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The logo for GIKEN, featuring the word "GIKEN" in a bold, green, sans-serif font. The letter "I" is stylized with a red diagonal bar. The logo is centered within a decorative, light green circuit board pattern that frames the text.

**GIKEN**

Giken Sakata (S) Limited

**ANNUAL REPORT 2002**



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# Group *Financial Summary*

Year ended 31 March

	2002	2001	2000	1999	1998
	S\$ mil	S\$ mil	S\$ mil	S\$ mil	S\$ mil

## Financial Performance

Turnover	91.1	161.5	150.5	129.1	133.5
Net (Loss)/Profit Before Tax	(6.6)	3.8	3.9	3.3	2.5
Net (Loss)/Profit After Tax	(5.9)	2.8	3.1	2.7	2.0

## Financial Position

Fixed Assets	16.2	18.9	15.0	15.3	16.8
Intangible Assets	0.3	0.5	0.0	0.0	0.0
Associate	0.1	0.3	0.2	0.1	0.1
Other Non-Current Assets	0.3	0.4	0.4	0.4	0.8
Current Assets	22.2	28.8	35.8	19.4	25.2
Total Assets	39.1	48.9	51.4	35.2	42.9
Other Non-Current Liabilities	1.4	3.3	1.3	0.8	1.1
Long Term Borrowings	1.4	2.2	0.7	1.5	2.7
Short Term Borrowings	5.8	2.8	5.8	4.4	6.5
Other Current Liabilities	18.1	20.6	25.8	13.1	19.4
Total Liabilities	26.7	28.9	33.6	19.8	29.7
Share Premium	3.2	3.2	3.2	3.2	3.2
Capital Reserve	0.0	0.0	0.0	0.0	0.0
Translation Reserve	0.8	0.8	1.3	1.2	0.9
Revenue Reserve	(6.8)	(0.2)	(2.4)	(5.1)	(7.3)
Share Capital	14.9	14.9	14.9	14.9	14.9
Total Capital & Reserve	12.1	18.7	17.0	14.2	11.7
Minority Interest	0.8	1.3	0.8	1.2	1.5
Total Capital, Reserve & Minority Interest	12.9	20.0	17.8	15.4	13.2

## Financial Ratios

Net Tangible Assets Per Share (Cents)	19.6	31.3	28.4	23.9	19.6
Earnings Per Share Before Tax (Cents)	(11.2)	6.3	6.6	5.5	4.3
Earnings Per Share After Tax (Cents)	(0.1)	4.7	5.1	4.4	3.4
Gearing Ratio	0.6	0.3	0.4	0.4	0.8

The comparative figures have been reclassified to conform with the current year's presentation in accordance with the new presentation requirement of Statement of Accounting Standard No.10.

## President's Message

On behalf of the Board of Directors, we present you with an overview of the performance of the Group during the financial year 2002 and the prospects facing us in the year ahead.



**Eiju Yokota**  
President

### Current Year Review

The Group's sales turnover for the financial year was S\$91.06 million. This was about 56.4% of the turnover for financial year 2001. The reduction is due in part to the completion of the manufacturing contract for a customer in October 2000 as well as reduced orders from another customer due to the phasing out of its product from the market. Turnover of S\$50.37 million during the first half of the financial year account for 55.3% of the turnover for the full year. The lower turnover for the second half year is due to the effect of the lower seasonal demand by customers and the downturn in the electronics industry, in which the Group operates in.

Owing to the decline in turnover, the Group recorded an operating loss after tax of S\$5.95 million for the current financial year. The Group had taken steps to lower operating cost during the second half of the current financial year. The benefits will mainly be felt in the next financial year. These steps include consolidation of factory spaces, manpower restructuring, salary reduction of between 10% to 35% and other operational cost control.

During the financial year, the Company increased its shareholding in Changzhou Giken Precision Co Ltd ("CGP") from 57% to 77% by purchasing an additional 20% stake in CGP from an existing shareholder.

For the financial year 2002, the Directors of the Company are not recommending the payment of any dividends.

### Outlook

The Group has been continuing to source for new customers and new orders from existing customers. It expects to see an increase in orders in financial year 2003, as compared to the second half of financial year 2002. In addition, the Group expects to benefit from the various steps taken in financial year 2002 to lower operating cost.

Barring any events that will substantially affect the electronics industry, the Company expect an improved performance for financial year 2003.

### Conclusion

The Directors would like to express its gratitude and thanks to Mr Shigeo Nakagawa, who had retired as the Chairman and Director of the Company on 31 March 2002. Mr Nakagawa, who joined the Company in 1994, had guided the Group successfully through various changes in the electronics industry and after his retirement from the Board of Directors, will continue to serve the Company and Group as a Senior Advisor.

We would also like to sincerely thank all our shareholders, customers, suppliers, bankers and business associates for their support during all these years. We also thank all our fellow directors and all staff within the Group for their dedication and contribution.

Eiju Yokota  
President  
15 June 2002

## Board of *Executive Directors*



< **Sakae Yokota**  
(Senior Director)



**Eiju Yokota** >  
(President)



< **Yasufumi Tsunoda**  
(Vice President)



**Toshio Shinonuma** >  
(Executive Director)



< **Daiyo Komiyama**  
(Executive Director)

## Corporate *Data*

### Board of Directors

Eiju Yokota	(President)
Yasufumi Tsunoda	(Vice President)
Sakae Yokota	(Senior Director)
Shiro Murai	(Senior Director)
Toshio Shinonuma	
Daiyo Komiyama	
Chin Siew Gim	
Tay Swee Sze	
Masahiro Nakazaki	

### Audit Committee

Chin Siew Gim	(Chairman)
Sakae Yokota	
Tay Swee Sze	

### Company Secretary

Ng Say Tiong

### Registered Office

40 Jalan Pemimpin, #04-05 Tat Ann Building, Singapore 577185

### Auditors

Arthur Andersen, Certified Public Accountants, Singapore  
Partner-in-charge : William Lim Choon Hock

### Registrars, Transfer Office and Warrant Agent

Barbinder & Co Pte Ltd  
8 Cross Street, #11-00 PWC Building, Singapore 048424

### Principal Bankers

The Development Bank of Singapore Ltd  
The Hongkong and Shanghai Banking Corporation Limited  
Malayan Banking Berhad  
The Bank of Tokyo-Mitsubishi Ltd  
Mizuho Corporate Bank Ltd, Singapore Branch

## Business *Addresses*

### Giken Sakata (S) Limited

#### Head Office

40 Jalan Pemimpin, #04-05 Tat Ann Building, Singapore 577185

Tel : (65) 6259-9133      Fax : (65) 6259-9822

Website : [www.giken.com.sg](http://www.giken.com.sg)

#### Mechanisms Division

40 Jalan Pemimpin, #04-04 Tat Ann Building, Singapore 577185

Tel : (65) 6354-6661      Fax : (65) 6258-8711

#### Microshafts Division

5046 Ang Mo Kio Industrial Park 2, #01-541/549, Singapore 569549

Tel : (65) 6482-2323      Fax : (65) 6482-3352

### Subsidiaries

#### P.T. Giken Precision Indonesia

Citra Buana Industrial Park, Jl. Yos Sudarso Phase II, Lot 2 Batu Ampar, Batam 29432, Indonesia

Tel : (778) 451-000      Fax : (778) 452-350

#### GPM Engineering (JB) Sdn Bhd

No 38 Jalan Kangkar Tebrau, 81100 Johor Bahru, Malaysia

Tel : (65) 6259-9133      Fax : (65) 6259-9822

#### Giken Japan Corporation

29-24 Teramachi Hachioji-shi, 1F Foyou Haimu, Tokyo 192-0073, Japan

Tel : (81) 426-280-850      Fax : (81) 426-280-851

#### Changzhou Giken Precision Co Ltd

No 206 Taishan Road, Changzhou New Area, Jiangsu Province, People's Republic of China

Tel : (86) 519-510-5100      Fax : (86) 519-510-5140

## Corporate *Governance*

The Company is committed to raising the standard of corporate governance in order to protect the interest of its shareholders. The Board of Directors fully supports the Best Practices Guide on corporate governance as recommended by the Singapore Exchange Securities Trading Limited and has put in place various mechanisms to ensure that effective corporate governance is practised.

### Board of Directors

The Board of Directors consists of members with varied experience and expertise. The Board comprises nine members, four of whom are non-executive directors.

Apart from its statutory responsibilities, the Board reviews and approves the Group's strategic plans, key operational initiatives and major investment and funding decisions. It also identifies principal risks of the Group's business and implements appropriate systems to manage those risks, reviews the Group's financial performance and evaluates the performance and compensation of senior management personnel. These functions are carried out either directly or through Board Committees.

### Audit Committee

The Directors of Giken Sakata (S) Limited have adopted the principles of corporate governance under the Best Practices Guide with respect to Audit Committees as formulated by the Singapore Exchange Securities Trading Limited.

The Audit Committee is chaired by Mr Chin Siew Gim, an independent director and includes Mr Tay Swee Sze, an independent director and Mr Sakae Yokota.

The Committee held two meetings for the financial year ended 31 March 2002 and reviewed the following, where relevant, with the executive directors and the external auditors:

- a) the audit plan of the external auditors and results of their examination and evaluation of the Group's systems of internal accounting controls;
- b) the Group's financial and operating results;
- c) the announcement of the half-year and full-year results of the Company and the Group to the Singapore Exchange Securities Trading Limited.
- d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the external auditors' report on those financial statements;
- e) the co-operation given by the management to the external auditors; and
- f) the appointment of the external auditors of the Company.

The Audit Committee has full access to and co-operation by the management. The external auditors have unrestricted access to the Audit Committee.

The Committee has recommended to the Board of Directors the nomination of Ernst & Young for appointment as the new external auditors of the Company at the forthcoming Annual General Meeting.

### Code on Securities Transactions by Directors

The Company has devised and adopted its own internal code to provide guidance to its directors and employees on their dealings in its securities.

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