

HOGY



July 17, 2007



Financial Report

First Quarter of Fiscal 2007

(April 1 – June 30, 2007)

Jun-ichi Hoki, President and CEO

Yukio Ishii, General Manager, Administration Div.

Notice Regarding Forward-Looking Statements

This presentation contains statements about the Company's plans, forecasts, strategies, and beliefs related to its future performance. Such forward-looking statements were prepared based on judgments of the Company's management according to information available when this presentation was prepared. Readers are asked not to rely completely on performance forecasts contained herein, and understand that actual results may differ from such forecasts.

Financial results reported herein have not been audited.

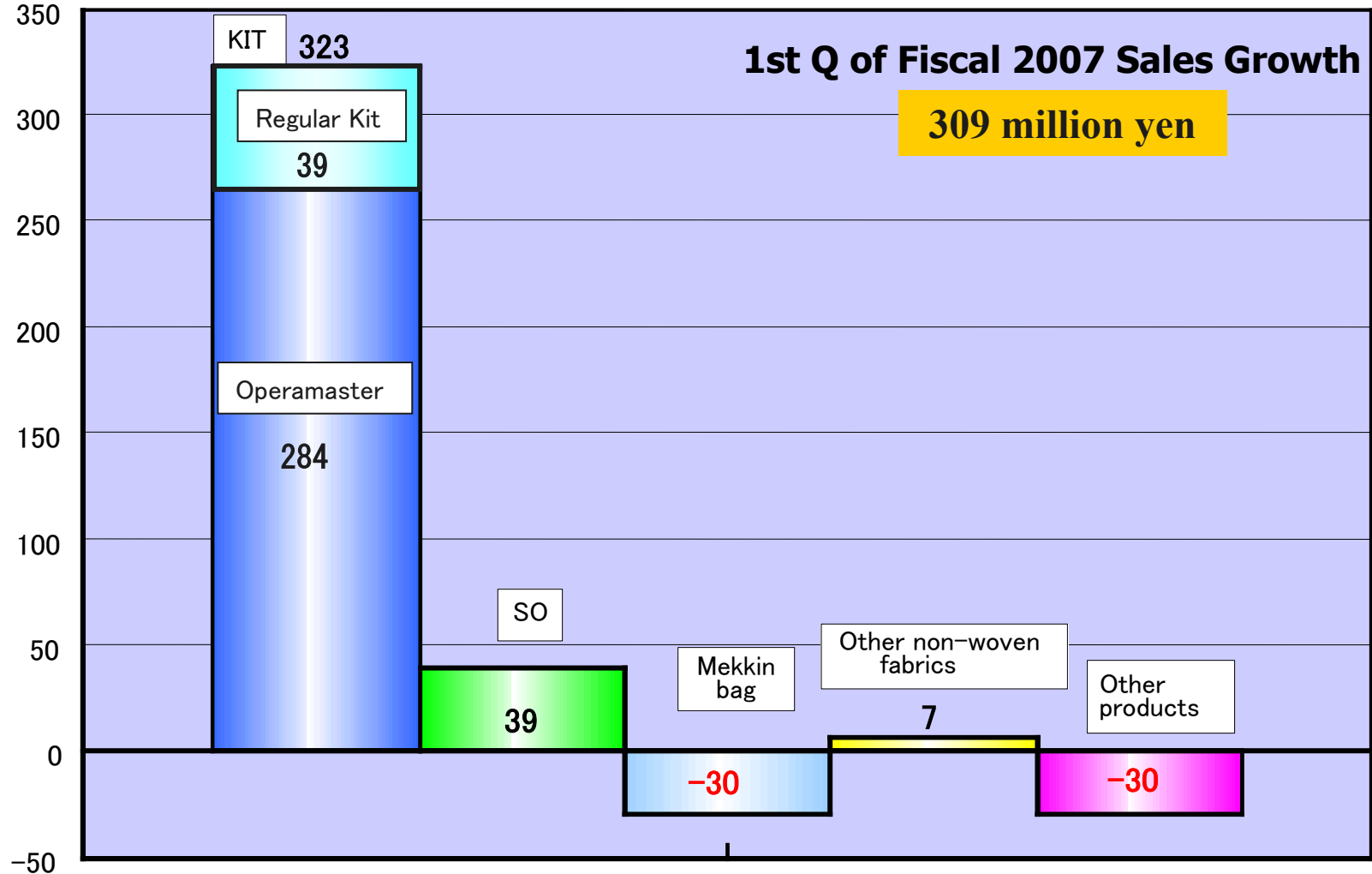
Performance Overview

Fiscal 2007 Income Statements (First Quarter)

(Unit: million yen, rounded down)	Fiscal 2006 First Quarter Results		Fiscal 2007 First Quarter Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	6,688		6,998		309	104.6%
Operating income	1,521	22.8%	1,726	24.7%	204	113.4%
Ordinary income	1,532	22.9%	1,755	25.1%	222	114.5%
Net income	932	13.9%	1,067	15.3%	135	114.5%
EPS	59.79 yen		71.01 yen			

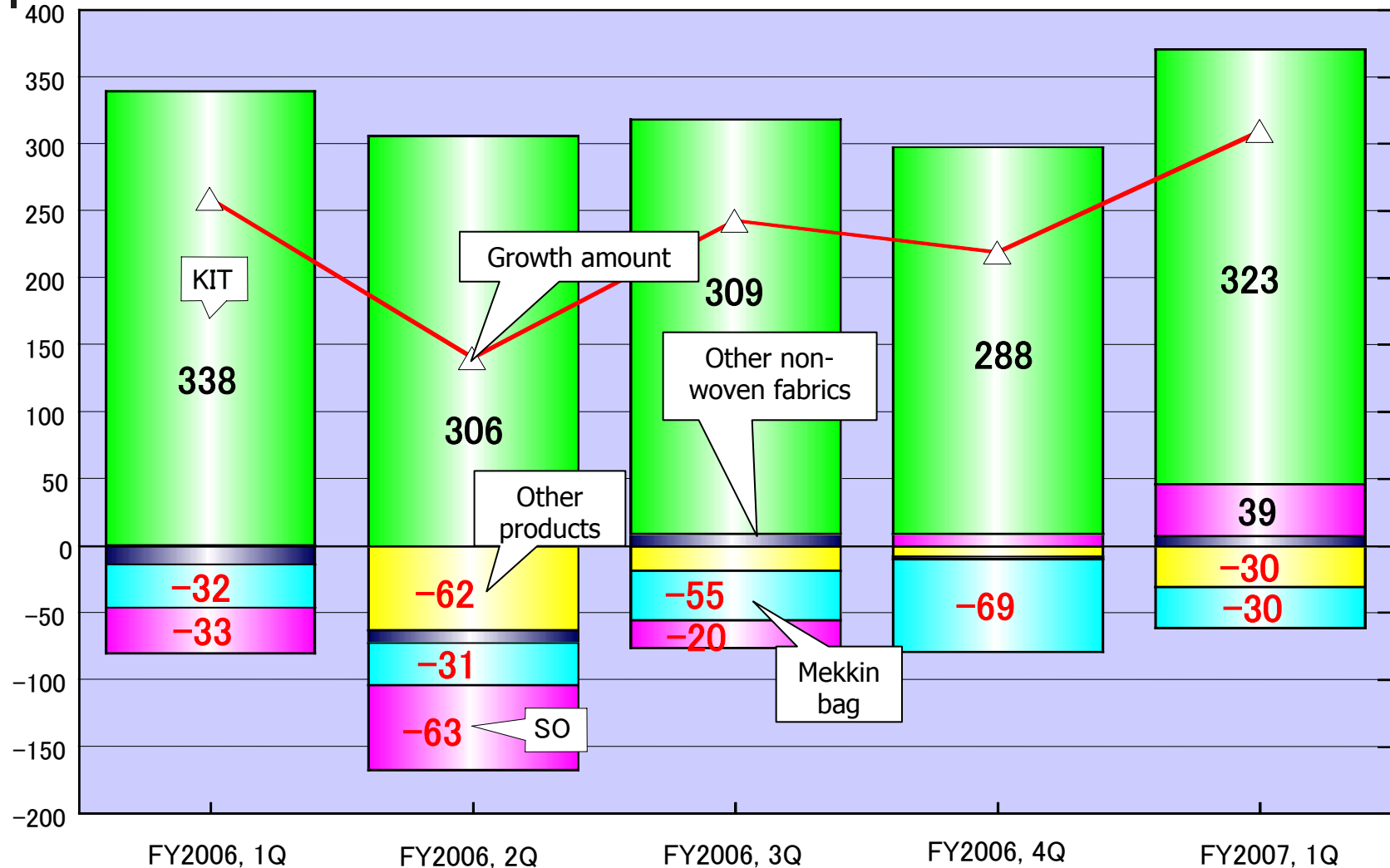
Fiscal 2007 Sales Growth by Major Products (First Quarter)

(Unit: million yen, rounded down)



Fiscal 2007 Sales Growth by Quarter (First Quarter)

(Unit: million yen, rounded down)

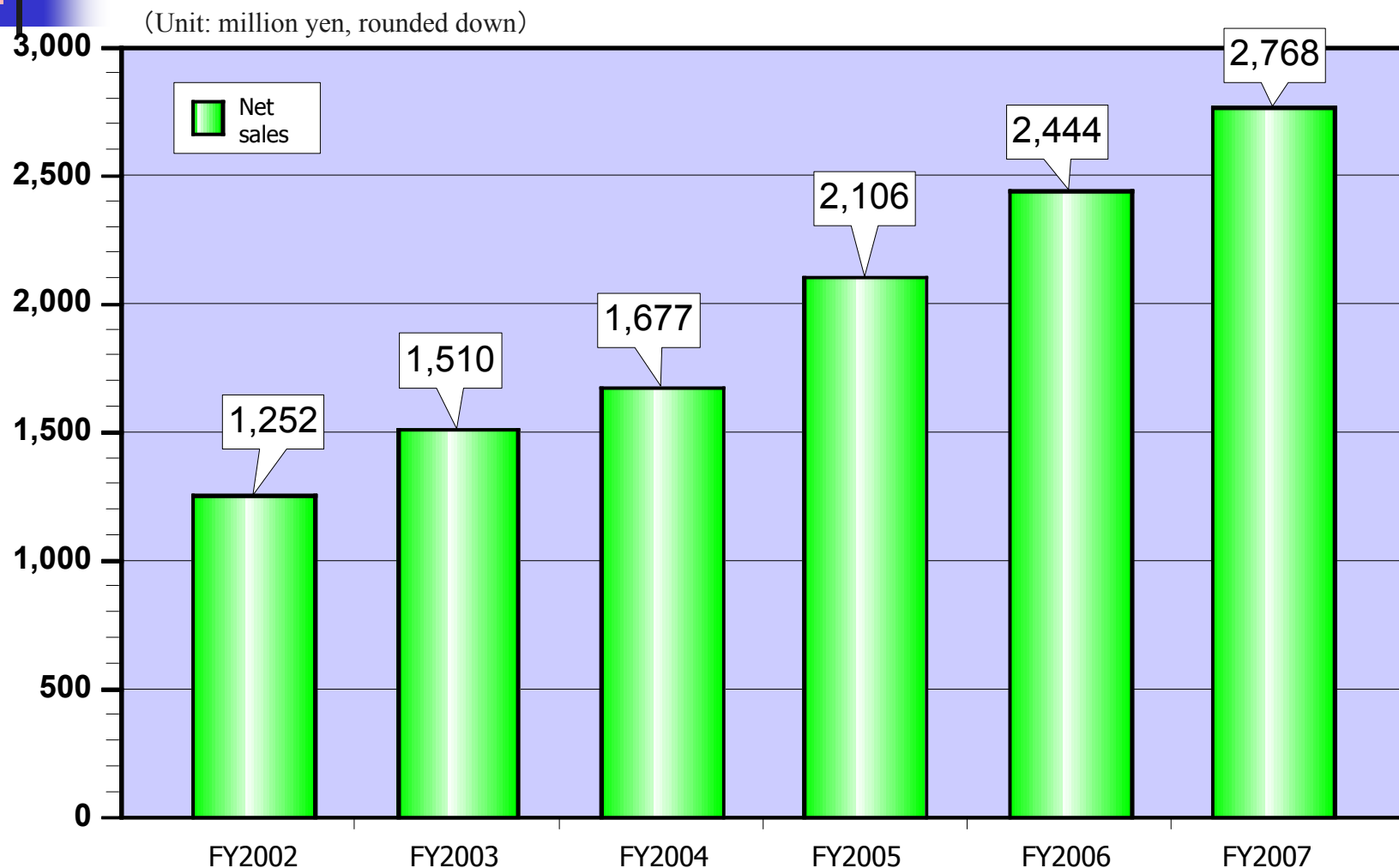




Fiscal 2007 Performance Analysis (First Quarter)

Net Sales	Year-on-Year Comparison
Kit products	<ul style="list-style-type: none">■ ¥323 million yen (+13.2%)✓ According to plan✓ Operamaster kits: Per plan
Sontara Products	<ul style="list-style-type: none">■ ¥39 million yen (+1.5%)✓ According to plan✓ Non-woven fabrics: Arrested decline

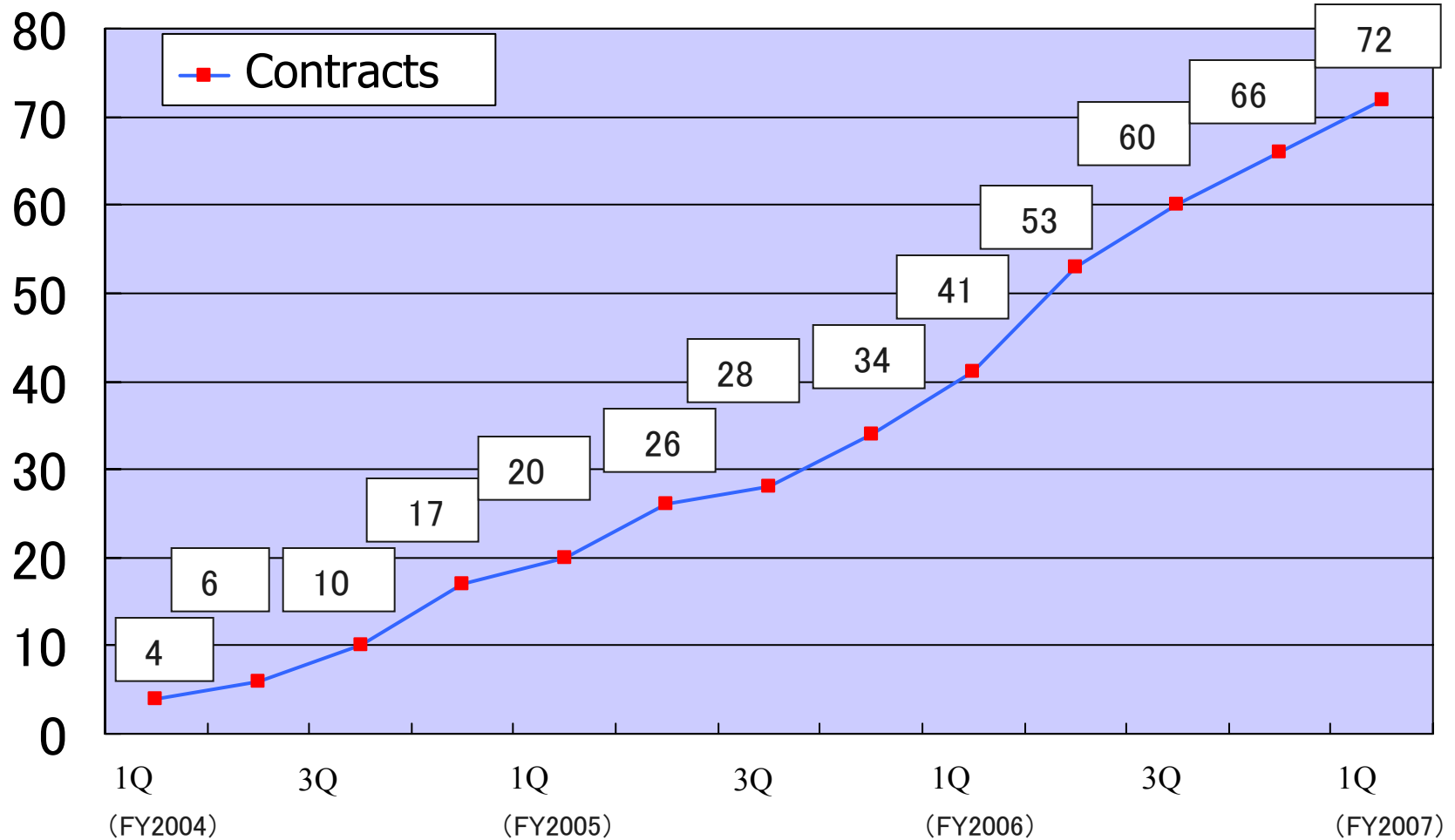
Net Sales for Kit Products in the First Quarter



Progress of Operamaster Marketing

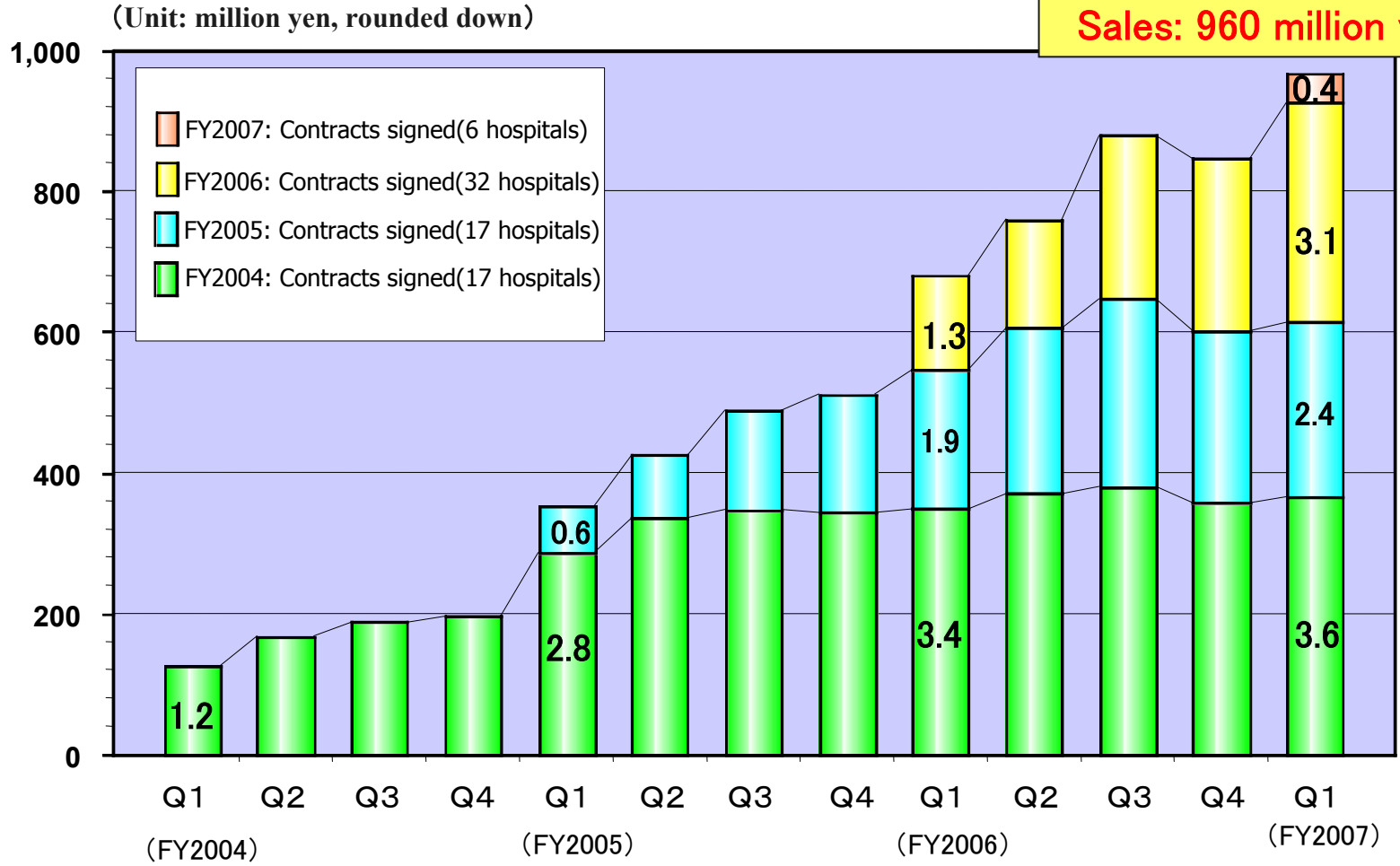
Fiscal 2006	<ul style="list-style-type: none"> ■ Contracts : 66 (new : 32) ■ Sales : ¥3,164 million (30.5% of Kit sales, ¥10,364 million)
Fiscal 2007 (1st quarter)	<ul style="list-style-type: none"> ■ Contracts : 72 (new : 6) ■ Sales : ¥966 million (34.9% of Kit sales, ¥2,768 million)
Fiscal 2007 Plan	<ul style="list-style-type: none"> ■ Contracts : 106 (new : 40) ■ Sales : ¥5,350 million (44.9% of Kit sales, ¥11,919 million)

Contracts for Operamaster



Sales of Operamaster

Contracts: **6**
 (Cumulative contracts: 72)
 Sales: **960 million yen**

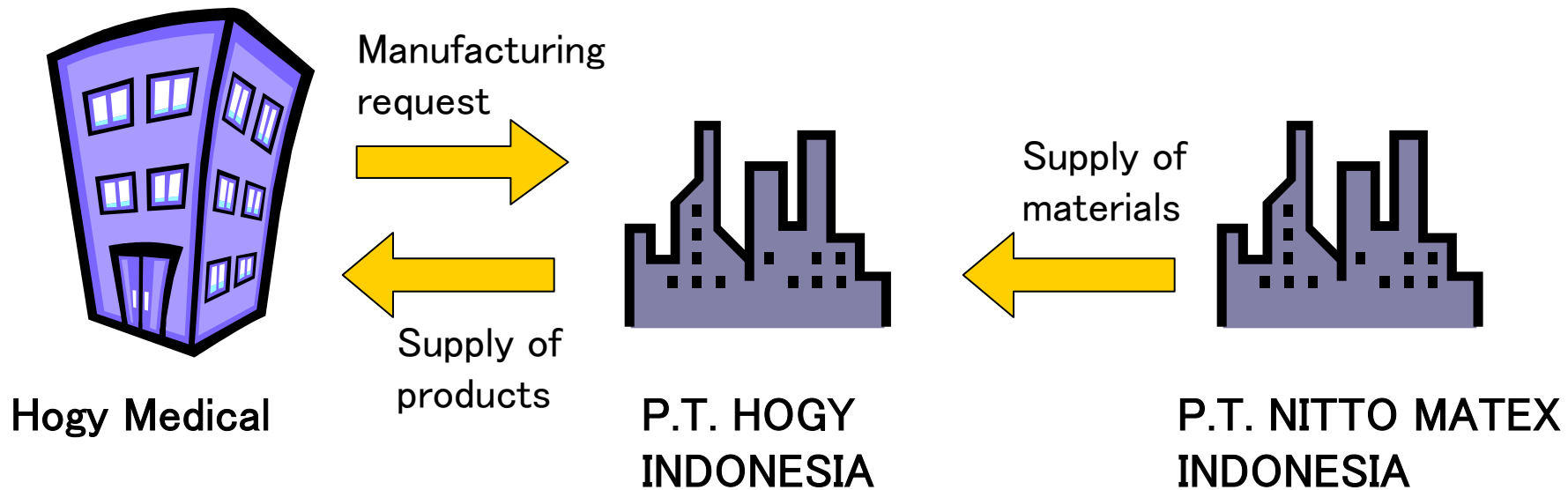


Next Plans

Fiscal 2007 Projected Statement of Income

Unit: million yen, rounded down)	Fiscal 2006 Results		Fiscal 2007 Plan		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	27,293		28,670		1,376	105.0%
Operating income	6,058	22.2%	7,000	24.4%	941	115.5%
Ordinary income	6,139	22.5%	6,990	24.4%	850	113.8%
Net income	3,621	13.3%	4,140	14.4%	518	114.3%
EPS	234.69 yen		276.12 yen			

Overview of P.T. NITTO MATEX



In acquiring the sub-subsidiary, the Company intends to reinforce the medium-to-long-term corporate foundation of the Hogy Medical Group and help maintain stable production and product quality for its medical-use non-woven fabrics.

Overview P.T. NITTO MATEX



- Paid-in capital : US\$1.9 million
- Employees : 106
- Net sales : ¥562 million (year to March 31, 2007; US\$1=¥117.53)
- Net income : ¥34 million (year to March 31, 2007; US\$1=¥117.53)
- Main products : Water bags (drape material), DF tapes (drape material)

Overview and Analysis

Fiscal 2007 Income Statements (First Quarter)

(Unit: million yen, rounded down)	Fiscal 2006 First Quarter Results		Fiscal 2007 First Quarter Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	6,688		6,998		309	104.6%
Cost of sales	3,330	49.8%	3,361	48.0%	30	100.9%
Gross profit	3,357	50.2%	3,636	52.0%	278	108.3%
SG & A expenses	1,835	27.4%	1,910	27.3%	74	104.1%
Operating income	1,521	22.8%	1,726	24.7%	204	113.4%
Non-operating income/loss	10		29		18	
Ordinary income	1,532	22.9%	1,755	25.1%	222	114.5%
Extraordinary income/loss	-0		14		15	
Net Income	932	13.9%	1,067	15.3%	135	114.5%
EPS	59.79 yen		71.01 yen			



Fiscal 2007 Performance Analysis (First Quarter)

Net Sales	Year-on-Year Comparison
Kit products	<ul style="list-style-type: none">■ ¥323 million yen (+13.2%)✓ According to plan✓ Operamaster kits: Per plan
Sontara Products	<ul style="list-style-type: none">■ ¥39 million yen (+1.5%)✓ According to plan✓ Non-woven fabrics: Arrested decline

Fiscal 2007 Summary of Income Statements (First Quarter)

	Fiscal 2006 1st Q Results	% of Total	Fiscal 2007 1st Q Results	% of Total	Increase/ Decrease (Millions of yen)	%	Main reasons for changes
Net sales	6,688	100%	6,998	100%	309	4.6%	■Kit products (up 13.2%); Sontara (up 1.5%); Mekkin bag (down 3.7%)
Cost of sales	3,330	49.8%	3,361	48.0%	30	0.9%	■Depreciation: -¥38 million (Tsukuba: -¥44 million); unrealized gains (internal profit): -¥46 million; improved standard prices due to relocation of production
Gross profit	3,357	50.2%	3,636	52.0%	278	8.3%	
SG & A expenses	1,835	27.4%	1,910	27.3%	74	4.1%	■Depreciation: +¥53 million (Tsukuba OPC: +¥61 million)
Operating income	1,521	22.8%	1,726	24.7%	204	13.4%	

Fiscal 2007 Summary of Income Statements (First Quarter)

	Fiscal 2006 1st Q Results	% of Total	Fiscal 2007 1st Q Results	% of Total	Increase/ Decrease (Millions of yen)	%	Main reasons for changes
▪ Dividend income	—		12		12		■ Dividends on shares purchased in FY2006
▪ Exchange gain	—		18		18		■ Exchange gain on foreign currency deposits, due to yen's depreciation (US\$1=¥118.09 at March 31; US\$1=¥123.27 at June 30)
▪ Others	14		15		1		
Non-operating income	14	0.2%	47	0.7%	33	230.4%	
▪ Interest expenses	—		17		17		■ FY2006 (2nd half): Interest expense on long-term debt
▪ Exchange loss	2		—		—2		■ FY2006 (1st Q): Foreign exchange loss
▪ Others	1		1		—0		
Non-operating expenses	3	0.1%	18	0.3%	14	414.9%	
Ordinary income	1,532	22.9%	1,755	25.1%	222	14.5%	
▪ Transfer from allowance for doubtful accounts	—		21		21		■ Transfer from loan allowance
Extraordinary income	—	—	21	0.3%	21	—	
▪ Loss on disposal of fixed assets	0		6		5		
Extraordinary expenses	0	0.0%	6	0.1%	5	1500.7%	

Fiscal 2007 Summary of Income Statements (First Quarter)

	Fiscal 2006 1st Q Results	% of Total	Fiscal 2007 1st Q Results	% of Total	Increase/ Decrease (Millions of yen)	%	Main reasons for changes
Income before income taxes and minority interests	1,532	22.9%	1,770	25.3%	237	15.5%	
•Income taxes	599	9.0%	702	10.0%	102	17.2%	
•Minority interests	0	0.0%	0	0.0%	-0	-38.2%	
Net income	932	13.9%	1,067	15.3%	135	14.5%	

Fiscal 2007 Summary of Balance Sheets (First Quarter)

	Fiscal 2006 (At March 31, 2007)	Fiscal 2007 1st Q	Increase/ Decrease (Millions of yen)	%	Main reasons for changes
Assets					
Current assets	23,061	24,196	1,135	4.9%	
Cash and bank deposits	8,113	8,948	834	10.3%	■ Increase in net income
Notes and accounts receivable	8,924	9,205	281	3.15%	■ Increase in net sales
Inventories	5,327	5,297	-29	-0.6%	
Other current assets	695	745	50	7.2%	
Fixed assets	36,170	35,549	-620	-1.7%	
Tangibles	30,460	29,968	-492	-1.6%	
Buildings and structures	13,969	13,751	-218	-1.6%	■ Due to depreciation
Machinery and vehicles	8,586	8,243	-343	-4.0%	■ Due to depreciation
Other assets	7,904	7,972	68	0.9%	
Intangibles	533	511	-21	-4.1%	

Fiscal 2007 Summary of Balance Sheets (First Quarter)

	Fiscal 2006 (At March 31, 2007)	Fiscal 2007 1st Q	Increase/ Decrease (Millions of yen)	%	Main reasons for changes
Investments and other assets	5,176	5,070	-105	-2.1%	
Investment securities	2,793	2,423	-370	-13.3%	■Share valuation loss
Insurance reserve	485	485	-	0.0%	
Other assets	1,897	2,161	264	13.9%	■Increase in valuation gain on forward exchange contracts
Total assets	59,231	59,746	514	0.9%	

Fiscal 2007 Summary of Balance Sheets (First Quarter)

	Fiscal 2006 (At March 31, 2007)	Fiscal 2007 1st Q	Increase/ Decrease (Millions of yen)	%	Main reasons for changes
Liabilities					
Current liabilities	6,135	6,426	291	4.7%	
Notes and accounts payable	2,999	3,393	394	13.1%	■ Purchased materials from Dupont
Current portion of long-term borrowings	1,000	1,000	–	0.0%	
Equipment-related notes payable	65	47	–18	–27.7%	
Other current liabilities	2,070	1,985	–84	–4.1%	
Long-term liabilities	5,065	4,556	–508	–10.1%	
Long-term debt	3,925	3,500	–425	–10.8%	■ Repaid during period
Deferred income taxes	358	312	–45	–12.9%	
Other long-term liabilities	781	743	–37	–4.9%	
Total liabilities	11,200	10,982	–217	–2.0%	

Fiscal 2007 Summary of Balance Sheets (First Quarter)

	Fiscal 2006 (At March 31, 2007)	Fiscal 2007 1st Q	Increase/ Decrease (Millions of yen)	%	Main reasons for changes
Net Assets					
Shareholders' equity	46,986	47,752	766	1.6%	
Earned surplus	38,626	39,393	766	2.0%	
Treasury stock	-7,099	-7,100	-0	0.0%	
Common stock and capital surplus	15,459	15,459	-	0.0%	
Valuation/translation adjustments	1,031	997	-33	-3.3%	
Net unrealized gains or losses on securities	22	-200	-223	-1009.1%	■Share valuation loss
Deferred hedging gains or losses	926	1,140	214	23.1%	■Increase in valuation gain on forward exchange contracts
Translation adjustments	82	57	-25	-30.5%	
Minority interests	13	13	0	0.0%	
Total net assets	48,031	48,763	732	1.5%	
Total liabilities and net assets	59,231	59,746	514	0.9%	

Fiscal 2007 Summary of Cash Flows (First Quarter)

	Fiscal 2006 1st Q	Fiscal 2007 1st Q	Increase/ Decrease (Millions of yen)	Main reasons for changes
I Net cash provided by operating activities	614	1,736	1,122	
Income before income taxes and minority interests	1,532	1,770	237	
Depreciation	657	672	15	■Tsukuba OPC started operations (June 2006)
Notes and accounts receivable	-547	-284	263	■FY2006 (1st Q): Increase in receivables of PT Hogy (Surrem strategy)
Inventories	-17	21	38	
Notes and accounts payable	-116	417	534	■FY2007 (1st Q): Purchased materials
Incomes taxes paid	-1,287	-1,197	89	
Others	394	338	-56	■FY2007 (1st Q): ¥21 million decrease in allowance for doubtful accounts; ¥29 million in interest paid
II Net cash used in investing activities	-1,029	-198	831	
Purchase of tangible fixed assets	-940	-155	785	■FY2006 (1st Q): Tsukuba OPC (¥803 million)
Purchase of intangible fixed assets	-86	-41	44	■FY2006 (1st Q): Settlement of bills related to lot-tracing (¥68 million)
Others	-1	-0	0	

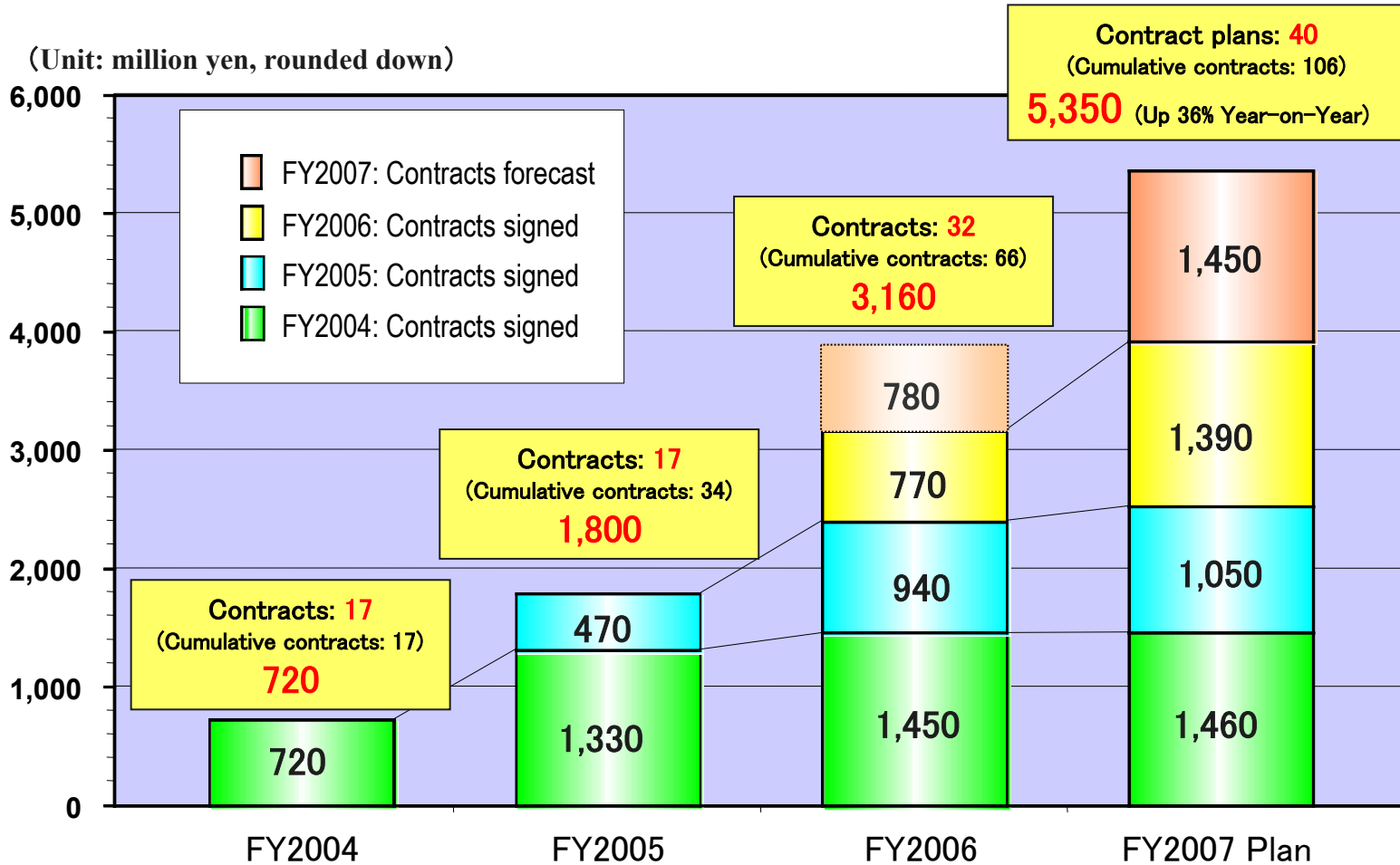
Fiscal 2007 Summary of Cash Flows (First Quarter)

	Fiscal 2006 1st Q	Fiscal 2007 1st Q	Increase/ Decrease (Millions of yen)	Main reasons for changes
III Net cash used in financing activities	-263	-725	-462	
Repayments of long-term debt	—	-425	-425	■Repayment of long-term debt
Sales of treasury stock	111	—	-111	■FY2006 (1st Q): Stock options exercised
Purchase of treasury stock	-1	-0	0	
Cash dividends paid	-374	-299	74	■FY2006 (1st Q): Dividends paid (¥24.00/share) ■FY2007 (1st Q): Dividends paid (¥20.00/share for 4th Q)
IV Effect of exchange rate changes on cash and cash equivalents	-3	17	21	
V Net change in cash and cash equivalents	-682	830	1,512	
VI Cash and cash equivalents at beginning of year	6,055	7,825	1,770	
VII Cash and cash equivalents at end of year	5,372	8,655	3,282	

Fiscal 2007 Projected Statement of Income

(Unit: million yen, rounded down)	Fiscal 2006 Results		Fiscal 2007 Plan		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	27,293		28,670		1,376	105.0%
Cost of sales	13,490	49.4%	13,670	47.7%	179	101.3%
Gross profit	13,803	50.6%	15,000	52.3%	1,196	108.7%
SG & A expenses	7,745	28.4%	8,000	27.9%	254	103.3%
Operating income	6,058	22.2%	7,000	24.4%	941	115.5%
Non-operating income /loss	81		-10		-91	
Ordinary income	6,139	22.5%	6,990	24.4%	850	113.8%
Extraordinary income/loss	-37		-50		-12	
Net income	3,621	13.3%	4,140	14.4%	518	114.3%
EPS	234.69 yen		276.12 yen			

Net Sales Plan for Operamaster



Fiscal 2007 Projected Net Sales Growth by Major Products

