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**Full Year Financial Statement**

MASNET No. 40 OF 24.03.2003  
Announcement No. 40

**ACCORD CUSTOMER CARE SOLUTIONS LIMITED**


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**Full Year Financial Statement**


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**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**

<b>Group</b>	<b>Notes</b>	<b>2002 \$'000</b>	<b>2001 \$'000</b>	<b>Increase %</b>
<b>Revenue</b>		69,992	32,599	115
Spare parts consumed		(24,362)	(10,025)	143
Other operating income	<b>(i)</b>	6,912	1,297	433
Staff costs		<b>(20,675)</b>	(8,215)	152
Depreciation expense		(1,887)	(717)	163
Other operating expenses	<b>(ii)</b>	<u>(12,562)</u>	<u>(6,418)</u>	96
<b>Profit from operations</b>		17,418	8,521	104
Finance cost	<b>(iii)</b>	<u>(2,342)</u>	<u>(987)</u>	137
<b>Profit before income tax</b>		15,076	7,534	100
Income tax expense		<u>(2,474)</u>	<u>(1,896)</u>	30
<b>Profit after income tax</b>		12,602	5,638	124
Minority interests		<u>(81)</u>	<u>-</u>	
<b>Net profit attributable to shareholders</b>		<u><u>12,521</u></u>	<u><u>5,638</u></u>	122

The financial statements for December 31, 2002 cover the twelve months period from January 1, 2002 to December 31, 2002. The comparative figures for December 31, 2001 covered the period from October 21, 2000 (date of incorporation) to December 31, 2001.

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**Full Year Financial Statement**
**1(a) (i) Other operating income consist of the following:**

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
Management and corporate advisory fee	1,286	-
Software licensing fee	500	-
Commission income	530	-
Recovery of staff cost from holding company	-	300
Foreign currency exchange adjustment gain	597	54
Reimbursement of expenses by a minority shareholder of a subsidiary	109	-
Interest income from non-related companies	34	15
Imputed cost of free inventories now sold	765	-
Management fee income from subsidiaries	-	-
Reimbursement of interest expense	2,280	570
Others	811	358
	<u><b>6,912</b></u>	<u><b>1,297</b></u>

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

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
Amortisation of goodwill on consolidation	523	257
Allowances for inventories	19	83
Loss on disposal of property, plant and equipment	74	11
Allowances for doubtful trade receivables	43	161
Reversal for doubtful trade receivables	(161)	-
Minimum lease payments paid under operating leases	3,553	1,701

**1(a) (iii) Finance cost consist of the following:**

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense to non-related companies	16	143
Interest on bonds	2,280	570
Interest recharged by holding company	-	274
Interest on bank loans	46	-
	<u><b>2,342</b></u>	<u><b>987</b></u>

## Full Year Financial Statement

## 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

	Notes	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>ASSETS</b>					
Cash		6,839	9,736	2,070	8,407
Trade receivables		20,788	12,429	17,976	12,870
Other receivables and prepayments		9,336	3,206	23,832	10,984
Inventories		9,621	4,786	6,295	1,658
Total current assets		<u>46,584</u>	<u>30,157</u>	<u>50,173</u>	<u>33,919</u>
<b>Non-current assets:</b>					
Investment in subsidiaries		-	-	13,147	7,202
Property, plant and equipment		14,139	8,829	6,493	3,851
Club memberships		87	87	87	87
Goodwill on consolidation		10,749	6,419	-	-
Total non-current assets		<u>24,975</u>	<u>15,335</u>	<u>19,727</u>	<u>11,140</u>
<b>Total assets</b>		<u>71,559</u>	<u>45,492</u>	<u>69,900</u>	<u>45,059</u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Bank overdrafts	(ii)	57	-	57	-
Bank loans	(ii)	4,740	-	4,740	-
Trade payables		8,180	4,460	17,744	11,987
Other payables		11,612	8,770	8,889	6,465
Income tax payable		3,838	1,674	1,487	223
Obligations under finance leases	(ii)	37	33	-	-
Bonds payable	(ii)	19,000	19,000	19,000	19,000
Preference shares	(ii)	997	-	997	-
Total current liabilities		<u>48,461</u>	<u>33,937</u>	<u>52,914</u>	<u>37,675</u>
<b>Non-current liabilities:</b>					
Obligations under finance leases	(ii)	182	260	-	-
Deferred income tax		574	430	712	401
Total non-current liabilities		<u>756</u>	<u>690</u>	<u>712</u>	<u>401</u>
Minority interest		262	-	-	-
<b>Capital and reserves:</b>					
Issued capital		5,000	5,000	5,000	5,000
Capital redemption reserve		22	-	22	-
Foreign currency translation reserve		(299)	227	-	-
Accumulated profits		17,357	5,638	11,252	1,983
Total equity		<u>22,080</u>	<u>10,865</u>	<u>16,274</u>	<u>6,983</u>
<b>Total liabilities and equity</b>		<u>71,559</u>	<u>45,492</u>	<u>69,900</u>	<u>45,059</u>

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**Full Year Financial Statement**
**1(b)(ii) Aggregate amount of group's borrowings and debt securities  
Amount repayable in one year or less, or on demand**

As at 31/12/2002		As at 31/12/2001	
Secured	Unsecured	Secured	Unsecured
4,834,000	19,997,000	33,000	19,000,000

**Amount repayable after one year**

As at 31/12/2002		As at 31/12/2001	
Secured	Unsecured	Secured	Unsecured
182,000	Nil	260,000	Nil

**Details of any collateral**

The bank overdrafts and bank loans amounting to \$3,557,000 of the company are secured by fixed deposits of \$1,000,000 of the company, guarantee of \$5,500,000 from its holding company, certain inventories and receivables. The remaining loans amounting to \$1,240,000 are secured by letters of guarantee of certain directors and corporate guarantee from its holding company.

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

The unsecured group borrowing for 2002 consist of \$19,000,000 redeemable convertible bonds and \$997,000 convertible redeemable preference shares.

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

	Group	
	2002	2001
	\$'000	\$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax	15,076	7,534
Adjustments for:		
Depreciation expense	1,887	717
Interest expense	2,342	987
Loss on disposal of property, plant and equipment	74	11
Amortisation of goodwill	523	257
Operating profit before working capital changes	<u>19,902</u>	<u>9,506</u>
Trade receivables	(8,190)	(9,508)
Other receivables and prepayments	(5,926)	(1,917)
Inventories	(4,621)	(4,089)
Club memberships	-	(87)
Trade payables	3,719	1,935
Other payables	489	6,672
Cash generated from operations	<u>5,373</u>	<u>2,512</u>
Income tax paid	(329)	-
Interest paid	(2,342)	(987)
Net cash from operating activities	<u>2,702</u>	<u>1,525</u>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property, plant and equipment	817	-
Purchase of property, plant and equipment	(8,046)	(8,045)
Acquisition of subsidiary (Note A)	(1,878)	(3,273)
Net cash used in investing activities	<u>(9,107)</u>	<u>(11,318)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuing shares (Note B)	-	-
Proceeds from issuing bonds	-	19,000
Proceeds from short-term bank loan	4,740	-
Payment of dividends	(780)	-
(Decrease) Increase in finance leases	(74)	293
Net cash from financing activities	<u>3,886</u>	<u>19,293</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<u>(435)</u>	<u>236</u>
Net (decrease) increase in cash	(2,954)	9,736
Balance at beginning of year	9,736	-
<b>Cash at end of financial year (Note C)</b>	<u>6,782</u>	<u>9,736</u>

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**Full Year Financial Statement**
**Notes to the consolidated cash flow statements****A. Summary of the effects of acquisition of subsidiaries:**

	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash	186	492
Other current assets	586	4,755
Current liabilities	(182)	(5,241)
Net current assets	<u>590</u>	<u>6</u>
Non-current assets	133	1,520
Goodwill on acquisition of subsidiaries	5,295	6,676
Minority interests share in net assets	(181)	-
Purchase consideration discharged by cash	<u>5,837</u>	<u>8,202</u>
Less:		
Purchase consideration to be satisfied by issue of convertible redeemable preference shares	-	(1,019)
Purchase consideration paid by the holding company on behalf	-	(3,418)
Deferred consideration	(3,773)	-
Less: Cash of acquired subsidiaries	<u>(186)</u>	<u>(492)</u>
<b>Net cash outflow on acquisition of subsidiaries</b>	<u><u>1,878</u></u>	<u><u>3,273</u></u>

B. During the previous financial year, the company issued 2 ordinary shares at par for cash to the subscribers to the memorandum of association and an additional 4,999,998 ordinary shares of \$1 each at par by way of capitalisation of loan payable to the holding company.

C. Cash at end of financial year included in the consolidated cash flow statement comprise the following balance sheet amounts:

	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash	6,839	9,736
Bank overdrafts	(57)	-
	<u>6,782</u>	<u>9,736</u>

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**Full Year Financial Statement**

**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**

	<b>Issued capital (ordinary shares) \$'000</b>	<b>Capital redemption reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total \$'000</b>
<b>Group</b>					
Balance at October 21, 2000 (date of incorporation)	-	-	-	-	-
Issue of ordinary shares	5,000	-	-	-	5,000
Net profit for the year	-	-	-	5,638	5,638
Foreign currency translation	-	-	227	-	227
Balance at December 31, 2001	5,000	-	227	5,638	10,865
Redemption of convertible redeemable preference shares	-	22	-	(22)	-
Net profit for the year	-	-	-	12,521	12,521
Interim dividend of 20% less tax	-	-	-	(780)	(780)
Foreign currency translation	-	-	(526)	-	(526)
Balance at December 31, 2002	<u>5,000</u>	<u>22</u>	<u>(299)</u>	<u>17,357</u>	<u>22,080</u>
<b>Company</b>					
Balance at October 21, 2000 (date of incorporation)	-	-	-	-	-
Issue of ordinary shares	5,000	-	-	-	5,000
Net profit for the year	-	-	-	1,983	1,983
Balance at December 31, 2001	5,000	-	-	1,983	6,983
Redemption of convertible redeemable preference shares	-	22	-	(22)	-
Net profit for the year	-	-	-	10,071	10,071
Interim dividend of 20% less tax	-	-	-	(780)	(780)
Balance at December 31, 2002	<u>5,000</u>	<u>22</u>	<u>-</u>	<u>11,252</u>	<u>16,274</u>

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**Full Year Financial Statement**

**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**

	<b>Group and Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Issued and fully paid:</b>		
As at beginning of year/ date of incorporation	5,000	-
Issued during the year		
5,000,000 ordinary shares of \$1 each	-	5,000
As at end of year	<u>5,000</u>	<u>5,000</u>
<b>Outstanding Convertible as at 31 December 2002</b>		
		<b>No of ordinary Shares of \$1 each</b>
	<b>2002</b>	<b>2001</b>
Convertible redeemable preference shares of \$1 each	823,019	-
Redeemable Convertible Bonds	1,365,894	1,365,894
Pre-invitation Employee Share Option Scheme	798,768	-

On 13 January 2003, the shareholders of the company approved the following

- the allotment and issue of 798,768 ordinary shares of \$1.00 each at \$6.26 per ordinary share for cash pursuant to the pre-Invitation Employee Share Option Scheme;
- the allotment and issue of 823,019 ordinary shares of \$1.00 each pursuant to the conversion of the company's 997,473 redeemable preference shares;
- the allotment and issue of 1,365,894 ordinary shares of \$1.00 each to the former bondholders of the company pursuant to their conversion of all their redeemable convertible bonds;
- the capitalisation of \$5,591,377 from retained earnings for a bonus issue of 5,591,377 fully paid ordinary shares of \$1.00 each to the existing shareholders;



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	<b>Group and Company</b>
<b>Share Capital (Issued and fully paid)</b>	<b>\$'000</b>
As at 31 December 2002	5,000
Issue of new ordinary shares of \$1 each for cash	799
Bonus issue	5,591
Conversion of convertible redeemable preference shares of \$1 each	823
Conversion of Redeemable Convertible Bonds	1,366
As at 13 January 2003	<u>13,579</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 or reviewed 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**

Applied Consistently

**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**

Not Applicable

**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**

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
Earnings per share	<u>2.31 cents</u>	<u>1.04 cents</u>

The calculation of basic earnings per ordinary share is calculated on the group profit after income tax and minority interests of \$12,521,000 (2001: \$5,638,000) divided by the pre-invitation share capital of 543,162,320 ordinary shares of \$0.025 each.

The pre-invitation share capital of 543,162,320 ordinary shares of \$0.025 each is based on the 5,000,000 ordinary shares of \$1 each in issue as at December 31, 2002 and the issue of 798,768, 823,019, 1,365,894 and 5,591,377 ordinary shares of \$1 each issued subsequent to December 31, 2002 as described in paragraph 1(d)(ii), and as adjusted for the sub-division of one ordinary share of \$1.00 each into 40 ordinary shares 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**

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	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
Net Tangible Asset Value per share	<u>3.33 cents</u>	<u>1.31 cents</u>	<u>4.79 cents</u>	<u>2.05 cents</u>

For comparative purposes, NTA has been computed based on the net assets of our Group and the Company less goodwill on consolidation. The NTA per Share has been calculated based on the equivalent share capital of 340,000,000 shares which is derived from 5,000,000 ordinary shares of \$1.00 each as at December 31, 2002 and as adjusted for the bonus shares issue of 0.7 ordinary shares for every one ordinary shares of \$1.00 each and the subdivision of one ordinary share of \$1.00 each into 40 Shares each thereon.

**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**

**Revenue**

Our group revenue increased by \$37.4 million (115%), from \$32.6 million for the 15 months period ended 31 December 2001 to \$70.0 million for the year ended 31 December 2002.

The increase in revenue for the year ended 31 December 2002 was mainly attributable to an increase in the volume of our business as we had established an additional 36 centres in 2002, providing us with a total network of 98 centres as at 31 December 2002. In addition, the increase in revenue was also due to increase in business volume from the existing centres and a spare parts distribution project undertaken by us during the year.

**Profit before income tax and segmented results**

For the year ended 31 December 2002, our group profit before income tax increased by 100% to \$15.1 million. This increase is due mainly to the increase in the additional 36 centres and the resulting increase in revenue.

With respect to segmented results, headquarter management fees are charged by our Company to all subsidiaries in 2002. This results in the increase in the contribution from South Asia region and a corresponding decrease in the contribution from North Asia region and South Pacific region. This headquarter management fees was not charge in 2001. Apart from this, the increase in profit contribution from our South Asia operations was also due to increase in the numbers of centres from 23 in 2001 to 45 in 2002.

**Cash flows**

The net decrease in the cash and cash equivalent for year ended 31 December 2002 is mainly due to the investments in subsidiary and additional capital expenditure resulting from the set-up of new service centres.

The group cash and cash equivalents as at 31 December, 2002 is \$6.8 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to**

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**Full Year Financial Statement**
**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**  
**Industry Consolidation**

Faced with pressures from telecommunications equipment manufacturers and network operators for more streamlined processes, more competitive rates and an enhanced suite of services, 2003 will see increased consolidation in the after-market services (AMS) industry. With the proceeds from IPO, the ACCS Group, will be able to continue to expand our network through organic growth, mergers and acquisitions.

**Growing Mobile Subscription Penetration Rates**

The presence of operations in markets with increasing mobile subscription penetration rates will also be a critical factor that will impact the Group's performance for the next reporting period and next 12 months. The ACCS Group views the growing mobile subscription penetration rates in various Asian countries favourably and will aggressively roll out our network expansion plans in markets such as Thailand, Malaysia and the People's Republic of China (PRC).

**Leverage on New Technologies**

Good leverage on new technologies will also play an important factor in determining the Group's position in the industry. Prospects in 2003 and beyond, for new improved technologies, are apparent. For example, Japan, Korea, Taiwan, Hong Kong and Singapore are markets, which are currently developing third generation mobile communications (3G) networks. Although it may take a while before these new technologies are adopted by the masses, the Group has commenced researching and studying new upcoming technologies such as 3G. To tap on such opportunities, the Group will continue to equip itself with knowledge of these latest technologies to be well-positioned when widespread usage of these new technologies becomes a reality.

The Group will leverage on these opportunities to stay ahead of competition.

**11. Dividend****(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	20 % per ordinary share (net of tax)
Par value of shares	\$1
Tax Rate	22%

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?  
None

**(c) Date payable**

Not applicable. The dividend declared above is pre IPO dividend paid on 5,000,000 ordinary shares on 27 December 2002 before the Company was admitted to the official list of the Singapore Exchange Securities Trading Limited on the 14 March 2003. This dividend has been disclosed under the dividend policy (page 43) of the prospectus dated 7 March 2003.

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**Full Year Financial Statement**
**(d) Books closure date**

Not applicable

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

The directors of the Company do not recommend that a final dividend be paid

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**
**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

The segmental information for geographical regions is based on the locations of our service centers. In line with the group business strategy, the markets are currently grouped into three geographical regions, namely, South Asia, North Asia and South Pacific. South Asia comprises Indonesia, the Philippines, Thailand, Malaysia and Singapore. North Asia comprises People's Republic of China, Hong Kong SAR, Taiwan, Japan and South Korea. South Pacific comprises Australia and New Zealand.

	<b>South Asia \$'000</b>	<b>North Asia \$'000</b>	<b>South Pacific \$'000</b>	<b>Consolidated \$'000</b>
<b>December 31, 2002</b>				
<b>REVENUE</b>				
External sales	<u>39,926</u>	<u>14,128</u>	<u>15,938</u>	<u>69,992</u>
<b>RESULTS</b>				
Segment result	<u>15,419</u>	<u>2,090</u>	<u>(91)</u>	17,418
Finance costs				<u>(2,342)</u>
Profit before income tax				15,076
Income tax				<u>(2,474)</u>
Profit before minority interest				<u>12,602</u>

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	South Asia \$'000	North Asia \$'000	South Pacific \$'000	Consolidated \$'000
<b>December 31, 2001</b>				
<b>REVENUE</b>				
External sales	14,749	12,947	4,903	32,599
<b>RESULTS</b>				
Segment result	4,119	4,094	308	8,521
Finance costs				(987)
Profit before income tax				7,534
Income tax				(1,896)
Profit before minority interest				5,638

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to note 8

**15. A breakdown of sales**

	2002 \$'000 Group	2001 \$'000 Group	% increase /(decrease) Group
(a) Sales reported for first half year	31,279	10,584	195.53
(b) Operating profit after tax before deducting minority interest reported for the first half	5,774	1,811	218.83
(c) Sales reported for second half year	38,713	22,015	75.85
(d) Operating profit after tax before deducting minority interest reported for the second half	6,828	3,827	78.42

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	780	0
Preference	0	0
<b>Total:</b>	<b>780</b>	<b>0</b>

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**Full Year Financial Statement**

**BY ORDER OF THE BOARD**

VICTOR TAN HOR PEOW

Chief Executive Officer & Managing Director

24 March 2003