

QUARTERLY REPORT

On consolidated results for the first quarter ended 31 March 2008

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Income Statement for the first quarter ended 31 March 2008

	Note	Individual Quarter ended		Cumulative Quarter ended	
		31.3.2008 RM'000	31.3.2007 RM'000	31.3.2008 RM'000	31.3.2007 RM'000
Continuing Operations					
Revenue	A7	42,069	32,514	42,069	32,514
Operating profit		3,022	3,127	3,022	3,127
Finance costs		(622)	(1,084)	(622)	(1,084)
Profit before tax	A7	2,400	2,043	2,400	2,043
Income tax expense	B5	(611)	(620)	(611)	(620)
Profit for the period from continuing operations		1,789	1,423	1,789	1,423
Discontinued Operations					
Loss for the period from discontinued operations		-	(536)	-	(536)
Profit for the period		1,789	887	1,789	887
Attributable to:					
Equity holders of the Company		1,307	491	1,307	491
Minority interests		482	396	482	396
		1,789	887	1,789	887
Earnings per share attributable to equity holders of the Company (sen):					
Basic/Diluted, for profit/(loss) from					
- continuing operations	B13	0.21	0.15	0.21	0.15
- discontinued operations	B13	-	(0.08)	-	(0.08)
Basic/Diluted, for profit for the period	B13	0.21	0.07	0.21	0.07

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Balance Sheet

	Note	Unaudited 31.3.2008 RM'000	Audited 31.12.2007 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A8	35,369	35,125
Other intangible assets		4,708	4,872
Goodwill		108,906	108,906
Deferred taxation		541	541
		<u>149,524</u>	<u>149,444</u>
Current assets			
Inventories		305	471
Trade receivables		34,590	30,441
Other receivables		9,239	8,685
Tax recoverable		8,365	8,344
Marketable securities		11	13
Cash and bank balances		84,882	100,753
		<u>137,392</u>	<u>148,707</u>
TOTAL ASSETS		<u>286,916</u>	<u>298,151</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		66,000	66,000
Reserves		147,410	156,190
		<u>213,410</u>	<u>222,190</u>
Minority interests		15,031	14,522
Total equity		<u>228,441</u>	<u>236,712</u>
Non-current liabilities			
Borrowings	B9	35,205	35,741
Deferred taxation		28	28
		<u>35,233</u>	<u>35,769</u>
Current liabilities			
Trade and other payables		17,299	17,137
Borrowings	B9	3,903	6,513
Taxation		2,040	2,020
		<u>23,242</u>	<u>25,670</u>
Total liabilities		<u>58,475</u>	<u>61,439</u>
TOTAL EQUITY AND LIABILITIES		<u>286,916</u>	<u>298,151</u>
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		<u>0.34</u>	<u>0.35</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 December 2007 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 2008

Group	----- Attributable to shareholders of the Company -----										
	----- Non Distributable -----						Distributable				
	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 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>-</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>
At 1 January 2008	66,000	61,777	(6,239)	(862)	560	618	-	100,336	222,190	14,522	236,712
Foreign currency translation, representing net expense recognised directly in equity	-	-	-	98	-	-	-	-	98	27	125
Net profit for the period	-	-	-	-	-	-	-	1,307	1,307	482	1,789
Share-based payment under ESOS	-	-	-	-	-	(399)	-	-	(399)	-	(399)
Dividends	-	-	-	-	-	-	-	(6,345)	(6,345)	-	(6,345)
Purchase of treasury shares	-	-	(3,441)	-	-	-	-	-	(3,441)	-	(3,441)
At 31 March 2008	<u>66,000</u>	<u>61,777</u>	<u>(9,680)</u>	<u>(764)</u>	<u>560</u>	<u>219</u>	<u>-</u>	<u>95,298</u>	<u>213,410</u>	<u>15,031</u>	<u>228,441</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 2007 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Cash Flow Statement for the first quarter ended 31 March 2008

	Quarter ended 31.3.2008 RM'000	Quarter ended 31.3.2007 RM'000
Net cash (used in)/generated from operating activities	(975)	1,378
Net cash (used in)/generated from investing activities	(1,434)	61,678
Net cash used in financing activities	<u>(12,804)</u>	<u>(18,670)</u>
Net (decrease)/increase in cash and cash equivalents	(15,213)	44,386
Effects of exchange rate changes	65	(75)
Cash and cash equivalents at beginning of financial period	99,251	53,529
Cash and cash equivalents at end of financial period*	<u><u>84,103</u></u>	<u><u>97,840</u></u>

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

Cash and bank balances	84,882	82,359
Bank overdrafts (included in short term borrowings)	(779)	(2,318)
Deposits pledged for bank guarantees	<u>-</u>	<u>(3,333)</u>
	84,103	76,708
Cash and bank balances classified as held for sale	<u>-</u>	<u>21,132</u>
Total cash and cash equivalents	<u><u>84,103</u></u>	<u><u>97,840</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 2007 and the accompanying explanatory notes attached to the interim financial statements.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes to the quarterly report - 31 March 2008

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

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 2007. 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 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007.

A2. Comments about seasonal or cyclical factors

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

A3. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group during the quarter under review.

A4. Changes in estimates

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

A5. Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except that the Company repurchased 11,697,800 of its issued ordinary shares from the open market at an average price of RM0.29 per share.

As at 31 March 2008, the total number of shares repurchased amounted to 29,823,500 at an average price of RM0.32 per share. The total consideration paid for the repurchase including transaction costs was RM9.680 million. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and none were resold or cancelled to date.

A6. Dividends paid

Dividends paid on 24 March 2008 were declared on 22 February 2008, in respect of the financial year ended 31 December 2007, being interim dividend of 1.0 sen single tier dividend per share on 634,485,700 ordinary shares, amounting to RM6,344,857.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes to the quarterly report - 31 March 2008

A7. Segmental reporting

Pursuant to the disposal of Information Technology Services businesses in 2007, the core business is now outsourcing with Symphony Xen Solutions Sdn Bhd and Symphony Xen Solutions Pte Ltd as the only IT Services business involved in solutions and application development.

Primary reporting format	Quarter ended 31.3.2008		Quarter ended 31.3.2007	
	Revenue RM '000	Profit before tax RM '000	Revenue RM '000	Profit before tax RM '000
Business segments				
Investment holding	386	(660)	2,555	1,343
IT Services	785	(89)	885	14
Outsourcing	41,659	2,905	31,652	3,525
	<u>42,830</u>	<u>2,156</u>	<u>35,092</u>	<u>4,882</u>
Inter-segment eliminations	(761)	17	(2,578)	(1,933)
	<u>42,069</u>	<u>2,173</u>	<u>32,514</u>	<u>2,949</u>
Finance costs	-	(622)	-	(1,084)
Interest income	-	849	-	178
	<u>42,069</u>	<u>2,400</u>	<u>32,514</u>	<u>2,043</u>

A8. Carrying amount of revalued assets

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

A9. 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.

A10. Changes in the composition of the Group

On 5 March 2008, the Group completed the winding-up of Vsource Taiwan Insurance Brokers Limited Company ("VTIB"), a wholly owned subsidiary of Symphony BPO Solutions Sdn Bhd (formerly known as Vsource Asia Sdn Bhd) ("SymbPO"). Consequent to the completion, VTIB had been deconsolidated from the Group.

Other than the above, there were no changes in the composition of the Group during the quarter ended 31 March 2008.

A11. Changes in contingent liabilities or contingent assets

As at 31 March 2008, guarantees extended to third parties amounted to approximately RM7.6 million and this excludes a guarantee to a third party on the performance of a disposed subsidiary of which it is not practical to estimate the contingent liability.

A12. 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 2008 is as follows:

Approved but not contracted for	RM '000
Approved and contracted for	12,303
	<u>2,094</u>
	<u>14,397</u>

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes to the quarterly report - 31 March 2008

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of group results for the quarter ended 31 March 2008

The Group recorded profit before tax ("PBT") and revenue of RM2.4 million and RM42.1 million respectively during the quarter under review, an increase of 17% and 29% respectively as compared to the previous corresponding quarter. Profit attributable to shareholders increased by 166% in the first quarter of 2008 to RM1.3 million resulting in higher earnings per share of 0.21 sen compared to 0.07 sen in the previous corresponding quarter.

The better results were due to improved performances from most of the operating units in the Group.

B2. Variation of results against the preceding quarter

For the quarter ended 31 March 2008, the Group recorded profit before tax ("PBT") of RM2.4 million compared to RM5.6 million in the immediate preceding quarter ended 31 December 2007. The decrease in PBT was mainly due to the shorter business days during the quarter and lower project implementation revenue at the beginning of the financial year.

B3. Prospects for the Year 2008

Barring any unforeseen circumstances, the Directors anticipate that the performance of the Group will be better compared to 2007 due to the expected higher contribution from all the operating units.

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	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	RM '000	RM '000	RM '000	RM '000
In respect of the current period				
Malaysian income tax	611	620	611	620
Income tax expense	<u>611</u>	<u>620</u>	<u>611</u>	<u>620</u>

The effective tax rate for the quarter under review was slightly lower than the statutory tax rate mainly due to the non provision of income tax by certain subsidiaries which have been granted income tax free period as a result of being awarded the Multimedia Super Corridor ("MSC") status.

B6. Sale of unquoted investments and/or properties

There were no sales 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 the investment in quoted and marketable securities held by the Group as at 31 March 2008 are as follows:

	RM '000
Cost	<u>28</u>
Carrying value	<u>11</u>
Market value	<u>11</u>

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes to the quarterly report - 31 March 2008

B8. Status of corporate proposals as at 15 May 2008

On 15 April 2008, the Group announced the acquisition of 1,454 ordinary shares of RM1.00 each in SymbPO from Mr Bruce Nakfoor, representing 0.42% interest in SymbPO for a total consideration of USD145,400 (equivalent to RM458,010) or USD100 per share, payable wholly in cash. The Acquisition was completed on 21 April 2008. As a result, the Group's effective interest in SymbPO has increased to 77.37% from 76.95%.

Other than the above, there were no outstanding corporate proposals announced but not completed as at 15 May 2008.

B9. Group borrowings

Group borrowings as at 31 March 2008 were as follows:	RM '000
Short term borrowings	3,903
Long term borrowings	35,205
	<u>39,108</u>

As at 31 March 2008, 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 15 May 2008, the Group has entered into the following outstanding contracts to hedge its sales from fluctuations in foreign currency:

	Contract amount in USD'000	Equivalent amount in RM'000	Expiry Dates
Foreign Exchange Contracts			
- Forward	700	2,255	6.6.2008 to 5.12.2008
- Target Redemption Forward monthly notional amount	200	638	Up to 17.4.2009

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 11 December 2007, Symphony BPO Solutions Sdn Bhd (formerly known as Vsource Asia Sdn Bhd) ("SymbPO") commenced arbitration proceedings against Alorica Inc., a company incorporated in the United States of America ("Alorica") with respect to a dispute arising from a support agreement for the provision of call center support and ancillary services. The dispute involved a sum of USD424,509 (equivalent to RM1,393,238.54 based on an exchange rate of RM/USD of 3.282) due from Alorica for services rendered by SymbPO.

On 14 March 2008, Alorica in response to SymbPO's claim, filed a defence and counterclaim with the American Arbitration Association refuting SymbPO's claim for services rendered and in turn sought to recover damages for inter alia alleged breaches of contract and non-compete obligations amounting to approximately USD4.6 million (equivalent to RM14,697,000 based on an exchange rate of RM/USD of 3.195), all of which are denied by SymbPO.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)
Notes to the quarterly report - 31 March 2008

B11. Material litigation (cont'd)

b) (cont'd)

SymbPO has on 11 April 2008, filed a response to Alorica's defence and counterclaim. As at 25 April 2008, Alorica, Inc. has not adduced evidence to substantiate its claim for cross-damages. Accordingly, SymbPO will continue to vigorously pursue its claim against Alorica, Inc. in the arbitration proceedings. Based on the advice of SymbPO's lawyers and the documents made available to SymbPO, the Board of Directors of Symphony is of the view that SymbPO has a good chance of success in the recovery of the claim and in its defence to the counterclaim. Consequently, Symphony does not expect any material adverse financial impact to the Symphony Group.

As at 15 May 2008, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group.

B12. Dividend

On 27 March 2008, the Directors recommended final dividend of 1.0 sen single tier dividend, amounting to approximately RM6.3 million in respect of the financial year ended 31 December 2007, to be approved by the shareholders' at the forthcoming Annual General Meeting.

B13. Earnings per share ("EPS")

	Individual quarter ended		Cumulative quarter ended	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
(a) Basic EPS				
(RM'000)				
Profit for continuing operations attributable to ordinary equity holders of the Company	1,307	1,027	1,307	1,027
Loss for discontinued operations attributable to ordinary equity holders of the Company	-	(536)	-	(536)
Profit attributable to ordinary equity holder of the Company	<u>1,307</u>	<u>491</u>	<u>1,307</u>	<u>491</u>
Weighted average number of ordinary shares excluding treasury shares ('000)	637,044	660,000	637,044	660,000
Basic EPS (sen) for:				
Profit for continuing operations	0.21	0.15	0.21	0.15
Loss for discontinued operations	-	(0.08)	-	(0.08)
Profit for the period	<u>0.21</u>	<u>0.07</u>	<u>0.21</u>	<u>0.07</u>

(b) Diluted EPS

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
 21 May 2008