

**QUARTERLY REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

for the 3rd quarter ended 30 September 2013

	Note	Individual quarter ended		Cumulative quarter ended	
		30.09.2013	30.09.2012	30.09.2013	30.09.2012
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	A7/B1	30,310	32,231	85,564	86,360
Cost of sales		(19,274)	(19,446)	(57,446)	(55,920)
		11,036	12,785	28,118	30,440
Other income		461	453	1,584	1,464
Operating expenses		(7,105)	(7,207)	(21,469)	(21,441)
<b>Operating profit/(loss)</b>		4,392	6,031	8,233	10,463
Finance costs		(155)	(683)	(1,192)	(2,200)
<b>Profit/(Loss) before impairment</b>	A7/B1	4,237	5,348	7,041	8,263
Gain/(Loss) on disposal of subsidiary		(637)		(637)	
Impairment of Goodwill		-	(8,000)	(4,576)	(8,000)
<b>Profit/(Loss) before tax</b>		3,600	(2,652)	1,828	263
Taxation	B5	(752)	(1,474)	(2,157)	(3,180)
Profit/(Loss) for the period from continuing operations		2,848	(4,126)	(329)	(2,917)
<b>Discontinued Operations</b>					
Profit / (Loss) for the period from discontinued operations	A13	324	1,948	3,526	2,978
<b>Profit/(Loss) for the period</b>		3,172	(2,178)	3,197	61
<b>Attributable to:</b>					
Equity holders of the Company		3,096	(2,932)	2,174	(1,225)
Minority interests		76	754	1,023	1,287
<b>Profit/(Loss) for the period</b>		3,172	(2,178)	3,197	62
<b>EBITDA</b>		5,875	9,197	12,661	19,169
<b>Other comprehensive income/(loss), net of tax</b>					
Foreign currency translation differences for foreign operations		733	336	(171)	237
<b>Total comprehensive income/(loss) for the period</b>		3,905	(1,842)	3,026	299
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity holders of the Company		3,829	(2,596)	2,003	(988)
Minority Interests		76	754	1,023	1,287
		3,905	(1,842)	3,026	299
<b>Earnings/(Loss) per share attributable to equity holders of the Company (sen):</b>					
Basic	B10	0.47	(0.44)	0.33	(0.19)

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 30 September 2013

	Note	Unaudited 30.09.2013 RM'000	Audited 31.12.2012 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A8	21,582	23,046
Intangible assets		81,070	86,261
Deferred taxation		1,354	3,074
		104,006	112,381
<b>Current assets</b>			
Inventories		4	3
Trade receivables		21,271	27,382
Other receivables		5,899	4,341
Tax recoverable		599	599
Marketable securities		14	13
Cash and bank balances		21,390	28,786
		49,177	61,124
Assets of disposal group classified as held for sale	A13	32,384	40,566
		81,561	101,690
<b>TOTAL ASSETS</b>		185,567	214,071
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		66,000	66,000
Reserves		83,469	81,467
Shares held by Employee Share Trust Scheme ("ESTS")		(7,097)	(7,097)
		142,372	140,370
<b>Non Controlling Interest</b>		10,303	9,280
<b>Total equity</b>		152,675	149,650
<b>Non-current liabilities</b>			
Borrowings	B7	-	-
Deferred taxation		42	2,005
		42	2,005
<b>Current liabilities</b>			
Trade and other payables		15,293	12,818
Borrowings	B7	13,112	30,920
Taxation		697	1,329
		29,102	45,067
Liabilities directly associated with the assets classified as held for sale	A13	3,748	17,349
		32,850	62,416
<b>Total liabilities</b>		32,892	64,421
<b>TOTAL EQUITY AND LIABILITIES</b>		185,567	214,071
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		0.22	0.21

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 period ended 30 September 2013

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	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 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	-	-	-	-	(171)	2,174	-	2,003	1,023	3,026
Purchase of treasury shares	-	-	-	(1)	-	-	-	(1)	-	(1)
At 30 September 2013	66,000	51,550	3,075	(92)	(2,021)	30,957	(7,097)	142,372	10,303	152,675

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 period ended 30 September 2013

	<b>Period ended</b> <b>30.09.2013</b> <b>RM'000</b>	<b>Audited</b> <b>31.12.2012</b> <b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	1,828	(38,038)
- Discontinued operation	3,526	3,950
Adjustments for:		
Non cash items	10,228	58,525
Non operating items	996	1,240
Operating profit before working capital changes	<u>16,578</u>	<u>25,677</u>
Net changes in current assets	2,140	(6,342)
Net changes in current liabilities	<u>(11,367)</u>	<u>2,040</u>
	7,351	21,375
Tax (paid)/refund	<u>(2,885)</u>	<u>(10)</u>
Net cash generated from operating activities	<u>4,466</u>	<u>21,365</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(4,507)	(4,046)
Addition of software development expenditure		(4,891)
Purchase of marketable securities	-	(2)
Interest received	292	1,082
Net cash used in investing activities	<u>(4,215)</u>	<u>(7,857)</u>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Purchase of treasury shares	(2)	(2)
Release for / (pledge for) borrowings	-	10,267
Repayment of borrowings	(20,000)	(15,000)
Proceeds from banking facilities	2,323	1,989
Repayment of hire purchase and finance lease	-	(410)
Interest paid	(1,288)	(2,322)
Dividends paid	-	-
Net cash generated from/(used in) financing activities	<u>(18,967)</u>	<u>(5,478)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(18,716)</b>	<b>8,030</b>
Cash and cash equivalents at beginning of the financial year	36,808	28,820
Foreign exchange differences	75	(42)
<b>Cash and cash equivalents at end of the reporting period*</b>	<b><u>18,167</u></b>	<b><u>36,808</u></b>
<b>*Cash and cash equivalents at the end of the reporting period comprise the following:</b>		
Cash and bank balances	21,390	28,786
Bank overdrafts (included in short term borrowings)	(4,645)	(4,776)
Deposits pledged for Islamic Medium Term Notes	<u>(290)</u>	<u>(290)</u>
	16,455	23,720
Cash and bank balances classified as held for sale	<u>1,712</u>	<u>13,088</u>
Total cash and cash equivalents	<u>18,167</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**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 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.

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2013**

**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 30 September 2013, 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 2013**

**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 2013</u>					
Revenue from external customers	29,137	-	1,173	-	30,310
Inter-segment revenue	(20)	-	(1,779)	1,799	-
Total revenue	<u>29,117</u>	<u>-</u>	<u>(606)</u>	<u>1,799</u>	<u>30,310</u>
Segment results	4,727	-	(331)	-	4,396
Interest income					92
Interest expense					(251)
Impairment of Goodwill					(637)
Profit before tax					<u>3,600</u>
Taxation					(752)
Profit / (Loss) from continuing operations, after tax					<u>2,848</u>
Profit from discontinued operation, net of tax					<u>324</u>
Profit / (Loss) for the quarter					<u>3,172</u>

	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	31,005	-	1,226	-	32,231
Inter-segment revenue	16	-	1,689	(1,705)	-
Total revenue	<u>31,021</u>	<u>-</u>	<u>2,915</u>	<u>(1,705)</u>	<u>32,231</u>
Segment results	6,077	-	(370)	-	5,707
Interest income					324
Interest expense					(683)
Impairment of Goodwill					(8,000)
Profit before tax					<u>(2,652)</u>
Taxation					(1,474)
Profit / (Loss) from continuing operations, after tax					<u>(4,126)</u>
Profit / (Loss) from discontinued operations, after tax					<u>1,948</u>
Profit / (Loss) for the quarter					<u>(2,178)</u>

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Period ended 30 September 2013</u>					
Revenue from external customers	81,855	-	3,709	-	85,564
Inter-segment revenue	68	-	5,337	(5,405)	-
Total revenue	<u>81,923</u>	<u>-</u>	<u>9,046</u>	<u>(5,405)</u>	<u>85,564</u>
Segment results	9,544	-	(1,603)	-	7,941
Interest income					388
Interest expense					(1,288)
Impairment of Goodwill					(5,213)
Profit / (Loss) before tax					<u>1,828</u>
Taxation					(2,157)
Profit / (Loss) from continuing operations, after tax					<u>(329)</u>
Profit from discontinued operation, net of tax					<u>3,526</u>
Profit / (Loss) for the period					<u>3,197</u>

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2013**  
**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 2012</u>					
Revenue from external customers	83,130	-	3,230	-	86,360
Inter-segment revenue	78	-	5,067	(5,145)	-
Total revenue	<u>83,208</u>	<u>-</u>	<u>8,297</u>	<u>(5,145)</u>	<u>86,360</u>
Segment results	11,479	-	(2,043)		9,436
Interest income					1,027
Interest expense					(2,200)
Impairment of Goodwill					(8,000)
Loss before tax					<u>263</u>
Taxation					(3,180)
Profit / (Loss) from continuing operations, after tax					<u>(2,917)</u>
Profit from discontinued operation, net of tax					<u>2,978</u>
Profit / (Loss) for the period					<u>61</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 2013 is RM239,000.

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

The Company has disposed its IT division i.e. Symphony Xen Group on 20th August 2013. Its result up to 20th August 2013 is presented as "Profit/(Loss) from discontinued operation, net of tax".

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

As at 30 Sep 2013, 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 result are presented separately on the statement of comprehensive income as "Profit from discontinued operation, net of tax"



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**Notes to the quarterly report - 30 September 2013**

**Statement of financial position disclosures**

The major classes of assets and liabilities of HRS classified as held for sale as at 30 September 2013 are as follows:

	Group RM'000
<b>Assets:</b>	
Property, plant and equipment	13,056
Intangible assets	3,648
Trade and other receivables	13,968
Cash and Bank balances	1,712
Tax Recoverable	
Assets of disposal group classified as held for sale	<u>32,384</u>
<b>Liabilities:</b>	
Trade and other payables	2,587
Deferredd tax liabilities	1,161
Liabilities directly associated with disposal group classified as held for sale	<u>3,748</u>
Net assets directly associated with disposal group classified as held for sales	<u>28,636</u>

**Statement of comprehensive income disclosures**

The result of HRS for the year period ended 30 September 2013 are as follows:

	Group	
	30.09.2013 RM'000	30.09.2012 RM'000
Revenue	59,619	62,995
Cost of sales	<u>(49,302)</u>	<u>(54,166)</u>
Profit from operations	10,317	8,829
Other income	279	83
Selling & Distribution Expenses	-	-
Administrative expenses	(6,594)	(5,382)
Other expenses	<u>(1,211)</u>	<u>(568)</u>
Profit before tax from discontinued operations	2,791	2,962
Income tax expense	-	-
Profit from discontinued operation, net of tax	<u>2,791</u>	<u>2,962</u>

**Statement of cash flow disclosures**

The cash flow attributable to HRS are as follows:

	30.09.2013 RM'000	30.09.2012 RM'000
Operating	(8,427)	4,728
Investing	(2,835)	(3,904)
Financing	-	-
Net cash inflow/(outflow)	<u>(11,262)</u>	<u>824</u>

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2013**

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

**B1. Review of group results for the quarter ended 30 September 2013**

The Group recorded revenue of RM30.3 million during the quarter under review. This is a 6.0% decrease compared to the RM32.2 million revenue recorded during the same quarter last year. This is due to lesser corporate exercises undertaken by the share issuance and registration business during the current period compared to the same quarter last year.

On the back of this lower revenue, the Group recorded a Profit Before Tax of Continuing Operations of RM3.3 million for the quarter under review compared to Loss Before Tax of RM2.6 million for the same quarter in the preceding year. This is mainly attributed to the RM8.0 million impairment made in respect of Symphony Xen Group during the same quarter in 2012.

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

	Quarter ended	
	30.09.2013	31.06.2013
	RM'000	RM'000
Revenue	30,310	28,571
Profit / (Loss) before impairment	3,600	2,035
Impairment of Goodwill	-	(4,576)
Profit / (Loss) from continuing operations, before tax	3,600	(2,541)
Profit / (Loss) from discontinued operations, net of tax	324	2,770
Profit / (Loss) after tax and minority interest	3,096	(1,424)

The current quarter's revenue of RM30.3 million is 6.1 % higher than previous quarter's revenue of RM28.6 million. This is largely due to the improved transactional activities recorded during the current quarter.

The Group recorded a Profit Before Tax from continuing operations of RM3.6 million compared to Loss Before Tax from continuing operations of RM2.5 million in the previous quarter due mainly to the RM4.5 million impairment made on disposal of the Symphony Xen Group accounted in the current 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 positive bias for the remaining period of 2013.

**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 2013**

**B5. Taxation**

	Individual quarter ended		Cumulative quarter ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
In respect of				
- current period	(752)	(1,474)	(2,157)	(3,180)
- prior years	-	-	-	-
	<u>(752)</u>	<u>(1,474)</u>	<u>(2,157)</u>	<u>(3,180)</u>
Deferred taxation	-	-	-	-
Taxation	<u>(752)</u>	<u>(1,474)</u>	<u>(2,157)</u>	<u>(3,180)</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 2013**

There were no outstanding corporate proposals announced but not completed as at 30 September 2013.

**B7. Group borrowings**

Group borrowings as at 30 September 2013 were as follows:	RM'000
Short term borrowings	13,112
Long term borrowings	-
	<u>13,112</u>

As at 30 September 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.

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 30 September 2013**

**B8. Material litigation**

As at 30 September 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	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
(Loss)/profit attributable to equity holders of the Company (RM'000)	3,096	(2,931)	2,174	(1,225)
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>0.47</u>	<u>(0.44)</u>	<u>0.33</u>	<u>(0.19)</u>

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

	As at 30.09.2013 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	45,061	43,731
- unrealised	<u>1,492</u>	<u>643</u>
	46,553	44,374
Add: consolidation adjustments	<u>(15,596)</u>	<u>(15,591)</u>
Total Group retained profits as per consolidated accounts	<u>30,957</u>	<u>28,783</u>

By Order of the Board  
Chin Ngeok Mui  
Company Secretary  
26 November 2013