
Equity holders of the parent	(592)	(1,374)	782	-56.9%	(3,357)	(2,282)	(1,075)	47.1%
Non-controlling interests	2	-	2		28	(35)	63	
	(590)	(1,374)	784	-57.1%	(3,329)	(2,317)	(1,012)	43.7%

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

The Group registered a revenue growth of RM2.3 million or approximately 70.2% higher than preceding year corresponding period of RM3.3 million. The increase was mainly due to improve performance by IT Services - Cybersecurity.

The Group recorded loss before tax of RM3.25 million compared to RM2.3 million loss in preceding year corresponding period. It was due to recognition of one-off gain on disposal of investment in securities in preceding year.

(b) Current Quarter Vs Preceding Year Corresponding Quarter

The revenue for current quarter was RM2.56 million compared to RM 0.93 million recorded in preceding year corresponding quarter. The increase was mainly contributed by IT Services - Cybersecurity due to completion of the implementation of few projects in current quarter.

Loss before taxation of RM0.51 million in current quarter was much lower as compared against RM1.37 million in preceding year corresponding quarter mainly due to higher revenue contribution from cybersecurity services.

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

As compared to immediate preceding quarter, revenue increased by 93.3% to RM2.56 million and loss before tax was lower due to higher revenue contribution from Cybersecurity services in current quarter.

	Current Quarter	Immediate Preceding Quarter	Variance	
	30.09.2021	30.06.2021	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	2,559	1,324	1,235	93.3%
Loss from operations	(817)	(1,591)	774	48.6%
Loss before interest and tax	(817)	(1,591)	774	48.6%
Loss before taxation	(510)	(1,418)	908	64.0%
Loss after tax for the quarter	(590)	(1,420)	830	58.5%
Loss for the period attributable to:				
Equity holders of the parent	(592)	(1,442)	850	58.9%
Non-controlling interests	2	22	(20)	
	(590)	(1,420)	830	58.4%

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

B3 Prospects

Market sentiment is expected to improve after Malaysia economy reopen and is recovering in stages. While the Group remain focus in expending its Records management and IT services, the Group remain cautious as Covid-19 cases are still high.

B4 Profit forecast or profit guarantee

This note is not applicable.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Current tax	(80,633)	(4,115)	(84,556)	(18,956)
Deferred tax	600	600	1,800	1,800
	(80,033)	(3,515)	(82,756)	(17,156)

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 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 30 September 2021.

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for	Deviation	Explanations
	RM' million	RM' million			
Proposed Distribution	12.1	12.1	Within 6 months	-	The Group is exploring new business opportunity
Development of the document management segment and/ or acquisition of viable new businesses and/ or assets	53.5	24.1	Within 18 months	55%	
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 RM177,900 as at 28 May 2021. The hire purchase loan balance as at 30 September 2021 is as follow:

	Short term	Long term	Total
	RM	RM	RM
Secured bank borrowings	41,369	125,925	167,294
Total	41,369	125,925	167,294

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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Basic Earnings Per Share				
Loss attributable to ordinary equity holders of the parent	(591,275)	(1,374,824)	(3,356,411)	(2,282,476)
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)	(0.19)	(0.47)	(0.32)

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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Loss for the period is arrived at after charging :				
Interest expense	2,354	593	4,017	2,007
Depreciation of property, plant and equipment	252,898	240,871	730,225	730,285
Depreciation of Investment properties	171,109	165,006	513,327	498,596
Depreciation of right of use asset	7,819	7,714	23,458	23,143
Loss on disposal of property, plant and equipment	-	-	-	102,916
Foreign exchange loss	8,990	379	18,374	379
Fair value loss on FVTPL financial assets	-	-	85,907	39,845
and after crediting :				
Interest income	170,925	252,809	536,236	951,423
Rental income	369,630	360,936	1,108,250	1,121,057
Other income including investment income	20,496	(23,007)	73,482	183,880
Gain on disposal of investment securities	-	-	-	1,175,541
Foreign exchange gain	-	2,999	765	3,460
Fair value gain on FVTPL financial assets	27,330	65,166	-	-

B12 Realised and unrealised profit/(loss)

Total retained profits of the Group comprised the following:

	30.09.2021	31.12.2020
	RM	RM
Realised	38,713,812	43,313,813
Unrealised	127,806	(1,157,396)
	<u>38,841,619</u>	<u>42,156,417</u>
Add consolidation adjustments	7,368,829	7,410,441
Total Group retained profits as per consolidated accounts	<u>46,210,447</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 29 November 2021.