

Directors' Report*for the financial year ended 31 December 2004*

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 2004 and the balance sheet of the Company at 31 December 2004.

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 2004)¹
Ran Jedwin Gervasio (appointed 26 February 2005)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 is 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 58 and 59.

CA 201(6)(f)
CA 201(6A)(g)**Directors' interests in shares or debentures²**

- (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 or debentures 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 31.12.2004	At 1.1.2004 or date of appointment, if later	At 31.12.2004	At 1.1.2004 or date of appointment, if later
The Company				
<i>(Ordinary shares of \$1 each)</i>				
David John Grey	1,270,000	500,000	1,500,000	1,000,000
Ang Boon Chew	97,000	65,000	—	—
Lee Chee Wai	2,000	—	—	—
Lion Limited				
<i>(Ordinary shares of £1 each)</i>				
David John Grey	1,000,000	1,000,000	—	—
Andrew Lloyd White (resigned 5 January 2005)	200,000	200,000	—	—

Directors' Report

for the financial year ended 31 December 2004

- (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 31.12.2004	At 1.1.2004
2003 Options		
Ang Boon Chew	30,000	30,000
2004 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 31.12.2004	At 1.1.2004
PwC Furniture (PRC) Pte Ltd (Ordinary shares of US\$0.50 each)	850,000	850,000
PwC Components (Singapore) Pte Ltd (Ordinary shares of S\$1 each)	1,300,000	1,300,000
PwC Components (Philippines) Pte Ltd (Ordinary shares of US\$1 each)	2,000,000	-

- (d) The directors' interests in the shares and convertible securities of the Company at 21 January 2005 were the same at 31 December 2004.

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)

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

The PwC Employee Share Option Scheme (the "Scheme") for key management and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 6 December 2002.

Under the Scheme, share options are granted to key management and employees with more than three years of service. The exercise price of the granted options is equal to the average of the closing prices of the Company's ordinary shares on the Singapore Exchange for the five market days immediately preceding the date of grant. The vesting of granted options are conditional on the key management or employee completing another year of service and the Group achieving its targets of profitability and sales growth. Once the options are vested, they are exercisable for a contractual option term of 4 years. 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. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

CA 201(12)(b)

The Scheme became operative with 125,000 share options being granted pursuant to the Scheme on 1 January 2003 ("2003 Options"). Particulars of 2003 Options were set out in the Directors' Report for the financial year ended 31 December 2003.⁴

CA 201(11A)

On 1 January 2004, 530,000 options with an exercise price of \$1.45 per ordinary share were granted pursuant to the Scheme ("2004 Options"). The 2004 options are exercisable from 1 January 2005 and expire on 31 December 2008. They include the following, which was granted to an executive director of the Company:

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

Name of director	Options granted for financial year ended 31.12.2004	Aggregate options granted since commencement of scheme to 31.12.2004	Aggregate options exercised since commencement of scheme to 31.12.2004	Aggregate options outstanding as at 31.12.2004
Ang Boon Chew	50,000	80,000	—	80,000

No option has been granted to controlling shareholders of the Company or their associates.

SGX 852(1)(b)(ii)
SGX 852(2)

No other key management or employee has received 5% or more of the total number of options available under the Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the Singapore Exchange Securities Trading Listing Manual) has received 5% or more of the total number of options available to all directors and employees of the Company and its subsidiaries under the Scheme during the financial year.

SGX 852(1)(b)(iii)
SGX 852(1)(c)(i)
SGX 852(2)

No option has been granted at a discount during the financial year.

SGX 852(1)(d)
SGX 852(2)

During the financial year, no share of the Company has been 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 2004***(b) Share 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)

<u>Options relating to PwC Employee Share Option Scheme:</u>	<u>Number outstanding at 31.12.2004</u>	<u>Exercise price</u>	<u>Exercise period</u>
2003 Options	100,000	\$1.10	1.1.2004 – 31.12.2007
2004 Options	500,000	\$1.45	1.1.2005 – 31.12.2008
	<u>600,000</u>		

Auditors⁶

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

On behalf of the directors⁷



TAN CHENG ENG
Director



ANG BOON CHEW
Director

18 March 2005^{8,9}

Directors' Report

for the financial year ended 31 December 2004

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 Directors' 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 resigned during the financial year and up to the date of the Directors' Report.

CA 201(6),(6A)

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 Singapore Financial Reporting 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 the statutory accounts (which would not contain a section on corporate governance), rather than the annual reports, are filed with the Registrar. Please refer to the example 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 2004

Guidance Notes

Dating and signing of report

7. This phrase is not necessary if the Company has only two directors.
8. The Directors' Report shall be made out not less than 14 days before the date of the Annual General Meeting ("AGM"). The report shall 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. AGMs for listed companies shall be held within 4 months after the end of their financial years. AGMs for non-listed companies shall be held within 6 months after the end of their financial years.

CA 203(1)
SGX 707

CA 201(5)

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

Statement by Directors*for the financial year ended 31 December 2004*

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 66 to 164 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 2004 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and ³
- (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 directors ⁴



TAN CHENG ENG
Director



ANG BOON CHEW
Director

18 March 2005 ^{5, 6}

Guidance Notes

Statement by Directors

Compliance with Singapore Financial Reporting Standards (FRS)

1. Directors are required to present statutory accounts that comply with FRS unless :

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

- (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 regard, 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 therefore and its effect, if any; and
 - (iii) further information and explanations as will give a true and fair view of that matter.

CA 201(14)

CA 201(14A)

CA 201(14B)

2. Companies listed both on the Singapore Exchange (SGX) and another exchange outside Singapore are allowed to present their statutory accounts that comply with International Financial Reporting Standards (IFRS) or United States Generally Accepted Accounting Principles (US GAAP) (i.e. foreign accounting standards accepted by SGX), if the exchange outside Singapore requires the Company to comply with IFRS or US GAAP.

CA Order 2003
S2/2003
SGX 220(1)

Statement by Directors*for the financial year ended 31 December 2004***Guidance Notes****Inclusion of Company's income statement and statement of changes in equity**

3. A holding company may choose to present the income statement and the statement of changes in equity of the Company, in addition to the balance sheet of the Company and the consolidated financial statements of the Group. If so, paragraph (a) in the Statement by Directors should be replaced by the following:

"the income statement, balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages [] to [] 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 2004, of the results of the business and changes in equity of the Company and of the Group for the financial year then ended; and of the cash flows of the Group for the financial year end then ended; and"

Dating and signing of report

4. This phrase is not necessary if the Company has only 2 directors.
5. The Statement by Directors shall be made out not less than 14 days before the date of the Annual General Meeting ("AGM"). The Statement shall 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.
6. AGMs for listed companies shall be held within 4 months after the end of their financial years. AGMs for non-listed companies shall be held within 6 months after the end of their financial years.

CA 203(1)
SGX 707

CA 201(15)

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

Auditors' report to the members of PwC Holdings Ltd

for the financial year ended 31 December 2004

Reference

CA 201(4)
CA 207

We have audited the accompanying financial statements of PwC Holdings Ltd set out on pages 66 to 164 for the financial year ended 31 December 2004, comprising the balance sheet of the Company and the consolidated financial statements of the Group. 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 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 the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap 50 ("the Act") and Singapore Financial Reporting Standards¹ 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, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and²

CA 207(2)(a)

(b) 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.

CA 207(2)(b)



PricewaterhouseCoopers
Certified Public Accountants

Singapore, 18 March 2005³

Auditors' report to the members of PwC Holdings Ltd

for the financial year ended 31 December 2004

Guidance Notes

Auditor's Report

Compliance with Financial Reporting Standards

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

Inclusion of Company's income statement and statement of changes in equity

2. A holding company may choose to present the income statement and the statement of changes in equity of the Company, in addition to the balance sheet of the Company and the consolidated financial statements of the Group. If so, the corresponding paragraphs in the Auditors' Report should be replaced by the following:

"We have audited the accompanying financial statements of PwC Holdings Ltd set out on pages [] to [] for the financial year ended 31 December 2004, comprising the income statement, balance sheet and statement of changes in equity of the Company, and the consolidated financial statements of the Group. 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.

(a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap 50 ("the Act") and Singapore Financial Reporting Standards 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, the results and the changes in equity of the Company and of the Group for the financial year ended on that date, and of the cash flows of the Group for the financial year ended on that date; and"

Other matters

3. 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. In general, the Auditors' report would be dated on the same date as the Directors' Report and the Statement by Directors.

CA 201(4A)