

**QUARTERLY REPORT**

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

for the period ended 31 March 2014

	Note	Individual quarter ended		Cumulative year ended	
		31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
<b>Revenue</b>	A7/B1	17,538	32,754	17,538	32,754
Cost of sales		(9,962)	(25,169)	(9,962)	(25,169)
		7,576	7,585	7,576	7,585
Other income		557	509	557	509
Operating expenses		(8,137)	(6,115)	(8,137)	(6,115)
<b>Operating profit/(loss)</b>		(4)	1,979	(4)	1,979
Finance costs		(46)	(359)	(46)	(359)
<b>Profit/(Loss) before impairment</b>	A7/B1	(50)	1,620	(50)	1,620
Gain/(Loss) on disposal of subsidiary		(500)	-	(500)	-
<b>Profit/(Loss) before tax</b>		(550)	1,620	(550)	1,620
Taxation	B5	(532)	(578)	(532)	(578)
Profit/(Loss) for the period from continuing operations		(1,082)	1,042	(1,082)	1,042
<b>Discontinued Operations</b>					
Profit / (Loss) for the period from discontinued operations, net of tax	A13	441	(421)	441	(421)
<b>Profit/(Loss) for the period</b>		(641)	621	(641)	621
<b>Attributable to:</b>					
Equity holders of the Company		(798)	502	(798)	502
Minority interests		157	119	157	119
<b>Profit/(Loss) for the period</b>		(641)	621	(641)	621
<b>EBITDA</b>		1,769	3,898	1,769	3,898
<b>Other comprehensive income/(loss), net of tax</b>					
Foreign currency translation differences for foreign operations		(696)	227	(696)	227
<b>Total comprehensive income/(loss) for the period</b>		(1,337)	848	(1,337)	848
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity holders of the Company		(1,494)	729	(1,494)	729
Minority Interests		157	119	157	119
		(1,337)	848	(1,337)	848
<b>Earnings/(Loss) per share attributable to equity holders of the Company (sen):</b>					
Basic	B10	(0.12)	0.08	(0.12)	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 2013 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 2014

	Note	Unaudited 31.3.2014 RM'000	Audited 31.12.2013 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A8	21,687	5,679
Intangible assets		44,118	38,913
Deferred taxation		1,744	1,249
		<u>67,549</u>	<u>45,841</u>
<b>Current assets</b>			
Inventories		4	4
Trade receivables		16,925	8,263
Other receivables		13,397	4,199
Tax recoverable		1,072	1,077
Marketable securities		15	15
Cash and bank balances		36,905	21,503
		<u>68,318</u>	<u>35,061</u>
Assets of disposal group classified as held for sale	A13	-	71,339
		<u>68,318</u>	<u>106,400</u>
<b>TOTAL ASSETS</b>		<u>135,867</u>	<u>152,241</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		66,000	66,000
Reserves		44,464	45,960
Shares held by Employee Share Trust Scheme ("ESTS")		(7,097)	(7,097)
		<u>103,367</u>	<u>104,863</u>
<b>Non Controlling Interest</b>		9,865	9,708
<b>Total equity</b>		<u>113,232</u>	<u>114,571</u>
<b>Non-current liabilities</b>			
Borrowings	B7	-	-
Deferred taxation		57	250
		<u>57</u>	<u>250</u>
<b>Current liabilities</b>			
Trade and other payables		21,535	9,807
Borrowings	B7	-	414
Taxation		1,043	1,214
		<u>22,578</u>	<u>11,435</u>
Liabilities directly associated with the assets classified as held for sale	A13	-	25,985
		<u>22,578</u>	<u>37,420</u>
<b>Total liabilities</b>		<u>22,635</u>	<u>37,670</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>135,867</u>	<u>152,241</u>
		RM	RM
Net assets per share attributable to ordinary equity holders of the Company		<u>0.16</u>	<u>0.16</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 December 2013 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 2014

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 2013	66,000	51,550	3,075	(91)	(1,850)	28,783	(7,097)	140,370	9,280	149,650
Total comprehensive (loss) / income	-	-	-	-	3,432	(38,937)	-	(35,505)	428	(35,077)
Purchase of treasury shares	-	-	-	(2)	-	-	-	(2)	-	(2)
Dividends	-	-	-	-	-	-	-	-	-	-
At 31 December 2013	66,000	51,550	3,075	(93)	1,582	(10,154)	(7,097)	104,863	9,708	114,571
At 1 January 2014	66,000	51,550	3,075	(93)	1,582	(10,154)	(7,097)	104,863	9,708	114,571
Total comprehensive (loss)/income	-	-	-	-	(696)	(798)	-	(1,494)	157	(1,337)
Purchase of treasury shares	-	-	-	(2)	-	-	-	(2)	-	(2)
At 31 March 2014	66,000	51,550	3,075	(95)	886	(10,952)	(7,097)	103,367	9,865	113,232

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 2013 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 March 2014

	<b>Period ended</b> <b>31.3.2014</b> <b>RM'000</b>	<b>Audited</b> <b>31.12.2013</b> <b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	(550)	(39,327)
- Discontinued operation	441	
Adjustments for:		
Non cash items	2,729	57,761
Non operating items	(29)	1,545
Operating profit before working capital changes	<u>2,591</u>	<u>19,979</u>
Net changes in current assets	(5,210)	5,319
Net changes in current liabilities	30	(2,887)
	<u>(2,589)</u>	<u>22,411</u>
Tax (paid)/refund	(698)	(4,187)
Net cash (used in)/generated from operating activities	<u>(3,287)</u>	<u>18,224</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(1,848)	(2,471)
Proceeds from disposal of equipment	-	346
Disposal of subsidiary, net of cash disposed	14,983	(954)
Addition of software development expenditure	-	(4,938)
Interest received	147	957
Net cash generated from/(used in) investing activities	<u>13,282</u>	<u>(7,060)</u>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Purchase of treasury shares	(2)	(2)
Release for / (pledge for) borrowings	-	290
Repayment of borrowings	-	(20,000)
Proceeds from banking facilities	-	1,448
Repayment of hire purchase and finance lease	-	(176)
Interest paid	(118)	(2,502)
Net cash used in financing activities	<u>(120)</u>	<u>(20,942)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>9,875</b>	<b>(9,778)</b>
Cash and cash equivalents at beginning of the financial year	<u>27,030</u>	<u>36,808</u>
<b>Cash and cash equivalents at end of the reporting period*</b>	<b><u>36,905</u></b>	<b><u>27,030</u></b>
<b>*Cash and cash equivalents at the end of the reporting period comprise the following:</b>		
Cash and bank balances	36,905	30,808
Bank overdrafts (included in short term borrowings)	-	(414)
	<u>36,905</u>	<u>30,394</u>
Cash and bank balances classified as held for sale	-	(3,364)
Total cash and cash equivalents	<u>36,905</u>	<u>27,030</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 31 March 2014**

**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 2013. 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 2013.

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 2013 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.

**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, 325,016 ordinary shares of RM0.10 each were held as treasury shares at an average purchase price of RM0.28 per ordinary share. The share buyback transactions were financed by internally generated funds.

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 31 March 2014**

**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 human resource solutions and corporate services).

There are two primary segments which are identified by service offerings as follows:-

- (a) Outsourcing services consisting of human resource outsourcing 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;

Others which include the business of letting properties including to subsidiaries of Symphony, provision of management services and investment holding.

(b)

These segments are consistent with the Company's management of business and reflects its internal financial reporting structure and operating focus.

**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 2014</u>					
Revenue from external customers	15,845	-	3,037	1,344	20,226
Inter-segment revenue	(27)	-	(1,317)	(1,344)	(2,688)
Total revenue	<u>15,818</u>	<u>-</u>	<u>1,720</u>	<u>-</u>	<u>17,538</u>
Segment results	14	-	(665)		(651)
Interest income					147
Interest expense					(46)
Profit before tax					(550)
Taxation					(532)
Profit / (Loss) from continuing operations, after tax					(1,082)
Gain/(Loss) on disposal of subsidiary					(500)
Profit from discontinued operation, net of tax					441
Profit / (Loss) for the quarter					<u>(641)</u>

	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	31,509	-	1,245	-	32,754
Inter-segment revenue	17	-	1,779	(1,796)	-
Total revenue	<u>31,526</u>	<u>-</u>	<u>3,024</u>	<u>(1,796)</u>	<u>32,754</u>
Segment results	2,439	-	(639)		1,800
Interest income					179
Interest expense					(359)
Profit before tax					1,620
Taxation					(578)
Profit / (Loss) from continuing operations, after tax					1,042
Profit / (Loss) from discontinued operations, after tax					(421)
Profit / (Loss) for the quarter					<u>621</u>

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 31 March 2014**

**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**

On 8 January 2014, the Company together with its wholly-owned subsidiary Symphony Assets Sdn Bhd ("SASB"), had entered into a conditional share purchase agreement ("SPA") with Essar Services Mauritius for the disposal of Symphony BPO Solutions Sdn Bhd ("SBPO"). This entailed the disposal of 15,347,311 ordinary shares representing 99.997% equity interest in SBPO and the resultant disposal of the entire equity interest in Symphony Holidays Sdn Bhd, being a wholly-owned subsidiary of SBPO. The disposal was completed on 13 March 2014 in accordance with the terms of the SPA, and the total cash consideration for the disposal was arrived at RM21,177,287.

On 26 February 2014, SBPO had completed the transfer to the Company of the entire equity interests in:

- (I) Symphony BPO Solutions (Japan) Ltd. ("SBPO Japan");
- (II) Vsource Taiwan Limited ("Vsource");
- (III) Symphony BPO Solutions (S) Pte. Ltd. ("SBPO Singapore");
- (IV) Symphony FS Sdn Bhd ("SFS"); and
- (V) Symphony HRS Sdn Bhd ("SHRS").

(collectively referred to as "SBPO Subsidiaries")

The internal reorganisation was undertaken in order to fulfill one of the conditions precedent stated in the SPA in relation to the disposal of SBPO by the Company and SASB to Essar Services Mauritius entered into on 8 January 2014. The internal reorganisation involved the transfer of the entire equity interest in SBPO Subsidiaries' held by SBPO to Symphony based on the nominal cash consideration payable by Symphony to SBPO as set out below:

<u>SBPO Subsidiaries</u>	<u>Cash Consideration</u>
SBPO Japan	JPY1.00
Vsource	TWD1.00
SBPO Singapore	SGD1.00
SFS	RM1.00
SHRS	RM1.00

**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 2014 is RM15,000.

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

The Company has disposed its subsidiary, i.e. Symphony BPO Solutions Sdn Bhd on 13th March 2014. Its result up to 13th March 2014 is presented as "Profit/(Loss) from discontinued operation, net of tax".

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 31 March 2014**

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

**B1. Review of group results for the quarter ended 31 March 2014**

The Group recorded revenue from continuing businesses of RM17.5 million during the quarter under review. This is a 46.5% decrease compared to the RM32.8 million revenue recorded during the same quarter last year. This is due to the reduction in revenue for certain clients under the international payroll outsourcing business.

The Group recorded a Loss Before Tax of Continuing Operations of RM0.6 million for the quarter under review. This is mainly attributed to the recognition of loss on disposal of Symphony BPO Solutions Sdn Bhd of RM0.5 million as well as lower profit contribution from the share issuance and registration solutions due to the weaker capital market activities during the quarter under review.

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

	Quarter ended	
	31.3.2014	31.12.2013
	RM'000	RM'000
Revenue	17,538	14,661
Profit / (Loss) before impairment	(50)	3,728
Impairment of Goodwill	-	(40,616)
Profit / (Loss) from continuing operations, before tax	(550)	(36,888)
Profit / (Loss) from discontinued operations, net of tax	441	(3,393)
Profit / (Loss) after tax and minority interest	(798)	(40,840)

The current quarter's revenue of RM17.5 million is 19.6 % higher than previous quarter's revenue of RM14.7million. This is largely due to the re-consolidation of Symphony HRS Sdn Bhd's revenue which was previously classified as held for sale, as the sale of the business was aborted in late last year.

The Group recorded a marginal Loss Before Tax from continuing operations of RM0.6 million compared to Loss Before Tax from continuing operations of RM36.9 million in the previous quarter due mainly to the RM40.6 million impairment made on goodwill of BPO business accounted for in the previous quarter.

**B3. Prospects for the Year 2014**

Post completion of the disposal of Symphony BPO Solutions Sdn Bhd in March 2014, the Group still has the remaining international payroll solutions. This business is now focusing on completing the implementation of secured projects in Japan and Europe, which have experienced some delays in the previous year.

On the domestic outsourcing business which remains in the Group's core continuing business, we are cautious on the prospects of the stock market listing and the corporate exercises by listed companies, as the visible pipeline is generally weaker than in the previous year.

**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 - 31 March 2014**

**B5. Taxation**

	Individual quarter ended		Cumulative quarter ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000
In respect of				
- current period	(532)	(578)	(532)	(578)
- prior years	-	-	-	-
	<u>(532)</u>	<u>(578)</u>	<u>(532)</u>	<u>(578)</u>
Deferred taxation	-	-	-	-
Taxation	<u><u>(532)</u></u>	<u><u>(578)</u></u>	<u><u>(532)</u></u>	<u><u>(578)</u></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 2014**

The Company had announced on 26 March 2014 that it had entered into a Heads of Agreement in relation to the Proposed Reverse Take-Over of the Company by Ranhill Energy and Resources Berhad ("Ranhill Energy"). The Company and Ranhill Energy are currently negotiating the detailed terms and conditions to finalise and enter into relevant definitive agreements in relation to the Proposed Reverse Take-Over.

Save and except for the above, there were no other outstanding corporate proposals announced but not completed as at the date of this report.

**B7. Status of utilisation of proceeds as at 31 March 2014**

The status of the utilisation of proceeds raised from the disposal of SBPO on 13 March 2014 is as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Timeline	Deviation	
	RM'000	RM'000		RM'000	%
Working capital	10,377	3,977 <sup>(2)</sup>	12 months	-	-
Investments	10,000	0	12 months	-	-
Estimated expenses	800	800	1 month	-	-
Total	<u>21,177 <sup>(1)</sup></u>	<u>4,777</u>			

Note :

(1) Out of RM21.2 million proceeds raised from the disposal of SBPO, RM6.4 million is on deferred payment term and will only be received 12 months from the completion of the disposal i.e 12 March 2015.

(2) The amount allocated for working capital has been used for repayment of working capital facilities and other operating expenses of the Group.

**B8. Group borrowings**

Group borrowings as at 31 March 2014 were as follows:

Short term borrowings	RM'000
	-
Long term borrowings	-
	<u><u>-</u></u>

**SYMPHONY HOUSE BERHAD**  
**(Company No : 592563-P)**  
**Notes to the quarterly report - 31 March 2014**

**B9. Material litigation**

As at 31 March 2014, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group.

**B10. Dividend**

**B11. (Loss)/Earnings per share ("EPS")**

	Individual quarter ended		Cumulative quarter ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
(Loss)/profit attributable to equity holders of the Company (RM'000)	(798)	502	(798)	502
Weighted average number of ordinary shares excluding treasury shares	659,670	659,691	659,670	659,691
Basic EPS (sen)	<u>(0.12)</u>	<u>0.08</u>	<u>(0.12)</u>	<u>0.08</u>

**B12. Realised and unrealised profit / (losses) disclosure**

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
The retained profits and losses are analysed as follows:-		
Total retained profits of the Company and the subsidiaries:-		
- realised	2,747	3,443
- unrealised	<u>1,897</u>	<u>2,209</u>
	4,644	5,652
Add: consolidation adjustments	<u>(15,596)</u>	<u>(15,806)</u>
Total Group retained profits as per consolidated accounts	<u>(10,952)</u>	<u>(10,154)</u>

By Order of the Board  
Chin Ngeok Mui  
Company Secretary  
19 May 2014