

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 Third 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**

Group	Notes	Q3-03 \$'000	Q3-02 \$'000	YTD Sep-03 \$'000	YTD Sep-02 \$'000	Q3 Inc/ (Dec) %	YTD Inc/ (Dec) %
<b>Revenue</b>		<b>27,168</b>	<b>18,357</b>	<b>65,630</b>	<b>49,635</b>	48%	32%
Spare Parts Consumed		(11,178)	(6,561)	(25,984)	(17,629)	70%	47%
Other Operating Income	(i)	1,219	1,367	6,766	3,823	(11%)	77%
Staff Costs		(6,596)	(5,280)	(18,550)	(15,095)	25%	23%
Depreciation Other Operating Expenses	(ii)	(666) (3,816)	(508) (3,875)	(1,838) (10,759)	(1,480) (8,403)	31% (2%)	24% 28%
<b>Profit from operations</b>		<b>6,131</b>	<b>3,500</b>	<b>15,265</b>	<b>10,851</b>	75%	41%
Finance cost	(iii)	(101)	(8)	(161)	(36)	1163%	347%
<b>Profit before income tax</b>		<b>6,030</b>	<b>3,492</b>	<b>15,104</b>	<b>10,815</b>	73%	40%
Income tax expenses		(909)	(417)	(2,272)	(1,966)	118%	16%
<b>Profit after income tax</b>		<b>5,121</b>	<b>3,075</b>	<b>12,832</b>	<b>8,849</b>	67%	45%
Minority interests		4	6	(5)	(78)	(33%)	(94%)
<b>Net profit attributable to shareholders</b>		<b>5,125</b>	<b>3,081</b>	<b>12,827</b>	<b>8,771</b>	66%	46%

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

	Note	Q3-03 \$'000	Q3-02 \$'000	YTD Sep- 03 \$'000	YTD Sep- 02 \$'000
Management and corporate advisory fees	1	1,077	1,286	3,102	1,286
Royalty		-	-	1,238	530
Foreign currency exchange gain	2	90	65	1,811	367
Interest income		44	-	119	157
Imputed cost of free inventories now sold		-	-	-	765
Government grant		-	-	229	-
Rental income		-	-	-	5
Reimbursement of expenses by a minority shareholder		-	-	-	109
Others		8	16	267	604
		<u>1,219</u>	<u>1,367</u>	<u>6,766</u>	<u>3,823</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 : Foreign currency exchange gain**

Foreign currency exchange gain in third quarter of 2003 has reduced significantly as compared to the preceding two quarters as the Group has adopted a more conservative foreign exchange management policy in line with the Group's long term objective of hedging.

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

	<b>Q3-03</b>	<b>Q3-02</b>	<b>YTD</b>	<b>YTD</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>Sep-03</b>	<b>Sep-02</b>
			<b>\$'000</b>	<b>\$'000</b>
Amortisation of goodwill	162	155	520	368
Loss on disposal of property, plant and equipment	4	5	4	68
Minimum lease payments under operating lease	1,311	1,089	3,560	2,238
Reversal of allowances for doubtful trade receivables	-	(26)	(46)	(162)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

	<b>Q3-03</b>	<b>Q3-02</b>	<b>YTD</b>	<b>YTD</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>Sep-03</b>	<b>Sep-02</b>
			<b>\$'000</b>	<b>\$'000</b>
Interest expense to non-related companies	-	-	-	28
Interest on bonds	-	570	-	1,710
Interest on bank loans	<u>101</u>	<u>8</u>	<u>161</u>	<u>8</u>
	101	578	161	1,746
Recovery of interest expense	<u>-</u>	<u>(570)</u>	<u>-</u>	<u>(1,710)</u>
	<u>101</u>	<u>8</u>	<u>161</u>	<u>36</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>	<b>Notes</b>	<b>Group</b>		<b>Company</b>	
		<b>30/09/03</b>	<b>31/12/02</b>	<b>30/09/03</b>	<b>31/12/02</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets:</b>					
Cash		28,717	6,839	20,219	2,070
Trade receivables	(a)	24,094	20,788	13,265	17,976
Other receivables and prepayments	(b)	19,945	9,336	36,435	23,832
Inventories	(c)	10,844	9,621	3,822	6,295
<b>Total current assets</b>		<b>83,600</b>	<b>46,584</b>	<b>73,741</b>	<b>50,173</b>
<b>Non-current assets:</b>					
Investment in subsidiaries		-	-	23,832	13,147
Investment		542	-	542	-
Property, plant and equipment		17,953	14,139	7,136	6,493
Club memberships		87	87	87	87
Goodwill on purchase of business		2,114	-	1,026	-
Goodwill arising on consolidation		10,446	10,749	-	-
<b>Total non-current assets</b>		<b>31,142</b>	<b>24,975</b>	<b>32,623</b>	<b>19,727</b>
<b>Total assets</b>		<b>114,742</b>	<b>71,559</b>	<b>106,364</b>	<b>69,900</b>
<b>Current liabilities:</b>					
Bank overdrafts		-	57	-	57
Trade payables	(d)	10,167	8,180	12,108	17,744
Other payables	(e)	5,962	11,612	14,718	8,889
Income tax payable		3,469	3,838	270	1,487
Obligations under finance leases		37	37	-	-
Bank loans	(f)	11,870	4,740	9,671	4,740
Preference shares		-	997	-	997
Bonds payable		-	19,000	-	19,000
<b>Total current liabilities</b>		<b>31,505</b>	<b>48,461</b>	<b>36,767</b>	<b>52,914</b>
<b>Non-current liabilities:</b>					
Obligations under finance leases		88	182	-	-
Deferred tax		740	574	912	712
<b>Total non-current liabilities</b>		<b>828</b>	<b>756</b>	<b>912</b>	<b>712</b>
Minority Interest		498	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		42,186	-	42,186	-
Foreign currency translation reserve		(719)	(299)	-	-
Accumulated profits		24,593	17,357	10,648	11,252
<b>Total equity</b>		<b>81,911</b>	<b>22,080</b>	<b>68,685</b>	<b>16,274</b>
<b>Total liabilities and equity</b>		<b>114,742</b>	<b>71,559</b>	<b>106,364</b>	<b>69,900</b>

**Note:**

**(a) Trade Receivables**

The trade receivables turnover day is 100 days for the 3rd quarter of 2003 (1st half :103 days) and the trade receivables aging is as follows:

<b>Trade Receivables Aging</b>	<b>1 - 30 Days</b>	<b>31 - 60 Days</b>	<b>61 - 90 Days</b>	<b>Over 90 Days</b>	<b>Total</b>
As at 30 September 2003	59%	14%	7%	20%	100%
As at 30 June 2003	61%	13%	14%	12%	100%
As at 31 March 2003	49%	18%	8%	25%	100%

Included in trade receivables of the Group as at 30 September 2003 are third party logistics (3PL) receivables amounting to \$3.2 million.

**(b) Other Receivables and Prepayments**

Included in other receivables are recoverables from certain repair management activities amounting to \$6.6 million. Apart from the above, other receivables includes deposits for rental and utilities (\$1.4 million), deposits for purchase of investments and assets (\$3.9 million) and prepayments (\$0.8 million).

**(c) Inventories**

Included in inventories of the Group are third party logistics (3PL) stocks amounting to \$2.6 million.

**(d) Trade Payable**

Trade payable turnover day is 115 days for the third quarter of 2003. (1<sup>st</sup> half 94 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:

	<b>\$'000</b>
Investment in PRC	2,112
3PL and certain repair management activities	9,758
Total	<u>11,870</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 September 2003		As at 31 December 2002	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
6,417	5,490	4,834	19,997

### Amount repayable after one year

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

### Details of collateral

The bank loans amounting to \$6,380,000 (31 December 2002: \$4,740,000) of the Group are secured by fixed deposits of \$4,970,000, certain inventories and receivables of the Group.

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	Q3-03 \$'000	Q3-02 \$'000	YTD Sep-03 \$'000	YTD Sep-02 \$'000
<b>Cash flows from operating activities:</b>					
Profit before income tax		6,030	3,492	15,104	10,815
Adjustments for:					
Depreciation expense		666	508	1,838	1,480
Interest expense		101	8	161	36
Interest income		(44)	-	(119)	(157)
Loss / (Gain) on disposal of property, plant and equipment		-	5	(4)	68
Property, plant and equipment written off		-	-	19	-
Amortisation of goodwill		162	155	520	368
Operating profit before working capital changes		6,915	4,168	17,519	12,610
Trade receivables	(a)	(1,527)	939	(3,306)	(2,514)
Other receivables and prepaid expenses	(a)	(7,295)	(2,355)	(6,644)	(5,238)
Inventories	(a)	(184)	(135)	(1,223)	(2,705)
Trade payables		1,998	(1,640)	1,987	912
Other payables		2,297	(710)	(1,718)	(739)
Cash generated from operations		2,204	267	6,615	2,326
Interest received		44	-	119	157
Income tax refund/ (paid)		128	(173)	(2,475)	(480)
Net cash from operating activities	(a)	<u>2,376</u>	<u>94</u>	<u>4,259</u>	<u>2,003</u>
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment		(1,096)	(1,415)	(5,667)	(5,838)
Proceeds from disposal of property, plant and equipment		-	-	4	163
Deposits for purchase of assets and investments	(b)	(1,426)	-	(3,884)	-
Purchase of business	(b)	-	-	(2,403)	-
Purchase of investments		(500)	-	(542)	-
Payment for deferred purchase consideration		-	(1,029)	(3,932)	(1,878)
Net cash used in investing activities		<u>(3,022)</u>	<u>(2,444)</u>	<u>(16,424)</u>	<u>(7,553)</u>
<b>Cash flows from financing activities:</b>					
Proceeds from issuing shares net of share issue expenses		20	-	27,427	-
Proceed from issuing shares to minority shareholders		-	-	219	-
Interest paid		(101)	(8)	(161)	(36)
(Decrease) / Increase in finance lease		(17)	160	(95)	(53)
Proceeds from bank loans	(a)	3,485	350	7,130	2,600
Net cash from financing activities		<u>3,387</u>	<u>502</u>	<u>34,520</u>	<u>2,511</u>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>					
		(899)	336	(420)	107
Net increase/(decrease) in cash		1,842	(1,512)	21,935	(2,932)
Balance at beginning of period/ year		26,875	8,316	6,782	9,736
<b>Balance at end of period/year</b>	(d)	<u>28,717</u>	<u>6,804</u>	<u>28,717</u>	<u>6,804</u>

**Note**

(a)

Included in the cash flow from operating activities for the 9 months ended 30 September 2003 are the following working capital changes:

	<b>\$'000</b>
Trade receivables arising from 3PL	3,207
Other receivables arising from certain repair management activities	6,569
Stocks for 3PL operations	2,564
	<u>12,340</u>

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

	<b>Q1-03</b>	<b>Q2-03</b>	<b>Q3-03</b>	<b>YTD Sep-03</b>
Net cash from operating activities (per cash flow statement)	3,037	(1,214)	2,376	4,259
Loan undertaken for 3PL and certain repair management activities	1,126	4,759	3,873	9,758
Adjusted net cash from operating activities	<u>4,163</u>	<u>3,545</u>	<u>6,249</u>	<u>14,017</u>

(b)

This relates to the purchase of business in China.

(c)

Cash as at the end of financial period included in the consolidated cash flow statement comprise of cash and bank balances.



**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 (9 months Ended September 2002)</b>						
<b>Balance at January 1, 2002</b>	5,000	-	-	227	5,638	10,865
Net profit for the period	-	-	-	-	8,771	8,771
Foreign currency translation	-	-	-	139	-	139
<b>Balance at September 30, 2002</b>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>366</u>	<u>14,409</u>	<u>19,775</u>
<b>Group (9 months Ended September 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	-	-	(1,873)	-	-	(1,873)
Net profit for the period	-	-	-	-	12,827	12,827
Foreign currency translation	-	-	-	(420)	-	(420)
<b>Balance at September 30, 2003</b>	<u>15,829</u>	<u>22</u>	<u>42,186</u>	<u>(719)</u>	<u>24,593</u>	<u>81,911</u>
<b>Company (9 months Ended September 2002)</b>						
<b>Balance at January 1, 2002</b>	5,000	-	-	-	1,983	6,983
Net profit for the period	-	-	-	-	7,800	7,800
<b>Balance at September 30, 2002</b>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,783</u>	<u>14,783</u>
<b>Company (9 months Ended September 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	-	-	(1,873)	-	-	(1,873)
Net profit for the period	-	-	-	-	4,987	4,987
<b>Balance at September 30, 2003</b>	<u>15,829</u>	<u>22</u>	<u>42,186</u>	<u>-</u>	<u>10,648</u>	<u>68,685</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**

Please refer to note 1(d)(i) for movement in share capital and reserve.

The ACCS Share Option Scheme 2003 (the "Scheme") was approved and adopted by members at Extraordinary General Meeting held on 13 January 2003. On 17 September 2003, pursuant to the terms of the Scheme, 9,420,000 share options were granted to and accepted by employees of the Group. The price at which a participant of the Scheme shall subscribe for each share upon the exercise of an option is S\$0.60 and is 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.

**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 (EPS) 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>Q3-03</b>	<b>Q3-02</b>	<b>YTD Sep-03</b>	<b>YTD Sep-02</b>
EPS (based on consolidated net profit attributable to shareholders)				
- basic	0.8 cents	0.6 cents	2.1 cents	1.6 cents
- fully diluted	0.8 cents	0.6 cents	2.1 cents	1.6 cents

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 609,184,218 (30 September 2002: pre invitation share capital of 543,162,320 shares) 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 dilutive potential ordinary shares of 610,239,774 (30 September 2002: pre invitational share capital of 543,162,320 ) 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**

	<b>Group</b>		<b>Company</b>	
	<b>30-Sep-03</b>	<b>31-Dec-02</b>	<b>30-Sep-03</b>	<b>31-Dec-02</b>
Net Tangible Assets Value (NTA)				
per share	<u>10.95 cents</u>	<u>3.33 cents</u>	<u>10.68 cents</u>	<u>4.79 cents</u>

For comparative purposes, NTA for the Group and the Company have been computed based on the net assets of the Group and the Company less goodwill arising on consolidation and purchase of business.

The NTA per Share as at 30 September 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 9-month period ended 30 September 2003 as compared to the 9-month period ended 30 September 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 September 2003 comprises 160 service centres and 168 repair management centres compared to 82 service centres and 110 repair management centres as at 30 September 2002.

#### **Profit after Income Tax**

The Group's profit after income tax for the 9-month period ended 30 September 2003 as compared to the 9-month period ended 30 September 2002 has increased by 45% 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 9-month period ended 30 September 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**

No significant variance is expected.

**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 third quarter of 2003, the Group's regional network continued to expand from 145 service centres as at 30 June 2003 (in 93 physical locations) to 160 service centres (in 103 physical locations) as at 30 September 2003.

	<b>As at 30 September 2003</b>	<b>As at 30 June 2003</b>
<b>Brands</b>	21	21
<b>Service Centres</b>	160	145
<b>Repair Management Centres</b>	168	168
<b>Countries/Territories</b>	14	14
<b>Cities</b>	42	40
<b>Staff</b>	1,126	1,075

The Group is actively implementing the projects that it had secured to-date, in particular,

- (i) the refurbishment projects that it had clinched in September 2003 with several mobile phone distributors in the region. To-date, the volume handled by the Group for the refurbishment projects is approximately 25,000 units per month for September and October 2003.
- (ii) the venture into the AMS market in India. The Group is finalizing the proposed acquisition of UCom and is working closely with Motorola to set up an AMS network for Motorola's GSM and CDMA mobile phones in India.
- (iii) the expansion of network in Australia. The Group is finalizing the acquisition of Mobilefonerepair.com and is working closely with Nokia to set up a nationwide AMS network in Australia.

The Directors continue to see a trend of consolidation in the fragmented AMS industry in the region and believe that the Group, with its track record and its regional network in 14 countries, is well positioned to benefit from the current trend and remain optimistic of the Group's 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**  
**11 November 2003**