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Aloka Co., Ltd.

Aloka Co., Ltd. is a leading medical electronics manufacturer having 12 consolidated subsidiaries (one added to those in the previous year). Its main product lines are electronic medical systems, radiation protection and analytical instruments, and clinical laboratory systems. In May 2001, Aloka Enterprise Co., Ltd. that is engaged in distribution management was renamed AEC Co., Ltd. In October 2001, Aloka System Engineering Co., Ltd. was started up to undertake software development.

In the year under review, Aloka made efforts for new product development, cost reduction, strengthening of marketing capability, quality and environmental system establishment, and improvement of general management efficiency through fixed cost control.

As a result, total sales amounted to ¥46.2 billion, an increase of 5.7% above the previous year. Ordinary profit decreased 8.9% below the previous year to ¥3,083 million due to decline of selling prices under intensified competition and sluggish stock market despite cost reduction efforts. However, net income amounted to ¥1,499 million, a slight increase of 0.7% above the previous year.

Consolidated Business Performance

	2002	2001	Millions of Yen Growth Rate
Sales	46,200	43,720	5.7%
Operating income	2,843	3,246	12.4%
Ordinary profit	3,083	3,385	8.9%
Net income	1,499	1,488	0.7%



ALOKA Survey Meter

The business outline by segment in fiscal 2001 will be described.

• Electronic Medical Systems

The domestic demand for diagnostic ultrasound systems that are main products in this segment is decreasing because the reform of medical treatment fee reduction is promoted, resulting in decrease in equipment investment in medical institutions. Although the oligopolistic system was established through M&A, the competition among products including imported systems became severer. The medical environment had no bright prospect, but Aloka launched new products using edge technology into the market and promoted its active marketing strategy.

The new products put into the market were provided with wealthy applications based on high image quality, realizing advanced system configurations. As a result, these products marked a favorable growth with high reception in the medical field.

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Among other products, the bone densitometry system and the bone analysis system applying ultrasound technology showed a steady growth. In the domestic market, however, a hard fight was forced due to the intensified competition and the longer renewal period of these systems.

In the overseas market, sales increased more than expected owing to expansion of the marketing network and the tendency of low yen rate.

As a result, total sales in this segment showed an increase of 15.9% above the previous year, amounting to ¥35.1 billion.

• Radiation Protection and Analytical Instruments

In the products including radiation measuring instruments and radiation monitoring systems, sales of facilities monitors and model-changed survey meters increased because of increase in hospitals in which nuclear medical diagnostic systems and cyclotrons were installed. However, the nuclear power prevention and safety measures that had been promoted for the past 2 years against emergency cases were completed and the entire market entered the between period and changed into the severe environment.

On the other hand, the bio-business team was organized in 2001 because the research into genetic information became active in the biotechnology field. Further, a genetic research center was established in Tukuba district in order to actively promote the business for diagnostic systems in the future age of tailor-made medical care.

As a result, total sales in this segment amounted to ¥7,668 million, a decrease of 18.8% below the previous year.

• Clinical Laboratory Systems

The medical institutions and clinical testing centers that were main users of the specimen testing system and the pipetting system suffered a continuous downturn in revenues due to continuous revision of medical treatment fees. In these circumstances, however, the needs for the automated specimen preparation system have been growing in the specimen testing industry because of its accuracy control of test data, high-speed processing and energy saving. This system is also in a good position because the use of the specimen ordering system (using bar codes) has been accelerated to prevent the medical mistakes in the medical institutions. The clinical testing center industry made a large investment in equipment to survive the downturn of revenues. Aloka's products integrating the most advanced mechatronics with wealthy software received high evaluation and increased sales.



ALOKA SSD-4000

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However, total sales in this segment decreased 14.1% below the previous year to ¥3,430 million due to decrease in OEM business with large customers.

R&D Activities

The research and development of Aloka group is categorized into the research into elementary technology and the technical development directly connected with product development made by the engineering departments.

The R&D activities in fiscal 2001 focused on the advanced technologies in the medical, radiation and bioelectronics and development of high-performance products with high safety to meet the needs of customers.

The total R&D expenditure in the year under review amounted to ¥5,048 million, which was appropriated to the following activities:

- The products such as various types of diagnostic ultrasound systems and transducers were developed and engineered.
- High-resolution diagnostic ultrasound system for bodies and blood vessels were developed and engineered.
- An ultrasound bone analysis system for early finding and diagnosis of osteoporosis was developed and engineered.
- Various types of radiation measuring instruments and monitoring systems were developed and engineered for nuclear facilities including nuclear power plants, and universities, hospitals and research institutes using radioisotopes.
- Genome analysis equipment was developed for biotechnological researches in universities and research institutes.
- Automated specimen preparation systems and testing systems were developed and engineered for centrifugal separation, valving and pipetting of specimen such as serums at hospitals and clinical testing centers.

New Products

Some of new products developed by Aloka in the year under review will be introduced:

- **Automated specimen preparation and pipetting system**

Specimens are precious information sources available from patients. The specimen preparation process occupies 30% of the specimen testing work and it is made manually, taking much time. To simply operate this specimen preparation process, the LabFLEX2500 automated specimen preparation and pipetting system was developed.



LabFLEX2500

This system is designed to integrate the processes from valve opening to pipetting and sub-specimen labeling. It features compact design for space saving and superior cost performance to best match with the needs from testing laboratories, succeeding the features and functions of the APS-3000 automated specimen preparation system.

The automated system ensures that the minimum specimen quantity necessary for analysis is effectively used and that the margin of time available in checking of analyzed results is used for feedback of the reliable test results to the clinical side.

• **Automatic in-situ hybridization system**

The in-situ hybridization system is a means of researching into the functions of in-vivo genes in the cell level, which provides important information in researches and tests. A series of processes including hybridization, antigenic and antibody reactions, and oxygen reaction are simple, but should be handled accurately, and these processes require a long time totally.

The GENEMASTER ISH series automatic ISH system was developed to support the processing of many genes and samples for effective use of precious research hours.

The GENEMASTER ISH series can prepare protocols flexibly by selecting the parameters such as processing time, reactive temperature and stirring speed, and control reagents at adequate temperatures, ensuring full-automatic in-situ hybridization.



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