

We gain strength from product diversity.

At any given time, changing customer needs, market conditions and economic factors can impact the revenues we derive from one of our product lines, either positively or negatively. But that is precisely the advantage that product diversity gives us. We supply a range of different products, many of which hold leading market positions, to a range of different market niches. This helps us to achieve growth without a disproportionate dependence on a single product or market and provides stability and consistency for our revenue base.

In 2003, we achieved revenue growth in the majority of our product lines, contributing to the generation of continuing strong cash flows for the company.

We keep a close watch on the bottom line.

A company with manufacturing at its core faces the continuing challenge to make its products faster, better and more economically. We view this challenge as a continuing opportunity to increase profitability and improve our operational efficiency.

Over the past several years, we have made significant investments in the upgrading of our automated manufacturing equipment, enabling us to produce higher volumes in less time and with greater cost efficiency. We also have taken steps toward the consolidation of common systems and processes among our three manufacturing locations.

In 2003, we continued to make solid headway in our never-ending quest for operational improvement, which is a primary focus of our business strategy. Our ability to hold the line on operational costs, coupled with increased revenues from product sales, contributed to a 20 percent improvement in operating income over 2002.

Our strategy for the future continues to be focused on growth, as we remain committed to the fundamentals that have served us well: Financial strength that fuels continuing growth. Products that meet the needs of select markets. Productivity and profitability that improve year by year.

To that end, we will continue to put products into the marketplace that represent the highest standards of integrity and innovation. We will be relentless in our pursuit of operational measures that improve productivity and produce bottom-line benefits. We will seek out new ways to expand market opportunities and increase sales. We will continue to deploy our financial resources in the wisest way we can. We pledge our best effort to achieving a double-digit rate of growth in earnings per share from continuing operations. And we will remain vigilant in our determination to return value to those who invest in our company.

Sincerely,



Emile A. Battat
Chairman of the Board and President