Financial Statement for First Quarter 2003

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

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Accord Customer Care Solutions Limited is pleased to announce its First Quarter Financial Statement which is in the file attached here-below.

Quarter 1 Report.pdf

Submitted by Liu Kamward, Company Secretary on 20 May 2003 to the SGX

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 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	3 Months Ended 31 March 2003 $'000	3 Months Ended 31 March 2002 $'000	Inc/ (Dec) %
Revenue		**15,767**	**13,161**	20
Spare Parts Consumed		(6,120)	(3,214)	90
Other Operating Income	(i)	3,242	50	nm
Staff Costs		(5,441)	(4,307)	26
Depreciation Expenses		(604)	(419)	44
Other Operating Expenses	(ii)	(3,277)	(2,500)	31
Profit from operations		**3,567**	**2,771**	29
Finance cost	(iii)	(34)	(13)	161
Profit before income tax		**3,533**	**2,758**	28
Income tax expenses		(528)	(583)	(9)
Profit after income tax		**3,005**	**2,175**	38
Minority interests		(5)	-	100
Net Profit attributable to shareholders		**3,000**	**2,175**	38

nm: not meaningful

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

	Group	
	3 Months Ended 31 March 2003 $'000	3 Months Ended 31 March 2002 $'000
Management and corporate advisory fee (Note 1)	1,031	-
Royalty fee (Note 2)	1,060	-
Foreign currency exchange adjustment gain (Note 3)	816	23
Interest income from non-related companies	25	-
Government grants (Note 4)	229	-
Others	81	27
	3,242	**50**

Note 1 : Management and corporate advisory fee

The Group has entered into management and corporate advisory agreements with third parties to manage the operations of two companies in the People's Republic of China ("PRC"). One of the agreements will continue until such time when the parties shall mutually agree to terminate the agreement. The other is a two-year term agreement unless terminated at an earlier date. The scope of services include, *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.

In 2003, the group has further entered into the similar management and corporate advisory agreements with companies in the People's Republic of China ("PRC"), India and Singapore. Two of these agreements will continue until such time when the parties shall mutually agree to terminate the agreement. The other is a long term agreement unless terminated at an earlier date.

Note 2 : Royalty fee

Royalty fee in Q1 2003 represents a one-time fee income received from an unrelated company for the transfer of rights to the retail sale of mobile communication accessories for a few brands in a certain country.

With effect from 2003, the Group has stopped such outright transfer of rights to retail sale of mobile communication accessories. Instead, the Group would allow selected third-parties to handle retail sale of mobile communication accessories at the respective service centers in exchange for either (i) a fixed monthly fee; or (ii) a percentage of sales of such accessories.

Note 3 : Foreign currency exchange adjustment gain

The increase in the foreign currency exchange adjustment gain is due mainly to the appreciation of Euro, USD and A$ against S$. Part of the Group's revenue and trade receivables as well as cost of spare parts and trade payables is denominated in Euro and USD. In addition, the Company has bank balances, other receivables and other payables denominated in Euro and USD. The Group currently does not have a foreign currency hedging policy. The foreign currency adjustment gain arose due to the different foreign exchange rates prevailing at the beginning of the financial period, on invoicing, upon receipt or payment and at the end of the financial period.

Note 4 : Government grant

The government grants received in Q1 2003 comprise mainly financial assistance for the (i) setting up of overseas marketing office in Shanghai, PRC; and (ii) development of the Company's proprietary software system, Accord Customer Relations One-Stop Suite (ACROSS). The development of ACROSS has been completed.

ACROSS is an integrated software system designed and developed by the Company to capture, manage and process after-market services data and provide a one-stop interface to customers.

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

	Group	
	3 Months Ended 31 March 2003 $'000	**3 Months Ended 31 March 2002 $'000**
Amortisation of goodwill on consolidation	150	86
Reversal of doubtful trade receivables	(6)	-
Minimum lease payments paid under operating leases	1,077	879

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

	Group	
	3 Months Ended 31 March 2003 $'000	**3 Months Ended 31 March 2002 $'000**
Interest expense to non-related companies	-	13
Interest on bonds	-	570
Interest on bank loans	34	-
	34	583
Recovery of interest expense	-	(570)
	34	13

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

		Group		Company	
ASSETS	Notes	31 March 03	31 December 02	31 March 03	31 December 02
		$'000	$'000	$'000	$'000
Current assets:					
Cash		26,976	6,839	23,059	2,070
Trade receivables		15,706	20,788	14,706	17,976
Other receivables and prepayments		13,375	9,336	28,096	23,832
Inventories		10,081	9,621	5,872	6,295
Total current assets		66,138	46,584	71,733	50,173
Non-current assets:					
Investment in subsidiaries		-	-	13,310	13,147
Property, plant and equipment		15,182	14,139	6,641	6,493
Club memberships		87	87	87	87
Deferred Expenditure		-	-	-	-
Goodwill on consolidation		11,165	10,749	-	-
Total non-current assets		26,434	24,975	20,038	19,727
Total assets		92,572	71,559	91,771	69,900
Current liabilities:					
Bank Overdrafts		63	57	63	57
Trade payables		7,082	8,180	14,868	17,744
Other payables		4,582	11,612	4,382	8,889
Income tax payable		2,962	3,838	1,787	1,487
Obligations under finance leases		7	37	-	-
Bank loans		3,626	4,740	3,588	4,740
Preference Shares		-	997	-	997
Bonds payable		-	19,000	-	19,000
Total current liabilities		18,322	48,461	24,688	52,914
Non-current liabilities:					
Obligations under finance leases		174	182	-	-
Deferred income tax		565	574	712	712
Total non-current liabilities		739	756	712	712
Minority Interest		268	262	-	-
Capital and reserves:					
Issued capital		15,829	5,000	15,829	5,000
Capital redemption reserve		22	22	22	22
Share premium		42,276	-	42,276	
Foreign currency translation reserve		350	(299)	-	-
Accumulated profits		14,766	17,357	8,244	11,252
Total equity		73,243	22,080	66,371	16,274
Total liabilities and equity		92,572	71,559	91,771	69,900

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 2003		As at 31 December 2002	
Secured ($'000)	Unsecured ($'000)	Secured ($'000)	Unsecured ($'000)
3,696	Nil	4,834	19,997

Amount repayable after one year

As at 31 March 2003		As at 31 December 2002	
Secured ($'000)	Unsecured ($'000)	Secured ($'000)	Unsecured ($'000)
174	Nil	182	Nil

Details of collateral

The bank overdrafts and bank loans amounting to $3,689,000 of the company 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 borrowing as at 31 December 2002 consist of $19,000,000 redeemable convertible bonds and $997,000 convertible redeemable preference shares.

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

	3 Months Ended 31 March 2003 $'000	3 Months Ended 31 March 2002 $'000
Cash flows from operating activities:		
Profit before income tax	3,533	2,758
Adjustments for:		
Depreciation expense	604	419
Interest expense	34	583
Amortisation of goodwill	150	86
Operating profit before working capital changes	4,321	3,846
Trade receivables	5,083	(3,568)
Other receivables, prepaid expenses and deposits	304	92
Inventories	(460)	(783)
Trade payables	(1,098)	798
Other payables	(3,667)	(1,689)
Cash generated from operations	4,483	(1,304)
Interest paid	(34)	(583)
Income tax paid	(1,412)	(685)
Net cash from operating activities	3,037	(2,572)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,647)	(2,054)
Deposits for purchase of assets and investments	(4,342)	-
Payment of deferred purchase consideration	(3,932)	-
Net cash used in investing activities	(9,921)	(2,054)
Cash flows from financing activities:		
Proceeds from issuing shares (Note A)	27,517	-
Decrease in finance lease	(38)	(31)
Repayment of short term loan	(1,114)	-
Net cash from financing activities	26,365	(31)
Net effect of exchange rate changes in consolidating subsidiaries	650	(134)
Net increase in cash	20,131	(4,791)
Balance at beginning of year	6,782	9,736
Balance at end of year (Note B)	26,913	4,945

Notes:

Note A

Breakdown of the proceed from issuing of shares during the 3 months' financial period ended 31 March 2003 are as follows:

	3 Months Ended 31 March 2003 $'000
Allotment and issue of new ordinary shares :	
Pursuant to pre-invitation ESOS	5,000
Public issue	24,300
IPO Expenses	(1,783)
	27,517

Note B

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

	31 March 2003 $'000	31 March 2002 $'000
Cash and bank balances	26,976	4,945
Bank overdrafts	(63)	-
	26,913	4,945

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
Group (3 months Ended 31 March 2002)						
Balance at January 1, 2002	5,000	-	-	227	5,638	10,865
Net profit for the period	-	-	-	-	2,175	2,175
Foreign currency translation	-	-	-	(134)	-	(134)
Balance at March 31, 2002	5,000	-	-	93	7,813	12,906
Group (3 months Ended 31 March 2003)						
Balance at January 1, 2003	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	-	-	(1,783)	-	-	(1,783)
Net profit for the period	-	-	-	-	3,000	3,000
Foreign currency translation	-	-	-	649	-	649
Balance at March 31, 2003	15,829	22	42,276	350	14,766	73,243
Company (3 months Ended 31 March 2002)						
Balance at January 1, 2002	5,000	-	-	-	1,983	6,983
Net profit for the period	-	-	-	-	1,134	1,134
Balance at March 31, 2002	5,000	-	-	-	3,117	8,117
Company (3 months Ended 31 March 2003)						
Balance at January 1, 2003	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	-	-	(1,783)	-	-	(1,783)
Net profit for the period	-	-	-	-	2,583	2,583
Foreign currency translation	-	-	-	-	-	-
Balance at March 31, 2003	15,829	22	42,276	-	8,244	66,371

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

	Group	
	3 months ended 31 March 2003	3 months ended 31 March 2002
Earnings per share	0.54 cents	0.40 cents

The calculation of basic earnings per ordinary share is calculated on the group profit after income tax and minority interests of $3,000,000 for the three months ended 31 March 2003 (3 months ended 31 March 2002: $2,175,000) divided by the weighted average shares of 560,162,320 (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

	Group		Company	
	31 March 2003	31 December 2002	31 March 2003	31 December 2002
Net Tangible Asset Value per share	9.80 cents	3.33 cents	10.48 cents	4.79 cents

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 31 March 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 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

The increase in revenue for the 3 months period ended 31 March 2003 as compared to 3 months period ended 31 March 2002 was mainly attributable to an increase in the volume of our business as we had established 29 additional centres from April 2002 to March 2003. Our total network as at 31 March 2003 is 103 centres compared to only 74 centres as at 31 March 2002.

Profit before income tax

Our group profit before income tax for the 3 months ended 31 March 2003 has increased by 28% due mainly to the increase in the additional centres.

Cash flows

The net increase in the cash and cash equivalent for the 3 months period ended 31 March 2003 is mainly due to proceed received from IPO less payments for investments in subsidiaries, 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

The Group is actively implementing the projects it has secured to-date. The Group is also expanding its network through organic growth as well as through mergers and acquisitions. In this financial year to-date, the Group has broadened its network coverage by expanding its presence in Malaysia, the People's Republic of China and the Philippines as well as establishing its presence in new markets such as Vietnam and United Arab Emirates. The Group intends to continue expanding its operations in key markets such as Thailand and the People's Republic of China.

The Group remains optimistic of the opportunities of increased outsourcing of After-Market Services by network operators, manufacturers, distributors and even service providers in the high-tech consumer products industry.

The Group also intends to grow the number of repair management centres that it manages for third parties to whom the Group provides technical and IT support, training and other value-added services.

With the recently opened regional Nokia CDMA Service Centre in Singapore to support the CDMA handset market in the region, the Group is also exploring opportunities to do more projects involving the Code Division Multiple Access (CDMA) technology.

Market conditions for the rest of this financial year are expected to remain challenging with recent events such as the outbreak of the severe acute respiratory syndrome (SARS). To-date, the Group's expansion plans and operations have not been materially and adversely affected by these events. The Group remains optimistic of its prospects in the next reporting period.

Since the last announcement made on 15 April 2003, we are pleased to announce that we have added five additional dedicated-brand service centres to our network: -

1. set up an Alcatel Service Centre in Malaysia;

2. manage two additional service halls for Digital Total Access Communication PLC ("DTAC") and set up a Nokia Care Centre in Thailand; and

3. manage the service operations of the Nokia Professional Centre at Suntec City Mall in Singapore. With this new centre, the Group manages a total of six Nokia Care locations in Singapore.

As at 20 May 2003, the Group has a total of 140 service centres comprising 74 dedicated-brand service centres (in 74 physical locations) and 66 authorised service centres located in multiple-brand service hubs (in 16 physical locations). In addition, the Group also manages a network of 146 repair management centres on behalf of its partners.

Based on the projects on hand, the Group intends to further expand its network by at least another 25 service centres by the end of this financial year.

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