

QUARTERLY REPORT

On consolidated results for the quarter ended 31 March 2007

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Income Statement for the first quarter ended 31 March 2007

	Note	Individual Quarter ended		Cumulative Quarter ended	
		31.03.2007	31.03.2006	31.03.2007	31.03.2006
		RM'000	RM'000	RM'000	RM'000
			(restated)		(restated)
Continuing Operations					
Revenue	A9	32,514	22,666	32,514	22,666
Cost of sales/services provided		(19,680)	(13,331)	(19,680)	(13,331)
Gross profit		<u>12,834</u>	<u>9,335</u>	<u>12,834</u>	<u>9,335</u>
Other income		473	1,206	473	1,206
Selling and distribution expenses		(146)	(44)	(146)	(44)
Administration expenses		(7,848)	(7,096)	(7,848)	(7,096)
Other expenses		(2,186)	(1,421)	(2,186)	(1,421)
Profit from operations		<u>3,127</u>	<u>1,980</u>	<u>3,127</u>	<u>1,980</u>
Finance costs		(1,084)	(684)	(1,084)	(684)
Profit before taxation	A9	<u>2,043</u>	<u>1,296</u>	<u>2,043</u>	<u>1,296</u>
Taxation	B5	(620)	(443)	(620)	(443)
Profit for the period from continuing operations		<u>1,423</u>	<u>853</u>	<u>1,423</u>	<u>853</u>
Discontinued Operations					
Profit for the period from discontinued operations	A14	(536)	1,932	(536)	1,932
Profit for the period		<u>887</u>	<u>2,785</u>	<u>887</u>	<u>2,785</u>
Attributable to:					
Equity holders of the parent		491	2,710	491	2,710
Minority interests		396	75	396	75
		<u>887</u>	<u>2,785</u>	<u>887</u>	<u>2,785</u>
Earnings per share attributable to equity holders of the parent (sen):					
- Basic, for profit from continuing operations	B13	0.16	0.12	0.16	0.12
- Basic, for profit from discontinued operations	B13	(0.08)	0.29	(0.08)	0.29
- Basic, for profit for the period	B13	<u>0.07</u>	<u>0.41</u>	<u>0.07</u>	<u>0.41</u>
- Diluted, for profit from continuing operations	B13	0.16	0.12	0.16	0.12
- Diluted, for profit from discontinued operations	B13	(0.08)	0.29	(0.08)	0.29
- Diluted, for profit for the period	B13	<u>0.07</u>	<u>0.41</u>	<u>0.07</u>	<u>0.41</u>

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Balance Sheet

	Note	Unaudited 31.03.2007 RM'000	Audited 31.12.2006 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A10	34,094	37,451
Investment property		-	6,130
Other investment		1,234	1,234
Other intangible assets		5,253	8,095
Goodwill		103,288	105,705
Deferred taxation		1,197	1,709
		<u>145,066</u>	<u>160,324</u>
Current assets			
Inventories		289	2,401
Trade and other receivables		41,257	124,883
Due from contract customers		-	36,064
Tax recoverable		6,905	10,658
Marketable securities		10	10
Cash and bank balances		82,359	55,866
		<u>130,820</u>	<u>229,882</u>
Assets of disposal group classified as held for sale	A14	98,285	-
		<u>229,105</u>	<u>229,882</u>
TOTAL ASSETS		<u><u>374,171</u></u>	<u><u>390,206</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		66,000	66,000
Reserves		156,680	160,708
		<u>222,680</u>	<u>226,708</u>
Minority interests		15,274	14,878
Total equity		<u>237,954</u>	<u>241,586</u>
Non-current liabilities			
Borrowings	B9	36,991	29,717
Deferred taxation		61	331
		<u>37,052</u>	<u>30,048</u>
Current liabilities			
Trade and other payables		16,069	58,809
Borrowings	B9	28,490	58,259
Taxation		1,696	1,504
		<u>46,255</u>	<u>118,572</u>
Liabilities directly associated with the assets classified as held for sale	A14	52,910	-
		<u>99,165</u>	<u>118,572</u>
Total liabilities		<u>136,217</u>	<u>148,620</u>
TOTAL EQUITY AND LIABILITIES		<u><u>374,171</u></u>	<u><u>390,206</u></u>
		RM	RM
Net assets per share		<u>0.36</u>	<u>0.37</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity for the first quarter ended 31 March 2007

Group	Note	←----- Attributable to shareholders of the Company ----->						Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		Share Capital RM'000	Share premium RM'000	Translation reserve RM'000	Warrant reserve RM'000	Share option reserve RM'000	Other reserve RM'000				
At 1 January 2006		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)
Net profit for the period		-	-	-	-	-	-	2,710	2,710	75	2,785
Share-based payment under ESOS		-	-	-	-	34	-	-	34	-	34
At 31 March 2006		<u>66,000</u>	<u>61,777</u>	<u>23</u>	<u>560</u>	<u>157</u>	<u>-</u>	<u>42,980</u>	<u>171,497</u>	<u>14,298</u>	<u>185,795</u>
At 1 January 2007		66,000	61,777	(508)	560	177	63,476	35,226	226,708	14,878	241,586
Foreign currency translation, representing net expense recognised directly in equity		-	-	(78)	-	-	-	-	(78)	-	(78)
Net profit for the period		-	-	-	-	-	-	491	491	396	887
Effect of disposal group		-	-	-	-	-	(4,441)	-	(4,441)	-	(4,441)
At 31 March 2007		<u>66,000</u>	<u>61,777</u>	<u>(586)</u>	<u>560</u>	<u>177</u>	<u>59,035</u>	<u>35,717</u>	<u>222,680</u>	<u>15,274</u>	<u>237,954</u>

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 2006 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Cash Flow Statement for the first quarter ended 31 March 2007

	Quarter ended 31.03.2007 RM'000	Quarter ended 31.03.2006 RM'000
Net cash generated from operating activities	1,378	3,393
Net cash generated from/(used in) investing activities	61,678	(2,397)
Net cash used in financing activities	<u>(18,670)</u>	<u>(3,644)</u>
Net increase/(decrease) in cash and cash equivalents	44,386	(2,648)
Effects of exchange rate changes	(75)	66
Cash and cash equivalents at beginning of financial period	53,529	35,263
Cash and cash equivalents at end of financial period*	<u><u>97,840</u></u>	<u><u>32,681</u></u>

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

Cash and bank balances	82,359	34,838
Bank overdrafts (included within short term borrowings)	(2,318)	(1,390)
Deposits pledged for bank guarantees	<u>(3,333)</u>	<u>(767)</u>
	76,708	32,681
Cash and bank balances classified as held for sale	<u>21,132</u>	-
Total cash and cash equivalents	<u><u>97,840</u></u>	<u><u>32,681</u></u>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes on the quarterly report - 31 March 2007

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 conjunction with the audited financial statements for the year ended 31 December 2006. 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 2006. The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006.

A2. Comparatives

Pursuant to the reclassification of certain non-current asset to assets held for sale (as disclosed in Note A14 and B8), the following comparative amounts have been restated in accordance with FRS 5 : Non-current Assets Held for Sale and Discontinued Operations.

	<-----Adjustments----->		
	Previously stated	FRS 5	Restated
	RM'000	RM'000	RM'000
3 months ended 31 March 2006			
Revenue	55,294	(32,628)	22,666
Cost of sales/services provided	(39,220)	25,889	(13,331)
Gross profit	16,074	(6,739)	9,335
Other income	1,217	(11)	1,206
Selling and distribution expenses	(163)	119	(44)
Administrative expenses	(9,735)	2,639	(7,096)
Other expenses	(2,293)	872	(1,421)
Finance costs	(959)	275	(684)
Profit before taxation	4,141	(2,845)	1,296
Taxation	(1,356)	913	(443)
Profit for the period from discontinued operations	2,785	1,932	853

A3. Auditors' report on preceeding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2006 was not qualified.

A4. Comments about seasonal or cyclical factors

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

A5. 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 B4.

A6. Changes in estimates

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

A7. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review other than the repayment of RM20.0 million of Islamic Commercial Papers ("ICP") and issuance of RM40.0 million ICP and Islamic Medium Term Notes.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes on the quarterly report - 31 March 2007

A8. Dividends paid

No dividends were paid during the quarter under review.

A9. Segmental reporting

Pursuant to the disposal of IT Services businesses, the core business is now outsourcing with Symphony Xen Sdn Bhd as the only IT Services business.

Primary reporting format	Quarter ended 31.03.2007		Quarter ended 31.03.2006	
	Revenue RM'000	Profit before taxation RM'000	Revenue RM'000	Profit before taxation RM'000
<u>Business segments</u>				
Investment holding	2,555	1,343	771	413
IT Services	885	14	317	(313)
Outsourcing	31,652	3,525	22,412	2,232
	<u>35,092</u>	<u>4,882</u>	<u>23,500</u>	<u>2,332</u>
Inter-segment eliminations	(2,578)	(1,933)	(834)	(385)
	<u>32,514</u>	<u>2,949</u>	<u>22,666</u>	<u>1,947</u>
Finance costs	-	(1,084)	-	(684)
Interest income	-	178	-	33
	<u>32,514</u>	<u>2,043</u>	<u>22,666</u>	<u>1,296</u>

A10. Carrying amount of revalued assets

The Group did not carry out any valuation on its property, plant and equipment.

A11. Material events subsequent to the balance sheet date

Other than the following 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:

- On 27 April 2007, the Company increased the equity interest in Ironbeak Limited ("Ironbeak") from 87.7% to 89.6% of the issued & paid-up capital via the acquisition of 1,937,680 ordinary shares of US\$0.01 each (or 1.9% of the total issued and paid up capital) at a cash consideration of RM1.66 million. As a result, the Company's effective interest in Vsource Asia Sdn Bhd ("Vsource") has increased from 71.6% to 72.6% comprising 45.8% held indirectly via Ironbeak and 26.8% held directly in Vsource; and
- On 3 May 2007, the Company completed the disposal of Symphony Capital Sdn Bhd ("SCSB") for a total consideration of RM0.3 million and SCSB ceased to be a subsidiary as at that date.

A12. Changes in the composition of the Group

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.

A13. Changes in contingent liabilities or contingent assets

As at 31 March 2007, there were no material changes in contingent liabilities or contingent assets since the last annual audited balance sheet as at 31 December 2006.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes on the quarterly report - 31 March 2007

A14. Discontinued Operation

As at 31 March 2007, the three subsidiaries detailed in Note B8 were classified as a disposal group held for sale. The revenue, results and cash flows of the three subsidiaries were as follows:

	Individual Quarter ended		Cumulative Quarter ended	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	<u>23,642</u>	<u>32,628</u>	<u>23,642</u>	<u>32,628</u>
Profit before tax	1,806	2,845	1,806	2,845
Income tax expense	<u>(597)</u>	<u>(913)</u>	<u>(597)</u>	<u>(913)</u>
Profit for the period from discontinued operations	<u>1,209</u>	<u>1,932</u>	<u>1,209</u>	<u>1,932</u>
Loss recognised on the remeasurement of assets of disposal group	<u>(1,745)</u>	-	<u>(1,745)</u>	-
Loss for the period from discontinued operations	<u>(536)</u>	<u>1,932</u>	<u>(536)</u>	<u>1,932</u>
Cash flows from operating activities	(436)	10,688	(436)	10,688
Cash flows from investing activities	106	(51)	106	(51)
Cash flows from financing activities	<u>(2,029)</u>	<u>(2,304)</u>	<u>(2,029)</u>	<u>(2,304)</u>
Total cash flows	<u>(2,359)</u>	<u>8,333</u>	<u>(2,359)</u>	<u>8,333</u>

The major classes of assets and liabilities of the three subsidiaries classified as held for sale as at 31 March 2007 are as follows:

Assets:	RM'000
Property, plant and equipment	543
Investment property	6,113
Other intangible assets	1,606
Deferred taxation	431
Inventories	2,155
Trade and other receivables	36,059
Due from contract customers	26,058
Tax recoverable	3,954
Cash and bank balances	21,366
Assets of disposal group classified as held for sale	<u>98,285</u>
Liabilities:	
Trade and other payable	43,537
Borrowings	8,667
Taxation	516
Deferred taxation	190
Liabilities directly associated with the assets classified as held for sale	<u>52,910</u>
Net assets attributable to discontinued operations	<u>45,375</u>

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 2007 is as follows:

Approved but not contracted for	RM '000
Approved and contracted for	9,959
	<u>1,556</u>
	<u>11,515</u>

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes on the quarterly report - 31 March 2007

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of group results for the quarter ended 31 March 2007

The results for the quarter ended 31 March 2007 and its comparatives reflect the new structure of the Group pursuant to its proposed disposal of its IT Services and corporate advisory businesses. In accordance with FRS 5 : Non-current Assets Held for Sale and Discontinued Operations, the results of these businesses are reflected separately as "Profits for the period from discontinued operations".

After taking this consideration, the Group's continuing operations recorded revenue and profit before taxation ("PBT") for the quarter ended 31 March 2007 of approximately RM32.5 million and RM2.0 million respectively. Revenue was higher by 43% and the profit before taxation was higher by 58% when compared to the results of comparable businesses for same quarter of the last financial year mainly due to higher contribution by most of the business units.

B2. Variation of results against the preceding quarter

For the quarter ended 31 March 2007, the Group recorded profit before taxation ("PBT") of RM2.0million compared to the restated PBT of RM1.5 million for the quarter ended 31 December 2006. The increase in PBT was mainly contributed by the share registration and corporate secretarial units.

B3. Prospects for the Year 2007

The Group is repositioning its business to focus on outsourcing services through the proposed divestment of its IT businesses. Therefore, the directors expect 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 ("Shortfall"). The Company has in March 2007 received the Shortfall.

B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	RM'000	RM'000	RM'000	RM'000
In respect of the current period				
Malaysian income tax	620	273	620	273
Deferred taxation	-	170	-	170
Tax expense	<u>620</u>	<u>443</u>	<u>620</u>	<u>443</u>

The effective tax rate for the quarter under review was higher than the statutory tax rate principally due to losses which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

B6. Sale of unquoted investments and/or properties

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

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes on the quarterly report - 31 March 2007

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 2007 are as follows:

	RM '000
Cost	1,261
Carrying value	<u>1,244</u>
Market value	<u>639</u>

B8. Status of corporate proposals as at 15 May 2007

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

- a) disposal of 100% interest in Symphony Global Sdn Bhd ("SGSB") to Computer Sense Sdn Bhd for a cash consideration of RM35 million;
- b) disposal of 100% interest in Symphony Global Technologies Sdn Bhd ("SGT") to Encik Jasmy bin Ismail and Puan 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.

The disposal of SCSB was completed on 3 May 2007 and the disposals of SGSB and SGT are expected to be completed during the second quarter, subject to the necessary approvals being obtained.

B9. Group borrowings

Group borrowings as at 31 March 2007 were as follows:

	RM'000
Short term borrowings	28,490
Long term borrowings	36,991
	<u>65,481</u>

As at 31 March 2007, there were no material changes on the securities of the borrowings since the last annual audited balance sheet as at 31 December 2006 and the group's borrowings are denominated in Ringgit Malaysia.

B10. Off balance sheet financial instruments

As at 15 May 2007, there were no material changes in the off balance sheet financial instruments since the last annual audited balance sheet as at 31 December 2006.

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 15 May 2007, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes on the quarterly report - 31 March 2007

B12. Dividends

On 28 March 2007, the directors recommended final dividends of 0.30 sen per share, tax exempt amounting to RM1,980,000 and 1.07 sen per share, less 27% taxation amounting to RM5,155,260 in respect of the financial year ended 31 December 2006 to be approved by the shareholders' at the forthcoming Annual General Meeting.

No interim ordinary dividend has been declared during the quarter under review.

B13. Earnings per share ("EPS")

	Individual quarter ended		Cumulative quarter ended	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
Basic EPS				
Profit for continuing operations attributable to ordinary equity holders of the parent	1,027	778	1,027	778
Profit for discontinued operations attributable to ordinary equity holders of the parent	(536)	1,932	(536)	1,932
Profit attributable to ordinary equity holders of the parent	<u>491</u>	<u>2,710</u>	<u>491</u>	<u>2,710</u>
Weighted average number of ordinary shares in issue ('000)	660,000	660,000	660,000	660,000
Basic EPS (sen) for:				
Profit for continuing operations	0.16	0.12	0.16	0.12
Profit for discontinued operations	(0.08)	0.29	(0.08)	0.29
Profit for the period	<u>0.07</u>	<u>0.41</u>	<u>0.07</u>	<u>0.41</u>
Diluted EPS				
Profit for continuing operations attributable to ordinary equity holders of the parent	1,027	778	1,027	778
Profit for discontinued operations attributable to ordinary equity holders of the parent	(536)	1,932	(536)	1,932
Profit attributable to ordinary equity holders of the parent	<u>491</u>	<u>2,710</u>	<u>491</u>	<u>2,710</u>
Weighted average number of ordinary shares in issue ('000)	660,000	660,000	660,000	660,000
Diluted EPS (sen) for:				
Profit for continuing operations	0.16	0.12	0.16	0.12
Profit for discontinued operations	(0.08)	0.29	(0.08)	0.29
Profit for the period	<u>0.07</u>	<u>0.41</u>	<u>0.07</u>	<u>0.41</u>

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 Order of the Board

Nuruluyun binti Abdul Jabar
 Joint Company Secretary
 21 May 2007