



Fiscal 2009

First Quarter Earnings Presentation

 **Shoei Co., Ltd.**

(Stock Code: 3003)

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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. Financial Highlights

(1) Financial Highlights

Ordinary income declined year on year because of expenses posted due to consolidation of TMK investment project.

Increase in costs had been factored into plan and is roughly in line with second-quarter forecast.

■ Consolidated Results

	2008/3	2009/3	Change in Results	Change	2009/6 Forecast	(¥ million)
	(A)	(B)	(B)-(A)	(%)	(C)	Progress
						(%)
Net sales	3,971	4,039	68	1.7	7,800	51.8
Operating income	1,627	1,226	-400	-24.6	2,500	49.0
Ordinary income	1,836	860	-976	-53.1	1,800	47.8
Extraordinary income	140	393	252	-	-	
Extraordinary loss	-1	-12	-10	-	-	
Net income	1,189	782	-406	-34.2	1,000	78.2

1. Financial Highlights

(2) Earnings by Segment

Real Estate

Increase in interest burden due to consolidation of TMK. Ordinary income substantially decreased year on year.

Marketable Securities

Decrease in both dividend income and earnings from marketable securities.

Business Investment

Almost flat year on year.

◆ Pre-tax segment profit (loss)

(¥ million)

		Real Estate	Marketable Securities	Business Investment	Head Office and other expenses	Total
Operating income	Previous first quarter	1,189	576	102	-241	1,627
	Current first quarter	1,112	239	101	-227	1,226
Other income (loss)	Previous first quarter	-615	954	8	-138	209
	Current first quarter	-1,021	644	16	-4	-365
Ordinary income	Previous first quarter	573	1,531	111	-379	1,836
	Current first quarter	91	883	117	-231	860

1. Financial Highlights

(3) Consolidated Balance Sheets

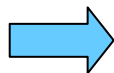
(¥ billion)

		2008/12	2009/3	Change	
Assets	Current assets	25.1	29.0	3.8	→ Increase in cash and deposits due to increases in borrowings and long-term loans.
	Inventories	3.1	3.1	-0.0	
	Non current assets	246.7	239.2	-7.4	→ Sales of some written down investment securities.
	Property, plant and equipment	173.1	173.7	0.5	
	Investment securities	49.3	42.0	-7.3	
	Real estate investment securities	19.7	19.0	-0.6	
Total	271.8	268.2	-3.6		
Liabilities and Net Assets	Current liabilities	37.7	37.5	-0.2	→ Change in long- and short-term borrowings: +1.8 Purchase and redemption of convertible bonds: -3.5
	Short-term loans payable and Current portion of bonds	30.2	32.4	2.1	
	(Non-recourse loans)	(3.9)	(3.9)	0.0	
	Noncurrent liabilities	184.7	181.8	-2.9	→ Drop in unrealized gains.
	Bonds and long-term loans payable	143.7	139.8	-3.9	
	(Non-recourse loans)	(51.0)	(51.0)	-0.0	
	Long-term deposits received	24.2	25.3	1.1	
	Deferred tax liabilities	7.9	7.5	-0.4	
	Net assets	49.4	48.9	-0.4	
	Valuation difference on available-for-sales securities	10.7	10.2	-0.4	
Treasury stock	-3.0	-3.0	0.0		
Total	271.8	268.2	-3.6		
Equity Ratio	18.1%	18.2%	0.1%		

2. Segment Information

(1) Overview of Real Estate Business

Revenues up,
earnings down.



Leasing income decreased due to substantial depreciation expenses, although revenues increased because properties acquired in previous term covered the sale of two Yokohama properties.

■ Consolidated Results

(¥ million)

		2008/3	2009/3	Year-on-year change
Net sales	Leasing	2,730	2,867	137
	Condominium sales	17	-	-17
	Fund redemption / asset replacements	-	-	-
	Total	2,747	2,867	119
Operating income	Leasing	1,184	1,112	-71
	Condominium sales	4	-	-4
	Fund redemption and asset replacements	-	-	-
	Total	1,189	1,112	-76

◆ Tokyo office buildings owned by Shoei

Vacancy rates

	08/06	08/12	09/03
Shoei	0.00%	3.48%	0.62%
Market rate	3.49%	4.72%	6.05%

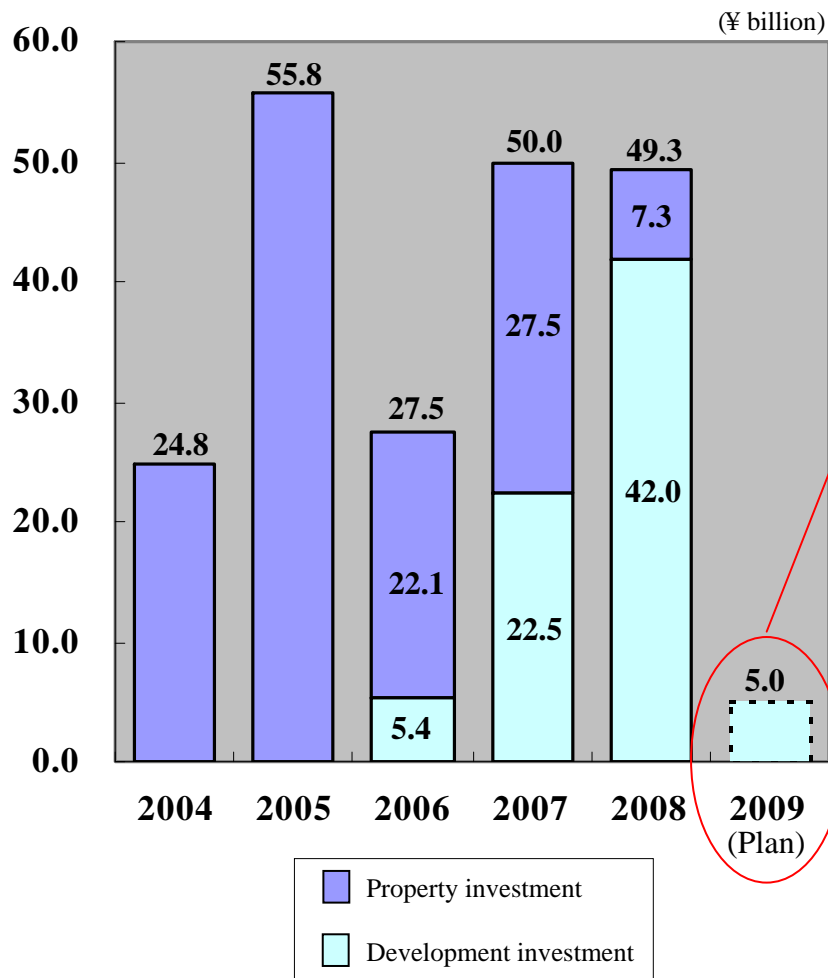
Average rents

	08/06	08/12	09/03
Shoei	¥20,566	¥20,777	¥20,658
Market rate	¥22,868	¥22,186	¥21,295

2. Segment Information

(2) Real Estate Investment and Investment Properties

◆ Leasing Investments



Jan. – Mar. investment amount: ¥1.3 billion



Final payment only for completed properties

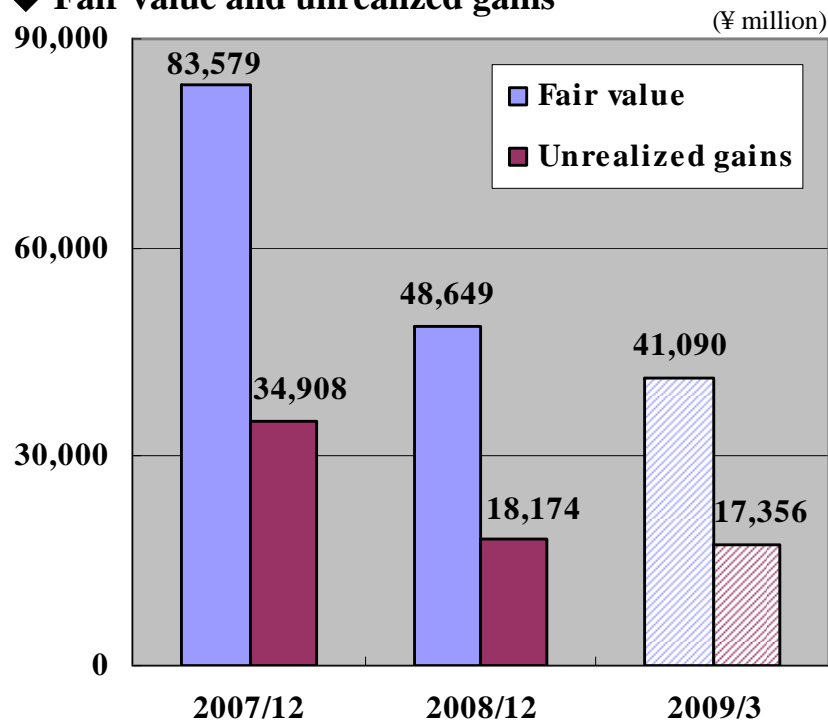
◆ Completed properties:

- Kita Kamakura Aged Care Facility (completed in February)
- Toyoko-Inn Hiratsuka Station North Exit 1 (completed in March)

2. Segment Information

(3) Overview of Marketable Securities Investment Business

◆ Fair value and unrealized gains



Dividends decreased

Decreased gains on marketable securities due to lower gains on sale of in-kind properties despite an increase in premium income.

◆ Share price

(¥)

	2007/12	2008/12	2009/3
Nikkei Average	15,308	8,860	8,109
Canon	5,200	2,770	2,820

◆ Gains on marketable securities

(¥ million)

	2008/3	2009/3
Gains on marketable securities	1,531	883
Dividends	576	545
Other	954	338
Hedging ratio	51.4%	67.5%

2. Segment Information

(4) Overview of Environmental Business

Almost flat year on year

■ Results

(¥ million)

	07/10-12	08/10-12	Year-on-year change
Net sales	644	622	-22
Operating income	102	101	-1

Sales and earnings of collected valuable substances decreased due to the collapse of the steel, aluminum and other markets, despite a curbing of fuel costs enabled by the drop in light oil prices.

Shoei preserved earnings on par with the same period of the previous year because prices were steadily revised in the cleaning and other businesses, and business was made increasingly more efficient.

3. Funding Procurement

(1) Funding Plan

[Jan. – Mar. Results]				[Apr. – Dec. Plan]					
Procured (¥ billion)		Managed (¥ billion)		Funds in hand (¥ billion)		Procured (¥ billion)		Managed (¥ billion)	
Loans	3.0	Investment	1.3	Cash as of Jan.1,2009 (Non-consolidated)	7.0	Loans	2.7	Real estate investment	3.6
Long-term deposits	1.1	Repayment of principal	1.2	Procurement (A)	11.5	Operating cash flows	4.6	Repayment of principal	6.1
Sale of marketable securities	6.0	CB purchase & deletion	3.1	Management (B)	-6.4			Dividends	0.6
Operating cash flows	0.8	Dividends	0.8						
Other	0.5								
Total (A)	11.5	Total (B)	6.4	Cash as of Mar. 31,2009 (Non-consolidated)	12.1	Total	7.3	Total	10.3

¥ 19.4 billion (Surplus of ¥ 9.1 billion)

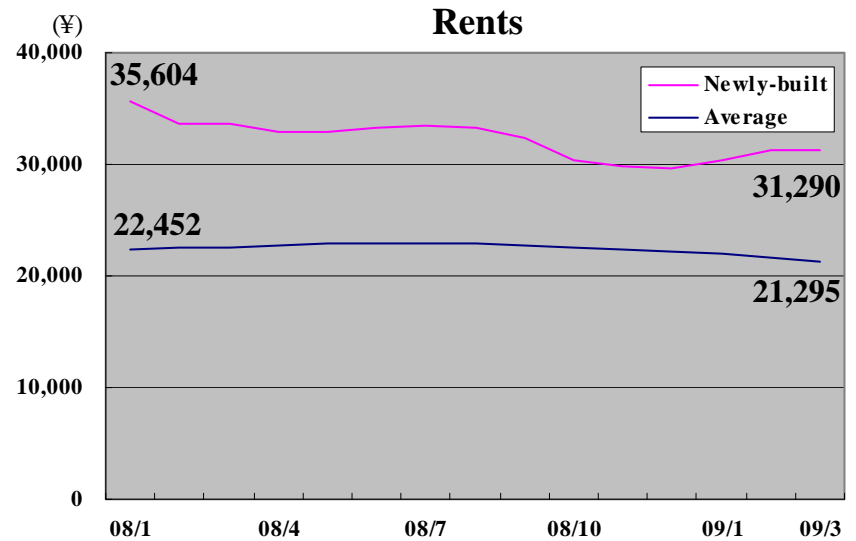
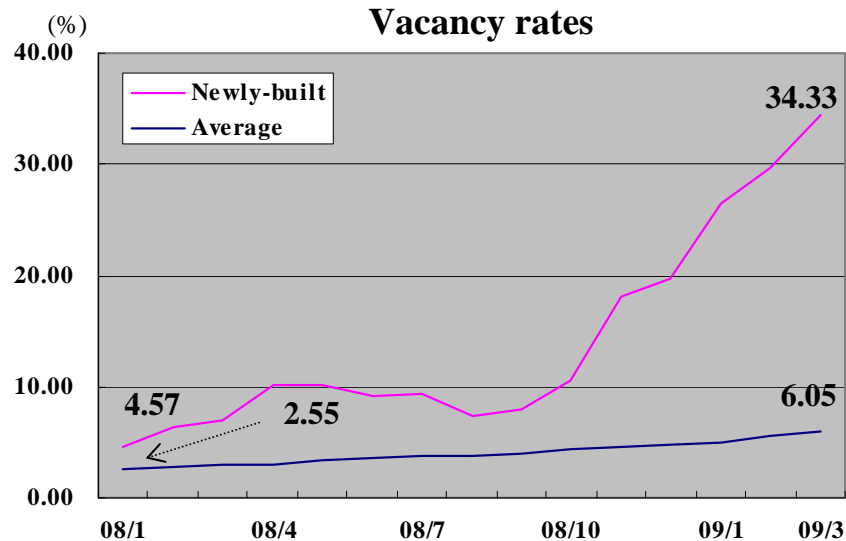
Funds in hand as of March 31, 2009 exceed Apr.-Dec. 2009 fund-management plan. Given the current funds in hand and funding procurement plan, there will be no problem with funding.

4. Outlook and Business Forecasts

(1) Real Estate Market Outlook

(Source: Miki Shoji Co., Ltd.)

◆ Vacancy rates and average rents for office buildings in central Tokyo



Worsening business conditions causing contraction of office space and increased moves to buildings with cheap rents.

The average vacancy rate has continued to rise since January 2008, exceeding 6% in March 2009.

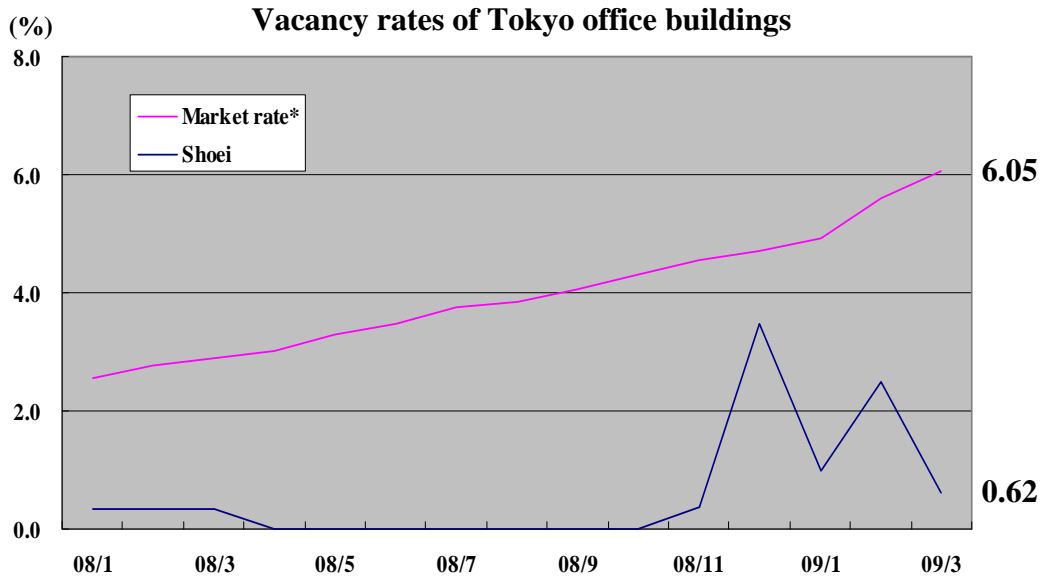
To reduce costs, companies avoid comparatively high-rent newly-built buildings, which have soaring vacancy rates.
Trend of increasingly overheated competition to win tenants by reducing rents.



The real estate market is facing even harsher conditions.

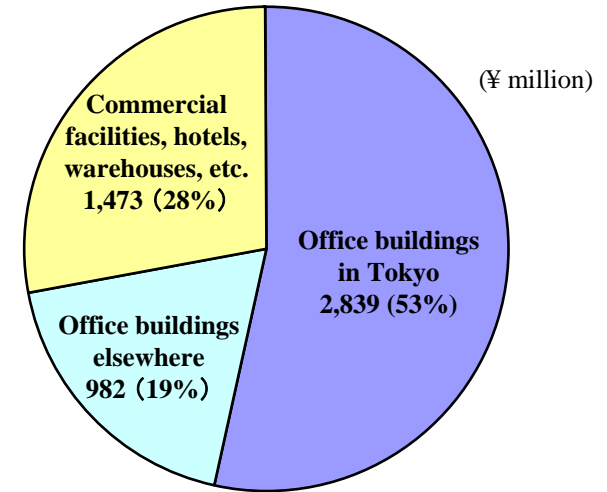
4. Outlook and Business Forecasts

(2) Shoei's Response



*Data for office buildings in central Tokyo from Miki Shoji Co., Ltd.

December 31, 2008
Real estate leasing operating income:
¥5,294 million



Response to vacancy rates

Shoei is implementing provision of increased value to tenants by identifying their needs, increasing leasing operations personnel and strengthening information gathering capability.

Response to rents

Shoei will maintain the vacancy rate of Tokyo office buildings at a low level, with approximately 1/4 of properties, such as hotels and warehouses, having fixed rents.



Shoei aims to secure stable earnings.

4. Outlook and Business Forecasts

(3) Business Forecast

No change in initial forecasts



Shoei aims to achieve targets and steadily accumulate earnings despite the continuing severe operating environment.

■ Consolidated Results

(¥ million)

	Fiscal 2009 1Q results	Fiscal 2009 2Q forecasts	Fiscal 2009 full-year forecasts
Net sales	4,039	7,800	15,500
Operating income	1,226	2,500	5,700
Ordinary income	860	1,800	3,600
Net income	782	1,000	2,000



Shoei's website

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

For inquiries concerning this presentation, please contact:

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