



**Fiscal Year Ended March 2012 (140th
Business Year)**

Financial Analyst Meeting

May 25, 2012





Contents of Today's Presentation

- ➔ **Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2012**
- ➔ **Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013**
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Director/President Noriyuki Negoro

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Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2012

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013

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

Summary of Business Performance

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2012



■ Positive factors ■ Negative factors

P/L

⇒ Sales totaled 15,985 million yen (an increase of 1.7%).

Domestic sales totaled 12,188 million yen (an increase of 1.2%).

- Sales in the dental business rose 1.2% as a recovery in existing flagship products and the addition of new products led to robust sales of artificial teeth and chemical products.
- Sales in the nail care business rose 0.8% due to factors including in-house brand product quality improvements and cost reductions as well as the introduction of new products.

Overseas sales totaled 3,797 million yen (an increase of 3.5%).

- ■ Despite the negative impact of foreign exchange fluctuations (which totaled 117 million yen), overall overseas sales rose 3.5% on strength in Asia.

⇒ Operating profits totaled 997 million yen.

- ■ Despite increases in the sales cost ratio and in sales, general, and administrative expenses (49 million yen) due in part to aggressive R&D investments, increased sales led to a 5.8% rise in operating profits.

⇒ Ordinary profits totaled 962 million yen, while current term net profit totaled 510 million yen.

- An increase in reversal of allowance for doubtful accounts and a decrease in foreign exchange losses boosted ordinary profits by 26.9%.
- Current term net profit rose 12.2% as a result of the impact on tax expenses of changes in the statutory effective tax rate stemming from revisions to the tax code.

Summary of Business Performance for the Current Fiscal Year

Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2012



Sales and profits increased compared to the previous period but decreased compared to the forecast.

Units: millions of yen, %

	Fiscal March 2011 (Results) (% of sales)	Fiscal March 2012 (Forecast) (% of sales)	Fiscal March 2012 (Results) (% of sales)	Change from Previous Period (% change)	Change from Forecast (% change)
Sales	15,711 (100.0)	16,041 (100.0)	15,985 (100.0)	274 (1.7)	-55 (-0.3)
(Domestic sales)	12,042 (76.6)	12,193 (76.0)	12,188 (76.2)	145 (1.2)	-4 (-0.0)
(Overseas sales)	3,668 (23.4)	3,847 (24.0)	3,797 (23.8)	128 (3.5)	-50 (-1.3)
Operating profit	942 (6.0)	1,002 (6.2)	997 (6.2)	54 (5.8)	-4 (-0.4)
Ordinary profit	758 (4.8)	893 (5.6)	962 (6.0)	204 (26.9)	68 (7.7)
Net profit	455 (2.9)	551 (3.4)	510 (3.2)	55 (12.2)	-41 (-7.5)
Net profit per share	28.32 yen	34.33 yen	31.77 yen	3.45 yen	-2.56 yen
Return on equity	2.49%	2.98%	2.79%	0.29Pt	-0.19Pt

* Diluted earnings per shares for fiscal March 2012 results is 31.72 yen.

Sales by Product Category (Comparison with Previous Period)

Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2012



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2011 (Results)	Fiscal March 2012 (Results)	Change from Previous Period		
				Domestic	Overseas
Artificial teeth	2,499	2,550	51 (2.1)	20	31
Abrasives	3,377	3,306	-70 (-2.1)	-9	-61
Metal products	394	386	-7 (-1.8)	-7	0
Chemical products	2,985	3,144	158 (5.3)	119	38
Cements and others	1,527	1,603	75 (5.0)	-4	80
Equipment and others	3,330	3,337	7 (0.2)	11	-3
Dental business total	14,114	14,329	215 (1.5)	129	85
Nail care business	1,520	1,575	54 (3.6)	11	42
Other	76	80	4 (6.3)	4	0
Total	15,711	15,985	274 (1.7)	145	128

* Overseas sales decreased by 117 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi).

Sales by Product Category (Comparison with Forecast)

Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2012



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2012 (Forecast)	Fiscal March 2012 (Results)	Change from Forecast		
				Domestic	Overseas
Artificial teeth	2,651	2,550	-101 (-3.8)	-52	-48
Abrasives	3,232	3,306	74 (2.3)	42	31
Metal products	395	386	-8 (-2.2)	-8	0
Chemical products	3,093	3,144	51 (1.7)	86	-35
Cements and others	1,685	1,603	-82 (-4.9)	-72	-10
Equipment and others	3,298	3,337	38 (1.2)	55	-16
Dental business total	14,357	14,329	-27 (-0.2)	50	-78
Nail care business	1,600	1,575	-24 (-1.6)	-53	28
Other	83	80	-2 (-3.0)	-2	0
Total	16,041	15,985	-55 (-0.3)	-4	-50

* Overseas sales increased by 159 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi).

Domestic Sales

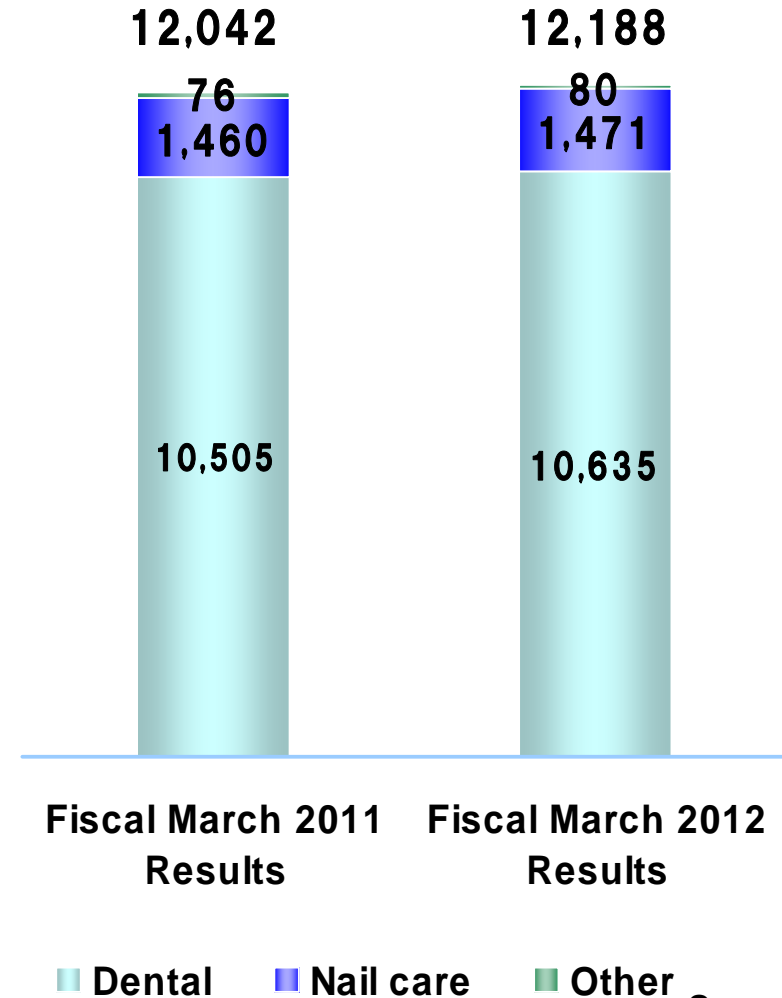
Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2012



Unit: millions of yen

■ Positive factors ■ Negative factors

- **Dental business: Year-on-year increase of 129 million yen (1.2%)**
 - Revenue in the artificial teeth and chemical products segments rose **20 million yen (1.3%)** and **119 million yen (5.2%)**, respectively, due to the effects of a recovery in sales of flagship existing products and new product launches.
- **Nail care business: Year-on-year increase of 11 million yen (0.8%)**
 - The company focused on improving the quality of in-house brand products while reducing associated costs, for example by launching Bianca/Rosa inexpensive lamps for its LED Gel Presto gel nail system.
- **Other businesses: Year-on-year increase of 4 million yen (6.3%)**
- **Principal new products launched this period (dental business)**
 - **Beauti Sealant**, a polymer-based pit-and-fissure sealants (chemical products)
 - **PRG Barrier Coat**, a tooth surface coating material (chemical products)
 - **Beauti Bond Multi**, a dentine bonding material (chemical products)
 - **Tissue Conditioner II Soft**, a short-term elastic denture liner for use with artificial teeth (cements)
 - **miniMaster LED**, an ultrasonic dental scaler (equipment)



Overseas Sales

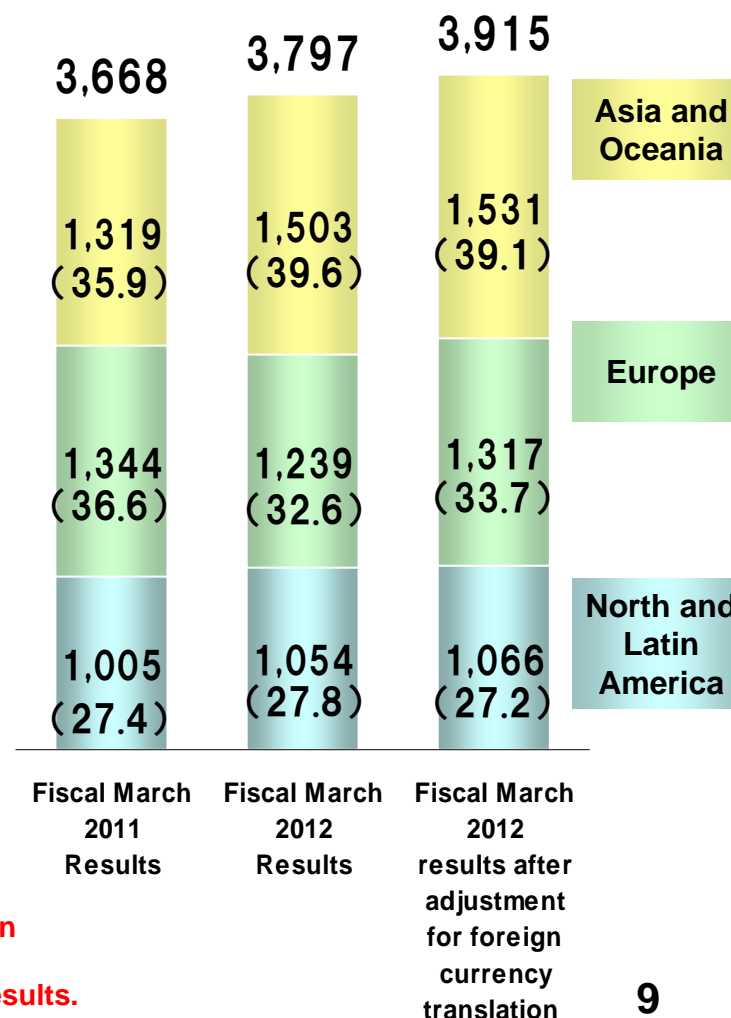
Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2012



■ Positive factors ■ Negative factors

- **North America and Latin America: Year-on-year increase of 48 million yen (4.8%)**
 - Sales in the chemical products segment grew dramatically due to expanded sales of the MiCD product group.
 - Sales **grew 60 million yen (6.1%)** on a local currency basis.
- **Europe: Year-on-year decrease of 104 million yen (7.8%)**
 - Sales fell in almost every product category due to the deteriorating economic conditions.
 - **Sales fell 26 million yen (2.0%) compared to the previous period** on a local currency basis.
- **Asia and Oceania: Year-on-year increase of 184 million yen (14.0%)**
 - **China: Year-on-year increase of 79 million yen (17.9%)**
Local currency basis: **Year-on-year increase of 78 million yen (17.7%)**
 - **Elsewhere in Asia: Year-on-year increase of 104 million yen (11.9%)**
Local currency basis: **Year-on-year increase of 133 million yen (15.2%)**
- **(Dental business) Overseas sales ratio**
 - 25.8% (25.6% in the same period last year)
(26.4% after adjustment for foreign currency translation)

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



* The fiscal March 2012 results after adjustment for foreign currency translation were calculated based on the same foreign exchange rates used for the fiscal March 2011 results.

Performance by Segment (Sales and Operating Profits)

Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2012



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

		Fiscal March 2011 (Results) Amount (% of sales)	Fiscal March 2012 (Forecast) Amount (% of sales)	Fiscal March 2012 (Results) Amount (% of sales)	Change from Previous Period	Change from Forecast
Dental	Sales	14,114	14,357	14,329	215	-27
	Operating expenses	13,132	13,344	13,296	164	-47
	Operating profit (operating profit margin)	981 (7.0)	1,012 (7.1)	1,032 (7.2)	50	19
Nail care	Sales	1,521	1,600	1,575	54	-24
	Operating expenses	1,580	1,635	1,638	58	2
	Operating profit (operating profit margin)	-59 (-3.9)	-35 (-2.2)	-63 (-4.0)	-3	-27
Other	Sales	80	83	85	4	1
	Operating expenses	61	58	60	0	1
	Operating profit (operating profit margin)	19 (24.2)	24 (29.7)	24 (28.9)	5	0
Total before consolidation adjustment	Sales	15,716	16,041	15,990	274	-50
	Operating expenses	14,773	15,038	14,996	222	-42
	Operating profit (operating profit margin)	942 (6.0)	1,002 (6.2)	994 (6.2)	52	-7
Consolidated	Sales	15,711	16,041	15,985	274	-55
	Operating expenses	14,768	15,038	14,987	219	-51
	Operating profit (operating profit margin)	942 (6.0)	1,002 (6.2)	997 (6.2)	54	-4

* The 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)

Segment Information by Region (Sales and Operating Profits)

Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2012



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

		Fiscal March 2011 (Results) Amount (% of sales)	Fiscal March 2012 (Forecast) Amount (% of sales)	Fiscal March 2012 (Results) Amount (% of sales)	Change from Previous Period	Change from Forecast
Japan	Sales	14,220	14,594	14,525	305	-68
	Operating profit (operating profit margin)	669 (4.7)	800 (5.5)	780 (5.4)	110	-19
Americas	Sales	1,017	1,051	1,070	52	19
	Operating profit (operating profit margin)	28 (2.8)	50 (4.8)	55 (5.2)	26	4
Europe	Sales	1,456	1,369	1,364	-91	-4
	Operating profit (operating profit margin)	79 (5.5)	66 (4.8)	53 (3.9)	-26	-12
Asia	Sales	708	833	836	128	3
	Operating profit (operating profit margin)	141 (19.9)	79 (9.6)	133 (15.9)	-7	53
Overseas total	Sales	3,182	3,253	3,271	88	17
	Operating profit (operating profit margin)	249 (7.8)	196 (6.0)	241 (7.4)	-7	45
Total before consolidation adjustment	Sales	17,403	17,848	17,797	394	-51
	Operating profit (operating profit margin)	919 (5.3)	996 (5.6)	1,022 (5.7)	103	25
Consolidated	Sales	15,711	16,041	15,985	274	-55
	Operating profit (operating profit margin)	942 (6.0)	1,002 (6.2)	997 (6.2)	54	-4

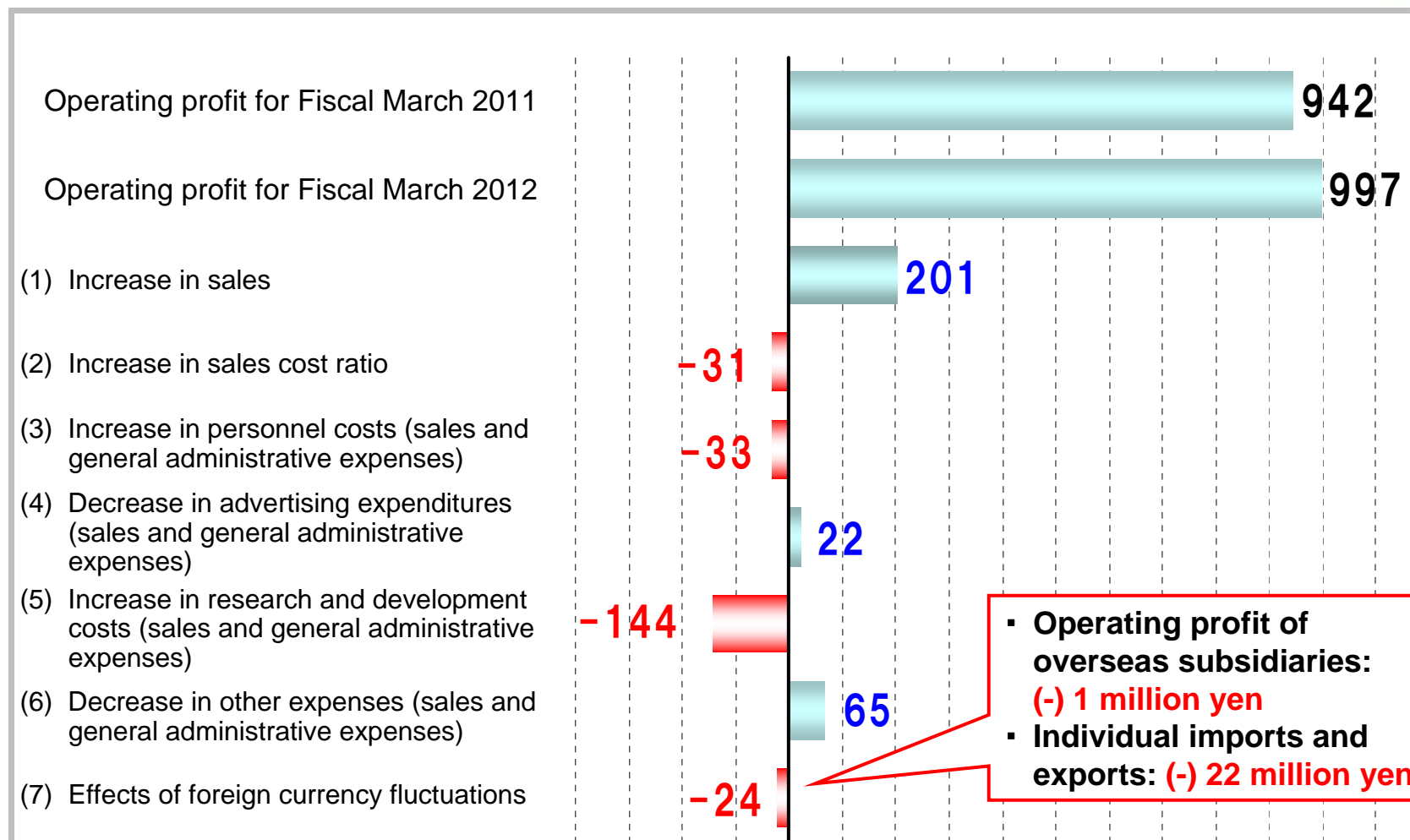
* The elimination of unrealized profits from internal transactions is the principal consolidated adjustment item impacting operating profits.

Contributors to Change in Operating Profit

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2012



Unit: millions of yen



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

Financial Condition: Major Balance Sheet Accounts

Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2012



Unit: millions of yen

	Fiscal March 2011 (Results)	Fiscal March 2012 (Results)	Change	Major contributors to changes, special notes
Cash and deposits	6,625	7,286	661	
Notes and bills receivable, trade accounts receivable	2,576	2,526	-50	
Inventory	3,277	3,327	50	
Securities, investment securities	3,254	3,102	-151	
Others	6,915	6,551	-363	Decrease in tangible and intangible fixed assets
Assets	22,649	22,795	146	
Long-term and short-term borrowings	1,000	990	-10	
Reserve for retirement benefits and directors' retirement benefits	672	113	-558	Decrease in reserve for retirement benefits for directors
Others	2,743	3,252	508	Increase in long-term accounts payable
Liabilities	4,415	4,355	-59	
Net worth	18,233	18,439	205	Increase in retained earnings
Total liabilities and net worth	22,649	22,795	146	
Capital adequacy ratio	80.5%	80.8%	0.3Pt	
Net worth per share	1,134 yen	1,146 yen	12 yen	

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

Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2012



Unit: millions of yen

	Fiscal March 2011 (Results)	Fiscal March 2012 (Forecast)	Fiscal March 2012 (Results)	Change from Previous Period	Change from Forecast
Capital expenditures	582	417	280	-302	-136
Depreciation costs	702	697	712	9	14
(of which goodwill amortization)	89	89	89	0	0
R&D expenses	1,040	1,327	1,185	144	-142
Foreign exchange rates					
US dollar	83.15	78.00	82.19	-0.96	4.19
Euro	117.57	100.00	109.80	-7.77	9.80
Pound sterling	133.89	120.00	131.34	-2.55	11.34
Renminbi	12.29	12.50	12.31	0.02	-0.19

* 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.

* Exchange rate forecasts for fiscal March 2012 were reviewed when financial statements were released on November 2, 2011.



**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2012**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2013**

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

Overview of the Next Fiscal Year

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013



■ Positive factors ■ Negative factors

P/L

⇒ Sales totaled 16,677 million yen (an increase of 4.3%).

■ Domestic sales totaled 12,724 million yen (an increase of 4.4%).

- The company expects dental business sales to **grow by 4.4%** due to the development of products based on its MiCD concept, the market introduction of new products, and efforts to promote those products.
<New product sales: 1,356 million yen, or 10.6% of non-consolidated sales>
- The company expects nail care business sales to **increase 4.3%** due to aggressive demand development for Group products and enhancements to the product line.

■ Overseas sales totaled 3,953 million yen (an increase of 4.1%).

- Despite an expected negative impact of 170 million yen from foreign exchange fluctuations, the company expects overseas sales to **grow 4.1%** due to the global rollout of its MiCD product group, which consists primarily of artificial teeth and chemical products.

⇒ Operating profits totaled 949 million yen (a decrease of 4.9%).
Ordinary profits totaled 825 million yen (a decrease of 14.2%).
Current term net profit totaled 511 million yen (an increase of 0.1%).

- The company expects operating profits to **fall 4.9%** due to increases in general, and administrative expenses.
- The company expects ordinary profits to **fall 14.2%** due to decreases in reversal of allowance for doubtful accounts, and for current term net profit to **increase 0.1%** due to a decrease in tax expenses.

Comparison of Major Statistics

Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2013



➔ Increase in sales and decrease in profits compared to fiscal March 2012

Units: millions of yen, %

	Fiscal March 2012 Busines Performance (% of sales)	Fiscal March 2013 Forecast (% of sales)	Change from Previous Period (% change)
Sales	15,985 (100.0)	16,677 (100.0)	692 (4.3)
(Domestic sales)	12,188 (76.2)	12,724 (76.3)	536 (4.4)
(Overseas sales)	3,797 (23.8)	3,953 (23.7)	155 (4.1)
Operating profit	997 (6.2)	949 (5.7)	-48 (-4.9)
Ordinary profit	962 (6.0)	825 (4.9)	-136 (-14.2)
Net profit	510 (3.2)	511 (3.1)	0 (0.1)
Net profit per share	31.77 yen	31.80 yen	0.03 yen
Return on equity	2.79%	2.77%	-0.01Pt

Sales by Product Category

Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2013



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2012 Busines Performance	Fiscal March 2013 Forecast	Change from Previous Period		
				Domestic	Overseas
Artificial teeth	2,550	2,722	172 (6.8)	116	56
Abrasives	3,306	3,199	-107 (-3.2)	7	-114
Metal products	386	388	1 (0.4)	1	0
Chemical products	3,144	3,339	194 (6.2)	119	74
Cements and others	1,603	1,746	142 (8.9)	55	87
Equipment and others	3,337	3,536	198 (6.0)	169	29
Dental business total	14,329	14,932	602 (4.2)	470	132
Nail care business	1,575	1,661	86 (5.5)	63	23
Other	80	83	2 (3.4)	2	0
Total	15,985	16,677	692 (4.3)	536	155

* Overseas sales are expected to decrease by 170 million yen due to foreign currency fluctuations.

(US dollar, euro, pound sterling, renminbi)

Domestic Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013



◇ **Dental business: Year-on-year increase of 470 million yen (4.4%)**

- The company expects sales to **increase by 4.4%** as a result of robust sales of artificial teeth, chemical products, and equipment due to the development, market introduction, and promotion of products based on its MiCD concept.

◇ **Nail care business: Year-on-year increase of 63 million yen (4.3%)**

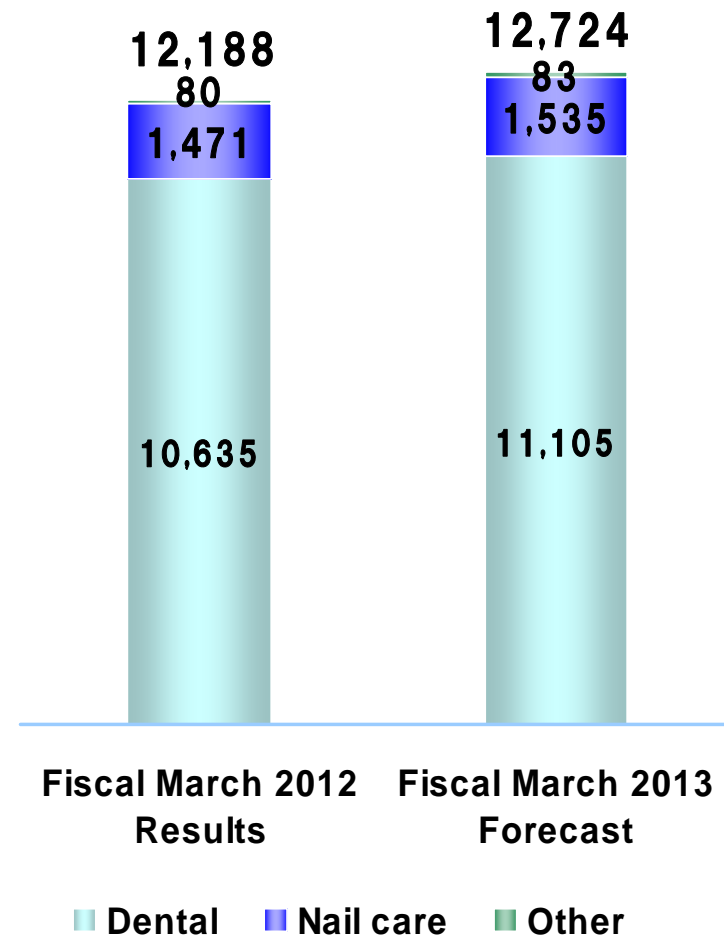
- The company expects sales to **increase 4.3%** due to aggressive demand development for Group products and enhancements to the product line.

◇ **Other businesses: Year-on-year increase of 2 million yen (3.4%)**

◇ **Major products recently introduced**

- “Veracia SA,” hard resin teeth (artificial teeth)
- “Beautiful Flow Plus,” a composite resin for tooth fillings (chemical products)
- “Beauti Bond Multi,” a dentine bonding material (chemical products)
- “Piezon Master Surgery,” an electrically powered bone surgery instrument (equipment)

Unit: millions of yen



Overseas Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013



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

Summary

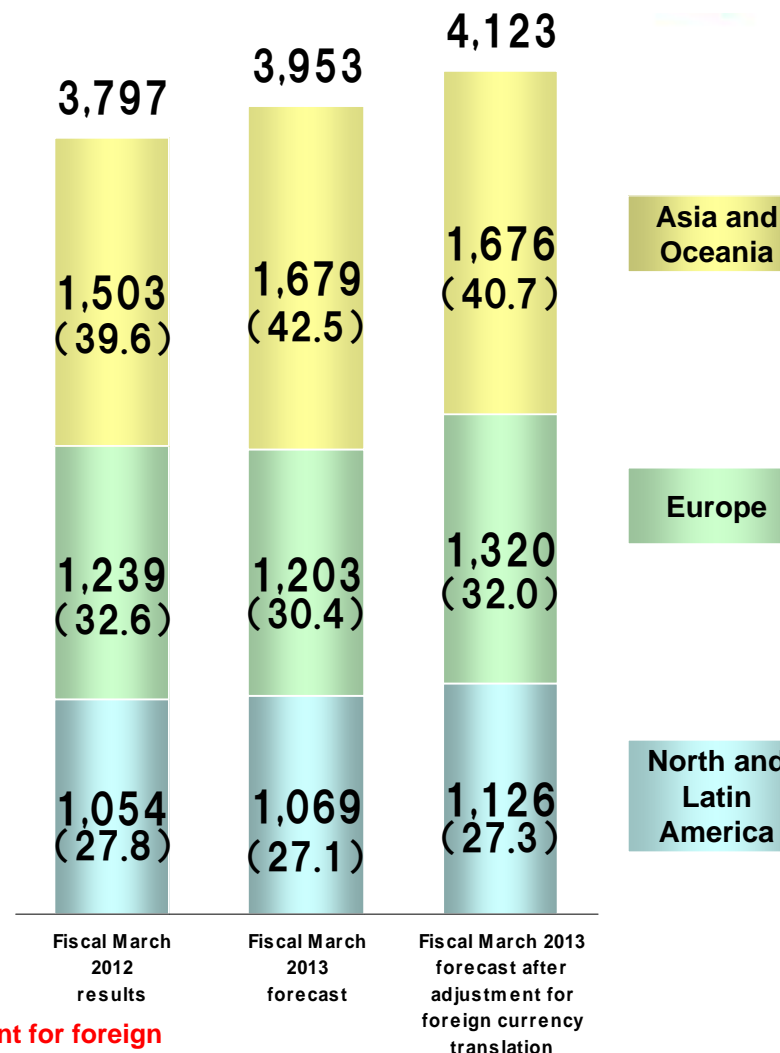
- The company is planning for expansion in Asia, North America, and Latin America.
- Growth rate
 - North and Latin America +1.5%
 - Europe +5.4%
 - China +17.3%
 - Other Asian countries +20.5%
 - Total overseas sales +11.4%

Foreign exchange rates

- US dollar: 78 yen (82.19 yen in the previous period) (Effect: **-62 million yen**)
- Euro: 100 yen (109.80 yen in the previous period) (Effect: **-97 million yen**)
- Yuan: 12.5 yen (12.31 yen in the previous period) (Effect: **+0.09 million yen**)

(Dental business) Overseas sales ratio

- 25.6%** (25.8% in the previous period) (26.5% after foreign currency translation adjustments)



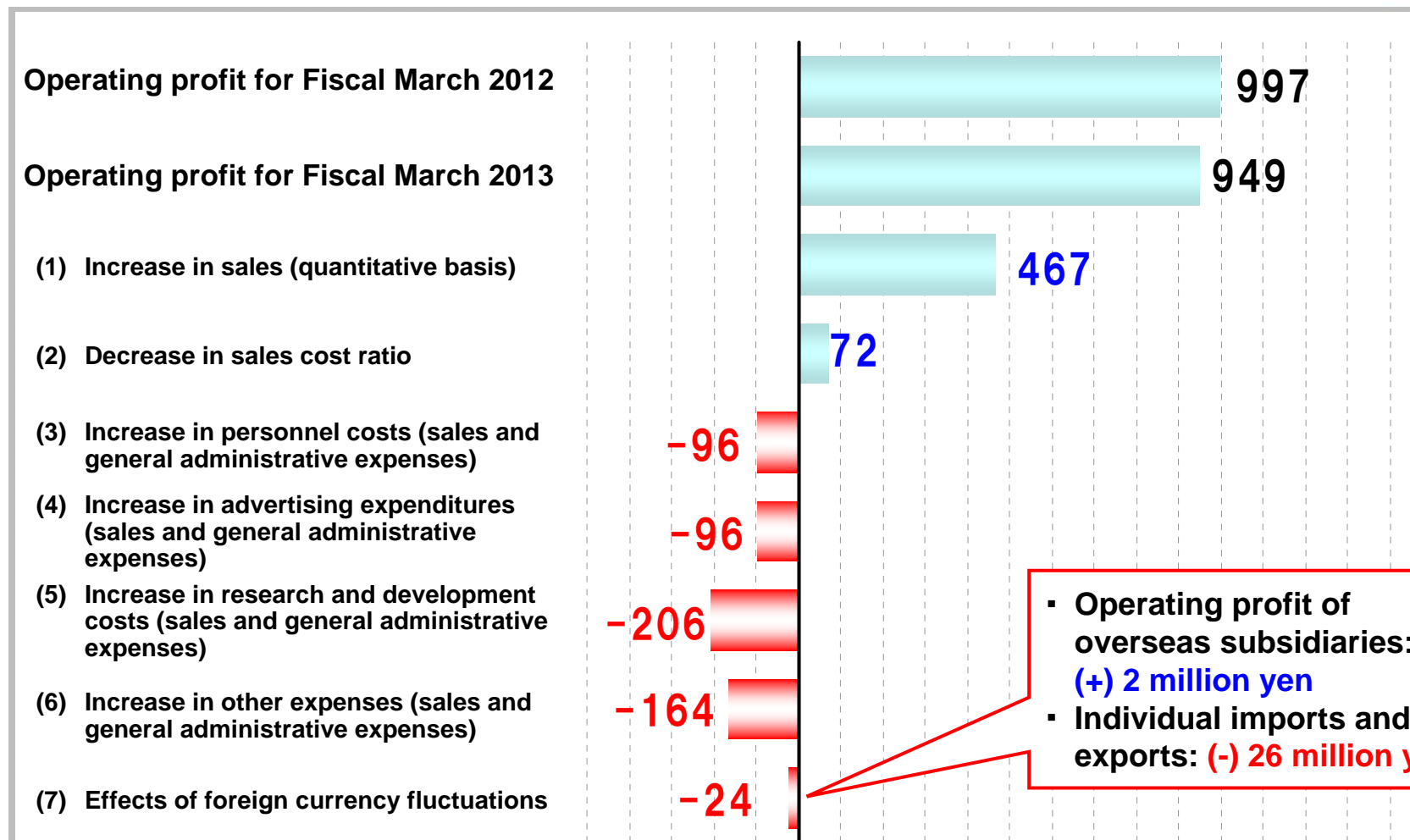
* The "Fiscal March 2013 forecast after adjustment for foreign currency translation" is calculated based on the same foreign exchange rates used for the Fiscal March 2012 results.

Contributors to Change in Operating Profit

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013



Unit: millions of yen



- Operating profit of overseas subsidiaries: (+) 2 million yen
- Individual imports and exports: (-) 26 million yen

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

Impact of Foreign Exchange Fluctuations (US Dollar, Euro)

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013



Forecast for fiscal March 2013

(Unit: thousands of yen)

	Foreign exchange rate		Impact on consolidated business performance		Per yen of yen strength	
	Fiscal March 2012 actual	Fiscal March 2013 estimate	Sales	Operating profits	Sales	Operating profits
US Dollar	82.19	78.00	-60,860	-6,010	-18,562	-8,008
Euro	109.80	100.00	-97,991	-18,092	-9,999	-1,939
Total			-158,851	-24,103	-28,561	-9,948

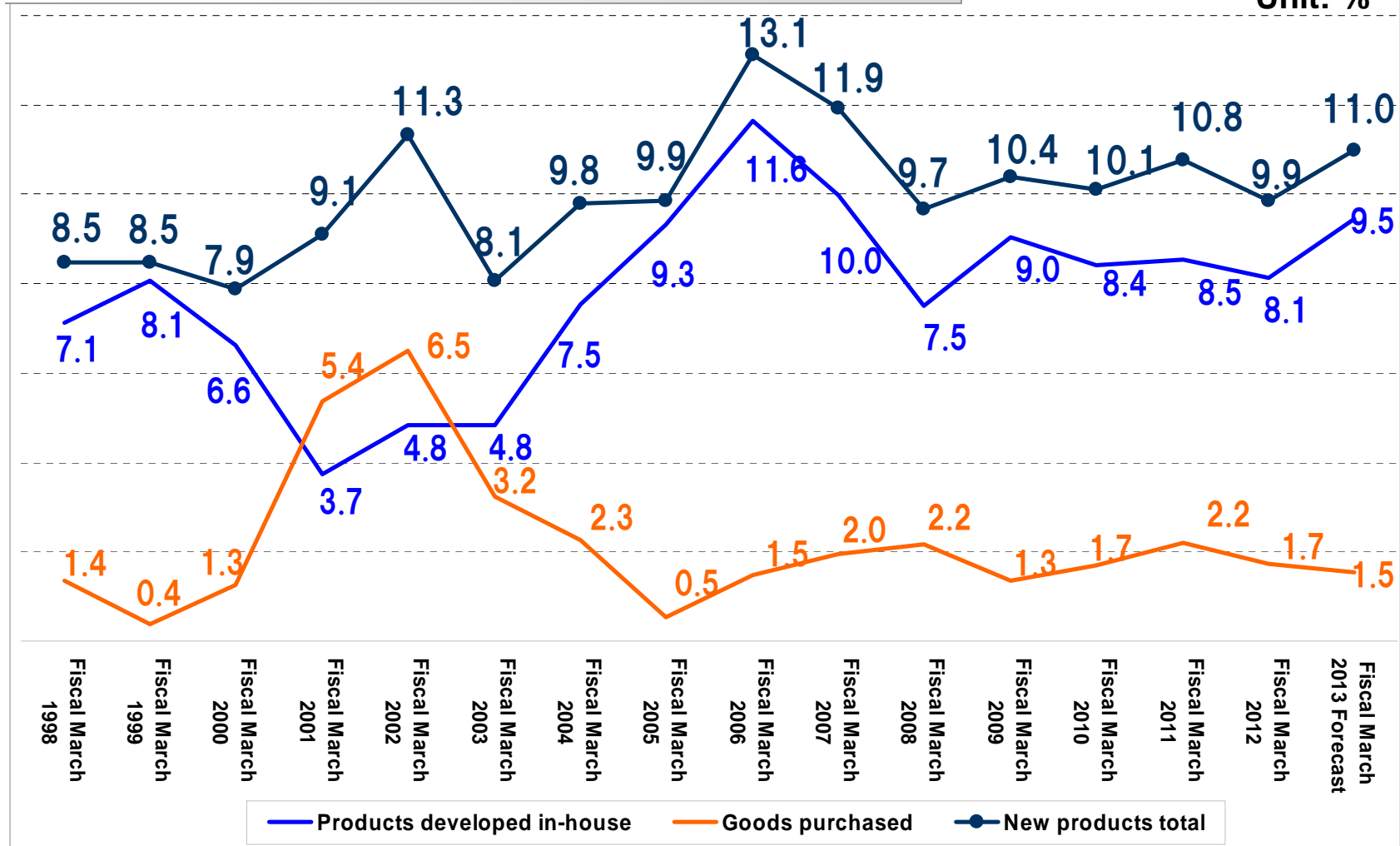
Sales Trends for New Products

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013



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

Unit: %



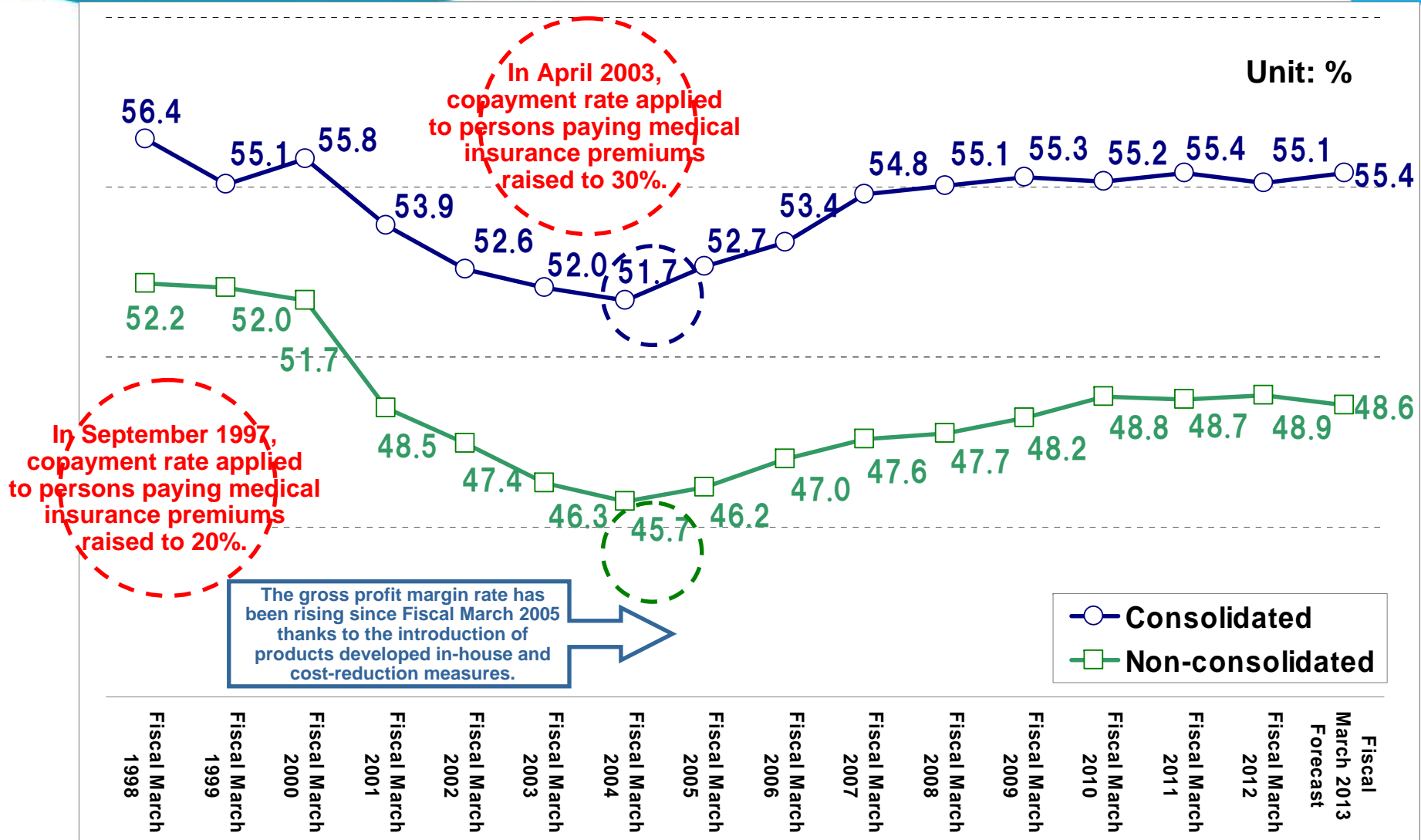
* Major goods purchased: Johnson & Johnson products, EMS ultrasonic scalers and root canal treatment equipment (reamers/files)

Gross Profit Margin Rates

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013

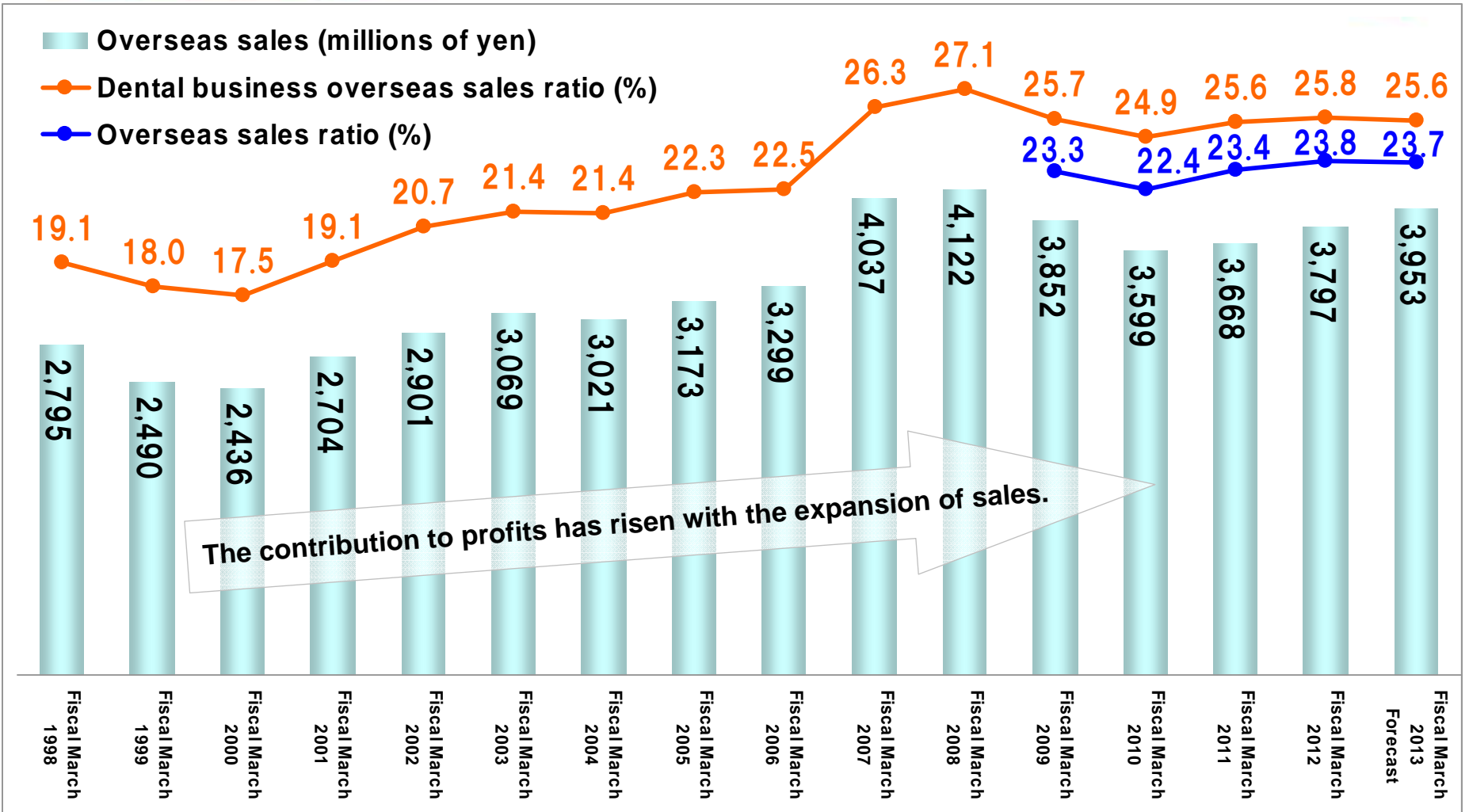


Unit: %



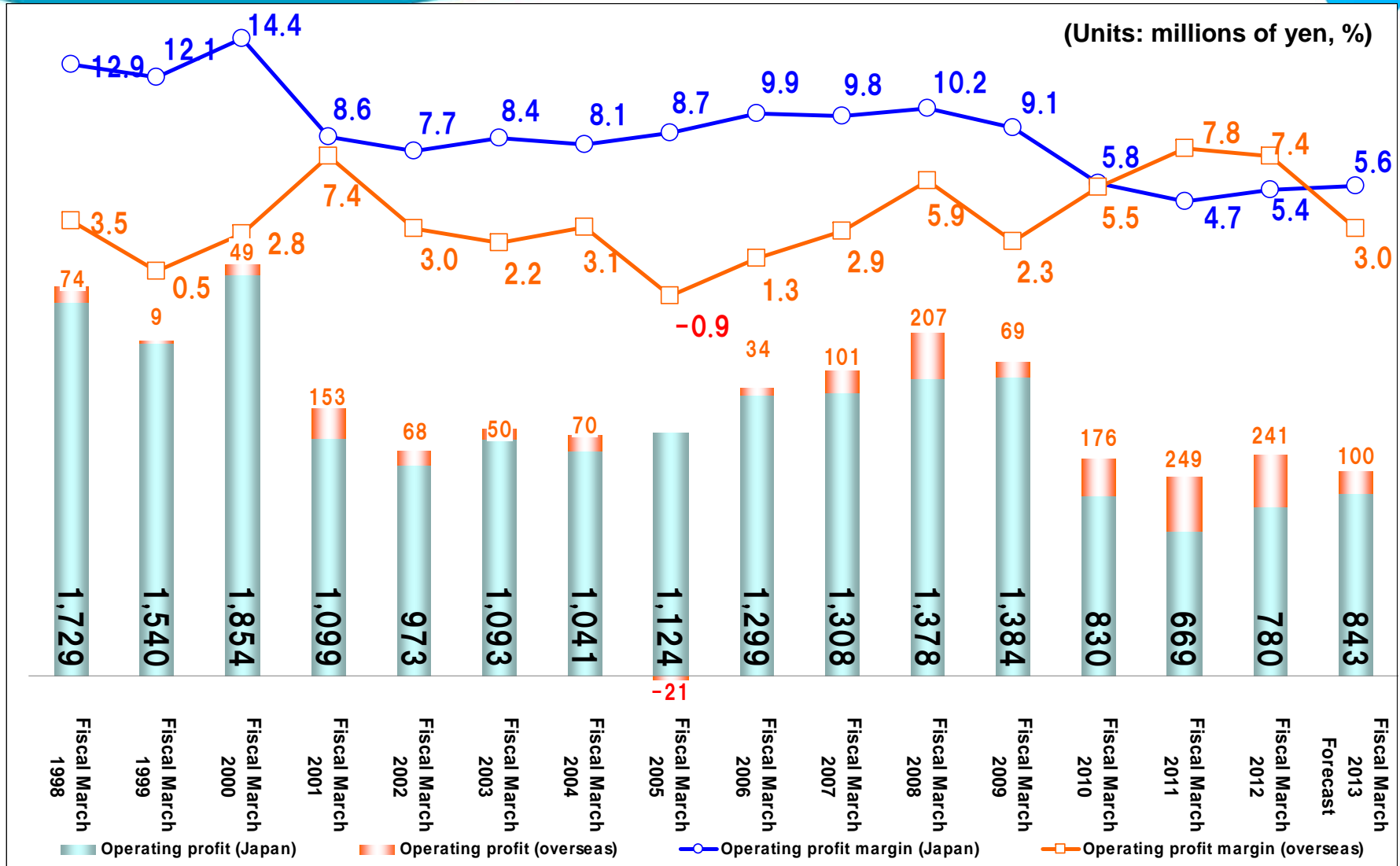
Overseas Sales and Overseas Sales Ratios

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013



Operating Profit by Geographic Segment

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2013





**Summary of Consolidated Business Performance
for Fiscal Year Ended March 31, 2012**

**Forecast of Consolidated Business Performance
for Fiscal Year Ending March 31, 2013**

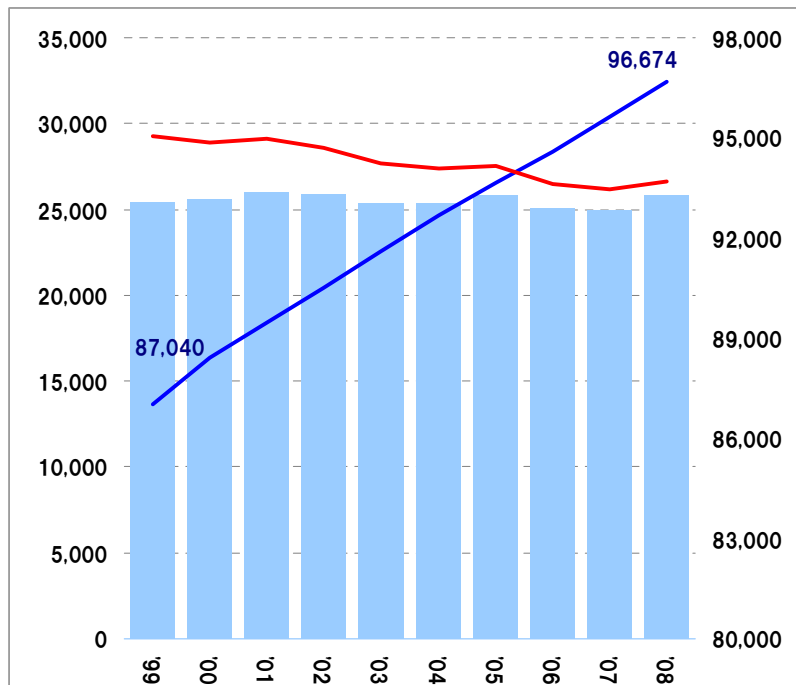
**Future Business Environment and
Medium- and Long-term Business Strategies**

Business Environment Awareness (Domestic)



◆ Trend in dental expenditures and the number of dentists

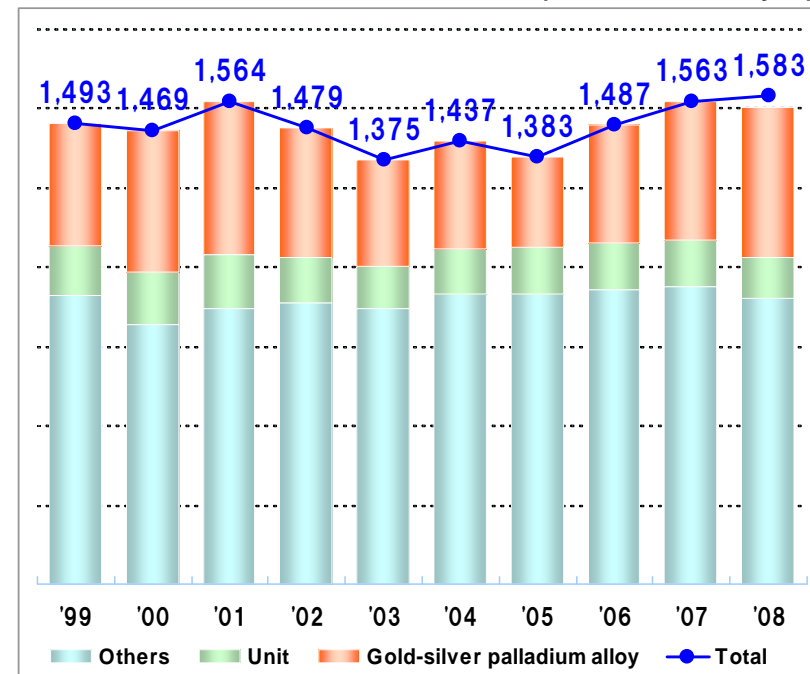
- Dental expenditures (hundreds of millions of yen)
- Number of dentists
- Dental expenditures per dentist



Growth in the dental market has been flat for more than 10 years. The number of dentists has continued to increase over the same period, presenting operators of dental clinics with a challenging business environment.

◆ Trend in manufacturers' shipment value of pharmaceutical production

(Unit: 100 million yen)



With the exception of metal materials, which are significantly affected by market price fluctuations, growth in the dental materials and equipment market remains flat.

Business Environment Awareness (Domestic): Demand, Government Policies, and Markets

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



		Positive factors	Negative factors
Demand	Declining birthrate and aging population	<ul style="list-style-type: none"> • Increase in the number of latent elderly patients 	<ul style="list-style-type: none"> • Decline in total population
	Changes in dental disease	<ul style="list-style-type: none"> • Increase in residual teeth and increase in opportunities for treatment and diagnostic medicine due to the development of preventive care • Increase in demand from the standpoint of prevention of systemic illness • Increase in awareness of aesthetic considerations, prevention, and oral hygiene, and increase in demand • Growth of the market for care not covered by health insurance 	<ul style="list-style-type: none"> • Contraction in use of materials due to decline in treatment of caries
Government policies	Development of policies to control medical expenses	<ul style="list-style-type: none"> • Potential for growth in products and services that serve to control medical expenses 	<ul style="list-style-type: none"> • Limit on consultations due to growth in patients' share of cost
	Strengthening of regulations related to safety	<ul style="list-style-type: none"> • Acceleration of cutbacks due to the exposure of differences in quality assurance levels 	<ul style="list-style-type: none"> • Increasing costs
Markets	Industry-wide oversupply		<ul style="list-style-type: none"> • Excessive competition due to oversupply of manufacturers, distribution businesses, dental clinics, and dental technicians • Increase in demand for lowering costs in the management of clinics
	Globalization	<ul style="list-style-type: none"> • Increase in the level of R&D and product development capabilities through quality competition with overseas manufacturers 	<ul style="list-style-type: none"> • Growth in intellectual property risk

Business Environment Awareness (World): Environmental Factors by Region

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



	Country/region	Environmental factor (economic growth, demographics) (Basic data: UN and IMF)			Indicator of latent dental market scale (as estimated by Shofu) (Japan = 1)
		2010 population (Millions)	Economic growth from 2010 to 2015 (%)	Per capita GDP from 2010 to 2015 (Thousands of U.S. dollars)	
Japan	Japan	127	3.27	41→49	1.00
North America and Latin America	North America	344	4.33	47→56	3.09
	Brazil	193	6.30	10→13	0.20
	Other Latin America	373	6.19	7→ 9	0.16
Europe	27 EU countries	511	3.25	34→40	3.25
	Central Europe, former republics of the USSR	232	6.68	6→ 8	0.14
	Middle East	295	8.02	7→ 9	0.45
	Russia	140	15.21	11→22	0.50
	Africa	972	7.52	1→ 2	0.03
	Asia and Oceania	China	1,341	11.96	4 →7
Taiwan and South Korea		72	7.52	20→27	0.32
India		1,216	9.83	1→ 2	0.07
Other		1,057	6.78	3→ 4	0.38
Total		6,873	5.77	8→11	10.02



Strive to expand the overseas business by dramatically shifting the allocation of management resources to overseas markets.

Company-wide targets for fiscal March 2022

- **Group sales: 50 billion yen**
<Domestic sales: 17 billion yen; overseas sales: 33 billion yen>
- **Group operating profits: 7.5 billion yen**
(Operating profit margin: 15%)

Pursue globalization in every department, function (R&D, production, and sales), personnel, and by extension the company's overall management.

Fiscal 2012 to 2014 Medium-term Management Plan: Company-wide Targets

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



**Company-wide
targets
for fiscal
March
2015**

➤ **Group sales: 19.5 billion yen**

<Domestic sales: 12.5 billion yen; overseas sales: 5.2 billion yen; nail care business sales: 1.7 billion yen>

<Overseas sales ratio in the dental business: 30%>

➤ **Group operating profits: 1.86 billion yen** (Operating profit margin: 9.5%)

Key issues in order to achieve these targets

- ◇ **R&D:** Development and introduction of new products that match the local demands.
- ◇ **Production:** Relocation production base / Expansion of offshore production.
- ◇ **Sales:** Improvement of sales network. Realignment of sales offices. Establishment of domestic and international academic networks.
- ◇ **Human resources:** Development of human resources and securing the skilled employees.

Specific Efforts – Research and Development

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



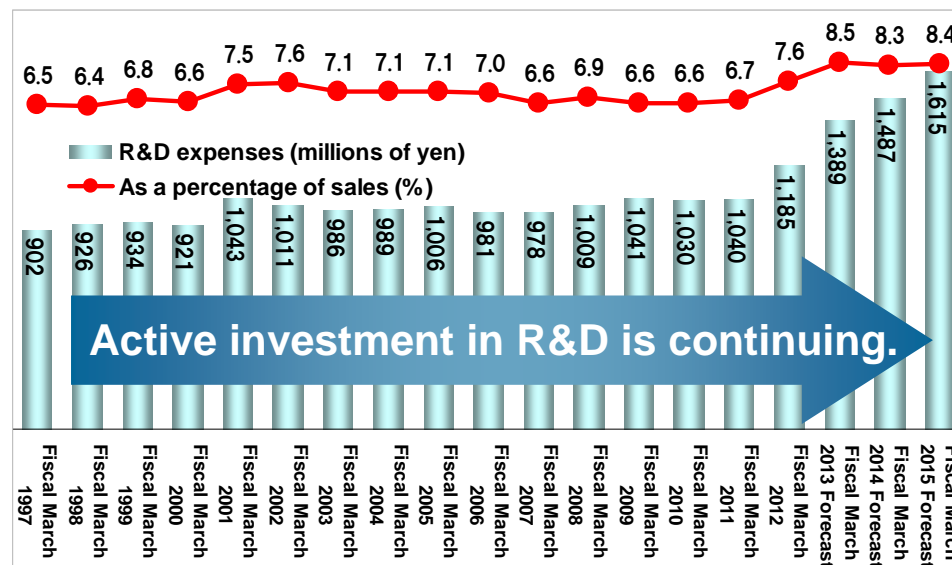
✧ Development and introduction of new products that match the local demands

➤ Developing products with a worldwide vision

➤ Developing new products for regions' middle-class and high-volume segments

➤ Developing products with the goal of creating markets in new fields

Trend in R&D investment



Specific Efforts – Production

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



✧ Relocation of production base and expansion of offshore production

Further expand the market share of our time-honored specialties such as artificial teeth and abrasives by enhancing price competitiveness and reducing costs.

⇒ Effectively utilizing existing domestic factories

Domestic manufacturing Group companies



Shiga Shofu (Shiga) Shoken (Kyoto) Promech (Saitama)

⇒ Expanding overseas production

Overseas manufacturing Group companies



Shanghai Shofu Dental
Materials Co., Ltd. (China)



Advanced Healthcare Ltd. (UK)

Specific Efforts – Sales

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



✧ Improvement of our sales network

- Develop a network of overseas distributors.

✧ Improvement of sales offices

- Enhance the functions of the Singapore branch.
- Establish new overseas sales bases.

✧ Establishment of domestic and international academic networks

- Build an organization that can advertise the company's products and services directly to users.
- Enhance and expand MDR* activities. *Medical dental representative

➤ Improve our customer service

➤ Enhance academic activities

➤ Speed up the product registration work

Overseas sales Group companies (bases)



Shofu Dental Corporation (U.S.A.)



Shofu Dental GMBH (Germany)



Shofu UK (Sales Office) (UK)



Shofu Dental Trading (Shanghai) Co., Ltd., (China)



Singapore Sales Office (Singapore)

Specific Efforts – MiCD Project

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



Official partner



Minimally Invasive
Cosmetic Dentistry

MiCD Project

(Minimally Invasive Cosmetic Dentistry)

Supporting the development of cosmetic dental treatment that delivers cosmetic results while minimizing surgical intervention of cavity lesion

Increasing sales
of filling and
restorative dental
materials

Improved
cost
effectiveness

Enhance image
as a company
that promotes
state-of-the-art
medicine

● Providing training programs

● Holding study groups

● Developing and supplying
MiCD products

● Promoting products and
services to patients

Specific Efforts – Nail Care Business

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



⇒ Capturing share in the LED gel market with improved Presto

⇒ Improving profitability by increasing the percentage of Group products sales

⇒ Expanding sales channels in overseas markets – U.S., Europe, South Korea, China



⇒ Profit Plan

Fiscal March 2012 results: Sales of 1.5 billion yen and decrease of 0.0 billion yen in operating profits
⇒ Fiscal March 2015 forecast: Sales of 1.7 billion yen and increase of 40 million yen in operating profits

Work to expand the nail care business by taking advantage of the R&D and production engineering capabilities the company has developed in the dental materials business.

Medium-term Management Plan – Principle Targets

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



★...Record

Unit: Millions of yen, %

	Fiscal March 2012 (Results)	Fiscal March 2013	Fiscal March 2014	Fiscal March 2015
Sales	15,985	★ 16,677	★ 18,153	★ 19,548
(Compared to previous fiscal year)	(1.7%)	(4.3%)	(8.8%)	(7.7%)
Domestic sales	12,188	★ 12,724	★ 13,649	★ 14,257
(Compared to previous fiscal year)	(1.2%)	(4.4%)	(7.3%)	(4.4%)
Overseas sales	3,797	3,953	★ 4,503	★ 5,291
(Compared to previous fiscal year)	(3.5%)	(4.1%)	(13.9%)	(17.5%)
Operating profit	997	949	1,468	1,856
(Percentage of sales)	(6.2%)	(5.7%)	(8.1%)	(9.5%)
Ordinary profit	962	825	1,323	1,703
(Percentage of sales)	(6.0%)	(4.9%)	(7.3%)	(8.7%)
Net profit	510	511	840	★ 1,104
(Percentage of sales)	(3.2%)	(3.1%)	(4.6%)	(5.6%)
Net profit per share	31.77 yen	31.80 yen	52.28 yen	68.74 yen
Return on equity	2.8%	2.8%	4.5%	5.7%
(Dental business) Overseas sales ratio	25.8%	25.6%	27.0%	★ 29.4%

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

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



Unit: Millions of yen, %

	Fiscal March 2012 (Results)		Fiscal March 2013		Fiscal March 2014		Fiscal March 2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Dental business	14,329	89.6	14,932	89.5	16,343	90.0	17,673	90.4
Nail care business	1,575	9.9	1,661	10.0	1,710	9.4	1,755	9.0
Other businesses	85	0.5	83	0.5	100	0.6	120	0.6
Sales	15,985	100.0	16,677	100.0	18,153	100.0	19,548	100.0

Dental business	1,032	7.2	935	6.3	1,441	8.8	1,811	10.3
Nail care business	-63	-4.0	-9	-0.6	3	0.2	13	0.8
Other businesses	24	28.9	22	27.1	23	24.0	31	26.3
Operating profit	997	6.2	949	5.7	1,468	8.1	1,856	9.5

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

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



Unit: Millions of yen

	Fiscal March 2012 (Results)	Fiscal March 2013	Fiscal March 2014	Fiscal March 2015
Capital expenditures	280	894	570	701
Depreciation costs	712	660	652	665
(of which goodwill amortization)	89	89	89	89
R&D expenses	1,185	1,391	1,487	1,615

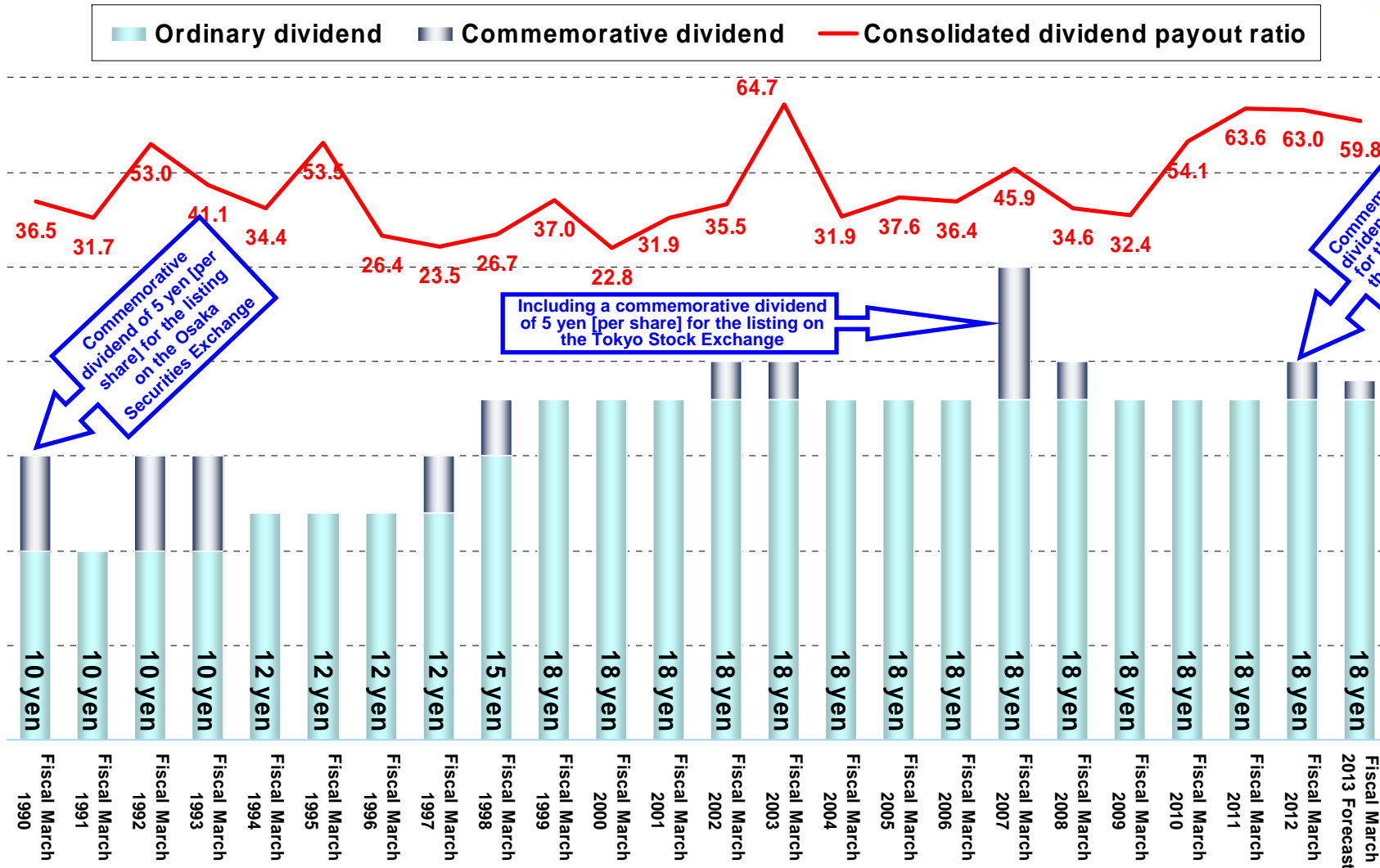
✧ **Projects not included in the Medium-term Management Plan
(issues for future consideration):**

- Relocation of production bases
- Establishment of overseas production bases
- Establishment of overseas sales bases

Dividend Policy

- Target dividend payout ratio: More than 30%
- Average consolidated dividend payout ratio since listing: 37.5%
(Weighted average from Fiscal March 1990 to March 2012)

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





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.

SHOFU INC.

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Fax: +81-75-561-1227

URL: <http://www.shofu.co.jp>

E-mail: ir@shofu.co.jp

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

⇒ Company and Business Profiles



(As of March 31, 2012)

■ Company name	SHOFU Inc.
■ Representative	Noriyuki Negoro, 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
■ Listed exchanges	First Section of Tokyo Stock Exchange (date listed: March 29, 2012)
■ Number of employees	439 (entire group: 814, including 248 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.

Artificial teeth



Artificial tooth and implant materials

- Porcelain teeth, porcelain powder, resin teeth

Abrasives



Materials for removing diseased areas and polishing crowns

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

Metal products



Materials for use as dental crowns and as the base for implants

- Alloys for casting, silver alloys
- Other metals

Chemical products



Materials for use in a variety of applications, including implants, diseased area fillings, gums for artificial teeth, etc.

- Synthetic resins
- Impression materials
- Waxes

Cements



Materials for use in the adhesion of implants, fillings, etc.

- Dental cements
- Dental stones and investments

Equipment and appliances



Equipment and appliances for dental treatment and procedures

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

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

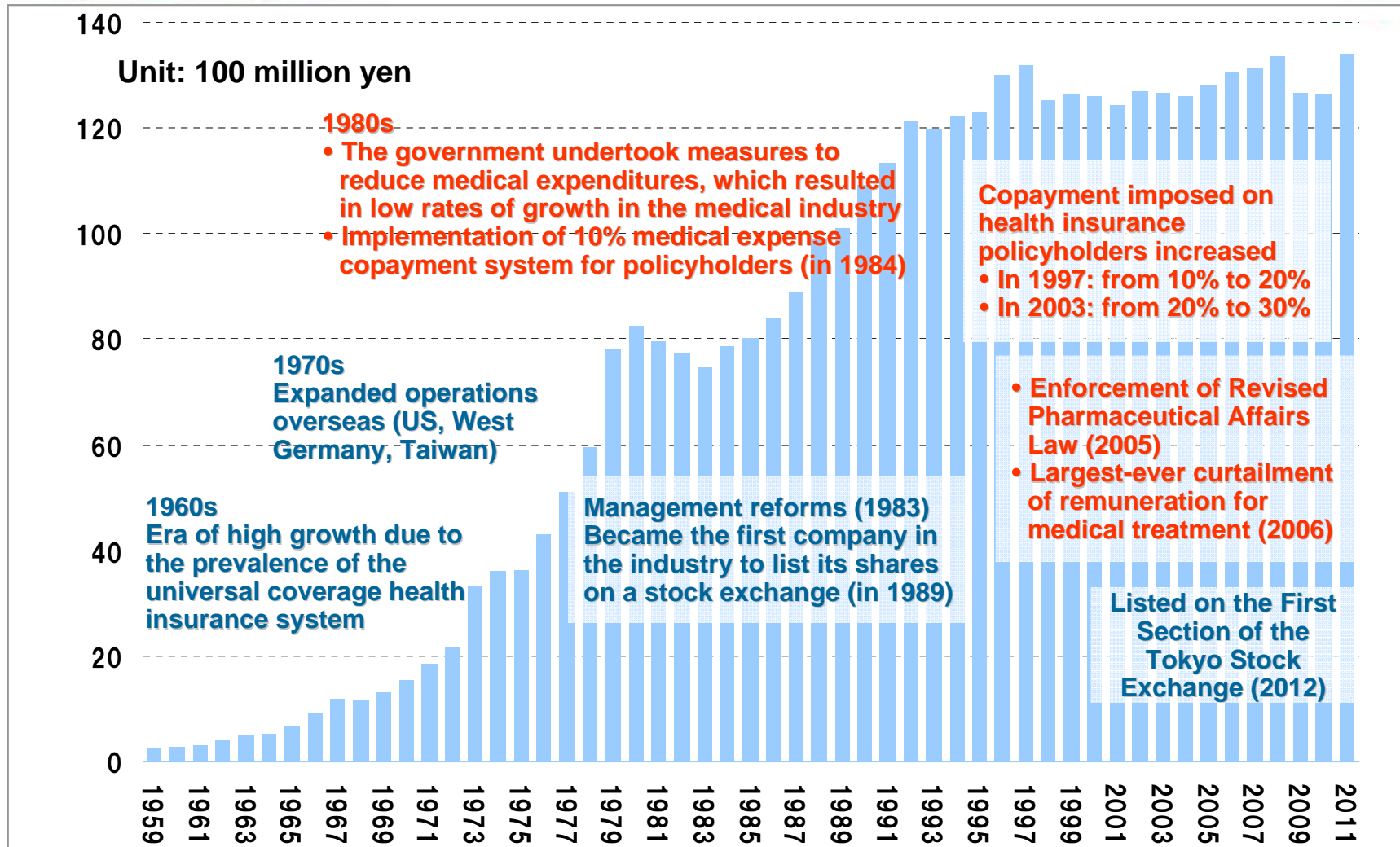
The company's products are designed for use in dental care and treatment.

Corporate History

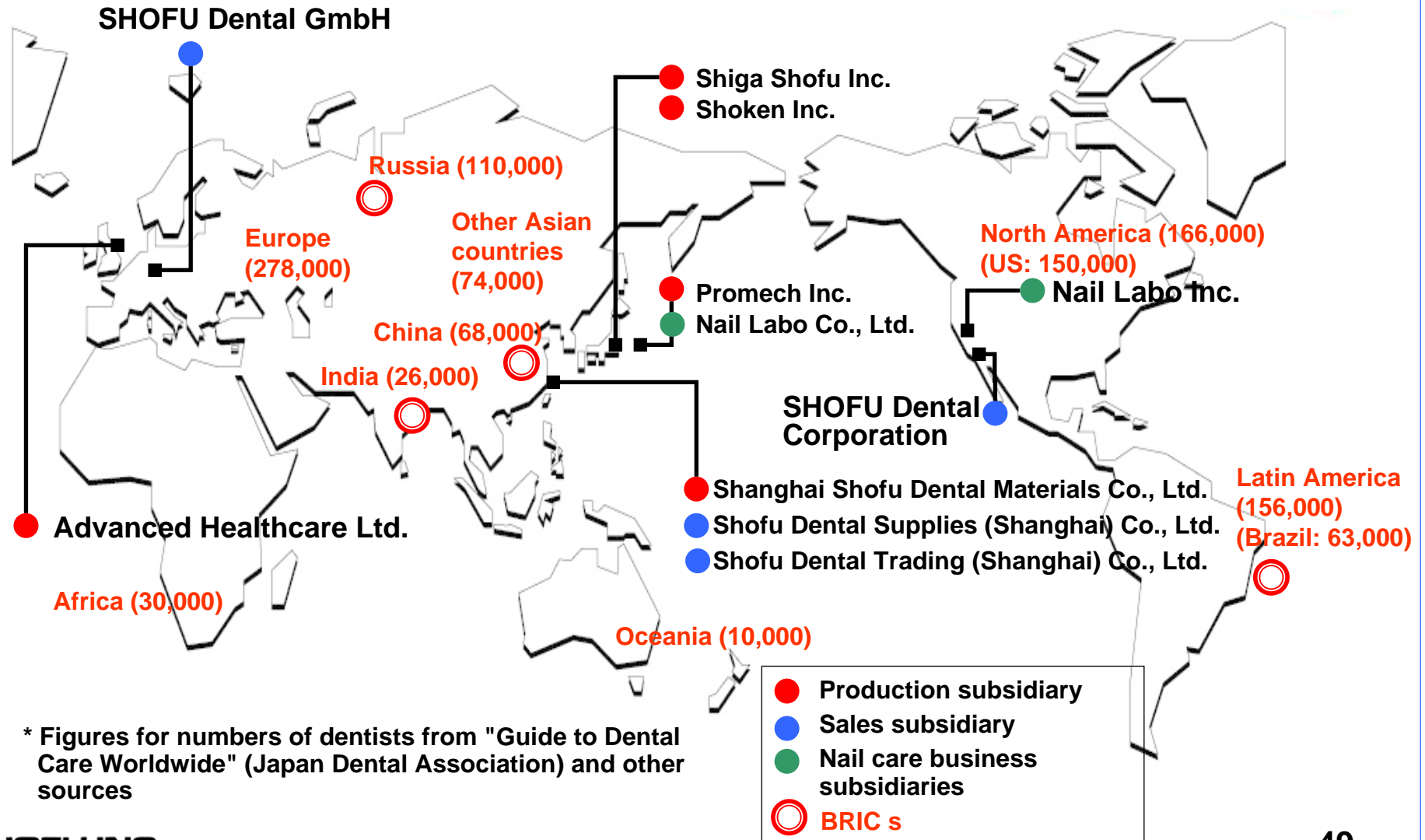


• 1922	Shofu Dental Manufacturing Co., Ltd. founded and commenced the manufacture and sale of Japan's first artificial teeth.
• 1963	Shofu shares listed on the over-the-counter market.
• 1971~1978	Established sales subsidiaries in the U.S. and West Germany. Started overseas production (in Taiwan). Established 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. Transferred 1.8 million shares of treasury stock to Mitsui Chemicals, Inc., through a third-party allocation.
• 2012	Celebrated the 90th anniversary of its founding. Listed on the First Section of the Tokyo Stock Exchange.

Corporate History - Sales

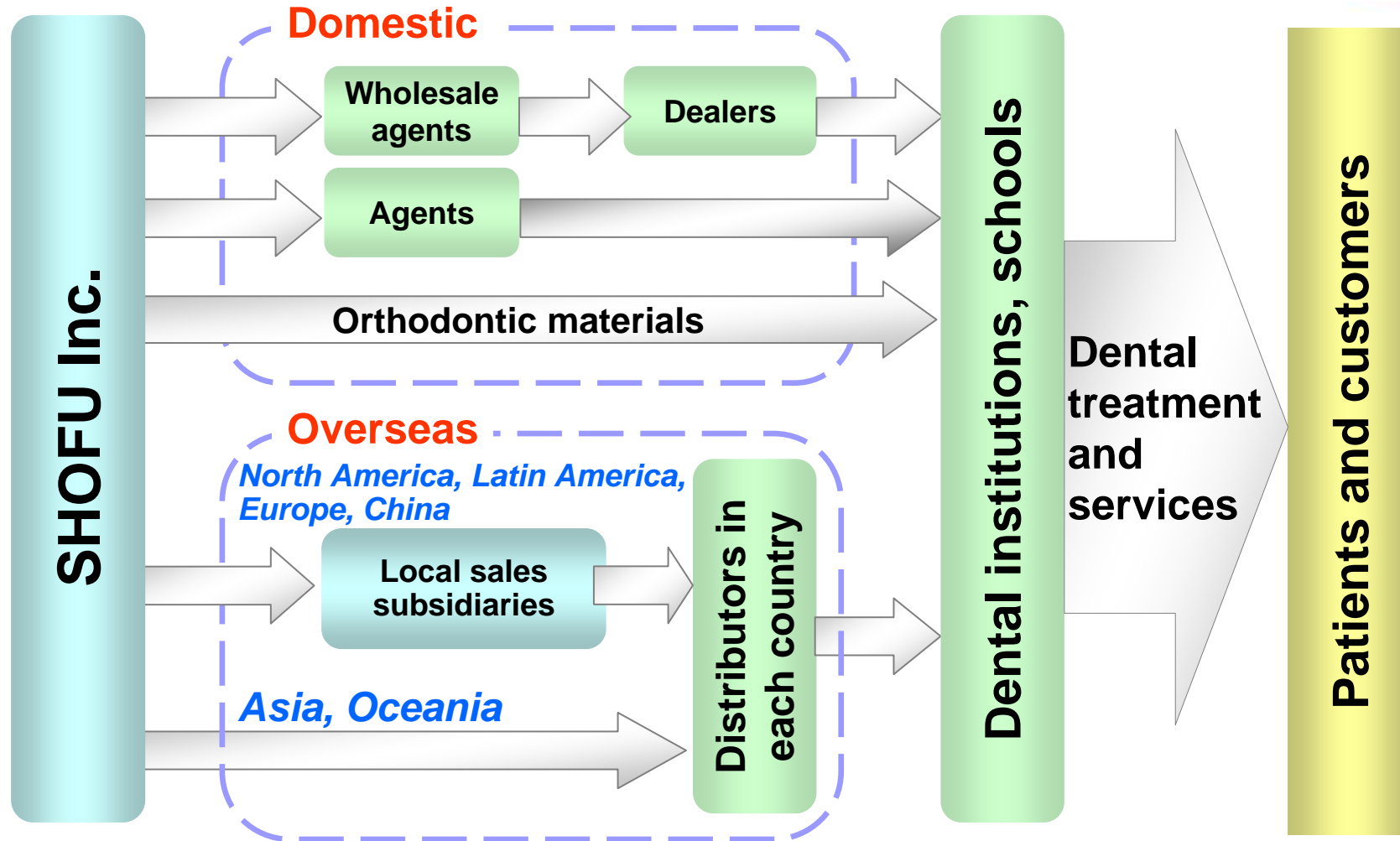


Group Profile and Number of Dentists Worldwide



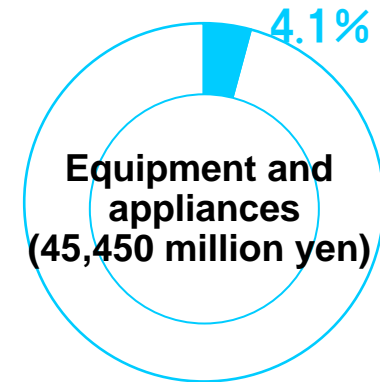
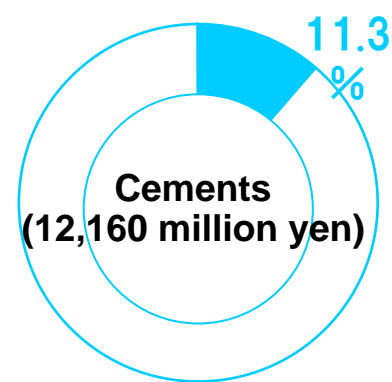
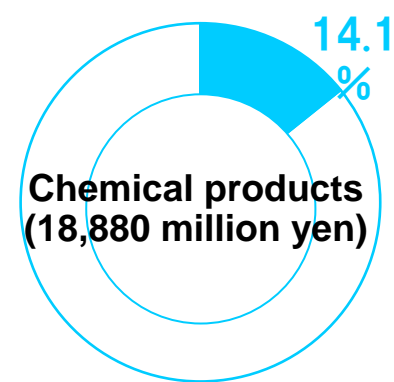
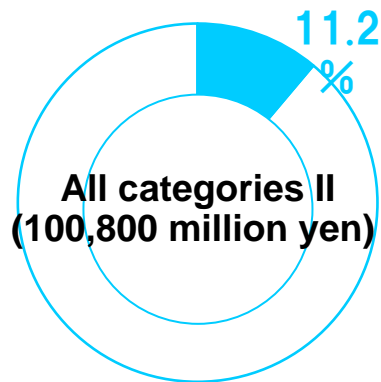
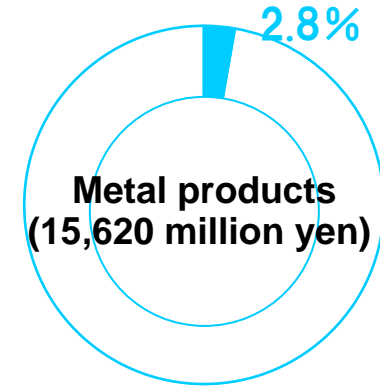
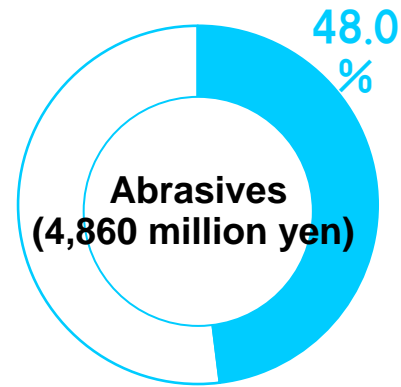
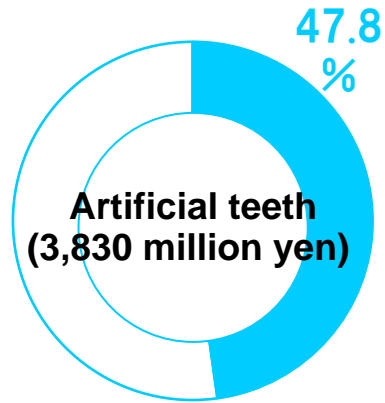
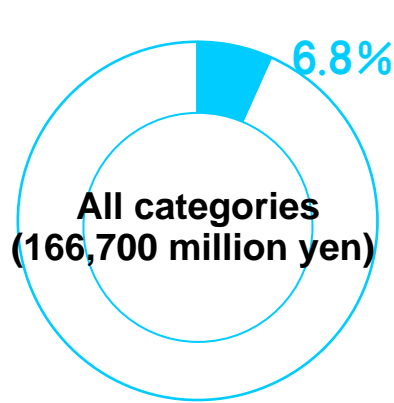
* Figures for numbers of dentists from "Guide to Dental Care Worldwide" (Japan Dental Association) and other sources

Sales Channels



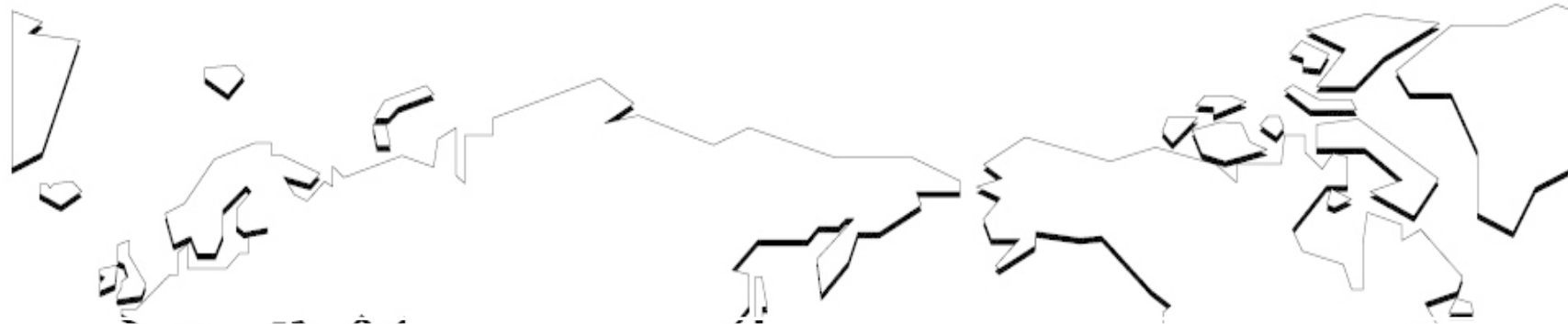
Market share by product category

⇒ Company and Business Profiles



“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 2010)
Figures in parentheses represent market size. (Figures rounded down to the nearest ten million yen)



Reference <Dentistry Data>

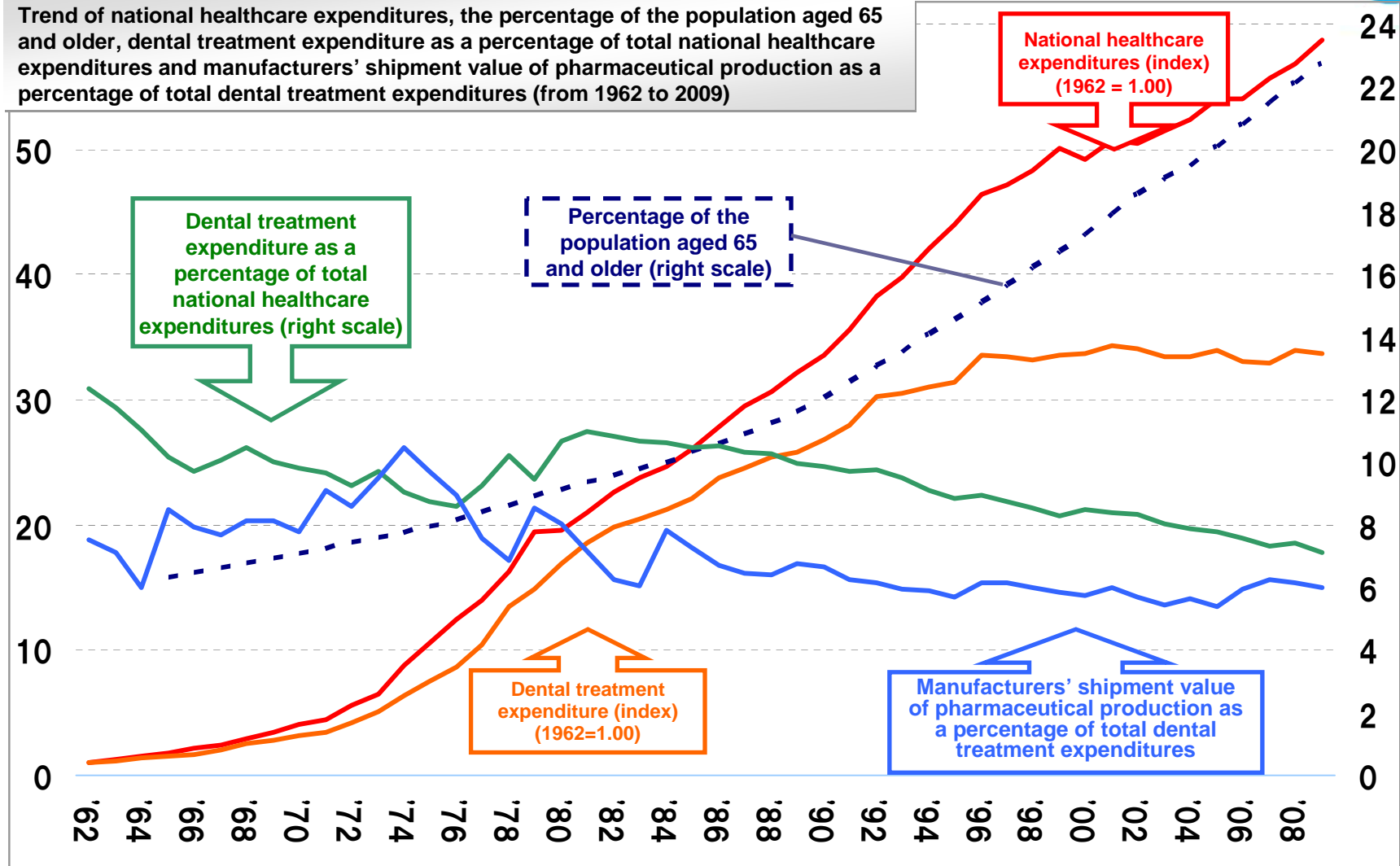


Long-term Trend of Dentistry-Related Statistics

Reference <Dentistry Data>

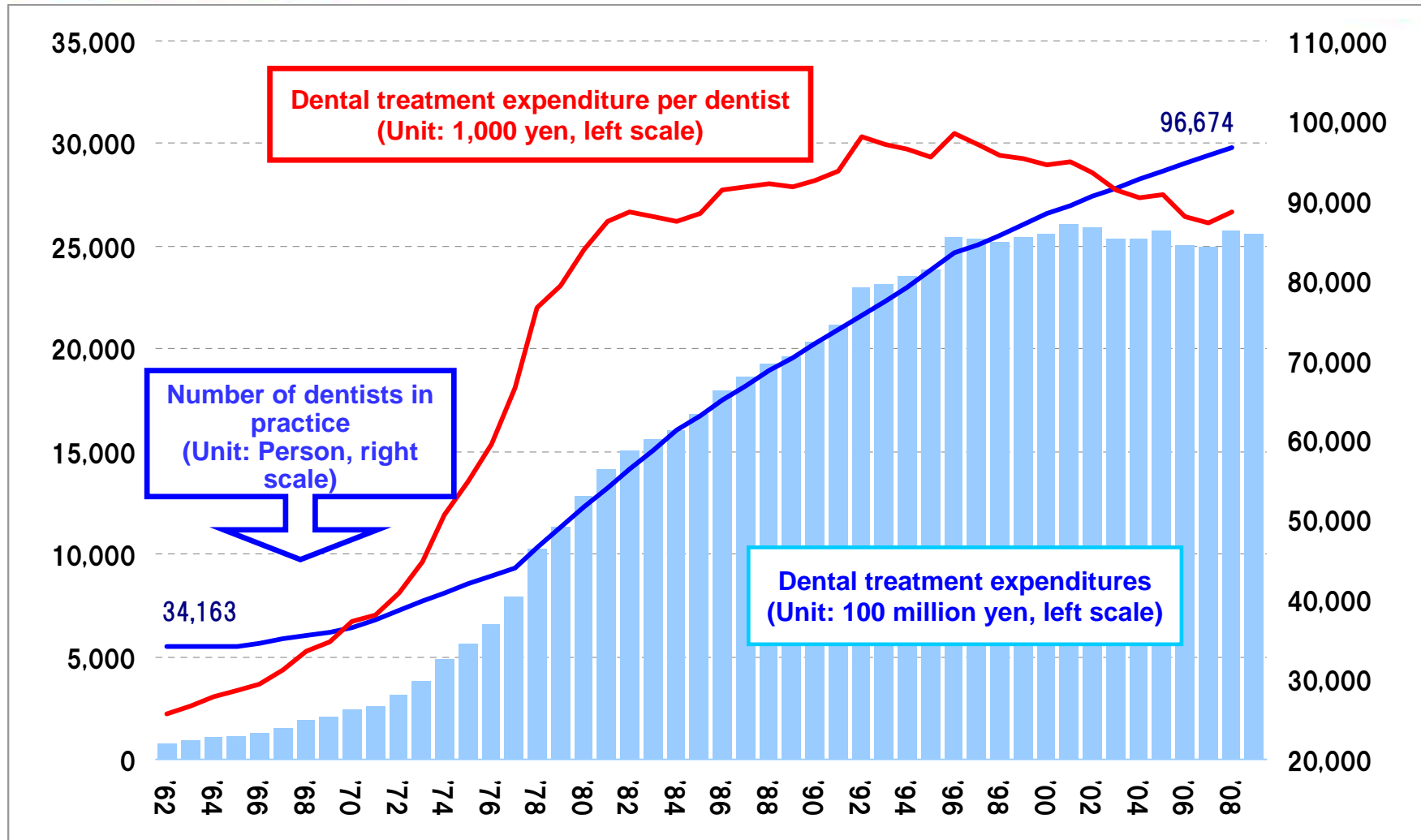


Trend of national healthcare expenditures, the percentage of the population aged 65 and older, dental treatment expenditure as a percentage of total national healthcare expenditures and manufacturers' shipment value of pharmaceutical production as a percentage of total dental treatment expenditures (from 1962 to 2009)



Trend of the Number of Dentists and Dental Treatment Expenditure

Reference <Dentistry Data>



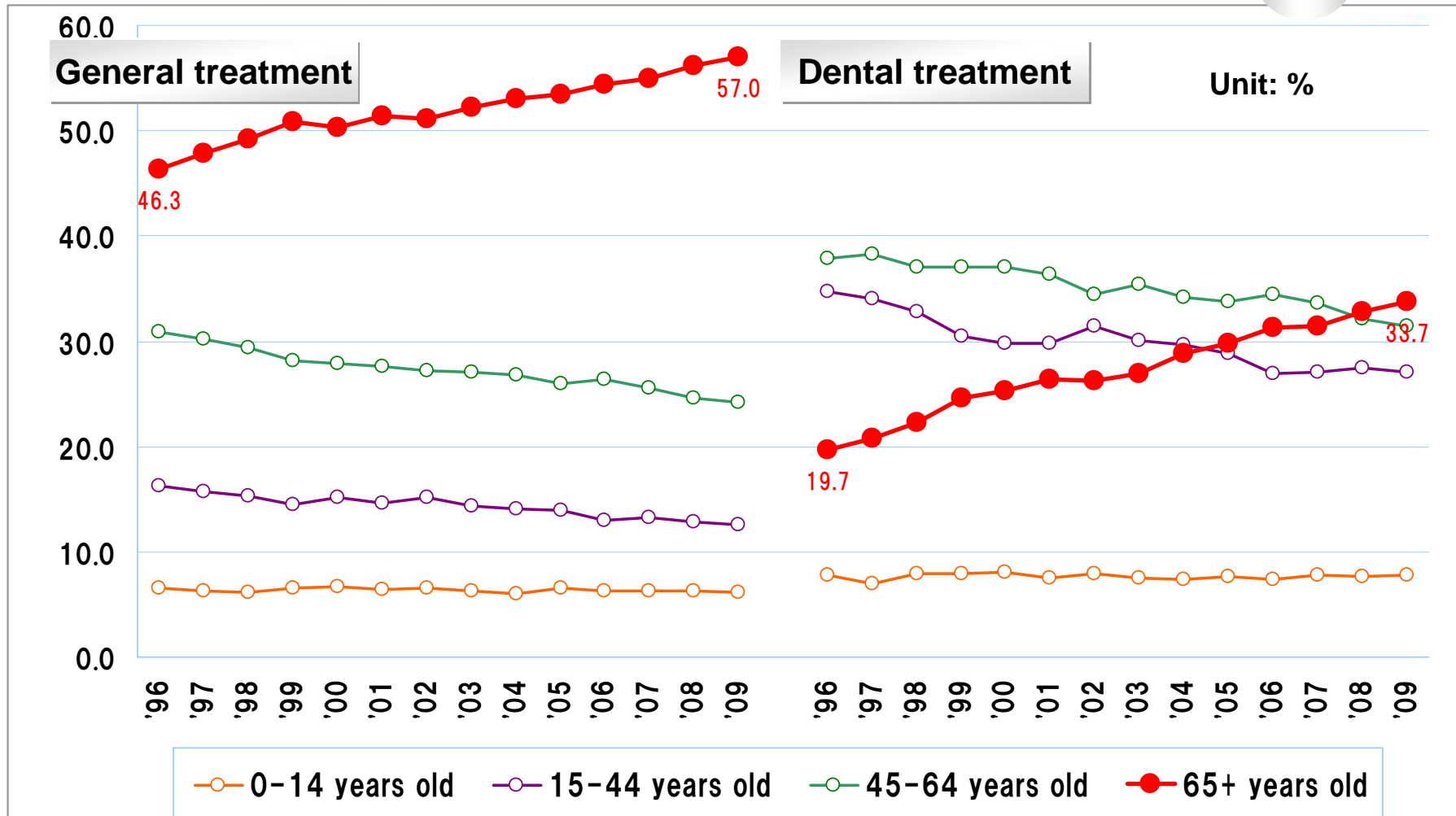
Prepared using yearly data from Summary of National Healthcare Expenditures, Survey on Doctors, Dentists and Pharmacists (Ministry of Health, Labour and Welfare)

Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>



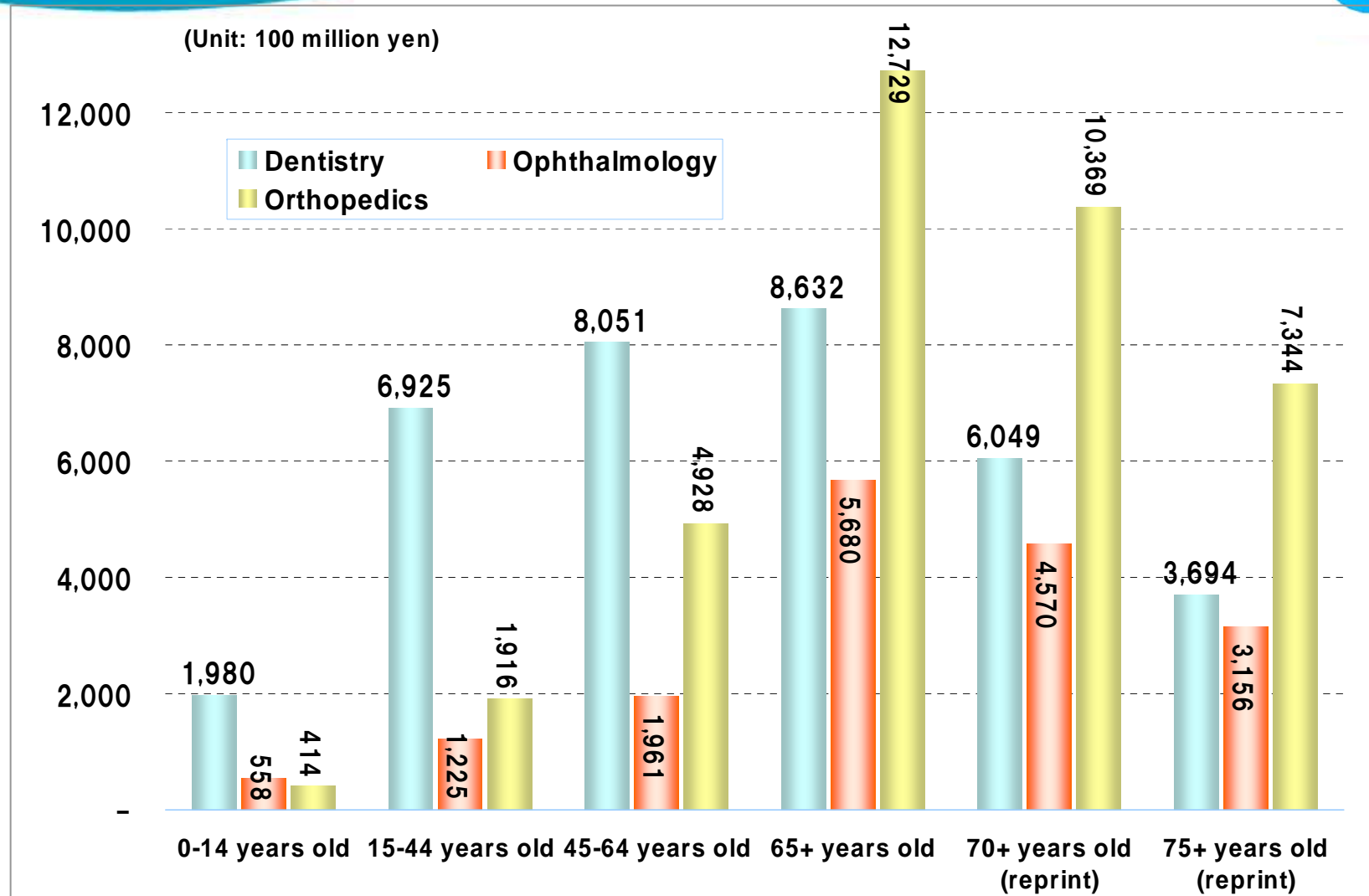
People aged 65 years and older tend to place less importance on dental treatment than general medical treatment.



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>

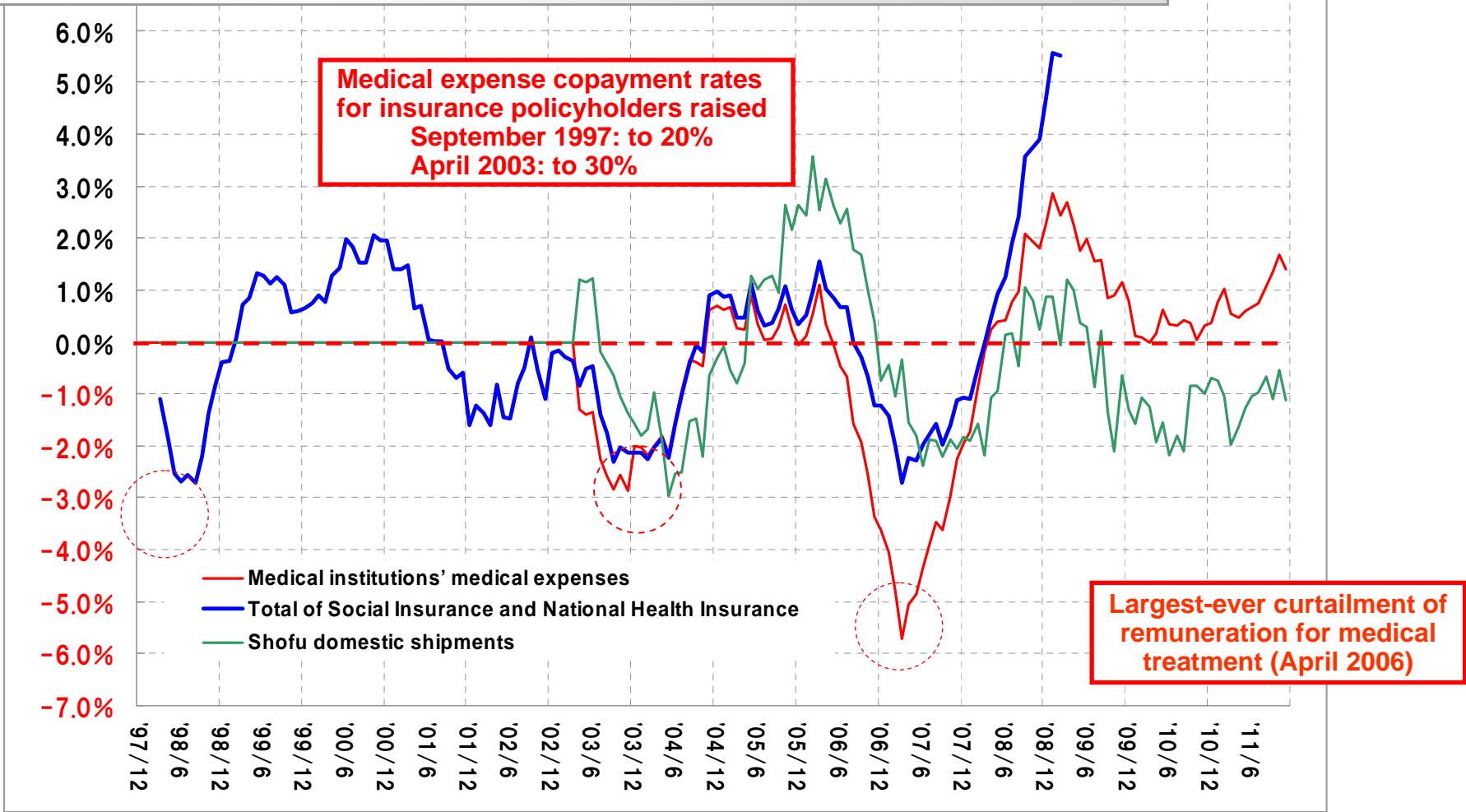


Dental Treatment Expenditures

Reference <Dentistry Data>



Year-on-year comparison of amount paid by dental health insurance (deviation from 12-month moving average) from December 1997 to November 2011

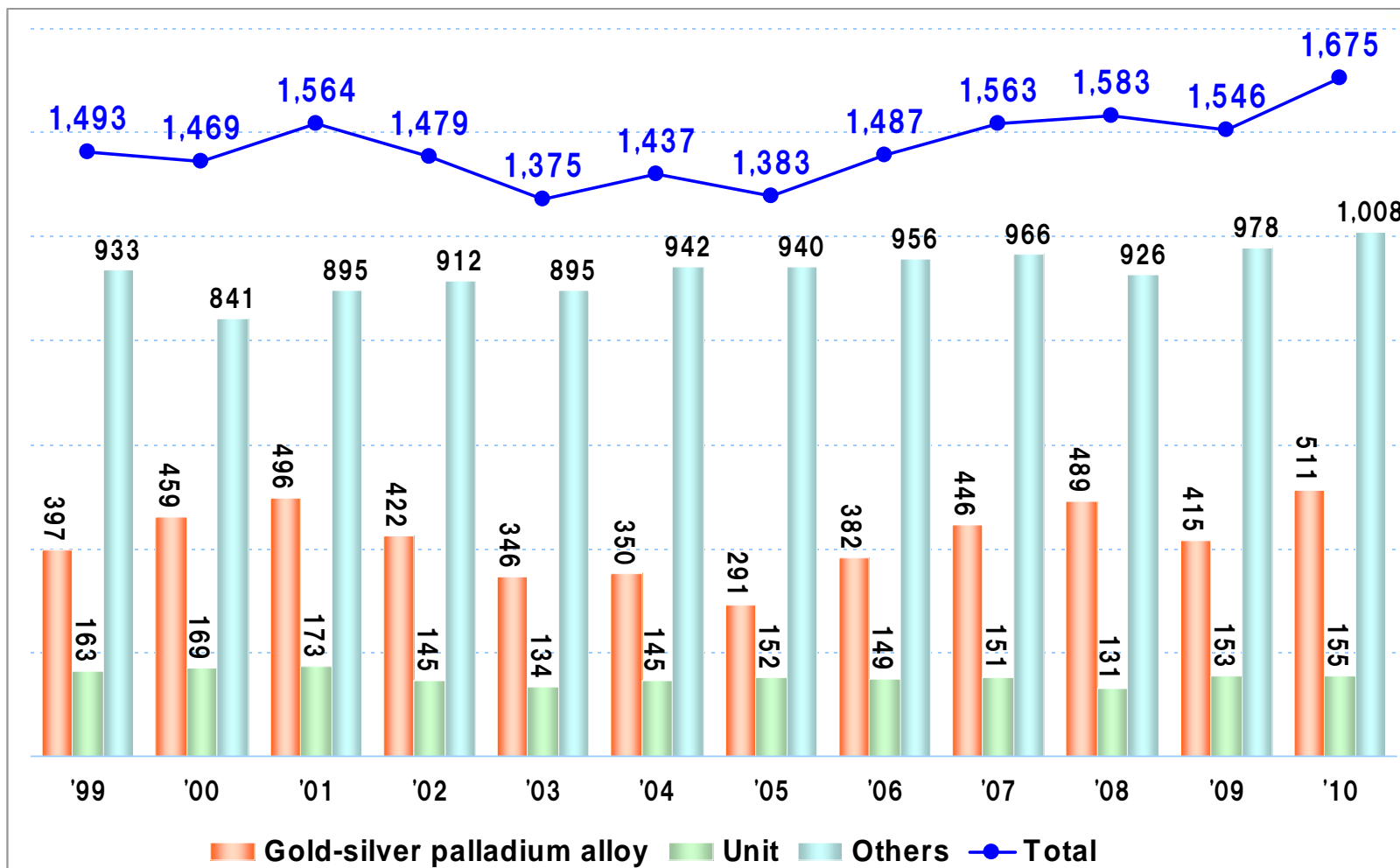


Trend of Shipment Value of Pharmaceutical Industry Production

☞ Reference <Dentistry Data>



Shipment value, Unit: 100 million yen



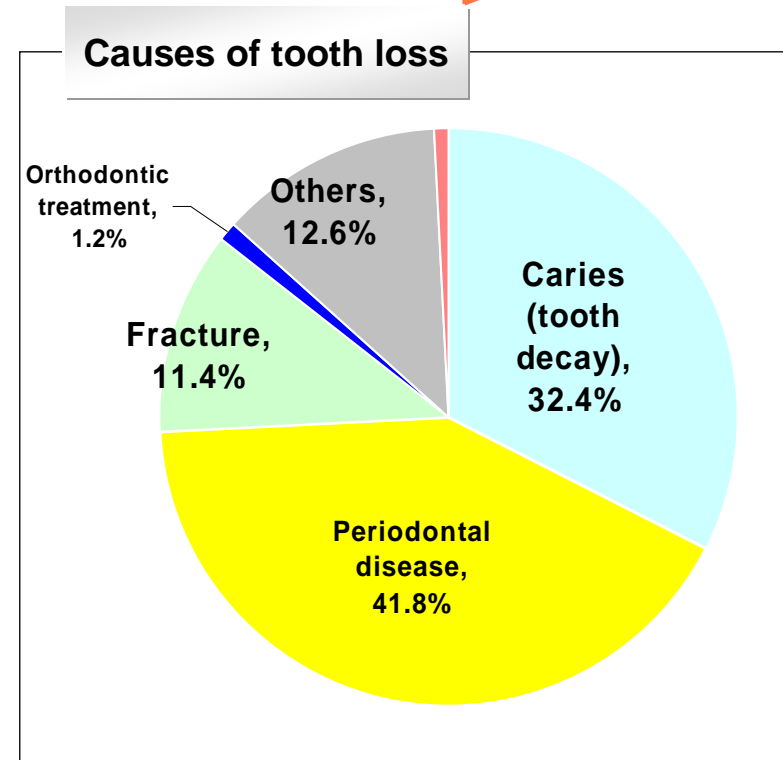
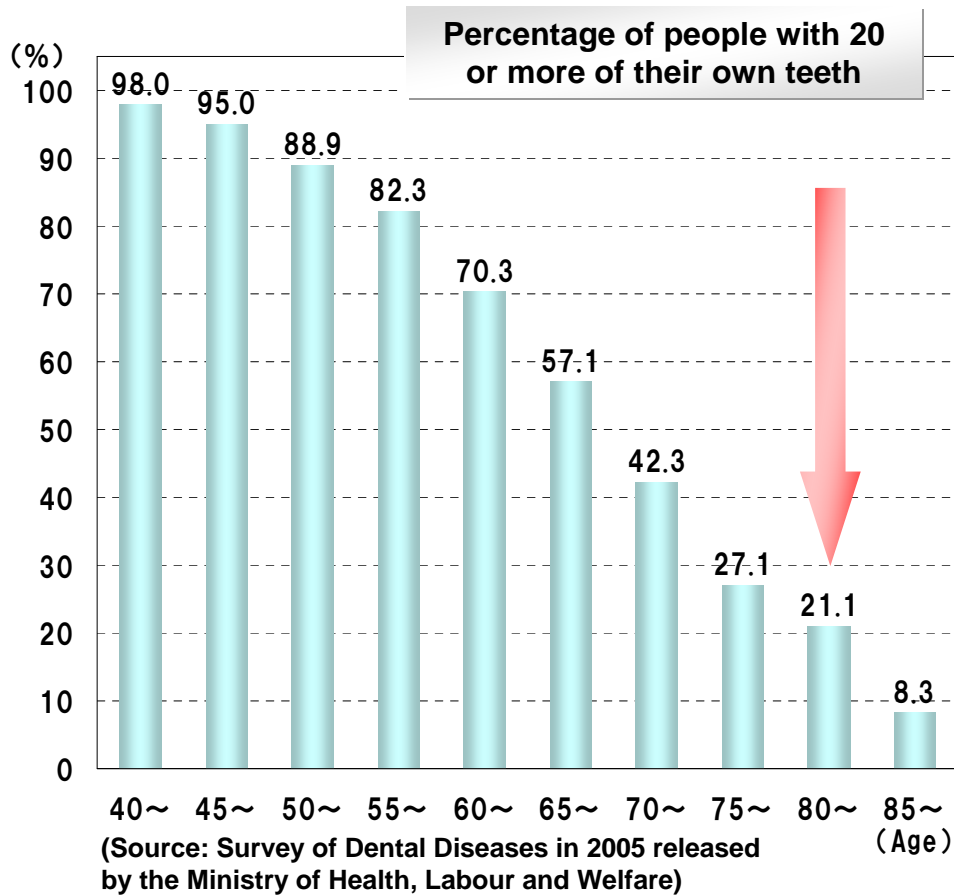
Prepared using data from Production Statistics issued by the Pharmaceutical Industry (Manufacturers' shipment values), (Year Book for each year), released by the Ministry of Health, Labour and Welfare

The 8020 Movement and Changes in Dental Diseases

☞ Reference <Dentistry Data>



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



(Survey by the 8020 Promotion Foundation in 2005)

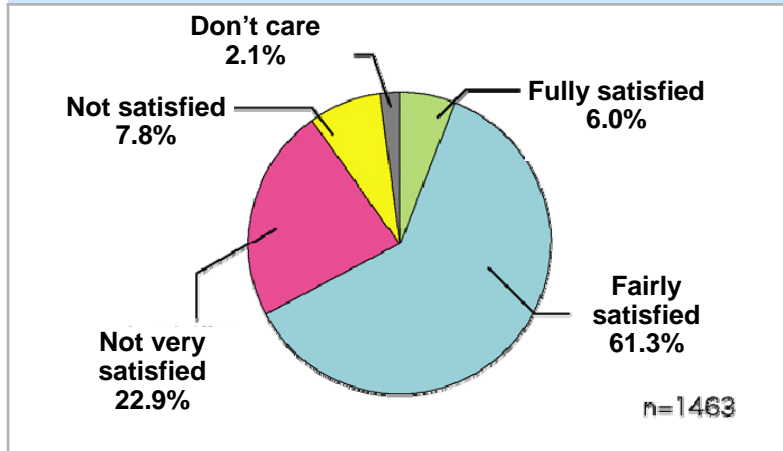
Perception of Dental and Oral Health

▷ Reference <Dentistry Data>

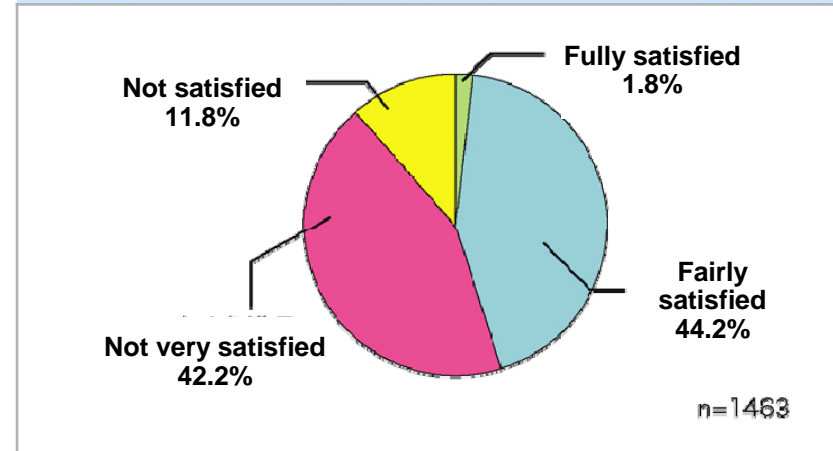


Source: Fiscal 2007's Dental Equipment Industry Vision (References)

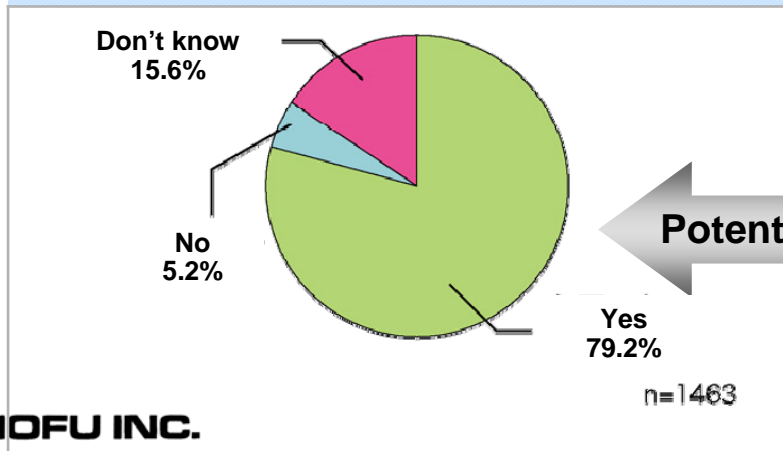
Are you satisfied with your physical health?



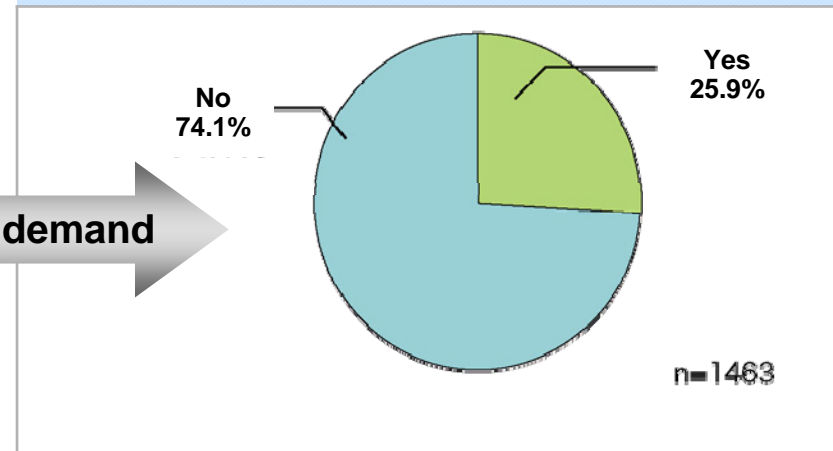
Are you satisfied with your oral health?



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

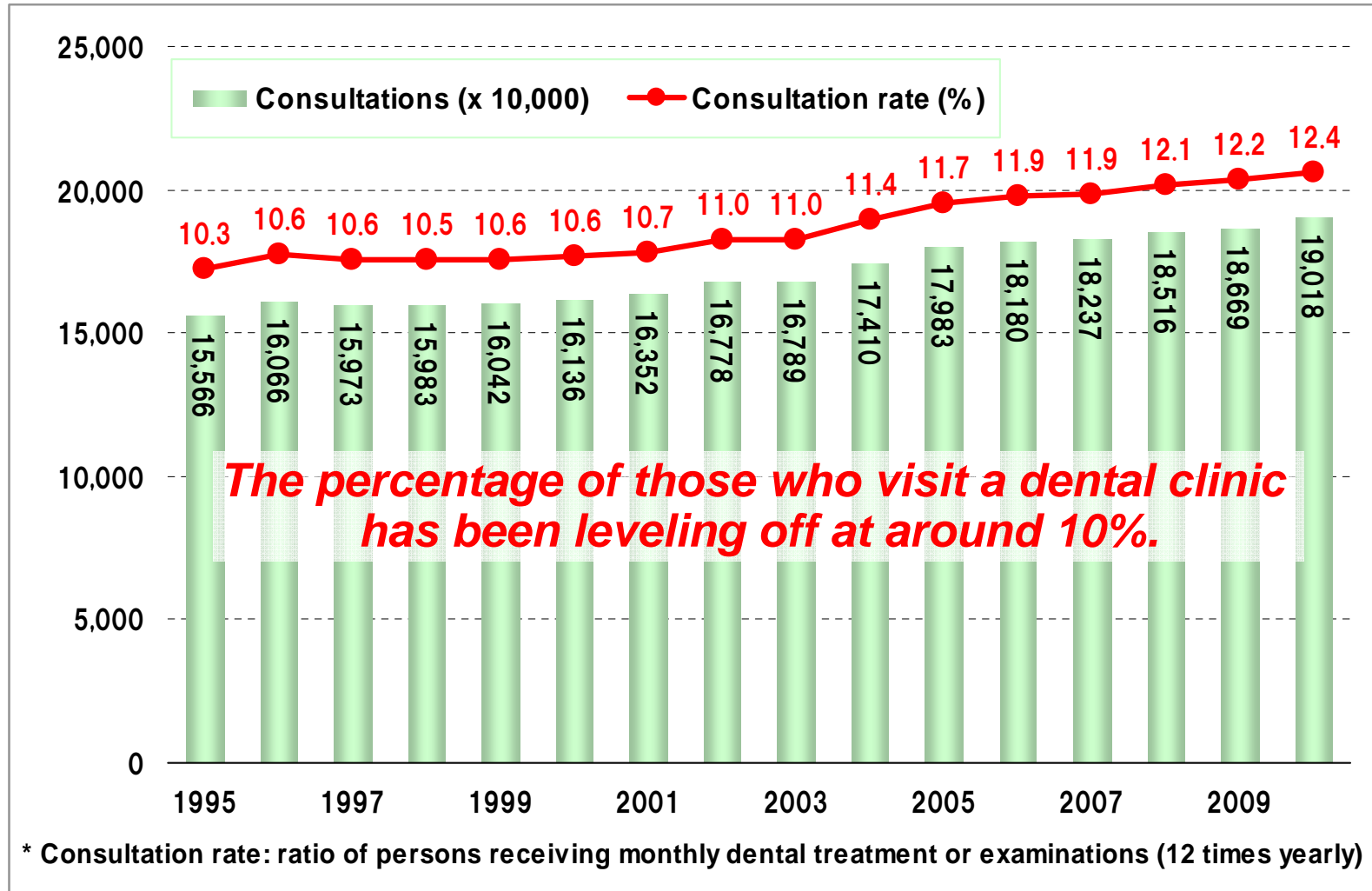


Do you actually receive regular dental care?



Dental Clinic Consultation Rates

Reference <Dentistry Data>



Trend 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 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.

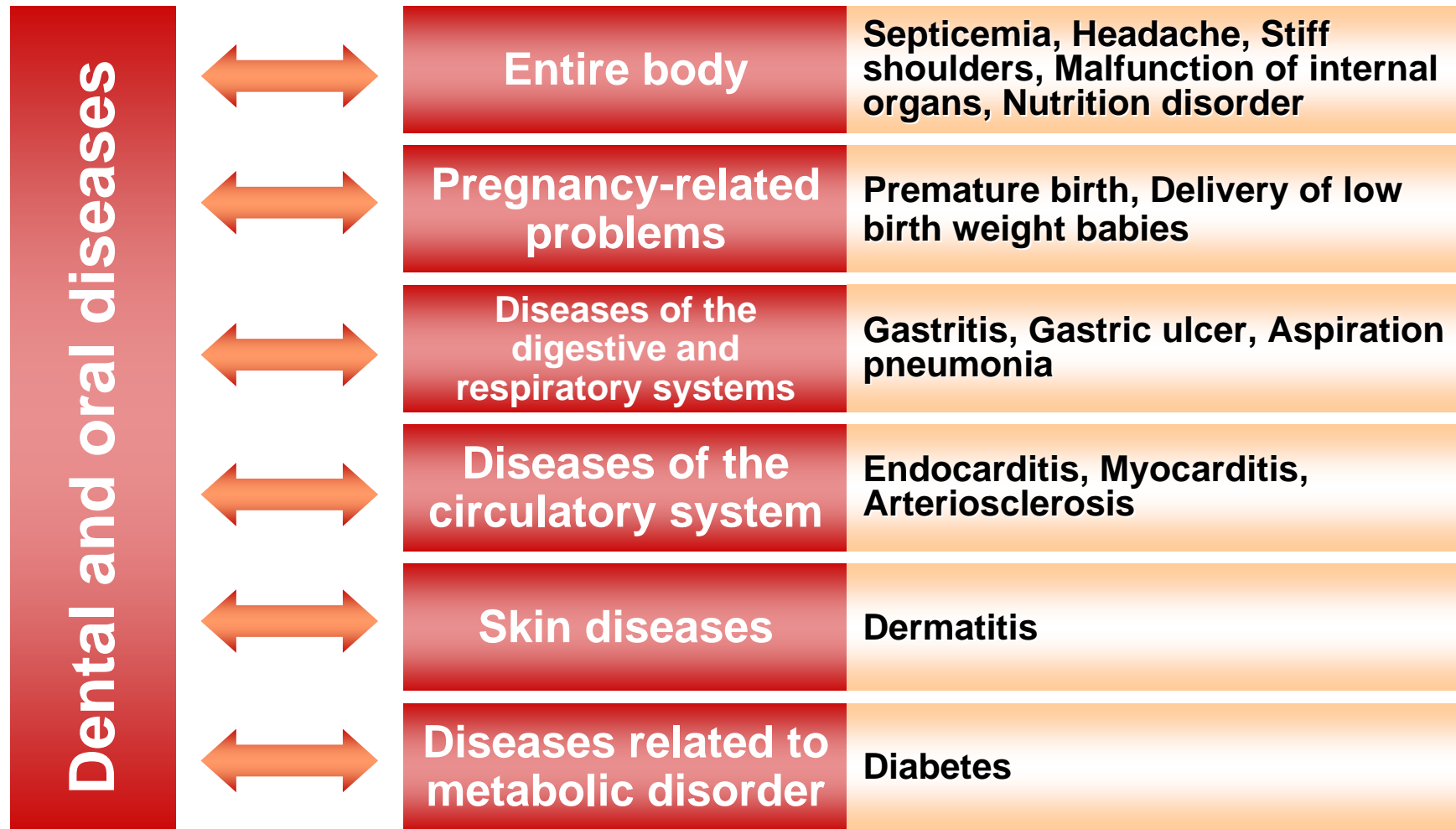
Source:

* 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)

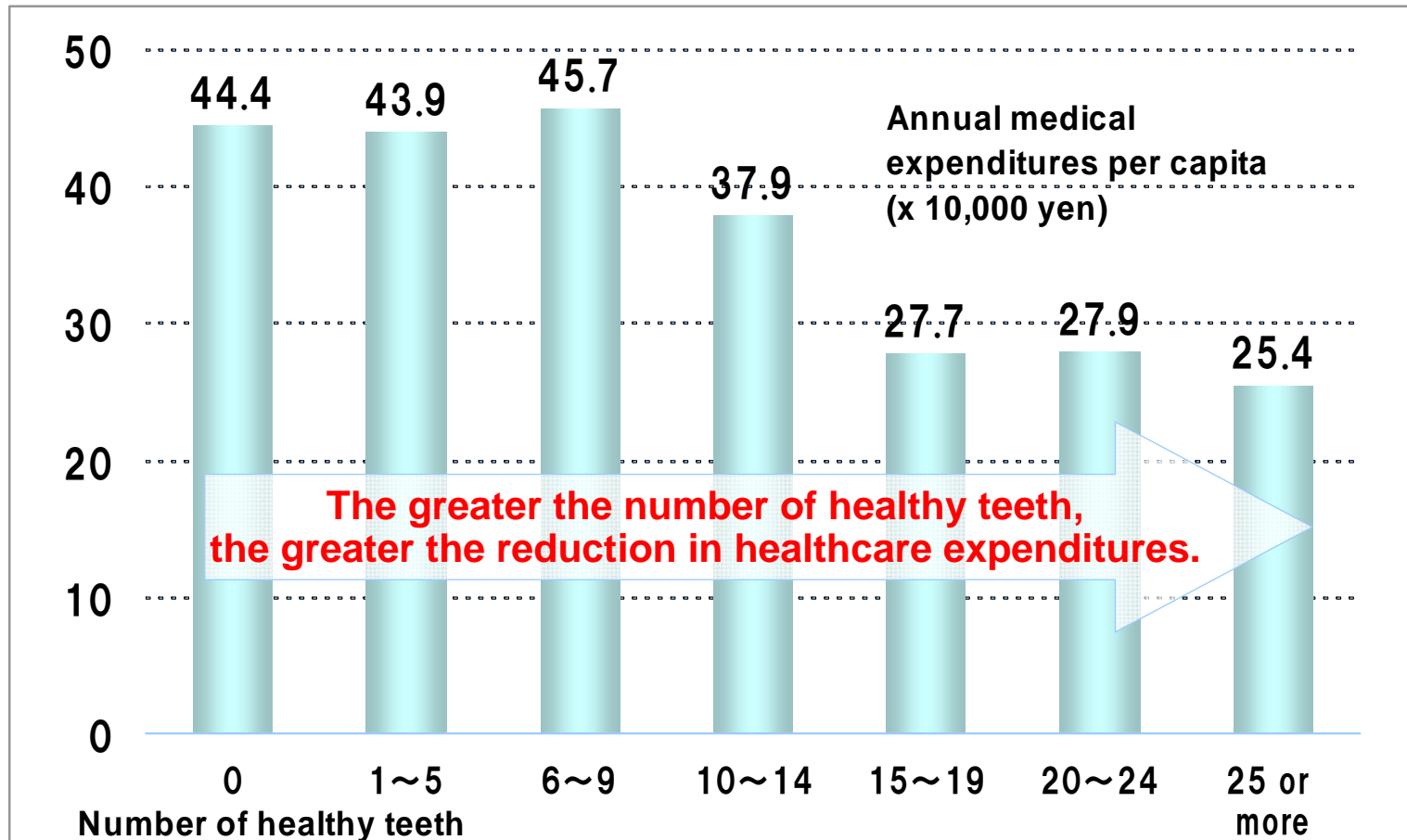
Systemic Diseases Caused by Caries and Periodontal Disease

Reference <Dentistry Data>



Correlation between Number of Healthy Teeth and Healthcare Expenditures

Reference <Dentistry Data>



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

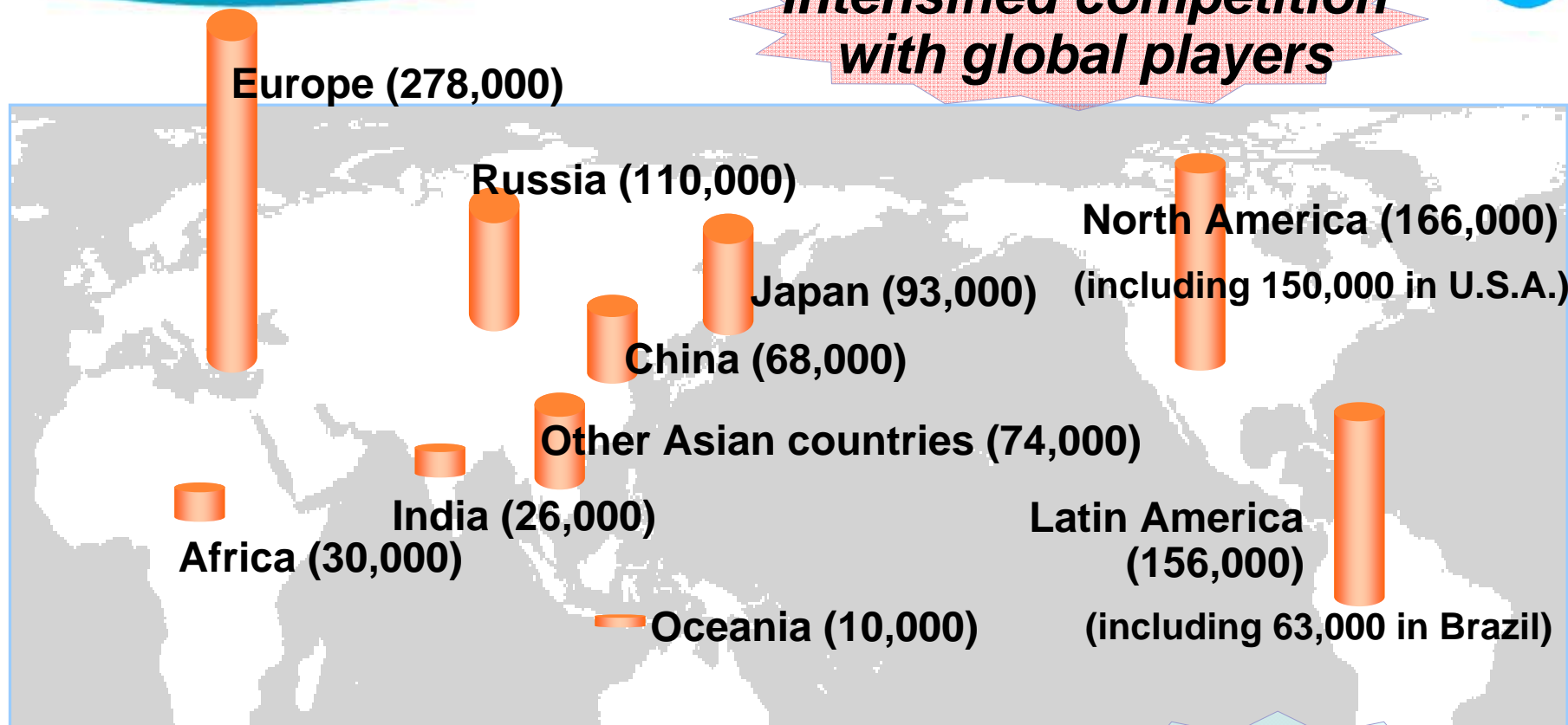
SHOFU INC. Subjects surveyed: 954 persons aged 80 living independently (392 men, 562 women)

Number of Dentists in the World

Reference <Dentistry Data>



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**

Glossary (1)



Term	Meaning
Impression	An imprint of teeth and other intraoral areas, created with impression material. Based on the impression mould, plaster model can be produced, onto which prosthesis is fabricated. → Dental prosthetic (page 67)
Implant (treatment)	A treatment method to replace missing tooth. An artificial root is implanted into the bone, upon which a variety of dental prostheses can be placed. In addition to conventional prosthetic treatment, implant is a new option to restore mastication and esthetics.
Caries	Tooth decay.
Occlusion	The position of the teeth when the jaws are closed.
Composite resin	Synthetic resin to fill cavity and lesion, available in a variety of shades to make the restored area harmonious with surrounding teeth of each patient. It is often used to treat decay. → Resin (page 67)
Filling	To fill resin or cement after removing a decay to restore the affected area.
Aesthetic dentistry	A variety of treatment to enhance patient's esthetic appearance, including orthodontics and whitening.
Scaler	An instrument used to remove plaque and tartar accumulated on the tooth surface.
Dental floss	A thread used to remove plaque from the spaces between teeth.
Handpiece SHOFU INC.	A handheld device to which small instruments for removing tooth decay, plaque, and tartar are attached. → Plaque (page 67)

Glossary (2)

☞ Reference <Dentistry Data>



Term	Meaning
Nail care	Care for fingernails and the surrounding area, including attachment of artificial nails. Nail care is widely considered an important part of personal grooming in many parts of the world, and it is also growingly popular among young women in Japan, which leads to a rapid growth of the market.
PMTC	PMTC stands for Professional Mechanical Tooth Cleaning. In PMTC, a dentist or hygienist uses machines and instruments to remove plaque, tartar (calcified plaque), and other dental deposits (caused by smoking, etc).
Fluoride	A substance that accelerates re-calcification of the tooth surface and strengthens tooth structure (especially for enamel).
Plaque	Calculus deposits. Bacteria living in plaque create acids and toxins, which cause decay and periodontal disease. Thus, removing plaque helps prevent dental disease and enhance oral health.
Dental prosthetic	An artificial replacement of defective area. It includes fillings and crowns that restore patient's oral function and esthetic appearance.
Bonding (material)	A material to bond composites to natural tooth (enamel and dentin). → Composite resin (page 66)
Resin	Synthetic high polymer. Resins are popularly used for dental restoratives.