

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the 1st quarter ended 31 March 2013

	Note	Individual quarter ended		Cumulative quarter ended	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
		RM'000	RM'000	RM'000	RM'000
Revenue	A7/B1	27,295	24,412	27,295	24,412
Cost of sales		(18,510)	(16,417)	(18,510)	(16,417)
		8,785	7,995	8,785	7,995
Other income		631	376	631	376
Operating expenses		(8,035)	(7,992)	(8,035)	(7,992)
Operating profit/(loss)		1,381	379	1,381	379
Finance costs		(523)	(821)	(523)	(821)
Profit/(Loss) before tax		858	(442)	858	(442)
Taxation	B5	(609)	(627)	(609)	(627)
Profit/(Loss) for the period from continuing operations		249	(1,069)	249	(1,069)
Discontinued Operations					
Profit / (Loss) for the period from discontinued operations		372	841	372	841
Profit/(Loss) for the period		621	(228)	621	(228)
Attributable to:					
Equity holders of the Company		502	(545)	502	(545)
Minority interests		119	317	119	317
Profit/(Loss) for the period		621	(228)	621	(228)
EBITDA		3,898	3,498	3,898	3,498
Other comprehensive income/(loss), net of tax					
Foreign currency translation differences for foreign operations		227	(99)	227	(99)
Total comprehensive income/(loss) for the period		848	(327)	848	(327)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		729	(644)	729	(644)
Minority Interests		119	317	119	317
		848	(327)	848	(327)
Earnings/(Loss) per share attributable to equity holders of the Company (sen):					
Basic	B10	0.08	(0.08)	0.08	(0.08)

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 2012 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)

As at 31 March 2013

	Note	Unaudited 31.03.2013 RM'000	Audited 31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	26,016	23,046
Intangible assets		82,403	86,261
Deferred taxation		1,148	3,074
		<u>109,567</u>	<u>112,381</u>
Current assets			
Inventories		4	3
Trade receivables		29,622	27,382
Other receivables		4,808	4,341
Tax recoverable		1,003	599
Marketable securities		11	13
Cash and bank balances		29,326	28,786
		<u>64,774</u>	<u>61,124</u>
Assets of disposal group classified as held for sale	A13	30,958	40,566
		<u>95,732</u>	<u>101,690</u>
TOTAL ASSETS		<u>205,299</u>	<u>214,071</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		66,000	66,000
Reserves		82,195	81,467
Shares held by Employee Share Trust Scheme ("ESTS")		(7,097)	(7,097)
		<u>141,098</u>	<u>140,370</u>
Non Controlling Interest		<u>9,399</u>	<u>9,280</u>
Total equity		<u>150,497</u>	<u>149,650</u>
Non-current liabilities			
Borrowings	B7	-	-
Deferred taxation		160	2,005
		<u>160</u>	<u>2,005</u>
Current liabilities			
Trade and other payables		10,837	12,818
Borrowings	B7	33,899	30,920
Taxation		1,637	1,329
		<u>46,373</u>	<u>45,067</u>
Liabilities directly associated with the assets classified as held for sale	A13	8,269	17,349
		<u>54,642</u>	<u>62,416</u>
Total liabilities		<u>54,802</u>	<u>64,421</u>
TOTAL EQUITY AND LIABILITIES		<u>205,299</u>	<u>214,071</u>
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		<u>0.21</u>	<u>0.21</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 December 2012 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 2013

Group	<----- Attributable to equity holders of the Company ----->									
	<----- Non-Distributable ----->					<--Distributable-->			Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Treasury shares RM'000	Translation reserve RM'000	Retained profits RM'000	Shares held by ESTS RM'000	Total RM'000		
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	-	-	-	-	(50)	(38,885)	-	(38,935)	1,237	(37,698)
Purchase of treasury shares	-	-	-	(2)	-	-	-	(2)	-	(2)
Dividends	-	-	-	-	-	-	-	-	-	-
At 31 December 2012	66,000	51,550	3,075	(91)	(1,850)	28,783	(7,097)	140,370	9,280	149,650
At 1 January 2013	66,000	51,550	3,075	(91)	(1,850)	28,783	(7,097)	140,370	9,280	149,650
Total comprehensive (loss)/income	-	-	-	-	227	502	-	729	119	848
Purchase of treasury shares	-	-	-	(1)	-	-	-	(1)	-	(1)
At 31 March 2013	66,000	51,550	3,075	(92)	(1,623)	29,285	(7,097)	141,098	9,399	150,497

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 2012 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 2013

	Year ended 31.03.2013 RM'000	Audited 31.12.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	858	(38,038)
- Discontinued operation	372	3,950
Adjustments for:		
Non cash items	820	58,525
Non operating items	346	1,240
Operating profit before working capital changes	<u>2,396</u>	<u>25,677</u>
Net changes in current assets	(4,096)	(6,342)
Net changes in current liabilities	<u>(11,451)</u>	<u>2,040</u>
	(13,151)	21,375
Tax (paid)/refund	<u>(623)</u>	<u>(10)</u>
Net cash generated from operating activities	<u>(13,774)</u>	<u>21,365</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of plant and equipment	(8,783)	(4,046)
Addition of software development expenditure	8,571	(4,891)
Purchase of marketable securities		(2)
Interest received	179	1,082
Net cash used in investing activities	<u>(33)</u>	<u>(7,857)</u>
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Purchase of treasury shares	(1)	(2)
Contribution by non-controlling interest	-	-
Release for / (pledge for) borrowings	(6,581)	10,267
Repayment of borrowings	-	(15,000)
Proceeds from banking facilities	2,979	1,989
Repayment of hire purchase and finance lease	570	(410)
Interest paid	(523)	(2,322)
Dividends paid	-	-
Net cash generated from/(used in) financing activities	<u>(3,556)</u>	<u>(5,478)</u>
Net (decrease)/increase in cash and cash equivalents	(17,363)	8,030
Cash and cash equivalents at beginning of the financial year	36,808	28,820
Foreign exchange differences	46	(42)
Cash and cash equivalents at end of the reporting period*	<u>19,491</u>	<u>36,808</u>
*Cash and cash equivalents at the end of the reporting period comprise the following:		
Cash and bank balances	29,326	41,874
Bank overdrafts (included in short term borrowings)	(4,776)	(4,776)
Deposits pledged for Islamic Medium Term Notes	<u>(6,871)</u>	<u>(290)</u>
	17,679	36,808
Cash and bank balances classified as held for sale	<u>1,812</u>	-
Total cash and cash equivalents	<u>19,491</u>	<u>36,808</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 2012 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 2013

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 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 2012. 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 2012.

The accounting policies and methods of the computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2012 except for the newly-issued Malaysian Accounting Standards Board approved accounting framework - Malaysian Financial Reporting Standards (MFRS) and IC Interpretations (IC Int.) to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 January 2013:

MFRS and Amendments to MFRSs

MFRS 10	Consolidates Financial Statements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
Amendments to MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities

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.

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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.

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 2012, 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 March 2013</u>					
Revenue from external customers	25,438	612	1,245	-	27,295
Inter-segment revenue	17	-	1,779	(1,796)	-
Total revenue	25,455	612	3,024	(1,796)	27,295
Segment results	1,829	12	(639)		1,202
Interest income					179
Interest expense					(523)
Profit before tax					858
Taxation					(609)
Profit / (Loss) from continuing operations, after tax					249
Profit from discontinued operation, net of tax					372
Profit / (Loss) for the period					621

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Quarter ended 31 March 2012</u>					
Revenue from external customers	23,269	389	754	-	24,412
Inter-segment revenue	25	-	1,689	(1,714)	-
Total revenue	23,294	389	2,443	(1,714)	24,412
Segment results	1,432	(233)	(1,115)	-	84
Interest income					295
Interest expense					(821)
Profit before tax					(442)
Taxation					(627)
Profit / (Loss) from continuing operations, after tax					(1,069)
Profit from discontinued operation, net of tax					841
Profit / (Loss) for the period					(228)

SYMPHONY HOUSE BERHAD
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Notes to the quarterly report - 31 March 2013

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 2012 is RM141,000.

A13. Discontinued operation and disposal group classified as held for sale

The Company is contemplating to dispose of one of its subsidiary, Symphony HRS Sdn Bhd (SHRS)

As at 31 December 2012, the assets and liabilities related to HRS have been presented in the statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale", and its results are presented separately on the statement of comprehensive income as "Profit from discontinued operation, net of tax"

Statement of financial position disclosures

The major classes of assets and liabilities of Symphony HRS Sdn Bhd classified as held for sale as at 31 March 2013 are as follows:

	Group RM'000
Assets:	
Property, plant and equipment	4,911
Intangible assets	11,260
Trade and other receivables	12,975
Cash and Bank balances	1,812
Assets of disposal group classified as held for sale	<u>30,958</u>
Liabilities:	
Trade and other payables	7,108
Deferered tax liabilities	1,161
Liabilities directly associated with disposal group classified as held for sale	<u>8,269</u>
Net assets directly associated with disposal group classified as held for sales	<u>22,689</u>

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Notes to the quarterly report - 31 March 2013

A13. Discontinued operation and disposal group classified as held for sale

Statement of comprehensive income disclosures

The result of Symphony HRS Sdn Bhd for the year period ended 31 March 2013 are as follows:

	Group	
	31.03.2013	31.03.2012
	RM'000	RM'000
Revenue	21,885	19,276
Cost of sales	(18,993)	(16,611)
Profit from operations	<u>2,892</u>	<u>2,665</u>
Other income	-	33
Administrative expenses	(2,520)	(1,607)
Profit before tax from discontinued operations	<u>372</u>	<u>1,091</u>
Income tax expense	-	(250)
Profit from discontinued operation, net of tax	<u><u>372</u></u>	<u><u>841</u></u>

Statement of cash flow disclosures

The cash flow attributable to Symphony HRS Sdn Bhd are as follows:

	31.03.2013	31.03.2012
	RM'000	RM'000
Operating	(10,421)	1,981
Investing	(941)	(1,395)
Financing	87	(29)
Net cash inflow/(outflow)	<u><u>(11,275)</u></u>	<u><u>557</u></u>

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Notes to the quarterly report - 31 March 2013

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

B1. Review of group results for the quarter ended 31 March 2013

The Group recorded revenue of RM27.3 million during the quarter under review. This is a RM11.8% increase compared to the RM24.4 million revenue recorded during the same quarter last year. This improvement is generally attributed to new business secured since previous year and the better pricing in the BPO business.

On the back of this revenue growth, the Group recorded a Profit Before Tax for Continuing Operations of RM0.86 million for the quarter under review compared to Loss Before Tax RM0.44 million for the same quarter in preceding year. This is mainly attributed to improvement in the BPO performance in respect of margins and cost efficiency.

B2. Variation of results against the preceding quarter

	Quarter ended	
	31.03.2013	31.12.2012
	RM'000	RM'000
Revenue	27,295	30,865
Profit / (Loss) before impairment	858	5,956
Impairment of Goodwill	-	(42,860)
Profit / (Loss) from continuing operations, before tax	858	(36,635)
Profit / (Loss) from discontinued operations, net of tax	372	603
Profit / (Loss) after tax and minority interest	502	(36,965)

The current quarter's revenue of RM27.30 million is 11.6 % lower than previous quarter's revenue of RM30.87 million. This is largely due to the high number of public holidays in Q1/13 which impacted the BPO revenue and reduced activity in the corporate action and IPO activities.

The Group recorded a Profit Before Tax from continuing operations of RM0.86 million compared to Loss Before Tax from continuing operations of RM36 million in the previous quarter due mainly to the impairment of goodwill during the previous quarter.

B3. Prospects for the Year 2013

The Group anticipates the outsourcing industry to see an encouraging medium term upward trend in terms of business opportunities and growth. However, we see short term challenges on the back of uncertain economic turnaround outside Asia resulting in pricing and margin pressures on service providers.

On the domestic front, we expect the stock market to be in a neutral to negative bias for 2013 which would impact the corporate actions activities including lesser capital raising exercises and fewer large IPOs coming to market in 2013.

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 2013

B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
In respect of				
- current period	(609)	(877)	(609)	(627)
- prior years	-	-	-	-
	<u>(609)</u>	<u>(877)</u>	<u>(609)</u>	<u>(627)</u>
Deferred taxation	-	-	-	-
Taxation	<u>(609)</u>	<u>(877)</u>	<u>(609)</u>	<u>(627)</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 2013

There were no outstanding corporate proposals announced but not completed as at 31 March 2013.

B7. Group borrowings

Group borrowings as at 31 March 2013 were as follows:	RM'000
Short term borrowings	33,899
Long term borrowings	-
	<u>33,899</u>

As at 31 March 2013, 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 2013, 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	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
(Loss)/profit attributable to equity holders of the Company (RM'000)	502	(545)	502	(545)
Weighted average number of ordinary shares excluding treasury shares and shares held by ESTS	659,691	659,717	659,691	659,717
Basic EPS (sen)	<u>0.08</u>	<u>(0.08)</u>	<u>0.08</u>	<u>(0.08)</u>

B11. Realised and unrealised profit / (losses) disclosure

	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
The retained profits and losses are analysed as follows:-		
Total retained profits of the Company and the subsidiaries:-		
- realised	43,674	43,731
- unrealised	<u>1,207</u>	<u>643</u>
	44,881	44,374
Add: consolidation adjustments	<u>(15,596)</u>	<u>(15,591)</u>
Total Group retained profits as per consolidated accounts	<u>29,285</u>	<u>28,783</u>

By Order of the Board
Chin Ngeok Mui
Company Secretary
31 May 2013