

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

## ACCORD CUSTOMER CARE SOLUTIONS LIMITED

### 2005 Full Year Financial Statement

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

##### 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

| In S\$'000                                   | Notes     | Q4-05          | Restated<br>Q4-04 | YTD<br>31-Dec-05 | Restated<br>YTD<br>31-Dec-04 | Q4<br>Inc/Dec | YTD<br>Inc/Dec |
|--|-----------|----------------|-------------------|------------------|------------------------------|---------------|----------------|
| Revenue                                      | 1(a)(i)   | 77,651         | 68,290            | 284,320          | 276,743                      | 14%           | 3%             |
| Cost of good sold and spare parts            | 1(a)(i)   | (62,044)       | (57,394)          | (216,607)        | (205,155)                    | 8%            | 6%             |
| Gross Profit                                 | 1(a)(i)   | 15,607         | 10,896            | 67,713           | 71,588                       | 43%           | -5%            |
| Other Operating Income                       | 1(a)(ii)  | 4,708          | 16,433            | 7,068            | 17,331                       | -71%          | -59%           |
| Staff Costs                                  | 1(a)(iii) | (11,657)       | (14,447)          | (48,792)         | (47,722)                     | -19%          | 2%             |
| Depreciation Expenses                        |           | (1,253)        | (1,384)           | (5,242)          | (4,792)                      | -9%           | 9%             |
| Other Operating Expenses                     | 1(a)(iv)  | (6,521)        | (10,423)          | (28,670)         | (32,941)                     | -37%          | -13%           |
| Additional Provisions                        |           | (3,511)        | (37,960)          | (3,511)          | (37,960)                     | -91%          | -91%           |
| Finance cost                                 | 1(a)(v)   | (512)          | (325)             | (2,054)          | (1,378)                      | 58%           | 49%            |
| Share of results of associates               |           | -              | (191)             | -                | (47)                         | -100%         | -100%          |
| Loss before income tax                       |           | (3,139)        | (37,401)          | (13,488)         | (35,921)                     | -92%          | -62%           |
| Income tax expenses                          | 1(a)(vi)  | 125            | (1,056)           | (500)            | (2,777)                      | -112%         | -82%           |
| Loss for the year from continuing operations |           | <u>(3,014)</u> | <u>(38,457)</u>   | <u>(13,988)</u>  | <u>(38,698)</u>              | -92%          | -64%           |
| Attributable to:                             |           |                |                   |                  |                              |               |                |
| Equity holders of the parent                 |           | (582)          | (38,890)          | (9,946)          | (38,893)                     | -99%          | -74%           |
| Minority Interest                            |           | (2,432)        | 433               | (4,042)          | 195                          | nm            | nm             |
| Loss attributable to shareholders            |           | <u>(3,014)</u> | <u>(38,457)</u>   | <u>(13,988)</u>  | <u>(38,698)</u>              | -92%          | -64%           |

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

The group operates in two business segments – after market services (“AMS”) and distribution management solutions (“DMS”). The breakdown of revenue and cost of goods sold and spare parts are as follows:

| In S\$'000                                | Q4-05         | Q4-04         | YTD<br>31-Dec-05 | YTD<br>31-Dec-04 |
|---|---------------|---------------|------------------|------------------|
| <b>Revenue</b>                            |               |               |                  |                  |
| AMS                                       | 18,091        | 11,596        | 73,760           | 75,753           |
| DMS                                       | 59,560        | 56,694        | 210,560          | 200,990          |
|   | <u>77,651</u> | <u>68,290</u> | <u>284,320</u>   | <u>276,743</u>   |
| <b>Cost of Goods Sold and Spare Parts</b> |               |               |                  |                  |
| AMS                                       | 6,742         | 5,592         | 23,745           | 26,725           |
| DMS                                       | 55,302        | 51,802        | 192,862          | 178,430          |
|   | <u>62,044</u> | <u>57,394</u> | <u>216,607</u>   | <u>205,155</u>   |
| <b>Gross Profit</b>                       |               |               |                  |                  |
| AMS                                       | 11,349        | 6,004         | 50,015           | 49,028           |
| DMS                                       | 4,258         | 4,892         | 17,698           | 22,560           |
|   | <u>15,607</u> | <u>10,896</u> | <u>67,713</u>    | <u>71,588</u>    |
| <b>Gross Profit Margin</b>                |               |               |                  |                  |
| AMS                                       | 63%           | 52%           | 68%              | 65%              |
| DMS                                       | 7%            | 9%            | 8%               | 11%              |

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

| In S\$'000  | Q4-05        | Q4-04         | YTD<br>31-Dec-05 | YTD<br>31-Dec-04 |
|---|--------------|---------------|------------------|------------------|
| Interest income   |              |               |                  |                  |
| - Bonds   | 504          | 496           | 1,985            | 496              |
| - Others  | 46           | 47            | 199              | 152              |
| Rental income   | -            | 515           | 321              | 515              |
| Foreign Currency Exchange<br>adjustment gain/ loss  | (1,267)      | (666)         | (1,111)          | (723)            |
| Management and corporate<br>advisory fee  | -            | 69            | -                | 114              |
| Gain on dilution of interest in<br>a subsidiary   | -            | 10,103        | -                | 10,103           |
| Excess of interest in the net<br>fair value of acquired<br>subsidiaries' identifiable<br>assets and liabilities over cost | 4,371        | -             | 4,371            | -                |
| Gain on partial disposal of<br>subsidiaries   | -            | 6,150         | -                | 6,150            |
| Gain on disposal of<br>investments  | 285          | -             | 285              | -                |
| Recognition of government<br>grant  | 148          | -             | 148              | -                |
| Others  | 621          | (281)         | 870              | 524              |
|   | <u>4,708</u> | <u>16,433</u> | <u>7,068</u>     | <u>17,331</u>    |

**1(a)(iii) Staff costs**

The staff cost for Q4 2005 decreased compared to the corresponding quarter in 2004 due mainly to decrease in Nokia and Alcatel AMS business and third party logistics business under DMS.

| In S\$'000            | Q4-05         | Restated<br>Q4-04 | YTD<br>31-Dec-05 | Restated<br>YTD<br>31-Dec-04 |
|-----------------------|---------------|-------------------|------------------|------------------------------|
| AMS                   | 9,307         | 10,817            | 40,851           | 39,457                       |
| DMS                   | 1,537         | 1,727             | 7,128            | 6,362                        |
| Share- based payments | 813           | 1,903             | 813              | 1,903                        |
|                       | <u>11,657</u> | <u>14,447</u>     | <u>48,792</u>    | <u>47,722</u>                |

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

| In S\$'000   | Q4-05   | Q4-04  | YTD<br>31-Dec-05 | YTD<br>31-Dec-04 |
|--|---------|--------|------------------|------------------|
| Amortisation of goodwill   | -       | 2,243  | -                | 3,966            |
| Impairment of other investments                                  | 87      | 3,972  | 837              | 3,972            |
| Impairment of investment in an associate                         | -       | 2,556  | -                | 2,556            |
| Write off of purchase goodwill                                   | 1,613   | -      | 1,613            | -                |
| Impairment of purchase goodwill                                  | -       | 1,857  | -                | 1,857            |
| Impairment of goodwill on consolidation                          | 2,617   | 4,084  | 2,617            | 4,084            |
| Minimum lease payments under operating lease                     | 2,868   | 3,079  | 11,665           | 11,335           |
| Allowance for doubtful debt                                      | 1,344   | 1,096  | 1,344            | 1,096            |
| Reversal of provision for impairment on retention sum receivable | (3,250) | -      | (3,250)          | -                |
| Reversal of invalid refurbishment income no longer required      | (4,568) | -      | (4,568)          | -                |
| Provisions for legal and professional fee                        | 3,071   | 10,400 | 3,071            | 10,400           |
| Impairment of plant and equipment                                | 984     | 4,704  | 984              | 4,704            |
| Plant and equipment written off                                  | 991     | (61)   | 1,112            | -                |
| (Gain)\ Loss on disposal of plant and equipment                  | (478)   | 242    | (399)            | 364              |

**1(a)(v) Finance cost**

This comprises interest on bank loans and the increase is due to higher loans undertaken for DMS activities.

**1(a)(vi) Income Tax**

The tax expense provision is made for profitable subsidiaries based on the applicable local statutory tax rate where the subsidiaries operate.

| In S\$'000   | YTD<br>31-Dec-05 | YTD<br>31-Dec-04 |
|--|------------------|------------------|
| (Over)/ under provision of tax in respect of prior years | (1,023)          | 104              |

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement  
as at the end of the immediately preceding financial year**

| In S\$'000   | Notes    | Group<br>31/12/05 | Restated<br>Group<br>31/12/04 | Company<br>31/12/05 | Restated<br>Company<br>31/12/04 |
|--|----------|-------------------|-------------------------------|---------------------|---------------------------------|
| <b>ASSETS</b>  |          |                   |                               |                     |                                 |
| <b>Current assets:</b>                                     |          |                   |                               |                     |                                 |
| Cash   |          | 16,681            | 33,338                        | 1,834               | 19,426                          |
| Cash pledged   |          | 5,452             | 8,645                         | 5,452               | 6,825                           |
| Trade receivables  | <b>A</b> | 24,169            | 25,940                        | 13,994              | 6,745                           |
| Other receivables and prepayments                          | <b>B</b> | 17,400            | 21,331                        | 53,739              | 20,186                          |
| Inventories  | <b>C</b> | 11,667            | 15,189                        | -                   | -                               |
| Total current assets                                       |          | <b>75,369</b>     | <b>104,443</b>                | <b>75,019</b>       | <b>53,182</b>                   |
| <b>Non-current assets:</b>                                 |          |                   |                               |                     |                                 |
| Investment in subsidiaries                                 |          | -                 | -                             | 21,642              | 23,929                          |
| Investment in associates                                   |          | 14                | 203                           | -                   | -                               |
| Other Investments  | <b>D</b> | 17,731            | 13,726                        | 14,090              | 12,974                          |
| Plant and equipment  |          | 13,963            | 23,041                        | 2,027               | 2,650                           |
| Club memberships   |          | -                 | 87                            | -                   | 87                              |
| Goodwill on purchase of businesses                         | <b>E</b> | 10,346            | 11,998                        | -                   | 961                             |
| Goodwill on consolidation                                  | <b>E</b> | 10,116            | 10,284                        | -                   | -                               |
| Due from subsidiaries                                      |          | -                 | -                             | -                   | 11,801                          |
| Total non-current assets                                   |          | <b>52,170</b>     | <b>59,339</b>                 | <b>37,759</b>       | <b>52,402</b>                   |
| <b>Total assets</b>  |          | <b>127,539</b>    | <b>163,782</b>                | <b>112,778</b>      | <b>105,584</b>                  |
| <b>Current liabilities:</b>                                |          |                   |                               |                     |                                 |
| Bank Overdraft   |          | 11,614            | -                             | 2,413               | -                               |
| Bank loans   |          | 28,622            | 40,675                        | 6,000               | 7,050                           |
| Trade payables   | <b>F</b> | 16,768            | 17,955                        | 11,335              | 8,923                           |
| Other payables   | <b>G</b> | 32,006            | 47,497                        | 30,968              | 25,241                          |
| Income tax payable   |          | 1,198             | 2,601                         | -                   | -                               |
| Obligations under finance leases                           |          | 11                | 221                           | -                   | -                               |
| Current portion of long- term bank loan                    |          | 508               | 490                           | -                   | -                               |
| Total current liabilities                                  |          | <b>90,727</b>     | <b>109,439</b>                | <b>50,716</b>       | <b>41,214</b>                   |
| <b>Non-current liabilities:</b>                            |          |                   |                               |                     |                                 |
| Obligations under finance leases                           |          | 269               | 440                           | -                   | -                               |
| Deferred income tax  |          | 1,021             | 593                           | 912                 | 912                             |
| Long-term bank loans                                       |          | 324               | 792                           | -                   | -                               |
| Total non-current liabilities                              |          | <b>1,614</b>      | <b>1,825</b>                  | <b>912</b>          | <b>912</b>                      |
| <b>Capital and reserves:</b>                               |          |                   |                               |                     |                                 |
| Issued capital   |          | 24,024            | 24,017                        | 24,024              | 24,017                          |
| Capital Redemption Reserve                                 |          | 22                | 22                            | 22                  | 22                              |
| Share premium  |          | 38,394            | 38,274                        | 38,394              | 38,274                          |
| Share options reserve                                      |          | 2,716             | 1,903                         | 2,716               | 1,903                           |
| Foreign currency translation reserve                       |          | (633)             | 333                           | -                   | -                               |
| Accumulated losses   |          | (34,723)          | (24,777)                      | (4,006)             | (758)                           |
| <b>Equity attributable to equity holders of the parent</b> |          | <b>29,800</b>     | <b>39,772</b>                 | <b>61,150</b>       | <b>63,458</b>                   |
| Minority Interest  |          | 5,398             | 12,746                        | -                   | -                               |
| <b>Total liabilities and equity</b>                        |          | <b>127,539</b>    | <b>163,782</b>                | <b>112,778</b>      | <b>105,584</b>                  |

**(A) Trade receivables**

The trade receivables turnover is 31 days for the 12 months period ended 31 December 2005 (31 December 2004: 34 days).

**(B) Other receivables and prepayments**

Included in other receivables are mainly deposits for rental and utilities (\$3.8 million), prepayments (\$0.8 million), receivables from related parties (\$4.6 million) and recoverables (\$6 million).

**(C) Inventories**

Inventories turnover is 20 days for the period ended 31 December 2005 (31 December 2004: 27 days).

**(D) Other investments**

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

**(E) Goodwill**

The decrease is mainly due to additional goodwill arising from acquisition of a subsidiary and additional investment in a subsidiary during the year amounting to \$2.7 million less provision for impairment.

**(F) Trade payables**

Trade payables turnover is 28 days for the 12 months ended 31 December 2005 (31 December 2004: 24 days).

**(G) Other payables**

Included in other payables are accrued operating expenses (\$18.2 million), refundable deposit for disposal of a subsidiary (\$4.7 million) and provision for liabilities of (\$7.2 million).

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

| As at 31 December 2005 |                    | As at 31 December 2004 |                    |
|------------------------|--------------------|------------------------|--------------------|
| Secured (\$'000)       | Unsecured (\$'000) | Secured (\$'000)       | Unsecured (\$'000) |
| 4,555                  | 36,524             | 7,961                  | 34,217             |

**Amount repayable after one year**

| As at 31 December 2005 |                    | As at 31 December 2004 |                    |
|------------------------|--------------------|------------------------|--------------------|
| Secured (\$'000)       | Unsecured (\$'000) | Secured (\$'000)       | Unsecured (\$'000) |
| 269                    | Nil                | 440                    | Nil                |

**Details of collateral**

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

Finance lease is secured by the fixed assets acquired under the lease arrangement.

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

| In S\$'000   |                | Restated        | YTD             | Restated        |
|--|----------------|-----------------|-----------------|-----------------|
|  | Q4-05          | Q4-04           | Dec-05          | Dec-04          |
| <b>Cash flows (used in) from operating activities:</b>   |                |                 |                 |                 |
| <b>Loss before income tax</b>  | <b>(3,139)</b> | <b>(37,401)</b> | <b>(13,488)</b> | <b>(35,921)</b> |
| Adjustments for:   |                |                 |                 |                 |
| Share of results in associates   | -              | 191             | -               | 47              |
| Depreciation expense   | 1,253          | 1,384           | 5,242           | 4,792           |
| Interest expense   | 512            | 325             | 2,054           | 1,378           |
| Interest income  | (550)          | (543)           | (2,184)         | (648)           |
| (Gain)/loss on disposal of plant and equipment   | (478)          | 242             | (399)           | 364             |
| Plant and equipment written off  | 991            | (61)            | 1,112           | -               |
| Impairment of plant and equipment  | 984            | -               | 984             | -               |
| Gain on partial disposal/dilution of subsidiaries  | -              | (16,253)        | -               | (16,253)        |
| Provisions   | -              | 53,680          | -               | 53,680          |
| Share based payments   | 813            | 1,903           | 813             | 1,903           |
| Goodwill written off   | 1,613          | -               | 1,613           | -               |
| Impairment of other investments  | 837            | -               | 837             | -               |
| Excess of interest in the net fair value of acquired subsidiaries identifiable assets, liabilities over cost | (4,371)        | -               | (4,371)         | -               |
| Impairment of goodwill on consolidation  | 2,617          | -               | 2,617           | -               |
| Amortisation of goodwill on consolidation and other goodwill   | -              | 2,243           | -               | 3,966           |
| <b>Operating profit/ (loss) before working capital changes</b>   | <b>1,082</b>   | <b>5,711</b>    | <b>(5,170)</b>  | <b>13,308</b>   |
| Trade receivables  | (1,521)        | 9,024           | 1,771           | 2,125           |
| Other receivables and prepaid expenses   | (4,035)        | (22,236)        | 3,931           | (4,081)         |
| Inventories  | 2,711          | 4,419           | 3,523           | 396             |
| Trade payables   | 179            | 296             | (1,187)         | (1,318)         |
| Other payables   | (5,527)        | (17,755)        | (10,595)        | (5,022)         |
| <b>Cash generated from (used in) operations</b>  | <b>(7,111)</b> | <b>(20,541)</b> | <b>(7,727)</b>  | <b>5,408</b>    |
| Interest received  | 550            | 543             | 2,184           | 648             |
| Income tax paid  | 1,379          | 1,321           | (1,476)         | (135)           |
| <b>Net cash (used in) from operating activities</b>  | <b>(5,182)</b> | <b>(18,677)</b> | <b>(7,019)</b>  | <b>5,921</b>    |
| <b>Cash flows (used in) from investing activities:</b>   |                |                 |                 |                 |
| Purchase of plant and equipment  | (2,260)        | (6,984)         | (2,414)         | (12,991)        |
| Proceeds from disposal of plant and equipment  | 3,528          | 2,212           | 4,331           | 2,212           |
| Additional investment in a subsidiary  | (7)            | (28,640)        | (2,693)         | (31,000)        |
| Increase in investment / bonds in associates-net   | (5,000)        | -               | (5,000)         | (19,712)        |
| Advance payments for investments   | 3,392          | (2,248)         | (3,347)         | (15,643)        |
| Provisions   | -              | -               | -               | 43,308          |
| Purchase of businesses   | -              | 2,800           | -               | (10,503)        |
| <b>Net cash used in investing activities</b>   | <b>(347)</b>   | <b>(32,860)</b> | <b>(9,123)</b>  | <b>(44,329)</b> |
| <b>Cash flows from (used in) financing activities:</b>   |                |                 |                 |                 |
| Proceeds from issuing shares   | (0)            | 1,509           | 128             | 4,364           |
| Interest paid  | (512)          | (325)           | (2,054)         | (1,378)         |
| Decrease in finance lease  | (298)          | (156)           | (382)           | (375)           |
| Contribution by minority shareholders  | -              | -               | -               | 26,762          |
| Fixed deposits subject to restriction  | -              | (3,675)         | 3,193           | (3,675)         |
| Proceed from/(repayment to) bank loans   | 4,540          | 5,454           | (889)           | 16,437          |
| <b>Net cash from (used in) financing activities</b>  | <b>3,730</b>   | <b>2,807</b>    | <b>(4)</b>      | <b>42,135</b>   |
| <b>Net effect of exchange rate changes in consolidating subsidiaries</b>                                     | <b>480</b>     | <b>2,597</b>    | <b>(511)</b>    | <b>1,941</b>    |
| <b>Net (decrease)/increase in cash</b>   | <b>(1,319)</b> | <b>(46,136)</b> | <b>(16,657)</b> | <b>5,668</b>    |
| <b>Balance at beginning of period/ year</b>  | <b>18,000</b>  | <b>28,926</b>   | <b>33,338</b>   | <b>27,670</b>   |
| <b>Balance at end of period/ year</b>  | <b>16,681</b>  | <b>(17,210)</b> | <b>16,681</b>   | <b>33,338</b>   |

**A. Cash at end of financial year:**

|                                   | <b>Dec-05</b><br><b>SGD'000</b> | <b>Dec-04</b><br><b>SGD'000</b> |
|-----------------------------------|---------------------------------|---------------------------------|
| Cash                              | 22,133                          | 41,983                          |
| Less: Cash subject to restriction | (5,452)                         | (8,645)                         |
| Net                               | <u>16,681</u>                   | <u>33,338</u>                   |



**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

| In S\$'000   | Share capital | Capital redemption reserve | Share options reserve | Share Premium | Translation reserve | Accumulated Losses | Attributable to Equity holders of the parents | Minority Interest | Total    |
|--|---------------|----------------------------|-----------------------|---------------|---------------------|--------------------|---|-------------------|----------|
| <b>Group</b>   |               |                            |                       |               |                     |                    |   |                   |          |
| <b>Balance at January 1, 2004</b>  | 15,829        | 22                         | -                     | 42,098        | 544                 | 14,116             | 72,609  | 485               | 73,094   |
| Net loss for the year  | -             | -                          | -                     | -             | -                   | (36,990)           | (36,990)                                      | -                 | (36,990) |
| Share of profit for the year   | -             | -                          | -                     | -             | -                   | -                  | -   | (195)             | (195)    |
| Bonus issue  | 7,915         | -                          | -                     | (7,915)       | -                   | -                  | -   | -                 | -        |
| Issue of shares on exercise of share options                             | 273           | -                          | -                     | 4,091         | -                   | -                  | 4,364   | -                 | 4,364    |
| Effect of dilution on disposal of interest to minority shareholders      | -             | -                          | -                     | -             | -                   | -                  | -   | 12,456            | 12,456   |
| Foreign currency translation   | -             | -                          | -                     | -             | (211)               | -                  | (211)   | -                 | (211)    |
| <b>Balance at January 1, 2005</b>  | 24,017        | 22                         | -                     | 38,274        | 333                 | (22,874)           | 39,772  | 12,746            | 52,518   |
| Effect of adoption of FRS102   |               |                            | 1,903                 |               |                     | (1,903)            |   |                   |          |
| <b>As restated</b>   | 24,017        | 22                         | 1,903                 | 38,274        | 333                 | (24,777)           | 39,772  | 12,746            | 52,518   |
| Net loss for the year  | -             | -                          | -                     | -             | -                   | (9,946)            | (9,946)                                       | (4,042)           | (13,988) |
| Recognition of share-based payments                                      | -             | -                          | 813                   | -             | -                   | -                  | 813   | -                 | 813      |
| Issue of shares on exercise of share options                             | 7             | -                          | -                     | 120           | -                   | -                  | 127   | -                 | 127      |
| Effect of dilution on acquisition of interest from minority shareholders | -             | -                          | -                     | -             | -                   | -                  | -   | (3,306)           | (3,306)  |
| Foreign currency translation   | -             | -                          | -                     | -             | (966)               | -                  | (966)   | -                 | (966)    |
| <b>Balance at December 31, 2005</b>                                      | 24,024        | 22                         | 2,716                 | 38,394        | (633)               | (34,723)           | 29,800  | 5,398             | 35,198   |
| <b>Company</b>   |               |                            |                       |               |                     |                    |   |                   |          |
| <b>Balance at January 1, 2004</b>  | 15,829        | 22                         | -                     | 42,098        | -                   | 8,507              | 66,456  | -                 | 66,456   |
| Bonus Issue  | 7,915         | -                          | -                     | (7,915)       | -                   | -                  | -   | -                 | -        |
| Issue of shares on exercise of share options                             | 273           | -                          | -                     | 4,091         | -                   | -                  | 4,364   | -                 | 4,364    |
| Net loss for the year  | -             | -                          | -                     | -             | -                   | (7,362)            | (7,362)                                       | -                 | (7,362)  |
| <b>Balance at January 1, 2005</b>  | 24,017        | 22                         | -                     | 38,274        | -                   | 1,145              | 63,458  | -                 | 63,458   |
| Effect of adoption of FRS102   |               |                            | 1,903                 |               |                     | (1,903)            |   |                   |          |
| <b>As restated</b>   | 24,017        | 22                         | 1,903                 | 38,274        | -                   | (758)              | 63,458  | -                 | 63,458   |
| Issue of shares on exercise of share options                             | 7             | -                          | -                     | 120           | -                   | -                  | 127   | -                 | 127      |
| Net loss for the year  | -             | -                          | -                     | -             | -                   | (3,248)            | (3,248)                                       | -                 | (3,248)  |
| Recognition of share-based payments                                      | -             | -                          | 813                   | -             | -                   | -                  | 813   | -                 | 813      |
| <b>Balance at December 31, 2005</b>                                      | 24,024        | 22                         | 2,716                 | 38,394        | -                   | (4,006)            | 61,150  | -                 | 61,150   |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

The ACCS Share Option Scheme 2003 (the "Scheme") was approved and adopted by members at the Extraordinary General Meeting held on 13 January 2003. The price at which a participant of the Scheme shall subscribe for each share upon the exercise of an option was determined based on the average closing prices of the shares for each of the last five market days immediately preceding the date of grant of the options ("Date of Grant"). The vesting period of the options commences on the date not earlier than the first anniversary of the Date of Grant and expires on the tenth anniversary of the Date of Grant.

The share options granted and exercised during the financial period and share options outstanding as at December 31, 2005 under the Scheme were as follows:

| Number of share options |   |                |                   |                               |                    |                    |
|-------------------------|---|----------------|-------------------|-------------------------------|--------------------|--------------------|
| <u>Date of grant</u>    | Balance at January 1, 2005 or grant date if later | Exercised      | Lapsed/ Cancelled | Balance at September 30, 2005 | Subscription Price | Expiry date        |
| September 17, 2003      | 2,612,000   | 318,000        | 630,000           | 1,664,000                     | 0.40               | September 16, 2013 |
| April 14, 2004          | 26,958,000  | -              | 13,125,000        | 13,833,000                    | 0.651              | April 13, 2014     |
| September 22, 2005      | 7,000,000   | -              | -                 | 7,000,000                     | 0.155              | September 21, 2010 |
|                         | <u>36,570,000</u>                                 | <u>318,000</u> | <u>13,755,000</u> | <u>22,497,000</u>             |                    |                    |

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed by our auditors. However the opening balances for FY 2005 is expected to be qualified as the auditors report for the financial year ended 31 December 2004 expressed a disclaimer of opinion.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The accounting policies and method of computation have been applied consistently except as disclosed in note 5 of this announcement

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

For the financial year ended 31 December 2005, the adoption of all the new and revised FRS has no material impact on the results of the Group except as disclosed below:

**i) FRS 102 Share-based Payment**

FRS 102 *Share-based Payment* requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of FRS 102, the group did not recognise the financial effect of share-based payments until such payments were settled.

In accordance with the transitional provisions of FRS 102, the accounting standard has been applied retrospectively to all grants of equity instruments after November 22, 2002 that were unvested as of January 1, 2005, and to liabilities for share-based transactions existing at January 1, 2005. The accounting standard therefore applies to share options granted in 2004 and 2005.

For 2004, the change in accounting policy has resulted in a net decrease in profit for the year of \$1.9 million. The balance sheet at December 31, 2004 has been restated to reflect the recognition of a share options reserve of \$1.9 million.

For 2005, the impact of share-based payments is a net charge to income of \$0.81 million. At December 31, 2005, the share options reserve amounted to \$2.7 million.

The share-based payments expense has been included in staff cost line of the profit and loss statement.

**ii) FRS 103, Business Combinations**

FRS 103 requires goodwill acquired in a business combination to be measured after initial recognition at cost less any accumulated impairment losses. Therefore, the goodwill is not amortised and instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group has previously under FRS 22 amortised goodwill systematically over its useful life of 20 years. The effect, of the change to the year profit and loss statement, had the group continued to amortise the remaining goodwill under FRS 22, would have amounted to \$848,000.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

|                                      | <b>2005<br/>cents</b> | <b>2004<br/>cents</b> |
|--------------------------------------|-----------------------|-----------------------|
| EPS (based on consolidated net loss) |                       |                       |
| - basic                              | (1.00)                | (3.88)                |
| - fully diluted                      | (1.00)                | (3.88)                |

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 960,935,417 (31 December 2003: 952,369,850) of \$0.025 each.

Fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 960,935,417 (31 December 2004: 952,369,850) of \$0.025 each.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

|                                 | Group         |               | Company       |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 | 2005<br>cents | 2004<br>cents | 2005<br>cents | 2004<br>cents |
| Net Assets Value (NA) per share | <u>3.10</u>   | <u>4.18</u>   | <u>6.36</u>   | <u>6.66</u>   |

The NA per Share as at 31 December 2005 is calculated based on 960,970,480 (31 December 2004: 960,652,480) ordinary shares of \$0.025 each.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Following the announcements in February 2005 on the termination of the AMS contracts and the subsequent investigation by the Commercial Affairs Department, the Group's operations were negatively impacted. Much of the year was spent on unraveling the complex structure of the Group, streamlining operations and reducing overheads.

In light of the above, the Group incurred a loss after tax of S\$9.9 million (after minority interests) for FY2005, after taking into account charges of S\$4.3 million for impairment of goodwill and investment and S\$0.8 million for expensing of share options in compliance with new accounting standards FRS 103 and FRS 102.

Both the core businesses of AMS and DMS improved in the 4QFY05. Turnover increased by S\$1.7 million (10.3%) for AMS and S\$9.5 million (19.0%) for DMS. However, 4QFY05 showed a net loss of S\$0.6 million (after minority interests) due to the need to make the provision and goodwill impairment charges as mentioned above.

In connection with cash flow, the Group continues to operate under working capital constraints.

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

As stated in note 10 to the Q3 announcement, the Group maintains its guidance of a net loss for the current financial year.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Due to the complex structure of the Group, the restructuring exercise initiated in FY2005 will continue. The streamlining and cost-cutting measures taken in FY2005 will benefit the Group in FY2006. Both the AMS and DMS businesses will continue to improve at revenue and operating levels.

In separate announcements today, the Group also released details of the proposed Rights Issue and of its proposed acquisition of the AMS business of Semitech Electronics Limited.

In light of the above and barring any unforeseen circumstances, the Group will return to profitability in FY2006.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

Nil

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

|                     |    |
|---------------------|----|
| Name of Dividend    | NA |
| Dividend Type       |    |
| Dividend Rate       |    |
| Par value of shares |    |
| Tax Rate            |    |

***(c) Date payable***

NA

***(d) Books closure date***

NA

**12. If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared/recommendeded for the year ended 31 December 2005 (31 December 2004: \$nil).

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

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 is as follows:

| <b><u>By Geographical Operations</u></b>   | <b>South Asia<br/>\$'000</b> | <b>North Asia<br/>\$'000</b> | <b>South Pacific<br/>\$'000</b> | <b>Consolidated<br/>\$'000</b> |
|--|------------------------------|------------------------------|---------------------------------|--------------------------------|
| <b>31 December 2005</b>                    |                              |                              |                                 |                                |
| <b>REVENUE</b>                             |                              |                              |                                 |                                |
| External sales                             | 227,263                      | 10,310                       | 46,747                          | 284,320                        |
| <b>RESULTS</b>                             |                              |                              |                                 |                                |
| Segment result                             | 1,933                        | (6,465)                      | (6,902)                         | (11,434)                       |
| Finance costs                              |                              |                              |                                 | (2,054)                        |
| Loss before share of results of associates |                              |                              |                                 | (13,488)                       |
| Share of results of associates             |                              |                              |                                 | -                              |
| Loss before income tax                     |                              |                              |                                 | (13,488)                       |
| Income tax expense                         |                              |                              |                                 | (500)                          |
| Loss after income tax                      |                              |                              |                                 | (13,988)                       |
| <b>31 December 2004 (Restated)</b>         |                              |                              |                                 |                                |
| <b>REVENUE</b>                             |                              |                              |                                 |                                |
| External sales                             | 221,249                      | 16,582                       | 38,912                          | 276,743                        |
| <b>RESULTS</b>                             |                              |                              |                                 |                                |
| Segment result                             | (33,912)                     | (3,131)                      | 2,547                           | (34,496)                       |
| Finance costs                              |                              |                              |                                 | (1,378)                        |
| Loss before share of results of associates |                              |                              |                                 | (35,874)                       |
| Share of results of associates             |                              |                              |                                 | (47)                           |
| Loss before income tax                     |                              |                              |                                 | (35,921)                       |
| Income tax expense                         |                              |                              |                                 | (2,777)                        |
| Loss after income tax                      |                              |                              |                                 | (38,698)                       |

#### 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.

|       | <u>Revenue</u> |         | <u>Assets</u> |         | <u>Capital Expenditure</u> |        |
|-------|----------------|---------|---------------|---------|----------------------------|--------|
|       | 2005           | 2004    | 2005          | 2004    | 2005                       | 2004   |
|       | \$'000         | \$'000  | \$'000        | \$'000  | \$'000                     | \$'000 |
| AMS   | 73,760         | 75,753  | 79,112        | 109,230 | 804                        | 11,489 |
| DMS   | 210,560        | 200,990 | 48,427        | 54,552  | 364                        | 2,043  |
| Total | 284,320        | 276,743 | 127,539       | 163,782 | 1,168                      | 13,532 |

#### **14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

During the year, South Asia and South Pacific region's revenue has increased by \$6.0 million and \$7.8 million respectively. The increase revenue is mainly due to higher volume of out warranty services as a result of continued expansion of AMS network and also more DMS activities undertaken during the year.

Please refer to notes 8 and 10 for other factors.



**15. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

**Total Annual Dividend**

|            | <b>Latest Full Year (2005)</b> | <b>Previous Full Year (2004)</b> |
|------------|--------------------------------|----------------------------------|
| Ordinary   | 0                              | 0                                |
| Preference | 0                              | 0                                |
| Total:     | 0                              | 0                                |

**BY ORDER OF THE BOARD**

**Woo Kah Wai**  
**Company Secretary**

**1 March 2006**  
**Singapore**