HOGY

Financial Accounting Standards Foundation FASF MEMBERSHIP

July 15, 2008

Financial Report
First Quarter of Fiscal 2008

（April 1 – June 30, 2008）

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.

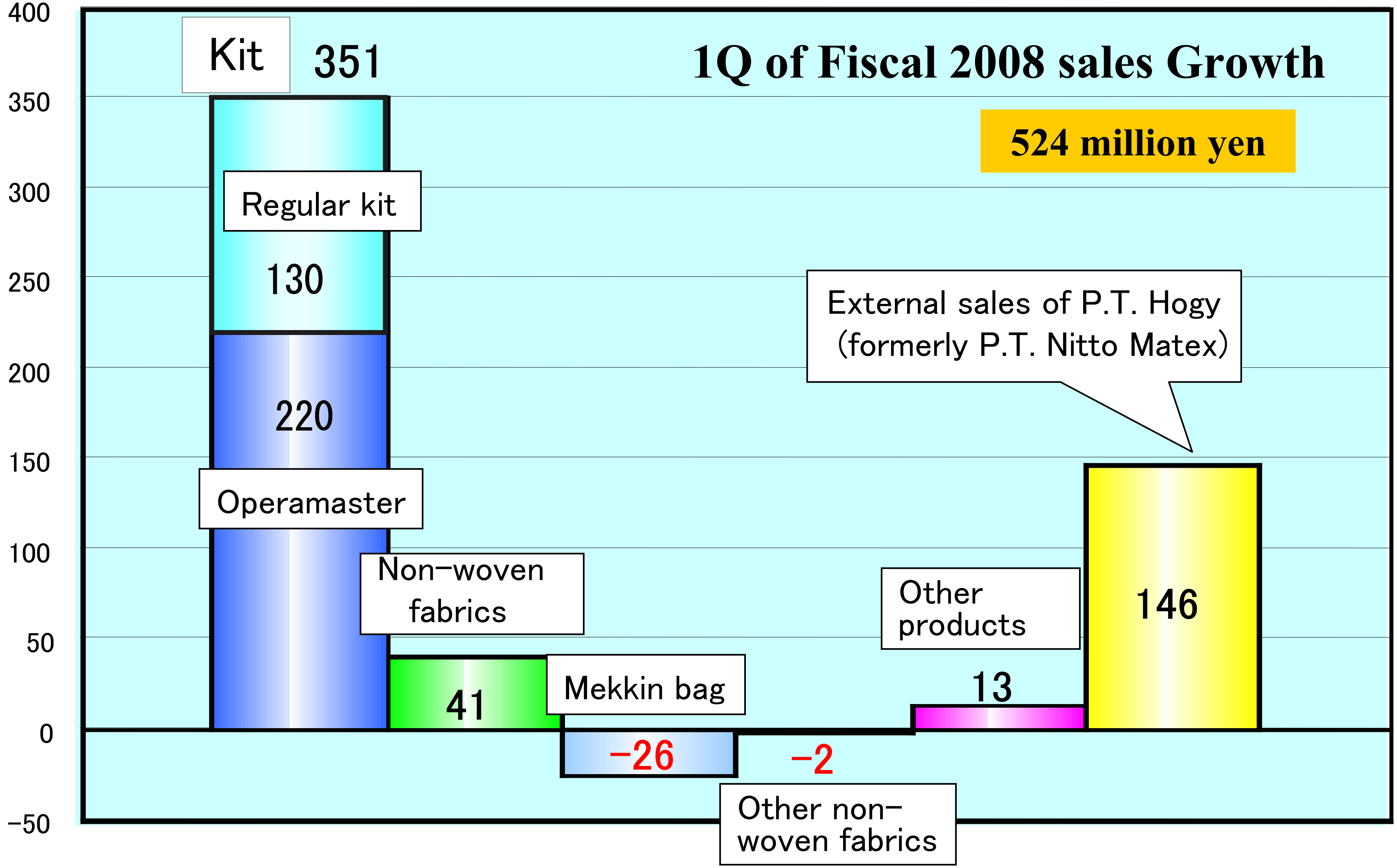
Performance Overview

Fiscal 2008 First Quarter Income Statements

(Unit: million yen, rounded down)	Fiscal 2007 First Quarter Results		Fiscal 2008 First Quarter Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	6,998		7,522		524	107.5%
Operating income	1,726	24.7%	1,754	23.3%	28	101.6%
Ordinary income	1,755	25.1%	1,778	23.6%	22	101.3%
Net income	1,067	15.3%	1,068	14.2%	0	100.0%
EPS	71.01 yen		71.05 yen			

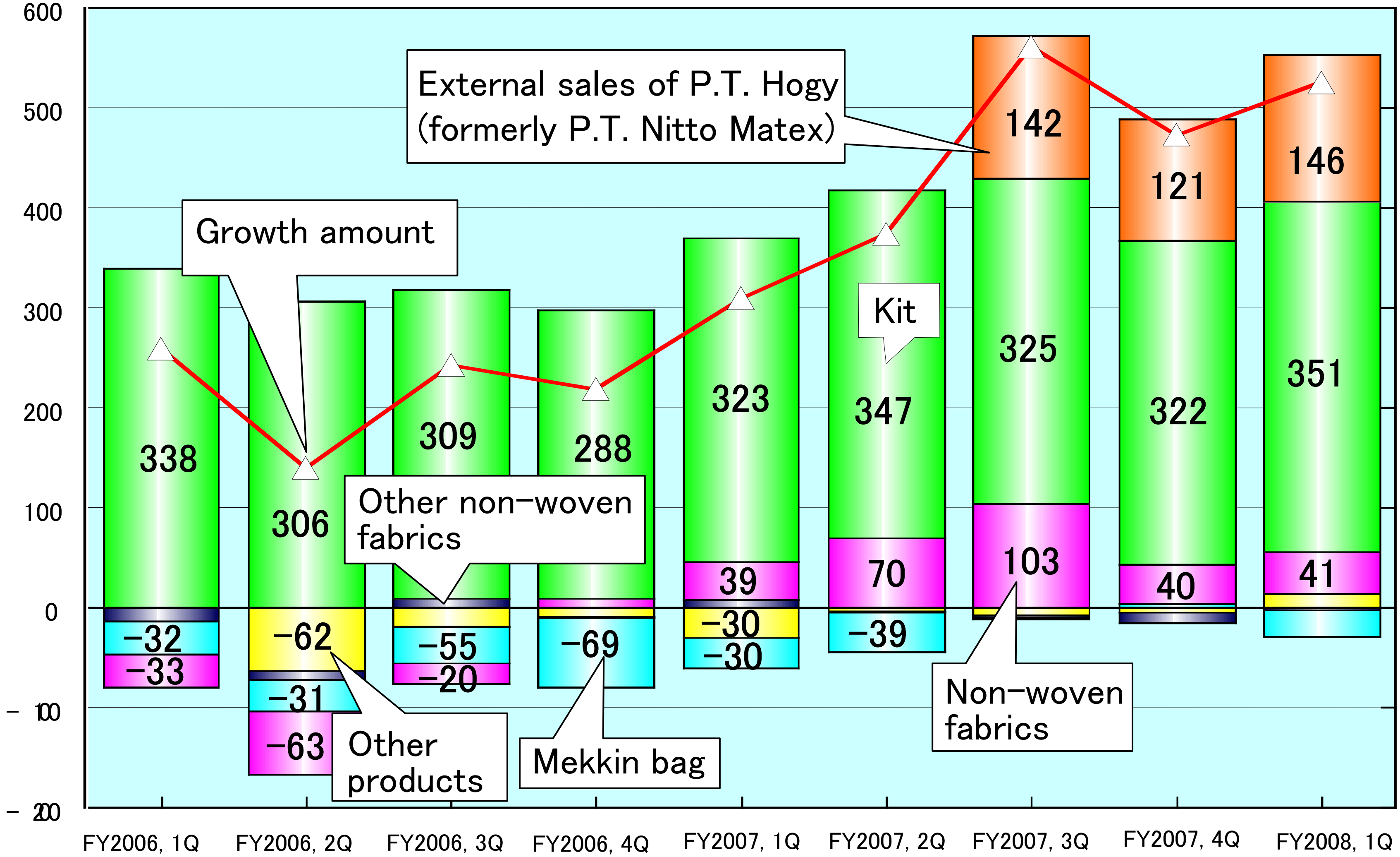
Fiscal 2008 First Quarter Sales Growth by Major Products

(Unit: million yen, rounded down)

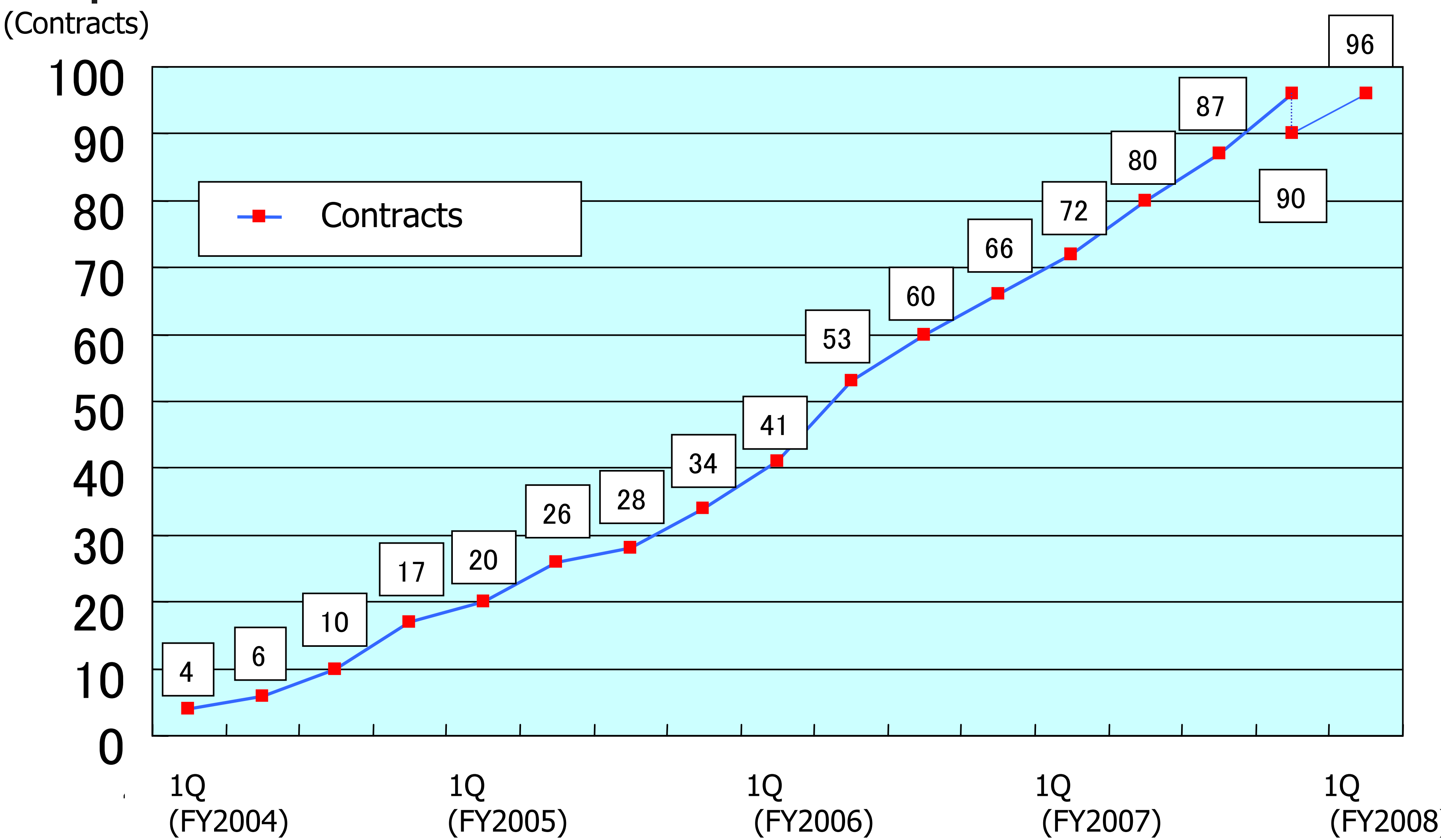


Fiscal 2008 Sales Growth by Quarter

(Unit: million yen, rounded down)



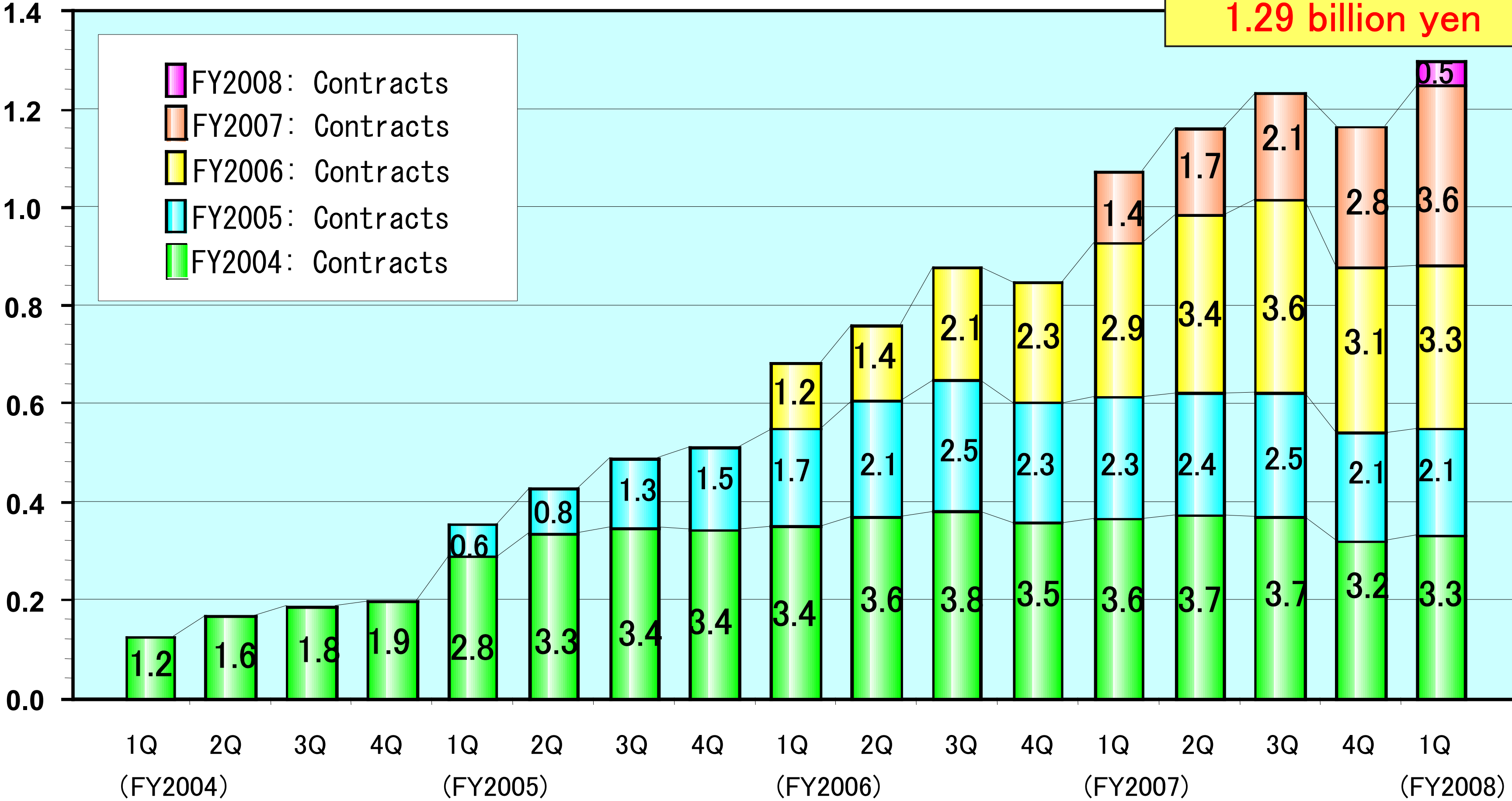
Contracts for Operamaster



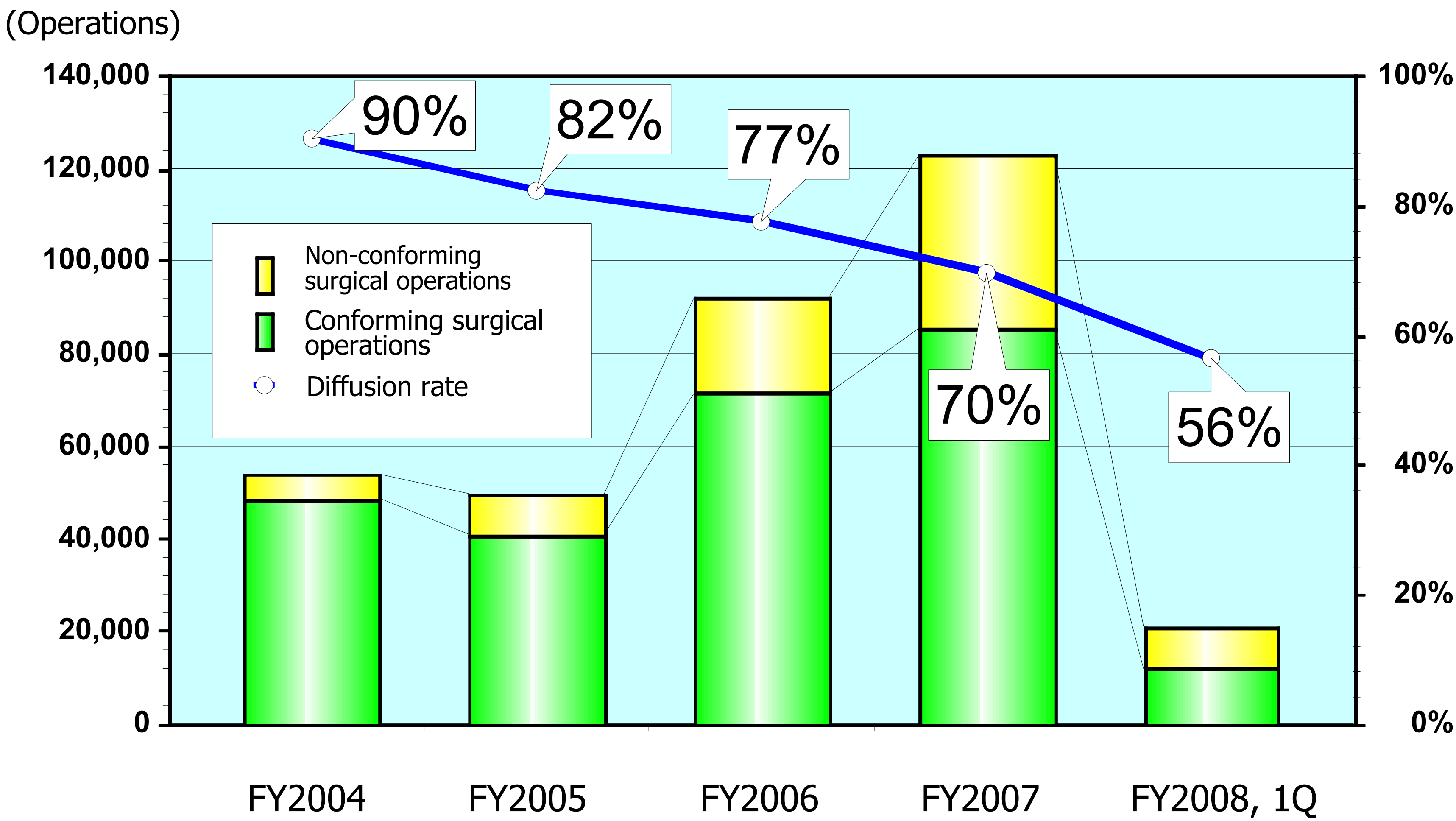
Sales of Operamaster

Contracts: 6
(Cumulative contracts: 96)
Cumulative Sales:
1.29 billion yen

(Unit: billion yen, rounded down)



Contracts for Operamaster and Number of Operations



＊As of June 30, 2008

Fiscal 2008 First Quarter Highlights

- Changing customer environment
- Materials costs up due to surging oil prices
  - ✓Raw materials prices generally on upward trend
- Operamaster up and running
- Change in standard and method for valuing inventories

Next Plans

Fiscal 2008 Projected Statement of Income

(Unit: million yen, rounded down)	Fiscal 2007 Results		Fiscal 2008 Plans		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	29,010		31,150		2,139	107.4%
Operating income	7,232	24.9%	8,100	26.0%	867	112.0%
Ordinary income	7,285	25.1%	8,140	26.1%	854	111.7%
Net income	4,054	14.0%	4,660	15.0%	605	114.9%
EPS	269.73 yen		309.99 yen			

Fiscal 2008 Strategies

- Nurture human resources; train employees
- Operamaster
  - ✓ Quickly sign contracts with hospitals where internal agreements reached
  - ✓ Increase diffusion rate at existing contracted hospitals
- Non-woven fabrics
  - ✓ Increase sales of Tigalyer-brand products under Surrem product strategy
- Surging crude oil prices
  - ✓ Raw materials prices generally on upward trend
- Further improve efficiency at factories
- Develop competitive products
- Adopt rigorous cost controls

Overview and Analysis

Fiscal 2008 First Quarter Income Statements

(Unit: million yen, rounded down)	Fiscal 2007 First Quarter Results		Fiscal 2008 First Quarter Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	6,998		7,522		524	107.5%
Cost of sales	3,361	48.0%	3,693	49.1%	332	109.9%
Gross profit	3,636	52.0%	3,829	50.9%	192	105.3%
SG & A expenses	1,910	27.3%	2,074	27.6%	164	108.6%
Operating income	1,726	24.7%	1,754	23.3%	28	101.6%
Non-operating income/loss	29		23		−5	
Ordinary income	1,755	25.1%	1,778	23.6%	22	101.3%
Extraordinary income/loss	14		3		−11	
Net income	1,067	15.3%	1,068	14.2%	0	100.0%
EPS	71.01 yen		71.05 yen			

Fiscal 2008 Key Points of First Quarter

Net Sales

Year-on-year comparison: Up ¥524 million (+7.5%）

- **Kit products： Up ¥351 million year-on-year（+12.7%）**
  - Operamaster: Increase in customers making initial purchases of kit products prior to signing Operamaster contracts
  - Regular kit products: Apply Surrem concept also to ophthalmology (up 13.6%) and radiology (up 5.6%) fields; benefits will gradually appear
- **Non-woven fabric products： Up ¥41 million year-on-year（+1.5%）**
  - Use Surrem strategy to boost sales, centering on gown products (up 6.9%)

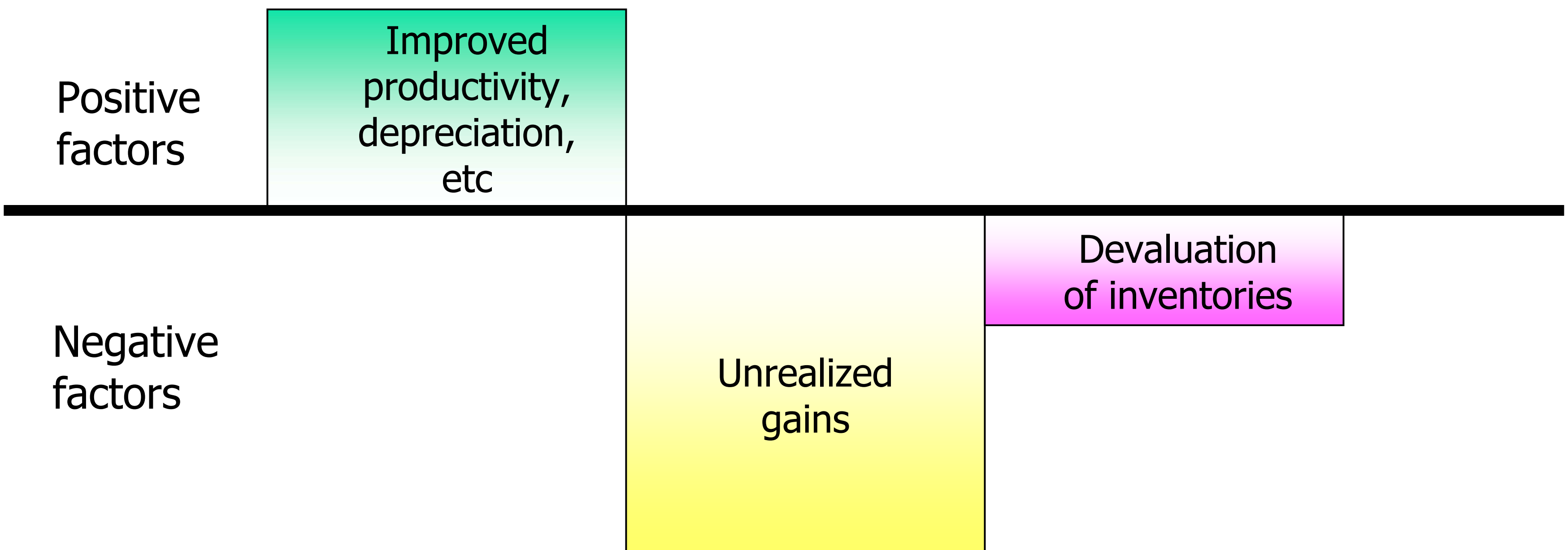
Fiscal 2008 First Quarter Cost Analysis

Cost of sales ratio : Up 1.1 points year-on-year comparison

48.0% (FY2007; 1Q) → 49.1% (FY2008; 1Q)

Improved cost of sales ration for both Hogy Medical (parent company) and PT Hogy Indonesia

Hogy Medical (parent company): 49.8% → 49.4% (48.9% excluding devaluation of inventories)

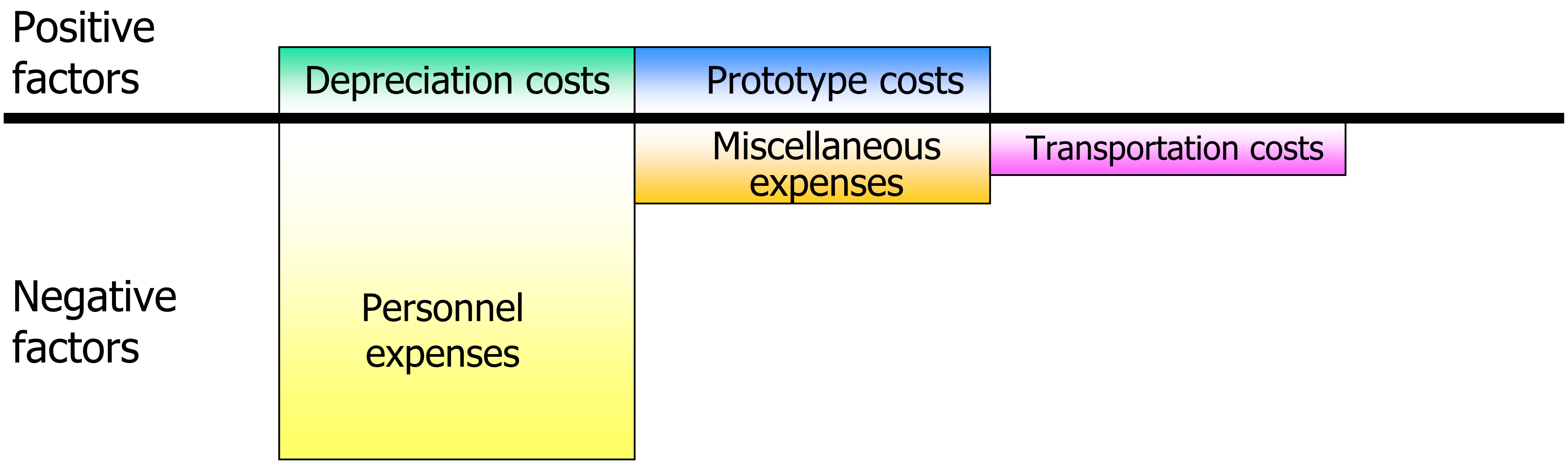


Fiscal 2008 First Quarter
SG & A Expenses Analysis

SG & A expenses : Up ¥164 million year-on-year comparison

¥1,910 million (FY2007; 1Q)

¥2,074 million (FY2008; 1Q)



Fiscal 2008 First Quarter
Non-Operating and Extraordinary Income/Loss

Non-operating income/loss:

−¥5 million year-on-year comparison

- Dividend income: ¥12 million (FY2007; 1Q)
  ¥32 million (FY2008; 1Q)
- Exchange gain/loss: ¥18 million (FY2007; 1Q)
  −¥10 million (FY2008; 1Q)

Extraordinary income/loss:

−¥11 million year-on-year comparison (results)

- Transfer from loan allowance: ¥21 million (FY2007; 1Q)

Fiscal 2008 First Quarter
Summary of Income Statements

	Fiscal 2007 1Q Results	% of Total	Fiscal 2008 1Q Results	% of Total	Increase/ Decrease (millions of yen)	%	Main reasons for changes
Net sales	6,998	100%	7,522	100%	524	7.5%	■Kit products (12.7% up; includes Operamaster: 20.5% up, regular kit products: 7.7% up); Non-woven fabrics (1.5% up); Mekkin bag (3.3% down)
Cost of sales	3,361	48.0%	3,693	49.1%	332	9.9%	■Depreciation: − ¥42 million; Unrealized gains: ¥37 million (− ¥74 million in FY2007); Valuation of inventories: ¥35 million
Gross profit	3,636	52.0%	3,829	50.9%	192	5.3%	
SG & A expenses	1,910	27.3%	2,074	27.6%	164	8.6%	■Personnel expenses: ¥152 million; Miscellaneous expenses: ¥23 million; Travel expenses: ¥20 million; Transportation costs: ¥13 million; Depreciation: − ¥20 million; Prototype costs: − ¥49 million
Operating income	1,726	24.7%	1,754	23.3%	28	1.6%	

Fiscal 2008 First Quarter
Summary of Income Statements

	Fiscal 2007 1Q Results	% of Total	Fiscal 2008 1Q Results	% of Total	Increase/ Decrease (millions of yen)	%	Main reasons for changes
･Interest income	5		1		− 3		
･Dividend income	12		32		20		
･Exchange gain	18		−		− 18		
･Others	10		13		3		
Non-operating income	47		48		1		
･Interest expenses	17		13		− 3		■Incurred due to borrowings
･Exchange loss	−		10		10		
･Others	1		1		0		
Non-operating expenses	18		25		6		
Ordinary income	1,755	25.1%	1,778	23.6%	22	1.3%	
･Others	21		2		− 18		■Transfer from loan allowance (FY2007)
Extraordinary income	21		3		− 17		
･Loss on disposal of fixed assets	6		0		− 5		
Extraordinary expenses	6		0		− 5		

Fiscal 2008 First Quarter Summary of Income Statements

	Fiscal 2007 1Q Results	% of Total	Fiscal 2008 1Q Results	% of Total	Increase/ Decrease (millions of yen)	%	Main reasons for changes
Income before income taxes and minority interests	1,770	25.3%	1,781	23.7%	11	0.6%	
・Income taxes	702	10.0%	713	9.5%	10		
・Minority interests	0	0.0%	0	0.0%	0		
Net income	1,067	15.3%	1,068	14.2%	0	0.0%	

Fiscal 2008 First Quarter Summary of Balance Sheets

	Fiscal 2007 (At March 31, 2008)	Fiscal 2008 1Q	Increase/ Decrease (millions of yen)	%	Main reasons for changes
Assets					
Current assets	25,962	25,654	− 308	− 1.2%	
Cash and bank deposits	11,138	10,564	− 573	− 5.4%	
Notes and accounts receivable	8,487	8,855	368	4.2%	
Inventories	5,674	5,411	− 262	− 4.9%	
Other current assets	662	822	159	19.5%	
Fixed assets	35,551	35,189	− 362	− 1.0%	
Tangibles	29,547	28,518	− 1,028	− 3.6%	
Buildings and structures	13,213	12,905	− 308	− 2.4%	▪Due to depreciation
Machinery and vehicles	7,231	6,891	− 340	− 4.9%	▪Due to depreciation
Construction in progress	1,025	1,088	62	5.8%	
Other assets	8,075	7,634	− 441	− 5.8%	▪"Land" changed to "Leasehold" (due to standardization of accounting treatment for overseas subsidiaries)
Intangibles	463	751	287	38.3%	▪"Land" changed to "Leasehold" (due to standardization of accounting treatment for overseas subsidiaries)

Fiscal 2008 First Quarter Summary of Balance Sheets

	Fiscal 2007 (At March 31, 2008)	Fiscal 2008 1Q	Increase/ Decrease (millions of yen)	%	Main reasons for changes
Investments and other assets	5,540	5,918	378	6.4%	
Investment securities	3,038	3,399	361	10.6%	▪Decline in loss on market valuation of shares: ¥706 million → ¥345 million
Insurance reserve	483	483	0	0.0%	
Other assets	2,019	2,036	16	0.8%	
Total assets	61,514	60,843	－670	－1.1%	

Fiscal 2008 First Quarter
Summary of Balance Sheets

	Fiscal 2007 (At March 31, 2008)	Fiscal 2008 1Q	Increase/ Decrease (millions of yen)	%	Main reasons for changes
Liabilities					
Current liabilities	7,642	6,716	− 925	− 13.8%	
Notes and accounts payable	3,711	3,469	− 242	− 7.0%	
Long-term debt due to within 1 year	1,000	1,000	−	0.0%	
Accrued income tax	1,674	726	− 947	− 130.6%	▪Payment of income taxes, etc. (FY2007)
Other current liabilities	1,256	1,520	263	17.4%	
Long-term liabilities	4,240	3,796	− 444	− 11.7%	
Long-term debt	2,925	2,500	− 425	− 17.0%	▪Repaid loans
Deferred income taxes	97	80	− 17	− 21.3%	▪Tax benefits due to loss on market valuation of investment securities
Reserve for employees' retirement benefits	384	387	3	0.8%	
Long-term payables	397	397	0	0.0%	
Negative goodwill	125	118	− 6	− 5.9%	▪P.T. Hogy (formerly P.T. Nitto Matex)
Other long-term liabilities	310	312	1	0.6%	
Total liabilities	11,883	10,513	− 1,370	− 13.0%	

Fiscal 2008 First Quarter
Summary of Balance Sheets

	Fiscal 2007 (At March 31, 2008)	Fiscal 2008 1Q	Increase/ Decrease (millions of yen)	%	Main reasons for changes
Net Assets					
Shareholders' equity	49,834	50,486	652	1.3%	
Common stock and Capital surplus	15,459	15,459	–	0.0%	
Earned surplus	41,479	42,132	652	1.5%	▪Quarterly net income and cash dividends revised due to change in accounting treatment
Treasury stock	– 7,104	– 7,105	– 1	0.0%	
Valuation/translation adjustments	– 217	– 170	46	– 27.6%	
Net unrealized gains or losses on securities	– 425	– 208	217	−104.3%	▪Share valuation loss:– ¥45 million
Deferred hedging gains or losses	265	469	204	43.5%	
Translation adjustments	– 57	– 431	– 374	86.8%	
Minority interest	14	14	0	0.0%	
Total net assets	49,631	50,330	699	1.4%	
Total liabilities and net assets	61,514	60,843	– 670	– 1.1%	

Fiscal 2008 First Quarter Summary of Cash Flows

	Fiscal 2007 (At March 31, 2008)	Fiscal 2008 1Q	Increase/ Decrease (millions of yen)	Main reasons for changes
Ⅰ Net cash provided by operating activities	1,736	443	－1,293	
Income before income taxes and minority interest	1,770	1,781	11	
Depreciation	672	608	－63	
Notes and accounts receivable	－284	－428	－144	
Inventories	21	106	85	
Notes and accounts payable	414	－177	－592	
Income taxes paid	－1,197	－1,651	－453	▪Increase in tax expenses (FY2007)
Others	340	204	－136	
Ⅱ Net cash used in investing activities	－198	－257	－59	
Purchase of tangible fixed assets	－155	－178	－23	▪Land in Ushiku City: ¥52 million (FY2008; 1Q)
Purchase of intangible fixed assets	－41	－52	－10	
Others	－2	－27	－25	

Fiscal 2008 First Quarter Summary of Cash Flows

	Fiscal 2007 (At March 31, 2008)	Fiscal 2008 1Q	Increase/ Decrease (millions of yen)	Main reasons for changes
Ⅲ Net cash used in financing activities	－725	－725	0	
Repayments of long-term debt	－425	－425	0	■Repayment of borrowings
Cash dividend paid	－299	－299	0	
Ⅳ Effect of exchange rate changes on cash and cash equivalents	17	－45	－62	
Ⅴ Net change in cash and cash equivalents	830	－584	－1,415	
Ⅵ Cash and cash equivalents at beginning of year	7,825	10,838	3,013	
Ⅶ Cash and cash equivalents at end of year	8,655	10,253	1,598	

Change in Accounting for Overseas Subsidiaries

Effective the year to March 2009, the Company has applied “Accounting Treatment of Overseas Subsidiaries for Consolidated Financial Statements” (Practical Application Report No.18).

■The following items have been revised for consolidated accounting purposes

・Rights to use land

Indonesia: Amortization not required under local accounting standards

International accounting standards: Amortized over period of useful life

1. Amortized uniformly over useful life: ¥4 million effect on earnings

Prior-year amount procured retroactively from retained earnings
→ ¥114 million decline in retained earnings

2. Previously stated as “Land”; now stated as “Leasehold” (included among intangible fixed assets)

Capital Expenditures and Depreciation Expenses

Fiscal 2008 - First Quarter

Capital expenditures：¥185 million（Land in Ushiku City: ¥52 million）

Depreciation expenses：¥608 million

Fiscal 2007 – First Quarter

Capital expenditures：¥178 million（Land in Ushiku City: ¥62 million）

Depreciation expenses：¥672 million

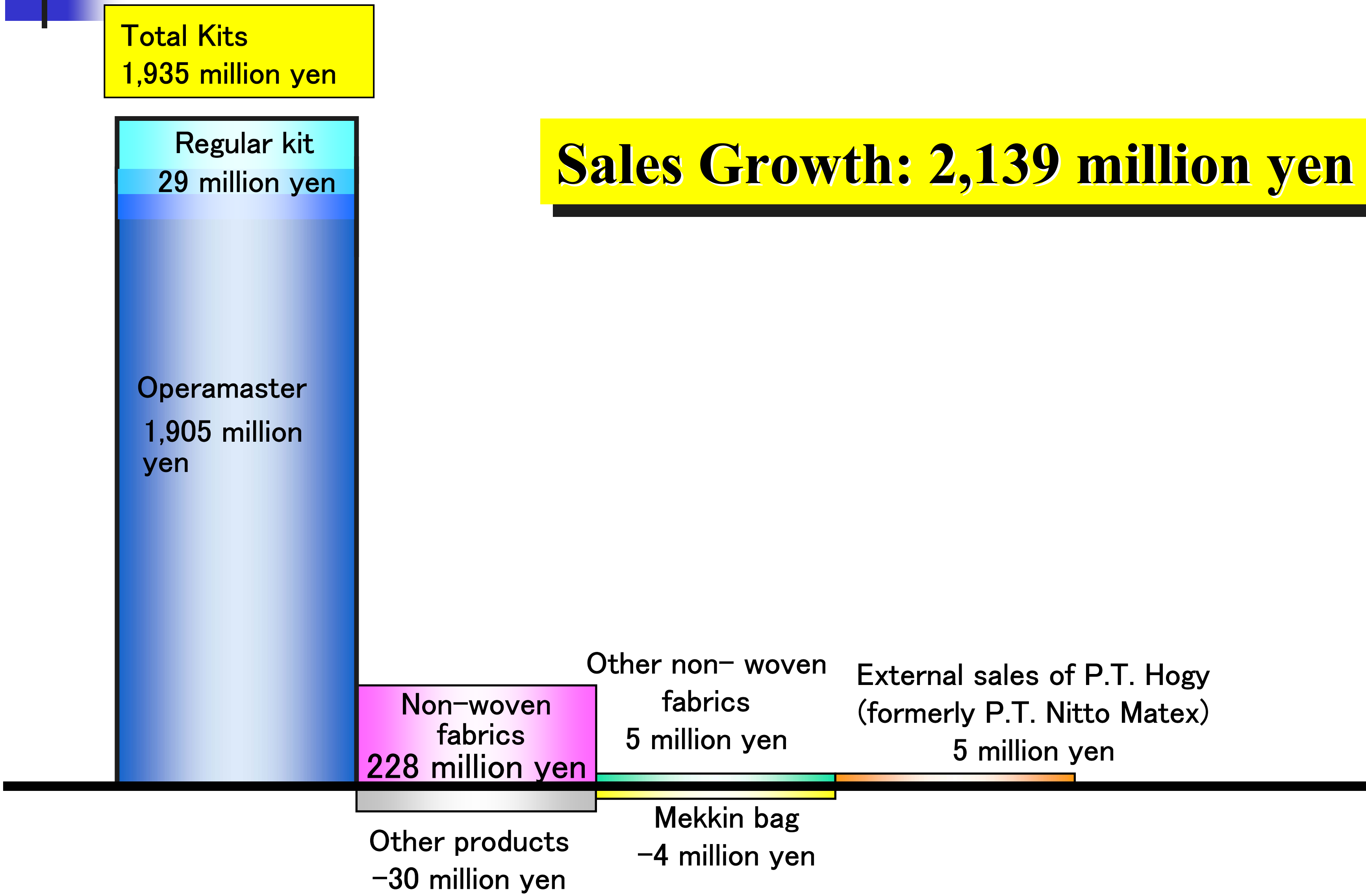
Fiscal 2008 Plan

Fiscal 2008 Projected Statement of Income

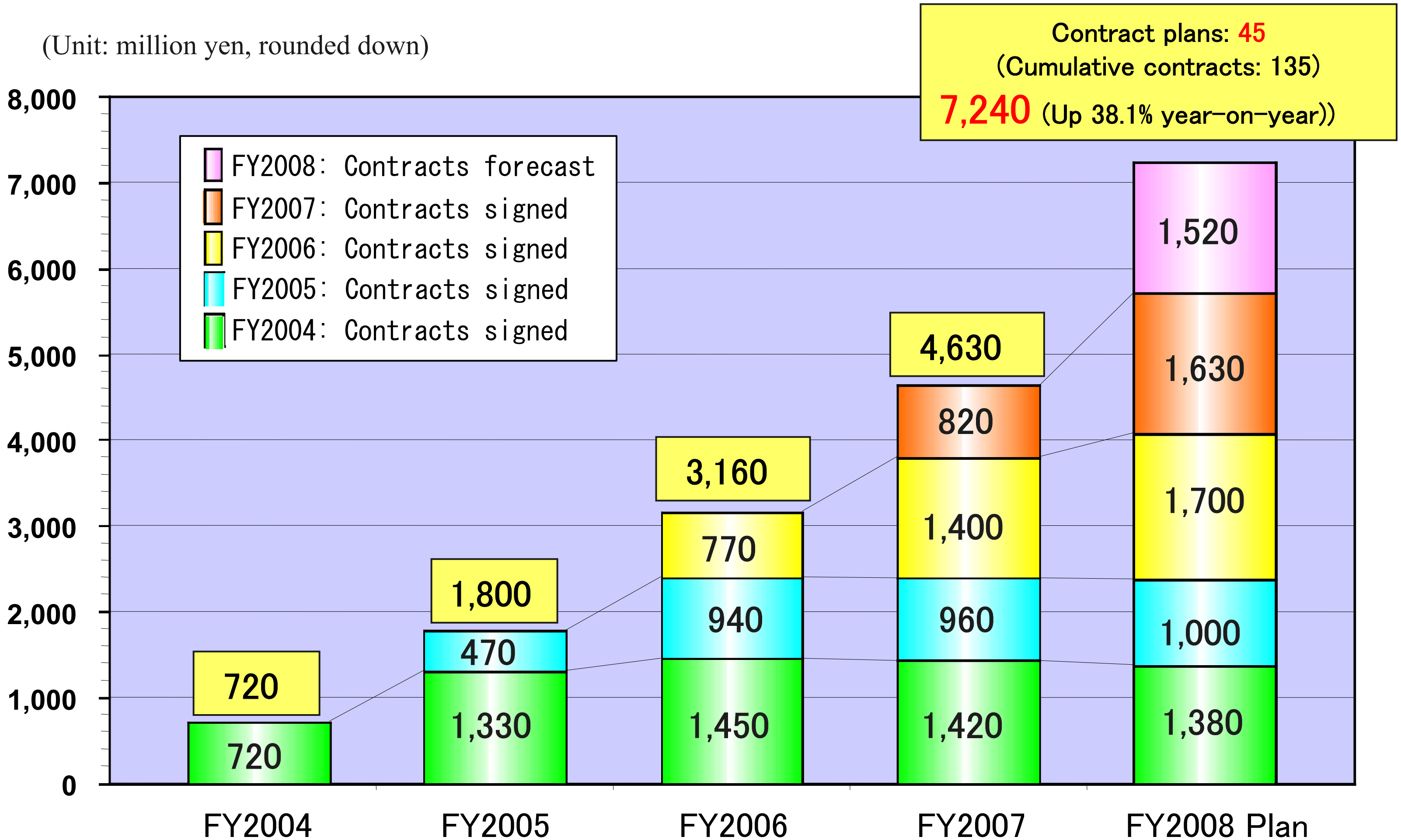
(Unit: million yen, rounded down)	Fiscal 2007 Results		Fiscal 2008 Plans		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	29,010		31,150		2,139	107.4%
Cost of sales	14,093	48.6%	14,850	47.7%	756	105.4%
Gross profit	14,916	51.4%	16,300	52.3%	1,383	109.3%
SG & A expenses	7,684	26.5%	8,200	26.3%	515	106.7%
Operating income	7,232	24.9%	8,100	26.0%	867	112.0%
Non-operating income/loss	53		40		−13	
Ordinary income	7,285	25.1%	8,140	26.1%	854	111.7%
Extraordinary income/loss	−460		−300		160	
Net income	4,054	14.0%	4,660	15.0%	605	114.9%
EPS	269.73 yen		309.99 yen			

Fiscal 2008 Projected Net Sales Growth by Major Products

Sales Growth: 2,139 million yen



Net Sales Plan for Operamaster



HOGY

Financial Accounting Standards Foundation FASF MEMBERSHIP

July 15, 2008

Financial Report
First Quarter of Fiscal 2008

（April 1 – June 30, 2008）

Jun-ichi Hoki, President and CEO

Yukio Ishii, General Manager, Administration Div.