

HOGY



October 16, 2009



Financial Report

First 2 Quarters of Fiscal 2009

(April 1 – September 30, 2009)

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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.

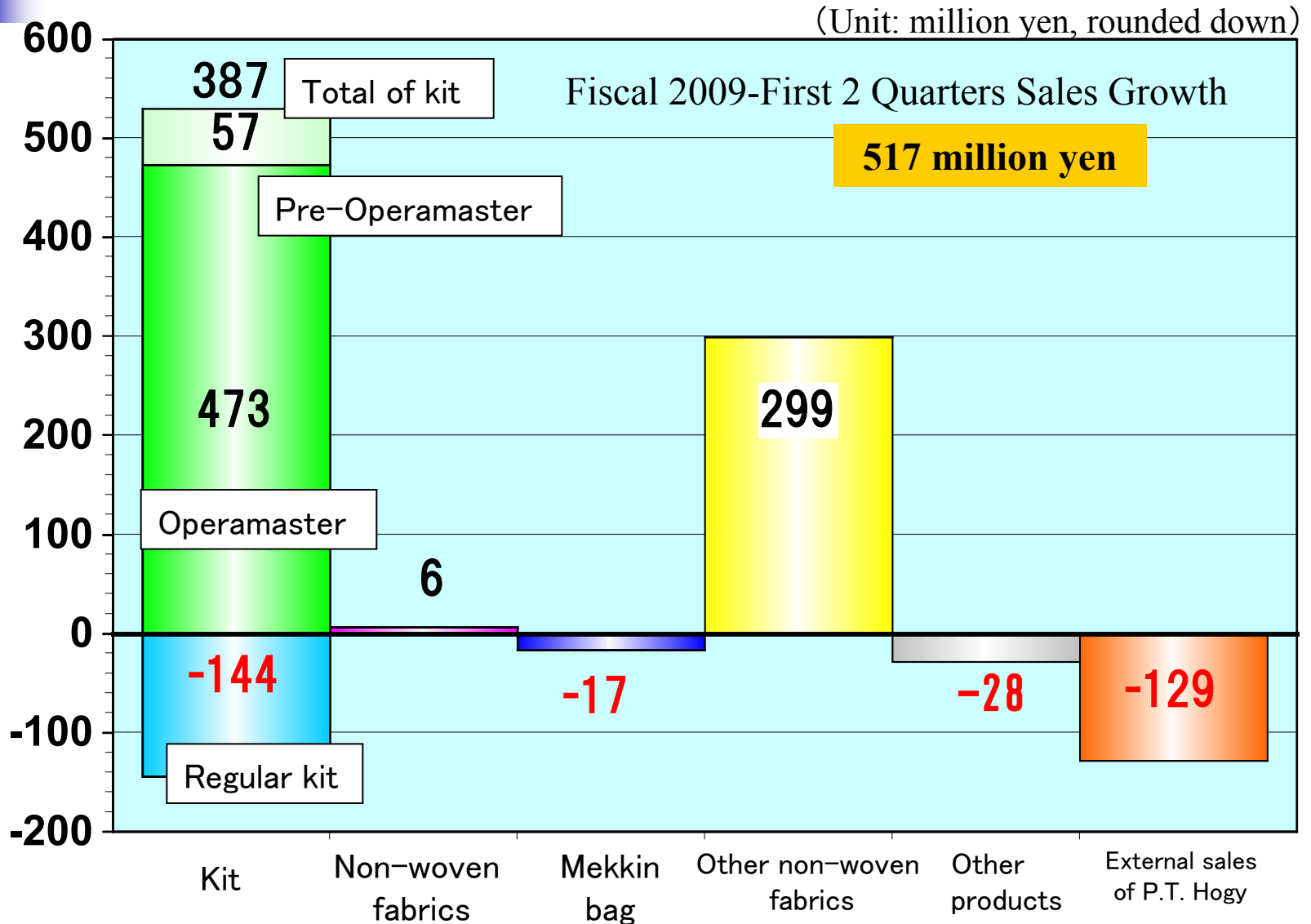
Financial results reported herein have not been audited.

First Half Overview

Fiscal 2009-First 2 Quarters Income Statements

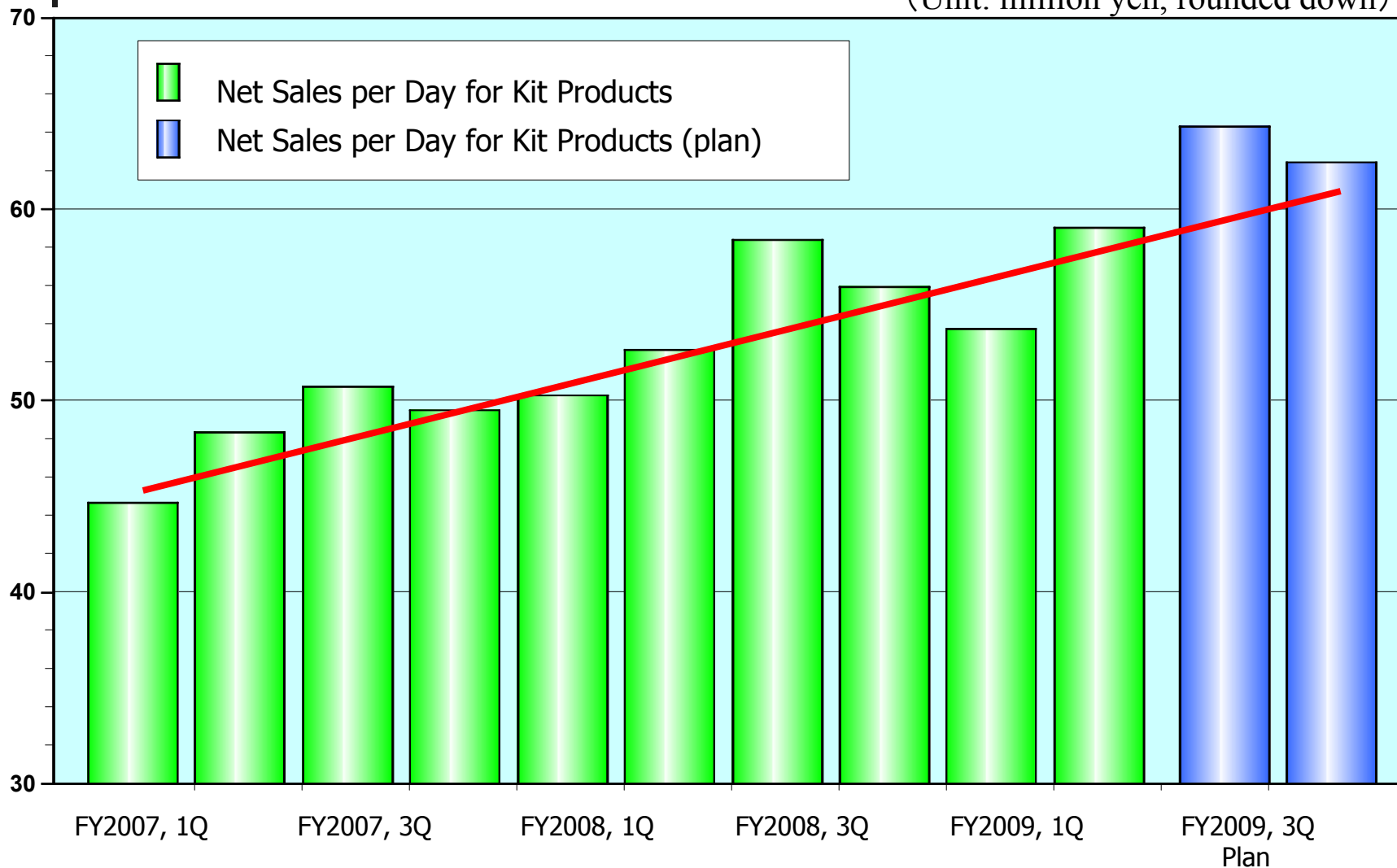
(Unit: million yen, rounded down)	Fiscal 2008 First 2 Quarters Results		Fiscal 2009 First 2 Quarters Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	15,329		15,846		517	3.4%
Operating income	3,767	24.6%	4,019	25.4%	251	6.7%
Ordinary income	3,827	25.0%	3,959	25.0%	131	3.4%
Net income	2,295	15.0%	2,376	15.0%	80	3.5%
EPS	152.72 yen		153.91 yen			

Fiscal 2009-First 2 Quarters Sales Growth by Major Products



Net Sales per Day for Kit Products

(Unit: million yen, rounded down)





Fiscal 2009-First 2 Quarters

Main Points

- Began proposing our surgery management system to customers
- Signed ten new Operamaster contracts and canceled six (112 contracts in force at end of term)
- Rollout delays of Operamaster at newly contracted hospitals
- Progress delays in Operamaster contracts
- Four less days of operation in the first half of this fiscal year compared to the same period in the previous year
- Posted new factory's construction costs as cost of sales during the second quarter (as planned)
- Posted foreign exchange loss from U.S. dollar loans to a subsidiary

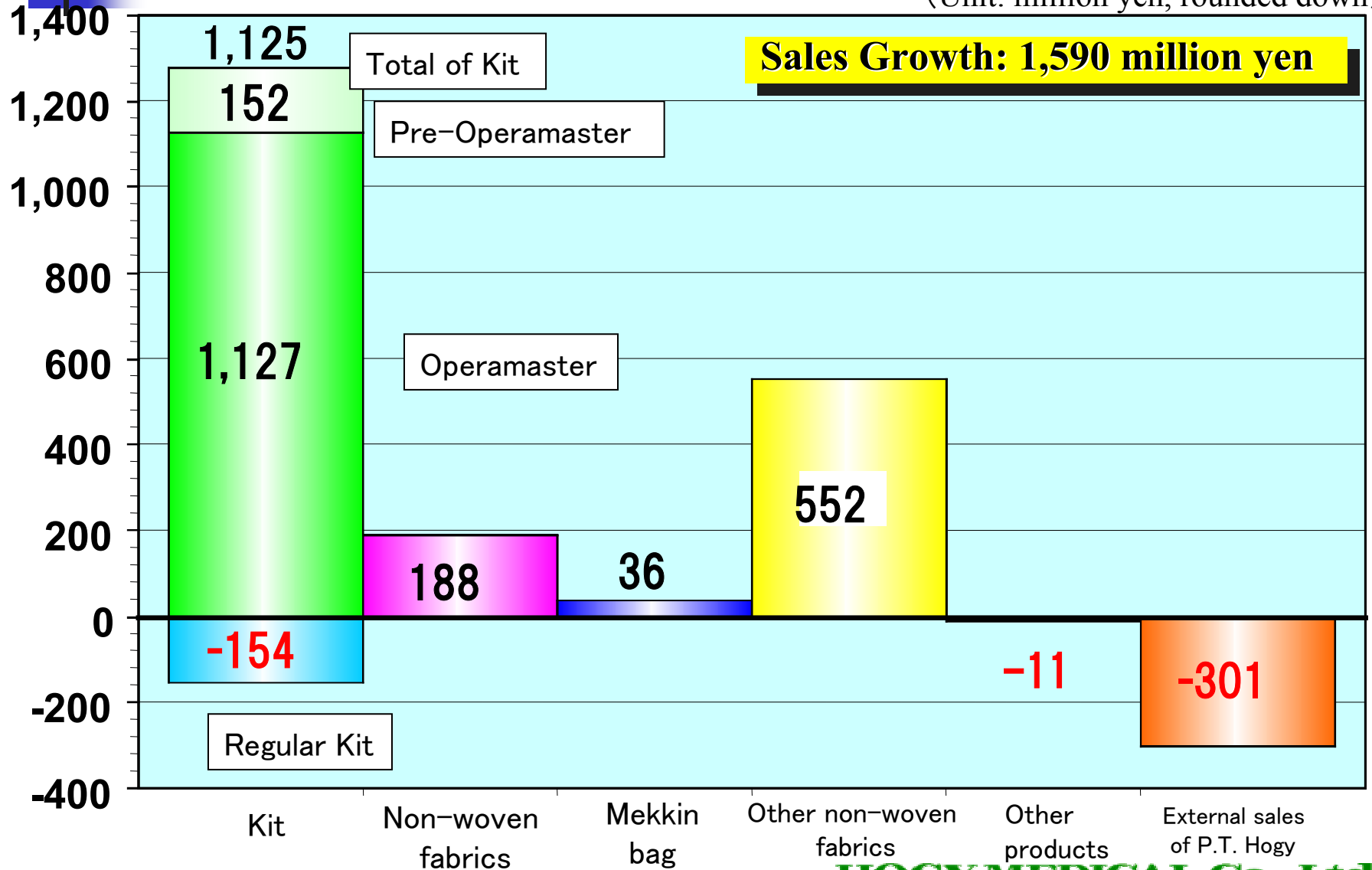
Forecast for Second Half

Fiscal 2009 Projected Statement of Income

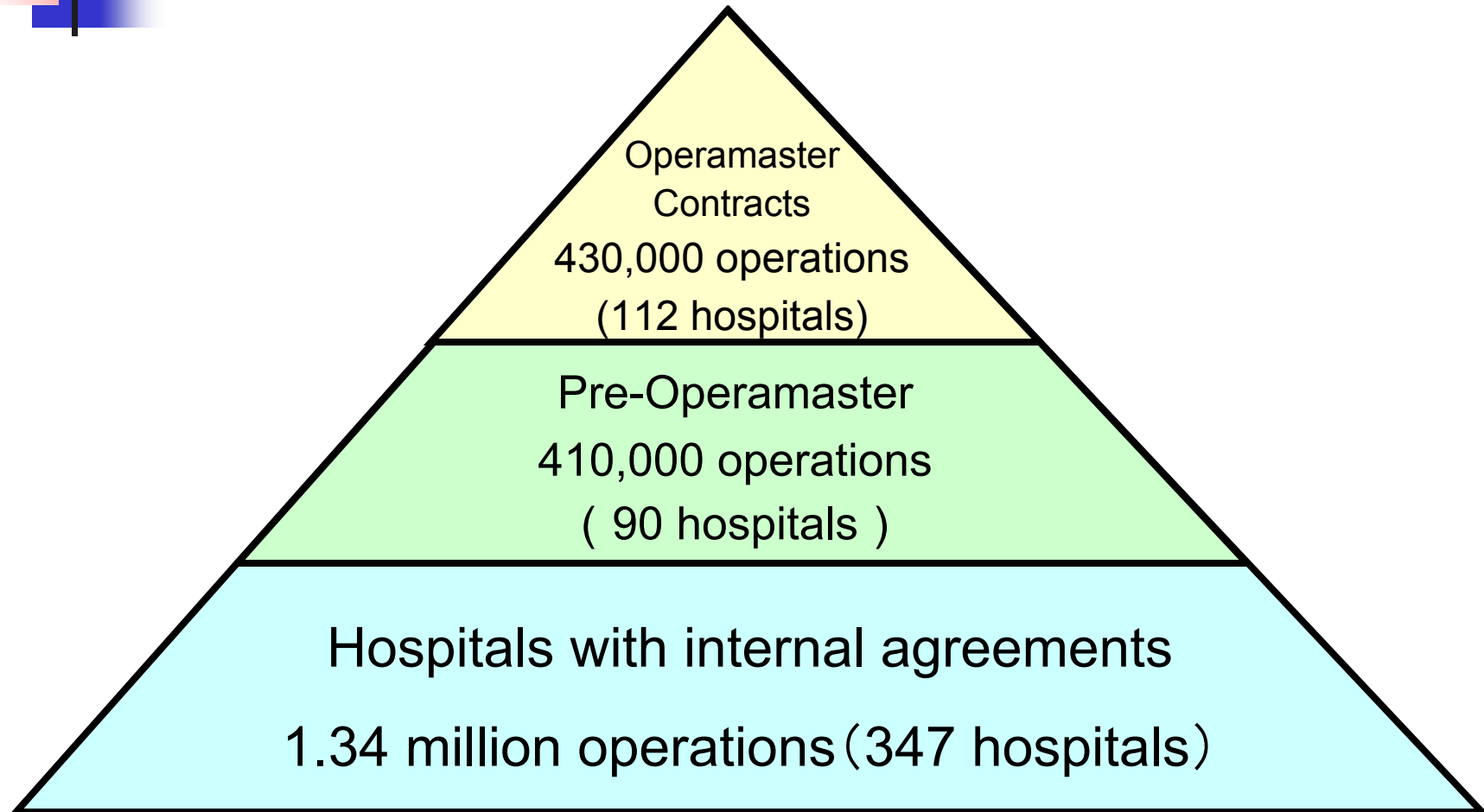
(Unit: million yen, rounded down)	Fiscal 2008 Results		Fiscal 2009 Plans		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	31,009		32,600		1,590	105.1%
Operating income	7,501	24.2%	8,590	26.3%	1,088	114.5%
Ordinary income	7,627	24.6%	8,710	26.7%	1,082	114.2%
Net income	3,584	19.3%	5,210	16.0%	1,625	145.3%
EPS	238.47 yen		331.19 yen			

Sales Growth by Major Products

(Unit: million yen, rounded down)



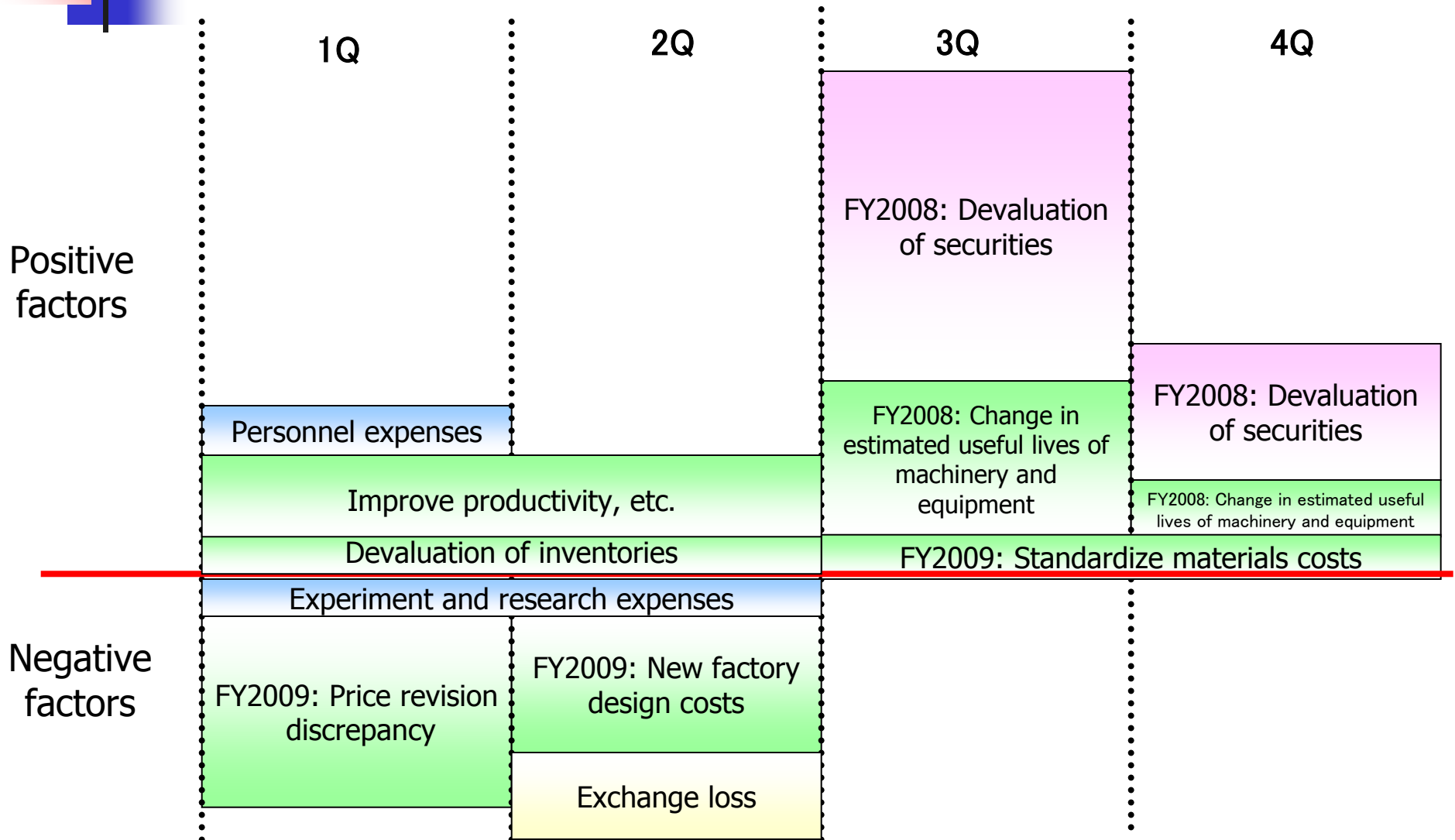
Status of Operamaster Target for Hospitals



Operamaster target for Hospitals

Number of operations: about 4 million; Number of hospitals: 1,150

Fiscal 2009 Major Changes by Quarter (Plan)





Fiscal 2009-Second Half Key Point

- **Concluding contracts with new hospitals**
- **Starting of operations at an early stage with contracted hospitals**
- **Promoting the introduction of surgery management system at Operamaster-contracted hospitals**
- **A key risk factor is the impact from exchange rate fluctuations**

Performance Overview



Progress of Operamaster Marketing

Sales: ¥3,365 million (up ¥473 million, or 16.4%)

Number of Contracts:

6 new contracts; 1 cancelled contracts (an increase of 22,300 operations)

(Cumulative total: 10; 6 cancellation)

Pre-Operamaster:

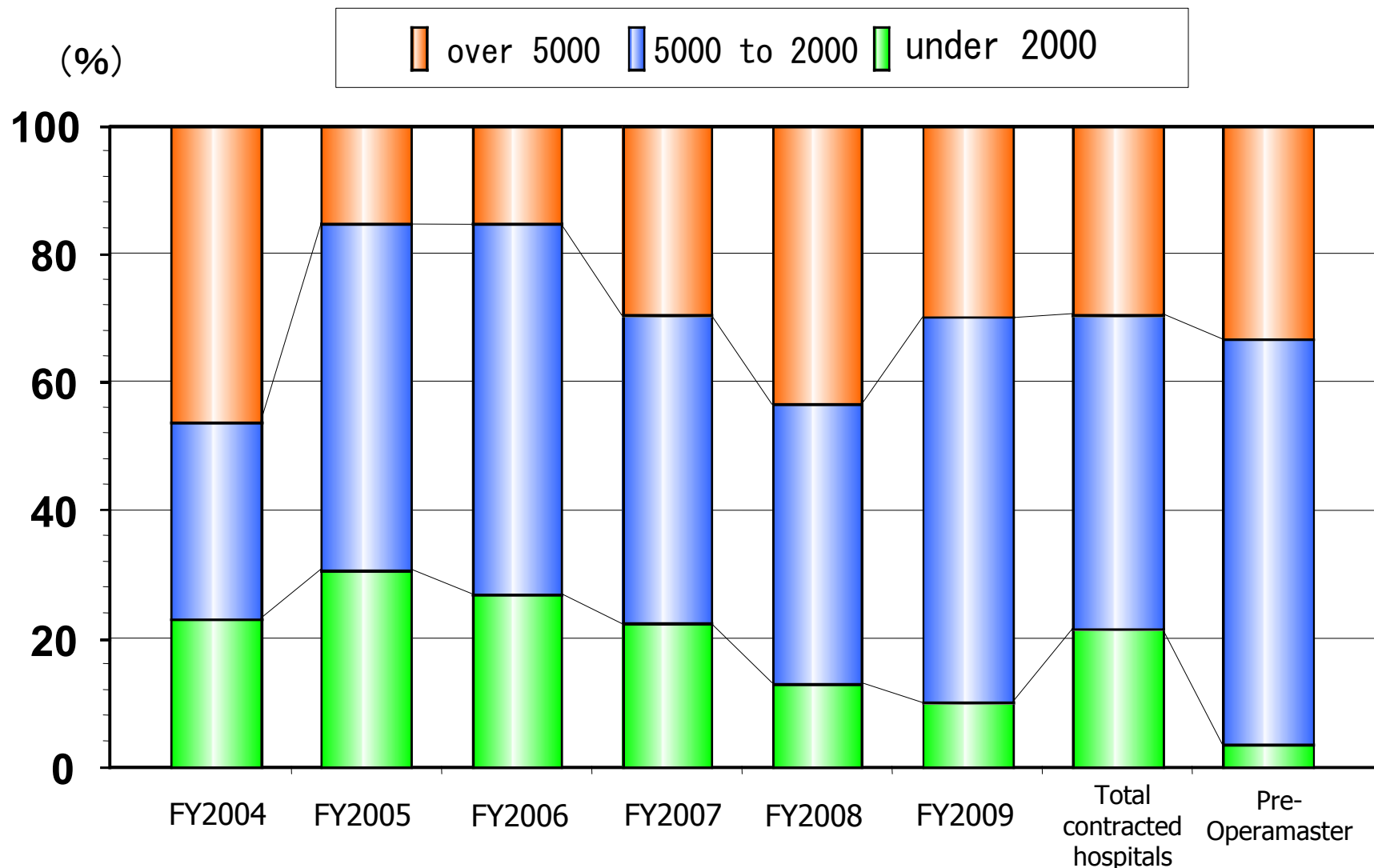
¥933 million (up ¥57 million, or 6.6%)

- Concluded 7 Operamaster contracts out of 97 candidates as of the start of the fiscal year

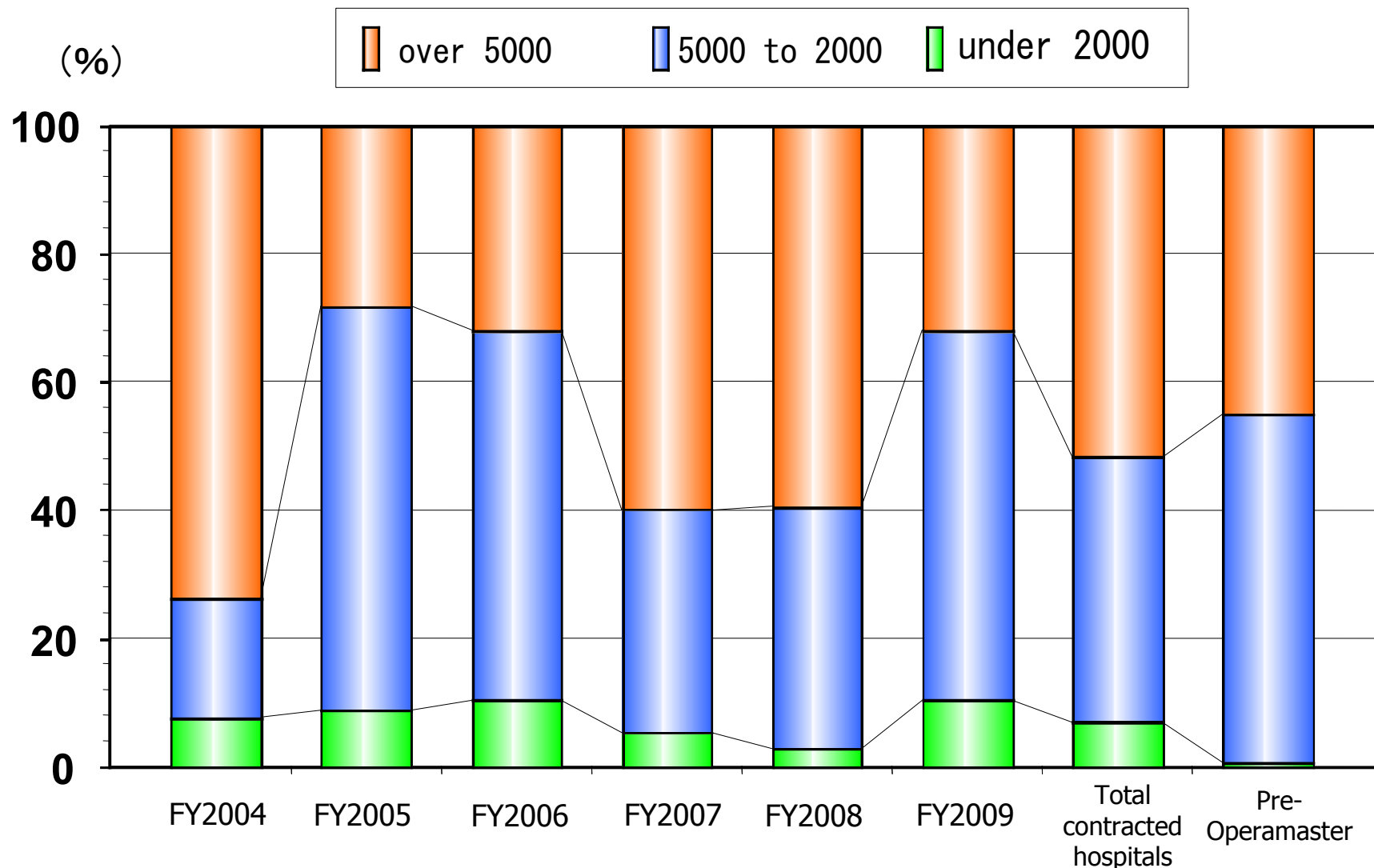
- Increasing size of contracted hospitals

- Cancellation of contracts with small hospitals

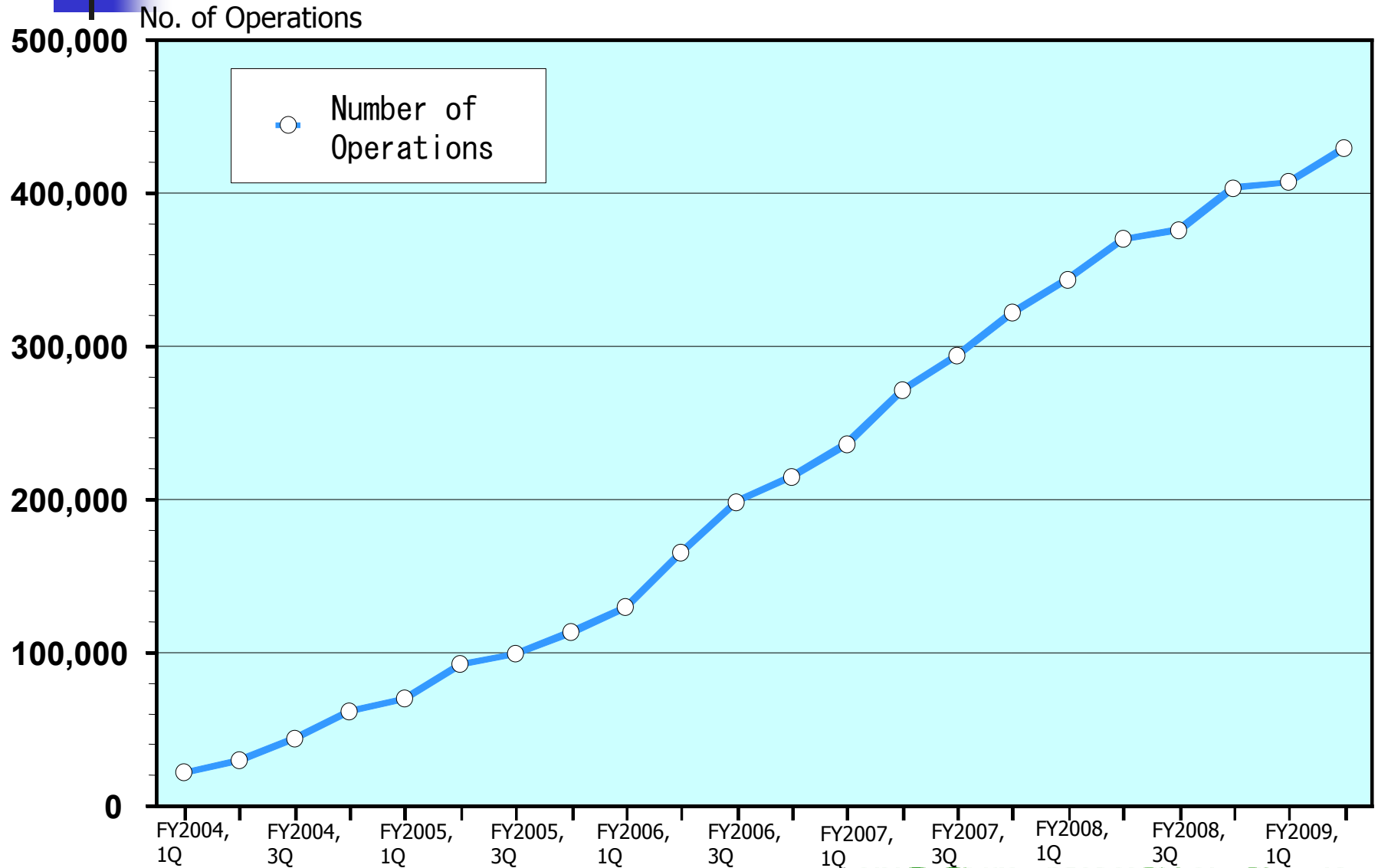
Operamaster-Contracted Hospitals: Breakdown by Size



Sales Breakdown by Hospitals Size of Operamaster-Contracted Hospitals



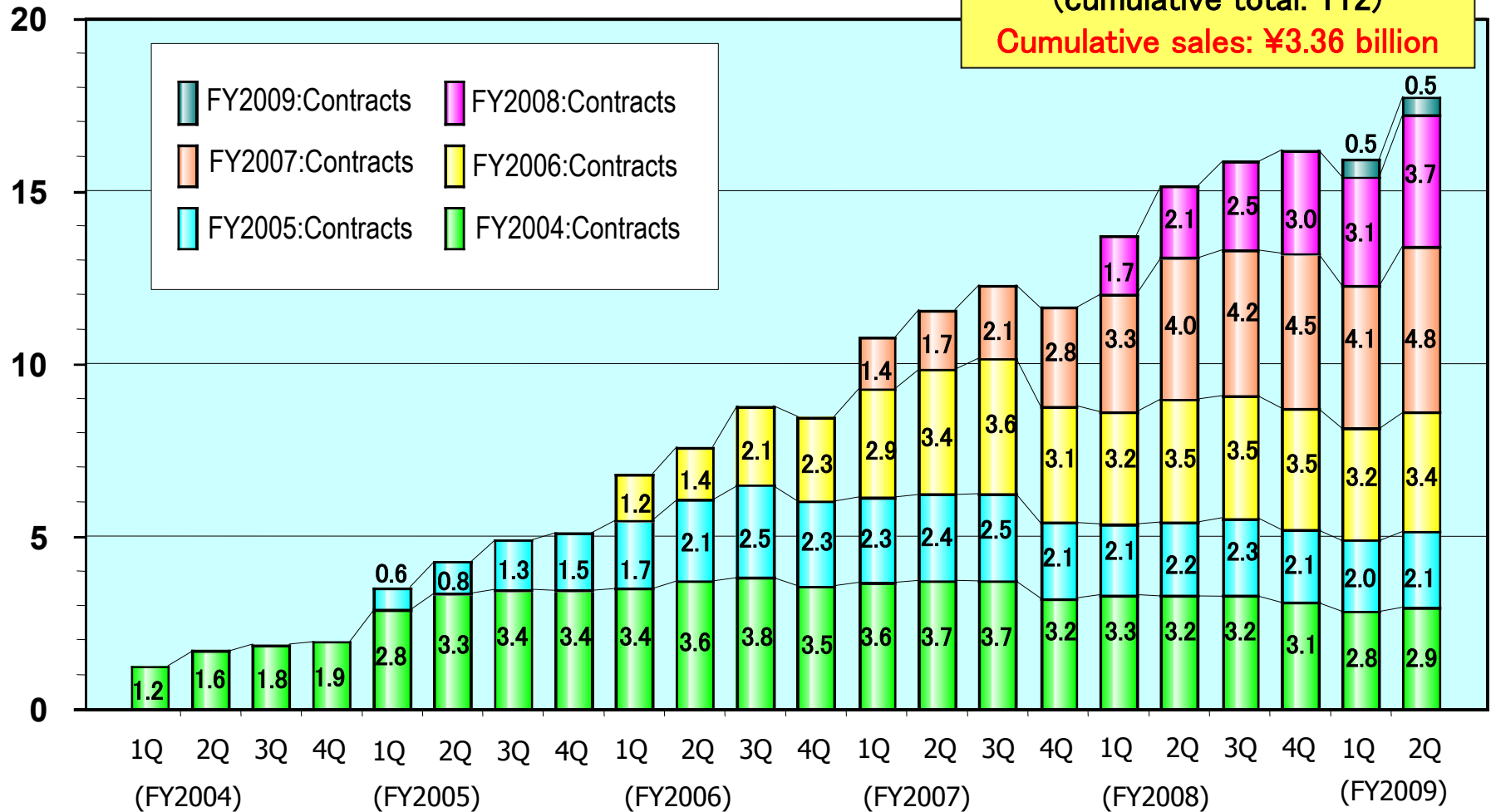
Number of Operamaster Operations



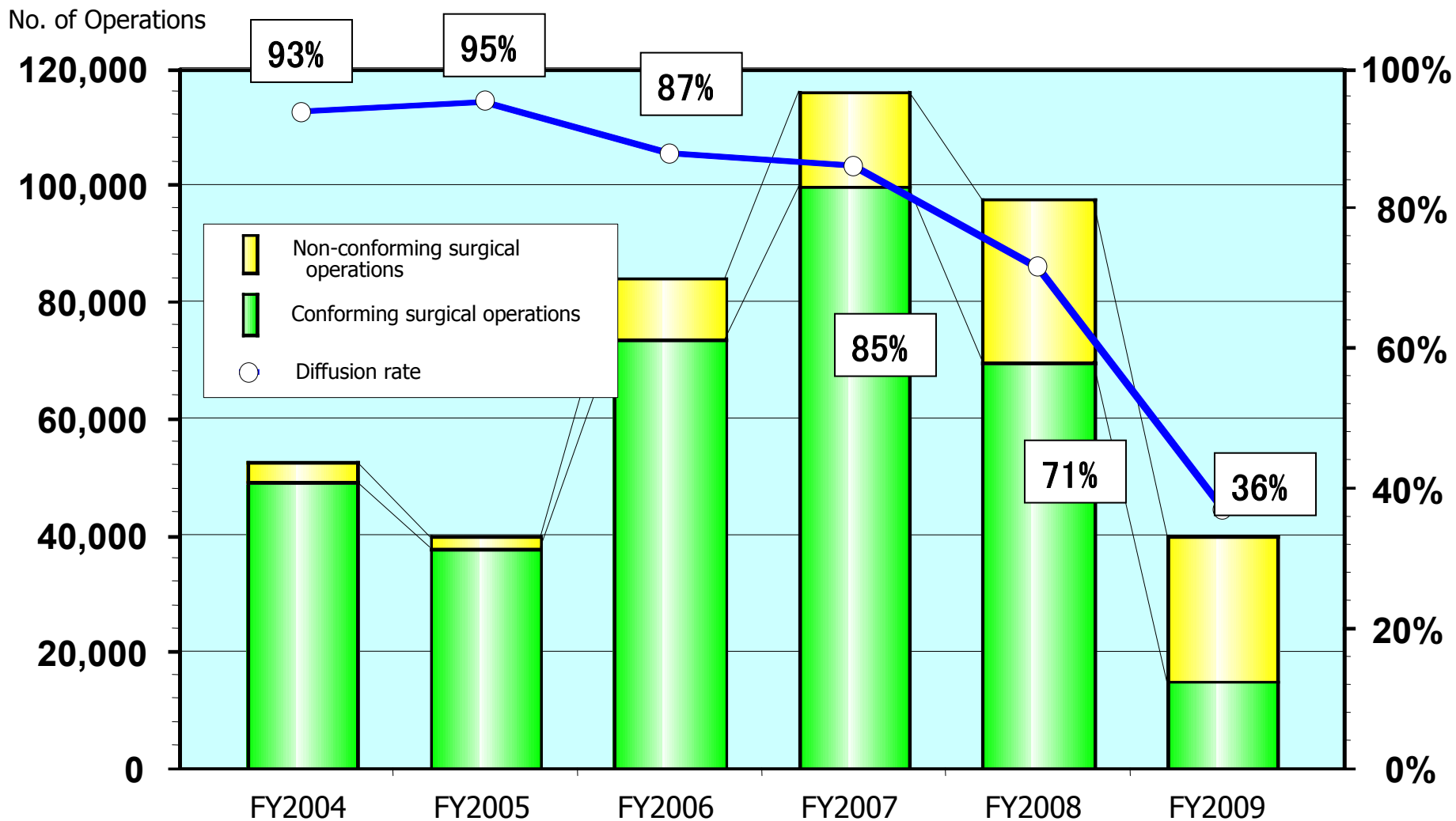
Sales of Operamaster

(¥100 million, rounded down)

10 new contracts;
6 cancelled contracts
 (cumulative total: 112)
Cumulative sales: ¥3.36 billion



Operamaster-Diffusion Rate and Number of Operations



Fiscal 2009-First 2 Quarters

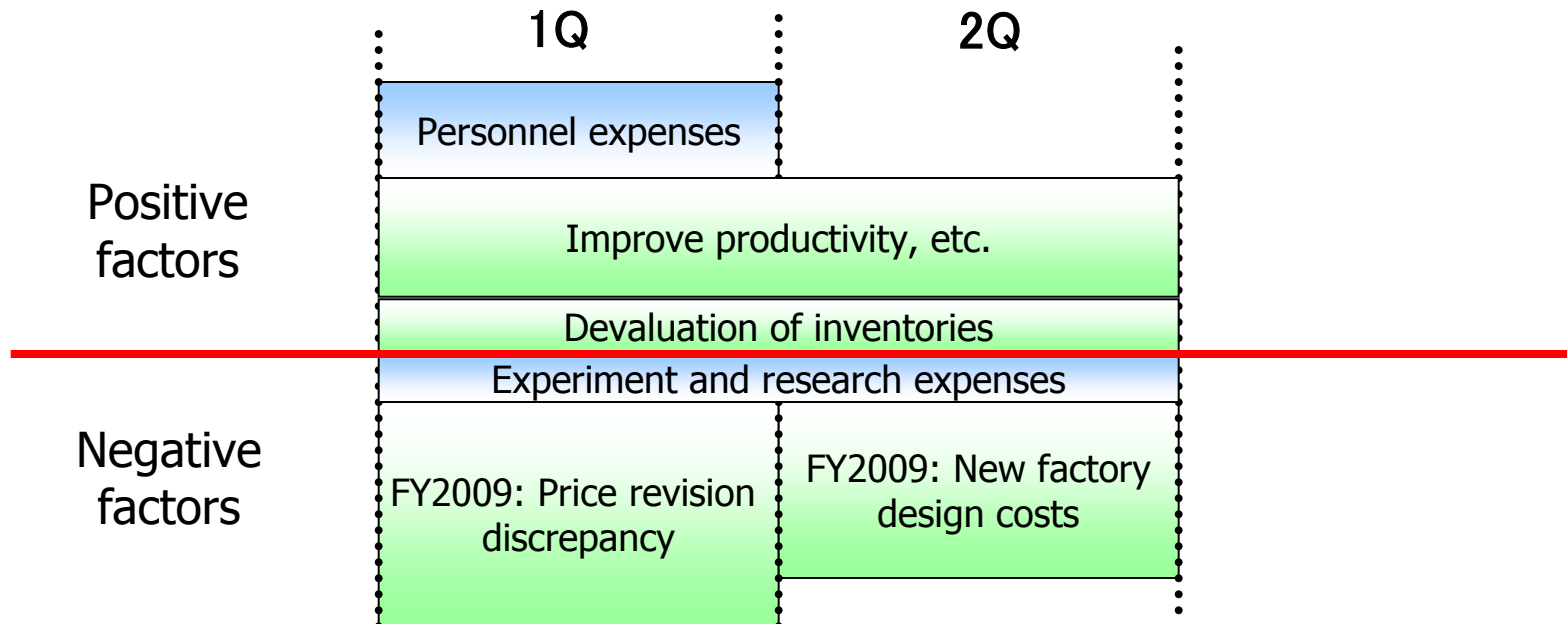
Cost and SG&A Expenses Analysis (year-on-year)

Cost of sales ratio: 0.1% year-on-year increase

48.9% (FY2008; First half) → 48.8% (FY2009; First half)

SG&A expenses: Up ¥29 million year-on-year

¥4,065 million (FY2008; First half) → ¥4,094 million (FY2009; First half)





Fiscal 2009-First 2 Quarters
Non-Operating Income/Loss and Capital Expenditures

Non-operating income/loss:

–¥60 million yen (down ¥119 million year-on-year)

- Loss on valuation of loan to subsidiary: ¥126 million

Capital Expenditures:

¥2,008 million (up ¥873 million year-on-year)

- New EB sterilizer: ¥876 million
- Indonesia plant: ¥590 million

Depreciation costs:

¥1,252 million (up ¥16 million year-on-year)

- Cost of sales: ¥898 million (up ¥28 million year-on-year)
- SG&A expenses: ¥354 million (down ¥12 million year-on-year)

Indonesia Plant



Completed on September 2009
Total construction costs:
Approximately 14 million dollars

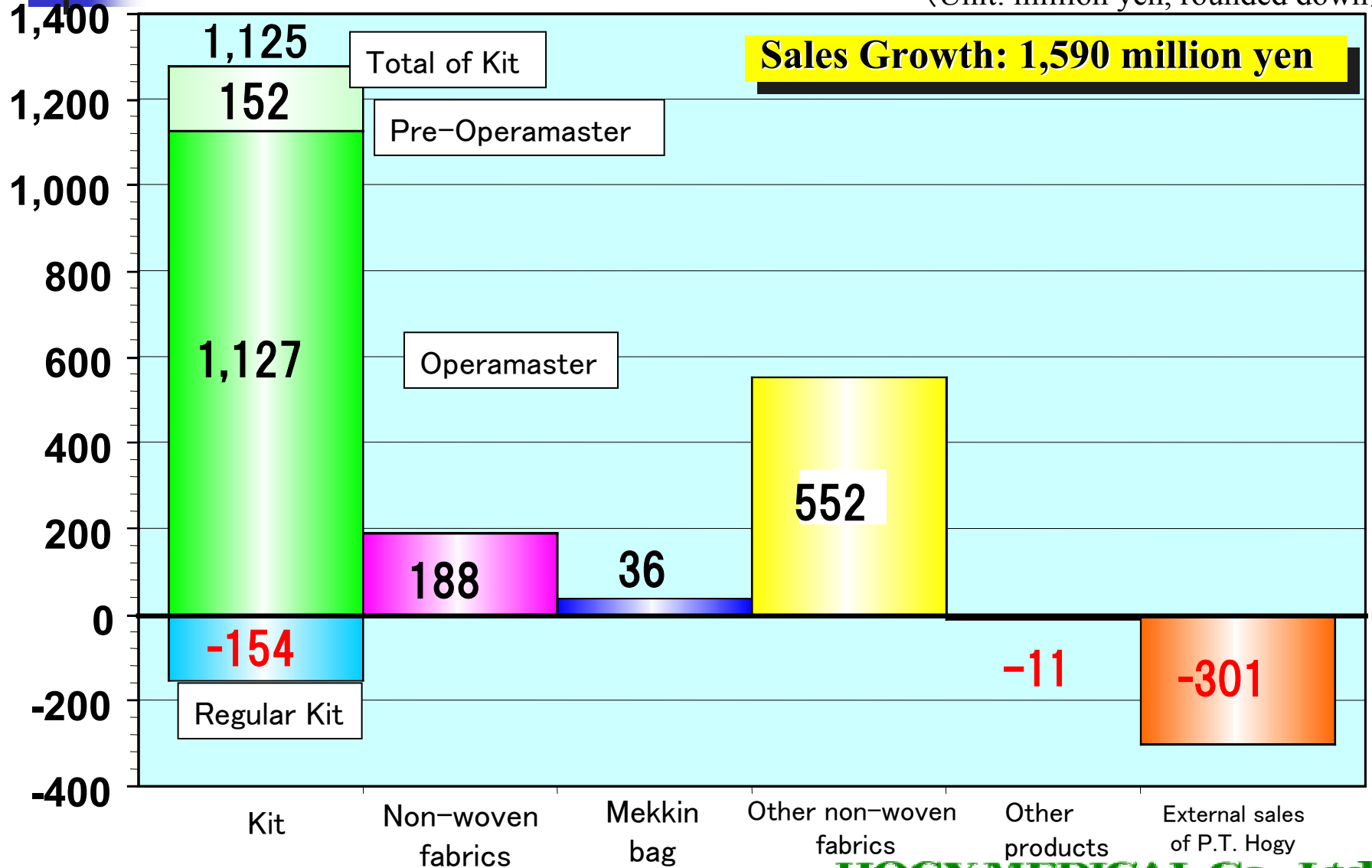


HOGY MEDICAL Co., Ltd.

Fiscal 2009 Plans

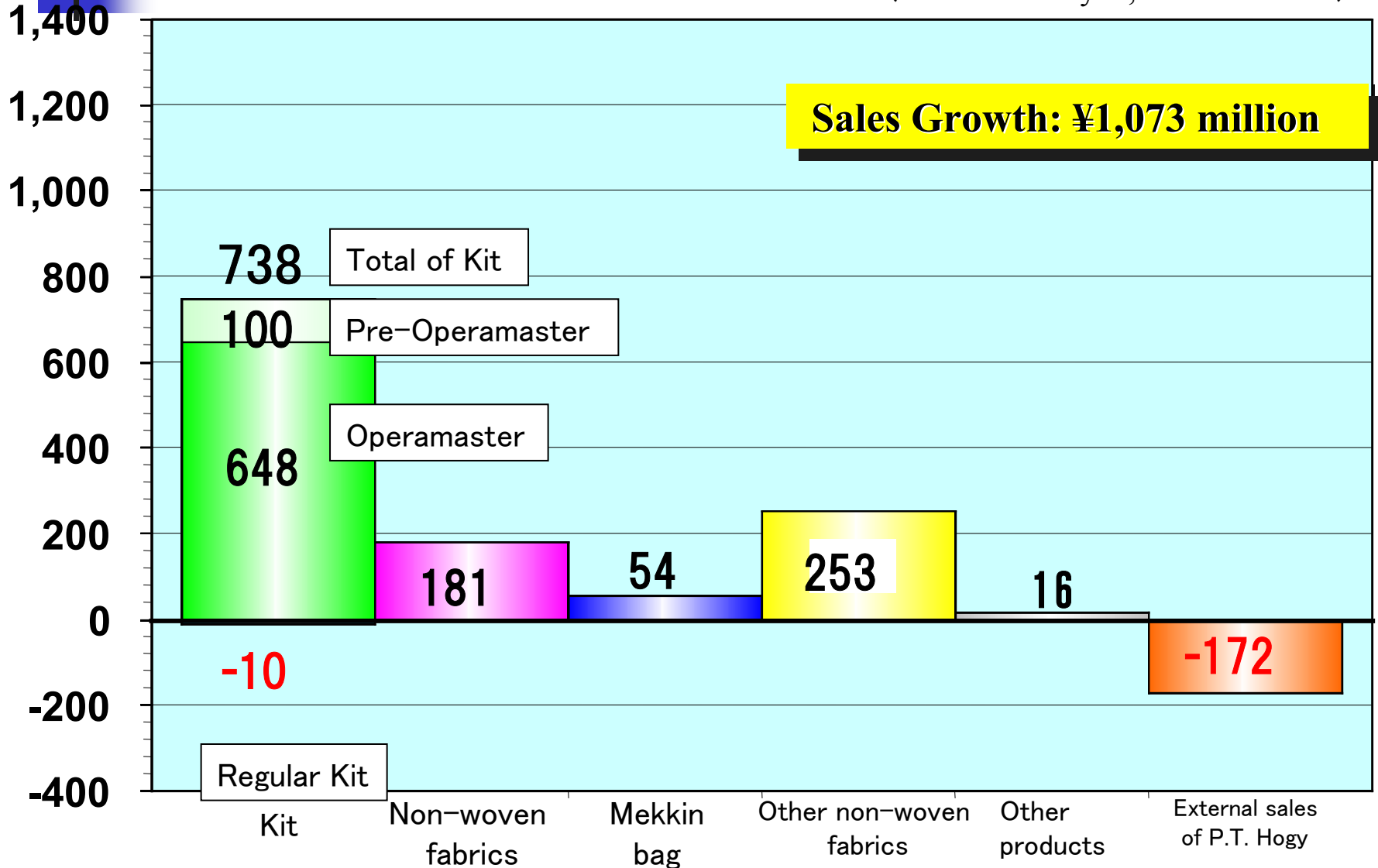
Sales Growth by Major Products

(Unit: million yen, rounded down)



Fiscal 2009-Second Half Sales Growth by Major Products

(Unit: million yen, rounded down)



Revision of Net Sales

(Unit: million yen, rounded down)	Fiscal 2009 Initial Plans		Fiscal 2009 Revised Plans		Initial Plan Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Surgical products	27,667	84.9%	27,574	84.6%	-103	99.6%
Kit Products	15,220	46.7%	14,370	44.1%	-850	94.4%
Non-woven fabrics	10,874	33.4%	11,144	34.2%	270	102.5%
Other non-woven fabrics	1,510	4.6%	2,000	6.1%	490	132.5%
Steel instruments	73	0.2%	60	0.2%	-13	81.4%
Sterilization products	3,721	11.4%	3,770	11.6%	49	101.3%
Treatment products	262	0.8%	280	0.9%	18	106.9%
Other products	939	2.9%	976	3.0%	36	103.9%
Total	32,600	100.0%	32,600	100.0%	0	100.0%

Net Sales Plan for Operamaster (revised)

