



Presentation on Mid-Term Financial Statements and Business Performance

**Year Ending March 31, 2008
(The 136th business year)**

November 22, 2007



Contents of Today's Presentation

- **Overview of mid-term business performance for the year ending March 31, 2008**
- **Outlook of business performance for the full year ending March 31, 2008**
- **Future business environment and mid- and long-term strategies**

Director/President Katsuya Ohta

Overview of mid-term business performance for the year ending March 31, 2008

Outlook of business performance for the full year ending March 31, 2008

Future business environment and mid- and long-term strategies

Overview of Mid-Term Business Performance

Overview of Mid-Term Business Performance for the Year Ending March 31, 2008

■ Plus factors ■ Minus factors

P/L

- Due to the limited number of products newly introduced in the current mid-term and the impact of products introduced more than three years ago (which are no longer treated as new products), sales of new products decreased. <Sales of new products: ¥572 million/8.7% of non-consolidated sales>
- Due mainly to decline in sales of artificial teeth and abrasives, domestic sales showed a **decrease of 2.9%**.
- Thanks to full operation of a sales subsidiary in China and steady sales in the U.S., Europe and Asia, as well as to the impact of foreign exchange rate fluctuations, **overseas sales grew 14.6% (Overseas sales rate: 28.2%, an all-time high)**
- Sales reached **¥7,598 million (up 1.5%) (all-time high as mid-term figure)**
- ■ While cost-to-sales ratio decreased 1.0% due to decrease in retirement allowance and effects of cost-reduction efforts, **operating profit stood at ¥739 million (down 3.7%)** because of spending increase resulting mainly from aggressive R&D activities.
- Due to increases in interest earned and foreign exchange profit, **current profit reached ¥779 million (a slight increase of 0.1%)**. Also, due to effects of special profit (refund of tariffs) earned by foreign subsidiaries, **mid-term net profit reached ¥498 million (up 7.3%)**.

B/S

- Due to a decline in share prices, we suffered a ¥422 million decrease in net unrealized holding gains on securities.
- ◇ Due to changes in the accounting standard, negotiable deposit of ¥2,800 million was transferred from cash deposit to marketable securities.

Overview of Mid-Term Business Performance for the Year Ending March 31, 2008

Overview of Mid-Term Business Performance for the Year Ending March 31, 2008



Unit: Million yen, %

	Year ended March 31, 2007 (Mid-term) (% of sales)	Year ended March 31, 2008 (Projected mid-term figure) (% of sales)	Year ended March 31, 2008 (Mid-term) (% of sales)	Comparison with previous mid-term figure (% of increase or decrease)	Comparison with projected mid-term figure (% of increase or decrease)
Sales	7,488 (100.0)	7,672 (100.0)	7,598 (100.0)	110 1	△ 73 △ 1
(Domestic sales)	5,621 (75.1)	5,635 (73.4)	5,458 (71.8)	△ 163 △ 3	△ 176 △ 3
(Overseas sales)	1,866 (24.9)	2,037 (26.6)	2,140 (28.2)	273 15	103 5
Operating profit	767 (10.3)	817 (10.7)	739 (9.7)	△ 28 △ 4	△ 77 △ 9
Current profit	778 (10.4)	827 (10.8)	779 (10.3)	1 0	△ 47 △ 6
Current net profit	464 (6.2)	503 (6.6)	498 (6.6)	33 7	△ 5 △ 1
Current net profit per share	¥29.25	¥31.71	¥31.39		
Return on equity	2.37%	—	2.49%		

* Effects of foreign exchange rate fluctuations on overseas sales are represented by an increase of ¥75 million from the previous mid-term figure and an increase of ¥147 million over the projected figure.

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Sales by Product Category

Overview of Mid-Term Business Performance for the Year Ending March 31, 2008



Unit: Million yen
Figures in () represent percentages of all product categories and rates of increase or decrease (Unit: %)

	Year ended March 31, 2007 (Mid-term)	Year ending March 31, 2008 (Projected mid-term figure)	Year ending March 31, 2008 (Mid-term)	Comparison with previous mid-term figure	Comparison with projected mid-term figure
Artificial teeth	1,406 (18.8)	1,465 (19.1)	1,484 (19.5)	77 (5.5)	19 (1.3)
Abrasives	1,912 (25.5)	1,935 (25.2)	1,909 (25.2)	△ 2 (△ 0.1)	△ 25 (△ 1.3)
Metal products	236 (3.2)	232 (3.0)	246 (3.2)	10 (4.6)	14 (6.3)
Chemical products	1,415 (18.9)	1,481 (19.3)	1,423 (18.7)	7 (0.6)	△ 58 (△ 4.0)
Cements etc.	810 (10.8)	840 (11.0)	813 (10.7)	3 (0.4)	△ 26 (△ 3.2)
Equipment etc.	1,707 (22.8)	1,717 (22.4)	1,720 (22.7)	12 (0.7)	3 (0.2)
Total	7,488 (100.0)	7,672 (100.0)	7,598 (100.0)	110 (1.5)	△ 73 (△ 1.0)

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Domestic Sales

Overview of Mid-Term Business Performance for the Year Ending March 31, 2008



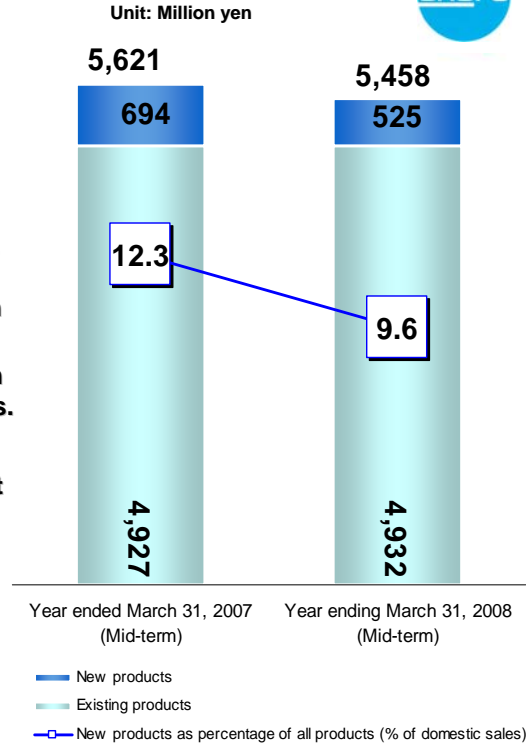
■ Plus factors ■ Minus factors

Existing products

- Despite efforts to ensure that recently introduced products will be accepted more widely in the market, sales of main products such as artificial teeth and abrasives have generally been sluggish, due to deteriorating business environment resulting from the medical treatment fee reduction implemented last year.
- Total domestic sales reached ¥5,458 million, down ¥163 million (2.9%) from previous mid-term figures.

Major new products recently rolled out

- Composite resin filler for esthetic dental treatment "Beautiful II"
- Glass ionomer resin cement "Hy-Bond Resiglass"
- Automatic casting machine for dental treatment "Argoncaster-AE"
- Microimplant system for orthodontic treatment "AbsoAnchor"



"New products" shown above are those introduced in the last 3 years.

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Overseas Sales

Overview of Mid-Term Business Performance for the Year Ending March 31, 2008



■ Plus factors ■ Minus factors

Unit: Million yen
 Figures in () represent percentages of all regions. (Unit: %)

North America & Latin America

- We have enjoyed steady sales in abrasives, the major product category in these markets, in artificial teeth (ceramic) and chemical products. Sales showed a 5.2% increase in local currency.

Europe

- Due to increased sales of artificial teeth, abrasives, equipment and other products, sales showed a 6.1% increase in local currency.

Asia & Oceania

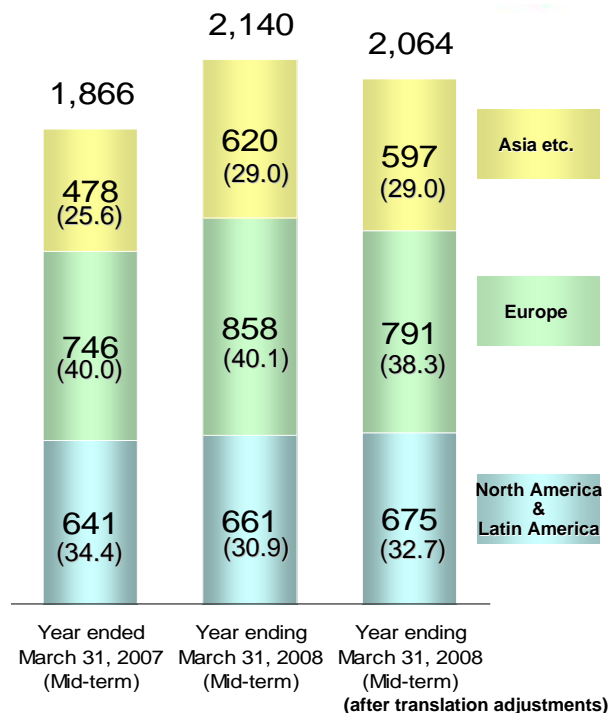
- China: ¥41 million up from previous mid-term (in local currency)
- Other countries: ¥77 million up from previous mid-term (Of the increase, South Korea and Taiwan account for ¥61 million.)

Exchange rates

- US dollar : ¥115.43 (¥117.90 in previous mid-term)
- Euro : ¥163.38 (¥149.77 in previous mid-term)
- Chinese yuan: ¥16.21 (¥14.34 in previous mid-term)

Percentage of overseas sales to total sales

- 28.2% (24.9% in previous mid-term) (27.4% after translation adjustments)



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Segment Information by Location

Overview of Mid-Term Business Performance
for the Year Ending March 31, 2008



Unit: Million yen

Figures in () represent percentages of total sales and rates of increase or decrease (Unit: %)

		Year ended March 31, 2007 (Mid-term)	Year ending March 31, 2008 (Projected mid-term figure)	Year ending March 31, 2008 (Mid-term)	Comparison with previous mid-term figure	Comparison with projected mid-term figure
		Amount (% of sales)	Amount (% of sales)	Amount (% of sales)		
Japan	Sales	6,694	6,727	6,750	55	22
	Operating profit (Operating profit rate)	734 (11.0)	734 (10.9)	717 (10.6)	△16	△16
The U.S.A.	Sales	632	642	648	16	5
	Operating profit (Operating profit rate)	10 (1.7)	28 (4.4)	18 (2.9)	8	△9
Europe	Sales	851	848	940	88	91
	Operating profit (Operating profit rate)	39 (4.7)	33 (3.9)	46 (4.9)	6	13
Asia	Sales	168	299	265	97	△33
	Operating profit (Operating profit rate)	△3 (△2.4)	13 (4.6)	23 (8.7)	27	9
Total overseas	Sales	1,652	1,790	1,854	202	63
	Operating profit (Operating profit rate)	46 (2.8)	74 (4.2)	88 (4.8)	41	13
Total before consolidation adjustments	Sales	8,346	8,518	8,604	257	86
	Operating profit (Operating profit rate)	781 (9.4)	809 (9.5)	806 (9.4)	25	△2
Consolidated	Sales	7,488	7,672	7,598	110	△73
	Operating profit (Operating profit rate)	767 (10.3)	817 (10.7)	739 (9.7)	△28	△77

* A major consolidation adjustment factor that might affect our operating profit is the elimination of unrealized profit arising from internal transactions.

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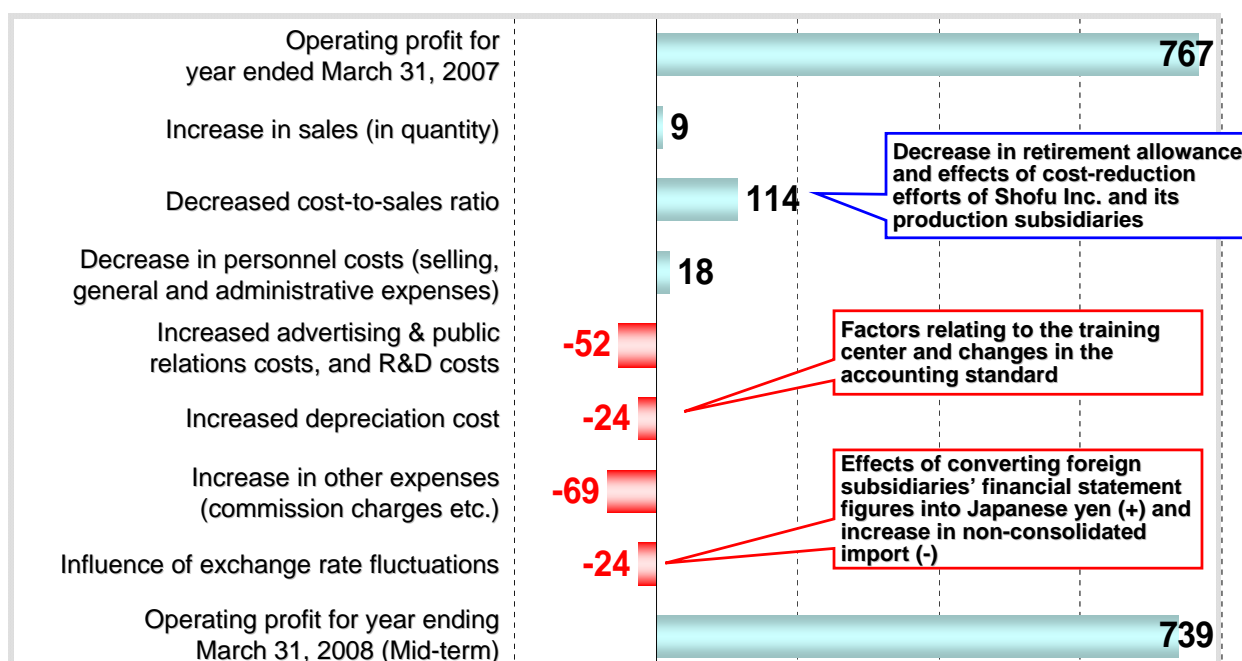
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Factors Underlying Change in Operating Profit

Overview of Mid-Term Business Performance
for the Year Ending March 31, 2008



Unit: Million yen



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* The above-listed factors exclude the effects of exchange rate fluctuations.

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Financial Status – Major Accounts in the B/S

Overview of Mid-Term Business Performance
for the Year Ending March 31, 2008



Unit: Million yen

	Year ended March 31, 2007	Year ending March 31, 2008 (Mid-term)	Comparison	Factors underlying changes – Special notes
Cash	6,653	3,812	Δ2,841	Negotiable deposit of ¥2,800 million transferred to marketable securities
Notes and accounts receivable	2,738	2,515	Δ222	
Inventories	3,007	3,146	138	
Marketable securities/investment	7,066	9,611	2,545	Negotiable deposit of 2,800 million yen transferred from cash ¥422 million loss from devaluation of marketable securities
Other assets	5,723	5,783	59	
Assets	25,189	24,868	Δ320	
Long-term and short-term loans	1,025	1,020	Δ5	
Retirement allowance for employees, retirement allowance for directors and auditors	557	574	16	
Other liabilities	3,590	3,268	Δ321	Deferred tax liability decreased ¥153 million due to decreased gains from devaluation of marketable securities.
Liabilities	5,173	4,862	Δ310	
Net worth	20,015	20,005	Δ9	¥268 million loss from devaluation of marketable securities
Total liabilities and net worth	25,189	24,868	Δ320	
Net worth ratio	79.5%	80.4%		
Net worth per share	¥1,261	¥1,260		

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Overview of mid-term business performance
for the year ending March 31, 2008

Outlook of business performance for the
full year ending March 31, 2008

Future business environment and mid- and
long-term strategies

Overview of Business Performance for the Full Year

Outlook of Business Performance for the Full Year Ending March 31, 2008



* No changes have been made to initial projections released May 15, 2007.

■ Plus factors ■ Minus factors

P/L

■ In Japan, due to the lingering effects of the largest-ever medical service and treatment fee curtailment implemented in April last year, the business situation for dentists has been increasingly exacting. There is concern that this trend might indirectly impact the demand for dental materials.

■ New product introduction is expected to be limited because of production development cycle timing. However, more effort will be exerted to ensure that recently introduced products will be accepted more widely in the market.

<Sales of new products: ¥1,346 million/10.2% of non-consolidated sales>

■ Steady growth is anticipated in all overseas markets. The yen's exchange rates against foreign currencies are expected to trend higher compared to the current mid-term. <Effect on overseas sales: -¥235 million>

■ Sales are projected to be ¥15,445 million (up 0.7%)

■ Decline in the cost-to-sales ratio due to increased domestic sales and a decrease in personnel costs resulting from decreased retirement allowance expenses will compensate for the increase in marketing and other costs. As a result, operating profit is expected to be ¥1,774 million (up 19.8%).

■ Thanks to the increase in operating profit, current profit is expected to reach ¥1,708 million (up 20.0%) and current net profit ¥1,062 million (up 22.8%).

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Overview of Business Performance for the Full Year ② – Comparison between the First Half and the Second Half

Outlook of Business Performance for the Full Year Ending March 31, 2008



■ Plus factors ■ Minus factors

P/L

Performance of the first half of the year and explanations for increases in sales and profits in the second half (Reasons for not adjusting the initial projections)

■ Domestic sales are expected to grow as a result of advancing the introduction of a new product "Provinice Fast."
(Product introduction was initially scheduled for February but took place in October.)

■ The yen's exchange rates are expected to be higher than those at the end of the first half of the year, compensating for the ¥147 million worth negative effect (compared to the projected figure) of exchange rate fluctuations in the first half.

■ The decrease (compared to the projected figure) in gross profit in the first half includes an increase of ¥42 million in imports (compared to the projected figure), due to exchange rate fluctuations. For the second half of the year, no such effect is expected. Instead, growth is anticipated in gross profit as a result of increased sales.

◇ We had both extraordinary profits and losses in the first half of the year. We therefore do not expect them to have any major impact on after-tax net profit for the full year.

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Comparison of Major Indices



* No changes have been made to initial projections released May 15, 2007.

Unit: Million yen, %

	Actual amount, full year ended March 31, 2007 (% of sales)	Projected amounts, year ending March 31, 2008			Comparison with previous year (% of increase or decrease)
		Actual amount, H1 (% of sales)	Projected amount, H2 (% of sales)	Projected amount, full year (% of sales)	
Sales	15,332	7,598	7,847	15,445	113 (0.7)
(Domestic sales)	11,294 (73.7)	5,458 (71.8)	5,951 (75.8)	11,409 (73.9)	115 (1.0)
(Overseas sales)	4,037 (26.3)	2,140 (28.2)	1,895 (24.2)	4,036 (26.1)	△1 (△0.0)
Operating profit	1,480 (9.7)	739 (9.7)	1,034 (13.2)	1,774 (11.5)	293 (19.8)
Current profit	1,424 (9.3)	779 (10.3)	929 (11.8)	1,708 (11.1)	284 (20.0)
Current net profit	865 (5.6)	498 (6.6)	564 (7.2)	1,062 (6.9)	197 (22.8)
Current net profit per share	¥54.49	¥31.39	¥35.54	¥66.93	¥12.44

Sales by Product Category



* No changes have been made to initial projections released May 15, 2007.

Unit: Million yen
Figures in () represent percentages of all product categories and rates of increase or decrease (Unit: %)

	Actual amount, full year ended March 31, 2007	Projected amounts, year ending March 31, 2008			Comparison with previous year
		Actual amount, H1	Projected amount, H2	Projected amount, full year	
Artificial teeth	2,922 (19.0)	1,484 (19.5)	1,440 (18.4)	2,925 (19.0)	2 (0.1)
Abrasives	3,839 (25.0)	1,909 (25.2)	1,956 (24.9)	3,866 (25.0)	26 (0.7)
Metal products	469 (3.1)	246 (3.2)	220 (2.8)	467 (3.0)	△1 (△0.3)
Chemical products	2,864 (18.7)	1,423 (18.7)	1,583 (20.2)	3,006 (19.5)	142 (5.0)
Cements etc.	1,698 (11.1)	813 (10.7)	873 (11.1)	1,687 (10.9)	△10 (△0.6)
Equipment etc.	3,538 (23.1)	1,720 (22.7)	1,771 (22.6)	3,492 (22.6)	△45 (△1.3)
Total	15,332 (100.0)	7,598 (100.0)	7,847 (100.0)	15,445 (100.0)	113 (0.7)

Domestic Sales

Outlook of Business Performance for the Full Year Ending March 31, 2008

Unit: Million yen

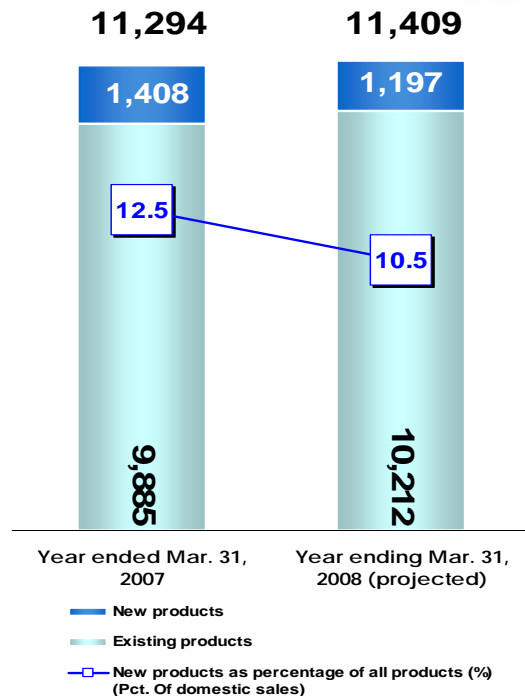
No changes have been made to initial projections.

Overview

- Introduction of new products is expected to be limited because of production development cycle timing.
Sales of new products as percentage of all products: 10.5%
- More effort will be exerted to ensure that recently introduced products will be accepted more widely in the market.

Major products recently introduced

- Filling and restorative dental materials
"Beautiful II," "fluorobond II"
- Cements
"Hybond Resiglass," "Resicem"
- Microimplant for orthodontic treatment
"AbsoAnchor"
- New product scheduled for introduction in the second half of the year (Actually introduced in October 2007)
Acrylic resin for various dental uses
"Provinice Fast"



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* "New products" are those introduced in the last 3 years. 16

Overseas Sales

Outlook of Business Performance for the Full Year Ending March 31, 2008

Unit: Million yen

No changes have been made to initial projections.

Overview

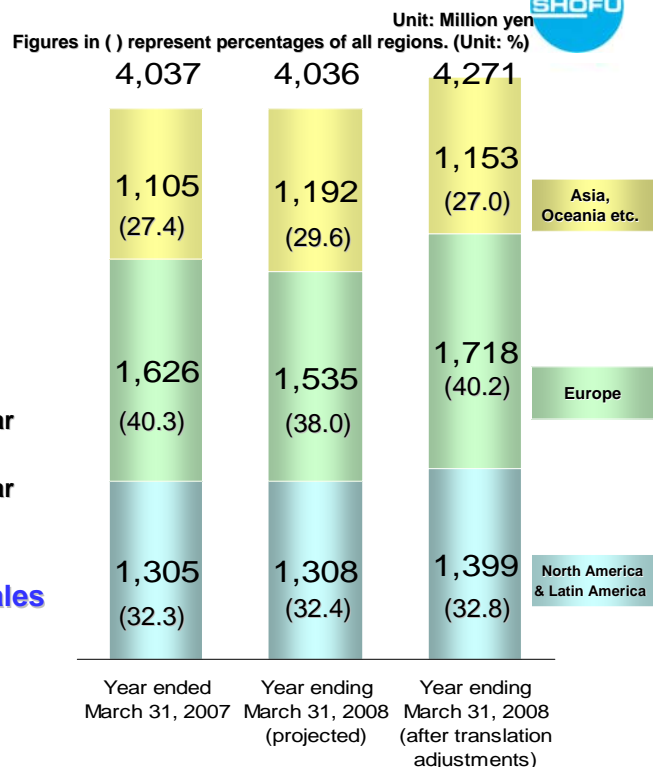
- Good sales are expected in all regions.
- Growth rate in local currency
 - North America & Latin America : 7.2%
 - Europe : 5.7%
 - Asia & Oceania : 4.3%
 - Total overseas sales: 5.8%

Exchange Rates

- US dollar: ¥110 ← ¥118.05 in previous year (Effect: -¥91 million)
- Euro : ¥140 ← ¥157.33 in previous year (Effect: -¥149 million)

Overseas sales as percentage of total sales

- 26.1% (26.3% in previous year) (27.2% after translation adjustments)



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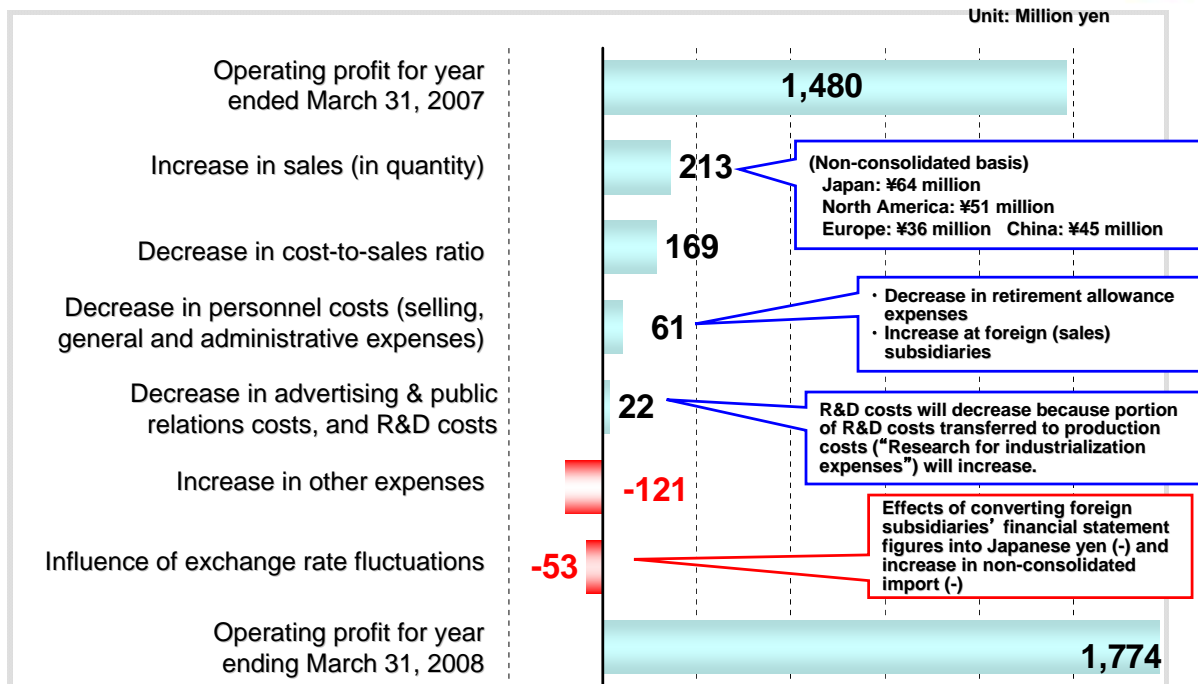
* The projected figures after translation adjustments are amounts calculated on the assumption that exchange rates remain the same as on March 31, 2007.

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Factors Underlying Change in Operating Profit



No changes have been made to initial projections.

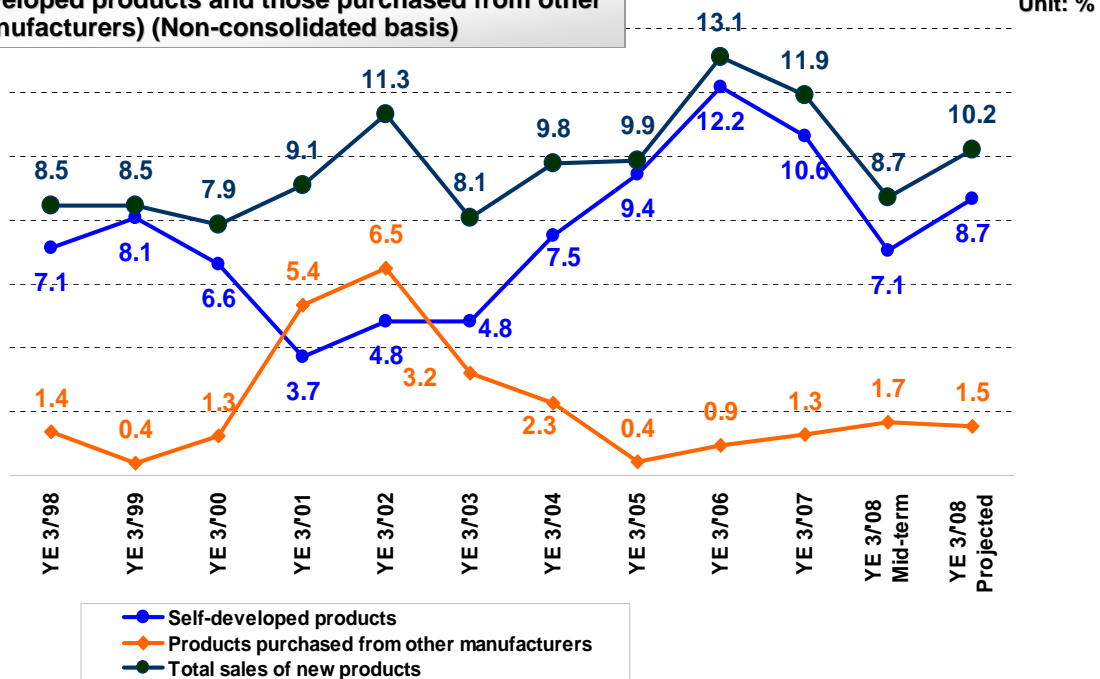


* The above-listed factors exclude the effects of exchange rate fluctuations.

Trend of Sales of New Products



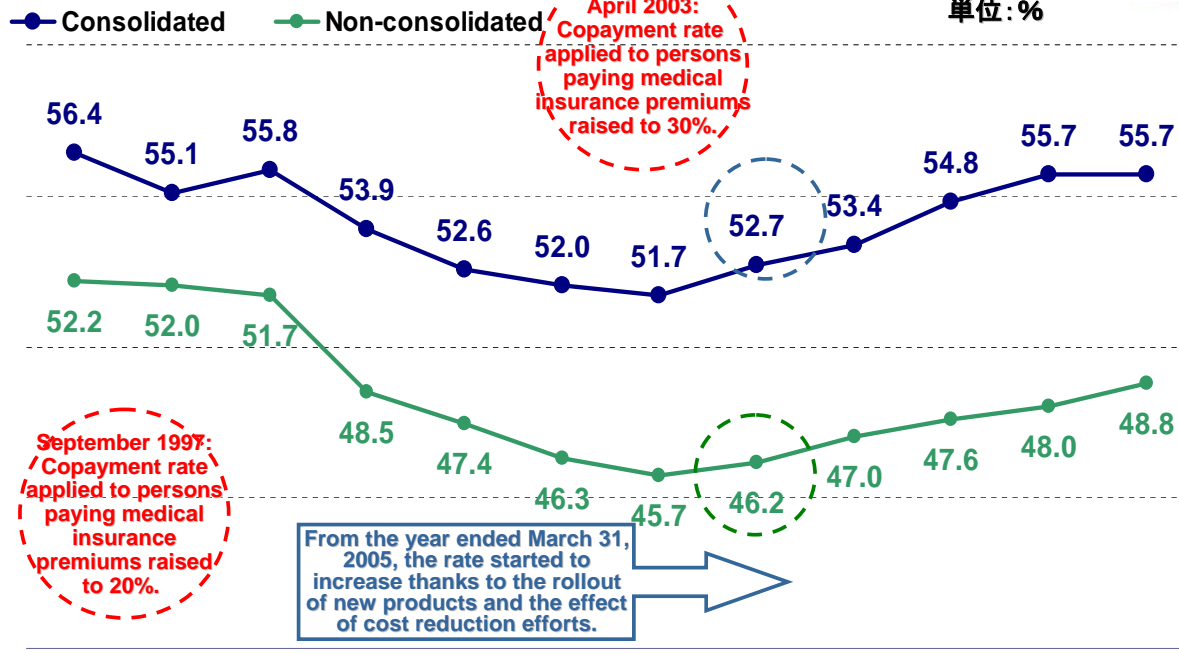
New products as percentage of total sales (for self-developed products and those purchased from other manufacturers) (Non-consolidated basis)



Major products purchased from other manufacturers: J&J products, EMS ultrasonic scalers, root canal treatment instruments (reamers and files) etc. products

Trend of Gross Profit Margin Rate

Outlook of Business Performance for the Full Year Ending March 31, 2008



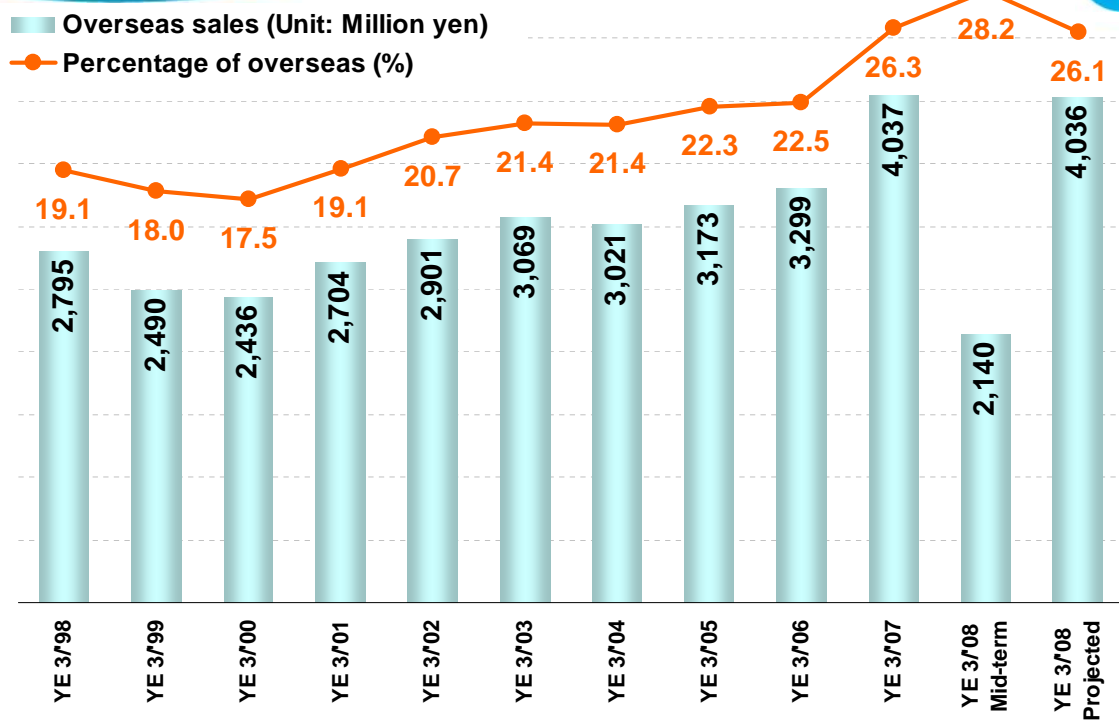
YE 3/98 YE 3/99 YE 3/00 YE 3/01 YE 3/02 YE 3/03 YE 3/04 YE 3/05 YE 3/06 YE 3/07 YE 3/08
Mid-term Projected

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Overseas Sales/Overseas Sales as Percentage of Total Sales

Outlook of Business Performance for the Full Year Ending March 31, 2008



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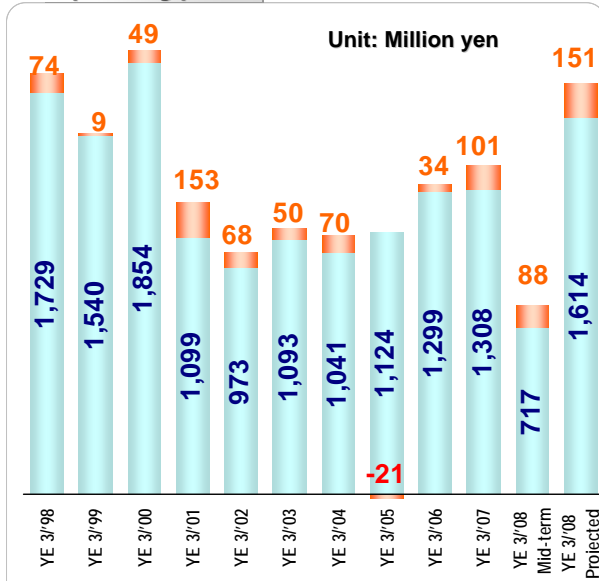
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Segment Operating Profit by Location

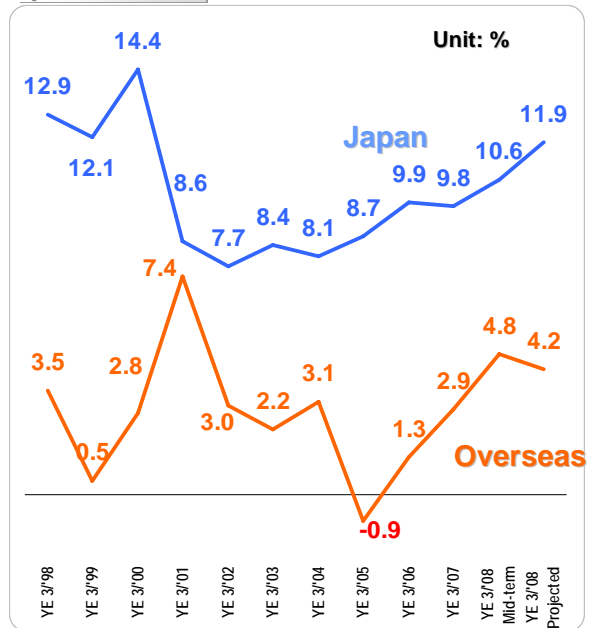
Outlook of Business Performance for the Full Year Ending March 31, 2008



Amount of operating profit



Operating profit rate



Note: Amounts and percentages shown in the graphs are before consolidation adjustments.

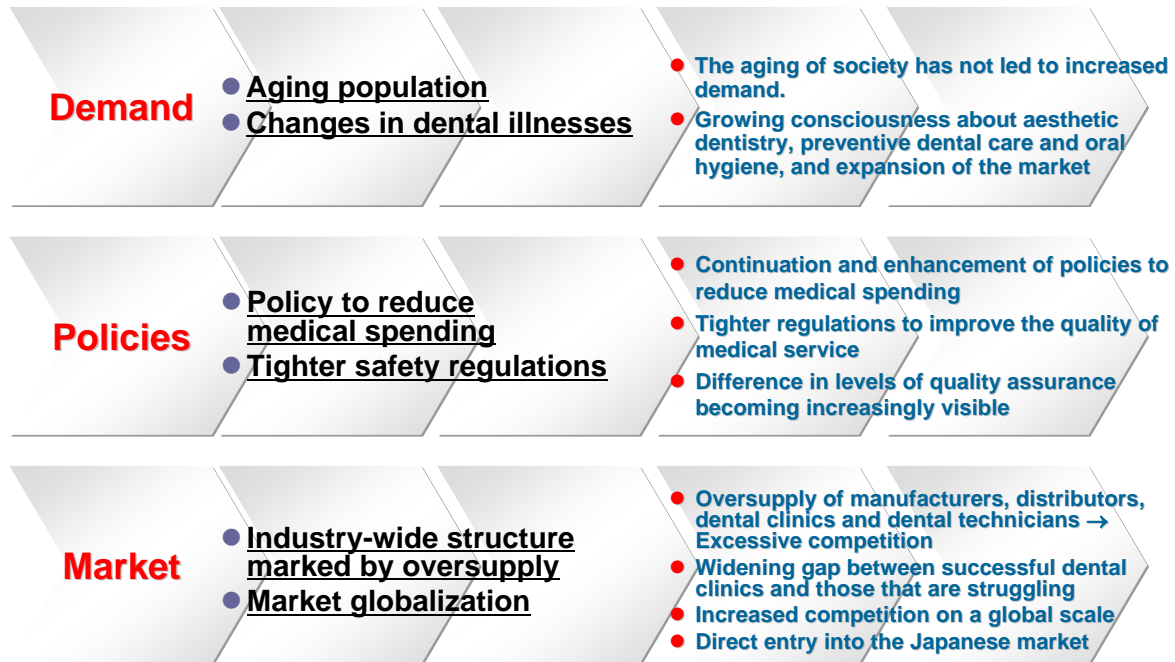


Overview of mid-term business performance for the year ending March 31, 2008

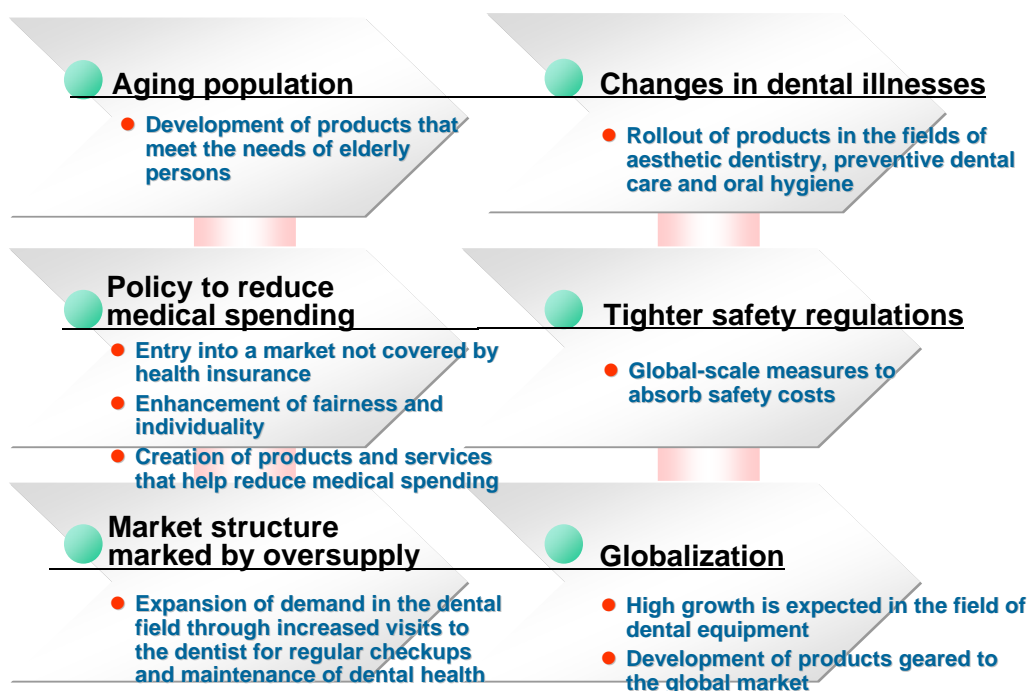
Outlook of business performance for the full year ending March 31, 2008

Future business environment and mid- and long-term strategies

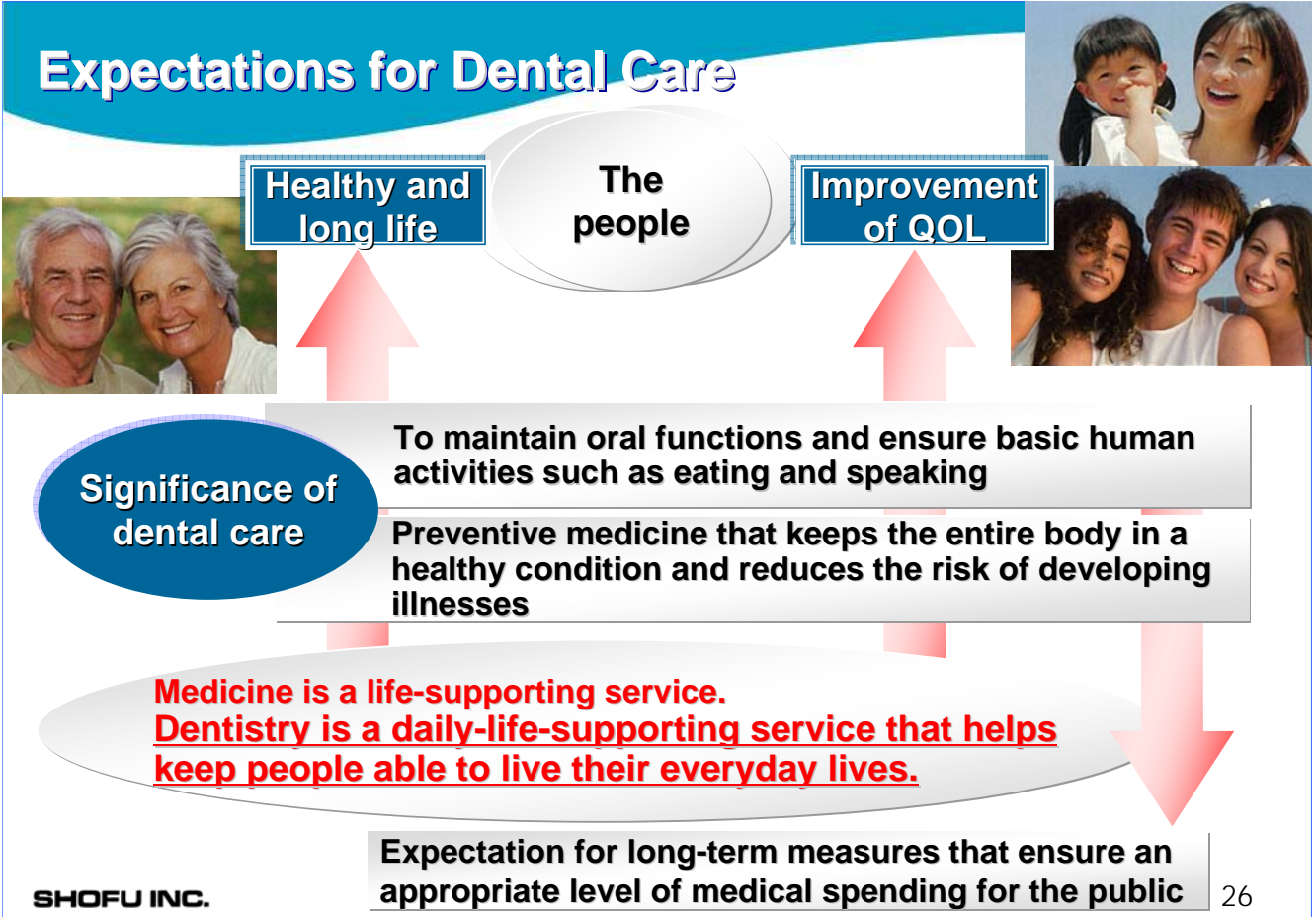
Our Perception of the Current Business Environment



Responses to Environmental Factors

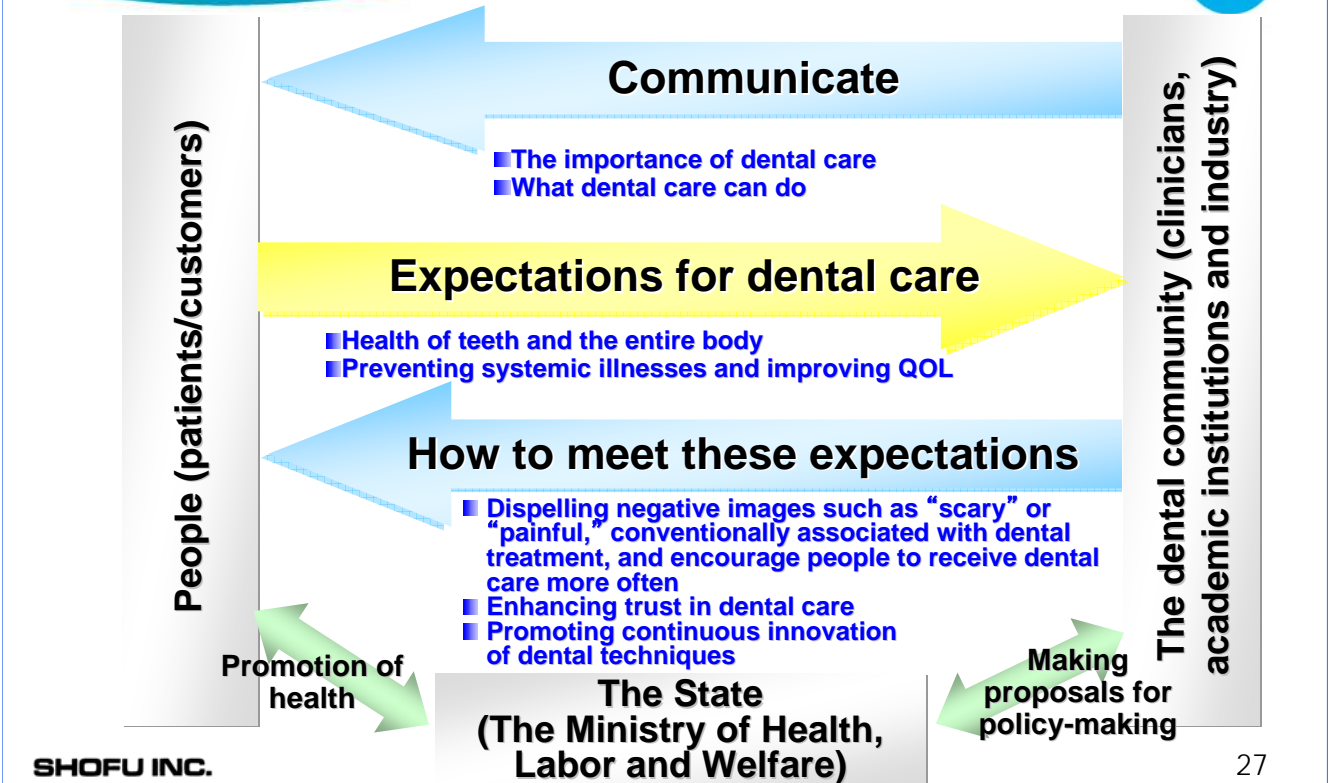


Expectations for Dental Care



How to Improve People's Health and Develop Our Industry

Future Business Environment and Mid- and Long-Term Strategies



Overall Prospect



Promising growth market

● Growth of aged population

● Decrease in tooth loss (increase in number of remaining teeth) due to the progress in preventive dental care and oral hygiene

● Increase in demand for regular care and maintenance

● With growing public attention to oral health, demand is expected to rise in the fields of aesthetic dentistry, preventive dental care and oral hygiene (fields not covered by health insurance)

● Increase in demand for dental care as a means of preventing systemic illnesses

● Overall prospect: increase of opportunities to receive dental care; improvement of the contents of dental care; expansion of the entire dental market as a result of adding more values to dental care

Management Emphases



⇒ Functions that need strengthening

- Quality competitiveness
- Marketing strength
- Price competitiveness

⇒ Company-wide goals

- Creating new markets and expanding share by rolling out new products and technologies
- Expanding overseas operations

⇒ Four numerical targets

- Overseas sales: 30%
- Cost reduction: 20%
- New product sales: 15 %
- Market share increase in the domestic market

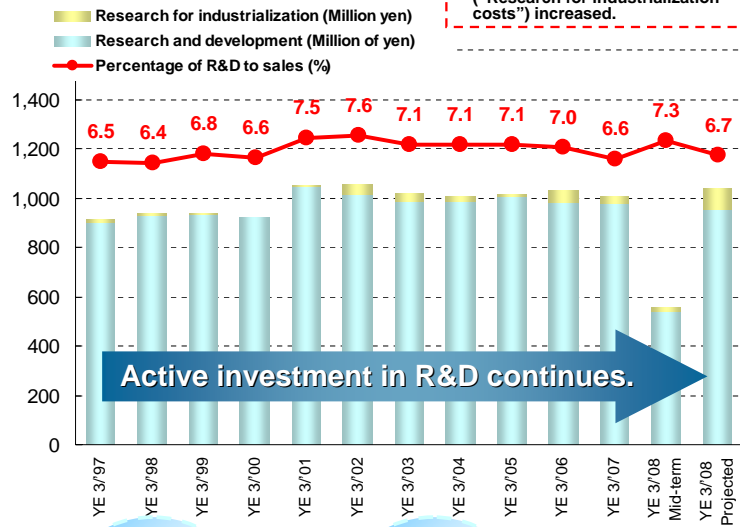
Restoring consolidated operating profit margin to 10%
→ Aiming to achieve 15% operating profit margin in the long run

Specific Measures — Research and Development

Future Business Environment and Mid- and Long-Term Strategies

* The rate of R&D to sales decreased after the year ended March 31, 2006 because the portion of R&D cost transferred to the production expense account ("Research for industrialization costs") increased.

- ⇒ Quality competitiveness
- ⇒ Marketing strength
- ⇒ Price competitiveness



Providing value to customers

Creating demand

Increasing speed and strengthening networks

Active investment in R&D continues.

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R & D is the source of many kinds of competitive advantages.

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Specific Measures — Production

Future Business Environment and Mid- and Long-Term Strategies



⇒ Inheriting and continuously improving production technology

- To cope with an increasing number of employees reaching their retirement age, measures should be taken to inherit technologies from them and to save labor.

⇒ Enhancing efficiency in production and logistics and improving customer service

- Enhancing efficiency in production and logistics through new production systems
- Establishing a system to ensure traceability in compliance with the Revised Pharmaceutical Affairs Law

⇒ Cost reduction

- Promoting a cost-down project in each production site and office
- Effect of cost-rate reduction efforts (Actual reduction achieved in period from year ended March 31, 2003, through mid-term of year ending March 31, 2008): In-house production cost rate went down by 7.9 % or ¥300 million.

Strengthening quality competitiveness

Strengthening price competitiveness

Cost reduction
Cutting the cost percentage of in-house production by 20%

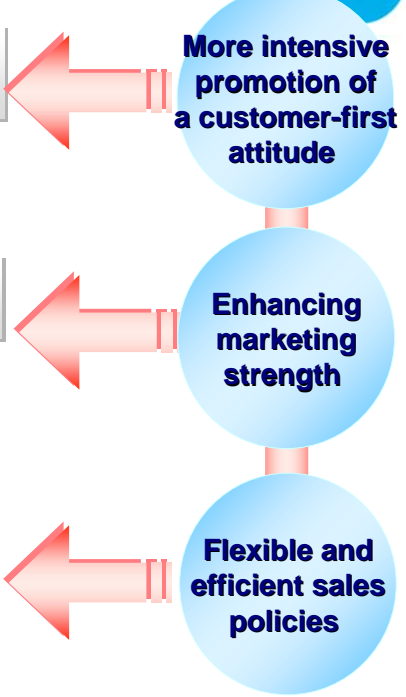
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Specific Measures — Domestic Operations



- Expanding market share in existing product categories**
 - Artificial teeth/dentures
 - Abrasives
 - Filling and restorative dental materials
 - Hard resin for crowns
 - Luting and bonding materials
- Market creation in new fields**
 - Aesthetic dentistry — e.g., tooth whitening, orthodontic dentistry
 - Preventive dentistry, oral hygiene — e.g. PMTC
 - Regenerative medicine — e.g.; commercialization of bone repairing materials
 - Periodontal disease-related fields — e.g. Diagnostic kits of periodontal disease
 - Commitment to implant business
 - Sales related to PMTC (materials, equipment) : ¥213 million (¥ 278 million)
 - Sales related to tooth whitening : ¥91 million (¥102 million)

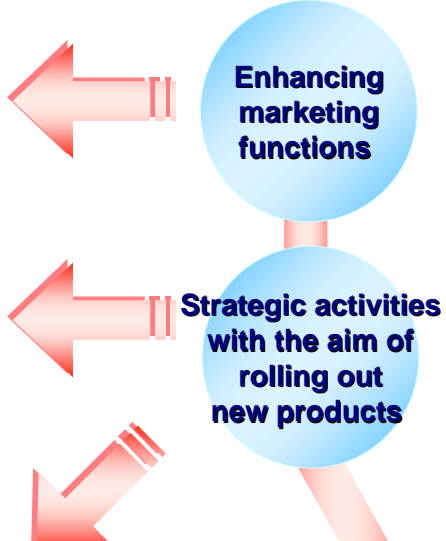


* PMTC (Professional Mechanical Tooth Cleaning)

Specific Measures — Overseas Operations



- U.S.A.**
 - Expanding export markets – Brazil, Mexico
 - Enhancing efforts to work with dental equipment evaluation organizations
- Europe**
 - Entry into the artificial teeth (resin teeth) market
 - Developing markets in Eastern Europe
- Asia**
 - Measures to expand market share in China
 - ◆ Production: Commencing export of artificial teeth and abrasives → Increasing items to be produced
 - ◆ Sales: Increasing items for sale
 - Commencing efforts to develop markets in India and Vietnam



[Key products]
 • Porcelain powder
 • Hard resin for crowns
 • Filling and restorative dental materials

Mid-term Plan — Major Numerical Targets

Future Business Environment and
Mid- and Long-Term Strategies

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★—All-Time high Unit of amount: ¥100 million

	Performance in the year ended March 31, 2007	Year ending March 31, 2008	Year ending March 31, 2009	Year ending March 31, 2010
Sales	★ 15,332	★ 15,445	★ 15,753	★ 16,147
(compared to previous year)	(4.7%)	(0.7%)	(2.0%)	(2.5%)
Domestic sales	11,294	11,409	11,509	11,654
(compared to previous year)	(-0.5%)	(1.0%)	(0.9%)	(1.3%)
Overseas sales	★ 4,037	4,036	★ 4,243	★ 4,492
(compared to previous year)	(22.4%)	(-0.0%)	(5.1%)	(5.8%)
Operating profit	1,480	1,774	★ 2,049	★ 2,288
(percentage to sales)	(9.7%)	(11.5%)	(13.0%)	★ (14.2%)
Current profit	1,424	1,708	★ 1,984	★ 2,222
(percentage to sales)	(9.3%)	(11.1%)	★ (12.6%)	★ (13.8%)
Current net profit	★ 865	★ 1,062	★ 1,262	★ 1,425
(percentage to sales)	(5.6%)	★ (6.9%)	★ (8.0%)	★ (8.8%)
Current net profit per share	¥ 54.49	★ ¥ 66.92	★ ¥ 79.51	★ ¥ 89.80
Return on equity	4.4%	5.2%	★ 6.0%	★ 6.5%
Percentage of overseas sales to total sales	★ 26.3%	26.1%	★ 26.9%	★ 27.8%

○ The difference (approx. ¥1.8 billion) resulting from introduction of an accounting standard for retirement benefits was amortized in the year ending March 31, 2007. To amortize the difference, ¥256 million was spent yearly as operating expenses from the year ended March 31, 2001 through the year ended March 31, 2007.

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Mid-Term Plan — Segment Information by Location

Future Business Environment and
Mid- and Long-Term Strategies

SHOFU

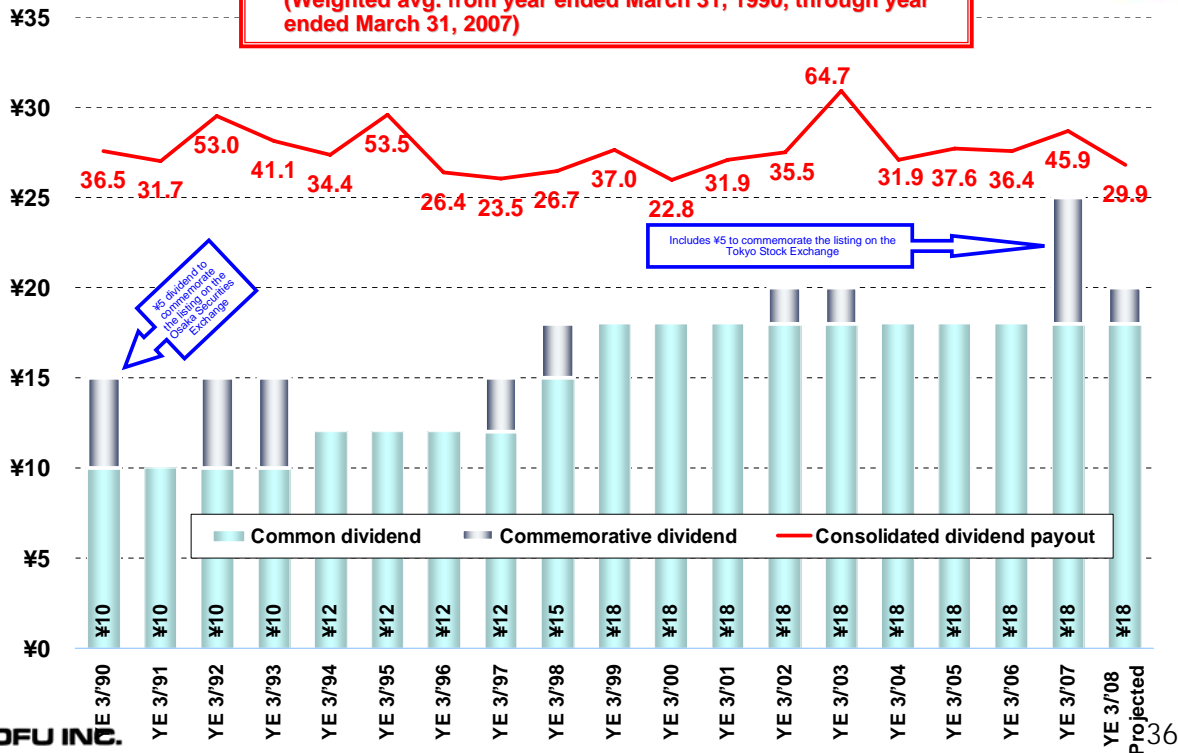
Unit: Million yen

		Year ended March 31, 2007 (actual)	Year ending March 31, 2008 (projected)	Year ending March 31, 2009 (planned)	Year ending March 31, 2010 (planned)
Japan	Sales	13,388	13,518	13,700	13,931
	Operating profit (As percentage of sales)	1,308 (9.8%)	1,614 (11.9%)	1,793 (13.1%)	1,932 (13.9%)
U.S.A.	Sales	1,280	1,285	1,380	1,496
	Operating profit (As percentage of sales)	36 (2.8%)	56 (4.4%)	91 (6.6%)	129 (8.6%)
Europe	Sales	1,824	1,697	1,779	1,867
	Operating profit (As percentage of sales)	62 (3.4%)	66 (3.9%)	94 (5.3%)	119 (6.4%)
Asia	Sales	421	600	692	805
	Operating profit (As percentage of sales)	3 (0.8%)	29 (4.9%)	54 (7.9%)	91 (11.3%)
Total overseas	Sales	3,526	3,582	3,852	4,170
	Operating profit (As percentage of sales)	101 (2.9%)	151 (4.2%)	239 (6.2%)	339 (8.1%)
Total before consolidation adjustments	Sales	16,914	17,101	17,553	18,101
	Operating profit (As percentage of sales)	1,409 (8.3%)	1,766 (10.3%)	2,033 (11.6%)	2,272 (12.6%)
Consolidated	Sales	15,332	15,445	15,753	16,147
	Operating profit (As percentage of sales)	1,480 (9.7%)	1,774 (11.5%)	2,049 (13.0%)	2,288 (14.2%)

Dividend Policy



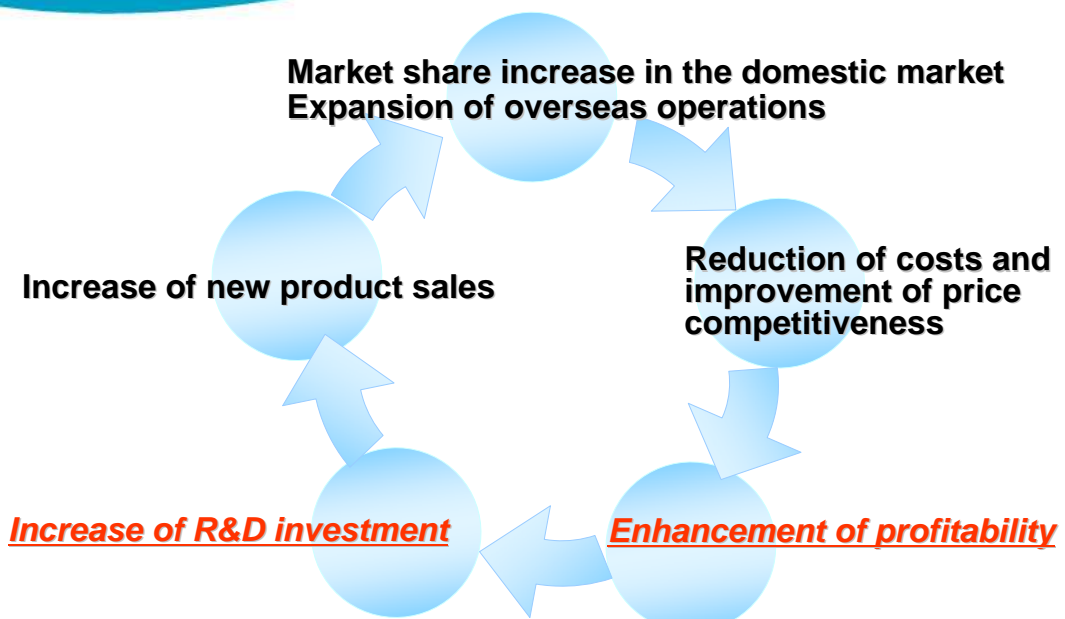
◎ Target dividend payout: More than 30%
 ◎ Avg. consolidated dividend payout since listing: 34.8%
 (Weighted avg. from year ended March 31, 1990, through year ended March 31, 2007)



SHOFU INC.

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Growth Cycle



Instead of becoming a giant company that provides a wide range of products (“mega firm”), Shofu Inc. will strive to grow **into a company oriented toward new product development (“specialty firm”)** that gains international recognition in the field in which it excels.

SH



Projections in this document are based on information and data available at this moment as well as on assumptions concerning uncertain factors that might affect our future business performance. Depending on various factors, our actual business performance could turn out to be greatly different from the projections contained in this document.

SHOFU Inc.
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Tel: +81-(0)75-561-1112
Fax: +81-(0)75-561-1227
URL: http://www.shofu.co.jp/index_e.html
E-mail: ir@shofu.co.jp
Contact: General Planning Section



The pages below are provided only for your reference.
This information will not be covered in the presentation.

SHOFU and Its Operations

Corporate Profile

- **Company name** : SHOFU Inc.
- **Representative** : Director/President Katsuya Ohta
- **Address** : 11 Kamitakamatsu-cho, Fukuine,
Higashiyama-ku, Kyoto 605-0983, Japan
- **Date of establishment** : May 15, 1922
- **Capital** : ¥4,474,646,614
- **Listing** : 2nd Section of Tokyo Stock Exchange
(Date of listing: February 15, 2007)
2nd Section of Osaka Stock Exchange
(Date of listing: November 9, 1989)
- **Number of employees** : 431 (Entire group: 723, with 215 of these in
overseas subsidiaries)
- **Business** : Manufacture and sale of dental materials and
equipment
- **Main customers** : Dental institutions (via agencies)
- **Group companies** : 9 (3 in Japan, 6 overseas)

Main Products

⇒ SHOFU and Its Operations

We manufacture and sell a wide range of dental materials and equipment



⇒ Artificial teeth



- Porcelain teeth, porcelain powder, resin teeth

⇒ Abrasives



- Diamond abrasive
- Carborundum abrasive
- Silicon polisher
- Other carving and polishing materials
- Industrial grinding and polishing materials

⇒ Metal products



- Alloys for casting, silver alloys
- Other metals

⇒ Chemical products



- Synthetic resins
- Impression materials
- Waxes

⇒ Cements



- Dental cements
- Dental stones and investments

⇒ Equipment and appliances



- Dental equipment
- Products for oral care and infection prevention
- Orthodontic materials
- Health and beauty equipment
- Other equipment and appliances

Our products are designed for use in the process of dental care and treatment.

See "Product Profiles" attached to this document.

SHOFU INC.

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Corporate History

⇒ SHOFU and Its Operations

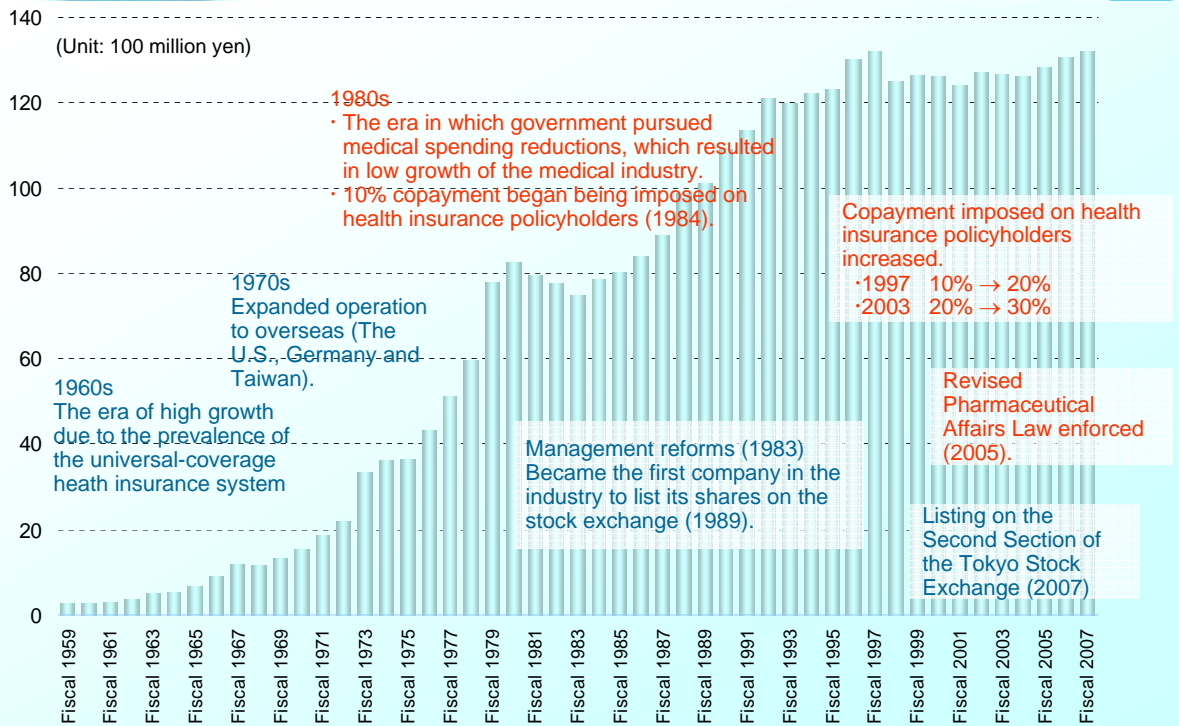


- 1922 Shofu Dental Manufacturing Co., Ltd. founded for the manufacture and sale of Japan's first artificial teeth.
- 1963 Shofu shares were registered as over-the-counter stocks.
- 1971 - 1978 Established sales subsidiaries in the U.S. and Germany. Started production overseas (Taiwan). Established Shiga Shofu Inc. as a manufacturing facility for resin teeth.
- 1983 Changed the company name to Shofu Inc. Commenced management reforms.
- 1989 Shofu shares listed on the Second Section of the Osaka Stock Exchange (November).
- 1990 - 1997 Purchased a British research & development and manufacturing company. Founded a sales subsidiary in the U.K. Obtained the UK GMP (Good Manufacturing Practice) certificate. Acquired a CE marking certificate.
- 1996 Founded Promech Inc. Established the Shofu Inc. Shanghai Representative Office in Shanghai, China.
- 1997 Established the industry's largest research facility as part of a project to commemorate Shofu's 75th anniversary.
- 2002 - 2003 Celebrated the company's 80th anniversary (May 2002). Established the Shofu Inc. Beijing Representative Office in Beijing, China. Obtained ISO 14001 (environmental management systems) certification (both for the Shofu headquarters and the entire Shofu group).
- 2004 Established Shanghai Shofu Dental Materials Co., Ltd., a production facility in China (Shanghai).
- 2005 Wholly obtained Shoken Inc. through exchange of shares (February). Established Shofu Dental Supplies (Shanghai) Co., Ltd., a sales subsidiary in China (August).
- 2006 Training Center designed to promote customer service completed (August).
- 2007 Shofu shares listed on the Second Section of the Tokyo Stock Exchange (February).

SHOFU INC.

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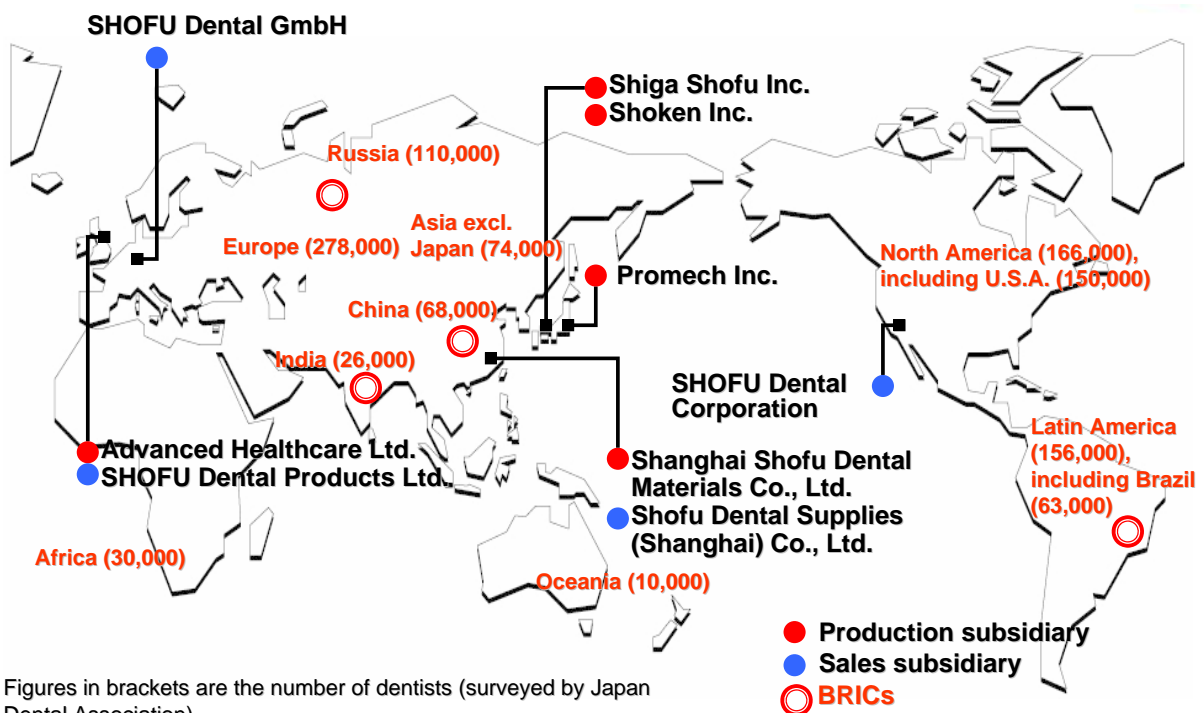
Corporate History — Sales Trend



SHOFU INC.

Note: Figures shown in the graph are non-consolidated sales. 44

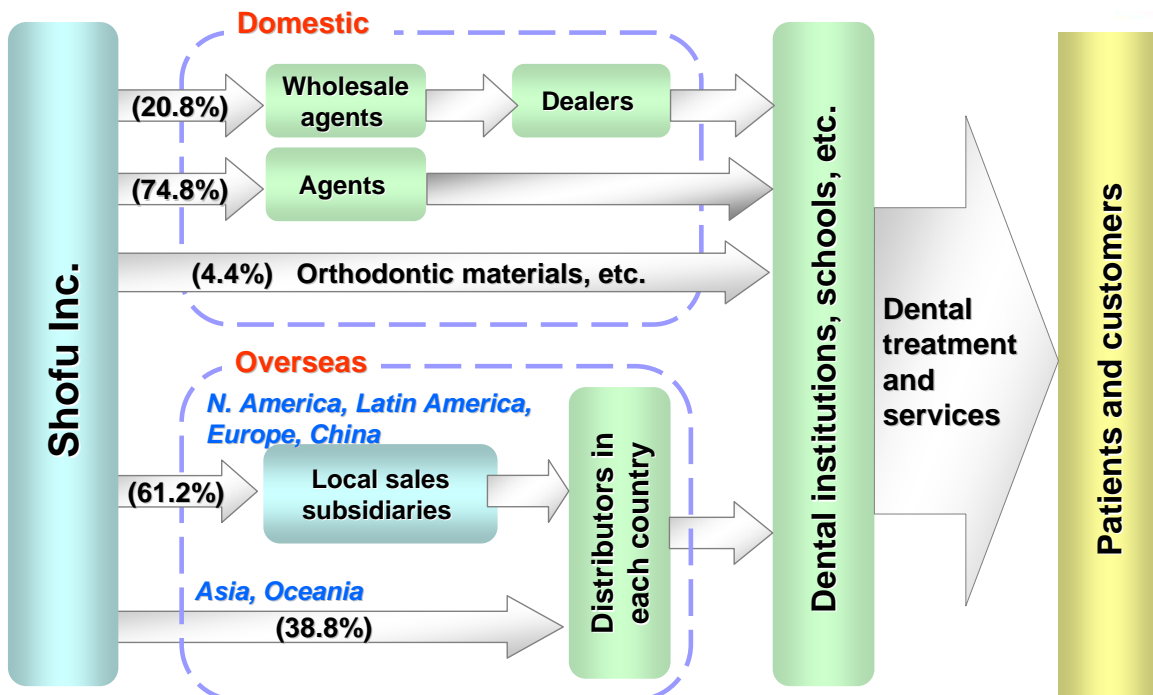
Group Profile



SHOFU INC.

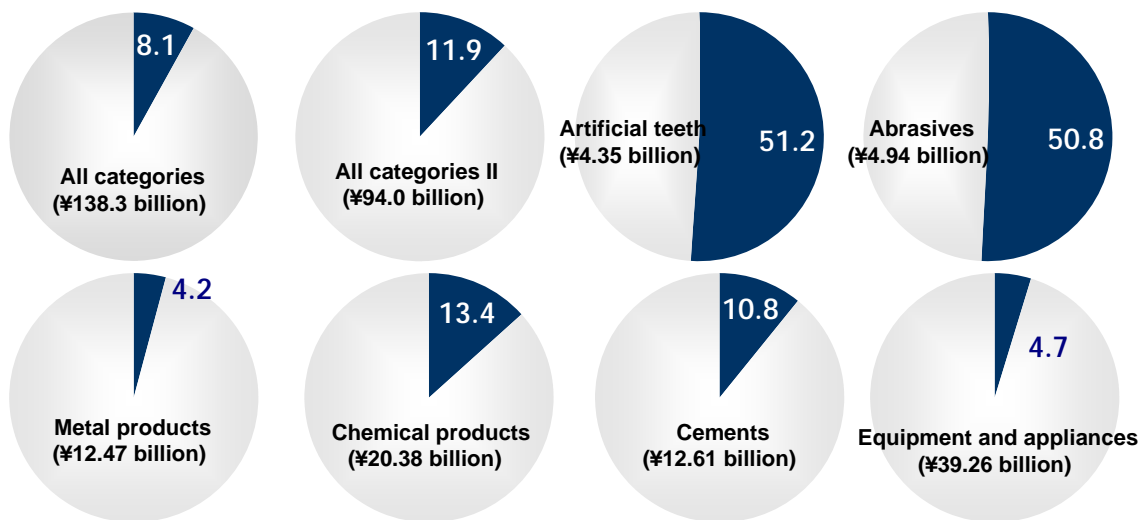
45

Sales Channels



Figures in () represent each sales channel as percentage of total sales (Non-consolidated figures as of March 31, 2007)

Market Share by Product Category



“All categories” represents a market share including “gold-silver-palladium alloy” and “machines and equipment for dental clinics.” “All categories II” and other market shares are figures excluding “gold-silver-palladium alloy” and “machines and equipment for dental clinics.”

Source: Based on a Survey of Pharmaceutical Industry Productions (shown by manufacturers' shipment value) conducted by the Ministry of Health, Labor and Welfare (Domestic data, 2005).
Unit: % Figures in () represent market sizes.

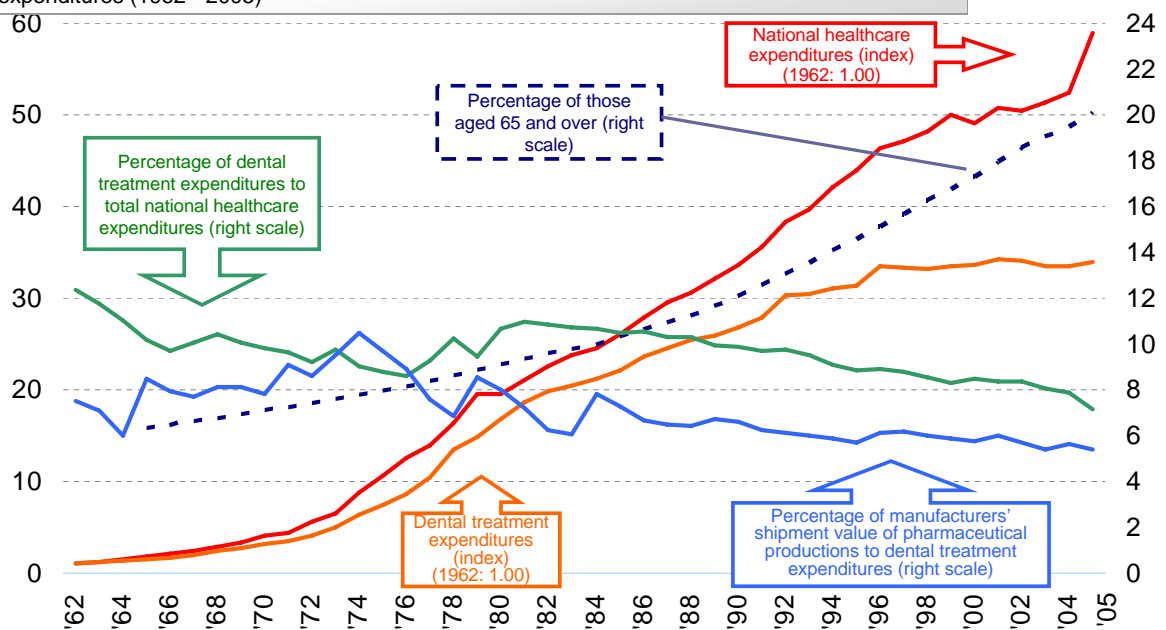


Reference <Dentistry Data>

Long-Term Trend of Dentistry-Related Statistics

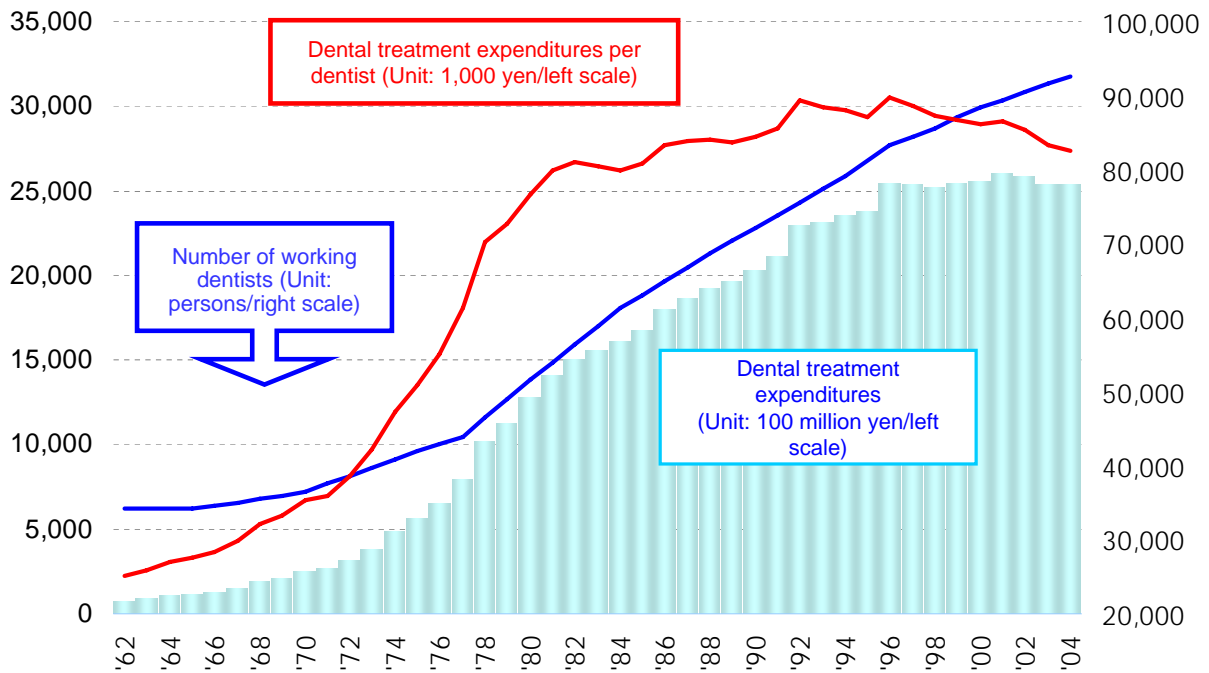
Reference <Dentistry Data>

Trends of national healthcare expenditures, the percentage of the population aged 65 and over, the percentage of dental treatment expenditures to total national healthcare expenditures, and the percentage of manufacturers' shipment value of pharmaceutical productions to dental treatment expenditures (1962 - 2005)



Trend of the Number of Dentists and Dental Treatment Expenditures

Reference <Dentistry Data>



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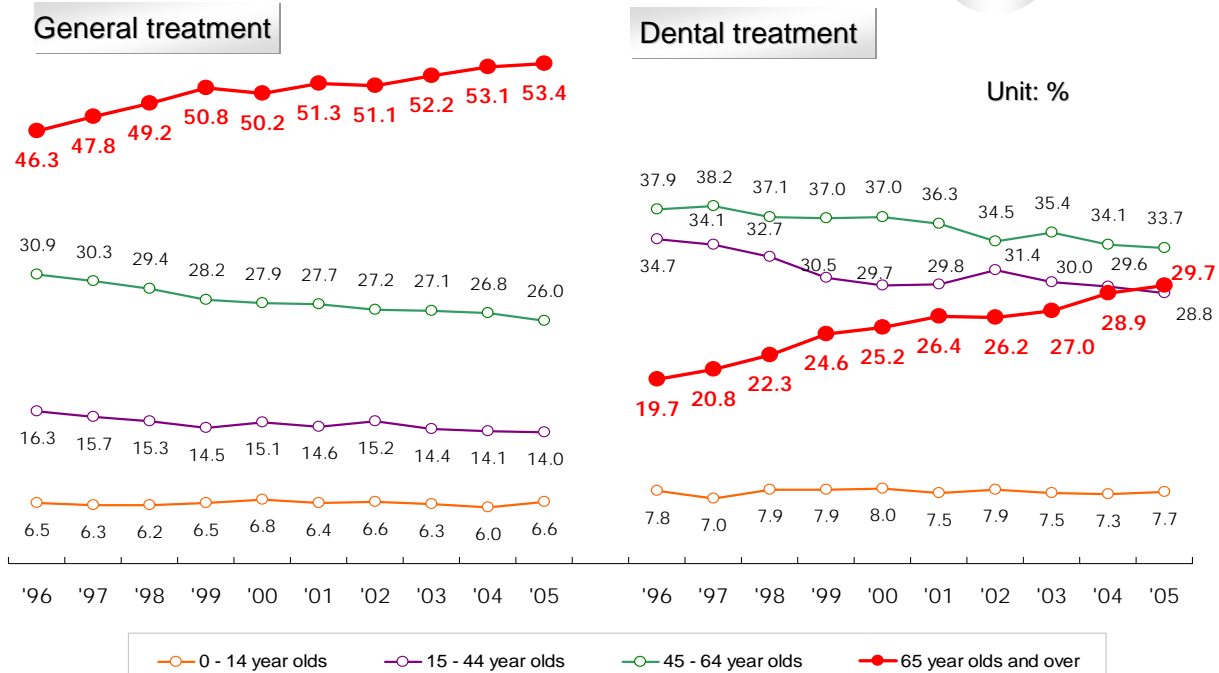
50

Healthcare Costs by Age Group (% of total)

Reference <Dentistry Data>



Those aged 65 years old and over tend to place less importance on dental treatment than general medical treatment.



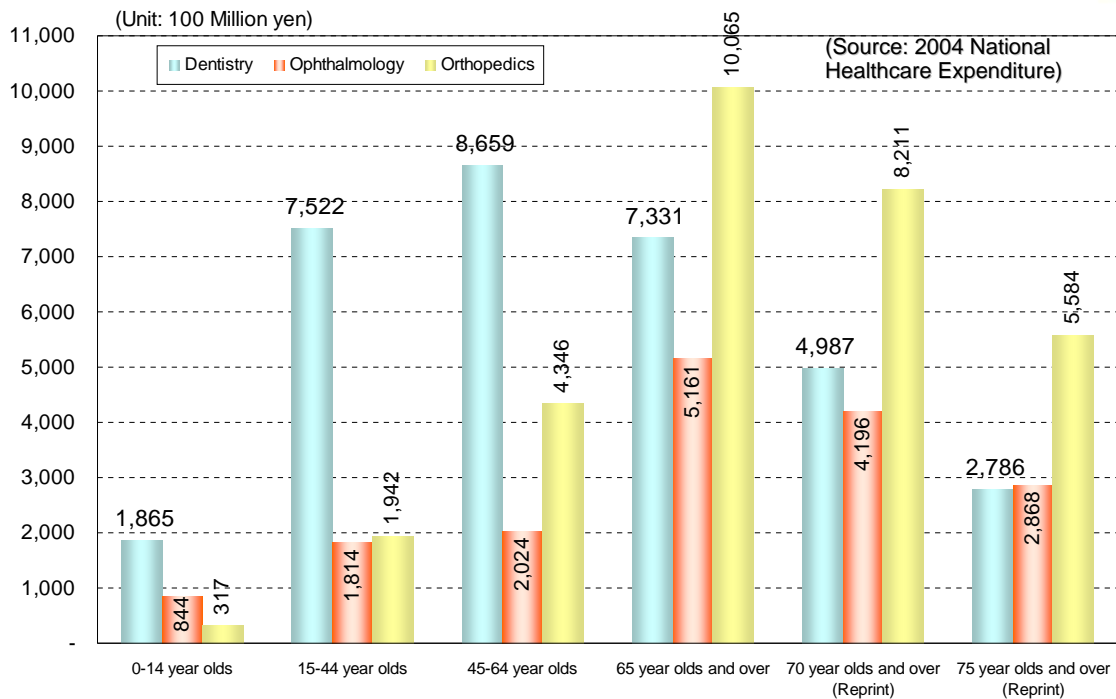
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(Based on the 2005 National Medical Expenditure released by the Ministry of Health, Labour and Welfare)

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Comparison of Healthcare Costs by Age Group – Dentistry, Ophthalmology and Orthopedics

Reference <Dentistry Data>

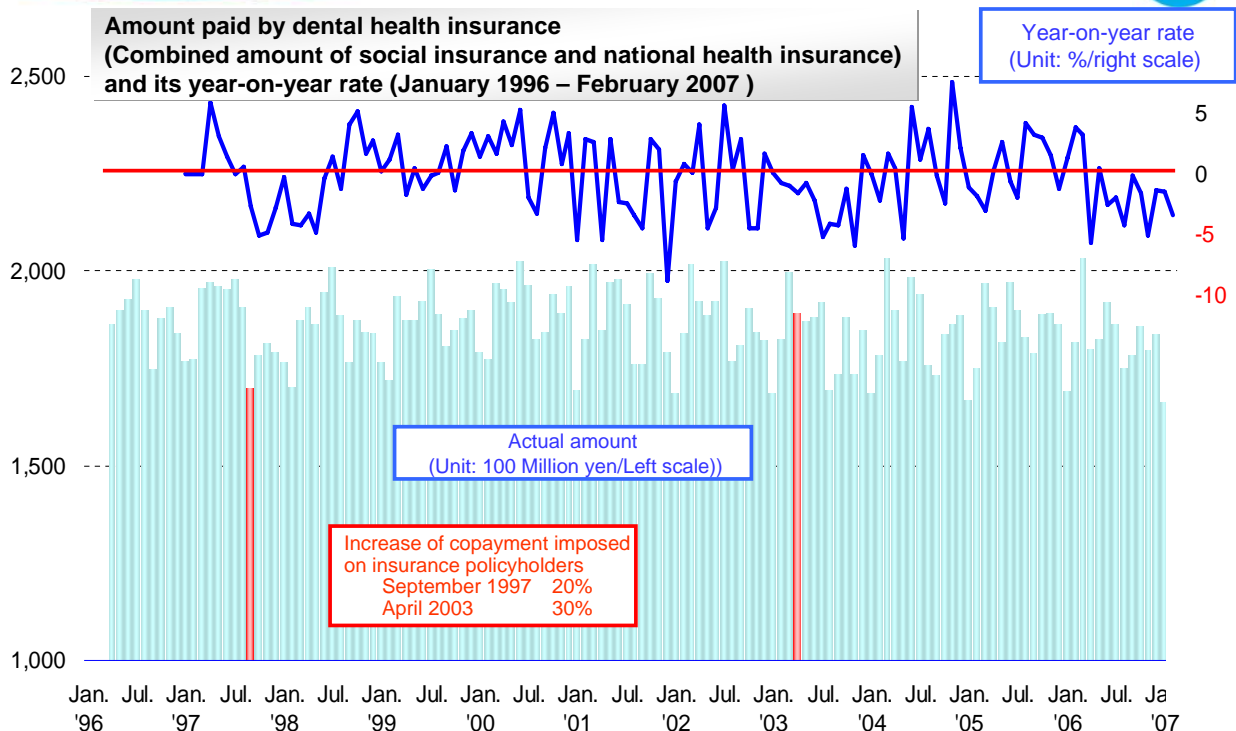


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(Reprinted from materials distributed at time of lecture given by Dr. Okubo, President of the Japan Dental Association, on October 3, 2007)

Trend of Dental Treatment Costs

Reference <Dentistry Data>



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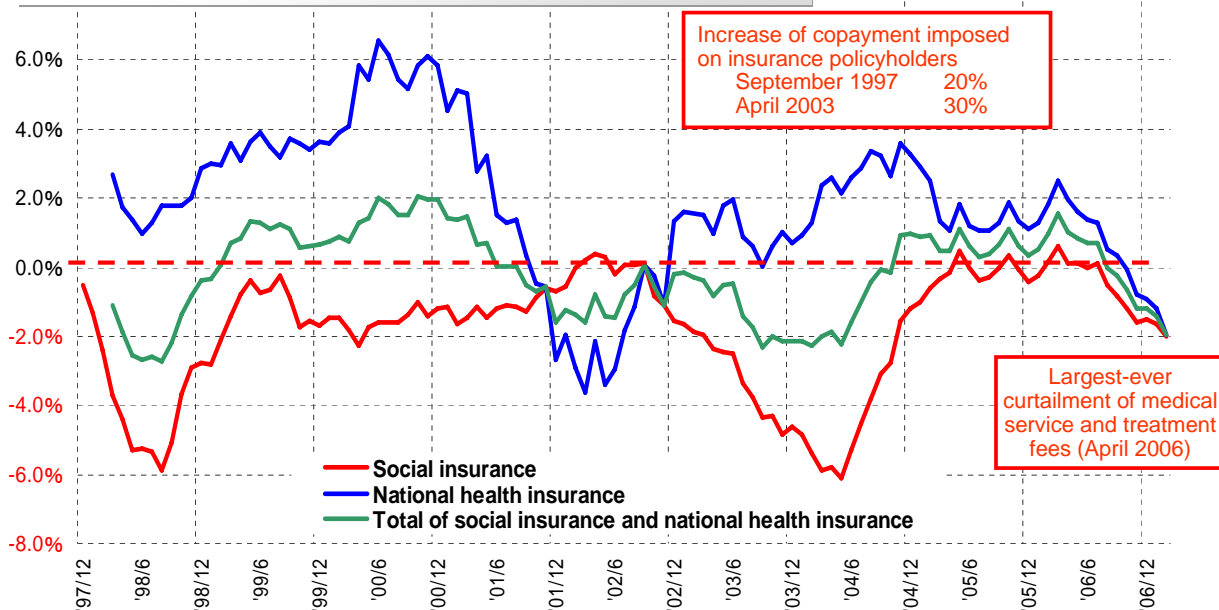
(Based on data provided by the Social Insurance Medical Fee Payment Fund and on "Trend of National Health Insurance Spending" issued by the All-Japan Federation of National Health Insurance Organizations)

Trend of Dental Treatment Costs ②

Reference <Dentistry Data>



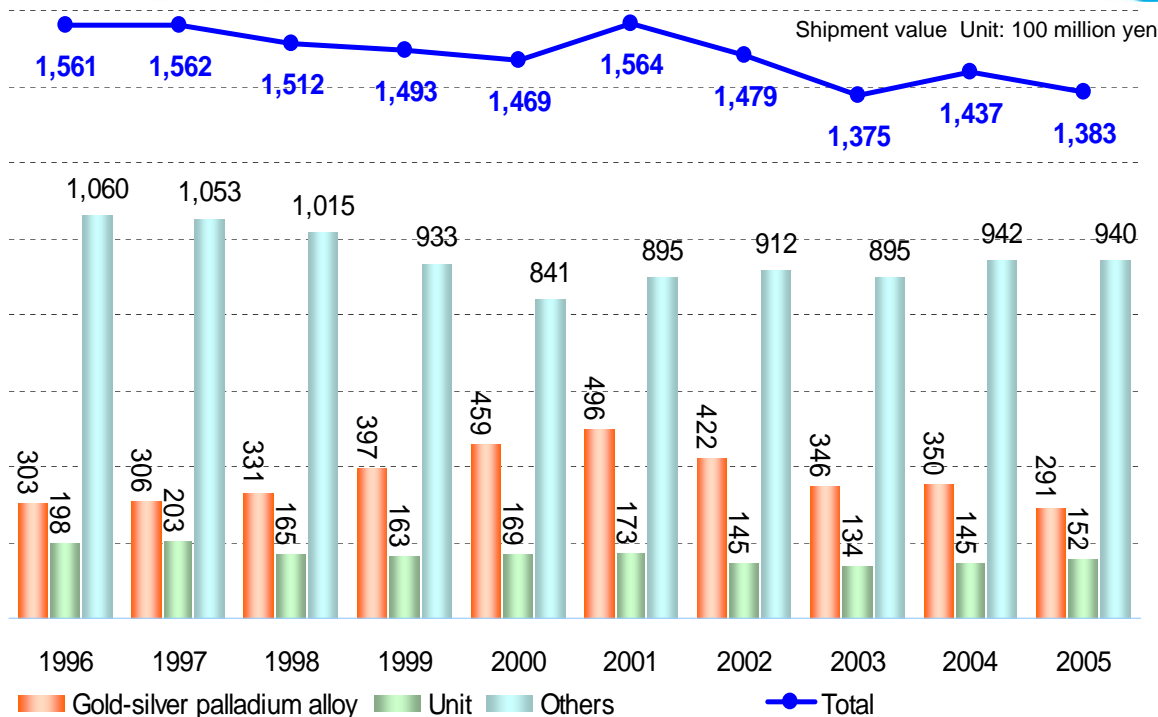
Year-on-year rate of the amount paid by dental insurance
(Moving average deviation over 12 months) (December 1997 – February 2007)



(Based on data provided by the Social Insurance Medical Fee Payment Fund and on "Trend of National Health Insurance Spending" issued by the All-Japan Federation of National Health Insurance Organizations)

Trend of Shipment Value of Pharmaceutical Industry Productions

Reference <Dentistry Data>

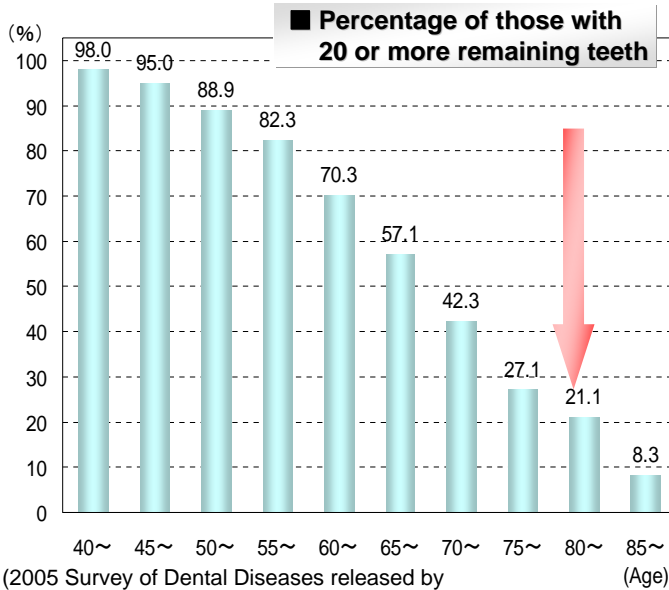


The 8020 Campaign and Changes in Dental Illnesses

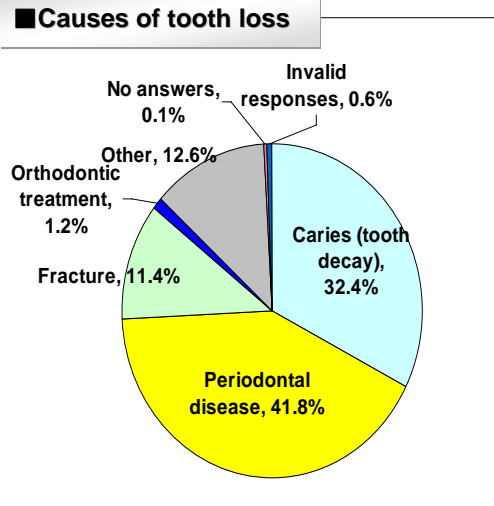
Reference <Dentistry Data>



The primary target of "20% of the population achieving 8020" was reached in 2006.



(2005 Survey of Dental Diseases released by the Ministry of Health, Labour and Welfare)



(2005 Survey by the 8020 Promotion Foundation)

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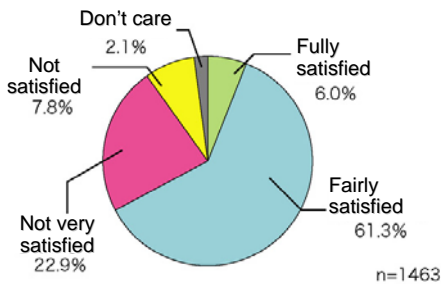
Perception on Dental and Oral Health

Reference <Dentistry Data>

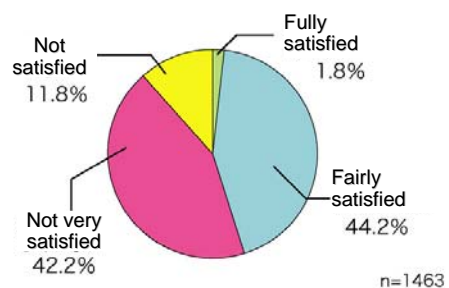


Source: Fiscal 2007 Dental Equipment Industry Vision (References)

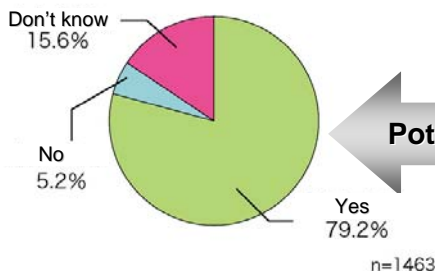
Are you satisfied with your physical health?



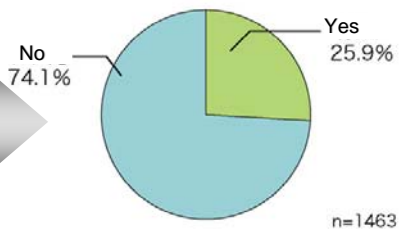
Are you satisfied with your oral health?



Do you think it necessary to receive regular dental care (checkup and cleaning) at dental clinic?



Do you actually receive regular dental care?



Potential demand

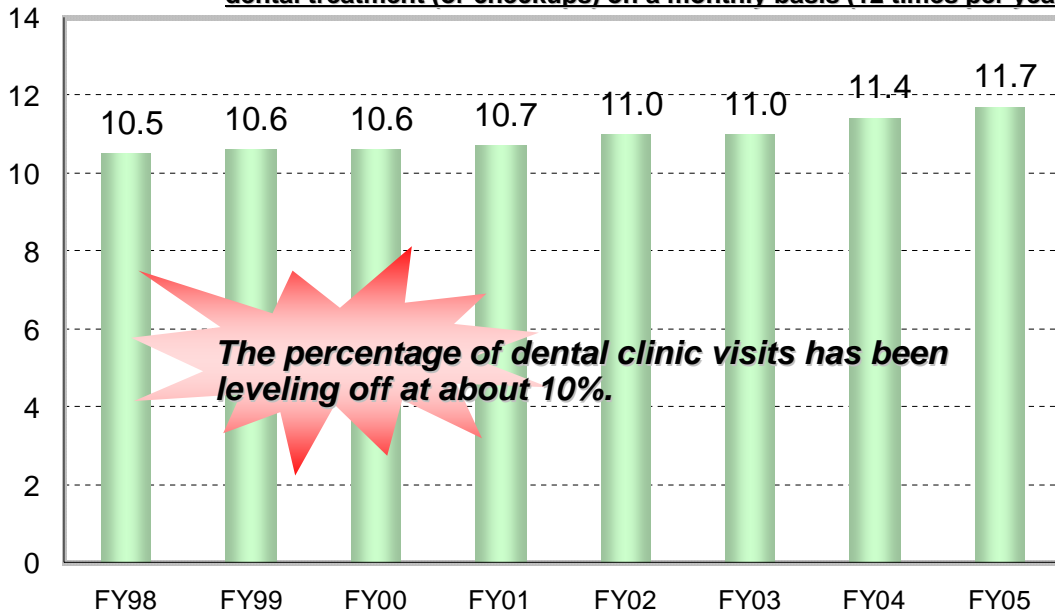
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Trend in Percentage of Dental Clinic Visits

Reference <Dentistry Data>



* Percentage of dental clinic visits: Percentage of those who receive dental treatment (or checkups) on a monthly basis (12 times per year)



(Based on year-on-year data in "Medical Information Analysis System (MEDIAS)" released by the Ministry of Health, Labour and Welfare)

Trends in the North American Market

Reference <Dentistry Data>

The public developed the habit of paying regular visits to dental clinics → Shortage of dentists

Increase in regular visits to dental clinics → Solution to the problem of oversupply of dentists

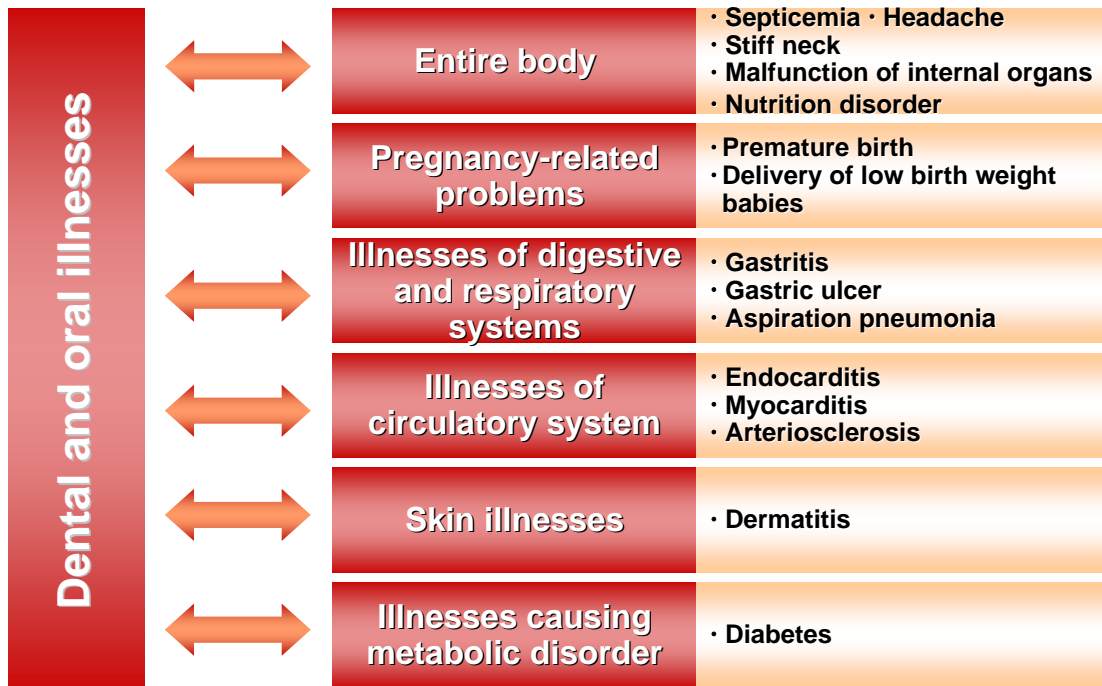
	North America	Japan
Percentage of regular visits to dental clinics	54%	16%
Number of dentists (Per 1,000 persons)	0.6 dentists	0.7 dentists
Population (Per dentist)	1,670	1,430
	[WHO says the appropriate population per dentist is 2,000.]	

* Based on the 1999 Health and Welfare Survey by the Ministry of Health, Labour and Welfare, and the survey conducted by Colgate-Palmolive Company.

* Consulted an article titled "Reasons for the Success of the Canadian Dental Community" (DH Style, September 2007) by Ken Yaegaki DDS Ph.D., professor and head of the Department of Oral Health, Nippon Dental University School of Life Dentistry.

Systemic Illnesses Caused by Caries and Periodontal Disease

Reference <Dentistry Data>



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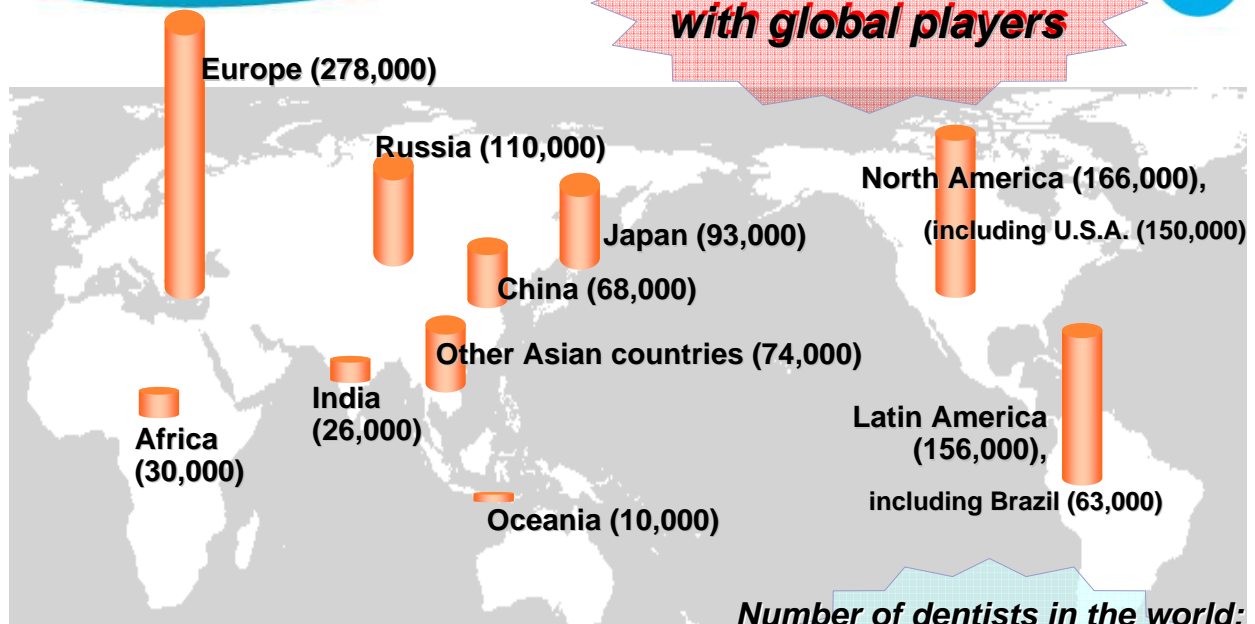
(Reprinted from "Achieve the 8020 and Enjoy Healthy Life" by Social Insurance Research Institute)

Number of Dentists in the World

Reference <Dentistry Data>



Intensified competition with global players



Number of dentists in the world: Approx. 1 million
Estimated market size: Approx. ¥ 2 trillion

◆ Sources:
 Number of dentists – "Guide to Dental Health Care in the World: How to Provide and Receive Dental Care in Other Countries" (Japan Dental Association)
 Estimated market size – "Fiscal 2007 Dental Equipment Industry Vision" (Council for Compiling Dental Equipment Industry Vision)