

Directors' Report

for the financial year ended 31 December 2003

Reference

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2003 and the balance sheet of the Company at 31 December 2003.

CA 201(5)
CA 201(6A)**Directors**

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

CA 201(6)(a)
CA 201(6A)(a)

Tan Cheng Eng
David John Grey
Ang Boon Chew
Michael Philip White
Balachandran Nair
Wan Oon Kee
Lee Chee Wai (appointed 1 May 2003) ¹
Ran Jedwin Gervasio (appointed 26 February 2004) ¹

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" on pages 42 and 43.

CA 201(6)(f)
CA 201(6A)(g)**Directors' interests in shares or debentures ²**

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital of the Company and related corporations, except as follows :

CA 201(6)(g)
CA 201(6A)(h)

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2003	At 1.1.2003 or date of appointment, if later	At 31.12.2003	At 1.1.2003 or date of appointment, if later
The Company (Ordinary shares of \$1 each)				
David John Grey	1,270,000	513,334	1,500,000	1,000,000
Ang Boon Chew	97,875	65,250	—	—
Lion Limited (Ordinary shares of £1 each)				
David John Grey	1,000,000	1,000,000	—	—
Andrew Lloyd White (resigned 5 January 2004)	200,000	200,000	—	—

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- (b) According to the register of directors' shareholdings, certain of the directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the PwC Employee Share Option Scheme as set out below and in the paragraphs on "Share Options".

CA 201(6)(g)
CA 201(6A)(h)
CA 164

Number of unissued ordinary shares of
\$1 each under option held by director

	At 31.12.2003	At 1.1.2003 or date of appointment, if later
2002 Options		
Ang Boon Chew	30,000	30,000
2003 Options		
Ang Boon Chew	50,000	—

- (c) Mr David John Grey, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiaries and in the shares held by the Company in the following subsidiaries :

CA 201(6A)(h)
CA 7(4A)

Ordinary shares

	At 31.12.2003	At 1.1.2003
PwC Manufacturing Pte Ltd (Ordinary shares of \$1 each)	850,000	850,000
PwC Trading Ltd (Ordinary shares of \$1 each)	1,300,000	1,300,000
PwC Components Manufacturing Pte Ltd (Ordinary shares of \$1 each)	2,100,000	—

- (d) The directors' interests in the shares and convertible securities of the Company at 21 January 2004 were the same at 31 December 2003.

SGX 1207(7)

Directors' contractual benefits ³

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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 in the financial statements and in this report, and except that Mr David John Grey has an employment relationship with the ultimate holding corporation, and has received remuneration in that capacity.

CA 201(8)
SGX 1207(8)

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Share options**(a) PwC Employee Share Option Scheme**

The PwC Employee Share Option Scheme (the "Scheme") in respect of unissued ordinary shares of \$1 each in the Company was approved by the members of the Company at an Extraordinary General Meeting on 6 February 2002.

Particulars of the options granted in 2002 under the Scheme (known as the "2002 Options") were set out in the Directors' Report for the financial year ended 31 December 2002.⁴

CA 201(11A)

The Remuneration Committee comprising the following directors administer the Scheme:

SGX 1207(15)
SGX 852(1)(a)

Tan Cheng Eng (Chairman)
Balachandran Nair
Wan Oon Kee
Lee Chee Wai

On 1 January 2003, 500,000 options were granted pursuant to the Scheme (hereinafter called the "2003 Options") to 155 executives of the Group which included the following executive directors of the Company :

CA 201(11)
CA 201(11B)
SGX 1207(15)
SGX 852(1)(b,c)

<u>Name of director</u>	<u>Options granted for financial year ended 31.12.2003</u>	<u>Aggregate options granted since commencement of scheme to 31.12.2003</u>	<u>Aggregate options exercised since commencement of scheme to 31.12.2003</u>	<u>Aggregate Options outstanding as at 31.12.2003</u>
Ang Boon Chew	50,000	80,000	—	80,000

No options have been granted to controlling shareholders or their associates, directors and employees of the parent company (as defined in the Singapore Exchange Securities Trading Listing Manual) and its subsidiaries. No employee has received 5% or more of the total options available under the scheme. No options were granted at a discount during the financial year.

SGX 852(1)(b)

SGX 852(1)(c)(i)

SGX 852(1)(d)

Statutory information regarding the 2003 Options is as follows :

CA 201(11)
CA 201(11B)

- The exercise price of the options is \$1.45 per ordinary share of \$1 each.
- The options are exercisable from 1 January 2004 and expire on 31 December 2007.
- The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.
- The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company.

During the financial year, no shares of the Company were allotted and issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary.

CA 201(12)(a)

Directors' Report*for the financial year ended 31 December 2003*

Reference

(b) Options outstanding

The options on ordinary shares of the Company outstanding at the end of the financial year are as follows :

CA 201(12)(b)

Options relating to PwC Employee Share Option Scheme:	Number outstanding at 31.12.2003	Exercise price	Exercise period
2002 Options	100,000	\$1.10	1.1.2003 – 31.12.2006
2003 Options	500,000	\$1.45	1.1.2004 – 31.12.2007
	<u>600,000</u>		

On 1 January 2004, 800,000 share options were granted to directors and employees at the market share price on that date of \$1.53 per share. The options are exercisable from 1 January 2005 to 31 December 2008.

Auditors ⁶

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the directors ⁷



TAN CHENG ENG
Director



ANG BOON CHEW
Director

18 March 2004 ^{8, 9, 10}

Directors' Report

for the financial year ended 31 December 2003

Reference

Guidance Notes**Directors' Report****Directors in office at the date of the report**

1. If a director was appointed during the financial year and up to the date of the annual report, the date of the appointment, although not required, is recommended to be disclosed to clearly identify the new director. There is no requirement to give details of director(s) who has resigned during the financial year and up to the date of the annual report.

CA 201(6)(a)
CA 201(6A)(a)**Directors' interests in shares or debentures**

2. Directors' interests include personal holdings, beneficial interests of the immediate family and deemed interest as defined under Section 7 of the Companies Act.

CA 201(6)(g)
CA 201(6A)(h)

Interests in rights or share options are also required to be disclosed.

CA 201(11)
CA 201(11B)

If a director resigns after the end of the financial year/period but before the date of the directors' report, his interest at the end of the financial year/period should be disclosed.

If the directors do not have any interests in shares or debentures, the following should be disclosed :

"None of the directors of the Company at the end of the financial year had any interest in the shares or debentures of the Company or any related corporations."

Directors' contractual benefits

3. The directors of a company shall state in the report whether since the end of the previous financial year, a director of the company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the accounts or, if the company is a holding company, the consolidated accounts in accordance with the Accounting Standards or the fixed salary of a full-time employee of the company) 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 and, if so, the general nature of the benefit.

CA 201(8)

Share Options

4. The disclosures required by Section 201(11) of the Companies Act relate to options granted by the Company. Where any of the disclosures have been made in a previous report, they may be stated by reference to that report.

CA 201(11A)

Audit Committee

5. For listed companies, the details and functions of the audit committee should be included in the Director's Report if they decide to file their statutory accounts (which do not contain a section on corporate governance), instead of their annual reports, to the Registrar. Please refer to the disclosure set out on Principle 11 in the report on Corporate Governance.

CA 201B(9)

Information on Auditor

6. The information on the auditor is not mandatory, but is often disclosed.

Directors' Report

for the financial year ended 31 December 2003

Reference

Guidance Notes

Dating and Signing of Report

7. *These words are not necessary if the Company has only two directors.*
8. *The directors' report must be made out not less than 14 days before the date of the Annual General Meeting ("AGM"). The report must be made in accordance with a resolution of the directors, specify the day on which it was made out and be signed by at least two directors.*
9. *For non-listed companies, AGM must be held within 6 months of their financial year-ends.*
10. *For listed companies, AGM must be held within 4 months of their financial year-ends (Pre-amendment : 5 months) in accordance with Section 201(1)(a) of Companies Act. Although listed companies are required to issue their annual reports to shareholders at AGMs within 120 days after the end of the financial year, the requirement of holding the AGM within 4 months will shorten the period to issue the annual report.*

CA 203(1)
CA 201(5)

CA 201(1)(b)
CA 201(3A)(a)(ii)

CA 201(1)(a)
CA 201(3A)(a)(i)

SGX 707(2)

Statement by Directors

for the financial year ended 31 December 2003

Reference

In the opinion of the directors,

- (a) the balance sheet of the Company and the financial statements of the Group as set out on pages 49 to 132 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2003 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

CA 201(15)(a)

CA 201(15)(B)

CA 201(15)(C)

On behalf of the directors²



TAN CHENG ENG
Director



ANG BOON CHEW
Director

18 March 2004^{3, 4}

Guidance Notes

Statement by Directors

Compliance with Financial Reporting Standards (FRS)

1. Directors are required to present statutory accounts that comply with FRS unless :
 - (a) the Company has obtained approval of the Registrar to such non-compliance; or
 - (b) compliance would not give a true and fair view of the accounts. In this regards, the following disclosure is needed :
 - (i) a statement by the auditor of the company that he agrees that such non-compliance is necessary for the accounts or consolidated accounts, as the case may be, to give a true and fair view of the matter concerned;
 - (ii) particulars of the departure, the reason therefor and its effect, if any; and
 - (iii) further information and explanations as will give a true and fair view of that matter.

CA 201(1A)
CA 201(3)
CA 201(3A)

CA 201(14)

CA 201(14A)

CA 201(14B)

Dating and Signing of Report

2. This is not necessary if the Company has only 2 directors.
3. The directors' report must be made out not less than 14 days before the date of the Annual General Meeting ("AGM"). The report must be made in accordance with a resolution of the directors, specifying the day on which it was made out and be signed by at least 2 directors.
4. AGMs for public listed companies are to be held within 120 days after the end of the financial year. AGMs for non-listed companies are to be held within 6 months after the end of the financial year.

CA 203(1)
CA 201(15)

SGX 707(2)
CA 201(1)

[This draft Auditors' Report is subject to change by ICPAS]

Auditors' report to the members of PwC Holdings Ltd

for the financial year ended 31 December 2003

Reference

SSA 700
CA 201(4)
CA 207

We have audited the balance sheet of PwC Holdings Ltd and the consolidated financial statements of the Group for the financial year ended 31 December 2003 set out on pages 49 to 132. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the accompanying balance sheet of the Company and consolidated financial statements of the Group are :

- i. in compliance with the requirements of the Singapore Financial Reporting Standards¹ and give a true and fair view of the matters required by section 201 of the Singapore Companies Act, Cap 50 ("the Act") to be dealt with in the balance sheet of the Company and the consolidated financial statements of the Group; and
- ii. in accordance with the Act so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2003, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

CA 207(2)(a)

(b) the accounting and other records (excluding registers) 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.

CA 207(2)(b)
CA 207(3)(b)

We have considered the financial statements and auditors' report of the subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of the subsidiaries are stated in note 48 to the financial statements.²

CA 207(2)(c)(i), (ii)

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

CA 207(2)(c)(iii)

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore³ did not include any comment made under section 207(3) of the Act.

CA 207(2)(c)(iv)
CA 207(3)

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 18 March 2004⁴

Auditors' report to the members of PwC Holdings Ltd

for the financial year ended 31 December 2003

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Guidance Notes

Auditors' Report

Compliance with Financial Reporting Standards

1. Please refer to guidance notes 1 and 2 under Significant Accounting Policies.

Other Matters

2. Delete this paragraph where all the subsidiaries are audited by PricewaterhouseCoopers Singapore. This paragraph will be required even if the subsidiaries are audited by PricewaterhouseCoopers firms outside Singapore.
3. Where the Group only has subsidiaries incorporated in Singapore, modify the paragraph to exclude "in respect of subsidiaries incorporated in Singapore".
4. The directors are required to take reasonable steps to ensure that the accounts are audited not less than 14 days before the AGM of the Company.

CA 201(4A)