

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the first quarter ended 31 March 2010

	Note	Individual quarter ended		Cumulative quarter ended	
		31.3.2010 RM'000	31.3.2009 RM'000	31.3.2010 RM'000	31.3.2009 RM'000
Revenue	A7/B1	41,394	44,664	41,394	44,664
Cost of sales		<u>(30,040)</u>	<u>(32,764)</u>	<u>(30,040)</u>	<u>(32,764)</u>
		11,354	11,900	11,354	11,900
Other income		443	198	443	198
Operating Expenses		<u>(11,855)</u>	<u>(9,642)</u>	<u>(11,855)</u>	<u>(9,642)</u>
Operating (loss)/profit		(58)	2,456	(58)	2,456
Finance costs		<u>(552)</u>	<u>(678)</u>	<u>(552)</u>	<u>(678)</u>
(Loss)/profit before tax	A7/B1	(610)	1,778	(610)	1,778
Taxation	B5	<u>(841)</u>	<u>(706)</u>	<u>(841)</u>	<u>(706)</u>
(Loss)/profit for the period		<u>(1,451)</u>	<u>1,072</u>	<u>(1,451)</u>	<u>1,072</u>
Attributable to:					
Equity holders of the Company		(1,622)	875	(1,622)	875
Minority interests		<u>171</u>	<u>197</u>	<u>171</u>	<u>197</u>
(Loss)/profit for the period		<u>(1,451)</u>	<u>1,072</u>	<u>(1,451)</u>	<u>1,072</u>
Other comprehensive (loss)/income, net of tax					
Foreign currency translation differences for foreign operations		<u>(260)</u>	<u>(38)</u>	<u>(260)</u>	<u>(38)</u>
Total comprehensive (loss)/income for the period		<u>(1,711)</u>	<u>1,034</u>	<u>(1,711)</u>	<u>1,034</u>
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(1,882)	837	(1,882)	837
Minority Interests		<u>171</u>	<u>197</u>	<u>171</u>	<u>197</u>
		<u>(1,711)</u>	<u>1,034</u>	<u>(1,711)</u>	<u>1,034</u>
(Loss)/earnings per share attributable to equity holders of the Company (sen):					
Basic	B13	<u>(0.26)</u>	<u>0.15</u>	<u>(0.26)</u>	<u>0.15</u>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2010

	Note	Unaudited 31.3.2010 RM'000	Audited 31.12.2009 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	52,965	39,965
Intangible assets		141,232	141,521
Deferred taxation		928	965
		<u>195,125</u>	<u>182,451</u>
Current assets			
Inventories		709	749
Trade receivables		27,464	25,102
Other receivables		7,756	7,314
Tax recoverable		2,852	2,967
Marketable securities		11	10
Cash and bank balances		37,470	54,931
		<u>76,262</u>	<u>91,073</u>
TOTAL ASSETS		<u><u>271,387</u></u>	<u><u>273,524</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		66,000	66,000
Reserves		148,728	150,613
Shares held by Employee Share Trust Scheme ("ESTS")		(7,097)	(7,097)
		<u>207,631</u>	<u>209,516</u>
Minority interests		2,905	2,734
Total equity		<u>210,536</u>	<u>212,250</u>
Non-current liabilities			
Borrowings	B9	36,003	26,504
Deferred taxation		3,852	3,852
		<u>39,855</u>	<u>30,356</u>
Current liabilities			
Trade and other payables		15,931	19,044
Borrowings	B9	4,155	11,211
Taxation		910	663
		<u>20,996</u>	<u>30,918</u>
Total liabilities		<u>60,851</u>	<u>61,274</u>
TOTAL EQUITY AND LIABILITIES		<u><u>271,387</u></u>	<u><u>273,524</u></u>
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		<u>0.34</u>	<u>0.34</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the first quarter ended 31 March 2010

Group	----- Attributable to equity holders of the Company -----											Total equity RM'000
	<----- Non-Distributable ----->							<--Distributable-->				
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Treasury shares RM'000	Translation reserve RM'000	Warrant reserve RM'000	Share option reserve RM'000	Retained profits RM'000	Shares held by ESTS RM'000	Total RM'000	Minority interests RM'000	
At 1 January 2009	66,000	61,777	-	(10,305)	(506)	560	66	98,855	(6,884)	209,563	2,899	212,462
Total comprehensive income/(loss)	-	-	-	-	(38)	-	-	875	-	837	197	1,034
Purchase of treasury shares	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Purchase of shares by ESTS	-	-	-	-	-	-	-	-	(213)	(213)	-	(213)
At 31 March 2009	66,000	61,777	-	(10,306)	(544)	560	66	99,730	(7,097)	210,186	3,096	213,282
At 1 January 2010	66,000	56,726	3,075	(5,257)	(512)	-	-	96,581	(7,097)	209,516	2,734	212,250
Total comprehensive loss	-	-	-	-	(260)	-	-	(1,622)	-	(1,882)	171	(1,711)
Purchase of treasury shares	-	-	-	(3)	-	-	-	-	-	(3)	-	(3)
At 31 March 2010	66,000	56,726	3,075	(5,260)	(772)	-	-	94,959	(7,097)	207,631	2,905	210,536

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 2009 and the accompanying explanatory notes attached to the interim financial statements.

SYMPHONY HOUSE BERHAD
(Company No : 592563-P)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the first quarter ended 31 March 2010

	Quarter ended 31.3.2010 RM'000	Quarter ended 31.3.2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(610)	1,778
Adjustments for:		
Non cash items	3,505	3,676
Non operating items	401	500
Operating profit before working capital changes	<u>3,296</u>	<u>5,954</u>
Net changes in current assets	(2,778)	(5,396)
Net changes in current liabilities	<u>(4,500)</u>	<u>(575)</u>
	(3,982)	(17)
Tax (paid)/erfund	(442)	7,023
Net cash (used in)/generated from operating activities	<u>(4,424)</u>	<u>7,006</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of plant and equipment	(13,998)	(2,163)
Proceeds from disposal of equipment	150	11
Addition of software development expenditure	(979)	(847)
Interest received	151	178
Net cash used in investing activities	<u>(14,676)</u>	<u>(2,821)</u>
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Purchase of treasury shares	(3)	(1)
Purchase of shares held under ESTS	-	(213)
Release for borrowings	6,859	596
Net drawdown of bank facilities	-	526
Repayment of hire purchase and finance lease	(572)	(481)
Interest paid	(552)	(678)
Net cash generated from/(used in) financing activities	<u>5,732</u>	<u>(251)</u>
Net (decrease)/increase in cash and cash equivalents	(13,368)	3,934
Cash and cash equivalents at beginning of the financial year	47,633	33,973
Foreign exchange differences	(249)	(4)
Cash and cash equivalents at end of the financial period*	<u><u>34,016</u></u>	<u><u>37,903</u></u>

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

Cash and bank balances	37,470	42,296
Bank overdrafts (included in short term borrowings)	(3,299)	(4,393)
Deposits pledged for Islamic Medium Term Notes	(155)	-
Total cash and cash equivalents	<u><u>34,016</u></u>	<u><u>37,903</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 2009 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the quarterly report - 31 March 2010

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009. 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 2009.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations by the Group with effect from 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (as revised in 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Cash Flow Statements
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events After the Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 140	Investment Property
Amendments to FRS 139, FRS 7, and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives

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A1. Basis of preparation (cont'd)

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations by the Group with effect from 1 January 2010 (cont'd.):

Improvement to FRSs 2009	Improvement to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes arising from the adoption of FRS 7, FRS 8, FRS 101 and FRS 139 as discussed below:

a) FRS 8: Operating Segments

Segment Reporting requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

b) FRS 101: Presentation of Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. As this is a disclosure standard, there will be no impact to the financial position or results of the Group.

The Company is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

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.

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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 the following:-

- (a) the Company issued a 42-month Islamic Medium Term Note of RM10.0 million on 24 January 2010;
- (b) the Company's Islamic Medium Term Notes of RM10.0 million was repaid on 1 March 2010 and
- (c) the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM0.25 per share.

As at 31 March 2010, out of the total 660,000,000 issued and fully paid ordinary shares, 16,344,805 shares were held as treasury shares at an average purchase price of RM0.32 per share. The share buyback transactions were financed by internally generated funds.

A6. Dividends paid

No dividends were paid during the quarter under review. However, subsequent to the end of the quarter, the following dividends in respect of the financial year ended 31 December 2009 were distributed/paid on 2 April 2010:

- (a) Distribution of share dividend on the basis of one (1) Symphony House Berhad ("SHB") treasury share listed on the Main Market 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
- (b) A single tier interim cash dividend of RM0.005 per ordinary share amounting to RM3.22 million.

A7. Segmental reporting

The core business of the Symphony Group consists of outsourcing services (being business process outsourcing ("BPO") and corporate services). The Group's only information technology ("IT") services business is in solutions and application development.

There are three primary segments which are identified by service offerings as follows:-

- (a) Outsourcing services consisting of BPO services which include contact management solutions providing complete technical helpdesk services and solutions, human resource outsourcing solutions, financial solutions and corporate services which include corporate secretarial, share registration, accounting, administering the process of share issuance and offers for sale in relation to initial public offerings and cheque processing;
- (b) IT services which include sale of computer solution, computer parts, application software and consultancy services; and
- (c) Others which include the business of letting properties to mainly subsidiaries of Symphony, provision of management services and investment holding.

These segments are consistent with the Company's management of business and reflects its internal financial reporting structure and operating focus.

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A7. Segmental reporting (cont'd.)

Primary reporting format

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Quarter ended 31 March 2010</u>					
Revenue from external customers	40,442	689	263	-	41,394
Inter-segment revenue	14	-	2,224	(2,238)	-
Total revenue	<u>40,456</u>	<u>689</u>	<u>2,487</u>	<u>(2,238)</u>	<u>41,394</u>
Segment results	1,473	221	(1,898)	(5)	(209)
Interest income					151
Interest expense					(552)
Loss before tax					(610)
Taxation					(841)
Loss for the period					<u>(1,451)</u>

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Quarter ended 31 March 2009</u>					
Revenue from external customers	43,917	747	-	-	44,664
Inter-segment revenue	45	235	386	(666)	-
Total revenue	<u>43,962</u>	<u>982</u>	<u>386</u>	<u>(666)</u>	<u>44,664</u>
Segment results	2,679	439	(866)	26	2,278
Interest income					178
Interest expense					(678)
Profit before tax					1,778
Taxation					(706)
Profit for the period					<u>1,072</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.

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A10. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A11. Changes in contingent liabilities or contingent assets

As at 31 March 2010, guarantees extended to third parties amounted to approximately RM7.3 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 2010 is as follows:

	RM'000
Approved but not contracted for	8,940
Approved and contracted for	4,393
	<u>13,333</u>

SYMPHONY HOUSE BERHAD
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B. ADDITIONAL INFORMATION REQUIRED UNDER BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1. Review of group results for the quarter ended 31 March 2010

During the quarter under review, the Group recorded a 7.3% decrease in revenue from RM44.66 million to RM41.39 million. The lower revenue was mainly due to the higher project based revenue included in the previous year corresponding quarter and the lower transaction volume in the cheque processing business unit in the current quarter ended 31 March 2010 due to a client attrition.

Despite the lower revenue, the Group was able to maintain its gross margin. However, compared to the previous year corresponding quarter, the Group registered a loss before tax of RM610k compared to the profit before tax of RM1.78 million. The loss was mainly attributable to the increased expenses pursuant to the Group's move to its current office in Petaling Jaya in December 2009, of which non-recurring move related costs amounting to RM1.94 million were incurred during the quarter.

B2. Variation of results against the preceding quarter

	Quarter ended	
	31.3.2010	31.12.2009
	RM'000	RM'000
Revenue	41,394	44,202
(Loss)/profit before tax	(610)	2,916
Loss after tax and minority interest	(1,622)	(1,161)

The current quarter's revenue of RM41.39 million is 6.4% lower than the immediate preceding quarter while loss before tax came to RM1.62 million as explained in Note B1 above. In the immediate preceding quarter, the profit before tax of RM2.92 million was attributable to the increased corporate activities which resulted in the higher revenue as well as profit contribution from its share issuance business and the higher project based revenue successfully rolled out, particularly in its human resource solution business.

However, the Group ended the immediate preceding quarter with a loss after tax and minority interest of RM1.16 million further to the recognition of deferred tax liability of RM3.85 million made in respect of a subsidiary which is a Multimedia Super Corridor ("MSC") company with its pioneer status coming to an expiry on 20 December 2010.

B3. Prospects for the Year 2010

With the economic turnaround continuing apace, the Group anticipates the outsourcing industry and the capital market to see an encouraging upward trend in terms of business opportunities and growth. With the completion of the investment in physical infrastructure, the Group is currently focusing on investing in its soft infrastructure, namely people and processes, to enable it to chart its next phase of growth.

On the back of these continued investments and subject to the remaining non-recurring move related costs to be incurred during the year, the Directors anticipate the business performance of the Group to be satisfactory.

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B4. Profit forecast

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

B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009
	RM'000	RM'000	RM'000	RM'000
In respect of				
- current period	(804)	(706)	(804)	(706)
Deferred taxation	(37)	-	(37)	-
Taxation	<u>(841)</u>	<u>(706)</u>	<u>(841)</u>	<u>(706)</u>

The effective tax rate for the current quarter under review was significantly higher than the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set-off against taxable profits made by other subsidiaries and certain expenses which are not deductible for tax purpose.

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 31 March 2010 are as follows:

	RM'000
Cost	<u>25</u>
Carrying value	<u>11</u>
Market value	<u>11</u>

B8. Status of corporate proposals as at 12 May 2010

There were no outstanding corporate proposals announced but not completed as at 12 May 2010.

B9. Group borrowings

Group borrowings as at 31 March 2010 were as follows:	RM'000
Short term borrowings	4,155
Long term borrowings	36,003
	<u>40,158</u>

As at 31 March 2010, the Group's borrowings were denominated in Ringgit Malaysia and secured by the following:

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

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B10. Off balance sheet financial instruments

As at 12 May 2010, the Group has not entered into any foreign exchange contracts to hedge its sales from fluctuations in foreign currency.

B11. Material litigation

As at 12 May 2010, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group.

B12. Dividend

There were no dividends declared during the quarter under review.

B13. (Loss)/Earnings per share ("EPS")

	Individual quarter ended		Cumulative quarter ended	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009
(Loss)/profit attributable to equity holders of the Company (RM'000)	(1,622)	875	(1,622)	875
Weighted average number of ordinary shares excluding treasury shares and shares held by ESTS	617,625	602,974	617,625	602,974
Basic EPS (sen)	<u>(0.26)</u>	<u>0.15</u>	<u>(0.26)</u>	<u>0.15</u>

By Order of the Board
Chin Ngeok Mui
Company Secretary
19 May 2010