(Company No: 592563-P)

QUARTERLY REPORT

On consolidated results for the year ended 31 December 2006

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Income Statement for the year ended 31 December 2006

	Note	Individual Quarter ended 31.12.2006 RM'000	Individual Quarter ended 31.12.2005 RM'000 (restated)	Cumulative Quarter ended 31.12.2006 RM'000	Cumulative Quarter ended 31.12.2005 RM'000 (restated)
Revenue	A10	66,275	67,019	218,393	197,672
Cost of sales/services provided		(52,018)	(42,188)	(153,899)	(125,059)
Gross profit		14,257	24,831	64,494	72,613
Other income		3,578	354	5,005	4,685
Selling and distribution expenses		(424)	502	(1,222)	(987)
Administration expenses		(13,363)	(10,520)	(42,621)	(39,824)
Other expenses		(10,429)	(5,768)	(18,495)	(14,697)
Profit from operations		(6,381)	9,399	7,161	21,790
Finance costs		(1,707)	(844)	(5,229)	(2,874)
Profit before taxation	A10	(8,088)	8,555	1,932	18,916
Taxation	B5	3,713	2,919	856	(418)
Profit for the period		(4,375)	11,474	2,788	18,498
Attributable to:					
Equity holders of the parent		(4,607)	10,285	2,116	18,060
Minority interests		232	1,189	672	438
		(4,375)	11,474	2,788	18,498
Earnings per share attributable to equity holders of the parent (sen)					
- Basic	B13	(0.70)	1.56	0.32	2.74
- Diluted	B13	(0.70)	1.56	0.32	2.74

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.

Symphony House

(Company No: 592563-P)

Unaudited Condensed Consolidated Balance Sheet

	Note	Unaudited 31.12.2006 RM'000	Audited 31.12.2005 RM'000 (restated)
ASSETS			
Non-current Assets			
Property, plant and equipment	A11	37,451	30,480
Investment property		6,130	7,264
Other investment		1,234	1,234
Other intangible assets		8,095	10,766
Goodwill		105,705	93,786
Deferred taxation		1,709	2,456
		160,324	145,986
Current assets			
Inventories		2,401	1,106
Trade and other receivables		124,883	70,945
Due from contract customers		36,064	41,761
Tax recoverable		10,658	4,599
Marketable securities		10	8
Cash and bank balances		55,866	36,030
		229,882	154,449
TOTAL ASSETS		390,206	300,435
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		66,000	66,000
Reserves		160,708	102,811
		226,708	168,811
Minority interests		14,878	14,247
Total equity		241,586	183,058
Non-current liabilities			
Borrowings	B9	29,717	27,628
Deferred taxation		331	439
		30,048	28,067
Current liabilities			
Trade and other payables		58,809	50,252
Borrowings	B9	58,259	35,353
Taxation		1,504	3,705
		118,572	89,310
Total liabilities		148,620	117,377
TOTAL EQUITY AND LIABILITIES		390,206	300,435
		RM	RM
Net assets per share		0.37	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.

(Company No: 592563-P)

Unaudited Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2006

Group	Note	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		-	-	2	-	-	-	2	(1)	1
Issuance of shares by subsidiaries to minority interest		-	-	-	-	-	-	-	9,010	9,010
Purchase of shares from a minority interest		-	-	-	-	-	-	-	(3,330)	(3,330)
Net profit for the period		-	-	-	-	-	18,060	18,060	438	18,498
Dividend		-	-	-	-	-	(7,128)	(7,128)	-	(7,128)
Share-based payment under ESOS		-	-	-	-	123	-	123	-	123
At 31 December 2005		66,000	61,777	81	560	123	40,270	168,811	14,247	183,058
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		-	-	(589)	-	-	-	(589)	(41)	(630)
Share-based payment under ESOS		-	-	-	-	54	-	54	-	54
Effect of recognising profit guarantee	B4	-	-	-	-	63,476	-	63,476	-	63,476
Net profit for the period		-	-	-	-	-	2,116	2,116	672	2,788
Dividend		-	-	-	-	-	(7,160)	(7,160)	-	(7,160)
At 31 December 2006		66,000	61,777	(508)	560	63,653	35,226	226,708	14,878	241,586

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 year ended 31 December 2006

	Year ended 31.12.2006 RM'000	Year ended 31.12.2005 RM'000
Net cash generated from/(used in) operating activities	36,645	(4,896)
Net cash used in investing activities	(27,686)	(14,028)
Net cash generated from financing activities	10,208	18,394
Net increase/(decrease) in cash and cash equivalents	19,167	(530)
Effects of exchange rate changes	(544)	84
Cash and cash equivalents at beginning of financial year	35,263	35,709
Cash and cash equivalents at end of financial year*	53,886	35,263

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

Cash and cash equivalents	55,866	36,030
Bank overdrafts (included within short term borrowings)	(1,143)	-
Deposits pledged for bank guarantees	(837)	(767)
Cash and cash equivalents per cash flow statement	53,886	35,263

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.

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.

(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.

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

(a) FRS 2 : Share-based Payment (cont'd)

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 quarter ended		Cumulative quarter ended	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	RM'000	RM'000	RM'000	RM'000
(Increase)/decrease in profit for the period	(4)	34	54	123

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.

(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.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes on the quarterly report - 31 December 2006

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 reserve	-	123	-	123
3 months ended 31 December 2005				
Administrative expenses	(10,486)	(34)	-	(10,520)
Profit before taxation	8,589	(34)	-	8,555
Profit for the period	11,508	(34)	-	11,474
Year ended 31 December 2005				
Administrative expenses	(39,701)	(123)	-	(39,824)
Profit before taxation	19,039	(123)	-	18,916
Profit for the year	18,621	(123)	-	18,498

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 and an impairment loss on the investment property of approximately RM1.1 million.

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 except that on 29 December 2006, the Company completed the second issuance of Murabahah Islamic Commercial Papers (“CP”) with an issue size of RM10.0 million in nominal value.

A9. Dividends paid

No dividends were paid during the quarter under review.

A10. Segmental reporting

Primary reporting format

Business segments	Year ended 31.12.2006 Revenue RM'000	Year ended 31.12.2006 Profit before taxation RM'000	Year ended 31.12.2005 Revenue RM'000	Year ended 31.12.2005 Profit before taxation RM'000
Investment holding	11,266	6,480	19,470	17,019
IT Services	115,686	(3,112)	117,162	8,310
Managed Services	105,863	11,173	89,685	10,380
	232,815	14,541	226,317	35,709
Inter-segment eliminations	(14,422)	(7,918)	(28,645)	(14,410)
	218,393	6,623	197,672	21,299
Finance costs	-	(5,229)	-	(2,874)
Interest income	-	538	-	491
	218,393	1,932	197,672	18,916

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

The Company has on 5 January 2007 incorporated a new subsidiary, Symphony Assets Sdn Bhd ("SASB") and subscribed for the entire issued and paid-up capital of SASB, comprising two (2) ordinary shares of RM1.00 each, for a cash consideration of RM2.00. The principal activity of SASB will be an investment holding company.

Other than the above and as disclosed in Note B8, there were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements.

A13. Changes in the composition of the Group

On 21 December 2006, Vsource Asia Sdn Bhd, a subsidiary of the Company, incorporated a new subsidiary Vsource Asia (S) Pte Ltd ("Vsource Singapore") and subscribed for the entire issued and paid-up capital of Vsource Singapore, comprising two (2) ordinary shares of S$1.00 each, for a cash consideration of S$2.00. The principal activity of Vsource Singapore will be business process outsourcing.

A14. Changes in contingent liabilities or contingent assets

As at 31 December 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 December 2006 is as follows:

	RM '000
Approved but not contracted for	12,311
Approved and contracted for	1,329
	13,640

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

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

The Group recorded revenue and loss before taxation for the quarter ended 31 December 2006 of approximately RM66.3 million and RM8.0 million respectively. Revenue was slightly lower by 1% but the Group recorded a loss for the quarter when compared to the same quarter of the last financial year.

For the financial year ended 31 December 2006, the Group's revenue and PBT amounted to approximately RM218.4 million and RM1.9 million respectively. Revenue increased by 10% mainly due to higher contribution by the business process outsourcing unit. However, PBT decreased by 90% as compared to the previous financial year. This was mainly due to lower GP margin recorded by the IT Division as a result of margin pressures, implementation complexities and long sales cycle and also due to IT Division's impairment loss on investment property and provision for doubtful debts and higher borrowing costs for the year and quarter under review as compared to the last financial year and the same quarter of the last financial year.

The Group's net cash generated from operating activities improved to RM36.6 million as compared to net cash used in operating activities of RM4.9 million in the previous financial year mainly due to improvement in collections.

B2. Variation of results against the preceding quarter

For the quarter ended 31 December 2006, the Group recorded loss before taxation of RM8.0million compared to profit before taxation ("PBT") of RM1.4 million for the quarter ended 30 September 2006. The decrease in PBT was mainly due to the lower contribution, impairment losses and provisions made by the IT division.

B3. Prospects for the Year 2007

As announced by the Company today, the Group is repositioning its business to focus on business process outsourcing services through the proposed divestment of its IT business as set out in Note B8.

The directors are of the view that the new strategic direction of the Group will provide a platform for sustainable and stable earnings in an industry that has healthy growth and prospects.

B4. Profit guarantee

Pursuant to the Share Sale Agreement between Noble Midah Sdn Bhd, Bolton Berhad ("Bolton") and the Company dated 12 August 2003 ("SSA") for the acquisition of Symphony Global Sdn Bhd and its Group of Companies ("SGSB Group"), Bolton has granted the Company a profit guarantee of RM75.0 million on SGSB Group's profit after taxation ("PAT") for the financial years ended 31 December 2004, 31 December 2005 and 31 December 2006 ("the Guaranteed Financial Years").

For the Guaranteed Financial Years, based on SGSB Group's audited PAT, there is a shortfall in the PAT of approximately RM63.5 million. Accordingly, the Company has via a letter dated 12 February 2007 called upon Bolton to make good the shortfall within the time period provided for in the SSA. This amount is reflected in the balance sheet under trade and other receivables.

B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	RM'000	RM'000	RM'000	RM'000
In respect of the current period				
Malaysian income tax	(4,358)	(711)	(1,286)	3,176
In respect of prior years				
Malaysian income tax	(39)	(82)	(404)	(794)
Foreign taxation	-	5	-	5
	(4,397)	(788)	(1,690)	2,387
Deferred taxation	684	(2,131)	834	(1,969)
Tax expense/(reversal)	(3,713)	(2,919)	(856)	418

The effective tax rate for the quarter and year under review was lower than the statutory tax rate mainly due to the non provision of income tax by a subsidiary which has been granted an income tax free period as a result of it being awarded the Multimedia Super Corridor ("MSC") status and a tax incentive granted to the Company for the acquisition of a foreign company.

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 December 2006 are as follows:

	RM '000
Cost	1,261
Carrying value	1,244
Market value	1,167

B8. Status of corporate proposals as at 27 February 2007

On 27 February 2007, the Company entered into sale and purchase agreements for the following:

a) disposal of 100% interest in Symphony Global Sdn Bhd Group to Computer Sense Sdn Bhd for a cash consideration of RM35 million;

b) disposal of 100% interest in Symphony Global Technologies Sdn Bhd to Encik Jasmy bin Ismail and Kamariah binti Mohd Ali for a cash consideration of RM10 million;

c) disposal of 100% interest in Symphony Capital Sdn Bhd ("SCSB") to Encik Ahmad Zulqarnain bin Che On for a cash consideration equivalent to the net tangible assets of SCSB at the close of the month end immediately preceding the completion of the disposal ("Management Accounts Date"). For the purposes of illustration, the net tangible assets of SCSB as at 31 January 2007 was RM501,000.

The above disposals are expected to be completed during the first half of this year, and subject to the necessary approvals being obtained.

B9. Group borrowings

Group borrowings as at 31 December 2006 were as follows:	RM'000
Short term borrowings	58,259
Long term borrowings	29,717
	87,976

As at 31 December 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	8,364	29,532

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 21 February 2007 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	2,654

The settlement dates of these forward contracts range between 1 and 2 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

a) 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.

b) On 13 December 2006, a subcontractor to Symphony Solutions Gateway Sdn Bhd ("SSG"), a subsidiary of the Company filed a law suit against the subsidiary for wrongful termination of contract. On the advice of SSG's lawyers, the Company is of the view that SSG has a good defense and as such, the possibility of any outflow of settlement is remote.

As at 21 February 2007, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group.

B12. Dividends

No interim ordinary dividend has been declared for the financial year ended 31 December 2006.

B13. Earnings per share ("EPS")

	Individual quarter ended		Cumulative quarter ended	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Basic EPS				
Net profit for the period (RM'000)	(4,607)	10,285	2,116	18,060
Weighted average number of ordinary shares in issue ('000)	660,000	660,000	660,000	660,000
Basic EPS (sen)	(0.70)	1.56	0.32	2.74
Diluted EPS				
Net profit for the period (RM'000)	(4,607)	10,285	2,116	18,060
Weighted average number of ordinary shares in issue ('000)	660,000	660,000	660,000	660,000
Basic EPS (sen)	(0.70)	1.56	0.32	2.74

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
27 February 2007