

QUARTERLY REPORT

On consolidated results for the third quarter ended 30 September 2008

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Income Statement for the third quarter ended 30 September 2008

	Note	Individual Quarter ended		Cumulative Quarter ended	
		30.9.2008	30.9.2007	30.9.2008	30.9.2007
		RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue	A7	38,436	43,542	121,906	120,747
Operating profit		3,933	5,568	11,250	12,608
Finance costs		(622)	(738)	(1,867)	(2,710)
Profit before tax	A7	3,311	4,830	9,383	9,898
Income tax expense	B5	(1,029)	167	(1,346)	832
Profit for the period from continuing operations		2,282	4,997	8,037	10,730
Discontinued Operations					
Loss for the period from discontinued operations		-	-	-	(453)
Profit for the period		2,282	4,997	8,037	10,277
Attributable to:					
Equity holders of the Company		2,243	4,320	6,768	8,607
Minority interests		39	677	1,269	1,670
		2,282	4,997	8,037	10,277
Earnings per share attributable to equity holders of the Company (sen):					
Basic/Diluted, for profit/(loss) from					
- continuing operations	B13	0.36	0.66	1.07	1.38
- discontinued operations	B13	-	-	-	(0.07)
Basic/Diluted, for profit for the period	B13	0.36	0.66	1.07	1.31

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 30.9.2008 RM'000	Audited 31.12.2007 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A8	40,699	35,125
Other intangible assets		4,053	4,872
Goodwill		134,593	108,906
Deferred taxation		385	541
		<u>179,730</u>	<u>149,444</u>
Current assets			
Inventories		308	471
Trade receivables		38,797	30,441
Other receivables		11,032	8,685
Tax recoverable		8,311	8,344
Marketable securities		8	13
Cash and bank balances		35,852	100,753
		<u>94,308</u>	<u>148,707</u>
TOTAL ASSETS		<u>274,038</u>	<u>298,151</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		66,000	66,000
Reserves		145,955	156,190
Shares held by Employee Share Trust Scheme ("ESTS")		(4,800)	-
		<u>207,155</u>	<u>222,190</u>
Minority interests		<u>4,220</u>	<u>14,522</u>
Total equity		<u>211,375</u>	<u>236,712</u>
Non-current liabilities			
Borrowings	B9	27,128	35,741
Deferred taxation		80	28
		<u>27,208</u>	<u>35,769</u>
Current liabilities			
Trade and other payables		21,098	17,137
Borrowings	B9	13,767	6,513
Taxation		590	2,020
		<u>35,455</u>	<u>25,670</u>
Total liabilities		<u>62,663</u>	<u>61,439</u>
TOTAL EQUITY AND LIABILITIES		<u>274,038</u>	<u>298,151</u>
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		<u>0.33</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 period ended 30 September 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	Shares held by ESTS 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	-	-	-	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
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	-	-	-	183	-	-	-	-	-	183	9	192
Additional investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	(11,580)	(11,580)
Net profit for the period	-	-	-	-	-	-	-	6,768	-	6,768	1,269	8,037
Share-based payment under ESOS	-	-	-	-	-	(495)	-	-	-	(495)	-	(495)
Dividends	-	-	-	-	-	-	-	(12,625)	-	(12,625)	-	(12,625)
Purchase of treasury shares	-	-	(4,066)	-	-	-	-	-	-	(4,066)	-	(4,066)
Purchase of shares by ESTS	-	-	-	-	-	-	-	-	(4,800)	(4,800)	-	(4,800)
At 30 September 2008	66,000	61,777	(10,305)	(679)	560	123	-	94,479	(4,800)	207,155	4,220	211,375

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 period ended 30 September 2008

	Period ended 30.9.2008 RM'000	Period ended 30.9.2007 RM'000
Net cash generated from operating activities	9,119	26,008
Net cash (used in)/generated from investing activities	(46,807)	70,437
Net cash used in financing activities	<u>(27,895)</u>	<u>(52,998)</u>
Net (decrease)/increase in cash and cash equivalents	(65,583)	43,447
Effects of exchange rate changes	216	(135)
Cash and cash equivalents at beginning of financial period	99,251	53,529
Cash and cash equivalents at end of financial period*	<u>33,884</u>	<u>96,841</u>

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

Cash and bank balances	35,852	98,543
Bank overdrafts (included in short term borrowings)	<u>(1,968)</u>	<u>(1,702)</u>
Total cash and cash equivalents	<u>33,884</u>	<u>96,841</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 - 30 September 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 10,000 of its issued ordinary shares from the open market at an average price of RM0.295 per share.

As at 30 September 2008, the total number of shares repurchased amounted to 32,010,000 at an average price of RM0.32 per share. The total consideration paid for the repurchase including transaction costs was RM10.305 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

A final dividend of 1.0 sen single tier dividend per share amounting to RM6.28million in respect of financial year ended 31 December 2007 was paid on 3 July 2008.

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A7. Segmental reporting

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	Period ended 30.9.2008		Period ended 30.9.2007	
	Revenue RM'000	Profit before tax RM'000	Revenue RM'000	Profit before tax RM'000
Business segments				
Investment holding	1,193	(3,267)	3,386	2,533
IT Services	2,964	502	3,976	1,346
Outsourcing	119,971	11,810	118,375	12,800
	<u>124,128</u>	<u>9,045</u>	<u>125,737</u>	<u>16,679</u>
Inter-segment eliminations	(2,222)	34	(4,990)	(5,472)
	<u>121,906</u>	<u>9,079</u>	<u>120,747</u>	<u>11,207</u>
Finance costs	-	(1,867)	-	(2,710)
Interest income	-	2,171	-	1,401
	<u>121,906</u>	<u>9,383</u>	<u>120,747</u>	<u>9,898</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

There were no changes in the composition of the Group during the quarter under review except that on 7 July 2008, the Company increased its effective equity interest in Symphony BPO Solutions Sdn Bhd (formerly known as Vsource Asia Sdn Bhd) ("SymbPO") via the following:

- a) Acquisition of a total of 16.60% equity interest in SymbPO comprising 57,750 ordinary shares of RM1.00 each in SymbPO for a total purchase consideration of RM27,841,853; and
- b) Acquisition of 10.38% equity interest in Ironbeak Limited ("Ironbeak"), comprising 10,386,572 ordinary shares of USD0.01 each in Ironbeak for a purchase consideration of RM8,884,674.

As a result, the Company's effective interest in SymbPO has increased from 77.37% to 99.27% comprising 51.06% held indirectly via Ironbeak and 48.21% held directly in SymbPO.

A11. Changes in contingent liabilities or contingent assets

As at 30 September 2008, guarantees extended to third parties amounted to approximately RM2.8 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 30 September 2008 is as follows:

Approved but not contracted for	RM'000 4,723
Approved and contracted for	630
	<u>5,353</u>

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of group results for the quarter ended 30 September 2008

The Group recorded a 12% decline in revenue to RM38.4million mainly due to the higher non-recurring project based revenue from cheque processing included in the previous year corresponding quarter and lower contribution from its only IT Services business involved in solutions and application development during the quarter under review.

Profit before tax ("PBT") decreased by 31% to RM3.3million as a result of the weak sentiment and lacklustre capital market activities which has affected the profitability of its share issuance and registration business units and the lower contribution from its IT Services business. However, the shortfall in profits was mitigated by the improved performance from its remaining outsourcing business units.

Profit after tax and minority interest of RM2.3million for the quarter under review was 48% lower due to higher tax credit in the previous year corresponding quarter which the Company gained from the utilization of tax incentive granted to the Company for the acquisition of a foreign company .

B2. Variation of results against the preceding quarter

For the third quarter ended 30 September 2008, the Group recorded profit before tax ("PBT") of RM3.3million compared to RM3.7million in the immediate preceding quarter ended 30 June 2008. The decrease in PBT was mainly attributable to the lower revenue and margins in capital market related activities due to the weak market conditions.

B3. Prospects for the Year 2008

The Group anticipates an increasingly demanding business environment for the remaining quarter of 2008 given the operational challenges of its cheque processing services and the uncertain global economic climate which may continue to affect its share issuance and registration business units. Nevertheless, the Directors anticipate that the performance of the remaining outsourcing business to be satisfactory .

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	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007
	RM'000	RM'000	RM'000	RM'000
In respect of the current period				
Malaysian income tax	(714)	349	(2,260)	1,260
In respect of prior years				
Malaysian income tax	(236)	(143)	1,099	(143)
Foreign taxation	-	-	23	-
	<u>(950)</u>	<u>206</u>	<u>(1,138)</u>	<u>1,117</u>
Deferred taxation	(79)	(39)	(208)	(285)
Income tax credit/ (expense)	<u>(1,029)</u>	<u>167</u>	<u>(1,346)</u>	<u>832</u>

The effective tax rate for the quarter under review was higher than the statutory tax rate mainly due to underprovision of tax amounting to RM0.236million in respect of prior years. After excluding the prior years' tax, the effective tax rate for the current quarter was lower 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.

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B6. Sale of unquoted investments and/or properties

There was no sale 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 30 September 2008 are as follows:

	RM'000
Cost	28
Carrying value	8
Market value	8

B8. Status of corporate proposals as at 14 November 2008

On 7 October 2008, the Group made the announcement on the acquisition of 0.59% equity interest comprising 2,054 ordinary shares of RM1.00 each in Symphony BPO Solutions Sdn Bhd (formerly known as Vsource Asia Sdn Bhd) ("SymBPO") for a total cash consideration of USD0.2million (equivalent to RM0.72million) or USD100 (equivalent to RM350) per ordinary share (the "Acquisition").

The Acquisition has been completed as at 13 October 2008. As a result of the completion, the Group's effective interest in SymBPO has increased from 99.27% to 99.86%.

Other than the above, there were no outstanding corporate proposals announced but not completed as at 14 November 2008.

B9. Group borrowings

Group borrowings as at 30 September 2008 were as follows:

	RM'000
Short term borrowings	13,767
Long term borrowings	27,128
	<u>40,895</u>

As at 30 September 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 14 November 2008, the Group has entered into the following outstanding contracts to hedge its sales from fluctuations in foreign currency:

	Contract amount in	Equivalent amount in	Expiry Dates
	USD'000	RM'000	
Foreign Exchange Contracts			
- Forward	100	323	5.12.2008
- Target Redemption Forward monthly notional amount	1,200	3,830	Up to 17.4.2009

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B11. Material litigation

As at 14 November 2008, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group.

B12. Dividend

No dividend has been declared during the quarter under review.

B13. Earnings per share ("EPS")

	Individual quarter ended		Cumulative quarter ended	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007
(a) Basic EPS				
(RM'000)				
Profit for continuing operations attributable to ordinary equity holders of the Company	2,243	4,320	6,768	9,060
Loss for discontinued operations attributable to ordinary equity holders of the Company	-	-	-	(453)
Profit attributable to ordinary equity holders of the Company	<u>2,243</u>	<u>4,320</u>	<u>6,768</u>	<u>8,607</u>
Weighted average number of ordinary shares excluding treasury shares ('000)	627,996	656,692	631,079	658,885
Basic EPS (sen) for:				
Profit for continuing operations	0.36	0.66	1.07	1.38
Loss for discontinued operations	-	-	-	(0.07)
Profit for the period	<u>0.36</u>	<u>0.66</u>	<u>1.07</u>	<u>1.31</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
20 November 2008