

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the fourth quarter ended 31 December 2011

	Note	Individual quarter ended		Cumulative quarter ended	
		31.12.2011	31.12.2010	31.12.2011	31.12.2010
		RM'000	RM'000	RM'000	RM'000
Revenue	A7/B1	46,133	48,486	185,872	174,573
Cost of sales		<u>(35,750)</u>	<u>(34,089)</u>	<u>(140,796)</u>	<u>(127,383)</u>
		10,383	14,397	45,076	47,190
Other income		1,001	313	2,101	1,103
Operating expenses		<u>(13,141)</u>	<u>(30,757)</u>	<u>(45,136)</u>	<u>(66,445)</u>
Operating (loss)/profit		<u>(1,757)</u>	<u>(16,047)</u>	<u>2,041</u>	<u>(18,152)</u>
Finance costs		<u>(906)</u>	<u>(769)</u>	<u>(2,942)</u>	<u>(2,393)</u>
(Loss)/Profit before tax	A7/B1	<u>(2,663)</u>	<u>(16,816)</u>	<u>(901)</u>	<u>(20,545)</u>
Taxation	B5	<u>(220)</u>	<u>1,968</u>	<u>(2,699)</u>	<u>(550)</u>
(Loss)/Profit for the period		<u><u>(2,883)</u></u>	<u><u>(14,848)</u></u>	<u><u>(3,600)</u></u>	<u><u>(21,095)</u></u>
Attributable to:					
Equity holders of the Company		<u>(2,079)</u>	<u>(15,118)</u>	<u>(4,253)</u>	<u>(21,828)</u>
Minority interests		<u>(804)</u>	<u>270</u>	<u>653</u>	<u>733</u>
(Loss)/Profit for the period		<u><u>(2,883)</u></u>	<u><u>(14,848)</u></u>	<u><u>(3,600)</u></u>	<u><u>(21,095)</u></u>
Other comprehensive (loss)/income, net of tax					
Foreign currency translation differences for foreign operations		<u>(19)</u>	<u>(2)</u>	<u>(159)</u>	<u>(88)</u>
Total comprehensive (loss)/income for the period		<u><u>(2,902)</u></u>	<u><u>(14,850)</u></u>	<u><u>(3,759)</u></u>	<u><u>(21,183)</u></u>
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		<u>(2,098)</u>	<u>(15,120)</u>	<u>(4,412)</u>	<u>(21,916)</u>
Minority Interests		<u>(804)</u>	<u>270</u>	<u>653</u>	<u>733</u>
		<u><u>(2,902)</u></u>	<u><u>(14,850)</u></u>	<u><u>(3,759)</u></u>	<u><u>(21,183)</u></u>
(Loss)/Earnings per share attributable to equity holders of the Company (sen):					
Basic	B13	<u>(0.32)</u>	<u>(2.39)</u>	<u>(0.64)</u>	<u>(3.49)</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 December 2011

	Note	Unaudited 31.12.2011 RM'000	Audited 31.12.2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	32,559	38,415
Intangible assets		141,353	138,099
Deferred taxation		785	785
		<u>174,697</u>	<u>177,299</u>
Current assets			
Inventories		5	286
Trade receivables		30,901	32,965
Other receivables		5,499	6,556
Tax recoverable		3,165	2,714
Marketable securities		10	11
Cash and bank balances		37,084	38,056
		<u>76,664</u>	<u>80,588</u>
TOTAL ASSETS		<u>251,361</u>	<u>257,887</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		66,000	66,000
Reserves		118,623	125,520
Shares held by Employee Share Trust Scheme ("ESTS")		(7,097)	(7,097)
		<u>177,526</u>	<u>184,423</u>
Non Controlling Interest		8,115	3,467
Total equity		<u>185,641</u>	<u>187,890</u>
Non-current liabilities			
Borrowings	B9	20,481	35,697
		<u>20,481</u>	<u>35,697</u>
Current liabilities			
Trade and other payables		22,131	23,351
Borrowings	B9	22,282	9,540
Taxation		826	1,409
		<u>45,239</u>	<u>34,300</u>
Total liabilities		<u>65,720</u>	<u>69,997</u>
TOTAL EQUITY AND LIABILITIES		<u>251,361</u>	<u>257,887</u>
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		<u>0.27</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 period ended 31 December 2011

Group	<----- Attributable to equity holders of the Company ----->										
	<----- Non-Distributable ----->						<--Distributable-->				
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Treasury shares RM'000	Translation reserve RM'000	Other 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 2010	66,000	56,726	3,075	(5,257)	(512)	-	96,581	(7,097)	209,516	2,734	212,250
Total comprehensive (loss) / income	-	-	-	-	(42)	-	(21,828)	-	(21,870)	733	(21,137)
Purchase of treasury shares	-	-	-	(5)	-	-	-	-	(5)	-	(5)
Dividends	-	(5,716)	-	5,176	-	-	(3,218)	-	(3,218)	-	(3,218)
At 31 December 2010	<u>66,000</u>	<u>51,010</u>	<u>3,075</u>	<u>(86)</u>	<u>(554)</u>	<u>-</u>	<u>71,535</u>	<u>(7,097)</u>	<u>184,423</u>	<u>3,467</u>	<u>187,890</u>
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	-	-	-	-	(2,641)	-	(4,253)	-	(6,894)	4,648	(2,246)
Purchase of treasury shares	-	-	-	(3)	-	-	-	-	(3)	-	(3)
At 31 December 2011	<u>66,000</u>	<u>51,550</u>	<u>3,075</u>	<u>(89)</u>	<u>(3,195)</u>	<u>-</u>	<u>67,282</u>	<u>(7,097)</u>	<u>177,526</u>	<u>8,115</u>	<u>185,641</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 2010 and the accompanying explanatory notes attached to the interim financial statements.

SYMPHONY HOUSE BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the year ended 31 December 2011

	Period ended 31.12.2011 RM'000	Period ended 31.12.2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(901)	(20,545)
Adjustments for:		
Non cash items	11,922	33,722
Non operating items	88	1,726
Operating profit before working capital changes	<u>11,109</u>	<u>14,903</u>
Net changes in current assets	3,088	(7,426)
Net changes in current liabilities	<u>(1,757)</u>	<u>4,008</u>
	12,440	11,485
Tax (paid)/refund	<u>(3,733)</u>	<u>(3,223)</u>
Net cash generated from operating activities	<u>8,707</u>	<u>8,262</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of plant and equipment	(1,059)	(26,065)
Proceeds from disposal of equipment	-	157
Proceeds from winding up a related company	-	-
Addition of software development expenditure	(4,814)	(1,760)
Interest received	1,156	667
Net cash used in investing activities	<u>(4,717)</u>	<u>(27,001)</u>
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Purchase of treasury shares	(3)	(5)
Release for / (pledge for) borrowings	-	6,444
Net drawdown of bank facilities	1,645	2,345
Repayment of borrowings	(620)	(1,079)
Interest paid	(2,941)	(2,393)
Dividends paid	-	(3,218)
Net cash generated from/(used in) financing activities	<u>(1,919)</u>	<u>2,094</u>
Net (decrease)/increase in cash and cash equivalents	2,071	(16,645)
Cash and cash equivalents at beginning of the financial year	30,946	47,633
Foreign exchange differences	457	(42)
Cash and cash equivalents at end of the financial year*	<u>33,474</u>	<u>30,946</u>
*Cash and cash equivalents at the end of the financial year comprise the following:		
Cash and bank balances	37,084	38,056
Bank overdrafts (included in short term borrowings)	(3,040)	(6,540)
Deposits pledged for Islamic Medium Term Notes	<u>(570)</u>	<u>(570)</u>
Total cash and cash equivalents	<u>33,474</u>	<u>30,946</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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the quarterly report - 31 December 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 2011:

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 13	Customer Loyalty Programmes
Improvements to FRSs (2010)	

The adoption of above new FRSs, Amendments to FRSs and Interpretations did not result in any significant impact on the financial statements of the Company and of the Group.

A2. Comments about seasonal or cyclical factors

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

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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 2011, out of the total 660,000,000 issued and fully paid ordinary shares, 290,816 ordinary shares of RM0.10 each were held as treasury shares at an average purchase price of RM0.32 per ordinary 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.

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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 December 2011</u>					
Revenue from external customers	45,251	1,391	(509)	-	46,133
Inter-segment revenue	-	-	2,815	(2,815)	-
Total revenue	45,251	1,391	2,306	(2,815)	46,133
Segment results	(1,139)	674	(1,030)	-	(1,495)
Interest income					383
Interest expense					(906)
Profit before tax					(2,018)
Taxation					(220)
Loss for the period					(2,238)

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Quarter ended 31 December 2010</u>					
Revenue from external customers	47,013	1,076	397	-	48,486
Inter-segment revenue	16	-	16,973	(16,989)	-
Total revenue	47,029	1,076	17,370	(16,989)	48,486
Segment results	(15,490)	301	(1,040)	-	(16,229)
Interest income					182
Interest expense					(769)
Profit before tax					(16,816)
Taxation					1,968
Loss for the period					(14,848)

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Period ended 31 December 2011</u>					
Revenue from external customers	181,058	2,758	2,056	-	185,872
Inter-segment revenue	94	-	6,753	(6,847)	-
Total revenue	181,152	2,758	8,809	(6,847)	185,872
Segment results	5,495	6	(3,972)	1	1,530
Interest income					1,156
Interest expense					(2,942)
Loss before tax					(256)
Taxation					(2,699)
Loss for the year					(2,955)

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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>Period ended 31 December 2010</u>					
Revenue from external customers	169,505	3,646	1,422	-	174,573
Inter-segment revenue	216	-	23,649	(23,865)	-
Total revenue	<u>169,721</u>	<u>3,646</u>	<u>25,071</u>	<u>(23,865)</u>	<u>174,573</u>
Segment results	(14,451)	1,119	(5,487)	-	(18,819)
Interest income					667
Interest expense					<u>(2,393)</u>
Loss before tax					<u>(20,545)</u>
Taxation					<u>(550)</u>
Loss for the year					<u><u>(21,095)</u></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

There was no changes in the contingent liabilities or contingent assets for the quarter under review.

A12. Capital commitments

The amount of capital commitments contracted but not provided for in respect of purchase of property, plant and equipment in the interim financial statements as at 31 December 2011 is RM77,000.

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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 December 2011

During the quarter under review, the Group recorded a 4.8% reduction in revenue from RM48.5 million in Quarter 4, 2010 to RM46.1 million mainly due to the lower revenue contribution from the outsourcing services business and the IT Services business. Our loss making Japan contact centre contributed lower revenue as the operations were wound down by end of December 2011.

The Group also recorded a lower Loss Before Tax of RM2.66 million for the quarter under review compared to the Loss Before Tax of RM16.8 million for the same quarter in preceding year. The lower loss is mainly due to one-off provision for assets write-off in the last quarter of FY2011. The loss before tax for the current quarter is largely due to the shut down costs for the Japan contact center operation in quarter 4 of 2011 and lesser activities in the IPO and the corporate action markets.

B2. Variation of results against the preceding quarter

	Quarter ended	
	31.12.2011	31.09.2011
	RM'000	RM'000
Revenue	46,133	49,203
Profit / (loss) before tax	(2,663)	2,601
Profit / (loss) after tax and minority interest	(2,079)	873

The current quarter's revenue of RM46.1 million is 6.3 % lower than previous quarter's revenue of RM49.2 million. This is largely due to the weaker corporate action and IPO market and lower revenue contribution from our Japan operations as we shut down our loss making Japan contact center business.

Concurrently the Group recorded a Loss Before Tax of RM2.66 million compared to Profit Before Tax RM2.6 million in the previous quarter. This is largely due to the provision for shut down costs for the Japan operations and the lesser activities in the IPO and corporate action markets.

B3. Prospects for the Year 2012

The Group anticipates the outsourcing industry to see an encouraging medium term upward trend in terms of business opportunities and growth. Whilst there are still short term challenges on the back of uncertain economic turnaround outside Asia resulting in pricing and margin pressures on service providers, we are seeing more opportunities in the outsourcing space as multinational corporations look at ways to improve efficiencies in their operations.

With the completion of the investment in physical infrastructure, the Group is currently focusing on investing in its soft infrastructure, namely people and processes, and on new mandates and business expansions. On the back of these continued investments, the Directors anticipate the performance of its international business to improve. The 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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Notes to the quarterly report - 31 December 2011

B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
In respect of				
- current period	(220)	(644)	(2,699)	(2,376)
- prior years	-	(105)	-	(105)
	<u>(220)</u>	<u>(749)</u>	<u>(2,699)</u>	<u>(2,481)</u>
Deferred taxation	-	-	-	(37)
Taxation	<u>(220)</u>	<u>(749)</u>	<u>(2,699)</u>	<u>(2,518)</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 December 2011 are as follows:

	RM'000
Cost	<u>25</u>
Carrying value	<u>9</u>
Market value	<u>9</u>

B8. Status of corporate proposals as at 31 December 2011

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

B9. Group borrowings

Group borrowings as at 31 December 2011 were as follows:	RM'000
Short term borrowings	22,282
Long term borrowings	<u>20,481</u>
	<u>42,763</u>

As at 31 December 2011, the Group's borrowings were denominated in Ringgit Malaysia and secured by the following:

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

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B10. Financial Instruments - Derivatives

As at 31 December 2011, there were no outstanding derivative financial instrument.

B11. Material litigation

As at 31 December 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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
(Loss)/profit attributable to equity holders of the Company (RM'000)	(2,079)	(15,118)	(4,253)	(21,828)
Weighted average number of ordinary shares excluding treasury shares and shares held by ESTS	659,717	633,525	659,717	625,619
Basic EPS (sen)	<u>(0.32)</u>	<u>(2.39)</u>	<u>(0.64)</u>	<u>(3.49)</u>

B14. Realised and unrealised profit / (losses) disclosure

	As at 31.12.2011 RM'000	As at 30.09.2011 RM'000
The retained profits and losses are analysed as follows:-		
Total retained profits of the Company and the subsidiaries:-		
- realised	83,868	83,357
- unrealised	392	392
	<u>84,260</u>	<u>84,260</u>
Add: consolidation adjustments	(15,375)	(15,375)
Total Group retained profits as per consolidated accounts	<u>68,885</u>	<u>68,885</u>

By Order of the Board
Chin Ngeok Mui
Company Secretary
20 February 2012