



October 16, 2012

Financial Report
First 2 Quarters of Fiscal 2012

(April 1 – September 30, 2012)

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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.

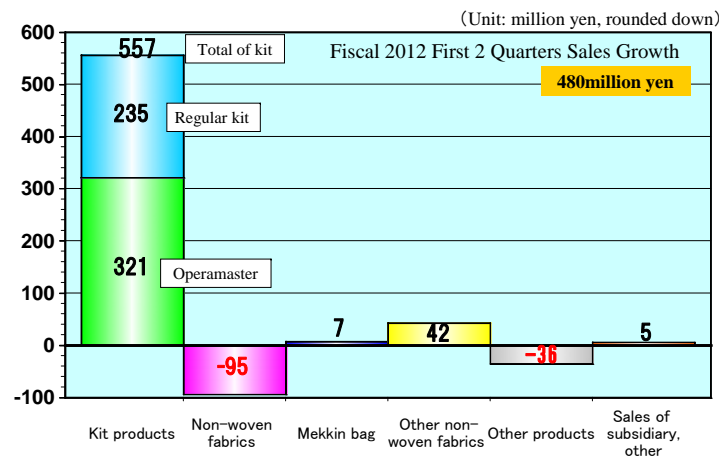
Financial results reported herein have not been audited.

Overview

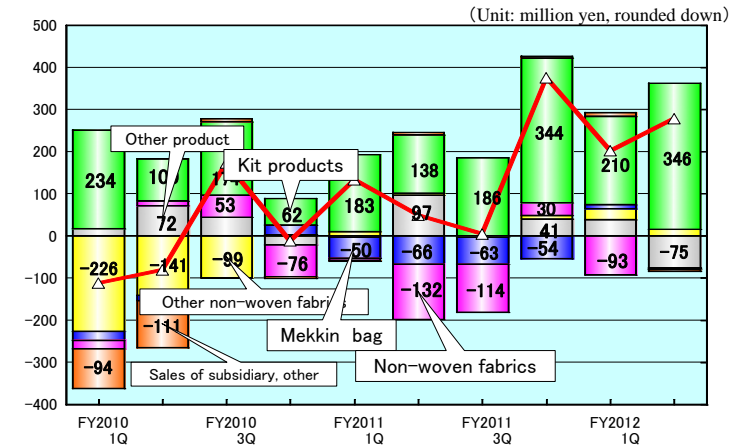
Fiscal 2012 - First 2 Quarters Income Statements

(Unit: million yen, rounded down)	Fiscal 2011 First 2 Quarters Results		Fiscal 2012 First 2 Quarters Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	15,835		16,316		480	103.0%
Operating income	4,000	25.3%	4,041	24.8%	40	101.0%
Ordinary income	3,979	25.1%	4,046	24.8%	67	101.7%
Net income	2,369	15.0%	2,519	15.4%	149	106.3%
EPS	150.67yen		160.17yen			

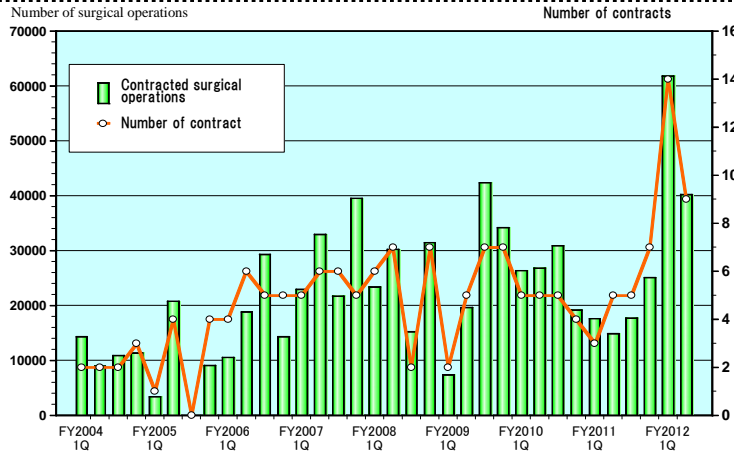
Fiscal 2012 - First 2 Quarters Sales Growth by Major Products



Fiscal 2012 - First 2 Quarters Sales Growth by Quarter



Number of Operamaster Contracts; Number of Surgical Operations



* Number of contracted hospitals is current as of the end of the first 2 quarter of Fiscal 2012.

Operamaster Contracts

I. Personnel Policies

Priority allocation of business resources in Tokyo, Osaka, and Nagoya

II. Experiential Activities

Effect through facility tours (Facility tours among hospitals; showrooms; factory tours)

III. Academic Activities

- (1) Improve processes for nurses
- (2) Improve processes (number of surgeries)
- (3) Address materials costs
- (4) Improve hospital management
- (5) Surgical management system
- (6) IC Tracer
- (7) Securea

Management seminars

Small-group seminars for management-level people

Region- and management-specific activities

Study forums by region

Fiscal 2012 – First 2 Quarters Main Point



- Continued record-setting growth in number of Operamaster-contracted hospitals: 23 new contracts; 2 cancellations (14 in 1Q; 9 in 2Q)
- Increase in sales volume thanks to 1,000-kit strategy
- Several hospitals considering our surgery management system
- IC Tracer trials proceeding well: Overall response has been favorable



Fiscal 2012 Outlook

Fiscal 2012 Income Forecasts

(Unit: million yen, rounded down)	Fiscal 2011 Results		Fiscal 2012 Plan		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	31,873		32,870		996	103.1%
Operating income	7,750	24.3%	8,000	24.3%	249	103.2%
Ordinary income	7,825	24.6%	8,060	24.5%	234	103.0%
Net income	4,624	14.5%	5,043	15.3%	418	109.0%
EPS	294.01yen		320.60yen			

Fiscal 2012 Strategies

Get Operamaster up and running at contracted hospitals

- Given high number of hospitals not using kit products, we must focus on getting system up and running by drawing on past experience
- Consider temporary dispatch of experienced support staff, because many salespeople are dealing with Operamaster contracts for the first time

Continue reinforcing sales of new products

- Scheduled to give IC Tracer demonstrations for numerous customers (as in previous year)
- Target contracts for surgery management system

Reinforce luncheon seminars

- Hold seminars from specific perspectives of hospital managers, doctors, nurses, and administration staff

- Hold seminars to introduce new products

Ongoing management seminars for hospital managers

- Plans to hold events Tokyo and Osaka

Production system

Tsukuba Plant

- Prepare for production at new plant (partial change to production system)

Business Performance

Progress of Operamaster Marketing

Sales : ¥4,898million (UP ¥321million or 7.0%)

Number of contracts:

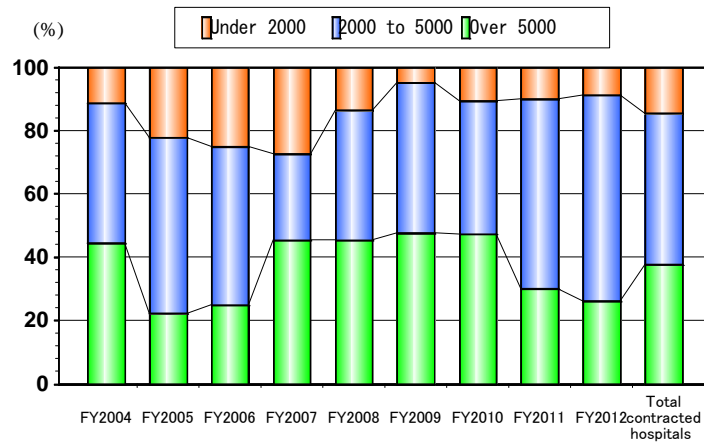
23 new contracts (an increase of 102,000 operations)

- Large hospitals: 6
- Small and medium-sized hospitals: 17

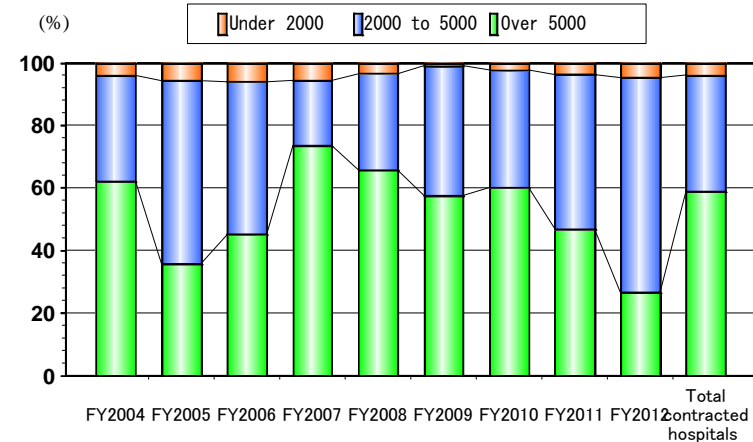
2 cancelled contracts (5,900 operations)

Cumulative total number of contracts: 165

Operamaster-Contracted Hospitals: Breakdown by Size

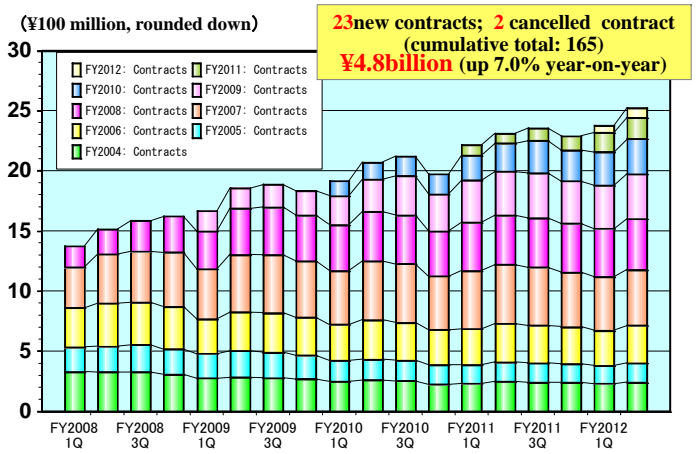


Sales Breakdown by Hospitals Size of Operamaster-Contracted Hospitals

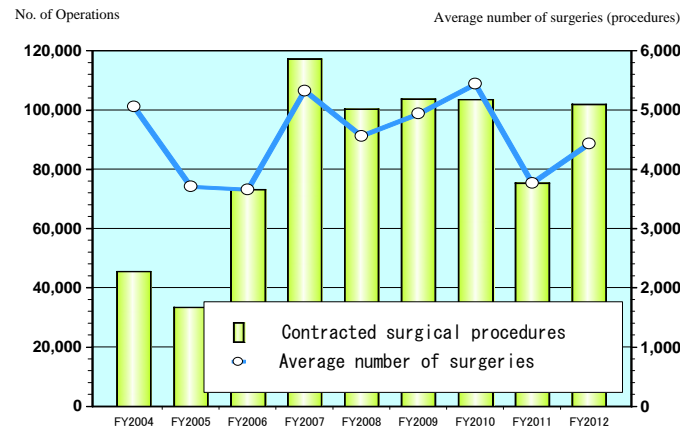


Sales of Operamaster

(¥100 million, rounded down)

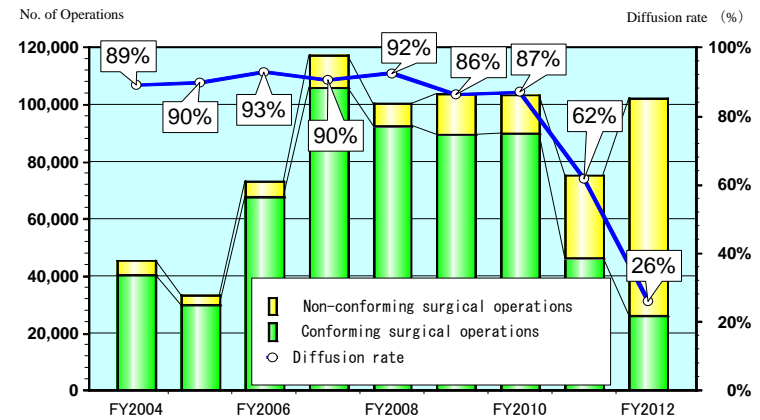


Number of Surgical Procedures, by Contract Period



* Number of contracted hospitals is current as of the end of the first 2 quarter of Fiscal 2012.

Operamaster-Proliferation Ratio and Number of Surgical Procedures, by Fiscal Year



* Number of contracted hospitals is current as of the end of the first 2 quarter of Fiscal 2012.



Fiscal 2012 – First 2 Quarters Income Statements

Fiscal 2012 – First 2 Quarters Analysis of Cost and SG&A Expenses

Fiscal 2012 – First 2 Quarter Analysis of Non-Operating Items, Capex, Depreciation

(Unit: million yen, rounded down)	Fiscal 2011 First 2 Quarters Results		Fiscal 2012 First 2 Quarters Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	15,835		16,316		480	103.0%
Cost of sales	7,745	48.9%	8,056	49.4	310	104.0%
Gross profit	8,090	51.1%	8,259	50.6	169	102.1%
SG & A expenses	4,089	25.8%	4,218	25.9	129	103.2%
Operating income	4,000	25.3%	4,041	24.8	40	101.0%
Non-operating income/loss	-20		5		26	
Ordinary income	3,979	25.1%	4,046	24.8	67	101.7%
Extraordinary income/loss	-1		1		3	
Net income	2,369	15.0%	2,519	15.4	149	106.3%
EPS	150.67yen		160.17yen			

Cost of sales ratio : Up 0.5 points year-on-year

- Increase in inventories due to sales of new products
- Improved productivity on increased production as production delay problems solved in previous year
- Price revision difference

SG&A expenses: UP ¥129 million year-on-year

- Product sample costs -41 million
- Depreciation expenses +47 million
- Trial research expenses +40 million

Non-operating expenses (net of non-operating income) :

- ¥5 million (Up ¥26 million year to year)
- Foreign exchange loss : ¥56 million (Down ¥35 million year to year)

Capex : ¥899 million (Up ¥254 million year on year)

Depreciation : ¥1,390 million (Down ¥49 million year on year)

- Cost of sales : ¥1,007 million (Down ¥97 million)
- SG&A expenses: ¥ 383 million (up ¥47 million)

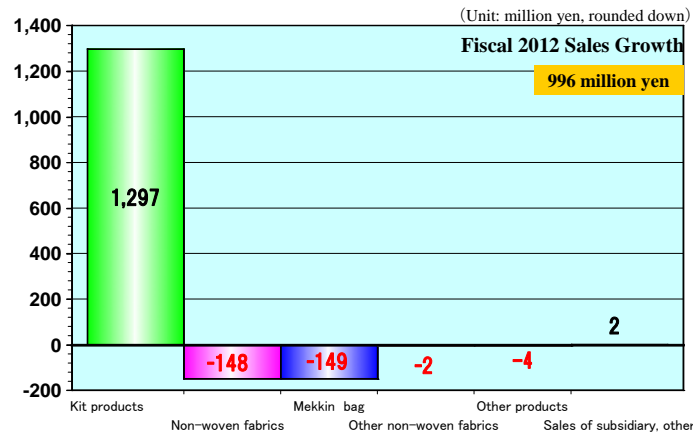


Fiscal 2012 Full-Year Projections

Fiscal 2012 Income Statements

(Unit: million yen, rounded down)	Fiscal 2011 Results		Fiscal 2012 Plan		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	31,873		32,870		996	103.1%
Cost of sales	15,711	49.3%	16,180	49.2%	468	103.0%
Gross profit	16,162	50.7%	16,690	50.8%	527	103.3%
SG & A expenses	8,412	26.4%	8,690	26.4%	277	103.3%
Operating income	7,750	24.3%	8,000	24.3%	249	103.2%
Non-operating income/loss	75		60		-15	
Ordinary income	7,825	24.6%	8,060	24.5%	234	103.0%
Extraordinary income/loss	-3		0		3	
Net income	4,624	14.5%	5,043	15.3%	418	109.0%
EPS	294.01yen		320.60yen			

Fiscal 2012 Sales Growth by Major Products



Fiscal 2012 Sales Projections

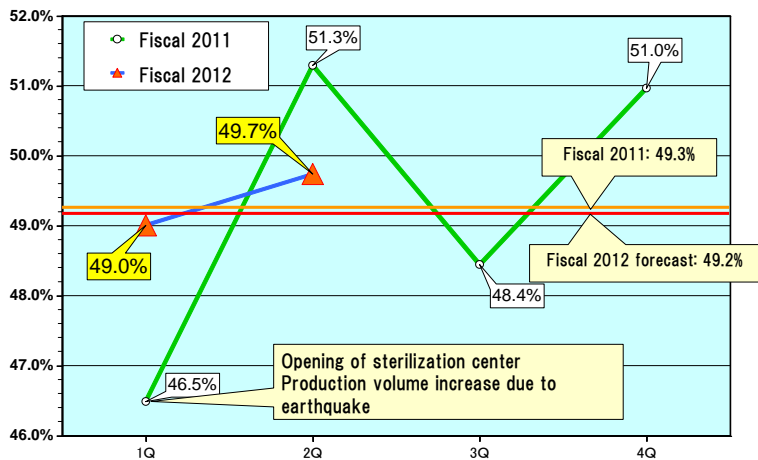
● Kit Products

- ✓ Step up sales activities centering on large hospitals
- ✓ Strengthen promotion of post-contractual system building
- ✓ Expand sales of regular kit products

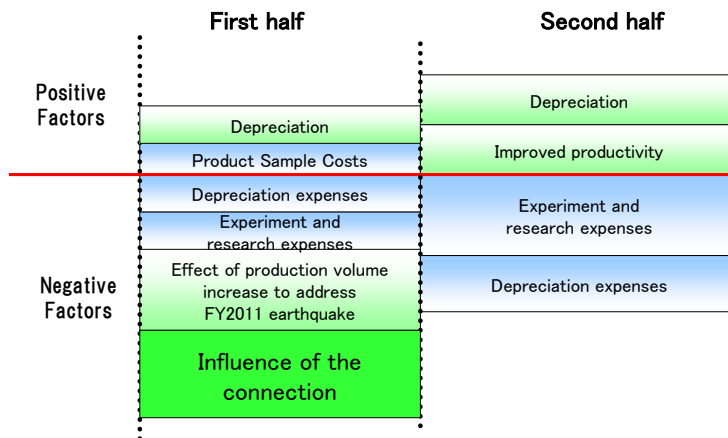
● Revitalize sales activities

- ✓ Reinforce support system to facilitate sales activities
- Factor in sales price reduction for some products, such as non-woven fabrics

Cost of Sales Ratio



Fiscal 2012 Revenue Projections



Cost of sales ratio: 0.1 points year-on-year improvement

- Increase in inventories due to sales of new products
- Foreign exchange risks factored in
- Decline in depreciation of New Sterilization Center
- Increase in depreciation due to commissioning of gauze folding machine

SG&A expenses: UP¥277 million year-on-year

- Experiment and research expenses +273 million
- Depreciation +166 million
- Product sample costs - 66 million