
FY2005 Third Quarter * Financial Statement And Dividend Announcement**FY2005 Third Quarter * Financial Statement And Dividend Announcement**

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
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2005
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Attachments:

 [ACCS3Q05.pdf](#)

Total size = **124K**
(2048K size limit recommended)

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

2005 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

In S\$'000	Notes	Q3-05	Restated Q3-04	YTD 30-Sep-05	Restated YTD 30-Sep-04	Q3 Inc/Dec	YTD Inc/Dec
Revenue	1(a)(i)	66,566	104,858	206,669	208,453	-37%	0%
Cost of good sold and spare parts	1(a)(i)	(50,331)	(82,310)	(154,564)	(147,761)	-39%	5%
Gross Profit	1(a)(i)	16,235	22,548	52,105	60,692	-28%	-14%
Other Operating Income	1(a)(ii)	974	435	2,360	898	124%	163%
Staff Costs	1(a)(iii)	(10,811)	(12,843)	(37,135)	(33,275)	-16%	12%
Depreciation Expenses		(1,391)	(1,204)	(3,989)	(3,408)	16%	17%
Other Operating Expenses	1(a)(iv)	(7,190)	(9,088)	(22,148)	(22,518)	-21%	-2%
Profit/ (Loss) from operations		(2,183)	(152)	(8,807)	2,389	1336%	-469%
Finance cost	1(a)(v)	(595)	(343)	(1,542)	(1,053)	73%	46%
Profit/ (Loss) before share of results of associates		(2,778)	(495)	(10,349)	1,336	461%	-875%
Share of results of associates		-	(24)	-	144	-100%	-100%
Profit/ (Loss) before income tax		(2,778)	(519)	(10,349)	1,480	435%	-799%
Income tax expenses	1(a)(vi)	(300)	(515)	(625)	(1,721)	-42%	-64%
Loss after income tax		(3,078)	(1,034)	(10,974)	(241)	198%	4454%
Attributable to:							
Equity holders of the parent		(2,226)	(1,200)	(9,364)	(480)	86%	1851%
Minority interest		(852)	166	(1,610)	239	-613%	-774%
		(3,078)	(1,034)	(10,974)	(241)	198%	4454%

1(a) (i) Revenue and Cost of Goods Sold and Spare Parts

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	Q3-05	Restated Q3-04	YTD 30-Sep-05	Restated YTD 30-Sep-04
Revenue				
AMS	16,474	22,724	55,669	64,157
DMS	50,092	82,134	151,000	144,296
	<u>66,566</u>	<u>104,858</u>	<u>206,669</u>	<u>208,453</u>
Cost of Goods Sold and Spare Parts				
AMS	4,933	7,893	17,003	21,133
DMS	45,398	74,417	137,561	126,628
	<u>50,331</u>	<u>82,310</u>	<u>154,564</u>	<u>147,761</u>
Gross Profit				
AMS	11,541	14,831	38,666	43,024
DMS	4,694	7,717	13,439	17,668
	<u>16,235</u>	<u>22,548</u>	<u>52,105</u>	<u>60,692</u>
Gross Profit Margin				
	24%	22%	25%	29%
AMS	70%	65%	69%	67%
DMS	9%	9%	9%	12%

The decrease in group YTD gross profit margin in 2005 is mainly due to the decrease in higher margin third party logistics business and the change in revenue percentage mix between the two business segments.

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

In S\$'000	Q3-05	Restated Q3-04	YTD 30-Sep-05	Restated YTD 30-Sep-04
Interest income				
- Bonds	505	-	1,481	-
- Others	39	34	153	105
Rental income	-	-	321	-
Foreign currency exchange adjustment gain/ (loss)	199	(99)	156	(57)
Management and corporate advisory fee	-	15	-	45
Others	231	485	249	805
	<u>974</u>	<u>435</u>	<u>2,360</u>	<u>898</u>

1(a)(iii) Staff costs

The staff cost for Q3 2005 decreased compared to the corresponding quarter in 2004 due mainly to decrease in Nokia and Alcatel AMS business and third party logistics business under DMS.

In S\$'000	Q3-05	Restated Q3-04	YTD 30-Sep-05	Restated YTD 30-Sep-04
AMS	9,196	10,328	31,544	28,640
DMS	1,615	2,515	5,591	4,635
	<u>10,811</u>	<u>12,843</u>	<u>37,135</u>	<u>33,275</u>

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

In S\$'000	Q3-05	Restated Q3-04	YTD 30-Sep-05	Restated YTD 30-Sep-04
Amortisation of goodwill	-	650	-	1,723
Minimum lease payments under operating lease	2,622	3,558	8,798	8,256
Provision for diminution in value of investment	750	-	750	-
Loss on disposal of plant and equipment	<u>-</u>	<u>99</u>	<u>79</u>	<u>122</u>

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		Group	Group	Company	Company
ASSETS	Notes	30/09/05	31/12/04	30/09/05	31/12/04
Current assets:					
Cash		18,000	33,338	2,943	19,426
Cash pledged		5,452	8,645	5,452	6,825
Trade receivables	A	22,649	25,940	9,451	6,745
Other receivables and prepayments	B	13,365	21,331	31,035	20,186
Inventories	C	14,377	15,189	-	-
Total current assets		73,843	104,443	48,881	53,182
Non-current assets:					
Investment in subsidiaries		-	-	26,623	23,929
Investment in associates		23	203	-	-
Investment	D	20,000	13,726	20,000	12,974
Property, plant and equipment		18,204	23,041	1,278	2,650
Club memberships		87	87	87	87
Goodwill on purchase of business		11,998	11,998	961	961
Goodwill on consolidation	E	12,433	10,284	-	-
Long term receivables		-	-	-	11,801
Total non-current assets		62,745	59,339	48,949	52,402
Total assets		136,588	163,782	97,830	105,584
Current liabilities:					
Bank loans		23,954	40,675	6,000	7,050
Trade payables	F	16,589	17,955	8,952	8,923
Other payables	G	41,247	47,497	21,326	25,241
Income tax payable		378	2,601	(1,292)	-
Obligations under finance leases		36	221	-	-
Bank Overdraft		12,253	490	2,500	-
Total current liabilities		94,457	109,439	37,486	41,214
Non-current liabilities:					
Obligations under finance leases		541	440	-	-
Long term portion of long-term bank loans		321	792	-	-
Deferred income tax		588	593	912	912
Total non-current liabilities		1,450	1,825	912	912
Capital and reserves:					
Issued capital		24,025	24,017	24,025	24,017
Capital Redemption Reserve		22	22	22	22
Share premium		38,393	38,274	38,393	38,274
Foreign currency translation reserve		(657)	333	-	-
Accumulated (losses)/ profit		(32,238)	(22,874)	(3,008)	1,145
Equity attributable to shareholders		29,545	39,772	59,432	63,458
Minority Interest		11,136	12,746	-	-
Total equity		40,681	52,518	59,432	63,458
Total liabilities and equity		136,588	163,782	97,830	105,584

(A) Trade receivables

The trade receivables turnover is 30 days for period ended 30 September 2005 (34 days for year ended December 2004).

(B) Other receivables and prepayments

Included in other receivables are mainly deposits for rental and utilities (\$3.9 million), prepayments (\$1.7 million), receivables from related parties (\$1 million) and recoverables (\$6.7 million).

(C) Inventories

The inventory turnover is 25 days for the period ended 30 September 2005 (27 days for year ended 31 December 2004).

(D) Other investments

The increase is mainly due to investment in unquoted redeemable convertible bonds.

(E) Goodwill on consolidation

The increase is mainly due to additional goodwill arising from deferred consideration paid for investment in a subsidiary.

(F) Trade payables

Trade payables turnover is 29 days for the period ended 30 September 2005 (24 days for the year ended 31 December 2004).

(G) Other payables

Included in other payables are accrued operating expenses (\$20.5 million), refundable deposit for disposal of a subsidiary (\$4.7 million), provision for liabilities (\$7.2 million) and provision for bank loans of associate (\$4.6 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 30 September 2005		As at 31 December 2004	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
4,580	31,948	7,961	34,217

Amount repayable after one year

As at 30 September 2005		As at 31 December 2004	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
541	Nil	440	Nil

Details of collateral

The bank loans amounting to \$4,544,000 (31 December 2004: \$7,740,000) of the Group are secured by fixed deposits of \$5,452,000 (31 December 2004: \$8,645,000).

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	Q3-05	Restated Q3-04	YTD Sep-05	Restated Sep-04
Cash flows from (used in) operating activities:				
Profit before income tax	(2,778)	(495)	(10,349)	1,336
Adjustments for:				
Depreciation expense	1,391	1,204	3,989	3,408
Interest expense	595	343	1,542	1,053
Interest income	(544)	(34)	(1,634)	(105)
Loss/(Gain) on disposal of plant and equipment	-	99	79	122
Fixed assets written off	107	58	121	61
Amortisation of goodwill	-	650	-	1,723
Operating profit/ (loss) before working capital changes	(1,229)	1,825	(6,252)	7,598
Trade receivables	835	(8,991)	3,291	(6,899)
Other receivables and prepaid expenses	1,557	4,771	7,966	18,155
Inventories	(277)	(416)	812	(4,023)
Trade payables	2,189	212	(1,366)	(1,614)
Other payables	2,450	6,234	(5,067)	12,733
Cash generated from (used in) operations	5,525	3,635	(616)	25,950
Interest received	544	34	1,634	105
Income tax paid	(1,165)	(391)	(2,854)	(1,456)
Net cash from (used in) operating activities	4,904	3,278	(1,836)	24,599
Cash flows from (used in) investing activities:				
Purchase of plant and equipment	6	(3,021)	(154)	(6,007)
Proceeds from disposal of plant and equipment	882	-	803	-
Acquisition of subsidiary	-	(1,497)	(2,686)	(2,360)
Purchase of investment	-	(8,250)	(6,739)	(13,395)
Purchase of business	-	(217)	-	(13,303)
Net cash from (used in) investing activities	888	(12,985)	(8,776)	(35,065)
Cash flows from (used in) financing activities:				
Proceeds from issuing shares	-	2,855	128	2,855
Interest paid	(595)	(343)	(1,542)	(1,053)
(Decrease)/Increase in finance lease	(47)	(74)	(84)	(219)
Fixed deposits subject to restriction	(3)	-	3,193	-
Proceed from/(Repayment) of short term loan	(225)	8,674	(5,428)	10,983
Net cash from (used in) financing activities	(870)	11,112	(3,733)	12,566
Net effect of exchange rate changes in consolidating subsidiaries	(692)	326	(993)	(844)
Net increase/(decrease) in cash	4,230	1,731	(15,338)	1,256
Balance at beginning of period	13,770	27,195	33,338	27,670
Balance at end of period	18,000	28,926	18,000	28,926

A. Cash at end of financial period:

	Sep-05	Sep-04
	SGD'000	SGD'000
Cash	23,452	33,896
Less: Cash subject to restriction	5,452	4,970
Net	<u>18,000</u>	<u>28,926</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 Group (9 months ended September 2004)	Issued capital (ordinary shares)	Capital redemption reserve	Share Premium	Foreign currency translation reserve	Accumulated Profit (Loss)	Minority Interest	Total
Balance at January 1, 2004	15,829	22	42,098	544	14,116	485	73,094
Net loss for the period	-	-	-	-	(480)	-	(480)
Share of profit for the period	-	-	-	-	-	239	239
Bonus issue	7,915	-	(7,915)	-	-	-	-
Issue of shares on exercise of share options	178	-	2,677	-	-	-	2,855
Foreign currency translation	-	-	-	(797)	-	-	(797)
Balance at September 30, 2004	<u>23,922</u>	<u>22</u>	<u>36,860</u>	<u>(253)</u>	<u>13,636</u>	<u>724</u>	<u>74,911</u>
Group (9 months ended September 2005)							
Balance at January 1, 2005	24,017	22	38,274	333	(22,874)	12,746	52,518
Net loss for the period	-	-	-	-	(9,364)	-	(9,364)
Share of loss for the period	-	-	-	-	-	(1,610)	(1,610)
Issue of shares on exercise of share options	8	-	119	-	-	-	127
Foreign currency translation	-	-	-	(990)	-	-	(990)
Balance at September 30, 2005	<u>24,025</u>	<u>22</u>	<u>38,393</u>	<u>(657)</u>	<u>(32,238)</u>	<u>11,136</u>	<u>40,681</u>
Company (9 months ended September 2004)							
Balance at January 1, 2004	15,829	22	42,098	-	8,507	-	66,456
Bonus Issue	7,915	-	(7,915)	-	-	-	-
Issue of shares on exercise of share options	178	-	2,677	-	-	-	2,855
Net loss for the period	-	-	-	-	(7,213)	-	(7,213)
Balance at September 30, 2004	<u>23,922</u>	<u>22</u>	<u>36,860</u>	<u>-</u>	<u>1,294</u>	<u>-</u>	<u>62,098</u>
Company (9 months ended September 2005)							
Balance at January 1, 2005	24,017	22	38,274	-	1,145	-	63,458
Issue of shares on exercise of share options	8	-	119	-	-	-	127
Net loss for the period	-	-	-	-	(4,153)	-	(4,153)
Balance at September 30, 2005	<u>24,025</u>	<u>22</u>	<u>38,393</u>	<u>-</u>	<u>(3,008)</u>	<u>-</u>	<u>59,432</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

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 September 30, 2005 under the Scheme were as follows:

<u>Date of grant</u>	Number of share options			<u>Balance at September 30, 2005</u>	<u>Subscription Price</u>	<u>Expiry date</u>
	<u>Balance at January 1, 2005 or grant date if later</u>	<u>Exercised</u>	<u>Lapsed/ Cancelled</u>			
September 17, 2003	2,612,000	318,000	420,000	1,874,000	0.40	September 16, 2013
April 14, 2004	26,958,000	-	9,450,000	17,508,000	0.651	April 13, 2014
September 22, 2005	7,000,000	-	-	7,000,000	0.155	September 21, 2010
	<u>36,570,000</u>	<u>318,000</u>	<u>9,870,000</u>	<u>26,382,000</u>		

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

The accounting policies and method of computation have been applied consistently except for adoption of Financial Reporting Standard "FRS" 103, Business Combination.

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

FRS 103 requires goodwill acquired in a business combination to be measured after initial recognition at cost less any accumulated impairment losses. Therefore, the goodwill is not amortised and instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group has previously under FRS 22 amortised goodwill systematically over its useful life of 20 years. The effect, of the change to the first half year profit and loss statement, had the group continued to amortise the remaining goodwill under FRS 22, would have amounted to \$636,000. As of 30 September 2005, no goodwill impairment provision is necessary.

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 Sep-05 Cents	Restated YTD Sep-04 Cents
EPS (based on consolidated net (loss) profit attributable to shareholders)		
- basic	(0.97)	0.05
- fully diluted	(0.97)	0.05

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 960,923,601 (31 December 2004: 952,369,850) 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 960,923,601 (31 December 2004: 952,369,850) 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	
	Sep-05 cents	Dec-04 cents	Sep-05 cents	Dec-04 cents
Net Assets Value (NA) per share	<u>3.07</u>	<u>4.18</u>	<u>6.18</u>	<u>6.66</u>

The NA per Share as at 30 September 2005 is calculated based on 960,923,601 (31 December 2004: 952,369,850) 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

The group operates in two business segments – after market services (“AMS”) and distribution management solutions (“DMS”).

Revenue

The decrease in revenue for the 9 months period ended 30 September 2005 as compared to 9 months period ended 30 September 2004 was mainly due to cessation of Nokia contract and decrease in Alcatel AMS business.

Loss from operations

The loss from operations for 3Q of \$2.18 million includes a write- down of an investment held by a subsidiary and the under-payment of Goods & Services Tax by the same subsidiary amounting to \$1.12 million.

Loss before income tax

The group incurred a loss after income tax of \$10.97 million for the first nine months of 2005 as compared to loss of \$0.24 million in the preceding financial year mainly due to lower margin and increase in start up cost for the distribution and retail business of DMS and new service centres. Higher interest cost also contributed to the increase in losses.

Cash flows

The net decrease in the cash and cash equivalent for the 9 months period ended 30 September 2005 is mainly due to payments for investments, repayments of loan and net operating loss incurred in the period.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

As stated in note 10 to the Q2 announcement, the Group maintains its guidance of a net loss for the current financial year.

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 measures taken over the past two quarters to streamline the Group's businesses and reduce headquarter and regional overheads and costs have begun to impact positively on the Group's financial performance. The loss from operations for 3Q of \$2.18 million includes a write-down of an investment held by a subsidiary and the under-payment of Goods & Services Tax by the same subsidiary amounting to \$1.12 million. Excluding these items, the loss would have been reduced to \$1.06 million from \$3.58 million in 2Q.

While stability has largely been restored, Management is of the view that the group-wide restructuring exercise will continue into the next financial year.

Looking forward, the Group sees several challenges in the markets it operates in.

In the AMS business, pressure on margins feature largely in the major markets of Singapore, Australia and New Zealand. As for the new markets of China and India, incremental volume and new customers need to be added to existing network to reduce unit cost and improve operating results. Management's key priorities in this respect are to introduce new customers and new businesses and at the same time, consolidate service centres and outlets within the Group's existing network for operational and cost efficiencies.

As for the DMS business, the volume of business that it is able to generate will continue to be curtailed by working capital constraints. Management is actively seeking a restoration of banking lines and/or injection of fresh funds into the business.

As announced in connection with the release of the Group's financial statement for 2QFY05 on 21 September 2005, the Board reiterates that it is currently evaluating various strategies and options to improve the Group's performance and financial position. Due diligence on the Company by potential investors are on-going, and further announcements will be made at the appropriate time.

The Group maintains its guidance of a net loss for the current 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

Woo Kah Wai
Company Secretary

11 November 2005
Singapore