

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the year ended 31 December 2013

	Note	Individual quarter ended		Cumulative year ended	
		31.12.2013	31.12.2012	31.12.2013	31.12.2012
		RM'000	RM'000	RM'000	RM'000
Revenue	A7/B1	14,661	12,769	52,480	52,426
Cost of sales		(7,195)	(6,679)	(27,264)	(26,883)
		7,466	6,090	25,216	25,543
Other income		673	527	2,043	2,071
Operating expenses		(4,019)	(4,653)	(15,576)	(14,427)
Operating profit/(loss)		4,120	1,964	11,683	13,187
Finance costs		(392)	-	(1,058)	(1,742)
Profit/(Loss) before impairment	A7/B1	3,728	1,964	10,625	11,445
Gain/(Loss) on disposal of subsidiary		-	-	(637)	-
Impairment of Goodwill		(40,616)	(42,860)	(44,334)	(50,860)
Profit/(Loss) before tax		(36,888)	(40,896)	(34,346)	(39,415)
Taxation	B5	(1,252)	(704)	(3,544)	(3,830)
Profit/(Loss) for the period from continuing operations		(38,140)	(41,600)	(37,890)	(43,245)
Discontinued Operations					
Profit / (Loss) for the period from discontinued operations, net of tax	A13	(3,393)	3,890	(446)	5,597
Profit/(Loss) for the period		(41,533)	(37,710)	(38,336)	(37,648)
Attributable to:					
Equity holders of the Company		(40,840)	(37,661)	(38,666)	(38,886)
Minority interests		(693)	(49)	330	1,238
Profit/(Loss) for the period		(41,533)	(37,710)	(38,336)	(37,648)
EBITDA		4,434	3,770	13,235	14,864
Other comprehensive income/(loss), net of tax					
Foreign currency translation differences for foreign operations		1,740	(287)	1,569	(50)
Total comprehensive income/(loss) for the period		(39,793)	(37,997)	(36,767)	(37,698)
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		(39,100)	(37,948)	(37,097)	(38,936)
Minority Interests		(693)	(49)	330	1,238
		(39,793)	(37,997)	(36,767)	(37,698)
Earnings/(Loss) per share attributable to equity holders of the Company (sen):					
Basic	B10	(6.19)	(5.71)	(5.86)	(5.89)

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 December 2013

	Note	Unaudited 31.12.2013 RM'000	Audited 31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A8	10,766	6,545
Intangible assets		36,140	86,256
Deferred taxation		791	2,538
		47,697	95,339
Current assets			
Inventories		4	3
Trade receivables		7,942	10,539
Other receivables		3,757	3,018
Tax recoverable		927	599
Marketable securities		15	13
Cash and bank balances		20,741	27,902
		33,386	42,074
Assets of disposal group classified as held for sale	A13	61,609	76,658
		94,995	118,732
TOTAL ASSETS		142,692	214,071
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		66,000	66,000
Reserves		44,368	81,467
Shares held by Employee Share Trust Scheme ("ESTS")		(7,097)	(7,097)
		103,271	140,370
Non Controlling Interest		9,610	9,280
Total equity		112,881	149,650
Non-current liabilities			
Borrowings	B7	-	-
Deferred taxation		58	219
		58	219
Current liabilities			
Trade and other payables		9,329	10,817
Borrowings	B7	414	20,000
Taxation		1,102	1,329
		10,845	32,146
Liabilities directly associated with the assets classified as held for sale	A13	18,908	32,056
		29,753	64,202
Total liabilities		29,811	64,421
TOTAL EQUITY AND LIABILITIES		142,692	214,071
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		0.16	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 year ended 31 December 2013

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	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	-	-	-	-	1,569	(38,666)	-	(37,097)	330	(36,767)
Purchase of treasury shares	-	-	-	(2)	-	-	-	(2)	-	(2)
At 31 December 2013	66,000	51,550	3,075	(93)	(281)	(9,883)	(7,097)	103,271	9,610	112,881

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 31 December 2013

	Period ended 31.12.2013 RM'000	Audited 31.12.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(34,346)	(39,415)
- Discontinued operation	(726)	5,327
Adjustments for:		
Non cash items	56,780	58,525
Non operating items	1,562	1,240
Operating profit before working capital changes	<u>23,270</u>	<u>25,677</u>
Net changes in current assets	4,733	(6,342)
Net changes in current liabilities	<u>(9,882)</u>	<u>2,040</u>
	18,121	21,375
Tax (paid)/refund	<u>(4,017)</u>	<u>(10)</u>
Net cash generated from operating activities	<u>14,104</u>	<u>21,365</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of plant and equipment	(7,399)	(4,046)
Addition of software development expenditure	-	(4,891)
Purchase of marketable securities	-	(2)
Interest received	818	1,082
Net cash used in investing activities	<u>(6,581)</u>	<u>(7,857)</u>
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Purchase of treasury shares	(2)	(2)
Release for / (pledge for) borrowings	-	10,267
Repayment of borrowings	(20,000)	(15,000)
Proceeds from banking facilities	(4)	1,989
Repayment of hire purchase and finance lease	778	(410)
Interest paid	(2,380)	(2,322)
Dividends paid	-	-
Net cash generated from/(used in) financing activities	<u>(21,608)</u>	<u>(5,478)</u>
Net (decrease)/increase in cash and cash equivalents	(14,085)	8,030
Cash and cash equivalents at beginning of the financial year	36,808	28,820
Foreign exchange differences	72	(42)
Cash and cash equivalents at end of the reporting period*	<u>22,795</u>	<u>36,808</u>
*Cash and cash equivalents at the end of the reporting period comprise the following:		
Cash and bank balances	20,741	27,902
Bank overdrafts (included in short term borrowings)	(2,943)	(4,776)
Deposits pledged for Islamic Medium Term Notes	<u>(290)</u>	<u>(290)</u>
	17,508	22,836
Cash and bank balances classified as held for sale	<u>5,287</u>	<u>13,972</u>
Total cash and cash equivalents	<u>22,795</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 December 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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Notes to the quarterly report - 31 December 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 31 December 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.

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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 2013</u>					
Revenue from external customers	13,453	-	1,208	-	14,661
Inter-segment revenue	(263)	-	(1,779)	2,042	-
Total revenue	<u>13,190</u>	<u>-</u>	<u>(571)</u>	<u>2,042</u>	<u>14,661</u>
Segment results	4,409	-	(719)		3,690
Interest income					430
Interest expense					(392)
Impairment of Goodwill					(40,616)
Profit before tax					<u>(36,888)</u>
Taxation					(1,252)
Profit / (Loss) from continuing operations, after tax					<u>(38,140)</u>
Profit from discontinued operation, net of tax					<u>(3,393)</u>
Profit / (Loss) for the quarter					<u>(41,533)</u>

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Quarter ended 31 December 2012</u>					
Revenue from external customers	11,542	-	1,227	-	12,769
Inter-segment revenue	-	-	(1,689)	1,689	-
Total revenue	<u>11,542</u>	<u>-</u>	<u>(462)</u>	<u>1,689</u>	<u>12,769</u>
Segment results	3,127	-	(962)	(580)	1,585
Interest income					350
Interest expense					29
Impairment of Goodwill					(42,860)
Profit before tax					<u>(40,896)</u>
Taxation					(704)
Profit / (Loss) from continuing operations, after tax					<u>(41,600)</u>
Profit / (Loss) from discontinued operations, after tax					<u>3,890</u>
Profit / (Loss) for the quarter					<u>(37,710)</u>

	Outsourcing Services RM'000	IT Services RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Year ended 31 December 2013</u>					
Revenue from external customers	47,563	-	4,917	-	52,480
Inter-segment revenue	331	-	7,116	(7,447)	-
Total revenue	<u>47,894</u>	<u>-</u>	<u>12,033</u>	<u>(7,447)</u>	<u>52,480</u>
Segment results	14,045	-	(2,322)	-	11,723
Interest income					818
Interest expense					(1,058)
Impairment of Goodwill					(45,829)
Profit / (Loss) before tax					<u>(34,346)</u>
Taxation					(3,544)
Profit / (Loss) from continuing operations, after tax					<u>(37,890)</u>
Profit from discontinued operation, net of tax					<u>(446)</u>
Profit / (Loss) for the period					<u>(38,336)</u>

SYMPHONY HOUSE BERHAD**(Company No : 592563-P)****Notes to the quarterly report - 31 December 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>Year ended 31 December 2012</u>					
Revenue from external customers	47,968	-	4,458	-	52,426
Inter-segment revenue	78	-	6,756	(6,834)	-
Total revenue	<u>48,046</u>	<u>-</u>	<u>11,214</u>	<u>(6,834)</u>	<u>52,426</u>
Segment results	14,815	-	(2,425)	(580)	11,810
Interest income					1,377
Interest expense					(1,742)
Impairment of Goodwill					(50,860)
Loss before tax					<u>(39,415)</u>
Taxation					(3,830)
Profit / (Loss) from continuing operations, after tax					<u>(43,245)</u>
Profit from discontinued operation, net of tax					5,597
Profit / (Loss) for the period					<u>(37,648)</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 2013 is RM195,000.

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 BPO Business.

As at 31 Dec 2013, the assets and liabilities related to BPO Business 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 - 31 December 2013

Statement of financial position disclosures

The major classes of assets and liabilities of Group BPO classified as held for sale as at 31 December 2013 are as follows:

	Group RM'000
Assets:	
Property, plant and equipment	22,790
Intangible assets	8,791
Trade and other receivables	24,205
Cash and Bank balances	5,287
Deferred Tax	536
Assets of disposal group classified as held for sale	<u>61,609</u>
Liabilities:	
Trade and other payables	17,747
Defferred tax liabilities	1,161
Liabilities directly associated with disposal group classified as held for sale	<u>18,908</u>
Net assets directly associated with disposal group classified as held for sales	<u>42,701</u>

Statement of comprehensive income disclosures

The result of Group BPO for the year period ended 31 December 2013 are as follows:

	Group	
	31.12.2013 RM'000	31.12.2012 RM'000
Revenue	140,385	150,405
Cost of sales	<u>(116,373)</u>	<u>(120,981)</u>
Profit from operations	24,012	29,424
Other income	631	144
Selling & Distribution Expenses	-	-
Administrative expenses	(24,699)	(23,726)
Other expenses	(34)	-
Profit before tax	<u>(90)</u>	<u>5,842</u>
Finance Cost	(1,226)	(574)
Profit before tax from discontinued operations	<u>(1,316)</u>	<u>5,268</u>
Income tax expense	135	346
Profit from discontinued operation, net of tax	<u>(1,181)</u>	<u>5,614</u>

Statement of cash flow disclosures

The cash flow attributable to Group BPO are as follows:

	31.12.2013 RM'000	31.12.2012 RM'000
Operating	(13,401)	9,748
Investing	(1,692)	(8,206)
Financing	19,063	2,273
Net cash inflow/(outflow)	<u>3,970</u>	<u>3,815</u>

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Notes to the quarterly report - 31 December 2013

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

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

The Group recorded revenue from continuing businesses of RM14.7 million during the quarter under review. This is a 14.8% increase compared to the RM12.8 million revenue recorded during the same quarter last year. This is due to more corporate exercises undertaken by the share issuance and registration business during the current period compared to the same quarter last year.

The Group recorded a Loss Before Tax of Continuing Operations of RM36.9 million for the quarter under review. This is mainly attributed to an impairment made in respect of BPO business of RM40.6 million.

B2. Variation of results against the preceding quarter

	Quarter ended	
	31.12.2013	30.09.2013
	RM'000	RM'000
Revenue	14,661	13,452
Profit / (Loss) before impairment	3,728	3,837
Impairment of Goodwill	(40,616)	-
Profit / (Loss) from continuing operations, before tax	(36,888)	3,200
Profit / (Loss) from discontinued operations, net of tax	(3,393)	971
Profit / (Loss) after tax and minority interest	(40,840)	2,559

The current quarter's revenue of RM14.7 million is 8.9 % higher than previous quarter's revenue of RM13.5 million. This is largely due to the improved transactional activities recorded during the current quarter.

The Group recorded a Loss Before Tax from continuing operations of RM36.9 million compared to Profit Before Tax from continuing operations of RM3.2 million in the previous quarter due mainly to the RM40.6 million impairment made on goodwill of BPO business accounted in the current quarter.

B3. Prospects for the Year 2014

The Group expects to complete the sale of Symphony BPO Solutions Sdn Bhd (SBPO) in the first quarter of 2014. Upon completion of this sale, the Group still has the remaining international BPO business for payroll solutions, which will focus on completing the implementation of secured projects in Japan and Europe.

On the domestic outsourcing business which remains in the Group's core continuing business, we expect the stock market to be in a positive bias for the remaining period of 2014, which will provide moderate growth for these businesses.

B4. Profit forecast

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

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B5. Taxation

	Individual quarter ended		Cumulative quarter ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
In respect of				
- current period	(1,252)	(704)	(3,544)	(3,830)
- prior years	-	-	-	-
	<u>(1,252)</u>	<u>(704)</u>	<u>(3,544)</u>	<u>(3,830)</u>
Deferred taxation	-	-	-	-
Taxation	<u>(1,252)</u>	<u>(704)</u>	<u>(3,544)</u>	<u>(3,830)</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 December 2013

Save for announcement made on 10th January 2014, there were no outstanding corporate proposals announced but not completed as at 31 December 2013.

B7. Group borrowings

Group borrowings as at 31 December 2013 were as follows:	RM'000
Short term borrowings	414
Long term borrowings	-
	<u>414</u>

As at 31 December 2013, the Group's borrowings were denominated in Ringgit Malaysia and secured by the following:

- negative pledge; and
- letter of support from the Company.

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B8. Material litigation

As at 31 December 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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
(Loss)/profit attributable to equity holders of the Company (RM'000)	(40,840)	(37,661)	(38,666)	(38,886)
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>(6.19)</u>	<u>(5.71)</u>	<u>(5.86)</u>	<u>(5.89)</u>

B11. Realised and unrealised profit / (losses) disclosure

	As at 31.12.2013 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	4,768	43,731
- unrealised	945	643
	<u>5,713</u>	<u>44,374</u>
Add: consolidation adjustments	<u>(15,596)</u>	<u>(15,591)</u>
Total Group retained profits as per consolidated accounts	<u>(9,883)</u>	<u>28,783</u>

By Order of the Board
Chin Ngeok Mui
Company Secretary
26 February 2014