

FY2005 First Quarter Financial Statement

Miscellaneous

Name of Announcer *	ACCORD CUSTOMER CARE SOLN LTD
Company Registration No.	200009059G
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Announcement is submitted with respect to *	ACCORD CUSTOMER CARE SOLN LTD
Announcement is submitted by *	Woo Kah Wai
Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

Announcement Title * FY2005 First Quarter Financial Statement

Description

Accord Customer Care Solutions Limited is pleased to announce its FY2005 First Quarter Financial Statement in the attachment below.

BY ORDER OF THE BOARD

Woo Kah Wai
Company Secretary

30 August 2005

Attachments:

 [ACCSQ105.pdf](#)
Total size = **444K**
(2048K size limit recommended)

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

2005 First Quarter Financial Statement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Notes	31-Mar-05 S\$'000	Restated 31-Mar-04 S\$'000	Inc/Dec %	As Announced 31-Mar-04 S\$'000
Revenue	(i)	75,724	32,929	130%	41,326
Cost of good sold and spare parts	(i)	(55,918)	(15,741)	255%	(16,912)
Gross Profit	(i)	19,806	17,188	15%	24,414
Other Operating Income	(ii)	1,002	98	922%	98
Staff Costs	(iii)	(14,029)	(9,171)	53%	(9,171)
Depreciation Expenses		(1,323)	(1,025)	29%	(1,025)
Other Operating Expenses	(iv)	(8,494)	(5,806)	46%	(5,806)
(Loss) Profit from operations		(3,038)	1,284	-337%	8,510
Finance cost	(v)	(422)	(360)	17%	(360)
(Loss) Profit before share of results of associates		(3,460)	924	-474%	8,150
Share of results of associates		-	(17)	-100%	(17)
(Loss) Profit before income tax		(3,460)	907	-481%	8,133
Income tax expenses	(vi)	(316)	(518)	-39%	(625)
(Loss) Profit after income tax		(3,776)	389	-1071%	7,508
Minority interests		(16)	50	- 132%	50
Net (loss) Profit attributable to shareholders		(3,792)	439	-964%	7,558

1(a) (i) Revenue and Cost of Goods Sold and Spare Parts

The group operates in two business segments – after market services (“AMS”) and distribution management solutions (“DMS”). The breakdown of revenue and cost of goods sold and spare parts are as follows:

	31-Mar-05	Restated 31-Mar-04	Inc (Dec)
	S\$'000	S\$'000	%
Revenue			
AMS	20,177	22,243	-9%
DMS	55,547	10,686	420%
	<u>75,724</u>	<u>32,929</u>	130%
Cost of Goods Sold and Spare Parts			
AMS	5,676	6,998	-19%
DMS	50,242	8,743	475%
	<u>55,918</u>	<u>15,741</u>	255%
Gross Profit Margin	<u>26%</u>	<u>52%</u>	

The gross profit margin decrease in the first quarter of 2005 as compared to the corresponding quarter in 2004, in line with the expansion of DMS business which has lower margin as compared to the AMS business.

1(a) (ii) Other operating income consist of the following:

	31-Mar-05	31-Mar-04
	S\$'000	S\$'000
Interest income		
- Bonds	478	-
- Others	39	36
Rental income	321	-
Foreign Currency Exchange adjustment loss	(56)	(16)
Management and corporate advisory fee	-	15
Others	220	63
	<u>1,002</u>	<u>98</u>

1(a)(iii) Staff costs

The significant increase in staff costs is mainly due to increase in the number of staffs in line with the expansion of both AMS and DMS business.

	31-Mar-05 S\$'000	31-Mar-04 S\$'000	Inc (Dec) %
Staff Cost			
AMS	11,903	9,065	31%
DMS	2,126	106	1906%
	<u>14,029</u>	<u>9,171</u>	53%

1(a)(iv) Included in other operating expenses are the following:

	31-Mar-05 S\$'000	31-Mar-04 S\$'000
Amortisation of goodwill	-	427
Minimum lease payments under operating lease	<u>3,504</u>	<u>1,832</u>

1(a)(v) Finance cost

Finance cost comprises mainly interest expense arising from loans drawn down for operating and investment activities.

1(a)(vi) Income Tax Expenses

The tax expense provision is made for profitable subsidiaries based on the applicable local statutory tax rate where the subsidiaries operate.

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement
as at the end of the immediately preceding financial year**

ASSETS	Notes	Group 31/03/05 S\$'000	Group 31/12/04 S\$'000	Company 31/03/05 S\$'000	Company 31/12/04 S\$'000
Current assets:					
Cash		14,268	33,338	2,244	19,426
Cash Pledged		8,645	8,645	6,825	6,825
Trade receivables	A	22,104	25,940	10,944	6,745
Other receivables and prepayments	B	20,740	21,331	28,133	20,186
Inventories	C	21,349	15,189	369	-
Total current assets		<u>87,106</u>	<u>104,443</u>	<u>48,515</u>	<u>53,182</u>
Non-current assets:					
Investment in subsidiaries		-	-	26,624	23,929
Investment in associates		13	203	-	-
Other investments	D	20,777	13,813	20,087	13,061
Property, plant and equipment		22,570	23,041	2,465	2,650
Goodwill on purchase of business		11,998	11,998	947	961
Goodwill on consolidation	E	12,970	10,284	-	-
Long term receivables		-	-	-	11,801
Total non-current assets		<u>68,328</u>	<u>59,339</u>	<u>50,123</u>	<u>52,402</u>
Total assets		<u>155,434</u>	<u>163,782</u>	<u>98,638</u>	<u>105,584</u>
Current liabilities:					
Bank Loans		38,887	40,675	8,500	7,050
Trade payables	F	21,170	17,955	8,723	8,923
Other payables	G	41,854	47,497	17,968	25,241
Income tax payable		2,269	2,601	-	-
Obligations under finance leases		87	221	-	-
Current portion of long-term bank loans		551	490	-	-
Total current liabilities		<u>104,818</u>	<u>109,439</u>	<u>35,191</u>	<u>41,214</u>
Non-current liabilities:					
Obligations under finance leases		592	440	-	-
Long term portion of long-term bank loans		559	792	-	-
Deferred income tax		553	593	912	912
Total non-current liabilities		<u>1,704</u>	<u>1,825</u>	<u>912</u>	<u>912</u>
Minority Interest		<u>12,762</u>	<u>12,746</u>	<u>-</u>	<u>-</u>
Capital and reserves:					
Issued capital		24,017	24,017	24,017	24,017
Capital Redemption Reserve		22	22	22	22
Share premium		38,274	38,274	38,274	38,274
Foreign currency translation reserve		503	333	-	-
Accumulated (loss) profits		(26,666)	(22,874)	222	1,145
Total equity		<u>36,150</u>	<u>39,772</u>	<u>62,535</u>	<u>63,458</u>
Total liabilities and equity		<u>155,434</u>	<u>163,782</u>	<u>98,638</u>	<u>105,584</u>

(A) Trade receivables

The trade receivables turnover is 28 days for the 12 months period ended 31 March 2005 (34 days for year ended December 2004).

(B) Other receivables and prepayments

Included in other receivables are mainly deposits for rental and utilities (\$4.3 million), prepayments (\$1.2 million), receivables from related parties (\$2.3 million) and recoverables (\$8.7 million).

(C) Inventories

The significant increase in inventories is due mainly to additional stock holding of DMS business. The inventory turnover is 29 days for the period ended 31 March 2005 (27 days for year ended 31 December 2004).

(D) Other investments

The increase is mainly due to investment in unquoted redeemable convertible bonds.

(E) Goodwill on consolidation

The increase is mainly due to additional goodwill arising from adjustment to cost of investment made in a subsidiary.

(F) Trade payables

Trade payables turnover is 31 days for the period ended 31 March 2005 (24 days for the year ended 31 December 2004).

(G) Other payables

Included in other payables are accrued operating expenses (\$22.1 million), refundable deposit for disposal of a subsidiary (\$4.7 million), provision for liabilities (\$8.9 million) and provision for bank loans of associate (\$4.6 million).

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 March 2005		As at 31 December 2004	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
7,827	32,257	7,961	34,217

Amount repayable after one year

As at 31 March 2005		As at 31 December 2004	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
592	Nil	440	Nil

Details of collateral

The bank loans amounting to \$7,740,000 (31 December 2004: \$7,740,000) of the Group are secured by fixed deposits of \$8,645,000 (31 December 2004: \$8,645,000).

Finance lease is secured by the fixed assets acquired under the lease arrangement.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Notes	Mar-05 SGD'000	As Restated Mar-04 SGD'000
Cash flows (used in) from operating activities:			
(Loss) Profit before income tax		(3,460)	924
Adjustments for:			
Depreciation expense		1,323	1,025
Interest expense		422	360
Interest income		(517)	(36)
Gain on disposal of plant and equipment		(8)	-
Fixed assets written off		1	10
Amortisation of goodwill		75	427
Operating (loss) profit before working capital changes		(2,164)	2,710
Trade receivables		3,836	(5,266)
Other receivables and prepayments		591	10,190
Inventories		(6,160)	(376)
Trade payables		3,215	(2,664)
Other payables		(5,643)	164
Cash (used in) generated from operations		(6,325)	4,758
Interest received		517	36
Income tax paid		(688)	103
Net cash (used in) from operating activities		(6,496)	4,897
Cash flows used in investing activities:			
Purchase of plant and equipment		(853)	(1,099)
Proceeds from disposal of plant and equipment		8	-
Acquisition of subsidiary		(2,686)	(55)
Purchase of investment		(6,849)	(2,695)
Purchase of business		-	(303)
Net cash used in investing activities		(10,380)	(4,152)
Cash flows (used in) from financing activities:			
Interest paid		(422)	(360)
(Decrease)/Increase in finance lease		19	(59)
(Repayment of)/ proceed from bank loans		(1,960)	1,583
Net cash (used in) from financing activities		(2,363)	1,164
Net effect of exchange rate changes in consolidating subsidiaries		169	(275)
Net (decrease)/increase in cash		(19,070)	1,634
Balance at beginning of year		33,338	27,670
Balance at end of period	A	14,268	29,304

A. Cash at end of financial period:

	Mar-05	Mar-04
	SGD'000	SGD'000
Cash	22,913	34,274
Less: Cash subject to restriction	8,645	4,970
	<u>14,268</u>	<u>29,304</u>
Net	<u>14,268</u>	<u>29,304</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Issued capital (ordinary shares)	Capital redemption reserve	Share Premium	Foreign currency translation reserve	Accumulated Profit (Loss)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group (3 months Ended March 2004)						
Balance at January 1, 2004	15,829	22	42,098	544	14,116	72,609
Net profit for the period	-	-	-	-	439	439
Foreign currency translation	-	-	-	(142)	-	(142)
Balance at March 31, 2004	<u>15,829</u>	<u>22</u>	<u>42,098</u>	<u>402</u>	<u>14,555</u>	<u>72,906</u>
Group (3 months Ended March 2005)						
Balance at January 1, 2005	24,017	22	38,274	333	(22,874)	39,772
Net loss for the period	-	-	-	-	(3,792)	(3,792)
Foreign currency translation	-	-	-	170	-	170
Balance at March 31, 2005	<u>24,017</u>	<u>22</u>	<u>38,274</u>	<u>503</u>	<u>(26,666)</u>	<u>36,150</u>
Company (3 months Ended March 2004)						
Balance at January 1, 2004	15,829	22	42,098	-	8,507	66,456
Net loss for the period	-	-	-	-	(980)	(980)
Balance at March 31, 2004	<u>15,829</u>	<u>22</u>	<u>42,098</u>	<u>-</u>	<u>7,527</u>	<u>65,476</u>
Company (3 months Ended March 2005)						
Balance at January 1, 2005	24,017	22	38,274	-	1,145	63,458
Net loss for the period	-	-	-	-	(923)	(923)
Balance at March 31, 2005	<u>24,017</u>	<u>22</u>	<u>38,274</u>	<u>-</u>	<u>222</u>	<u>62,535</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

The ACCS Share Option Scheme 2003 (the "Scheme") was approved and adopted by members at the Extraordinary General Meeting held on 13 January 2003. The price at which a participant of the Scheme shall subscribe for each share upon the exercise of an option was determined based on the average closing prices of the shares for each of the last five market days immediately preceding the date of grant of the options ("Date of Grant"). The vesting period of the options commences on the date not earlier than the first anniversary of the Date of Grant and expires on the tenth anniversary of the Date of Grant.

The share options granted and exercised during the financial period and share options outstanding as at March 31, 2005 under the Scheme were as follows:

<u>Date of grant</u>	<u>Number of share options</u>			<u>Balance at March 31, 2005</u>	<u>Subscription price</u> \$	<u>Expiry date</u>
	<u>Balance at January 1, 2005 or date of grant if later</u>	<u>Exercised</u>	<u>Lapsed/ Cancelled</u>			
September 17, 2003	2,612,000	318,000	60,000	2,234,000	0.40	September 16, 2013
April 14, 2004	<u>26,958,000</u>	-	-	<u>26,958,000</u>	0.651	April 13, 2014
	<u>29,570,000</u>	<u>318,000</u>	<u>60,000</u>	<u>29,192,000</u>		

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and method of computation have been applied consistently except for adoption of Financial Reporting Standard "FRS" 103, Business Combination.

5. If there are any changes in the accounting policies and methods of computation,

including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

FRS 103 requires goodwill acquired in a business combination to be measured after initial recognition at cost less any accumulated impairment losses. Therefore, the goodwill is not amortised and instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group has previously under FRS 22 amortised goodwill systematically over its useful life of 20 years.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Mar-05	Restated Mar-04
	Cents	Cents
EPS (based on consolidated net (loss) profit attributable to shareholders)		
- basic	(0.4)	0.05
- fully diluted	(0.4)	0.05

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 960,828,280 (31 December 2004: 952,369,850) of \$0.025 each.

Fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 960,828,280 (31 December 2004: 952,369,850) of \$0.025 each.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	Mar-05	Dec-04	Mar-05	Dec-04
	cents	cents	cents	cents
Net Assets Value (NA) per share	<u>3.76</u>	<u>4.18</u>	<u>6.51</u>	<u>6.66</u>

The NA per Share as at 31 March 2004 is calculated based on 960,828,280 (31 December 2004: 952,369,850) ordinary shares of \$0.025 each.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The group operates in two business segments – after market services (“AMS”) and distribution management solutions (“DMS”).

Revenue

The increase in revenue for the 3 months period ended 31 March 2005 as compared to 3 months period ended 31 March 2004 was mainly attributable to an increase in the volume of our distribution business.

Loss after income tax

The group incurred a loss after income tax of \$3.8 million for the first quarter of 2005 as compared to profit of \$0.4 million in the corresponding quarter in the preceding financial year mainly due to significant increase in start up cost for the distribution and retail business of DMS and new service centres. High central and regional HQ expenses also contributed to higher fixed operating cost.

Cash flows

The net decrease in the cash and cash equivalent for the 3 months period ended 31 March 2005 is mainly due payments for investments and net operating loss incurred in the quarter.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The financial performance in 1Q2005 was a result of the Group's cost structure carried forward from FY2004, a structure geared towards continued growth and market expansion, customer acquisitions and start-up scenario primarily in key new markets of China and India. Head office and regional office cost and overheads were at a level that was higher than required for existing businesses. Rates and therefore revenue were positioned to facilitate customer acquisition.

While the customer base has remained substantially intact, no significant new businesses or customers were added.

These factors, as well as the on-going investigation by the Commercial Affairs Department that started in late February 2005 would continue to affect the Group's performance for the year. The new management is actively addressing the high overhead costs at headquarters and regional offices, and re-aligning the Group's network and operating cost with sustainable long-term business. These initiatives are expected to lower overheads in the third and fourth quarters of the current financial year, with the full benefit of the re-alignment positively impacting FY2006.

In FY2004, the Group embarked on an ambitious expansion programme for its AMS network, entering into new markets such as China and India and incurred large start-up costs, which continued to have an impact in 2005. Going forward, management's urgent priorities for these markets are to introduce new customers and businesses to tap on the existing AMS network in these markets. Management will devote more attention on China and India where growth opportunities continue to be robust. The management is also rationalising the entire regional network and will reduce the number of service outlets in less viable markets.

Whilst DMS was profitable in 1Q2005, its performance has been and will be affected by the limited working capital lines. Management is working towards restoring these lines.

In light of the above, the Group is expected to incur a loss for FY2005.

The Group is currently evaluating various strategies to improve its operating performance and financial position. It is in discussion with investors as well as exploring other fund raising options.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	N/A
Dividend Type	
Dividend Rate	
Par value of shares	
Tax Rate	

(c) Date payable

NA

(d) Books closure date

NA

12. If no dividend has been declared/recommended, a statement to that effect

The directors of the Company do not recommend that an interim dividend be paid.

BY ORDER OF THE BOARD

Woo Kah Wai
Company Secretary

30 August 2005
Singapore