

QUARTERLY REPORT

On consolidated results for the year ended 31 December 2008

The Directors are pleased to announce the following:

Unaudited Condensed Consolidated Income Statement for the year ended 31 December 2008

	Note	Individual Quarter ended		Cumulative Quarter ended	
		31.12.2008	31.12.2007	31.12.2008	31.12.2007
		RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue	A7	<u>36,661</u>	<u>39,272</u>	<u>158,567</u>	<u>160,019</u>
Operating profit		658	6,152	11,908	18,760
Finance costs		<u>(693)</u>	<u>(556)</u>	<u>(2,560)</u>	<u>(3,266)</u>
(Loss)/Profit before tax	A7	<u>(35)</u>	<u>5,596</u>	<u>9,348</u>	<u>15,494</u>
Income tax credit/(expense)	B5	<u>3,352</u>	<u>(259)</u>	<u>2,006</u>	<u>573</u>
Profit for the period from continuing operations		<u>3,317</u>	<u>5,337</u>	<u>11,354</u>	<u>16,067</u>
Discontinued Operations					
Loss for the period from discontinued operations		<u>-</u>	<u>-</u>	<u>-</u>	<u>(453)</u>
Profit for the period		<u><u>3,317</u></u>	<u><u>5,337</u></u>	<u><u>11,354</u></u>	<u><u>15,614</u></u>
Attributable to:					
Equity holders of the Company		<u>4,319</u>	<u>4,549</u>	<u>11,087</u>	<u>13,156</u>
Minority interests		<u>(1,002)</u>	<u>788</u>	<u>267</u>	<u>2,458</u>
		<u><u>3,317</u></u>	<u><u>5,337</u></u>	<u><u>11,354</u></u>	<u><u>15,614</u></u>
Earnings per share attributable to equity holders of the Company (sen):					
Basic/Diluted, for profit/(loss) from					
- continuing operations	B13	<u>0.69</u>	<u>0.70</u>	<u>1.76</u>	<u>2.08</u>
- discontinued operations	B13	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.07)</u>
Basic/Diluted, for profit for the period	B13	<u><u>0.69</u></u>	<u><u>0.70</u></u>	<u><u>1.76</u></u>	<u><u>2.01</u></u>

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 31.12.2008 RM'000	Audited 31.12.2007 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	40,482	35,125
Other intangible assets		5,688	4,872
Goodwill		135,016	108,906
Deferred taxation		941	541
		<u>182,127</u>	<u>149,444</u>
Current assets			
Inventories		942	471
Trade receivables		36,288	30,441
Other receivables		7,977	8,685
Tax recoverable		11,365	8,344
Marketable securities		7	13
Cash and bank balances		36,363	100,753
		<u>92,942</u>	<u>148,707</u>
TOTAL ASSETS		<u><u>275,069</u></u>	<u><u>298,151</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		66,000	66,000
Reserves		150,447	156,190
Shares held by Employee Share Trust Scheme ("ESTS")		(6,884)	-
		<u>209,563</u>	<u>222,190</u>
Minority interests		<u>2,899</u>	<u>14,522</u>
Total equity		<u>212,462</u>	<u>236,712</u>
Non-current liabilities			
Borrowings	B9	27,142	35,741
Deferred taxation		35	28
		<u>27,177</u>	<u>35,769</u>
Current liabilities			
Trade and other payables		21,749	17,137
Borrowings	B9	13,241	6,513
Taxation		440	2,020
		<u>35,430</u>	<u>25,670</u>
Total liabilities		<u>62,607</u>	<u>61,439</u>
TOTAL EQUITY AND LIABILITIES		<u><u>275,069</u></u>	<u><u>298,151</u></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 year ended 31 December 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	-	-	-	(354)	-	-	-	-	-	(354)	(322)	(676)
Acquisition of additional equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,492)	(2,492)
Net profit for the period	-	-	-	-	-	-	-	13,156	-	13,156	2,458	15,614
Effect of disposal group	-	-	-	-	-	(54)	(63,476)	59,089	-	(4,441)	-	(4,441)
Dividends	-	-	-	-	-	-	-	(7,135)	-	(7,135)	-	(7,135)
Purchase of treasury shares	-	-	(6,239)	-	-	-	-	-	-	(6,239)	-	(6,239)
Share options granted under ESOS	-	-	-	-	-	495	-	-	-	495	-	495
At 31 December 2007	66,000	61,777	(6,239)	(862)	560	618	-	100,336	-	222,190	14,522	236,712
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	-	-	-	356	-	-	-	-	-	356	9	365
Acquisition of additional equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(11,899)	(11,899)
Net profit for the period	-	-	-	-	-	-	-	11,087	-	11,087	267	11,354
Dividends	-	-	-	-	-	-	-	(12,625)	-	(12,625)	-	(12,625)
Purchase of treasury shares	-	-	(4,066)	-	-	-	-	-	-	(4,066)	-	(4,066)
Purchase of shares by ESTS	-	-	-	-	-	-	-	-	(6,884)	(6,884)	-	(6,884)
Share options granted under ESOS	-	-	-	-	-	-	-	-	-	-	-	-
- Exercised during the year	-	-	-	-	-	(495)	-	-	-	(495)	-	(495)
- Tfr to retained profits on expiry of option	-	-	-	-	-	(57)	-	57	-	-	-	-
At 31 December 2008	66,000	61,777	(10,305)	(506)	560	66	-	98,855	(6,884)	209,563	2,899	212,462

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 year ended 31 December 2008

	Year ended 31.12.2008 RM'000	Year ended 31.12.2007 RM'000
Net cash generated from operating activities	16,770	32,456
Net cash (used in)/generated from investing activities	(50,438)	70,711
Net cash used in financing activities	<u>(31,864)</u>	<u>(56,771)</u>
Net (decrease)/increase in cash and cash equivalents	(65,532)	46,396
Effects of exchange rate changes	254	(674)
Cash and cash equivalents at beginning of financial year	99,251	53,529
Cash and cash equivalents at end of financial year*	<u>33,973</u>	<u>99,251</u>

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

Cash and bank balances	36,363	100,753
Bank overdrafts (included in short term borrowings)	<u>(2,390)</u>	<u>(1,502)</u>
Total cash and cash equivalents	<u>33,973</u>	<u>99,251</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 December 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.

As at 31 December 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

No dividends were paid during the quarter under review.

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

A7. Segmental reporting

The core business of the Symphony Group is outsourcing. The Group's only IT services business is in solutions and application development.

Primary reporting format	Year ended 31.12.2008		Year ended 31.12.2007	
	Revenue RM'000	Profit before tax RM'000	Revenue RM'000	Profit before tax RM'000
Business segments				
Investment holding	13,815	8,227	10,882	8,363
IT Services	3,844	1,223	5,590	1,992
Outsourcing	155,894	12,113	156,105	18,340
	<u>173,553</u>	<u>21,563</u>	<u>172,577</u>	<u>28,695</u>
Inter-segment eliminations	<u>(14,986)</u>	<u>(12,150)</u>	<u>(12,558)</u>	<u>(12,813)</u>
	158,567	9,413	160,019	15,882
Finance costs	-	(2,560)	-	(3,266)
Interest income	-	2,495	-	2,878
	<u>158,567</u>	<u>9,348</u>	<u>160,019</u>	<u>15,494</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 13 October 2008, the Company increased its effective equity interest in Symphony BPO Solutions Sdn Bhd ("SymBPO") via the acquisition of 0.59% equity interest in SymBPO comprising 2,054 ordinary shares of RM1.00 each in SymBPO for a total cash consideration of USD0.2million (equivalent to RM0.72million).

As a result, the Company's effective interest in SymBPO has increased from 99.27% to 99.86% comprising 51.06% held indirectly via Ironbeak Limited and 48.80% held directly in SymBPO.

A11. Changes in contingent liabilities or contingent assets

As at 31 December 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 31 December 2008 is as follows:

Approved but not contracted for	RM'000 3,408
Approved and contracted for	735
	<u>4,143</u>

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

B. ADDITIONAL INFORMATION REQUIRED UNDER BURSA MALAYSIA LISTING REQUIREMENTS

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

During the quarter under review, the Group recorded a 7% decline in revenue to RM36.7million mainly due to the overall lower contribution from both its business process outsourcing business and its only IT Services business involved in solutions and application development.

The Group only managed to break even at a small loss before tax of RM35k compared to RM5.6million profit before tax registered in the previous year corresponding quarter. The overall decline in profitability is mainly attributable to the operational challenges and provision for doubtful debts made in respect of its cheque processing business. In addition, the weak sentiment and lacklustre capital market activities has affected the profitability of its share issuance and registration business units coupled with the foreign exchange losses in the outsourcing business due to the strengthening of the US Dollar.

However, profit after tax and minority interest ("PATAMI") of RM4.3million for the quarter under review was only 5% lower due to the tax credit which the Company gained from the utilization of tax incentive granted to the Company for the acquisition of a foreign company .

For the year ended 31 December 2008, the Group registered a lower PATAMI at RM11.1 million against the previous year of RM13.2 million while revenue remained flat. The main reasons were due to the operational challenges of its cheque processing business which resulted in higher operating costs and the weak sentiment and lacklustre capital market which affected the share issuance and registration businesses.

B2. Variation of results against the preceding quarter

In the preceding quarter, the Group's revenue was RM38.4 million while the profit before tax came to RM3.3 million compared to current quarter's revenue of RM36.7 million and loss of RM35k. The decline in profit was due to the reasons disclosed in Note B1 above.

B3. Prospects for the Year 2009

The Group anticipates an increasingly demanding business environment given the uncertain global economic climate. Nevertheless, the Directors anticipate the performance of the Group to be satisfactory with the exception of its share issuance and registration businesses which are highly dependent on the performance of the stock market.

B4. Profit forecast

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

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

B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
In respect of the current period				
Malaysian income tax	2,272	61	12	1,321
In respect of prior years				
Malaysian income tax	479	18	1,578	(125)
Foreign taxation	-	-	23	-
	<u>2,751</u>	<u>79</u>	<u>1,613</u>	<u>1,196</u>
Deferred taxation	601	(338)	393	(623)
Income tax credit/ (expense)	<u>3,352</u>	<u>(259)</u>	<u>2,006</u>	<u>573</u>

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 certain 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 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 except for the expiry of warrants held at cost of RM3,000.

Details of the investment in quoted and marketable securities held by the Group as at 31 December 2008 are as follows:

	RM'000
Cost	<u>25</u>
Carrying value	<u>7</u>
Market value	<u>7</u>

B8. Status of corporate proposals as at 18 February 2009

There were no outstanding corporate proposals announced but not completed as at 18 February 2009.

B9. Group borrowings

Group borrowings as at 31 December 2008 were as follows:	RM'000
Short term borrowings	13,241
Long term borrowings	<u>27,142</u>
	<u>40,383</u>

As at 31 December 2008, the Group's borrowings were denominated in Ringgit Malaysia and secured by the following:

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

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

B10. Off balance sheet financial instruments

As at 18 February 2009, 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 - Target Redemption Forward monthly notional amount	600	1,915	Up to 17.4.2009

B11. Material litigation

As at 18 February 2009, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group.

B12. Dividend

The Board declared the following dividends in respect of the financial year ended 31 December 2008:

- Distribution of share dividend on the basis of one (1) Symphony House Berhad ("SHB") treasury share listed on the Main Board of Bursa Malaysia Securities Berhad for every forty (40) ordinary shares of RM0.10 each held in SHB, fractions of treasury shares to be disregarded; and
- A single tier interim cash dividend of RM0.005 per ordinary share.

The payment and distribution date is fixed on 21 April 2009 and in respect of deposited securities, entitlement to the dividends will be determined on the basis of the Record of Depositors as at the close of business on 23 March 2009.

B13. Earnings per share ("EPS")

	Individual quarter ended		Cumulative quarter ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
(a) Basic EPS				
(RM'000)				
Profit for continuing operations attributable to ordinary equity holders of the Company	4,319	4,549	11,087	13,609
Loss for discontinued operations attributable to ordinary equity holders of the Company	-	-	-	(453)
Profit attributable to ordinary equity holders of the Company	<u>4,319</u>	<u>4,549</u>	<u>11,087</u>	<u>13,156</u>
Weighted average number of ordinary shares excluding treasury shares ('000)	627,990	645,325	630,303	655,468
Basic EPS (sen) for:				
Profit for continuing operations	0.69	0.70	1.76	2.08
Loss for discontinued operations	-	-	-	(0.07)
Profit for the period	<u>0.69</u>	<u>0.70</u>	<u>1.76</u>	<u>2.01</u>

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

B13. Earnings per share ("EPS") (cont'd)

- (b) 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
23 February 2009