



In spite of the global slowdown that persisted in the second half of the year, the fiscal year 2001 showed remarkable growth for our Company, achieving all time highs in both net sales and net income. Net sales increased by 21.5% and net income by 123.5% on the consolidated base.

The major areas experiencing growth are the medical application and biology/biotechnology markets. At the end of the year we did, however, see a decrease in sales in the semiconductor and telecommunication fields. The Company as a

whole, closed the year with a sizable increase in the majority of markets we've entered.

The Company raised a fund by floating a convertible bond publicly for Yen 20 billion (US\$168 million) in October, 2000. This fund was needed to build new production facilities for expansion. In May, 2001 one share of the Company was split into every two shares making the total number of shares outstanding over 67 million. We have now 46 thousand shareholders worldwide and it was a pleasure to pay a year-end dividend of Yen 5 (US\$0.04) to our shareholders, whose numbers doubled since last year. A Yen 7 (US\$0.06) median dividend was declared in June for the listed shareholders at the end of March, 2001.

Opto-Electronics Devices showed a 26.1% rise in bookings and a 23.5% increase in shipments. For the Electron Tube Division, Photomultiplier Tubes were well received by the PET (Positron Emission Tomography) and oil research markets, because of their ability to detect special radiation at extremely low levels emitted from an oil field. The Lamp Division encountered an abrupt decrease in sales in the second half of the year due to slumps in the semiconductor and IT technology markets. The Deuterium Lamp stayed strong in the analytical market, and the FOS (Fiber Optic Scintillation) used for X-ray imaging successfully penetrated dental applications. In opto-semiconductor products, the Silicon Photodiode continued to control the X-ray

CT (Computed Tomography) market. The InGaAs devices are also ordered in large quantities in the optical communication fields because of their quick response time. By the end of the year Opto-Electronics Devices generated revenue of Yen 48,853 million (US\$411 million).

The Digital Camera was the main contributor to sales growth in Imaging and Measurement Instruments because they allowed more versatility for the end users. Cameras for the X-ray Line Sensors also demonstrated a substantial increase in the food inspection market. Cameras used for semiconductor inspection suffered a decrease in the Asian market where capital investment plummeted. Imaging and Measurement Instruments created a yearly business of Yen 12,766 million (US\$1076 million), up by 6.4% from year before.

At Central Research Laboratory, in order to overcome the limitations of image-processing speed in the conventional video camera, we designed and constructed a Column Parallel Vision (CPV) system, which generates an intelligent and general-purpose image processing capability with an increased frame rate of 1 millisecond (i.e. 1,000 frame/second). We anticipate this technique opening a new application in FA, since it can detect and process fast moving objects with more precision.

Outside of Japan, we note a sharp increase in business in the UK, where sales have doubled in the past two years. Our opto-semiconductor products surged in High-Energy Physics and Tele-communication markets.

With business sentiment still eroding and no signs of the global recession coming to an abrupt end, the Company has managed to do very well. It is fortunate that we did not have to sustain any negative impact during the year. As your president and CEO, I am determined to encourage our growth, so that we may continue to prosper as a Company.



Teruo Hiruma  
President and CEO  
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