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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 2022

EFFICIENT E-SOLUTIONS BERHAD Company No. 200301030059 (632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2022
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2022

	Individual Quarter		Cumulative Quarter	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM	RM	RM	RM
Revenue	4,316,512	1,749,799	4,316,512	1,749,799
Cost of sales	(2,886,965)	(1,023,034)	(2,886,965)	(1,023,034)
Gross profit	1,429,547	726,765	1,429,547	726,765
Other operating income	407,526	392,554	407,526	392,554
Administrative and operating expenses	(3,306,500)	(2,767,692)	(3,306,500)	(2,767,692)
Loss from operations	(1,469,427)	(1,648,373)	(1,469,427)	(1,648,373)
Finance costs	(2,025)	(526)	(2,025)	(526)
Interest income	181,517	195,294	181,517	195,294
Share of result of associates	156,182	135,531	156,182	135,531
Loss before tax	(1,133,753)	(1,318,074)	(1,133,753)	(1,318,074)
Income tax expense	(3,582)	(1,466)	(3,582)	(1,466)
Net loss for the period	(1,137,335)	(1,319,540)	(1,137,335)	(1,319,540)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(1,137,335)	(1,319,540)	(1,137,335)	(1,319,540)
Loss for the period attributable to :				
Equity holders of the parent	(1,136,831)	(1,323,767)	(1,136,831)	(1,323,767)
Non-controlling interests	(504)	4,227	(504)	4,227
	(1,137,335)	(1,319,540)	(1,137,335)	(1,319,540)
Total comprehensive loss for the period attributable to :				
Equity holders of the parent	(1,136,831)	(1,323,767)	(1,136,831)	(1,323,767)
Non-controlling interests	(504)	4,227	(504)	4,227
	(1,137,335)	(1,319,540)	(1,137,335)	(1,319,540)
Loss per share attributable to equity holders of the parent :				
Basic (sen)	(0.16)	(0.19)	(0.16)	(0.19)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021.)

EFFICIENT E-SOLUTIONS BERHAD Company No. 200301030059 (632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	(Unaudited) As at 31.03.2022	(Audited) As at 31.12.2021
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	26,393,375	26,557,650
Investment properties	38,972,450	39,143,081
Intangible assets	150,000	150,000
Investment in associated companies	6,289,735	6,358,554
Right of use asset	199,972	212,603
Contract assets	418,000	627,000
	72,423,532	73,048,888
Current assets		
Trade receivables	1,403,627	1,089,585
Other receivables	2,511,220	1,647,547
Tax recoverable	78,745	77,082
Contract assets	562,540	483,171
Investment securities	7,313,503	7,507,442
Deposits with licensed banks	29,857,289	29,871,823
Cash and bank balances	10,218,862	13,940,862
	51,945,786	54,617,512
Total assets	124,369,318	127,666,400
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	75,546,598	75,546,598
Retained earnings	45,051,059	46,187,890
	120,597,657	121,734,488
Non-controlling interest	180,103	180,607
Total equity	120,777,760	121,915,095
Non-current liabilities		
Contract liabilities	70,200	81,000
Hire purchase payable	91,011	125,925
Deferred tax liabilities	3,400	4,000
Lease liabilities	-	11,990
	164,611	222,915
Current liabilities		
Trade payables	556,123	746,518
Other payables	1,024,106	1,430,270
Contract liabilities	1,759,128	3,293,509
Hire purchase payable	60,039	33,298
Lease liabilities	26,423	22,409
Tax Payable	1,128	2,386
	3,426,947	5,528,390
Total liabilities	3,591,558	5,751,305
Total equity and liabilities	124,369,318	127,666,400

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021.)

EFFICIENT E-SOLUTIONS BERHAD Company No. 200301030059 (632479-H)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2022
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2022

	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 2021</u>								
As at 1 January 2021	75,546,598	-	-	-	49,566,858	125,113,456	147,214	125,260,670
Profit / (Loss) for the year	-	-	-	-	(3,378,968)	(3,378,968)	33,393	(3,345,575)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(3,378,968)	(3,378,968)	33,393	(3,345,575)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
As at 31 December 2021	75,546,598	-	-	-	46,187,890	121,734,488	180,607	121,915,095
<u>FINANCIAL PERIOD ENDED 31 MARCH 2022</u>								
As at 1 January 2022	75,546,598	-	-	-	46,187,890	121,734,488	180,607	121,915,095
Loss for the period	-	-	-	-	(1,136,831)	(1,136,831)	(504)	(1,137,335)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(1,136,831)	(1,136,831)	(504)	(1,137,335)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
As at 31 March 2022	75,546,598	-	-	-	45,051,059	120,597,657	180,103	120,777,760
(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021.)								

EFFICIENT E-SOLUTIONS BERHAD Company No. 200301030059 (632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2022
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 31 MARCH 2022

	31.03.2022	31.12.2021
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation:	(1,133,753)	(3,257,061)
Adjustments for:		
Depreciation of investment properties	170,630	684,435
Depreciation of property, plant and equipment	249,995	972,638
Depreciation of right of use asset	12,629	44,103
Fair value loss/(gain) on FVTPL financial assets	192,806	(126,275)
Dividend income	(16,947)	(29,573)
Interest income	(181,517)	(703,822)
Interest expenses	2,025	6,208
Investment income from investment securities	(2,890)	(81,833)
Share of results of associated companies	(156,182)	(473,857)
Reversal of allowance for expected credit losses	-	(95,704)
Operating loss before changes in working capital	<u>(863,204)</u>	<u>(3,060,741)</u>
(Increase)/Decrease in trade and other receivables	(1,595,719)	250,533
Changes in contract assets / liabilities	(1,063,127)	516,432
(Decrease)/Increase in trade and other payables	<u>(530,979)</u>	<u>765,679</u>
Cash generated used in operations	(4,053,029)	(1,528,097)
Tax paid, net of tax paid/refunded	<u>(7,098)</u>	<u>(98,582)</u>
Net cash used in operating activities	<u>(4,060,127)</u>	<u>(1,626,679)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	16,947	29,573
(Increase)/Decrease in fixed deposits with maturity of more than three months	(11,776,767)	9,317,956
Interest from deposits with licensed banks	181,517	703,822
Increase in investment securities	1,133	(73,521)
Investment income	2,890	81,833
Purchase of property, plant and equipment	(85,720)	-
Purchase of investment properties	-	(1,009,151)
Purchase of right of use assets	-	(14,501)
Dividend Income from associated company	225,000	150,000
Net cash used in investing activities	<u>(11,435,000)</u>	<u>9,186,011</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase and lease liabilities	(16,149)	(49,948)
Interest paid	<u>(2,025)</u>	<u>(6,208)</u>
Net cash used in financing activities	<u>(18,174)</u>	<u>(56,156)</u>
Net change in cash and cash equivalents	(15,513,301)	7,503,176
Cash and cash equivalents at beginning of the financial year	36,585,459	29,082,283
Cash and cash equivalents at end of the financial period*	<u>21,072,158</u>	<u>36,585,459</u>
*Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	10,218,862	13,940,862
Deposits with licensed banks	<u>29,857,289</u>	<u>29,871,823</u>
	40,076,151	43,812,685
Less: Deposit with maturity more than three months	<u>(19,003,993)</u>	<u>(7,227,226)</u>
	<u>21,072,158</u>	<u>36,585,459</u>
(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2021.)		

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 2021. 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 2021 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, other than repayment of hire purchase loan.

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 2022.

Analysis by activities	Records Management	IT Services	Others	Elimination	Total
	RM	RM	RM	RM	RM
Operating Revenue					
External sales	407,368	3,856,198	52,946	-	4,316,512
Inter-segment sales	-	1,500	-	(1,500)	-
Total operating revenue	407,368	3,857,698	52,946	(1,500)	4,316,512
Result					
Loss from operations before finance income	(220,089)	(216,283)	(1,028,813)	(4,242)	(1,469,427)
Finance income	2,915	11,181	167,421	-	181,517
Loss from operations	(217,174)	(205,102)	(861,392)	(4,242)	(1,287,910)
Finance costs	(458)	(1,563)	(737)	733	(2,025)
Share of result of associates	-	-	156,182	-	156,182
Loss before taxation	(217,632)	(206,665)	(705,947)	(3,509)	(1,133,753)
Income tax expense	(2,310)	(147)	(1,125)	-	(3,582)
Loss for the period	(219,942)	(206,812)	(707,072)	(3,509)	(1,137,335)
NCI	-	504	-	-	504
Total comprehensive loss for the period	(219,942)	(206,308)	(707,072)	(3,509)	(1,136,831)

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

The Group has incorporated an indirect wholly-owned subsidiary company namely Vigilant Asia Cybersecurity Pte Ltd on 25 April 2022. The principal activities of the said subsidiary are information technology cybersecurity consultancy, wholesale of cybersecurity software, hardware and peripheral equipment.

A11 Changes in contingent liabilities and contingent assets

The contingent liabilities for the Group as of 31 March 2022 were RM1,341,500.

A12 Capital commitments

The capital commitments of the Group for the purchase of property, plant and equipment as at 31 March 2022 are as follows :

Approved and contracted for :	RM'000
Property, plant and equipment	1,855,900
Investment Properties	-
	<u>1,855,900</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.
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 2022 are as follows:

	Individual Quarter		Cumulative Quarter	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM	RM	RM	RM
Provision of document archiving and related services by RRM	944	450	944	450
Provision of document archiving and related services to RRM	407,368	332,224	407,368	332,224
IT Services provided to RRM	95,811	90,446	95,811	90,446
IT Services provided to TTL	535	-	535	-
Provision of RO water to OTC	197	2,222	197	2,222
Provision of security services by EPS	101,700	108,000	101,700	108,000
Renting of shoplot to TTL	23,100	15,400	23,100	15,400
Renting of office to RRM	14,244	-	14,244	-
Total	643,899	548,742	643,899	548,742

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	
	31.03.2022	31.03.2021			31.03.2022	31.03.2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	4,317	1,750	2,567	146.7%	4,317	1,750	2,567	146.7%
Loss from operations	(1,469)	(1,648)	179	10.9%	(1,469)	(1,648)	179	10.9%
Loss before interest and tax	(1,469)	(1,648)	179	10.9%	(1,469)	(1,648)	179	10.9%
Loss before tax for the financial period	(1,134)	(1,318)	184	14.0%	(1,134)	(1,318)	184	14.0%
Loss after tax for the financial period	(1,138)	(1,320)	182	13.8%	(1,138)	(1,320)	182	13.8%
Loss for the period attributable to:								
Equity holders of the parent	(1,137)	(1,324)	187	14.1%	(1,137)	(1,324)	187	14.1%
Non-controlling interests	(1)	4	(5)		(1)	4	(5)	
	(1,138)	(1,320)	182	13.8%	(1,138)	(1,320)	182	13.8%

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

The Group recorded RM4.32 million revenue for the current quarter under review and loss before tax of RM1.14 million. The Group revenue was surged by 146.7% or RM2.57 million as compared to preceding year corresponding quarter, it was mainly contributed by higher sales from both IT services - cybersecurity and document storage segment.

The Group loss before tax was reduced by 13.8% due to higher revenue contribution during the quarter but was offset against lower margin of products mix, higher operating expenses and fair value loss adjustment.

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

The Group's revenue increased by 7.5% from RM4.01 million in immediate preceding quarter to RM4.32 million of current quarter mainly due to higher revenue recorded from both IT Services - cybersecurity and document management segment. The loss before tax for the quarter under review was higher due to lower margin of product mix, higher operating expenses and fair value gain recorded in immediate preceding quarter.

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.03.2022	31.12.2021	RM'000	%
Revenue	4,317	4,014	303	7.5%
Loss from operations	(1,469)	(371)	(1,098)	-296.0%
Loss before interest and tax	(1,469)	(371)	(1,098)	-296.0%
Loss before taxation	(1,134)	(11)	(1,123)	-10209.1%
Loss after tax for the quarter	(1,138)	(17)	(1,121)	-6594.1%
Loss for the period attributable to:				
Equity holders of the parent	(1,137)	(23)	(1,114)	-4843.5%
Non-controlling interests	(1)	6	(7)	
	(1,138)	(17)	(1,121)	-6594.1%

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

B3 Prospects

The re-opening of economy and border, the Group conservatively optimistic of the business prospect however, there's also some strong macroeconomic risk e.g. Ukraine war, rising inflation which could lead to possible global recession in the coming quarters.

B4 Profit forecast or profit guarantee

This note is not applicable.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM	RM	RM	RM
Current tax	(4,182)	(2,066)	(4,182)	(2,066)
Deferred tax	600	600	600	600
	(3,582)	(1,466)	(3,582)	(1,466)

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 2022 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 2022.

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	29.3	Within 18 months	45%	
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 31 March 2022 is as follow:

	Short term	Long term	Total
	RM	RM	RM
Secured bank borrowings	60,039	91,011	151,050
Total	60,039	91,011	151,050

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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM	RM	RM	RM
Basic Earnings Per Share				
Loss attributable to ordinary equity holders of the parent	(1,136,831)	(1,323,767)	(1,136,831)	(1,323,767)
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)	(0.16)	(0.19)	(0.16)	(0.19)

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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM	RM	RM	RM
Loss for the period is arrived at after charging :				
Interest expense	2,025	526	2,025	526
Depreciation of property, plant and equipment	249,995	228,646	249,995	228,646
Depreciation of Investment properties	170,630	171,109	170,630	171,109
Depreciation of right of use asset	12,629	7,819	12,629	7,819
Foreign exchange loss	25,748	2,464	25,748	2,464
Fair value loss on FVTPL financial assets	192,806	123,828	192,806	123,828
and after crediting :				
Interest income	181,517	195,294	181,517	195,294
Rental income	381,180	366,936	381,180	366,936
Other income including investment income	6,194	24,998	6,194	24,998
Foreign exchange gain	20,152	620	20,152	620

B12 Realised and unrealised profit/(loss)

Total retained profits of the Group comprised the following:

	31.03.2022	31.12.2021
	RM	RM
Realised	37,582,454	38,092,670
Unrealised	50,020	97,162
	<u>37,632,473</u>	<u>38,189,832</u>
Add consolidation adjustments	7,418,585	7,998,058
Total Group retained profits as per consolidated accounts	<u>45,051,059</u>	<u>46,187,890</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 26 May 2022.