

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the 1st quarter ended 31 March 2012

		Individual quarter ended		Cumulative quarter ended	
	Note	31.03.2012	31.03.2011	31.03.2012	31.03.2011
		RM'000	RM'000	RM'000	RM'000
Revenue	A7/B1	43,688	42,574	43,688	42,574
Cost of sales		<u>(33,028)</u>	<u>(30,657)</u>	<u>(33,028)</u>	<u>(30,657)</u>
		10,660	11,917	10,660	11,917
Other income		409	456	409	456
Operating expenses		<u>(9,599)</u>	<u>(12,539)</u>	<u>(9,599)</u>	<u>(12,539)</u>
Operating profit/(loss)		1,470	(166)	1,470	(166)
Finance costs		<u>(821)</u>	<u>(729)</u>	<u>(821)</u>	<u>(729)</u>
Profit/(Loss) before tax	A7/B1	649	(895)	649	(895)
Taxation	B5	<u>(877)</u>	<u>(842)</u>	<u>(877)</u>	<u>(842)</u>
Profit/(Loss) for the period		<u>(228)</u>	<u>(1,737)</u>	<u>(228)</u>	<u>(1,737)</u>
Attributable to:					
Equity holders of the Company		(545)	(2,021)	(545)	(2,021)
Minority interests		317	284	317	284
Loss for the period		<u>(228)</u>	<u>(1,737)</u>	<u>(228)</u>	<u>(1,737)</u>
EBITDA		<u>3,498</u>	<u>2,085</u>	<u>3,498</u>	<u>2,085</u>
Other comprehensive loss					
net of tax					
Foreign currency translation differences					
for foreign operations		<u>(99)</u>	<u>(123)</u>	<u>(99)</u>	<u>(123)</u>
Total comprehensive loss					
for the period		<u>(327)</u>	<u>(1,860)</u>	<u>(327)</u>	<u>(1,860)</u>
Total comprehensive (loss)/income					
attributable to:					
Equity holders of the Company		(644)	(2,144)	(644)	(2,144)
Minority Interests		317	284	317	284
		<u>(327)</u>	<u>(1,860)</u>	<u>(327)</u>	<u>(1,860)</u>
Loss per share attributable to equity holders of the Company (sen):					
Basic	B13	<u>(0.08)</u>	<u>(0.32)</u>	<u>(0.08)</u>	<u>(0.32)</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 2011 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 2012

	Note	Unaudited 31.03.2012 RM'000	Audited 31.12.2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	25,807	25,926
Intangible assets		149,260	149,339
Deferred taxation		973	911
		<u>176,040</u>	<u>176,176</u>
Current assets			
Inventories		4	5
Trade receivables		31,480	31,016
Other receivables		4,996	5,479
Tax recoverable		3,580	3,844
Marketable securities		13	11
Cash and bank balances		24,203	37,583
		<u>64,276</u>	<u>77,938</u>
TOTAL ASSETS		<u>240,316</u>	<u>254,114</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		66,000	66,000
Reserves		119,760	120,404
Shares held by Employee Share Trust Scheme ("ESTS")		(7,097)	(7,097)
		<u>178,663</u>	<u>179,307</u>
Non Controlling Interest		<u>8,360</u>	<u>8,043</u>
Total equity		<u>187,023</u>	<u>187,350</u>
Non-current liabilities			
Borrowings	B9	21,158	21,223
		<u>21,158</u>	<u>21,223</u>
Current liabilities			
Trade and other payables		19,684	21,510
Borrowings	B9	11,045	22,941
Taxation		1,406	1,090
		<u>32,135</u>	<u>45,541</u>
Total liabilities		<u>53,293</u>	<u>66,764</u>
TOTAL EQUITY AND LIABILITIES		<u>240,316</u>	<u>254,114</u>
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		<u>0.27</u>	<u>0.28</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 December 2011 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 March 2012

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	Non-controlling Total RM'000	interests RM'000	Total equity RM'000
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	-	-	-	-	(1,246)	-	(3,867)	-	(5,113)	4,576	(537)
Purchase of treasury shares	-	-	-	(3)	-	-	-	-	(3)	-	(3)
Dividends	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2011	66,000	51,550	3,075	(89)	(1,800)	-	67,668	(7,097)	179,307	8,043	187,350
At 1 January 2012	66,000	51,550	3,075	(89)	(1,800)	-	67,668	(7,097)	179,307	8,043	187,350
Total comprehensive (loss)/income	-	-	-	-	(99)	-	(545)	-	(644)	317	(327)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2012	66,000	51,550	3,075	(89)	(1,899)	-	67,123	(7,097)	178,663	8,360	187,023

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 2012

	Period ended 31.03.2012 RM'000	Audited 31.12.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	649	169
Adjustments for:		
Non cash items	2,026	8,671
Non operating items	526	1,678
Operating profit before working capital changes	3,201	10,518
Net changes in current assets	20	3,035
Net changes in current liabilities	(1,816)	(3,433)
	1,405	10,120
Tax (paid)/refund	(360)	(4,097)
Net cash generated from operating activities	1,045	6,023
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of plant and equipment	(1,758)	(1,918)
Proceeds from disposal of equipment	-	-
Proceeds from winding up a related company	-	-
Addition of software development expenditure	(83)	(5,026)
Interest received	295	1,279
Net cash used in investing activities	(1,546)	(5,665)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Purchase of treasury shares	(2)	(3)
Contribution by non-controlling interest	-	3,998
Release for / (pledge for) borrowings	10,338	(9,987)
Net drawdown of bank facilities	3,116	1,523
Repayment of borrowings	(15,074)	(655)
Interest paid	(821)	(2,957)
Dividends paid	-	-
Net cash generated from/(used in) financing activities	(2,443)	(8,081)
Net (decrease)/increase in cash and cash equivalents	(2,944)	(7,723)
Cash and cash equivalents at beginning of the financial year	23,363	30,946
Foreign exchange differences	(98)	140
Cash and cash equivalents at end of the financial year*	20,321	23,363
*Cash and cash equivalents at the end of the financial year comprise the following:		
Cash and bank balances	24,203	37,583
Bank overdrafts (included in short term borrowings)	(3,663)	(3,663)
Deposits pledged for Islamic Medium Term Notes	(219)	(10,557)
Total cash and cash equivalents	20,321	23,363

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2011 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 2012

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 2011. 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 2011.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011, 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 & Period ended 31 March 2012</u>					
Revenue from external customers	42,545	389	754	-	43,688
Inter-segment revenue	25	-	1,689	(1,714)	-
Total revenue	<u>42,570</u>	<u>389</u>	<u>2,443</u>	<u>(1,714)</u>	<u>43,688</u>
Segment results	2,523	(233)	(1,115)	-	1,175
Interest income					295
Interest expense					(821)
Profit before tax					<u>649</u>
Taxation					(877)
Profit / (Loss) for the period					<u>(228)</u>

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Quarter & Period 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	<u>41,807</u>	<u>351</u>	<u>2,113</u>	<u>(1,697)</u>	<u>42,574</u>
Segment results	1,187	(320)	(1,380)	-	(513)
Interest income					347
Interest expense					(729)
Profit before tax					<u>(895)</u>
Taxation					(842)
Profit / (Loss) for the period					<u>(1,737)</u>

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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 March 2012 is RM289,012.

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B. ADDITIONAL INFORMATION REQUIRED UNDER BURSA SECURITIES MAIN MARKET LISTING REQUIREMENT:

B1. Review of group results for the quarter ended 31 March 2012

During the quarter under review, the Group recorded a 2.6% increase in revenue from RM42.6 million in Quarter 1, 2011 to RM43.7 million mainly due to organic growth of transaction volume and new client acquisitions in the outsourcing business despite the closure of our Japan call center operations. This was however dampened by the lower contribution from the capital market due to lesser new IPOs and corporate exercises by our PLC clients during the quarter. The revenue was also impacted by the high number of public holidays during the quarter which dampened transaction volume.

The Group recorded a Profit Before Tax of RM0.65 million for the quarter under review compared to the Loss Before Tax of RM0.89 million for the same quarter in preceding year. This is mainly attributed to a lower operating cost as a result of improvement in cost efficiency during the current reporting period.

B2. Variation of results against the preceding quarter

	Quarter ended	
	31.03.2012	31.12.2011
	RM'000	RM'000
Revenue	43,688	46,133
Profit / (loss) before tax	649	(2,663)
Profit / (loss) after tax and minority interest	(545)	(2,079)

The current quarter's revenue of RM43.7 million is 5.2 % lower than previous quarter's revenue of RM46.1 million. This is largely due to the weaker capital market and nil revenue contribution from our Japan CMS operations as we shut down our loss making Japan contact center business at the end of the last financial year.

The Group however recorded a Profit Before Tax of RM0.65 million compared to Loss Before Tax of RM2.7 million in the previous quarter. This improvement is largely due to the provision for shut down costs for the Japan operations in the previous quarter added with a lower operating cost for the current quarter.

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. Despite the weaker market activities in quarter 1, the domestic and capital market related businesses are expected to improve in the subsequent quarters as more IPOs come to the market.

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 March 2012

B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
In respect of				
- current period	(877)	(842)	(877)	(842)
- prior years	-	-	-	-
	<u>(877)</u>	<u>(842)</u>	<u>(877)</u>	<u>(842)</u>
Deferred taxation	-	-	-	-
Taxation	<u>(877)</u>	<u>(842)</u>	<u>(877)</u>	<u>(842)</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. Status of corporate proposals as at 31 March 2012

There were no outstanding corporate proposals announced but not completed as at 31 March 2012.

B7. Group borrowings

Group borrowings as at 31 March 2012 were as follows:	RM'000
Short term borrowings	11,045
Long term borrowings	<u>21,158</u>
	<u>32,203</u>

As at 31 March 2012, 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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B8. Material litigation

As at 31 March 2012, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group.

B9. Dividend

There were no dividends declared during the quarter under review.

B10. (Loss)/Earnings per share ("EPS")

	Individual quarter ended		Cumulative quarter ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
(Loss)/profit attributable to equity holders of the Company (RM'000)	(545)	(2,021)	(545)	(2,021)
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>(0.08)</u>	<u>(0.32)</u>	<u>(0.08)</u>	<u>(0.32)</u>

B11. Realised and unrealised profit / (losses) disclosure

	As at 31.03.2012 RM'000	As at 31.12.2011 RM'000
The retained profits and losses are analysed as follows:-		
Total retained profits of the Company and the subsidiaries:-		
- realised	83,015	83,868
- unrealised	<u>249</u>	<u>392</u>
	83,264	84,260
Add: consolidation adjustments	<u>(15,594)</u>	<u>(15,375)</u>
Total Group retained profits as per consolidated accounts	<u>67,670</u>	<u>68,885</u>

By Order of the Board
Chin Ngeok Mui
Company Secretary
17 May 2012