

**ALVIS SINGAPORE INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003**

Company Number: 3570526



ALVIS SINGAPORE INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2003.

ACTIVITIES

The Company is an investment holding company. The Company had no activity in the year.

PROFIT AND DIVIDENDS

The Company made no profit or loss for the year (2002: Nil). The Company did not pay a dividend in the year (2002: Nil).

AUDITORS' REMUNERATION

Auditors' remuneration is borne by Alvis plc.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were:

Mr N M Prest
Mr P E Jarman
Mr M F Greenslade

The interests of the directors in the issued share capital of the ultimate parent undertaking, Alvis plc at 31 December 2003 were as follows:

Ordinary shares of 25p

	31 December 2003	31 December 2002
Mr P E Jarman	7,379	100

Share options

In the following tables, "KESOS" is the Company's Key Employee Share Option Scheme, "OIP" is the Company's Senior Executives Option Incentive Plan and "SAYE" is the Company's Inland Revenue approved Savings Related Share Option Scheme.

ALVIS SINGAPORE INVESTMENTS LIMITED

DIRECTORS' REPORT (Continued)

The directors' interests in options to purchase ordinary shares of the ultimate parent undertaking, Alvis plc were as follows:

		Exercise price	At 01 January 2003 No.	Granted during the year No.	Exercised during the year No.	At 31 December 2003 No.
P E Jarman	<i>a</i>	127.5p	50,000	-	-	50,000
	<i>b</i>	81.5p	35,000	-	† (35,000)	-
	<i>c</i>	117.5p	35,000	-	-	35,000
	<i>d</i>	140.0p	23,500	-	-	23,500
	<i>e</i>	160.0p	-	21,500	-	21,500
	<i>f</i>	72.4p	7,279	-	Δ (7,279)	-
	<i>g</i>	118.0p	3,743	-	-	3,743
	<i>h</i>	126.0p	-	1,620	-	1,620
			154,522	23,120	(42,279)	135,363

	Type of options	Exercisable dates from	Exercisable dates to
a	KESOS	3 November 2002	2 November 2009
b	OIP	1 April 2003	31 March 2004
c	OIP	1 April 2004	31 March 2005
d	OIP	1 April 2005	31 March 2006
e	OIP	2 May 2006	1 May 2007
f	SAYE	1 July 2003	31 December 2003
g	SAYE	1 July 2004	31 December 2004
h	SAYE	1 July 2006	31 December 2006

† At the date of exercise, the ordinary share price of Alvis Plc was 172.0p per share.

Δ At the date of exercise, the ordinary share price of Alvis Plc was 183.0p per share.

The closing mid price of the Alvis plc ordinary shares at 31 December 2003 was 172.0p, the high mid price during the financial year was 220.0p and the low mid price was 144.0p.

Messrs Prest and Greenslade are directors of the ultimate holding company, Alvis plc, and their interests are set out in the report and financial statements of that company.

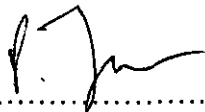
ALVIS SINGAPORE INVESTMENTS LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

Pursuant to S.379A of the Companies Act 1985, an Elective Resolution was passed on 21 September 2001 to dispense with the obligation to appoint Auditors annually.

By order of the Board



.....
P E Jarman
Company Secretary

29 June 2004

Registered Office:
34 Grosvenor Gardens
London SW1W 0AL

ALVIS SINGAPORE INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

To the members of Alvis Singapore Investments Limited

We have audited the Company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 6. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT
To the members of Alvis Singapore Investments Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2003 and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

ERNST & YOUNG LLP
Registered Auditor
London

29 Feb. 2004

ALVIS SINGAPORE INVESTMENTS LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2003**

During the year the Company has received no income and incurred no expenditure. Consequently the Company has made neither a profit nor a loss.

ALVIS SINGAPORE INVESTMENTS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2003**

		31 December 2003	31 December 2002
	Notes	£	£
Fixed assets			
Investments	2	<u>11,895,696</u>	<u>11,895,696</u>
Creditors: amounts due within one year	3	<u>(11,895,695)</u>	<u>(11,895,695)</u>
Net current liabilities		<u>(11,895,695)</u>	<u>(11,895,695)</u>
Total assets less current liabilities		<u>1</u>	<u>1</u>
		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	4	<u>1</u>	<u>1</u>
Equity shareholders' funds		<u>1</u>	<u>1</u>

These financial statements were approved by the Board on 29 June 2004.

Murti Greenhalgh

Director

ALVIS SINGAPORE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2003

1. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Basis of Preparation

As permitted by S.228 of the Companies Act 1985 the Company has not prepared consolidated financial statements as it is a wholly owned subsidiary undertaking of Alvis plc, a company registered in England. These financial statements therefore present information about the Company as an individual undertaking and not about its group. As permitted by FRS1, the Company has not prepared a cash flow statement, as it is a wholly owned subsidiary undertaking of Alvis plc.

(c) Investments

Fixed asset investments are included at the lower of cost and net realisable value.

2. INVESTMENTS

	£
At 31 December 2003 and at 31 December 2002	<u>11,895,696</u>

The carrying value of investments was wholly in respect of unlisted subsidiary undertakings. In the opinion of the directors the aggregate value of investments in subsidiary undertakings is not less than the amount at which they are stated in the accounts.

The Company held the following investments at 31 December 2003:

	% of Ordinary Share capital owned	Country of incorporation and operation
Alvis Investments (AVT) Limited	100	England
Alvis Investments (HMC) Limited	100	England
Alvis Investments (AVG) Limited	100	England

ALVIS SINGAPORE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2003

3. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	31 December 2003 £	31 December 2002 £
Amounts owed to parent undertaking	<u>11,895,695</u>	<u>11,895,695</u>

4. SHARE CAPITAL

	31 December 2003 £	31 December 2002 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

5. RELATED PARTY TRANSACTIONS

As permitted by FRS8, the Company has not prepared a statement on transactions with related parties, as it is a wholly owned subsidiary undertaking of Alvis plc.

6. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Alvis plc, which is incorporated in Great Britain and registered in England. The largest and smallest group for which group financial statements are prepared is the Alvis plc group. Copies of the financial statements may be obtained from Alvis plc, 34 Grosvenor Gardens, London SW1W 0AL.