



Fiscal Year Ended March 31, 2009 (137th Business Year)

Financial Analyst Meeting

May 26, 2009



Contents of Today's Presentation

- Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2009
- Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010
- Future Business Environment and Medium- and Long-term Business Strategies

Director/President Katsuya Ohta

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2009

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010

Future Business Environment and Medium- and Long-term Business Strategies

Summary of Business Performance (i)

Summary of Business Performance for
the Fiscal Year Ended March 31, 2009

■ Positive factors ■ Negative factors

P/L

- <Dental business> Reduced revenues from artificial teeth and other factors undercut strong sales buoyed by the launch of new products in the areas of chemical products and equipment, holding domestic sales to a **slight increase of 0.9%**. Sales of new products: 1,386 million yen, or 10.4% of non-consolidated sales
- <Nail care business> Domestic sales reached 1,698 million yen, a **real increase of 1,499 million yen**.
- Combined **domestic sales** in the dental, nail care, and other businesses **were up 14.3%**.
- Despite robust sales in Asia (South Korea, Taiwan), the negative effect of foreign exchange fluctuations (-416 million yen) led to a **reduction in overseas sales of 6.5%** (dental business overseas sales ratio: 25.7%).
- **Total sales increased by 8.6% to 16,526 million yen**.
- Increased sales in the nail care business were offset by increases in sales and general administrative expenses, amortization of goodwill, and up-front investment costs such as advertising expenditures and R&D expenses, pushing **operating profits down to 1,414 million yen (down 3.7%)**. Foreign-exchange losses and other factors had a negative effect on **ordinary profits for the fiscal year, which totaled 1,313 million yen (down 13.2%)**.
- Despite extraordinary profits including transfers from reserves for possible loan losses (78 million yen) and refunds of customs duties (50 million yen), losses on the valuation of securities (98 million yen) and other factors combined to push **current term net profit down 12.9% to 793 million yen**.

Summary of Business Performance (ii)



■ Positive factors ■ Negative factors

B/S

- Falling securities prices pushed down the valuation of company-owned securities by 1,000 million yen, including 98 million yen in depletion. The valuation difference of securities including net worth decreased by 550 million yen.

C/F

Capital expenditures: 1,352 million yen
(Key expenditures)

- Sendai Sales Office Land, buildings 232 million yen
- Osaka Sales Office Land 232 million yen
- Integrated main system 278 million yen
(Intangible fixed assets, leased assets)
- Artificial teeth moulding machines and other equipment 202 million yen
(Production subsidiary)
- Expansion of UK subsidiary facilities 87 million yen

Summary of Business Performance (Comparison with Previous Period and Forecast)



⇒ Sales increased but profits decreased compared to the previous period/
Sales and profits decreased (operating profit increased) compared with the forecast.

Units: millions of yen, %

	Fiscal March 2008 (Results) (% of sales)	Fiscal March 2009 (Forecast) (% of sales)	Fiscal March 2009 (Results) (% of sales)	Change from Previous Period (% change)	Change from Forecast (% change)
Sales	15,212 (100.0)	17,177 (100.0)	16,526 (100.0)	1,314 (8.6)	-650 (-3.8)
(Domestic sales)	11,090 (72.9)	12,714 (74.0)	12,674 (76.7)	1,584 (14.3)	-40 (-0.3)
(Overseas sales)	4,122 (27.1)	4,463 (26.0)	3,852 (23.3)	-269 (-6.5)	-610 (-13.7)
Operating profit	1,468 (9.7)	1,378 (8.0)	1,414 (8.6)	-54 (-3.7)	35 (2.6)
Ordinary profit	1,513 (10.0)	1,309 (7.6)	1,313 (7.9)	-200 (-13.2)	3 (0.3)
Net profit	910 (6.0)	839 (4.9)	793 (4.8)	-117 (-12.9)	-46 (-5.5)
Net profit per share	57.83 yen	58.83 yen	55.57 yen		
Return on equity	4.93%	4.82%	4.72%		

Sales by Product Category

(Comparison with Previous Period)

Summary of Business Performance for
the Fiscal Year Ended March 31, 2009



Unit: Millions of yen. Figures in parentheses represent percentage changes (unit: %)

	Fiscal March 2008 Results	Fiscal March 2009 Results	Change from Previous Period		
				Domestic	Overseas
Artificial teeth	2,950	2,769	-180 (-6.1)	-133	-46
Abrasives	3,612	3,510	-101 (-2.8)	7	-109
Metal products	475	431	-44 (-9.4)	-49	5
Chemical products	2,923	2,980	56 (1.9)	98	-41
Cements and others	1,661	1,611	-49 (-3.0)	8	-58
Equipment and others	3,238	3,369	131 (4.1)	170	-38
Dental business total	14,862	14,673	-188 (-1.3)	101	-289
Nail business	256	1,773	1,516 (590.1)	1,496	19
Other	93	79	-13 (-14.9)	-13	0
Total	15,212	16,526	1,314 (8.6)	1,584	-269

Overseas sales decreased by 416 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi).

"Nail business" and "Other" (industrial-use polishing materials) are new classifications for Fiscal March 2009 but they have been recombined in "Change from previous period" for purposes of comparison.

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Sales by Product Category

(Comparison with Forecast)

Summary of Business Performance for
the Fiscal Year Ended March 31, 2009



Unit: Millions of yen. Figures in parentheses represent percentage changes (unit: %)

	Fiscal March 2009 Forecast	Fiscal March 2009 Results	Change from Forecast		
				Domestic	Overseas
Artificial teeth	3,018	2,769	-248 (-8.2)	-121	-127
Abrasives	3,701	3,510	-190 (-5.1)	33	-223
Metal products	472	431	-41 (-8.8)	-46	5
Chemical products	3,026	2,980	-45 (-1.5)	31	-77
Cements and others	1,753	1,611	-141 (-8.1)	-5	-136
Equipment and others	3,350	3,369	19 (0.6)	81	-61
Dental business total	15,322	14,673	-649 (-4.2)	-27	-621
Nail business	1,760	1,773	13 (0.8)	2	10
Other	94	79	-15 (-16.1)	-15	0
Total	17,177	16,526	-650 (-3.8)	-40	-610

Overseas sales decreased by 558 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi).

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Domestic Sales



■ Positive factors ■ Negative factors

Dental business

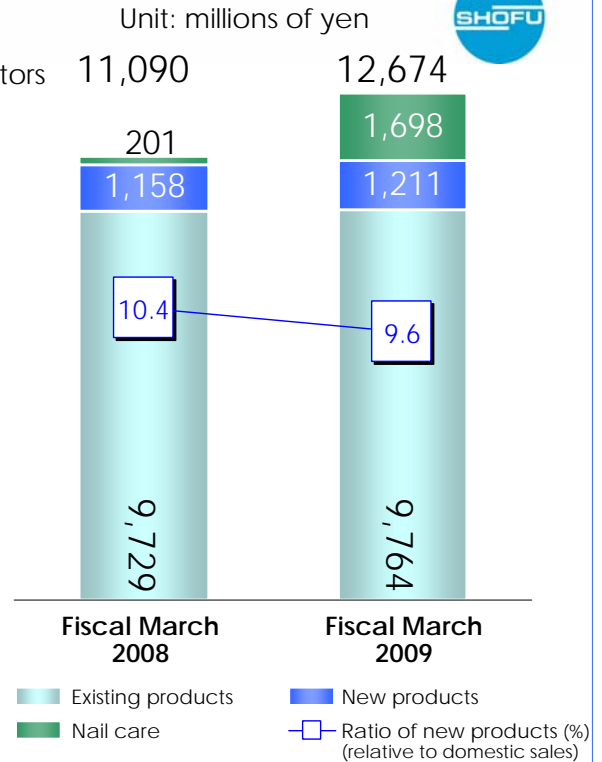
- Steady sales of "EyeSpecial C-I" digital cameras for dental use complemented sales of chemical products and equipment launched in the period.
- Sales of artificial teeth, one of the Company's mainstay products, decreased by 4.3%.
- Domestic sales overall in the period saw a year-on-year increase of 101 million yen (0.9%) to 10,896 million yen.

Nail care business

- The Company achieved full-scale entry into the market by making Nail Labo Co., Ltd., a subsidiary. Nail care business efforts proceeded as planned for the most part, with annual sales of 1,698 million yen marking a year-on-year increase of 1,496 million yen.

Principal new products introduced in the period

- "BeautiBond," a dentine bonding material (chemical products)
- "BlueShot," a dental polymerization lamp (equipment and others)



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"New products" in the graph are those introduced in the last three years. 9

Overseas Sales



■ Positive factors ■ Negative factors

North America and Latin America

- A decrease in sales of artificial teeth (porcelain powder) offset favorable sales of chemical products for a net 4.4% reduction in sales on a local currency basis.

Europe

- A decrease in sales of cements and equipment offset favorable sales of chemical products for a net 0.5% reduction in sales on a local currency basis.

Asia and Oceania

- China: Sales increased by 8.0% on a local currency basis, with gains primarily in artificial teeth and cements.
- Sales increased 18.8% in other regions (based on yen-denominated transactions) due to overall favorable growth.

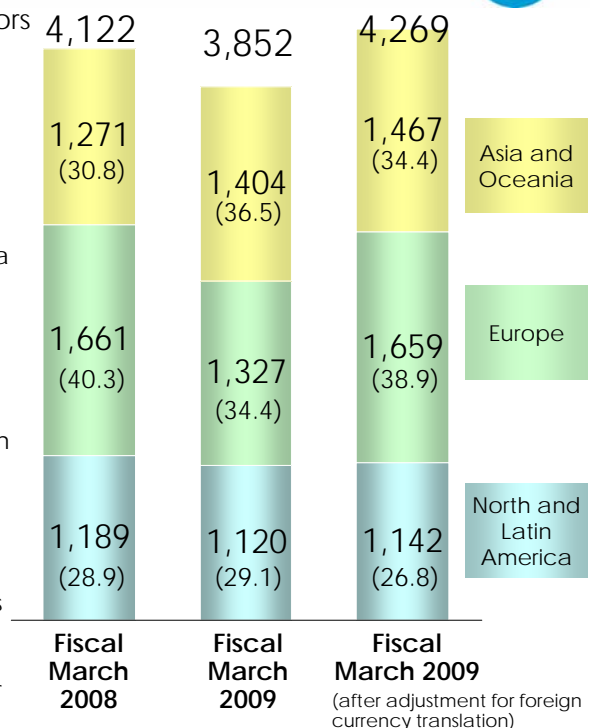
Exchange rates for principle currencies

- US dollar: 98.23 yen (100.19 yen in the previous period)
- Euro: 129.84 yen (158.19 yen in the previous period)

(Dental business) Overseas sales ratio

- 25.7% (27.4% in the previous period) (27.8% after adjustment for foreign currency translation)

Unit: millions of yen; figures in parentheses represent component ratio (%)



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Performance by Segment (Sales and Operating Profits)

Summary of Business Performance for
the Fiscal Year Ended March 31, 2009



Unit: millions of yen. Figures in parentheses represent percentage of sales and percentage changes (unit: %)

	Fiscal March 2009 (Forecast)	Fiscal March 2009 (Results)	Change from Forecast
Dental			
Sales	15,322	14,673	-649 (-4.2)
Operating expenses	13,986	13,313	-672 (-4.8)
Operating profit	1,336 (8.7)	1,359 (9.3)	23 (1.8)
Nail care			
Sales	1,760	1,773	13 (0.8)
Operating expenses	1,742	1,736	-5 (-0.3)
Operating profit	18 (1.0)	37 (2.1)	19 (106.7)
Other			
Sales	94	79	-15 (-16.1)
Operating expenses	70	62	-8 (-11.6)
Operating profit	24 (25.5)	17 (21.5)	-7 (-29.3)
Consolidated			
Sales	17,177	16,526	-650 (-3.8)
Operating expenses	15,799	15,112	-686 (-4.3)
Operating profit	1,378 (8.0)	1,414 (8.6)	35 (2.6)

Forecast and actual operating expenses for the nail care business include goodwill amortization of 89 million yen connected with the acquisition of Nail Labo Co., Ltd. (total amount: 712 million yen for eight-year amortization).

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Segment Information by Region (Sales and Operating Profits)

Summary of Business Performance for
the Fiscal Year Ended March 31, 2009



Unit: millions of yen. Figures in parentheses represent percentage of sales (unit: %)

	Fiscal March 2008 (Results)	Fiscal March 2009 (Forecast)	Fiscal March 2009 (Results)	Change from Previous Period	Change from Forecast
	Amount (% of sales)	Amount (% of sales)	Amount (% of sales)		
Japan					
Sales	13,484	15,228	15,214	1,729	-14
Operating profit	1,378	1,178	1,384	6	206
(Operating profit margin)	(10.2)	(7.7)	(9.1)		
Americas					
Sales	1,167	1,409	1,092	-74	-316
Operating profit	49	39	24	-24	-14
(Operating profit margin)	(4.2)	(2.8)	(2.3)		
Europe					
Sales	1,823	1,829	1,466	-357	-362
Operating profit	91	99	-2	-93	-102
(Operating profit margin)	(5.0)	(5.5)	(-0.2)		
Asia					
Sales	544	631	524	-20	-106
Operating profit	67	57	47	-19	-9
(Operating profit margin)	(12.4)	(9.1)	(9.1)		
Overseas total					
Sales	3,535	3,870	3,083	-451	-786
Operating profit	207	196	69	-137	-127
(Operating profit margin)	(5.9)	(5.1)	(2.3)		
Total before consolidation adjustment					
Sales	17,020	19,099	18,298	1,278	-801
Operating profit	1,585	1,374	1,454	-131	79
(Operating profit margin)	(9.3)	(7.2)	(7.9)		
Consolidated					
Sales	15,212	17,177	16,526	1,314	-650
Operating profit	1,468	1,378	1,414	-54	35
(Operating profit margin)	(9.7)	(8.0)	(8.6)		

* The elimination of unrealized profits from internal transactions is the principal consolidated adjustment item impacting operating profits.

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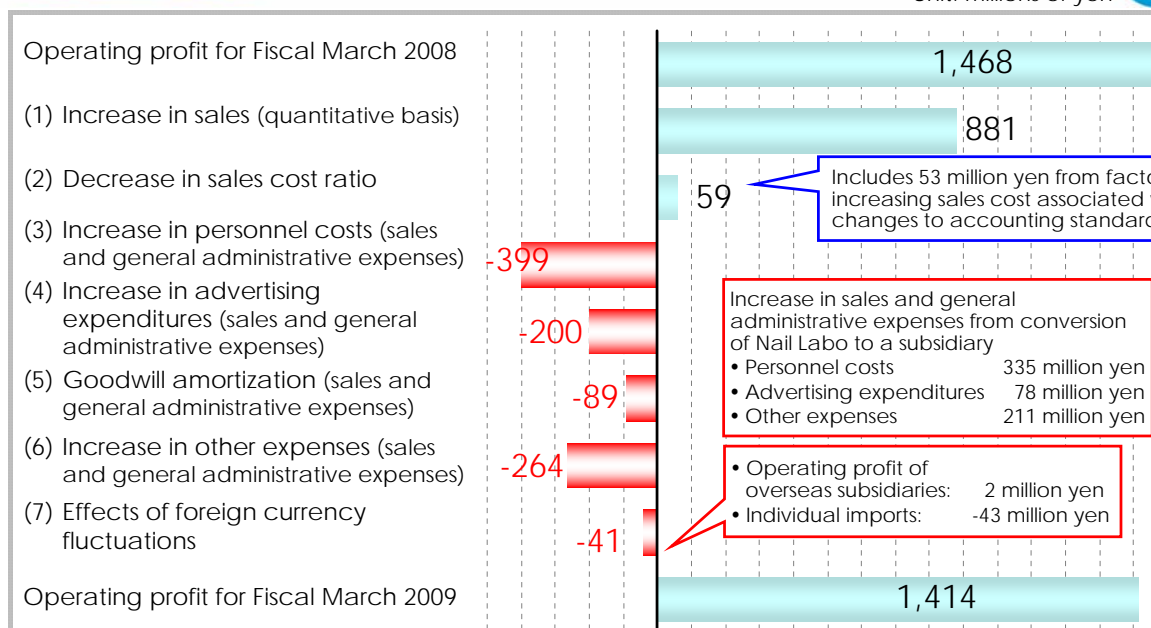
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Contributors to Change in Operating Profit

Summary of Business Performance for the Fiscal Year Ended March 31, 2009



Unit: millions of yen



*The figures in items (1) to (6) do not incorporate the effects of foreign currency fluctuations.

*Changes to accounting standards: Increased depreciation costs due to revisions to legal useful life guidelines (which have had the effect of reducing the term over which costs are depreciated) and to the forced application of the lower-of-cost-or-market valuation method to the valuation of inventory assets.

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Financial Condition: Major Balance Sheet Accounts

Summary of Business Performance for the Fiscal Year Ended March 31, 2009



Unit: millions of yen

	Fiscal March 2008	Fiscal March 2009	Change	Major contributors to changes, special notes
Cash and deposits	3,525	4,694	1,169	Transfer from negotiable deposits (securities)
Notes and bills receivable, trade accounts receivable	2,758	2,490	-267	Acceleration of cash flow-back
Inventory	2,966	3,146	180	Transfer of negotiable deposits to cash deposits (-1,305 million yen) Market valuation of investment securities (-1,000 million yen)
Securities, investment securities	5,162	2,843	-2,319	
Others	6,940	7,769	828	Increase of 576 million yen in tangible and intangible fixed assets
Assets	21,353	20,944	-409	
Long-term and short-term borrowings	1,020	1,020	0	Decrease in deferred tax liabilities due to lower valuation difference of securities: 192 million yen
Reserve for retirement benefits and directors' retirement benefits	604	542	-61	
Others	2,765	2,769	3	
Liabilities	4,389	4,332	-57	
Net worth	16,963	16,612	-351	Decrease in the valuation difference of securities: 550 million yen Reduction in foreign currency translation adjustment of 308 million yen
Total liabilities and net worth	21,353	20,944	-409	
Capital adequacy ratio	79.4%	79.3%		
Net worth per share	1,188 yen	1,164 yen		

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Capital Expenditures, Depreciation Costs, R&D Expenses, etc.

Summary of Business Performance for
the Fiscal Year Ended March 31, 2009



Unit: millions of yen

	Fiscal March 2008 (Results)	Fiscal March 2009 (Forecast)	Fiscal March 2009 (Results)	Change from Previous Period	Change from Forecast
Capital expenditures	786	1,984	1,352	565	-631
Depreciation costs	461	632	635	174	3
(of which goodwill amortization)	0	89	89	89	0
R&D expenses	1,009	1,125	1,041	31	-84
Foreign exchange rates					
US dollar	100.19	115.00	98.23		
Euro	158.19	150.00	129.84		
Pound sterling	200.11	225.00	140.45		
Renminbi	15.49	16.00	13.20		

* The foreign exchange rates given are those in effect at the end of each term; conversions of items in the financial statements of overseas subsidiaries all use term-end rates.

Summary of Consolidated Business Performance for
Fiscal Year Ended March 31, 2009

Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2010

Future Business Environment and Medium- and
Long-term Business Strategies



Summary of Business Performance for the Next Fiscal Year (i)

Forecast of Consolidated Business
Performance for Fiscal Year Ending
March 31, 2010



■ Positive factors ■ Negative factors

P/L

- <Dental business> In addition to investing in artificial teeth (hard resin teeth and new porcelain powders), the company will make its utmost efforts to ensure that recently introduced new products in areas such as chemical products, cements, and equipment penetrate the market fully. The company expects to see a **slight increase of 1.2% in overall sales for the domestic dental business.**
<Sales of new products: 1,369 million yen, or 10.3% of non-consolidated sales>

- <Nail care business> The company expects sales to **increase by 268 million yen** due to the introduction of "LED GEL Presto," a new product.

- ■ Overseas, the company is exercising caution in its planning for areas other than China and is planning on a slight increase of 0.4% on a local currency basis. In terms of exchange rates, the yen is forecast to trend stronger compared to the current fiscal year.
<Effects on overseas sales: -256 million yen>

- Sales are expected to increase by 1.0% to 16,687 million yen.

- ■ **Operating profit and ordinary profit are expected to decrease by 20.7% each to 1,121 million yen and 1,041 million yen, respectively, while current term net profit is expected to decrease by 14.5% to 677 million yen** due to a combination of factors offsetting increasing domestic sales and favorable changes in the sales mix, including an increase in retirement benefits expenses; increased depreciation expenses associated with aggressive R&D, sales promotion activities, and capital expenditures; and a deterioration in export profit and loss deriving from the assumption of a strong yen going forward.

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Summary of Business Performance for the Next Fiscal Year (ii)

Forecast of Consolidated Business
Performance for Fiscal Year Ending
March 31, 2010



B/S

The Company will relocate its sales offices in Osaka in order to upgrade its domestic sales network and to improve and enhance customer services. (continued from the fiscal year ending March 31, 2009)

C/F

Capital expenditures: 178 million yen (total amount: 409 million yen)

The company will relocate the logistics division in the Tokyo branch (creating an East Japan Logistics Center) as part of an overhaul of its logistics system.

Capital expenditures: 712 million yen

Total capital expenditures, including the above: 1,418 million yen

As part of a business and capital partnership with Mitsui Chemicals, Inc., and Sunmedical Co., Ltd., designed to strengthen its business in the dental materials segment, 1.8 million shares of treasury stock will be transferred to Mitsui Chemicals, Inc., through a third-party allocation.

Price per share: 730 yen (closing price as of May 19, 2009), for a total amount of 1,314 million yen

(For details, see "Notification of Business and Capital Partnership with Mitsui Chemicals, Inc., and Sunmedical Co., Ltd.," and "Notification of the Disposal of Treasury Stock through a Third-party Allocation," both issued on May 20, 2009.)

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Comparison of Major Statistics

Forecast of Consolidated Business
Performance for Fiscal Year Ending
March 31, 2010



↻ Fiscal March 2010: Increase in sales but decrease in profits

Units: millions of yen, %

	Fiscal March 2009 Results	Fiscal March 2010 Forecast	Change from the Previous Period
	Amount (% of sales)	Amount (% of sales)	Amount (%)
Sales	16,526 (100.0)	16,687 (100.0)	160 (1.0)
(Domestic sales)	12,674 (76.7)	13,076 (78.4)	402 (3.2)
(Overseas sales)	3,852 (23.3)	3,611 (21.6)	-241 (-6.3)
Operating profit	1,414 (8.6)	1,121 (6.7)	-293 (-20.7)
Ordinary profit	1,313 (7.9)	1,041 (6.2)	-272 (-20.7)
Net profit	793 (4.8)	677 (4.1)	-115 (-14.5)
Net profit per share	55.57 yen	42.18 yen	
Return on equity	4.72%	3.90%	

*The net profit per share and return on equity forecasts for the fiscal year ending March 31, 2010, have been calculated based on figures for the number of shares and shareholder's equity that reflect the planned disposal of treasury stock through a third-party allocation.

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Sales by Product

Forecast of Consolidated Business
Performance for Fiscal Year Ending
March 31, 2010



Unit: Millions of yen. Figures in parentheses represent component ratio and percentage changes (unit: %)

	Fiscal March 2009 Results	Fiscal March 2010 Results	Changes from Fiscal March 2009 Results		
				Domestic	Overseas
Artificial teeth	2,769	2,706	-63 (-2.3)	49	-113
Abrasives	3,510	3,347	-162 (-4.6)	0	-163
Metal products	431	381	-49 (-11.5)	-48	-1
Chemical products	2,980	3,263	282 (9.5)	173	109
Cements and others	1,611	1,560	-51 (-3.2)	-9	-41
Equipment and others	3,369	3,306	-62 (-1.9)	-38	-24
Dental business total	14,673	14,566	-107 (-0.7)	127	-234
Nail business	1,773	2,035	261 (14.8)	268	-6
Other	79	85	6 (8.0)	6	0
Total	16,526	16,687	160 (1.0)	402	-241

↻ Overseas sales are expected to decrease by 256 million yen due to foreign currency fluctuations. (US dollar, euro, pound sterling, renminbi)

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Domestic Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010



◇ Dental business

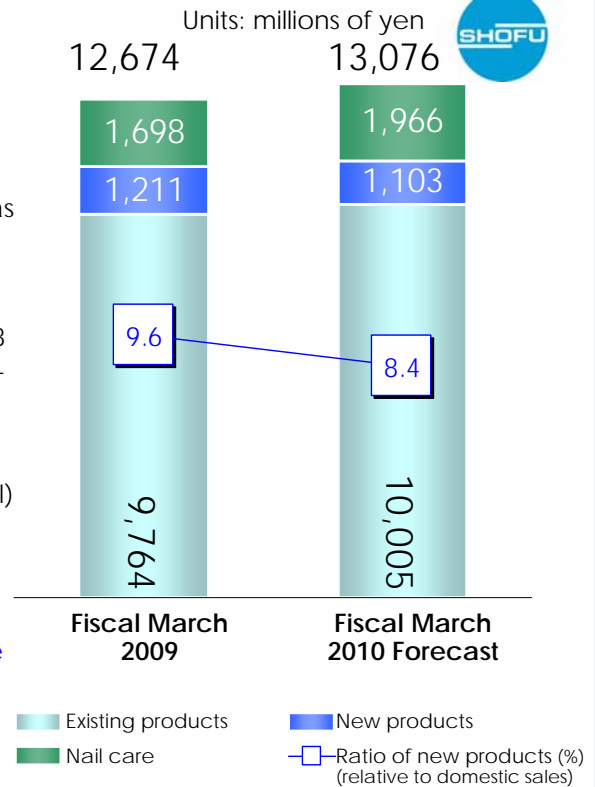
- In addition to investing in artificial teeth (hard resin teeth and new porcelain powders), the company will make its utmost efforts to ensure that recently introduced new products in areas such as chemical products, cements, and equipment penetrate the market fully.

◇ Nail care business

- The company expects sales to increase by 268 million yen due to the introduction of "LED GEL Presto," a new product.

◇ Major products recently introduced

- "Beautifill II," a photo-polymerization type composite resin (filling and restorative material)
- "FL-BOND II," a photo-polymerization type bonding material
- "Provincine Fast," an acrylic resin for various dental uses
- "EyeSpecial C-I," a digital oral imaging device
- "BeautiBond," a dentine bonding material
- "BlueShot," a LED dental polymerization lamp
- "BeautiCoat," a dental coating



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* "New products" in the graph are those introduced in the last three years. 21

Overseas Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010



◇ Summary

- Cautious outlook overall for areas other than China
- Growth rate on a local currency basis

North and Latin America	0.3%
Europe	1.6%
China	24.4%
Other Asian countries and Oceania	-8.9%
Total overseas sales	0.4%

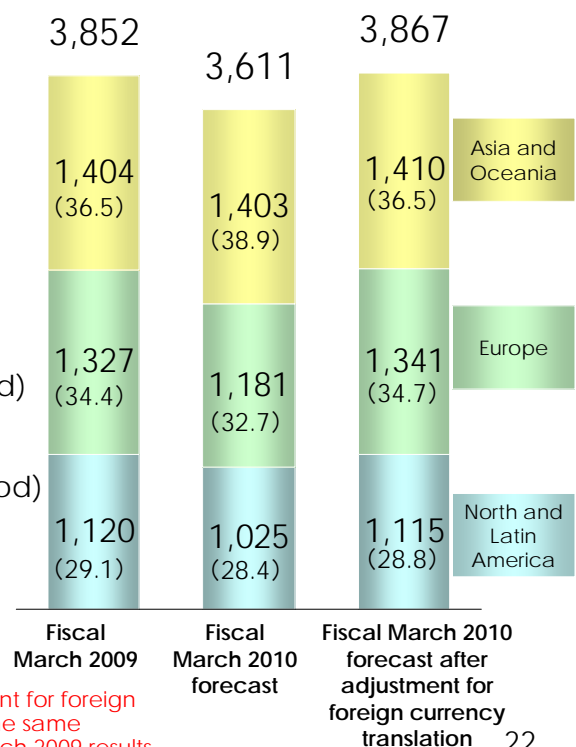
◇ Foreign exchange rates

- US dollar: 90 yen (98.23 yen in the previous period) (Effect: -85 million yen)
- Euro: 115 yen (129.84 yen in the previous period) (Effect: -160 million yen)

◇ (Dental business) Overseas sales ratio

- 24.3% (25.7% in the previous period) (25.6% after foreign currency translation adjustments)

Unit: millions of yen; figures in parentheses represent component ratio (%)



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* The "Fiscal March 2010 forecast after adjustment for foreign currency translation" is calculated based on the same foreign exchange rates used for the Fiscal March 2009 results.

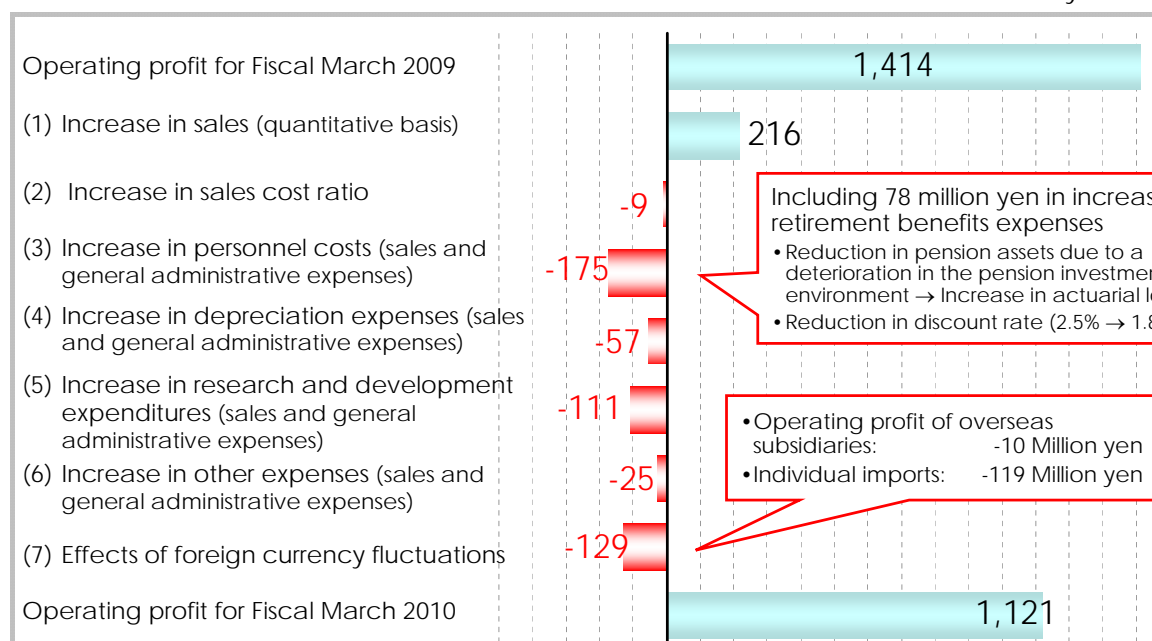
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Contributors to Change in Operating Profit

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010



Unit: Millions of yen



* The figures in items (1) to (6) do not incorporate the effects of foreign currency fluctuations.

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Financial Condition: Major Accounts in Balance Sheet

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010



Unit: Millions of yen

	Fiscal March 2009	Fiscal March 2010 Forecast	Changes	Major Contributors to Changes, Special Notes
Cash and deposits	4,694	5,556	861	Disposal of treasury stock, capital expenditures
Notes and bills receivable, Trade accounts receivable	2,490	2,510	19	
Inventory	3,146	2,995	-151	Capital expenditures
Securities, investment securities	2,843	2,672	-170	
Others	7,769	8,772	1,003	
Assets	20,944	22,506	1,562	
Long-term and short-term borrowings	1,020	1,020	0	
Reserve for retirement benefits and directors' retirement benefits	542	609	66	
Others	2,769	2,727	-41	
Liabilities	4,332	4,357	25	
Net worth	16,612	18,149	1,537	Disposal of treasury stock: 1,314 million yen
Total liabilities and net worth	20,944	22,506	1,562	
Capital adequacy ratio	79.3%	80.6%		
Net worth per share	1,164 yen	1,129 yen		

* The capital adequacy ratio and net worth per share forecasts for the fiscal year ending March 31, 2010, have been calculated based on figures for the number of shares and shareholder's equity that reflect the planned disposal of treasury stock through a third-party allocation.

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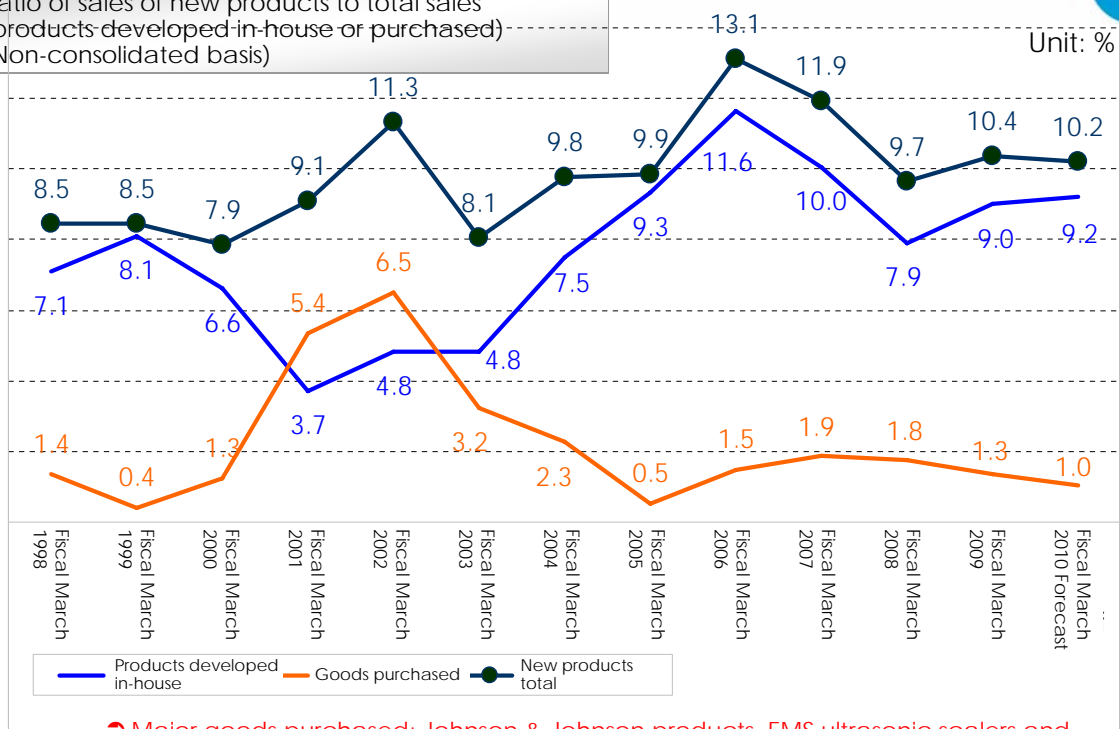
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Sales Trends for New Products

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010



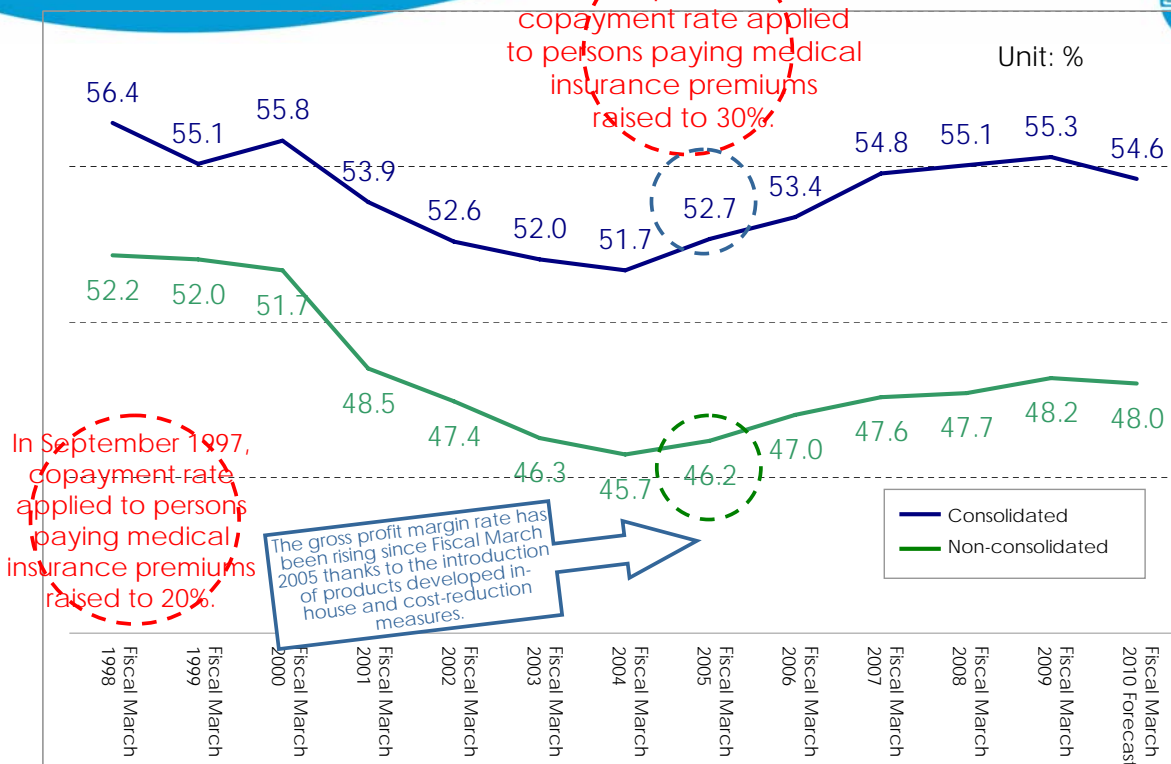
Ratio of sales of new products to total sales (products developed in-house or purchased) (Non-consolidated basis)



Major goods purchased: Johnson & Johnson products, EMS ultrasonic scalers and root canal treatment equipment (reamers/files)

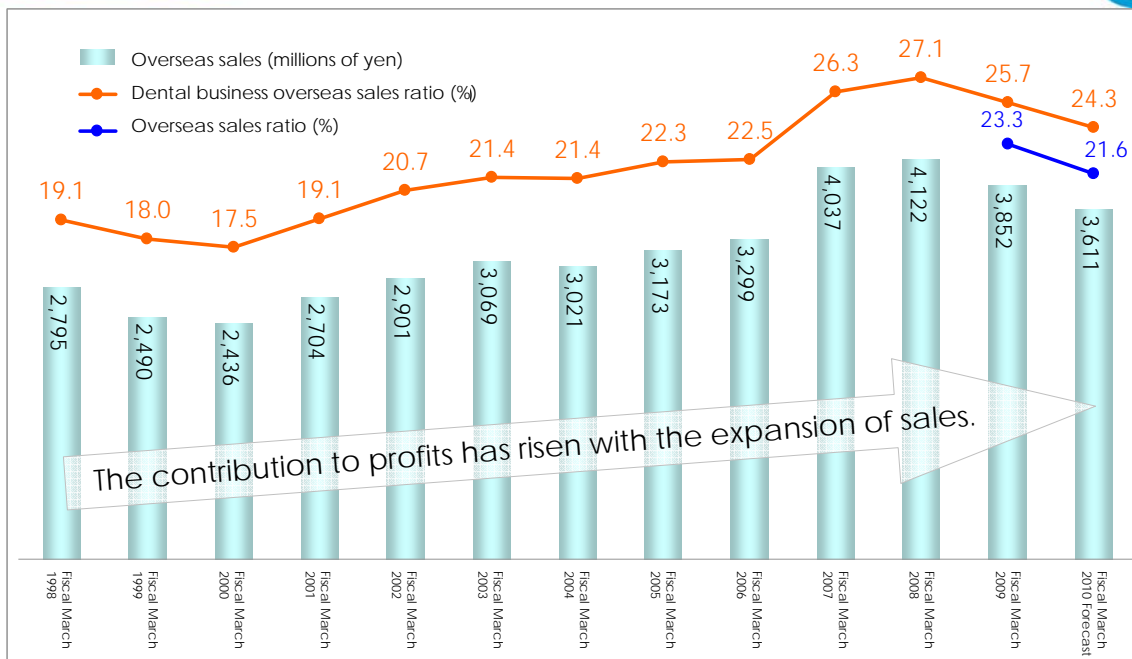
Gross Profit Margin Rates

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010



Overseas Sales and Overseas Sales Ratios

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010

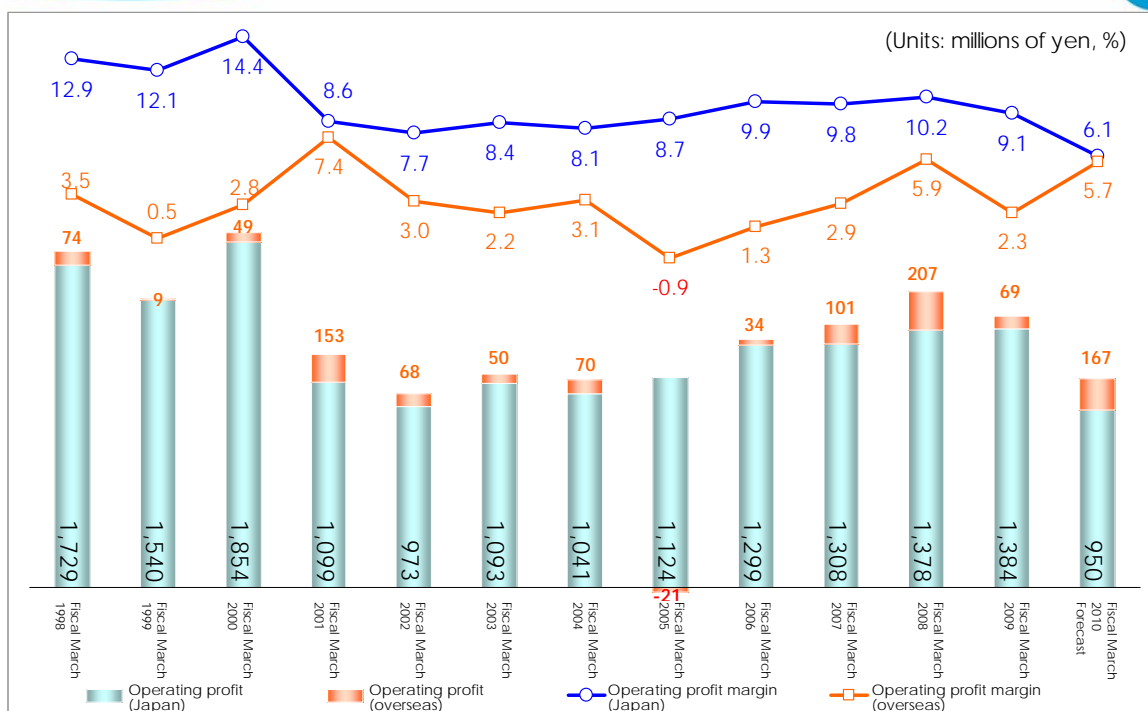


The contribution to profits has risen with the expansion of sales.

* The dental overseas sales ratio and overall overseas sales ratio are shown separately starting with the fiscal year ending March 31, 2009, since the acquisition of Nail Labo Co., Ltd. has had the effect of increasing domestic nail care business sales.

Operating Profit by Geographic Segment

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2010



* The profit and profit margin figures are before consolidation adjustment.

Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2009

Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2010

Future Business Environment and Medium- and
Long-term Business Strategies

New Vision for Medical Equipment/Technology Industry

Business Environment, Medium-
and Long-term Business
Strategies

September 19, 2008, Ministry of Health, Labour and Welfare

Providing innovative medical equipment developed in Japan
helps improve health/medical care standards for patients
worldwide

Creating an attractive
environment for the development
of medical equipment

Bolstering international
competitiveness

Changes in Environment

- Increasing sophistication and diversification of medical engineering technology and applications in cutting-edge medical care
- Progressing globalization and increasingly fierce competition
- Necessity of medical care safety measures
- Insured medical care
 - Increased medical care expenses
 - Domestic-overseas price differentials
 - Due diligence for innovative technologies
- Changes in public needs

Action Plan

- Support for R&D
- Support for venture companies
- Clinical trials and other clinical research
- Collaboration with Asia
- Improvements to pharmaceutical jurisprudence
- Due diligence for medical equipment/technology in medical insurance
- After-sale provision of appropriate information and services
- Greater efficiency and sophistication in distribution functions
- Computerization of medical care
- Public-private sector dialogue
- Other
 - Public education activities, support for overseas expansion
 - Qualitative improvement and utilization of clinical engineers
 - Upgrading of systems, to include establishment of specialist organizations to promote the medical equipment industry

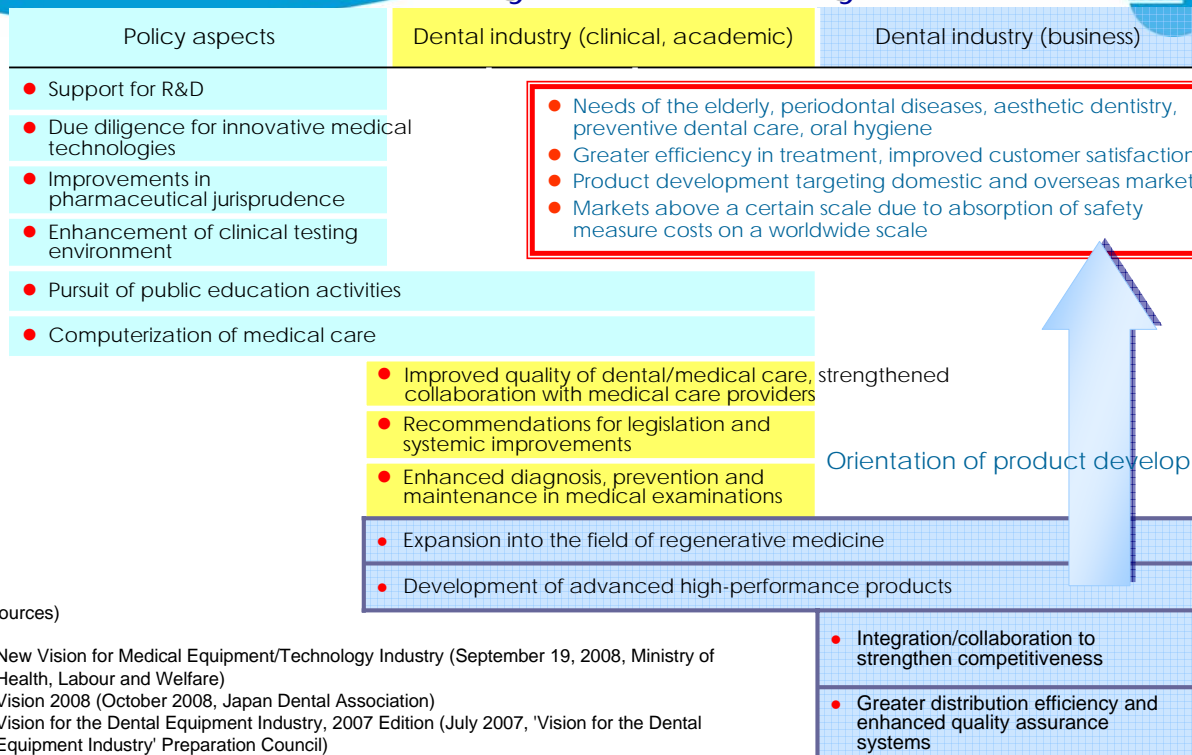
Many key ideas also
applicable to
dentistry

Perception of Business Environment – Demand, Policy, and Markets



	Positive factors	Negative factors
Aging population	<ul style="list-style-type: none"> • Increase in potential number of patients • Increase in remaining teeth due to greater preventive efforts and increased opportunities for treatment and examinations • Expanded demand from the perspective of preventing systemic illnesses 	<ul style="list-style-type: none"> • Decrease in overall population
Changes in dental disease	<ul style="list-style-type: none"> • Growing awareness and greater demand for aesthetic dentistry, preventive dental care and oral hygiene • Expansion of markets outside the scope of health care insurance (enhancement of fairness and individuality) 	<ul style="list-style-type: none"> • Reduced decay treatment resulting in lower consumption of relevant materials
Measures to curb medical expenditures	<ul style="list-style-type: none"> • Potential for growth in products and services that help rein in medical expenditures 	<ul style="list-style-type: none"> • Decrease in examinations due to higher copayments
Tighter safety regulations	<ul style="list-style-type: none"> • Weeding out of competitors through exposure of relative quality assurance levels 	<ul style="list-style-type: none"> • Cost increases
Industry-wide structure marked by oversupply		<ul style="list-style-type: none"> • Excessive competition stemming from oversupply of manufacturers, distributors, dental clinics, and dental technicians • Greater demand for lower prices from hospital management
Globalization of markets	<ul style="list-style-type: none"> • Improvements to R&D/product development capabilities via quality competition with overseas manufacturers 	<ul style="list-style-type: none"> • Increased intellectual property risk

Response to Business Environment, Issues to be Addressed by Dental Industry



(Sources)

- New Vision for Medical Equipment/Technology Industry (September 19, 2008, Ministry of Health, Labour and Welfare)
- Vision 2008 (October 2008, Japan Dental Association)
- Vision for the Dental Equipment Industry, 2007 Edition (July 2007, 'Vision for the Dental Equipment Industry' Preparation Council)



Functions that need strengthening

- Quality competitiveness
- Marketing power
- Price competitiveness

Company-wide goals and numerical Targets

- Strengthening global marketing functions as well as creating demand and increasing market share through new products and technologies

[Target: New product sales ratio of 15%]

- Restoring sales of artificial teeth through new products and expanding market share in the composite resin/bonding segment

[Target: Rank in top 3 in terms of market share.]

- Expanding overseas businesses

[Target: Dental business overseas sales ratio of 30%]

- Accommodating increasing demand and relocating production bases to cut costs

[Cost-cutting target: Cut the cost of in-house products by 20% compared to the fiscal year ending March 31, 2003.]

Restoring consolidated operating profit margin to 10%

Aiming to achieve a 15% consolidated operating profit margin over the long term

Specific Efforts – Research and Development



Quality competitiveness

Marketing power

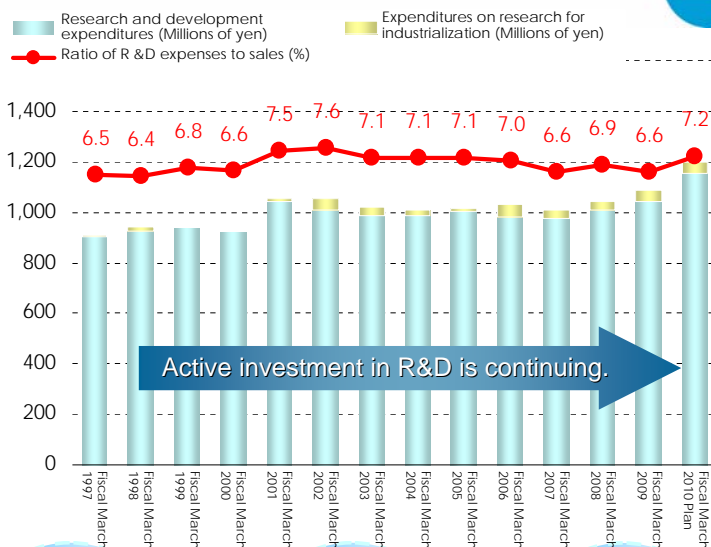
Price competitiveness

Provide value to customers

Create demand

Speed up and strengthen network

Maintain and enhance profitability and financial resources



Active investment in R&D is continuing.



Specific Efforts – Production

Succession and continuous improvement of production technology

- Pass on technologies to the next generation and work out labor-saving measures in order to cope with an increasing number of employees reaching retirement age.

Enhancement of efficiency in production and logistics and improvement of customer service

- Enhance efficiency in production and logistics through the introduction of new production systems
- Establish a system to ensure traceability in compliance with the Revised Pharmaceutical Affairs Law

Accommodation of increasing demand and relocation of production bases to cut costs

- Promote a cost-reduction project in each workplace

Effect of cost-rate reduction initiatives (actual reduction achieved in Fiscal March 2003 through Fiscal March 2009)
In-house production cost rate lowered by 7.0% or 534 million yen

Strengthening quality competitiveness

Strengthening price competitiveness

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



Specific Efforts – Domestic Business

Expansion of market share in existing product categories

- Artificial teeth
- Abrasives
- Filling and restorative dental materials
- Hard resin for crowns
- Luting and bonding materials

Key objective

Restoration of sales of artificial teeth through new products and expansion of market share in the composite resin/bonding segment (filling and restorative materials)

Market creation in new fields

- Aesthetic dentistry: (example) Tooth whitening, orthodontic dentistry
- Preventive dentistry, oral hygiene: (example) PMTC
- Regenerative medicine: (example) Commercialization of bone repairing materials
- Periodontal disease-related fields: (example) Diagnostic kit for periodontal disease
- Commitment to implant business

Raise awareness of customer orientation

Enhance marketing power

Implement flexible and efficient sales tactics

* PMTC (Professional Mechanical Tooth Cleaning)

Specific Efforts – Overseas Business



- ➔ **Americas**
 - Develop a new market for exports—Brazil and Mexico
 - Enhance efforts to work with dental equipment evaluation organizations.
- ➔ **Europe**
 - Enter the artificial teeth (resin teeth) market
 - Develop a new market in Eastern Europe
- ➔ **Asia**
 - Efforts to expand market share in China
 - ◆ Production: Commence export of artificial teeth and abrasives → Increase the number of production items
 - ◆ Sales: Increase the number of items for sale
 - Commence efforts to open up a market in India and Vietnam



[Key products]

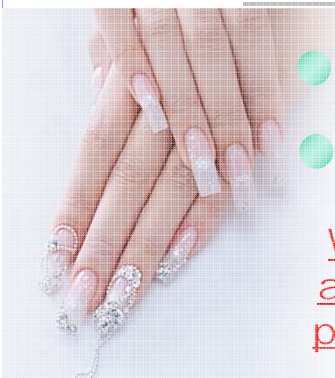
- Porcelain powder
- Hard resin for crowns
- Filling and restorative dental materials

Conduct simultaneous sales promotions worldwide for the GIOMER product line through the GIOMER Project.

Specific Efforts – Nail Care Business



- ➔ Acquisition of market share in the LED gel market with Presto
- ➔ Expansion of market share in overseas markets – U.S., Europe, South Korea, China
- ➔ Development of new materials and associated equipment and acquisition of market share
- ➔ Sales plan
 - 2.0 billion yen in the fiscal year ending March 31, 2010 → 2.3 billion yen in the fiscal year ending March 31, 2011 → 2.6 billion yen in the fiscal year ending March 31, 2012



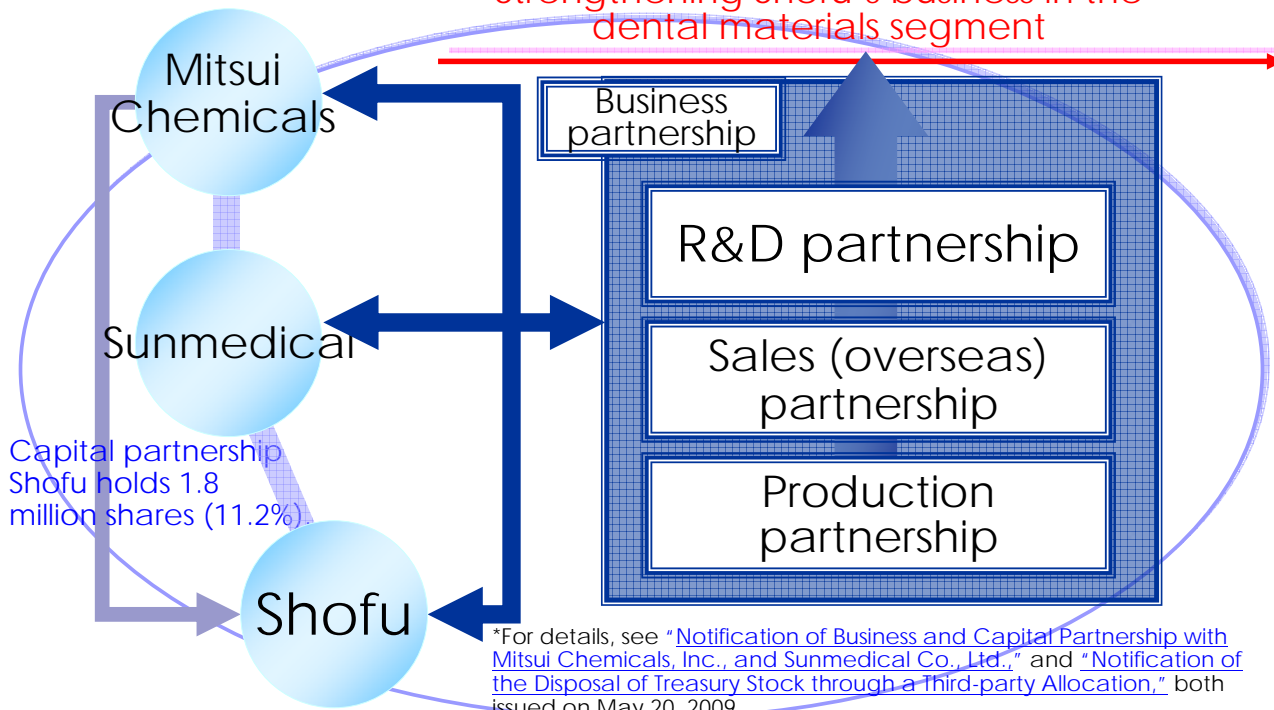
- Shares of Nail Labo Co., Ltd., the No. 3 trading company in the nail care industry, were acquired to make the company a Shofu subsidiary in February 2008 (total investment: approx. 1.1 billion yen).
- Establish an integrated system extending from development (Shofu) to production (Promech) and sales (Nail Labo).

Work to expand the nail business by taking advantage of Shofu's R&D capabilities and production technologies in dental materials.

Business and Capital Partnership with Mitsui Chemicals and Sunmedical



Strengthening Shofu's business in the dental materials segment



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Fiscal 2009 to 2011 Medium-term Business Plan: Company-wide Goals

Business Environment, Medium- and Long-term Business Strategies



Goals to fulfill by the fiscal year ending March 31, 2012

Reach 18.0 billion yen in global sales.

- Strengthening global marketing functions as well as creating demand and increasing market share through new products and technologies
[Target: New product sales ratio of 15%]
- Restoring sales of artificial teeth through new products and expanding market share in the composite resin/bonding segment
[Target: Rank in top 3 in terms of market share.]
- Expanding overseas businesses
[Target: Dental business overseas sales ratio of 30%]
- Accommodating increasing demand and relocating production bases to cut costs
[Cost-cutting target: Cut the cost of in-house products by 20% compared to the fiscal year ending March 31, 2003.]

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Medium-term Business Plan – Principle Targets

Business Environment, Medium- and Long-term Business Strategies



★...Record

Unit: Millions of yen, %

	Fiscal March 2009 (Results)	Fiscal March 2010	Fiscal March 2011	Fiscal March 2012
Sales	★ 16,526	★ 16,687	★ 17,357	★ 18,174
(Compared to previous fiscal year)	(8.6%)	(1.0%)	(4.0%)	(4.7%)
Domestic sales	★ 12,674	★ 13,076	★ 13,411	★ 13,915
(Compared to previous fiscal year)	(14.3%)	(3.2%)	(2.6%)	(3.8%)
Overseas sales	3,852	3,611	3,945	★ 4,258
(Compared to previous fiscal year)	(-6.5%)	(-6.3%)	(9.3%)	(7.9%)
Operating profit	1,414	1,121	1,371	1,749
(Percentage of sales)	(8.6%)	(6.7%)	(7.9%)	(9.6%)
Ordinary profit	1,313	1,041	1,295	1,671
(Percentage of sales)	(7.9%)	(6.2%)	(7.5%)	(9.2%)
Net profit	793	677	798	★ 1,044
(Percentage of sales)	(4.8%)	(4.1%)	(4.6%)	(5.7%)
Net profit per share	55.57yen	42.18yen	49.70yen	64.99yen
Return on equity	4.7%	3.9%	4.3%	5.5%
(Dental business) Overseas sales ratio	25.7%	24.3%	25.7%	26.5%

*The net profit per share and return on equity forecasts for the fiscal year ending March 31, 2010, have been calculated based on figures for the number of shares and shareholder's equity that reflect the planned disposal of treasury stock through a third-party allocation.

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Medium-term Business Plan by Segment (Sales and Operating Profits)

Business Environment, Medium- and Long-term Business Strategies



Unit: Millions of yen, %

	Fiscal March 2009 (Results)		Fiscal March 2010		Fiscal March 2011		Fiscal March 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Dental business	14,673	88.8	14,566	87.3	14,959	86.2	15,479	85.2
Nail care business	1,773	10.7	2,035	12.2	2,308	13.3	2,602	14.3
Other businesses	79	0.5	85	0.5	90	0.5	92	0.5
Sales	16,526	100.0	16,687	100.0	17,357	100.0	18,174	100.0
Dental business	1,359	9.3	991	6.8	1,171	7.8	1,478	9.5
Nail care business	37	2.1	110	5.4	178	7.8	249	9.6
Other businesses	17	21.5	19	22.6	20	23.1	21	23.3
Operating profit	1,414	8.6	1,121	6.7	1,371	7.9	1,749	9.6

Medium-term Business Plan by Region (Sales and Operating Profits)



Unit: Millions of yen, %

		Fiscal March 2009 (Results)	Fiscal March 2010	Fiscal March 2011	Fiscal March 2012
Japan	Sales	15,214	15,463	16,089	16,805
	Operating profit	1,384	950	1,108	1,394
	Percentage of sales	(9.1%)	(6.1%)	(6.9%)	(8.3%)
Americas	Sales	1,092	1,026	1,115	1,205
	Operating profit	24	37	84	127
	Percentage of sales	(2.3%)	(3.6%)	(7.6%)	(10.6%)
Europe	Sales	1,466	1,291	1,320	1,351
	Operating profit	-2	64	74	82
	Percentage of sales	(-0.2%)	(5.0%)	(5.7%)	(6.1%)
Asia	Sales	524	615	781	942
	Operating profit	47	65	99	140
	Percentage of sales	(9.1%)	(10.7%)	(12.7%)	(14.9%)
Overseas total	Sales	3,083	2,933	3,217	3,499
	Operating profit	69	167	259	350
	Percentage of sales	(2.3%)	(5.7%)	(8.1%)	(10.0%)
Total before consolidation adjustment	Sales	18,298	18,397	19,307	20,305
	Operating profit	1,454	1,117	1,367	1,745
	Percentage of sales	(7.9%)	(6.1%)	(7.1%)	(8.6%)

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Medium-term Business Plan Capital Expenditures, Depreciation Costs, R&D Expenses



Unit: Millions of yen

	Fiscal March 2009 (Results)	Fiscal March 2010	Fiscal March 2011	Fiscal March 2012
Capital expenditures	1,352	1,418	593	618
Depreciation costs	635	744	768	794
(of which goodwill amortization)	89	89	89	89
R&D expenses	1,041	1,153	1,139	1,182

◇ Breakdown of principle components of the Capital Expenditures Plan for the fiscal year ending March 31, 2010

- Development of logistics bases: 712 million yen
- Development of sales base functions: 178 million yen

◇ Projects not included in the Medium-term Business Plan (issues for future consideration):

- West Japan Logistics Center
- Expansion and relocation of production bases, including the Head Office Plant as well as domestic and overseas manufacturing subsidiaries
- Group main system
- Nail care business

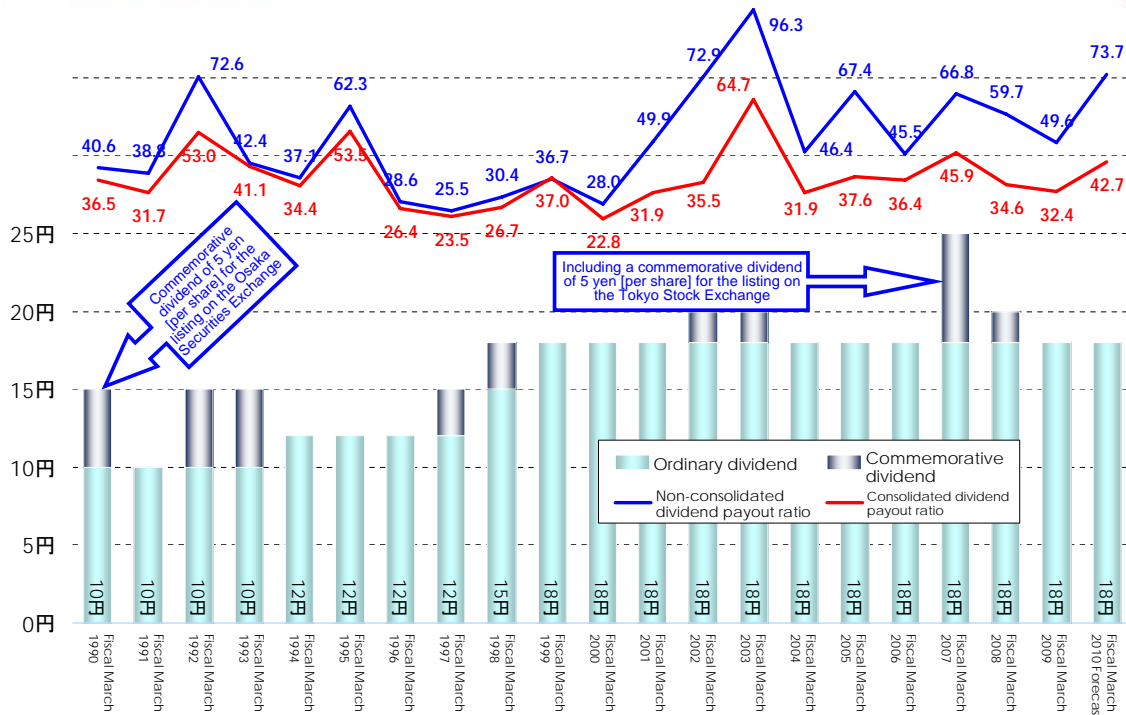
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Dividend Policy

- Target dividend payout ratio: More than 30%
- Average consolidated dividend payout ratio since listing: 34.6% (Weighted average from Fiscal March 1990 to March 2009)

Business Environment, Medium- and Long-term Business Strategies



* Dividend payout ratio forecasts for the fiscal year ending March 31, 2010, have been calculated based on figures for the number of shares and shareholder's equity that reflect the planned disposal of treasury stock by a third-party allocation.

New Management Team (Managing Director and Above)



*The following team will be officially approved at a Board of Directors meeting following the Annual Shareholders' Meeting on June 25, 2009 (tentative).

New position	Name	(Age)	Current position
Chairman (Representative Director)	Katsuya Ohta	(64 years old)	President (Representative Director)
President (Representative Director)	Noriyuki Negoro	(53 years old)	Managing Director
Vice President (Representative Director)	Yoshikazu Wakino	(63 years old)	Executive Director (Representative Director)
Vice President	Fumio Shirahase	(65 years old)	Executive Director
Executive Director	Toshiaki Seki	(62 years old)	Managing Director
Managing Director	Yoshinao Nishida	(58 years old)	Managing Director



Forecasts in this document are based on information and data available at the time of release as well as on assumptions concerning uncertain factors that might affect the company's future business performance. Depending on various factors, actual business performance could differ substantially from the forecasts contained in this document.

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Contact: Corporate Planning Department



The pages below are provided only for your reference.
The information on these pages will not be covered in the financial analysis meeting.

SHOFU and Its Operations (Summary of the Company Profile and Its Businesses)

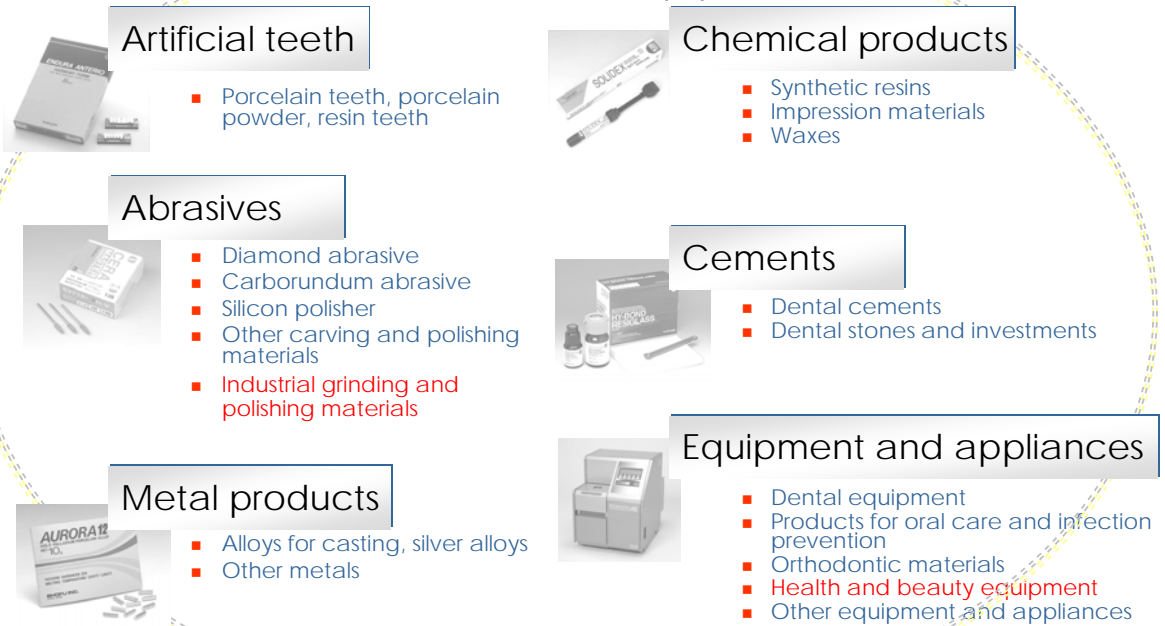
Company Profile

(As of March 31, 2009)

■ Company name	SHOFU Inc.
■ Representative	Katsuya Ohta, President and CEO
■ Address	11 Kamitakamatsu-cho, Fukuine, Higashiyama-ku, Kyoto 605-0983, Japan
■ Date of establishment	May 15, 1922
■ Capital	4,474,646,614 yen
■ Total outstanding shares:	16,114,089
■ Listed exchanges	Second Section of Tokyo Stock Exchange (date listed: February 15, 2007) Second Section of Osaka Securities Exchange (date listed: November 9, 1989)
■ Number of employees	428 (entire group: 760, including 206 in overseas subsidiaries)
■ Business	Manufacture and sale of dental materials and equipment
■ Main customers	Dental institutions (via sales agencies)
■ Number of group companies	11 (four in Japan, seven overseas) Dental companies: 9 (three in Japan, six overseas) Nail care companies: 2 (one in Japan, one overseas)

Main Products

The company manufactures and markets a wide range of dental materials and equipment.



The company's products are designed for use in dental care and treatment.

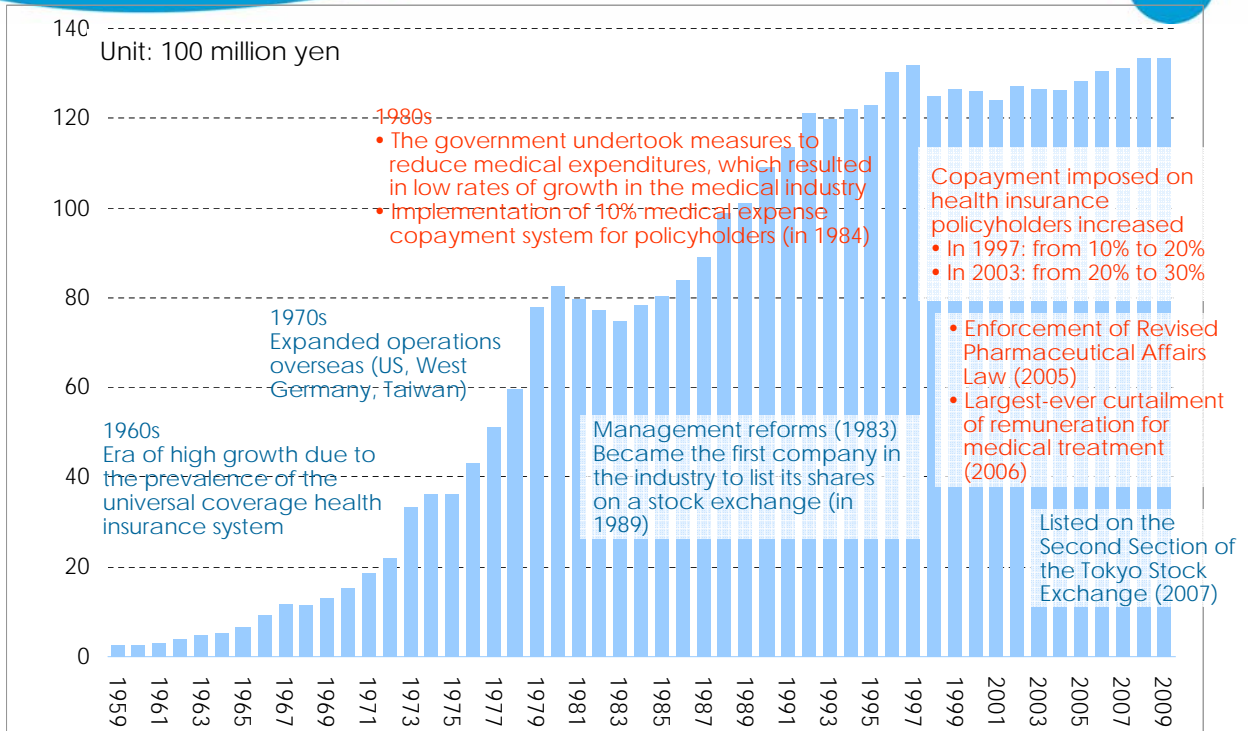
Please refer to "Product Profiles" attached to this document.

Corporate History



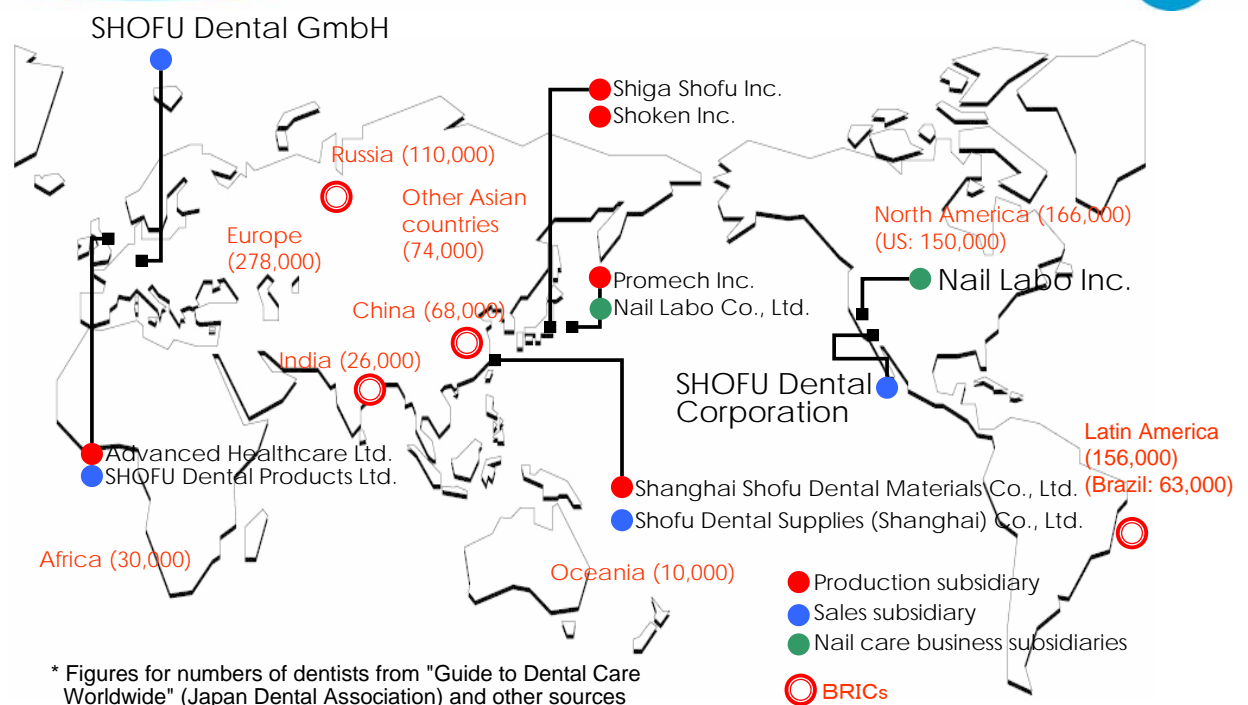
• 1922	Shofu Dental Manufacturing Co., Ltd. founded and commenced the manufacture and sale of Japan's first artificial teeth.
• 1963	Shofu shares listed on the over-the-counter market.
• 1971~1978	Established sales subsidiaries in the U.S. and West Germany. Started overseas production (in Taiwan). Established Shiga Shofu Inc. as a manufacturing facility for resin teeth.
• 1983	Changed the company name to SHOFU Inc. Commenced management reforms.
• 1989	Shofu's shares listed on the Second Section of the Osaka Securities Exchange (in 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 Liaison Office in Shanghai, China.
• 1997	Established the industry's largest research facility as a part of a project to commemorate Shofu's 75th anniversary.
• 2002~2003	Celebrated the company's 80th anniversary (in May 2002). Established Liaison Office in Beijing, China. Obtained ISO 14001 (Environmental Management System) certification (both for the headquarters and all group companies). Established Shanghai Shofu Dental Materials Co., Ltd., a production facility in China.
• 2005	Acquired Shoken Inc. as a wholly owned subsidiary through a share exchange. Established Shofu Dental Supplies (Shanghai) Co., Ltd., a sales facility in China.
• 2006	Training Center designed to promote customers service completed (in August).
• 2007	Celebrated the company's 85th anniversary. Shofu's shares listed on the Second Section of the Tokyo Stock Exchange (in February).
• 2008	Acquired and turned Nail Labo Co., Ltd. into a subsidiary. Acquired 1.6 million of the company's own shares in accordance with the purchase of the company's own shares scheme in the J-NET market of the Osaka Securities Exchange.
• 2009	Reached basic agreement concerning business and capital partnership with Mitsui Chemicals, Inc., and Sunmedical Co., Ltd. Will transfer 1.8 million shares of treasury stock to Mitsui Chemicals, Inc., through a third-party allocation (tentative). Will be delisted from the Osaka Securities Exchange (tentative).

Corporate History - Sales

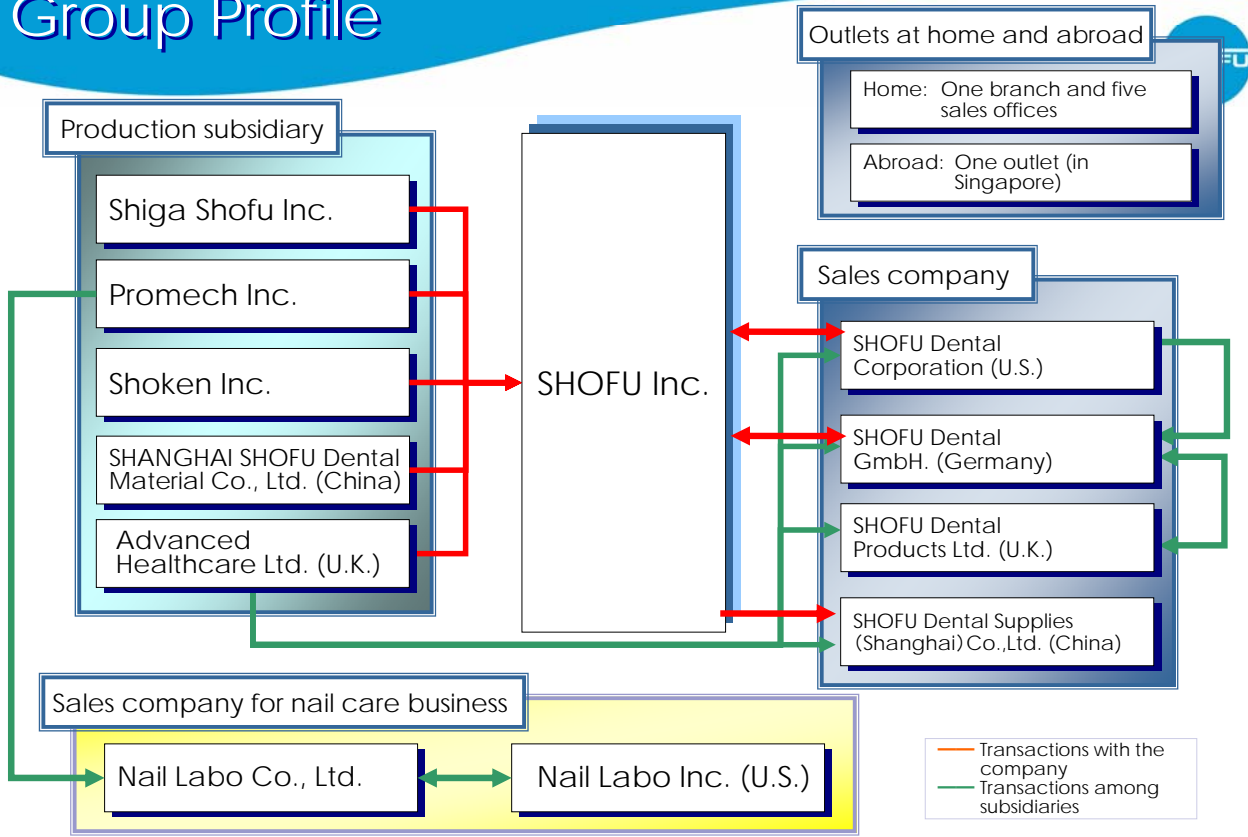


(Note) Figures shown in the graph are non-consolidated sales. 53

Group Profile and Number of Dentists Worldwide

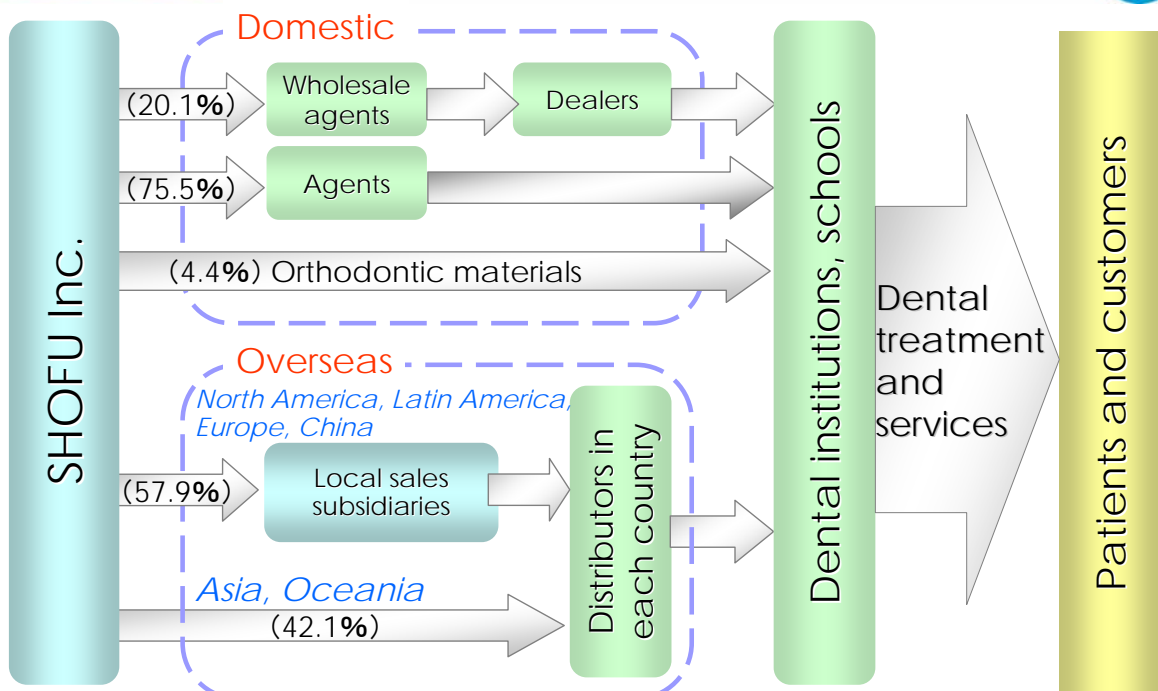


Group Profile



SHOFU INC.

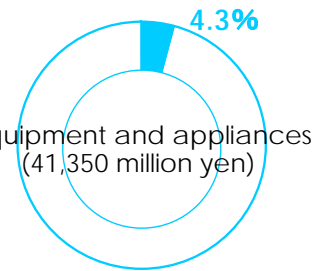
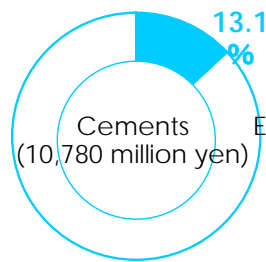
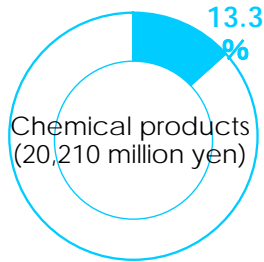
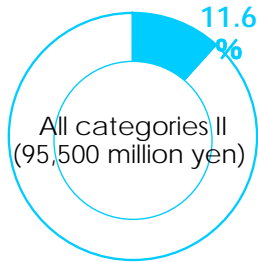
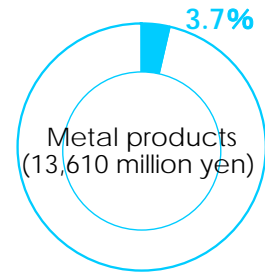
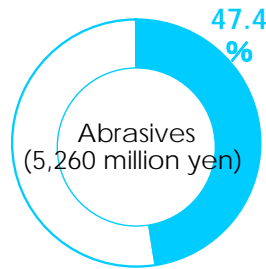
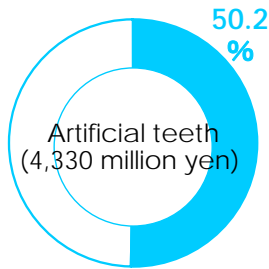
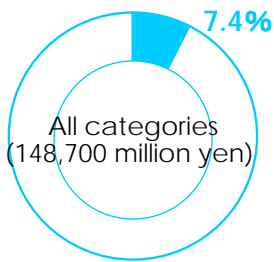
Sales Channels



Figures in parentheses represent each sales channel as percentage of total sales (Non-consolidated figures as of Fiscal March 2009).

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Market share by product category



"All categories" includes "gold-silver-palladium alloy" and "machines and equipment for dental clinics." "All categories II" and other categories do not include "gold-silver-palladium alloy" and "machines and equipment for dental clinics."

Source: Production Statistics issued by the Pharmaceutical Industry (Manufacturers' shipment values), Ministry of Health, Labour and Welfare (Domestic data, Calendar Year 2006) Figures in parentheses represent market size.



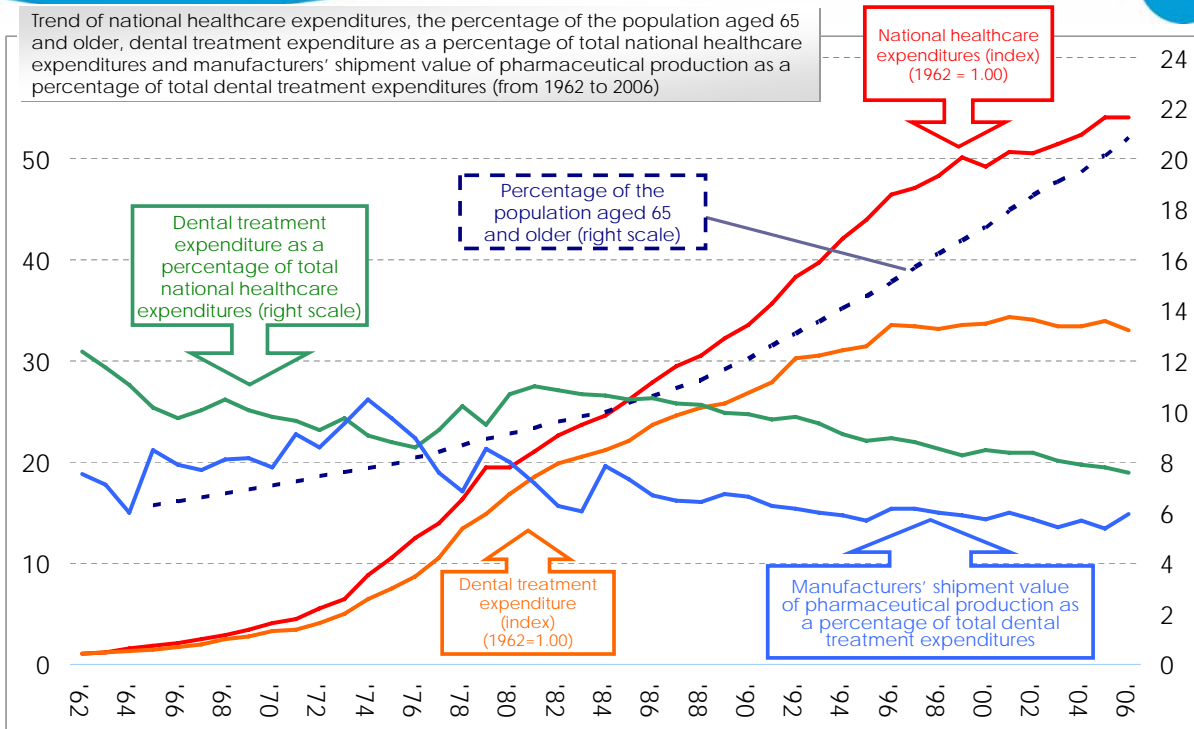
Reference < Dentistry Data >

Long-term Trend of Dentistry-Related Statistics

Reference <Dentistry Data>



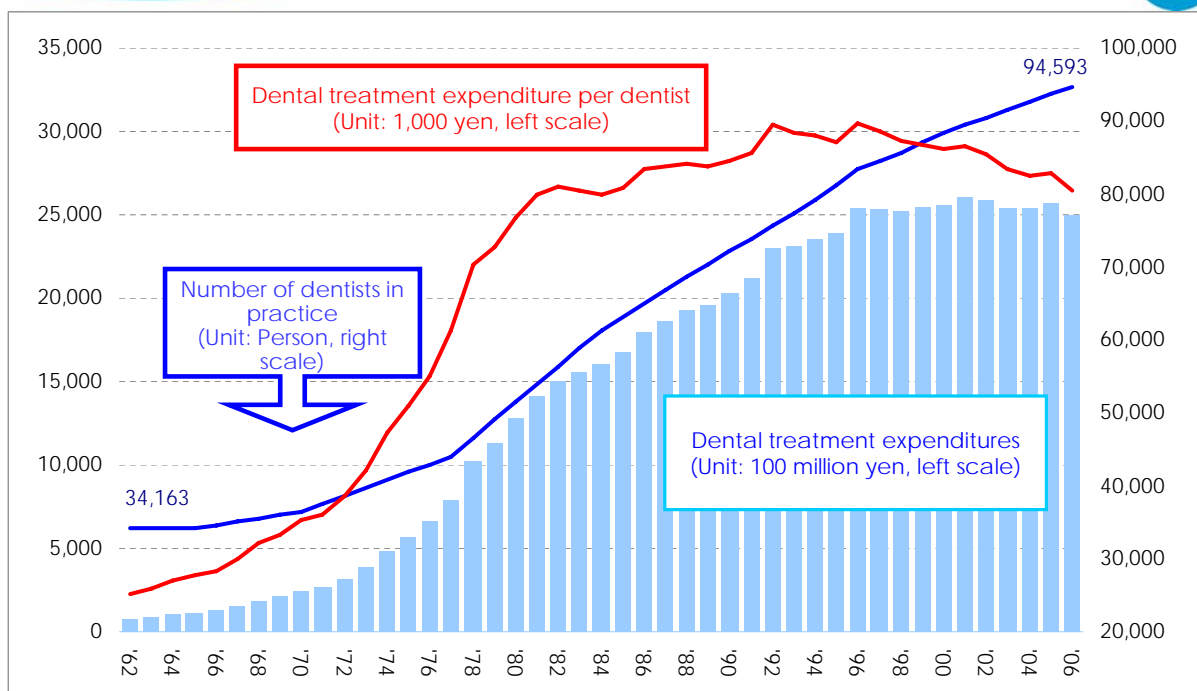
Trend of national healthcare expenditures, the percentage of the population aged 65 and older, dental treatment expenditure as a percentage of total national healthcare expenditures and manufacturers' shipment value of pharmaceutical production as a percentage of total dental treatment expenditures (from 1962 to 2006)



Prepared using yearly data from Summary of National Healthcare Expenditures, Production Statistics issued by the Pharmaceutical Industry (Ministry of Health, Labour and Welfare)

Trend of the Number of Dentists and Dental Treatment Expenditure

Reference <Dentistry Data>



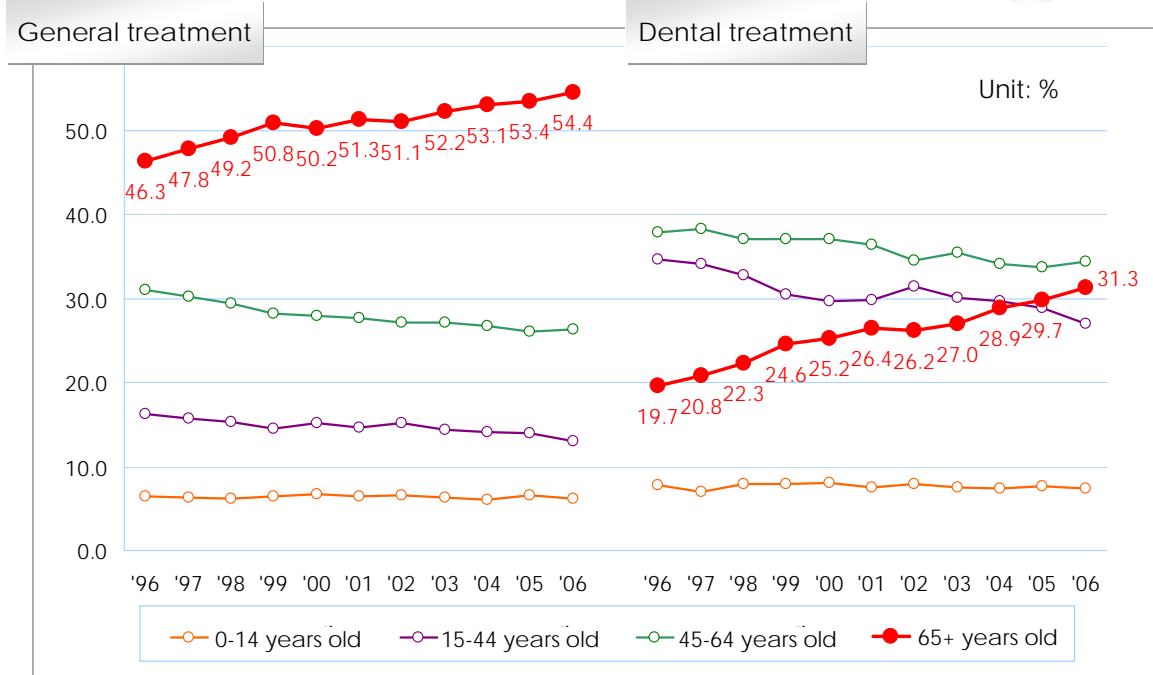
Prepared using yearly data from Summary of National Healthcare Expenditures, Survey on Doctors, Dentists and Pharmacists (Ministry of Health, Labour and Welfare)

Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>



People aged 65 years and older tend to place less importance on dental treatment than general medical treatment.

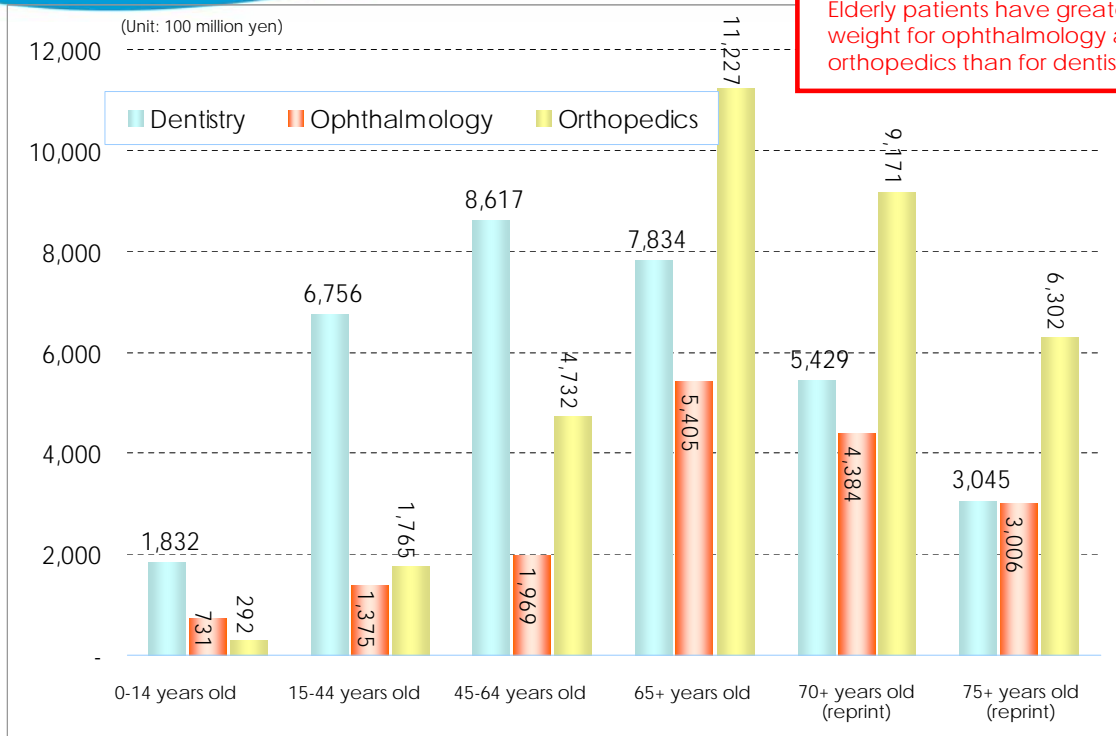


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Prepared using yearly data from Summary of National Healthcare Expenditures (Ministry of Health, Labour and Welfare)

Comparison of Healthcare Expenditures by Age Group - Dentistry, Ophthalmology and Orthopedics

Reference <Dentistry Data>



Elderly patients have greater weight for ophthalmology and orthopedics than for dentistry.

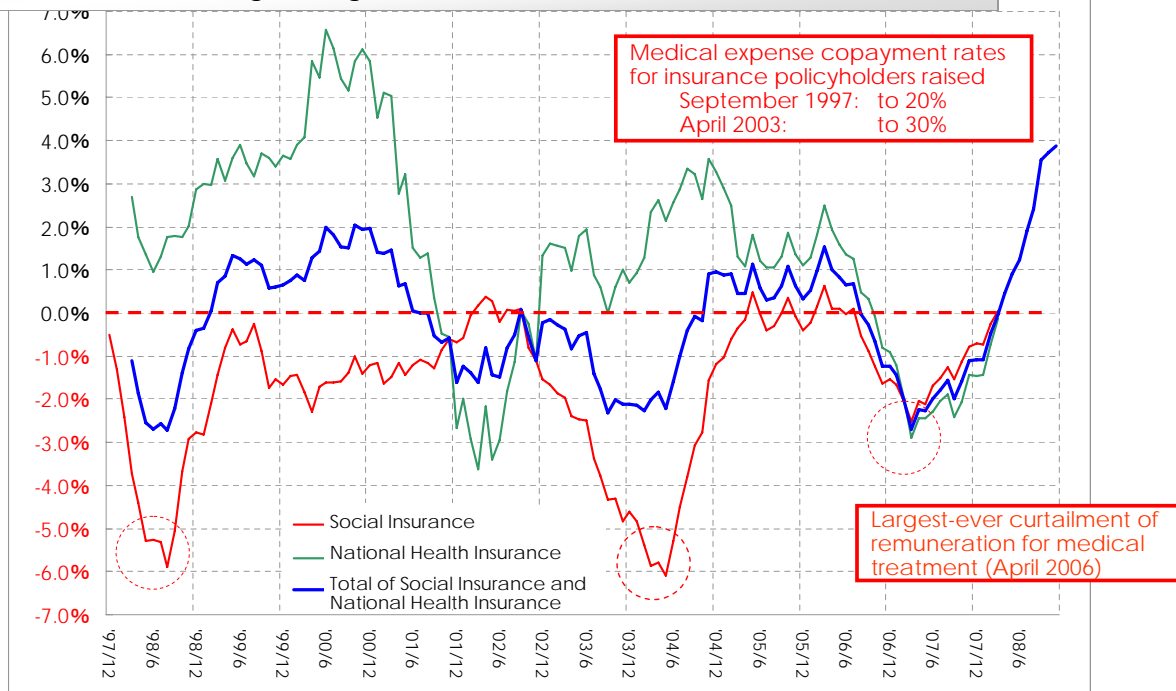
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Prepared using Summary of National Healthcare Expenditures in Fiscal Year 2006 (Ministry of Health, Labour and Welfare)

Dental Treatment Expenditures



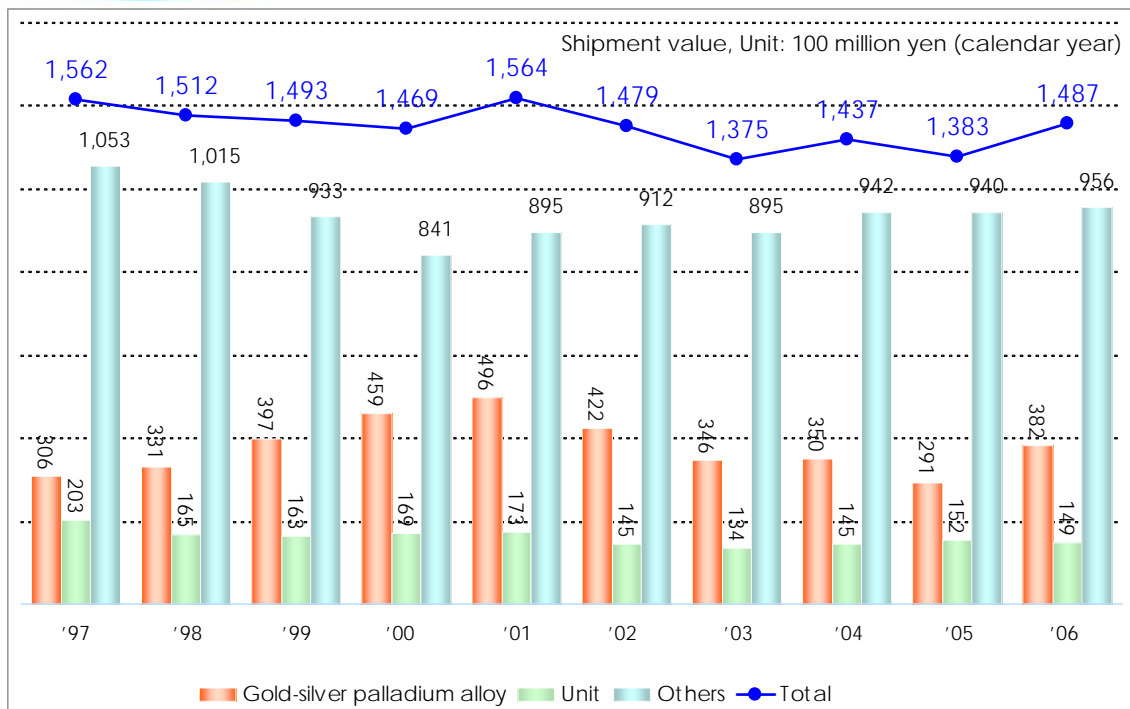
Year-on-year comparison of amount paid by dental health insurance (deviation from 12-month moving average) from December 1997 to November 2008



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Prepared using data from the Social Insurance Medical Fee Payment Fund and from the "Trend of National Health Insurance Expenditures" issued by the All-Japan Federation of National Health Insurance Organizations

Trend of Shipment Value of Pharmaceutical Industry Production



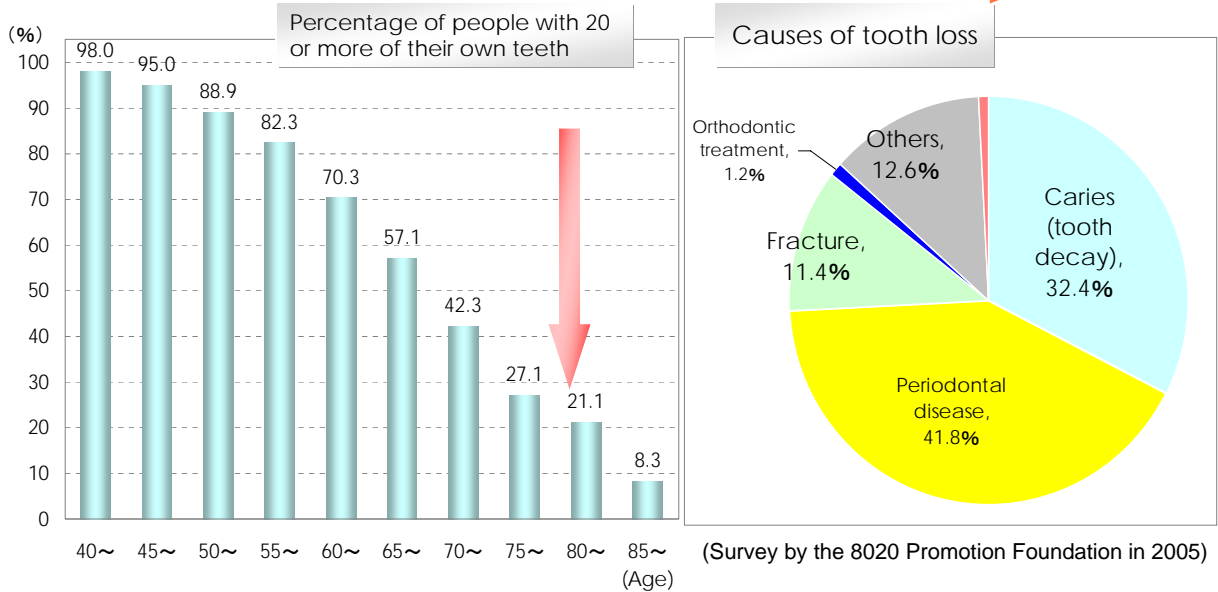
SHOFU INC.

Prepared using data from Production Statistics issued by the Pharmaceutical Industry (Manufacturers' shipment values), (Year Book for each year), released by the Ministry of Health, Labour and Welfare

The 8020 Movement and Changes in Dental Diseases



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

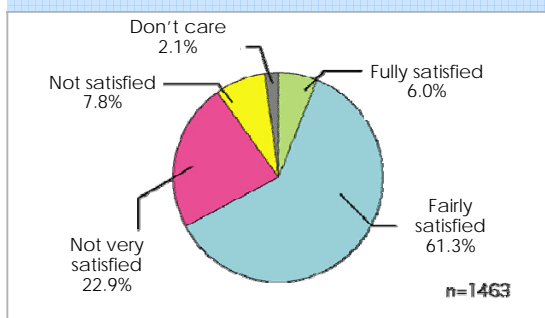


Perception of Dental and Oral Health

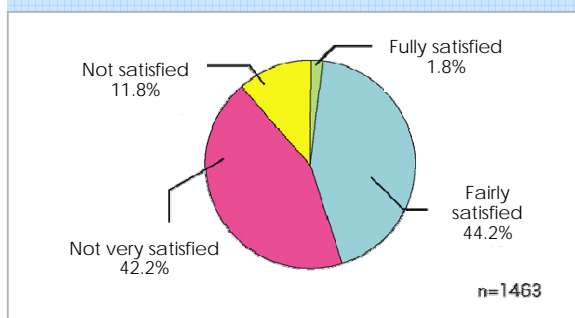


Source: Fiscal 2007's Dental Equipment Industry Vision (References)

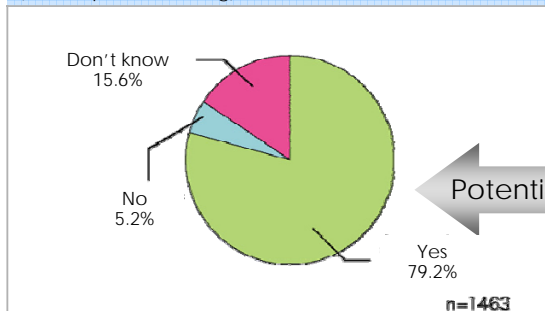
Are you satisfied with your physical health?



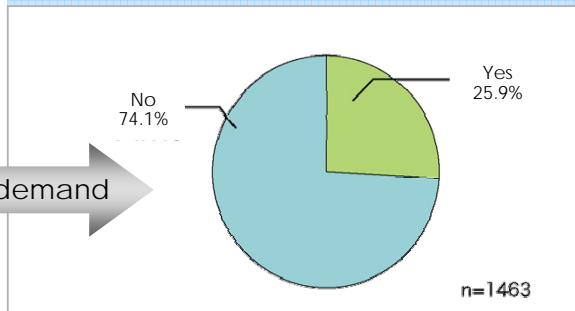
Are you satisfied with your oral health?



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

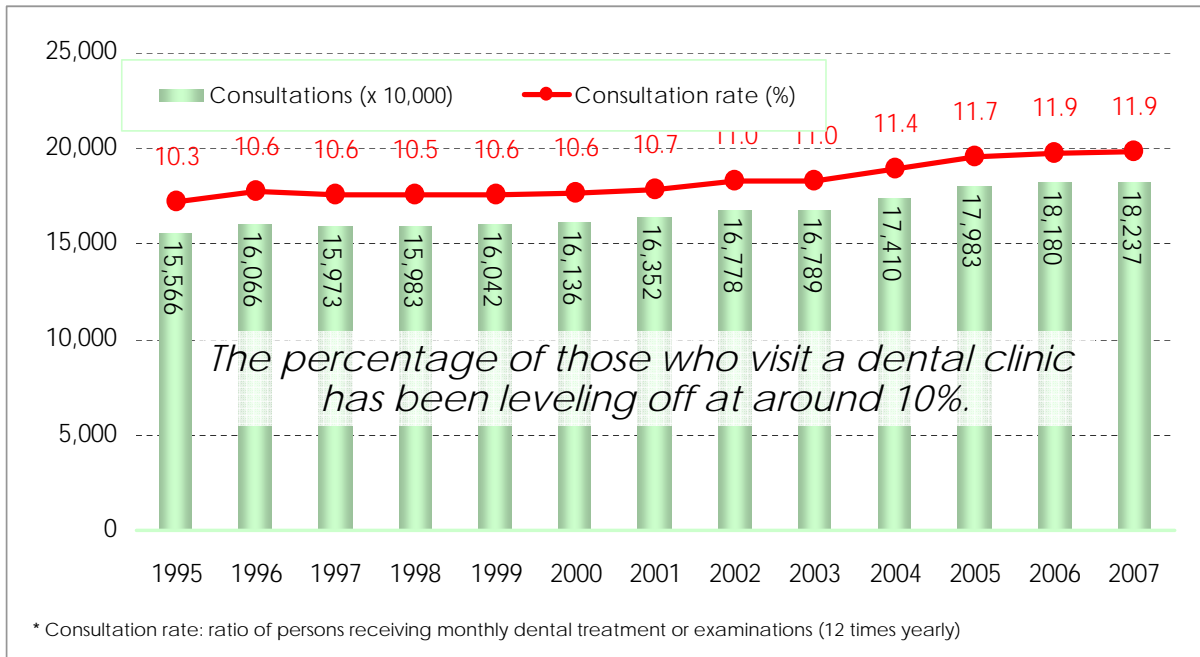


Do you actually receive regular dental care?

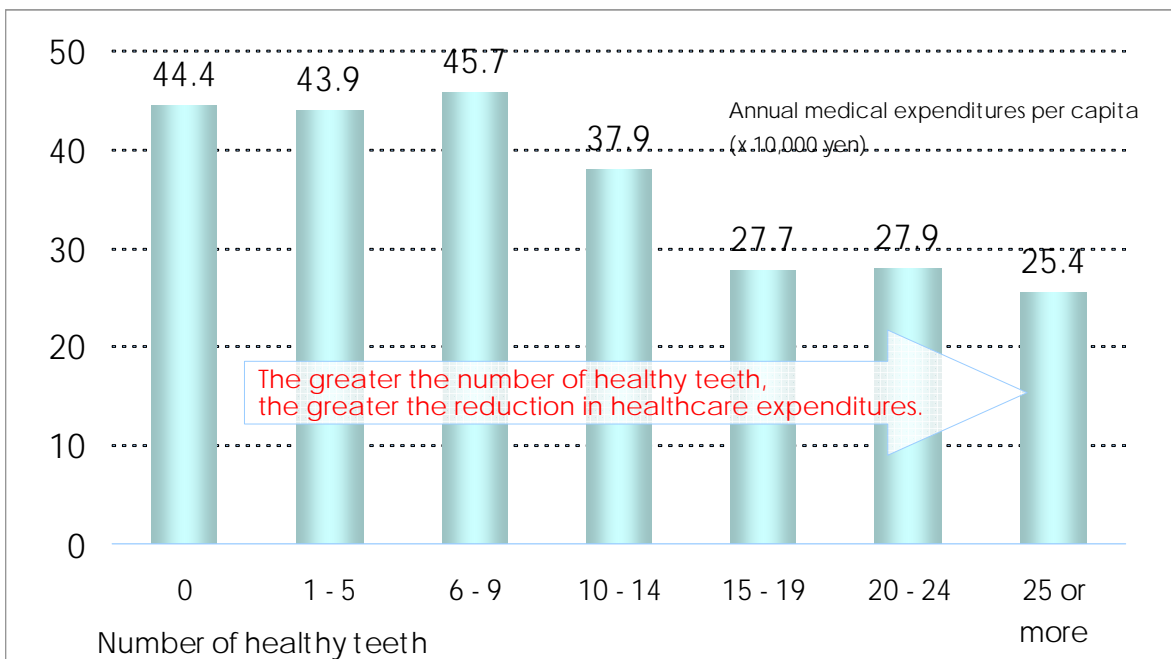


Potential demand

Dental Clinic Consultation Rates



Correlation between Number of Healthy Teeth and Healthcare Expenditures



Prepared on the basis of "Correlation between Oral Hygiene Status of Elderly Persons and Healthcare Expenditures," a paper published in 2003 by Kazumune Arikawa, a full-time instructor at the Nihon University School of Dentistry at Matsudo
 Subjects surveyed: 954 persons aged 80 living independently (392 men, 562 women)

Trend in the North American Market



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 those who make regular visits to dental clinics	54%	16%
Number of dentists (per 1,000 persons)	0.6 person	0.7 person
Population (per dentist)	1,670 person	1,430 person

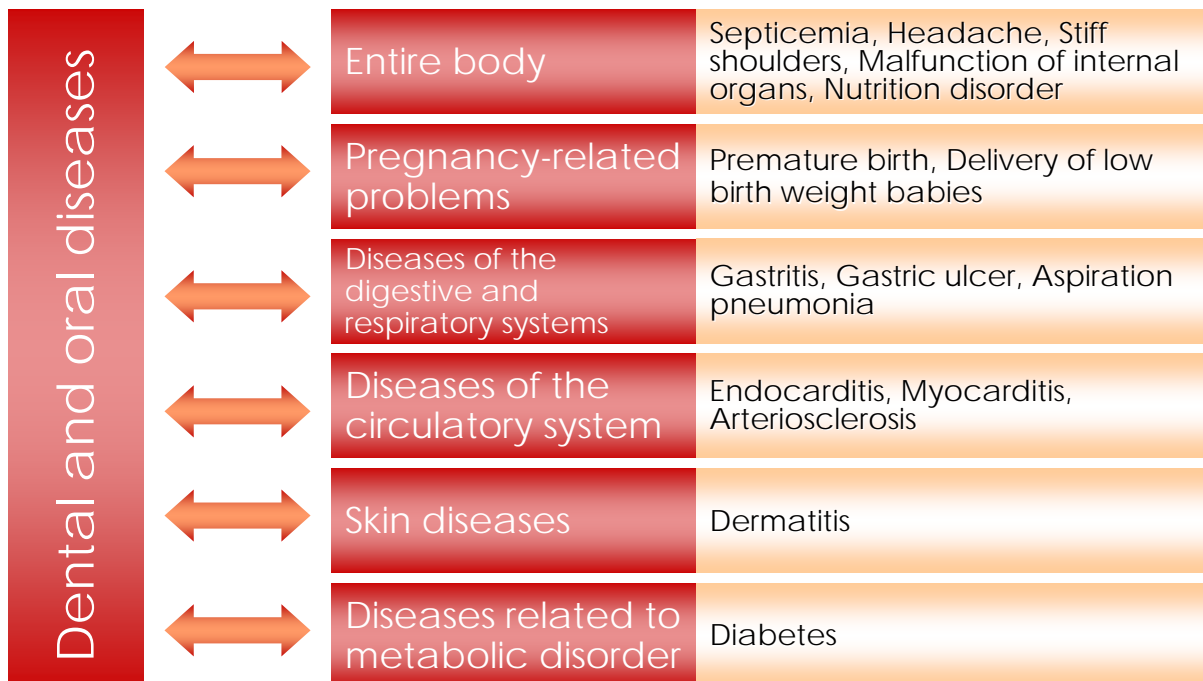
[WHO says that one dentist per 2,000 persons is the appropriate ratio. Appropriate ratio of dentist to population according to WHO: 1:2,000]

Source:

* Health and Welfare Survey in 1999 conducted by the Ministry of Health, Labour and Welfare and a 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)

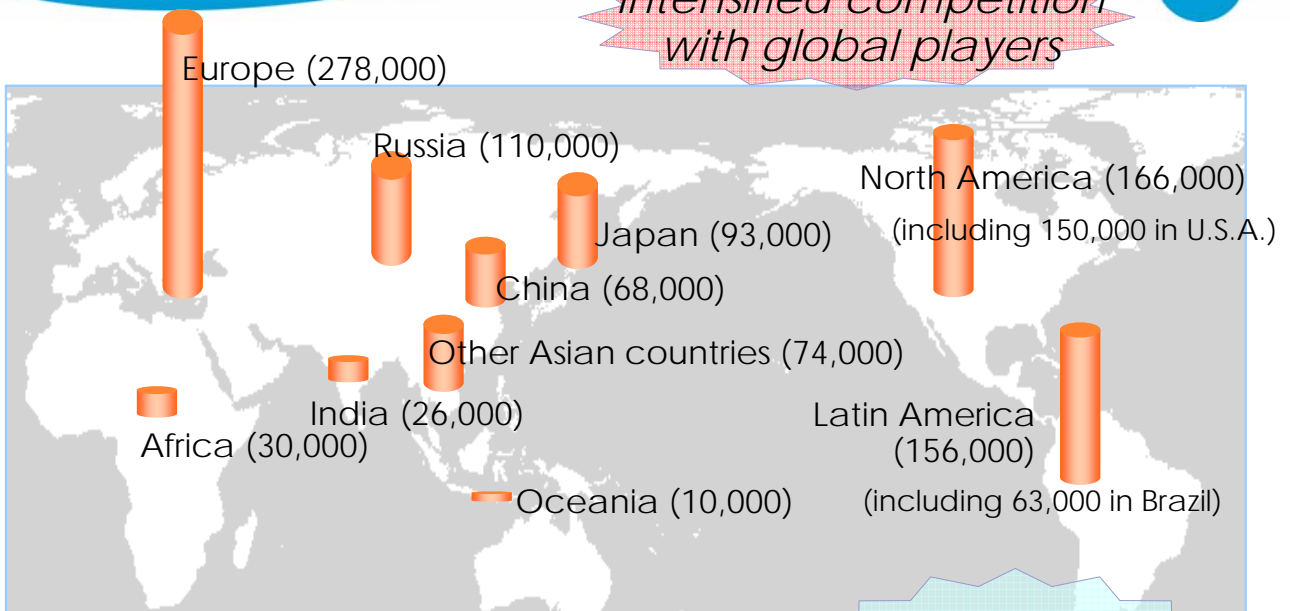
Systemic Diseases Caused by Caries and Periodontal Disease



Number of Dentists in the World



Intensified competition with global players



◆Source:
 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 – “Dental Equipment Industry Vision in Fiscal 2007” (Council for Compiling Dental Equipment Industry Vision)

Number of dentists in the world:
 Approx. 1 (one) million
 Estimated market size:
 Approx. 2 (two) trillion yen