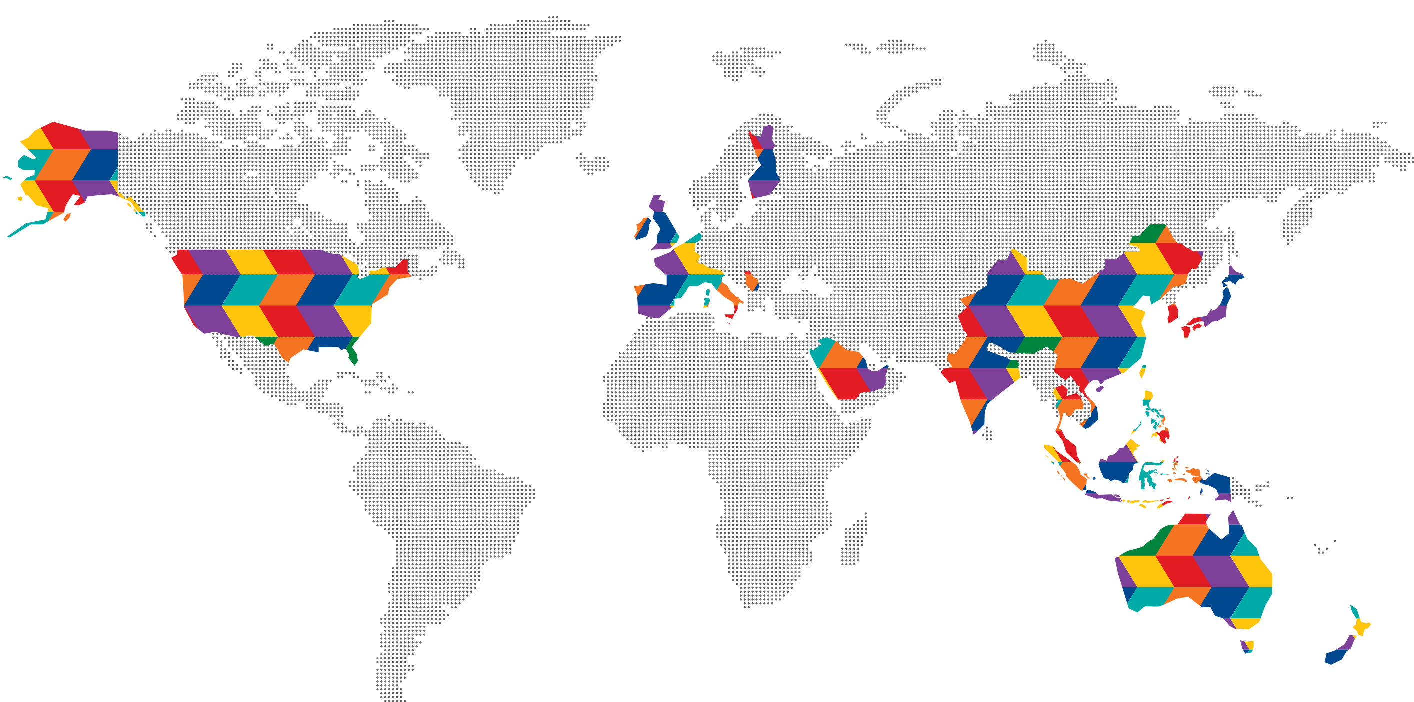
Symphony®

Annual Report **2012**

SYMPHONY

ONE COMPANY SERVICING THE WORLD

AUSTRALIA . BELGIUM . CHINA . FINLAND . FRANCE . HONG KONG . INDIA . INDONESIA . IRELAND . ITALY . JAPAN . LUXEMBOURG . **MALAYSIA** . MALTA . NETHERLANDS . NEW ZEALAND . PHILIPPINES . PORTUGAL . SAUDI ARABIA . SERBIA . SINGAPORE . SOUTH KOREA . SPAIN . SWITZERLAND . TAIWAN . THAILAND . UNITED ARAB EMIRATES . UNITED KINGDOM . UNITED STATES OF AMERICA . VIETNAM .



As one of Asia's largest Business Process Outsourcing (BPO) partners, we offer a diverse range of integrated BPO services for companies to multisource within the Symphony Group. With a portfolio of over 3,000 clients ranging from local private companies to Fortune Global 500 organisations globally, we provide the necessary partnership for our clients to gain a competitive edge with cost effective solutions for more efficient processes and resource management. This collaborative effort from our network of diverse professionals working with our state-of-the-art infrastructure has produced results both for Symphony and our clients.

CONTENT

Our Vision & Our Mission

To be recognised as Asia's leading Outsourcing Partner

OUR VISION & OUR MISSION

As one of Asia's leading outsourcing partners we develop and deliver value-added customised business solutions enabling our clients to create sustainable competitive advantage

We adhere to high standards of governance and transparency so that we are the partner of choice

Our brand promise is achieved through our exceptional people quality

Our Core Services

CONTACT MANAGEMENT SOLUTIONS

Our Contact Management Solutions provide organisations with complete technical helpdesk services and solutions, right from start-up design and build stages, to training and facilities management phases.

We have the expertise to manage both Inbound and Outbound calls, and ensure that it works seamlessly within the clients' overall business environment.

CORPORATE SECRETARIAL SOLUTIONS

Corporate Secretarial Solutions offer a full range of company secretarial services ranging from new company formation, provision of a registered office facility, right up to providing assistance to the Board and shareholders' meetings and documentation.

We also offer the latest updates on legislative changes and ensure all compliance needs are taken care of.

SHARE ISSUANCE & REGISTRATION SOLUTIONS

Symphony's Share Issuance & Registration Solutions help our clients to manage their investor portfolio and other corporate exercises that they may undertake.

Over 20 years of experience as a service provider with a dedicated team of professionals and support staff, we are focused, efficient and able to provide expert solutions to numerous corporate projects.

CHEQUE PROCESSING SOLUTIONS

Cheque Processing Solutions is the provision of software and consultancy services relating to clearing and payment services, management and the operation of cheques processing services bureaux.

At the heart of our service provision is a cheque processing infrastructure with an underlying commitment of carrying out the service within a strong corporate governance.

FINANCIAL SOLUTIONS

Our Financial Solutions improve the effectiveness of our clients' financial functions by leveraging on economies of scale and best practices.

We administer technology accelerators to enhance and improve workflow by simplifying, standardising and streamlining financial accounting processes across multiple countries.

HUMAN RESOURCE SOLUTIONS

Human Resource Solutions are designed to manage our multinational clients' day-to-day HR related processes on a regional basis.

Our solutions increase operational efficiency control and data management as well as provide single point of accountability to our clients.

A comprehensive HR solutions include payroll, expense claims, employee share options scheme and employee self service.

WEALTH MANAGEMENT SOLUTIONS

Wealth Management Solutions is the provision of application software development, computer solutions and technology consultancy services.

Symphony is the originator and distributor of the Spectrum© Software Suite, which consists of e-Advisor©, e-Manager©, e-Director©, e-Protection© and e-Guardian©.

The software is designed to provide a total end-to-end solution for the whole value chain in the financial services distribution channel.

Symphony at a Glance

OUR O3P STRATEGY

Organic and Inorganic Growth

Premium Clients

People Quality

Process Efficiency

PREMIER OUTSOURCING COMPANY

- Largest BPO company in Malaysia, one of the largest in Asia; top 100 global offshore outsourcing company
- Leading issuing house in Malaysia
- Largest corporate secretarial practice in Malaysia
- Leading share registrar in Malaysia
- Clientele includes Fortune Global 500 organisations

WHY ARE PEOPLE IMPORTANT TO THE OUTSOURCING INDUSTRY?

- People are the dynamic differentiators in the outsourcing business
- HR is the enabler to deliver business goals
- HR is the key catalyst in dealing with change management in a progressive BPO environment

OUR CORE SERVICE LINES

CONTACT MANAGEMENT SOLUTIONS

Handles **OVER 12 million** calls yearly

HUMAN RESOURCE SOLUTIONS

Processes **over 1 million payroll** and expense claims yearly worldwide

Supports over 30 countries (APAC & EMEA)

FINANCIAL SOLUTIONS

Processes **OVER 3 million transactions** yearly worldwide. Supports 24 countries (APAC)

CORPORATE SECRETARIAL SOLUTIONS

Services **OVER 2500** domestic, multinational and non-profit **ORGANISATIONS**

SHARE ISSUANCE & REGISTRATION SOLUTIONS

LEADING SHARE REGISTRAR with 30% market share of public listed companies and Leading Issuing House with 73% market share

CHEQUE PROCESSING SOLUTIONS

Processes **17 million** items yearly

WEALTH MANAGEMENT SOLUTIONS

Successfully implemented and deployed solutions in Malaysia, Singapore, India, South Korea and Malta covering both conventional and Islamic Banking clients.

AWARDS & RECOGNITION

The '2012 Global Outsourcing 100®' Sub-list Honors
- Best 10 Rising Stars in Overall Revenue
- Best 10 Rising Stars in Number of Employees
- Best 5 Rising Stars by Industry Focus – Financial Services (Insurance)
- Best 20 Rising Stars by Industry Focus – Technology (Hardware & Software)
- Best 5 Rising Stars by Service Area – Customer Relationship Management Services
- Best 5 by Region Served – Southeast Asia
- Best 10 by Region Served – Companies in Japan
- Best 20 by Region Served – Rising Stars in Western Europe

The '2011 Global Outsourcing 100®' Sub-list Honors
- Best 5 Rising Stars by Industry Focus – Financial Services (Insurance)
- Best 20 Rising Stars by Industry Focus – Technology (Hardware and Software)
- Best 20 Companies by Serving Area – Financial Management Services
- Best 5 Rising Stars by Region Served – Southeast Asia
- Best 20 Companies by Region Served – Southeast Asia

The '2010 Global Outsourcing 100®' Sub-list Honors
- Best 5 Rising Stars by Industry Focus – Financial Services (Banking, Markets)
- Best 20 Rising Stars by Industry Focus – Technology (Hardware and Software)
- Best 20 Rising Stars – Financial Services by Industry Focus (Banking, Markets)
- Best 20 Companies by Region Served – Southeast Asia

The '2008 Global Outsourcing 100' list
- First Malaysian company to be listed on the International Association of Outsourcing Professionals (IAOP) list

ISAE 3402 Certification 2012

SAS 70 Certification 2011, 2010, 2009, 2008, 2007

Symphony House as Multimedia Super Corridor Cybercentre in 2011

Corporate Governance Award 2010, 2009, 2008, 2007
- Top Small Capitalisation Company Award 2010
- Top 10 in companies scoring A – Malaysian Corporate Governance Index (MCG) Index 2010
- Best Small Capitalisation Company 2009
- Ranked 5th in 2008 & 2007 Corporate Governance among 960 Malaysian Public Listed Companies

Global Services 100 Award
- Top 100 Offshoring Companies 2012, 2011, 2010, 2009, 2007, 2006, 2005
- Top 10 Companies to Watch in Emerging Asian Markets in 2009

Industry Excellence Awards 2011 – Export Excellence (Services) by Ministry of International Trade & Industry

OVER 1,600 EMPLOYEES!

2004

- Acquired Malaysian Share Registration Services Sdn Bhd (now known as Symphony Share Registrars Sdn Bhd)
- Acquired 30.3% in Vsource Asia Sdn Bhd (now known as Symphony BPO Solutions Sdn Bhd ("SBPO"), opening the door to the provision of international Business Process Outsourcing services
- Acquired 100% in Global Innovative Management Partners-Act Sdn Bhd ("GIMP")
- Entered into a joint-venture with BCS Information Systems Pte Ltd
- Undertook a renounceable rights issue of warrants exercise
- Undertook a private placement exercise
- Undertook a bonus issue and an employee share option scheme exercise
- Received Customer Operations Performance Centre Inc. ("COPC") Certification (first in Malaysia and fastest in the world)

2005

- First MESDAQ company to be transferred to the Main Board of Bursa Securities
- Increased equity stake in SBPO to 71.6%
- Deloitte Technology Fast 500 Asia Pacific Company 2005 – 19th place ranking
- Frost & Sullivan – BPO Service Provider of the Year
- Global Services/neoIT Top 100 Global Offshoring Company

2006

- Acquired Corporatehouse Services Sdn Bhd (now known as Symphony Corporatehouse Sdn Bhd)
- Undertook a Murabahah Islamic Commercial Papers/Islamic Medium Term Notes exercise
- Frost & Sullivan – Contact Centre of the Year
- Global Service Top 100 Global Offshoring Company

2007

- Increased stake in SBPO to 77.0%
- Symphony undertook an internal Group Reorganisation exercise
- Disposed GIMP and SGT ("IT Division")
- Focused on Outsourcing Business
- Global Services/neoIT Top 100 Global Offshoring Company
- Ranked 5th in Corporate Governance amongst public listed companies by MSWG/University of Nottingham
- SAS 70 Certification

2008

- Increased stake in SBPO to 99.9%
- Frost & Sullivan – Contact Centre of the Year
- SAS 70 Certification
- 1st Malaysian Company to be listed on the IAOP list of Top 100 Global Outsourcing Companies
- 2nd consecutive year ranked 5th in Corporate Governance amongst public listed companies by MSWG/University of Nottingham

2009

- Frost & Sullivan – Contact Centre of the Year and BPO Service Provider of the Year
- Global Services Top 100 Offshoring Companies
- SAS 70 Certification
- Received awards from MSWG for Merit Award and Best Small Capitalisation Company Award under the Malaysian Corporate Governance Index 2009

2010

- IAOP 2010 'Global Outsourcing 100®' Sub-list Honors for Best 5 Rising Stars by Industry Focus – Financial Services (Banking, Markets); Best 20 Rising Stars by Industry Focus – Technology (Hardware and Software); Best 20 Rising Stars – Financial Services by Industry Focus (Banking, Markets); Best 20 Companies By Region Served – Southeast Asia
- SAS 70 Certification
- Received awards from MSWG under the Malaysian Corporate Governance Index 2010 for Top Small Capitalisation Company Award 2010 and Top 10 in companies scoring A in the MCG Index 2010

2011

- IAOP 2011 'Global Outsourcing 100®' Sub-list Honors for Best 5 Rising Star by Industry Focus – Financial Services (Insurance); Best 20 Rising Star by Industry Focus – Technology (Hardware and Software); Best 20 Companies by Serving Area – Financial Management Services; Best 5 Rising Stars by Region Served – Southeast Asia; Best 20 Companies by Region Served – Southeast Asia
- Top 100 Global Services Offshoring Companies 2011 – Top HRO Vendor
- Symphony House as Multimedia Super Corridor Cybercentre in 2011
- SAS 70 Certification

2012

- IAOP 2012 'Global Outsourcing 100®' Sub-list Honors for Best 10 Rising Stars in Overall Revenue; Best 10 Rising Stars in Number of Employees; Best 5 Rising Stars by Industry Focus – Financial Services (Insurance); Best 20 Rising Stars by Industry Focus – Technology (Hardware & Software); Best 5 Rising Stars by Service Area – Customer Relationship Management Services; Best 5 by Region Served – Southeast Asia; Best 10 by Region Served – Companies in Japan; Best 20 by Region Served – Rising Stars in Western Europe
- Global Services Top 100 Global Offshoring Companies
- ISAE 3402 Certification
- Industry Excellence Awards 2011 — Export Excellence (Services) by Ministry of International Trade & Industry

Corporate Information

SYMPHONY HOUSE BERHAD 592563-P (Incorporated In Malaysia)

BOARD OF DIRECTORS
Tan Sri Asmat bin Kamaludin
Tan Sri Azman Yahya
Abdul Hamid Sheikh Mohamed
Datuk Khairil Anuar bin Abdullah
Tony Foo San Kan
Datuk Mohd Omar bin Mustapha

AUDIT COMMITTEE
Tony Foo San Kan
Datuk Khairil Anuar bin Abdullah
Datuk Mohd Omar bin Mustapha

AUDITORS
Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia

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F +603 2095 5332

COMPANY SECRETARY
Wendy Chin Ngeok Mui
(MAICSA 7003178)

STOCK EXCHANGE LISTING
Main Market
Bursa Malaysia Securities Berhad

STOCK SHORT NAME & CODE
SYMPHNY 0016

REGISTERED OFFICE
Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

T +603 7841 8000
F +603 7841 8008

E ask_us@symphony.com.my
W www.symphony.com.my

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Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
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47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

T +603 7841 8000
F +603 7841 8151/8152

Helpdesk Hotline: +603 7849 0777

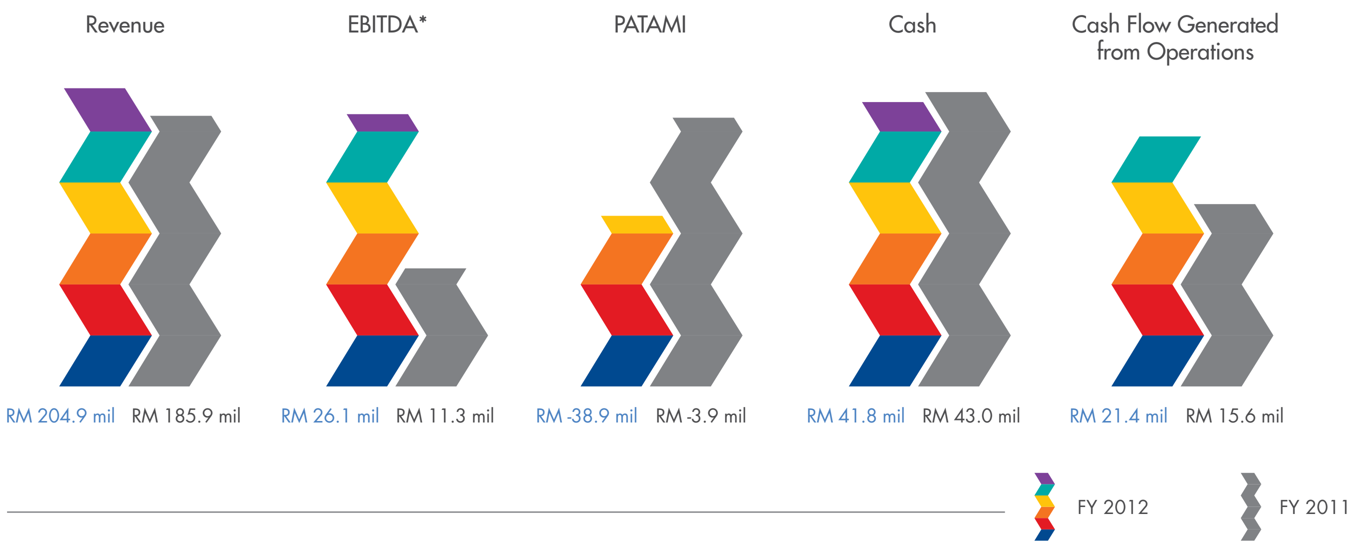
Group Corporate Structure

SYMPHONY HOUSE BERHAD 592563-P (Incorporated In Malaysia)

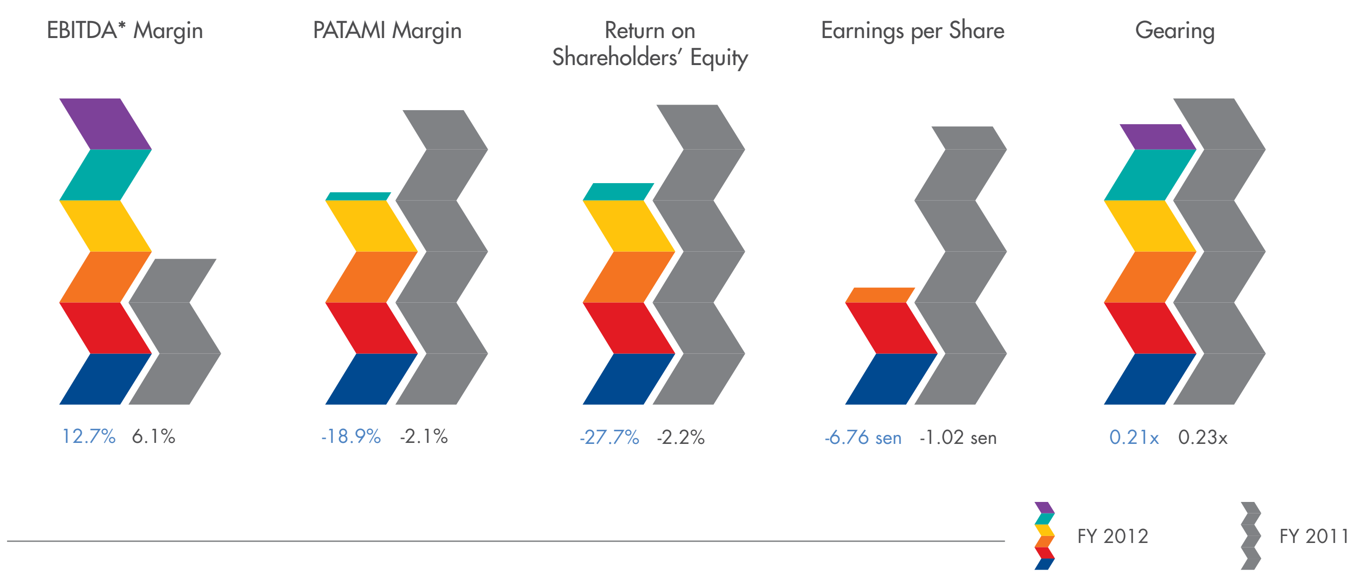
Solutions	Company	Holding
CONTACT MANAGEMENT SOLUTIONS HUMAN RESOURCE SOLUTIONS FINANCIAL SOLUTIONS	Symphony BPO Solutions Sdn Bhd Symphony FS Sdn Bhd Symphony Holidays Sdn Bhd (formerly known as Symphony CMS Sdn Bhd)	99.99%
	Symphony HRS Sdn Bhd	69.99%
CORPORATE SECRETARIAL SOLUTIONS HUMAN RESOURCE SOLUTIONS FINANCIAL SOLUTIONS	Symphony Corporatehouse Sdn Bhd	100%
SHARE ISSUANCE & REGISTRATION SOLUTIONS	Malaysian Issuing House Sdn Bhd Symphony Share Registrars Sdn Bhd	100%
CHEQUE PROCESSING SOLUTIONS	Symphony BCSIS Sdn Bhd	51%
WEALTH MANAGEMENT SOLUTIONS MANAGEMENT SERVICES & LETTING OF PROPERTIES	Symphony Xen Solutions Sdn Bhd Symphony Xen Solutions Pte Ltd Symphony Assets Sdn Bhd	100%

Group Financial Highlights

COMPARATIVE PERFORMANCE HIGHLIGHTS FOR 2012#



COMPARATIVE PERFORMANCE METRICS FOR 2012#

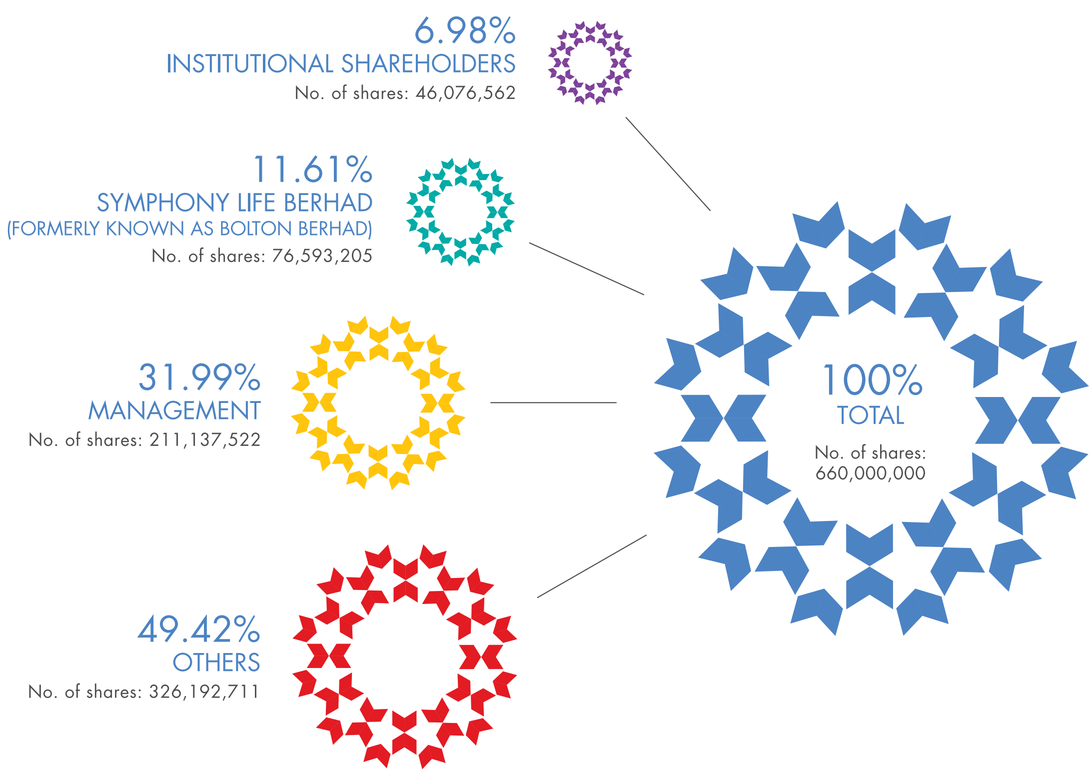


Note: *EBITDA represents earnings before interest, taxes, depreciation and amortisation
Including discontinued operations

Historical Stock Performance & Shareholding by Type of Investors

SYMPHONY HISTORICAL SHARE PRICE (3 JANUARY 2012 TO 15 MAY 2013)

SHAREHOLDING BY TYPE OF INVESTORS (AS AT 15 MAY 2013)



Chairman's Statement

Incorporating Group Operations Review

Dear shareholders,

I am pleased to report, in what will be my final statement to you as the Chairman, that Symphony House Berhad continued to put in place the building blocks to build a sustainable and competitive business in a dynamic and ever-changing global market landscape in 2012.

The fate of world economy in 2012 seemed to be held in Europe's unsteady hands with global economic growth moderated, continuing a downtrend that had begun in early 2011. The fear that the euro-crisis could get more critical was a constant theme played throughout the year. The issue of outsourcing was also in the front and centre of the 2012 US presidential campaign with both candidates singing the same tune; opposing offshore outsourcing whilst pushing for its domestic job creation. Although receding towards the end of 2012 with improved sentiments, the global financial crisis still has its ripples spread into 2013 and rescue packages remain ongoing in the Europe economic region.

In contrast to the broad trend of moderation globally, many ASEAN economies registered relatively steady growth rates. The Malaysian economy performed better than expected in 2012 by recording a higher growth of 5.6% (2011: 5.1%), supported by the country's resilient domestic demand which recorded its highest rate of expansion for the decade. The services sector remained Malaysia's largest growth contributor as sub-sectors catering to the domestic market benefited from strong consumer spending.

Being located in Malaysia, Symphony House Berhad **("Symphony")** benefited from the local as well as surrounding ASEAN positive economic development in 2012. It was a year where Symphony posted revenue as well as profitability growths and had significantly implemented the mandates it won in 2011. The ongoing business base commensurate with our infrastructure and Symphony can now afford to realign and focus its businesses on high value clients. Our corporate services business showed an exemplary performance, particularly our share issuance services where we won mandates for all the large IPOs on Bursa Malaysia thus maintaining its market leadership for 14 consecutive years. It is also worthwhile to note that our call centre business remained robust and continued to grow.

The future that lies ahead will only be more challenging, but Symphony remains vigilant and focused in seizing the right opportunities to enhance your wealth while ensuring sustainability of its core businesses.

FINANCIAL PERFORMANCE

We have been approached on several occasions by large global players to acquire our Human Resource Solutions ("HRS") business. Bearing in mind, the capital and resources required to bring this business to the next level, the Board made a decision in December 2012 to listen to such offers for the HRS business. Since then, we have been in negotiations with a view to disposing off our HRS business to global players who have the capacity and resources to take this business to the next level. Whilst these negotiations are ongoing and may or may not result in the signing of a definitive sale agreement, the accounting standards necessitate us to classify the results of the HRS business as "assets held for sale". For this reason, the Group's revenue and results are classified excluding the HRS results, and the HRS results are shown separately under the "discontinued operations" line.

With the above in effect, the consolidated figures of Symphony showed improved results, albeit still below the lofty targets we have set ourselves. The Group recorded a 9.7% growth in revenue to RM118.2 million during the financial year under review and at the same time, our gross margin also showed an improvement to 39.4% in 2012 from 30.2% in 2011. The main catalysts to these growths were the improved productivity and expansion initiatives by our outsourcing services as well as bigger contribution from high-yielding corporate services. Excluding the one-off impairment that Symphony undertook during the year, the Group recorded an operating profit of RM15.1 million and profit after tax of RM13.2 million in 2012 vis-à-vis an operating loss of RM0.6 million and loss after tax of RM3.3 million in 2011. After a thorough review on the carrying value of the investments in various subsidiaries, particularly Symphony BPO Solutions Sdn Bhd ("Symphony BPO") and Symphony Xen Solutions Sdn Bhd, the Board decided to write-off RM42.9 million and RM8.0 million of the goodwill respectively. This hard decision, albeit difficult, was unanimously made to fairly reflect the real value of Symphony's investments in the books. On the perspective of the cashflow, the Group continued to improve its cash generation from operations by recording RM21.4 million surplus during the financial year under review versus RM15.6 million in 2011.

9.7%
GROWTH IN REVENUE

The Board of Directors had not recommended any dividend payment for financial year 2012 as Symphony continues to preserve its cash to fund business growth and to seize any potential business opportunities in the future whilst meeting its financial obligations.

OPERATION HIGHLIGHTS OF THE GROUP FOR 2012

Capitalising on turnaround effort started in 2011, **Contact Management Solutions** ("CMS") registered a positive business growth in 2012. It successfully diversified its clientele base by adding on clients from the pharmaceutical industry in addition to increasing its reputation in the telecommunication and travel / hospitality industries by expanding its presence in these sectors. The expansion initiatives on the current ongoing business were also encouraging as the number of agents hired for the anchor projects registered an impressive growth. Further, CMS had also renegotiated and repriced a number of its large projects together with the right-sizing steps taken on the less profitable ones. As CMS continues to focus on its multilingual service capabilities and to invest in employee development, it anticipates a positive year in 2013 for its business underpinned by an improved operations and infrastructure optimised in 2012.

On **Human Resource Solutions** ("HRS"), the expansion plan into the European market continues to be a key strategic initiative and it is now operating and implementing in nine different European countries. The HRS solution architecture, which is based on a common platform across all countries supported, has significant competitive advantages and continues to set the standards in achieving a Global Payroll Solution status. While remaining as our single largest contributor to the Group's consolidated revenue previously, HRS is on track to exceed its record of processing more than 1.0 million payslips annually and to widen its business exposure across more than 30 countries worldwide in 2013. However, this business continues to require significant investments in capital and resource to position itself to be a global player, not to mention the risks associated with such aggressive expansion, hence our decision to listen to offers for this business.

Year 2012 proved to be a challenging year for **Financial Solutions** ("FS"). Increased competition from global providers coupled with adverse movement of exchange rate against Ringgit for foreign currency denominated contracts, FS witnessed declining prices and several non-renewals of mandates during the year. Nevertheless, FS took some countermeasures to balance up these challenges by stepping up its work automation process to drive efficiency whilst at the same time modernising and expanding other service offerings. Moving forward, FS continues to search for strategic corporate alliances worldwide to better position itself in serving clients with global requirements. Early this year, FS was certified as Approved Employer by CPA Australia. This bodes well for its aspiration to attract and retain talents whilst enhancing the expertise of its team.

Chairman's Statement (cont'd.)

Incorporating Group Operations Review

On the other hand, our **Share Issuance and Registration Solutions** ("SIR") retained its pole position again in 2012 as Malaysia's top issuing house for the fourteenth consecutive year as well as Malaysia' top share registrar. The year saw only 15 new listings on the local bourse (2011: 28 IPOs) and fewer corporate actions in the capital tapping and mergers & acquisitions arena. However, what 2012 lacked in absolute number for IPOs were well compensated by the quality and size of the IPOs that went for listing on the local bourse. SIR secured 73% market share of the IPO share issuance business and administered all the major IPOs for the year, namely, Felda Global Ventures Holdings Berhad, IHH Healthcare Berhad, Astro Malaysia Holdings Berhad and IGB REIT. SIR also won the share registrar mandates from the said companies in addition to adding other listed companies to our clientele base. With close to 300 clients, SIR implemented many rights issues and bonus issues (including AmFirst REIT, Malayan Flour Mills Berhad, KNM Group Berhad, Dijaya Corporation Berhad and Dialog Group Berhad), various dividend reinvestment plans, takeover offers (such as Latexx Partners Berhad & Esthetics International Group Berhad), a selective capital repayment and paid out almost 200 dividends for its stable of clients. The year's activities were topped by our involvement in the huge SapuraKencana Petroleum Berhad merger. The year ahead looks promising for SIR as we have secured mandates for the upcoming major IPOs and share registration work for clients in insurance, aviation, power generation and port operations industries. Work will also continue to progress, under guidance from capital market authorities and in collaboration with the stock exchange, to bring new initiatives such as enhanced e-IPO processes and electronic rights issue subscriptions as well as internally developed e-polling process for the convenience of market participants and investors.

Despite a slow take off in the beginning of the year coupled with intense competition within the industry, **Corporate Secretarial Solutions** ("CoSec") performed resiliently in 2012. Although revenue came in lower than expected, CoSec posted decent margins as a result of cost management controls and client enhancement initiatives. The domestic payroll division emphasises more on its mid-tier payroll services where they are seen to be an area of opportunities and growth. Based on the tremendous feedbacks and support received from the clients, continuous development and improvement on the functionality of its internally developed employee portal system called Symphony eHRS are vigorously done to maximise clients' satisfaction. It is a system proven to be reliable by its clients and has gained wide acceptance in the market. It is worth mentioning as well that the company secretarial division continues to gain strength with more new jobs being secured. Inroads have also been made to include services to cover applications to various statutory bodies. The outlook for CoSec in 2013 remains positive despite in an environment of more rigorous price competition. Against this encouraging landscape, CoSec is in the process of boosting its manpower capacity to meet its ever increasing service demands.

The **Cheque Processing Solutions** ("CPS") continued its cheque clearing operations in 2012 serving two of its existing clients. CPS has continued the operational improvement initiatives for both its processing and capturing centres. It also introduces additional operational controls and internal compliance and cross audits across all its centres nationwide to ensure highest level of quality to meet the clients' operational requirements, audit requirements and service level agreements. These efforts were proven to be a success when CPS recorded zero major audit findings during clients' operations and IT compliance audit in both 2011 and 2012. It also recorded an increase in productivity as evident in increased output, improved quality and reduction in operating costs during the year. However, CPS continues to face challenges in sourcing for new businesses in a dynamic landscape where Bank Negara Malaysia is encouraging all banks to move into electronic payment solutions.

During 2012, our **Wealth Management Solutions** ("WMS") continued to pursue the solutions upgrade path for its existing client base and it undertook a number of large integration initiatives in line with its clients' changing requirements. Due to a number of existing clients embarking on large scale core banking system replacements or regional hubbing activities, this split over to WMS' implemented solutions with much of its development focuses on complying with these initiatives. Most of these projects, whilst kicked off in 2012, will only become live and start to contribute positively to the bottom line in 2013 and beyond.

EARNING YOUR TRUST

Symphony continued adding more feathers in its cap in 2012. It was listed in the International Association of Outsourcing Professionals 2012 Global Outsourcing 100 Sub-Lists as the Best 10 Rising Stars in Overall Revenue and Best 10 Rising Stars in Number of Employees. Meanwhile, its subsidiary Symphony BPO was listed as Best 5 Rising Stars by Industry Focus – Financial Services (Insurance); Best 20 Rising Stars by Industry Focus – Technology (Hardware & Software); Best 5 Rising Stars by Service Area – Customer Relationship Management Services; Best 5 Rising Stars by Region Served – Southeast Asia; Best 10 Companies by Region Served – Japan and Best 20 Rising Stars by Region Served – Western Europe. Symphony BPO also made it into the 2012 Global Services 100 Companies and ranked as one of GS100 Global BPO Niche Leaders. Also, we were overwhelmed by the recognition by the Ministry of International Trade & Industry for the Export Excellence Awards given to Symphony BPO.

A WORD OF GRATITUDE

My term of office as Chairman will come to an end on 31st May 2013 as I step down to comply with the new Listing Requirements on limits on number of directorships by individuals. It was a privilege to serve as the Chairman of Symphony for the past ten years where I witnessed Symphony evolve from its humble beginning as an IT company to a multinational company with over 1,600 employees. For this, I offer warm appreciation to all employees of Symphony at all levels whose untiring efforts and unwavering dedication have been crucial to our growth and progress.

On behalf of the Board, I wish to place on record my sincere gratitude to the Government of Malaysia, our valued clients, relevant financiers, Multimedia Development Corporation, Outsourcing Malaysia, vendors as well as all our shareholders for the unstinting support and trusts given to Symphony throughout all these years.

Last but not least, I would also like to thank my colleagues on the Board whom have never ceased to impress me with their quality of leadership, the vast experiences and wisdom that they bring in into the Board. I have full confidence that the directors remaining are able to chart the next phase of growth and success for the Group, bringing Symphony to greater heights and thus delivering superior returns to you as our shareholders.

Thank you.

TAN SRI ASMAT KAMALUDIN
Chairman

2012 Corporate Milestones & Events

31 May 2012

SYMPHONY HOUSE BERHAD'S 10TH ANNUAL GENERAL MEETING

Symphony House Berhad held its Annual General Meeting at The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, Subang, Selangor. The well attended event provided shareholders with a review of the company's fiscal information along with a Q&A session with the Board of Directors and senior management team of Symphony.

17 Jul 2012

SYMPHONY CORPORATE TEA TALK

Symphony Corporatehouse Sdn Bhd hosted a Corporate Tea Talk at Saujana Hotel on the newly promulgated business vehicle known as the Limited Liability Partnership ("LLP"). The event focused on promoting deliberations amongst shareholders, to explore new boundaries related to corporate topics, and also to ensure that potential and existing clients gain better insights into the LLP.

09 Aug 2012

THE 2012 GLOBAL SERVICES 100 AWARD

- The 2012 GS100 Companies
- Global BPO Niche Leaders

16 Aug 2012

THE 2012 GLOBAL OUTSOURCING 100® SUB-LIST HONORS

- Best 10 Rising Stars in Overall Revenue
- Best 10 Rising Stars in Number of Employees
- Best 5 Rising Stars by Industry Focus
  – Financial Services (Insurance)
- Best 20 Rising Stars by Industry Focus
  – Technology (Hardware & Software)
- Best 5 Rising Stars by Service Area
  – Customer Relationship Management Services
- Best 5 by Region Served – Southeast Asia
- Best 10 by Region Served – Companies in Japan
- Best 20 by Region Served – Rising Stars in Western Europe

25 Oct 2012

SYMPHONY SHORTLISTED FOR INDUSTRY EXCELLENCE AWARDS (AKI) 2011

Symphony BPO Solutions Sdn. Bhd. received recognition under the Export Excellence Awards (Services) category. Tan Sri Azman Yahya accepted the certificate and plaque from the Minister of International Trade & Industry, YB Dato' Sri Mustapa bin Mohamed at the grand event held at the Kuala Lumpur Convention Centre with over 700 guests attending.

20 - 21
Mar 2012

3RD ANNUAL CONTACT CENTRES ASIA, AMARA HOTEL SINGAPORE

Symphony participated in the two-day Contact Centres Asia conference in Singapore. The event focused on growth and profitability of contact centres through new communication channels and effective upselling.

27 - 28
Jun 2012

CFO INNOVATION ASIA FORUM 2012, SINGAPORE (CFOI)

Symphony's Financial Solutions and Business Development teams participated in the 3rd CFO Innovation Asia Forum at the Raffles City Convention Centre in Singapore. The teams connected with key decision makers across several industries in the region and presented Symphony's wide portfolio to potential customers.

04 - 06
Sep 2012

15TH ANNUAL ASIAN SHARED SERVICES & OUTSOURCING WEEK

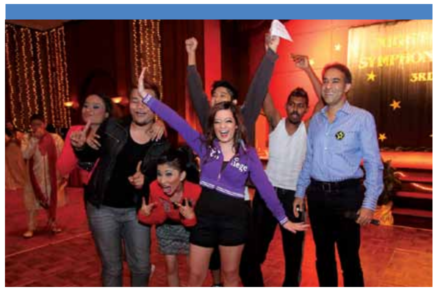
Symphony participated in the 15th Annual Asian Shared Services & Outsourcing Week at MAX Atria in Singapore. The event was an opportunity for Symphony to further expand its presence on the regional and international map.

2012 Community, Staff & HR Events

04 Feb

MIH FAMILY DAY AT LEXIS PORT DICKSON

Malaysia Issuing House (MIH) organised a Family Day to gather the staff and their families for an outing at Lexis PD. The event was filled with outdoor activities and a dinner in the evening.



03 Mar

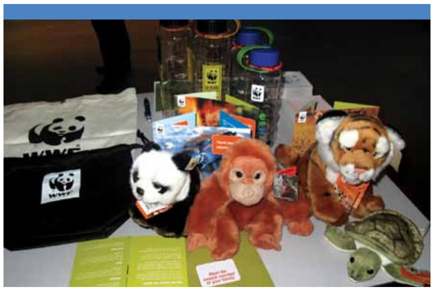
NIGHT OF THE STARS – CMS OUTBOUND TEAM

The CMS Outbound Team held their annual dinner at the Summit Hotels' Grand Ballroom to reward employees for their hard work and commitment in 2011.

30 Mar - 1 Apr

SYMPHONY @ JOBSTREET.COM MCTF 2012

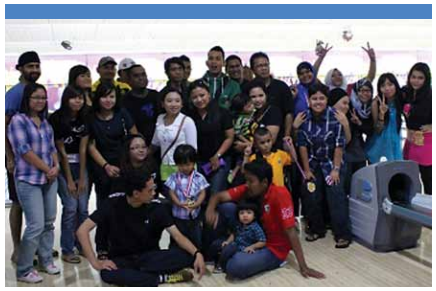
Symphony participated in the JobStreet.Com MCTF 2012 Fair at the Mid Valley Exhibition Centre, Kuala Lumpur. Approximately 120 domestic and international companies participated.



30 Mar

EARTH HOUR AWARENESS DAY @ SYMPHONY

Symphony organised an Earth Hour Awareness Day together with WWF-Malaysia. Funds were raised and channeled back to the organisation through the selling of Earth Hour t-shirts and other merchandises from WWF-Malaysia as well as a one-time Animal Adoption Programme sign up.



01 Apr

SBSB KL 1 & KL 2 BOWLING TOURNAMENT

SBSB KL 1 & 2 jointly competed in a bowling tournament held at the Cosmic Bowl, Mid Valley. Loud cheers came from supporters to encourage the 33 participating teams to do their best.

05 Apr

FLEA MARKET EXTRAVAGANZA!

Symphony organised the very first Flea Market on its premises. The turn out for the event was fantastic as 22 teams participated by selling various items along with food and beverages.

22 Apr

EARTH DAY TREE PLANTING INITIATIVE

Commemorating Earth Day 2012 and the commitment to sustainability within the environment, Symphony hosted a tree planting ceremony at its office grounds.

04 May

POOL COMPETITION 2012

The 2012 Symphony pool competition was held at the R&R area. The crowd was confronted with moments of gripping excitement as each player tried to outplay their opponents with well executed shots amidst their supporters' antics.

26 May

CHARITY CAR WASH

A Charity Car Wash was organised at Symphony House to raise funds in aid of *Pusat Penjagaan Kanak-Kanak Cacat Taman Megah* and *Pertubuhan Rumah Anak Yatim Miskin Daerah Kuala Langat.*

07 Jun

FINANCIAL SOLUTIONS – HIGH TEA EVENT

Financial Solutions (FS) team organised a high tea event on 7 June 2012 in conjunction with parent's day and staff birthday celebrations for Quarter 1 & 2.

09 & 10 Jun

SYMPHONIANS @ POWER-PACKED SUPER GT MALAYSIA 2012

100 tickets were given out to lucky Symphonians across all business units to enjoy the high octane Super GT Round 3 at the *Sepang* International Circuit.

18 Jun

HOME VISITS & CHEQUE PRESENTATIONS

Symphony CSR team visited and presented financial aid to *Rumah Anak Yatim & Miskin Hulu Langat*, and *Pusat Penjagaan Kanak-Kanak Cacat Taman Megah*.

23 Jun

BOWLING TOURNAMENT 2012

Over 200 Symphonians, friends and families participated and cheered for respective teams who competed in the annual Bowling Tournament at Cosmic Bowl, Mid Valley, Kuala Lumpur.

10 Jul

BLOOD DONATION CAMPAIGN 2012

Symphony organised a successful annual blood donation day with the *Pusat Darah Negara* Malaysia. Thanks to compassionate Symphonians, a record breaking 99 blood bags were collected!

23 Jul - 15 Aug

RAMADAN CHARITY BAZAAR

Symphony's *Ramadan* Charity Bazaar was held at the Ground Floor of Symphony House. Delicious food, beverages, desserts and cookies were sold at the stalls. Rental charges from the stalls were channeled to charity drives.

26 Jul

KAFA INTEGRASI AL INSANIAH FOOD CONTRIBUTION

Symphony donated funds to *Kafa Integrasi Al-Insaniah* School through the *Ramadan* Food Programme. Symphonians voluntarily packed food and handed them out to students and teachers for *Iftar* in conjunction with the holy month of *Ramadan*.

14 - 20 Aug

FESTIVE CHARITY DRIVE

Proceeds and donations from the *Ramadan* Charity Bazaar were presented to *Rumah Titian Ashraful Rohaniah, Teluk Intan*, 20 children from *Sekolah Kebangsaan Balik Pulau, Penang* and the school's Resource Centre.

03 Sep

HARI RAYA POTLUCK GET-TOGETHER

The management and staff of the corporate office had a *Hari Raya* Potluck celebration at the R&R where attendees dressed in their best Malay costumes. They each brought a special dish to share for the occasion.

2012 Community, Staff & HR Events (cont'd.)

10 - 12 Sep

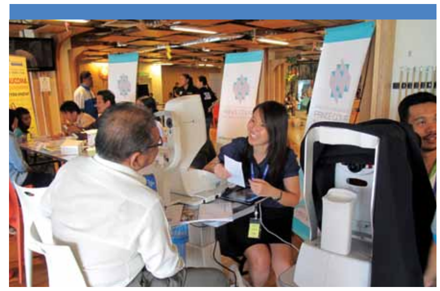
EMPLOYEE APPRECIATION AWARDS

The Townhall for Quarter 1 & 2 of 2012 was held to reward the long service employees, the hard work and performance of various individuals and teams.

15 - 17 Sep

TEAM BUILDING TRIP

Symphony Corporatehouse Sdn Bhd organised a 3D/2N trip to Eagle Ranch Resort in *Port Dickson*. The team building activity was meant to foster a greater sense of unity amongst the staff.



21 Sep

HEALTH & WELLNESS DAY FOR SYMPHONIANS

The Health & Wellness Day was held to offer Symphonians free health screening and consultation services by 16 participating hospitals. Over 400 employees registered for the screenings.

24 Sep

***AIDILFITRI* CELEBRATION**

Symphony Share Registrars held a potluck gathering in conjunction with *Hari Raya Aidilfitri* celebrations. Team members were dressed in colourful Malay constumes and hampers were given out during the lucky draw.

02 Oct

FUTSAL TOURNAMENT 2012

Symphony's Futsal Tournament 2012 was held at the Subang Sports Planet where 18 teams showed off their impressive skills by scoring 170 goals within a span of 56 matches. Pipit's FC won the trophy this year.

09 Oct

POWER WALK @ *BUKIT GASING*

38 eager Symphonians including GCE *Tan Sri Azman Yahya* took up the challenge of power walking up and down *Bukit Gasing* to stay fit and healthy.

17 Oct

FIRE AWARENESS & SAFETY TRAINING

To ensure tenants are aware of the importance of fire safety at Symphony House, the Office Administration team conducted a Fire Awareness and Safety training with the *Jabatan Bomba*.

24 Oct

TREASURE HUNT 2012 — WILD WILD WEST

Symphony's Treasure Hunt 2012 had 58 cars filled with excited Symphonians driving off to *Cherating* in *Terengganu*. A Wild Wild West themed dinner was later held at The Legend Resort.

08 Nov

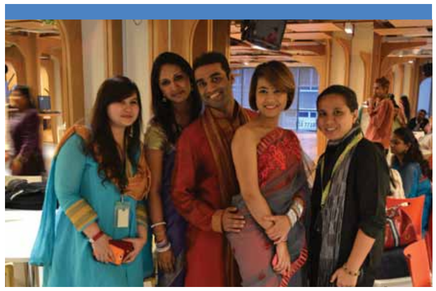
BREAKFAST @ SYMPHONY FESTIVE CHARITY DRIVE

12 teams across Symphony Group participated in the Breakfast @ Symphony initiative to raise funds for charity homes in conjunction with *Deepavali* and Christmas. Stalls were set up and decorated to sell a variety of breakfast items.

23 Nov

DOUGHNUT DAY

The Outbound department organised a Doughnut Day for its team. 900 delicious and colourful doughnuts were served.



30 Nov

***DEEPAVALI* NIGHT 2012**

Deepavali Night had everyone from the Inbound team dressed in exuberant Indian costumes and participated in creative stage performances.

06 Dec

VISIT TO *RUMAH* VICTORY

In the spirit of Christmas, Symphonians made their way to *Rumah* Victory dressed in various red outfits and themed-hats for a charity home visit. Clothes and groceries were donated to the senior citizens.

07 Dec

FAMILY TRIP TO *BUKIT GAMBANG* RESORT CITY

Malaysian Issuing House staff and their family members went on a trip to *Bukit Gambang* Resort City to celebrate their success in 2012.

19 Dec

TEAM OUTING & HOME VISIT

The Outbound department organised a team bonding outing to *Kalumpang* Resort & Training Centre in *Tanjung Malim* which included a visit to the *Rumah Anak Yatim Baitul Mahabbah* where clothes and food were donated.

19 Dec

VISIT TO *PUSAT JAGAAN KANAK-KANAK SERIBU HARAPAN*

Symphonians paid a visit to the *Pusat Jagaan Kanak-kanak Seribu Harapan* in *Shah Alam.* School uniforms, books and board games were donated to the home.

21 Dec

CHRISTMAS & NEW YEAR BUFFET DINNER

In conjunction with Christmas and the New Year celebration, Symphony Xen team members went for a buffet dinner at Cinnamon Coffee House at One World Hotel.

22 Dec

CHRISTMAS DECORATION COMPETITION

The Inbound team held an exciting Christmas Decoration Competition in conjunction with the festive season in 2012 where everyone dressed in colourful costumes and shared an amazing dinner.

31 Dec

ADIEU 2012, HELLO 2013!

Symphonians bade farewell to 2012 by singing Auld Lang Syne together in commemoration of the ending of the year and also to welcome 2013. Loud cheers were heard at the end of the song in anticipation of the New Year.

Board of Directors

ABDUL HAMID SHEIKH MOHAMED
Executive Director

TAN SRI AZMAN YAHYA
Group Chief Executive

TAN SRI ASMAT BIN KAMALUDIN
Chairman, Non-Independent Non-Executive Director

TONY FOO SAN KAN
Independent Non-Executive Director

DATUK KHAIRIL ANUAR BIN ABDULLAH
Non-Independent Non-Executive Director

DATUK MOHD OMAR BIN MUSTAPHA
Independent Non-Executive Director

Board of Directors' Profile

TAN SRI ASMAT BIN KAMALUDIN

CHAIRMAN,
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR
69, MALAYSIAN

TERM OF OFFICE

Appointed as Chairman and Independent Non-Executive Director on 3 December 2002. Re-designated as Non-Independent Non-Executive on 29 March 2013.

BOARD COMMITTEES

Chairman of Remuneration Committee

EDUCATION/QUALIFICATION

- Bachelor of Arts in Economics, University of Malaya
- Diploma in European Economic Integration, University of Amsterdam

SKILLS & EXPERIENCE

Tan Sri Asmat has vast experience of over 35 years in various capacities in the public service and his last position in the public service was as the Secretary General of the Ministry of International Trade and Industry, a position he held between 1992 and 2001. He has served as Economic Counselor for Malaysia in Brussels and worked with several international bodies such as ASEAN, the World Trade Organisation and Asia-Pacific Economic Corporation, representing Malaysia in relevant negotiations and agreements.

While in the Malaysian Government service, Tan Sri has also been actively involved in several national organisations such as *Permodalan Nasional Berhad*, *Johor* Corporation, the Small and Medium Industries Development Corporation (SMIDEC) and Malaysia External Trade Development Corporation (MATRADE). He also sits on the board of JACTIM Foundation.

OTHER PUBLIC COMPANY DIRECTORSHIPS &/OR OFFICES

Chairman of:

- UMW Holdings Berhad
- Panasonic Manufacturing Malaysia Berhad
- SCOMI Group Berhad
- TASCO Berhad
  (formerly known as Trans-Asia Shipping Corporation Berhad)
- Compugates Holdings Berhad
- SCOMI Energy Services Berhad
  (formerly known as SCOMI Marine Berhad)

Board member of:

- Permodalan Nasional Berhad
- Lion Industries Corporation Berhad
- Malaysian Pacific Industries Berhad
- The Royal Bank of Scotland Berhad

Other position held:

- Vice-Chairman of YTL Cement Berhad
- Governor on the Governing Board of the Economic Research Institute for ASEAN and East Asia (ERIA)

Tan Sri Asmat has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offences within the past ten years other than traffic offences, if any. Tan Sri Asmat has attended all six of the Board Meetings held in the financial year ended 31 December 2012.

Board of Directors' Profile (cont'd.)

TAN SRI AZMAN YAHYA

GROUP CHIEF EXECUTIVE
49, MALAYSIAN

TERM OF OFFICE

The founder and Group Chief Executive of Symphony House Berhad. He has been a Non-Independent Executive Director since 15 October 2002.

BOARD COMMITTEES

Member of the Executive and Employee Share Trust Scheme Committees

EDUCATION/QUALIFICATION

- Degree in Economics (First Class Honours), London School of Economics and Political Science
- A member of The Institute of Chartered Accountants in England and Wales
- A member of The Malaysian Institute of Accountants
- A Fellow of the Malaysian Institute of Banks

SKILLS & EXPERIENCE

Tan Sri Azman was appointed by the Government of Malaysia in 1998 to set up and head Danaharta, the national asset management company and subsequently became its chairman until 2003. He was also the Chairman of the Corporate Debt Restructuring Committee (CDRC) which was set-up by Bank Negara Malaysia to mediate and assist in the debt restructuring of viable companies until its closure in 2002.

His previous career appointments include auditing with KPMG in London, finance with the Island & Peninsular Group and investment banking with Bumiputra Merchant Bankers and Amanah Merchant Bank, the latter as Chief Executive.

OTHER PUBLIC COMPANY DIRECTORSHIPS &/OR OFFICES

Chairman of:

- Symphony Life Berhad (formerly known as Bolton Berhad)
- Motorsports Association of Malaysia

Board member of:

- Khazanah Nasional Berhad
- PLUS Expressways International Berhad (formerly known as PLUS Expressways Berhad)
- SCOMI Group Berhad
- Ekuiti Nasional Berhad (EKUINAS)

Member of:

- Financial Reporting Foundation

Tan Sri Azman is a major shareholder of Symphony House Berhad. He has not been convicted of any offences within the past ten years other than traffic offences, if any. Tan Sri Azman has attended all six Board Meetings held in the financial year ended 31 December 2012.

ABDUL HAMID SHEIKH MOHAMED

EXECUTIVE DIRECTOR
47, MALAYSIAN

TERM OF OFFICE

Appointed as Executive Director since 3 December 2003

BOARD COMMITTEES

Member of the Executive and Employee Share Trust Scheme Committees

EDUCATION/QUALIFICATION

- A Fellow of the Association of Chartered Certified Accountants

SKILLS & EXPERIENCE

Immediately preceding his appointment at Symphony, he was the Chief Financial Officer of the Kuala Lumpur Stock Exchange (KLSE), now known as Bursa Malaysia Berhad. He joined KLSE in 1998 as Senior Vice President in charge of the Strategic Planning & International Affairs Division and was promoted to Deputy President (Strategy and Development) in 2002. He was re-designated as Chief Financial Officer in 2003. During his five years with the KLSE Group, he held diverse roles and had experience in strategy, corporate finance, business transformation, finance and administration, treasury, external affairs and public relations. He led KLSE's acquisitions of KLOFFE and COMMEX and their merger to form MDEX, and the acquisition of MESDAQ. He also led KLSE's demutualisation exercise.

He started his career in the accounting firm Messrs Lim Ali & Co./ Arthur Young, before moving on to merchant banking with Bumiputra Merchant Bankers Berhad. He later moved on to the Amanah Capital Malaysia Berhad Group, an investment banking and finance group, where he led the corporate planning and finance functions until 1998 when he joined the KLSE.

OTHER PUBLIC COMPANY DIRECTORSHIPS &/OR OFFICES

Board member of:

- Silk Holdings Bhd
- MMC Corporation Berhad
- Scomi Engineering Berhad
- Pos Malaysia Berhad
- Kuwait Finance House (Labuan) Berhad

En. Hamid has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offences within the past ten years other than traffic offences, if any. En. Hamid has attended all six Board Meetings held in the financial year ended 31 December 2012.

Board of Directors' Profile (cont'd.)

DATUK KHAIRIL ANUAR BIN ABDULLAH

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR
62, MALAYSIAN

TERM OF OFFICE

Appointed as Independent, Non-Executive Director on 25 November 2002. Re-designated as Non-Independent Non-Executive Director on 29 March 2013.

BOARD COMMITTEES

Member of the Audit, Nomination and Remuneration Committees

EDUCATION/QUALIFICATION

- Bachelor of Economics, University of Malaya
- Master of Business Administration, Harvard Business School, United States of America
- A Fellow of the Malaysian Institute of Banks

SKILLS & EXPERIENCE

His career spanned a diverse range of government and corporate experience in the Economic Planning Unit of the Prime Minister's Department from 1973 to 1982, the Guthrie Group of Companies from 1983 to 1987, Batu Lintang Rubber Company (re-listed on Bursa Malaysia Securities Berhad as Advance Synergy Berhad) and Arthur D Little from 1988 to 1992.

In 1993, he joined the Securities Commission at its inception as Director for Policy and Development. His portfolio included regulations and law reform, product development, economic research, information technology, the Securities Industry Development Centre, accounting standards and Islamic capital market development. He also served on the advisory committee of Bursa Malaysia Depository Sdn Bhd, the Board of the Labuan Offshore Financial Services Authority and chaired a working group on the regulation of secondary markets of the Emerging Markets Committee of the International Organisation of Securities Commission (IOSCO). In 1996, he was a member of Bank of International Settlement/IOSCO Task Force on clearing and settlement.

He then went on to serve as Executive Chairman of Malaysian Exchange of Securities Dealing & Automated Quotation Bhd (MESDAQ), Malaysia's securities exchange catering to high growth and technology companies in 1997 until it merged with the Kuala Lumpur Stock Exchange, now known as Bursa Malaysia Berhad in 2002.

OTHER PUBLIC COMPANY DIRECTORSHIPS &/OR OFFICES

Chairman of:

- Pantai Holdings Berhad

Board member of:

- Apollo Hospitals Enterprise Limited, (India)
- Parkway Pantai Limited

Datuk Khairil has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offences within the past ten years other than traffic offences, if any. Datuk Khairil has attended all six Board Meetings held in the financial year ended 31 December 2012.

TONY FOO SAN KAN

INDEPENDENT NON-EXECUTIVE DIRECTOR
64, MALAYSIAN

TERM OF OFFICE

Appointed as Non-Executive Director on 7 February 2003 and designated as Independent Non-Executive Director since 25 February 2005

BOARD COMMITTEES

Chairman of the Audit and Nomination Committees, member of the Remuneration and Employee Share Trust Scheme Committees

EDUCATION/QUALIFICATION

- A Chartered Accountant of the Malaysian Institute of Accountants
- A Member of the Malaysian Institute of Certified Public Accountants
- A Fellow of the Institute of Chartered Accountants in England & Wales
- A Fellow of the Chartered Tax Institute of Malaysia

SKILLS & EXPERIENCE

He was the Country Managing Partner of Ernst & Young Malaysia from 1997 to 2002 before he retired as a practising accountant. He has 34 years of experience in the accounting profession, the last 29 years of which were spent in various positions in Ernst & Young including stints in several offices in East and West Malaysia.

During the course of his career, he was involved in various industry sectors including financial services, energy, manufacturing, plantations, property, construction, leisure and entertainment. His professional experience covers almost all aspects of the accounting profession, including audit, receivership, liquidation, taxation, secretarial, corporate advisory and management consultancy and all services related to the Labuan Offshore Financial Services Authority (LOFSA).

OTHER PUBLIC COMPANY DIRECTORSHIPS &/OR OFFICES

Board member of:

- Allianz Malaysia Berhad
- Allianz Life Insurance Malaysia Berhad
- Allianz General Insurance Company (Malaysia) Berhad
- OSK Holdings Berhad
- OSK Property Holdings Berhad
- OSK Trustees Berhad
- Malaysian Trustees Berhad

Mr. Foo has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offences within the past ten years other than traffic offences, if any. Mr. Foo has attended all six Board Meetings held in the financial year ended 31 December 2012.

Board of Directors' Profile (cont'd.)

DATUK MOHD OMAR BIN MUSTAPHA

INDEPENDENT NON-EXECUTIVE DIRECTOR
41, MALAYSIAN

TERM OF OFFICE
Independent Non-Executive Director since 7 September 2006

BOARD COMMITTEES
Member of the Audit and Nomination Committees

EDUCATION/QUALIFICATION
BA (Hons) and MA Degrees in Politics, Philosophy and Economics, University of Oxford, England

SKILLS & EXPERIENCE
Prior to rejoining the Ethos group in February 2006, Datuk Omar served as Special Assistant to the Deputy Prime Minister of Malaysia on economic, corporate sector and foreign policy matters. He brings with him over 15 years of experience in the Malaysian corporate and government sectors, has an in-depth understanding of Malaysia's public policy process, and an extensive network of senior level contacts in both the Government and the corporate sector. He was a Senior Associate with McKinsey & Company Inc. based in London and Kuala Lumpur. He has served multinational clients in the telecoms, energy, media, retail, banking and government sectors in Asia, the Middle East and Europe, on issues of corporate strategy, performance management, organisational performance and post merger management. In his consulting career, he has led a number of significant client engagements with key ministries, government agencies, government-linked companies and multinational corporations operating in Malaysia and Southeast Asia.

Between 1997 to 2000, Datuk Omar was part of the pioneer management team at the Multimedia Development Corporation (MDec) where he served as a Vice President and Special Assistant to the Executive Chairman. He began his career in 1994 with Petronas, first in a Group Corporate Planning function and later as Indochina Head of Downstream Business based in Vietnam.

Datuk Omar is the Chairman of Ethos & Company, a boutique strategy consulting firm based in Kuala Lumpur which he co- founded in 2002. He is also a founder, director and general partner of Ethos Capital, a Malaysian based private equity firm.

OTHER PUBLIC COMPANY DIRECTORSHIPS &/OR OFFICES
Board member of:
- AirAsia Berhad
- Petroliam Nasional Berhad

Datuk Omar has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offences within the past ten years other than traffic offences, if any. He attended five out of the six Board Meetings held in the financial year ended 31 December 2012.

Management Team

TAN SRI AZMAN YAHYA
Group Chief Executive

ABDUL HAMID SHEIKH MOHAMED
Executive Director

JOHN GERARD CANTILLON
Chief Executive, Symphony HRS Sdn Bhd

CYRIL TAN
Chief Executive, Symphony Xen Solutions Sdn Bhd

Management Team

Business Units and Operation Functions

TRACII SOH
Financial Solutions

EILEEN CHU
Corporate Secretarial

ROBIN CHEW
Share Issuance & Registration

CELINE CHAN
Contact Management Solutions & Business Development

ABDUL HAMID SHEIKH MOHAMED
Executive Director, Symphony Group

TENGKU NORLIDZAH
Share Issuance

SIVANESWARAN RAMASAMY
Cheque Processing

Management Team
Group Shared Services

GERARD THOMAS
Group Administration

WENDY KHOO
Group Human Resource

KHAIRUNNISWAH AHMAD
Group Internal Audit & Risk Management

ANITA SHEILA
Group Legal & Compliance

NORHANA ISMAIL
Group Corporate Communications

MIKE MCNAMARA
Group IT Applications & Infrastructure

WENDY CHIN NGEOK MUI
Group Company Secretary

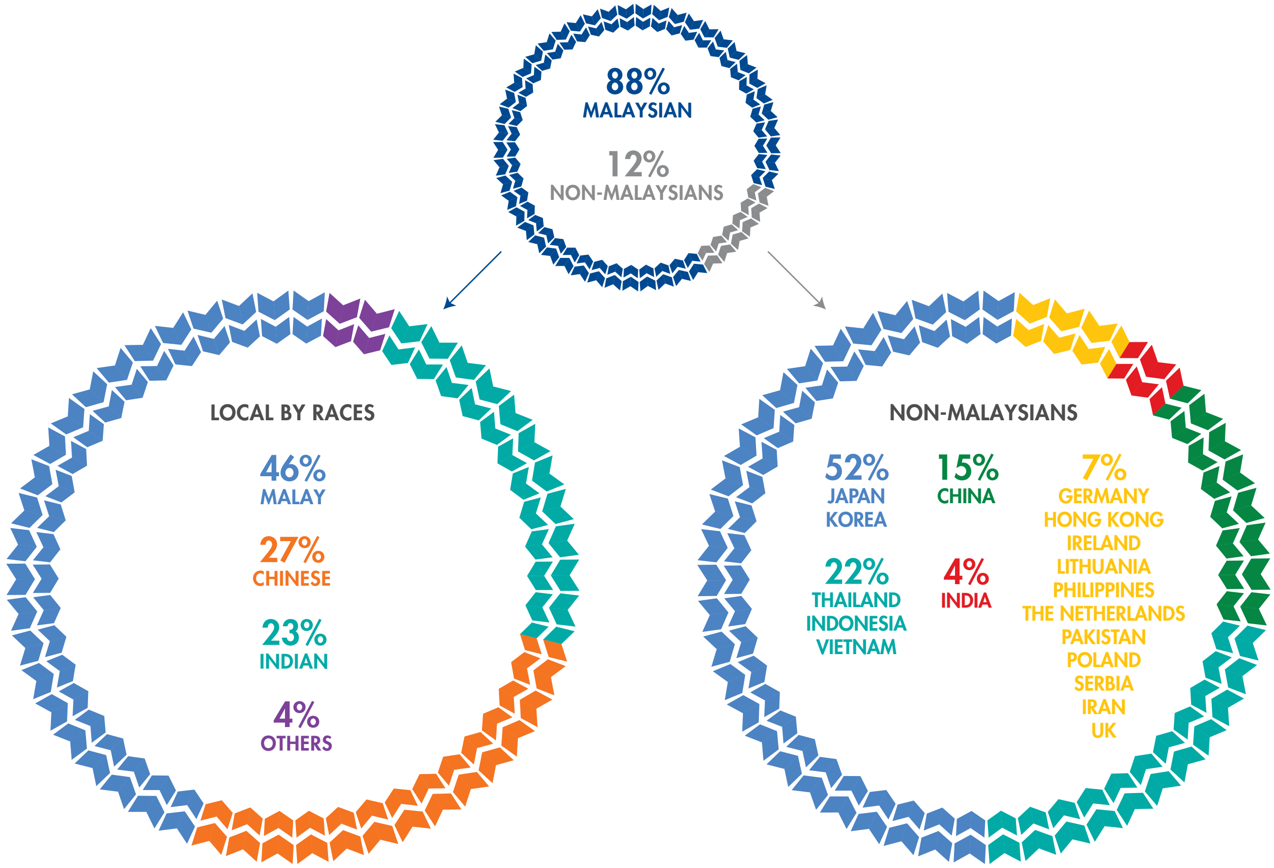
ABDUL RAHIM ABDULLAH
Group Finance & Treasury

ABDUL HAMID SHEIKH MOHAMED
Executive Director, Symphony Group

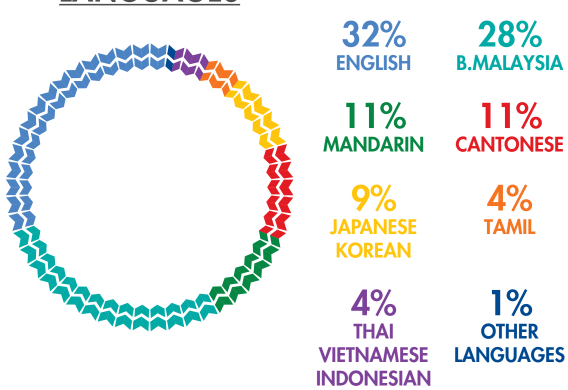
MUHAMMAD ASHRAF MUHAMMAD AMIR
Group Corporate Finance

Our People & Our Social Responsibility

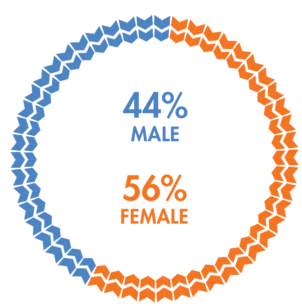
NATIONALITIES



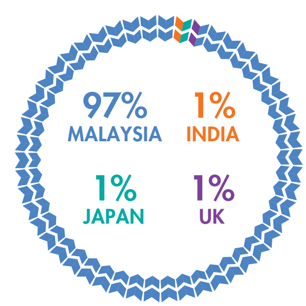
LANGUAGES



GENDER



LOCATIONS



PEOPLE & DIVERSITY

Our people; our greatest asset. The people at Symphony have been a strong part of the Company's success. We are very proud of our diverse group of multi-cultural, multi-lingual, and highly talented workforce of over 1,600, who service a wide range of clients in more than 30 countries worldwide.

The interesting mix of multi-ethnic workforce is a reflection of Malaysia's diverse society and make working at Symphony all the more dynamic and refreshing. In addition to being able to deliver services to our local and international customers seamlessly, this uniqueness – a competitive advantage – is excellent for growing our international clientele base.

We strive to create a happy, healthy, fun and positive working environment committed to increasing productivity, service quality and customer satisfaction. Symphony's culture and HR policies promote diversity, empowerment, and recognition, while maintaining equal employment opportunities for all.

PEOPLE & DEVELOPMENT

In our continuous efforts in becoming Asia's leading outsourcing partner and meeting tomorrow's challenges, we strive to ensure a solid talent management structure. Finding the right balance is essential in the development of programmes for our employees.

Hiring the right people and retaining them is one of our main focus. We continue to inspire and motivate our people through various interesting programmes within the organisation such as career development opportunities, mentoring initiatives, team-building activities, succession planning and corporate social activities that involve all employees.

While productivity and manpower costs remain important measurements, equally as important is our ability to reduce skills gaps and identify essential jobs that drive value.

Moving forward, Symphony's greatest strength and key success factor is the quality of our staff. As such, we need to nurture a culture and environment that will enable them to develop their potentials and be the best in whatever they do.

Our value propositions are the shared principles and beliefs that underline our work and guide the actions and behaviours of our staff. The three core values that we emphasise are: integrity, respect for diversity and professionalism. Hence, our technical and job-related training agendas are further supplemented with soft-skill modules designed to promote and improve the individual's self-awareness and confidence.

CORPORATE SOCIAL RESPONSIBILITY

Whether you are sitting on the sandy beach or running through the lush rainforest or scaling the tallest mountain, you will surely be immersed by the beauty that surrounds you. You will feel that YOU are part of the eco-system and it will not take long for you to realise that whatever you do makes a difference – to the environment!

To a certain extent, employees' health, the local community and the natural environment are all intertwined. In 2012, we stepped up efforts in supporting various organisations and initiatives through the company's on-going Corporate Social Responsibility (CSR) activities. Our employees conscientiously participated in these CSR programmes that have become second nature to them. It may seem like a small effort, but their contribution – time, energy and monetary – is a big step in making the community and environment to live in a better place.

COMMUNITY DEVELOPMENT

We are committed to creating a conducive working environment, educating our employees on issues relating to environmental conservation, and giving back to the community each year through various activities such as volunteering, in-kind contributions and by way of cash donations.

COMMUNITY SUPPORT

- A fundraising Charity Car Wash was organised at the end of May 2012. With the successful participation of employees from all business units, funds raised were donated to two homes in June 2012.
- In July 2012, Symphony, in collaboration with the National Blood Institution, *Pusat Darah Negara (PDN)* successfully organised a blood donation day. A total of 99 blood bags were collected, an additional 17 bags more than 2011.
- From 23 July to 15 August 2012, Symphony organised its first *Ramadan* Charity Bazaar. Rental fee from the stalls, together with contributions from the staff and management of Symphony, were donated to a home in *Teluk Intan Perak*, a resource centre for a school in Penang and 20 underprivileged children in *Balik Pulau, Penang*.
- In August 2012, Symphony collaborated with *Lembaga Zakat Selangor* to set up a temporary counter for Muslim employees to pay their *Zakat*. All funds collected were channeled towards helping the poor and needy.
- In November, Breakfast @ Symphony festive charity drive was held in conjunction with the *Deepavali* and Christmas, where the funds raised were channeled to provide daily items to two charity homes.

SPONSORSHIP & MONETARY AID

- The Charity Car Wash at the end of May 2012 raised funds for the *Rumah Anak Yatim & Miskin Hulu Langat*. Apart from the financial aid, which would be useful for their daily needs, unused secondhand clothes and groceries were also donated to the shelter of over a hundred orphans.
- In June 2012, funds raised were donated to the *Pusat Penjagaan Kanak-Kanak Cacat Taman Megah (PPKKCTM)*. A home dedicated to aiding the physically and mentally challenged children. Groceries and foodstuff were also donated.
- In conjunction with the 2012 fasting month, Symphony donated to *Kafa Integrasi Al Insaniah*, a school nearest to our head-office, through the Ramadan food programme. Apart from monetary aid, the employees themselves were involved in the packing and distribution of food to school children and their families.
- From the *Ramadan* Charity Bazaar collection, medical supplies and foodstuff were purchased for distribution. Additionally, management and employees donated money, foodstuff, workbooks, reading materials, toiletries, stationeries, used clothes and shoes. These donations went to:
  - *Rumah Titian Ashraful Rohaniah in Teluk Intan Perak* on 14 August 2012.
  - Seven children in *Kampung Acheh, Balik Pulau, Penang* on 20 August 2012, during Group Communications' visit to the individual homes.
  - 13 children studying at *Sekolah Kebangsaan Balik Pulau, Penang* on 27 August. The school Resource Centre also received UPSR workbooks and reading materials.
- On 20 October 2012, the items collected from the Symphony Treasure Hunt activity were donated to *Pusat Jagaan Orang-orang Istimewa Mentakab (SPCCM)*.
- Collection from Breakfast @ Symphony Charity Drive for *Deepavali* & Christmas was used to purchase school uniforms, board games, groceries, toiletries, medical supplies, foodstuff etc. The relevant items were donated to:

Our People & Our Social Responsibility (cont'd.)

- *Rumah Victory* (senior citizen home) in Jalan Klang Lama, Kuala Lumpur on 6 December 2012, during the home visit.
- *Pusat Jagaan Kanak-kanak Seribu Harapan* in Shah Alam on 19 December, 2012.

ENVIRONMENTAL COMMITMENT

- At the end of March 2012, Symphony in close collaboration with WWF-Malaysia successfully organised an Earth Hour Awareness Day. A tidy sum was collected through one-time animal adoption programme, the sale of WWF Earth Hour t-shirts and other popular merchandises.
- The collaboration with WWF-Malaysia followed on with Symphony Workplace Giving Day held in June 2012. This charitable programme that has been in place since December 2011 enables employees to make contributions towards the WWF-Malaysia through monthly salary deduction.

ENVIRONMENTAL AWARENESS

In our effort to develop employees who are aware of environmental issues at a personal and societal level, Symphony is committed to maintaining an eco-friendly and green work environment. On-going campaigns such as recycling, energy and water conservation, have been heavily promoted. Admirable green activities such as tree planting around the vicinity of the building have been undertaken. In addition, the consistent reminders on conservation through discussions, regular activities and campaigns serve to inculcate a sense of responsibility and enhance eco-friendly practices so that they become part of our work culture.

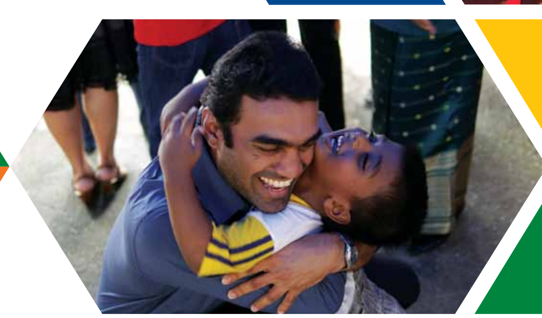
Green Initiatives:

- Uninterrupted use of eco-friendly LED lights at lift corridors, toilets & the gym
- Continued use of timers for efficient air-conditioning zoning
- Use of the stairs to reduce reliance on elevators during non-peak hours
- Reduce, reuse and recycling of office resources
- Saying no to plastic bags and styrofoams
- Dividing garbage and waste products

MARKETPLACE & INDUSTRY DEVELOPMENT

In sustaining positive economic growth and community development, we are committed in our efforts towards implementing various innovative processes and programmes. These CSR initiatives are part of the overall aim of striving to become a knowledge-based society.

- Symphony participated in the 3rd Annual Contact Centres Asia Conference, 20 – 21 March 2012 at the Amara Hotel, Singapore.
- Symphony participated in the Jobstreet.com MCTF 2012 (13th Malaysia Career & Training Fair) at the Mid Valley Exhibition Centre in Kuala Lumpur from 30 March – 1 April 2012.
- Symphony held its 10th Annual General Meeting at The Saujana Hotel, Kuala Lumpur on 31 May 2012.
- Symphony organised a Walk-In Job Fair on Saturday, 9 June 2012 at Symphony House in Petaling Jaya.
- Symphony participated in the 2012 CFO Innovation Asia Forum (CFOI) at the Raffles City Convention Centre in Singapore, 27 – 28 June 2012.
- Symphony Corporatehouse Sdn Bhd hosted a Corporate Tea Talk at Saujana Hotel, Kuala Lumpur on 17 July 2012.
- Symphony took part in the 15th Annual Asian Shared Services and Outsourcing Week at the Marina Bay Sands, Singapore, 4 – 6 September 2012.



OUR PEOPLE, OUR STRENGTH

Statement on Corporate Governance
for the financial year ended 31 December 2012

INTRODUCTION

The Board of Directors of Symphony House Berhad ("the Board") fully appreciates the importance of adopting high standards of corporate governance within the Company and its subsidiaries ("the Group"). Corporate governance sets out the framework and process by which companies, through their Board of Directors and Management, regulate their business activities. It balances sound and safe business operations through compliance with the relevant laws and regulations.

The Board recognised that the fundamentals underlying realisation of value of Symphony are investor confidence and bottom line performance. Investor confidence is attained when investors and shareholders have trust in the leadership, the board of directors, adequate protection of stakeholders' interests, and sustainable and continuous communications and disclosures by the Company. The Board also recognised that bottom line performance is achieved with the right competitive strategy, organisational performance, risk management as well as statutory and regulatory compliance.

Towards achieving this, the Board is committed in ensuring that the highest standards of corporate governance are consistently observed by the Group, not only by due observance of the Principles and Recommendations on Corporate Governance as set out in the Malaysian Code on Corporate Governance 2012 ("the Code"), but also to put in place stringent parameters and measures for adherence by the Management.

The Board's commitment to good governance as well as its commitment to realise investor and shareholder value in providing services beyond excellence to all its clients and shareholders is evidenced by the following awards, achievements and recognitions received in 2012:

- The 2012 Global Services 100 Companies
- GS100 Global BPO Niche Leaders
- Ministry of International Trade and Industry ("MITI") Industry Excellence Awards 2011 – Certificate of Excellence
- The International Association of Outsourcing Professionals ("IAOP") The Global Outsourcing 100 Sub List Honors:
    - Best 10 Rising Stars in Overall Revenue
    - Best 10 Rising Stars in Number of Employees
    - Best 5 Rising Stars by Industry Focus – Financial Services (Insurance)
    - Best 20 Rising Stars by Industry Focus – Technology (Hardware & Software)
    - Best 5 Rising Stars by Service Area – Customer Relationship Management Services
    - Best 5 Rising Stars by Region Served - Southeast Asia
    - Best 10 Companies by Region Served - Japan
    - Best 20 by Region Served - Western Europe

Further to the Board's commitment to adhering to good governance, such best practices across the Group entail close coordination amongst various business units which has ensured the Group's continued compliance with the relevant guidelines on corporate governance pursuant to the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

By upholding integrity and professionalism in its management of the affairs of the Group, the Board aims to enhance business efficacy, transparency and corporate accountability.

Thus, the Board is pleased to report that during the financial year ended 31 December 2012, it had continued to practise good corporate governance in directing and managing the business affairs of the Group and therefore, discharging its principal responsibility of protecting and enhancing long-term shareholders' value and financial performance of the Group as well as the interests of other stakeholders.

BOARD OF DIRECTORS

Board Composition and Balance

The Board, with its collective and overall responsibility in leading and directing the Company's strategic affairs, has the ultimate responsibility for corporate governance and plays a key role in charting the vision, strategic direction, development and control of the Group as well as overseeing the investments of the Company.

The Board believes that effective corporate governance is premised on three important cornerstones namely, independence, accountability and transparency.

Based on these premises, the Board is of the opinion that an effective Board is determined by its composition. The Board has a well-balanced composition, with an effective mix of Executive Directors and Non-Executive Directors (including Independent Directors) such that no individual or group of individuals can dominate the Board's decision-making powers and processes and that the number of Directors fairly reflects the investments in the Company.

The Board as at the date of this Statement comprises of six (6) members:

- Group Chief Executive ("GCE")
- One (1) Executive Director
- Four (4) Non-Executive Directors

In line with the recommendations of the Code, the tenure of an Independent Director of the Company should not exceed a cumulative term of nine (9) years. Should the Board intend to retain the Director as Independent Director after serving a cumulative term of nine (9) years; shareholders' approval will be sought. Tan Sri Asmat bin Kamaludin and Datuk Khairil Anuar bin Abdullah are the Independent Directors who have served the Board more than nine (9) years. On 29 March 2013, the

Board, having performed the assessment on independence of the Independent Directors, decided to re-designate Tan Sri Asmat bin Kamaludin and Datuk Khairil Anuar bin Abdullah as Non-Independent Non-Executive Directors with immediate effect.

Two (2) of the Non-Executive Directors are independent as defined under the Listing Requirements of Bursa Securities. The Independent Directors are:

1. Tony Foo San Kan
2. Datuk Mohd Omar bin Mustapha

The Independent Non–Executive Directors make up one third (1/3) of the board membership. The Company has thus complied with Paragraph 15.02 of the Listing Requirements of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board of Directors, whichever is higher, to be independent. The Independent Non-Executive Directors play a strong and vital role on the Board, entrenching good governance practices in the affairs of the Group by fulfilling an independent, pivotal role in corporate accountability, hence their membership within the Audit, Remuneration and Nomination Committees. The Board believes that the Independent Directors have developed an increasing insight to the Group over time and shall provide valuable contribution to the Board as a whole. Therefore, the Board is assured of a balance and independent view at all Board deliberations largely due to the presence of its Independent Non-Executive Directors.

The number and the mix of skills of the Directors bring to the Board the necessary range of experiences and expertise along with the core competencies to enable the Board to effectively discharge its responsibilities and perform its functions with due regard to shareholders' interests. The Directors of the Company are professionals and persons of calibre with diverse backgrounds, expertise and experience in various fields. Collectively, the Directors bring a wide range of business, technical, financial and public service experiences relevant to the Group, enabling them to bring insightful depth, maturity and diversity to the leadership and management of the business and enabling the Group to rest firmly in the charge of an accountable and competent Board of Directors. Together, the Board of Directors form the mind and management of the Company. The profiles of the Directors are presented in the Board of Directors' Profile section of this Annual Report.

The Independent Non-Executive Directors do not engage in the day-to-day management of the Company. The appointment of Independent Directors who are not members of the management are to ensure that they are free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company and of the minority shareholders. Although all the Directors have an equal responsibility for the Group's operations and are jointly responsible for determining the Group's strategic direction, these Independent Directors play an important role in providing independent judgement and objective participation in the proceedings and decision-making process of the Board. The role of these Independent Directors is particularly important in ensuring that issues of strategies, performance, resources and key policies proposed by Executive Management are fully discussed, examined and objectively evaluated, taking into account the interest of all stakeholders in the Company and that no significant decisions and policies are dominated by any individual or group of individuals. In maintaining the independence of the Independent Directors, annual assessment is being performed in order to mitigate risks arising from conflict of interests or undue influence affecting their independence.

The Executive Directors, who have good knowledge of the business, are responsible for implementing the corporate strategies, policies and decisions of the Board, overseeing the administration and management of day-to-day operations of the business as well as initiating the business development efforts of the Group. The Non-Executive Directors complement the skills and experience of the Executive Directors in the formulation of policies and strategies through their knowledge and experience of relevant business sectors. Together with the Executive Directors who have intimate knowledge of the Group's businesses, the Board constitutes individuals who are committed to business integrity and professionalism in all their activities.

The Board is satisfied that the current composition is broadly balanced to fairly reflect the interests of major shareholders, Management and minority shareholders; and considers its current size adequate given the present scope and nature of the Group's business operations.

Roles and Responsibilities of the Chairman and the Group Chief Executive

The roles of the Chairman, Tan Sri Asmat bin Kamaludin and the Group Chief Executive, Tan Sri Azman Yahya, are separate with clear distinction of responsibilities between them to provide effective leadership of the Board and the Group. To further reinforce this separation, the Chairman of the Company had not previously served the Company as executive.

The Chairman has separate and distinct responsibilities from the Group Chief Executive to provide effective leadership of the Board and the Group. The Chairman is primarily responsible for ensuring that the Board meets regularly throughout the year and the meetings are conducted in an orderly manner. The Chairman also plays a pivotal role in ensuring that the Directors are effectively apprised on the business and operations of the Group and encourages healthy debate on issues arising at Board meetings to ensure that decisions are arrived after taking into consideration the interests of shareholders, employees, customers and other stakeholders. He is also charged with the responsibility of ensuring the integrity and effectiveness of the relationships between the Non-Executive and Executive Directors.

The Group Chief Executive, supported by his management team, is responsible for the day-to-day management of the Group's businesses, which includes implementing the policies and decisions of the Board, overseeing the operations to ensure organisational effectiveness, and managing the development and implementation of the Company's business

Statement on Corporate Governance (cont'd.)

for the financial year ended 31 December 2012

and corporate strategies. The Group Chief Executive reports to the Chairman with respect to matters concerning the Board members and is obliged to report and discuss at board meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory developments.

The separation of powers, combined with the presence of two (2) Independent Directors, ensures a balance of power and authority and provides a safeguard against the exercise of unfettered power in decision-making.

Independence and Conflict of Interest

The relationship between a Director and the Company is based on fiduciaries, whereby each Director is required to act bona fide in the best interests of the Company, as a whole. In this respect, the Directors are required to declare their respective shareholdings in the Company and related companies.

It is also the Directors' responsibility to declare to the Board whether they have any potential or actual conflict of interest in any transactions or in any contract or proposed contract with the Company or any of its related companies. Where issues involve conflict of interest, the Directors will abstain from discussion and voting on the matters as well as abstain from any other decision making process in relation to these transactions.

Duties and Responsibilities of the Board

The Board retains full and effective control of the Group and plays an important role in defining the scope of corporate governance within it. As a custodian of corporate governance, the Board is of the opinion that it is able to effectively lead and control the Company and the Group through the discharge of the following stewardship responsibilities pursuant to Recommendations in the Code:

- Review and adopt the Group's medium and long term strategic and business plans;
- Oversee the conduct of the Group's business operations and performance;
- Identify and effectively manage the principal risks affecting the Group;
- Review the adequacy and integrity of the Group's management information and internal control systems;
- Implement succession planning for business continuity; and
- Maintain effective communication with stakeholders including shareholders and the general public.

Apart from the specific responsibilities, the Board also takes full, independent responsibility and accountability for the smooth functioning of core processes, involving board governance, business values and ethical oversight.

The Board maintains a schedule of matters reserved for its collective decision. The purpose of this is to ensure that the Board and Management are clearly aware of where the limits of responsibility lie and that due consideration is given to issues at the appropriate level. Matters which are reserved for the Board's approval as well as operational management matters and its delegation of powers to the relevant level of authority accorded to the Board Committees, the Group Chief Executive, the Executive Director and the Management are expressly set out in the Group's Authority Manual approved by the Board. The schedule, together with the Group's Authority Manual ensures that the governance of the Group is in its hands.

Key matters reserved for the collective decision of the Board include, but not limited to the following:

a) Approval of the Group's Corporate Plan, annual operating plan and strategic direction of the Group;

b) Approval of the Quarterly Financial Statements and the Annual Director's Report and statutory accounts;

c) Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;

d) Approval of the Group's annual budget and amendments to that budget thereon;

e) Appointment or removal of the Company Secretary;

f) Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;

g) Succession planning of top management and key positions in the Group;

h) Approval for the establishment of the Board Committees, their terms of reference (i.e. membership and authority), reviewing their activities and, where appropriate, ratifying their decisions;

i) Major investments and financial decisions;

j) Changes to the management and control structure within the Group, including key policies and procedures and discretionary authority limits;

k) Approval of any significant change in the accounting policies and practices; and

l) Approval of the Risk Management Framework and Risk Management Report for the Group.

In furtherance to that, the Board has also approved and adopted a Board Policy Manual ("the Manual"). The Manual provides, amongst others, guidance and clarity for directors and management with regard to the role of the Board and its committees, the requirements of the directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices besides emphasising the relationship between the Board, the Management and the shareholders. The roles and functions of the Board, as well as differing roles of Executive Directors and Non-Executive Directors, are clearly documented in the Manual. The Board Charter has also been formalised and included in the Board

Policy Manual. The Board Charter will be reviewed and tabled to the Board prior to the charter being published in the Company's corporate website.

The Board has also approved the Corporate Balanced Scorecard ("BSC") comprising key corporate objectives and targets, encompassing financials, customer satisfaction, internal processes; learning and growth prospects. These objectives and targets drive the implementation of the Company's key initiatives towards achieving its strategic goals. The BSC is applied to all employees in the Group to develop the performance-driven culture.

The Group's strategy to promote sustainability emphasising on environmental, social and governance ("ESG") aspects of the business shall be developed during the budgeting exercise in 2013. Despite this, the Group has continuously promoted and supported social and environmental causes for many years.

In addition, the Directors are constantly kept abreast with the latest operational and regulatory developments on a regular basis.

Directors' Code of Conduct

In performance of the Board's duties, the Directors also observe the Directors' Code of Conduct which continues to govern the standards of ethics and good conduct expected from the Directors. The Directors' Code of Conduct, which forms part of the Board Policy Manual, sets out the performance of Directors' duties and conduct in relation to the Group's corporate governance, its relationship with the shareholders, employees, creditors and customers as well as its social and environment responsibilities.

Directors' Indemnity

The Company has in place a liabilities insurance policy for Directors and Officers in respect of any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The said policy does not, however, indemnify a Director or a member of Management if he is proven to have acted negligently, fraudulently or dishonestly, or in breach of his duty or trust.

Whistle-Blowing Policy

It is the Board's belief that having a whistle-blowing system in place will increase investors' confidence in the Group. A whistle-blowing system strengthens and supports good management while at the same time demonstrates accountability, good risk management and sound corporate governance practices.

As such, a Whistle-Blowing Policy was established in 2007 and further revised and approved by the Board in February 2012 to provide a platform and to act as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings or non-compliance to any rules or procedures by the employee or Management of the Company. The policy outlines the scope and procedures a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistleblower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. Any concerns raised will be investigated and a report and update are provided to the Board of Directors, through the Audit Committee.

Board Meetings and Supply of Information to the Board

Board Meetings are scheduled in advance prior to the commencement of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules. To ensure effective management of the Group, Board Meetings are convened regularly during the year, at quarterly intervals, with additional meetings taking place as and when necessary.

During the financial year under review, the Board held four (4) regular meetings and two (2) Special Board Meetings, as detailed below:

Date of Board Meetings	Attendance by Directors		Total Numbers
	Independent	Non - Independent	
18 January 2012**	4	2	6/6
17 February 2012*	4	2	6/6
29 March 2012**	4	2	6/6
17 May 2012*	4	2	6/6
27 August 2012*	4	2	6/6
28 November 2012*	3	2	5/6

** Scheduled Meetings* *** Special Meetings*

Statement on Corporate Governance (cont'd.)

for the financial year ended 31 December 2012

To assist the Board in retaining full and effective control of the Company, the Board deliberates on a formal agenda and schedule of matters arising for approval or notation during these Board Meetings.

During the financial year ended 31 December 2012, the Board reviewed and/or approved and considered, amongst other matters, the following:

- Group's strategic and business plans
- Financial results and performance of the Group
- Quarterly Operating Reports
- Directors' Report and the Audited Financial Statements
- Annual Report Statements for inclusion in the Annual Report
- Budgets and Corporate Scorecards
- Related party transactions
- Internal Controls and the Risk Management Report of the Group

Directors' commitment, resources and time allocated to the Company are evident from the attendance record, where no Directors were absent for more than 50% of the total Board Meetings held during the financial year ended 31 December 2012, hence complying with Paragraph 15.05 of Listing Requirements of Bursa Securities.

A summary of the attendance of each Director at the Board Meetings held during the financial year under review is as follows:

Directors	Meetings Attended	%
Tan Sri Asmat bin Kamaludin	6/6	100
Tan Sri Azman Yahya	6/6	100
Abdul Hamid bin Sheikh Mohamed	6/6	100
Datuk Khairil Anuar bin Abdullah	6/6	100
Tony Foo San Kan	6/6	100
Datuk Mohd Omar bin Mustapha	5/6	83

The agenda for each Board meeting, together with detailed Board Papers and supporting documents, are circulated to all Board members for their prior review in advance of the meeting dates, to ensure that they are fully apprised on matters or key issues affecting the Group as well as to enable the Directors to make well-informed decisions on matters arising at the Board meetings. Agenda items for which resolution is sought are identified and clearly stipulated in the Board paper to ensure that matters are discussed in a structured manner. It has always been the Company's practice that a standardised format of Board paper is circulated for ease of reference during meetings. Matters arising, a fixed item on the agenda allows the Directors to monitor the status and follow-up action on issues raised at Board meetings. The Board is also notified of any corporate announcements made to Bursa Securities.

The Chairman of the Board chairs the Board meetings while the Group Chief Executive leads the presentation and provides explanation on the Board Papers and reports. Senior Management staff may be invited to attend the Board and Board Committee Meetings to advise and provide the Board and Board Committee members with presentations, detailed explanation and clarification on relevant agenda items that have been tabled to the Board to enable them to arrive at a considered decision.

Minutes of every Board meeting are circulated to each Director for their perusal prior to confirmation of the Minutes at the following Board meeting. The Company's minutes of meeting of the Board and various Board Committees incorporate the discussions of the members at the meetings in arriving at decisions. As such, all matters arising, deliberations and conclusions of the Board are clearly and accurately recorded and minuted by the Company Secretary. The Minutes are then confirmed by the Board and signed as correct records of the proceedings thereat by the Chairman of the meeting in accordance with the provision of Section 156 of the Malaysian Companies Act, 1965.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board decisions are obtained via circular resolutions which are supported with board papers providing necessary information. In addition, Management would personally explain such matters to the Directors on individual basis, where necessary, to ensure the Directors are able to make informed decisions.

In furtherance of their duties, every member of the Board has full, unrestricted and timely access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, as the decision making process is highly contingent on the strength of information furnished. The Directors also have direct access to the advice and services of the Company Secretary. The Company Secretary attends all board meetings and is responsible for ensuring that Board procedures as well as statutory and regulatory requirements relating to the duties and responsibilities of the Directors are complied with. The Group's Company Secretary is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators (ICSA), a professional body prescribed by the Minister of Domestic Trade, Co-operatives & Consumerism to act as company secretary. The Group's Company Secretary has been involved in corporate secretarial work for the past 20 years in providing various aspects of corporate secretarial and regulatory compliance work. In addition, the Directors are also empowered to seek independent external professional advice at the expense of the Company, should they consider it necessary in the course of their duties.

Appointment and Re-Election of Board Members

The Code endorses as good practice, procedure for appointment to the Board, with the Nomination Committee recommending the appointment of new Directors to the Board. Hence, the proposed appointment of new member(s), resignation of existing member(s), as well as the proposed re-election of the Directors of the Group are approved by the Board upon the recommendation of the Nomination Committee.

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board. This process is incorporated in the Board Performance Evaluation conducted annually where the Board also reviews the needs or otherwise of appointing additional directors to fill any specific skills gap. The selection criteria for the new candidates for directorship encompass diversity of gender, the required mix of skills, experience and other requisite qualities of individuals towards achieving the business goals. As part of evaluating the skills and experience of the candidates, the Nomination Committee takes into consideration the following criteria:

- Whether the individual meets the requirements for independence as defined in the Listing Requirements;
- The individual's general understanding of the Company's business and markets;
- The individual professional expertise and educational background; and
- Other factors that promote diversity of views and experience.

Newly appointed Directors are furnished with the necessary information to enable them to carry out their duties, which includes, inter alia, information on the Group, the Board's role, powers delegated to various committees and financial information. The Board however makes all decisions on appointments only after considering the recommendations of such meetings.

In accordance with Article 91 of the Company's Articles of Association, any new Director so appointed shall hold office only until the next following Annual General Meeting ("AGM") and shall then be eligible for re-election. In 2012, there was no new appointment of Directors and there was also no proposal of any candidate for Directorship since the last AGM.

Pursuant to Article 104 of the Company's Articles of Association, at every Annual General Meeting of the Company, one third (1/3) of the Directors or if the number is not three (3) or a multiple of three (3), then the nearest one-third (1/3) of the Directors shall retire from office but shall be eligible for re-election. All Directors shall retire from office once at least every three (3) years. For the financial year ended 31 December 2012, the Company has complied with Article 104, with the retirement by rotation and re-election of the following Directors at the Tenth Annual General Meeting held on 31 May 2012:

1. Datuk Mohd Omar bin Mustapha; and
2. Abdul Hamid bin Sheikh Mohamed

The re-election of Directors provides shareholders an opportunity to reassess the composition of the Board. The following Directors shall retire pursuant to the said Article 104:

1. Tony Foo San Kan; and
2. Tan Sri Azman Yahya

Pursuant to Section 129(2) of the Malaysian Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for reappointment annually. None of the Directors of the Company has attained the age of seventy (70) years for the financial year under review.

Board Performance Evaluation

The Board, through its delegation to the Nomination Committee, reviews annually its required mix of skills, expertise attributes and core competencies of its Directors. The Board has set up and implemented a process to be carried out by the Nomination Committee for the assessment and contribution of its Chairman and the individual Board members as well as the assessment and the effectiveness of the Board as a whole. This framework and process is designed to maintain cohesiveness of the Board and, at the same time, serves to improve the Board's effectiveness.

The board performance indicators on which Board effectiveness is evaluated include board composition and structure, board administration, operations and interactions, board roles and responsibilities as well as board conduct. With regards to the individual performance of the respective Directors, the performance indicators include their meeting attendance, their interactive contributions, understanding of their roles and responsibilities and their quality of input.

Non-Executive Directors' performance is evaluated by the Chairman, who subsequently meets up with the individual Director to discuss the results of the evaluation, including recommending areas for improvement, if necessary. The Nomination Committee in turn evaluates the performance of the Chairman and discusses the results of such evaluation with the Chairman. Upon completion of the evaluation process, the Chairman briefs to the Board on the overall results of the evaluation conducted and improvements recommended in respect of the performance of the Board as a whole.

For the financial year ended 31 December 2012, the Board had, through the Nomination Committee, reviewed the skills mix and experience of the individual Directors, assessed the effectiveness of the Board as a whole and made an assessment of the performance of the Chairman.

Statement on Corporate Governance (cont'd.)

for the financial year ended 31 December 2012

Continuous Training of Directors

The Board believes that continuous training for Directors is vital to the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge to enable them to discharge their duties effectively. As such, the Directors are continuously encouraged to attend various training programs and seminars to ensure that they are kept abreast on various issues pertaining to the constantly changing environment within which the business of the Group operates, particularly in areas of corporate governance and regulatory compliance.

The following courses were attended by the respective Directors during the financial year ended 31 December 2012:

Directors	Training / Seminar Attended
Tan Sri Asmat bin Kamaludin	• New Corporate Governance Blueprint and Regulatory Updates • 4th Annual Corporate Governance Summit KL 2012 • Sustaining Progress in the Face of Economic Uncertainty • Mandatory Accreditation Programme (MAP) • Optimising IFRS/MFRS Convergence • Financial Institutions Directors' Education (FIDE) training • Permodalan Nasional Berhad (PNB) conference
Tan Sri Azman Yahya	• New Corporate Governance Blueprint & Regulatory Updates • Kuala Lumpur Business Club (KLBC) Fireside Chat on Challenges in 2012: Economy & Politics • Invest Malaysia 2012 Conference • The Malaysian Connection Forum: Politics Decoded – Implications on Financial Market • 3i on Private Equity • KLBC Luncheon Talk on "The 21st Century Malaysia: Distractions & Solutions"
Abdul Hamid bin Sheikh Mohamed	• Updates to the Bursa Malaysia Main Market Listing Requirements and Corporate Disclosure Guide • Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012 • Limited Liability Partnership & Its Tax Facet • 3rd APAC Pricing Strategy Forum
Datuk Khairil Anuar bin Abdullah	• 15th Asian Investment Conference • Association of Private Hospital Malaysia (APHM) International Healthcare Conference and Exhibition • Khazanah Megatrends Forum 2012 • Malaysian Institute of Accountants - Compliance: Are you Meeting the Requirements? Directors' & Officers' Guide on Liability, Duties and Obligations
Tony Foo San Kan	• Chief Executive Officer Conference 2012 • Data Protection in Malaysia • Goods and Services Tax Briefing • Competition Act 2010 • The Malaysian Code on Corporate Governance Seminar • National Marketing Convention 2012 – Allianz News Channel • ICAA-MICPA Audit Forum: Corporate Governance in Insurance Companies – The Role of the Audit Committee • Malaysian Institute of Accountants - Compliance: Are you Meeting the Requirements? Directors' & Officers' Guide on Liability, Duties and Obligations • Sustainability Training for Directors and Practitioners
Datuk Mohd Omar bin Mustapha	• 25th World Gas Conference

Apart from the above trainings, the Directors also benefit from various technical updates and briefings undertaken from time to time, with an intention to keep the Directors abreast with the industry developments, as well as the changes in related laws and regulations.

Number of Directorships

Directors of the Company shall not hold more than five (5) directorships in public listed companies, as required by the Listing Requirements of Bursa Securities by 1st June 2013. The Board will ensure that this requirement is met before the set deadline.

As for newly appointed directorship, the Chairman will be notified by the said Directors, before taking up any new directorship including the estimated time commitment required. This ensures the Directors' commitment, resources and focus for an effective input to the Board. The directorships of each Director are set out in the Profile of Directors on pages 21 to 26 of this Annual Report.

DIRECTORS' REMUNERATION

The remuneration framework for Executive Directors has an underlying objective of attracting and retaining Executive Directors needed to run the Company successfully. The remuneration of the Executive Directors consists of basic salary and other emoluments. Other benefits customary to the Group are made available as appropriate. Any salary review takes into account market rates and the performance of the individual and the Group.

The Non-Executive Directors' remuneration comprises annual fees that reflect their expected roles and responsibilities, including any additional work and contributions required. In addition, non-executive members of the Board and Board Committees are paid a meeting allowance for each meeting they attended. Benchmarking on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for Non-Executive Directors. The Company has obtained a mandate from the shareholders to pay the directors' fees to the Non-Executive Directors periodically during the financial year, so long as the annual fees do not exceed the RM300,000 threshold.

The details of the remuneration of the Directors of the Company for the financial year under review are as follows:

Directors	Basic Salaries, Bonus and EPF	Fees & Allowance	Benefits-in-kind	Total
	(RM)			
Non-executive				
Tan Sri Asmat bin Kamaludin	-	74,000	-	74,000
Datuk Khairil Anuar bin Abdullah	-	67,000	-	67,000
Tony Foo San Kan	-	67,000	-	67,000
Datuk Mohd Omar bin Mustapha	-	62,000	-	62,000
Total	-	270,000	-	270,000
Executive				
Tan Sri Azman Yahya#	985,600	-	25,000	1,010,600
Abdul Hamid bin Sheikh Mohamed#	818,496	-	-	818,496
Total	1,804,096	-	25,000	1,829,096

Note: # The remuneration of Tan Sri Azman Yahya and Abdul Hamid bin Sheikh Mohamed are paid by a subsidiary company, Symphony Assets Sdn. Bhd.

BOARD COMMITTEES

In order to ensure the effective discharge of its fiduciary duties, the Board has established various Board Committees to assist the Board in the running of the Group. This is to allow the members of the Board and Management Committees to deliberate and examine the issues within their terms of reference in greater detail and subsequently recommend and report to the Board. The functions and terms of reference of the committees, as well as the authority delegated by the Board to these committees, have been clearly defined and approved by the Board.

The Board Committees do not have executive powers but only the power to make recommendations to the Board. Details of the Board Committees for the financial year under review are as follows:

Statement on Corporate Governance (cont'd.)

for the financial year ended 31 December 2012

1. Audit Committee

The Board is assisted by the Audit Committee, which was formed on 3 December 2002, whose roles and functions are set out in the Audit Committee Report section of this Annual Report.

The Audit Committee comprises three (3) members, majority of who are Independent Non-Executive Directors:

- Datuk Khairil Anuar bin Abdullah (relinquished as Chairman effective 29 March 2013)
- Tony Foo San Kan (appointed as Chairman effective 29 March 2013)
- Datuk Mohd Omar bin Mustapha

The Audit Committee met five (5) times during the course of the financial year ended 31 December 2012.

The term of office and performance of the Audit Committee and each of its members are reviewed every three (3) years by the Board in accordance with Paragraph 15.20 of the Listing Requirements of Bursa Securities. A review of the Audit Committee was carried out by the Board in February 2013. Following the review, the Board is of the opinion that the performance of the Audit Committee and each of its members was satisfactory and the retention of the term of office for the existing members.

2. Nomination Committee

The Nomination Committee was formed on 6 February 2003 and is responsible for ensuring that the Board has the appropriate balance and size, and the required mix of skills, experience and other core competencies; and is also responsible for considering and recommending the appointment of new Directors to the Board. The Nomination Committee comprises three (3) members, majority of who are Independent Non-Executive Directors:

- Tan Sri Asmat bin Kamaludin (resigned as Chairman effective 29 March 2013)
- Datuk Khairil Anuar bin Abdullah
- Tony Foo San Kan (appointed as Chairman effective 29 March 2013)
- Datuk Mohd Omar bin Mustapha (appointed as member effective 29 March 2013)

The terms of reference of the Nomination Committee are as follows:

(i) To consider and recommend suitable persons for appointment as Directors of Symphony House Berhad;

(ii) To consider and recommend Directors for appointment as members of committee of the Board;

(iii) To assess the effectiveness of the Board of Directors, the committees of the Board and each Individual Director of Symphony House Berhad;

(iv) To consider and recommend measures to upgrade the effectiveness of the Board and committees of the Board;

(v) To annually review the required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board;

(vi) To consider and recommend a policy regarding the period of service of Executive and Non-Executive Directors;

(vii) To consider and recommend solutions on issues of conflict of interest affecting Directors;

(viii) Such other functions as may be delegated by the Board from time to time; and

(ix) To consider and recommend training or skills upgrade for Directors in furtherance of their duties as appropriate.

Summary of activities undertaken during the year:

- The Nomination Committee held one (1) meeting on 15 February 2012.
- The meeting was attended by all members.
- The Nomination Committee reviewed and recommended the following for the Board's approval:
  i) The assessment of the relevant Board members particularly the Non-Executive Directors and the Chairman in contributing to Board overall performance.
  ii) Directors retiring by rotation and re-election to the Board.
- The Nomination Committee had also reviewed the size and mix of skills, and was satisfied that the size of the Group's Board is optimum and that there is appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board.

In accordance with the terms of the Board Policy Manual, the term of office and performance of the Nomination Committee and each of the members shall be reviewed by the Board at least once every three (3) years to determine whether the Nomination Committee and its members have carried out their duties and responsibilities in accordance with their terms of reference. Accordingly, the Board has in February 2013, conducted a review of the same and was satisfied with the performance of the Nomination Committee and each of its members and the retention of the term of office for the existing members.

3. Remuneration Committee

The Remuneration Committee was formed on 6 February 2003 and is responsible for recommending to the Board the compensation and benefits package and salary scale, the basis for bonus and salary increments for the executives of the Group. The objective of the Remuneration Committee is to attract and retain high calibre executives needed to run and manage the Company successfully. The Remuneration Committee is also responsible for recommending to the Board the remuneration and benefits package and the terms and condition of service of the Group Chief Executive. The remuneration package of Non-Executive Directors is also reviewed by the Committee and recommended to the Board thereafter. The Remuneration Committee comprises three (3) members, all of whom are Non-Executive Directors:

- Tan Sri Asmat bin Kamaludin (Chairman)
- Datuk Khairil Anuar bin Abdullah
- Tony Foo San Kan

The terms of reference of the Remuneration Committee are as follows:

(i) Subject to item (ii) below:
   - To review and recommend to the Board the compensation and benefits package and salary scale for executives of the Symphony Group;
   - To review and recommend to the Board the basis for the annual bonus and salary increment for executives of the Symphony Group.

(ii) To review and recommend to the Board the compensation and benefits package and the terms and conditions of service of the Group Chief Executive; and

(iii) To review and recommend to the Board the remuneration for Non-Executive Directors of the Company.

Summary of activities undertaken during the year:

- The Remuneration Committee held one (1) meeting on 15 February 2012.
- The meetings were attended by all members.
- The Remuneration Committee reviewed and recommended the following for the Board's approval:
   i) The proposed performance based bonus for employees of the Symphony Group for the year ended 31 December 2011.
   ii) The proposed changes to employee benefits and compensation structure.
   iii) The proposed Directors' fees in respect of the financial year ended 31 December 2011 and subsequent financial year end.
   iv) The proposed revision of meeting allowance for non-executive directors.
   v) The proposed bonus for Group Chief Executive in respect of financial year ended 31 December 2011.

In accordance with the terms of the Board Policy Manual, the term of office and performance of the Remuneration Committee and each of the members shall be reviewed by the Board at least once every three (3) years to determine whether the Remuneration Committee and its members have carried out their duties and responsibilities in accordance with their terms of reference. Accordingly, the Board had in February 2013, conducted a review of the same and was satisfied with the performance of the Remuneration Committee and each of its members and the retention of the term of office for the existing members.

4. Employee Share Trust Scheme Committee

The Employee Share Trust Scheme Committee ("ESTS Committee") was established on 21 May 2008 to administer the implementation of the Employee Share Trust Scheme ("ESTS") in accordance with its terms of reference. Its objective includes establishing relevant and practical guidelines for the effective administration and implementation of the ESTS and is guided by the ESTS terms, the Trust Deed and the Loan Agreement executed between the Company and the Trustee.

The ESTS is a performance compensation scheme made available for all management level employees of the Group ("Eligible Employees"), excluding the Executive Directors of the Company and is based on their respective achievements against their performance targets subject to the approval of the ESTS Committee.

The ESTS Committee comprises three (3) members:

- Tan Sri Azman Yahya
- Abdul Hamid bin Sheikh Mohamed
- Tony Foo San Kan

The terms of reference of the ESTS Committee are as follows:

i) To establish a formal and transparent procedure on the implementation of the ESTS pursuant to the mandate from the Board of Directors in accordance with the ESTS terms;

ii) To discuss any issues and reservations arising from the implementation of the ESTS and formulate practical solutions for the same including the passing of any amendments to the ESTS terms;

iii) To ensure that the incentives given under the ESTS conform to the overall objective of the Company as an employer of choice and are in the best interests of the Company;

iv) To ensure that the ESTS will provide the Company and its Group with a share-linked remuneration scheme that is flexible in its implementation, eligibility of recipient and distribution and which shall be based on the achievement of the corporate scorecard and individual performance targets;

v) To select the Eligible Employees who shall be eligible to participate in the ESTS; and

vi) To determine the allocation of any surplus to the Eligible Employees.

The ESTS Committee meets as and when necessary and during the financial year ended 31 December 2012, the ESTS Committee did not meet as there was no ESTS allocation made to the employees of the Group.

Statement on Corporate Governance (cont'd.)

for the financial year ended 31 December 2012

Board Committee Attendance

The attendance record of individual Directors at Board Committee meetings for the financial year ended 31 December 2012 is set out below:

Name	Member of Board Committees	Audit Committee (AC)	Nomination Committee (NC)	Remuneration Committee (RC)
Number of meetings during the financial year		**5**	**1**	**1**
Tan Sri Asmat bin Kamaludin	NC, RC	-	1/1	1/1
Datuk Khairil Anuar bin Abdullah	AC, NC, RC	5/5	1/1	1/1
Tony Foo San Kan	AC, NC, RC	5/5	1/1	1/1
Datuk Mohd Omar bin Mustapha	AC	4/5	-	-

SHAREHOLDERS

Communication with Shareholders and Investors

Apart from the Board's primary duty to provide accountability, the Group continues to recognise the importance of maintaining transparency in its dealings with its investors and shareholders as it ensures that market credibility and investors' confidence are maintained. As part of the Group's efforts to establish good investor relations, the Group continuously ensures that the dissemination of material information is done to promulgate timeliness, clarity, completeness and accuracy in the disclosure of information, which in turn should enable shareholders and investors to make informed investment decisions. Various channels of communication are employed to promote effective dissemination of information.

A key channel of communication used to provide its shareholders and investors with information which include its business, financials and other key activities is the Annual Report of the Company, which contents are continuously enhanced to take into account developments amongst others in corporate governance practices. As part of its environmental friendly initiatives, the Group has since 2006 dispatch the Annual Reports in electronic form (CD) to shareholders. Shareholders may also request for printed copies of the complete Annual Report. The Annual Report is also made available on the Company's website.

Apart from the mandatory requirement to make public announcements via Bursa Securities, the Group also disseminates information through press releases on corporate events and business as well as any significant developments of the Group.

Further, the timely releases of financial results, in line with Listing Requirements of Bursa Securities provide shareholders with an overview of the Group's performance and operations.

The Company also responds to requests for discussions with institutional shareholders and analysts to give them a better understanding of the businesses of the Group.

Besides the key channels of communication through the Annual Report, general meetings and announcements to Bursa Securities as well as analyst and media briefings, the Group's website at www.symphony.com.my is maintained as a channel of communication and information dissemination. Alternatively, all the Group's announcements can be obtained through the Bursa Securities website at www.bursamalaysia.com.

Information that is disseminated to the investment community conforms to Bursa Securities disclosure rules and regulations. While the Company endeavours to provide as much information as possible to its shareholders, it must be wary of the legal and regulatory framework governing the release of material and price sensitive information. Therefore, care has been taken to ensure that any information that may be regarded as undisclosed and market sensitive information such as corporate proposals, financial results and other material information about the Group will not be given to any shareholder or shareholder group without first making an official announcement to the Bursa Securities for public release.

Release of Annual Reports

	Date of Issue	Deadline imposed by Bursa Securities
Annual Report 2008	6 May 2009	30 June 2009
Annual Report 2009	7 May 2010	30 June 2010
Annual Report 2010	6 May 2011	30 June 2011
Annual Report 2011	7 May 2012	30 June 2012
Annual Report 2012	31 May 2013	30 June 2013

General Meetings

The General Meetings remain the principal forum for communication and dialogue with shareholders, in which the Board reports on its stewardship to the shareholders and accounts for the Company's and the Group's performance. The Annual General Meeting ("AGM") and the Extraordinary General Meeting ("EGM") provides the opportunity for interaction amongst shareholders, Directors and Management, where the shareholders are at liberty to raise questions on the meeting agenda. Notice of the AGM and the Annual Report are sent to the shareholders at least twenty one (21) days before the date of the meeting. The Board has ensured each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution.

At both the AGM and EGM, the Chairman of the Board presents amongst other matters, a comprehensive review of the Group's financial performance, operations and business plans as well as projected future performance. The Chairman also encourages and provides shareholders with an opportunity to participate in the question and answer session, prior to seeking approval by show of hands from members and proxies on the resolutions being proposed.

Other Directors and representatives of the Management are also present at the AGM and EGM to assist the Chairman, where required, to respond to shareholders' queries during the meeting. The external auditors and advisers of corporate exercises, where applicable, attend general meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter. The AGMs are also open to attendance by the media. In addition, a press conference is held at the end of each AGM, to allow the Directors to meet members of the media directly or explain and clarify any enquiries on the Group.

Investor Relations Policy

The Group has an Investor Relations Policy which forms part of the Group's Communication Policy to enable the Group to communicate effectively with its shareholders, major investors, other stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

The Board has also adopted written policies and procedures in corporate disclosure setting out the persons authorised and responsible to approve and disclose material information to the investing public and analysts. In this regard and for the purpose of maintaining better control over disclosure, the Group Chief Executive has been designated as the principal spokesperson of the Group. The Group Chief Executive can delegate the role to the Senior Management of the Group including the Executive Director as and when the need arises according to the subject matter that needs to be communicated by the Company. Any shareholder or investor of the Company can forward their queries to the Group Chief Executive or Senior Independent Non-Executive Director, Tony Foo San Kan to the e-mail address ask_us@symphony.com.my

Any queries and concerns regarding the Group may also be addressed to the following persons:

Name	Designation	Related Matters	Telephone	Facsimile
Abdul Hamid Sheikh Mohamed	Executive Director	Financial or Investor Relations	03-7841 8001	03-7841 8008
Muhammad Ashraf Muhammad Amir	Manager, Group Corporate Finance	Investor Relations	03-7841 8014	03-7841 8008
Wendy Chin Ngeok Mui	Group Company Secretary	Shareholders' queries	03-7841 8228	03-7841 8199

Statement on Corporate Governance (cont'd.)

for the financial year ended 31 December 2012

The Investor Relations policies also set guidelines in regard to the communication processes to various audiences of the Group including guidelines in regards to communication channels and communication in crisis situations.

Corporate Social Responsibility Framework

Since its inception in 2002, the Group has always taken an active role as a responsible corporate citizen by adopting high standards of corporate governance, effective communications with its stakeholders and participation in social development activities. In 2006, the Group has developed an internal policy document on 'Corporate Social Responsibility Framework for the Symphony Group' which forms part of the overall Communications and Investor Relations policy of the Group.

The Corporate Social Responsibility Framework for the Symphony Group sets out the policy, framework and best practices with regard to corporate social responsibility and activities of the Company, its subsidiaries and associate companies. It forms part of the Group's continuous efforts to enhance and improve the corporate governance environment and establishes a process for a re-alignment of the goals and objectives of Corporate Social Responsibility ("CSR"). It is also a guide which focuses on assimilating best practices for choosing among the varied social issues that could be addressed by the Group; selecting an initiative that will do the most good for the social issue as well as for the Group; ultimately developing and implementing successful CSR programmes.

The Corporate Milestones & Events section and the Corporate Social Responsibility Statement of this Annual Report list the CSR activities and support done by the Group during financial year 2012.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to provide and present a balanced, insightful and timely assessment of the Company's and the Group's financial position and prospects by ensuring quality financial reporting to its stakeholders, in particular, shareholders, investors and the regulatory authorities. They are kept abreast of the Company's and the Group's financial position during the financial year, through the annual financial statements, quarterly financial results announcement and press releases.

Quarterly financial results and annual financial statements are reviewed and deliberated upon by the Audit Committee to ensure the financial statements comply with the applicable Financial Reporting Standards as well as quality of reporting and adequacy of such information, prior to submission to the Board for its approval. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies as well as to assess the independence and suitability of the Group's external auditor.

The Directors are responsible for the preparation and fair presentation of the financial statements for each financial year in accordance with the Financial Reporting Standards and the Companies Act, 1965. The Statement of Directors' Responsibility in relation to the Financial Statements is presented on the appropriate section of this Annual Report.

Related Party Transactions

The Group has in place a procedure to ensure that the Company meets its obligations under the Listing Requirements of Bursa Securities relating to related party transactions.

A list of related parties within the Group is disseminated to the various business units to determine the amount and type of related party transactions. All related party transactions are then reviewed by the Group Internal Audit and a report on the reviews conducted is submitted and presented to the Audit Committee for their review and monitoring on a half-yearly basis. The report on the related party transactions entered into by the Group together with the list of all related parties of the Group for the year under review are then escalated to the Board for their notation. The list of related parties is also disseminated to the business units as a point of reference, for the purposes of better managing the Group's compliance requirements pursuant to the Listing Requirements of Bursa Securities.

For the financial year ended 2012, the Group has not entered into any material transaction which required specific shareholders approval via poll voting. Whenever applicable, the outcome of the votes cast on the poll resolutions will be announced accordingly. All related party transactions are under normal commercial terms and in compliance with the Listing Requirements of Bursa Securities and applicable Financial Reporting Standards.

A list of significant related party transactions is set out in Note 27 to the Financial Statements section of this Annual Report.

Internal Control

The Board acknowledges its overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations, legal and regulatory compliance as well as adherence to internal policies and procedures. The Board also recognises that risks cannot be eliminated completely. Therefore, the Group's system of internal controls is designed to provide reasonable assurance against risks of material errors, frauds or losses occurring. During the year, the Board has, through the Audit Committee, carried out ongoing process of identifying, evaluating and managing key operational and financial risks affecting the Group.

The effectiveness of the Group's system of internal controls is reviewed periodically by the Audit Committee with assistance from Group Internal Audit. The review covers the financial, operational and compliance controls as well as risk management. For the financial year under review, the Board considers that the system of internal controls instituted throughout the Group is sound and sufficient to safeguard shareholders' investments and the Company's assets. Continuous risk management efforts have been made to enhance the adequacy and integrity of the Group's system of internal controls.

SENIOR OFFICER RESPONSIBLE FOR INTERNAL CONTROL

Abdul Hamid Sheikh Mohamed
Executive Director

Abdul Hamid joined Symphony in December 2003 and was appointed to the Board of the Company on 3 December 2003. He is the Executive Director responsible for all business units (except for Human Resource Solutions and Wealth Management), corporate and support functions throughout the Group which includes the Group Finance function.

Abdul Hamid is an accountant by profession. He is a Fellow of the Association of Chartered Certified Accountants. He worked in Kuala Lumpur Stock Exchange ("KLSE") as the Deputy President (Strategy & Development) and Chief Financial Officer prior to joining Symphony.

Further details on the qualifications as well as the skills and experience of Abdul Hamid are in the Board of Directors' Profile section of this Annual Report.

SENIOR OFFICER RESPONSIBLE FOR LEGAL AND REGULATORY COMPLIANCE

Anita Sheila
Head, Group Legal & Compliance

Anita Sheila is a lawyer by profession. She joined Symphony on 5 January 2009 as the Head of Group Legal & Compliance overseeing all matters relating to legal and regulatory compliance of the Group. Prior to joining Symphony, she was a practising lawyer for 4 years and a Corporate Legal Counsel for a public listed company for 6 years.

Anita holds a Bachelor of Law Degree (Hons) from University of London and obtained her Certificate in Legal Practice (Hons) from University of Malaya. Anita is also a Licensed Company Secretary registered with Companies Commission of Malaysia.

Further details of the Group's risk management and system of internal controls are set out in the Statement on Risk Management and Internal Control section of this Annual Report.

Statement on Corporate Governance (cont'd.)

for the financial year ended 31 December 2012

Audit Committee

In addition to the duties and responsibilities set out under its terms of reference, the Audit Committee also acts as a forum for discussion of internal control and risk management issues and assists the Board in monitoring the effectiveness of the internal control and risk management systems of the Group.

The minutes of the Audit Committee meetings are tabled to the Board for notation and for action where appropriate.

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report section of this Annual Report.

Relationship with Auditors

The Board maintains a transparent and professional relationship with the Group's Auditors, through the Audit Committee, conferred with the authority to directly liaise with both the External and Internal Auditors of the Group. The Board, through the Audit Committee, seeks the external auditors' professional advice in ensuring compliance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The appointment of the external auditors is subject to the approval of shareholders at the Annual General Meeting, whilst the Board determines their remuneration. It is a policy of the Audit Committee that it meets with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements as well as any other issues without any Executive Directors and the management present.

In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

The Audit Committee has considered the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors' independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the external auditors.

For the year under review, the Audit Committee met with the external auditors without the presence of the Executive Directors and Management on 29 March 2012 and 28 November 2012.

The details of audit fee payable and non-audit fee paid or payable to the external auditors are set out below:

	2012 (RM)
Audit fee payable to Ernst & Young	250,000
Non-audit fee paid / payable to Ernst & Young	54,500

A summary of the activities of the Audit Committee during the year as well as the role of the Audit Committee in relation to the external auditors and internal auditors are set out in the Audit Committee Report section of this Annual Report.

The external auditors of the Group have confirmed that they are and have been independent throughout the conduct of the audit engagement for the financial year under review in accordance with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants and other regulatory requirements.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Board is committed in achieving high standards of corporate governance throughout the Group. The Board considers that the Group has complied with the Code throughout the financial year ended 31 December 2012.

This statement was approved by the Board of Directors.

Additional Compliance Information

The following information is provided in compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") for the financial year ended 31 December 2012:

Imposition of Sanctions and/or Penalties

During the financial year under review, there were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management (affecting the Company and its subsidiaries) by any regulatory body.

Material Contracts Involving Directors and Major Shareholders

Save as otherwise disclosed in the Related Party Disclosures section, the Company and its subsidiaries had not entered into any material contracts which involved the interests of the Directors or major shareholders, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

Non-Audit Fees

The non-audit fees paid to the Company's external auditors, Messrs Ernst and Young during the financial year ended 31 December 2012 amounted to RM54,500. The non-audit fees paid were for tax compliance matters and review of the Directors' Statement on Risk Management and Internal Control.

The provision of these services by the external auditors to the Group were cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity.

Variation in Results

There were no significant variations between the audited results for the financial year and the unaudited results previously announced.

Share Buybacks

During the financial year, the Company bought back **15,000 shares** from the open market as follows:

Date Purchased	No. of shares	Purchase price per share (RM) Highest	Lowest	Average	Total Consideration* (RM)
23 February 2012	10,000	0.145	0.145	0.145	1,450
29 August 2012	5,000	0.120	0.120	0.120	600
Total	15,000				2,050

** Excluding transaction costs*

All the shares purchased by the Company were retained as treasury shares. The movement of treasury shares during the financial year as follows:

	No. of shares
Balance of treasury shares as at 1 January 2012	290,816
Share buybacks during the year	15,000
Distributed as share dividend during the year	-
Balance of treasury shares as at 31 December 2012	305,816

Additional Compliance Information (cont'd.)

Options, Warrants or Convertible Securities

There were no issuance of options, warrants or convertible securities by the Company and its subsidiary companies during the financial year ended 31 December 2012.

Profit Estimate, Forecast or Projection

There were no profit estimate, forecast or projection issued by the Company and its subsidiary companies during the financial year ended 31 December 2012.

Profit Guarantee

There was no profit guarantee given by the Company for the financial year ended 31 December 2012.

Utilisation of Proceeds from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2012.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

During the financial year under review, the Company did not sponsor any ADR or GDR programme.

Recurrent Related Party Transaction of Revenue or Trading Nature

The list of significant recurrent related party transactions of revenue or trading nature entered into by the Group is disclosed in Note 27 of the Notes to the Financial Statements. For the financial year ended 31 December 2012, no shareholders' mandate was issued for the recurrent related party transactions of revenue or trading nature entered into by the Group pursuant to Paragraph 10.09 (2) of the Listing Requirements of Bursa Securities.

Statement on Risk Management & Internal Control

for the financial year ended 31 December 2012

BOARD RESPONSIBILITY

The Board recognises the importance of sound internal controls and risk management practices towards implementation of good corporate governance. The system of internal control that has been put in place is designed to identify and manage the principal risks faced by the businesses in pursuit of its objectives.

Further, the Board affirms its overall responsibility for the Group's system of internal controls and risk management, and reviewing the adequacy and integrity of those processes. However, it also recognises that due to inherent limitations, the Group's system of internal control is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the Board is also of the view that the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board believes that the review on the adequacy and effectiveness of the system of internal control and risk management is a concerted and continuing process. Such reviews are conducted through the various committees established by the Board and Management. The Board has, through the Risk Management Committee, carried out the process of identifying, evaluating, monitoring and managing the key operational and financial risks affecting the achievement of its corporate objectives throughout the year.

The Board is of the view that system of internal controls in place for the year under review is sound and adequate after taking into consideration of the costs and benefits to safeguard the Group's assets and protect the stakeholders' interests in ensuring achievement of the business objectives and enhancing shareholder value.

STRATEGIC ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

The Board affirms that effective risk management is an essential and indispensable part of corporate management. The Group strives to manage risk effectively with a view to protecting assets and stakeholders, ensuring achievement of the business objectives and enhancing shareholder value. For this endeavour, the Group has established and maintained a Strategic Enterprise-Wide Risk Management ("ERM") Framework not only as a compliance tool but, more importantly, as a performance management tool to achieve its corporate objectives.

The Board believes that risk management should not be viewed in isolation as it is very much part of strategic planning initiatives. It also believes that risk management should also be balanced, taking into consideration the cause and effect of the essential components of the organisation. With adequate risk management, the Group will be able to maximise opportunities to reach its full potential.

The Board further acknowledges that risk management is an on going process and business risks are embedded and forms an important part of the internal control system of the Group. As such, continuous efforts are made to improve the policies, processes, people and structures within the Group.

In successfully achieving the organisation's vision, missions and objectives, it is crucial for the Group and the Board to understand the nature of risks faced by the organisation and ensure that effective mitigation plans are in place. The views, interests, and benefits of stakeholders have also been considered in ensuring the risk management robustness in response to changing business environment and enhancing the ability to make better business decision.

The Board has a stewardship responsibility to both understand the risks faced by the Group, communicating the requirements of the Group's policy, and to guide the organization in dealing with these risks.

The Group maintains a governance structure that strengthens the process of risk identification, evaluation and mitigation as well as risk reporting, which enables the Group to manage the changing operating environments in a structured and effective manner. The Risk Management structure is established to ensure that roles, responsibilities and accountabilities for managing risks are clearly defined and communicated.

The Board, assisted by the Risk Management Committee, approves the overall risk management framework and reviews and approves the Group's risk profiles against the agreed risk appetite. Responsibility for risk management resides at all levels within the organisation from the executive to the operational level at all business units and supports functions. The Audit Committee's role, supported by the Group Internal Audit & Risk Management Department ("GIA"), is to provide an independent assessment of the adequacy and reliability of the risk management processes.

The above risk management framework facilitates and enhances the ability of the Board and Management to manage risks within defined risk parameters and risk standards. In addition, the framework and the systematic approach in the ERM process will help to optimise the effects of uncertainties or risks on the Group's business objectives and also manages potential risks in light of changes in risk profile experienced by the industry and Group.

THE AUDIT COMMITTEE AND INTERNAL AUDIT FUNCTION

The GIA carried out periodic audit reviews on all business units and support functions in order to evaluate and report on the adequacy, integrity and effectiveness of the overall system of internal control implemented throughout the Group. The GIA aims to advise management on areas for improvement, highlight on significant findings in respect of any non-compliance and subsequently performs follow-up reviews to determine the extent

Statement on Risk Management & Internal Control (cont'd)

for the financial year ended 31 December 2012

to which the recommendations have been implemented. Audits are carried out based on the Annual Audit Plan prepared using the risk-based approach and approved by the Audit Committee.

GIA reports independently to the Audit Committee. In the course of performing its duties, GIA has unrestricted access to all functions, records, documents, personnel, or any other resource or information, at all levels throughout the Group. The GIA function is independent of the activities that it audits or reviews, and its personnel are not allowed to perform any operational duties within the Group during their service in GIA.

The Audit Committee reviews and deliberates internal control issues identified by the internal and external auditors on a regular basis, and evaluate on the adequacy and effectiveness of the risk management and internal control systems.

The Audit Reports, including Management's responses are also circulated to the Group Chief Executive, Executive Directors, Heads of respective Business Units/Department and other Senior Management for safe keeping and follow-up purposes to ensure that recommendations are being carried out.

OTHER KEY INTERNAL CONTROLS

The Board is committed in maintaining a strong control structure and environment to facilitate the proper conduct of the Group's businesses and operations. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls are as stated below:

- **Organisational Structure**

  The Group has in place an organisational structure that is aligned to business efficacy and operational requirements, with clearly defined lines of accountability, responsibility and delegated authority. The Board is the pinnacle of the corporate governance structure of the Group. The Board is assisted not only by the Executive Management team, but also by delegation of authority to the independent board committees such as the Audit, Nomination and Remuneration Committees in specific areas for enhanced internal control and corporate governance.

- **Executive Review and Management Meetings**

  There has been active participation by the Executive Directors in the day-to-day running of business operations, and regular dialogue with senior management of the respective business units.

  Management Meetings, attended by the Executive Directors and respective Head of the Business Units are held on a regular basis to identify, discuss and report on operational performance, business strategy, financial and key management issues of each business units.

- **Policies, Procedures and Financial Authority Limits**

  The Group has in place documented policies and procedures to govern the financial and operational functions, and ethics of the Group. The objectives of the policies and procedures are to ensure ethic, compliance with applicable laws and regulations, internal control principles and mechanisms are embedded in operations and that there is a clear line of responsibility and accountability among the business units of the Group. Some of the key policies and procedures implemented within the Group are:

  a) Group's Authority Manual

  The Group's Authority Manual assigns authority to the Board and to the appropriate level of Management staff to exercise control on the Group's commitment of both capital and operational expenditures. It provides limits to enable decisions to be taken timely and at the same time provide check and balance on the amounts and types of commitments that Management can undertake on behalf of the Group. The Authority Manual is approved by the Board and is regularly updated as and when necessary.

  b) Operational Manuals

  Operational manuals for business units are available within the Group and set out policies and procedures for day-to-day operations and act as guidance to employees on the necessary steps to be taken in a given set of circumstances. The manuals enable tasks to be carried out with minimal supervision.

  c) IT Policies and Procedures

  There is also an IT Policy which incorporates the Corporate Policy on the usage of Personal Computer Software, E-mail and Internet. This is in addition to the IT Asset Hardware & Software Policy and the Security Implementation for the Antivirus Level Protection. These policies are established to achieve and maintain confidentiality, integrity, availability, authenticity and reliability of information and information processing.

  d) Whistle-blowing Policy

  The Group has had in place, for a number of years, a whistle-blowing policy and it is reviewed periodically, where necessary. The policy guides employees of the Group in communicating and reporting instances of illegal or immoral conduct to the appropriate parties within the Group and at the same time protecting these employees against victimisation, discrimination or being disadvantaged in any way arising from such communications. Arrangements are in place for the proportionate and independent investigations on all allegations or reports from within or outside the Group with appropriate follow up actions. The policy builds into the Group's culture, abhorrence for fraud, and that any conduct of this nature will not be tolerated. It also promotes a transparent and open environment for fraud reporting within the Group.

  e) Group Communication Policy

  The Board has also adopted a Communication Policy to ensure that all decisions made are communicated promptly to all staff at all levels within the Group and to enable the Symphony Group to communicate effectively with its shareholders, major investors, other stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

The Symphony e-Chorus intranet acts as an online communication tool to all staff and conducts Quarterly Town Hall meetings with all employees, to brief them on the quarterly business performance of the Group and present staff excellence or performance awards.

f) Human Resource Policy

The Group has in place a Human Resource Policy and Code of Conduct that sets out general employment terms and conditions and sets the tone for control consciousness and employee conduct. It is designed to provide guidelines to employees with the objective of ensuring issues and matters during the tenure of their employment are properly understood by all employees. It is a written guideline which clearly defines the organization's policies, company's expectations of employees and employee's expectation towards the Company.

Besides the key policies mentioned above, the Group also has in place Group Credit Control Policy, Group Purchasing Policy and Group Fixed Asset Policy to govern the day-to-day running of the Group.

- **Strategic Business Planning, Budgeting and Reporting**

A Group strategic business planning process is in place where the financial planning is correlated to the Group's strategic business plans. The Group performs an annual budgeting and forecasting exercise including development of business strategies and establishment of key performance indicators against which units within the Group can be evaluated. The Group's strategic direction is also reviewed annually in light of the prevailing market conditions and significant market risks.

Financial performance and Monthly Management Accounts which serve as a monitoring tool are circulated to key management staff and regularly compared against budgetary parameters, with explanations of major variances, reviews of internal and external factors contributing to performance, and an account of management actions taken to improve results. Variances against budget are analysed and reported internally on a monthly basis in Management Committee meetings.

On a quarterly basis, the financial results together with their variances are reported and reviewed by the Board to enable them to gauge the Group's achievement of its annual targets and review any key financial and operational issues.

- **Investment Appraisal**

Major investment proposals on mergers and acquisitions as well as long-term business investments are thoroughly reviewed and appraised by the Board.

- **Insurance and Physical Safeguards**

Adequate insurance provision and security measures on major assets of the Group are provided to ensure that it sufficiently safeguards against any mishap that will result in material losses to the Group.

- **Human Resource Management System**

A structured Performance Management System has been developed as a means to instil a performance culture within the Group and to align operations with corporate objectives as well as employees' interest with the shareholders.

As such, to assess and reward staff, the Group carries out formal appraisals on an annual basis. These formal appraisals are guided by Key Performance Indicators ("KPIs") and are driven by the Balanced Scorecard ("BSC") system. The BSC provides a framework to translate strategy into operational terms and is being used as a performance measurement tool to ensure that monitoring and measuring of implementation progress is complete, coherent and clear as well as providing a platform for improving employee performance. All employees of the Group have individual KPIs.

Manpower planning, selection, recruitment and promotion guidelines are established and carried out to ensure that key positions within the Group, are filled by staff with the appropriate calibre and the relevant competencies to support the achievement of the Group's objectives and to effectively manage the risks to ensure achievement of these objectives. A computerised Human Resource Management System, e-HRMS, provides a comprehensive employee database and an efficient support system for managing human resource functions. In addition, there is also training and development programme drawn up to ensure staffs are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives. The Group sets a minimum 3 days training for all its employees. In addition, all new hires are required to attend a New Hire Orientation program when they join the Group.

WEAKNESS IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

Management identified minor internal control weaknesses during the year, all of which are being addressed. No major internal control weaknesses were identified nor did any of the reported weaknesses result in material losses or contingencies requiring disclosure in the Group Annual Report. Management continues to take measures to strengthen the control environment.

Statement on Risk Management & Internal Control (cont'd)

for the financial year ended 31 December 2012

ASSURANCE STATEMENT BY EXECUTIVE DIRECTOR

The Executive Director has provided assurance to the Board, at his best knowledge and believe, that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, to meet the Group's objectives during the financial year under review until the date of this statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the annual report for the year ended 31 December 2012. Based on their review, nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Audit Committee Report
for the financial year ended 31 December 2012

The Board of Directors of Symphony House Berhad ("the Board") is pleased to present the report on the Audit Committee ("the Committee") and its activities during the financial year ended 31 December 2012.

MEMBERSHIP AND MEETING

The Audit Committee presently comprises three (3) members of the Board of which all are Independent Non-Executive Directors. This is in line with the Malaysian Code on Corporate Governance 2012 ("the Code") and also in accordance with Paragraph 15.09(1)(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires that all members of the Committee to be Non-Executive Director, with majority of them being independent directors. The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board.

The members of the Audit Committee are:

- Datuk Khairil Anuar bin Abdullah (relinquished as Chairman effective 29 March 2013)
- Tony Foo San Kan (appointed as Chairman effective 29 March 2013)
- Datuk Mohd Omar bin Mustapha

Mr Tony Foo San Kan is a Chartered Accountant of the Malaysian Institute of Accountants ("MIA") and a Fellow of the Institute of Chartered Accountants in England & Wales ("ICAEW"). In this respect, the Audit Committee is in compliance with Paragraph 15.09(1)(c), Listing Requirements of Bursa Securities. In addition, all members of the Audit Committee are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. Further details on the qualifications as well as the skills and experience of each of the Audit Committee member are set out in the Board of Directors' Profile section of this Annual Report.

During the financial year under review, the Committee held five (5) meetings. The meetings were appropriately structured through the use of agenda, which were distributed to members with sufficient notification. The details of attendance of each member at the Audit Committee meetings held during the financial year are stated below:

Directors	Status of Directorship	Meetings Attended	%
Datuk Khairil Anuar bin Abdullah	Independent Non-Executive Director#	5/5	100
Tony Foo San Kan	Independent Non-Executive Director	5/5	100
Datuk Mohd Omar bin Mustapha	Independent Non-Executive Director	4/5	80

Note: # Re-designated as Non-Independent Non-Executive Director effective 29 March 2013

The Group Chief Executive and the Executive Director were also in attendance by invitation. Representatives of the external auditors, Messrs. Ernst & Young, the Head of Group Internal Audit as well as other senior management personnel also attended the meetings upon invitation by the Audit Committee, as and when required.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are summarised as follows:

Objective

The primary function of the Audit Committee is to assist the Board in reviewing the adequacy and integrity of the Group's processes for producing financial data, its internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. In addition, the Committee also provides a forum for dialogue with the company's external and internal auditors and reinforces the independence of the Group's external auditors.

Audit Committee Report (cont'd.)

for the financial year ended 31 December 2012

Meeting and Minutes

Meetings shall be held not less than four (4) times a year and the Group Chief Executive, Executive Director, Internal Auditor and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board may attend the meetings upon invitation of the Committee. At least twice a year, the Committee shall meet the external auditors without any Executive Directors present. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Secretary to the Committee shall be the Company Secretary.

Authority

The Committee is authorised by the Board:

(i) To investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;

(ii) To have the resources in order to perform its duties as set out in its terms of reference;

(iii) To have full and unrestricted access to information pertaining to the Company and the Group;

(iv) To have direct communication channels with the internal and external auditors;

(v) To obtain external legal or other independent professional advice necessary in furtherance of their duties; and

(vi) Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

Responsibility

Where the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee has the responsibility and authority to promptly report such matters to the Bursa Securities.

Review of the Composition of the Committee

The term of office and performance of the Committee and each of the members shall be reviewed by the Board at least once every three (3) years to determine whether the Committee and its members have carried out their duties and responsibilities in accordance with their terms of reference.

SUMMARY OF ACTIVITIES

During the financial year, the Committee carried out its duties in accordance with its term of reference. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.
- Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response.
- Considered and recommended to the Board for approval the appointment and remuneration of the external auditors.
- Reviewed the independence, objectivity and effectiveness of the external auditors and the service provided, including non-audit services.
- Reviewed, discussed and approved the Internal Audit Plan 2012 to ensure adequate scope and coverage over the activities of the Group as well as the adequacy of the resource requirement, competency and the budget of the Internal Audit function.
- Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's response. Discussed with Management, actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- Reviewed the status of action plans committed by Management arising from the follow up reviews of each audit reports previously reported.
- Reviewed the application of corporate governance principles and the extent of the Group's compliance with the recommendations set out under the Malaysian Code on Corporate Governance 2012 for the purpose of preparing the Statement on Corporate Governance and Statement on Risk Management & Internal Control pursuant to the Listing Requirements of Bursa Securities.
- Reviewed and approved the Audit Committee Report for the inclusion in the Company's Annual Report.
- Reviewed the Annual Report and the Audited Financial Statements of the Group and the Company prior to the submission to the Board for their consideration and approval. The review was to ensure that the Audited Financial Statements were drawn in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards ("MFRS") in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company. Any significant issues resulting from the audit of the financial statements by the external auditors were deliberated.
- Reviewed the quarterly unaudited financial results announcements of the Group and the Company before recommending them to the Board for its approval. The review and discussion of these announcements were conducted with the Group Chief Executive and the Executive Director.
- In respect of the quarterly and year end financial statements, reviewed the Company's compliance with the Listing Requirements of Bursa Securities, applicable MFRS and other relevant legal and regulatory requirements.
- Reviewed related party transactions entered into by the

Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient.

- Reviewed the result and status updates of the report on external Quality Assessment Review for Group Internal Audit by the Institute of Internal Auditors Malaysia.
- Conducted independent meetings with the external auditors and internal auditors respectively without the presence of the Executive Directors and Management on 29 March 2012 and 28 November 2012.

Training

During the year, the Committee members have attended conferences, seminars and training programmes relevant to their function as an Audit Committee member of the Group. The details of the trainings attended by each Audit Committee member during the financial year ended 31 December 2012 are presented in the Statement on Corporate Governance on Directors' Training.

Internal Audit Function

In discharging its functions and duties, the Audit Committee is supported by an in-house Group Internal Audit ("GIA") function. The Head of Group Internal Audit reports directly to the Audit Committee. The GIA function is guided by its Internal Audit Charter and is independent of the activities or operations of other operating units.

The principal roles of GIA are:

- To undertake independent, regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such a system continues to operate satisfactorily and effectively.
- To ensure that a systematic disciplined approach in evaluating and improving the effectiveness of risk management, internal control and governance process is adopted.
- To carry out investigations and special audit review requested by Management or the Audit Committee.
- To review related party transactions made by the Group.

It is the responsibility of GIA to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. GIA is also responsible to review and assess the risk governance framework and the risk management processes of the Group in order to evaluate their adequacy and effectiveness.

As at 31 December 2012, the GIA consist of five (5) auditors including the Head of Department. The Head of GIA is Khairunniswah Ahmad who holds a Bachelor of Accounting (Honours) from Multimedia University, Cyberjaya, Selangor. She is a Professional Member of the Institute of Internal Auditors Malaysia ("IIAM") and also a Certified Internal Auditor.

During the financial year under review, the GIA team had carried out audits in accordance with a Risk-Based Internal Audit Plan which had been approved by the Audit Committee. The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control systems in anticipating potential risks exposures over key business processes within the Company.

Audits conducted during the year include operations management of share issuance, share registration and wealth management solutions; project and contract management, change management, and operations management of human resource solution; system development life cycle audit and application review on new accounting system. The selection and the areas covered by the above internal audits were prioritised largely based on the risk profiles of the business units within the Group. In addition, two (2) ad hoc audits were conducted during the financial year as requested by the Management.

GIA also conducted a review on the Related Party Transactions entered into by the Group on a half-yearly basis and follow-up on audit recommendations raised in each of the previous audit reports to ensure that corrective and preventive actions have been implemented accordingly by the Management and provided updates on the status of such actions in internal audit report.

The results of the audits provided in the Internal Audit report together with the findings and recommendation for improvements were presented to the Audit Committee for deliberations. The resulting reports from the audits were also forwarded to the Management for attention and necessary corrective actions. The Management is responsible for ensuring that corrective actions are taken within the required time frame.

All audit activities for the year were conducted by the in-house audit team except for the Information Technology (IT) audit plans which have been co-sourced with external party following the resignation of the only IT auditor. The vacant position has been filled at end of the financial year.

For the financial year ended 31 December 2012, the total costs incurred for the GIA are RM320,640 (2011:RM303,809).

The Institute of Internal Auditors Inc. ("IIA") International Standards for the Professional Practice of Internal Auditing ("Standards"), Standard 1312 requires external assessment to be conducted at least once every five years by a qualified, independent reviewer from outside the organisation. The objective of the external Quality Assessment Review ("QAR") is to assess the internal audit activity's conformance to the IIA's Standards and the ability of the internal audit function to provide effective and adequate internal auditing services to its stakeholders. In 2012, the Institute of Internal Auditors Malaysia ("IIAM") has performed the first QAR for GIA as required by the Standard and subsequently, internal assessment will be done annually.

Statement of Directors' Responsibility in Relation to the Financial Statements for the financial year ended 31 December 2012

The Directors acknowledge their responsibilities to ensure that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results of their operations and cash flows of the Group and of the Company for the financial year then ended.

The audited financial statements of the Group and of the Company for the financial year ended 31 December 2012 are set out under Financial Statements section of this Annual Report.

In preparing the annual audited financial statements, the Directors have:

- adopted appropriate accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that applicable accounting standards have been followed, subject to any material departures which shall be disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue to be in business.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company and, in that context, to have proper regard to the establishment of appropriate systems of internal control with a view to prevent and detect fraud and other irregularities.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this Statement.

FINANCIAL STATEMENTS

Director's Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results	Group RM'000	Company RM'000
(Loss)/profit from continuing operations, net of tax	(41,613)	8,780
Profit from discontinued operations, net of tax	3 ,965	-
(Loss)/profit net of tax	(37,648)	8,780
(Loss)/profit attributable to:		
Equity holders of the Company	(38,885)	8,780
Non-controlling interests	1 ,237	-
	(37,648)	8,780

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except that the Group recognised an impairment loss on goodwill amounting to RM50,860,000 (Company: Nil) as disclosed in Notes 6 and 19 to the financial statements.

DIVIDENDS

No dividend was paid by the Company since 31 December 2011.

The Directors do not recommend any dividend to be paid for the financial year ended December 2012.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

- Tan Sri Asmat bin Kamaludin
- Tan Sri Mohamed Azman bin Yahya
- Abdul Hamid bin Sh. Mohamed
- Datuk Khairil Anuar bin Abdullah
- Foo San Kan
- Datuk Mohd Omar bin Mustapha

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debenture of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received nor become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

REMUNERATION COMMITTEE

The Remuneration Committee carries out the annual review of the overall remuneration policy for Directors, the Group Chief Executive and executives whereupon recommendations are made to the Board of Directors for approval.

The members of the Remuneration Committee comprising of Independent Non-Executive Directors of the Company are:

- Tan Sri Asmat bin Kamaludin
- Datuk Khairil Anuar bin Abdullah
- Foo San Kan

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2012 '000	Bought '000	Sold '000	At 31.12.2012 '000
The Company				
Direct interest:				
Tan Sri Mohamed Azman bin Yahya	11,000	-	-	11,000
Abdul Hamid bin Sh. Mohamed	3,455	-	-	3,455
Datuk Khairil Anuar bin Abdullah	168	-	-	168
Foo San Kan	6,970	-	-	6,970
Indirect interest:				
Tan Sri Asmat bin Kamaludin	328			328
Tan Sri Mohamed Azman bin Yahya	234,754		(200)	234,554

Tan Sri Mohamed Azman bin Yahya by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

TREASURY SHARES

During the financial year, the following took place:

The Company repurchased 15,000 of its issued ordinary shares from the open market at an average price of RM0.14. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2012, the Company retained a total of 305,816 of its 660,000,000 issued ordinary shares of RM0.10 each as treasury shares. Such treasury shares are held at a carrying amount of RM91,000 as disclosed in Note 13 to the financial statements.

Director's Report (cont'd.)

EMPLOYEE SHARE TRUST SCHEME

The Employee Share Trust Scheme ("ESTS" or the "Scheme") was approved by the Board of Directors on 27 March 2008 to purchase up to 30 million issued ordinary shares of Symphony House Berhad ("SHB" or the "Company"). The commencement date of the ESTS was 14 May 2008 and shall be in force for a period of 3 years. In previous year, the ESTS was renewed for another period of 3 years to May 2014.

The ESTS would provide an opportunity for eligible employees who had contributed to the growth and development of the Group to participate in the equity of the Company.

The salient features and other terms of the ESTS are disclosed in Note 14 to the financial statements. There were no shares acquired under the Scheme during the financial year.

As at 31 December 2012, the number of shares held by ESTS was 26,037,146 at a carrying amount of RM7,097,000.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts;

    (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

    (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

    (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

    (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

    (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

    (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and

    (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENTS

There is no significant event subsequent to the financial year end.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2013.

Tan Sri Asmat bin Kamaludin **Tan Sri Mohamed Azman bin Yahya**

Statement by Directors

Pursuant to Section 169 (15) of the Companies Act, 1965

We, Tan Sri Asmat bin Kamaludin and Tan Sri Mohamed Azman bin Yahya, being two of the Directors of Symphony House Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 66 to 127 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended. The information set out in Note 35 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2013.

Tan Sri Asmat bin Kamaludin

Tan Sri Mohamed Azman bin Yahya

Statutory declaration

Pursuant to Section 169 (16) of the Companies Act, 1965

I, Abdul Hamid bin Sh. Mohamed, being the Director primarily responsible for the financial management of Symphony House Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 66 to 127 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Abdul Hamid bin Sh. Mohamed at Kuala Lumpur in the Federal Territory on 29 March 2013.

Abdul Hamid bin Sh. Mohamed

Before me,

Independent Auditors' Report to the Members of Symphony House Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Symphony House Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 66 to 127.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a fair and true view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965, in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 on page 127 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

As stated in Note 2.1 to the financial statements, Symphony House Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No. 2518/12/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia

Consolidated Statement of Financial Position

As at 31 December 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment	4	23,046	25,926	38,415
Intangible assets	6	86,261	149,339	138,099
Deferred tax assets	7	3,074	911	785
		112,381	176,176	177,299
Current assets				
Inventories	8	3	5	286
Trade and other receivables	9	31,723	36,495	39,521
Tax recoverable		599	3,844	2,714
Marketable securities	10	13	11	11
Cash and bank balances	11	28,786	43,040	38,056
		61,124	83,395	80,588
Asset of disposal group classified as held for sale	26	40,566	-	-
		101,690	83,395	80,588
Total assets		214,071	259,571	257,887
Equity and liabilities				
Equity attributable to equity holders of the Company				
Share capital	12	66,000	66,000	66,000
Reserves	13	52,684	52,736	53,985
Shares held by ESTS	14	(7,097)	(7,097)	(7,097)
Retained profits		28,783	67,668	71,535
		140,370	179,307	184,423
Non-controlling interests		9,280	8,043	3,467
Total equity		149,650	187,350	187,890
Non-current liabilities				
Borrowings	16	-	20,287	35,697
Deferred tax liabilities	7	2,005	936	-
		2,005	21,223	35,697
Current liabilities				
Trade and other payables	17	12,818	26,967	23,351
Borrowings	16	30,920	22,941	9,540
Tax payable		1,329	1,090	1,409
		45,067	50,998	34,300
Liabilities of disposal group classified as held for sale	26	17,349	-	-
		62,416	50,998	34,300
Total liabilities		64,421	72,221	69,997
Total equity and liabilities		214,071	259,571	257,887

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Note	2012 RM'000	2011 RM'000
Revenue	18	118,198	107,791
Cost of sales		(71,620)	(75,215)
Gross profit		46,578	32,576
Other income		2,617	1,992
Selling and distribution expenses		(138)	(213)
Administrative expenses		(29,783)	(29,483)
Other expenses		(54,990)	(5,508)
Operating loss	19	(35,716)	(636)
Finance costs	22	(2,322)	(2,957)
Loss before tax		(38,038)	(3,593)
Income tax expense	23	(3,575)	(2,282)
Loss from continuing operations, after tax		(41,613)	(5,875)
Discontinued operations:			
Profit from discontinued operation, net of tax	26	3,965	2,586
Loss net of tax		(37,648)	(3,289)
Other comprehensive expense:			
Foreign currency translation		(50)	(1,246)
Other comprehensive expense for the year, net of tax		(50)	(1,246)
Total comprehensive income for the year:		(37,698)	(4,535)
(Loss)/profit attributable to:			
Equity holders of the Company		(38,885)	(3,867)
Non-controlling interests		1,237	578
		(37,648)	(3,289)
Total comprehensive income attributable to:			
Equity holders of the Company		(38,935)	(5,113)
Non-controlling interests		1,237	578
		(37,698)	(4,535)
Earnings per share attributable to equity holders of the Company (sen):			
Basic	24	(6.76)	(1.02)
Earnings per share from continuing operations attributable to equity holders of the Company (sen):			
Basic		(6.76)	(1.02)
Earnings per share from discontinued operations attributable to equity holders of the Company (sen):			
Basic		0.63	0.41

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Change in Equity

For the year ended 31 December 2012

	Attributable to equity holders of the Company									
	Non-distributable (Note 13)					Distributable				
	Share capital RM'000	Share premium reserves RM'000	Capital reserves RM'000	Treasury shares RM'000	Translation reserves RM'000	Retained profits RM'000	Shares held by ESTS RM'000	Total RM'000	Non-controlling interest 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 income	-	-	-	-	(1,246)	(3,867)	-	(5,113)	578	(4,535)
Transactions with owners										
Purchase of treasury shares	-	-	-	-	-	-	-	(3)		(3)
Distribution of share dividend	-	-	-	(3)	-	-	-	-	3,998	3,998
Total transactions with owners	-	-	-	-	-	-	-	(3)	3,998	3,995
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 (expense)/income	-	-	-	-	(50)	(38,885)	-	(38,935)	1,237	(37,698)
Transactions with owners										
Purchase of treasury shares	-	-	-	(2)	-	-	-	(2)	-	(2)
Total transactions with owners	-	-	-	(2)	-	-	-	(2)	-	-
At 31 December 2012	66,000	51,550	3,075	(91)	(1,850)	28,783	(7,097)	140,370	9,280	149,650

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flow

For the year ended 31 December 2012

	Note	2012 RM'000	2011 RM'000
Cash flows from operating activities			
Loss before tax from continuing operation		(38,038)	(3,593)
Profit before tax from discontinued operations		3,950	3,762
Loss before tax		(34,088)	169
Adjustments for:			
Bad debt recovered		(577)	(150)
Goodwill arising from acquisition of a subsidiary		-	(1,344)
Impairment loss on goodwill		50,860	3
Depreciation of property, plant and equipment		5,741	6,551
Allowance for doubtful debts		104	900
Amortisation of intangible assets		2,317	2,876
Plant and equipment written off		80	107
Net unrealised foreign exchange gain		-	(272)
Interest income		(1,082)	(1,279)
Interest expenses		2,322	2,957
Operating profit before working capital changes		25,677	10,518
Changes in working capital:			
Decrease in inventories		2	303
(Increase)/decrease in trade and other receivables		(6,344)	2,732
Increase/(decrease) in trade and other payables		2,040	2,024
Cash generated from operations		21,375	15,577
Taxes paid		(10)	(4,097)
Net cash generated from operating activities		21,365	11,480
Cash flows from investing activities			
Purchase of plant and equipment		(4,046)	(1,918)
Additions of software development and process and system development expenditure		(4,891)	(5,026)
Purchase of marketable securities		(2)	-
Interest received		1,082	1,279
Net cash used in investing activities		(7,857)	(5,665)
Cash flows from financing activities			
Release from/(pledged for) borrowings		10,267	(9,987)
Net drawdown of borrowings		-	1,523
Purchase of treasury shares	13	(2)	(3)
Proceeds from banking facilities		1,989	-
Repayment of MTN		(15,000)	-
Repayment of hire purchase and finance lease		(410)	(655)
Contribution by non-controlling interest		-	3,998
Interest paid		(2,322)	(2,957)
Net cash used in financing activities		(5,478)	(8,081)
Net increase/(decrease) in cash and cash equivalents		8,030	(2,266)
Cash and cash equivalents at beginning of year		28,820	30,946
Effect of exchange rate changes		(42)	140
Cash and cash equivalents at end of year	11	36,808	28,820

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Financial Position

As at 31 December 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment	4	180	238	391
Investment in subsidiaries	5	202,354	202,354	187,357
		202,534	202,592	187,748
Current assets				
Trade and other receivables	9	18,144	15,321	22,569
Tax recoverable		677	3,202	2,520
Cash and bank balances	11	8,049	14,355	16,447
		26,870	32,878	41,536
Total assets		229,404	235,470	229,284
Equity and liabilities				
Equity attributable to equity holders of the Company				
Share capital	12	66,000	66,000	66,000
Reserves	13	51,459	51,461	51,464
Shares held by ESTS	14	(7,097)	(7,097)	(7,097)
Retained profits	15	95,865	87,085	81,085
Total equity		206,227	197,449	191,452
Non-current liabilities				
Borrowings	16	-	20,000	35,000
Deferred tax liabilities		42	-	-
		42	20,000	35,000
Current liabilities				
Trade and other payables	17	3,135	3,021	2,832
Borrowings	16	20,000	15,000	-
		23,135	18,021	2,832
Total liabilities		23,177	38,021	37,832
Total equity and liabilities		229,404	235,470	229,284

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2012

	Note	2012 RM'000	2011 RM'000
Revenue	18	11,000	8,000
Other income		784	1,111
Administrative expenses		(1,093)	(1,357)
Other expenses		(373)	(511)
Operating profit	19	10,318	7,243
Finance costs	22	(1,490)	(1,925)
Profit before tax		8,828	5,318
Income tax expense	23	(48)	682
Profit net of tax, representing total comprehensive income for the year		8,780	6,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Change in Equity

For the year ended 31 December 2012

	Non-distributable (Note 13)					Distributable		
	Share capital RM'000	Share premium reserves RM'000	Treasury shares RM'000	Warrant reserves RM'000	Share option reserves RM'000	Retained profits (Note 15) RM'000	Shares held by ESTS RM'000	Total RM'000
At 1 January 2011	66,000	51,550	(86)	-	-	81,085	(7,097)	191,452
Total comprehensive income	-	-	-	-	-	6,000	-	6,000
Transactions with owners								
Treasury shares	-	-	(3)	-	-	-	-	(3)
Total transactions with owners	-	-	(3)	-	-	-	-	(3)
At 31 December 2011	66,000	51,550	(89)	-	-	87,085	(7,097)	197,449
At 1 January 2012	66,000	51,550	(89)	-	-	87,085	(7,097)	197,449
Total comprehensive income	-	-	-	-	-	8,780	-	8,780
Transactions with owners								
Treasury shares	-	-	(2)	-	-	-	-	(2)
Total transactions with owners	-	-	(2)	-	-	-	-	(2)
At 31 December 2012	66,000	51,550	(91)	-	-	95,865	(7,097)	206,227

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flow

For the year ended 31 December 2012

	Note	2012 RM'000	2011 RM'000
Cash flows from operating activities			
Profit before tax		8,828	5,318
Adjustments for:			
Interest income		(783)	(1,111)
Interest expenses		1,490	1,925
Depreciation of property, plant and equipment		63	153
Net unrealised foreign losses		-	95
Dividend income		(11,000)	(8,000)
Operating loss before working capital changes		(1,402)	(1,620)
Changes in working capital:			
(Increase)/decrease in other receivables		(2,823)	7,153
Increase in other payables		114	189
Cash (used in)/generated from operations		(4,111)	5,722
Taxes refund		2,519	-
Net cash (used in)/generated from operating activities		(1,592)	5,722
Cash flows from investing activities			
Purchase of plant and equipment		(5)	-
Acquistion of additional equity interest in a subsidiary		-	(15,000)
Dissolution of a subsidiary		-	3
Interest received		783	1,111
Dividends received		11,000	8,000
Net cash generated from/(used in) investing activities		11,778	(5,886)
Cash flows from financing activities			
Released/(pledged) of deposits for borrowing		10,267	(9,987)
Repayment of borrowing		(15,000)	-
Purchase of treasury shares	13	(2)	(3)
Interest paid		(1,490)	(1,925)
Net cash used in financing activities		(6,225)	(11,915)
Net increase/(decrease) in cash and cash equivalents		3,961	(12,079)
Cash and cash equivalents at beginning of year		3,798	15,877
Cash and cash equivalents at end of year	11	7,759	3,798

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2012

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding.

The principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements for the Group and the Company for the year ended 31 December 2012 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

For all periods up to and including the year ended 31 December 2011, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards in Malaysia ("FRS"). These financial statements for the year ended 31 December 2012 are the first that the Group and the Company have prepared in accordance with MFRS and MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group and the Company have not adjusted the amounts previously reported in financial statements prepared in accordance with FRS as the adoption of the MFRS did not have a material impact on the financial statements.

The financial statements have also been prepared on the historical cost basis and are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company.

2.2 Standards and interpretations issued but not yet effective

The Group and the Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
MFRS 101: Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 January 2013
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3: Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10: Consolidated Financial Statements	1 January 2013
MFRS 11: Joint Arrangements	1 January 2013
MFRS 12: Disclosure of Interests in Other Entities	1 January 2013
MFRS 13: Fair Value Measurement	1 January 2013
MFRS 119: Employee Benefits	1 January 2013
MFRS 127: Separate Financial Statements	1 January 2013
MFRS 128: Investment in Associate and Joint Ventures	1 January 2013
MFRS 127: Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures- Offsetting Financial Assets and Financial Liabilities	1 January 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and interpretations issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 10: Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Accordingly, notes related to the statements of financial position as at date of transition to MFRS are not presented.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

MFRS 12: Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 127: Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

MFRS 128: Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and interpretations issued but not yet effective (cont'd)

MFRS 13: Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

Upon adoption of MFRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of MFRS 13 is expected to result in higher fair value of certain properties of the Group.

MFRS 3: Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127: Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's and the Company's financial position and performance.

MFRS 9: Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation (cont'd)

statement of financial position. The accounting policy for goodwill is set out in Note 2.6. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.4 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

- Office equipment	5 to 15 years
- Furniture and fittings	5 to 10 years
- Computer equipment & software	3 to 10 years
- Motor vehicles	5 years
- Office renovation	5 to 15 years

Assets in-progress are assets under development and depreciation commences when the assets are ready for their intended use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation period and the amortisation method are reviewed at least at each financial year-end. Change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(c) Software development expenditure

Research costs are expensed as incurred. Software development is stated at cost less accumulated amortisation and impairment losses. The expenditure represents development work carried out in developing specialised software packages and is capitalised if the product is technically and commercially feasible and the Group has sufficient resources to complete the development. It is amortised over the straight-line basis over a period of three (3) years. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8. The expenditure capitalised includes direct cost such as salaries and hardware costs specifically attributable to each project. Cost incurred in software development which have ceased to be technically and commercially viable, are written off immediately.

(d) Process and system development expenditure

Process and system development expenditure represents the costs incurred in developing process and system for the Group's processing of outward and inward cheques for the Group's clearing to its customers and the costs incurred in the design and implementation of the Group's Business Processing Outsourcing ("BPO") solutions to its clients, ranging from one (1) to seven (7) years.

The development expenditure relating to BPO solutions is amortised over the period of contractual services for its respective clients.

The development expenditure relating to cheques clearing is amortised over a period of five years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 System implementation contracts

Revenue from system implementation and integration is recognised based on milestone billings measured by reference to the stage of technical completion of the projects.

Where the outcome of a system implementation project can be estimated reliably, revenue and costs associated with the project are recognised in profit or loss by reference to the stage of technical completion of project.

When costs incurred in the project plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.9 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Inventories

Inventories, which comprise computer equipments held for project implementation and system integration, telecommunication and networking equipment and computer accessories and spare parts are stated at the lower of cost and net realisable value. Cost is determined using the weighted average costing basis. Net realisable value represents the price less all estimated marketing, selling and distribution costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial assets (cont'd)

(d) Available-for-sale financial assets (cont'd)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of financial assets (cont'd)

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial liabilities (cont'd)

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.16 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Leases (cont'd)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straightline basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straightline basis.

2.19 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed. Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(c) Equity compensation benefits

Cash-settled share based compensation

The Company established the Employee Share Trust Scheme ("ESTS" or the "Scheme") for the benefit of the eligible employees.

Pursuant to the Scheme, a trustee was appointed, who is entitled from time to time to accept financial assistance from the Company, upon such terms and conditions as the Company and the trustee may agree, to purchase the Company's shares from the open market for the purpose of the Scheme.

The shares repurchased are measured and carried at cost on initial recognition and subsequently thereon. The shares purchased for the benefit of the Group's employees are recorded as Shares held by ESTS in the Group's and the Company's statement of financial position as a deduction in arriving at the shareholders' equity.

Dividends received by the ESTS are to be paid back to the Company as settlement of cost incurred in implementing and maintaining the Scheme.

Any excess of the fair value of the shares held by the ESTS over the cost of the total purchase is recognised as an employee cost with a corresponding increase in the share option reserve within equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Revenue (cont'd)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) System implementation

Project revenue is recognised on the percentage of completion method as described in Note 2.7.

(b) System and project maintenance

Revenue from system and project maintenance is recognised over the term of the contract.

(c) Services rendered

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(d) Business process outsourcing

Revenue from business process outsourcing ("BPO") solutions are recognized based on services rendered on a monthly basis and revenue from sales solutions is recognised upon transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(e) BPO system application, development and implementation

Revenue from BPO system application, development and implementation is recognised in profit or loss in proportion to the stage of completion of the project at the reporting date. The stage of completion is assessed by reference to the services performed to date as a percentage of total services performed. Where the outcome of the project cannot be estimated reliably, revenue is recognised in the profit and loss only to the extent of the expense recognised that is recoverable.

(f) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the assets.

(g) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.21 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Income taxes (cont'd)

(b) Deferred tax (cont'd)

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 25, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale,the difference between the sales consideration and the carrying amount is recognized in equity.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.26 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes to the Financial Statements (cont'd.)

31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations. A component is deemed to be held for sale if it carrying amount will be recovered principally through sale transaction rather than continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised as profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Judgements made in applying accounting policies

There were no critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements during the current financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment assessment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value less costs to sell or value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2012 was RM84,153,000 (2011: RM136,357,000). Further details are disclosed in Note 6(a) and (b).

(b) System implementation

The Group recognises revenue from system implementation and integration based on milestone billings measured by reference to the stage of technical completion of the projects.

Where the outcome of a system implementation project can be estimated reliably, revenue and costs associated with the project are recognised in the profit and loss by reference to the stage of technical completion of project. Significant judgement is required in determining the stage of completion, the extent of the system implementation costs incurred, the estimated total system implementation project revenue and costs, as well as the recoverability of the system implementation projects. In making the judgement, the Group evaluates based on past experience.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised tax losses and capital allowances of the Group was RM2,110,000 (2011: RM12,615,000) during the year .

(d) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 23.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(e) Capitalisation and amortisation of software development expenditure and process and system development expenditure

The Group capitalised costs relating to the software development and enhancement of its new and existing products respectively, upon meeting all the criteria for capitalisation as described in Note 2.6(b). Amortisation, which commences upon commercialisation or sales products, is recognised in profit or loss based on a straight-line basis over the products' estimated economic lives or over the period of contractual services for of its customers of 5 years. The Group review the amortisation period and amortisation method at least once a year.

However, if there are indications that the products are unable to meet expected future cash flow, immediate impairment loss would be recognised. Details of software development expenditure and process and system development expenditure are disclosed in Note 6.

(f) Impairment of loans and receivable

The Group assesses at each reporting date whether there is any objective that a financial assets is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency of significant financial difficulties of the debtor and default of significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount in trade receivables of the Group which has been outstanding in excess of 12 months amounted to RM784,000 (2011: RM982,000). Notwithstanding that the debts are long overdue, the management is confident of their recovery.

Notes to the Financial Statements (cont'd.)

31 December 2012

4. PROPERTY, PLANT AND EQUIPMENT

	Office equipment RM'000	Furniture and fittings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Office renovation RM'000	Assets in-progress RM'000	Total RM'000
Group							
At 31 December 2012							
Cost							
At 1 January 2012	19,961	6,818	31,741	666	9,372	-	68,558
Additions	358	137	3,315	-	236	-	4,046
Write-off	(261)	-	(718)	-	(125)	-	(1,104)
Exchange reserve	-	-	(5)	-	-	-	(5)
Attributable to discontinued operation	(91)	(612)	(1,636)	-	(177)	-	(2,516)
At 31 December 2012	19,967	6,343	32,697	666	9,306	-	68,979
Accumulated depreciation							
At 1 January 2012	(12,107)	(3,208)	(22,966)	(320)	(4,031)	-	(42,632)
Charge for the year	(1,915)	(582)	(2,631)	(115)	(498)	-	(5,741)
Write-off	213	-	687	-	124	-	1,024
Exchange reserve	-	-	(3)	-	-	-	(3)
Attributable to discontinued operation	38	130	1,225	-	26	-	1,419
At 31 December 2012	(13,771)	(3,660)	(23,688)	(435)	(4,379)	-	(45,933)
Net carrying amount							
At 31 December 2012	6,196	2,683	9,009	231	4,927	-	23,046
Group							
At 31 December 2011							
Cost							
At 1 January 2011	20,212	6,762	30,623	670	9,398	7,749	75,414
Additions	160	79	1,410	-	269	-	1,918
Write-offs	(411)	(23)	(292)	(4)	(295)	-	(1,025)
Transfer to intangible assets (Note 6)	-	-	-	-	-	(7,749)	(7,749)
At 31 December 2011	19,961	6,818	31,741	666	9,372	-	68,558
At 1 January 2011	(10,650)	(2,232)	(20,196)	(209)	(3,712)	-	(36,999)
Charge for the year	(1,863)	(1,006)	(3,056)	(115)	(511)	-	(6,551)
Write-offs	406	30	286	4	192	-	918
At 31 December 2011	(12,107)	(3,208)	(22,966)	(320)	(4,031)	-	(42,632)
Net carrying amount							
At 31 December 2011	7,854	3,610	8,775	346	5,341	-	25,926
At 1 January 2011	9,562	4,530	10,427	461	5,686	7,749	38,415

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office equipment RM'000	Furniture and fittings RM'000	Computer equipment RM'000	Office renovation RM'000	Motor vehicles RM'000	Total RM'000
Company						
At 31 December 2012						
Cost						
At 1 January 2012	282	393	1,326	57	-	2,058
Additions	-	-	5	-	-	5
At 31 December 2012	282	393	1,331	57	-	2,063
Accumulated depreciation						
At 1 January 2012	(178)	(356)	(1,278)	(8)	-	(1,820)
Charge for the year	(14)	(5)	(40)	(4)	-	(63)
At 31 December 2012	(192)	(361)	(1,318)	(12)	-	(1,883)
Net carrying amount						
At 31 December 2012	90	32	13	45	-	180
Company						
At 31 December 2011						
Cost						
At 1 January 2011	282	393	1,326	57	4	2,062
Write-offs	-	-	-	-	(4)	(4)
At 31 December 2011	282	393	1,326	57	-	2,058
Accumulated depreciation						
At 1 January 2011	(155)	(349)	(1,159)	(4)	(4)	(1,671)
Charge for the year	(23)	(7)	(119)	(4)	-	(153)
Write-offs	-	-	-	-	4	4
At 31 December 2011	(178)	(356)	(1,278)	(8)	-	(1,820)
Net carrying amount						
At 31 December 2011	104	37	48	49	-	238
At 1 January 2011	127	44	167	53	-	391

Notes to the Financial Statements (cont'd.)

31 December 2012

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) During the financial year, the Group and the Company acquired plant and equipment at aggregate costs of RM4,053,000 (2011: RM1,918,000) and RM5,000 (2011: NIL) respectively. In the previous financial year, included in the Group's acquisition of property, plant and equipment is an amount of RM335,000 which were acquired by means of hire purchase and finance lease arrangements. Net book values of plant and equipment held under hire purchase and finance lease are as follows:

	Group	
	2012 RM'000	2011 RM'000
Net carrying amount		
Office equipment	-	40
Renovation	191	145
	191	185

(b) In the previous financial year, included in addition to assets in-progress of the Group is staff cost capitalised amounting to RM4,178,000 (Note 20).

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost	202,354	202,354

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation	Effective ownership interest 2012 %	2011 %
Held by the Company				
Symphony Xen Solution Pte. Ltd.	Provision of application software development, computer solutions and information technology consultancy services	Singapore	100	100
Symphony Xen Solutions Sdn. Bhd	Provision of application software development, computer solutions and information technology consultancy services	Malaysia	100	100
Symphony Incorporations Sdn. Bhd.	Dormant	Malaysia	100	100
Signet Share Registration Services Sdn. Bhd.	Dormant	Malaysia	100	100
Malaysia Issuing House Sdn. Bhd.	Administering the process of share issuance and offers for sale in relation to initial public offerings	Malaysia	100	100
Symphony BCSIS Sdn. Bhd.	Provision of infrastructure, manpower and services for the centralisation of outward cheque clearing	Malaysia	51	51
Symphony Share Registrars Sdn. Bhd.	Provision and/or undertaking of share registration services	Malaysia	100	100
Symphony Corporatehouse Sdn. Bhd.	Provision of corporate secretarial, accounting and payroll services	Malaysia	100	100
Ironbeak Limited.	Investment holding	British Virgin Island	100	100
Symphony BPO Solutions Sdn. Bhd. ("SymBPO")	Provision of business process outsourcing ("BPO") services and management services to its subsidiaries	Malaysia	99.9	99.9
Symphony Assets Sdn. Bhd.	Intended for the provision of management services and the business of letting properties to mainly the subsidiaries of the Company	Malaysia	100	100

Notes to the Financial Statements (cont'd.)

31 December 2012

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation	Effective ownership interest 2012 %	2011 %
Held by the Company				
Symphony HRS Sdn. Bhd.	Provision of HRS services and management services	Malaysia	70	70
Vsource Taiwan Limited	Dormant	Taiwan	99.9	99.9
Symphony BPO Solutions (Japan) Ltd.	Provision of BPO services and management services	Japan	99.9	99.9
Symphony BPO Solutions (S) Pte. Ltd.	Dormant	Singapore	99.9	99.9
Symphony CMS Sdn Bhd	Dormant	Malaysia	99.9	99.9
Symphony FS Sdn Bhd	Dormant	Malaysia	99.9	99.9
Held through SHRS				
SymBPO Europe Limited	Provision of sales, marketing and project management support, and implementation services in relation to human resource solutions.	Europe	70	70

(i) On 10 January 2011, the Company held a final meeting for the member's voluntary winding-up of Symphony Nominees Sdn Bhd ("SNSB"). On 14 January 2011, the Return by Liquidator relating to Final Meeting (Form 69) has been lodged with the Companies Commission of Malaysia ("CCM"). Pursuant to Section 272(5) of the Companies Act, 1965, SNSB was dissolved on the expiration of three (3) months after the lodging of the Form 69 with the CCM and the Official Receiver.

(ii) On 14 April 2011, SBPO, a 99.9% owned subsidiary of the Company, issued 15,000,000 ordinary shares of RM1.00 each to the Company. The issuance of the ordinary shares were affected via the capitalisation of loans and advances made by the Company to SBPO.

(iii) On 28 April 2011, SBPO, a 99.9 % owned subsidiary of the Company has completed the acquisitions of 100% equity interest in Symphony HRS Sdn Bhd ("SHRS"), Symphony CMS Sdn Bhd and Symphony FS Sdn Bhd for a total cash consideration of RM2 for each company.

(iv) On 28 April 2011, the Company has implemented a rationalisation exercise which involved an agreement between SBPO and HR Group Management Ltd. ("HRGM") to invest in SHRS with shareholding of 70%:30%. Upon a execution of the agreement, SBPO subscribed and paid 2,899,998 ordinary shares at par value of RM1.00 each. In addition, SBPO transfer all it's HRS businesses including the related assets and liabilities amounting RM18,000,000 to SHRS. In exchange, SHRS issued 6,533,333 shares of RM1.00 in SHRS at the issue price of approximately RM2.76 each at a premium to SBPO.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(v) On 28 April 2011, SHRS acquired the entire equity interest in SymBPO Europe Limited ("SBE") for a consideration of £100.

The fair values of identifiable assets and liabilities of SBE as at the date of acquisition were:

	Fair value RM'000	Carrying amount RM'000
Property, plant and equipment	54	54
Trade and other receivables	712	712
Cash and cash equivalents	2	2
	768	768
Trade and other payables	(2,111)	(2,111)
Fair value of net assets	(1,343)	(1,343)
Goodwill arising on the acquisitions	1,344	
Consideration	1	

The effects of the above acquisitions on the financial results have not been disclosed as it was not material to the Group.

6. INTANGIBLE ASSETS

	Goodwill RM'000	Software development expenditure RM'000	Process and system development expenditure RM'000	Assets in progress RM'000	Total RM'000
Group					
At 31 December 2012					
Cost					
At 1 January 2012	136,357	7,567	26,564	4,178	174,666
Additions	-	559	-	4,332	4,891
Transfer in/(out)	-	-	4,178	(4,178)	-
Attributable to discontinued operations	(1,344)	-	(11,928)	(4,332)	(17,604)
Exchange difference	-	-	(93)	-	(93)
At 31 December 2012	135,013	8,126	18,721	-	161,860
Accumulated amortisation and impairment loss					
At 1 January 2012	-	(5,405)	(19,922)	-	(25,327)
Amortisation charge for the year	-	(613)	(1,704)	-	(2,317)
Impairment loss	(50,860)	-	-	-	(50,860)
Attributable to discontinued operations	-	-	2,812	-	2,812
Exchange difference	-	-	93	-	93
At 31 December 2012	(50,860)	(6,018)	(18,721)	-	(75,599)
Net carrying amount					
At 31 December 2012	84,153	2,108	-	-	86,261

Notes to the Financial Statements (cont'd.)

31 December 2012

6. INTANGIBLE ASSETS (CONT'D)

	Goodwill RM'000	Software development expenditure RM'000	Process and system development expenditure RM'000	Assets in progress RM'000	Total RM'000
Group					
At 31 December 2011					
Cost					
At 1 January 2011	135,016	6,719	18,760	-	160,495
Additions	1,344	848	-	4,178	6,370
Write-off	(3)	-	-	-	(3)
Transfer from property, plant and equipment (Note 4)	-	-	7,749	-	7,749
Exchange difference	-	-	55	-	55
At 31 December 2011	136,357	7,567	26,564	4,178	174,666
Accumulated amortisation and impairment loss					
At 1 January 2011	-	(4,772)	(17,624)	-	(22,396)
Amortisation charge for the year	-	(633)	(2,243)	-	(2,876)
Exchange difference	-	-	(55)	-	(55)
At 31 December 2011	-	(5,405)	(19,922)	-	(25,327)
Net carrying amount					
At 31 December 2011	136,357	2,162	6,642	4,178	149,339
At 1 January 2011	135,016	1,947	1,136	-	138,099

Additions to aggregate costs incurred during the year include:

	Group	
	2012 RM'000	2011 RM'000
Staff cost (Note 20):		
- capitalised to assets in progress	4,332	4,178
- capitalised to software development expenditure	559	557
	4,891	4,735

6. INTANGIBLE ASSETS (CONT'D)

(a) Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segments as follows:

	Group	
	2012 RM'000	2011 RM'000
Information Technology ("IT") Services - Software development and computer solutions	4,576	12,576
Outsourcing Services		
- Business process outsourcing	53,681	96,541
- Share registration services	8,802	8,802
- Secretarial and accounting services	18,438	18,438
	80,921	123,781
	85,497	136,357

Impairment tests for goodwill

(b) Key assumptions used in value-in-use calculations

The recoverable amount of CGUs are determined based on value-in-use calculations using cash flow projections based on financial budgets estimated by management covering a five year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below.

	Growth Rate	
	2012 %	2011 %
IT Services - Software development and computer solutions	1.0	1.0
Outsourcing Services		
- Business process outsourcing	0.0	0.0
- Share registration services	1.0	1.0
- Secretarial and accounting services	1.0	1.0

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Growth rates

The growth rate used in the IT Services, business process outsourcing, share registration and secretarial and accounting services are based on management's estimation.

(iii) Discount rates

The discount rates used reflect specific risks relating to the relevant CGU.

Notes to the Financial Statements (cont'd.)

31 December 2012

6. INTANGIBLE ASSETS (CONT'D)

(c) Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed the recoverable amount.

7. DEFERRED TAX

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	25	(785)	-	-
Recognised in the profit or loss (Note 23)	66	810	42	-
Reclassified as held for sale	(1,160)	-	-	-
At 31 December	(1,069)	25	42	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(3,074)	936	42	-
Deferred tax liabilities	2,005	(911)	-	-
	(1,069)	25	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Software development RM'000	Property, plant and equipment RM'000	Intangible assets RM'000	Total RM'000
At 1 January 2012	248	899	1,045	2,192
Recognised in the profit or loss	-	1,852	339	2,191
Reclassified as held for sale	-	(994)	(1,384)	(2,378)
At 31 December 2012	248	1,757	-	2,005
At 1 January 2011	-	130	165	295
Recognised in profit or loss	248	769	880	1,897
At 31 December 2011	248	899	1,045	2,192

7. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group:

	Other payables RM'000	Unabsorbed capital allowances and tax losses RM'000	Total RM'000
At 1 January 2012	(1,600)	(567)	(2,167)
Recognised in profit or loss	205	(2,330)	(2,125)
Reclassified as held for sale	106	1,112	1,218
At 31 December 2012	(1,289)	(1,785)	(3,074)
At 1 January 2011	(1,146)	66	(1,080)
Recognised in profit or loss	(454)	(633)	(1,087)
At 31 December 2011	(1,600)	(567)	(2,167)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM'000
At 1 January 2012	-
Recognised in profit or loss	42
At 31 December 2012	42

Deferred tax liabilities of the Company:

	Group	
	2012 RM'000	2011 RM'000
Unused tax losses	1,929	3,037
Unabsorbed capital allowances	3,110	1,466
	5,039	4,503

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profit of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Notes to the Financial Statements (cont'd.)

31 December 2012

8. INVENTORIES

	Group	
	2012 RM'000	2011 RM'000
Food and beverage, at cost	3	5

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables				
Third parties	29,693	34,203	-	-
Less: Allowance for impairment	(2,311)	(3,187)	-	-
Trade receivables, net	27,382	31,016	-	-
Other receivables				
Amount due from subsidiaries	-	-	18,069	15,215
Other receivables	1,001	2,046	3	9
Deposits and prepayments	3,340	3,433	72	97
	4,341	5,479	18,144	15,321
	31,723	36,495	18,144	15,321
Total trade and other receivables (current)	31,723	36,495	18,144	15,321
Add: Cash and bank balances (Note 11)	28,786	43,040	8,049	14,355
Total loans and receivables	60,509	79,535	26,193	29,676

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	20,060	18,303
1 to 30 days past due not impaired	2,701	6,296
31 to 60 days past due not impaired	1,463	2,783
61 to 90 days past due not impaired	431	536
91 to 120 days past due not impaired	102	635
More than 121 days past due not impaired	2,625	2,463
	7,322	12,713
Individually impaired	2,311	3,187
	29,693	34,203

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,322,000 (2011: RM12,713,000) that are past due at the reporting date but not impaired.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2012 RM'000	2011 RM'000
Movement in allowance accounts:		
At 1 January	3,187	2,287
Charge for the year	104	900
Written off during the year	(980)	-
At 31 December	2,311	3,187

The foreign currency denominated receivables are disclosed in Note 31(c) to the financial statements.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes to the Financial Statements (cont'd.)

31 December 2012

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Credit risk

The Group's normal trade credit term ranges from 30 to 90 days (2011: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by senior management.

Other than the amount due from banking and financial institutions amounting to RM4,113,000 (2011: RM3,058,000), the Group has no other significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(b) Related parties balances

The amount due from subsidiaries is unsecured, interest-free and repayable on demand.

Loan to subsidiaries is unsecured, bear interest at cost of funds plus 2% (2011: cost of fund plus 2%) and repayable on demand.

Further details on related party transactions are disclosed in Note 27. Other information on financial risks of trade and other receivables are disclosed in Note 31.

10. MARKETABLE SECURITIES

	Group	
	2012 RM'000	2011 RM'000
Held for trading investments		
Shares quoted in Malaysia	13	11
Market value of quoted shares	13	11

11. CASH AND BANK BALANCES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash in hand and at banks	9,649	22,017	8,049	3,098
Deposits placed with: Licensed banks	19,137	21,023	-	11,257
Cash and bank balances	28,786	43,040	8,049	14,355

The effective interest rates of deposits during the year with licensed banks and other financial institutions were as follows:

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Licensed banks	2.00 - 3.10	2.00 - 3.25	2.20	2.00

11. CASH AND BANK BALANCES (CONT'D)

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2012 Days	2011 Days	2012 Days	2011 Days
Licensed banks	1 - 60	1 - 30	1	1

Other information on financial risks of cash and cash equivalents are disclosed in Note 31.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and short term deposits:				
- Continuing operations	28,786	43,040	8,049	14,355
- Discontinued operations	13,088	-	-	-
	41,874	43,040	8,049	14,355
Bank overdrafts	(4,776)	(3,663)	-	-
Deposits pledged for:				
Islamic Commercial Papers and Medium Term Notes (Note 16)	(290)	(10,557)	(290)	(10,557)
Cash and cash equivalents	36,808	28,820	7,759	3,798

12. SHARE CAPITAL

	Number of ordinary shares of RM0.10 each			
	2012 '000	2011 '000	2012 RM'000	2011 RM'000
Authorised:				
At 1 January/31 December	2,000,000	2,000,000	200,000	200,000
Issued and fully paid:				
At 1 January/31 December	660,000	660,000	66,000	66,000

Notes to the Financial Statements (cont'd.)

31 December 2012

13. RESERVES

The movement in each category of non-distributable reserves are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Share premium reserves				
At 1 January/31 December	51,550	51,550	51,550	51,550
Capital Reserves				
At 1 January/31 December	3,075	3,075	-	-
Treasury shares				
At 1 January	(89)	(86)	(89)	(86)
Addition	(2)	(3)	(2)	(3)
At 31 December	(91)	(89)	(91)	(89)
Translation reserves				
At 1 January	(1,800)	(554)	-	-
Exchange difference on translation of the financial statements of foreign entities	(50)	(1,246)	-	-
At 31 December	(1,850)	(1,800)	-	-
Total reserves	52,684	52,736	51,459	51,461

The nature and purpose of each category of reserve are as follows:

(a) Capital reserves

Capital reserve represents the transfer from distributable earnings of wholly-owned subsidiaries arising from its bonus issue of shares.

(b) Treasury shares

This amount relates to the acquisition cost of treasury shares.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 31 May 2012, renewed their approval for the Company's plan to repurchase its own ordinary shares.

During the financial year, the Company repurchased 15,000 (2011: 20,000) of its issued ordinary shares from the open market at an average price of RM0.14 (2011: RM0.14) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 660,000,000 (2011: 660,000,000) issued and fully paid ordinary shares as at 31 December 2012, 305,816 (2011: 290,816) are held as treasury shares by the Company at a carrying amount of RM91,000 (2011: RM89,000). As at 31 December 2012, the number of outstanding ordinary shares (excluding treasury shares) in issue and fully paid is 659,694,184 (2011: 659,709,184) ordinary shares of RM0.10 each.

13. RESERVES (CONT'D)

(c) Foreign currency translation reserves

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

14. SHARES HELD BY ESTS

The Company established an Employee Share Trust Scheme ("ESTS" or the "Scheme") for its eligible executives. The ESTS is administered by an appointed Trustee. The Trustee will be entitled from time to time to accept the financial assistance from the Company upon such terms and conditions, as the Company and the Trustee may agree to purchase shares in the Company from the open market for the purpose of this trust.

The commencement date of the ESTS was 14 May 2008 and shall be in force for a period of 3 years ("ESTS Period"). During the year, the ESTS has been renewed for another period of 3 years to May 2014.

The main features of the ESTS, inter alia, are as follows:

(a) Beneficiaries of the ESTS are eligible employees who are full-time employees under the category of executives or such other equivalent category as may be confirmed by the Group's Human Resource Department, who are on the payroll of the Company and its subsidiaries during the ESTS Period, but which shall exclude the Executive Directors of the Company.

(b) The aggregate number of shares to be acquired under the ESTS shall not exceed 30 million of the issued ordinary shares of the Company.

(c) The amount required for the purchase inclusive of the transaction costs shall not exceed RM10 million.

(d) The beneficiaries shall be entitled to any distribution rights including but not limited to dividends declared or paid in relation to the ESTS shares, however, such dividends if any, are automatically waived in favour of the Company as settlement of any cost incurred in implementing and maintaining the Scheme.

(e) The beneficiaries shall not be entitled to the voting rights in relation to the ESTS shares as the voting rights lie with the appointed Trustee who may take into consideration the recommendations of the adviser appointed by the ESTS Committee before voting.

(f) The award to the beneficiaries is through the realisation of any gains arising from the disposal of the ESTS shares held in the Scheme. The net gains from such disposal, after repayment of the corresponding portion of the loan granted by the Company, are to be allocated to the beneficiaries based on their achievement of their respective performance targets set by the Company.

The Company appointed OSK Trustees Berhad as the Trustee of the Scheme and entered into a Trust Deed on 12 May 2008.

As at 31 December 2012, the number of shares held by ESTS was 26,037,146 (2011 26,037,146) at a carrying amount of RM7,097,000 (2011: RM7,097,000).

Notes to the Financial Statements (cont'd.)

31 December 2012

15. RETAINED PROFITS

In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December 2007 due to the limited 108 balance available for distribution. Hence, the Company will be able to distribute dividends out of its entire retained profits under the single tier system.

16. BORROWINGS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term borrowings:				
Secured:				
Bank overdrafts	4,776	3,663	-	-
Islamic Medium Term Notes	20,000	15,000	20,000	15,000
Trade Loan	5,857	3,868	-	-
Hire purchase and finance lease payables	287	410	-	-
	30,920	22,941	20,000	15,000
Long term borrowings:				
Secured:				
Islamic Medium Term Notes	-	20,000	-	20,000
Hire purchase and finance lease payables	-	287	-	-
	-	20,287	-	20,000
Total borrowings				
Bank overdrafts	4 ,776	3,663	-	-
Islamic Medium Term Notes	20,000	35,000	20,000	35,000
Trade Loan	5,857	3,868	-	-
Hire purchase and finance lease payables	287	697	-	-
	30,920	43,228	20,000	35,000
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	30,920	22,531	20,000	15,000
More than 1 year and less than 2 years	-	20,000	-	20,000
	30,920	42,531	20,000	35,000

16. BORROWINGS (CONT'D)

(a) Bank overdrafts

Bank overdrafts are denominated in RM, bears interest at BLR + 1.5% and are secured by Corporate Guarantee by the holding company.

(b) Trade Loan

Trade loan is denominated in RM, bears interest at COF + 0.8% and is secured by Corporate Guarantee by the holding company. Repayment of the loan is due on January 2013.

(c) Islamic Medium Term Notes

The Islamic Medium Term Notes bear interest of 6 months KLIBOR + 2% and where applicable are secured by an assigment of a Sinking Fund Account and a Finance Service Reserve Account, as disclosed in Note 11 to the financial statements. The Islamic Medium Term Notes is due on 19 July 2013.

(d) Hire purchase and finance lease payables

These obligations are secured by a charge over the Group's plant and equipment, denominated in RM and bear interest ranging from 6.2% to 7.2% (2011: 6.2% to 7.2%) per annum.

Hire purchase and finance lease liabilities are payable as follows:

	Group	
	2012 RM'000	2011 RM'000
Minimum lease payments:		
Not later than 1 year	293	440
Later than 1 year and not later than 2 years	-	293
	293	733
Less: Future finance charges	(6)	(36)
Present value of finance lease liabilities	287	697

Present value of hire purchase and finance lease liabilities:

	Group	
	2012 RM'000	2011 RM'000
Not later than 1 year	287	410
Later than 1 year and not later than 2 years	-	287
	287	697

Other information of financial risks of borrowings are disclosed in Note 31 to the financial statements.

Notes to the Financial Statements (cont'd.)

31 December 2012

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	675	1,112	-	-
Due to subsidiaries	-	-	2,631	2,259
Other payables	4,915	10,933	505	50
Accrued expenses	7,228	14,922	-	712
	12,818	26,967	3,136	3,021
Total trade and other payables	12,818	26,967	3,136	3,021
Add: Loans and borrowings (Note 16)	30,920	43,228	20,000	35,000
Total financial liabilities carried at amortised cost	43,738	70,195	23,136	38,021

Trade and other payables are non-interest bearing and normal credit terms granted to the Group range from 30 to 90 days (2011: 30 to 90 days).

The amount due to subsidiaries is unsecured, interest-free and repayable on demand.

Further details on related party transactions are disclosed in Note 27. Other information on financial risks of payables are disclosed in Note 31.

18. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
IT services (Note 25)	2,604	2,757	-	-
Outsourcing services (Note 25)	111,133	102,977	-	-
Corporate Services (Note 25)	4,461	2,057	11,000	8,000
	118,198	107,791	11,000	8,000

19. OPERATING (LOSS)/PROFIT FROM CONTINUING OPERATIONS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating (loss)/profit is arrived at after charging and crediting:				
Auditors' remuneration				
- statutory audit	245	229	54	52
- other services	5	3	5	3
Amortisation of software development expenditure	613	633	-	-
Allowance for impairment on trade receivables	104	900	-	-
Depreciation of property, plant and equipment	5,741	6,551	63	153
Operating leases:				
- minimum lease payments for office premises	7,988	15,939	133	133
- minimum lease payments for computer equipment	320	117	-	-
Property, plant and equipment written off	80	107	-	-
Realised foreign exchange loss/(gain)	196	(287)	4	-
Bad debt recovered	(577)	(150)	-	-
Impairment loss on goodwill	50,860	3	-	-
Unrealised foreign exchange loss/(gain)	220	(272)	17	95
Employee benefit expense (Note 20)	70,389	77,411	-	-
Interest income	(952)	(1,279)	(783)	(1,111)
Management fees from subsidiaries	-	-	(492)	-

Notes to the Financial Statements (cont'd.)

31 December 2012

20. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	54,066	67,764	-	-
Pension costs-defined contribution plans	5,999	6,943	-	-
Other staff related expenses	10,883	7,439	-	-
	70,948	82,146	-	-
Less:				
Employee benefits expense capitalised under:				
- assets in-progress (Note 6(b))	-	(4,178)	-	-
- software development expenditure (Note 6)	(559)	(557)	-	-
Employee benefits expense recognised in profit or loss	70,389	77,411	-	-
Included in the employee benefits expense are:				
Executive Directors' remuneration (Note 21)	1,830	1,339	-	-

21. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive:				
Salaries and other emoluments	1,194	1,170	-	-
Bonus	417	-	-	-
Defined contribution plan	194	141	-	-
Estimated money value of benefits-in-kind	25	28	-	-
	1,830	1,339	-	-
Non-Executive:				
Fees	204	204	204	204
Other emoluments	66	32	66	32
	2,100	1,575	270	236

21. DIRECTORS' REMUNERATION (CONT'D.)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2012	2011
Executive Directors:		
RM300,001 - RM500,000	-	1
RM500,001 - RM900,000	1	1
RM901,000 - RM1,500,000	1	-
Non-Executive Directors:		
RM50,001 - RM100,000	4	4

22. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense on:				
Islamic Medium Term Notes	1,292	1,921	1,292	1,921
Finance lease and hire purchase liabilities	30	63	-	-
Other borrowings	1,000	973	198	4
	2,322	2,957	1,490	1,925

23. INCOME TAX EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current income tax - continuing operations:				
Malaysian income tax	3,552	2,915	6	-
Foreign tax	115	3	-	-
	3,667	2,918	6	-
Under/(over) provided in prior years:				
Malaysian income tax	227	(668)	-	(682)
Foreign tax	-	(2)	-	-
	227	(670)	-	(682)

Notes to the Financial Statements (cont'd.)

31 December 2012

23. INCOME TAX EXPENSE (CONT'D.)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax (Note 7):				
Relating to origination and reversal of temporary differences	189	(276)	(11)	-
(Over)/under provided in prior years	(508)	310	53	-
	(319)	34	42	-
Income tax attributable to continuing operations	3,575	2,282	48	(682)
Income tax attributable to discontinued operations	(15)	1,176	-	-
Income tax expense recognised in profit and loss	3,560	3,458	48	(682)

Domestic current income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the financial year, the income tax rate applicable to the subsidiary in Singapore is 17% (2011: 17%), Taiwan 25% (2011: 25%) and Japan 18% (2011: 18%).

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(Loss)/profit before tax from continuing operations	(38,038)	(3,593)	8,828	5,318
Loss before tax from discontinued operations	3,950	3,762	-	-
Accounting profit before tax	(34,088)	169	8,828	5,318
Income tax using Malaysian tax rate of 25%	(8,522)	42	2,207	1,330
Effect of different tax rates in foreign jurisdiction	105	(4)	-	-
Non-deductible expenses	12,292	4,115	80	210
Income not subject to tax	(384)	(1,629)	(2,292)	(1,540)
Deferred tax assets not recognised during the year	559	1,294	-	-
Utilisation of previously unrecognised business loss	(277)	-	-	-
Utilisation of previously unrecognized unabsorbed capital allowance	(148)	-	-	-
(Over)/Under provision of deferred tax in prior years	(292)	310	53	-
Under/(over)provision of tax expense in prior years	227	(670)	-	(682)
Income tax expense recognise in profit or loss	3,560	3,458	48	(682)

24. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per share ("EPS") is calculated by dividing the loss for the year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company and shares held by ESTS as disclosed in Note 13 and Note 14 to the financial statements respectively.

	2012	2011
Loss net of tax attributable to equity holders of the Company (RM'000)	(38,885)	(3,867)
Less: Profit from discontinued operation net of tax, attributable to equity holders of the Company (RM'000)	3,965	2,586
Loss from continuing operations net of tax, attributable to equity holders	(42,850)	(6,453)
Weighted average number of ordinary shares in issue excluding treasury shares and shares	633,662	633,672
Basic earnings per share (sen) for: Loss for the year, net of tax	(6.76)	(1.02)

(b) Diluted

There are no potential ordinary shares outstanding as at 31 December 2012. As such, the fully diluted earnings per share of the Group is equivalent to the basic earnings per share.

25. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the services provided which is in line with its internal reporting structure, and has three reportable operating segments as follows:

(i) 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;

(ii) IT services which include sale of computer solution, computer parts, application software and consultancy services; and

(iii) the corporate segment which involves the business of letting properties to mainly subsidiaries of Symphony, provision of management services and investment holding.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Inter-segment pricing is determined based on negotiated terms.

Notes to the Financial Statements (cont'd.)

31 December 2012

25. SEGMENT INFORMATION (CONT'D.)

	Outsourcing		Outsourcing (discontinued)		IT		Corporate		Elimination		Consolidated	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue from external customers	111,133	102,977	86,676	78,079	2,604	2,757	4,461	2,057	(86,676)	(78,079)	118,198	107,791
Inter-segment revenue	91	94	-	-	-	-	19,899	16,899	(19,990)	(16,993)	-	-
Total revenue from continued operation	111,224	103,071	86,676	78,079	2,604	2,757	24,360	18,956	(106,666)	(8,993)	118,198	107,791
Segment results	18,375	2,402	3,854	3,612	2	4	(4,218)	(4,171)	(3,854)	(3,612)	14,159	(1,765)
Finance costs	(832)	(984)	-	-	-	-	(2,070)	(2,501)	580	528	(2,322)	(2,957)
Interest income	752	512	96	150	28	32	785	1,113	(676)	(678)	985	1,129
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	(50,860)	-
Profit/(loss) before tax	18,295	1,930	3,950	3,762	30	36	(5,503)	(5,559)	4,049	(3,762)	(38,038)	(3,593)
Income tax expense	(3,571)	(3,114)	15	(1,176)	(48)	(222)	123	1,054	(94)	1,176	(3,575)	(2,282)
Profit/(loss) net of tax	14,724	(1,184)	3,965	2,586	(18)	(186)	(5,380)	(4,505)	3,955	(2,586)	(41,613)	(5,875)
Segment assets	132,354	156,570	40,566	-	6,381	6,466	242,492	245,909	(248,288)	(154,831)	173,505	254,114
Segment liabilities	35,562	51,141	17,349	-	1,168	978	42,182	45,593	(49,189)	(30,948)	47,072	66,764
Other segment information												
Capital expenditure	3,629	1,452	167	235	10	56	240	175	(167)	(235)	3,879	1,683
Addition to intangible assets	207	146	4,332	5,522	352	702	-	-	(4,332)	(5,522)	559	848
Depreciation and amortisation	4,166	7,119	2,380	718	707	728	803	862	(305.8)	(718)	5,000	7,991
Property, plant and equipment written off	80	107	-	-	-	-	-	-	-	-	80	107

Notes to the Financial Statements (cont'd.)

31 December 2012

25. SEGMENT INFORMATION (CONT'D.)

Geographical segments

The IT Services also operate in Singapore apart from Malaysia. Outsourcing Services also operate in Japan apart from Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

	Malaysia		Outside Malaysia		Elimination		Consolidated	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Geographical segments								
Revenue from external customers by location of customers	87,531	81,543	50,657	104,327	(19,990)	(78,079)	118,198	107,791
Segment assets by location of assets	403,366	258,481	18,427	26,581	(248,288)	(30,948)	173,505	254,114
Capital expenditure by location of assets	4,046	1,906	-	12	(167)	-	3,879	1,918

Notes to the Financial Statements (cont'd.)

31 December 2012

26. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE.

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

As at 31 December 2012, the assets and liabilities related to SHRS 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".

Statements of financial positions disclosures

The major classes of assets and liabilities of Symphony HRS Sdn Bhd classified as held for sale as at 31 December 2012 are as follows:

	Group RM'000
Assets:	
Property, plant and equipment	1,097
Intangible assets	14,792
Trade and other receivables	11,589
Cash and bank balances	13,088
Assets of disposal group classified as held for sale	40,566
Liabilities:	
Trade and other payables	(16,189)
Deferred tax liabilities	(1,160)
Liabilities directly associated with disposal group classified as held for sale	(17,349)
Net assets directly associated with disposal group classified as held for sale	23,217

Statement of comprehensive income disclosures

The result of Symphony HRS Sdn Bhd for the year ended 31 December are as follows:-

	Group	
	2012 RM'000	2011 RM'000
Revenue	86,676	78,079
Cost of sales	(74,181)	(65,646)
Profit from operations	12,495	12,433
Other income	130	212
Administrative expenses	(8,675)	(8,883)
Profit before tax from discontinued operation	3,950	3,762
Income tax expense	15	(1,176)
Profit from discontinued operation, net of tax	3,965	2,586

26. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE. (CONT'D.)

Statement of cash flow disclosures

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

	Group	
	2012 RM'000	2011 RM'000
Operating	5,071	1,716
Investing	(4,404)	(4,264)
Financing	587	4,108
Net cash inflows	1,254	1,560

27. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

Name of company/entities	Relationships
BCS Information Systems Pte. Ltd.	A major shareholder in Symphony BCSIS Sdn. Bhd., a subsidiary of the Company
Symphony Life Berhad (f.k.a. Bolton Berhad)	A major shareholder in the Company and Tan Sri Mohamed Azman bin Yahya is the Executive Chairman of Bolton Berhad
Bolton Marketing Sdn Bhd	A subsidiary of Symphony Life Berhad, which is a major shareholder in the Company and Tan Sri Mohamed Azman bin Yahya is the Executive Chairman of Bolton Berhad
E2 Power Sdn. Bhd.	A subsidiary of OCBC Group, in which OCBC Group is a holding company of BCS Information Systems Pte. Ltd.
Khazanah Nasional Berhad	Tan Sri Mohamed Azman bin Yahya is a Non-Executive Director
Malaysian Airline System Berhad	Tan Sri Mohamed Azman bin Yahya is a Non Independent Non-Executive Director
OCBC Group	A holding company of BCS Information Systems Pte. Ltd.
OSK Holdings Berhad	Foo San Kan is a Non-Executive Director
OSK Investment Bank Berhad	Foo San Kan is a Non-Executive Director
OSK Ventures International Berhad	Foo San Kan is a Non-Executive Director
OSK Property Holding Berhad	Foo San Kan is a Non-Executive Director
Permodalan Nasional Berhad	Tan Sri Asmat bin Kamaludin is a Non-Executive Director
Plus Expressways Berhad	Tan Sri Mohamed Azman bin Yahya is a Non-Independent Non-Executive Director
Scomi Engineering Berhad	Abdul Hamid bin Sh. Mohamed is a Non-Executive Director
Scomi Group Berhad ("SCOMI")	Tan Sri Mohamed Azman bin Yahya is a Non-Independent
	Non-Executive Director and shareholder of SCOMI by virtue of his sharehold-ing in Gajahrimau Capital Sdn. Bhd.
	Tan Sri Asmat bin Kamaludin is a Non-Executive Chairman and is deemed interested by virtue of his indirect interests in SCOMI

Notes to the Financial Statements (cont'd.)

31 December 2012

27. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Significant related party transactions (cont'd.)

Transactions (by)/to:

	2012 RM'000	2011 RM'000
Group		
Provision of Information Technology ("IT") project related services		
BCS Information Systems Pte. Ltd.	(1,907)	(2,107)
SGT International Sdn. Bhd.	96	-
Rental of office		
Permodalan Nasional Berhad	(210)	(203)
Provision of customisation and operational support services		
E2 Power Sdn. Bhd.	6,846	6,694
Provision of share registration services		
Malaysian Airline System Berhad	76	64
OSK Holdings Berhad	597	116
OSK Investment Bank Berhad	251	153
OSK Ventures International Berhad	66	39
OSK Property Holdings Berhad	237	-
Plus Expressways Berhad	9	94
Scomi Group Berhad	114	154
Scomi Engineering Berhad	84	36
Provision of accounting services		
Khazanah Nasional Berhad	508	570
Rental income		
Symphony Life Berhad (f.k.a. Bolton Berhad)	1,406	1,308
Bolton Marketing Sdn Bhd	50	50
Provision of office rental, utilities and service charges		
A.T.E.S Sdn Bhd	2,079	-
Company		
Gross dividends from subsidiaries	11,000	8,000
Interest income from subsidiaries	580	718
Secretarial fee charged by a subsidiary	(23)	(26)
Rental charged by a subsidiary	(133)	(249)
Management fees to subsidiaries	(492)	(249)
Share registration fee charged by a subsidiary	(9)	(31)

The transaction has been entered into the normal course of business and have been established under negotiated terms.

27. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term employee benefits	5,079	2,597	-	-
Post-employment benefits: Defined contribution plan	507	268	-	-
	5,586	2,865	-	-
Included in the total key management personnel are:				
Directors' remuneration (Note 21)	1,830	1,339	-	-

28. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of office premises and computer equipment. These leases have an average life of between 1 and 10 years with renewal or purchase option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Future minimum rentals payments:				
Not later than 1 year	8,330	15,417	133	133
Later than 1 year and not later than 5 years	30,718	59,855	532	532
Later than 5 years	13,980	26,429	266	399
	53,028	101,701	931	1,064

Notes to the Financial Statements (cont'd.)

31 December 2012

29. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Approved and contracted for	45	-	-	-
Approved but not contracted for	-	337	-	-
	45	337	-	-

30. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Approved and contracted for	-	7,689	-	7,689

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. The following sections provide details regarding the Group and Company exposure to the above mentioned financial risks and the objectives, policies and processes for the management of the risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in the interest rate environment principally relates to its debt obligations. The debt obligations pertaining to term loans, hire purchase and lease obligations are disclosed in Note 16. The Group does not hedge interest rate risk but ensures that it had obtained borrowings at competitive interest rates under the most favourable terms and conditions. The Group's interest bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits and short term money market instruments.

Sensitivity analysis for interest rate risk

As at the end of the reporting period, a change of 100 basis point (bp) would have a financial impact on the Group's (loss) and Company's profit after taxation and equity by the amounts shown below, with all other variables held constant:

	Effect on (loss)/profit net of tax RM'000	Effect on equity RM'000
Group		
2012		
Increase of 100 bp	(306)	(267)
Decrease of 100 bp	306	267
2011		
Increase of 100 bp	(416)	(416)
Decrease of 100 bp	416	416
Company		
2012		
Increase of 100 bp	(200)	(200)
Decrease of 100 bp	200	200
2011		
Increase of 100 bp	(350)	(350)
Decrease of 100 bp	350	350

Notes to the Financial Statements (cont'd.)

31 December 2012

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As the business process outsourcing ("BPO") business of the Group derives most of its revenue from operations in the Asia-Pacific region, the business faces exposure to adverse movements in foreign currency exchange rates. This exposure may change over time as business practices evolve and could seriously impact the financial results. Most of the BPO's foreign currency transactions are currently conducted in United States Dollar, Singapore Dollar and Euro, which have floating exchange rates relative to the Ringgit Malaysia. The Group manages this risk by monitoring closely its balances and takes appropriate action to minimise the exposure.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances are as following:-

	Group	
	2012 RM'000	2011 RM'000
- US Dollar	1,557	1,295
- Singapore Dollar	1,964	1,178
- Australian Dollar	9,166	278
- Japanese Yen	405	882
	13,092	3,633

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a 5% increase and decrease in the foreign currency against the functional currency of the Group entities, with all other variables held constant.

		Group	
		2012 RM'000	2011 RM'000
USD/RM	- strengthened 5%	520	340
	- weakened 5%	(520)	(340)
SGD/RM	- strengthened 5%	270	338
	- weakened 5%	(270)	(338)
JPY/RM	- strengthened 5%	25	122
	- weakened 5%	(25)	(122)
AUD/RM	- strengthened 5%	458	-
	- weakened 5%	(458)	-

As at reporting date, the Group had not entered into any forward foreign exchange contracts.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group enters into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset.

<u>Credit risk concentration profile</u>

The Group determines concentrations of credit risk by monitoring the country and business segments of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2012		2011	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	14,879	54%	13,088	43%
Singapore	3,426	13%	6,882	22%
United States	8,842	32%	5,290	17%
Europe	12	0%	4,052	13%
Other countries	223	1%	1,704	5%
	27,382	100%	31,016	100%
By business segments:				
IT services	1,431	5%	1,869	6%
Outsourcing services	25,951	95%	29,147	94%
	27,382	100%	31,016	100%

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Notes to the Financial Statements (cont'd.)

31 December 2012

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligation.

	2012 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	12,818	-	12,818
Loans and borrowings	31,603	-	31,603
Total undiscounted financial liabilities	44,421	-	44,421
Company			
Financial liabilities:			
Other payables	3,136	-	3,136
Loans and borrowings	20,677	-	20,677
Total undiscounted financial liabilities	23,813	-	23,813

	2011 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	26,967	-	26,967
Loans and borrowings	22,941	22,030	44,971
Total undiscounted financial liabilities	49,908	22,030	71,938
Company			
Financial liabilities:			
Other payables	3,021	-	3,021
Loans and borrowings	15,000	21,707	36,707
Total undiscounted financial liabilities	18,021	21,707	39,728

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	9
Trade and other payables (current)	17

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of fair values, due to their short-term nature.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the floating rates that are repriced to market interest rates. The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of leasing arrangements at the reporting date.

Notes to the Financial Statements (cont'd.)

31 December 2012

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

The Group's policy is to maintain a strong capital base by having low gearing. The Group monitors capital on the basis of the debt to equity ratio. The ratio is calculated as total borrowings divided by total equity.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term borrowings	30,920	22,941	20,000	15,000
Long term borrowings	-	20,287	-	20,000
Total borrowings	30,920	43,228	20,000	35,000
Total equity	149,650	187,350	206,227	197,449
Debt to equity ratio	21%	23%	10%	18%

34. COMPARATIVES

The presentation and classification of items in the current year financial statement have been consistent with the previous financial period except that certain comparative amounts have been reclassified to conform with current year's presentation to reflect a fairer presentation:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Cash and bank balances	37,583	5,457	43,040
Trade and other payables	21,510	5,457	26,967

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 29 March 2013.

36. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown and components of the retained earnings of the Group and of the Company are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
The retained profits and losses are analysed as follows:				
Total retained profits of the Company and the subsidiaries:				
- realised	43,731	83,265	95,889	86,990
- unrealised	643	-	(24)	95
	44,374	83,265	83,265	87,085
Less: consolidation adjustments	(15,591)	(15,597)	-	-
Total retained profits as per financial statements	28,783	67,668	83,265	87,085

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Analysis of Shareholdings

As at 15 May 2013

Class of shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	1 vote per share
Authorised Share Capital	:	RM200,000,000 comprising 2,000,000,000 ordinary shares of RM0.10 each
Issued and Paid-Up Share Capital	:	RM66,000,000 comprising 660,000,000 ordinary shares of RM0.10 each

Distribution of Shareholding

	No. of shareholders	Total shareholding	% of issued capital*
1 – 99	2,133	74,249	0.01
100 – 1,000	4,278	1,686,914	0.26
1,001 – 10,000	4,559	16,194,784	2.45
10,001 – 100,000	3,048	91,036,158	13.80
100,001 to less than 5% of issued shares	542	364,839,079	55.31
5% and above of issued shares	2	185,853,000	28.17
Total	14,562	659,684,184	100.00

* *Excluding a total of 315,816 ordinary shares bought back by Symphony House Berhad and retained as treasury shares.*

Directors' Shareholding

	Direct Interest		Indirect Interest	
	No. of shares held	% of issued capital*	No. of shares held	% of issued capital*
Tan Sri Asmat bin Kamaludin	-	-	327,940	0.05
Tan Sri Mohamed Azman bin Yahya	11,000,000	1.67	234,553,824[(1)]	35.55
Abdul Hamid Sheikh Mohamed	3,455,041	0.52	-	-
Datuk Khairil Anuar bin Abdullah	168,100	0.03	-	-
Tony Foo San Kan	6,970,000	1.06	-	-
Datuk Mohd Omar Bin Mustapha	-	-	-	-

(1) *Deemed interest by virtue of his interests in Virtuoso Capital Sdn Bhd, Azman & Sons Sdn Bhd and Symphony Life Berhad (f.k.a. Bolton Berhad) pursuant to Section 6A of the Companies Act, 1965*

* *Excluding a total of 315,816 ordinary shares bought back by Symphony House Berhad and retained as treasury shares.*

Substantial Shareholders' Shareholding

	Direct Interest		Indirect Interest	
	No. of shares held	% of issued capital*	No. of shares held	% of issued capital*
Symphony Life Berhad (f.k.a. Bolton Berhad)	76,593,205	11.61	-	-
Tan Sri Mohamed Azman bin Yahya	11,000,000	1.67	234,553,824[(1)]	35.55
Virtuoso Capital Sdn Bhd	133,671,484	20.26	-	-
Gajahrimau Capital Sdn Bhd	-	-	76,593,205[(2)]	11.61

(1) *Deemed interest by virtue of his interests in Virtuoso Capital Sdn Bhd, Azman & Sons Sdn Bhd and Symphony Life Berhad (f.k.a. Bolton Berhad) pursuant to Section 6A of the Companies Act, 1965*

(2) *Deemed interest by virtue of its interests, direct and/or indirect, in Symphony Life Berhad (f.k.a. Bolton Berhad) pursuant to Section 6A of the Companies Act, 1965*

* *Excluding a total of 315,816 ordinary shares bought back by Symphony House Berhad and retained as treasury shares.*

Top 30 shareholders

No	Name of Shareholders	No. of shares held	% of issued shares
1	**ABB Nominee (Tempatan) Sdn Bhd** Pledged Securities Account for Virtuoso Capital Sdn Bhd	111,156,125	16.85
2	**CIMB Group Nominees (Tempatan) Sdn Bhd** Pledged Securities Account for Symphony Life Berhad (f.k.a. Bolton Berhad) (49365 JPLE-ODRC2)	74,696,875	11.32
3	**OSK Trustees Berhad** For the Symphony House ESTS	26,688,074	4.05
4	**Citigroup Nominees (Asing) Sdn Bhd** Exempt An for Citibank NA, Singapore (Julius Baer)	26,265,625	3.98
5	**CIMSEC Nominees (Tempatan) Sdn Bhd** Exempt An for CIMB Trustees Berhad (TR 1032)	24,289,135	3.68
6	**Virtuoso Capital Sdn Bhd**	22,515,359	3.41
7	**John Gerard Cantillon**	17,750,187	2.69
8	**Chin Jit Pyng**	14,450,362	2.19
9	**Tan Sri Mohamed Azman Bin Yahya**	11,000,000	1.67
10	**Foo San Kan**	6,970,000	1.06
11	**Loke Gim Tay**	6,332,169	0.96
12	**K-Synergy Sdn Bhd**	5,830,968	0.88
13	**Lim Hong Liang**	5,802,601	0.88
14	**Onn Kok Puay (Weng GuoPei)**	5,764,062	0.87
15	**Loh Siew Hooi**	5,500,000	0.83
16	**K-Synergy Sdn Bhd**	4,677,118	0.71
17	**Tan Pan Kuang**	4,626,137	0.70
18	**Abdul Hamid bin Sh Mohamed**	3,455,041	0.52
19	**Goh Peng Ooi**	3,447,383	0.52
20	**Macotrade Sdn Bhd**	2,935,126	0.44
21	**HSBC Nominees (Tempatan) Sdn Bhd** HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	2,658,185	0.40
22	**Lim Hong Liang**	2,632,353	0.40
23	**HDM Nominees (Tempatan) Sdn Bhd** DBS Vickers Secs (S) Pte Ltd for Loke Gim Tay	2,257,645	0.34
24	**Leong Chin Hai**	2,201,000	0.33
25	**RHB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account for Wong Jun Jin	2,050,000	0.31
26	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account for Chua Hian Hock	1,901,740	0.29
27	**Symphony Life Berhad (f.k.a Bolton Berhad)**	1,896,330	0.29
28	**Ding Huong Kai**	1,832,200	0.28
29	**Malpac Capital Sdn Bhd**	1,684,985	0.26
30	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account for Wong Pick Ngie @ Wong Pik Ngie (E-SRK)	1,634,270	0.25
	Total	404,901,055	61.38

Notice of Eleventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Topas Room, The Saujana Hotel, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 28 June 2013 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Directors' and Auditor's Reports thereon. (Please refer to Explanatory Notes to the Agenda)

2. To re-elect the following Directors who retire by rotation in accordance with Article 104 of the Company's Articles of Association:-
   (a) Tan Sri Mohamed Azman bin Yahya — Ordinary Resolution 1
   (b) Mr Tony Foo San Kan — Ordinary Resolution 2

3. To re-appoint Messrs Ernst & Young as the Company's auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. — Ordinary Resolution 3

As Special Business

To consider and, if thought fit, pass the following ordinary resolutions:

4. Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965 — Ordinary Resolution 4

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being.

   AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

5. Proposed Renewal of Authority for the Purchase by the Company of its own ordinary shares of up to 10% of the issued and paid up share capital ("Share Buy Back") — Ordinary Resolution 5

   "**THAT**, subject to the approval of the relevant authorities, approval be and is hereby given for the Company to acquire its own ordinary shares of RM0.10 each of up to 10% of its issued and paid up share capital ("Symphony Shares") from the market of Bursa Malaysia Securities Berhad ("Bursa Securities"), as may be determined by the Directors of the Company from time to time, in the manner set out in Section 2 of the Statement to Shareholders dated 31 May 2013 ("Statement")

   THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

   i) the conclusion of the next Annual General Meeting at which time the authority will lapse, unless by an ordinary resolution passed at the next Annual General Meeting, the authority is renewed; or
   ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

iii) revoked or varied by an ordinary resolution of the Company's shareholders in a general meeting,

whichever occurs the earliest, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date.

THAT the Directors of the Company be and are hereby authorised to take all such steps and do all acts and deeds and to execute, sign and deliver on behalf of the Company, all necessary documents to give full effect to and for the purpose of completing or implementing the Share Buy Back in the manner set out in Section 2 of the Statement, which would include the maximum funds to be allocated by the Company for this purpose.

AND THAT following completion of the Share Buy Back, the Directors be and are empowered to cancel or retain as treasury shares, any or all of the Symphony Shares so purchased, resell on Bursa Securities or distribute as dividends to the Company's shareholders or subsequently cancel, any or all of the treasury shares, with full power to assent to any condition, revaluation, modification, variation and/or amendment in any manner as may be required by any relevant authority or otherwise as they deem fit in the best interests of the Company."

6. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

Wendy Chin Ngeok Mui
(MAICSA 7003178)
Secretary

Selangor Darul Ehsan, Malaysia
31 May 2013

Notice of Eleventh Annual General Meeting (cont'd.)

NOTES:

i) In regard of deposited securities, only members whose names appear in the Record of Depositors as at 24 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.

ii) A member entitled to attend and vote at the Meeting is entitled to appoint two (2) or more proxies to attend and vote at the Meeting on his/her behalf. The proxy may but need not be a member of the Company and there shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

iii) Where a member appoints more than one (1) proxy, the appointment shall not be valid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

iv) For a proxy to be valid, the Form of Proxy must reach the Company Secretary at the Registered Office of the Company at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the Annual General Meeting or adjourned meeting. If the appointer is a corporation, the Form of Proxy should be executed under its Common Seal or the hand of an officer or attorney duly authorised in writing. If the Form of Proxy is executed by an officer or attorney duly authorised in writing, supporting documents are to be produced on the day of the Annual General Meeting for verification by the Company Secretary.

v) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

vi) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Explanatory Notes to the Agenda:

Item 1 of the Agenda

This item of the Agenda is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

Item 4 of the Agenda - Ordinary Resolution 4

Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965

Ordinary Resolution 4, if passed, will give the Directors of the Company authority to issue and allot shares in the Company at any time up to an aggregate amount not exceeding 10% of the issued and paid-up share capital of the Company ("Share Mandate"). This Share Mandate will, unless revoked or varied by the Company at a general meeting, expires at the conclusion of the next Annual General Meeting ("AGM") of the Company. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and costs involved in convening an Extraordinary General Meeting ("EGM") to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM of 31 May 2012. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

Item 5 of the Agenda - Ordinary Resolution 5

Proposed Renewal of Authority for Share Buy Back

Shareholders are advised to refer to the Statement to Shareholders dated 31 May 2013, which was circulated together with the 2012 Annual Report when considering Ordinary Resolution 5 on the Share Buy Back

The Share Buy Back will enable the Company to utilise its surplus financial resources to purchase its own shares, when appropriate, and at prices which the Board views as favourable. In addition, the Share Buy Back is also expected to stabilise the supply and demand of the Company's shares in the open market and thereby supporting its fundamental value.

Symphony®

ELEVENTH ANNUAL GENERAL MEETING
FORM OF PROXY

Symphony House Berhad (592563-P)
Incorporated in Malaysia under the Companies Act, 1965

CDS Account No. ______________________

No. of shares held ______________________

I/We ____
of ____
being a member/members of Symphony House Berhad hereby appoint ______________________________
NRIC No. ______________________ of ______________________________________
______________________________ or failing him/her ______________________________
NRIC No. ______________________ of ______________________________________
____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Topas Room, The Saujana Hotel, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 28 June 2013 at 10.00 a.m. and at any adjournment thereof in the manner indicated below in respect of the following resolutions referred to in the Notice of Annual General Meeting.

My/our proxy is to vote as indicated below:

Resolution No.	Ordinary Business	For	Against
Ordinary Resolution 1	To re-elect Tan Sri Mohamed Azman bin Yahya as Director.		
Ordinary Resolution 2	To re-elect Mr Tony Foo San Kan as Director.		
Ordinary Resolution 3	To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the directors to fix their remuneration.		
	Special Business	For	Against
Ordinary Resolution 4	To authorise the Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965.		
Ordinary Resolution 5	To approve the Proposed Renewal of Authority for Share Buy-Back.		

Please indicate with (✔) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this ....day of....................2013

....
Signature / Common Seal of Shareholder

NOTES:

i) In regard of deposited securities, only members whose names appears in the Record of Depositors as at 24 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.

ii) A member entitled to attend and vote at the Meeting is entitled to appoint two (2) or more proxies to attend and vote at the Meeting on his/her behalf. The proxy may but need not be a member of the Company and there shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

iii) Where a member appoints more than one (1) proxy, the appointment shall not be valid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

iv) For a proxy to be valid, the Form of Proxy must reach the Company Secretary at the Registered Office of the Company at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the Annual General Meeting or adjourned meeting. If the appointer is a corporation, the Form of Proxy should be executed under its Common Seal or the hand of an officer or attorney duly authorised in writing. If the Form of Proxy is executed by an officer or attorney duly authorised in writing, supporting documents are to be produced on the day of the Annual General Meeting for verification by the Company Secretary.

v) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

vi) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

vii) Shareholders are advised to refer to the Statement to Shareholders dated 31 May 2013 when considering Ordinary Resolution 5.

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The Company Secretary

Symphony House Berhad (592563-P)

Level 8, Symphony House,
Pusat Dagangan Dana 1, Jalan PJU 1A / 46
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