

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

2006 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**

In S\$'000	Notes	Q1-06	Q1-05	Q1 Inc/Dec %
Revenue	1(a)(i)	69,559	75,724	-8%
Cost of sales	1(a)(i)	<u>(57,769)</u>	<u>(55,918)</u>	3%
Gross Profit	1(a)(i)	11,790	19,806	-40%
Other Operating Income	1(a)(ii)	756	1,058	-29%
Administrative expenses	1(a)(iii)	(10,092)	(18,782)	-46%
Other Operating Expenses	1(a)(iv)	(4,224)	(5,121)	-18%
Finance cost	1(a)(v)	(536)	(422)	27%
Loss before income tax		<u>(2,306)</u>	<u>(3,461)</u>	-33%
Income tax expenses	1(a)(vi)	<u>(155)</u>	<u>(316)</u>	-51%
Loss for the period		<u><u>(2,461)</u></u>	<u><u>(3,777)</u></u>	-35%
Attributable to:				
Equity holders of the company		(2,648)	(3,793)	-30%
Minority Interests		187	16	1069%
		<u><u>(2,461)</u></u>	<u><u>(3,777)</u></u>	-35%

1(a) (i) Revenue, Cost of Sales and Gross Profit

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:

In S\$'000	Q1-06	Q1-05	Q1 Inc/(Dec)
Revenue			
AMS	11,904	20,177	-41%
DMS	57,655	55,547	4%
	<u>69,559</u>	<u>75,724</u>	-8%
Cost of Sales			
AMS	(4,638)	(5,676)	-18%
DMS	(53,131)	(50,242)	6%
	<u>(57,769)</u>	<u>(55,918)</u>	3%
Gross Profit			
AMS	7,266	14,501	-50%
DMS	4,524	5,305	-15%
	<u>11,790</u>	<u>19,806</u>	-40%
Gross Profit Margin	17%	26%	
AMS	61%	72%	
DMS	8%	10%	

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

In S\$'000	Q1-06	Q1-05
Interest income		
- Bonds	495	478
- Others	16	39
Rental income	-	321
Bad debt recovered	129	-
Others	116	220
	<u>756</u>	<u>1,058</u>

1(a)(iii) Administrative Expenses

The significant decrease in administrative expenses for Q1-06 as compared to the corresponding period in 2005 is mainly due to decrease in the staff cost in line with the cessation of the Nokia contract.

In S\$'000	Q1-06	Q1-05
Staff Cost		
AMS	6,065	11,903
DMS	1,702	2,126
	<u>7,767</u>	<u>14,029</u>

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

In S\$'000	Q1-06	Q1-05
Depreciation expenses	888	1,323
Impairment of other investments	79	-
Minimum lease payments under operating lease	2,300	3,504
Allowance for doubtful debt	419	129
Plant and equipment written off	-	15
Loss on disposal of plant and equipment	4	19
Impairment of other goodwill	-	75
Foreign Currency Exchange adjustment loss	534	56
	<u>4,224</u>	<u>5,121</u>

The significant decrease in operating lease expenses for Q1-06 as compared to the corresponding period in 2005 is in line with the cessation of the Nokia contract.

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

In S\$'000	Notes	Group 31/3/06	Group 31/12/05	Company 31/3/06	Company 31/12/05
ASSETS					
Current assets:					
Cash		14,457	16,685	2,597	1,838
Cash pledged		5,549	5,448	5,448	5,448
Trade receivables	A	19,497	22,518	9,114	7,950
Other receivables and prepayments	B	18,574	16,564	27,570	45,131
Inventories	C	12,754	11,667	-	-
Total current assets		70,831	72,882	44,729	60,367
Non-current assets:					
Investment in subsidiaries		-	-	21,642	21,642
Investment in associates		14	14	-	-
Other Investments		17,731	17,731	14,090	14,090
Advance payments for investments		2,487	2,487	2,487	2,487
Plant and equipment		13,506	13,963	1,836	2,027
Other goodwill		10,346	10,346	-	-
Goodwill on consolidation		10,116	10,116	-	-
Total non-current assets		54,200	54,657	40,055	40,246
Total assets		125,031	127,539	84,784	100,613
Current liabilities:					
Bank loans		23,899	24,002	6,000	6,000
Bank overdraft		11,615	11,614	2,413	2,413
Trade payables	D	11,455	10,910	9,491	8,555
Other payables	E	40,319	42,484	36,325	51,935
Income tax payable		1,652	1,198	-	-
Finance leases		68	68	-	-
Current portion of long- term bank loan		287	508	-	-
Total current liabilities		89,295	90,784	54,229	68,903
Non-current liabilities:					
Finance leases		187	212	-	-
Deferred income tax		1,046	1,021	912	912
Long-term bank loans		273	324	-	-
Total non-current liabilities		1,506	1,557	912	912
Capital, reserves and minority interest					
Share capital		62,440	24,024	62,440	24,024
Share premium reserve		-	38,394	-	38,394
Capital Redemption Reserve		-	22	-	22
Share options reserve		2,716	2,716	2,716	2,716
Foreign currency translation reserve		860	(633)	-	-
Accumulated losses		(37,371)	(34,723)	(35,513)	(34,358)
Equity attributable to equity holders of the company		28,645	29,800	29,643	30,798
Minority Interest		5,585	5,398	-	-
Total liabilities and equity		125,031	127,539	84,784	100,613

(A) Trade receivables

The trade receivables turnover is 25 days for the 3 months period ended 31 March 2006 (29 days for year ended December 2005).

(B) Other receivables and prepayments

Included in other receivables are mainly refundable deposits (\$5.7 million), prepayments (\$1.1 million) and recoverables (\$9.0 million).

(C) Inventories

The significant increase in inventories is due mainly to additional stock holding of DMS business. The inventory turnover is 20 days for the period ended 31 March 2006 (20 days for year ended 31 December 2005).

(D) Trade payables

Trade payables turnover is 18 days for the period ended 31 March 2006 (18 days for the year ended 31 December 2005).

(E) Other payables

Included in other payables are accrued operating expenses (\$21.1 million), refundable deposit for disposal of a subsidiary (\$4.7 million) and provision for liabilities (\$7.7 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 2006		As at 31 December 2005	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
4,612	31,257	4,612	31,580

Amount repayable after one year

As at 31 March 2006		As at 31 December 2005	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
187	273	212	324

Details of collateral

The bank loans amounting to \$4,544,000 (31 December 2005: \$4,544,000) of the Group are secured by fixed deposits of \$5,448,000 (31 December 2005: \$5,448,000).

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

In S\$'000	Q1-06	Q1-05
Operating activities:		
Loss before income tax	(2,306)	(3,461)
Adjustments for:		
Depreciation expense	888	1,323
Interest expense	536	422
Interest income	(511)	(517)
Loss on disposal of plant and equipment	4	19
Plant and equipment written off	-	15
Impairment of other goodwill	-	75
Operating loss before movement in capital	(1,389)	(2,124)
Trade receivables	3,021	3,836
Other receivables and prepaid expenses	(2,011)	591
Inventories	(1,087)	(6,160)
Trade payables	545	3,215
Other payables	(2,165)	(5,770)
Cash used in operations	(3,086)	(6,412)
Interest received	511	517
Income tax paid	324	(688)
Net used in operating activities	(2,251)	(6,583)
Investing activities:		
Purchase of plant and equipment	(440)	(893)
Proceeds from disposal of plant and equipment	13	8
Additional investment in a subsidiary	-	(2,686)
Advance payments for investments	-	(6,849)
Net cash used in investing activities	(427)	(10,420)
Financing activities:		
Proceeds from issuing shares	-	127
Interest paid	(536)	(422)
(Decrease) increase in finance lease	(25)	19
Fixed deposits subject to restriction	(101)	-
Repayment to bank loans	(375)	(13,574)
Net cash used in financing activities	(1,037)	(13,850)
Net decrease in cash and cash equivalent	(3,715)	(30,853)
Cash and cash equivalent at beginning of period	5,071	33,338
Effect of foreign exchange rate changes	1,486	169
Cash and cash equivalent at end of financial period	2,842	2,654

A. Cash and cash equivalent at end of financial period:

In S\$'000	Mar-06	Mar-05
Cash	20,006	22,913
Bank overdrafts	(11,615)	(11,614)
Less: Cash subject to restriction	(5,549)	(8,645)
Net	<u>2,842</u>	<u>2,654</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

In S\$'000	Share capital	Capital redemption reserve	Share options reserve	Share Premium	Translation reserve	Accumulated Losses	Attributable to Equity holders of the parents	Minority Interest	Total
Group(3 Months Ended 31 March 2005)									
Balance at 1 January 2005 (restated)	24,017	22	1,903	38,274	333	(24,777)	39,772	12,746	52,518
Net loss for the period	-	-	-	-	-	(3,793)	(3,793)	16	(3,777)
Issue of shares on exercise of share options	7	-	-	120	-	-	127	-	127
Foreign currency translation	-	-	-	-	170	-	170	-	170
Balance at 31 March 2005 (restated)	24,024	22	1,903	38,394	503	(28,570)	36,276	12,762	49,038
Group(3 Months Ended 31 March 2006)									
Balance at 1 January 2006	24,024	22	2,716	38,394	(633)	(34,723)	29,800	5,398	35,198
Net loss for the period	-	-	-	-	-	(2,648)	(2,648)	187	(2,461)
Transfer to share capital	38,416	(22)	-	(38,394)	-	-	-	-	-
Foreign currency translation	-	-	-	-	1,493	-	1,493	-	1,493
Balance at 31 March 2006	62,440	-	2,716	-	860	(37,371)	28,645	5,585	34,230
Company (3 Months Ended 31 March 2005)									
Balance at 1 January 2005 (restated)	24,017	22	1,903	38,274	-	(758)	63,458	-	63,458
Net profit for the period	-	-	-	-	-	980	980	-	980
Issue of shares on exercise of share options	7	-	-	120	-	-	127	-	127
Balance at 31 March 2005 (restated)	24,024	22	1,903	38,394	-	222	64,565	-	64,565
Company (3 Months Ended 31 March 2006)									
Balance at 1 January 2006	24,024	22	2,716	38,394	-	(34,358)	30,798	-	30,798
Net loss for the period	-	-	-	-	-	(1,155)	(1,155)	-	(1,155)
Transfer to share capital	38,416	(22)	-	(38,394)	-	-	-	-	-
Balance at 31 March 2006	62,440	-	2,716	-	-	(35,513)	29,643	-	29,643

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, 2006 under the Scheme were as follows:

Date of grant	Number of share options			Balance at March 31, 2006	Subscription Price	Expiry date
	Balance at January 1, 2006 or grant date if later	Exercised	Lapsed/ Cancelled			
September 17, 2003	1,664,000	-	(219,000)	1,445,000	0.40	September 16, 2013
April 14, 2004	13,833,000	-	(2,199,000)	11,634,000	0.651	April 13, 2014
September 22, 2005	7,000,000	-	-	7,000,000	0.155	September 21, 2010
	<u>22,497,000</u>	<u>-</u>	<u>(2,418,000)</u>	<u>20,079,000</u>		

Pursuant to the Companies (Amendment) Act 2005 effective from 30 January 2006, the concept of authorized share capital and par value has been abolished. Consequently any amounts standing to the credit of share premium account and capital redemption reserve account as at 30 January 2006 were transferred to share capital as at that date.

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 for the period from 1 January 2006 to 31 March 2006 have not been audited or reviewed by our auditors. The auditors have expressed an "except for" opinion on the 2005 financial statements as described in the following: -

- a) The opening balances affected by adjustments arising from the matters below were brought forward into the financial statements for the year ended 31 December 2005 and hence have effects on the 2005 financial statements.
- refurbishment service income and investigations;
 - payments for certain investments;
 - adjustments made by the company in relation to financial years 2004 and 2003; and
 - limitation on the scope of work of auditors of certain subsidiaries.

- b) The ongoing CAD proceedings against former executives, the outcome of such proceedings may uncover information which may require further adjustments.
- c) The completeness of the disclosure of related party transactions, due to former executives who have been subsequently charged by CAD were still presiding over the affairs of the company during the first half of 2005.
- d) The auditors of certain subsidiaries have expressed disclaimer of opinion due to limitation of scope on certain provisions and impairment data.
- e) The audit clearances for certain subsidiaries were not received as at date of auditors' report.

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 group and the company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements as at 31 December 2005.

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

Please refer to note 4.

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

	Q1-06	Q1-05
	Cents	Cents
EPS (based on consolidated net loss attributable to equity holders of the company)		
- basic	(0.3)	(0.4)
- fully diluted	(0.3)	(0.4)
	<u><u> </u></u>	<u><u> </u></u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 960,970,480 (31 December 2005: 960,935,417) 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 960,970,480 (31 December 2005: 960,935,417) 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-06 cents	Dec-05 cents	Mar-06 cents	Dec-05 cents
Net Assets Value (NA) per share	<u>2.98</u>	<u>3.10</u>	<u>3.08</u>	<u>3.20</u>

The NA per Share as at 31 March 2006 is calculated based on 960,970,480 (31 December 2005: 960,652,480) 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

Revenue

The decrease in revenue for the 3 months period ended 31 March 2006 as compared to the 3 months period ended 31 March 2005 was mainly attributable to the cessation of the Nokia contract in May 2005.

Loss after income tax

The Group incurred a net loss of \$2.46 million for 1Q2006. While the loss for this period was lower than the corresponding period in FY2005, the Group's margins were impacted due to the intense competition faced by its DMS business and the low yield rates for its AMS operations.

Cash Flows

The Group continued to operate under working capital constraints. The net decrease in cash and cash equivalents for the 3 months period ended 31 March 2006 was due mainly to loan repayments and the 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

On the AMS business, the Group will continue to review its service network and contractual rates with principals to improve current low yields and cost efficiencies for sustainable growth. With the completion of the Semitech acquisition, the Group is in the process of integrating the acquired business into its service network and expects to incur restructuring costs.

Pricing pressures will continue to affect the margins of our DMS business. In addition, the business continues to be hampered by working capital constraints, and this is unlikely to ease till the second half of FY2006, upon the successful completion of the Rights Issue.

In light of the above and barring any unforeseen circumstances, the Group's operating performance is expected to improve in the second half of FY2006.

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

No dividend has been declared/recommendeded.

BY ORDER OF THE BOARD

**Woo Kah Wai
Company Secretary**

**11 May 2006
Singapore**