
Status Update
Miscellaneous

Name of Announcer *	ACCORD CUSTOMER CARE SOLN LTD
Company Registration No.	200009059G
Announcement submitted on behalf of	ACCORD CUSTOMER CARE SOLN LTD
Announcement is submitted with respect to *	ACCORD CUSTOMER CARE SOLN LTD
Announcement is submitted by *	Woo Kah Wai
Designation *	Company Secretary
Date & Time of Broadcast	26-May-2005 20:26:28
Announcement No.	00109

>> Announcement Details

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Announcement Title *	STATUS UPDATE
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Description

The Board of Directors (the "Board") of Accord Customer Care Solutions Limited (the "Company") wishes to announce the following.

1. Results of Investigation into Overstatement of Revenue

On 23 February 2005, the Company had announced that there was an overstatement of revenue for the 3-month period in the 3rd quarter of financial year 2004 in relation to one particular contract in Singapore with a customer of the Company. It was further announced that based on information available to the management of the Company at that time, this overstatement of revenue in relation to the particular contract for the said period was not expected to be material in the context of the revenue and profits of the Company and its subsidiaries (the "Group") for the financial year ended December 2004 as announced by the Company on 22 February 2005. On 28 February 2005, it was announced that PricewaterhouseCoopers ("PwC") had been appointed to carry out a thorough investigation.

The Board wishes to announce that PwC has concluded its investigations into the overstatement of revenue in relation to a particular contract for the financial year 2004. PwC's investigations in this regard has shown that the effect of such overstatement is not likely to be material in the context of the revenue and profits of the Group for the financial year ended 31 December 2004 as announced by the Company on 22 February 2005.

2. Refurbishment Income

In the course of the investigations being conducted by PwC, PwC has discovered a possible overstatement of the Group's revenue and profit before tax attributable to its refurbishment business for the financial years 2003 and 2004. Following further investigations carried out by PwC into the refurbishment business of the Group, it was discovered that there had been an overstatement of the revenue and profit before tax amounting to approximately S\$22 million and S\$19 million respectively for the financial year 2003 and approximately S\$60 million and S\$54 million respectively for

the financial year 2004 in relation to the refurbishment business of the Group.

3. Additional Provisions to Full Year Financial Statement

Following the cessation of the Group's after-market services contract with Nokia to provide after-market services in 10 countries (as announced on 17 February 2005), the investigations being carried out on the Company by the Commercial Affairs Department (as announced on 22 February 2005) and the discovery of the overstatement of the profit before tax attributable to the refurbishment business of the Group, the Company has decided to undertake a review of its business model and to focus solely on its after-market services business and distribution management solutions business.

The after-market services business of the Group relates to the provision of an integrated suite of services in the management of after-sales care for manufacturers of mobile phones and high-tech consumer products.

The distribution management solutions business of the Group relates to the distribution and retail of mobile phones and the provision of value-added logistics management services in relation to spare parts for mobile handsets and accessories.

In light of the new business model of the Group, the Company has decided to take prudent steps to make certain provisions against the carrying value of the assets of the Group. In this regard, the Company intends to make a further provision in its financial statements for the financial year ended 31 December 2004 as announced on 22 February 2005 (the "Financial Statement"). The additional provisions are against the following balance sheet items as reflected in the Financial Statement:-

- i. an additional provision of S\$26.2 million against Goodwill, mainly in connection with Shanghai ACCS Forte Science & Technology Co., Ltd., ACCS PRC Limited, Broadmax Services Limited, Accord Customer Care Solutions (Aust) Pty Ltd, Accord Customer Care Solutions (Taiwan) Corp. and PT Accord Customer Care Solutions;
- ii. an additional provision of S\$14.0 million against Long-Term Receivables, in connection with Accord Customer Care Solutions (Aust) Pty Ltd;
- iii. an additional provision of S\$9.3 million against Investments, in connection with Accord Customer Care Solutions (Aust) Pty Ltd, Allpro International Limited and Mobile Communication Service Pte. Ltd.;
- iv. an additional provision of S\$5.0 million against Plant and Equipment;
- v. an additional provision of S\$18.2 million against Advance Payment for Investments;
- vi. an additional provision of S\$5.3 million against Trade Receivables; and
- vii. an additional provision of S\$3.0 million for Contingent Liabilities.

In light of the abovementioned provisions to be made, the financial statements for the financial year ended 31 December 2004 as announced on 22 February 2005 will be restated. The Company is currently working with its auditors to finalise the accounts of the

Company for the financial year ended 31 December 2004.

4. Working Capital of the Company

The Group has sufficient working capital to meet its present requirements as well as to carry on as a going concern.

5. Management Changes

Mr Victor Tan Hor Peow has resigned as the Chief Executive Officer and Director of the Company with effect from 25 May 2005. Mr Tong Choo Cherng has been appointed as the Chief Executive Officer and Director of the Company with effect from 25 May 2005 to oversee the day-to-day management of the Company. Mr Victor Tan Hor Peow will be retained as a consultant to the Company to assist in the management of the Company's clients. Mr Tong first joined the Company in August 2003 as the Company's Regional Director and was responsible for managing the Group's operations in Australia and New Zealand. Prior to joining the Company, Mr Tong was previously employed by Flextronics International Ltd as Chief Financial Officer (South Asia) and JIT Limited as Group Chief Financial Officer.

Mr Yip Hwai Chong has resigned as the Chief Financial Officer of the Company with effect from 25 May 2005. Mr Low Hwee Chiak has been appointed as the Chief Financial Officer of the Company to replace Mr Yip with effect from 26 May 2005. Mr Low has more than 24 years of financial and management experience, having worked in various senior management positions for companies across several industries.

The personal details and declarations of each of Mr Tong Choo Cherng and Mr Low Hwee Chiak as required under Rule 704(7) of the Listing Manual of the Singapore Exchange Securities Trading Limited are contained in separate announcements made today.

6. Independent Committee

On 23 February 2005, the Company had announced that the Board had constituted an Independent Committee of the Board to oversee the Company's independent investigation in addition to the investigation being carried out by the Commercial Affairs Department. Following the completion of the investigation by PwC, the role of the Independent Committee has come to an end. The Independent Committee has accordingly been dissolved.

7. Potential Investors

The Company had previously announced that its financial advisor, nTan Corporate Advisory Pte Ltd, were in discussions with several potential investors. With the findings from the investigations being carried out by PwC, the Company is now in a position to move forward with its discussions with such potential investors.

BY ORDER OF THE BOARD

Woo Kah Wai
Company Secretary

26 May 2005
Singapore

Attachments:

Total size = 0
(2048K size limit recommended)