

**Directors' Report***for the financial year ended 31 December 2005*

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 2005 and the balance sheet of the Company at 31 December 2005.

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

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

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

Tan Cheng Eng  
David John Grey  
Ang Boon Chew  
Michael Philip White  
Balachandran Nair  
Wan Oon Kee  
Lee Chee Wai (appointed 1 May 2005)<sup>1</sup>  
Ran Jedwin Gervasio (appointed 26 February 2006)<sup>1</sup>

**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 64 and 65.

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

- (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 or 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 31.12.2005	At 1.1.2005 or date of appointment, if later	At 31.12.2005	At 1.1.2005 or date of appointment, if later
<b>The Company</b>				
<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	—	—	—
<b>Lion Limited</b>				
<i>(Ordinary shares of £1 each)</i>				
David John Grey	1,000,000	1,000,000	—	—
Andrew Lloyd White (resigned 5 January 2006)	200,000	200,000	—	—

**Directors' Report***for the financial year ended 31 December 2005*

Reference

- (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 options held by director	
	At 31.12.2005	At 1.1.2005
<b>2004 Options</b>		
Ang Boon Chew	30,000	30,000
<b>2005 Options</b>		
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 that are not wholly-owned by the Group:

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

	Ordinary shares	
	At 31.12.2005	At 1.1.2005
<b>PwC Furniture (PRC) Pte Ltd</b>	850,000	850,000
(Ordinary shares of US\$0.50 each)		
<b>PwC Components (Singapore) Pte Ltd</b>	1,300,000	1,300,000
(Ordinary shares of S\$1 each)		
<b>PwC Components (Philippines) Pte Ltd</b>	2,000,000	—
(Ordinary shares of US\$1 each)		

- (d) The directors' interests in the shares and convertible securities of the Company at 21 January 2006 were the same at 31 December 2005.

SGX 1207(7)

**Directors' contractual benefits<sup>3</sup>**

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)

**Directors' Report***for the financial year ended 31 December 2005***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 is conditional on the key management or employee completing another 18 months 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)

CA 201(11)(d)  
CA 201(11)(e)  
CA 201(12)(b)

The Scheme became operative with options on 1,500,000 shares being granted pursuant to the Scheme on 1 January 2003 ("2003 Options"). The Company also granted options on 4,965,000 shares on 1 January 2004 ("2004 Options"). Particulars of 2004 Options were set out in the Directors' Report for the financial years ended 31 December 2003 and 31 December 2004 respectively.<sup>5</sup>

CA 201(11A)

On 1 January 2005, options on 964,000 shares with an exercise price of \$2.95 per ordinary share were granted pursuant to the Scheme ("2005 Options"). The 2005 Options are exercisable from 1 July 2006 and expire on 30 June 2010. They include the options granted to an executive director of the Company for the number of shares set out below:

CA 201(11)(b,c)  
SGX 1207(15)

<u>Name of director</u>	<u>Options granted for financial year ended 31.12.2005</u>	<u>Aggregate options granted since commencement of scheme to 31.12.2005</u>	<u>Aggregate options exercised since commencement of scheme to 31.12.2005</u>	<u>Aggregate options outstanding as at 31.12.2005</u>
Ang Boon Chew	50,000	80,000	—	80,000

CA 201(11B)  
SGX 852(1)(b)(i)

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 options on 5% or more of the total number of shares 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 options on 5% or more of the total number of shares 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 was granted at a discount during the financial year.

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

During the financial year, no share of the Company was 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 2005*

Reference

**(b) Share options outstanding**

The number of unissued ordinary shares of the Company under options outstanding at the end of the financial year is as follows:

CA 201(12)(b)

Options relating to PwC Employee Share Option Scheme:	Number outstanding at 31.12.2005	Exercise price	Exercise period
2004 Options	3,994,000	\$1.28	1.7.2005 – 30.6.2009
2005 Options	964,000	\$2.95	1.7.2006 – 30.6.2010
	<u>4,958,000</u>		

**Auditors<sup>7</sup>**

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

On behalf of the directors<sup>8</sup>



**TAN CHENG ENG**  
Director



**ANG BOON CHEW**  
Director

18 March 2006<sup>9, 10</sup>

**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 are no requirements 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 FRS 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.
4. If the aggregated amount of directors' remuneration is not disclosed in the financial statements, such amount is suggested to be disclosed in the Directors' Report.

CA 201(8)

**Share options**

5. 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, reference may be made to that report.

CA 201(11A)

**Audit Committee**

6. For listed companies, the details and functions of the audit committee should be included in the Directors' Report if the statutory accounts (which would not contain a section on corporate governance), rather than the annual report, 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)

# Directors' Report

for the financial year ended 31 December 2005

## Guidance Notes

### Information on auditor

7. The information about the auditor is not mandatory, but is often disclosed.

### Dating and signing of report

8. This phrase is not necessary if the Company has only two directors.
9. The Directors' Report shall be made out no 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, specifying the day on which it was made out and be signed by at least two directors.
10. 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)

SGX App2.2(10)  
CA 201(1)(a,b)  
CA 201(3A)(a)(i,ii)

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 72 to 199 are drawn up<sup>1,2</sup> so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2005, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and<sup>3</sup>
- (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<sup>4</sup>



**TAN CHENG ENG**  
 Director



**ANG BOON CHEW**  
 Director

18 March 2006<sup>5, 6</sup>

## 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 for such non-compliance; or
- (b) compliance would not give a true and fair view of the accounts. In this regard, the following disclosures are 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 effects, 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 on both 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 2005

## 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 2005, 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)

SGX App2.2(10)  
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 2005

Reference

CA 201(4)  
CA 207

We have audited the accompanying financial statements of PwC Holdings Ltd set out on pages 72 to 199 for the financial year ended 31 December 2005, comprising the balance sheet of the Company and the consolidated financial statements of the Group<sup>2</sup>. 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 Standards<sup>1</sup> 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 2005, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and<sup>2</sup>
- (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)(a)

CA 207(2)(b)



**PricewaterhouseCoopers**  
Certified Public Accountants

Singapore, 18 March 2006<sup>3</sup>

# Auditors' report to the members of PwC Holdings Ltd

for the financial year ended 31 December 2005

Reference

## Guidance Notes

### Auditor's Report

#### Compliance with Financial Reporting Standards

1. Please refer to Guidance Notes 3 and 4 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 2005, 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 2005, 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.

SSA 700

CA 201(4A)