(Company No: 592563-P)

QUARTERLY REPORT

On consolidated results for the first quarter ended 31 March 2006

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Income Statement for the first quarter ended 31 March 2006

	Note	Individual Quarter ended 31.03.2006 RM'000	Individual Quarter ended 31.03.2005 RM'000	Cumulative Quarter ended 31.03.2006 RM'000	Cumulative Quarter ended 31.03.2005 RM'000
Revenue	A10	55,294	32,542	55,294	32,542
Cost of sales/services provided		(39,220)	(17,209)	(39,220)	(17,209)
Gross profit		16,074	15,333	16,074	15,333
Other income		1,217	2,027	1,217	2,027
Selling and distribution expenses		(163)	(503)	(163)	(503)
Administration expenses		(9,735)	(11,077)	(9,735)	(11,077)
Other expenses		(2,293)	(2,783)	(2,293)	(2,783)
Profit from operations		5,100	2,997	5,100	2,997
Finance costs		(959)	(683)	(959)	(683)
Profit before taxation	A10	4,141	2,314	4,141	2,314
Taxation	B5	(1,356)	(1,378)	(1,356)	(1,378)
Profit for the period		2,785	936	2,785	936
Attributable to:					
Equity holders of the parent		2,710	1,338	2,710	1,338
Minority interests		75	(402)	75	(402)
		2,785	936	2,785	936
Earnings per share attributable to equity holders of the parent (sen)					
- Basic	B13	0.41	0.20	0.41	0.20
- Diluted	B13	0.41	0.20	0.41	0.20

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

(Company No: 592563-P)

Unaudited Condensed Consolidated Balance Sheet

	Note	Unaudited 31.03.2006 RM'000	Audited 31.12.2005 RM'000 (restated)
ASSETS			
Non-current Assets			
Property, plant and equipment	A11	31,874	30,480
Investment property		7,245	7,264
Other investment		1,234	1,234
Other intangible assets		10,221	10,766
Goodwill		93,786	93,786
Deferred taxation		2,285	2,456
		146,645	145,986
Current assets			
Inventories		1,200	1,106
Trade and other receivables		103,298	112,706
Tax recoverable		6,058	4,599
Marketable securities		9	8
Cash and bank balances		34,838	36,030
		145,403	154,449
TOTAL ASSETS		292,048	300,435
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		66,000	66,000
Reserves		105,497	102,811
		171,497	168,811
Minority interests		14,298	14,247
Total equity		185,795	183,058
Non-current liabilities			
Borrowings	B9	28,127	27,628
Deferred taxation		438	439
		28,565	28,067
Current liabilities			
Trade and other payables		39,063	50,252
Borrowings	B9	34,588	35,353
Taxation		4,037	3,705
		77,688	89,310
Total liabilities		106,253	117,377
TOTAL EQUITY AND LIABILITIES		292,048	300,435
		RM	RM
Net assets per share		0.28	0.28

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

Symphony House

(Company No: 592563-P)

Unaudited Condensed Consolidated Statement of Changes in Equity for the first quarter ended 31 March 2006

Group	Share Capital RM'000	Share premium RM'000	Translation reserve RM'000	Warrant reserve RM'000	Other reserve RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
	<-- Attributable to shareholders of the Company						-->		
		<-- Non Distributable			-->	Distributable			
At 1 January 2005	66,000	61,777	79	560	-	29,338	157,754	8,130	165,884
Foreign currency translation, representing net expense recognised directly in equity	-	-	(32)	-	-	-	(32)	(9)	(41)
Issuance of shares by a subsidiary to a minority interest	-	-	-	-	-	-	-	1,870	1,870
Purchase of shares from a minority interest	-	-	-	-	-	-	-	(3,330)	(3,330)
Net profit for the period	-	-	-	-	-	1,338	1,338	(402)	936
Dividend	-	-	-	-	-	(7,128)	(7,128)	-	(7,128)
At 31 March 2005	66,000	61,777	47	560	-	23,548	151,932	6,259	158,191
At 1 January 2006 (as previously stated)	66,000	61,777	81	560	-	40,393	168,811	14,247	183,058
Prior year adjustments									
Effects of adopting FRS 2	-	-	-	-	123	(123)	-	-	-
At 1 January 2006 (restated)	66,000	61,777	81	560	123	40,270	168,811	14,247	183,058
Foreign currency translation, representing net expense recognised directly in equity	-	-	(58)	-	-	-	(58)	(24)	(82)
Share-based payment under ESOS	-	-	-	-	34	-	34	-	34
Net profit for the period	-	-	-	-	-	2,710	2,710	75	2,785
At 31 March 2006	66,000	61,777	23	560	157	42,980	171,497	14,298	185,795

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Cash Flow Statement for first quarter ended 31 March 2006

	Quarter ended 31.03.2006 RM'000	Quarter ended 31.03.2005 RM'000
Net cash generated from operating activities	3,393	5,470
Net cash used in investing activities	(2,397)	(3,075)
Net cash generated from financing activities	(3,644)	(7,740)
Net decrease in cash and cash equivalents	(2,648)	(5,345)
Effects of exchange rate changes	66	(39)
Cash and cash equivalents at beginning of financial year	35,263	35,709
Cash and cash equivalents at end of financial period*	32,681	30,325

***Cash and cash equivalents at the end of the financial period comprise the following:**

Cash and cash equivalents	34,838	32,769
Deposit with a financial institution	-	949
	34,838	33,718
Bank overdrafts (included within short term borrowings)	(1,390)	-
Deposits pledged for bank guarantees	(767)	(3,393)
Cash and cash equivalents per cash flow statement	32,681	30,325

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

SYMPHONY HOUSE BERHAD
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Notes on the quarterly report - 31 March 2006

A. EXPLANATORY NOTES AS PER FRS STANDARD NO. 134

A1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjuction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

A2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") issued by Malaysian Accounting Standard Board effective for financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The following sets out further information on the changes in accounting policies which have been reflected in this interim financial report.

A2. Changes in accounting policies (cont'd.)

(a) FRS 2 : Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity. The Company operates an equity-settled, share-based compensation plan for the employees of the Group, the Symphony House Berhad Employee Share Options Scheme ("ESOS"). Prior to 1 January 2006, no compensation expense was recognised in profit or loss for the share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using a Black Scholes model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet vested on 1 January 2006. The application is retrospective and accordingly, the comparative amounts as at 31 December 2005 are restated and the opening balance of retained earnings as at 1 January 2006 has been adjusted. The financial impact to the Group arising from this change in accounting policy is as follows:

	As at 1.1.2006
	RM'000
Decrease in retained earnings	(123)
Increase in equity compensation reserve (included within other reserves)	123

	Individual & cumulative quarter ended	
	31.03.2006	31.03.2005
	RM'000	RM'000
Decrease in profit for the period	34	-

As disclosed in Note A3, certain comparatives have been restated due to this change in accounting policy.

(b) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

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A2. Changes in accounting policies (cont'd.)

(c) FRS 140 : Investment Property

The adoption of this new FRS has affected the presentation of a freehold land and building. In the balance sheet of the Group, the freehold land and building is now reclassified as Investment Property as it is held to earn rentals or for capital appreciation or both. There is no change on the accounting policy as the Group measures its investment property using the cost model. Investment property is stated at cost less accumulated depreciation and impairment losses. The adoption of FRS 140 does not have significant financial impact on the Group.

A3. Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

		<----------Adjustments---------->		
		FRS 2	FRS 140	
	Previously stated	Note A2 (a)	Note A2 (c)	Restated
	RM'000	RM'000	RM'000	RM'000
At 31 December 2005				
Property, plant and equipment	37,744	-	(7,264)	30,480
Investment property	-	-	7,264	7,264
Retained earnings	40,393	(123)	-	40,270
Other reserves	-	123	-	123

The adoption of FRS 2, Share-based Payment, did not have any financial impact on the first quarter ended 31 March 2005 as the vesting condition was not satisfied.

A4. Auditors' report on preceeding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

A5. Comments about seasonal or cyclical factors

The Group's interim operations were not affected by seasonal or cyclical factors.

A6. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review except as disclosed in Note A2.

A7. Changes in estimates

There were no changes in estimates that have had a material effect on the results in the quarter under review.

A8. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review.

A9. Dividends paid

No dividends were paid during the quarter under review.

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A10. Segmental reporting

Primary reporting format	Quarter ended 31.03.2006		Quarter ended 31.03.2005	
Business segments	Revenue RM'000	Profit before taxation RM'000	Revenue RM'000	Profit before taxation RM'000
Investment holding	771	413	905	(170)
IT Services	34,020	2,225	13,767	1,867
Managed Services	21,436	2,432	20,526	1,039
	56,227	5,070	35,198	2,736
Inter-segment eliminations	(933)	(10)	(2,656)	15
	55,294	5,060	32,542	2,751
Finance costs	-	(959)	-	(683)
Interest income	-	40	-	246
	55,294	4,141	32,542	2,314

A11. Carrying amount of revalued assets
The Group did not carry out any valuation on its property, plant and equipment.

A12. Material events subsequent to the balance sheet date
There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements except as indicated in Note B8.

A13. Changes in the composition of the Group
There were no changes in the composition of the Group during the quarter under review.

A14. Changes in contingent liabilities or contingent assets
As at 18 May 2006, there were no material changes in contingent liabilities or contingent assets since the last annual audited balance sheet as at 31 December 2005.

A15. Capital commitments
The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2006 is as follows:

	RM '000
Approved but not contracted for	8,562
Approved and contracted for	332
	8,894

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of group results for the quarter and financial year ended 31 March 2006

The Group recorded revenue and profit before taxation ("PBT") for the quarter ended 31 March 2006 of approximately RM55.3 million and RM4.1 million respectively. This is an increase of 70% and 79% respectively when compared to the same quarter of the last financial year. The increase in revenue and PBT for the quarter under review was largely due to higher contribution by the IT division and BPO business unit and an unrealised foreign exchange gain on the USD term loan of approximately RM1.0 million.

B2. Variation of results against the preceding quarter

PBT for the quarter ended 31 March 2006 decreased by 52% to approximately RM4.1 million as compared to RM8.6 million for the quarter ended 31 December 2005. The decrease in PBT was mainly due to lower contribution by both the Information Technology and Managed Services divisions during the quarter under review compared to the preceding quarter.

B3. Prospects for the Year 2006

Barring any unforeseen circumstances, the Directors anticipate that the performance of the Group for 2006 will be satisfactory due to expected higher contributions from the business process outsourcing unit.

B4. Profit forecast

Not applicable as the Company has not provided a profit forecast for the year under review.

B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
	RM'000	RM'000	RM'000	RM'000
In respect of the current period				
Malaysian income tax	1,186	1,314	1,186	1,314
Deferred taxation	170	64	170	64
	1,356	1,378	1,356	1,378

The effective tax rate for the quarter under review is higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

B6. Sale of unquoted investments and/or properties

There were no disposal of unquoted investments or properties during the quarter under review.

B7. Quoted and marketable securities

There were no acquisition or disposal of quoted investments during the quarter under review.
Details of investment in quoted and marketable securities held by the Group as at 31 March 2006 are as follows:

	RM '000
Cost	1,261
Carrying value	1,243
Market value	2,116

B8. Status of corporate proposals as at 18 May 2006

(a) **Conditional Voluntary Offer By Bolton Berhad ("Offer")**

On 18 July 2005, the Company received a Notice of Voluntary Offer from Bolton Berhad ("Bolton") through Commerce International Merchant Bankers Berhad ("CIMB"), for the following:

(i) to acquire the remaining 527,953,704 ordinary shares of RM0.10 each in the Company ("Symphony Shares") representing 79.99% of the issued and paid-up share capital of the Company as at 15 July 2005;
(ii) any new Symphony Shares that may be allotted and issued by the Company up to the close of the Offer following the exercise of options granted by the Company to its employees under its employee share option
(iii) any new Symphony Shares that may be allotted and issued by the Company up to the close of the Offer following the exercise of any outstanding warrant in the Company; and
(iv) all outstanding warrants in the Company.

However, on 7 April 2006, Bolton informed the Company that the Offer was not approved by its shareholders and subsequently on 11 May 2006, Bolton informed that the Securities Commission ("SC") has approved its application to withdraw the Offer under the Malaysian Code on Take-Overs and Mergers, 1998.

(b) **Proposed Murabahah Islamic Commercial Papers ("CP")/ Islamic Medium Term Notes ("MTN") Programme of up to RM100 million in nominal value ("the Proposal")**

On 31 March 2006, the Company proposed to establish a Murabahah CP/MTN Programme of up to RM100 million in nominal value.

The proceeds to be raised from the Proposal will be utilised as follows:

(i) to finance future assets acquisitions;
(ii) to refinance certain bank borrowings of the Company and/or its subsidiaries ("Group"); and
(iii) for general funding requirements of the Group.

On 27 April 2006, SC has approved the Islamic CP/MTN Programme subject to the terms and conditions, the provision of relevant information and documentation to the SC prior to issuance of the Islamic CP/MTN and appropriate disclosure of information to potential investors and relevant parties as stated in SC's approval letter.

(c) **Proposed Employee Share Option Scheme for eligible Senior Management of Vsource Asia Sdn Bhd ("VsAsia") and its Group of Companies ("Proposed VsAsia ESOS")**

On 5 May 2006, the Company proposed to implement an employee share option for eligible senior management of VsAsia and its Group of Companies ("VsAsia Group") allowing them to subscribe for new ordinary shares of RM1.00 each in VsAsia ("VsAsia Shares") at the exercise price of RM413.49 per VsAsia Share, subject to adjustment as may be permitted under the By-Laws governing the Proposed VsAsia ESOS.

The total number of new VsAsia Shares to be issued under the Proposed VsAsia ESOS shall not exceed five percent (5%) of the total issued and paid-up share capital of VsAsia at the time of offer. The proceeds from the exercise of the Options by the eligible senior management of VsAsia amounting to RM7.2 million (based on 17,390 new VsAsia Shares to be exercised at RM413.49 per VsAsia Share), will be used for working capital purpose.

The Proposed VsAsia ESOS is conditional upon the approval of the Company's and VsAsia's shareholders at extraordinary general meetings to be convened and is expected to be completed by the second quarter of 2006.

B9. Group borrowings

Group borrowings as at 31 March 2006 were as follows:

	RM'000	RM'000
Short term		
Hire purchase and finance lease	1,358	
Bank overdrafts	1,390	
Revolving credit and trust receipts	16,165	
Term loans	15,675	34,588
Long term		
Hire purchase and finance lease	2,440	
Term loans	25,687	28,127
		62,715

As at 31 March 2006, there were no material changes on the securities of term loans and trust receipts since the last annual audited balance sheet as at 31 December 2005.

	USD'000	RM'000 equivalent
Borrowings denominated in foreign currency - United States Dollars	10,455	38,567

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 18 May 2006 except for the following:

(i) Put Option to Employees Provident Fund Board ("EPF"), as disclosed in the last annual audited financial statements as at 31 December 2005; and

(ii) Forward collar foreign exchange contracts

		Notional amount RM'000
Forward collar foreign exchange contracts	- Within 1 year	8,288

The settlement dates of these forward contracts range between 1 and 4 months.

Credit risk, or the risk of counterparties defaulting, is controlled by limiting the Group's association to creditworthy financial institutions in Malaysia.

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Exposure to market risk may be reduced through offsetting on and off balance sheet positions.

There are no significant credit and market risks posed by the above off balance sheet financial instruments.

Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of foreign currency monetary assets and liabilities are included in the income statement.

B11. Material litigation

On 11 October 2004, the Company was served with a writ of summons and statement of claim by Tam Kut Hing against the Company as second defendant. On the advice of its lawyers, the Company is of the view that the suit is without merit and the Company does not expect any material adverse financial impact or material losses to the Group arising from the suit.

As at 18 May 2006, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group.

SYMPHONY HOUSE BERHAD
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B12. Dividends

There were no dividends declared or paid during the quarter under review.

B13. Earnings per share ("EPS")

	Individual quarter ended		Cumulative quarter ended	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Basic EPS				
Net profit for the period (RM'000)	2,710	1,338	2,710	1,338
Weighted average number of ordinary shares in issue ('000)	660,000	660,000	660,000	660,000
Basic EPS (sen)	0.41	0.20	0.41	0.20
Diluted EPS				
Net profit for the period (RM'000)	2,710	1,338	2,710	1,338
Weighted average number of ordinary shares in issue ('000)	660,000	660,000	660,000	660,000
Basic EPS (sen)	0.41	0.20	0.41	0.20

There is no dilutive effect on the EPS of the Group of the assumed conversion of the warrants and the exercise of the ESOS due to the exercise price of the warrants and the ESOS being higher than the average fair value of the ordinary shares.

By the Order of the Board

Chin Ngeok Mui
Company Secretary
24 May 2006