

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

**2003 First Half 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**

Group	Notes	Q2-03 \$'000	Q2-02 \$'000	YTD Jun-03 \$'000	YTD Jun-02 \$'000	Q2 Inc/ (Dec) %	YTD Inc/ (Dec) %
<b>Revenue</b>		<b>22,695</b>	<b>18,117</b>	<b>38,462</b>	<b>31,278</b>	25%	23%
Spare Parts Consumed		(8,687)	(7,854)	(14,806)	(11,068)	11%	34%
Other Operating Income	(i)	2,305	2,406	5,547	2,456	-4%	126%
Staff Costs		(6,513)	(5,508)	(11,954)	(9,815)	18%	22%
Depreciation Expenses		(568)	(553)	(1,172)	(972)	3%	21%
Other Operating Expenses	(ii)	(3,665)	(2,028)	(6,943)	(4,528)	81%	53%
<b>Profit from operations</b>		<b>5,567</b>	<b>4,580</b>	<b>9,134</b>	<b>7,351</b>	22%	24%
Finance cost	(iii)	(26)	(15)	(60)	(28)	73%	114%
<b>Profit before income tax</b>		<b>5,541</b>	<b>4,565</b>	<b>9,074</b>	<b>7,323</b>	21%	24%
Income tax expenses		(835)	(966)	(1,363)	(1,549)	-14%	-12%
<b>Profit after income tax</b>		<b>4,706</b>	<b>3,599</b>	<b>7,711</b>	<b>5,774</b>	31%	34%
Minority interests		(4)	(84)	(9)	(84)	-96%	-89%
<b>Net Profit attributable To shareholders</b>		<b>4,702</b>	<b>3,515</b>	<b>7,702</b>	<b>5,690</b>	34%	35%

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

	Note	Q2-03 \$'000	Q2-02 \$'000	YTD Jun-03 \$'000	YTD Jun-02 \$'000
Management and corporate advisory fee	1	994	-	2,025	-
Royalty	2	178	530	1,238	530
Foreign currency exchange adjustment gain	3	905	279	1,721	302
Interest income		50	157	75	157
Imputed cost of free inventories now sold		-	765	-	765
Government grant	4	-	-	229	-
Rental income		-	5	-	5
Reimbursement of expenses by a minority		-	109	-	109
Others		178	561	259	588
		<u>2,305</u>	<u>2,406</u>	<u>5,547</u>	<u>2,456</u>

**Note 1 : Management and corporate advisory fee**

The Group has entered into management and corporate advisory agreements with third parties to manage the operations for five companies in the People's Republic of China ("PRC"), India and Singapore. Three of these agreements will continue until such time when the parties thereto shall mutually agree to terminate the agreements. The fourth agreement is a long term agreement unless terminated at an earlier date and the fifth agreement is a two-year term agreement unless terminated at an earlier date. The scope of services includes, *inter alia*, managing the day-to-day operations, providing necessary technical support, conducting market surveys, developing annual business plan and providing training of management and technical personnel.

**Note 2 : Royalty fee**

Royalty fee in Q2 2003 represents a one-time fee received from an unrelated company for the transfer of rights to the retail sale of mobile communication accessories in a certain country.

**Note 3 : Foreign currency exchange adjustment gain**

The foreign currency exchange adjustment gain is due mainly to:-

- (i) the purchase of AUD to fund the Group's operation in Australia and the subsequent appreciation of the AUD against SGD;
- (ii) trade-related transactions in various currencies (in particular Euro and USD) as a result of different exchange rates prevailing at the beginning of the financial period, upon invoicing, upon receipt/payment and at the end of the financial period.

Most of the above foreign currency exchange adjustment gains are realised gains.

Currently, the Group's revenue and trade receivables as well as the Group's cost of spare parts and trade payables denominated in foreign currencies are mainly Euro and USD. In addition, the Group has bank balances, other receivables and other payables denominated in AUD, Euro and USD. The Group currently relies on the natural hedge in revenue and costs denominated in foreign currencies and does not engage in other form of hedging. However, management is constantly monitoring this and may consider hedging the net exposure if it is deemed necessary or prudent to do so.

#### Note 4 : Government grant

The government grants received in Q1 2003 comprise mainly financial assistance for the setting up of overseas marketing office and other expenses.

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

	Q2-03	Q2-02	YTD Jun-03	YTD Jun-02
	\$'000	\$'000	\$'000	\$'000
Amortisation of goodwill on consolidation	208	127	358	213
Loss on disposal of property, plant and equipment	-	63	-	63
Minimum lease payments under operating lease	1,172	270	2,249	1,149
Reversal for doubtful trade receivables	(40)	(136)	(46)	(136)
	<u>26</u>	<u>585</u>	<u>60</u>	<u>1,168</u>

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

	Q2-03	Q2-02	YTD Jun-03	YTD Jun-02
	\$'000	\$'000	\$'000	\$'000
Interest expense to non-related companies	-	15	-	28
Interest on bonds	-	570	-	1,140
Interest on bank loans	<u>26</u>	<u>-</u>	<u>60</u>	<u>-</u>
	26	585	60	1,168
Recovery of interest expense	<u>-</u>	<u>(570)</u>	<u>-</u>	<u>(1,140)</u>
	<u>26</u>	<u>15</u>	<u>60</u>	<u>28</u>

**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**

<b>ASSETS</b>	Notes	Group		Company	
		30/06/03 \$'000	31/12/02 \$'000	30/06/03 \$'000	31/12/02 \$'000
<b>Current assets:</b>					
Cash		26,886	6,839	22,254	2,070
Trade receivables	(a)	22,567	20,788	14,243	17,976
Other receivables and prepayments	(b)	11,142	9,336	25,901	23,832
Inventories	(c)	10,756	9,621	6,970	6,295
<b>Total current assets</b>		<b>71,351</b>	<b>46,584</b>	<b>69,368</b>	<b>50,173</b>
<b>Non-current assets:</b>					
Investment in subsidiaries		-	-	20,973	13,147
Investment		42	-	42	-
Property, plant and equipment		17,659	14,139	7,080	6,493
Club memberships		87	87	87	87
Goodwill arising from purchase of business		2,141	-	1,040	-
Goodwill on consolidation		10,580	10,749	-	-
<b>Total non-current assets</b>		<b>30,509</b>	<b>24,975</b>	<b>29,222</b>	<b>19,727</b>
<b>Total assets</b>		<b>101,860</b>	<b>71,559</b>	<b>98,590</b>	<b>69,900</b>
<b>Current liabilities:</b>					
Bank Overdrafts		11	57	11	57
Trade payables	(d)	8,169	8,180	12,753	17,744
Other payables	(e)	3,824	11,612	5,394	8,889
Income tax payable		2,634	3,838	1,504	1,487
Obligations under finance leases		37	37	-	-
Bank loans	(f)	8,385	4,740	8,352	4,740
Preference Shares		-	997	-	997
Bonds payable		-	19,000	-	19,000
<b>Total current liabilities</b>		<b>23,060</b>	<b>48,461</b>	<b>28,014</b>	<b>52,914</b>
<b>Non-current liabilities:</b>					
Obligations under finance leases		104	182	-	-
Deferred income tax		539	574	712	712
<b>Total non-current liabilities</b>		<b>643</b>	<b>756</b>	<b>712</b>	<b>712</b>
Minority Interest		491	262	-	-
<b>Capital and reserves:</b>					
Issued capital		15,829	5,000	15,829	5,000
Capital Redemption Reserve		22	22	22	22
Share premium		42,166	-	42,166	-
Foreign currency translation reserve		181	(299)	-	-
Accumulated profits		19,468	17,357	11,847	11,252
<b>Total equity</b>		<b>77,666</b>	<b>22,080</b>	<b>69,864</b>	<b>16,274</b>
<b>Total liabilities and equity</b>		<b>101,860</b>	<b>71,559</b>	<b>98,590</b>	<b>69,900</b>

**Note:**

**(a) Trade Receivables**

The trade receivables turnover day is 103 days for the first half of 2003 (1<sup>st</sup> Quarter : 104 days) and the trade receivables aging is as follows:

Trade Receivables Aging	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
30 June 2003	61%	13%	14%	12%	100%
31 March 2003	49%	18%	8%	25%	100%

Included in trade receivables of the Group and Company are third party logistics (3PL) receivables amounting to \$2.5 million.

**(b) Other Receivables and Prepayments**

Included in other receivables are recoverables from certain repair management activities amounting to \$1.4 million. Apart from the above, other receivables comprise mainly deposits for rental and utilities (\$1.4 million), deposits for purchase of investments and assets (\$2.5 million) and prepayments (\$1.1 million).

**(c) Inventories**

Included in inventories of the Group and Company are third party logistics (3PL) stocks amounting to \$2.1 million.

**(d) Trade Payable**

Trade payable turnover day is 94 days for the first half of 2003. (1<sup>st</sup> Quarter : 104 days)

**(e) Other Payable**

Other payable decreases mainly due to reversal of accrued loan interest on bond payable and payment of deferred purchase consideration on acquisition of a subsidiary.

**(f) Bank Loans**

The bank loans of the Group are drawn down for the following:

	S\$'000
Investment in PRC	2,500
3PL and certain repair management activities	5,885
	<hr/>
Total	<u>8,385</u>

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

### Amount repayable in one year or less, or on demand

As at 30 June 2003		As at 31 December 2002	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
8,433	Nil	4,834	19,997

### Amount repayable after one year

As at 30 June 2003		As at 31 December 2002	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
104	Nil	182	Nil

### Details of collateral

The bank overdrafts and bank loans amounting to \$8,396,000 of the Group are secured by fixed deposits of \$1,000,000, certain inventories and receivables of the Company.

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

The unsecured group borrowings as at 31 December 2002 consist of \$19,000,000 redeemable convertible bonds and \$997,000 convertible redeemable preference shares which have been converted into ordinary shares of the Company in 2003.

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

	Note	Q2-03 \$'000	Q2-02 \$'000	YTD Jun-03 \$'000	YTD Jun-02 \$'000
<b>Cash flows from operating activities:</b>					
Profit before income tax		5,541	4,565	9,074	7,323
Adjustments for:					
Depreciation expense		568	553	1,172	972
Interest expense		26	585	60	1,168
Loss/ (Gain) on disposal of fixed assets		(4)	63	(4)	63
Fixed assets written off		19	-	19	-
Amortisation of goodwill		208	127	358	213
Operating profit before working capital changes		<u>6,358</u>	<u>5,893</u>	<u>10,679</u>	<u>9,739</u>
Trade receivables	(a)	(6,862)	115	(1,779)	(3,453)
Other receivables and prepaid expenses	(a)	347	(2,975)	651	(2,883)
Inventories	(a)	(579)	(1,786)	(1,039)	(2,570)
Trade payables		1,087	1,753	(11)	2,552
Other payables		<u>(348)</u>	<u>1,660</u>	<u>(4,015)</u>	<u>(29)</u>
Cash generated from operations		3	4,660	4,486	3,356
Interest paid		(26)	(585)	(60)	(1,168)
Income tax paid		<u>(1,191)</u>	<u>379</u>	<u>(2,603)</u>	<u>(307)</u>
Net cash from operating activities	(a)	<u>(1,214)</u>	<u>4,454</u>	<u>1,823</u>	<u>1,881</u>
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment		(2,924)	(2,369)	(4,571)	(4,423)
Proceeds from disposal of fixed assets		4	163	4	163
Reversal/ (Deposits) for purchase of assets and investments	(b)	1,884	-	(2,458)	-
Purchase of business	(b)	(2,403)	-	(2,403)	-
Purchase of investment		(42)	-	(42)	-
Payment for deferred purchase consideration		-	(849)	(3,932)	(849)
Net cash used in investing activities		<u>(3,481)</u>	<u>(3,055)</u>	<u>(13,402)</u>	<u>(5,109)</u>
<b>Cash flows from financing activities:</b>					
Proceeds from issuing shares net of share issue expenses	(c)	(110)	-	27,407	-
Proceeds from issuing shares to minority shareholders		219	-	219	-
Decrease in finance lease		(40)	(183)	(78)	(213)
Proceeds from short term loan	(a)	<u>4,759</u>	<u>2,250</u>	<u>3,645</u>	<u>2,250</u>
Net cash from financing activities		<u>4,828</u>	<u>2,067</u>	<u>31,193</u>	<u>2,037</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>					
		(171)	(94)	479	(229)
Net (decrease)/ increase in cash		(38)	3,370	20,093	(1,420)
Balance at beginning of year		<u>26,913</u>	<u>4,945</u>	<u>6,782</u>	<u>9,736</u>
<b>Balance at end of year</b>	(d)	<u>26,875</u>	<u>8,316</u>	<u>26,875</u>	<u>8,316</u>

## Note

(a)

Included in the cash flow from operating activities for the 6 months of 2003 are the following working capital changes:

	\$'000
Trade receivables arising from 3PL	2,479
Other receivables arising from certain repair management activities	1,437
Stocks for 3PL operations	2,057
	<u>5,973</u>

The net cash flow from operating activities would have been as follows without the above activities that are financed by loan.

	Q1-03	Q2-03	YTD Jun-03
Net cash from operating activities (per cash flow statement)	3,037	(1,214)	1,823
Loan undertaken for 3PL and certain repair management activities	1,126	4,759	5,885
Adjusted net cash from operating activities	<u>4,163</u>	<u>3,545</u>	<u>7,708</u>

(b)

This relates to the purchase of business in Australia, Vietnam and Singapore. Part of this purchase of business was reflected as deposits for purchase of assets and investments in the 1<sup>st</sup> Quarter of 2003.

(c)

Breakdown of the proceeds from issuance of shares during the 6-month financial period ended 30 June 2003 are as follows:

	6 Months Ended 30 June 2003 \$'000
Allotment and issue of new ordinary shares :	
Pursuant to pre-invitation ESOS of 798,768 ordinary shares of \$1 par each at \$6.26 each	5,000
Public issue of 90,000,000 ordinary shares of \$0.025 par each at \$0.27 each	24,300
IPO Expenses	(1,893)
	<u>27,407</u>



(d)

Cash as at the end of financial period included in the consolidated cash flow statement comprise the following balance sheet amounts:

	<b>As at 30 June 2003 \$'000</b>	<b>As at 30 June 2002 \$'000</b>
Cash and bank balances	26,886	8,316
Bank overdrafts	(11)	-
	<hr/> 26,875 <hr/>	<hr/> 8,316 <hr/>

**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) \$'000	Capital redemption reserve \$'000	Share Premium \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
<b>Group (6 months Ended June 2002)</b>						
<b>Balance at January 1, 2002</b>	5,000	-	-	227	5,638	10,865
Net profit for the period	-	-	-	-	5,690	5,690
Foreign currency translation	-	-	-	(229)	-	(229)
<b>Balance at June 30, 2002</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>11,328</b>	<b>16,326</b>
<b>Group (6 months Ended June 2003)</b>						
<b>Balance at January 1, 2003</b>	5,000	22	-	(299)	17,357	22,080
Allotment and issue of new ordinary shares pursuant to pre-invitation ESOS	799	-	4,201	-	-	5,000
Conversion of redeemable preference shares	823	-	174	-	-	997
Conversion of redeemable convertible bond	1,366	-	17,634	-	-	19,000
Bonus issue	5,591	-	-	-	(5,591)	-
Public issue	2,250	-	22,050	-	-	24,300
IPO Expenses	-	-	(1,893)	-	-	(1,893)
Net profit for the period	-	-	-	-	7,702	7,702
Foreign currency translation	-	-	-	480	-	480
<b>Balance at June 30, 2003</b>	<b>15,829</b>	<b>22</b>	<b>42,166</b>	<b>181</b>	<b>19,468</b>	<b>77,666</b>
<b>Company (6 months Ended June 2002)</b>						
<b>Balance at January 1, 2002</b>	5,000	-	-	-	1,983	6,983
Net profit for the period	-	-	-	-	5,445	5,445
<b>Balance at June 30, 2002</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,428</b>	<b>12,428</b>
<b>Company (6 months Ended June 2003)</b>						
<b>Balance at January 1, 2003</b>	5,000	22	-	-	11,252	16,274
Allotment and issue of new ordinary shares pursuant to pre-invitation ESOS	799	-	4,201	-	-	5,000
Conversion of redeemable preference shares	823	-	174	-	-	997
Conversion of redeemable convertible bond	1,366	-	17,634	-	-	19,000
Bonus issue	5,591	-	-	-	(5,591)	-
Public issue	2,250	-	22,050	-	-	24,300
IPO Expenses	-	-	(1,893)	-	-	(1,893)
Net profit for the period	-	-	-	-	6,186	6,186
<b>Balance at June 30, 2003</b>	<b>15,829</b>	<b>22</b>	<b>42,166</b>	<b>-</b>	<b>11,847</b>	<b>69,864</b>

**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**

Please refer to note 1(d)(i)

**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**

	YTD Jun-03	YTD Jun-02
Earnings per share	1.29 cents	1.05 cents

The calculation of basic earnings per ordinary share is based on the Group's profit after income tax and minority interests of \$7,702,000 for the six months ended 30 June 2003 (6 months ended 30 June 2002: \$5,690,000) divided by the weighted average number of issued shares of 597,063,419 (2002: pre invitation share capital of 543,162,320 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**

	<u>30 June 2003</u>	<u>Group</u> <u>31 December 2002</u>	<u>30 June 2003</u>	<u>Company</u> <u>31 December 2002</u>
Net Tangible Asset Value ("NTA") per share	<u>10.25 cents</u>	<u>3.33 cents</u>	<u>10.87 cents</u>	<u>4.79 cents</u>

For comparative purposes, NTA has been computed based on the net assets of our Group less goodwill on consolidation and net assets of the Company.

The NTA per Share as at 30 June 2003 has been calculated based on post invitation share capital of 633,162,320 ordinary shares of \$0.025 each. The NTA per share for 31 December 2002 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 31 December 2002 and as adjusted for the bonus share issue of 0.7 ordinary share for every one ordinary share 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**

The increase in revenue for the 6-month period ended 30 June 2003 as compared to the 6-month period ended 30 June 2002 was mainly attributable to an increase in the volume of business, more 3PL activities undertaken and also revenue from the repair management activities. The Group's total network as at 30 June 2003 comprises 145 service centres and 168 repair management centres compared to 77 service centres and 110 repair management centres as at 30 June 2002.

**Profit after Income Tax**

The Group's profit after income tax for the 6-month period ended 30 June 2003 as compared to the 6-month period ended 30 June 2002 has increased by 34% mainly due to the increase in revenue as explained above. Apart from that, the increase is also due to higher other operating income from royalty, management and corporate advisory fee and foreign currency exchange adjustment gain.

**Cash Flows**

The net increase in the cash and cash equivalent for the 6-month period ended 30 June 2003 is mainly due to proceeds received from IPO less payments for investments, purchase of business, deposits made for investments and additional capital expenditure resulting from the set-up of new service centres.

**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**

In the first half of 2003, the Group continued to expand its regional network from 98 service centres as at 31 December 2002 to 145 service centres as at 30 June 2003. During the same period, the Group has also expanded its network of third-party repair management centres from 110 to 168.

	<b>As at 30 June 2003</b>	<b>As at 31 December 2002</b>
<b>Brands</b>	21	18
<b>Service Centres</b>	145	98
<b>Repair Management Centres</b>	168	110
<b>Countries/Territories</b>	14	12
<b>Cities/Towns</b>	40	25

The directors believe that the Group, with its track record and its regional network in 14 countries, is well positioned to benefit from the continuing trend of consolidation in the fragmented After-Market Services (AMS) industry in the region. The Group is also confident that it is equipped to provide AMS for high-tech consumer products that are becoming increasingly sophisticated.

Despite the recent outbreak of the severe acute respiratory syndrome (SARS) and the challenging market conditions, the Group's expansion plans and operations have not been hampered by these events. Barring unforeseen circumstances, the Group remains optimistic of its prospects in the next reporting period.

**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  
31 July 2003**