

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the quarter and year ended 31 March 2011

	Note	Individual quarter ended		Cumulative quarter ended	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
		RM'000	RM'000	RM'000	RM'000
Revenue	A7/B1	42,574	41,394	42,574	41,394
Cost of sales		<u>(30,657)</u>	<u>(30,040)</u>	<u>(30,657)</u>	<u>(30,040)</u>
		11,917	11,354	11,917	11,354
Other income		456	443	456	443
Operating expenses		<u>(12,539)</u>	<u>(11,855)</u>	<u>(12,539)</u>	<u>(11,855)</u>
Operating (loss)/profit		(166)	(58)	(166)	(58)
Finance costs		<u>(729)</u>	<u>(552)</u>	<u>(729)</u>	<u>(552)</u>
(Loss)/Profit before tax	A7/B1	(895)	(610)	(895)	(610)
Taxation	B5	<u>(842)</u>	<u>(841)</u>	<u>(842)</u>	<u>(841)</u>
(Loss)/Profit for the period		<u><u>(1,737)</u></u>	<u><u>(1,451)</u></u>	<u><u>(1,737)</u></u>	<u><u>(1,451)</u></u>
Attributable to:					
Equity holders of the Company		(2,021)	(1,622)	(2,021)	(1,622)
Minority interests		<u>284</u>	<u>171</u>	<u>284</u>	<u>171</u>
(Loss)/Profit for the period		<u><u>(1,737)</u></u>	<u><u>(1,451)</u></u>	<u><u>(1,737)</u></u>	<u><u>(1,451)</u></u>
Other comprehensive (loss)/income, net of tax					
Foreign currency translation differences					
for foreign operations		<u>(123)</u>	<u>(260)</u>	<u>(123)</u>	<u>(260)</u>
Total comprehensive (loss)/income for the period		<u><u>(1,860)</u></u>	<u><u>(1,711)</u></u>	<u><u>(1,860)</u></u>	<u><u>(1,711)</u></u>
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(2,144)	(1,882)	(2,144)	(1,882)
Minority Interests		<u>284</u>	<u>171</u>	<u>284</u>	<u>171</u>
		<u><u>(1,860)</u></u>	<u><u>(1,711)</u></u>	<u><u>(1,860)</u></u>	<u><u>(1,711)</u></u>
(Loss)/Earnings per share attributable to equity holders of the Company (sen):					
Basic	B13	<u>(0.32)</u>	<u>(0.26)</u>	<u>(0.32)</u>	<u>(0.26)</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 2010 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 2011

	Note	Unaudited 31.03.2011 RM'000	Audited 31.12.2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	37,917	38,415
Intangible assets		137,698	138,099
Deferred taxation		785	785
		<u>176,400</u>	<u>177,299</u>
Current assets			
Inventories		270	286
Trade receivables		36,069	32,965
Other receivables		5,822	6,556
Tax recoverable		2,618	2,714
Marketable securities		10	11
Cash and bank balances		37,857	38,056
		<u>82,646</u>	<u>80,588</u>
TOTAL ASSETS		<u><u>259,046</u></u>	<u><u>257,887</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		66,000	66,000
Reserves		123,374	125,520
Shares held by Employee Share Trust Scheme ("ESTS")		(7,097)	(7,097)
		<u>182,277</u>	<u>184,423</u>
Minority interests		<u>3,751</u>	<u>3,467</u>
Total equity		<u>186,028</u>	<u>187,890</u>
Non-current liabilities			
Borrowings	B9	20,627	35,697
Deferred taxation		-	-
		<u>20,627</u>	<u>35,697</u>
Current liabilities			
Trade and other payables		24,469	23,351
Borrowings	B9	26,087	9,540
Taxation		1,835	1,409
		<u>52,391</u>	<u>34,300</u>
Total liabilities		<u>73,018</u>	<u>69,997</u>
TOTAL EQUITY AND LIABILITIES		<u><u>259,046</u></u>	<u><u>257,887</u></u>
		-	-
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		<u>0.28</u>	<u>0.29</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 December 2010 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 year ended 31 March 2011

Group	----- Attributable to equity holders of the Company -----											Minority interests RM'000	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			
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 income	-	-	-	-	(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	
At 1 January 2011	66,000	51,550	3,075	(86)	(554)	-	-	71,535	(7,097)	184,423	3,467	187,890	
Total comprehensive (loss)/income	-	-	-	-	(123)	-	-	(2,021)	-	(2,144)	284	(1,860)	
Purchase of treasury shares	-	-	-	(2)	-	-	-	-	-	(2)	-	(2)	
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	
Distribution of share dividend	-	-	-	-	-	-	-	-	-	-	-	-	
At 31 March 2011	66,000	51,550	3,075	(88)	(677)	-	-	69,514	(7,097)	182,277	3,751	186,028	

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 2010 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 year ended 31 March 2011

	Year ended 31.03.2011 RM'000	Year ended 31.03.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(895)	(610)
Adjustments for:		
Non cash items	2,438	3,505
Non operating items	382	401
Operating profit before working capital changes	1,925	3,296
Net changes in current assets	(2,469)	(2,778)
Net changes in current liabilities	929	(4,500)
	385	(3,982)
Tax (paid)/refund	(320)	(442)
Net cash generated from operating activities	65	(4,424)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of plant and equipment	(1,059)	(13,998)
Proceeds from disposal of equipment	-	150
Addition of software development expenditure	(119)	(979)
Interest received	347	151
Net cash used in investing activities	(831)	(14,676)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Purchase of treasury shares	(2)	(3)
Release for borrowings	336	6,859
Net drawdown of bank facilities	1,564	-
Repayment of borrowings	(173)	(572)
Interest paid	(729)	(552)
Net cash generated from/(used in) financing activities	996	5,732
Net (decrease)/increase in cash and cash equivalents	230	(13,368)
Cash and cash equivalents at beginning of the financial year	30,946	47,633
Foreign exchange differences	(179)	(249)
Cash and cash equivalents at end of the financial year*	30,997	34,016

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

Cash and bank balances	37,857	37,470
Bank overdrafts (included in short term borrowings)	(6,626)	(3,299)
Deposits pledged for Islamic Medium Term Notes	(234)	(155)
	30,997	34,016
Cash and bank balances classified as held for sale	-	-
Total cash and cash equivalents	30,997	34,016

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

SYMPHONY HOUSE BERHAD
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Notes to the quarterly report - 31 March 2011

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 2010. 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 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, 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

SYMPHONY HOUSE BERHAD
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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 2010, 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.

c) FRS 139: Financial instruments : Recognition and Measurement and Amendments to FRS 139, Financial Instruments: Recognition and Measurement

The Group determines the classification of its financial instruments at initial recognition which is dependent on the nature of the assets and the purpose for which the asset was acquired.

(i) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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A1. Basis of preparation (cont'd)

- c) FRS 139: Financial instruments : Recognition and Measurement and Amendments to FRS 139, Financial Instruments: Recognition and Measurement (cont'd)

The Group categorises its financial assets as follows:

Fair value through profit or loss

Fair value through profit or loss comprises derivatives that are classified as assets which are subsequently measured at their fair values.

Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents which are subsequently measured at amortised cost using the effective interest method.

(ii) Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, borrowings and derivatives that are classified as liabilities.

All the Group's financial liabilities are measured at amortised cost using the effective interest method, except liabilities comprising derivatives which are classified as financial liabilities at fair value through profit or loss.

The application of FRS139 has no material impact to the financial statements of the Group.

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.

As at 31 March 2011, out of the total 660,000,000 issued and fully paid ordinary shares, 280,816 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.

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.

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 2011</u>					
Revenue from external customers	41,797	351	426	-	42,574
Inter-segment revenue	10	-	1,687	(1,697)	-
Total revenue	41,807	351	2,113	(1,697)	42,574
Segment results	1,187	(320)	(1,380)	-	(513)
Interest income					347
Interest expense					(729)
Loss before tax					(895)
Taxation					(842)
Loss for the period					(1,737)

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A7. Segmental reporting (cont'd.)

Primary reporting format (cont'd)

	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)
Profit before tax					<u>(610)</u>
Taxation					(841)
Loss for the period					<u>(1,451)</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.

A11. Changes in contingent liabilities or contingent assets

As at 31 March 2011, there were no changes in the contingent liabilities or contingent assets recorded.

A12. Capital commitments

There were no commitment for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2011.

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 2011

During the quarter under review, the Group recorded a 2.9% year-on-year increase in revenue from RM41.39 million to RM42.57 million mainly due to the higher revenue contribution from the Outsourcing Business segment. However, the Group recorded a slightly higher Loss Before Tax of RM0.89 million for the quarter compared to a Loss Before Tax of RM0.61 million for the same quarter in FY2010. This is mainly due to lower contribution from the IT Services Division and lower corporate action activities in the IPO market.

B2. Variation of results against the preceding quarter

	Quarter ended	
	31.03.2011	31.12.2010
	RM'000	RM'000
Revenue	42,574	48,486
Loss before tax	(895)	(16,816)
Loss after tax and minority interest	(2,021)	(15,118)

The current quarter's revenue of RM42.57 million is 12.2% lower than the immediate preceding quarter due to decreased revenue contribution from its share issuance and registration businesses. Despite this the current quarter is showing a lower losses in view of the fact that during the preceding quarter there was a write off of software development cost amounting to RM17.7 million.

B3. Prospects for the Year 2011

The Group anticipates the outsourcing industry to see an encouraging longer term upward trend in terms of business opportunities and growth. However, there are still shorter term challenges on the back of uncertain economic turnaround outside Asia and thus resulting in clients putting pricing and margin pressures on service providers. In addition, the Ringgit appreciation against US and European currencies also impacts exporters of products and services.

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, the Directors anticipate the performance of its international business to be challenging. Nevertheless, its domestic and capital market related businesses are expected to continue to be positive.

B4. Profit forecast

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

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B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
In respect of				
- current period	(842)	(804)	(842)	(804)
- prior years	-	-	-	-
	<u>(842)</u>	<u>(804)</u>	<u>(842)</u>	<u>(804)</u>
Deferred taxation	-	(37)	-	(37)
Taxation	<u>(842)</u>	<u>(841)</u>	<u>(842)</u>	<u>(841)</u>

The effective tax rate for the current quarter under review was 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 2011 are as follows:

	RM'000
Cost	25
Carrying value	<u>10</u>
Market value	<u>10</u>

B8. Status of corporate proposals as at 31 March 2011

There were no outstanding corporate proposals announced but not completed as at 31 March 2011.

B9. Group borrowings

Group borrowings as at 31 March 2011 were as follows:

	RM'000
Short term borrowings	26,087
Long term borrowings	20,627
	<u>46,714</u>

As at 31 March 2011, 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. Financial Instruments - Derivatives

As at 31 March 2010, there were no outstanding derivative financial instrument.

B11. Material litigation

As at 31 March 2011, 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	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
(Loss)/profit attributable to equity holders of the Company (RM'000)	(2,021)	(1,622)	(2,021)	(1,622)
Weighted average number of ordinary shares excluding treasury shares and shares held by ESTS	633,690	617,628	633,690	617,625
Basic EPS (sen)	<u>(0.32)</u>	<u>(0.26)</u>	<u>(0.32)</u>	<u>(0.26)</u>

B14. Realised and unrealised profit / (losses) disclosure

	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
The retained profits and losses are analysed as follows:-		
Total retained profits of the Company and the subsidiaries:-		
- realised	85,630	86,839
- unrealised	<u>(41)</u>	<u>487</u>
	85,589	87,326
Add: consolidation adjustments	<u>(16,075)</u>	<u>(15,791)</u>
Total Group retained profits as per consolidated accounts	<u>69,514</u>	<u>71,535</u>

By Order of the Board
Chin Ngeok Mui
Company Secretary
31 May 2011