

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the 3rd quarter ended 30 September 2012

	Note	Individual quarter ended		Cumulative quarter ended	
		30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
<b>Revenue</b>	A7/B1	54,155	49,203	150,892	139,738
Cost of sales		<u>(37,927)</u>	<u>(37,726)</u>	<u>(110,143)</u>	<u>(105,046)</u>
		16,228	11,477	40,749	34,692
Other income		473	412	1,473	1,100
Operating expenses		<u>(9,570)</u>	<u>(8,570)</u>	<u>(29,171)</u>	<u>(31,995)</u>
<b>Operating profit/(loss)</b>		7,131	3,319	13,051	3,797
Finance costs		<u>(683)</u>	<u>(718)</u>	<u>(2,200)</u>	<u>(2,036)</u>
<b>Profit/(Loss) before impairment</b>	A7/B1	6,448	2,601	10,851	1,761
Impairment of Goodwill		<u>(8,000)</u>	-	<u>(8,000)</u>	-
<b>Profit/(Loss) before tax</b>		<u>(1,552)</u>	2,601	2,851	1,761
Taxation	B5	<u>(626)</u>	<u>(766)</u>	<u>(2,790)</u>	<u>(2,480)</u>
<b>Profit/(Loss) for the period</b>		<u><u>(2,178)</u></u>	<u><u>1,835</u></u>	<u><u>61</u></u>	<u><u>(719)</u></u>
<b>Attributable to:</b>					
Equity holders of the Company		(2,932)	873	(1,226)	(2,175)
Minority interests		754	963	1,287	1,456
<b>Profit/(Loss) for the period</b>		<u><u>(2,178)</u></u>	<u><u>1,836</u></u>	<u><u>61</u></u>	<u><u>(719)</u></u>
<b>EBITDA</b>		<u><u>9,197</u></u>	<u><u>5,946</u></u>	<u><u>19,169</u></u>	<u><u>11,341</u></u>
<b>Other comprehensive income/(loss), net of tax</b>					
Foreign currency translation differences for foreign operations		<u>336</u>	<u>(123)</u>	<u>237</u>	<u>(123)</u>
<b>Total comprehensive income/(loss) for the period</b>		<u><u>(1,842)</u></u>	<u><u>1,713</u></u>	<u><u>298</u></u>	<u><u>(842)</u></u>
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity holders of the Company		(2,596)	750	(989)	(2,298)
Minority Interests		754	963	1,287	1,456
		<u><u>(1,842)</u></u>	<u><u>1,713</u></u>	<u><u>298</u></u>	<u><u>(842)</u></u>
<b>Earnings/(Loss) per share attributable to equity holders of the Company (sen):</b>					
Basic	B13	<u><u>(0.44)</u></u>	<u><u>0.14</u></u>	<u><u>(0.19)</u></u>	<u><u>(0.35)</u></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 30 September 2012

	Note	Unaudited 30.09.2012 RM'000	Audited 31.12.2011 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A8	28,462	25,926
Intangible assets		139,902	149,339
Deferred taxation		911	911
		<u>169,275</u>	<u>176,176</u>
<b>Current assets</b>			
Inventories		3	5
Trade receivables		34,812	31,016
Other receivables		4,343	5,479
Tax recoverable		974	3,844
Marketable securities		12	11
Cash and bank balances		29,275	37,583
		<u>69,419</u>	<u>77,938</u>
<b>TOTAL ASSETS</b>		<u><u>238,694</u></u>	<u><u>254,114</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		66,000	66,000
Reserves		121,080	120,404
Shares held by Employee Share Trust Scheme ("ESTS")		(7,097)	(7,097)
		<u>179,983</u>	<u>179,307</u>
<b>Non Controlling Interest</b>		<u>9,330</u>	<u>8,043</u>
<b>Total equity</b>		<u>189,313</u>	<u>187,350</u>
<b>Non-current liabilities</b>			
Borrowings	B9	-	20,287
Deferred taxation		936	936
		<u>936</u>	<u>21,223</u>
<b>Current liabilities</b>			
Trade and other payables		17,837	21,510
Borrowings	B9	29,683	22,941
Taxation		925	1,090
		<u>48,445</u>	<u>45,541</u>
<b>Total liabilities</b>		<u>49,381</u>	<u>66,764</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>238,694</u></u>	<u><u>254,114</u></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 30 September 2012

Group	Attributable to equity holders of the Company										
	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	Non-controlling 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	-	-	-	-	1,904	-	(1,226)	-	678	1,287	1,965
Purchase of treasury shares	-	-	-	(2)	-	-	-	-	(2)	-	(2)
At 30 September 2012	66,000	51,550	3,075	(91)	104	-	66,442	(7,097)	179,983	9,330	189,313

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 2011 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 30 September 2012

	<b>Period ended</b> <b>30.09.2012</b> <b>RM'000</b>	<b>Audited</b> <b>31.12.2011</b> <b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	10,851	169
Adjustments for:		
Non cash items	6,164	8,671
Non operating items	1,173	1,678
Operating profit before working capital changes	<u>18,188</u>	<u>10,518</u>
Net changes in current assets	(2,455)	3,035
Net changes in current liabilities	<u>(2,098)</u>	<u>(3,433)</u>
	13,635	10,120
Tax (paid)/refund	(87)	(4,097)
Net cash generated from operating activities	<u>13,548</u>	<u>6,023</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(8,205)	(1,918)
Proceeds from disposal of equipment	-	-
Proceeds from winding up a related company	-	-
Addition of software development expenditure	947	(5,026)
Interest received	<u>1,027</u>	<u>1,279</u>
Net cash used in investing activities	<u>(6,231)</u>	<u>(5,665)</u>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Purchase of treasury shares	(2)	(3)
Contribution by non-controlling interest	-	3,998
Release for / (pledge for) borrowings	10,287	(9,987)
Net drawdown of bank facilities	1,750	1,523
Repayment of borrowings	(15,293)	(655)
Interest paid	(2,200)	(2,957)
Dividends paid	-	-
Net cash generated from/(used in) financing activities	<u>(5,458)</u>	<u>(8,081)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	1,859	(7,723)
Cash and cash equivalents at beginning of the financial year	23,363	30,946
Foreign exchange differences	123	140
<b>Cash and cash equivalents at end of the financial year*</b>	<u>25,345</u>	<u>23,363</u>
<b>*Cash and cash equivalents at the end of the financial year comprise the following:</b>		
Cash and bank balances	29,275	37,583
Bank overdrafts (included in short term borrowings)	(3,659)	(3,663)
Deposits pledged for Islamic Medium Term Notes	(271)	(10,557)
Total cash and cash equivalents	<u>25,345</u>	<u>23,363</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 2011 and the accompanying explanatory notes attached to the interim financial statements.

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 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.

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2012**

**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.

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2012**

**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 30 September 2012</u>					
Revenue from external customers	52,325	601	1,226	-	54,152
Inter-segment revenue	16	-	1,689	(1,705)	-
<b>Total revenue</b>	<b>52,341</b>	<b>601</b>	<b>2,915</b>	<b>(1,705)</b>	<b>54,152</b>
Segment results	7,312	(136)	(370)	-	6,806
Interest income					324
Interest expense					(683)
Impairment of Goodwill					(8,000)
Profit before tax					(1,553)
Taxation					(626)
<b>Profit / (Loss) for the period</b>					<b>(2,179)</b>

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Quarter ended 30 September 2011</u>					
Revenue from external customers	47,127	443	1,633	-	49,203
Inter-segment revenue	22	-	563	(585)	-
<b>Total revenue</b>	<b>47,149</b>	<b>443</b>	<b>2,196</b>	<b>(585)</b>	<b>49,203</b>
Segment results	3,379	(232)	(464)	-	2,683
Interest income					636
Interest expense					(718)
Profit before tax					2,601
Taxation					(766)
<b>Profit / (Loss) for the period</b>					<b>1,835</b>

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Period ended 30 September 2012</u>					
Revenue from external customers	146,124	1,538	3,230	-	150,892
Inter-segment revenue	78	-	5,067	(5,145)	-
<b>Total revenue</b>	<b>146,202</b>	<b>1,538</b>	<b>8,297</b>	<b>(5,145)</b>	<b>150,892</b>
Segment results	14,664	(597)	(2,043)	-	12,024
Interest income					1,027
Interest expense					(2,200)
Impairment of Goodwill					(8,000)
Loss before tax					2,851
Taxation					(2,790)
<b>Profit / (Loss) for the year</b>					<b>61</b>

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2012**

**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 30 September 2011</u>					
Revenue from external customers	135,805	1,369	2,564	-	139,738
Inter-segment revenue	93	-	3,939	(4,032)	-
Total revenue	<u>135,898</u>	<u>1,369</u>	<u>6,503</u>	<u>(4,032)</u>	<u>139,738</u>
Segment results	6,408	(669)	(3,044)	(47)	2,648
Interest income					1,149
Interest expense					(2,036)
Loss before tax					<u>1,761</u>
Taxation					(2,480)
Profit / (Loss) for the year					<u>(719)</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 30 September 2012 is RM426,000.



**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2012**

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

**B1. Review of group results for the quarter ended 30 September 2012**

The Group recorded revenue of RM54.2 million during the quarter under review. This is a 10.2% increase compared to the RM49.2 million revenue recorded during the same quarter last year. This improvement is contributed by the more robust growth in the outsourcing business, in particular the buoyant IPO market recorded during the quarter.

On the back of this revenue growth, the Group recorded a Loss Before Tax of RM1.6 million for the quarter under review compared to profit Before Tax RM2.6 million for the same quarter in preceding year. This is mainly attributed to the provision for impairment of goodwill in respect of our IT services subsidiary which continued to record weak results.

**B2. Variation of results against the preceding quarter**

	Quarter ended	
	30.09.2012	31.06.2012
	RM'000	RM'000
Revenue	54,155	53,049
Impairment of Goodwill	(8,000)	-
Profit / (loss) before tax	6,448	3,754
Profit / (loss) after tax and minority interest	(2,932)	2,251

The current quarter's revenue of RM54.2 million is 2.1 % higher than previous quarter's revenue of RM53.1 million. This is largely due to the better corporate actions and IPO market seen in the current quarter.

The Group recorded a Loss Before Tax of RM1.6 million compared to Profit Before Tax RM3.8 million in the previous quarter due to the provision for impairment of goodwill carried by the IT services a subsidiary made during 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 the early parts of the year, the domestic and capital market related businesses improved significantly in quarter 3 due to several major IPOs. This is however expected to slow down in quarter 4 due to the lack of further major IPOs for the remainder period.

**B4. Profit forecast**

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

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2012**

**B5. Taxation**

	Individual quarter ended		Cumulative quarter ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
In respect of				
- current period	(626)	(766)	(2,790)	(2,480)
- prior years	-	-	-	-
	<u>(626)</u>	<u>(766)</u>	<u>(2,790)</u>	<u>(2,480)</u>
Deferred taxation	-	-	-	-
Taxation	<u>(626)</u>	<u>(766)</u>	<u>(2,790)</u>	<u>(2,480)</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 30 September 2012**

There were no outstanding corporate proposals announced but not completed as at 30 September 2012.

**B7. Group borrowings**

Group borrowings as at 30 September 2012 were as follows:	RM'000
Short term borrowings	29,683
Long term borrowings	-
	<u>29,683</u>

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

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2012**

**B8. Material litigation**

As at 30 September 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	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
(Loss)/profit attributable to equity holders of the Company (RM'000)	(2,932)	873	(1,226)	(2,174)
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>(0.44)</u>	<u>0.14</u>	<u>(0.19)</u>	<u>(0.35)</u>

**B11. Realised and unrealised profit / (losses) disclosure**

	As at 30.09.2012 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>(15,596)</u>	<u>(15,375)</u>
Total Group retained profits as per consolidated accounts	<u>67,668</u>	<u>68,885</u>

By Order of the Board  
Chin Ngeok Mui  
Company Secretary  
28 Nov 2012