ACCORD CUSTOMER CARE SOLUTIONS LIMITED

annual report 2004

Our Network.
Your Regional Solutions.

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Board of Directors

Philip Eng Heng Nee
Independent Non-Executive Chairman

Tong Choo Cherng
Executive Director / Chief Executive Officer

Gay Chee Cheong
Non-Executive Director

Leow Poh Tat Philip
Independent Non-Executive Director

Liow Voon Kheong
Non-Executive Director

Henry Tan Hor Thye
Non-Executive Director

Audit Committee

Philip Eng Heng Nee
(Chairman)

Gay Chee Cheong

Leow Poh Tat Philip

Remuneration Committee

Leow Poh Tat Philip
(Chairman)

Gay Chee Cheong

Nomination Committee

Leow Poh Tat Philip
(Chairman)

Henry Tan Hor Thye

Company Secretary

Woo Kah Wai
LL.B (Hons) A.C.I.S C.Dip.A.F.

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Website: http://www.accordccs.com

Share Registrar:

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10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Person-in-charge: David Woo

Auditor:

Deloitte & Touche
Certified Public Accountants
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809
Partner-in-charge: Aric Loh Siang Khee
Date of Appointment: 14 April 2004

CORPORATE PROFILE

Accord Customer Care Solutions Limited ("ACCS") is Asia's premier outsourcing solutions partner for major mobile phone manufacturers and telecommunication network operators in the provision of after-market services ("AMS") and distribution management solutions ("DMS") for mobile communications and high-tech consumer products.

In AMS, we offer a comprehensive suite of integrated after-sales customer services, including customer relationship management and technical services management, on behalf of our partners to their end-customers through proximity service centres and third-party repair management services.

As at 15 July 2005, we operate an AMS network of 195 service centres in 127 cities/towns across 12 countries/territories in the Asia Pacific region. We also manage a network of over 450 third-party repair management centres on behalf of our partners.

ACCS provides AMS to manufacturers of the following brands:

Mobile Communication Devices

- Alcatel, BenQ, Bird, Blackberry, CECT, Cosun, Daxian, DBTel, Dopoda, Emol, Fengda, Gtran, Haier, Hisense, Huawei, Hyundai, Ikomo, Kyocera, Lenovo, LG, Mitsubishi, Motorola, NEC, Nokia, O_2, Panasonic, Philips, Sagem, Samsung, Sharp, Siemens, Sony Ericsson, Soutech, TCL and Toshiba.

High-Tech Consumer Products

- InFocus, Philips and Samsung

Through our group company, Distribution Management Solutions Limited, we also provide distribution and retail of mobile communication equipment and mobile-related services through DMS' distribution network of over 100 retail outlets, comprising authorised dealers and owned retail outlets operating under the "3 Mobile", "Handphone Shop" and "Super Mobile" brands. These outlets retail handsets and accessories of several leading mobile phone brands and are also exclusive distributors for SingTel or MobileOne mobile-related services.

As part of DMS' offering, it also provides value-added logistics management services to leading mobile phone manufacturers and their business partners, including their authorised AMS providers across Asia.

VISION

Our vision is to be a leader in distribution, retail and after-market services for high-tech consumer products

BUSINESS NETWORK

Greater China

- Hong Kong SAR (Wanchai)
- The PRC (Beijing, Guangzhou, Hebei, Shanghai, Suzhou, Tianjin)
- Taiwan (Kaohsiung, Taipei)

South Asia

- India
- Indonesia (Jakarta)
- Malaysia (Ipoh, Johor Bahru, Kota Bahru, Kota Kinabalu, Kuala Lumpur, Kuantan, Kuching, Malacca, Penang, Petaling Jaya)
- Singapore
- Thailand (Bangkok, Chiangmai)
- Vietnam (Ho Chi Minh City)

South Pacific

- Australia (Adelaide, Brisbane, Canberra, Darwin, Hobart, Melbourne, Perth, Sydney)
- New Zealand (Auckland, Christchurch, Wellington)

Middle East

- United Arab Emirates (Dubai)

As at 15 July 2005

CHAIRMAN'S STATEMENT

These are distressing times for all of us who have a stake at ACCS. Whether a shareholder, staff member or business partner, we have been equally disturbed to hear and read of the on-going investigations by the Commercial Affairs Department ("CAD") into our Company. Damage has been done to the reputation of the Company, and it will be an uphill task to restore investor confidence.

You, our shareholders, have been disappointed over the amount of information that has been made available on the financial health of ACCS. I understand your difficulty and frustration trying to grasp the extent of the problem.

Having taken up the chairmanship of ACCS in early June 2005, I now have a better insight into the Company. I have met the people who have stoically continued to drive the business despite the distractions of the investigation. I remain a firm believer of ACCS' business model. As mentioned earlier, I am committed to getting the Company back on solid footing.

Much however is required to repair a ship that has been rocked and considerably weakened by recent events. At the time of writing of this Annual Report, we have yet to finalise our plans for the Company, but I certainly hope that we will be able to provide more information at the forthcoming Annual General Meeting.

A lot have been written in the media of the restatement of the accounts for the financial years 2003 and 2004. On behalf of the Board, I apologise for having to take so long to finalise our accounts. The scope was extensive as the process involved liaising with the auditors of the Company's foreign subsidiaries to collate all relevant information required for the restatement of the accounts for the reporting periods.

FY2004 in Review

For the financial year ended 31 December 2004, the Company turned in a total revenue of approximately S$276.7 million and a net loss of approximately S$37.0 million, as against the unaudited FY2004 revenue of S$340.4 million and net profit of S$47.4

“I would like to pay tribute to our staff who have chosen not to be disheartened by the recent events in the Company”

million announced by the Company on 22 February 2005. The restated revenue and net profit for FY2003 is approximately S$81.5 million and S$2.4 million respectively, against previously reported revenue of S$100.7 million and net profit of S$21.2 million.

This is an extremely disappointing set of results. It is principally attributable to the overstatement of revenue and profits relating to the refurbishment business that has previously been described as a growth engine. The actual nature of the refurbishment business was uncovered during the independent investigation by PricewaterhouseCoopers ("PwC"), which the Independent Committee of the Company initiated, following the initial CAD probe. The investigation by CAD into the transactions of the Company is on-going, and the Company is extending all necessary assistance to the authorities.

The Company has made provisions totaling some S$84.4 million and S$18.8 million against the carrying value of the assets of the Group and for potential restructuring costs, for FY2004 and FY2003 respectively. This decision was taken after the Company made a review of its business model. Details of the provisions are contained in note 2 of the Notes to Financial Statements appended to this Annual Report.

As announced by the Company on 26 May 2005, we would like to reiterate that the findings of the independent investigations by PwC into the overstatement of the Group's revenue relating to a particular contract in Singapore with a customer for the third quarter of FY2004 is not likely to be material in the context of the unaudited revenue and profits of the Group for FY2004 announced by the Company on 22 February 2005.

To the best of the Directors’ knowledge and belief, the Board of Directors are of the opinion that, taking into consideration the explanations, qualifications and disclaimers in the financial statements, in particular note 2 of the financial statements appended hereto, the financial statements of the Company and the consolidated financial statements of the Group for FY2004 are properly drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004. Depending on the outcome of the investigations being carried out by the Company, further adjustments, restatement or disclosures may need to be made to the accompanying financial statements. As at the time of writing of this Annual Report, the final report by PwC is yet to be available.

Notwithstanding the above, the Board of Directors has reasonable grounds to believe that ACCS will be able to continue as a going concern in the foreseeable future, after taking into account the future cash flow and working capital needs of the Group as well as credit facilities available to ACCS.

Focus on AMS and DMS

We have since channeled our efforts on two business segments - AMS and DMS.

Significant investment and resources have gone into building the regional AMS network. We intend to continue to strengthen this network and realize its full potential. DMS has a promising business although we would have to resolve some of the difficulties it still faces. This involves getting banking facilities re-instated fully, and a re-capitalization is being planned as well. Much credit must be given to the management of DMS for their ability to minimize disruptions and maintain stability in their operations.

Current year's prospects

While operations have been continuing as normally as possible under the present challenging circumstances, there will be some impact on the business. Therefore, the Group is expected to incur a loss for the current financial year.

No doubt the question top-most in the minds of our shareholders: is there a future for ACCS?

This much I can share with you - we are doing our utmost to return ACCS to profitability - but this is contingent upon capital injection by new strategic investors or through other fund-raising options. We are currently in discussion with a number of interested parties. The Board of Directors and the Management are working extremely hard to bring a favourable conclusion in this area.

Assurance to principals

We stand indebted to our many principals who choose to continue their business partnerships with us despite the concerns they might have had. Our pledge to them from the start was that we would maintain our high level of service and that there would be minimal disruption to operations both here and regionally.

Tribute to our staff

Finally, I would like to pay tribute to our staff who have chosen not to be disheartened by the recent events in the Company but have stood with the new management in their quest to restore stability at ACCS. While the ship has keeled, all committed hands are on deck - to right the vessel, mend the damage, correct the systems, install additional safety measures, keep a constant eye on the horizon - as we embark on a new journey.

I would also like to thank our Board of Directors for their efforts in the last year and the tumultuous past few months. To Ed Ng, Philip Leow and Liow Voon Kheong, we thank them for their contributions over the past years. Ed Ng has stepped down from the Board with effect from 14 July 2005 whilst Philip Leow and Liow Voon Kheong will not be standing for re-election this year.

Philip Eng
Chairman

From left to right Liow Voon Kheong
Leow Poh Tat Philip
Tong Choo Cherng
Philip Eng Heng Nee
Henry Tan Hor Thye
Gay Chee Cheong

BOARD OF DIRECTORS

Philip Eng Heng Nee
Independent Non-Executive Chairman

Philip Eng is our Independent Non-Executive Chairman. He was appointed to our Board on 1 June 2005. Mr Eng is also Deputy Chairman of MCL Land Limited and Non-Executive Chairman of City Gas Pte Ltd. He is Commissioner of PT Bank Danamon Indonesia, Director of MTQ Corporation Limited, Asia General Holdings Ltd, Singapore Computer Systems Limited and the Chinese Development Assistance Council. In 2000, Mr Eng was appointed Singapore's High Commissioner to the Federal Republic of Nigeria, resident in Singapore.

Prior to his current positions, he was Group Managing Director of the Jardine Cycle & Carriage Group. He joined Jardine Cycle & Carriage Limited in 1982 and was appointed Company Secretary in 1983, and in 1996, he was appointed Group Managing Director with overall responsibility for the Group's businesses throughout the Asia Pacific region. During his tenure, he diversified the Group's motor business to Australia and New Zealand where the markets achieved leadership positions in the respective market segments, and he expanded the Group's property business to Malaysia. In 2000, he was responsible for Jardine Cycle & Carriage Limited's successful and largest investment ever in PT Astra International Tbk, one of Indonesia's conglomerates and the largest independent automotive group in Southeast Asia. Mr Eng continues to provide services to the Group's motor operations on a consultancy basis.

An accountant by training, Mr Eng graduated from the University of New South Wales with a Bachelor of Commerce in Accountancy in 1969. He became an Associate Member of the Institute of Chartered Accountants in Australia in 1972.

Tong Choo Cherng
Executive Director/Chief Executive Officer

Tong Choo Cherng is our Executive Director and Chief Executive Officer. He was appointed to our Board on 25 May 2005. As CEO/Director, Mr Tong is responsible for the overall management of the business of our Group. Mr Tong joined ACCS in August 2003 as our Regional Director. His last held position with ACCS before assuming his current position was as Director (South Pacific), with overall responsibilities for managing our operations in Australia and New Zealand.

Prior to joining us, Mr Tong was the Chief Financial Officer (South Asia) for Flextronics International Ltd (Flextronics) and the Group Chief Financial Officer for JIT Ltd from 1999 to 2000, before JIT Ltd was acquired by Flextronics in 2000. Prior to 1999, Mr Tong held various appointments which included Thomson Consumer Electronics Marketing Asia Pte Ltd where he served as Manager - Finance, Ventures and Business Development (1996 to 1997) and then as Manager, Planning & Distribution (1997 to 1999). Before that, Mr Tong was an Executive Director of United Circuits (HK) Ltd and United Greatwall (China) Ltd, a printed circuit board manufacturer from 1991 to 1996. Between 1985 to 1990, Mr Tong was with Motorola Electronics Pte Ltd in Singapore, first as its Financial Controller from 1986 to 1987 and then as Materials Manager from 1988 to 1990. Mr Tong is a graduate of The Chartered Association of Certified Accountants (United Kingdom).

Gay Chee Cheong

Non-Executive Director

Gay Chee Cheong is our Non-Executive Director. He was appointed to our Board on 19 June 2003 and was re-elected on 14 April 2004. He is the Deputy Chairman/Chief Executive Officer of 2G Capital Pte Ltd, a private equity investment company. Prior to that, he was the Group Executive Director of JIT Holdings Limited. Mr Gay was also previously with Singapore Technologies Pte Ltd as the General Manager/Director of a joint venture company. Mr Gay graduated with a Bachelor Degree in Electronics Engineering (Honours) from the Royal Military College of Science, Shrivenham (United Kingdom) and holds a Bachelor Degree in Economics (Honours) from the University of London (United Kingdom) and a Master of Business Administration from the National University of Singapore. He is a director of several listed companies in Singapore including Hyflux Limited and Raffles Education Corporation Ltd.

Leow Poh Tat Philip

Independent Non-Executive Director

Leow Poh Tat Philip is our Independent Non-Executive Director. He was appointed to our Board on 31 July 2002 and was re-elected on 14 May 2003. He is currently the Executive Director of DTZ Debenham Tie Leung (SEA) Pte Ltd and also sits on the board of Edmund Tie and Company Holdings Pte Ltd. Mr Leow is a licensed valuer with more than 20 years of professional and management experience in the real estate industry in Singapore and the region. He holds a Bachelor of Science in Estate Management from the National University of Singapore and is also a member of the Singapore Institute of Surveyors and Valuers.

Liow Voon Kheong

Non-Executive Director

Liow Voon Kheong is our Non-Executive Director. He was appointed to our Board on 30 April 2002 and was re-elected on 14 May 2003. He is the CEO of EDBV Management Pte Ltd, a wholly-owned venture capital/private equity fund management subsidiary under EDB Investments Pte Ltd (“EDBI”). Mr Liow has been with the Economic Development Board (“EDB”) since 1976. He has held various senior positions including Division Director (Electronics) to develop a vibrant world-class electronics industry in Singapore, and led EDB’s development efforts for some 15 years to build up Singapore’s emerging venture capital industry from mid 1980s. He was the EDB’s Assistant Managing Director (Operations) until end 2001 and General Manager of EDBI, the strategic co-investment arm of EDB until 2003. He has also served on the Board of Directors of various investee companies of EDBI, EDB Ventures Pte Ltd and PLE Investments Pte Ltd, as well as public institutions including Jurong Town Corporation and Temasek Polytechnic. Mr Liow graduated with a Bachelor of Electrical and Electronics Engineering Degree from the then University of Singapore and a Diploma in Business Administration from the National University of Singapore.

Henry Tan Hor Thye

Non-Executive Director

Henry Tan Hor Thye is our founder and Non-Executive Director. He was appointed to our Board on 21 October 2000 and was re-elected on 6 August 2002 and 14 April 2004. He stepped down as our Chairman on 1 June 2005. He is also the founder and chairman of the Accord Express Holdings group of companies, a global supply network solutions provider with full capbilities as a total supply chain managment outsourcing partner. Drawing on his logistics knowledge and experience, Mr Tan contributes his services as a member of the Economic Review Committee's Sub-committee for Service Industries Working Group on Logistics and Land & Transport Taskforce. He also serves the community as the chairman for both the Bukit Timah Citizens' Consultative Committee and the T-net Club advisory committee. He holds a GCE 'A' Levels certificate.

KEY MANAGEMENT

From left to right

Tong Choo Cherng
Chief Executive Officer

Please refer to profile write-up on page 9.

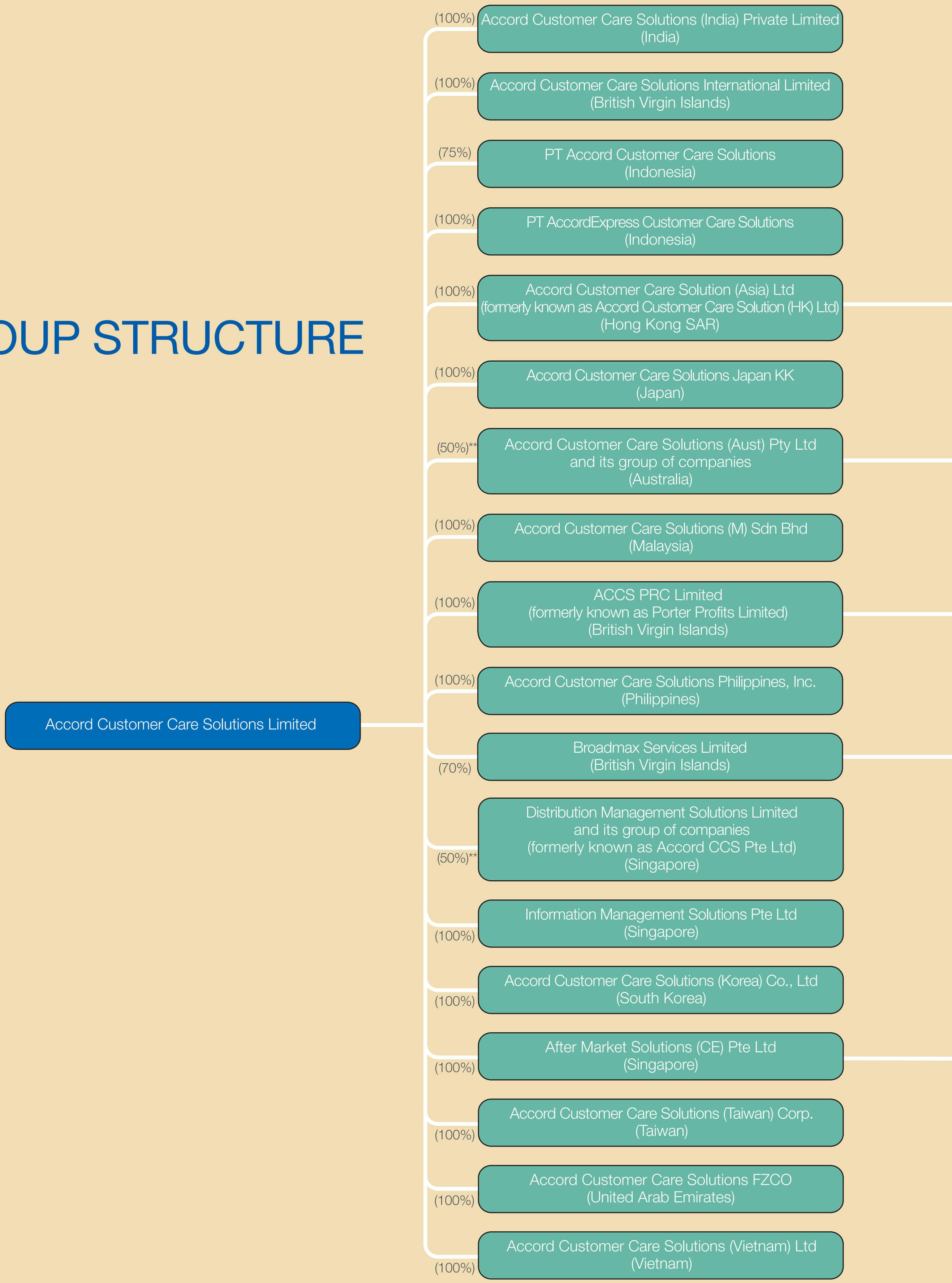
Yong Yin Kwong Edmund (not in picture)
Chief Operating Officer

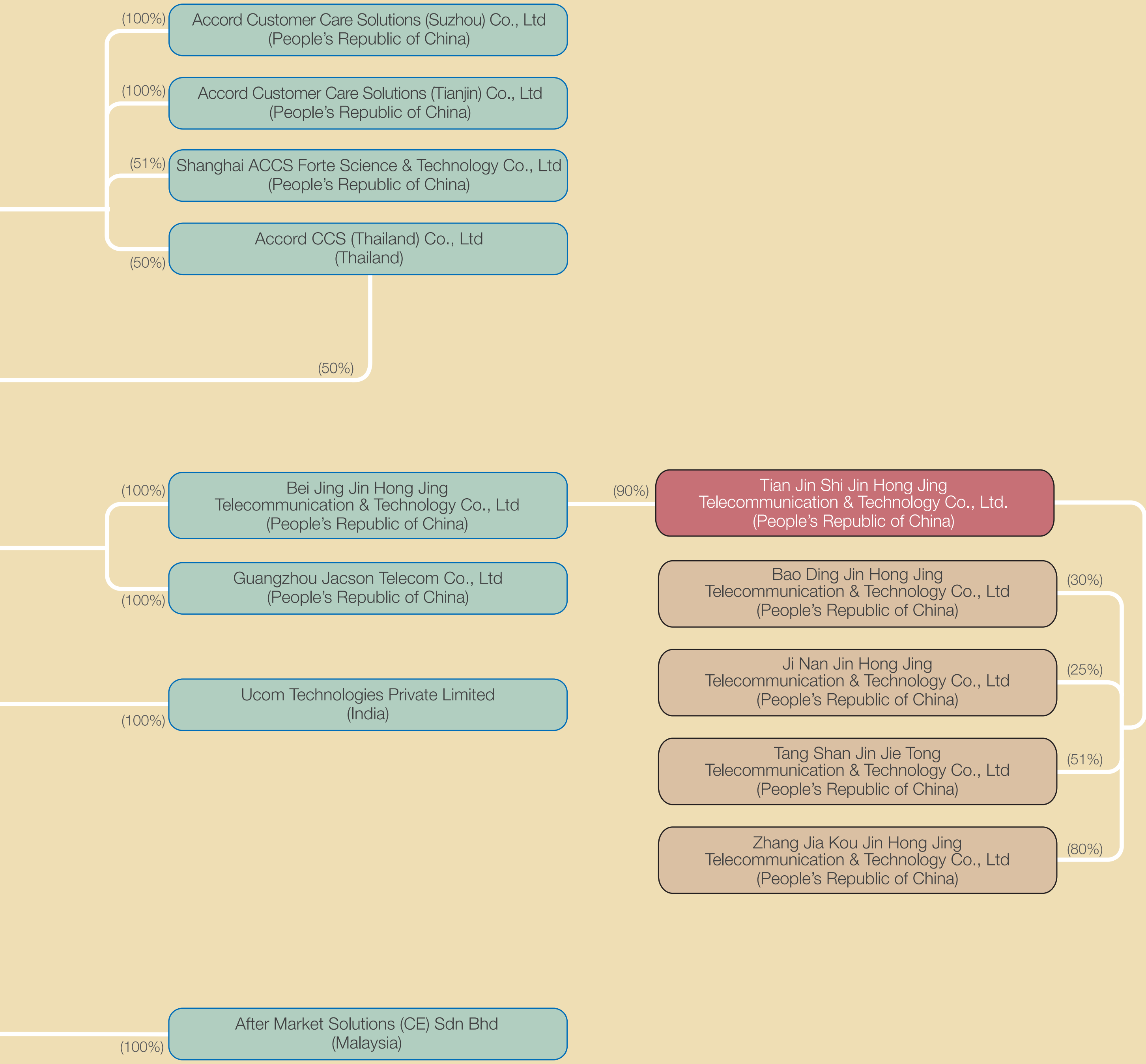
Yong Yin Kwong Edmund is our Chief Operating Officer. He is responsible for the operations of the ACCS Group as well as identifying and developing new revenue streams, network expansion strategy and resource management. Prior to joining ACCS in 2002, Mr Yong was the Vice-President (Investments) of EDB Ventures Pte Ltd from September 1988 to April 2002, where he managed M-Commerce Ventures Pte Ltd, a global worldwide wireless focused fund. Previously, Mr Yong was the Group Executive Director of Markono Holdings, a diversified group with interests in logistics, printing and trading and was also the Finance Director of the Raffles Medical Group. Mr Yong graduated with a Bachelor of Commerce from the University of Otago in New Zealand.

Low Hwee Chiak
Chief Financial Officer

Low Hwee Chiak is our Chief Financial Officer. He joined us on 26 May 2005. As Chief Financial Officer, Mr Low is responsible for overseeing the financial matters of our Group. Mr Low has more than 24 years of financial and management experience and has held various senior management positions in companies across industries. Prior to joining us, Mr Low was the Managing Director and Managing Consultant of Conrad Resourcing Pte Ltd, a personnel recruitment solutions provider, from 2001 to May 2005. From 1999 to 2000, Mr Low was the Financial Controller of Manufacturers' Services Singapore Pte Ltd, an electronic manufacturing services company which is now part of Celestica Inc. Between 1985 to 1998, he held various appointments within the Thomson Multimedia Group of companies (formerly known as Thomson Consumer Electronics Asia Pte Ltd), first as the Financial Controller of Thomson Television Singapore Pte Ltd from 1985 to 1988, then as Controller, TV & Video Division of Thomson Consumer Electronics Pte Ltd from 1988 to 1995 and as Controller, Marketing & Sales Asia of TCE Marketing Asia Pte Ltd from 1996 to 1988. Prior to that, Mr Low was with Printed Circuits International Ltd ("PCI") from 1981 to 1985. His last held position at PCI was as Financial Accountant. Mr Low is a graduate of The Chartered Association of Certified Accountants (United Kingdom).

GROUP STRUCTURE





* As at 29 July 2005.
** Please refer to note 2 of the Notes to Financial Statements.

Corporate Governance Report

The Company is committed to observe the standards of corporate governance as set out in the Singapore Code of Corporate Governance (the "Code").

BOARD OF DIRECTORS

Board's Conduct of its Affairs

The Board is accountable to the shareholders while the management is accountable to the Board.

The Board oversees the Company's affairs and provides shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to interim and other price sensitive public reports, and reports to regulators (if required).

Presently, matters that are specifically reserved for Board's decision include those involving material acquisitions and disposal of assets, share issuances, dividends and other returns to shareholders. Specific Board approval is required for any investment with a value greater than S$10 million. The Board is currently conducting a full review of the limits of authority conferred on management and will soon put in place a completely new set of authorisation and approval guidelines to supersede the existing limits of authority and approval guidelines.

To assist the Board in the execution of its responsibilities, the Board has established 3 committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, all of which operate within clearly defined terms of reference and functional procedures. Ad hoc committees may also be constituted as and when necessary to oversee special matters.

In connection with an investigation by the Commercial Affairs Department ("CAD") into the affairs of the Company in February 2005, the Board promptly constituted an ad hoc committee known as the Independent Committee ("IC") to oversee the Company's independent investigation. The IC comprised:-

(i) Mr Gay Chee Cheong;
(ii) Mr Philip Leow Poh Tat;
(iii) Mr Liow Voon Kheong; and
(iv) Mr Ed Ng Ee Peng (resigned as Director with effect from 14 July 2005).

The Chairman of the IC was appointed by rotation. The IC appointed nTan Corporate Advisory Pte Ltd to advise the IC on all financial aspects affecting the Company relating to and arising from the independent investigation and to assist the IC in its oversight of the independent investigation. The IC also appointed WongPartnership as legal adviser and PricewaterhouseCoopers as independent investigator. The appointments of nTan Corporate Advisory Pte Ltd, WongPartnership and PricewaterhouseCoopers were endorsed by the Board.

Following the completion of investigation by PricewaterhouseCoopers, the IC was accordingly dissolved on 26 May 2005. The investigation by CAD is still ongoing as at the date of this Report.

Corporate Governance Report

Regular quarterly meetings have been scheduled for the Board to meet. In addition to scheduled meetings, the Board also holds ad hoc meetings as and when required. The Company's Articles of Association (the "Articles") allow a Board meeting to be conducted by way of teleconference. Board approval may also be obtained through written resolutions by circulation. The attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings, are disclosed in this Report.

New Directors will be briefed and given materials to help them familiarise themselves with the Company's business. To meet the Directors' training needs, the Company will fund Directors' attendances at any course appropriate to their discharge of duties as Directors.

Directors are given unrestricted access to all Company staff. Directors are provided with the agenda and meeting materials in advance of Board meetings. Key management staff and the Company's auditors and solicitors, where appropriate, are invited to assist the Board in its deliberations.

Board Composition and Balance

As at the date of this Report, the Board comprises 1 Executive Director and 5 Non-Executive Directors of whom 2 are also Independent Directors (i.e. one-third of the Board size). The independence of each Independent Director is reviewed annually by the Nomination Committee. The Nomination Committee adopts the Code's definition of what constitutes an independent director in its review. The Nomination Committee is of the view that the 2 current Independent Directors of the Company, namely Messrs Philip Eng Heng Nee and Philip Leow Poh Tat, are independent directors within the meaning of the Code, that there is a strong and independent element on the Board which is able to exercise objective judgment on corporate affairs independently, in particular, from management, and that no individual or small group of individuals dominate the Board's decision-making process. The Nomination Committee is also of the view that the current Board consists of persons who, together, will provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge necessary to meet the Company's objectives.

Key information and biodata of the Directors are provided under the "Board of Directors" section on page 8 of the Annual Report.

Role of Chairman and Chief Executive Officer

The Board applies the principle of clear division of responsibilities at the top of the Company – the working of the Board and the executive responsibility of the Company's business are divided to ensure a balance of power and authority.

The Chairman and Chief Executive Officer functions in the Company are assumed by different individuals. The Chief Executive Officer is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairman bears responsibility for the management of the Board. The present Chief Executive Officer of the Company, Mr Tong Choo Cherng, is not related to the present Chairman of the Board, Mr Philip Eng Heng Nee. The previous Chief Executive Officer of the Company, Mr Victor Tan Hor Peow (who resigned as Chief Executive Officer with effect from 25 May 2005), and the previous Chairman of the Board, Mr Henry Tan Hor Thye (who resigned as Chairman of the Board with effect from 1 June 2005), are brothers.

Access to Information

Board memos accompany each Directors' written resolution to provide explanatory information on the resolution. Financial budgets and forecasts are also presented to the Board before adoption. The Directors have also been provided with the telephone numbers and e-mail addresses of the Company's Senior Management and Company Secretary to facilitate separate and independent access.

Should Directors, whether as a group or individually, need independent professional advice, the Company Secretary will, upon direction by the Board, appoint a professional adviser selected by the group or individual, to render the advice. The cost of such professional advice will be borne by the Company.

The Company Secretary attends all Board and Board committee meetings unless there is a valid reason for excusing himself from any meeting, in which case a representative will attend in his absence. The Company Secretary helps to ensure that board procedures are followed and relevant regulations are complied with.

BOARD COMMITTEES

Nomination Committee ("NC")

As at the date of this Report, the Company's NC comprises 2 Non-Executive Directors, namely, Messrs Philip Leow Poh Tat and Henry Tan Hor Thye. Mr Philip Leow, an Independent Non-Executive Director, is the Chairman of the NC. Due to the recent resignation of a NC member, Mr Ed Ng Ee Peng, the composition of the NC is presently not in line with the recommendation of the Code (namely, Mr Henry Tan Hor Thye is not an Independent Director and hence the recommendation that the NC shall comprise at least 3 directors, the majority of whom are to be independent, is not complied with). The Board will have to review the composition of the NC to bring it in line with the recommendation of the Code.

The NC is responsible for *inter alia* making recommendations to the Board on all Board appointments and determining the independence of Directors. The NC has adopted a set of guidelines to evaluate Board performance and individual Director performance. Each member of the NC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberation of the NC in respect of the assessment of his performance or re-nomination as a Director.

New Directors may be appointed via Board resolutions after the NC has reviewed and nominated them for appointments. Such new Directors must submit themselves for re-election at the next Annual General Meeting of the Company. The NC, in considering the re-appointment of any Director, shall evaluate the performance of the Director. The Chairman will constantly monitor and assess each Director's contribution to the Board at meetings, intensity of participation at meetings, the quality of interventions and then discuss the results with the Chairman of the NC. The Directors' attendance record at Board and Board committee meetings will make up the other criteria for re-appointment.

Article 91 of the Articles requires every Director to retire from office once every three years and for this purpose, at each Annual General Meeting, one-third of the Directors for the time being (other than any Director holding office as Managing or Joint Managing Director) shall retire from office. This means that no Director (other than the Managing or Joint Managing Director) stays in office for more than three years before being re-elected by shareholders.

Corporate Governance Report

Audit Committee ("AC")

As at the date of this Report, the Company's AC comprises 3 Non-Executive Directors, namely, Messrs Philip Eng Heng Nee, Gay Chee Cheong and Philip Leow Poh Tat, the majority of whom, including the Chairman, are independent. The Chairman of the AC is Mr Philip Eng Heng Nee. Mr Philip Eng Heng Nee replaces Mr Ed Ng Ee Peng who has resigned as a Director and as Chairman of the AC on 14 July 2005. Each AC member has many years of experience in managerial positions in various industries. The Board is of the view that the AC members have sufficient financial management expertise to discharge the AC's functions.

The role of the AC includes *inter alia* reviewing the quarterly and full-year financial statements prior to submission to the Board, reviewing interested person transactions and reviewing the independence and objectivity of the external auditors.

The AC is explicitly authorised by the Board to investigate any matters within its terms of reference. For such purpose, the AC shall have full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly. Each member of the AC shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations in respect of matters in which he is interested.

Minutes of AC meetings are available to all Directors for information and review.

The AC meets with the external auditors, without the presence of management, once a year. The AC has reviewed the independence and objectivity of Messrs Deloitte & Touche and has satisfied itself of Messrs Deloitte & Touche's position as an independent external auditor.

The Board is conducting a review of the Company's existing corporate governance policies, in particular, limits of authority conferred on management. Upon completion of this review, the Board where necessary will proceed to implement new corporate governance policies and establish systems and procedures to enable compliance with the Company's corporate governance policies.

Internal Audit

The Company's internal audit department (the "IA") is an independent function that reports directly to the AC on audit matters, and to the Chief Executive Officer on administrative matters. The AC reviews the IA's reports and its activities on a quarterly basis. The AC also reviews and approves the annual internal audit plans and resources to ensure that the IA has the capability to adequately perform its functions. The IA meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. Due to recent staff movement and redeployment, the Company is recruiting to fill up the department's manpower requirement.

The AC is of the view that the IA has appropriate standing within the Company, and subject to the recruitment of additional headcount, will be adequately resourced.

Remuneration Committee ("RC")

As at the date of this Report, the Company's RC comprises 2 Non-Executive Directors, namely, Messrs Philip Leow Poh Tat and Gay Chee Cheong. The Chairman of the RC, Mr Philip Leow, is an Independent Non-Executive Director. Due to the recent resignation of a RC member, Mr Ed Ng Ee Peng, the composition of the RC is currently not in line with the recommendation of the Code (namely, Mr Gay Chee Cheong is not considered to be an Independent Director and hence the recommendation that the majority of the RC members are to be 'independent of Management and free from any business or other relationship, which may materially interfere with the exercise of their independent judgement' is not complied with). The Board will be reviewing the composition of the RC to bring it in line with the recommendation of the Code.

The RC has access to the Company's human resources department and external consultant for expert advice on executive compensation.

The RC is mandated with the responsibility to oversee the general compensation of employees of the Group with a goal to motivate, recruit and retain employees and Directors through competitive compensation and progressive policies. The RC's recommendations are made in consultation with the Chairman of the Board and submitted for approval by the entire Board.

Each Member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations in respect of his remuneration.

Procedures for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure on Remuneration

The RC's principal responsibilities are to:-

1) recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as share options;

2) approve the structure of the compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and Senior Management to ensure that the programme is competitive and sufficient to attract, retain and motivate Senior Management of the required quality to run the Company successfully;

3) review Directors' and Senior Management's compensation annually and determine appropriate adjustments; and review and recommend the Chief Executive Officer's pay adjustments; and

4) administer the ACCS Share Option Scheme 2003 ("ESOS"), details of which are set out in Appendix 1 of this Annual Report.

The RC decides on the specific remuneration packages for an Executive Director or Senior Management staff upon recruitment and reviews subsequent increments, award of share options, if any, and variable bonuses where these payments are discretionary. The RC's recommendations are made in consultation with the Chairman of the Board and submitted for approval by the entire Board.

Corporate Governance Report

The Chief Executive Officer's remuneration package includes a performance-related variable bonus, and also share options which have been designed to align his interests with those of the shareholders. The Chairman's remuneration is not performance-related and is paid as a Director's fee, similar to other Non-Executive Directors except that the fee payable to the Chairman is 3 times that payable to a Non-Executive Director. The present Chairman is also entitled to share options under the ESOS. Directors' fees are recommended by the Board for approval at the Company's Annual General Meeting.

In setting remuneration packages, the RC takes into account the performance of the Group and the individual. In its deliberations, the RC takes into consideration pay and employment conditions within the industry and in comparable companies.

A breakdown, showing the level and mix of each individual Director's remuneration payable for FY2004 is as follows:-

	Fees* (%)	**Salary (%)**	**Annual Wage Supplement (%)**	**Other Benefits** (%)**	**Total (%)**	**ESOS (No. of options)*** **
S$500,000 to S$749,999 Victor Tan Hor Peow (1)	-	90	7	3	100	4,125,000
Below S$250,000 Edmund Yong Kin Kwong (2)	-	87	7	6	100	2,130,000
Yip Hwai Chong (3)	-	85	7	8	100	2,130,000
Henry Tan Hor Thye	100	-	-	-	100	-
Ronnie Poh Tian Peng (4)	100	-	-	-	100	-
Liow Voon Kheong	100	-	-	-	100	150,000
Chia Leok Yeen (5)	-	-	-	-	-	-
Chia Mui Leng Alick (6)	100	-	-	-	100	-
Wang Kai Yuen (7)	100	-	-	-	100	150,000
Philip Leow Poh Tat	100	-	-	-	100	150,000
Gay Chee Cheong	100	-	-	-	100	150,000
Ed Ng Ee Peng (8)	100	-	-	-	100	150,000
Tong Choo Cherng (9)	-	-	-	-	-	-
Philip Eng Heng Nee (10)	-	-	-	-	-	-

* These fees are subject to approval by shareholders as a lump sum at the Annual General Meeting for FY2004.

** Includes employers' CPF, allowance and car benefits.

*** Refers to Year 1 and Year 2 options granted pursuant to the ESOS on 17 September 2003 and 14 April 2004 respectively.

Corporate Governance Report

Notes:-

(1) Mr Tan resigned as a Director on 25 May 2005.
(2) Mr Yong retired as a Director on 14 April 2004.
(3) Mr Yip retired as a Director on 14 April 2004.
(4) Mr Poh resigned as a Director on 14 April 2004.
(5) Ms Chia resigned as an alternate Director to Mr Liow Voon Kheong on 31 May 2005.
(6) Mr Chia resigned as a Director on 14 April 2004.
(7) Dr Wang resigned as a Director on 13 May 2004.
(8) Mr Ng resigned as a Director on 14 July 2005.
(9) Mr Tong was appointed as a Director on 25 May 2005.
(10) Mr Eng was appointed as a Director on 1 June 2005.

The Non-Executive Directors do not have service contracts with the Company and their terms of appointment and office are specified in the Articles. The Chairman of the Board, Mr Philip Eng Heng Nee, who is an Independent Non-Executive Director, does however have an appointment letter from the Company which sets out the terms of his appointment as Chairman. The remuneration package of Mr Philip Eng is set out therein, which essentially comprises director's fee of S$120,000 for each financial year and share options under the ESOS. Upon full exercise of the said options, the total number of shares to be issued to Mr Philip Eng will be equivalent to 0.73% of the issued share capital of the Company.

The RC recommends to the Board, Non-Executive Directors' fees that are appropriate to the level of contribution, taking into account factors such as effort and time spent, responsibilities of Directors. Non-Executive Directors are eligible to participate in the ESOS. The RC is of the view that the Non-Executive Directors are not over-compensated to the extent that their independence may be compromised.

Chairmen of the various Board committees receive additional fees to take into account their additional responsibilities.

Directors do not receive attendance fees for any Board meeting or Board committee meetings.

The Company has entered into a service agreement (the "Service Agreement") dated 25 May 2005 with Mr Tong Choo Cherng, an Executive Director.

Under the Service Agreement, Mr Tong Choo Cherng was appointed as the Chief Executive Officer of the Company. The appointment is for a term of 5 years (unless terminated by either party on the giving of 6 months' notice). The Service Agreement will also terminate automatically in the event of his death and may be terminated immediately by the Company without prior notice on the occurrence of certain specified events including serious or persistent breach of obligations, grave misconduct or bankruptcy. There is a 'parachute clause' in the Service Agreement which provides that if Mr Tong's office as Chief Executive Officer is terminated within the first year of service by or in connection with any conditions prescribed by any new investor in the Company, Mr Tong shall be entitled to a lump sum payment equivalent to 12 months' basic salary.

The Company has also given an appointment letter to Mr Philip Eng Heng Nee, an Independent Non-Executive Director, which sets out the terms of his appointment as Chairman of the Board.

Save as disclosed above, there are no other existing or proposed service contracts or appointment letters between the Company or its subsidiaries and any of its Directors.

There are no existing or proposed service contracts entered or to be entered into by any Director with the Company or any of save as disclosed above, the Company's subsidiaries which provide for benefits upon termination of employment.

Key Executives' Remuneration

The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top 5 executives (who are not Directors) of the Company in this Report due to the sensitive and confidential nature of such information.

Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer and whose remuneration exceeds S$150,000 during FY2004.

In compliance with Guidance Note 9.3 of the Code, the Company also discloses below the remuneration of its Regional Director (Greater China), Mr Tan Hor Khim, who is the brother of Mr Henry Tan Hor Thye (former Chairman of the Board; currently a Non-Executive Director) and Mr Victor Tan Hor Peow (resigned as Chief Executive Officer and as Director with effect from 25 May 2005):-

	Salary (%)	Bonus* (%)	Other Benefits** (%)	Total (%)	ESOS (No. of options)***
Below S$250,000 Tan Hor Khim	85	-	15	100	1,200,000

* Includes Annual Wage Supplement and Variable Bonus.

** Includes employers' CPF, allowance and benefits relating to his posting in the People's Republic of China.

*** Refers to Year 1 and Year 2 options granted pursuant to the ESOS on 17 September 2003 and 14 April 2004 respectively.

Accountability and Audit
Communication with Shareholders
Greater Shareholder Participation

The Company has adopted quarterly results reporting since its listing. The quarterly results are published through the SGXNET for the public and shareholders' information.

The Company does not practise selective disclosure of material information. Material information is excluded from any briefing or is first publicly released, either before the Company meets with investors or analysts or concurrently with such meetings. Results and annual reports are announced or issued within the mandatory period (unless extension of time is granted by the Singapore Exchange Securities Trading Limited ("SGX-ST") and/or the Accounting & Corporate Regulatory Authority) and will also be made available on the Company's website.

The Company's investor relations team is supported by an external public relations firm which assists in all matters of communication with its investors, the media and analysts and the public. All shareholders of the Company receive the Company's annual report and notice of Annual General Meeting. The notice of meeting will also be posted on the Company's website. At Annual General Meetings, shareholders are given equal opportunity and time to air their views and ask Directors or management questions regarding the Company. The Articles allow a shareholder to appoint one or two proxies to attend and vote in his place at general meetings. The Chairman of each of the Board committees will be present and available to address questions at general meetings. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. There will be separate resolutions at general meetings.

Corporate Governance Report

Contrary to the recommendation of Guidance Note 15.1 of the Code, the Company has not amended its Articles to provide for absentia voting methods which call for elaborate and costly implementation of a fool-proof system, the need for which does not presently arise.

Best Practices Guide and Dealings in Securities

Notwithstanding that compliance with the SGX-ST's Best Practices Guide is stated as not mandatory, the Company is committed to also adopt and abide by the Best Practices Guide.

The Company has adopted internal codes pursuant to the SGX-ST Best Practices Guide applicable to all its officers in relation to dealings in the Company's securities.

Its officers are not allowed to deal in the Company's securities during the period commencing 2 weeks before the announcement of the Company's first quarter, half-year and third quarter financial results, and 1 month before the announcement of the Company's full-year results, and ending on the date of the announcement of the relevant results.

Directors' Attendance at Board and Board Committee Meetings

Between the commencement of FY2004 and the date of this Report, there had been 33 Board of Directors Meetings, 2 NC Meetings, 18 AC Meetings, 2 RC Meetings and 9 IC Meetings. The Directors' and respective Board committee members' attendances at these meetings are disclosed below:-

Board of Directors Meeting	
Director	No. of Meetings Attended Expressed as a Ratio of Total No. of Meetings Held for FY2004 and up to the Date of this Report
Henry Tan Hor Thye	31/33
Victor Tan Hor Peow	27/28
Edmund Yong Kin Kwong (1)	1/1
Yip Hwai Chong (2)	1/1
Ronnie Poh Tian Peng (3)	1/1
Liow Voon Kheong	33/33
Chia Leok Yeen (4)	1/29
Wang Kai Yuen (5)	2/2
Alick Chia Mui Leng (6)	0/1
Philip Leow Poh Tat	32/33
Gay Chee Cheong	33/33
Ed Ng Ee Peng (7)	27/29
Tong Choo Cherng (8)	4/4
Philip Eng Heng Nee (9)	4/4

Notes:-

(1) Mr Yong retired as a Director on 14 April 2004.
(2) Mr Yip retired as a Director on 14 April 2004.
(3) Mr Poh resigned as a Director on 14 April 2004.
(4) Ms Chia was an alternate Director to Mr Liow Voon Kheong. She resigned (as alternate Director to Mr Liow) on 31 May 2005.
(5) Dr Wang resigned as a Director on 13 May 2004.
(6) Mr Chia resigned as a Director on 14 April 2004.
(7) Mr Ng was appointed as a Director on 5 March 2004. He resigned as a Director on 14 July 2005.
(8) Mr Tong was appointed as a Director on 25 May 2005.
(9) Mr Eng was appointed as a Director on 1 June 2005.

NC Meeting	
NC Member	**No. of Meetings Attended Expressed as a Ratio of Total No. of Meetings Held for FY2004 and up to the Date of this Report**
Philip Leow Poh Tat	2/2
Alick Chia Mui Leng (10)	1/1
Ronnie Poh Tian Peng (11)	1/1
Ed Ng Ee Peng (12)	1/1
Henry Tan Hor Thye (13)	1/1

Notes:-

(10) Mr Chia resigned as a Member of NC on 14 April 2004.
(11) Mr Poh resigned as a Member of NC on 14 April 2004.
(12) Mr Ng was appointed as a Member of NC on 14 April 2004. He resigned as a Member of NC on 14 July 2005.
(13) Mr Tan was appointed as a Member of NC on 14 April 2004.

AC Meeting	
AC Member	**No. of Meetings Attended Expressed as a Ratio of Total No. of Meetings Held for FY2004 and up to the Date of this Report**
Alick Chia Mui Leng (14)	0/1
Wang Kai Yuen (15)	2/2
Philip Leow Poh Tat	17/18
Ed Ng Ee Peng (16)	15/15
Gay Chee Cheong (17)	16/16
Philip Eng Heng Nee (18)	2/2

Notes:-

(14) Mr Chia resigned as a Member of AC on 14 April 2004.
(15) Dr Wang resigned as a Member of AC on 13 May 2004.
(16) Mr Ng was appointed as a Member of AC on 14 April 2004. He resigned as a Member of AC on 14 July 2005.
(17) Mr Gay was appointed as a Member of AC on 13 May 2004.
(18) Mr Eng was appointed as a Member of AC on 25 July 2005.

Corporate Governance Report

RC Meeting	
RC Member	No. of Meetings Attended Expressed as a Ratio of Total No. of Meetings Held for FY2004 and up to the Date of this Report
Wang Kai Yuen (19)	1/1
Henry Tan Hor Thye (20)	1/1
Philip Leow Poh Tat	2/2
Gay Chee Cheong (21)	1/1
Ed Ng Ee Peng (22)	1/1

Notes:-

(19) Dr Wang resigned as a Member of RC on 13 May 2004.
(20) Mr Tan resigned as a Member of RC on 14 April 2004.
(21) Mr Gay was appointed as a Member of RC on 14 April 2004.
(22) Mr Ng was appointed as a Member of RC on 13 May 2004. He resigned as a Member of RC on 14 July 2005.

IC Meeting	
IC Member	No. of Meetings Attended Expressed as a Ratio of Total No. of Meetings Held for FY2004 and up to the Date of this Report
Liow Voon Kheong	8/9
Gay Chee Cheong	9/9
Philip Leow Poh Tat	9/9
Ed Ng Ee Peng	9/9

Interested Person Transactions Policy

The Company has adopted an internal policy where all Interested Person Transactions will be documented and submitted at least quarterly (during each quarterly AC meeting) to the AC for its review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the Company and its minority shareholders. In the event that a member of the Audit Committee is deemed to have an interest in an Interested Person Transaction, he will abstain from reviewing that particular transaction.

4 August 2005

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

C O N T E N T S

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company and consolidated financial statements of the group for the financial year ended December 31, 2004.

1 DIRECTORS

The directors of the company in office at the date of this report are:

Philip Eng Heng Nee	(Appointed on June 1, 2005)
Tong Choo Cherng	(Appointed on May 25, 2005)
Gay Chee Cheong	
Leow Poh Tat Philip	
Liow Voon Kheong	
Henry Tan Hor Thye	

During the financial year and up to the date of this report, the following directors resigned as directors of the company:

Wang Kai Yuen	(Resigned on May 13, 2004)
Ronnie Poh Tian Peng	(Resigned on April 14, 2004)
Alick Chia Mui Leng	(Resigned on April 14, 2004)
Victor Tan Hor Peow	(Resigned on May 25, 2005)
Chia Leok Yeen	(Alternate director to Liow Voon Kheong and resigned on May 31, 2005)
Ed Ng Ee Peng	(Appointed on March 5, 2004 and resigned on July 14, 2005)

During the financial year, the following directors retired by rotation and did not seek re-election:

Edmund Yong Kin Kwong	(Retired on April 14, 2004)
Yip Hwai Chong	(Retired on April 14, 2004)

2 AUDIT COMMITTEE

The Board of Directors has adopted the principles of corporate governance under the Best Practices Guide with regards to audit committee formulated by SGX-ST.

The members of the Audit Committee at the date of this report are:

Philip Eng Heng Nee	(Chairman and independent non-executive director and appointed on July 25, 2005)
Leow Poh Tat Philip	(Member and independent non-executive director)
Gay Chee Cheong	(Member and non-executive director and appointed on May 13, 2004)

During the financial year and up to the date of this report, the following members resigned from the Audit Committee:

Wang Kai Yuen	(Resigned on May 13, 2004)
Alick Chia Mui Leng	(Resigned on April 14, 2004)
Ed Ng Ee Peng	(Appointed as audit committee member/chairman on April 14, 2004 and resigned on July 14, 2005)

The Audit Committee performs the functions as set out in the Singapore Companies Act.

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate other than the options described below.

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year and their interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act are as follows:

	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have interest		
Name of directors and companies in which interests are held	At January 1, 2004 or date of appointment, if later	At December 31, 2004	At January 21, 2005	At January 1, 2004 or date of appointment, if later	At December 31, 2004	At January 21, 2005
Accord Customer Care Solutions Limited - Ordinary shares of $0.025 each						
Henry Tan Hor Thye	103,728,225	137,592,337	137,592,337	11,580,552	2,257,380	2,257,380
Victor Tan Hor Peow	40,083,474	58,150,211	58,150,211	-	-	-
Leow Poh Tat Philip	250,000	300,000	300,000	-	-	-
Gay Chee Cheong	300,000	1,200,000	1,200,000	39,200,000	46,800,000	46,800,000
Accord Customer Care Solutions Limited - Options granted						
Victor Tan Hor Peow	1,425,000 *	2,700,000	2,700,000	-	-	-
Liow Voon Kheong	-	150,000	150,000	-	-	-
Leow Poh Tat Philip	-	150,000	150,000	-	-	-
Gay Chee Cheong	-	150,000	150,000	-	-	-
Ed Ng Ee Peng	-	150,000	150,000	-	-	-

* Adjusted for a bonus issue on the basis of 1 bonus share for every 2 ordinary shares during the current financial year.

5 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed below and in the financial statements.

6 SHARE OPTIONS

a) At the Extraordinary Meeting held on January 13, 2003, the shareholders approved the adoption of the ACCS Share Option Scheme 2003 (the "2003 Scheme"). The share option scheme is administered by the Remuneration Committee, comprising the following:

Leow Poh Tat Philip	(Chairman)
Gay Chee Cheong	(Appointed as a member of the Remuneration Committee on April 14, 2004)

Up to the date of this report, the following member resigned from the Remuneration Committee:

Ed Ng Ee Peng	(Appointed as a member of the Remuneration Committee on May 13, 2004 and resigned on July 14, 2005)

b) Each share option entitles the employees of the group and of its associated company(ies) to subscribe for one new ordinary share of $0.025 each in the company. The options are granted at a consideration of $1.00 paid by each option holder.

The 2003 Scheme will operate for a maximum period of 10 years commencing on January 13, 2003. Under the 2003 Scheme, share options may be granted to the employees of the group and its associated company(ies), if any, provided that the company has control over the associated company(ies). Control is defined as the capacity to dominate decision making in relation to the financial and operating policies of the company. Approval of the independent shareholders in separate resolutions is required for the participation by and the number and terms of options to be granted to participants who are controlling shareholders of the company or their associates.

Options that are granted may be at the market price ("Market Price Options") or may have exercise prices that are, at the Remuneration Committee's discretion, set at a discount to the market price of a share. The maximum discount cannot exceed 20%. In the event that options are issued at a discount, such options may be exercised only after the second anniversary from the date of the grant of the option.

If an option holder ceases to be in full time employment with the company or any of the companies within the group or its associated company(ies) for any reason whatsoever, the option holder may exercise any unexercised options within 1 month from the last date of employment with the relevant entity.

Market Price Options shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof) at any time after (12) twelve months of the date of grant of that option.

Options granted with an exercise price set at discount to market price shall only be exercisable by a participant, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof) at any time after twenty four (24) months from the date of grant of that option.

Provided always that options shall be exercised before the end of one hundred and twenty (120) months (or sixty (60) months where the participant is a non-Executive Director) of the date of grant of that option and subject to such other condition as may be introduced by the Remuneration Committee from time to time.

c) At the Extraordinary Meeting held on April 14, 2004, the shareholders approved the amendment of certain provisions of the 2003 Scheme to:

i) allow non-executive directors of the company to participate in the 2003 Scheme; and

ii) extend the size of the 2003 Scheme from 10% to 15% of the issued share capital of the company.

d) The share options granted and exercised during the financial year and share options outstanding as at December 31, 2004 under the 2003 Scheme were as follows:

	Number of share options					
Date of grant	Balance at January 1, 2004 or date of grant if later	Exercised	Lapsed/ Cancelled	Balance at December 31, 2004	Subscription price $	Expiry date
September 17, 2003	14,055,000 *	(10,909,000)	(534,000)	2,612,000	0.40*	September 16, 2013
April 14, 2004	28,210,500	-	(1,252,500)	26,958,000	0.651	April 13, 2014
	42,265,500	(10,909,000)	(1,786,500)	29,570,000		

* Adjusted for a bonus issue on the basis of 1 bonus share for every 2 ordinary shares during the current financial year.

e) Options granted to directors of the company under the 2003 Scheme were as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to December 31, 2004	Aggregate options exercised since commencement of the Scheme to December 31, 2004	Aggregate options outstanding at December 31, 2004	Percentage of total number of options outstanding at December 31, 2004
Gay Chee Cheong	150,000	150,000	-	150,000	0.5%
Leow Poh Tat Philip	150,000	150,000	-	150,000	0.5%
Liow Voon Kheong	150,000	150,000	-	150,000	0.5%
Ed Ng Ee Peng (1)	150,000	150,000	-	150,000	0.5%
Victor Tan Hor Peow (2)	2,700,000	4,125,000 *	1,425,000	2,700,000	9.1%
Wang Kai Yuen (3)	150,000	150,000	-	150,000	0.5%

* Adjusted for a bonus issue on the basis of 1 bonus share for every 2 ordinary shares during the current financial year.

Notes:

(1) Mr Ng was appointed on March 5, 2004. He has resigned on July 14, 2005.
(2) Mr Tan resigned on May 25, 2005.
(3) Dr Wang resigned on May 13, 2004.

f) During the financial year, except as disclosed in paragraph 6(e) above in respect of options granted to Victor Tan Hor Peow, no employees received 5% or more of the total number of options available under the 2003 scheme. No shares were issued at a discount to the market price.

g) During the financial year, a subsidiary issued $7,049,995 convertible redeemable bonds. During the financial year, the bondholders converted all the 7,049,995 bonds into 1,666,667 ordinary shares of $1.00 each in the capital of the subsidiary, representing in aggregate 10% of the issued and paid-up share capital of the subsidiary.

h) During the financial year, by a sale and purchase agreement, a subsidiary, Distribution Management Solutions Limited, acquired 210 ordinary shares of US$1.00 each, representing 70% of the issued and paid-up capital of Pacific Cellular International Limited ("PCIL") from Frankie Ong, Hong Kong International Finance Company Limited ("HKIF"), Lim Lai Hiong and Lim Chin Tong (collectively known as the "PCIL Vendors") for a total cash consideration of US$210. Pursuant to the abovementioned sale and purchase agreement, Frankie Ong had undertaken to the subsidiary that he would procure the transfer of 99.99% effective control in Pacific Cellular (Thailand) Limited ("PC Thailand") to PCIL and in exchange for such transfer, the subsidiary agreed to allot and issue 5,000,000 ordinary shares of $1.00 each in the share capital of the subsidiary, fully paid to the PCIL Vendors such that Frankie Ong, HKIF, Lim Chin Tong and Lim Lai Hiong owned 15%, 10%, 2% and 3% of the subsidiary's issued and paid-up share capital respectively. In December 2004, pursuant to the transfer of 99.99% effective control in PC Thailand to PCIL, the subsidiary allotted and issued to the PCIL Vendors 5,000,000 ordinary shares of $1.00 each in the share capital of the subsidiary.

i) At the end of the financial year, there were no unissued shares of the subsidiaries under option.

ON BEHALF OF THE DIRECTORS

....
Philip Eng Heng Nee

....
Tong Choo Cherng

August 5, 2005

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

STATEMENT OF DIRECTORS

To the best of our knowledge and belief, we are of the opinion that, taking into consideration the explanations, qualifications and disclaimers highlighted in the accompanying financial statements, in particular Note 2 set out on pages 21 to 27, the financial statements of the company and consolidated financial statements of the group set out on pages 12 to 62 are properly drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at December 31, 2004 and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the financial year ended on that date. At the date of this statement, for the reasons set out in Note 1(d) to the financial statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

....

Philip Eng Heng Nee

....

Tong Choo Cherng

August 5, 2005

Deloitte.

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AUDITORS' REPORT TO THE MEMBERS OF

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

1. We were engaged to audit the accompanying financial statements of Accord Customer Care Solutions Limited set out on pages 12 to 62 for the year ended December 31, 2004. These financial statements are the responsibility of the company's directors.

2. Except as discussed in the following paragraphs, we conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation.

3. <u>Refurbishment service income and investigations</u>

   a) In 2004, the group initially recorded refurbishment service income of $61,074,000. Of this amount, the group has received payments for $54,158,000 which were banked-in and recorded as receipts. As at December 31, 2004, the group had outstanding trade receivables from its refurbishment business amounting to $6,916,000 which were collected subsequent to year end.

   b) During the course of our audit, we expressed concern over certain audit findings and inconsistencies relating to the refurbishment service income to the company. The basis for our concern is more fully described in Note 2(b) to the financial statements. We finally informed the company in writing on May 6, 2005, stating that we had reasons to believe that part or all of the refurbishment income of the group in 2004 may not be valid or may not be correctly recorded. On May 6, 2005, in accordance with our obligations under Section 207(9A) of the Companies Act, we also reported the matter to the relevant authority.

   c) As disclosed on Note 2(d) to the financial statements, on May 26, 2005, the company announced that in the course of the investigations being conducted by the independent investigator, it was discovered that the revenue and profit from its refurbishment business was overstated. We have requested a copy of the investigation report and whilst we were informed by management that the investigation by the independent investigator has been completed, no report is available. Accordingly, we are unable to determine if there are any other significant matters which could have an effect on the accompanying financial statements.

d) As disclosed in Note 2(e) to the financial statements, based on further investigation into the refurbishment business, the company determined that group revenue should be reduced by $61,074,000 (2003 :$19,172,000) and group profit before tax should be reduced by $58,088,000 (2003 : $19,172,000). In addition, the group also reduced its commission income by $2,597,000 (2003 : Nil). The effects of these adjustments and restatements are disclosed in Note 2(i).

e) As disclosed in Note 2(f) to the financial statements, it was discovered that the banked-in receipts in respect of certain 2004 refurbishment income were received by the company from intermediary companies and/or individuals (the "Intermediaries"). It was also discovered that certain payments for purchase of investments were also made to the Intermediaries. The company is in the process of determining the nature and extent of the relationship, transactions and/or dealings between the Intermediaries and the company. The company may make further adjustments, restatements or disclosure to the accompanying financial statements in future upon completion of its investigations.

f) As disclosed in Note 2(a) to the financial statements, we have been informed by management that the independent investigator has not issued a final written report relating to the investigations on the revenue from one contract with a specific customer. In addition, the investigation by the CAD into the company's affair is still in progress and may result in further adjustments having to be made to the accompanying financial statements.

In view of the above which constitute a limitation on the scope of our work, we are unable to satisfy ourselves as to the correctness of the amounts and the accounts that ought to have been adjusted or reversed from the accompanying 2004 financial statements of the company and of the group attributable to the refurbishment business and the commission income. In addition, as the company is unable to determine the relationship, transactions and/or dealings it has with the Intermediaries described in paragraph 3(e) above, we are unable to satisfy ourselves as to the completeness of the disclosure of related party transactions and any other effects on the financial statements.

4. Payments for certain investments

a) During the course of our audit, we expressed concern to the company over certain audit findings and inconsistencies relating to certain payments made by the company for investments. The basis of our concern is more fully described in Note 2(c) to the financial statements. We finally informed the company in writing on May 6, 2005, stating that we had reason to believe that part or all of certain amounts recorded as payments for investments may not be valid or may not be correctly recorded. On May 6, 2005, in accordance with our obligations under Section 207(9A) of the Companies Act, we also reported the matter to the relevant authority.

b) On May 26, 2005, in the same announcement referred to in paragraph 3(c) above, the company announced that it intended to make further provisions against certain assets and provision for liabilities totalling $81 million. As a result, adjustments totalling $84,405,000 (2003 : $18,830,000) relating to advance payments for investments, investments, goodwill on consolidation, other goodwill, and other provisions were made by the company as disclosed in Note 2(i) to the financial statements.

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c) As discussed in Note 2(f) to the financial statements, the company is still in the process of determining the validity of the originally recorded assets.

In view of the above and the ongoing investigations mentioned in paragraph 3 above which constitute a limitation on the scope of our work, we are unable to satisfy ourselves as to the validity, correctness and bona fides of the above investments as recorded as well as the resultant goodwill on consolidation and the resultant goodwill on purchase of business as initially recorded at the group level. In addition, we are unable to satisfy ourselves as to the completeness of the disclosure of related party transactions and any other effects on the financial statements.

5. Adjustments made by the company

a) As disclosed in Note 2(e) to the financial statements, the group made provisions against certain assets, provided for additional liabilities and wrote off certain assets amounting to $84,405,000 (2003 : $18,830,000). These adjustments were made by reducing/offsetting the profits arising from the refurbishment business and commission income initially recorded amounting to $60,685,000 (2003 : $19,172,000), and by charging the balance of $23,720,000 (2003 : crediting $342,000) to the profit and loss statement. The effects of these adjustments are disclosed in Note 2(i) to the financial statements.

b) In addition, as disclosed in Note 2(f) to the financial statements, it was discovered that the receipts in respect of certain refurbishment income were received by the company from the Intermediaries described in paragraph 3(e) above. The company is in the process of determining the actual source of the receipts deposited in the bank in respect of the 2004 commission income and the 2003 refurbishment income and the validity of the originally recorded assets in 2004 and 2003. Due to the lack of adequate supporting documentation and explanations for the offsetting adjustments described in paragraph 5(a) above, we are unable to satisfy ourselves as to the correctness of offsetting the provisions and write offs totalling $60,685,000 (2003 : $19,172,000) for the group against the profits from the refurbishment business and the commission income that were initially recorded.

c) If the originally recorded assets described in paragraph 5(a) above are not valid, these assets should have been reversed from the accompanying statements instead of making provisions or write-offs against these assets. We are therefore unable to satisfy ourselves as to the validity, correctness and adequacy of part or all of the related provisions and write-off that have been made against these assets or liabilities as at December 31, 2004 as described in Paragraph 5(b) above. As explained in Note 2 to the financial statements, the company may make further adjustments to the accompanying financial statements in the future upon completion of its investigation.

d) In addition, due to inadequate supporting documentation, we are unable to satisfy ourselves as to the correctness or adequacy of the provisions described in Note 2(C), 2(D)(iii), Note 2(L), Note 2(N), Note 2(O)(iii) and Note 2(T) of Note 2(i) to the 2004 financial statements amounting to an aggregate of $24,807,000.

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6. Recoverability of certain assets

We are also unable to satisfy ourselves as to the estimated recoverable amounts of the following assets as at December 31, 2004:

a) The group has recorded investments in unquoted equity shares totalling $800,000 as disclosed in Note 14 to the financial statements. This includes an investment with a carrying value of $750,000 for which we are unable to satisfy ourselves as to the estimated recoverable amount.

b) The group has recorded net goodwill on consolidation of $10,284,000 and net other goodwill of $11,998,000 as disclosed in Note 15 and Note 16 to the financial statements respectively. We are unable to satisfy ourselves as to the estimated recoverable amount of the goodwill on consolidation and the other goodwill.

7. Limitation on the scope of work of auditors of certain overseas subsidiaries

As disclosed in Note 11, the 2004 financial statements of certain overseas subsidiaries are affected by the adjustments described in Note 2(i). These adjustments have not been subject to audit by the respective subsidiaries' auditors due to inadequate supporting documentation. Had these auditors been able to perform an audit on the adjustments to the financial statements of the respective subsidiaries, further adjustments or disclosure may have to be made to the accompanying financial statements.

8. Restatement of 2003 comparative financial statements by the company

a) In the same announcement referred to in paragraph 3(c) above, the company announced certain restatements to the 2003 financial statements relating to refurbishment service income. Based on further investigations, the company has restated the 2003 financial statements by reducing refurbishment service income by $19,172,000, reducing trade receivables by $2,000,000 and made provision for impairment on advance payments for investments of $17,172,000. The restatements were made by the company by using offsetting entries similar to 2004 as detailed in Note 2(e) to the financial statements. These adjustments have brought into question the validity of the underlying supporting documentation provided by the company and the representations made by management in 2003.

b) As stated in Note 2(f) to the financial statements, the company is in the process of determining the actual source of the receipts deposited with the bank in respect of the 2003 refurbishment income and determining the validity of the originally recorded assets in 2003. The offsetting adjustments described in paragraph 8(a) above are not supported by adequate supporting documentation or explanations. In addition, the company may make further adjustments in the future upon completion of its investigation.

In view of the above, we are unable to satisfy ourselves as to the correctness of the offsetting entries and the restatements to the 2003 financial statements.

9. Emphasis of matter

As disclosed in Note 1(d), the ability of the company and the group to continue operating as going concerns is dependent on the continued availability of the existing credit facilities from the creditor banks. This indicates that an uncertainty exists and it may affect the company's and the group's ability to operate as going concerns.

10. Disclaimer of Opinion

a) Because of the significance of the matters referred to in the preceding paragraphs 3 to 8 above, we are not in a position to, and do not, express an opinion on whether the accompanying financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2004 and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the financial year ended on that date.

b) Because of the significance of the matters referred to in the preceding paragraphs 3 to 8 above, we are not in a position to, and do not, express an opinion on whether the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche

Certified Public Accountants

Singapore
August 5, 2005

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

BALANCE SHEETS
December 31, 2004

	Note	Group 2004 $'000	Group Restated 2003 $'000	Company 2004 $'000	Company Restated 2003 $'000
ASSETS					
Current assets:					
Cash	6	33,338	27,670	19,426	17,621
Cash pledged	6	8,645	4,970	6,825	4,970
Trade receivables	7	25,940	25,908	6,745	12,085
Other receivables and prepayments	8	21,331	11,047	20,186	39,398
Inventories	9	15,189	15,440	-	3,773
Total current assets		104,443	85,035	53,182	77,847
Non-current assets:					
Investment in associates	10	203	500	-	500
Investment in subsidiaries	11	-	-	23,929	23,836
Advance payments for investments	12	-	1,124	-	1,124
Plant and equipment	13	23,041	19,081	2,650	7,045
Other investments	14	13,813	129	13,061	129
Goodwill on consolidation	15	10,284	11,888	-	-
Other goodwill	16	11,998	2,219	961	1,013
Due from subsidiaries	17	-	-	11,801	-
Total non-current assets		59,339	34,941	52,402	33,647
Total assets		163,782	119,976	105,584	111,494
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	18	40,675	24,941	7,050	18,000
Trade payables	19	17,955	9,435	8,923	9,235
Other payables	20	47,497	10,325	25,241	16,707
Income tax payable		2,601	1,029	-	184
Obligations under finance leases	21	221	202	-	-
Current portion of long-term bank loans	23	490	-	-	-
Total current liabilities		109,439	45,932	41,214	44,126

	Note	Group 2004 $'000	Group Restated 2003 $'000	Company 2004 $'000	Company Restated 2003 $'000
Non-current liabilities:					
Obligations under finance leases	21	440	108	-	-
Deferred income tax	22	593	842	912	912
Long-term bank loan	23	792	-	-	-
Total non-current liabilities		1,825	950	912	912
Minority interest		12,746	485	-	-
Capital and reserves:					
Issued capital	24	24,017	15,829	24,017	15,829
Share premium reserve		38,274	42,098	38,274	42,098
Capital redemption reserve		22	22	22	22
Foreign currency translation reserve		333	544	-	-
Accumulated (losses) profits		(22,874)	14,116	1,145	8,507
Total equity		39,772	72,609	63,458	66,456
Total liabilities and equity		163,782	119,976	105,584	111,494

See accompanying notes to financial statements.

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

CONSOLIDATED PROFIT AND LOSS STATEMENT
Year ended December 31, 2004

	Note	Group 2004 $'000	Group Restated 2003 $'000
Revenue	25	276,743	81,508
Cost of good sold and spare parts		(205,155)	(41,502)
Gross profit		71,588	40,006
Other operating income	26	17,331	9,441
Staff costs		(45,819)	(27,841)
Depreciation expense		(4,792)	(2,609)
Other operating expenses		(32,941)	(16,509)
Additional provisions	2(i)	(37,960)	-
(Loss) Profit from operations	27	(32,593)	2,488
Finance cost	28	(1,378)	(224)
(Loss) Profit before share of results of associates		(33,971)	2,264
Share of results of associates		(47)	-
(Loss) Profit before income tax		(34,018)	2,264
Income tax (expense) credit	29	(2,777)	78
(Loss) Profit after income tax		(36,795)	2,342
Minority interests		(195)	8
Net (loss) profit attributable to shareholders		(36,990)	2,350
(Loss) Earnings per share (cents):			
- Basic	30	(3.88)	0.25
- Diluted	30	(3.88)	0.25

See accompanying notes to financial statements.

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2004

	Issued capital $'000	Share premium reserve $'000	Capital redemption reserve $'000	Foreign currency translation reserve $'000	Accumulated profits (losses) $'000	Total $'000
Group						
Balance at December 31, 2002	5,000	-	22	(299)	17,357	22,080
Issue of shares on:						
- exercise of share options	799	4,201	-	-	-	5,000
- conversion of redeemable preference shares	823	174	-	-	-	997
- conversion of redeemable convertible bonds	1,366	17,634	-	-	-	19,000
- bonus share issue	5,591	-	-	-	(5,591)	-
- Initial Public Offering	2,250	22,050	-	-	-	24,300
Share issue expenses	-	(1,961)	-	-	-	(1,961)
Net profit for the year - Restated (Note 2)	-	-	-	-	2,350	2,350
Foreign currency translation	-	-	-	843	-	843
Balance at December 31, 2003 (restated)	15,829	42,098	22	544	14,116	72,609
Issue of shares on:						
- bonus share issue	7,915	(7,915)	-	-	-	-
- exercise of share options	273	4,091	-	-	-	4,364
Net loss for the year	-	-	-	-	(36,990)	(36,990)
Foreign currency translation	-	-	-	(211)	-	(211)
Balance at December 31, 2004	24,017	38,274	22	333	(22,874)	39,772

	Issued capital $'000	Share premium reserve $'000	Capital redemption reserve $'000	Foreign currency translation reserve $'000	Accumulated profits (losses) $'000	Total $'000
Company						
Balance at December 31, 2003	5,000	-	22	-	11,252	16,274
Issue of shares on:						
- exercise of share options	799	4,201	-	-	-	5,000
- conversion of redeemable preference shares	823	174	-	-	-	997
- conversion of redeemable convertible bonds	1,366	17,634	-	-	-	19,000
- bonus share issue	5,591	-	-	-	(5,591)	-
- Initial Public Offering	2,250	22,050	-	-	-	24,300
Share issue expenses	-	(1,961)	-	-	-	(1,961)
Net profit for the year - Restated (Note 2)	-	-	-	-	2,846	2,846
Balance at December 31, 2003 (restated)	15,829	42,098	22	-	8,507	66,456
Issue of shares on:						
- bonus share issue	7,915	(7,915)	-	-	-	-
- exercise of share options	273	4,091	-	-	-	4,364
Net loss for the year	-	-	-	-	(7,362)	(7,362)
Balance at December 31, 2004	24,017	38,274	22	-	1,145	63,458

See accompanying notes to financial statements.

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended December 31, 2004

	2004	Restated 2003
	$'000	$'000
Cash flows from operating activities:		
(Loss) Profit before share of results of associates	(33,971)	2,264
Adjustments for:		
Depreciation expense	4,792	2,609
Interest expense	1,378	224
Interest income	(648)	(167)
Loss (Gain) on disposal of plant and equipment	364	(2)
Gain on partial disposal/dilution of subsidiaries	(16,253)	(20)
Amortisation of goodwill on consolidation and other goodwill	3,966	714
Provisions (Note E)	53,680	1,658
Operating profit before working capital changes	13,308	7,280
Trade receivables	2,125	(5,079)
Other receivables and prepayments	(4,081)	(1,038)
Inventories	396	(5,454)
Trade payables	(1,318)	(2,505)
Other payables	(5,022)	1,987
Cash generated from (used in) operations	5,408	(4,809)
Income tax paid	(135)	(2,476)
Interest received	648	167
Net cash from (used in) operating activities	5,921	(7,118)
Cash flows from investing activities:		
Acquisition of subsidiaries (Note A)	(31,000)	428
Disposal of subsidiary (Note B)	-	(16)
Proceeds from disposal of plant and equipment	2,212	175
Purchase of businesses (Note C)	(10,503)	(2,403)
Purchase of plant and equipment (Note D)	(12,991)	(5,751)
Increase in investments/bonds in associate - net	(19,712)	(542)
Advance payments for investments	(15,643)	(3,932)
Payment of deferred purchase consideration	-	(18,296)
Fixed deposits subject to restriction (Note F)	(3,675)	(3,970)
Provisions (Note E)	43,308	17,172
Net cash used in investing activities	(48,004)	(17,135)

	2004 $'000	**Restated** 2003 $'000
Cash flows from financing activities:		
Interest paid	(1,378)	(224)
Increase in bank loans	16,437	20,201
Contribution by minority shareholders	26,762	231
Proceeds from issuing shares	4,364	27,339
Decrease in finance leases	(375)	(406)
Net cash from financing activities	45,810	47,141
Net effect of exchange rate changes in consolidating subsidiaries	1,941	(1,000)
Net increase in cash	5,668	21,888
Balance at beginning of year	27,670	5,782
Cash at end of financial year (Note F)	33,338	27,670

Notes to the consolidated cash flow statements

A. Summary of the effects of acquisition of subsidiaries:

	2004 $'000	2003 $'000
Cash	3,302	428
Other current assets	33,793	3,126
Current liabilities	(30,716)	(5,125)
Net current assets (liabilities)	6,379	(1,571)
Plant and equipment	2,925	940
Goodwill on acquisition of subsidiaries	41,754	631
Goodwill on adjustment to cost	(272)	159
Investment in associates	42	-
Purchase consideration	50,828	159
Deferred consideration [Note 20]	(2,280)	(159)
Less: Cash of acquired subsidiaries	(3,302)	(428)
Less: Advance payments made in prior years	(14,246)	-
Net cash outflow (inflow) on acquisition of subsidiaries	31,000	(428)

B. Summary of the effects of disposal of subsidiary:

	2004 $'000	2003 $'000
Cash	-	16
Other current assets	-	278
Current liabilities	-	(314)
Net current liabilities	-	(20)
Gain on disposal of subsidiary	-	20
Cash of disposed subsidiary	-	(16)
Net cash outflow on disposal of subsidiary	-	(16)

C. Summary of the effects of purchase of businesses:

	2004 $'000	2003 $'000
Cash	21	-
Other current assets	3,021	231
Current liabilities	(4,724)	-
Net current (liabilities) assets	(1,682)	231
Goodwill on purchase of businesses	12,206	2,172
Purchase consideration discharged by cash	10,524	2,403
Less: Cash of acquired businesses	(21)	-
Net cash outflow on purchase of businesses	10,503	2,403

D. Plant and equipment:

During the financial year, the group acquired plant and equipment with aggregate cost of $13,532,000 (2003 : $6,039,000) of which $541,000 (2003 : $288,000) was acquired by means of finance lease. Cash payment of $12,991,000 (2003 : $5,751,000) were made to purchase plant and equipment.

E. Provisions:

	2004 $'000	**Restated** 2003 $'000
Total provision and write-offs [Note 2(i)]	84,405	18,830
Amortisation of other goodwill included in amortisation expense [Note 2(P)]	(757)	-
Minority interest's share of additional losses included in gain on partial disposal/dilution of subsidiaries [Note 2(V)]	13,340	-
	96,988	18,830
Shown as adjustments to:		
Cash flow from operations	53,680	1,658
Cash flow used in investing activities *	43,308	17,172
	96,988	18,830

* These represent provision for advance payments for investment [Note 2(G)], investment in associate [Note 2(M)] and goodwill on consolidation [Note 2(H)].

F. Cash at end of financial year:

	2004 $'000	2003 $'000
Cash	41,983	32,640
Less: Cash subject to restriction (Note 6)	(8,645)	(4,970)
Net	33,338	27,670

See accompanying notes to financial statements.

1 GENERAL AND GOING CONCERN ASSUMPTION

a) The company (Registration No. 200009059G) is incorporated in the Republic of Singapore with its registered office and principal place of business at 20 Toh Guan Road #07-00 Accord Distri Centre, Singapore 608839. The company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Singapore dollars.

b) The principal activities of the company are the provision of after-market services and distribution management solutions for mobile communication devices and investment holding. Provision of after-market services and distribution management solutions comprise repair management, technical services management, customer relationship management, administrative management and other value added services which include sale of accessories, merchandise and e-distribution, parts distribution management and mobile clinic management.

c) The principal activities of the associates and subsidiaries are described in Note 10 and Note 11 to the financial statements respectively.

d) The group incurred losses of $36,990,000 for the financial year ended December 31, 2004. As at December 31, 2004, the group's current liabilities exceeded their current assets by $4,996,000. In addition, as disclosed in Note 18(c), a bank has frozen the bank balances of the company pending the restructuring of the loans owing by certain subsidiaries and an associate. Another bank has agreed to continue to grant the existing credit facility to the group pending the submission of a repayment plan to the bank by a certain date. The other banks continued to provide the group with the existing credit facilities and did not modify, withdraw or suspend any credit facilities provided to the group.

The matters described in the preceding paragraph indicate that there exist uncertainties over the company's and the group's ability to continue as going concerns. Nevertheless, the directors of the company are of the view that it is appropriate for the financial statements of the company and the group to be prepared on a going concern basis. After reviewing the business plans and cash flow forecasts of the company and the group for the financial year ending December 31, 2005, the directors believe that the company and the group are able to continue as going concerns in the foreseeable future and will be able to realise their assets and discharge their liabilities in the normal course of business, as:

i) the directors of the company are evaluating various strategies to improve the operating performance and financial position of the company and the group.

ii) the directors of the company are of the view that the lenders will continue to provide the credit facilities to the group at the current outstanding level and that the current facilities already utilized is adequate for the current operations of the group.

e) The financial statements of the company and of the consolidated financial statements of the group for the year ended December 31, 2004 were authorised for issue by the Board of Directors on August 5, 2005.

2 INVESTIGATIONS AND ADJUSTMENTS TO FINANCIAL STATEMENTS

a) On February 22, 2005, the company announced that the Commercial Affairs Department ("CAD") has commenced an investigation into the company's affairs. Subsequently, the company announced that it had overstated revenue from one contract with a specific customer. This led to the appointment of an independent investigator by the company's Independent Committee on February 28, 2005. On May 26, 2005, the company announced that the independent investigator had concluded that the effect of such overstatement of revenue and profits in relation to this particular contract is not likely to be material to the group for 2004. The independent investigator has not issued a final written report relating to the investigations. The investigation by the CAD into the company's affairs is still in progress and may result in further adjustments having to be made to the accompanying financial statements.

The independent investigator was tasked by the Independent Committee on May 1, 2005 to investigate into the refurbishment income. The independent investigator reported the result of its investigations and the effect of such overstatement on revenue and profit on May 26, 2005 and the company announced such effect on the same day.

b) On May 6, 2005, the company's auditors informed the company in writing the auditors' concern over certain audit findings and inconsistencies relating to the refurbishment service income. The basis for the auditors' concerns included lack of documentation supporting transactions, uncertainty over the validity of confirmation replies from customers, settlement of refurbishment income by way of cashier orders, as well as inconsistencies in the description of manner of delivery of refurbishment services, the description of nature of the refurbishment income, representation as to the availability of the serial numbers of the refurbished hand phones and the check digit of these serial numbers.

c) In addition, on May 6, 2005, the company's auditors also informed the company in writing the auditors' concern over certain audit findings and inconsistencies relating to certain payments amounting to $31.9 million made by the company to purchase investments. Subsequently, it was also discovered that there were inconsistencies relating to certain payments made by a subsidiary to purchase investments. The basis of the auditors' concern included payments in excess of amounts stated in the original investment agreements, amendments made to the original agreements, inconsistency between the names of payee in the paid cheques and in the accounting records and inconsistency between the details in the investment agreements and in the accounting records. Certain adjustments relating to advance payments for investments, investments, goodwill on consolidation and other goodwill and other provisions were made by the company as described in Note 2(i) below.

d) On May 26, 2005, the company also announced that in the course of the investigations being conducted by the independent investigator, it was discovered that there had been an overstatement of group revenue of approximately $60 million (2003 : $22 million) and an overstatement of group profit before tax of approximately $54 million (2003 : $19 million) in relation to the refurbishment business. Further, in light of the new business model of the group (which excludes the refurbishment business), the group intended to make further provisions against certain assets and for contingent liabilities totalling $81 million. The investigation by the independent investigator has been completed but no report is available.

e) As disclosed in Note 2(i) below, the group subsequently made further provisions against certain assets and liabilities, wrote off certain assets and made other adjustments totalling $84,405,000 (2003 : $18,830,000). Due to inadequate supporting documentation which are not conclusive, the above adjustments were provisionally made by offsetting $60,685,000 (2003 : $19,172,000) against the invalid profits from refurbishment business and invalid commission income, and by charging $23,720,000 (2003 : crediting $342,000) to profit and loss statement.

f) It was discovered that the banked-in receipts in respect of certain 2004 refurbishment income amounting to $53,327,000 were not received from any customers but were received by the company from intermediary companies and/or individuals (the "Intermediaries"). The company is still in the process of determining the actual source of the banked-in receipt in respect of the 2004 commission income and the 2003 refurbishment income and determining the validity of the originally recorded assets in 2004 and 2003.

In addition, it was also discovered that the company and the group made payments to the Intermediaries in respect of the purchase of certain investments and businesses described in Note 2(c) above.

g) The company is in the process of determining the nature and extent of the relationship, transactions and/or dealings between the Intermediaries and the company. The company may make further adjustments, restatements or disclosures to the accompanying financial statements in future upon completion of its investigations.

h) In preparing the 2004 consolidated financial statements, the company has consolidated the financial statements of Distribution Management Solutions Limited ("DMS") and Accord Customer Care Solutions (Aust) Pty Ltd ("ACCSA") into the group. As at December 31, 2004, the company owns 50% equity interest in DMS and ACCSA. Subsequent to the year- end, a minority shareholder of DMS signed a deed of undertaking to vote as directed by the company on any resolution proposed at any general meeting of DMS and the other corporate shareholder of ACCSA signed a letter of undertaking to sell its 50% equity interest in ACCSA to the company for a nominal purchase consideration. Accordingly, the company determined that its control over DMS and ACCSA has become permanent subsequent to the year-end.

i) The details of the adjustments made by the company to the 2004 financial statements as previously announced and to the 2003 comparative financial statements are as follows:

		Adjustments and Provisions			
		Group		Company	
	Note	2004	2003	2004	2003
		$'000	$'000	$'000	$'000
REVENUE					
Revenue as previously announced/reported		340,414	100,680	27,733	30,827
Adjustments to:					
Refurbishment income	A	(61,074)	(19,172)	(11,470)	(1,502)
Commission income	B	(2,597)	-	-	-
Revenue as adjusted/restated		276,743	81,508	16,263	29,325
NET (LOSS) PROFIT					
Net profit attributable to shareholders as previously announced/reported		47,415	21,180	15,399	4,006
Adjustments to reverse invalid income:					
Refurbishment income	A	(61,074)	(19,172)	(11,470)	(1,502)
Cost of services	A	2,986	-	-	-
Net		(58,088)	(19,172)	(11,470)	(1,502)
Commission revenue	B	(2,597)	-	-	-
Net invalid income reversed		(60,685)	(19,172)	(11,470)	(1,502)
Additional provisions, write off and adjustments		(23,720)	342	(11,291)	342
Total adjustments		(84,405)	(18,830)	(22,761)	(1,160)
Net (loss) profit attributable to shareholders, as adjusted/restated		(36,990)	2,350	(7,362)	2,846

	Note	Group 2004 $'000	Group 2003 $'000	Company 2004 $'000	Company 2003 $'000
		Adjustments and Provisions			
BALANCE SHEET ITEMS					
Provisions on and write-off of assets made through reversal of invalid income and balance sheet items:					
- Trade receivables written-off	A	6,916	2,000	644	-
- Commission receivable written-off	B	2,597	-	-	-
- Other receivables	D	4,000	-	4,000	-
- Due from subsidiaries	E	-	-	(23,589)	1,502
- Investment in subsidiaries	F	-	-	4,813	-
- Advance payments for investments	G	18,193	17,172	13,333	17,172
- Goodwill on consolidation	H	18,475	-	-	-
- Due from subsidiaries (long-term)	I	-	-	10,243	-
- Due to subsidiary	E	-	-	-	(17,172)
- Provision for liabilities	J	8,478	-	-	-
- Other investment	O	2,026	-	2,026	-
		60,685	19,172	11,470	1,502
Provisions on assets, write-off of assets and other adjustments charged (credited) to profit and loss statement:					
- Trade receivables	C	1,010	-	-	-
- Other receivables	D	3,540	-	-	-
- IPO expenses written-off	K	438	-	-	-
- Inventories	L	3,734	-	-	-
- Investment in associate	M	2,556	-	-	-
- Plant and equipment	N	4,704	-	1,732	-
- Other investments	O	3,972	-	-	-
- Goodwill on consolidation	H	4,084	-	-	-
- Other goodwill	P	1,857	-	-	-
- Bank loan of an associate	Q	3,380	-	-	-
- Trade payables	R	(1,529)	-	-	-
- Other payables	S	321	-	-	-
- Provision for other liabilities	T	10,400	-	10,400	-
- Income tax payable	U	(1,407)	(342)	(841)	(342)
- Minority interest – debit	V	(13,340)	-	-	-
		23,720	(342)	11,291	(342)
Other adjustments:					
- Other receivables	Q	(4,620)	-	-	-
- Other payables	Q	4,620	-	-	-
		-	-	-	-
Total provisions and write-off		84,405	18,830	22,761	1,160

The above adjustments and write-off are shown as adjustments to:

	Group	
	2004	2003
	$'000	$'000
Revenue	(61,074)	(19,172)
Cost of sales	2,986	-
Other income		
- commission	(2,597)	-
- interest	62	-
- gain on dilution/disposal of subsidiary [Note 11(c)]	13,086	-
- gain on partial disposal of subsidiary [Note 11(b)]	361	-
Staff costs	81	-
Amortisation of goodwill	(757)	-
Other operating expenses – additional provisions, write offs and adjustments	(37,960)	-
Income tax expense	1,407	342
Total provisions and write-off	(84,405)	(18,830)

Notes to adjustments and provisions

A) Refurbishment income and cost of services. This relates to reversal of overstatement of revenue and the related cost of service from the refurbishment business and the related trade receivables as at year-end.

B) Commission revenue. This relates to reversal of invalid commission income and the reversal of the related trade receivable as at year-end.

C) Trade receivables. This relates to additional provision for doubtful debts $1,010,000.

D) Other receivables – The total provision of $7,540,000 comprises:

  i) $4,000,000 provision for retention receivable from the buyer on partial disposal of a subsidiary.

  ii) $2,011,000 which relates to provision for security deposit ($1,000,000), deposit for purchase of investment paid to a related party ($649,000), recoverable from a related party ($420,000) and others ($3,000), which were offset against the increase in interest receivable from other investments ($61,000).

  iii) $1,529,000 of provision in other receivables recorded by two overseas subsidiaries.

E) Due from/to subsidiaries. This relates to the reversal of intercompany balances relating to the refurbishment business.

F) Investment in subsidiaries. This relates to provision against the company’s investment in Accord Customer Care Solutions (Korea) Co., Ltd, Broadmax Services Limited, PT AccordExpress Customer Care Solutions and PT Accord Customer Care Solutions.

G) Advance payments for investments. This relates to provision for advance payments paid to vendors for equity stakes in investee companies.

H) Goodwill on consolidation. This relates to provision for impairment on goodwill arising on acquisition of the various subsidiaries.

I) Due from subsidiaries (long-term). This relates to partial provision of $10,243,000 on amount due from a subsidiary.

J) Provision for liabilities. This relates to the balance of the invalid net income related to the refurbishment business which will be utilised to provide for invalid payments, invalid assets or unrecorded liabilities which may be discovered or which may occur after the date of the issue of these financial statements.

K) IPO expenses written off. This relates to the write-off of expenses incurred for the IPO exercise of a subsidiary which had been aborted.

L) Inventories. This relates to additional provision for stock obsolescence of $3,734,000 based on review of inventories carried forward from December 31, 2004 which were unsold after the year- end and based on inventories related to cancellation of contract by a certain customer in 2005.

M) Investment in associate. This relates to provision for investment in an associate of $2,556,000 assessed as irrecoverable due to the lack of access to any operational or financial information of the associate.

N) Plant and equipment. This relates mainly to provision for plant and equipment to be written off following the cancellation of contract by a certain customer in 2005.

O) Other investments. The total provision of $5,998,000 comprises:
   i) $2,026,000 for investment in unquoted bonds.
   ii) $542,000 relates to provision on investments in a related party and other investments.
   iii) $3,430,000 provision for other investments held by a subsidiary,

P) Other goodwill. This relates to $1,100,000 provision on the purchased goodwill of a subsidiary and $757,000 of additional amortisation following the downward revision of amortisation period from 20 years to 10 years.

Q) Provision for bank loan of an associate. This relates to provision of $3,380,000 on other receivable from an associate. The bank loan of the associate amounting to HK$22,000,000 (equivalent to S$4,620,000) was drawn down on December 24, 2004. Certain subsidiaries are jointly liable for the loan of the associate under the group’s credit facility granted by the bank. This facility is guaranteed by the company. In April 2005, the bank’s lawyers wrote to the associate and the subsidiaries to demand for the repayment of the loan owing by the associate. A subsidiary has recorded an other receivable from the associate and a provision for bank loan payable of $4,620,000 in relation to this. The subsidiary had recovered $1.2 million from the associate subsequent to the year-end and deemed the remaining $3,380,000 as not collectible. The bank loan is still outstanding.

R) Trade payables. This relates to the reversal of invalid other payables of $1,529,000 relating to invalid cost of sales from the refurbishment service business.

S) Other payables. This relates to additional accrual for IPO expenses of a subsidiary of $311,000 and other expenses of $10,000.

T) Provision for other liabilities. This relates to provision of $10,400,000 for legal and professional fees relating to the investigations conducted by the company and the loss relating to cancellation of a contract.

U) Adjustment to income tax payable. This relates to reversal of income tax provision on the overstated net income.

V) Adjustment to minority interest

	Group 2004 $'000
Additional provisions and write-off charged to profit and loss statement by a subsidiary	26,172
50% minority interest's share of additional loss thereon and adjustment to gain on partial dilution/disposal of subsidiary	13,090
Reversal of minority interest's share of invalid commission income	250
Adjustment to minority interest	13,340

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards.

b) BASIS OF CONSOLIDATION - The consolidated financial statements include the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to December 31 each year. Control is achieved when the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed off during the financial year are included in or excluded from the consolidated financial statements from the effective date of acquisition or to the effective date of disposal as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group. All significant intercompany balances and transactions are eliminated on consolidation.

Where a group enterprise transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate.

Associates are entities over which the group exercises significant influence, through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used.

In the company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

c) FINANCIAL ASSETS - The company's and group's principal financial assets are cash and bank balances, trade and other receivables, advance payments for investments and other investments. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Other investments and advance payments for investments are stated on the basis described below.

d) FINANCIAL LIABILITIES AND EQUITY - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Debt instruments issued which carry a right to convert to equity that is dependent on the outcome of uncertainties beyond the control of both the group and the holder, are classified as liabilities except where the possibility of non-conversion is remote.

Significant financial liabilities include finance lease obligations, bank loans, trade and other payables.

The accounting policy adopted for finance lease obligations is described below.

Bank loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are stated at their nominal value.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

e) SHARE OPTIONS – Share options are not recorded as an expense. When exercised, the exercise price is allocated between issued capital and share premium accordingly.

f) OTHER INVESTMENTS AND ADVANCE PAYMENTS FOR INVESTMENTS - Investments held for long-term are stated at cost, less any impairment in net recoverable value.

g) INVENTORIES - Inventories consist principally of handphone spare parts, accessories and handphone sets that are stated at the lower of costs, determined on a first-in, first-out basis and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

h) PLANT AND EQUIPMENT - Plant and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method, on the following bases:

Computers and computer system	-	20% to $33^1/_3$%
Plant and equipment	-	10% to 20%
Motor vehicles	-	18% to $33^1/_3$%
Furniture, fittings and renovations	-	10% to $33^1/_3$%

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

i) GOODWILL - Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of subsidiaries and associate at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis over its estimated useful life of 20 years. Where an indication of impairment exists, the carrying amount of the intangible assets is assessed and written down immediately to its recoverable value.

Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

j) NEGATIVE GOODWILL - Negative goodwill represents the excess of the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition. Negative goodwill is released to income based on an analysis of the circumstances from which the balance resulted. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of an associate is deducted from the carrying amount of that associate. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

k) OTHER GOODWILL - This represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities of the businesses the group had acquired and is amortised using the straight-line method over their useful lives of between 10 to 20 years. It is stated at cost less amortisation. Where an indication of impairment exists, the carrying amount of the intangible asset is assessed and written down immediately to its recoverable value.

l) IMPAIRMENT OF ASSETS - At each balance sheet date, the company and the group reviews the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash- generating unit to which the asset belongs. Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset/cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset/cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset/cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

m) PROVISIONS - Provisions are recognised when the company and the group have a present obligation as a result of a past event which is probable will result in an outflow of economic benefits that can be reasonably estimated.

n) LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease using the effective interest rate method.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

o) REVENUE RECOGNITION - Revenue from rendering of after-market services, including retrofit services and repair management fee services is recognised when the services are completed.

Revenue from the rendering of distribution management services is recognised when the services are completed.

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Retrofit income are recognised when the services are completed.

Other management fees are recognised when services are rendered.

Management and corporate advisory fees are recognised when services are rendered.

Commission income is accrued upon earning it.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

Rental income is recognised over the terms of the lease contracts.

p) GOVERNMENT GRANTS - Government grants relating to expenditures which are not capitalised are credited to the profit and loss statement to match the related expenditure when incurred. Government grants related to capital expenditure are deferred and recognised over the life of the capitalised item.

q) RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.

r) EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

s) INCOME TAX - Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that a debit balance for deferred tax is not carried forward unless there is a reasonable expectation of realisation.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the assets are realised or the liability is settled. Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

t) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - Transactions in foreign currencies are recorded using the rates ruling on the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment profits and losses are dealt with in the profit and loss statement.

For inclusion in the consolidated financial statements, assets and liabilities of the foreign entities (subsidiaries and associates) are translated at the rates of exchange approximating those ruling at the balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investment in the foreign entities are translated at the historical rates. The resulting currency translation differences are taken to the currency translation reserve.

u) CASH - Cash for the consolidated cash flow statement includes cash and cash equivalents less bank overdrafts.

4 FINANCIAL RISKS AND MANAGEMENT

a) Foreign exchange risk

The group transacts business in various foreign currencies, including Euro and US dollars, and therefore is exposed to foreign exchange risk. This risk is managed through natural hedges as revenue and sales denominated in foreign currency are partly matched with corresponding costs in the same foreign currency.

b) Interest rate risk

The group's policy is to maintain cash equivalents and borrowings in fixed rate instruments.

Interest-bearing financial assets are mainly bank balances which are all short-term in nature. Interest-bearing financial liabilities are mainly short-term bank loans. The interest rates are disclosed in the notes to the financial statements.

c) Credit risk

The group performs ongoing credit evaluation of its customers' financial condition and generally does not require collateral. This evaluation includes assessing and valuation of customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.

The maximum exposure to credit risk in the event that the counter parties fail to perform their obligations as at the end of the financial period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the balance sheet.

Cash and fixed deposits are held with creditworthy financial institutions.

d) Liquidity risk

As described in Note 1(d) to the financial statements, the directors are of the view that the group will be able to pay its obligations as and when they fall due.

e) Fair value of financial instruments

It is not practicable within the constraint of cost to reliably determine the fair value of amounts receivable and payable to related companies as these balances have no fixed repayment terms.

The directors of the company are of the view that the carrying amounts of other financial assets and financial liabilities approximate their respective net fair values.

5 RELATED PARTIES

Related parties are entities with common direct or indirect shareholders. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the group's transactions and arrangements and terms thereof are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and without fixed repayment terms unless stated otherwise.

Significant related party transactions other than those disclosed elsewhere in the notes to profit and loss statement:

	Group	
	2004 $'000	2003 $'000
Related parties		
Bond interest income	(496)	-
Purchase of plant and equipment on behalf of the company	-	253
Purchase of plant and equipment on behalf by the company	115	-
Rental expense on premises	890	978
Warehouse management and logistics expenses	-	290
Freight expense	39	15
Information technology service expenses	552	101
Payments on behalf of the company	-	(51)
Payments on behalf by the company	-	10
Recovery of inventories written off	-	(652)
Expenses paid on behalf of the company	-	33
Expenses paid on behalf by the company	(72)	(364)

6 CASH

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Cash and bank balances	21,095	21,555	8,021	12,753
Fixed deposits	20,888	11,085	18,230	9,838
	41,983	32,640	26,251	22,591
Shown as:				
Cash not pledged	33,338	27,670	19,426	17,621
Cash pledged	8,645	4,970	6,825	4,970
	41,983	32,640	26,251	22,591

The above fixed deposits are normally placed for a period up to 3 months and bear average effective interest rate of 1.24% (2003 : 1.33%) per annum. Cash and bank balances are pledged in connection with credit facilities granted by certain banks (Note 18).

7 TRADE RECEIVABLES

	Group		Company	
		Restated		**Restated**
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Outside parties	33,813	28,039	2,360	6,404
Subsidiaries (Note 11)	-	-	5,115	5,681
	33,813	28,039	7,475	12,085
Less allowances for doubtful trade receivables – outside parties	(957)	(131)	(86)	-
	32,856	27,908	7,389	12,085
Provision for impairment/write-off	(6,916)	(2,000)	(644)	-
	25,940	25,908	6,745	12,085
Movement in allowances:				
At beginning of year	131	43	-	-
Charge to profit and loss	86	128	86	-
Additional charge to profit and loss [Note 2(C)]	1,010	-	-	-
Used during the year	(270)	(10)	-	-
Reversal to profit and loss	-	(30)	-	-
At end of year	957	131	86	-

	Group		Company	
		Restated		**Restated**
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Movement in provision for impairment/write-off:				
At beginning of year	2,000	-	-	-
Reclassification to provision on goodwill on consolidation [Note 15]	(2,000)	-	-	-
Current year provision [Note 2(A)]	6,916	2,000	644	-
At end of year	6,916	2,000	644	-

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Accrued interest receivable	552	-	525	-
Deposits	4,346	2,138	557	373
Retention receivable on partial disposal of subsidiary [(Note 11(b)(i)]	4,000	-	4,000	-
Grant receivable	-	311	-	311
Prepayments	1,244	889	86	101
Recoverables	8,756	1,137	767	152
Other investee	420	-	-	-
Advance to investee companies	-	2,128	-	661
Management and corporate advisory fee receivable	-	3,249	-	1,489
Staff advances	224	72	103	22
Others	3,288	806	6	88
	22,830	10,730	6,044	3,197
Related party – deposit for purchase of investment	2,169	-	-	-
Associates (Note 10)	4,620	-	-	-
Related parties (Note 5)	2,393	317	437	317
Due from minority shareholders of a subsidiary	239	-	-	-
Subsidiaries (Note 11)	-	-	17,705	35,884
	32,251	11,047	24,186	39,398
Provision for impairment on:				
Retention receivable [Note 2(D)]	(4,000)	-	(4,000)	-
Others [Note 2(D)]	(3,540)	-	-	-
Associate [Note 2(Q)]	(3,380)	-	-	-
	21,331	11,047	20,186	39,398

9 INVENTORIES

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Spare parts, accessories and consumables, carried at net realisable value after the following allowances and provision for impairment	15,189	15,440	-	3,773
Movement in allowances:				
At beginning of year	320	43	-	-
Charge to profit and loss	-	277	-	-
Disposal of subsidiaries	(277)	-	-	-
Exchange adjustment	(2)	-	-	-
At end of year	41	320	-	-
Movement in provision for impairment:				
Current year provision [Note 2(L)] and balance at end of year	3,734	-	-	-

10 INVESTMENT IN ASSOCIATES

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	4,098	-	1,500	-
Unquoted redeemable convertible bonds, at cost	-	500	-	500
Net	4,098	500	1,500	500
Share of post-acquistion reserves	161	-	-	-
Provision for impairment	(4,056)	-	(1,500)	-
Net	203	500	-	500
Movement in provision for impairment:				
Transfer from provision on advance payments for investments [Note 12]	1,500	-	1,500	-
Current year provision [Note 2(M)]	2,556	-	-	-
At end of year	4,056	-	1,500	-

Details of the associates are as follows:

Associates	Cost of investment 2004 $'000	Cost of investment 2003 $'000	Effective equity interest held by group 2004 %	Effective equity interest held by group 2003 %	Principal activities/ Country of incorporation and operations
Held by company:					
Allpro International Limited (1) (Note a)	1,500	-	20	-	Repair and refurnishment services for mobile phones/ British Virgin Islands
A-Club Mobile Pte Ltd	-	*	-	50	Investment holding/ British Virgin Islands
Sub-total - Company	1,500	-			
Held by subsidiaries:					
Bao Ding Jin Hong Jing Telecommunication & Technology Co. Ltd (2)	18	-	30	-	Repair and maintenance of mobile phone/ People's Republic of China
Ji Nan Jin Hong Jing Telecommunication & Technology Co., Ltd (2)	14	-	25	-	Repair and maintenance of mobile phone/ People's Republic of China
Qing Dao Jin Hong Jing Telecommunication & Technology Co., Ltd. (2)	10	-	14.28	-	Repair and maintenance of mobile phone/ People's Republic of China
Distribution Management Solutions (Hong Kong) Co. Limited (3)	2,556	-	50	-	Provision of logistic services/ Hong Kong
Sub-total – Subsidiaries	2,598	-			
Total - Group	4,098	-			

* Cost of investment is less than $1,000.

Notes on auditors of associates:

(1) Moore Stephens, Singapore for the financial year ended June 30, 2004. Unaudited management accounts for the 6 months periods ended December 31, 2003 and 2004 were also used for consolidation purpose.

(2) Deloitte Touche Tohmatsu CPA Ltd, Beijing Branch.

(3) The associate is not audited.

Notes on associates:

(a) Allpro International Limited ("AIL")

Under the sale and purchase agreement with Mobile Communication Service Pte Ltd ("MCS" or the "Vendor"), the company acquired 20% equity interest in AIL for $1,500,000. Under the agreement, the company was also granted an option to exchange its 20% equity interest in AIL for a 20% equity interest in the Vendor. The exercise price payable was based on 20% of certain number of times of earnings of the vendor subject to a certain cap. As disclosed in Note 12 to the financial statements, the company and the group recorded an amount of $10,000,000 deposit for the acquisition of the 20% equity interest in MCS. Subsequent to the financial year end, the company exercised the option to exchange its 20% equity interest in AIL into 20% equity interest in MCS.

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2004	2003
	$'000	$'000
Unquoted equity share capital, at cost	31,496	23,836
Provision for impairment	(7,567)	-
	23,929	23,836

Movement in provision for impairment:

Transfer from provision for advance payment for investments [Note 12]	2,754	-
Current year provision [Note 2(F)]	4,813	-
Balance at end of year	7,567	-

A) Significant transactions with subsidiaries:

	Company	
		Restated
	2004	2003
	$'000	$'000
Sale of spare parts	(6,119)	-
Provision of after-market services	(19)	(5,509)
Management fee income	(3,580)	(4,919)
Rental income	(173)	-
Freight expenses	-	1
Spare parts costs	-	846
Purchase of plant and equipment on behalf by the company	275	355
Purchases paid on behalf by the company	2,044	6,478
Purchases paid on behalf of the company	6,026	1

	Company	
		Restated
	2004	2003
	$'000	$'000
Expenses paid on behalf by the company	5,119	2,391
Expenses paid on behalf of the company -	381	
Payments on behalf by the company	16,911	261
Receipt of monies on behalf of the company	-	170
Receipt of monies on behalf by the company	(2,521)	(4,948)
Revenue billed on behalf of the company	-	(693)
Revenue billed on behalf by the company	-	20
Transfer of plant and equipment	(75)	-
Transfer of trade receivables	(1,270)	-
Transfer of inventories	(825)	-
Transfer of investments	(26,251)	-
On transfer of after-market services business from subsidiary		
Transfer of mobile phones and accessories	-	82
Transfer of plant and equipment	-	241
Transfer of other receivables, net of accrued expenses	-	187
On transfer of distribution management solutions business to subsidiary		
Transfer of distribution management solutions revenue	342	
Transfer of mobile phones and accessories	(825)	(1,974)
Transfer of accrued expenses	-	70
Transfer of trade receivables	(1,271)	-
On transfer of after-market services of all principals to subsidiary		
Transfer of plant and equipment	(1,488)	-

B) The principal activities of the subsidiaries are the provision of after-market services except for Distribution Management Solutions Limited, whose principal activities are the provision of distribution management solutions for mobile communication devices and high-tech consumer products, investment holding and retailing of consumer electronic products.

Details of the subsidiaries are as follows:

Subsidiaries	Cost of investment 2004 $'000	Cost of investment 2003 $'000	Effective equity interest 2004 %	Effective equity interest 2003 %	Country of incorporation and operations/ acquisition date
Accord Customer Care Solutions (Asia) Limited [formerly known as Accord Customer Care Solution (H.K.) Ltd]* (1a) (Note a)	66	66	100	100	Hong Kong
Accord Customer Care Solutions (M) Sdn. Bhd.* (1b)	340	340	100	100	Malaysia
Accord Customer Care Solutions (Taiwan) Corp* (1c)	2,965	2,965	100	100	Taiwan
Accord Customer Care Solutions Philippines, Inc.* (1d)	125	125	100	100	Philippines
Accord Customer Care Solutions (Korea) Co., Ltd* (1e)	248	248	100	100	South Korea
Accord Customer Care Solutions International Limited (2)	(a)	(a)	100	100	British Virgin Islands
Accord Customer Care Solutions Japan KK* (1f)	148	148	100	100	Japan
Accord Customer Care Solutions FZCO* (3)	243	243	100	100	United Arab Emirates
Accord Customer Care Solutions (Vietnam) Limited* (4)	177	177	100	100	Vietnam
Accord Customer Care Solutions India Pvt Ltd* (5)	4	4	100	100	India
Accord Customer Care Solutions (Aust) Pty Ltd* (6) (Note b)	6,390	9,628	50	100	Australia

Subsidiaries	Cost of investment 2004 $'000	Cost of investment 2003 $'000	Effective equity interest 2004 %	Effective equity interest 2003 %	Country of incorporation and operations/ acquisition date
Accord CCS (Thailand) Co., Ltd* (7) (Note b)	-	750	75	100	Thailand
Accord Customer Care Solutions (Network) Pty Ltd (formerly known as Mobilefone Repair.com Pty Limited)	-	(a)	50	100	Australia
Accord Customer Care Solutions (NZ) Ltd	-	933	32.5	100	New Zealand
Accord Customer Care Solutions Pty Ltd	-	549	50	100	Australia
Accord Customer Care Solutions (Suzhou) Co., Ltd	-	625	100	100	People's Republic of China
After Market Solutions (CE) Pte Ltd (8)	(a)	-	100	-	Singapore
Accord (Tianjin) Electronics Co., Ltd	-	240	100	100	People's Republic of China
Broadmax Services Limited (2)	5,179	-	70	-	British Virgin Islands (June 22, 2004)
Distribution Management Solutions Limited (8) (Note c)	8,416	600	50	100	Singapore
Information Management Solutions Pte Ltd (8)	1,000	-	100	-	Singapore
PT. AccordExpress Customer Care Solutions (9)	198	198	100	100	Indonesia
P.T. Accord Customer Care Solutions *(9)	5,997	5,997	75	75	Indonesia
	31,496	23,836			

Subsidiaries	Effective equity interest 2004 %	2003 %	Country of incorporation and operations/ acquisition date
Subsidiary of Broadmax Services Limited			
Ucom Technologies Pvt Ltd*(5)	100	-	India (June 22, 2005)
Subsidiary of After Market Solutions (CE) Pte Ltd			
After Market Solutions (CE) Sdn. Bhd.(1b)	100	-	Malaysia
Subsidiaries of Accord Customer Care Solutions (Asia) Limited			
Accord Customer Care Solutions PRC Limited (formerly known as Porter Profits Limited)* (1a)	100	-	British Virgin Islands (January 5, 2004)
Accord Customer Care Solutions (Suzhou) Co., Ltd* (1g)	100	100	People's Republic of China
Accord (Tianjin) Electronics Co., Ltd* (1h)	100	100	People's Republic of China
Shanghai ACCS Forte Science & Technology Co., Ltd* (1g)	100	-	People's Republic of China (January 5, 2004)
Subsidiaries of Accord Customer Care Solution PRC Limited			
Beijing Jin Hong Jing Telecommunication & Technology Co., Ltd* (1i)	100	-	People's Republic of China
Cheng De Jin Hong Jing Telecommunication & Technology Co., Ltd (1i)	51	-	People's Republic of China
Guangzhou Jacson Telecom Co., Ltd* (1j)	100	-	People's Republic of China
Tang Shan Jin Jie Tong Telecommunication & Technology Co., Ltd (1i)	51	-	People's Republic of China
Tian Jin Shi Jin Hong Jing Telecommunication & Technology Co., Ltd (1i)	90	-	People's Republic of China
Zhang Jia Kou Jin Hong Jing Telecommunication & Technology Co., Ltd (1i)	80	-	People's Republic of China

Subsidiaries	Effective equity interest 2004 %	2003 %	Country of incorporation and operations/ acquisition date
Subsidiaries of Distribution Management Solutions Limited			
A-Club Mobile Pte. Ltd (8)	50	-	Singapore (April 15, 2004)
A-Mobile Pte. Ltd. (8)	50	-	Singapore (April 1, 2004)
iDistribution Pte. Ltd. (8)	50	-	Singapore (April 1, 2004)
Menel Pte. Ltd (8)	50	-	Singapore (April 1, 2004)
Pacific Cellular International Limited (2)	45	-	British Virgin Islands (April 1, 2004)
Pacific Cellular (Thailand) Limited **	45	-	Thailand (Aug 1, 2004)
PC (Singapore) Pte. Ltd (8)	50	-	Singapore (April 1, 2004)
Super Mobile Pte. Ltd (8)	50	-	Singapore (April 7, 2004)
Subsidiaries of Accord Customer Care Solutions (Aust) Pty Ltd			
Accord Customer Care Solutions (Network) Pty Ltd (6)	50	100	Australia
Accord Customer Care Solutions (NSW) Pty Ltd (6)	50	100	Australia
Accord Customer Care Solutions (SA) Pty Ltd (6)	50	100	Australia
Accord Customer Care Solutions (VIC) Pty Ltd (6)	50	100	Australia
Accord Customer Care Solutions (W.A.) Pty Ltd (6)	50	100	Australia
Accord Customer Care Solutions (QLD) Pty Ltd (6)	50	100	Australia
MSI Pty Ltd (6)	50	100	Australia
Accord Customer Care Solutions Pty Ltd (6)	50	100	Australia
First Mobile FZCO (Dubai) **	50	-	United Arab Emirates (October 1, 2004)
Mobile phone repair.com NZ Limited **	50	-	New Zealand (November 18, 2004)
Accord Customer Care Solutions (NZ) Ltd (lk)	32.5	-	New Zealand

Notes on cost

(a) Less than $1,000.

Auditors of subsidiaries for 2004:

(1) Member firms of Deloitte Touche Tohmatsu, of which Deloitte & Touche, Singapore is a member:

a) Deloitte Touche Tohmatsu, Hong Kong.*
b) Deloitte KassimChan, Malaysia.*
c) Deloitte & Touche, Taiwan*
d) C. L. Manabat & Co., Philippines*
e) Deloitte Touche Hana, South Korea*
f) Deloitte Touche Tohmatsu, Japan.*
g) Deloitte Touche Tohmatsu Certified Public Accountants Ltd., Shanghai, PRC*
h) Deloitte Touche Tohmatsu CPA Ltd, Tianjin Branch*
i) Deloitte Touche Tohmatsu CPA Ltd, Beijing Branch*
j) Deloitte Touche Tohmatsu CPA Ltd., Guangzhou Branch*
k) Deloitte Touche Tohmatsu, New Zealand.*

(2) Deloitte & Touche, Singapore for consolidation purposes only and no audit reports issued. Not required to be audited in country of incorporation.

(3) Talal Abu-Ghazaleh & Co.*

(4) ABB Viet Nam Ltd, Vietnam.*

(5) Vikas Bhatnagar & Co.*

(6) Ernst & Young.*

(7) Amnuayporn Accounting Office Co., Ltd.*

(8) Deloitte & Touche, Singapore.

(9) Drs Johan, Malonda & Partners (a member of Nexia International)*

* The 2004 financial statements of these overseas subsidiaries are affected by the adjustments described in Note 2(i). These adjustments have not been subject to audit by the respective subsidiaries' auditors due to inadequate supporting documentation. Had these auditors been able to perform an-audit on the adjustments to the financial statements of the respective subsidiaries, further adjustments or disclosure may have to be made to the accompanying financial statements.

** Management accounts used for consolidation purposes.

Notes on subsidiaries:

(a) Transfer of subsidiaries to Accord Customer Care Solutions (Asia) Limited (“ACCS Asia”)

In July 2004, the company transferred four subsidiaries, namely, Accord Customer Care Solutions PRC Limited, Accord Customer Care Solutions (Suzhou) Co., Ltd, Accord (Tianjin) Electronics Co., Ltd and Shanghai ACCS Forte Science & Technology Co. Ltd to ACCS Asia for a total consideration of $23,656,000, and 50% equity interest in Accord CCS Thailand Co., Ltd to ACCS Asia for a consideration of $81,000, resulting in a gain of $8,478,000 at the company level. At the group level, this gain is fully eliminated on consolidation.

(b) Accord Customer Care Solutions (Aust) Pty Ltd (“ACCSA”)

i) During 2004, the company’s interest in ACCSA was reduced from 100% to 50%. Under the sale and purchase agreement entered with the Buyer and the Buyer’s Guarantor dated December 16, 2004, the company sold 50% equity interest in ACCSA to the Buyer. The consideration was payable as follows : (i) $4,240,000 in cash within 30 days, (ii) $5,000,000 in redeemable convertible bonds issued by the Buyer’s Guarantor (“Guarantor’s Bonds”) and (iii) $4,000,000 less any loss on the inventories of ACCSA realised between January 1 and June 30, 2005, within 6 months of completion. The $4,000,000 retention is disclosed under other receivable (Note 8).

ii) For accounting purposes, the effective date of dilution was December 31, 2004 and the group recognised a gain of $361,000 (Note 26) on this transaction based on the cash and retention receivable consideration totalling $8,240,000, the $Nil value ascribed to the carrying value of the Guarantor’s Bonds, investment cost of $6,390,000, share of reserves of $1,189,000 and transaction cost of $300,000.

iii) Subsequent to the year-end, the Buyer signed a letter of undertaking to sell its 50% equity interest in ACCSA to the company for a nominal purchase consideration.

iv) Pursuant to the above transaction, the company also transferred 100% equity interest in Accord Customer Care Solutions Pty Ltd, Accord Customer Care Solutions (NZ) Ltd and Accord Customer Care Solutions (Network) Pty Ltd for a total consideration of $2,434,000 and 50% equity interest in Accord CCS Thailand Co., Ltd to ACCSA for a consideration of $80,000.

(c) Distribution Management Solutions Limited (“DMS”)

i) On December 8, 2004 and December 16, 2004, the company’s interest in DMS was diluted from 100% to 90% following the issue of new shares by DMS to the bondholders on conversion of bonds and from 90% to 60% following the issue of new shares by DMS to acquire a subsidiary. The group recognised a gain on dilution amounting to $10,103,000 (Note 26).

ii) On December 16, 2004, the company's interest in DMS was diluted further from 60% to 50%. By way of a sale and purchase agreement dated December 16, 2004, the company sold 10% equity interest (or 1,667,000 shares) in DMS to three purchasers for a total consideration of $6,668,000. The consideration will be adjusted upwards to match the Initial Public Offering price of DMS shares. As security towards the price adjustment, the purchasers also paid deposits totalling $4,668,000 to the company. This deposit is disclosed under other payable (Note 20). The company has recognised a gain on partial disposal amounting to $4,984,000 for the year based on the non-refundable consideration of $6,668,000 and the investment cost of $1,684,000. The group recognised a gain on partial disposal of $5,789,000 (Note 26).

iii) For accounting purpose, the group adopted December 31, 2004 as the effective date of dilution from 100% to 50%.

12 ADVANCE PAYMENTS FOR INVESTMENTS

	Group		Company	
		Restated		**Restated**
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Deposits and advances for acquisition of:				
Subsidiaries	-	14,246	-	14,246
Associates				
- AIL [Note 10(a)]	-	1,500	-	1,500
- MCS [Note 10(a)]	10,000	-	10,000	-
- Others	3,333	-	3,333	-
Other investments	4,860	2,550	-	2,550
	18,193	18,296	13,333	18,296
Provision for impairment	(18,193)	(17,172)	(13,333)	(17,172)
	-	1,124	-	1,124

Movement in provision for impairment:				
At beginning of year	17,172	-	17,172	-
Current year provision [Note 2(G)]	18,193	17,172	13,333	17,172
Reclassification to provision for				
- Investment in associate (Note 10)	(1,500)	-	(1,500)	-
- Investment in subsidiaries (Note 11)	-	-	(2,754)	-
- Goodwill on consolidation (Note 15)	(15,672)	-	-	-
Transfer to subsidiaries upon transfer of investments	-	-	(12,918)	-
At end of year	18,193	17,172	13,333	17,172

These represent deposits and advances paid by the company to the vendors for equity stakes in investee companies for which the sales and purchase arrangements have not been completed as at the end of the financial year.

13 PLANT AND EQUIPMENT

	Computers and computer system $'000	Plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovations $'000	Total $'000
Group					
Cost:					
At beginning of year	3,706	13,495	1,099	7,892	26,192
Exchange adjustment	(4)	(246)	(7)	(182)	(439)
Acquisition of subsidiaries	245	1,364	276	1,492	3,377
Additions	1,003	6,541	1,065	4,923	13,532
Reclassifications	(34)	34	-	-	-
Disposals	(529)	(1,163)	(566)	(1,373)	(3,631)
At end of year	4,387	20,025	1,867	12,752	39,031
Accumulated depreciation:					
At beginning of year	1,083	3,902	315	1,811	7,111
Exchange adjustment	4	20	2	(12)	14
Acquisition of subsidiaries	2	227	21	202	452
Depreciation	990	2,208	322	1,272	4,792
Disposals	(231)	(398)	(168)	(286)	(1,083)
At end of year	1,848	5,959	492	2,987	11,286
Depreciation for last year	442	1,329	160	678	2,609
Provision for impairment:					
Provision during the year and balance at end of year [Note 2(N)]	556	2,534	-	1,614	4,704
Net book value:					
At end of year	1,983	11,532	1,375	8,151	23,041
At beginning of year	2,623	9,593	784	6,081	19,081

	Computers and computer system $'000	Plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovations $'000	Total $'000
Company					
Cost:					
At beginning of year	3,132	2,206	658	2,784	8,780
Additions	333	376	-	208	917
Disposals	(232)	(121)	(540)	(458)	(1,351)
Transfer to a subsidiary	(310)	(1,143)	-	(646)	(2,099)
At end of year	2,923	1,318	118	1,888	6,247
Accumulated depreciation:					
At beginning of year	654	440	127	514	1,735
Depreciation	661	160	74	225	1,120
Disposals	(76)	(29)	(158)	(99)	(362)
Transfer to a subsidiary	(156)	(290)	-	(182)	(628)
At end of year	1,083	281	43	458	1,865
Depreciation for last year	403	218	97	270	988
Provision for impairment:					
Provision during and balance at end of year [Note 2(N)]	701	433	-	598	1,732
Net book value:					
At end of year	1,139	604	75	832	2,650
At beginning of year	2,478	1,766	531	2,270	7,045

Plant and equipment with cost of $541,000 and $Nil of the group and company respectively (2003 : $785,000 and $Nil) are under finance lease (Note 21).

14 OTHER INVESTMENTS

	Group		Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
At cost:				
Unquoted redeemable convertible bonds in related party (Note a)	15,000	-	15,000	-
Unquoted bonds	491	-	-	-
Unquoted redeemable preference shares	3	-	-	-
Unquoted equity shares	800	42	-	42
Unquoted others	3,430	-	-	-
Club memberships	87	87	87	87
	19,811	129	15,087	129
Provision for impairment [Note 2(O)]	(5,998)	-	(2,026)	-
	13,813	129	13,061	129

a) This represents investment in unquoted redeemable convertible bonds (the "Bonds") amounting to $15,000,000 in Ventures Management Solutions Pte. Ltd. ("VMS"). In January 2005, the company paid $5,000,000 to VMS to subscribe for additional bonds in VMS. The Bonds are convertible into ordinary shares of VMS, or can be swapped for ordinary shares in the direct investee companies of VMS, subject to certain conditions being met. The Bonds bear simple interest at 10% per annum and are repayable on July 6, 2007.

The directors of the company have evaluated the recoverability of the Bonds and are of the view that the net carrying value of the bonds as at December 31, 2004 and the additional $5,000,000 bond investment made in January 2005 are substantially recoverable based on the latest market value of the quoted investments held by VMS and its subsidiary.

b) A subsidiary has investment in unquoted redeemable convertible bonds in other corporation with a face value of $5,000,000 and a carrying amount of $Nil at the company and group level. This arose from the disposal of 50% equity interest in Accord Customer Care Solutions (Aust) Pty Ltd [see Note 11(b)]. The Bonds mature in November 2009 and bear interest at 1% above 6-month SIBOR determined on the due day of payment.

15 GOODWILL ON CONSOLIDATION

	Group	
	2004	2003
	$'000	$'000
Cost:		
At beginning of year	13,157	11,529
Arising on acquisition of subsidiaries	41,754	631
Adjustment	(272)	159
Exchange adjustment	(30)	838
At end of year	54,609	13,157
Accumulated amortisation:		
At beginning of year	1,269	780
Amortisation for the year included in other operating expenses	2,685	628
Exchange adjustment	140	(139)
At end of year	4,094	1,269
Provision for impairment:		
Balance at beginning of year	-	-
Transfer from provision for		
- Advance payments for investments (Note 12)	15,672	-
- Trade receivables (Note 7)	2,000	-
Provision offset against refurbishment business income [Note 2(H)]	18,475	-
Provision charged to profit and loss statement [Note 2(H)]	4,084	-
Balance at end of year	40,231	-
Net book value:		
At end of year	10,284	11,888
At beginning of year	11,888	10,749

16 OTHER GOODWILL

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Cost:				
Balance at beginning of year	2,310	-	1,052	-
Arising during the year	12,206	2,172	-	1,052
Exchange adjustment	(138)	138	-	-
	14,378	2,310	1,052	1,052
Accumulated amortisation:				
Balance at beginning of year	91	-	39	-
Amortisation for the year included in other operating expenses	1,281	86	52	39
Exchange adjustment	(5)	5	-	-
Others	(87)	-	-	-
Balance at end of year	1,280	91	91	39
Provision for impairment:				
Balance at beginning of year	-	-	-	-
Provision during the year [Note 2(P)]	1,100	-	-	-
Balance at end of year	1,100	-	-	-
Net book value:				
At end of year	11,998	2,219	961	1,013
At beginning of year	2,219	-	1,013	-

The above relates to goodwill on purchase of businesses and related assets.

17 DUE FROM SUBSIDIARIES

	Company	
	2004	2003
	$'000	$'000
Long term receivables	22,044	-
Provision for impairment [Note 2(I)]	(10,243)	-
	11,801	-

The balance is repayable on or after December 31, 2006, unsecured and will bear interest at the average prevailing prime lending rate of certain banks with effect from January 1, 2005.

18 BANK LOANS

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Unsecured	32,935	18,000	7,050	18,000
Secured	7,740	6,941	-	-
	40,675	24,941	7,050	18,000

a) The above secured bank loans of the group were secured by fixed deposits of $8,645,000 (2003 : $4,970,000) of the company and certain inventories and receivables with book value of $Nil and $Nil (2003 : $1,661,000 and $487,000) respectively.

b) In 2004, unsecured bank loans of subsidiaries amounting to $25,885,000 are supported by corporate guarantees from the company.

c) Subsequent to the year end, a bank has frozen the bank balances of the company pending the restructuring of the loans owing by certain subsidiaries and an associate [Note 2(Q)].

In addition, subsequent to the year end, another bank has converted an outstanding loan into overdraft as a subsidiary did not repay the loan upon maturity. The bank has agreed to continue to grant the existing credit facility to the group pending the submission of a repayment plan to the bank by a certain date.

The other banks continued to provide the group with the existing credit facilities and did not modify, withdraw or suspend any credit facilities provided to the group.

d) Interest is charged from 1.5% to 2.35% (2003 : 1.49% to 5.25%) per annum.

19 TRADE PAYABLES

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Outside parties	17,944	9,428	2,444	3,399
Subsidiaries (Note 11)	-	-	6,478	5,829
Related parties (Note 5)	11	7	1	7
	17,955	9,435	8,923	9,235

20 OTHER PAYABLES

	Group		Company	
		Restated		**Restated**
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Deferred purchase consideration on acquisition of subsidiaries	2,280	-	1,095	-
Refundable deposit for partial sale of subsidiary [(Note 11(c)(ii)]	4,668	-	4,668	-
Accrued expenses	16,363	9,556	3,239	3,989
Provision for bank loans of associate [Note 2(Q)]	4,620	-	-	-
Provision for liabilities [Note 2(J)]	8,478	-	-	-
Provision for other liabilities [Note 2(T)]	10,400	-	10,400	-
	46,809	9,556	19,402	3,989
Subsidiaries (Note 11)	-	-	5,157	12,342
Related parties (Note 5)	688	433	682	376
Due to former shareholder of a subsidiary	-	336	-	-
	47,497	10,325	25,241	16,707

21 OBLIGATIONS UNDER FINANCE LEASES

	2004		2003	
	Minimum lease payment	Present value of minimum lease payments	Minimum lease payment	Present value of minimum lease payments
	$'000	$'000	$'000	$'000
Group				
Amounts payable under finance leases:				
Within one year	242	221	227	202
In the second to fifth year inclusive	498	440	121	108
	740	661	348	310
Less: Future finance charges	(79)	NA	(38)	NA
Present value of lease obligations	661	661	310	310

The average effective borrowing rate was 3% (2003 : 3%) per annum.

22 DEFERRED INCOME TAX

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
At beginning of year	842	574	912	712
Arising during the year	(337)	255	-	200
Exchange adjustment	88	13	-	-
At end of year	593	842	912	912

The balance comprises mainly the tax effect of the excess of tax depreciation over book depreciation of plant and equipment.

23 LONG-TERM BANK LOAN (UNSECURED)

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Long-term bank loan	1,282	-	-	-
Less current portion	(490)	-	-	-
Non - current portion	792	-	-	-

The loan is repayable over monthly instalments till March 2007. Interest is charged at 5.86% (2003 : Nil%) per annum.

24 ISSUED CAPITAL

	2004 Number of ordinary shares of $0.025 each	2003 Number of ordinary shares of $0.025 each	2003 Number of ordinary shares of $1 each	2004 $'000	2003 $'000
Authorised	20,000,000,000	20,000,000,000	500,000,000	500,000	500,000
Issued and fully paid:					
At beginning of year	633,162,320	-	5,000,000	15,829	5,000
Arising during the financial year:					
Issuance of 798,768 ordinary shares of $1 each at $6.26 per ordinary share for cash pursuant to the pre-Invitation Employee Share Option Scheme	-	-	798,768	-	799
Issuance of 823,019 ordinary shares of $1 each on conversion of redeemable preference shares	-	-	823,019	-	823
Issuance of 1,365,894 ordinary shares of $1 each on conversion of redeemable convertible bonds	-	-	1,365,894	-	1,366
Issuance of 5,591,377 ordinary shares of $1 each as a bonus issue	-	-	5,591,377	-	5,591
Sub-divided into ordinary shares of $0.025 each on the basis of 40 shares for every $1.00 share	-	543,162,320	(13,579,058)	-	-
Issuance of 90,000,000 ordinary shares of $0.025 each at an issue price of $0.27 on Initial Public Offering	-	90,000,000	-	-	2,250
Issuance of 316,581,160 ordinary shares of $0.025 each as a bonus issue on the basis of 1 bonus share for every 2 ordinary shares	316,581,160	-	-	7,915	-
Issuance of 10,909,000 ordinary shares of $0.025 each pursuant to the ACCS share Option Scheme 2003	10,909,000	-	-	273	-
At end of year	960,652,480	633,162,320	-	24,017	15,829

At the end of the financial year, pursuant to the company's ACCS Share Option Scheme 2003 as disclosed in paragraph 6 of the Report of the Directors, there were 29,570,000 (2003 : 14,055,000 as adjusted) unissued ordinary shares of the company under option.

25 REVENUE

	Group 2004 $'000	Restated 2003 $'000
In warranty	45,149	45,147
Out warranty	18,136	12,092
Others	12,468	6,801
After-market services income	75,753	64,040
Sales of goods	181,429	17,468
Service and incentive income	19,561	-
Distribution management solutions income	200,990	17,468
	276,743	81,508

Revenue from provision of after-market services comprises retrofit services and repair management services, and sales of parts and accessories. Out warranty service income includes retrofit income.

Distribution management solutions income comprises the sale of mobile communication products and the provision of distribution management solutions for mobile communication and high-tech consumer products.

Sales for the group are net of intercompany sales.

26 OTHER OPERATING INCOME

	Group 2004 $'000	2003 $'000
Management and corporate advisory fee	114	4,288
Royalty income	-	1,238
Government grant	-	229
Foreign currency exchange adjustment (loss) gain - net	(723)	2,280
Rental income	515	-
Interest income on:		
Bank balances	152	167
Bonds in related party (Note 14)	496	-
Recovery of inventories written off from a related party (Note 5)	-	652
Gain on dilution of interest in Distribution Management Solutions Limited [Note 11(c)(i)]	10,103	-
Gain on partial disposal of Distribution Management Solutions Limited [Note 11(c)(ii)]	5,789	-
Gain on partial disposal of Accord Customer Care Solutions (Aust) Pty Ltd [Note 11(b)]	361	-
Others	524	587
	17,331	9,441

27 (LOSS) PROFIT FROM OPERATIONS

In addition to the charges and certain credits disclosed elsewhere in the notes, this item includes the following charges (credits):

	Group 2004 $'000	Group 2003 $'000
Directors' remuneration:		
Directors of the company	858	2,429
Directors of subsidiaries	182	168
Directors' fees	225	280
Costs of defined contribution plans included in staff costs	2,756	1,974
Auditors' remuneration:		
Auditors of the company		
Current year	306	130
Underprovision in prior year	20	70
Other auditors	500	211
Non-audit fees paid to auditors:		
Auditors of the company	531	-
Other auditors	31	-
Amortisation of goodwill on consolidation	2,685	628
Amortisation of other goodwill	1,281	86
Depreciation expense	4,792	2,609
Allowances for inventories	-	277
Reversal for doubtful trade receivables	-	(30)
Allowance for doubtful trade receivables	1,096	128
Inventories written off	-	652
Preliminary expenses written-off	29	5
Foreign currency exchange adjustment loss (gain) - net	723	(2,280)
Minimum lease payments paid under operating leases	11,335	5,045

	2004	2003
Number of employees at end of year	2,180	1,266

Number of directors of the company in remuneration bands is as follows:

	2004			2003		
	Executive directors	Non-executive directors	Total	Executive directors	Non-executive directors	Total
$500,000 and above	1	-	1	3	-	3
$250,000 to $499,999	-	-	-	-	-	-
Below $250,000	2	8	10	-	8	8
	3	8	11	3	8	11

28 FINANCE COST

	Group	
	2004	2003
	$'000	$'000
Interest on bank loans	1,378	224

29 INCOME TAX EXPENSE (CREDIT)

	Group	
		Restated
	2004	2003
	$'000	$'000
Current tax	3,010	621
Deferred tax	(337)	255
	2,673	876
Under (Over) provision in prior years	104	(954)
Total/Net	2,777	(78)

The Economic Development Board of Singapore granted a 5 year Development and Expansion Incentive under the Business Headquarters Programme, to the company commencing from January 1, 2003.

Subject to certain conditions, income derived by the company for its qualifying activities, in excess of a base of $1,095,000, will be taxed at a concessionary rate of 13%. Income from non-qualifying activities and the base of $1,095,000 will be taxed at the standard Singapore income tax rate.

The income tax (credit) expense for the group varied from the amount of income tax (credit) expense determined by applying the Singapore tax rate of 20% (2003 : 22%) to (loss) profit before income tax as a result of the following:

	Group	
		Restated
	2004	2003
	$'000	$'000
Tax (credit) expense at the statutory rate	(6,804)	498
Non deductible items	9,094	747
Tax exempt income	(21)	(188)
Tax savings on qualifying income	-	(154)
Tax savings on qualifying income forfeited	453	-
Others	(49)	(27)
	2,673	876
Under (Over) provision in prior years	104	(954)
Net	2,777	(78)

30 (LOSS) EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is calculated on the group (loss) profit attributable to shareholders of $36,990,000 loss (2003 : $2,350,000 gain) divided by the weighted average number of ordinary shares of 952,369,850 (2003 : 922,743,480) in issue during the year.

Fully diluted earnings per ordinary share is based on 952,369,850 (2003 : 923,412,765) ordinary shares assuming the full exercise of share options outstanding (where dilutive) and adjusting the weighted average number of ordinary shares to reflect the effect of all potentially dilutive ordinary shares.

	Group			
	2004		2003 (Restated)	
	Basic	Diluted	Basic	Diluted
Net (loss) profit attributable to shareholders ($'000)	(36,990)	(36,990)	2,350	2,350
Ordinary shares of $0.025 each: Weighted average shares	952,369,850	952,369,850	922,743,480*	922,743,480*
Adjustment for potential dilutive ordinary shares	-	-	-	669,285*
Weighted average number of ordinary shares used to compute earnings per share	952,369,850	952,369,850	922,743,480	923,412,765
(Loss) Earnings per share (cents)	(3.88)	(3.88)	0.25	0.25

* Adjusted for a bonus issue on the basis of 1 bonus share for every 2 ordinary shares during the current financial year.

31 OPERATING LEASE COMMITMENTS

At the balance sheet date, the commitments in respect of non-cancellable operating leases for the rental of office premises and service centers were as follows:

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Future minimum lease payments payable:				
Within one year	9,414	4,375	1,122	1,823
In the second to fifth year inclusive	10,932	3,694	779	394
After five years	4	547	-	-
Total	20,350	8,616	1,901	2,217

32 CONTINGENT LIABILITIES (UNSECURED)

a) In 2004, the company has several outstanding banker's guarantees amounting to $3,884,000 issued in favour of financial institutions undertaken for the granting of short term bank loans to a subsidiary ($2,980,000) operating lease agreements ($439,000), deferral of custom duties ($53,000) and supply of inventories ($413,000) entered in the normal course of business.

   In 2003, the company has several outstanding banker's guarantees amounting to $1,340,000 and $2,552,000 issued in favour of financial institutions and a supplier respectively, entered in the normal course of business and under a supply agreement.

b) The company has outstanding corporate guarantees amounting to $56,700,000 (2003 : $Nil) issued in favour of financial institutions for granting credit facilities to its subsidiaries and an associate. As at December 31, 2004, the outstanding amount of the credit facilities utilised amounted to $28,320,000 (2003 : $Nil), which includes $4,620,000 which this subsidiary is jointly liable for credit facilities utilised by the subsidiary's 50% owned associate. As at December 31, 2004, the group has made a provision for loss of $3,380,000 on the bank loan of the associate [Note 2(Q)].

c) The company has an outstanding corporate guarantees amounting to $3,000,000 (2003 : $4,791,000) issued in favour of a financial institution for the granting of short-term bank loans and standby documentary credit facilities to its subsidiary.

d) Certain subsidiaries have several outstanding banker's guarantees amounting to $10,592,000 issued in favour of equipment principals, entered in the normal course of business and under supply agreements.

33 SEGMENT INFORMATION

For management purposes, the Group is organised on a world-wide basis into three major operating divisions – South Asia, North Asia and South Pacific. The divisions are the basis on which the Group reports its primary segment information.

The dominant source and nature of the group's risk and returns are based on the geographical areas where its service centers are located. Therefore, the primary segment is geographical segments by location of our service centers.

South Asia comprises Indonesia, the Philippines, Thailand, Malaysia, India, Vietnam, United Arab Emirates and Singapore.

North Asia comprises People's Republic of China, Hong Kong SAR, Taiwan, Japan and South Korea.

South Pacific comprises Australia and New Zealand.

Primary segment information for the group based on geographical segments for the year ended December 31, 2004 are as follows:

By Geographical Operations

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used a segment and consist principally of operating receivables, inventories and plant and equipment, net of allowances and provisions. Capital expenditure includes the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost. These transfers are eliminated on consolidation.

Investment in associates: Income from associates are not allocated as they are not specifically attributable to any of the major business segments, and correspondingly the investments in associates are included as unallocated assets of the group.

	South Asia $'000	North Asia $'000	South Pacific $'000	Consolidated $'000
December 31, 2004				
REVENUE				
External sales	221,249	16,582	38,912	276,743
RESULTS				
Segment result	(32,009)	(3,131)	2,547	(32,593)
Finance costs				(1,378)
Profit before share of results of associates				(33,971)
Share of results of associates				(47)
Profit before income tax				(34,018)
Income tax expense				(2,777)
Profit before minority interest				(36,795)
ASSETS				
Segment assets	118,695	10,175	34,912	163,782
LIABILITIES				
Segment liabilities	43,467	13,049	8,936	65,452
Bank loans				41,957
Income tax payable				2,601
Unallocated corporate liabilities				1,254
Consolidated total liabilities				111,264
OTHER INFORMATION				
Amortisation of goodwill	2,704	828	434	3,966
Capital expenditure	5,980	4,009	3,543	13,532
Depreciation	2,438	1,027	1,327	4,792

December 31, 2003 (restated)	South Asia $'000	North Asia $'000	South Pacific $'000	Consolidated $'000
REVENUE				
External sales	46,449	14,235	20,824	81,508
RESULTS				
Segment result	2,038	2,148	(1,698)	2,488
Finance costs				(224)
Profit before income tax				2,264
Income tax credit				78
Profit before minority interest				2,342
ASSETS				
Segment assets	82,737	16,505	20,734	119,976
LIABILITIES				
Segment liabilities	10,653	2,690	6,417	19,760
Bank loans				24,941
Income tax payable				1,029
Unallocated corporate liabilities				1,152
Consolidated total liabilities				46,882
OTHER INFORMATION				
Amortisation of goodwill	344	142	228	714
Capital expenditure	3,870	1,567	602	6,039
Depreciation	1,488	505	616	2,609

By Business Segment

The group operates in two business segments - after-market services ("AMS") and distribution management solutions ("DMS").

Segment revenue: Segment revenue is the operating revenue reported in the group's profit and loss statement that is directly attributable to a segment and the relevant portion of such revenue that can be allocated on a reasonable basis to a segment.

Segment assets and capital expenditure: Segment assets and capital expenditure are analysed based on those assets used by a segment. Capital expenditure includes the total cost incurred to plant and equipment, and any intangible assets.

	Revenue		Assets		Capital expenditure	
		Restated		**Restated**		
	2004	2003	2004	2003	2004	2003
	$'000	$'000	$'000	$'000	$'000	$'000
AMS	75,753	64,040	109,230	108,425	11,489	6,034
DMS	200,990	17,468	54,552	11,551	2,043	5
Total	276,743	81,508	163,782	119,976	13,532	6,039

34 COMPARATIVES

Comparative figures for the group and the company have been restated by the company to effect the adjustments as detailed in Note 2(i) to the financial statements.

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Statistics of Shareholdings

As at 20 July 2005

Authorised Share Capital:	S$500,000,000
Issued and Paid-up Capital:	S$24,024,262
Class of Share:	Ordinary Shares S$0.025 each
Voting Rights:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	91	1.04	41,656	0.00
1,000 - 10,000	3,523	40.17	24,768,037	2.58
10,001 - 1,000,000	5,118	58.36	302,496,779	31.48
1,000,001 and above	38	0.43	633,664,003	65.94
Total	8,770	100.00	960,970,475	100.00

Substantial Shareholders

as recorded in the Register of Substantial Shareholders

Name	Direct Interest	%	Deemed Interest	%
Tan Hor Thye	137,592,337	14.32%	2,257,380 (1)	0.23%
Poh Tian Peng	112,924,959 (2)	11.75%	2,257,380 (1)	0.23%
PLE Investments Pte Ltd	89,172,338	9.28%	-	-
EDBV Management Pte. Ltd.	-	-	113,085,013 (3)	11.77%
EDB Investments Pte Ltd	-	-	113,085,013 (4)	11.77%
Economic Development Board	-	-	113,085,013 (5)	11.77%
Seletar Fund Investments Pte Ltd	-	-	89,172,338 (6)	9.28%
Fullerton Fund Investments Pte Ltd	-	-	89,172,338 (7)	9.28%
Temasek Holdings (Private) Limited	-	-	89,172,338 (7)	9.28%
Goh Thiam Poh	5,000,000	0.52%	46,800,000 (8)	4.87%

Notes:

(1) Deemed to be interested in the 2,257,380 shares held by Accord Holdings Pte. Ltd. in the Company.

(2) Including 19,395,000 shares registered with DBS Nominees Pte Ltd.

(3) Deemed to be interested in the shares held by PLE Investments Pte Ltd ("PLEI") and M-Commerce Ventures Pte Ltd ("MCV") in the Company. EDBV Management Pte. Ltd. ("EDBVM") is the discretionary fund manager of PLEI and MCV.

(4) Deemed to be interested in the shares of the Company through:- (i) its wholly-owned subsidiary, EDBVM; (ii) PLEI, which is 58% owned by EDB Investments Pte Ltd ("EDBI"); and (iii) MCV, which is 52.6% owned by EDBI.

(5) Deemed to be interested in the shares of the Company through its wholly-owned subsidiary, EDBI.

(6) Deemed to be interested in the shares of the Company as Seletar Fund Investments Pte Ltd ("Seletar") has a 20% shareholding interest in PLEI.

(7) Deemed to be a substantial shareholder of the Company through Seletar. Seletar is a wholly-owned subsidiary of Fullerton Fund Investments Pte Ltd, which is in turn a wholly-owned subsidiary of Temasek Holdings (Private) Limited.

(8) Deemed to be interested in the 46,800,000 shares held by 2G Capital Pte Ltd in the Company.

Statistics of Shareholdings

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	TAN HOR THYE	137,592,337	14.32
2	POH TIAN PENG	93,529,959	9.73
3	PLE INVESTMENTS PTE LTD	89,172,338	9.28
4	2G CAPITAL PTE LTD	46,800,000	4.87
5	DBS NOMINEES PTE LTD	37,885,532	3.94
6	HSBC (SINGAPORE) NOMINEES PTE LTD	28,562,500	2.97
7	RAFFLES NOMINEES PTE LTD	27,784,800	2.89
8	M-COMMERCE VENTURES PTE LTD	23,912,675	2.49
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	21,278,110	2.21
10	PHILLIP SECURITIES PTE LTD	14,403,000	1.50
11	UOB KAY HIAN PTE LTD	12,503,500	1.30
12	KIM ENG SECURITIES PTE. LTD.	11,758,000	1.22
13	KWEE LIONG TEK	9,400,000	0.98
14	DB NOMINEES (S) PTE LTD	7,007,850	0.73
15	CHEONG SAE PENG	6,400,000	0.67
16	CITIBANK NOMINEES SINGAPORE PTE LTD	5,801,250	0.60
17	OCBC SECURITIES PRIVATE LTD	5,314,500	0.55
18	MERRILL LYNCH (SINGAPORE) PTE LTD	5,295,593	0.55
19	OCBC NOMINEES SINGAPORE PTE LTD	5,113,500	0.53
20	GOH THIAM POH	5,000,000	0.52
	TOTAL	594,515,444	61.85

Percentage of Shareholding in Public's Hands

We confirm that approximately 52% of the Company's entire share capital is in the hands of public shareholders as at 20 July 2005. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

(Registration No.: 200009059G)
(Incorporated In Singapore with limited liability)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of Accord Customer Care Solutions Limited ("the Company") will be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Wednesday, 31 August 2005 at 3.30 pm for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2004 together with the Auditors' Report thereon. **(Resolution 1)**

2a. To note the retirement of the following Directors retiring by rotation in accordance with Article 91 of the Company's Articles of Association and who have decided not to seek re-election:-

Mr Philip Leow Poh Tat
Mr Liow Voon Kheong

2b. To re-elect the following Directors retiring pursuant to Article 97 of the Company's Articles of Association:-

Mr Philip Eng Heng Nee **(Resolution 2)**
Mr Tong Choo Cherng **(Resolution 3)**

3. To approve the payment of Directors' fees of S$225,000 for the year ended 31 December 2004 (2003: S$280,000). **(Resolution 4)**

4. To re-appoint Deloitte and Touche as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:-

6. Authority to allot and issue shares up to 50 per centum (50%) of issued share capital

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (i)]

(Resolution 6)

7. Authority to allot and issue shares under the ACCS Share Option Scheme 2003

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the ACCS Share Option Scheme 2003 ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (ii)] **(Resolution 7)**

By Order of the Board

Woo Kah Wai
Secretary
Singapore
12 August 2005

Notice of Annual General Meeting

Explanatory Notes:-

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

Notes:-

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 20 Toh Guan Road #07-00 Accord Distri Centre Singapore 608839 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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ACCORD CUSTOMER CARE SOLUTIONS LIMITED

(Registration No.: 200009059G)
(Incorporated In Singapore with limited liability)

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Accord Customer Care Solutions Limited shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ...

of ....

being a member/members of Accord Customer Care Solutions Limited (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Wednesday, 31 August 2005 at 3.30 pm and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2004		
2	Re-election of Mr Philip Eng Heng Nee as a Director		
3	Re-election of Mr Tong Choo Cherng as a Director		
4	Approval of Directors' fees amounting to S$225,000		
5	Re-appointment of Deloitte & Touche as Auditors		
6	Authority to allot and issue shares		
7	Authority to allot and issue shares under the ACCS Share Option Scheme 2003		

Dated this .... day of 2005

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

....

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

PLEASE GLUE AND SEAL ALONG THE EDGE

PLEASE GLUE AND SEAL ALONG THE EDGE

Notes:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 20 Toh Guan Road #07-00 Accord Distri Centre Singapore 608839 not less than 48 hours before the time appointed for the Meeting.

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5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:-

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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ACCORD CUSTOMER CARE SOLUTIONS LIMITED

Affix
Postage
Stamp

Company Secretary
Accord Customer Care Solutions Limited

20 Toh Guan Road #07-00
Accord Distri Centre
Singapore 608839

3rd FOLD

20 Toh Guan Road #07-00 Accord Distri Centre Singapore 608839
Tel: (65) 6410 2600 Fax: (65) 6410 2610
Website: http://www.accordccs.com Hotline: (65) MEET ACCS / (65) 6338 2227