



Fiscal 2008 Earnings Presentation

February 6, 2009

 **Shoei Co., Ltd.**
(Stock Code: 3003)

Contents

1. Financial Highlights
2. Segment Information
3. Financial and Infrastructure Enhancements
4. 2009 Plan

Forecasts of business results and other projections in this presentation are based on information available to management at the present time and are subject to inherent risks and uncertainties. Consequently, these statements should not be construed as an assurance or guarantee of the Shoei Group's actual future performance or business activities, which are subject to changes in various factors. Please be aware that actual results may differ materially from these forecasts.

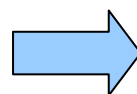
1. Fiscal 2008 Financial Highlights

(1) Financial Highlights

Now is precisely the time for caution and perseverance

Operating environment is rapidly changing

Current simultaneous worldwide deflation resembles Japan's deflation after the bursting of the economic bubble



Shoei's business results are rapidly worsening

Large loss on evaluation of marketable securities posted due to sharply falling share prices
Fiscal 2008 net income significantly declined

Consolidated Results

(¥ million)

	Fiscal 2007 (A)	Fiscal 2008 Forecast (B)	Fiscal 2008 (C)	Change in Results (C) – (A)	Difference vs. Forecast (C) – (B)
Operating revenues	33,051	25,500	26,504	-6,546	1,004
Operating income	10,075	9,500	10,598	522	1,098
Recurring profit	9,375	9,000	7,169	-2,206	-1,831
Extraordinary gains	3,615	-	9,833	6,218	-
Extraordinary losses	-1,932	-	-13,991	-12,058	-
Net income	6,703	5,000	1,938	-4,764	-3,062

(Forecast announced in August 7, 2008)

1. Fiscal 2008 Financial Highlights

(2) Earnings by Segment

Real Estate

Sold inventory assets ahead of schedule in response to worsening market conditions;
Profit was roughly as forecast despite year on year fall in the absence of prior year's extraordinary gain on sale of fixed assets

Marketable Securities

Decrease in gains on marketable securities due to falling share prices despite increased dividend income;
Large pre-tax segment loss due to considerable loss on evaluation of marketable securities

Business Investment

Extraordinary gains on sales of subsidiary recorded in previous fiscal year not posted this year;
In the environmental business, earnings steadily improved at the recurring profit level

◆ Pre-tax segment profit (loss)

(¥ million)

	Real Estate	Marketable Securities	Business Investment	Head Office and other expenses	Total
Operating income	9,452	1,828	323	-1,006	10,598
Other income (loss)	-3,891	645	24	-206	-3,428
Recurring profit	5,561	2,473	347	-1,212	7,169
Extraordinary gains and losses	37	-4,499	90	213	-4,157
Pre-tax segment profit	5,598	-2,025	438	-999	3,012
(Year-on-year change)	(- 4,312)	(- 3,157)	(- 686)	(110)	(- 8,046)

1. Fiscal 2008 Financial Highlights

(3) Consolidated Balance Sheets

(¥ billion)

		2007/12	2008/12	Change	
Assets	Current assets	39.9	25.1	-14.7	
	Inventories	17.7	3.1	-14.5	Reclassified Kawasaki Ukishima as fixed asset
	Fixed assets	228.5	246.7	18.1	
	Property, plant and equipment	126.2	173.1	46.9	
	Investment securities	84.2	49.3	-34.8	Significant drop due to write-downs, and sales of some marketable securities
	Real estate investment securities	14.4	19.7	5.3	Surugadai Project
Total		268.4	271.8	3.3	
Liabilities and Net Assets	Current liabilities	36.5	37.7	1.1	
	Short-term borrowings due within one year	30.2	30.2	0	
	(Non-recourse loans)	(0.5)	(3.9)	(3.4)	
	Long-term liabilities	172.7	184.7	11.9	
	Bonds and long-term debt	106.2	143.7	37.5	Increased long-term procurement through syndicated loans; Shifted from short-term to long-term loans to stabilize procurement
	(Non-recourse loans)	(27.4)	(51.0)	(23.6)	
	Long-term deposits	41.5	24.2	-17.2	
	Deferred tax liabilities	16.3	7.9	-8.4	
	Equity	59.1	49.4	-9.7	
	Net unrealized gains on available-for-sale securities	20.7	10.7	-9.9	Drop in unrealized gains of marketable securities due to plummeting share prices
Treasury stock	-2.9	-3.0	-0		
Total		268.4	271.8	3.3	

1. Fiscal 2008 Financial Highlights

(4) Fiscal 2008 Overview

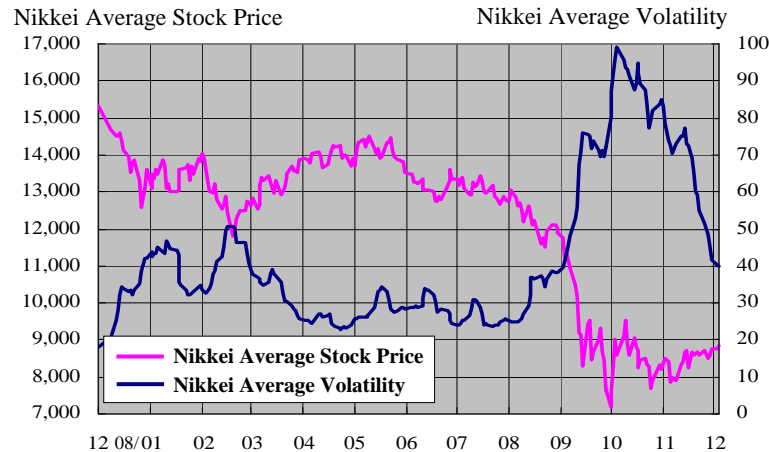
Operating Environment

Greatly increased risk of depression
Although Shoei has been conducting operations cautiously, conditions have worsened much more than anticipated



Since September 2008, the Nikkei Average Stock Price has sharply fallen and greatly increased in volatility; The market outlook is extremely unclear

◆ Nikkei Average Stock Price and Volatility



Shoei's Response

Shoei started its full-fledged response over the 2nd quarter – 3rd quarter period



◆ Real Estate

- Sold 2 Yokohama properties ahead of schedule before the full-fledged worsening of market conditions
- Consolidation of TMK investment project: Aiming to start the project early by pursuing project as independent Shoei development, posted acquisition costs and interest expenses

◆ Marketable Securities

• Raised hedging ratios

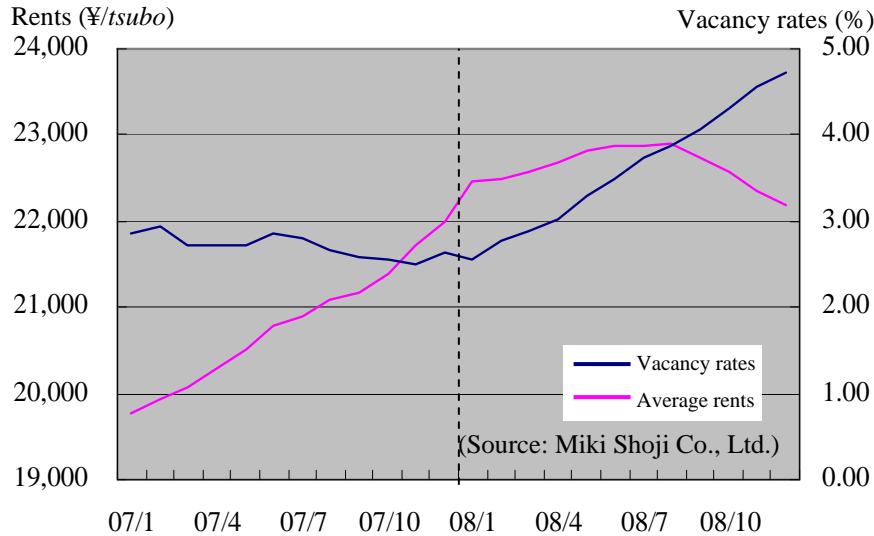
2007/12	47.1%	(-)
2008/06	55.3%	(+ 8.2%)
2008/12	66.6%	(+ 11.3%)

2. Fiscal 2008 Segment Information

(1) Real Estate Business Environment

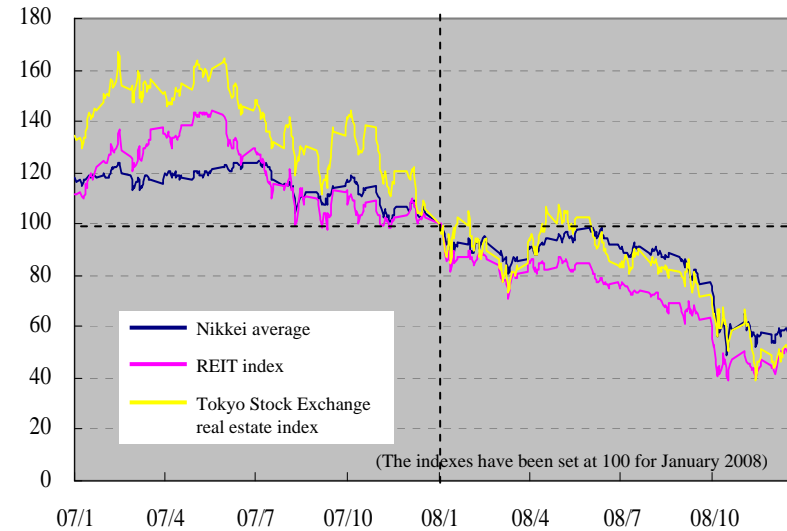
The high prices that had prevailed in the real estate market are rapidly falling due to the financial crisis

Vacancy Rates and Average Rents for Office Buildings in Central Tokyo



Vacancy rate has continued to rise since the beginning of 2008; rents, which had been flat, are falling

Stocks and REIT Index

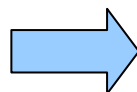


- In the first half of 2007 the REIT index started to fall from its peak, but has been falling further since the shock of the Lehman Brothers failure in September 2008
- String of failures of real estate and construction companies

2. Fiscal 2008 Segment Information

(2) Overview of Real Estate Business

Although operating revenues fell, Shoei maintained operating income with only a slight decline.



Amid a greater-than-anticipated worsening of real estate market conditions, Shoei examined all risks and held operating income steady.

■ Consolidated Results

(¥ million)

		2007/12	2008/12	Year-on-year change
Operating revenues	Leasing	12,211	12,129	-81
	Condominium sales	4,568	17	-4,550
	Fund redemption and asset replacements	12,340	10,000	-2,340
	Total	29,119	22,146	-6,972
Operating income	Leasing	5,751	5,294	-456
	Condominium sales	749	16	-732
	Fund redemption and asset replacements	2,997	4,141	1,144
	Total	9,497	9,452	-44

Main factors behind decreases

◆ Leasing

Decrease in leasing income due to sale of properties;
Decrease in fund dividends

◆ Condominium sales

No properties were sold during the fiscal year

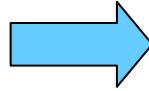
◆ Fund redemption and asset replacements

Early sale of two Yokohama projects

2. Fiscal 2008 Segment Information

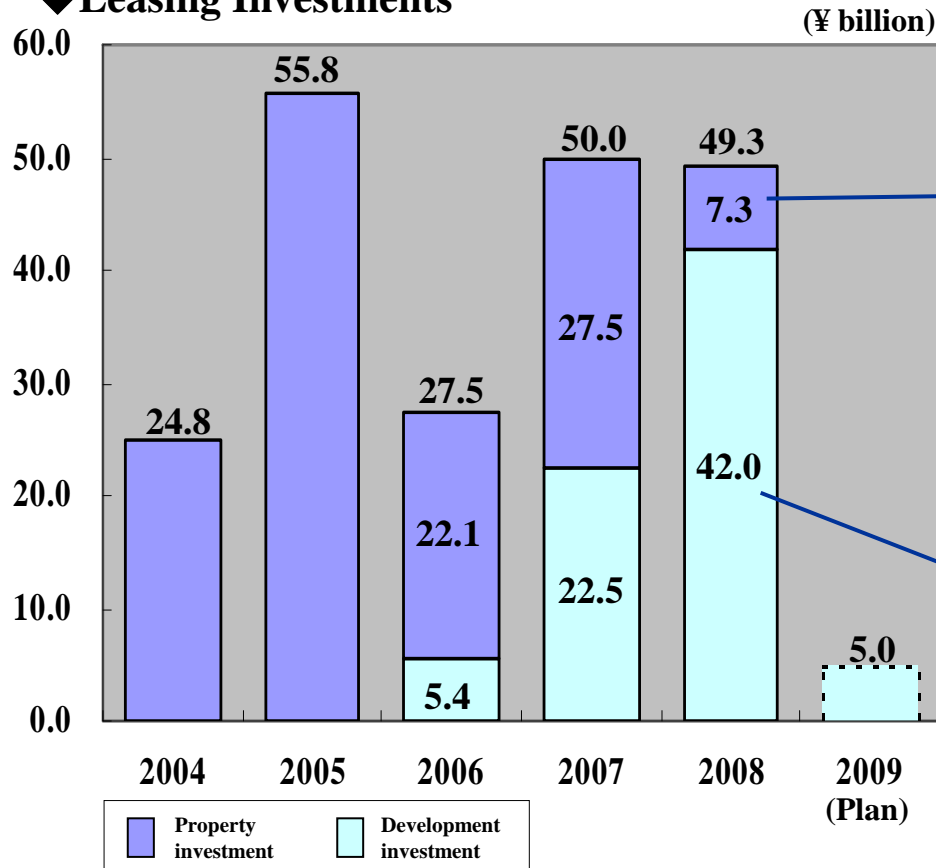
(3) Real Estate Investment and Investment Properties

Shoei deferred both new and development investments, except those to which it was already committed, in response to the rapidly worsening conditions.



Shoei expects to make greatly reduced investments in fiscal 2009. Although the amount invested in fiscal 2008 was almost level with fiscal 2007 due to the TMK consolidation, in fiscal 2009 Shoei will only invest in construction funding.

◆ Leasing Investments



◆ Properties acquired:

- Kannai Toa Building (February)
- Toyoko-Inn Kitakyushu Airport (April)
- College Square Ochanomizu (June)
- Toyoko-Inn Niigata Furumachi (August)
- Toyoko-Inn Tokushima Station (October)
- Non-consolidated SPC investments: 2, etc.

◆ Development investment (All names provisional):

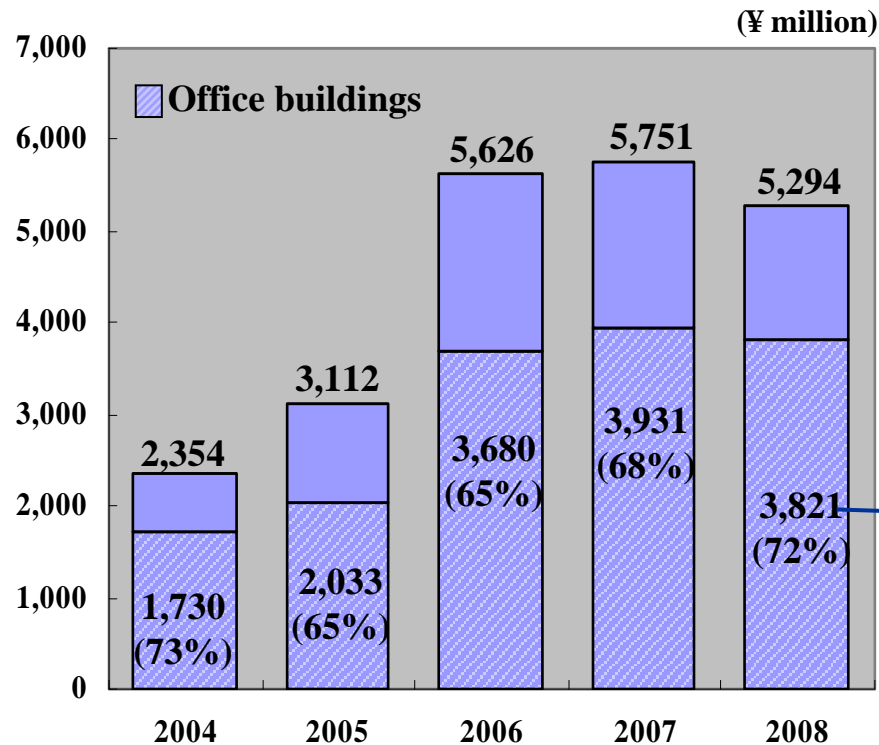
- Kita Kamakura Aged Care Facility
- Toyoko-Inn Hiratsuka Station North Exit 1
- Nishi Arai Station West-side Area A Development Project
- Chiyoda Ward Yonbancho Redevelopment
- Toranomom 1-chome Development
- Surugadai Project

2. Fiscal 2008 Segment Information

(4) Changes in Leasing Operating Income

In the fiscal 2008 first half, secured stable earnings centered on office buildings in Tokyo despite decline in leasing operating income due to two property sales.

◆ Leasing Operating Income



◆ Tokyo office buildings owned by Shoei

Vacancy rates

Dec. 2007	June 2008	Dec. 2008
0.43%	0.00%	3.48%

Average rents

Dec. 2007	June 2008	Dec. 2008
¥20,544	¥20,566	¥21,317

◆ Breakdown of office buildings

(¥ million)

Tokyo buildings	20	2,839(74%)
Other	4	982(26%)

2. Fiscal 2008 Segment Information

(5) Progress With Development Projects

<Independent Shoei Development Projects>

◆ Kita Kamakura Aged Care Facility (Public welfare facility)

- Scheduled for completion in February 2009
- Concluded leasing contract with care-provider company



◆ Nishi Arai Station West-side Area A Development Project (Commercial facility)

- Scheduled for completion in 2010
- Application pending under Large-Scale Retail Store Location Law
- Tenant leasing under way



◆ Chiyoda Ward Yonbancho Redevelopment (Office building)

- Scheduled for completion in 2012
- Firmly decided to pursue project as an independent Shoei development to achieve early completion
- Aiming at early completion, selected policy direction of independent Shoei development
- Aiming to start construction in 2010, basic construction design now under study
- Leasing income secured by lease-back until start of construction

<Joint Development Projects>

◆ Toranomon 1-chome Development (Office building)

- Construction started January 2009, scheduled for completion by August 31, 2010
- Joint development project with friendly companies:
Hulic Co., Ltd.,
Yasuda Real Estate Co., Ltd.,
Tokyo Tatemono Co., Ltd.



◆ Nakano 4-chome Redevelopment (Office buildings)

- Construction to start in 2010, scheduled to be completed in 2012
- Joint development project with friendly companies:
Tokyo Tatemono Co., Ltd., others (TMK investment)

◆ Awaji-cho 2-chome Redevelopment (Multi-purpose facility)

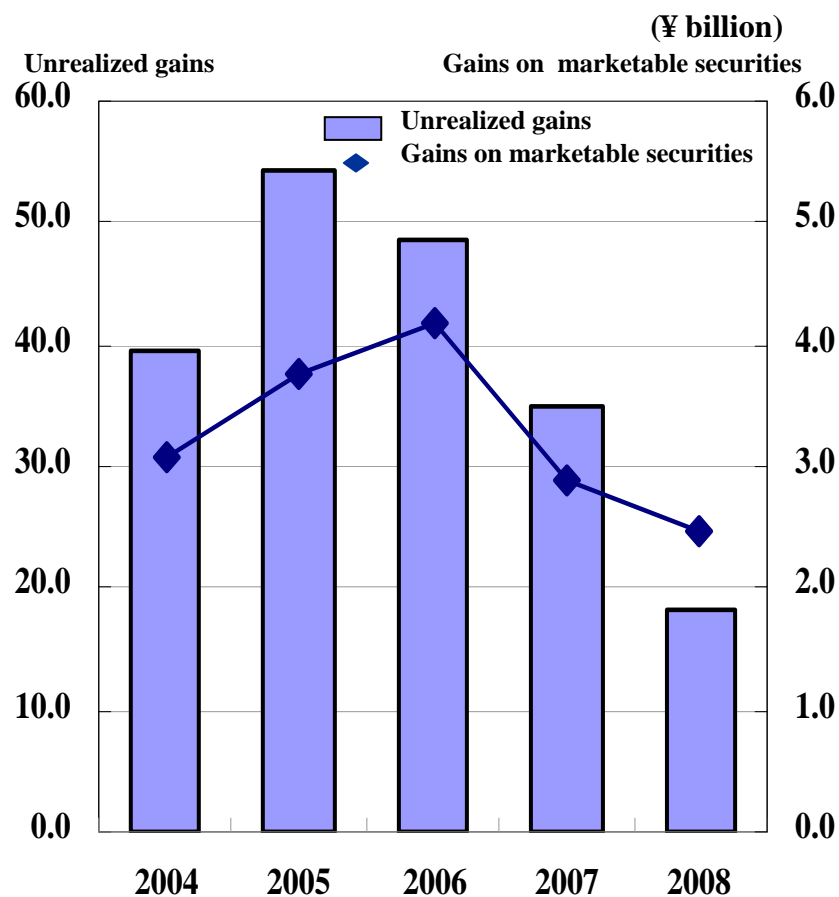
- Construction to start in 2009, scheduled to be completed in 2012
- Redevelopment consortium established in 2008:
Yasuda Real Estate Co., Ltd., Tokyo Tatemono Co., Ltd., Tokyu Land Corporation



2. Fiscal 2008 Segment Information

(6) Overview of Marketable Securities Investment Business

◆ Unrealized Gains and Gains on Marketable Securities



(¥ million)

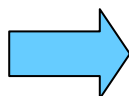
	2004/12	2005/12	2006/12	2007/12	2008/12
Fair value (incl. non-listed shares)	61,440	90,517	106,408	83,579	48,649
Unrealized gains	39,403	54,221	48,561	34,908	18,174
Gains on marketable securities	3,065	3,778	4,194	2,895	2,473
(excl. dividends)	2,482	3,063	3,027	1,417	645
Return on fair value	5.49%	5.32%	4.23%	2.87%	3.38%
Return on revised fair value	5.70%	5.57%	4.94%	3.52%	3.80%

	2004/12	2005/12	2006/12	2007/12	2008/12
Nikkei average	11,489	16,111	17,226	15,308	8,860
Canon share price	3,687	4,600	6,700	5,200	2,770

2. Fiscal 2008 Segment Information

(7) Results in Marketable Securities Investment Business

Implemented large write-downs due to plummeting share prices



With the aim of preserving assets, greatly reduced unrealized losses through marketable securities hedging transactions

◆ Portfolio Strategy

	Available for sale	Not available for sale
Options	A Maximize utilization rate of options	B Preserve medium- and long-term earnings while using options
No options	C Preserve unrealized gains and expand share procurement	D Use as collateral for bank loans and lending shares

- Aggressive defence was weak:
Large unrealized losses generated in A+C
- Defence was relatively strong:
Successful preservation in B+D

◆ Unrealized Gains and Hedging Ratios

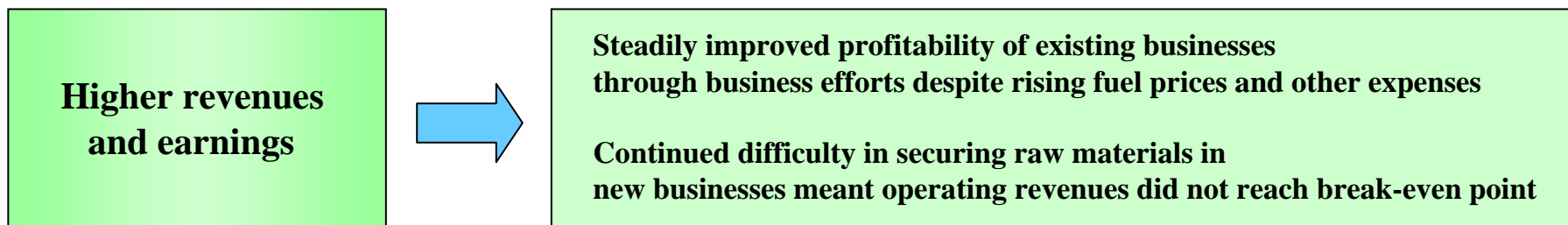
(¥ million)

		Dec. 31, 2007	Mar. 31, 2008	June 31, 2008	Sep. 30, 2008	Dec. 31, 2008
A+C	Unrealized gains	-3,169	-9,184	-4,899	-8,336	-1,443
	Hedging ratio	0.0%	0.0%	0.0%	6.6%	49.7%
B+D	Unrealized gains	38,077	35,429	36,350	32,223	19,822
	Hedging ratio	66.8%	76.2%	75.7%	63.4%	74.6%
Total	Unrealized gains	34,908	26,245	31,451	23,887	18,379
	Hedging ratio	47.1%	51.4%	55.3%	44.4%	66.6%

Assuming current hedging ratios, Shoei expects to preserve unrealized gains of ¥10 billion even if Nikkei Average goes to ¥3,000

*Figures for December 31, 2008 exclude Hulic Co., Ltd., which was listed in November 2008

2. Fiscal 2008 Segment Information
(8) Overview of Environmental Business



■ **Results**

(¥ million)

	06/10-07/9	07/10-08/9
Operating revenues	2,433	2,508
Operating income	171	323

- ◆ Substantial improvement in operating income continued from last fiscal year
 - Increased costs such as final processing costs and fuel price increases were absorbed by steadfast sales efforts
 - Reviewed collection routes and implemented other streamlining measures
- ◆ The problem is new businesses.
 - Need to preserve stability of raw materials supply and reduce costs in both RPF manufacturing and food waste recycling business

3. Fiscal 2008 Financial and Infrastructure Enhancements

(1) Fund Procurement and Collateral Use

◆ Basic approach to financing is to pledge properties as collateral for loans

→ Repay loans with cash flow from properties

◆ Large share of Shoei's funding procured by pledging CB and shares as collateral, and by amortization

◆ Shoei has ample reserve collateral

◆ Financial Benchmarks

	Benchmark	2007	2008
Equity ratio	20.0%	22.0%	18.1%
D-E ratio	-	2.10	3.24
Average debt repayment period (years)	15	10.1	15.3

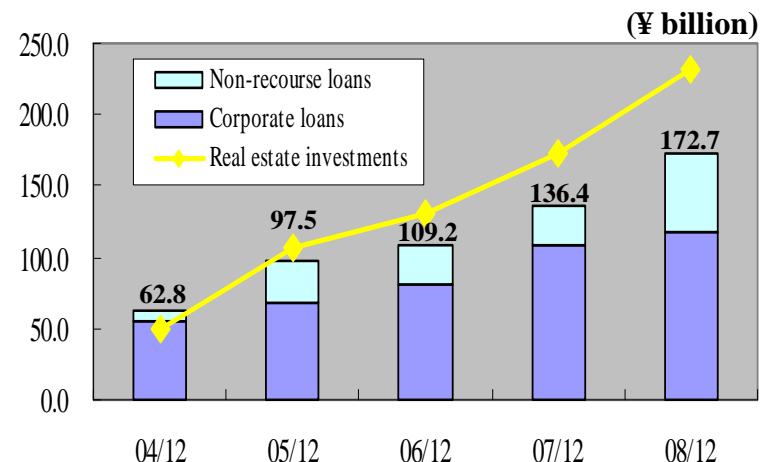
In response to SPC consolidation, equity ratio benchmark lowered from 25.0% to 20.0%

D-E ratio: Net interest-bearing debt / shareholders' equity

Average debt repayment period (years):

Net interest-bearing debt / (Recurring profit + Depreciation and amortization)

◆ Investments and Balance of Loans



◆ Reserve collateral as of December 31, 2008

(¥ billion)

	Equity securities	Real estate	Total
Fair value of holdings	46.7	197.*	243.9
Amount pledged as collateral	27.7	112.**	140.3
Reserve collateral	19.0	84.6	103.6

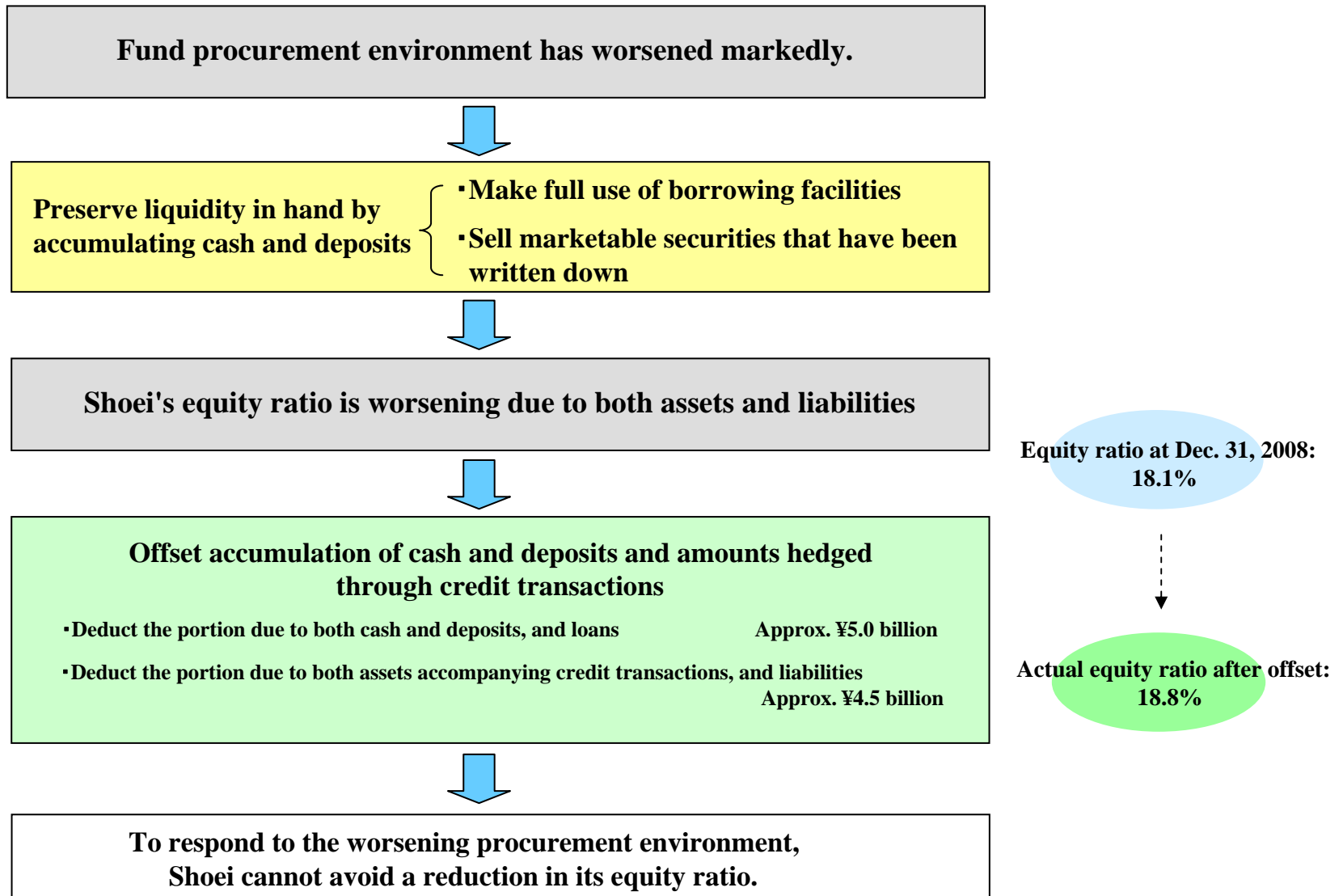
* Appraised values

* * Pledged amounts

(incl. consolidated SPC)

3. Fiscal 2008 Financial and Infrastructure Enhancements

(2) Financial Response to Worsening Fund Procurement Environment



3. Fiscal 2008 Financial and Infrastructure Enhancements (3) Issues and Strategies

◆ Financial Strategies

<Issues>

- Response to tradeoff between earnings and funding
- Preserve liquidity in hand
- Achieve steady refinancing



<Strategies>

- Borrow in cases where borrowing possible, e.g. overdrafts
- Sell marketable securities and raise hedging ratio

+

<Strengths>

- Looking ahead, there are no SPCs that need consolidation

◆ Fiscal 2009 Funding Management Plan

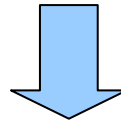
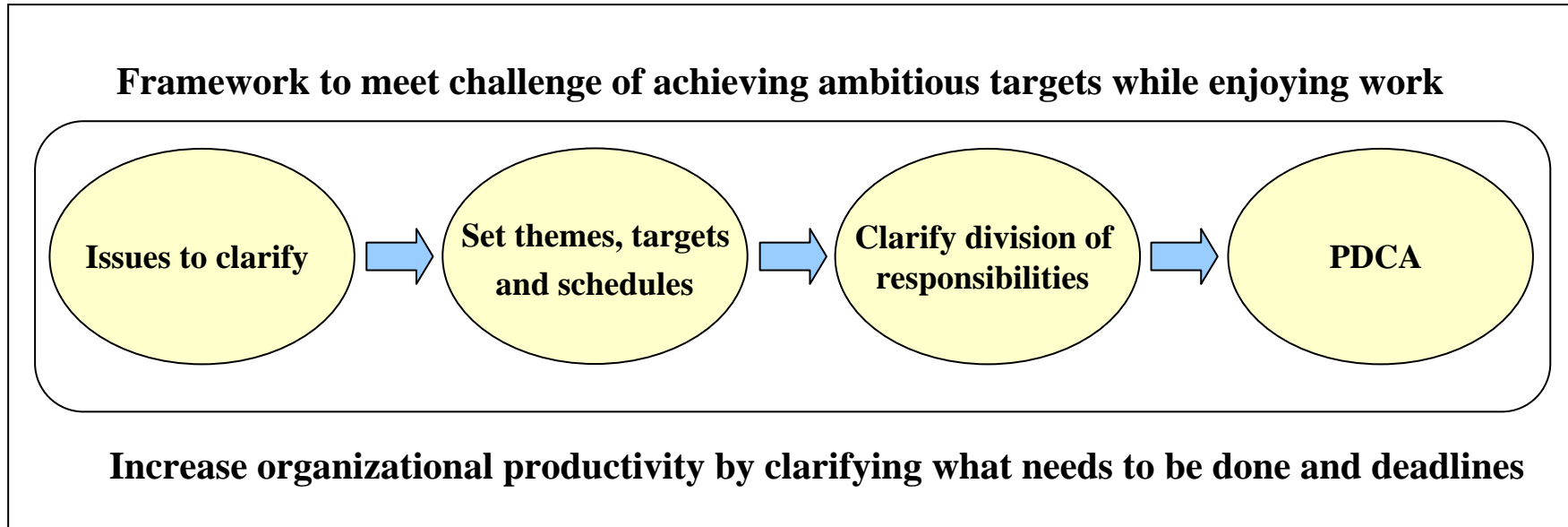
(¥ billion)

	Source of funding		Cash at start of fiscal year	
Decided or committed	Real estate investment	5.0	Decided bank loans	7.0
	Repayment of loan principals	7.3	Operating cash flows	4.7
	CB repayment	5.7	Operating cash flows	6.4
	Dividends, etc.	1.4	Sale of marketable securities	6.3
	Subtotal	19.4	Subtotal	24.4
Plan	Funds in hand	14.0	Planned bank loans	7.7
	(Reserve investment, cash at end of fiscal year)		SPC funding	0.9
			Deposits under management, etc.	0.4
	Subtotal	14.0	Subtotal	9.0
	Total	33.4	Total	33.4

3. Fiscal 2008 Financial and Infrastructure Enhancements

(4) Infrastructure Enhancements

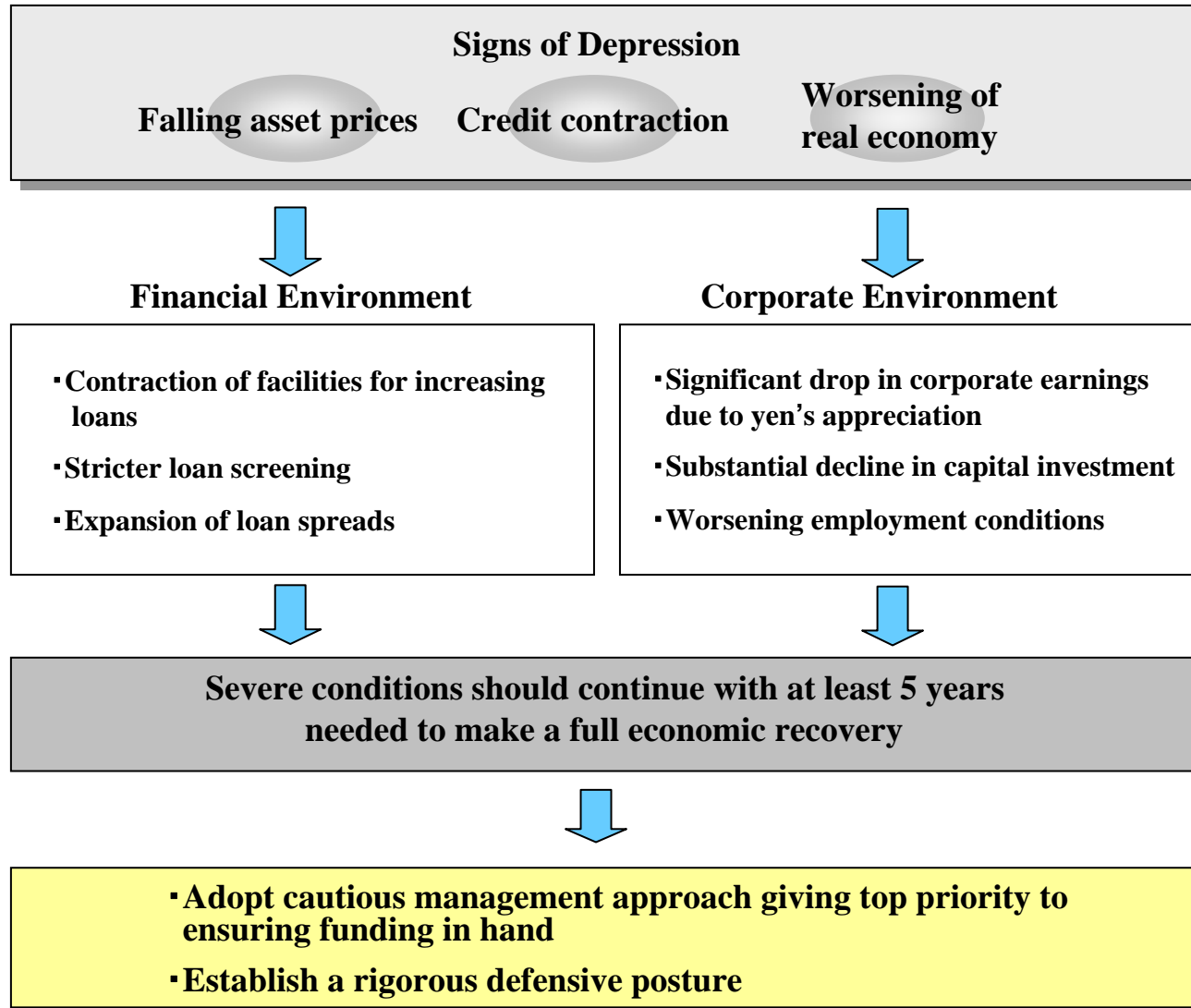
Innovation in Target-driven Management of Business Operations



Measure employees' contribution to the company through the content, scope and volume of their work, and reflect this in their compensation and other benefits

4. Fiscal 2009 Plan

(1) Awareness of Business Environment



4. Fiscal 2009 Plan

(2) Implications for Shoei's Markets

Real Estate

Poor real estate market conditions
should worsen further



- ◆ **Declining property prices**
Properties cannot be sold
Appearance of attractive buying opportunities
also likely
- ◆ **Vacancy rates**
Tokyo city-center: Rising vacancy rates
due to integration of operations, etc.
Other regions: Vacancy rates have already risen,
but will probably rise further going forward
due to restructuring of regional bases, etc.
- ◆ **Rents**
Rent levels tend to lag behind vacancy rate changes,
but going forward will tend to decline further

Marketable Securities

The severe investment environment continues



- ◆ **Stock market**
Worsening of real economy is expected to
continue, leading to weak expectations for
full-fledged recovery
Stagnant market conditions should persist
with risk of further declines
- ◆ **Investment environment**
Decreasing position earnings due to less
tolerance for risk
Declining dividend income due to worsening
corporate business results
Impairment risk remains

4. Fiscal 2009 Plan

(3) Revision of Medium-term Management Plan

Revised From “Plan 80 for the Next Jump” to:

Survival Plan for the Next Jump

Establish a rigorous defensive posture

Amid extreme uncertainty about the future, formulate Shoei's earnings targets on a one-year basis.

Give top priority to preserving funding to ensure survival

In principle, do not sell properties through asset replacements

Do not abandon vision for achieving long-term target of achieving earnings of ¥10 billion on two levels

No change in policy of advancing shareholder value

Target periods depend on the timing of business recovery

Conditions of worldwide depression and deepening of deflation

Environment in which the outlook is extremely unclear

4. Fiscal 2009 Plan

(4) Business Forecasts

Struck by once-in-a-century worldwide depression
Shoei's business results also impacted very severely



Defensive posture that gives top priority to
preserving funding rather than earnings

■ Consolidated Results (¥ million)

	2008 Results	2009 Forecasts	Change
Operating revenues	26,504	15,500	-11,004
Operating income	10,598	5,700	-4,898
Recurring profit	7,169	3,600	-3,569
Net income	1,938	2,000	62

Detailed Measures

◆ Real Estate Business

- In principle, make no new investments
- Shift personnel from investment to management
 - (1) Focus on reducing vacancy rates and preserving rents
 - (2) Identify tenant needs and provide increased value

◆ Marketable Securities Business

- Steadily accumulate investment earnings based on a careful positioning of operations
- Reduce in-kind portfolio and endeavor to generate funds

◆ Environmental Business

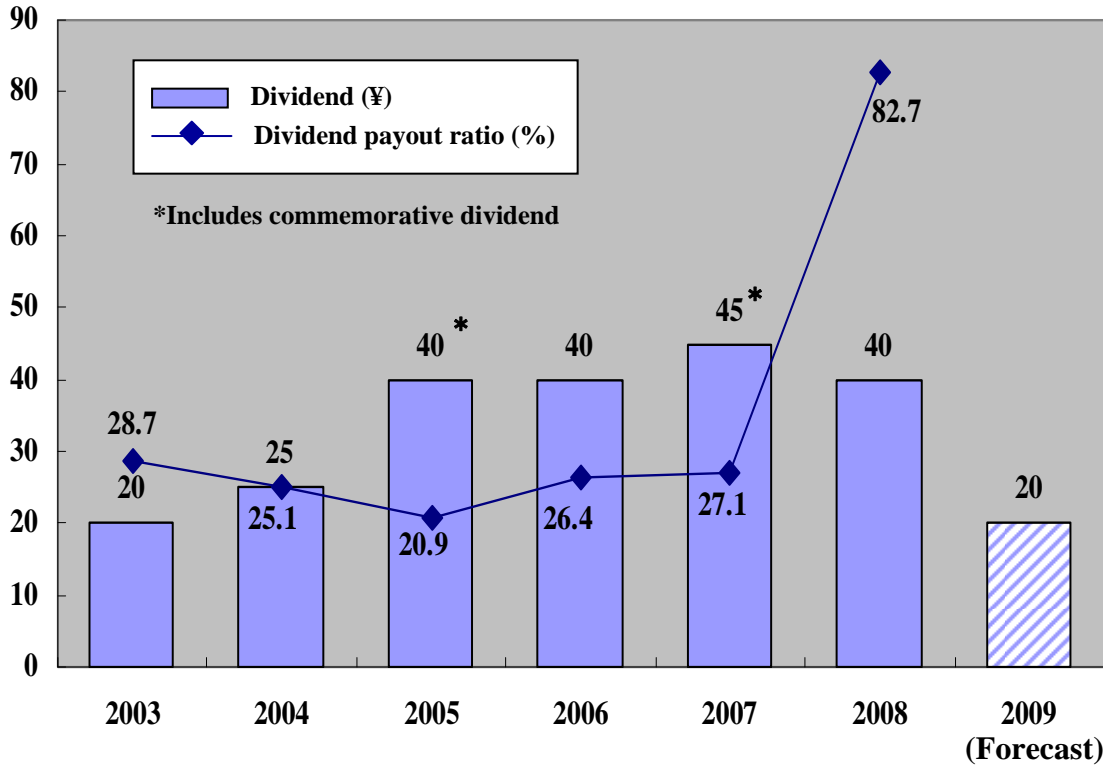
- Rebuild existing businesses to steadily increase earnings power
- Keep recycling business on track
- Implement cash dividends

4. Fiscal 2009 Plan

(5) Dividend Policy

Taking into account the extremely severe business environment, Shoei will not change its basic policy of a consolidated dividend payout ratio of 30%, based on conservative earnings targets that give top priority to ensuring funding

◆ Dividends



Shoei will make utmost efforts to fulfill its commitment to its shareholders to achieve its initial dividend forecast



For this fiscal year, Shoei will maintain a full-year dividend of ¥40 per share
In fiscal 2009, Shoei forecasts a full-year dividend of ¥20 per share

Shoei's website

<http://www.shoei.co.jp/>

For inquiries concerning this presentation, please contact:

Messrs. Nakagawa and Kimura

PR/IR Group

Shoei Co., Ltd.

Tel: 03-3292-4626