Building on our **strengths**

annual report 2006

Tai Sin

TAI SIN ELECTRIC CABLES MANUFACTURER LIMITED

contents

corporate profile

Incorporated in Singapore in 1980, Tai Sin Electric Cables Manufacturer Limited (“Tai Sin”) is a leading electric wires and cables manufacturer. Tai Sin was listed on the Stock Exchange of Singapore SESDAQ on April 23, 1998. The Company’s listing was transferred to the SGX Main Board on May 16, 2005 after many years of success and growth.

From a single company manufacturing cables, the Company has expanded and diversified steadily over the past two decades and is now involved in electrical distribution, lamps manufacturing, assembly of switchboards and supply of sanitary wares through the Tai Sin Group of Companies.

The Group has subsidiaries and offices located in Singapore, Malaysia, Brunei, Vietnam and New Zealand providing quality products and services to its diverse customers worldwide.

core values

We aim to meet and exceed customers’ expectations by **Accessibility**, **Dependability** and **Consistency** through quality. We are accessible to our customers and suppliers at any point of time, dependable in meeting deadlines and deliveries and consistent in offering quality products and services.

Bridging the essence of

boundaries

As we broaden our reach to new markets and countries, we continue to gain invaluable global perspective on local cultures. By inspiring ideas that cross-pollinate, we bridge these geographical and cultural borders - without boundaries, without limitations.

Cultivating long-term

partnerships

No single element creates a rewarding partnership. It requires a special mix of factors, which have to be harnessed and nurtured, then maintained and renewed. As we listen, communicate and collaborate with our partners, we unlock value and thus, a world of opportunities.

Igniting the passion to excel

Excel. It's a habit and an everyday approach that fuels a desire to be the best. Excelling at Tai Sin extends to everything we do - being committed to our business ethics to building a lasting infrastructure for continued progress for our foreseeable future.

chairman's statement

It gives me great pleasure to present to you the Annual Report of the Company and of the Group for the year ended June 30, 2006.

Review of Results

The Group achieved yet another set of sterling results against a backdrop of an improving economic condition in the South East Asian region. The Group posted revenue of $183.412 million and pre tax profit of $14.447 million in the face of the highly volatile price of copper on the London Metal Exchange ("LME") and the surging crude oil prices. Compared to the financial year ended June 30, 2005, Group's revenue registered an impressive 36.5% growth and pre-tax profit soared by 99.2%. Consolidated profit after taxation was also at an all time high of $11.229 million compared to $5.294 million in the previous financial year. The greatly improved overall financial performance of the Group meant that Earnings Per Share ("EPS") more than doubled from 2.12 cents in 2005 to 4.50 cents in the current year under review.

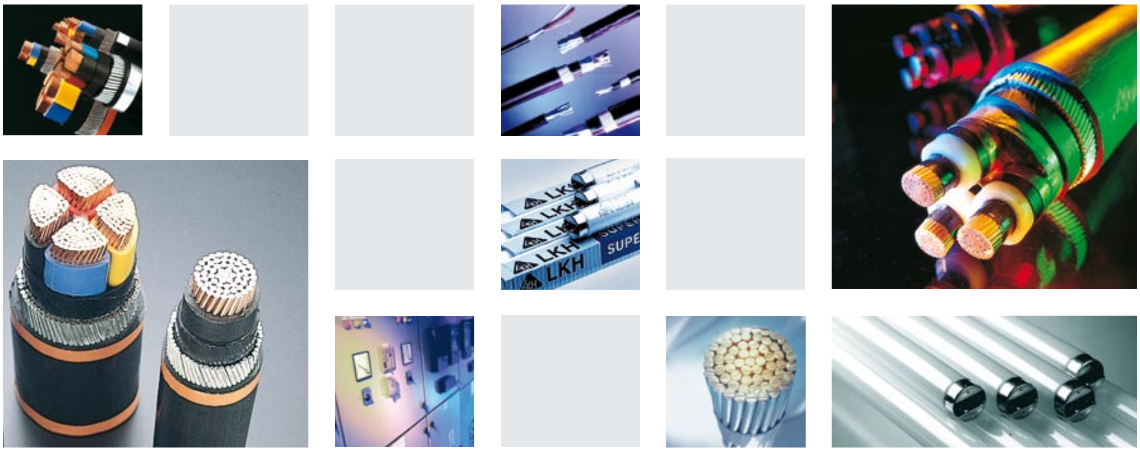
The Group's result is underpinned by the robust growth contributed by the cable and wire division which experienced strong revenue and higher margins. The Singapore economy which has registered strong growth numbers, notably in the construction and building sectors, is also a significant factor contributing to the excellent performance for the current year. Throughout the financial year, the price of copper on the LME remained unpredictable which necessitated the Group to implement various measures to contain the volatility. It still remains as one of the most significant factors that could affect the overall Group's performance in the coming years ahead.

Review of Operations

Cable and Wire Division

The cable and wire division recorded revenue of $104.539 million for the current financial year, up from $66.304 million in 2005. This represents an increase of 57.7% which is largely attributable to the higher selling price for cables. The price of copper on the LME has been on the upsurge since the end of the last financial year as shown in the table below:-

Monthly LME Average (Cash Settlement)			
	US$		US$
July 2005	3,614	January 2006	4,734
August 2005	3,798	February 2006	4,982
September 2005	3,858	March 2006	5,103
October 2005	4,060	April 2006	6,388
November 2005	4,269	May 2006	8,046
December 2005	4,577	June 2006	7,198



Notwithstanding the rising price of copper on the LME, the Company has been able to secure sizeable market share of projects in Singapore.

Electrical Equipment Division

The electrical equipment division contributed revenue of $67.226 million, up from $59.370 million in the previous year. It has also improved its margin in line with the sales growth. The continuing improvement in the manufacturing sector has augured well for its electrical distribution and automation business.

Switchboard Division

The switchboard division improved its revenue by 18.5% from $5.075 million to $6.014 million in the current year. PKS Sdn Bhd is a major supplier of switchboards and feeder pillars in Brunei to mainly government infrastructure projects.

Lamps and Lighting Division

The revenue of the lamps and lighting division rose 95.5% from $2.571 million to $5.027 million as a result of export sales of energy saving compact fluorescent lamps. It will continue to expand its overseas business particularly in the Middle East and Europe. Further measures are also put in place to improve its competitiveness in the highly competitive Malaysian market.

Sanitary Division

The loss for the sanitary division narrows further with improved revenue for 2006 of $3.336 million, from $2.348 million in the previous year. In August 2006, it sold its 100% owned subsidiary Change The Form Pte Ltd and will continue to streamline its other businesses to achieve better business efficiency.

Business Outlook and Challenges Ahead

The Singapore economy grew strongly by 9.4% in the first half of 2006. It came on the back of robust external demand as the global economy remained resilient in the face of rising interest rates and higher oil prices. The outlook for the global economy for second half of 2006 is generally positive but could slow down as a result of the US economy moderating as consumer spending cools off and a cutback in business investment (Source : Performance of the Singapore Economy in Second Quarter 2006 and Outlook for 2006 by Ministry of Trade and Industry Singapore).

The Group is aware that oil prices remain the key uncertainty which could lead to rising business costs. The effects are already felt through higher cost of energy, transportation and petroleum based products such as plastics. The volatile price of copper is another key factor that could have a dampener on the cable and wire business. The planned integrated resort at Marina Bay and Sentosa Island will provide the Singapore construction industry a massive boost which augurs well for the Company.

On July 20, 2006, the Company announced that it had entered into a joint-venture company in Vietnam known as Dien Quang – Tai Sin Cable Company Limited for the purpose of manufacturing all kinds of electric cables for the domestic market. The factory will be constructed in an industrial park in Ho Chi Minh City and when fully operational in the 2nd half of 2007 will provide the Group a strong presence in Vietnam and the neighbouring Indo China markets.

The electrical equipment division will benefit further through greater focus on key business industries in Singapore such as electronics and oil and gas sectors. The global electronics industry is expected to stay robust and worldwide semiconductor sale for 2006 is expected to rise by 10.6%. Further, the representative office of Lim Kim Hai Electric Co. (S) Pte Ltd in the course of being established in Dubai, will present various business opportunities in the Middle East which is experiencing phenomenal growth.

The Group will continue to leverage on its strong distribution network and build on the success of its core business of cable and wire. Going forward, the regional expansion into Vietnam will enhance the Group's position as a leading cable manufacturer in South East Asia. The Middle East region could provide the next engine of growth for the Group and plans are currently being evaluated to further explore business opportunities in the Gulf through various channels.

Dividends

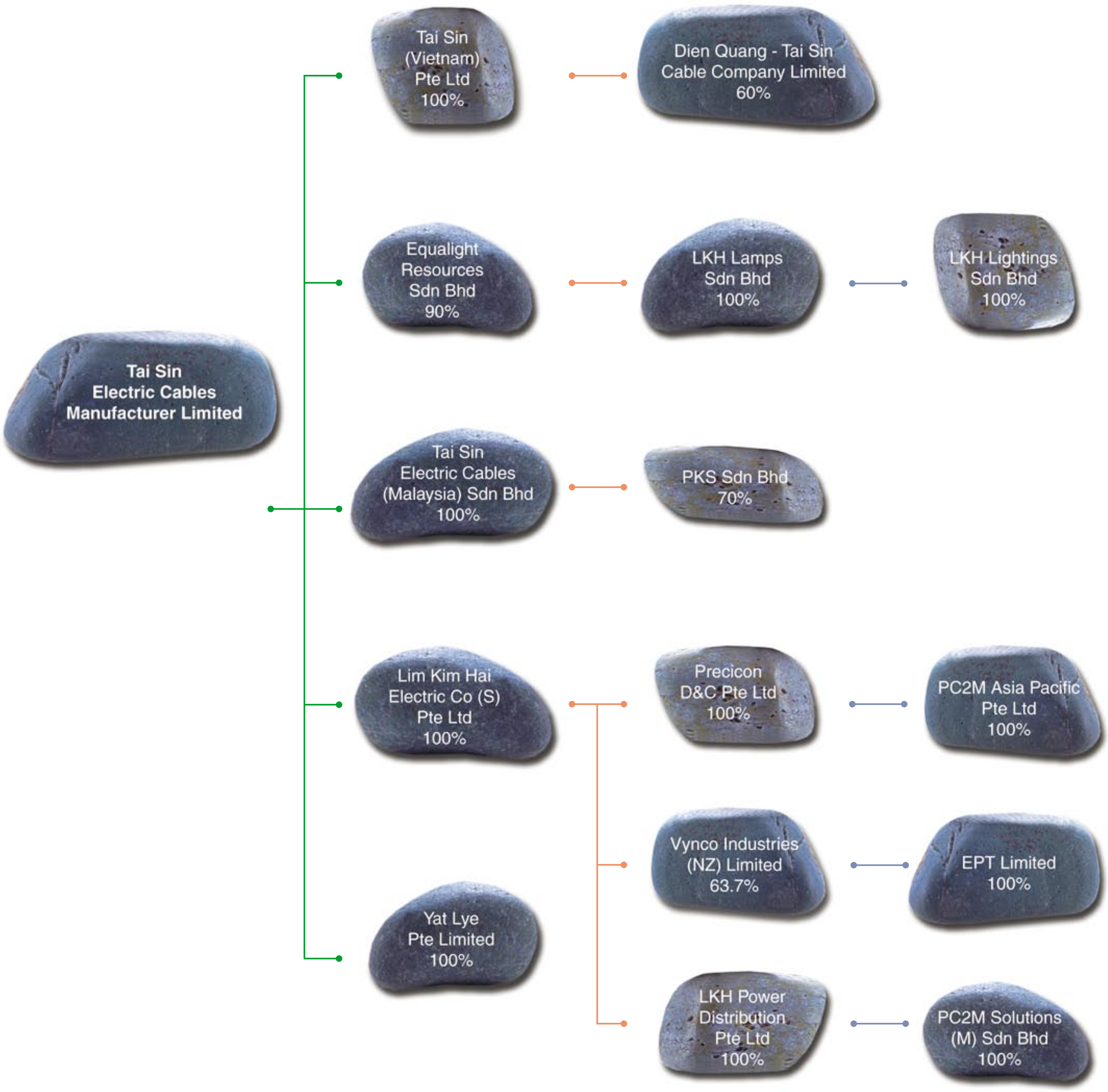
The Company had on March 15, 2006 paid an interim dividend of 0.4 cents less 20.0% tax. The Board is pleased to recommend a final dividend of 0.6 cents less 20.0% income tax. The final dividend amounting to $1.201 million is subject to the approval of members at the forthcoming Annual General Meeting of the Company to be convened on October 27, 2006.

Acknowledgements

On behalf of the Board, I wish to record our sincere appreciation for the support and assistance extended by our customers, suppliers, business partners, bankers and various statutory and governmental bodies. I am also grateful to our shareholders who have given us unstinting support in the past and I have no doubt, in the years ahead. The final accolade should go to all the employees of the Group for their dedication and commitment to the Group. They have contributed immensely to the exceptional results this financial year through their diligence and industry.

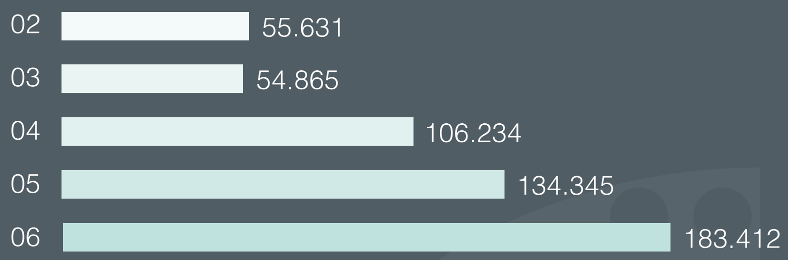
Professor Lee Chang Leng Brian
Chairman

group structure

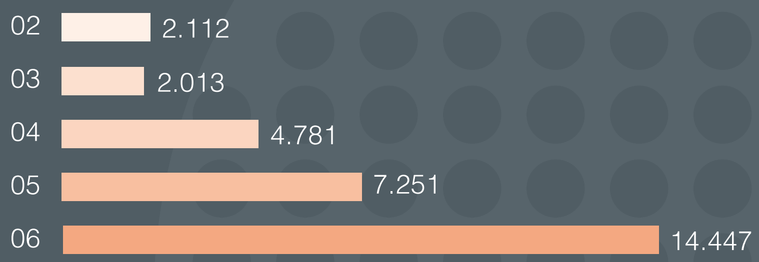


financial highlights

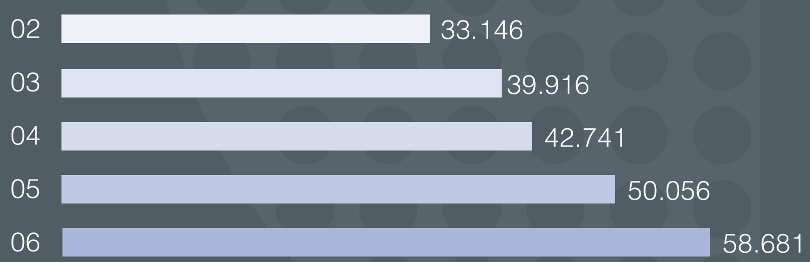
Turnover ($m)



Profit before
Income Tax ($m)



Shareholders'
Funds ($m)



milestones

september 2006
Establish Dubai branch office of Lim Kim Hai Electric Co. (S) Pte. Ltd. to expand its presence in the Middle East.

may 2006
Enter into joint venture contract with Dien Quang Lamp Joint Stock Company in Vietnam to jointly invest and establish Dien Quang-Tai Sin Cable Company Limited for purpose of manufacturing electric cables.

may 2005
The company's listing was transferred to the SGX Main Board after many years of success and growth.

july 2004
Purchase of Yat Lye Pte Limited which specializes in plumbing, sanitary and sewerage installation work with more than 50 years history in Singapore.

may 2003
Acquisition of Lim Kim Hai Group which is Singapore's leading electrical distribution group serving the industrial, commercial and infrastructure sectors.

october 2000
Purchase of PKS Sdn Bhd, a company incorporated in Brunei which specializes in the assembly of switchboards and feeder pillars.

october 1998
Acquisition of wholly-owned subsidiary, Tai Sin Electric Cables (Malaysia) Sdn Bhd.

april 1998
Tai Sin was listed on the Stock Exchange of Singapore, SESDAQ on April 23, 1998.

january 1980
Tai Sin was incorporated as a company on January 4, 1980.

board of directors

LEE CHANG LENG BRIAN

Prof. Lee Chang Leng Brian was appointed as Independent Non-Executive Director in August 2002. He was elected as Chairman in November 2003. He has served as a Vice President, a member of the Board of Trustees and Council of the Institution of Electrical Engineers, United Kingdom. He is a Fellow of the Institution of Electrical Engineers, United Kingdom; Institution of Engineers, Australia and Institution of Engineers, Singapore. Prof. Lee is also a registered Professional Engineer in Singapore, a Chartered Engineer in the United Kingdom and a Chartered Professional Engineer in Australia. Prof. Lee holds Bachelor of Engineering and Master of Engineering Science degrees in electrical engineering from the University of New South Wales, Sydney, Australia.

LIM CHYE HUAT @ BOBBY LIM CHYE HUAT

Mr. Bobby Lim Chye Huat was appointed the Managing Director in October 1997 and is responsible for the overall management, strategic planning and business development of the Group. Mr. Bobby Lim is a veteran and has more than 30 years experience in the electrical and engineering business. He was the Managing Director of Lim Kim Hai Electric Co. (S) Pte. Ltd. from 1972 to 1997. He is currently a member of the British Institute of Management and an Honorary Fellow of the Singapore Institute of Engineering Technologists.

LIN CHEN MOU

Mr. Lin Chen Mou joined the Company in 1983 and was appointed as Factory Manager in the following year. He is currently the General Manager and has been appointed as Executive Director since January 1996. He is responsible for the production and technical aspects of the Company's operations including the upkeep and maintenance of existing plant and machinery, the planning of the production process and the purchase of engineering parts and components for the plant and machinery. Mr. Lin holds a Bachelor degree in Law from the University of Chinese Culture in Taiwan.

LIM BOON HOCK BERNARD

Mr. Lim Boon Hock Bernard was appointed as Executive Director in September 1997 and has been the Chief Operating Officer of the Company since June 2003. He plays a central role in managing all of the operational activities of the Group with the purpose of driving the business forward. He is involved in formulating strategic directions and business development plans. Mr. Bernard Lim also heads the Sales and Marketing division of the Company and is responsible for product development in the Company. He holds a Master of Business Administration degree from the University of Strathclyde in the United Kingdom.

RICHARD WEE LIANG HUAT @ RICHARD WEE LIANG CHIAT

Mr. Richard Wee Liang Huat is presently the Chairman of Hubline Berhad (formerly known as Eastern Oxygen Berhad), a company listed on the Kuala Lumpur Stock Exchange. He was appointed as Independent Non-Executive Director in April 1998 and is the Chairman of the Audit Committee and Remuneration Committee. He is also a member of the Nominating Committee of the Company. Mr. Richard Wee graduated with a Diploma of Management Development Programme from the Asian Institute of Management in Manila, the Philippines, and he is a member of the Malaysian Institute of Management since 1985.

SIM YEONG SOON

Mr. Sim Yeong Soon was appointed as Independent Non-Executive Director in April 1998. Prior to his retirement, Mr. Sim was one of the founding directors of Acma Electrical Industries Ltd and was its General Manager from 1965 to 1969. Subsequently, he became the joint Managing Director of Alliance Manufacturing Company Ltd (now known as AFP Land Limited) from 1970 to 1972 and later joined Unilite Electrical Industries Berhad (now known as Berjaya Sports Toto Berhad), Malaysia, as Managing Director from 1972 to 1981. Mr. Sim is a member of the Audit, Remuneration and Nominating Committee of the Company.

CHANG CHAI WOON

Mr. Chang Chai Woon was appointed as Non-Executive Director in December 2000. He is the Managing Director of HSE Engineering Sdn Bhd, a company principally involved in mechanical and electrical contracting works in Brunei, and has more than 30 years of experience in the electrical and engineering business. Mr. Chang is also a member of the Remuneration and Nominating Committee of the Company.

CHIA AH HENG

Mr. Chia Ah Heng was appointed as Non-Executive Director in November 2003. He is the Joint Managing Director of Lim Kim Hai Electric Group of Companies ("LKH Group"). He joined LKH Group in 1969 and has more than 30 years of experience in the electrical industry. His responsibilities include setting the LKH Group's overall strategic direction, mission and policy, oversee the financial and quality system of the company and general administration of the LKH Group.

LIM CHAI LAI @ LOUIS LIM CHAI LAI

Mr. Louis Lim Chai Lai was appointed as Non-Executive Director in November 2003 and is currently the Joint Managing Director of the LKH Group. He joined LKH Group in 1967 and has over 30 years of experience in the electrical business. As Joint Managing Director, he makes strategic decisions relating to LKH Group's business, setting of policies along with other duties and responsibilities. He is currently the President of the Singapore Electrical Trades Association, an association representing electrical retailers and electrical contractors in Singapore.

LEE LIEN-SHEN

Mr. Lee Lien-Shen has served as Chairman since January 1980 and is one of the principal founders of the Company. Mr. Lee retired as Chairman and was appointed as alternate director to Mr. Lin Chen Mou, an Executive Director, in November 2003. He has more than 30 years of experience in the cable industry and holds a Diploma in Engineering from the Taipei Technology College.

key management

Choo Wei Loon Michael

Mr. Michael Choo is the Chief Financial Officer of the Company. He joined the Company in January 1998, heading the Finance Department. He is responsible for the Group's business development, corporate planning, investor relations and financial management matters. He is a Chartered Accountant (Malaysia) and holds a Master of Business Administration degree from the University of Bath in the United Kingdom.

Ong Wee Heng

Mr. Ong Wee Heng is the Group Executive Director of the LKH Group. He is primarily responsible for ensuring the smooth operations of the LKH Group and the effective implementation of business and strategic plans. Mr. Ong is also a Non-Executive Director of Nylect Technology Limited, a company listed on the SGX-ST. He holds a Master of Business Adminstration degree from Macquarie University, Australia, and a Master of Professional Accounting degree from University of Southern Queensland in Australia.

Lim Ewe Lee

Mr. Lim Ewe Lee is the General Manager of Tai Sin Electric Cables (Malaysia) Sdn Bhd. He has been with the Company since 1999. He is responsible for the sales, manufacturing and marketing function of the company in Malaysia. He has more than 30 years of experience in the cable and wire industry.

Ng Shu Goon Tony

Mr. Tony Ng is the General Manager of PKS Sdn Bhd. He joined the company in 1989 and is responsible for the sales, manufacturing and marketing function of PKS Sdn Bhd. He has more than 25 years of experience in the electrical industry.

John Vale

Mr. John Vale is the Managing Director and founder of Vynco Industries (NZ) Limited. Mr. Vale's responsibilities as the Managing Director include formulating the overall strategic direction and policy for Vynco while overseeing Vynco's daily management and operations in New Zealand.

Pang Yew Choy Andy

Mr. Andy Pang Yew Choy is currently Vietnam Country Director of the Company, who is responsible for project business development in Vietnam. He joined Lim Kim Hai Electric in 1988 as a Project Sales Engineer and was promoted to his present position. He has more than 20 years of experience in project tender and management covering mainly electrical and power contracting business in commercial and industrial building industry.

Ng Weng Ken Kenny

Mr. Kenny Ng is currently the Group Marketing Manager of LKH Group. He is responsible for strategic and tactical management of the LKH Group's product portfolio. He is also responsible for managing corporate and marketing communications with internal and external stakeholders of the Group in a manner that enhances corporate image and supports strategic positioning of business units. He holds a Master of Business Administration degree in Strategic Marketing from University of Hull, United Kingdom.

corporate information

Board of Directors

Lee Chang Leng Brian
Non-Executive Chairman

Lim Chye Huat @
Bobby Lim Chye Huat
Managing Director

Lin Chen Mou
Executive Director

Lim Boon Hock Bernard
Executive Director

Richard Wee Liang Huat @
Richard Wee Liang Chiat
Non-Executive Director

Sim Yeong Soon
Non-Executive Director

Chang Chai Woon
Non-Executive Director

Chia Ah Heng
Non-Executive Director

Lim Chai Lai @
Louis Lim Chai Lai
Non-Executive Director

Lee Lien-Shen
Alternate Director to Lin Chen Mou

Audit Committee

Richard Wee Liang Huat @
Richard Wee Liang Chiat
Chairman

Sim Yeong Soon
Lee Chang Leng Brian

Remuneration Committee

Richard Wee Liang Huat @
Richard Wee Liang Chiat
Chairman

Sim Yeong Soon
Lee Chang Leng Brian
Chang Chai Woon

Nominating Committee

Lee Chang Leng Brian
Chairman

Richard Wee Liang Huat @
Richard Wee Liang Chiat
Sim Yeong Soon
Chang Chai Woon

Secretaries

Mrs Low nee Tan Leng Fong
Tan Shou Chieh

Company Registration Number

198000057W

Registered Office

24 Gul Crescent Jurong Town
SIngapore 629531
Tel: 6861 3401 Fax: 6861 4084
Email: mailbox1@taisin.com.sg

Share Registrars & Share Transfer Office

B.A.C.S Private Limited
63 Cantonment Road
Singapore 089758
Tel: 6323 6200

Auditors

Deloitte & Touche
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Partner-In-Charge:
Rankin Brandt Yeo
Date of Appointment: November 12, 2002

Principal Bankers

United Overseas Bank Limited
Hong Kong & Shanghai Banking Corporation Limited
Overseas-Chinese Banking Corporation Limited
Malayan Banking Berhad
Southern Bank Berhad
The Bank of East Asia Limited
DBS Bank Ltd

The Board of Directors of Tai Sin Electric Cables Manufacturer Limited is committed to upholding the spirit and codes of the Corporate Governance and promoting greater transparency to safeguard the interests of all its shareholders. The Company believes in taking a balanced approach given the size of the business. This report outlines the Company's corporate governance policies and practices with specific reference to the Code of Corporate Governance.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs
Principle 2: Board Composition and Balance
Principle 3: Role of Chairman and Group Managing Director
Principle 6: Access to Information

The Board oversees the business affairs of the Group, review and evaluate the financial performance, approve the Group's strategic plans, major investments and funding decisions. The Company has adopted internal guidelines setting out matters that require the Board's approval.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, Nominating Committee and Remuneration Committee. These committees function with specific terms of references. The number of meetings held in the year and the attendance of the directors are as follows:

	Board		Audit Comm		Nominating		Remuneration	
Name	**No of Meetings held**	**No of Meetings attended**	**No of Meetings held**	**No of Meetings attended**	**No of Meetings held**	**No of Meetings attended**	**No of Meetings held**	**No of Meetings attended**
Lee Chang Leng Brian	5	5	3	3	-	-	1	1
Lim Chye Huat @ Bobby Lim Chye Huat	5	5	NA	NA	NA	NA	NA	NA
Lin Chen Mou	5	5	NA	NA	NA	NA	NA	NA
Lim Boon Hock Bernard	5	5	NA	NA	NA	NA	NA	NA
Richard Wee Liang Huat @ Richard Wee Liang Chiat	5	5	3	3	-	-	1	1
Sim Yeong Soon	5	5	3	3	-	-	1	1
Chang Chai Woon	5	5	NA	NA	-	-	1	1
Lim Chai Lai @ Louis Lim Chai Lai	5	5	NA	NA	NA	NA	NA	NA
Chia Ah Heng	5	5	NA	NA	NA	NA	NA	NA
Lee Lien-Shen (alternate director to Lin Chen Mou)	5	-	NA	NA	NA	NA	NA	NA

The Board comprises nine directors (excluding Alternate Director) of whom three are executive directors, three non-executive and non-independent directors and three non-executive and independent directors. The Chairman of the Board is Prof. Lee Chang Leng Brian, who is an independent non-executive director. The executive directors are Mr Lim Chye Huat @ Bobby Lim Chye Huat (Managing Director), Mr Lin Chen Mou and Mr Lim Boon Hock Bernard. The other independent non-executive directors are Mr Richard Wee Liang Huat @ Richard Wee Liang Chiat and Mr Sim Yeong Soon. Mr Lee Lien-Shen, an alternate director to Mr Lin Chen Mou, is a non-executive and non-independent director. The other non-executive and non-independent directors are Mr Chang Chai Woon, Mr Lim Chai Lai @ Louis Lim Chai Lai and Mr Chia Ah Heng.

This composition complies with the Code's requirement that at least one-third of the Board should be made up of independent directors.

The Board's main functions are setting of overall Group business strategies and direction, monitor and review financial performances of the Group, ensure the implementation of sound internal controls and safeguarding the Group's assets. The Board members comprise businessmen and professionals with financial backgrounds. This provides the management with the benefit of an independent, diverse and objective perspective of issues that are brought before the Board.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, Nominating Committee and Remuneration Committee. These committees function within clearly defined terms of references.

The Company has a separate Chairman and Group Managing Director. The Chairman bears responsibility for Board proceedings. The Chairman ensures that the board meetings are held when necessary. The Group Managing Director is the most senior executive in the Company who bears executive responsibility for the management of the Company and Group.

To ensure that the Board is able to fulfill its responsibilities, management provides Board members with quarterly management accounts. All relevant information on material events and transactions are circulated to directors as and when they arise. The directors are kept informed by the management on the status of on-going activities between meetings. The Company Secretary attends Board meetings when required and in his absence, the Chief Financial Officer assists the Board to ensure that Board procedures, rules and regulations relating thereto are complied with. Where a decision is required between Board meetings, a director's resolution is circulated with supporting papers for approval, in accordance with the Articles of Association of the Company.

Each director has direct access to the Company's senior management and the Company Secretaries. There are also procedures in place which allow Directors, either as a group or individually, in the furtherance of their duties, to seek independent professional advice at the expense of the Company.

BOARD COMMITTEES

Nominating Committee ("NC")

Principle 4: Board Membership
Principle 5: Board Performance

The composition of the Nominating Committee are:

- Lee Chang Leng Brian (Chairman)*
- Richard Wee Liang Huat @ Richard Wee Liang Chiat*
- Sim Yeong Soon*
- Chang Chai Woon

**Independent Director*

The primary role of the NC is to:
i. review the structure, size and composition and ensure that the Board has the appropriate mix and expertise;
ii. identify candidates and review nominations for the appointment of new directors;
iii. make recommendations to the Board on all board appointments and re-nomination;
iv. determine on an annual basis whether or not a Director is independent in accordance with the guidelines under the Code; and
v. review the Board's performance and assess the effectiveness of the Board as a whole, as well as the contribution by each member of the Board.

The NC has reviewed and is of the opinion that the current composition and size of the Board is appropriate, taking into account the scope and nature of operations of the group in the year under review. Assessment parameters for Directors' performance include the attendance record of the Directors at Board and Committee meetings, their level of participation at such meetings and the quality of contribution to Board processes, business strategies and performance of the Group.

The Directors (except the Managing Director) submit themselves for re-election at regular intervals as required under the Articles of Association of the Company which provide that at least one-third of the Directors for the time being shall retire as Directors at each Annual General Meeting. The Articles also provide for the appointment of a Managing Director by the Board for a fixed term not exceeding 5 years.

Information on shareholdings in the Company and its subsidiaries held by each director is set out in the "Directors Report" section of the Annual Report.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

The Remuneration Committee of the Company comprises:

- Richard Wee Liang Huat @ Richard Wee Liang Chiat (Chairman)*
- Lee Chang Leng Brian*
- Sim Yeong Soon*
- Chang Chai Woon

**Independent Director*

The RC's written terms of reference include:

i. propose framework of remuneration and approve recommendations on remuneration policies and packages for Directors and Key executives;
ii. structure proportion of executive directors' remuneration to link rewards to performance;
iii. review and recommend to the Board the terms of renewal of Directors' service contracts; and
iv. administer the Tai Sin Share Option Scheme approved by the shareholders on August 1, 2001.

The RC's primary role is to review and recommend to the Board, an appropriate and competitive framework of remuneration for the Board and key executives of the Group. If required, the RC seeks expert advice in discharging its duties.

The annual Directors' fees, which include the fees paid to the non-executive Directors, are recommended by the RC and endorsed by the Board. Factors taken into account for non-executive Directors' remuneration include the effort, time spent and contribution from the respective director. Directors' fees are subject to approval of shareholders at the Annual General Meeting.

No Director is involved in deciding his own remuneration.

Breakdown of Directors' remuneration of Tai Sin Electric Cables Manufacturer Limited for the financial year ended June 30, 2006

Remuneration Band	Name of Director	Salary	Bonus and other variable performance components	Directors' Fees	Total
Below S$250,000	Lee Chang Leng Brian	-	-	100%	100%
	Lin Chen Mou	68%	27%	5%	100%
	Richard Wee Liang Huat @ Richard Wee Liang Chiat	-	-	100%	100%
	Sim Yeong Soon	-	-	100%	100%
	Chang Chai Woon	82%	7%	11%	100%
	Lim Chai Lai @ Louis Lim Chai Lai	78%	9%	13%	100%
	Chia Ah Heng	77%	13%	10%	100%
Between S$250,000 to S$499,999	Lim Boon Hock Bernard	67%	26%	7%	100%
	Lim Chye Huat @ Bobby Lim Chye Huat	67%	27%	6%	100%

For the financial year ended June 30, 2006, the top 5 key executives of the Group (who are not also directors of the Company) are Mr Michael Choo Wei Loon, Mr Lim Ewe Lee, Mr Ong Wee Heng, Mr Tony Ng Shu Goon and Mr John Vale. Except for Mr Michael Choo Wei Loon, the remuneration of the other 4 key executives did not exceed $250,000.

Other than as indicated above, there are no employees who are immediate family members of a Director whose remuneration exceeded $150,000 for financial year ended June 30, 2006.

Audit Committee ("AC")

Principle 10: Accountability and Audit
Principle 11: Audit Committee
Principle 12: Internal Control
Principle 13: Internal Audit

The Audit Committee of the Company comprises:

- Richard Wee Liang Huat @ Richard Wee Liang Chiat (Chairman)*
- Sim Yeong Soon*
- Lee Chang Leng Brian*

**Independent Director*

The AC performs the following functions:

i. Review the annual audit plans of the external and internal auditors, the findings and recommendations;
ii. Review the consolidated financial statements in conjunction with the external auditor's comments;
iii. Review the adequacy of internal controls by reviewing written reports from internal and external auditors, and management responses and actions to correct any deficiencies;
iv. Review interested person transactions;
v. Review the external auditors' management letter points; and
vi. Recommend the nomination of the external auditors for re-appointment.

Apart from the functions listed above, the AC has the explicit authority to conduct investigations into any matters within its scope, including having full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC meets annually with the internal and external auditors, without the presence of the Company's management to review the adequacy of audit arrangements.

The AC has reviewed and is satisfied that the external auditors have not provided any non–audit services to the Group during the financial year 2006 that will prejudice their independence and objectivity.

The Group's internal controls and systems are designed to provide reasonable assurance to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. The AC has reviewed and evaluated the system of internal controls with the internal and external auditors. The Board is of the view that there have been no major weaknesses in the existing system of internal controls.

The Group has an in-house internal audit function that reports to the Audit Committee Chairman and administratively to the Managing Director. The scope of the work covers all business and support functions in the Company and its subsidiaries. The AC reviews and approves the annual internal audit plans and resources to ensure that the internal audit function has the necessary resources to adequately perform its duties.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation

The Board believes in timely communication of information to shareholders and the public. Announcements are issued on an immediate basis where required under the SGX-ST Listing Manual. Material price sensitive information including interim and full year results are released through MASNET. All shareholders of the Company receive the Annual Report and notice of the Annual General Meeting. The Notice is also advertised in the newspapers and released through MASNET.

Shareholders may appoint one or two proxies to attend and vote in their place, in accordance with the Articles of Association of the Company. During the Annual General Meeting, the shareholders are given the opportunity to speak and seek clarifications concerning the Group's business and affairs. The external auditors and the Board will be in attendance at the Annual General Meeting to address questions raised.

DEALING IN SECURITIES

The Company has adopted an Internal Code Governing Dealings In Securities in line with the guidelines issued by the SGX-ST. This Internal Code provides guidance and prescribes the internal regulations with regard to dealings in the Company's securities by its officers.

financial statements

contents

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company for the financial year ended June 30, 2006.

1 DIRECTORS

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

Executive

Lim Chye Huat @ Bobby Lim Chye Huat	(Managing Director)
Lin Chen Mou	
Lim Boon Hock Bernard	

Non-executive

Lee Chang Leng Brian	(Chairman)
Richard Wee Liang Huat @ Richard Wee Liang Chiat	
Sim Yeong Soon	
Chang Chai Woon	
Chia Ah Heng	
Lim Chai Lai @ Louis Lim Chai Lai	
Lee Lien-Shen	(Alternate director to Lin Chen Mou)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate except as disclosed in paragraph 3.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital of the company and related corporations as recorded in the Register of Directors' Shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the names of directors or their nominees			Other shareholdings in which directors are deemed to have an interest		
Name of directors and companies in which interest are held	At July 1, 2005	At June 30, 2006	At July 21, 2006	At July 1, 2005	At June 30, 2006	At July 21, 2006
Tai Sin Electric Cables Manufacturer Limited			**Number of shares**			
Lee Lien-Shen	969,980	969,980	969,980	7,340	7,340	7,340
Lim Chye Huat						
@ Bobby Lim Chye Huat	23,362,580	24,217,580	24,217,580	9,441,000	10,016,000	10,016,000
Lin Chen Mou	370,300	370,300	370,300	50,000	50,000	50,000
Lim Boon Hock Bernard	25,500,000	25,500,000	25,500,000	1,100,000	1,100,000	1,100,000
Richard Wee Liang Huat						
@ Richard Wee Liang Chiat	3,500,000	3,500,000	3,500,000	-	-	-
Chang Chai Woon	11,100,000	11,100,000	11,100,000	-	-	-
Chia Ah Heng	5,441,000	5,441,000	5,441,000	8,551,000	9,351,000	9,351,000
Lim Chai Lai						
@ Louis Lim Chai Lai	10,497,000	10,497,000	10,497,000	5,000,000	5,000,000	5,000,000
PKS Sdn Bhd			**Number of shares of B$1 each**			
Chang Chai Woon	465,136	465,136	465,136	-	-	-
Vynco Industries (NZ) Limited			**Number of shares of NZ$1 each**			
Lim Chye Huat						
@ Bobby Lim Chye Huat	115,000	115,000	115,000	-	-	-
Tai Sin Electric Cables Manufacturer Limited			**Number of share options to subscribe for the company's share**			
Lin Chen Mou	1,250,000	1,250,000	1,250,000	-	-	-

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, 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. Certain directors received remuneration from related corporations in their capacity as directors and executives of those related corporations.

5 SHARE OPTIONS

On August 1, 2001, the shareholders of the company approved the Tai Sin Share Option Scheme (the "Scheme"). The Scheme is administered by a committee whose members are:

- Richard Wee Liang Huat @ Richard Wee Liang Chiat (Chairman)
- Sim Yeong Soon
- Lee Chang Leng Brian
- Chang Chai Woon

a) Share Options Granted

On April 8, 2002 ("Offering Date"), options were granted pursuant to the Scheme to 141 employees (collectively the "Participants") of the company to subscribe for 17,680,000 ordinary shares of $0.10 each in the company at the subscription price of $0.125 per ordinary share ("Offering Price") with no discount. 16,970,000 options were accepted by the Participants.

The options granted to employees may be exercised during the period from May 8, 2003 to May 7, 2013, both dates inclusive, by notice in writing accompanied by a remittance for the full amount of the Offering Price (subject to adjustments under certain circumstances).

The Offering Price was equal to the average of the last dealt price for a share, with reference to the daily official list published by the Singapore Exchange Securities Trading Limited for the last 5 day consecutive market days immediately preceding the Offering Date.

The Participants may in addition to the Scheme participate in other share option schemes implemented by the company or any of its subsidiaries, subject to the prior approval in writing to the committee.

No options to take up unissued shares of the company or any corporation in the group were granted during the year.

b) Share Options Exercised

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

c) Unissued Shares Under Option

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option except as follows:

Date of grant	Balance at beginning of year	Exercised	Expired/ cancelled	Balance at end of year	Exercise price	Date of expiry
April 8, 2002	12,470,000	-	150,000	12,320,000	$0.125	May 7, 2013

5 SHARE OPTIONS

d) The information on Participants who received 5% or more of the total number of options available under the Scheme is as follows:

Name of participants	Options granted during the financial year	Aggregate options granted since commencement of Scheme to the end of the financial year	Aggregate options exercised since commencement of Scheme to the end of the financial year	Aggregate options outstanding at the end of the financial year
Director of the company				
Lin Chen Mou	-	1,500,000	250,000	1,250,000
Employees				
Lim Ewe Lee	-	1,500,000	-	1,500,000
Lai Kon Seng	-	1,500,000	-	1,500,000
Choo Wei Loon	-	1,500,000	-	1,500,000
Ng Shu Goon	-	1,500,000	-	1,500,000

No options under the Scheme were granted to controlling shareholders or their associates.

6 AUDIT COMMITTEE

The audit committee comprises three members, who are independent directors. The members of the audit committee are:

Richard Wee Liang Huat @ Richard Wee Liang Chiat (Chairman)
Sim Yeong Soon
Lee Chang Leng Brian

During the financial year, the committee held meetings with management and the external auditors to review the audit plans and scope of examination of the audit, financial and operating results, internal controls, accounting policies, related party transactions and other significant matters. The committee has reviewed the financial statements for the financial year ended June 30, 2006 and the report of the external auditors thereon.

The committee recommends to the Board of Directors the re-appointment of the company's external auditors, Deloitte & Touche, at the forthcoming annual general meeting of the company.

7 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lim Chye Huat @ Bobby Lim Chye Huat

Lin Chen Mou

August 25, 2006

Auditors' Report

To the members of Tai Sin Electric Cables Manufacturer Limited

We have audited the consolidated financial statements of the group and the balance sheet and statement of changes in equity of Tai Sin Electric Cables Manufacturer Limited set out on pages 31 to 72 for the financial year ended June 30, 2006. 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 the 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 directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

a) the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Singapore 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 group and of the company as at June 30, 2006 and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the financial year ended on that date; and

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.

Deloitte & Touche
Certified Public Accountants

Partner
Rankin Brandt Yeo
Appointed on November 12, 2002

Singapore
August 25, 2006

Balance Sheets

June 30, 2006

	Note	Group		Company	
		2006 $	2005 $	2006 $	2005 $
ASSETS					
Current assets:					
Cash and bank balances	6	6,846,683	6,432,116	971,308	1,826,236
Trade receivables	7	54,849,192	42,900,874	30,328,867	20,871,553
Other receivables and prepayments	8	923,263	717,265	1,135,043	5,183,352
Derivative financial instruments	9	170,521	-	78,972	-
Contract work-in-progress	10	121,644	256,056	-	-
Inventories	11	32,932,872	27,381,002	16,672,053	12,543,260
Total current assets		95,844,175	77,687,313	49,186,243	40,424,401
Non-current assets:					
Subsidiaries	12	-	-	21,636,150	25,600,317
Property, plant and equipment	13	24,803,251	26,808,223	8,309,659	9,082,860
Intangible assets	14	4,369	11,129	-	-
Available-for-sale investments	15	19,826	17,543	-	-
Other investment	16	8,945	11,961	-	-
Deferred tax assets	23	92,500	350,426	-	-
Development costs	17	174,472	368,469	-	-
Total non-current assets		25,103,363	27,567,751	29,945,809	34,683,177
Total assets		120,947,538	105,255,064	79,132,052	75,107,578
LIABILITIES AND EQUITY					
Current liabilities:					
Bank overdrafts and other bank borrowings	18	26,202,951	19,337,750	15,051,043	9,405,288
Trade payables	19	20,237,094	19,858,340	6,120,436	7,828,488
Other payables	20	4,555,464	2,972,115	3,207,690	2,236,278
Income tax payable		3,280,086	2,061,236	2,533,613	1,346,413
Current portion of finance leases	21	131,068	96,842	34,165	-
Current portion of long-term borrowings	22	1,726,269	2,178,336	1,500,000	1,833,333
Progress billings in excess of work-in-progress	10	21,091	33,487	-	-
Total current liabilities		56,154,023	46,538,106	28,446,947	22,649,800
Non-current liabilities:					
Non-current portion of finance leases	21	138,665	148,264	-	-
Long-term borrowings	22	3,163,330	5,031,332	1,500,000	3,500,000
Deferred tax liabilities	23	763,099	1,092,195	198,000	513,000
Total non-current liabilities		4,065,094	6,271,791	1,698,000	4,013,000
Capital and reserves:					
Share capital	24	33,005,460	24,965,000	33,005,460	24,965,000
Reserves		25,675,709	25,091,054	15,981,645	23,479,778
Equity attributable to the shareholders of the company		58,681,169	50,056,054	48,987,105	48,444,778
Minority interests		2,047,252	2,389,113	-	-
Total equity		60,728,421	52,445,167	48,987,105	48,444,778
Total liabilities and equity		120,947,538	105,255,064	79,132,052	75,107,578

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Year ended June 30, 2006

	Note	Group 2006 $	Group 2005 $
Revenue	25	183,412,403	134,344,709
Other operating income	25	890,913	886,997
Changes in inventories of finished goods and work in progress		3,954,028	906,255
Raw materials and consumables used/Purchase of inventories		(143,508,581)	(101,105,582)
Employee benefits expense		(17,075,309)	(15,337,684)
Depreciation and amortisation expense		(2,918,009)	(3,281,671)
Other operating expenses		(9,043,572)	(8,081,764)
Finance costs	26	(1,264,387)	(1,077,993)
Share of loss of associate		-	(2,415)
Profit before income tax		14,447,486	7,250,852
Income tax expense	27	(3,047,674)	(1,756,844)
Profit for the year	28	11,399,812	5,494,008
Attributable to:			
Shareholders of the company		11,228,829	5,293,592
Minority interests		170,983	200,416
		11,399,812	5,494,008
Earnings per share			
Basic	29	4.50	2.12
Diluted	29	4.47	2.12

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended June 30, 2006

	Note	Share capital	Share premium	Revaluation reserve	Foreign currency translation reserve	Hedging reserve	Accumulated profits	Equity attributable to shareholders of the company	Minority interests	Total equity
		$	$	$	$	$	$	$	$	$
Group										
Balance at June 30, 2004		24,965,000	8,040,460	1,439,431	294,588	-	10,913,404	45,652,883	2,589,405	48,242,288
Currency translation differences		-	-	-	(73,586)	-	-	(73,586)	815	(72,771)
Revaluation adjustment		-	-	476,485	-	-	-	476,485	-	476,485
Deferred tax liability recognised on revaluation surplus		-	-	(95,000)	-	-	-	(95,000)	-	(95,000)
Net income and expense recognised directly in equity		-	-	381,485	(73,586)	-	-	307,899	815	308,714
Profit for the year		-	-	-	-	-	5,293,592	5,293,592	200,416	5,494,008
Total recognised income and expense for the year		-	-	381,485	(73,586)	-	5,293,592	5,601,491	201,231	5,802,722
Capital redemption		-	-	-	-	-	-	-	(101,523)	(101,523)
Dividend paid to minority shareholders		-	-	-	-	-	-	-	(300,000)	(300,000)
Dividend paid	31	-	-	-	-	-	(1,198,320)	(1,198,320)	-	(1,198,320)
Balance at June 30, 2005		24,965,000	8,040,460	1,820,916	221,002	-	15,008,676	50,056,054	2,389,113	52,445,167
Prospective effect of change in accounting policy – FRS 39	2	-	-	-	-	60,000	-	60,000	-	60,000
Balance at July 1, 2005		24,965,000	8,040,460	1,820,916	221,002	60,000	15,008,676	50,116,054	2,389,113	52,505,167
Gain on interest rate swap during the year		-	-	-	-	18,972	-	18,972	-	18,972
Currency translation differences		-	-	-	(385,906)	-	-	(385,906)	(92,844)	(478,750)
Net income and expense recognised directly in equity		-	-	-	(385,906)	18,972	-	(366,934)	(92,844)	(459,778)
Profit for the year		-	-	-	-	-	11,228,829	11,228,829	170,983	11,399,812
Total recognised income and expense for the year		-	-	-	(385,906)	18,972	11,228,829	10,861,895	78,139	10,940,034
Adjustment arising from abolition of par value of shares		8,040,460	(8,040,460)	-	-	-	-	-	-	-
Dividend paid to minority shareholders		-	-	-	-	-	-	-	(420,000)	(420,000)
Dividends paid	31	-	-	-	-	-	(2,296,780)	(2,296,780)	-	(2,296,780)
Balance at June 30, 2006		33,005,460	-	1,820,916	(164,904)	78,972	23,940,725	58,681,169	2,047,252	60,728,421

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended June 30, 2006

	Note	Share capital	Share premium	Revaluation reserve	Hedging reserve	Accumulated profits	Total equity
		$	$	$	$	$	$
Company							
Balance at June 30, 2004		24,965,000	8,040,460	1,439,431	-	13,262,594	47,707,485
Revaluation adjustment		-	-	476,485	-	-	476,485
Deferred tax liability recognised on revaluation surplus		-	-	(95,000)	-	-	(95,000)
Net income recognised directly in equity		-	-	381,485	-	-	381,485
Profit for the year		-	-	-	-	1,554,128	1,554,128
Total recognised income for the year		-	-	381,485	-	1,554,128	1,935,613
Dividend paid	31	-	-	-	-	(1,198,320)	(1,198,320)
Balance at June 30, 2005		24,965,000	8,040,460	1,820,916	-	13,618,402	48,444,778
Prospective effect of change in accounting policy – FRS 39	2	-	-	-	60,000	-	60,000
Balance at July 1, 2005		24,965,000	8,040,460	1,820,916	60,000	13,618,402	48,504,778
Gain on interest rate swap during the year		-	-	-	18,972	-	18,972
Net income recognised directly in equity		-	-	-	18,972	-	18,972
Profit for the year		-	-	-	-	2,760,135	2,760,135
Total recognised income for the year		-	-	-	18,972	2,760,135	2,779,107
Adjustment arising from abolition of par value of shares		8,040,460	(8,040,460)	-	-	-	-
Dividends paid	31	-	-	-	-	(2,296,780)	(2,296,780)
Balance at June 30, 2006		33,005,460	-	1,820,916	78,972	14,081,757	48,987,105

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended June 30, 2006

	2006 $	2005 $
Operating activities:		
Profit before income tax	14,447,486	7,250,852
Adjustments for:		
Share of loss of associate	-	2,415
Depreciation expense	2,889,484	3,258,667
Amortisation expense	28,525	23,004
Negative goodwill recognised	-	(359,513)
Interest income	(20,746)	(19,668)
Interest expense	1,264,387	1,077,993
Gain on disposal of property, plant and equipment	(5,682)	(100,310)
Inventories written off	717,712	604,945
Property, plant and equipment written off	13,205	17,950
Fair value gain on derivative financial instruments	(91,549)	-
Impairment loss in other investments	-	17,341
Operating cash flows before movements working capital	19,242,822	11,773,676
Trade receivables	(11,948,318)	(7,350,896)
Other receivables and prepayments	(205,998)	224,630
Contract work-in-progress	134,412	(256,056)
Inventories	(6,269,582)	323,332
Trade payables	378,754	1,843,930
Other payables	1,759,523	693,677
Progress billings in excess of work-in-progress	(12,396)	33,487
Cash generated from operations	3,079,217	7,285,780
Interest paid	(1,264,387)	(1,077,993)
Interest received	20,746	19,668
Income tax paid	(1,902,103)	(1,429,300)
Dividend paid	(2,296,780)	(1,198,320)
Net cash (used in) from operating activities	(2,363,307)	3,599,835
Investing activities:		
Purchase of property, plant and equipment [(a)]	(1,107,994)	(2,012,877)
Share repurchase	-	(101,523)
Proceeds from disposal of property, plant and equipment	174,668	650,494
Acquisition of subsidiaries [(b)]	-	(822,080)
Development costs incurred	(40,407)	(368,469)
Acquisition of additional interest in a former associate [(c)]	-	62,815
Net cash used in investing activities	(973,733)	(2,591,640)
Financing activities:		
Proceeds from short-term bank borrowings	6,998,972	2,400,918
Repayment of finance lease obligations	(158,254)	(40,956)
Repayment of long-term borrowings	(2,320,069)	(1,513,264)
Dividend paid to minority shareholders	(420,000)	(300,000)
Net cash from financing activities	4,100,649	546,698
Net effect of exchange rate changes in consolidating subsidiaries	(215,271)	90,170
Net increase in cash and cash equivalents	548,338	1,645,063
Cash and cash equivalents at beginning of year	4,259,237	2,614,174
Cash and cash equivalents at end of year [(d)]	4,807,575	4,259,237

See accompanying notes to financial statements.

Notes:

(a) Purchase of property, plant and equipment

During the financial year, the group acquired property, plant and equipment with an aggregate cost of $1,290,875 (2005 : $2,239,597) of which $182,881 (2005 : $226,720) was acquired by means of finance lease agreements. Cash payments of $1,107,994 (2005 : $2,012,877) were made to purchase property, plant and equipment.

(b) Acquisition of subsidiaries

	2006 $	2005 $
Current assets	-	2,076,794
Current liabilities	-	(2,381,242)
Property, plant and equipment	-	831,019
Net identifiable assets acquired	-	526,571
Negative goodwill arising from acquisition	-	(314,649)
Consideration paid in cash	-	211,922
Less: Net bank overdrafts of subsidiaries acquired	-	610,158
Net cash outflows on acquisition	-	822,080

(c) Acquisition of additional interest in a former associate

	2006 $	2005 $
Current assets	-	465,321
Current liabilities	-	(57,340)
Property, plant and equipment	-	5,127
Less: Amount previously equity accounted	-	(188,314)
Net identifiable assets acquired	-	224,794
Share of loss of associate	-	2,415
Negative goodwill arising from acquisition	-	(44,864)
Consideration paid in cash	-	182,345
Less: Cash of associate acquired	-	(245,160)
Net cash inflows on acquisition	-	(62,815)

(d) Cash and cash equivalents at end of year

The components of cash and cash equivalents in the above cash flow statement consists of the following:

	2006 $	2005 $
Cash and bank balances (Note 6)	6,846,683	6,432,116
Bank overdrafts (Note 18)	(2,039,108)	(2,172,879)
Total	4,807,575	4,259,237

See accompanying notes to financial statements.

1 GENERAL

The company (Registration No. 198000057W) is incorporated in Singapore with its principal place of business and registered office at 24 Gul Crescent, Jurong Town, Singapore 629531. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the company are that of cable and wire manufacturer and dealer in such products and investment holding.

The principal activities of the subsidiaries are stated in Note 12 to the financial statements.

The financial statements of the group and the balance sheet and statement of changes in equity of the company for the year ended June 30, 2006 were authorised for issue by the Board of Directors on August 25, 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2005. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements as disclosed below and in the notes to financial statements.

(a) ***FRS 39 - Financial Instruments: Recognition and Measurement***

FRS 39 requires the recognition and measurement of financial assets and liabilities. The new accounting standard moves measurement from a cost base to a fair value base for certain categories of financial assets and liabilities. The change in accounting policy has been accounted for prospectively in accordance with the transitional provisions of FRS 39. The adoption of FRS 39 has resulted in certain investments being carried at their respective fair values. There is no material effect on the financial statements upon the adoption of FRS 39 on these investments.

Derivative financial instruments with fair values of $60,000 as at July 1, 2005 were recognised on the balance sheet and the resulting adjustments transferred to the hedging reserve.

Derivative financial instruments were carried at fair value at the balance sheet date. At June 30, 2006, the derivative financial instruments were fair valued at $170,521 (assets). The fair value changes were recognised as hedges that were determined to be effective in the hedging reserve in equity and the fair value of other derivative financial instruments were recognised in the profit and loss statement for the year ended June 30, 2006.

As the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) ***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 as 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.

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 at July 1, 2005.

The change in accounting policy has no impact on the financial statements for the financial year ended June 30, 2006 as options were granted before November 22, 2002 and fully vested as at July 1, 2005.

At the date of authorisation of these financial statements, the following FRSs and INT FRSs were issued but not effective:

FRS 40	-	Investment Property
FRS 106	-	Exploration for and Evaluation of Mineral Resources
FRS 107	-	Financial Instruments: Disclosures
INT FRS 104	-	Determining whether an Arrangement contains a Lease
INT FRS 105	-	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
INT FRS 106	-	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
INT FRS 107	-	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	-	Scope of FRS 102 Share-based Payment
INT FRS 109	-	Reassessment of Embedded Derivatives

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

Amendments to FRS 21 The Effects of Changes in Foreign Exchange Rates on net investment in a foreign operation.

Amendments to FRS 39 Financial Instruments: Recognition and Measurement on hedge accounting provisions, fair value option and financial guarantee contracts.

Amendments to FRS 101 First-time Adoption of Financial Reporting Standards on comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resources.

Amendments to FRS 104 Insurance Contracts on financial guarantee contracts.

Revision to FRS 104 Insurance and Contracts Implementation Guidance.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The directors anticipate that the adoption of FRSs, INT FRSs and amendments to FRSs that were issued but not yet effective will not have a material impact on the financial statements of the company and the group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103, *Business Combinations*, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105, *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and bank balances comprise cash on hand and demand deposits and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Available-for-sale investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Investments are classified as available-for-sale, and are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit and loss statement for the period. Impairment losses recognised in the profit and loss statement for equity investments classified as available-for-sale are not subsequently reversed through the profit and loss statement. Impairment losses recognised in the profit and loss statement for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in the profit and loss statement over the term of the borrowings.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The group uses derivative financial instruments such as interest rate swaps and foreign currency forward contract to hedge its risks associated with interest rate and foreign currency fluctuations. The company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the profit and loss statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, the net cumulative gain or loss recognised in equity is transferred to the profit and loss statement for the period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INVENTORIES - Inventories are measured at the lower of cost (first-in-first-out and weighted-average method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost or valuation less accumulated depreciation and any impairment loss. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such property is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the profit and loss statement, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to the profit and loss statement. A decrease in carrying amount arising on the revaluation is charged to the profit and loss statement to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the profit and loss statement. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold property	-	2%
Leasehold land and buildings	-	1.67% to 10.4%
Office equipment and furniture	-	7.5% to 100%
Plant and machinery	-	10% to 20%
Motor vehicles	-	15% to 20%

Depreciation is not provided on freehold land.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

INTANGIBLE ASSETS - Intangible assets include trademarks and technical fees which are amortised using the straight-line method over their useful lives of 10 years and 5 years respectively. Intangible assets are stated at cost less accumulated amortisation over accumulated impairment loss. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

DEVELOPMENT COST - Costs incurred on development project are recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefit; and
- the development cost of the asset can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Development costs that have been capitalised as intangible assets are amortised from the commencement of the commercial production on straight-line basis over expected benefits, which normally do not exceed 5 years. Development costs are stated at costs less accumulate amortisation and any impairment. Where an indication of impairment exists, the carrying amount is assessed and written down immediately to its recoverable amount.

OTHER INVESTMENTS - Investments held for long-term purposes are stated at cost less impairment in net recoverable value.

IMPAIRMENT OF ASSETS - At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS - Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provision for onerous contracts represent the estimated losses arising from the difference between the committed selling price and estimated cost of sales for the unfulfilled sale quantities committed at the end of the financial year.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges, are charged directly to the profit and loss statement.

Rentals payable under operating leases are charged to the profit and loss statement on a straight-line basis over the term of the relevant lease.

CONTRACT WORK-IN-PROGRESS - Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the balance sheet of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the profit and loss statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit and loss statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the company enters into forward contracts and options (please see above for details of the company's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from long-term contracts are recognised by reference to the stage of completion of the transaction at the balance sheet date, determined by the proportion of contract costs incurred to-date in relation to the estimated total cost of the transaction.

Revenue from short-term contracts are recognised upon completion of the works.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the right to receive payment has been established.

SHARE-BASED PAYMENTS - The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the company and its subsidiaries operates by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) ***Critical judgements in applying the entity's accounting policies***

In the process of applying the entity's accounting policies, which are described in Note 2 to the financial statements, management is not aware of any judgement that have significant effects on the amounts recognised in the financial statements.

(ii) ***Key sources of estimate uncertainty***

There are no assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts to assets and liabilities within the next financial year.

4 FINANCIAL RISKS AND MANAGEMENT

(i) ***Interest rate risk***

The group's exposure to the risk of changes in interest rates relates mainly to bank borrowings. The group actively reviews its debt portfolio to achieve the most favourable interest rates available. Interest rate swaps are used where appropriate to minimise exposure to interest rate volatility.

The notional principal amount of the group's outstanding interest rate swap contract as at June 30, 2006 is $7,500,000 (2005 : $7,500,000). The fair value of the instrument, which represent a gain should the instrument be exchanged in a current transaction between willing parties other than in a forced or liquidation sale, is approximately $78,972 (2005 : $60,000). This amount has been recognised in the financial statements.

(ii) ***Credit risk***

The company and group have no significant concentration of credit risk exposure to customers. The company and group have policies in place to ensure that sales of products are made to customers with an appropriate credit history.

The group has a credit review process which manages the credit risk exposure to customers.

The group places its cash and bank balances with creditworthy financial institutions.

(iii) ***Foreign currency exchange risk***

The group operates regionally, giving rise to significant exposure to market risk from changes in foreign exchange rates. Exposures to foreign exchange risks are managed as far as possible by natural hedge of matching assets and liabilities.

The group's exposure to foreign exchange risk arises mainly from transactions denominated in United States dollars and other foreign currencies as detailed in the respective notes to the financial statements. Management enters into short-term forward foreign currency exchange contracts to manage foreign currency exchange rate risk.

The group has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

(iv) ***Liquidity risk***

The group's ability to fund its existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from financial institutions.

4 FINANCIAL RISKS AND MANAGEMENT (CONT'D)

(v) ***Fair values of financial assets and financial liabilities***

The carrying amounts of financial assets and financial liabilities reported in the balance sheets approximate the fair values of those assets and liabilities.

(vi) ***Price risk***

The company and group are exposed to fluctuations in the price of copper which is the main raw material in its manufacture of cable and wire.

Management enters into short-term forward copper contracts to secure its usage demands and manage the price risk.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

Significant related party transactions:

	Group	
	2006 $	2005 $
Sales to related parties	(1,870,505)	(2,060,440)
Purchases from a related party	2,159,948	1,584,610
Acquisition of a subsidiary from a director	-	198,800
Rental paid to a related party	96,395	117,600

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2006 $	2005 $
Short-term benefits	2,851,706	2,054,170
Post-employment benefits	84,096	93,338
	2,935,802	2,147,508

6 CASH AND BANK BALANCES

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Cash and bank balances	6,204,263	5,316,861	965,001	1,819,956
Fixed deposits	642,420	1,115,255	6,307	6,280
	6,846,683	6,432,116	971,308	1,826,236

The fixed deposits bear interest ranging from 0.45% to 2.83% (2005 : 0.40% to 3.25%) per annum and are due within 12 months.

The group and company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
United States dollars	246,345	350,673	95,381	65,677
Euro	15,692	146,180	-	-
Australian dollars	46,246	43,494	-	-

7 TRADE RECEIVABLES

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Outside parties	55,264,927	43,658,208	29,540,413	20,978,712
Less: Allowance for doubtful debts	(1,396,116)	(1,421,290)	(1,000,000)	(800,000)
	53,868,811	42,236,918	28,540,413	20,178,712
Related parties (Note 5)	980,381	663,956	818,911	327,719
Subsidiaries (Note 12)	-	-	969,543	365,122
	54,849,192	42,900,874	30,328,867	20,871,553
Retention sums included in trade receivables above:				
Outside parties	11,283	56,916	-	-

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The group and company's trade receivables that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
United States dollars	932,681	472,664	-	-
Australian dollars	-	40,310	-	-
Sterling pound	5,122	-	-	-

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Related parties (Note 5)	-	4,200	-	-
Subsidiaries (Note 12)	-	-	863,818	4,947,639
Advances to staff	314,971	304,559	175,325	180,563
Prepayments	244,550	144,732	29,441	21,646
Deposits	210,581	129,668	18,799	32,327
Loan to a director of a subsidiary	23,957	19,226	-	-
Others	129,204	114,880	47,660	1,177
	923,263	717,265	1,135,043	5,183,352

The loan to a director of a subsidiary is unsecured, interest-free and repayable on demand.

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

9 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Forward foreign exchange contracts	91,549	-	-	-
Interest rate swaps	78,972	-	78,972	-
	170,521	-	78,972	-

The group utilises currency derivatives to hedge significant future transactions and cash flows. The instruments purchased are primarily denominated in the currencies of the group's principal markets.

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the group is committed are as follows:

	Group	
	2006 $	2005 $
Forward foreign exchange contracts	1,523,634	-

The forward foreign exchange contracts have maturities dates within six months from the balance sheet date.

At June 30, 2006, the fair value of forward foreign exchange contracts amounted to $91,549. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. No currency derivatives were taken up by the group at prior year end, therefore, no prospective adjustment was required to be made to the opening balance in accordance with the transitional provisions of FRS 39.

Changes in the fair value of the currency derivatives have been charged to the profit and loss statement in the year (2005 : Nil).

9 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Interest rate swap

The group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. The contract with nominal value of $7,500,000 has floating interest rate at 3 month swap rate plus 2% margin per annum.

The fair value of swap entered into at June 30, 2006 is estimated at $78,972 (2005 : $60,000). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. All of these interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been deferred in equity.

10 CONTRACT WORK-IN-PROGRESS

	Group	
	2006 $	2005 $
Current asset		
Cost incurred and recognised profits	7,708,243	7,600,863
Less: Attributable loss	(438,233)	(358,915)
	7,270,010	7,241,948
Less: Progress billings	(7,148,366)	(6,985,892)
Excess of work-in-progress over billings	121,644	256,056
Current liability		
Cost incurred and recognised profits	58,909	88,357
Less: Progress billings	(80,000)	(121,844)
Excess of billings over work-in-progress	(21,091)	(33,487)

11 INVENTORIES

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Raw materials	5,136,381	3,451,855	3,286,195	1,631,790
Work in progress	5,292,380	3,660,038	3,925,533	2,619,561
Finished goods	22,504,111	20,269,109	9,460,325	8,291,909
	32,932,872	27,381,002	16,672,053	12,543,260

Inventories with a carrying amount of $5,326,117 (2005 : $4,425,988) have been pledged as security for certain of the group's bank overdrafts and other bank borrowings (Note 18) and long term-borrowings (Note 22).

12 SUBSIDIARIES

	Company 2006 $	Company 2005 $
Unquoted equity shares, at cost	19,172,282	18,642,297
Less: Impairment loss	(2,169,533)	(1,958,611)
	17,002,749	16,683,686
Advances	13,475,517	10,916,631
Less: Allowance for impairment loss	(8,842,116)	(2,000,000)
	21,636,150	25,600,317

The advances to subsidiaries are unsecured, substantially non-trade in nature and are not expected to be paid within the next twelve months.

Details of the subsidiaries are as follows:

Name of company	Principal activities/ Country of incorporation and operation	Effective equity interest held by the Group 2006 %	Effective equity interest held by the Group 2005 %
Tai Sin Electric Cables (Malaysia) Sdn Bhd (c)	Cable and wire manufacturer and dealer in such products/Malaysia	100	100
PKS Sdn Bhd (subsidiary of Tai Sin Electric Cables (Malaysia) Sdn Bhd) (b)	Electrical switch-boards feeder pillars and components manufacturer and dealer in such products/Brunei	70	70
Equalight Resources Sdn Bhd (c)	Investment holding/Malaysia	90	90
LKH Lamps Sdn Bhd (subsidiary of Equalight Resources Sdn Bhd) (c)	Manufacture and sale of lights and lighting components/Malaysia	90	90
LKH Lightings Sdn Bhd (subsidiary of LKH Lamps Sdn Bhd) (c)	Trading of lights and lighting components/Malaysia	90	90
Yat Lye Pte Limited (e)	Retailer contractor and provision of sanitary and plumbing services/Singapore	100	100
Change The Form Pte Ltd (subsidiary of Yat Lye Pte Limited) (e)	Provision of interior decoration and design services/Singapore	100	100
Tai Sin (Vietnam) Pte Ltd (formerly known as Distribution & Control Pte Ltd) (a) (g)	Intermediate investment holding/Singapore	100	100
Lim Kim Hai Electric Co (S) Pte Ltd (a)	Distributor of electrical products and investment holding/Singapore	100	100

12 SUBSIDIARIES (CONT'D)

Name of company	Principal activities/ Country of incorporation and operation	Effective equity interest held by the Group	
		2006 %	2005 %
Precicon D&C Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [a]	Distributor of electrical products/Singapore	100	100
PC2M Asia Pacific Pte Ltd (subsidiary of Precicon D & C Pte Ltd) [f]	Distributor of electrical and electronic components and mining accessories/Singapore	100	100
Vynco Industries (NZ) Limited (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [d]	Distributor of enclosures and electrical equipment/ New Zealand	63.7	63.7
EPT Limited (subsidiary of Vynco Industries (NZ) Limited) [d]	Dormant/New Zealand	63.7	63.7
LKH Power Distribution Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [a]	Distributor of electrical products/Singapore	100	100
PC2M Solutions (M) Sdn Bhd (subsidiary of LKH Power Distribution Pte Ltd) [c]	Dormant/Malaysia	100	100

(a) Audited by Deloitte & Touche, Singapore.

(b) Audited by overseas practices of Deloitte Touche Tohmatsu.

(c) Audited by member firms of Ernst & Young.

(d) Audited by KPMG, Christchurch, New Zealand.

(e) Audited by K.A. Seah & Co.

(f) Audited by Chan & Chan.

(g) During the financial year, equity interest in Tai Sin (Vietnam) Pte Ltd (formerly known as Distribution and Control Pte Ltd) was transferred from Precicon D&C Pte Ltd to the company.

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Freehold property	Leasehold land and buildings	Office equipment and furniture	Plant and machinery	Motor vehicles	Total
	$	$	$	$	$	$	$
Group							
Cost or valuation:							
At June 30, 2004	938,640	1,530,000	21,924,931	3,051,874	18,123,459	1,188,833	46,757,737
Currency realignment	(19,909)	-	(97,939)	(18,528)	(127,141)	(7,640)	(271,157)
Additions	-	-	1,175,448	564,413	200,886	298,850	2,239,597
Acquisition of subsidiaries	-	-	750,000	60,430	-	25,716	836,146
Disposals	-	-	-	(316,169)	(128,975)	(426,400)	(871,544)
Revaluation adjustment	-	-	(4,016,368)	-	-	-	(4,016,368)
At June 30, 2005	918,731	1,530,000	19,736,072	3,342,020	18,068,229	1,079,359	44,674,411
Currency realignment	(22,813)	-	(87,148)	(185,407)	(143,718)	(28,874)	(467,960)
Additions	-	-	-	352,060	353,959	584,856	1,290,875
Disposals	-	-	-	(736,999)	(223,734)	(387,422)	(1,348,155)
At June 30, 2006	895,918	1,530,000	19,648,924	2,771,674	18,054,736	1,247,919	44,149,171
Representing:							
At valuation	-	-	4,500,000	-	-	-	4,500,000
At cost	895,918	1,530,000	15,148,924	2,771,674	18,054,736	1,247,919	39,649,171
	895,918	1,530,000	19,648,924	2,771,674	18,054,736	1,247,919	44,149,171
Accumulated depreciation:							
At June 30, 2004	-	42,338	5,490,218	1,799,620	11,758,739	955,864	20,046,779
Currency realignment	-	-	(22,341)	(15,401)	(66,363)	(6,839)	(110,944)
Depreciation	-	38,154	1,043,684	554,417	1,495,661	126,751	3,258,667
Disposals	-	-	-	(308,425)	(102,031)	(425,005)	(835,461)
Revaluation adjustment	-	-	(4,492,853)	-	-	-	(4,492,853)
At June 30, 2005	-	80,492	2,018,708	2,030,211	13,086,006	650,771	17,866,188
Currency realignment	-	-	(8,580)	(119,536)	(104,975)	(10,697)	(243,788)
Depreciation	-	38,154	698,139	504,654	1,456,799	191,738	2,889,484
Disposal	-	-	-	(674,054)	(184,789)	(307,121)	(1,165,964)
At June 30, 2006	-	118,646	2,708,267	1,741,275	14,253,041	524,691	19,345,920
Carrying amount:							
At June 30, 2006	895,918	1,411,354	16,940,657	1,030,399	3,801,695	723,228	24,803,251
At June 30, 2005	918,731	1,449,508	17,717,364	1,311,809	4,982,223	428,588	26,808,223

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings	Office equipment and furniture	Plant and machinery	Motor Vehicles	Total
	$	$	$	$	$
Company					
Cost or valuation:					
At June 30, 2004	8,516,367	1,275,282	11,051,212	526,319	21,369,180
Additions	1,175,448	32,477	102,265	203,575	1,513,765
Disposals	-	(20,614)	(72,050)	(270,562)	(363,226)
Revaluation adjustment	(4,016,368)	-	-	-	(4,016,368)
At June 30, 2005	5,675,447	1,287,145	11,081,427	459,332	18,503,351
Additions	-	40,176	280,290	343,448	663,914
Disposals	-	(1,465)	(198,662)	(187,702)	(387,829)
At June 30, 2006	5,675,447	1,325,856	11,163,055	615,078	18,779,436
Representing:					
At cost	1,175,447	1,325,856	11,163,055	615,078	14,279,436
At valuation	4,500,000	-	-	-	4,500,000
	5,675,447	1,325,856	11,163,055	615,078	18,779,436
Accumulated depreciation:					
At June 30, 2004	3,969,048	1,125,532	7,005,080	455,297	12,554,957
Depreciation for the year	625,196	88,924	950,102	49,330	1,713,552
Disposals	-	(20,615)	(63,988)	(270,562)	(355,165)
Revaluation adjustment	(4,492,853)	-	-	-	(4,492,853)
At June 30, 2005	101,391	1,193,841	7,891,194	234,065	9,420,491
Depreciation for the year	279,330	63,742	904,850	81,598	1,329,520
Disposals	-	(1,329)	(171,503)	(107,402)	(280,234)
At June 30, 2006	380,721	1,256,254	8,624,541	208,261	10,469,777
Carrying amount:					
At June 30, 2006	5,294,726	69,602	2,538,514	406,817	8,309,659
At June 30, 2005	5,574,056	93,304	3,190,233	225,267	9,082,860

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The group's freehold land, freehold property, leasehold land and buildings comprise the following:

Location	Title	Description
24 Gul Crescent Jurong Town Singapore 629531	Leasehold (52 years from August 1, 1980)	Factory building
22 Gul Crescent Jurong Town Singapore 629530	Leasehold (11 years 3 months from December 31, 2004)	Factory building
11 Gul Lane Jurong Town Singapore 629410	Leasehold (51 years 16 days from July 16, 1981)	Factory building
53 Kallang Place Singapore 339177	Leasehold (60 years from April 1, 1976)	Industrial building
27 Gul Avenue Singapore 629667	Leasehold (60 years from July 1, 1979)	Factory building
63 Hillview Avenue #10-21 Singapore 669569	Freehold	Flatted factory unit
120 Eunos Avenue 7 #01-06 Richfield Industrial Centre Singapore 409574	Leasehold (60 years from November 14, 1981)	Flatted factory unit
PTD 37433 & 37434 Off Jalan Perindustrian Senai 3 Kawasan Perindustrian Senai Fasa 2 81400 Senai, Johor Bahru Johor Darul Takzim Malaysia	Freehold	Factory building
Lot 67A Jalan Gebeng 1/6 Gebeng Industrial Estate 26080 Gebeng, Kuantan Pahang Darul Makmur Malaysia	Leasehold (66 years from July 25, 1998)	Factory building
Lot B Kawasan Perindustrian Beribi I Jalan Gadong BE 1118 Bandar Seri Begawan 3188 Negara Brunei Darussalam	Leasehold (20 years from July 1, 1992)	Factory building

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The property at 24 Gul Crescent and 11 Gul Lane were subject to an independent professional valuation carried out by a firm of professional valuers, Associated Property Consultants Pte Ltd, on April 5, 2005 on an open market value basis. The revaluation surplus of $476,485 arising from the above-mentioned valuations have been taken to revaluation reserves. The directors of the company believe that the carrying amounts of the remaining leasehold properties approximate the market value as at June 30, 2006.

The carrying amount of leasehold land and buildings at end of year that would have been included in the financial statements had they been carried at cost less depreciation is $1,580,756 (2005 : $1,646,393) for the company. The freehold property, leasehold land and buildings of the subsidiaries are carried at cost.

The carrying amount of motor vehicles and office equipment and furniture under finance leases for the group as at June 30, 2006 are $308,525 (2005 : $87,802) and $89,535 (2005 : $176,607) respectively.

The carrying amount of assets pledged to the bank (Note 22) for the subsidiaries as at June 30, 2006 are $6,995,863 (2005 : $7,599,746).

14 INTANGIBLE ASSETS

	Group $
Cost:	
At June 30, 2004	124,591
Currency realignment	(2,642)
At June 30, 2005	121,949
Currency realignment	(3,028)
At June 30, 2006	118,921
Accumulated amortisation:	
At June 30, 2004	89,446
Currency realignment	(1,630)
Amortisation for the year	23,004
At June 30, 2005	110,820
Currency realignment	(2,876)
Amortisation for the year	6,608
At June 30, 2006	114,552
Carrying amount:	
At June 30, 2006	4,369
At June 30, 2005	11,129

Amortisation of intangible assets of $6,608 (2005 : $23,004) has been included under depreciation and amortisation expenses.

15 AVAILABLE-FOR-SALE-INVESTMENTS

	Group	
	2006 $	2005 $
Quoted equity shares	59,743	58,476
Less: Impairment loss	(39,917)	(40,933)
	19,826	17,543

The carrying amount of quoted equity shares approximates its fair value.

The available-for-sale investments that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2006 $	2005 $
Malaysian ringgit	19,826	17,543

16 OTHER INVESTMENT

	Group	
	2006 $	2005 $
Unquoted investment	8,945	11,961

The carrying amount of unquoted investment approximates its fair value.

17 DEVELOPMENT COSTS

Development costs relate to the planning and design of a new product range. Commercial production began in the current financial year, at which time amortisation of development costs commences.

	Group $
Cost:	
Additions and balance at June 30, 2005	368,469
Additions	40,407
Adjustment	(176,174)
Currency realignment	(38,845)
At June 30, 2006	193,857
Amortisation:	
Amortisation for the year	21,917
Currency realignment	(2,532)
At June 30, 2006	19,385
Carrying amount:	
At June 30, 2006	174,472
At June 30, 2005	368,469

18 BANK OVERDRAFTS AND OTHER BANK BORROWINGS

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Bank loan - unsecured	-	840,000	-	840,000
Bank overdrafts	2,039,108	2,172,879	-	-
Trust receipts and bills payable to banks	24,163,843	16,324,871	15,051,043	8,565,288
	26,202,951	19,337,750	15,051,043	9,405,288

The bank overdrafts and other bank borrowings are secured by the following:

i) fixed charge over leasehold and freehold factory land and buildings of certain subsidiaries;

ii) fixed and floating charge over all assets of certain subsidiaries;

iii) negative pledge over all assets of the company and certain subsidiaries;

iv) corporate guarantee of RM58.4 million (S$25.2 million) [2005 : RM40.4 million (S$17.9 million)], B$0.92 million (S$0.92 million) [2005 : B$0.92 million (S$0.92 million)] and S$27.1 million (2005 : $26.1 million) by the company (Note 31). The corporate guarantee also covers the long-term borrowings in Note 22; and

v) personal guarantees by directors of certain subsidiaries.

The bank overdrafts and other bank borrowings bear interest at rates ranging from 1.50% to 9.25% (2005 : 1.50% to 8.50%) per annum and are due within 12 months.

19 TRADE PAYABLES

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Outside parties	19,991,816	19,641,497	6,097,365	6,038,697
Related parties (Note 5)	245,278	216,843	-	-
Subsidiaries (Note 12)	-	-	23,071	1,789,791
	20,237,094	19,858,340	6,120,436	7,828,488

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The group and company's trade payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
United States dollars	6,340,485	4,621,967	4,429,850	4,314,376
Australian dollars	63,367	11,241	2,336	-
Euro	1,083,004	1,972,003	61,551	72,256
Sterling pound	38,238	50,607	-	-
Malaysian ringgit	1,378	-	-	-
Japanese yen	39,972	-	-	-

20 OTHER PAYABLES

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Loan from subsidiaries (Note 12)	-	-	804,750	1,275,000
Accruals	2,679,946	1,907,110	708,815	424,450
Provision for directors' fees	152,000	169,640	92,000	92,000
Provision for onerous contracts	900,000	-	900,000	-
Customer deposits	278	93,938	-	-
Others	803,240	754,945	702,125	444,828
Related parties (Note 5)	20,000	46,482	-	-
	4,555,464	2,972,115	3,207,690	2,236,278

Loan from subsidiaries are interest-free, unsecured and repayable on demand.

21 OBLIGATION UNDER FINANCE LEASES

	Group				Company			
	Minimum lease payments		Present value of minimum lease payments		Minimum lease payments		Present value of minimum lease payments	
	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $
Amounts payable under finance leases:								
Within one year	145,804	111,701	131,068	96,842	35,190	-	34,165	-
In the second to fifth year inclusive	148,068	162,507	138,665	148,264	-	-	-	-
After five years	7,304	-	-	-	-	-	-	-
	301,176	274,208	269,733	245,106	35,190	-	34,165	-
Less: Future finance charges	(31,443)	(29,102)			(1,025)	-		
Present value of leases	269,733	245,106			34,165	-		

The rates of interest for the finance leases range from 3.65% to 6.51% (2005 : 3.65% to 6.97%) per annum.

22 LONG-TERM BORROWINGS

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Long-term loans - unsecured	3,000,000	5,333,333	3,000,000	5,333,333
Long-term loans - secured	1,889,599	1,876,335	-	-
	4,889,599	7,209,668	3,000,000	5,333,333

The borrowings are repayable as follows:

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
On demand or within one year	1,726,269	2,178,336	1,500,000	1,833,333
Second to fifth year inclusive	3,163,330	4,959,634	1,500,000	3,500,000
After five years	-	71,698	-	-
	4,889,599	7,209,668	3,000,000	5,333,333
Less: Amount due for settlement within one year (shown under current liabilities)	(1,726,269)	(2,178,336)	(1,500,000)	(1,833,333)
Amount due for settlement after one year	3,163,330	5,031,332	1,500,000	3,500,000

The unsecured long-term loans bear interest at fixed rate of 3.30% (2005 : 2.76% to 3.30%) per annum.

The secured long-term loans bear interest at fixed rates ranging from 3.75% to 12.00% (2005 : 3.75% to 9.85%) per annum.

The loans are secured by the following:

i) fixed and floating charge over all the assets of certain subsidiaries;

ii) fixed charge over leasehold land and buildings of certain subsidiaries;

iii) negative pledge over all assets of the company and certain subsidiaries;

iv) corporate guarantees by the company (see Notes 18 and 32);

v) personal guarantees by directors of certain subsidiaries; and

vi) debenture over all assets of a subsidiary.

23 DEFERRED TAX LIABILITIES (ASSETS)

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Deferred tax liabilities	763,099	1,092,195	198,000	513,000
Deferred tax assets	(92,500)	(350,426)	-	-

The major components giving rise to movements in deferred tax liabilities and assets recognised by the company and the group and movements thereon during the year:

Deferred tax liabilities

	Accelerated tax depreciation	Provision	Tax losses	Revaluation of properties	Total
	$	$	$	$	$
Group					
At beginning of year	1,168,553	(161,358)	(10,000)	95,000	1,092,195
Credit to profit and loss	(289,096)	(40,000)	-	-	(329,096)
At end of year	879,457	(201,358)	(10,000)	95,000	763,099
Company					
At beginning of year	578,000	(160,000)	-	95,000	513,000
Credit to profit and loss	(275,000)	(40,000)	-	-	(315,000)
At end of year	303,000	(200,000)	-	95,000	198,000

Deferred tax assets

	Accelerated tax depreciation	Tax losses	Total
	$	$	$
Group			
At beginning of year	(26,217)	(324,209)	(350,426)
(Credit) Charge to profit and loss	(36,204)	295,359	259,155
Currency realignment	(5,957)	4,728	(1,229)
At end of year	(68,378)	(24,122)	(92,500)

The deferred tax assets relate to temporary differences and tax losses arising from overseas subsidiaries.

24 SHARE CAPITAL AND OPTIONS

Share capital

	Group and Company			
	2006	2005	2006	2005
	Number of ordinary shares		$	$
Issued and paid up capital:				
At beginning of year	249,650,000	249,650,000	24,965,000	24,965,000
Transfer from share premium account	-	-	8,040,460	-
At end of year	249,650,000	249,650,000	33,005,460	24,965,000

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account has been transferred to the company's share capital account in the current year.

The company has one class of ordinary shares which carry no right to fixed income.

Share option

The company has a share option scheme for certain employees of the company on April 8, 2002. Options are exercisable at a price based on the average of the last done prices for the shares of the company on the Singapore Exchange Securities Trading Limited for the five market days preceding the date of grant. The options granted to employees may be exercised during the period from May 8, 2003 to May 7, 2013, both dates inclusive. Options are forfeited if the employee leaves the group before the options are exercised.

No options to take up unissued shares of the company or any corporation in the group were granted during the year.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2006		2005	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise options
		$		$
Outstanding at the beginning of the year	12,470,000	0.125	12,600,000	0.125
Forfeited during the year	(150,000)	0.125	(130,000)	0.125
Outstanding at the end of the year	12,320,000	0.125	12,470,000	0.125
Exercisable at the end of the year	12,320,000		12,470,000	

No share options were exercised during the year. The options outstanding at the end of the year have a weighted average remaining contractual life of 7 years (2005 : 8 years).

There is no recognition of equity-settled share-based payments expense at fair value at the date of grant as the options are granted before November 22, 2002 and vested before the date of the adoption of FRS 102, *Share-based Payment*, ie. July 1, 2005.

25 REVENUE AND OTHER OPERATING INCOME

An analysis of the group's revenue and other operating income for the year is as follows:

	Group	
	2006 $	2005 $
Revenue		
Sales of goods	182,847,738	133,601,353
Contract revenue	564,665	743,356
	183,412,403	134,344,709
Other operating income		
Net foreign exchange adjustment gain	385,600	-
Gain on disposal of property, plant and equipment	5,682	100,310
Allowance for doubtful debts written back	87,002	112,038
Insurance compensation received	-	77,750
Release of negative goodwill	-	359,513
Fair value gain on derivative financial instruments	91,549	-
Interest income from deposits	20,746	19,668
Allowance for stock obsolescence written back	-	13,456
Rental income	5,284	20,626
Management fee income	-	9,000
Doubtful debts recovered	248	21,766
Others	294,802	152,870
	890,913	886,997

26 FINANCE COSTS

	Group	
	2006 $	2005 $
Interest expense from:		
Bank borrowings	1,238,979	942,041
Finance leases	18,724	89,529
Others	6,684	46,423
	1,264,387	1,077,993

27 INCOME TAX EXPENSE

	Group 2006 $	Group 2005 $
Income tax		
Current	3,219,940	1,980,151
Overprovision in prior years	(102,325)	(19,248)
	3,117,615	1,960,903
Deferred income tax		
Current	(72,242)	(208,876)
Underprovision in prior years	2,301	4,817
	(69,941)	(204,059)
Total income tax expense	3,047,674	1,756,844

Domestic income tax is calculated at 20% (2005 : 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group 2006 $	Group 2005 $
Profit before tax	14,447,486	7,250,852
Income tax expense at domestic rate of 20% (2005 : 20%)	2,889,497	1,450,171
Non-allowable items	191,641	182,042
Deferred tax benefits not recognised	144,596	225,040
Utilisation of deferred tax benefits previously not recognised	(224,677)	(124,372)
Overprovision of taxation in prior years	(100,024)	(14,431)
Tax rebates	(31,500)	(51,289)
Effect of different tax rates of subsidiaries operating in other jurisdictions	163,808	109,385
Others	14,333	(19,702)
Tax expense for the year	3,047,674	1,756,844

27 INCOME TAX EXPENSE (CONT'D)

The subsidiaries have tax loss carry forwards, unutilised investment allowance and temporary differences from capital allowance available for offsetting against future taxable income as follows:

	Group	
	2006 $	2005 $
Tax loss carry forwards		
Balance at beginning of year	5,614,000	5,889,000
Adjustment	(582,000)	(1,081,000)
Currency realignment	(107,000)	(99,000)
Amount in current year	519,000	1,059,000
Amount utilised in current year	(1,002,000)	(154,000)
Balance at end of year	4,442,000	5,614,000
Unutilised investment allowance		
Balance at beginning of year	2,823,000	4,501,000
Adjustment	-	(641,000)
Currency realignment	(69,000)	(93,000)
Amount utilised in current year	(58,000)	(944,000)
Balance at end of year	2,696,000	2,823,000
Unutilised capital allowance		
Balance at beginning of year	1,385,000	2,110,000
Arising from adjustment to prior year balance	(3,000)	(1,181,000)
Currency realignment	(34,000)	(14,000)
Amount in current year	558,000	838,000
Amount utilised in current year	(66,000)	(368,000)
Balance at end of year	1,840,000	1,385,000
Total	8,978,000	9,822,000
Deferred tax benefits on above:		
recorded	92,500	324,209
unrecorded	2,072,879	1,640,191

Deferred tax benefit vary from the Singapore statutory rate as they include deferred tax on overseas operations.

Certain deferred tax benefits have not been recognised as it is not probable that the relevant subsidiaries will have taxable profits in the foreseeable future to utilise the tax loss carry forwards and temporary differences from capital allowances.

The realisation of the future income tax benefit from the remaining tax loss carry forwards and temporary differences from capital allowances is available for an unlimited future period subject to conditions imposed by law including the retention of majority shareholders as defined.

Group relief

Subject to the satisfaction of the conditions for group relief, $328,000 (2005 : $670,000) of tax losses arising in the current year were transferred from subsidiaries under the group relief system. These tax losses are transferred at no consideration.

28 PROFIT FOR THE YEAR

	Group	
	2006 $	2005 $
Directors' remuneration:		
of the company	1,820,210	1,094,442
of the subsidiaries	467,894	791,916
Directors' fee	168,400	169,358
Cost of defined contribution plans included in employee benefits expense	1,057,010	1,084,740
Audit fees:		
Paid to auditors of the company	107,000	86,596
Paid to other auditors	51,801	30,732
Non-audit fees:		
Paid to auditors of the company	10,380	10,050
Paid to other auditors	23,126	4,266
Foreign currency exchange adjustment (gain) loss	(385,600)	257,902
Impairment loss in other investments	-	17,341
Inventories written off	717,712	604,945
Reversal of allowance for inventories	-	(13,456)
Amortisation of expenses	28,525	23,004
Depreciation of expenses	2,889,484	3,258,667

29 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the company is based on the following data:

Earnings

	Group	
	2006 $	2005 $
Earnings for the purposes of calculation of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	11,228,829	5,293,592

Number of shares

	Group	
	2006	2005
Weighted average number of ordinary shares for the purposes of basic earnings per share	249,650,000	249,650,000
Effect of dilutive potential ordinary shares	1,699,310	479,615
Weighted average number of ordinary shares for the purposes of diluted earnings per share	251,349,310	250,129,615

30 DIRECTORS' REMUNERATION

Number of directors in remuneration bands are as follows:

	2006 $	2005 $
$500,000 and above	-	-
$250,000 to $499,999	2	1
Below $250,000	7	8
	9	9

31 DIVIDENDS

During the financial year ended June 30, 2006, the company paid a final dividend of 0.75 cents per ordinary share less tax on the ordinary shares of the company totalling $1,497,900 in respect of the financial year ended June 30, 2005 and an interim dividend of 0.4 cents per ordinary share less tax on ordinary shares of the company totalling $798,880 in respect of the financial year ended June 30, 2006.

Subsequent to June 30, 2006, the directors propose that a final dividend of 0.6 cents per ordinary share less tax be paid to shareholders for financial year just ended. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

32 CONTINGENT LIABILITIES

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Corporate guarantee in relation to credit facilities granted to subsidiaries (Notes 18 and 22)	-	-	53,268,800	44,937,200
Performance guarantees (secured, Note 18)	626,645	784,145	-	-
Standby letters of credit	308,480	376,320	-	-
Performance guarantees (unsecured)[a]	1,576,098	3,241,051	160,396	1,858,295
Total	2,511,223	4,401,516	53,429,196	46,795,495

(a) The performance guarantees are covered by corporate guarantee of the company.

33 COMMITMENTS

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
(a) Capital expenditure:				
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	274,771	-	-	-
(b) Copper forward contracts:				
Buy:				
US$	357,000	434,260	357,000	434,260
Equivalent in Singapore dollars	566,559	731,772	566,559	731,772

(c) **Joint venture:**

During the financial year, the group incorporated a joint venture in Vietnam known as Dien Quang – Tai Sin Cable Company Limited ("DQTSCC") with Dien Quang Lamp Joint Stock Company. The company has a 60% equity interest in DQTSCC. The group's share of the capital commitments of the joint venture is US$600,000 within 12 months from June 29, 2006. DQTSCC had not commenced operations during the financial year ended June 30, 2006.

34 OPERATING LEASE COMMITMENTS

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Minimum lease payments under operating leases recognised as an expense in the year	804,900	785,188	247,449	213,559

At the balance sheet date, the outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2006 $	2005 $	2006 $	2005 $
Future minimum lease payments payable:				
Within one year	836,954	813,899	342,000	342,000
In the second to fifth year inclusive	2,587,938	2,748,796	1,368,000	1,368,000
After five years	9,121,409	10,434,505	5,178,453	5,500,867
Total	12,546,301	13,997,200	6,888,453	7,210,867

Operating lease payments represent rentals payable for certain of its factory and office premises and equipment. Leases are negotiated for an average term of 40 years and rentals are fixed for an average of 2 years.

35 SEGMENT INFORMATION

Analysis by business segments

Segment revenue and results

Segment revenue consists of revenue directly attributable to a segment and the relevant portion of the entity's revenue that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments, derived from the principal activities of the respective entities in the segment. It does not include dividend income or any gain on disposal of capital assets.

Inter-segment sales are accounted for at competitive market prices charged to unaffiliated customers for similar goods. These transactions are eliminated upon consolidation.

Segment result is segment revenue less segment expense and is determined before any adjustments for minority interests.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, trade/other receivables, inventories and property, plant and equipment, net of allowances and provisions. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

Segment liabilities include all operating liabilities and consist principally of bank borrowings and trade/other payables.

Segment assets and liabilities do not include income tax payable and deferred income taxes.

Analysis by geographical segments

Segment revenue

Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment assets and capital expenditure

Segment assets and expenditure are analysed based on the location of these assets capital expenditure includes the total cost incurred to acquire property, plant and equipment, and intangible assets.

35 SEGMENT INFORMATION (CONT'D)

2006

Business segments

	Cable and wire	Switchboards	Lamps and lighting products	Electrical equipment	Sanitary	Elimination	Total
	$	$	$	$	$	$	$
REVENUE							
External sales	101,847,060	6,014,479	5,027,287	67,187,402	3,336,175	-	183,412,403
Inter-segment sales	2,692,397	-	-	38,643	-	(2,731,040)	-
Total revenue	104,539,457	6,014,479	5,027,287	67,226,045	3,336,175	(2,731,040)	183,412,403
RESULT							
Segment result	12,966,520	485,083	(609,456)	3,055,689	(274,731)	68,022	15,691,127
Interest expense	(719,240)	-	(37,930)	(93,757)	(19,084)	-	(870,011)
Unallocated interest expense							(394,376)
							14,426,740
Interest income	-	19,615	-	1,131	-	-	20,746
Income tax expense							(3,047,674)
Profit for the year							11,399,812

	Cable and wire	Switchboards	Lamps and lighting products	Electrical equipment	Sanitary	Total
	$	$	$	$	$	$
OTHER INFORMATION						
Segment assets	69,640,620	6,054,890	5,097,063	37,445,418	2,446,525	120,684,516
Unallocated segment assets						263,022
Consolidated total assets						120,947,538
Segment liabilities	30,575,531	989,903	1,438,693	15,463,908	509,456	48,977,491
Unallocated segment liabilities						11,241,626
Consolidated total liabilities						60,219,117
Capital expenditure	718,722	28,875	11,174	532,604	39,907	1,331,282
Depreciation and amortisation	1,596,193	156,228	415,577	706,363	43,649	2,918,010
Non-cash (income) expenses other than depreciation and amortisation	97,273	-	14,259	(18,025)	(18,411)	75,096

35 SEGMENT INFORMATION (CONT'D)

Geographical segments

	Revenue	Segment assets	Total capital expenditure
	$	$	$
Singapore	139,199,053	91,620,369	1,058,374
Malaysia	26,138,774	19,384,937	65,982
Brunei	6,014,480	6,056,466	28,876
New Zealand	12,060,096	3,885,766	178,050
	183,412,403	120,947,538	1,331,282

2005

Business segments

	Cable and wire	Switchboards	Lamps and lighting products	Electrical equipment	Sanitary	Elimination	Total
	$	$	$	$	$	$	$
REVENUE							
External sales	65,009,007	5,074,982	2,570,692	59,341,965	2,348,063	-	134,344,709
Inter-segment sales	1,295,307	-	-	27,617	-	(1,322,924)	-
Total revenue	66,304,314	5,074,982	2,570,692	59,369,582	2,348,063	(1,322,924)	134,344,709
RESULT							
Segment result	6,309,294	497,914	(640,688)	2,460,591	(608,557)	-	8,018,554
Unallocated corporate income							293,038
Operating profit							8,311,592
Interest expense	(364,133)	-	(14,295)	(93,342)	(16,142)	-	(487,912)
Unallocated interest expense							(590,081)
							7,233,599
Interest income	-	17,897	-	1,771	-	-	19,668
Share of results of associate	-	-	-	(2,415)	-	-	(2,415)
Income tax expense							(1,756,844)
Profit for the year							5,494,008

35 SEGMENT INFORMATION (CONT'D)

	Cable and wire	Switchboards	Lamps and lighting products	Electrical equipment	Sanitary	Total
	$	$	$	$	$	$
OTHER INFORMATION						
Segment assets	55,645,069	6,227,321	5,083,376	34,698,172	3,250,700	104,904,638
Unallocated segment assets						350,426
Consolidated total assets						105,255,064
Segment liabilities	23,635,485	388,204	863,614	13,770,823	1,370,688	40,028,814
Unallocated segment liabilities						12,781,083
Consolidated total liabilities						52,809,897
Capital expenditure	1,581,777	9,597	44,802	966,908	4,982	2,608,066
Depreciation and amortisation	1,986,356	158,063	431,384	655,188	50,680	3,281,671
Non-cash (income) expenses other than depreciation and amortisation	(98,552)	-	-	557,836	45,351	504,635

Geographical segments

	Revenue	Segment assets	Total capital expenditure
	$	$	$
Singapore	101,176,500	76,794,780	1,939,135
Malaysia	15,060,445	16,838,275	112,815
Brunei	5,074,983	6,413,394	9,597
New Zealand	13,032,781	5,208,615	546,519
	134,344,709	105,255,064	2,608,066

36 RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements and following the adoption of the FRSs that became effective during the year. As a result, certain line items have been amended on the face of the balance sheet and related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation.

These items were reclassified as follows to reflect the difference in the nature for available-for-sale investments and other investment.

	Previously reported	After reclassification
	2005 $	2005 $
Balance sheet		
Non-current assets		
Available-for-sale investments	-	17,543
Other investment	29,504	11,961
	29,504	29,504

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company set out on pages 31 to 72 are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at June 30, 2006, and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the financial year then ended and 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.

ON BEHALF OF THE DIRECTORS

Lim Chye Huat @ Bobby Lim Chye Huat

Lin Chen Mou

August 25, 2006

Interested Person Transactions

In compliance with Rule 907 of the listing Manual of the Singapore Exchange Securities Trading Limited, it is disclosed that:-

(a) The Company did not seek a shareholders' general mandate pursuant to Rule 920 of the Listing Manual for recurrent interested party transactions during the financial year under review.

(b) The aggregate value of all interested persons transactions (excluding any transaction which is less than $100,000) during the financial year ended June 30, 2006 were as follows:-

Name of Interested person	Nature of transactions	Aggregate value of all Interested person transactions during the financial year under review
VL Holdings Ltd	Rental Income	$109,330
LKH (B) Sdn Bhd	Sales	$566,232

MATERIAL CONTRACTS

There were no material contracts (including loans) of the Company and its subsidiaries involving the interests of the chief executive officer or any director or controlling shareholders, either still subsisting at the end of the financial year ended June 30, 2006, or if not then subsisting, entered into since the end of the previous financial year.

Analysis of Shareholdings

As at 11 September 2006

ISSUED AND FULLY PAID-UP CAPITAL	:	$33,065,459
NUMBER OF SHARES ISSUED	:	250,130, 000 ORDINARY SHARES
CLASS OF SHARES	:	ORDINARY SHARES FULLY PAID
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS AS AT 11 SEPTEMBER 2006

Size of shareholdings	Number of shareholders	%	Number of Shares	%
1 - 999	2	0.07	880	-
1,000 - 10,000	1,857	68.57	10,303,840	4.12
10,001 - 1,000,000	818	30.21	47,463,520	18.98
1,000,001 and above	31	1.15	192,361,760	76.90
Total	2,708	100.00	250,130,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 11 SEPTEMBER 2006

No	Name of Shareholder	Number of Shares	%
1	Lim Boon Hock Bernard	25,250,000	10.09
2	Lim Chye Huat @ Bobby Lim Chye Huat	24,217,580	9.68
3	Lim Boon Chin Benjamin (Lin Wenjin Benjamin)	16,000,000	6.40
4	Chang Chai Woon	11,100,000	4.44
5	Lim Chai Lai @ Louis Lim Chai Lai	10,497,000	4.20
6	Goh Soo Luan	10,016,000	4.00
7	Lim Lian Hiong	9,351,000	3.74
8	Au Yeow Huat Kevin (Ou Yaofa Kevin)	8,885,000	3.55
9	Lim Phek Choo Constance	8,088,000	3.23
10	Lim Hiang Lan	7,633,000	3.05
11	Chia Ah Heng	5,441,000	2.18
12	Lim Lian Eng	5,418,000	2.17
13	Chan Kum Lin Carolyn	5,000,000	2.00
14	Wong Tim Kai	4,400,000	1.76
15	Chen Shyh Yi	4,270,720	1.71
16	Hong Tai Electric Industrial Co Ltd	3,964,520	1.59
17	Chen Chang, Chun-Fei	3,955,000	1.58
18	Geraldine Cheng Hua Yong	3,947,000	1.58
19	Overseas Union Bank Nominees Pte Ltd	3,500,000	1.40
20	Yen Tsung Hua	3,414,760	1.36
	Total:	174,348,580	69.71

LIST OF SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS AS AT 11 SEPTEMBER 2006 BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Number of Shares	
Name	Shareholdings registered in the name of Substantial Shareholders or their Nominees	Shareholdings in which Substantial Shareholders are deemed to have an interest
Lim Chye Huat @ Bobby Lim Chye Huat (1)	24,217,580	10,016,000
Goh Soo Luan (2)	10,016,000	24,217,580
Lim Boon Hock Bernard (3)	25,500,000	1,100,000
Pang Yoke Chun (4)	1,100,000	25,500,000
Lim Boon Chin Benjamin	16,000,000	-
Lim Chai Lai @ Louis Lim Chai Lai (5)	10,497,000	5,000,000
Chan Kum Lin (6)	5,000,000	10,497,000
Chia Ah Heng (7)	5,441,000	9,351,000
Lim Lian Hiong (8)	9,351,000	5,441,000

Note:-

(1) Lim Chye Huat @ Bobby Lim Chye Huat is deemed to have an interest in the 10,016,000 shares held by his wife, Goh Soo Luan.

(2) Goh Soo Luan is deem to have an interest in the 24,217,580 shares held by her husband, Lim Chye Huat @ Bobby Lim Chye Huat.

(3) Lim Boon Hock Bernard is deemed to have an interest in the 1,100,000 shares held by his wife, Pang Yoke Chun.

(4) Pang Yoke Chun is deemed to have an interest in the 25,500,000 shares held by her husband, Lim Boon Hock Bernard.

(5) Lim Chai Lai @ Louis Lim Chai Lai is deemed to have an interest in the 5,000,000 shares held by his wife, Chan Kum Lin.

(6) Chan Kum Lin is deemed to have an interest in the 10,497,000 shares held by her husband, Lim Chai Lai @ Louis Lim Chai Lai.

(7) Chia Ah Heng is deemed to have an interest in the 9,351,000 shares held by his wife, Lim Lian Hiong.

(8) Lim Lian Hiong is deemed to have an interest in the 5,441,000 shares held by her husband, Chia Ah Heng.

FREE FLOAT OF EQUITY SECURITIES

On the basis of information available to the Company, approximately 39% of the equity securities of the company (excluding preference shares and convertible securities) are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST, which requires at least 10% of a listed issuer's equity securities to be held by the public.

Notice of Annual General Meeting

TAI SIN ELECTRIC CABLES MANUFACTURER LIMITED

(Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tai Sin Electric Cables Manufacturer Limited will be held at 24 Gul Crescent, Jurong Town, Singapore 629531 on Friday, October 27, 2006 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Accounts for the year ended June 30, 2006 together with the Auditors' Report thereon.

2. To declare a final dividend of 0.6 cents per ordinary share less tax at 20% for the year ended June 30, 2006.

3. To approve the payment of $92,000 as Directors' Fees for the year ended June 30, 2006. (2005 : $92,000)

4. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:-

   (a) Prof. Lee Chang Leng Brian;
   (b) Mr. Richard Wee Liang Huat @ Richard Wee Liang Chiat;
   (c) Mr. Chia Ah Heng; and
   (d) Mr. Lim Chai Lai @ Louis Lim Chai Lai.

5. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions pursuant to Section 153(6) of the Companies Act, Cap. 50:-

   (a) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Sim Yeong Soon who is over 70 years of age, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

   (b) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Lee Lien-Shen who is over 70 years of age, be and is hereby authorised to continue in office as Alternate Director to Mr. Lin Chen Mou, until the conclusion of the next Annual General Meeting."

6. To re-appoint Deloitte & Touche as Auditors and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors to issue shares in the capital of the Company whether by way of rights, bonus or otherwise ("shares") and/or make or grant offers, agreements or options that might or would require shares to be issued ("Instruments") including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time, to such persons, upon such terms and conditions and for such purposes, as the Directors may in their absolute discretion deem fit, provided that:-

   (i) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the Company's issued share capital;

(ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:-

(a) new shares arising from the exercise of employee share options that are outstanding when this Resolution is passed; and

(b) any subsequent consolidation or subdivision of shares; and

(iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier."

8. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

Mrs Low nee Tan Leng Fong
Tan Shou Chieh
Secretaries

Singapore, October 9, 2006

Notes:

(1) A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 24 Gul Crescent, Jurong Town, Singapore 629531 not less than 48 hours before the time for holding the Meeting.

(2) Prof. Lee Chang Leng Brian is considered to be an independent director by the Board of Directors, and if re-elected under item 4(a) above, will remain as an Audit Committee Member.

(3) Mr. Richard Wee Liang Huat @ Richard Wee Liang Chiat, is considered to be an independent director by the Board of Directors, and if re-elected under item 4(b) above, will remain as Chairman of the Audit Committee.

(4) Mr. Sim Yeong Soon is considered to be an independent director by the Board of Directors, and if re-appointed under item 5(a) above, will remain as an Audit Committee Member.

(5) The ordinary resolution proposed in item 7 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue new shares or instruments convertible into shares in the Company subject to the limits imposed by the Resolution, for such purposes as they consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Proxy Form

TAI SIN ELECTRIC CABLES MANUFACTURER LIMITED

(Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

IMPORTANT

1. For investors who have used their CPF monies to buy shares of Tai Sin Electric Cables Manufacturer Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of Tai Sin Electric Cables Manufacturer Limited hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of shareholdings represented

and/or (delete as appropriate)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on October 27, 2006 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated with an "X" hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1.	Adoption of Accounts and Reports		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	(a) Re-election of Prof. Lee Chang Leng Brian as a Director		
	(b) Re-election of Mr. Richard Wee Liang Huat @ Richard Wee Liang Chiat as a Director		
	(c) Re-election of Mr. Chia Ah Heng as a Director		
	(d) Re-election of Lim Chai Lai @ Louis Lim Chai Lai as a Director		
5.	(a) Re-appointment of Mr. Sim Yeong Soon as a Director		
	(b) Approval for Mr. Lee Lien-Shen to continue in office as Alternate Director to Mr. Lin Chen Mou		
6.	Re-appointment of Auditors and fixing their remuneration		
7	As special business - approving the Mandate for the Directors to issue new shares or convertible instruments		

Dated this ____________ day of ____________ 2006.

Total Number of Shares Held

____

Signature/Common Seal of Shareholder(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf.

2. Where a member appoints two proxies, he shall specify the proportion of his shares to be represented by each proxy and if no proportion is specified, the first named proxy shall be deemed to represent all of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A proxy need not be a member of the Company.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and also in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 24 Gul Crescent, Jurong Town, Singapore 629531 not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject any instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

SINGAPORE

TAI SIN ELECTRIC CABLES MANUFACTURER LIMITED
24 Gul Cresent, Jurong Town
Singapore 629531
Tel: (+65) 6861 3401 Fax : (+65) 6861 4084
Email: mailbox1@taisin.com.sg
Website: www.taisin.com.sg

LIM KIM HAI ELECTRIC CO (S) PTE LTD
Lim Kim Hai Building
53 Kallang Place
Singapore 339177
Tel: (+65) 6292 3711 Fax : (+65) 6297 0078
Email: sales@limkimhai.com.sg
Website: www.limkimhai.com.sg

LKH POWER DISTRIBUTION PTE LTD
Lim Kim Hai Building
53 Kallang Place, 1st Storey
Singapore 339177
Tel: (+65) 6897 7078
Fax: (+65) 6897 7079
Email: lkhpd@limkimhai.com.sg
Website: www.lkhpowerdistribution.com

PRECICON D&C PTE LTD
27 Gul Avenue
Singapore 629667
Tel: (+65) 6763 1718
Fax: (+65) 6763 6321
Email: sales@precicon.com.sg
Website: www.precicon.com.sg

PC2M ASIA PACIFIC PTE LTD
27 Gul Avenue
Singapore 629667
Tel: (+65) 6763 1718
Fax: (+65) 6763 6321
Email: sales@pc2m-asia.com
Website: www.pc2m-asia.com

YAT LYE PTE LIMITED
120 Eunos Avenue 7
#01-06 Richfield Industrial Centre
Singapore 409574
Tel: (+65) 6748 8311
Fax: (+65) 6748 1859
Email: sales88@yatlye.com.sg
Website: www.yatlye.com.sg

MALAYSIA

TAI SIN ELECTRIC CABLES (MALAYSIA) SDN BHD
PTD 37433 & 37434
Off Jalan Perindustrian Senai 3
Kawasan Perindustrian Senai Fasa 2
P.O. Box 73, 81400 Senai
Johor Darul Takzim, Malaysia
Tel: (+60) 7 599 8888
Fax: (+60) 7 599 8898
E-mail: taisin@taisin.com.my
Website: www.taisin.com.my

LKH LAMPS SDN BHD
Lot 67A, Jalan Gebeng 1/6
Gebeng Industrial Estate
26080 Kuantan
Pahang Darul Makmur, Malaysia
Tel: (+60) 9 583 4832
Fax: (+60) 9 583 4825
E-mail: info@lkhlamps.com
Website: www.lkhlamps.com

LKH LIGHTINGS SDN BHD
No.6, Jalan PJS 11/16
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (+60) 3 56373 325
Fax: (+60) 3 56351 265

BRUNEI

PKS SDN BHD
Lot B, Kawasan Perindustrian Beribi I
Jalan Gadong BE 1118
Bandar Seri Begawan 3188
Negara Brunei Darussalam
Tel: (+673) 2 421348 / 421349
Fax: (+673) 2 421347
Email: tony@pks.com.bn
Website: www.pks.com.bn

NEW ZEALAND

VYNCO INDUSTRIES NZ LIMITED
P.O. Box 10084
Christchurch
388 Tuam Street
New Zealand
Tel: (+64) 3 379 9283
Fax: (+64) 3 379 6838
Email: vyncoauck@vynco.co.nz
Website: www.vynco.co.nz

TAI SIN ELECTRIC CABLES MANUFACTURER LIMITED
24 Gul Cresent Jurong Town
Singapore 629531
Tel: (65) 6861 3401
Fax: (65) 6861 4084
Email: mailbox1@taisin.com.sg
Website: www.taisin.com.sg