

# **QUARTERLY REPORT**

On consolidated results for the third quarter ended 30 September 2007

The Directors are pleased to announce the following:

# Unaudited Condensed Consolidated Income Statement for the third quarter ended 30 September 2007

	Note	Individual Qua 30.09.2007 RM'000	arter ended 30.09.2006 RM'000 (restated)	Cumulative Qua 30.09.2007 RM'000	arter ended 30.09.2006 RM'000 (restated)
Continuing Operations Revenue Cost of sales/services provided Gross profit	<b>A9</b>	43,542 (30,392) 13,150	31,355 (20,277) 11,078	120,747 (82,921) 37,826	80,401 (49,867) 30,534
Other income Selling and distribution expenses Administration expenses Other expenses Profit from operations		856 (72) (6,420) (1,946) 5,568	122 (132) (6,164) (2,201) 2,703	2,041 (358) (20,190) (6,711) 12,608	1,353 (267) (20,083) (5,554) 5,983
Finance costs Profit before taxation	A9	(738) 4,830	(1,093) 1,610	(2,710) 9,898	(2,809) 3,174
Taxation Profit for the period from continuing operations	B5 <sub>.</sub>	167 4,997	(437) 1,173	832 10,730	(1,105) 2,069
Discontinued Operations Profit for the period from discontinued operations Profit for the period	A14 .	- 4,997	165 1,338	(453) 10,277	5,094 7,163
Attributable to: Equity holders of the Company Minority interests		4,320 677 4,997	1,008 330 1,338	8,607 1,670 10,277	6,723 440 7,163
Earnings per share attributable to equity - Basic, for profit from continuing	holders	of the Company (se	en):		
operations - Basic, for profit from discontinued	B13	0.66	0.13	1.38	0.25
operations - Basic, for profit for the period	B13 B13	0.66	0.03 0.15	(0.07) 1.31	0.77 1.02
<ul> <li>Diluted, for profit from continuing operations</li> <li>Diluted, for profit from discontinued</li> </ul>	B13	0.66	0.13	1.38	0.25
operations - Diluted, for profit for the period	B13 B13	0.66	0.03 0.15	(0.07) 1.31	0.77 1.02

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 30.09.2007 RM'000	Audited 31.12.2006 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A10	35,116	37,451
Investment property		-	6,130
Other investment		1,234	1,234
Other intangible assets		4,729	8,095
Goodwill		104,508	105,705
Deferred taxation		937	1,709
		146,524	160,324
Current assets			
Inventories		288	2,401
Trade and other receivables		45,649	124,883
Due from contract customers			36,064
Tax recoverable		7,333	10,658
Marketable securities		15	10
Cash and bank balances		98,543	55,866
		151,828	229,882
Assets of disposal group classified as held for sale	A14	, -	, -
		151,828	229,882
TOTAL ASSETS		298,352	390,206
EQUITY AND LIABILITIES Equity attributable to equity holders of the Company Share capital Reserves  Minority interests Total equity		66,000 153,416 219,416 15,940 235,356	66,000 160,708 226,708 14,878 241,586
Non-current liabilities			
Borrowings	В9	36,106	29,717
Deferred taxation		87	331
		36,193	30,048
Current liabilities			
Trade and other payables		17,174	58,809
Borrowings	В9	7,688	58,259
Taxation		1,941	1,504
1 Park 1992 and all control of the state of		26,803	118,572
Liabilities directly associated with the assets classified			
as held for sale	A14	26.002	- 110 E70
Total liabilities		26,803 62,996	118,572 148,620
TOTAL EQUITY AND LIABILITIES		298,352	390,206
TO THE EGOTT THE EINDICHTED		200,002	555,200
		RM	RM
Net assets per share attributable to ordinary equity			
holders of the Company		0.34	0.34
• •			

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 period ended 30 September 2007

	<-			ibutable to shar stributable	eholders of	the Company		> istributable			
Note	Share Capital RM'000	Share premium RM'000	Treasury shares RM'000	Translation reserve RM'000	Warrant reserve RM'000	Share option reserve RM'000	Other reserve RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity 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	-	-	-	(246)	-	-	-	-	(246)	(41)	(287)
Net profit for the period	-	-	-	-	-	-	-	6,723	6,723	440	7,163
Share-based payment under ESOS	-	-	-	-	-	58	-	-	58	-	58
Dividends	-	-	-	-	-	-	-	(7,160)	(7,160)	-	(7,160)
At 30 September 2006	66,000	61,777	-	(165)	560	181		39,833	168,186	14,646	182,832
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	-	-	_	39	-	-	-	-	39	(172)	(133)
Additional investment in a subsidiary	-	-	-	-	-	-	-	-	-	(436)	(436)
Net profit for the period	-	-	-	-	-	-	-	8,607	8,607	1,670	10,277
Effect of disposal group	-	-	-	-	-	(54)	(4,441)	54	(4,441)	-	(4,441)
Transfer of other reserve	-	-	-	-	-	-	(59,035)	59,035	-	-	-
Dividends	-	-	-	-	-	-	-	(7,135)	(7,135)	-	(7,135)
Purchase of treasury shares	-	-	(4,362)	-	-	-	-	-	(4,362)	-	(4,362)
At 30 September 2007	66,000	61,777	(4,362)	(469)	560	123	-	95,787	219,416	15,940	235,356

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 period ended 30 September 2007

	Period ended 30.09.2007 RM'000	Period ended 30.09.2006 RM'000
Net cash generated from operating activities	26,008	20,236
Net cash generated from/(used in) investing activities	70,437	(21,454)
Net cash (used in)/generated from financing activities	(52,998)	3,282
Net increase in cash and cash equivalents	43,447	2,064
Effects of exchange rate changes	(135)	(270)
Cash and cash equivalents at beginning of financial period	53,529	35,263
Cash and cash equivalents at end of financial period*	96,841	37,057
*Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances Bank overdrafts (included within short term borrowings) Deposits pledged for bank guarantees Total cash and cash equivalents	98,543 (1,702) - 96,841	40,445 (1,596) (1,792) 37,057

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 - 30 September 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 conjuction 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), the following comparative amounts have been restated in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations.

	<adjustm< th=""><th></th></adjustm<>		
	Previously stated	FRS 5	Restated
	RM'000	RM'000	RM'000
9 months ended 30 September 2006			
Revenue	152,118	(71,717)	80,401
Cost of sales/services provided	(101,881)	52,014	(49,867)
Gross profit	50,237	(19,703)	30,534
Other income	1,427	(74)	1,353
Selling and distribution expenses	(798)	531	(267)
Administrative expenses	(29,258)	9,175	(20,083)
Other expenses	(8,066)	2,512	(5,554)
Finance costs	(3,522)	713	(2,809)
Profit before taxation	10,020	(6,846)	3,174
Taxation	(2,857)	1,752	(1,105)
Profit for the period from continuing operations	7,163_	(5,094)	2,069
3 months ended 30 September 2006			
Revenue	41,143	(9,788)	31,355
Cost of sales/services provided	(25,398)	5,121	(20,277)
Gross profit	15,745	(4,667)	11,078
Other income	143	(21)	122
Selling and distribution expenses	(417)	285	(132)
Administrative expenses	(9,776)	3,612	(6,164)
Other expenses	(2,966)	765	(2,201)
Finance costs	(1,287)	194	(1,093)
Profit before taxation	1,442	168	1,610
Taxation	(104)	(333)	(437)
Profit for the period from continuing operations	1,338	(165)	1,173

### 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.

(Company No: 592563-P)

Notes on the quarterly report - 30 September 2007

### 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.

#### 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 except that during the current quarter, the Company repurchased 12,516,100 of its issued ordinary shares from the open market at an average price of RM0.35 per share. The total consideration paid for the repurchase including transaction costs was RM4.362 million. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

### A8. Dividends paid

The 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 were paid on 3 July 2007.

### A9. Segmental reporting

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

	Period ended		Period ended		
Primary reporting format	30.09.2	30.09.2006			
		Profit before		Profit before	
Business segments	<u>Revenue</u>	<u>taxation</u>	Revenue	<u>taxation</u>	
	RM'000	RM'000	RM'000	RM'000	
Investment holding	3,386	2,533	2,313	(950)	
IT Services	3,976	1,346	2,248	247	
Outsourcing	118,375	12,800	78,274	7,717	
	125,737	16,679	82,835	7,014	
Inter-segment eliminations	(4,990)	(5,472)	(2,434)	(1,202)	
	120,747	11,207	80,401	5,812	
Finance costs	-	(2,710)	-	(2,809)	
Interest income	-	1,401	-	171	
	120,747	9,898	80,401	3,174	

### 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

There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements.

(Company No: 592563-P)

Notes on the quarterly report - 30 September 2007

### A12. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review except that on 31 July 2007, the Company completed the disposal of Symphony Global Sdn Bhd ("SGSB") for a total consideration of RM35 million and SGSB ceased to be a subsidiary as at that date.

#### A13. Changes in contingent liabilities or contingent assets

As at 30 September 2007, guarantees extended to third parties (mainly on subsidiaries performance) amounted to approximately RM11.0 million and this excludes a guarantee to a third party on the performance of a subsidiary of which it is not practical to estimate the contingent liability.

# A14. Discontinued Operation

Subsidiaries disposed are as follows:

- a) On 3 May 2007, the Company completed the disposal of 100% interest in Symphony Capital Sdn Bhd to Encik Ahmad Zulqarnain bin Che On for a cash consideration of RM329,000;
- b) On 29 June 2007, the Company completed the disposal of 100% interest in Symphony Global Technologies Sdn Bhd to Encik Jasmy bin Ismail for a cash consideration of RM10 million; and
- c) On 31 July 2007, the Company completed the disposal of 100% interest in Symphony Global Sdn Bhd for a cash consideration of RM35 million.

The revenue, results and cash flows of the disposed subsidiaries classified as discontinued operations were as follows:

	Individual Quarter ended		Cumulative Quarter ended	
	30.09.2007 RM'000	30.09.2006 RM'000	30.09.2007 RM'000	30.09.2006 RM'000
Revenue	2,424	9,788	44,569	71,717
(Loss)/profit before tax	(293)	(168)	3,338	6,846
Income tax expense	(651)	333	(1,927)	(1,752)
(Loss)/profit for the period from discontinued operations	(944)	165	1,411	5,094
Profit/(loss) recognised on the remeasurement of assets		_		
of disposal group	944	-	(1,864)	-
Profit/(Loss) for the period from discontinued operations	_	165	(453)	5,094
Cash flows from operating activities	(9,506)	4,417	7,726	17,655
Cash flows from investing activities	(7)	5	78	(122)
Cash flows from financing activities	347	(361)	(5,726)	(5,636)
Total cash flows	(9,166)	4,061	2,078	11,897

### 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 30 September 2007 is as follows:

	RIVI UUU
Approved but not contracted for	2,583
Approved and contracted for	695
	3,278

(Company No: 592563-P)

Notes on the quarterly report - 30 September 2007

#### B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

### B1. Review of group results for the quarter ended 30 September 2007

The results for the quarter ended 30 September 2007 and its comparatives reflect the new structure of the Group pursuant to its 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 into consideration, the Group's continuing operations recorded revenue and profit before taxation ("PBT") for the quarter ended 30 September 2007 of approximately RM43.5 million and RM4.8 million respectively. Revenue was higher by 39% and the profit before taxation was higher by 200% when compared to the results of comparable businesses for same quarter of the last financial year reflecting the strong growth in the outsourcing businesses of the Group.

### B2. Variation of results against the preceding quarter

For the quarter ended 30 September 2007, the Group recorded PBT of RM4.8 million compared to RM3.0 million for the quarter ended 30 June 2007. The increase in PBT was mainly contributed by improved performances in most of the business units.

#### B3. Prospects for the Year 2007

The Group is repositioning its business to focus on outsourcing services through the divestment of its IT businesses. The directors expect 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 forecast

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

### B5. Taxation

	Individual qua	Individual quarter ended		arter ended
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	RM'000	RM'000	RM'000	RM'000
In respect of the current period				
Malaysian income tax	(349)	523	(1,260)	1,035
In respect of prior years				
Malaysian income tax	143	(81)	143	(81)
	(206)	442	(1,117)	954
Deferred taxation	39	(5)	285	151
Tax (reversal)/expense	(167)	437	(832)	1,105

The effective tax rate for the quarter and period under review were lower than the statutory tax rate mainly due to the non provision of income tax by subsidiaries which have been granted income tax free period as a result of 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.

(Company No: 592563-P)

Notes on the quarterly report - 30 September 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 30 September 2007 are as follows:

	1,261
Cost	1,201
Carrying value	1,249
Market value	808

#### B8. Status of corporate proposals as at 16 November 2007

As at 16 November 2007, there were no outstanding corporate proposals.

#### B9. Group borrowings

Group borrowings as at 30 September 2007 were as follows:

Short term borrowings

Long term borrowings

36,106

43,794

As at 30 September 2007, the group's borrowings were denominated in Ringgit Malaysia and secured by the following:

- a) negative pledge;
- b) letter of support by the Company; and
- c) assignment of a Sinking Fund Account and a Finance Service Reserve Account.

#### B10. Off balance sheet financial instruments

As at 16 November 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 except that the forward collar foreign exchange contracts entered into by a subsidiary has a notional amount of RM3.45 million. The settlement periods of these forward contracts range between 1 and 3 months.

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

(Company No: 592563-P)

Notes on the quarterly report - 30 September 2007

### B12. Dividends

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

# B13. Earnings per share ("EPS")

	Individual qua	arter ended	Cumulative quarter ended	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Basic EPS				
Profit for continuing operations attributable				
to ordinary equity holders of the Company	4,320	843	9,060	1,629
Profit for discontinued operations attributable				
to ordinary equity holders of the Company		165	(453)	5,094
Profit attributable to ordinary equity holders	4,320	1,008	8,607	6,723
of the Company	4,320	1,008	8,007	0,723
Weighted average number of ordinary shares excluding treasury shares ('000)	656,692	660,000	658,885	660,000
excluding freasury shares ( 000)	030,092	000,000	036,663	000,000
Basic EPS (sen) for:				
Profit for continuing operations	0.66	0.13	1.38	0.25
Profit for discontinued operations	-	0.03	(0.07)	0.77
Profit for the period	0.66	0.15	1.31	1.02
Diluted EPS				
Profit for continuing operations attributable to ordinary equity holders of the Company	4,320	843	9,060	1,629
Profit for discontinued operations attributable	4,320	043	9,000	1,029
to ordinary equity holders of the Company	_	165	(453)	5,094
Profit attributable to ordinary equity holders				
of the Company	4,320	1,008	8,607	6,723
Weighted average number of ordinary shares				
excluding treasury shares ('000)	656,692	660,000	658,885	660,000
D" - 1500 / . ) (				
Diluted EPS (sen) for:	0.00	0.10	1.00	0.05
Profit for continuing operations  Profit for discontinued operations	0.66	0.13 0.03	1.38 (0.07)	0.25 0.77
Profit for the period	0.66	0.03	1.31	1.02
i Tolk for the period	0.00	3.10	1.01	7.02

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

Chin Ngeok Mui Company Secretary 22 November 2007