



1st Quarter of Fiscal 2014 Supplementary Materials

HOGY MEDICAL Co., Ltd.

July 15, 2014

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(Notes Concerning Forward-Looking Statements)

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.

Fiscal 2014 Statements of Income (Actual and Forecast, Consolidated)

First Quarter

¥ millions, rounded down

	June 2014 1st Quarter Results		June 2013 1st Quarter Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	8,398	100.0	8,371	100.0	26	100.3
Cost of Sales	4,179	49.8	4,122	49.2	56	101.4
Gross profit	4,218	50.2	4,249	50.8	△ 30	99.3
SG&A expenses	2,210	26.3	2,149	25.7	61	102.8
Operating income	2,007	23.9	2,099	25.1	△ 91	95.6
Other income	34		95		△ 60	
Other expenses	26		0		26	
Ordinary income	2,016	24.0	2,194	26.2	△ 178	91.9
Extraordinary income	0		0		0	
Extraordinary expenses	4		0		4	
Income before income taxes and minority interests	2,012	24.0	2,195	26.2	△ 182	91.7
Corporation tax, etc.	694		819		△ 124	
(Tax burden)	34.5%		37.3%			
Minority interests	0		0		0	
Net income	1,317	15.7	1,375	16.4	△ 57	95.8

EPS (total shares)	¥80.64	¥84.19
EPS (minus treasury shares)	¥83.78	¥87.47
Number of shares outstanding	16,341,155	16,341,155
Average number of shares outstanding (after deducting treasury shares)	15,729,140	15,729,526

Second Quarter

¥ millions, rounded down

	Sept. 2014 Plan		Sept. 2013 Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	9,761	100.0	8,685	100.0	1,076	112.4
Cost of Sales	4,860	49.8	4,264	49.1	596	114.0
Gross profit	4,901	50.2	4,421	50.9	479	110.9
SG&A expenses	2,349	24.1	2,200	25.3	148	106.8
Operating income	2,552	26.1	2,220	25.6	331	114.9
Other income	5		55		△ 50	
Other expenses	△ 26		3		△ 29	
Ordinary income	2,583	26.5	2,273	26.2	309	113.6
Extraordinary income	△ 0		-		△ 0	
Extraordinary expenses	△ 4		0		△ 5	
Income before income taxes and minority interests	2,587	26.5	2,273	26.2	314	113.8
Corporation tax, etc.	895		846		49	
(Tax burden)	34.6%		37.2%			
Minority interests	△ 0		0		△ 0	
Net income	1,692	17.3	1,427	16.4	264	118.6

First Half

¥ millions, rounded down

	Sept. 2014 Interim Plan		Sept. 2013 Interim Results		Year-on-Year Comparison		Sept. 2014 Interim Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	18,160	100.0	17,057	100.0	1,102	106.5	18,160	100.0	-	100.0
Cost of Sales	9,040	49.8	8,386	49.2	653	107.8	9,040	49.8	-	100.0
Gross profit	9,120	50.2	8,670	50.8	449	105.2	9,120	50.2	-	100.0
SG&A expenses	4,560	25.1	4,350	25.5	209	104.8	4,560	25.1	-	100.0
Operating income	4,560	25.1	4,320	25.3	239	105.5	4,560	25.1	-	100.0
Other income	40		151		△ 111		40		-	
Other expenses	-		3		△ 3		-		-	
Ordinary income	4,600	25.3	4,468	26.2	131	102.9	4,600	25.3	-	100.0
Extraordinary income	-		0		△ 0		-		-	
Extraordinary expenses	-		0		△ 0		-		-	
Income before income taxes and minority interests	4,600	25.3	4,468	26.2	131	102.9	4,600	25.3	-	100.0
Corporation tax, etc.	1,590		1,665		△ 75		1,590		-	
(Tax burden)	34.6%		37.3%						-	
Minority interests	-		0		△ 0		-		-	
Net income	3,010	16.6	2,802	16.4	207	107.4	3,010	16.6	-	100.0

EPS (total shares)	¥184.20	¥171.53	¥184.20
EPS (minus treasury shares)	¥191.36	¥178.20	¥191.36
Number of shares outstanding	16,341,155	16,341,155	16,341,155
Average number of shares outstanding (after deducting treasury shares)	15,729,126	15,729,414	15,729,126

Fiscal 2014 Sales Results and Plan by Product Line (Consolidated)

First Quarter

¥ millions, rounded down

	June 2014 1st Quarter Results		June 2013 1st Quarter Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Sterilization products	871	10.4%	906	10.8%	△ 35	96.1%
Surgical products	7,249	86.3%	7,200	86.0%	48	100.7%
Treatment products	55	0.7%	55	0.7%	△ 0	99.2%
Others	222	2.7%	208	2.5%	13	106.6%
Total	8,398	100.0%	8,371	100.0%	26	100.3%

Itemized surgical products

Non-woven products	2,473	29.5%	2,571	30.7%	△ 98	96.2%
Other non-woven products	341	4.1%	345	4.1%	△ 4	98.7%
Kit products	4,425	52.7%	4,270	51.0%	154	103.6%
Steel instruments	9	0.1%	12	0.1%	△ 3	73.4%

Itemized external sales by subsidiary

Non-woven products	26		28		△ 1	
Others	20		15		5	

Second Quarter

¥ millions, rounded down

	Sept. 2014 Plan		Sept. 2013 Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Sterilization products	951	9.8%	942	10.9%	9	101.0%
Surgical products	8,373	85.8%	7,456	85.8%	917	112.3%
Treatment products	53	0.6%	54	0.6%	△ 1	98.1%
Others	382	3.9%	231	2.7%	150	165.1%
Total	9,761	100.0%	8,685	100.0%	1,076	112.4%

Itemized surgical products

Non-woven products	2,691	27.6%	2,589	29.8%	102	104.0%
Other non-woven products	359	3.7%	341	3.9%	18	105.3%
Kit products	5,308	54.4%	4,514	52.0%	794	117.6%
Steel instruments	13	0.1%	11	0.1%	2	117.7%

Itemized external sales by subsidiary

Non-woven products	73		26		46	
Others	9		17		△ 7	

First Half

¥ millions, rounded down

	Sept. 2014 Interim Plan		Sept. 2013 Interim Results		Year-on-Year Comparison		Sept. 2014 Interim Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Sterilization products	1,822	10.0%	1,848	10.8%	△ 25	98.6%	1,822	10.0%	-	100.0%
Surgical products	15,622	86.0%	14,657	85.9%	965	106.6%	15,622	86.0%	-	100.0%
Treatment products	109	0.6%	110	0.6%	△ 1	98.6%	109	0.6%	-	100.0%
Others	605	3.3%	440	2.6%	164	137.4%	605	3.3%	-	100.0%
Total	18,160	100.0%	17,057	100.0%	1,102	106.5%	18,160	100.0%	-	100.0%

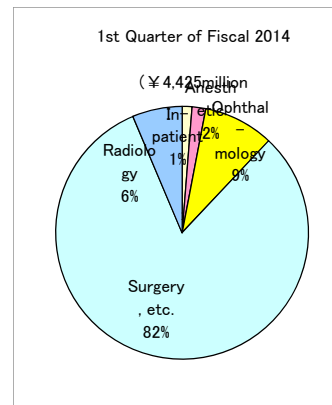
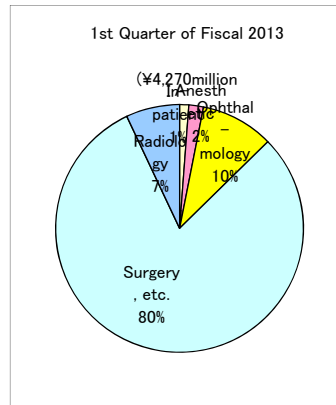
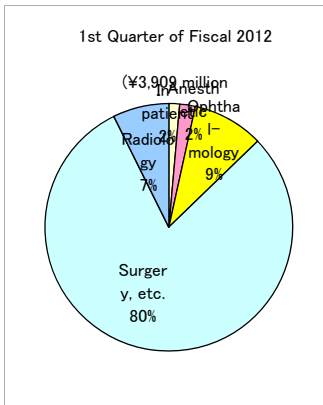
Itemized surgical products

Non-woven products	5,165	28.4%	5,160	30.3%	4	100.1%	5,165	28.4%	-	100.0%
Other non-woven products	700	3.9%	687	4.0%	13	102.0%	700	3.9%	-	100.0%
Kit products	9,733	53.6%	8,785	51.5%	948	110.8%	9,733	53.6%	-	100.0%
Steel instruments	22	0.1%	24	0.1%	△ 1	94.8%	22	0.1%	-	100.0%

Itemized external sales by subsidiary

Non-woven products	100		54		45		100		-	
Others	30		32		△ 2		30		-	

Sales Composition by Kit Treatment Category



SG&A and Other Income / Expenses (Actual and Forecast, Consolidated)

SG&A Expenses

¥ millions, rounded down

	June 2014 1st Quarter Results	June 2013 1st Quarter Results	Year-on-Year Comparison
Packaging and transportation	227	216	10
Losses on doubtful accounts	-	-	-
Samples	106	95	11
Advertising	16	19	△ 3
Personnel	963	920	42
Travel	130	125	5
Communication	42	44	△ 2
Consumables	26	23	2
Taxes and public charges	51	51	0
Depreciation	218	219	△ 0
Testing and research	77	91	△ 14
Land and housing rent	118	117	1
Miscellaneous	92	84	8
Others	139	140	△ 1
Total	2,210	2,149	61

Other Income/Expenses

¥ millions, rounded down

	June 2014 1st Quarter Results	June 2013 1st Quarter Results	Year-on-Year Comparison
Interest received	1	0	0
Dividend received	20	23	△ 2
(Total financial earnings)	21	24	△ 2
Foreign exchange gain	-	48	△ 48
Miscellaneous income	13	23	△ 9
Total Other income	34	95	△ 60
Foreign exchange loss	21	-	21
Miscellaneous losses	5	0	4
Total non-operating expenses	26	0	26

Major Changes on Balance Sheets / Statements of Cash Flows (Consolidated)

Major Changes on Balance Sheets

¥ millions, rounded down

	Balance at June 30, 2014	Change		Balance at June 30, 2014	Change
Current assets	46,889	△ 541	Current liabilities	11,771	△ 1,458
Cash and bank deposits	28,025	△ 569	Notes and accounts payable	3,981	△ 617
Notes and accounts receivable	10,456	264	Accrued expenses	139	△ 5,367
Inventories	7,481	△ 279	Income taxes	695	△ 1,218
Others	926	43	Allowance for employees' bonuses	136	△ 252
			Payable notes for equipment	5,469	5,166
			Others	1,348	831
Fixed assets	42,771	△ 208	Long-term liabilities	1,812	11
Property, plant and equipment	32,610	△ 339	Others	1,812	11
Buildings and structures	11,416	△ 195	Total liabilities	13,584	△ 1,446
Machinery, equipment and vehicle	4,585	△ 223	Total net assets	76,076	696
Land	9,475	△ 9	Common stock	7,123	-
Construction in progress	6,539	△ 11	Capital surplus	8,336	-
Others	593	100	Retained earnings	61,315	893
Intangibles	1,961	146	Treasury stock	△ 3,321	△ 0
Investments and others	8,199	△ 16	Others	2,622	△ 196
Investments securities	5,790	132			
Others	2,408	△ 148			
Total assets	89,660	△ 750	Total liabilities and shareholders' equity	89,660	△ 750

* Comparison with end of previous fiscal year:

Equity ratio increased from 83.4% at the end of the previous fiscal year to 84.8%.

Statements of Cash Flows

¥ millions, rounded down

I Operating activities	583	Income before income taxes and minority interests	2,012
		Depreciation	627
		Income taxes paid	△ 1,885
II Investing activities	△ 695	Acquisition of tangible fixed assets	△ 369
		Acquisition of intangible assets	△ 324
III Financing activities	△ 424	Cash dividends paid	△ 424
IV Effect of exchange rate changes	△ 36		
Net changes in cash and cash equivalents	△ 574		

Fiscal 2014 Statements of Income (Actual and Forecast, Non-Consolidated)

First Quarter

¥ millions, rounded down

	June 2014 1st Quarter Results		June 2013 1st Quarter Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	8,351	100.0	8,328	100.0	22	100.3
Cost of Sales	4,313	51.7	4,253	51.1	60	101.4
Gross profit	4,037	48.3	4,074	48.9	△ 37	99.1
SG&A expenses	2,195	26.3	2,132	25.6	62	103.0
Operating income	1,842	22.1	1,942	23.3	△ 100	94.8
Other income	39		102		△ 62	
Other expenses	20		-		20	
Ordinary income	1,861	22.3	2,045	24.6	△ 183	91.0
Extraordinary income	0		0		0	
Extraordinary expenses	4		0		4	
Income before income taxes and minority interests	1,857	22.2	2,045	24.6	△ 188	90.8
Corporation tax, etc.	651		777		△ 125	
(Tax burden)	35.1%		38.0%			
Net income	1,205	14.4	1,268	15.2	△ 62	95.1

EPS (total shares)	73.78	77.62
EPS (minus treasury shares)	76.65	80.64
Number of shares outstanding	16,341,155	16,341,155
Average number of shares outstanding (after deducting treasury shares)	15,729,140	15,729,526

Second Quarter

¥ millions, rounded down

	Sept. 2014 Plan		Sept. 2013 Results		Year-on-Year Comparison	
	Amount	% of total	Amount	% of total	Amount	%
Net sales	9,678	100.0	8,641	100.0	1,037	112.0
Cost of Sales	4,946	51.1	4,429	51.3	516	111.7
Gross profit	4,732	48.9	4,212	48.7	520	112.4
SG&A expenses	2,324	24.0	2,177	25.2	147	106.8
Operating income	2,407	24.9	2,034	23.5	373	118.3
Other income	10		58		△ 48	
Other expenses	△ 20		1		△ 22	
Ordinary income	2,438	25.2	2,092	24.2	346	116.6
Extraordinary income	△ 0		-		△ 0	
Extraordinary expenses	△ 4		0		△ 5	
Income before income taxes and minority interests	2,442	25.2	2,091	24.2	350	116.8
Corporation tax, etc.	848		794		53	
(Tax burden)	34.7%		38.0%			
Net income	1,594	16.5	1,297	15.0	297	122.9

First Half

¥ millions, rounded down

	Sept. 2014 Interim Plan		Sept. 2013 Interim Results		Year-on-Year Comparison		Sept. 2014 Interim Initial Plan		Initial Plan Comparison	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total	Amount	%
Net sales	18,030	100.0	16,969	100.0	1,060	106.2	18,030	100.0	-	100.0
Cost of Sales	9,260	51.4	8,683	51.2	576	106.6	9,260	51.4	-	100.0
Gross profit	8,770	48.6	8,286	48.8	483	105.8	8,770	48.6	-	100.0
SG&A expenses	4,520	25.1	4,309	25.4	210	104.9	4,520	25.1	-	100.0
Operating income	4,250	23.6	3,976	23.4	273	106.9	4,250	23.6	-	100.0
Other income	50		161		△ 111		50		-	
Other expenses	-		1		△ 1		-		-	
Ordinary income	4,300	23.8	4,137	24.4	162	103.9	4,300	23.8	-	100.0
Extraordinary income	-		0		△ 0		-		-	
Extraordinary expenses	-		0		△ 0		-		-	
Income before income taxes and minority interests	4,300	23.8	4,137	24.4	162	103.9	4,300	23.8	-	100.0
Corporation tax, etc.	1,500		1,571		△ 71		1,500		-	
(Tax burden)	34.9%		38.0%				34.9%		-	
Net income	2,800	15.5	2,565	15.1	234	109.1	2,800	15.5	-	100.0

EPS (total shares)	171.35	157.00	171.35
EPS (minus treasury shares)	178.01	163.10	178.01
Number of shares outstanding	16,341,155	16,341,155	16,341,155
Average number of shares outstanding (after deducting treasury shares)	15,729,126	15,729,414	15,729,126