



# **Interim Report**

## **(First Half of Fiscal 2004)**

### **Supplementary Materials**

**Projections throughout these materials are provided as a reference for investors.**

**They are based on estimates and forecasts, and shall not be regarded as pledges or guarantees.**

**They shall be used on the full acknowledgment that actual results may naturally differ from projections.**

**HOGY MEDICAL Co., Ltd.**

**October 18, 2004**

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## Fiscal 2004 Interim Consolidated Statements of Income

### First Half Results

¥ millions, rounded down

	Sept. 2004 Interim Results		Sept. 2003 Interim Results		Year-on-Year Comparison		Sept. 2004 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	12,343	100.0	12,500	100.0	-156	98.7	13,096	100.0	-752	94.3
Cost of Sales	6,042	49.0	5,982	47.9	60	101.0	6,415	49.0	-372	94.2
<b>Gross profit</b>	<b>6,300</b>	<b>51.0</b>	<b>6,518</b>	<b>52.1</b>	<b>-217</b>	<b>96.7</b>	<b>6,680</b>	<b>51.0</b>	<b>-380</b>	<b>94.3</b>
Selling, general, and administrative expenses	3,482	28.2	3,480	27.8	2	100.1	3,701	28.3	-219	94.1
<b>Operating income</b>	<b>2,818</b>	<b>22.8</b>	<b>3,038</b>	<b>24.3</b>	<b>-219</b>	<b>92.8</b>	<b>2,979</b>	<b>22.7</b>	<b>-160</b>	<b>94.6</b>
Other income	172		31		140		11		160	
Other expenses	5		165		-159		10		-4	
<b>Ordinary income</b>	<b>2,984</b>	<b>24.2</b>	<b>2,904</b>	<b>23.3</b>	<b>80</b>	<b>102.8</b>	<b>2,980</b>	<b>22.8</b>	<b>4</b>	<b>100.1</b>
Extraordinary income	205		2		202		-		205	
Extraordinary expenses	2		1		1		75		-72	
<b>Income before income taxes and minority interests</b>	<b>3,187</b>	<b>25.8</b>	<b>2,906</b>	<b>23.3</b>	<b>281</b>	<b>109.7</b>	<b>2,905</b>	<b>22.2</b>	<b>281</b>	<b>109.7</b>
Corporation tax, inhabitants' taxes, etc.	1,266		1,179		87	107.4	1,150		115	110.1
<b>(Tax burden)</b>	<b>39.7%</b>		<b>40.6%</b>				<b>39.6%</b>			
Minority interests	0		0		0		0		0	
<b>Net income</b>	<b>1,920</b>	<b>15.5</b>	<b>1,725</b>	<b>13.8</b>	<b>194</b>	<b>111.2</b>	<b>1,753</b>	<b>13.4</b>	<b>166</b>	<b>109.5</b>

EPS (total shares)	117.50	105.62	107.33
EPS (minus treasury shares)	123.36	109.96	112.68
Number of shares outstanding	16,341,155	16,341,155	16,341,155
Average number of shares outstanding (after deducting treasury shares)	15,564,742	15,695,756	15,565,292

### First Quarter Results

¥ millions, rounded down

	June 2004 First Quarter Results		June 2003 First Quarter Results		Year-on-Year Comparison		June 2004 First Quarter Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	6,072	100.0	6,204	100.0	-132	97.9	6,374	100.0	-302	95.3
Cost of sales	3,014	49.7	2,962	47.7	52	101.8	3,112	48.8	-98	96.8
<b>Gross profit</b>	<b>3,057</b>	<b>50.3</b>	<b>3,242</b>	<b>52.3</b>	<b>-184</b>	<b>94.3</b>	<b>3,261</b>	<b>51.2</b>	<b>-203</b>	<b>93.7</b>
Selling, general, and administrative expenses	1,712	28.2	1,715	27.7	-2	99.9	1,829	28.7	-116	93.6
<b>Operating income</b>	<b>1,344</b>	<b>22.1</b>	<b>1,526</b>	<b>24.6</b>	<b>-182</b>	<b>88.1</b>	<b>1,432</b>	<b>22.5</b>	<b>-87</b>	<b>93.9</b>
Other income	127		11		115	1074.7	5		122	
Other expenses	1		2		0	75.3	1		0	
<b>Ordinary income</b>	<b>1,470</b>	<b>24.2</b>	<b>1,536</b>	<b>24.8</b>	<b>-66</b>	<b>95.7</b>	<b>1,436</b>	<b>22.5</b>	<b>34</b>	<b>102.4</b>
Extraordinary income	205		-		205		-		205	
Extraordinary expenses	2		-		2		-		2	
<b>Income before income taxes and minority interests</b>	<b>1,673</b>	<b>27.6</b>	<b>1,536</b>	<b>24.8</b>	<b>137</b>	<b>108.9</b>	<b>1,436</b>	<b>22.5</b>	<b>237</b>	<b>116.5</b>
Corporation tax, inhabitants' taxes, etc.	643		615		28	104.6	587		55	109.5
<b>(Tax burden)</b>	<b>38.5%</b>		<b>40.1%</b>				<b>40.9%</b>			
Minority interests	0		0		0		0		0	
<b>Net income</b>	<b>1,029</b>	<b>17.0</b>	<b>920</b>	<b>14.8</b>	<b>108</b>	<b>111.8</b>	<b>848</b>	<b>13.3</b>	<b>181</b>	<b>121.4</b>

EPS (total shares)	63.01	56.35	51.91
EPS (minus treasury shares)	66.15	58.41	54.50
Number of shares outstanding	16,341,155	16,341,155	16,341,155
Average number of shares outstanding (after deducting treasury shares)	15,564,942	15,765,548	15,565,292

### Second Quarter Results

¥ millions, rounded down

	Sept. 2004 Interim Results		Sept. 2003 Interim Results		Year-on-Year Comparison		Sept. 2004 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	6,271	100.0	6,296	100.0	-24	99.6	6,721	100.0	-450	93.3
Cost of sales	3,028	48.3	3,020	48.0	7	100.3	3,302	49.1	-274	91.7
<b>Gross profit</b>	<b>3,243</b>	<b>51.7</b>	<b>3,275</b>	<b>52.0</b>	<b>-32</b>	<b>99.0</b>	<b>3,419</b>	<b>50.9</b>	<b>-176</b>	<b>94.8</b>
Selling, general, and administrative expenses	1,769	28.2	1,764	28.0	4	100.3	1,872	27.9	-102	94.5
<b>Operating income</b>	<b>1,473</b>	<b>23.5</b>	<b>1,511</b>	<b>24.0</b>	<b>-37</b>	<b>97.5</b>	<b>1,546</b>	<b>23.0</b>	<b>-73</b>	<b>95.3</b>
Other income	44		20		24	220.8	5		38	
Other expenses	3		163		-159	2.4	8		-4	
<b>Ordinary income</b>	<b>1,514</b>	<b>24.1</b>	<b>1,367</b>	<b>21.7</b>	<b>146</b>	<b>110.7</b>	<b>1,543</b>	<b>23.0</b>	<b>-29</b>	<b>98.1</b>
Extraordinary income	-		2		-2	0.0	-		0	
Extraordinary expenses	0		1		0	42.7	75		-74	
<b>Income before income taxes and minority interests</b>	<b>1,513</b>	<b>24.1</b>	<b>1,369</b>	<b>21.8</b>	<b>144</b>	<b>110.5</b>	<b>1,468</b>	<b>21.9</b>	<b>44</b>	<b>103.0</b>
Corporation tax, inhabitants' taxes, etc.	623		564		58	110.4	563		60	110.7
<b>(Tax burden)</b>	<b>41.2%</b>		<b>41.2%</b>				<b>38.3%</b>			
Minority interests	0		0		0		0		0	
<b>Net income</b>	<b>890</b>	<b>14.2</b>	<b>805</b>	<b>12.8</b>	<b>85</b>	<b>110.6</b>	<b>905</b>	<b>13.5</b>	<b>-15</b>	<b>98.3</b>

## Fiscal 2004 Projected Consolidated Statements of Income

### Full-year Plan

¥ millions, rounded down

	Fiscal 2004 Revised Plan		Fiscal 2003 Results		Year-on-Year Comparison		Fiscal 2004 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	25,344	100.0	24,844	100.0	500	102.0	26,600	100.0	-1,255	95.3
Cost of sales	12,534	49.5	12,160	49.0	373	103.1	13,083	49.2	-548	95.8
<b>Gross profit</b>	<b>12,809</b>	<b>50.5</b>	<b>12,683</b>	<b>51.0</b>	<b>126</b>	<b>101.0</b>	<b>13,516</b>	<b>50.8</b>	<b>-706</b>	<b>94.8</b>
Selling, general, and administrative expenses	7,020	27.7	6,840	27.5	179	102.6	7,460	28.0	-440	94.1
<b>Operating income</b>	<b>5,789</b>	<b>22.8</b>	<b>5,842</b>	<b>23.5</b>	<b>-52</b>	<b>99.1</b>	<b>6,056</b>	<b>22.8</b>	<b>-266</b>	<b>95.6</b>
Other income	185		55		130		23		162	
Other expenses	15		293		-278		20		-4	
<b>Ordinary income</b>	<b>5,959</b>	<b>23.5</b>	<b>5,604</b>	<b>22.6</b>	<b>355</b>	<b>106.3</b>	<b>6,059</b>	<b>22.8</b>	<b>-99</b>	<b>98.4</b>
Extraordinary income	205		3		202		-		205	
Extraordinary expenses	282		129		152		150		132	
minority interests	5,882	23.2	5,477	22.1	404	107.4	5,909	22.2	-27	99.5
Corporation tax, inhabitants' taxes, etc.	2,336		2,251		84	103.8	2,311		25	101.1
<b>(Tax burden)</b>	<b>39.7%</b>		<b>41.1%</b>							
Minority interests	1		0		0		1		0	
<b>Net income</b>	<b>3,544</b>	<b>14.0</b>	<b>3,225</b>	<b>13.0</b>	<b>319</b>	<b>109.9</b>	<b>3,597</b>	<b>13.5</b>	<b>-52</b>	<b>98.5</b>

EPS (total shares minus directors' bonuses)

212.83

193.26

216.04

EPS (minus treasury shares and directors' bonuses)

223.45

202.05

226.81

Number of shares outstanding

16,341,155

16,341,155

16,341,155

Average number of shares

outstanding (after deducting treasury shares)

15,564,484

15,630,611

15,565,292

### First Half Results

¥ millions, rounded down

	Sept. 2004 Interim Results		Sept. 2003 Interim Results		Year-on-Year Comparison		Sept. 2004 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	12,343	100.0	12,500	100.0	-156	98.7	13,096	100.0	-752	94.3
Cost of sales	6,042	49.0	5,982	47.9	60	101.0	6,415	49.0	-372	94.2
<b>Gross profit</b>	<b>6,300</b>	<b>51.0</b>	<b>6,518</b>	<b>52.1</b>	<b>-217</b>	<b>96.7</b>	<b>6,680</b>	<b>51.0</b>	<b>-380</b>	<b>94.3</b>
Selling, general, and administrative expenses	3,482	28.2	3,480	27.8	2	100.1	3,701	28.3	-219	94.1
<b>Operating income</b>	<b>2,818</b>	<b>22.8</b>	<b>3,038</b>	<b>24.3</b>	<b>-219</b>	<b>92.8</b>	<b>2,979</b>	<b>22.7</b>	<b>-160</b>	<b>94.6</b>
Other income	172		31		140		11		160	
Other expenses	5		165		-159		10		-4	
<b>Ordinary income</b>	<b>2,984</b>	<b>24.2</b>	<b>2,904</b>	<b>23.3</b>	<b>80</b>	<b>102.8</b>	<b>2,980</b>	<b>22.8</b>	<b>4</b>	<b>100.1</b>
Extraordinary income	205		2		202		-		205	
Extraordinary expenses	2		1		1		75		-72	
income before income taxes and minority interests	3,187	25.8	2,906	23.3	281	109.7	2,905	22.2	281	109.7
Corporation tax, inhabitants' taxes, etc.	1,266		1,179		87	107.4	1,150		115	110.1
<b>(Tax burden)</b>	<b>39.7%</b>		<b>40.6%</b>				<b>39.6%</b>			
Minority interests	0		0		0		0		0	
<b>Net income</b>	<b>1,920</b>	<b>15.5</b>	<b>1,725</b>	<b>13.8</b>	<b>194</b>	<b>111.2</b>	<b>1,753</b>	<b>13.4</b>	<b>166</b>	<b>109.5</b>

EPS (total shares)

117.50

105.62

107.33

EPS (minus treasury shares)

123.36

109.96

112.68

Number of shares outstanding

16,341,155

16,341,155

16,341,155

Average number of shares

outstanding (after deducting treasury shares)

15,564,742

15,695,756

15,565,292

### Second Half Plan

¥ millions, rounded down

	Fiscal 2004 Revised Plan		Fiscal 2003 Results		Year-on-Year Comparison		Fiscal 2004 Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	13,000	100.0	12,343	100.0	657	105.3	13,503	100.0	-502	96.3
Cost of sales	6,491	49.9	6,178	50.1	313	105.1	6,667	49.4	-176	97.4
<b>Gross profit</b>	<b>6,509</b>	<b>50.1</b>	<b>6,165</b>	<b>49.9</b>	<b>343</b>	<b>105.6</b>	<b>6,835</b>	<b>50.6</b>	<b>-326</b>	<b>95.2</b>
Selling, general, and administrative expenses	3,537	27.2	3,360	27.2	176	105.3	3,758	27.8	-220	94.1
<b>Operating income</b>	<b>2,971</b>	<b>22.9</b>	<b>2,804</b>	<b>22.7</b>	<b>166</b>	<b>105.9</b>	<b>3,077</b>	<b>22.8</b>	<b>-105</b>	<b>96.6</b>
Other income	13		23		-10		11		1	
Other expenses	10		128		-118		10		0	
<b>Ordinary income</b>	<b>2,974</b>	<b>22.9</b>	<b>2,699</b>	<b>21.9</b>	<b>274</b>	<b>110.2</b>	<b>3,079</b>	<b>22.8</b>	<b>-104</b>	<b>96.6</b>
Extraordinary income	0		0		0		-		0	
Extraordinary expenses	279		128		151		75		204	
income before income taxes and minority interests	2,694	20.7	2,571	20.8	123	104.8	3,004	22.2	-309	89.7
Corporate tax, inhabitants' taxes, etc.	1,069		1,071		-2	99.8	1,160		-90	92.2
<b>(Tax burden)</b>	<b>39.7%</b>		<b>41.7%</b>				<b>38.6%</b>			
Minority interests	0		0		0		0		0	
<b>Net income</b>	<b>1,624</b>	<b>12.5</b>	<b>1,499</b>	<b>12.1</b>	<b>125</b>	<b>108.4</b>	<b>1,843</b>	<b>13.7</b>	<b>-218</b>	<b>88.1</b>

## Fiscal 2004 Consolidated Sales Results and Plan by Product Line

### Full-year Plan

¥ millions, rounded down

	Fiscal 2004 Revised Plan	% of total	Year-on-Year Comparison	Growth	Plan Comparison	Achievement	Fiscal 2003 Results	% of total	Fiscal 2004 Initial Plan	% of total	Year-on-Year Comparison
Sterilization products	4,015	15.8%	96.1%	-161	99.8%	-9	4,176	16.8%	4,024	15.1%	96.4%
Surgical products	20,146	79.5%	103.8%	743	94.1%	-1,269	19,402	78.1%	21,416	80.5%	110.4%
Treatment products	393	1.6%	84.2%	-73	94.6%	-22	467	1.9%	416	1.6%	89.0%
Nursing care and welfare products	93	0.4%	90.6%	-9	119.4%	15	103	0.4%	78	0.3%	75.8%
Others	695	2.7%	100.2%	1	104.6%	30	694	2.8%	664	2.5%	95.8%
<b>Total</b>	<b>25,344</b>	<b>100.0%</b>	<b>102.0%</b>	<b>500</b>	<b>95.3%</b>	<b>-1255</b>	<b>24,844</b>	<b>100.0%</b>	<b>26,600</b>	<b>100.0%</b>	<b>107.1%</b>

Itemized surgical products	Sontara	10,740	42.4%	97.3%	-302	91.9%	-951	11,043	44.5%	11,692	44.0%	105.9%
	Other non-woven products	1,340	5.3%	83.1%	-272	95.2%	-68	1,612	6.5%	1,408	5.3%	87.3%
	Kit products	7,962	31.4%	120.0%	1325	97.1%	-234	6,636	26.7%	8,197	30.8%	123.5%
	Steel instruments	102	0.4%	93.8%	-6	87.0%	-15	109	0.4%	118	0.4%	107.8%
Itemized external sales by subsidiary	Sontara	24					27		0			
	New products	8,834	34.8%	117.5%	1317	97.5%	-224	7,517	30.3%	9,058	34.1%	120.5%
	Existing products	16,510	65.1%	95.3%	-817	94.1%	-1031	17,327	69.7%	17,541	65.9%	101.2%

### First Half Results

¥ millions, rounded down

	Sept. 2003 Interim Results	% of total	Year-on-Year Comparison	Growth	Plan Comparison	Achievement	Sept. 2002 Interim Results	% of total	Fiscal 2004 Initial Plan	% of total	Year-on-Year Comparison
Sterilization products	2,014	16.3%	96.1%	-81	100.7%	14	2,095	16.8%	1,999	15.3%	95.4%
Surgical products	9,733	78.9%	99.7%	-31	92.5%	-788	9,765	78.1%	10,522	80.3%	107.7%
Treatment products	194	1.6%	79.2%	-51	91.5%	-18	245	2.0%	212	1.6%	86.6%
Nursing care and welfare products	47	0.4%	90.5%	-4	126.1%	9	51	0.4%	37	0.3%	71.8%
Others	353	2.9%	103.7%	12	109.0%	29	340	2.7%	324	2.5%	95.1%
<b>Total</b>	<b>12,325</b>	<b>100.0%</b>	<b>98.7%</b>	<b>-156</b>	<b>94.3%</b>	<b>-752</b>	<b>12,500</b>	<b>100.0%</b>	<b>13,096</b>	<b>100.0%</b>	<b>104.8%</b>

Itemized surgical products	Sontara	5,480	44.4%	96.7%	-189	92.6%	-435	5,669	45.4%	5,915	45.2%	104.3%
	Other non-woven products	672	5.5%	79.3%	-175	95.3%	-33	848	6.8%	706	5.4%	83.3%
	Kit products	3,528	28.6%	110.4%	332	91.8%	-316	3,195	25.6%	3,845	29.4%	120.3%
	Steel instruments	51	0.4%	100.4%	0	94.0%	-3	51	0.4%	55	0.4%	106.8%
Itemized external sales by subsidiary	Sontara	18					19		0			
	New products	3,966	32.1%	109.4%	340	93.1%	-295	3,626	29.0%	4,281	32.5%	117.5%
	Existing products	8,377	67.9%	94.4%	-496	94.8%	-457	8,874	71.0%	8,834	67.5%	99.6%

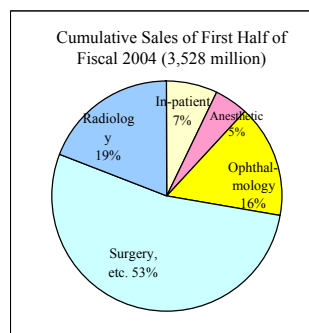
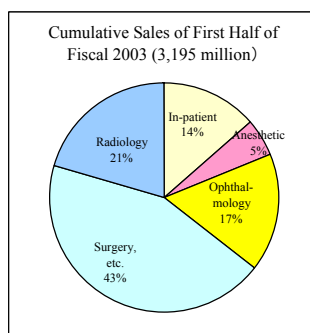
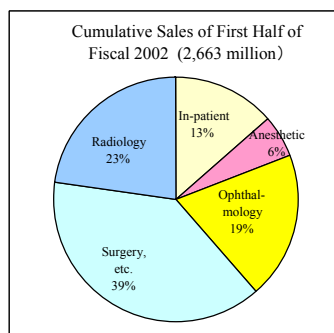
### Second Half Plan

¥ millions, rounded down

	Fiscal 2004 Revised Plan	% of total	Year-on-Year Comparison	Growth	Plan Comparison	Achievement	Fiscal 2003 Second Half Results	% of total	Fiscal 2004 Initial Plan	% of total	Year-on-Year Comparison
Sterilization products	2,000	15.4%	96.2%	-79	98.8%	-23	2,080	16.9%	2,024	15.0%	97.3%
Surgical products	10,412	80.1%	108.0%	775	95.6%	-481	9,636	78.1%	10,893	80.7%	113.0%
Treatment product	198	1.5%	89.7%	-22	97.8%	-4	221	1.8%	203	1.5%	91.6%
Nursing care and welfare products	46	0.4%	90.6%	-4	113.4%	5	51	0.4%	41	0.3%	79.9%
Others	342	2.6%	96.8%	-11	100.4%	1	353	2.9%	340	2.5%	96.4%
<b>Total</b>	<b>13,000</b>	<b>100.0%</b>	<b>105.3%</b>	<b>657</b>	<b>96.3%</b>	<b>-502</b>	<b>12,343</b>	<b>100.0%</b>	<b>13,503</b>	<b>100.0%</b>	<b>109.4%</b>

Itemized surgical products	Sontara	5,260	40.5%	97.9%	-113	91.1%	-516	5,373	43.5%	5,776	42.8%	107.5%
	Other non-woven products	667	5.1%	87.3%	-96	95.1%	-34	764	6.2%	702	5.2%	91.9%
	Kit products	4,433	34.1%	128.9%	993	101.9%	81	3,440	27.9%	4,351	32.2%	126.5%
	Steel instruments	51	0.4%	87.9%	-7	80.9%	-12	58	0.5%	63	0.5%	108.7%
Itemized external sales by subsidiary	Sontara	6					7		0			
	New products	4,868	37.4%	125.1%	977	101.5%	70	3,890	31.5%	4,797	35.5%	123.3%
	Existing products	8,132	62.6%	96.2%	-320	93.4%	-573	8,453	68.5%	8,706	64.5%	103.0%

### Sales Composition by Kit Treatment Category



## Interim Consolidated Financial Results for Fiscal 2004

### Selling, General and Administrative Expenses

¥ millions, rounded down

	Sept. 2002 Interim Results	Year-on-Year Comparison	Sept. 2003 Interim Results	Year-on-Year Comparison	Sept. 2004 Interim Results	Year-on-Year Comparison	Plan Comparison	Fiscal 2004 Interim Plan	Year-on-Year Comparison
Packaging and transportation	302	23	319	17	315	-4	-17	332	12
Losses on doubtful accounts	6	4	0	-6	0	0	-29	29	29
Samples	277	63	294	17	282	-11	-72	354	60
Advertising	29	-26	26	-2	15	-10	-12	28	1
Personnel	1,471	125	1,540	69	1,511	-28	-79	1,591	50
Travel	161	5	165	4	174	8	8	166	0
Communication	63	27	65	1	68	3	-13	81	16
Consumables	62	15	52	-9	44	-8	0	43	-9
Taxes and public charges	45	0	52	6	93	41	3	89	37
Depreciation	311	86	272	-39	249	-22	-39	289	17
Testing and research	138	3	145	6	104	-40	-48	152	7
Land and housing rent	195	-32	201	6	208	7	-1	210	9
Miscellaneous	151	19	153	2	209	55	64	144	-8
Others	181	33	190	9	205	14	19	185	-4
<b>Total</b>	<b>3,396</b>	<b>351</b>	<b>3,480</b>	<b>83</b>	<b>3,482</b>	<b>2</b>	<b>-219</b>	<b>3,701</b>	<b>221</b>

### Non-Operating Income

¥ millions, rounded down

	Sept. 2002 Interim Results	Year-on-Year Comparison	Sept. 2003 Interim Results	Year-on-Year Comparison	Sept. 2004 Interim Results	Year-on-Year Comparison	Plan Comparison	Fiscal 2004 Interim Plan	Year-on-Year Comparison
Interest received	3	-8	2	0	2	0	0	1	-1
Interest on negotiable securities	7	0	4	-3	3	0	3	-	-4
Dividend received	0	0	0	0	0	0	0	0	0
(Total financial earnings)	11	-9	7	-4	6	0	4	1	-5
Foreign exchange gain	-	0	-	0	141	141	141	-	0
Miscellaneous income	14	-2	24	10	24	0	15	9	-15
<b>Total Other income</b>	<b>26</b>	<b>-12</b>	<b>31</b>	<b>5</b>	<b>172</b>	<b>140</b>	<b>160</b>	<b>11</b>	<b>-20</b>
Paid interest	2	-5	-	-2	-	0	0	-	0
(Total financial expenses)	2	-5	-	-2	-	0	0	-	0
Foreign exchange loss	142	100	155	12	-	-155	0	-	-155
Miscellaneous losses	11	6	10	-1	5	-4	-4	10	0
<b>Total non-operating expenses</b>	<b>156</b>	<b>101</b>	<b>165</b>	<b>9</b>	<b>5</b>	<b>-159</b>	<b>-4</b>	<b>10</b>	<b>-155</b>

## Interim Consolidated Financial Results for Fiscal 2004

### Capital expenditures

	Capital expenditures	Year-on-Year Comparison
Fiscal 1995 (full year)	2,359	114.3%
Fiscal 1996 (full year)	2,339	99.2%
Fiscal 1997 (full year)	3,531	151.0%
First half	210	
Second half	267	
Fiscal 1998 (full year)	477	13.5%
First half	2,941	
Second half	105	
Fiscal 1999 (full year)	3,046	638.5%
First half	1,396	
Second half	175	
Fiscal 2000 (full year)	1,571	51.6%
First half	1,700	
Second half	4,686	
Fiscal 2001 (full year)	6,386	406.3%
First half	3,238	
Second half	2,916	
Fiscal 2002 (full year)	6,155	96.4%
First half	2,162	
Second half	444	
Fiscal 2003 (full year)	2,606	42.3%
First half	616	
*** Second half	436	
*** Fiscal 2004 (full year)	1,052	40.4%

### Depreciation

¥ millions, rounded down

	Selling, general, and administrative expenses	Year-on-Year Comparison	Manufacturing Costs	Year-on-Year Comparison	Total Depreciation	Year-on-Year Comparison
Fiscal 1995 (full year)	396	80.2%	780	112.4%	1,177	99.0%
Fiscal 1996 (full year)	349	88.1%	1,070	137.1%	1,419	120.6%
Fiscal 1997 (full year)	441	126.5%	1,102	103.0%	1,543	108.7%
First half	304		547		851	
Second half	313		535		848	
Fiscal 1998 (full year)	617	139.8%	1,083	98.3%	1,700	110.2%
First half	281		496		778	
Second half	288		489		778	
Fiscal 1999 (full year)	570	92.4%	985	91.0%	1,556	91.5%
First half	250		484		734	
Second half	267		516		784	
Fiscal 2000 (full year)	518	90.9%	1,001	101.6%	1,519	97.6%
First half	225		412		637	
Second half	266		432		698	
Fiscal 2001 (full year)	491	94.8%	845	84.4%	1,336	88.0%
First half	311		382		693	
Second half	324		440		764	
Fiscal 2002 (full year)	636	129.5%	822	97.3%	1,458	109.1%
First half	272		945		1,217	
Second half	313		969		1,283	
Fiscal 2003 (full year)	585	92.1%	1,914	232.9%	2,500	171.5%
First half	249		882		1,132	
Second half	291		927		1,219	
*** Fiscal 2004 (full year)	541	92.5%	1,810	94.6%	2,351	94.0%

(Note) 1. \*\*\* are forecast figures

Depreciation at P.T. HOGY INDONESIA are indicated in manufacturing costs.

## Interim Consolidated Financial Results for Fiscal 2004

Major Change on Balance Sheets

¥ millions, rounded down

	Balance	Change		Balance	Change
<b>Current assets</b>	<b>31,296</b>	<b>3,142</b>	<b>Current liabilities</b>	<b>6,898</b>	<b>849</b>
Cash and bank deposits	11,281	2,466	Notes and accounts payable	3,270	269
Notes and accounts receivable	7,544	514	Accrued expenses	518	-685
Short-term investments	5,699	-285	Income taxes	1,312	406
Inventories	6,193	470	Allowance for employees' bonuses	426	35
Others	578	-23	Payable notes for equipment	961	916
			Others	409	-92
<b>Fixed assets</b>	<b>29,772</b>	<b>-582</b>	<b>Long-term liabilities</b>	<b>11,535</b>	<b>132</b>
Property, plant and equipment	27,195	-475	Convertible bond	10,000	0
Buildings and structures	14,255	-470	Others	1,535	132
Machinery, equipment and vehicles	5,417	-221			
Land	6,564	2	<b>Minority interests</b>	<b>10</b>	<b>0</b>
Construction in progress	462	284	<b>Shareholders' equity</b>	<b>42,625</b>	<b>1,577</b>
Others	495	-71	Common stock	7,123	0
Intangibles	175	-41	Capital surplus	8,336	0
Investments and others	2,401	-65	Retained earnings	31,892	1,666
Investments securities	360	-218	Treasury stock	-4,586	-4
Others	2,040	153	Others	-140	-84
<b>Total assets</b>	<b>61,068</b>	<b>2,560</b>	<b>Total liabilities, minority interests, and shareholders' equity</b>	<b>61,068</b>	<b>2,560</b>

\*Equity ratio decreased from 70.2% at the end of the previous fiscal year to 69.8%.

Comments on change in central items

Cash and bank deposits

Increase in operating income

Payable notes for equipment

From unpaid equipment for new plants

Construction in progress

Equipment for new plants

Retained earnings

From net profit

Investment securities

Sale

## Statements of Cash Flows

¥ millions, rounded down

<b>I Operating activities</b>	<b>2,324</b>	Income before income taxes and minority interests	<b>3,187</b>
		Depreciation	1,132
		Changes in assets and liabilities:	
		Notes and accounts receivable	-511
		Income taxes paid	-922
<b>II Investing activities</b>	<b>-105</b>	Sales of investment securities	246
		Capital expenditures	-354
<b>III Financing activities</b>	<b>-191</b>	Cash dividends paid	-187
<b>IV Effect of exchange rate changes</b>	<b>143</b>		
<b>Net changes in cash and cash equivalents</b>	<b>2,170</b>		



## Fiscal 2004 Interim Non-Consolidated Statements of Income

### First Half Results

¥ millions, rounded down

	Sept. 2004 Interim Results		Sept. 2003 Interim Results		Year-on-Year Comparison		Sept. 2004 Interim Initial Plan		Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of Total	Amount	% of total
Net sales	12,325	100.0	12,480	100.0	-155	98.8	13,096	100.0	-770	94.1
Cost of sales	6,222	50.5	6,249	50.1	-27	99.6	6,628	50.6	-405	93.9
<b>Gross profit</b>	<b>6,102</b>	<b>49.5</b>	<b>6,230</b>	<b>49.9</b>	<b>-127</b>	<b>97.9</b>	<b>6,468</b>	<b>49.4</b>	<b>-365</b>	<b>94.4</b>
Selling, general, and administrative expenses	3,482	28.2	3,480	27.9	2	100.1	3,701	28.3	-219	94.1
<b>Operating income</b>	<b>2,620</b>	<b>21.3</b>	<b>2,750</b>	<b>22.0</b>	<b>-130</b>	<b>95.3</b>	<b>2,766</b>	<b>21.1</b>	<b>-145</b>	<b>94.7</b>
Other income	172		32		140		10		162	
Other expenses	5		163		-158		10		-4	
<b>Ordinary income</b>	<b>2,787</b>	<b>22.6</b>	<b>2,619</b>	<b>21.0</b>	<b>168</b>	<b>106.4</b>	<b>2,766</b>	<b>21.1</b>	<b>21</b>	<b>100.8</b>
Extraordinary income	205		3		202		-		205	
Extraordinary expenses	2		1		1		75		-72	
Income before income taxes and minority interests	2,990	24.3	2,621	21.0	368	114.1	2,691	20.6	298	111.1
Corporation tax, inhabitants' taxes, etc.	1,206		1,092		113	110.4	1,048		157	115.1
<b>(Tax burden)</b>	<b>40.3%</b>		<b>41.7%</b>				<b>39.0%</b>			
<b>Net income</b>	<b>1,783</b>	<b>14.5</b>	<b>1,528</b>	<b>12.2</b>	<b>255</b>	<b>116.7</b>	<b>1,643</b>	<b>12.5</b>	<b>140</b>	<b>108.6</b>

EPS (total shares)	109.17	93.55	100.56
EPS (minus treasury shares)	114.61	97.40	105.57
Number of shares outstanding	16,341,155	16,341,155	16,341,155
Average number of shares outstanding (after deducting treasury shares)	15,564,742	15,695,756	15,565,292

### First Quarter Results

¥ millions, rounded down

	June 2004 First Quarter Results		June 2003 First Quarter Results		Year-on-Year Comparison		June 2004 First Quarter Initial Plan		Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Net sales	6,065	100.0	6,201	100.0	-135	97.8	6,374	100.0	-308	95.2
Cost of sales	3,095	51.0	3,128	50.5	-33	98.9	3,216	50.5	-121	96.2
<b>Gross profit</b>	<b>2,970</b>	<b>49.0</b>	<b>3,072</b>	<b>49.5</b>	<b>-102</b>	<b>96.7</b>	<b>3,158</b>	<b>49.5</b>	<b>-187</b>	<b>94.1</b>
Selling, general, and administrative expenses	1,712	28.2	1,715	27.7	-2	99.9	1,829	28.7	-116	93.6
<b>Operating income</b>	<b>1,257</b>	<b>20.7</b>	<b>1,357</b>	<b>21.9</b>	<b>-99</b>	<b>92.6</b>	<b>1,329</b>	<b>20.9</b>	<b>-71</b>	<b>94.6</b>
Other income	128		12		116		5		123	
Other expenses	1		1		0		1		0	
<b>Ordinary income</b>	<b>1,384</b>	<b>22.8</b>	<b>1,368</b>	<b>22.1</b>	<b>16</b>	<b>101.2</b>	<b>1,332</b>	<b>20.9</b>	<b>51</b>	<b>103.9</b>
Extraordinary income	205		-		205		-		205	
Extraordinary expenses	2		-		2		-		2	
Income before income taxes and minority interests	1,587	26.2	1,368	22.1	219	116.0	1,332	20.9	254	119.1
Corporation tax, inhabitants' taxes, etc.	618		564		53	109.6	519		99	119.1
<b>(Tax burden)</b>	<b>38.9%</b>		<b>41.2%</b>				<b>39.0%</b>			
<b>Net income</b>	<b>969</b>	<b>16.0</b>	<b>804</b>	<b>13.0</b>	<b>165</b>	<b>120.6</b>	<b>813</b>	<b>12.8</b>	<b>155</b>	<b>119.1</b>

EPS (total shares)	59.32	49.20	49.80
EPS (minus treasury shares)	62.28	51.00	52.28
Number of shares outstanding	16,341,155	16,341,155	16,341,155
Average number of shares outstanding (after deducting treasury shares)	15,564,942	15,765,548	15,565,292

### Second Quarter Results

¥ millions, rounded down

	Sept. 2004 Interim Results		Sept. 2003 Interim Results		Year-on-Year Comparison		Sept. 2004 Interim Initial Plan		Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Net sales	6,259	100.0	6,278	100.0	-19	99.7	6,721	100.0	-462	93.1
Cost of sales	3,127	50.0	3,121	49.7	6	100.2	3,412	50.8	-284	91.7
<b>Gross profit</b>	<b>3,131</b>	<b>50.0</b>	<b>3,157</b>	<b>50.3</b>	<b>-25</b>	<b>99.2</b>	<b>3,309</b>	<b>49.2</b>	<b>-177</b>	<b>94.6</b>
Selling, general, and administrative expenses	1,769	28.3	1,765	28.1	4	100.3	1,872	27.9	-102	94.5
<b>Operating income</b>	<b>1,362</b>	<b>21.8</b>	<b>1,392</b>	<b>22.2</b>	<b>-30</b>	<b>97.8</b>	<b>1,437</b>	<b>21.4</b>	<b>-74</b>	<b>94.8</b>
Other income	44		20		24		4		39	
Other expenses	3		162		-158		8		-4	
<b>Ordinary income</b>	<b>1,402</b>	<b>22.4</b>	<b>1,250</b>	<b>19.9</b>	<b>151</b>	<b>112.1</b>	<b>1,433</b>	<b>21.3</b>	<b>-30</b>	<b>97.9</b>
Extraordinary income	-		3		-3		-		0	
Extraordinary expenses	0		1		0		75		-74	
Income before income taxes and minority interests	1,402	22.4	1,253	20.0	149	111.9	1,358	20.2	43	103.2
Corporation tax, inhabitants' taxes, etc.	587		528		59	111.3	529		58	111.1
<b>(Tax burden)</b>	<b>41.9%</b>		<b>42.2%</b>				<b>39.0%</b>			
<b>Net income</b>	<b>814</b>	<b>13.0</b>	<b>724</b>	<b>11.5</b>	<b>89</b>	<b>112.4</b>	<b>829</b>	<b>12.3</b>	<b>-14</b>	<b>98.2</b>

## Fiscal 2004 Projected Non-Consolidated Statements of Income

### Full-year Plan

¥ millions, rounded down

	Fiscal 2004 Revised Plan		Fiscal 2003 Results		Year-on-Year Comparison		Fiscal 2004 Initial Plan		Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Net sales	25,320	100.0	24,817	100.0	502	102.0	26,600	100.00	-1,280	95.2
Cost of sales	12,906	51.0	12,603	50.8	303	102.4	13,505	50.8	-598	95.6
Gross profit	12,413	49.0	12,213	49.2	199	101.6	13,094	49.2	-681	94.8
Selling, general, and administrative expenses	7,020	27.7	6,840	27.6	179	102.6	7,460	28.0	-440	94.1
Operating income	5,393	21.3	5,372	21.6	20	100.4	5,634	21.2	-241	95.7
Other income	182		129		53		20		162	
Other expenses	15		290		-274		20		-4	
Ordinary income	5,560	22.0	5,211	21.0	348	106.7	5,634	21.2	-74	98.7
Extraordinary income	205		3		201		-		205	
Extraordinary expenses	282		129		153		150		132	
Income before income taxes and minority interests	5,482	21.7	5,085	20.5	396	107.8	5,484	20.6	-1	100.0
etc.	2,215		2,113		102	104.8	2,143		71	103.4
(Tax burden)	40.4%		41.6%				39.1%			
Net income	3,266	12.9	2,972	12.0	294	109.9	3,340	12.6	-73	97.8

EPS (total shares minus directors' bonuses)

195.82

177.80

200.34

EPS (minus treasury shares and directors' bonuses)

205.59

185.88

210.33

Number of shares outstanding

16,341,155

16,341,155

16,341,155

Average number of shares outstanding (after deducting treasury shares)

15,564,484

15,630,611

15,565,292

### First Half Results

¥ millions, rounded down

	Sept. 2004 Interim Results		Sept. 2003 Interim Results		Year-on-Year Comparison		Sept. 2004 Interim Initial Plan		Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Net sales	12,325	100.0	12,480	100.0	-155	98.8	13,096	100.0	-770	94.1
Cost of sales	6,222	50.5	6,249	50.1	-27	99.6	6,628	50.6	-405	93.9
Gross profit	6,102	49.5	6,230	49.9	-127	97.9	6,468	49.4	-365	94.4
Selling, general, and administrative expenses	3,482	28.2	3,480	27.9	2	100.1	3,701	28.3	-219	94.1
Operating income	2,620	21.3	2,750	22.0	-130	95.3	2,766	21.1	-145	94.7
Other income	172		32		140		10		162	
Other expenses	5		163		-158		10		-4	
Ordinary income	2,787	22.6	2,619	21.0	168	106.4	2,766	21.1	21	100.8
Extraordinary income	205		3		202		-		205	
Extraordinary expenses	2		1		1		75		-72	
Income before income taxes and minority interests	2,990	24.3	2,621	21.0	368	114.1	2,691	20.6	298	111.1
etc.	1,206		1,092		113	110.4	1,048		157	115.1
(Tax burden)	40.3%		41.7%				39.0%			
Net income	1,783	14.5	1,528	12.2	255	116.7	1,643	12.5	140	108.6

EPS (total shares)

109.17

93.55

100.56

EPS (minus treasury shares)

114.61

97.40

105.57

Number of shares outstanding

16,341,155

16,341,155

16,341,155

Average number of shares outstanding (after deducting treasury shares)

15,564,742

15,695,756

15,565,292

### Second Half Plan

¥ millions, rounded down

	Fiscal 2004 Revised Plan		Fiscal 2003 Results		Year-on-Year Comparison		Fiscal 2004 Initial Plan		Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Net sales	12,994	100.0	12,336	100.0	657	105.3	13,503	100.0	-509	96.2
Cost of sales	6,684	51.4	6,353	51.5	330	105.2	6,877	50.9	-192	97.2
Gross profit	6,310	48.6	5,982	48.5	327	105.5	6,626	49.1	-316	95.2
Selling, general, and administrative expenses	3,537	27.2	3,360	27.2	176	105.3	3,758	27.8	-220	94.1
Operating income	2,772	21.3	2,622	21.3	150	105.7	2,868	21.2	-95	96.7
Other income	9		96		-86		9		0	
Other expenses	9		126		-116		10		0	
Ordinary income	2,772	21.3	2,592	21.0	180	107.0	2,867	21.2	-95	96.7
Extraordinary income	-		0		0		-		0	
Extraordinary expenses	280		128		151		75		205	
Income before income taxes and minority interests	2,492	19.2	2,464	20.0	28	101.2	2,792	20.7	-300	89.2
etc.	1,009		1,020		-11	98.9	1,095		-85	92.2
(Tax burden)	40.5%		41.4%				39.2%			103.3
Net income	1,483	11.4	1,443	11.7	39	102.7	1,697	12.6	-214	87.4

## Interim Non-Consolidated Financial Results for Fiscal 2004

### Manufacturing Costs

¥ millions, rounded down

	8.9	9.9	10.9	11.9	12.9	13.9	14.9	15.9	16.9
<b>Materials</b>	2,275	2,231	2,583	2,520	3,115	3,708	3,618	3,655	3,802
<b>Personnel</b>	571	558	572	609	621	679	673	806	722
<b>Outsourcing</b>	675	582	658	240	109	111	117	120	109
<b>Others</b>	807	794	802	773	895	860	682	1,404	1,332
<b>Total</b>	4,330	4,166	4,616	4,142	4,742	5,359	5,091	5,986	5,967

### Increase Rate

	8.9	9.9	10.9	11.9	12.9	13.9	14.9	15.9	16.9
<b>Materials</b>	22.9%	-1.9%	15.8%	-2.4%	23.6%	19.0%	-2.4%	1.0%	4.0%
<b>Personnel</b>	24.6%	-2.3%	2.5%	6.4%	2.1%	9.2%	-0.9%	19.8%	-10.4%
<b>Outsourcing</b>	29.6%	-13.8%	13.1%	-63.5%	-54.5%	1.4%	5.6%	2.5%	-8.7%
<b>Others</b>	35.6%	-1.6%	1.0%	-3.6%	15.8%	-3.9%	-20.7%	106.0%	-5.1%
<b>Total</b>	26.3%	-3.8%	10.8%	-10.3%	14.5%	13.0%	-5.0%	17.6%	-0.3%

### % of total

	8.9	9.9	10.9	11.9	12.9	13.9	14.9	15.9	16.9
<b>Materials</b>	52.5%	53.6%	56.0%	60.8%	65.7%	69.2%	71.1%	61.1%	63.7%
<b>Personnel</b>	13.2%	13.4%	12.4%	14.7%	13.1%	12.7%	13.2%	13.5%	12.1%
<b>Outsourcing</b>	15.6%	14.0%	14.3%	5.8%	2.3%	2.1%	2.3%	2.0%	1.8%
<b>Others</b>	18.7%	19.1%	17.4%	18.7%	18.9%	16.1%	13.4%	23.5%	22.3%
<b>Total</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Materials and outsourcing 68.1% 67.5% 70.2% 66.6% 68.0% 71.3% 73.4% 63.1% 65.6%

