



CREATE SD HOLDINGS

FY2012 (6/11-5/12) Results Explanatory Meeting July 20, 2012

The earnings forecasts appearing in this material are based on the business environment at the present time, and there is the possibility that actual earnings may differ from forecasts for various reasons. Furthermore, only inquiries in Japanese are handled. Inquiries should be direct to Mr. Kasakawa or Mr. Ohno (045-914-8241) in the Corporate Planning Office.

FY2012

Consolidated Results

(06/2011 – 05/2012)

1. FY2012 Consolidated Profit and Loss Statement

Existing stores show steady growth,
achieving higher sales and profit

Return on assets [ROA] 14.5%
Return on equity [ROE] 14.1%

	FY2011 (consolidated)		FY2012 (consolidated)				
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)	% of initial projection (%)	Adjustments in projection (%)
Net sales	154,875	100.0	169,790	100.0	109.6	102.0	+845
Gross profit	41,627	26.9	45,123	26.6	108.4	102.9	—
SG&A expenses	33,184	21.4	35,999	21.2	108.5	100.1	—
Operating profit	8,442	5.5	9,124	5.4	108.1	115.2	+431
Recurring profit	8,744	5.6	9,441	5.6	108.0	115.1	+441
Net profit	4,540	2.9	4,824	2.8	106.3	107.4	-7

* Accounting period
 CREATE SD HOLDINGS CO., LTD. June 1-May 31, 2012
 CREATE SD CO., LTD. June 1-May 31, 2012
 Welllife Co., Ltd. April 1-May 31, 2012 (The accounting period is 14 months.)
 SALON DAY CO.,LTD June 1-May 31, 2012

2. FY2012 Consolidated Balance Sheet

(million yen)

	May 31, 2011 (consolidate)	May 31, 2012 (consolidated)	Change	Main causes of changes
Total assets	62,626	68,030	+5,404	Total assets Opening of 33 new stores, etc. Fixed assets +2,192 million yen
Current assets	36,559	39,770	+3,211	
Fixed assets	26,067	28,260	+2,192	
Total liabilities	30,104	32,129	+2,025	Total liabilities Accrued retirement benefits decreased by 846 million yen
Current liabilities	27,169	30,079	+2,909	
Fixed liabilities	2,934	2,050	-884	
Total net assets	32,521	35,900	+3,379	Total net assets Decline due to 1,447 million yen in dividends Net profit +4,824 million yen
Total liabilities and net assets	62,626	68,030	+5,404	

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3. FY2012 Consolidated Statement of Cash Flows

(million yen)

	FY2011 (consolidated)	FY2012 (consolidated)	Change
Cash flow from operating activities	8,578	6,997	-1,580
Cash flow from investing activities	-4,539	-4,297	+241
Cash flow from financing activities	-1,101	-1,527	-426
Change in cash and cash equivalents	2,938	1,172	-1,766
Opening balance of cash and cash equipments	12,525	15,463	+2,938
Closing balance of cash and cash equipments	15,463	16,635	+1,172

Major breakdown

- Net profit before taxes 9,165 million yen
- Depreciation 2,121 million yen
- Corporate taxes paid 4,491 million yen

Cash flows related to opening new stores:

- Purchase of fixed tangible assets 2,861 million yen
- Joint loans for construction 796 million yen

- Repayment of long-term loans 79 million yen
- Dividends 1,447 million yen

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Results for Each Business Company

1. FY2012 Profit and Loss Statement (Create SD)

	FY2011		FY2012			
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)	% of projection (%)
Net sales	154,094	100.0	168,711	100.0	109.5	102.1
Gross profit	41,516	26.9	45,155	26.8	108.8	103.0
SG&A expenses	33,422	21.7	36,301	21.5	108.6	100.1
Operating profit	8,093	5.3	8,853	5.2	109.4	117.0
Recurring profit	8,311	5.4	9,076	5.4	109.2	116.7
Net profit	4,333	2.8	4,765	2.8	110.0	110.2

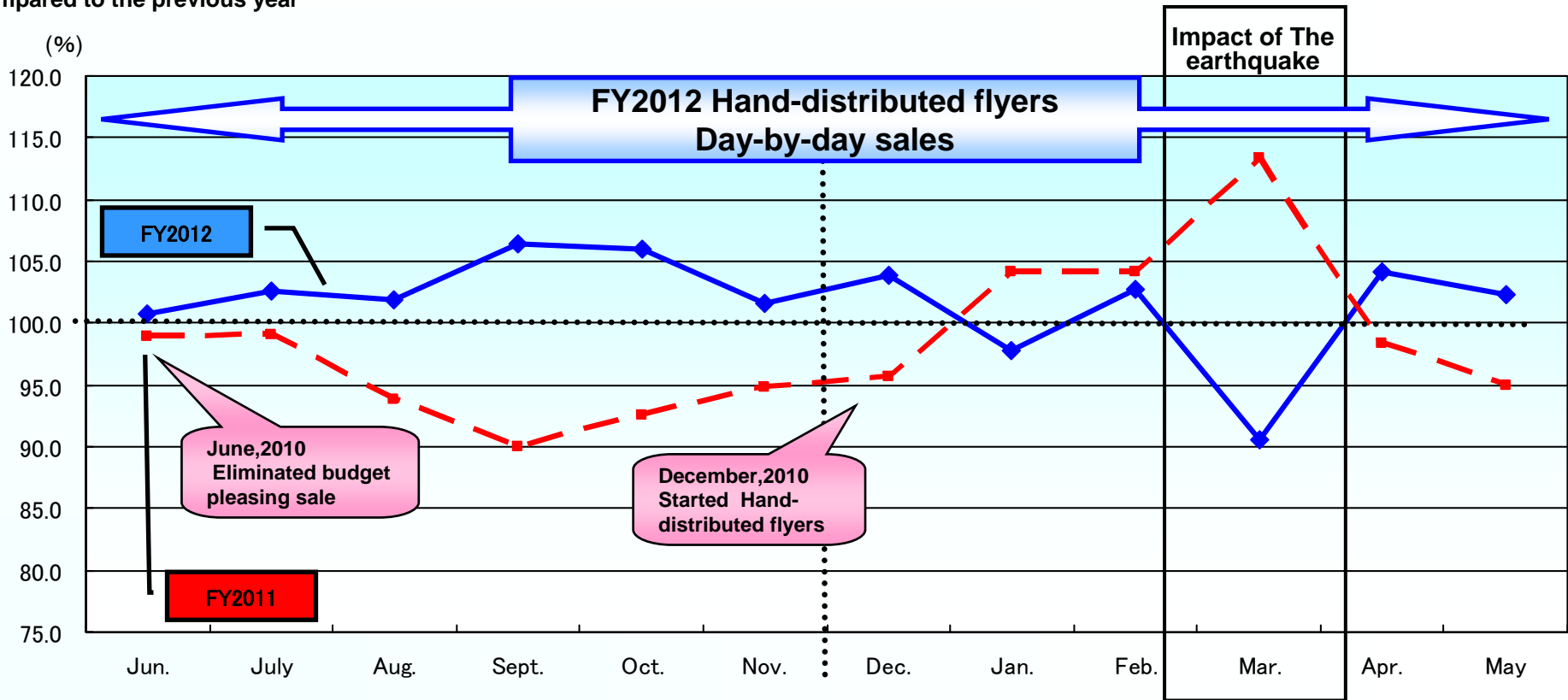
2. Sales

Create SD

Concentrated on measures for boosting of sales and number of customers

Sales at existing stores rose 1.6%, number of customers 0.2%, and average spending per customer 0.8% year on year as a result of enhancing product line-up focusing on food and daily products and improving the content of hand-distributed flyers.

Monthly change in sales in existing stores compared to the previous year



3. Sales by Segment

Create SD

Strengthening of the selection of goods centering on food products and daily products
Working for boosting of sales and number of customers

	FY2012		
	Sales (million yen)	Share (%)	YoY change (%)
Medical and health products	37,703	22.3	105.7
Cosmetics	27,934	16.6	106.2
Food products	59,791	35.4	117.9
Daily products	31,402	18.6	106.4
Other	11,878	7.1	99.9
Total	168,711	100.0	109.5

Medical and health products

Pharmacy related sales continue to be robust despite sluggishness in pollen allergy-related products. For the overall segment, sales rose 5.7% year on year. (-1.2% on an existing stores basis)

Cosmetics

Sales of bath related products rose 6.1% year on year as a result of introducing high-priced shampoos. For the overall segment, sales rose 6.2% year on year. (-1.1% on an existing stores basis)

Food products

Sales grew 17.9% year on year as a result of changing shelf arrangement that improved product line-up. (8.3% on an existing stores basis)

Daily products

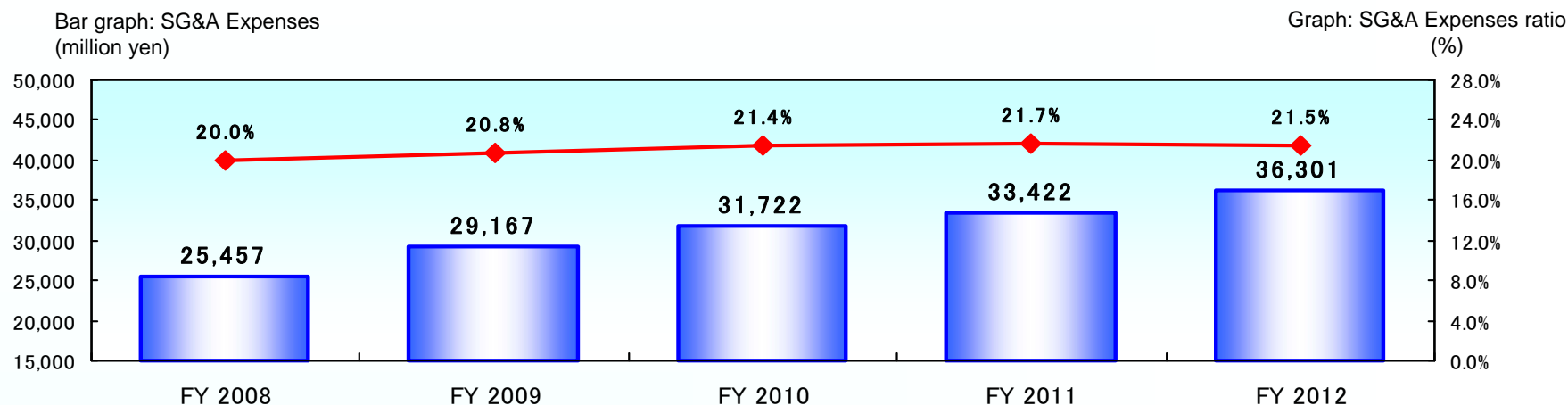
Sales grew 6.4% year on year resulting from hand distribution of flyers and strong growth in heat-beating products. (-0.9% on an existing store basis)

4. SG&A Expenses

Create SD

As a result of efforts to enhance profit structure, **SG&A expense ratio decreased by 0.2 percentage points to 21.5%**

Yearly change in SG&A Expenses and SG&A Expenses ratio



◆ Efforts to reduce costs

Personnel expenses

Rose 8.9% year on year (1.7% higher than forecast)
While the number of personnel increased (+12.0%) due to the planned opening of new stores, personnel expenses on an existing store basis was reduced by 1% year on year.

Advertising expenses

Rose 10.2% year on year (3.3% lower than forecast)
While conducting hand distribution of flyers throughout the year, flyers for new stores has been verified a number of times, and the distribution areas and numbers are being reviewed.

Utilities expenses

Rose 3.9% year on year (11.9% lower than forecast)
The amount of electric power being used on an existing store basis was reduced by 13% year on year as a result of Continuous efforts to decrease electric power usage and adopting LED lights.

5. New Store Openings

Create SD

33 new stores were opened (of which 5 were dedicated prescription drug stores)

New store openings by area

		Kanagawa	Tokyo	Shizuoka	Saitama	Chiba	Gunma	Ibaraki	Total
New stores opened in FY2012	OTC	14	6	6	0	2	0	0	28
	dedicated prescription drug stores	1	1	0	1	2	0	0	5
	in-store pharmacies	4	3	1	0	0	0	0	8

Number of new stores by OTC type (28 stores)

Suburban stand alone:23 Shop-in-shop:2 NSC :2 Urban center :1

3 stores were closed (1 in Kanagawa, 1 in Shizuoka, 1 in Saitama)

		Kanagawa	Tokyo	Shizuoka	Saitama	Chiba	Gunma	Ibaraki	Total
Total number of stores as of the end of FY2012	OTC	201	52	60	13	16	5	7	354
	dedicated prescription drug stores	13	5	0	1	3	0	0	22
	in-store pharmacies	24	6	8	1	0	0	0	39

6. Prescription Operations

Create SD

13 new stores opened
(5 dedicated prescription drug stores and 8 in-store pharmacies)



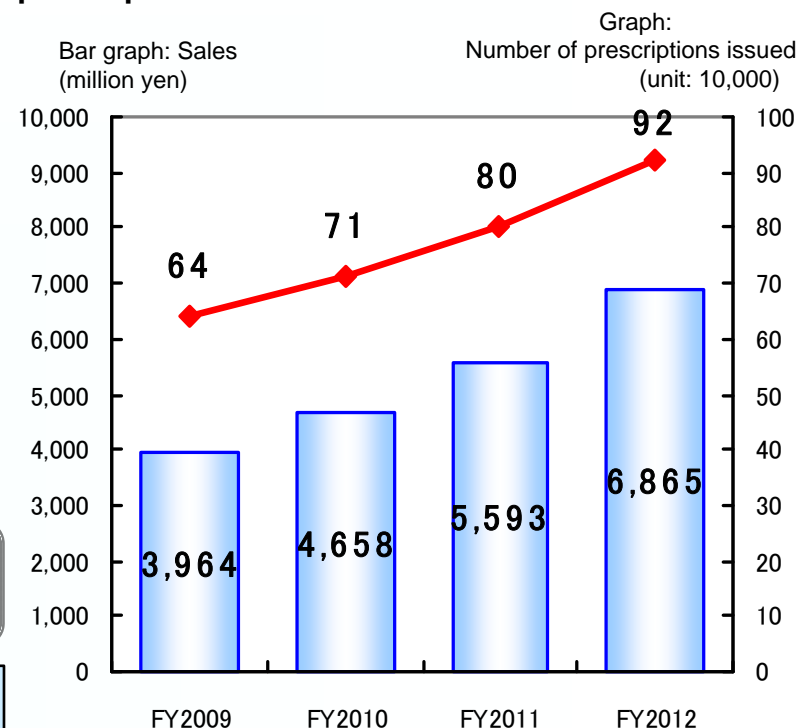
61 stores at the end of FY2012
(22 dedicated prescription drug stores and 39 in-store pharmacies)

	FY2012		
	(million yen)	Share (%)	YoY change (%)
Net sales	6,865	100.0	122.7
Gross profit	2,754	40.1	120.9

Existing stores comparisons
Sales 14.9% Prescriptions 7.5%

(Home service operations)	FY2012		
	(million yen)	Share (%)	YoY change (%)
Net sales	423	100.0	132.9

Sales in prescription operations and the number of prescriptions issued



Medication guidance by visit
Collaboration with 29 nursing facilities
(demand from 11 new facilities)

7. Assisted-living fee-charging nursing home and Preventive Nursing Business

**Wellife
SALON DAY**

	FY2012		
	(million yen)	Share (%)	Difference from projection (million yen)
Net sales	1,078	100.0	-143
Operating profit	-79	—	-43
Recurring profit	-75	—	-33
Net profit	-146	—	-12

* The income statement is based on the simple addition of figures for Wellife Co., Ltd. and SALON DAY CO., LTD.

*The accounting period of Wellife Co., Ltd. is 14 months from April 1, 2011 to May 31, 2012.

Preventive nursing business (SALON DAY)

**Opened 14 day service centers
creating a network of 24 centers**

**Opened one
long-term care support center**

Number of day service centers
at the end of FY2012

**Stand-alone centers: 17
In-store centers: 7**



Growth Strategy

1. Growth Strategy – Drug Store Operations

1. Opening 40 new stores

-Targeting 8–10% growth in sales-

- Develop stores with focus on Kanagawa, Tokyo, and Shizuoka
- Opening small stores in the areas where shopping is inconvenient
- Opening large-scale stores with more than 350 *tsubo*



Minato Ward Shibadaimon Store
(Opened on August, 2011)

2. Enhancing the operations of existing stores

- 1% or more increase in the number of customers year on year
- Introducing and enhancing new product categories (vegetables, desserts, prepared food, etc.)
- Improving the freshness of products in stores by changing shelf arrangement

3. Establishing a low-cost structure

- Decrease in the number of man-hours to 99% year on year
- Introduction of a new reward card
- Continuous efforts to decrease electric power usage

4. Moving forward to the future

- Promoting online shopping and home delivery businesses



Create Ouchi Shop

<http://netsuper.create-sd.co.jp/>

2. Growth Strategy – Prescription Operations

1. Opening 31 new stores

- 6 dedicated prescription drug stores and 25 in-store pharmacies
- In-house development of two medical malls



2. Newly engaging with more than 11 nursing homes

- Increasing the home medication guidance fee



3. Improving profitability

- Negotiation on purchase prices
- Increased usage of generic drug
- Increased stores that calculate standard prescription fee

4. Securing and developing human resources

- Group training and OJT education at the pharmaceutical training room in the head office (allocating 80 personnel to pharmacy-related segment)
- Fostering highly skilled pharmacists who conduct home medication guidance

3. Growth Strategy – Nursing Operations

Assisted-living fee-charging nursing home

1. Measures to increase occupancy rates

- Offering a more flexible price system including the “zero entry fee” plan (responding to legal changes)
- Strengthening marketing promotion and advertising

Preventive nursing business

1. Opening of new facilities

- Opening of 6 facilities→30 facilities

2. Improving profitability of existing facilities

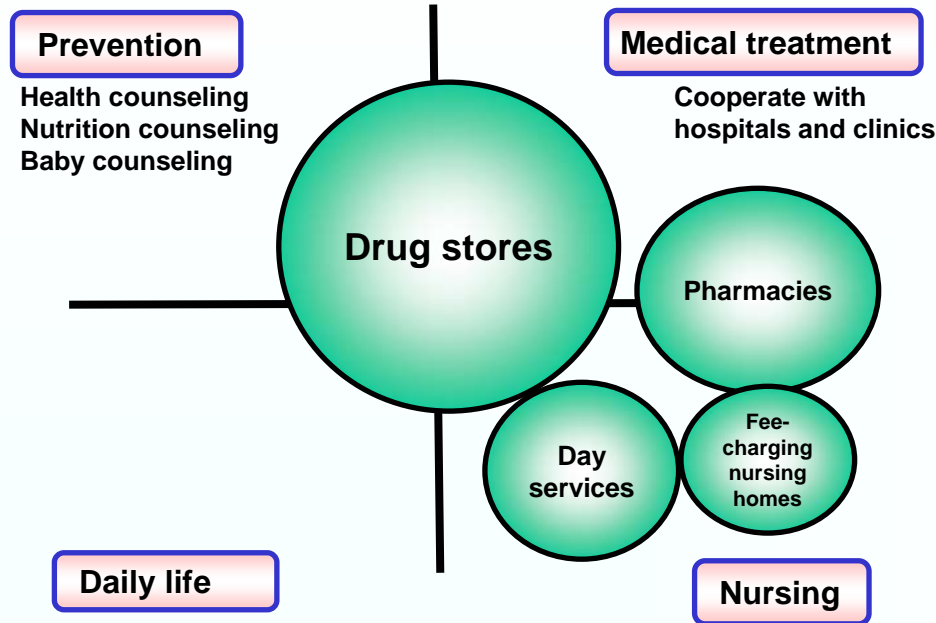
- Achieving higher operating rates by enhancing sales capability
- Enhancing the functional training menu
- Converting highly operational facilities into “facilities with a capacity of 15 people”



4. Create Group Medium-term Vision

Creating a system to contribute to society as a comprehensive healthcare support company in cooperation with community medical facilities

Operations in each field



Planned number of stores in FY2015	
OTC	473
Dedicated prescription pharmacies	43
In-store pharmacies	114
Salon Day	46
Fee-charging nursing home	2

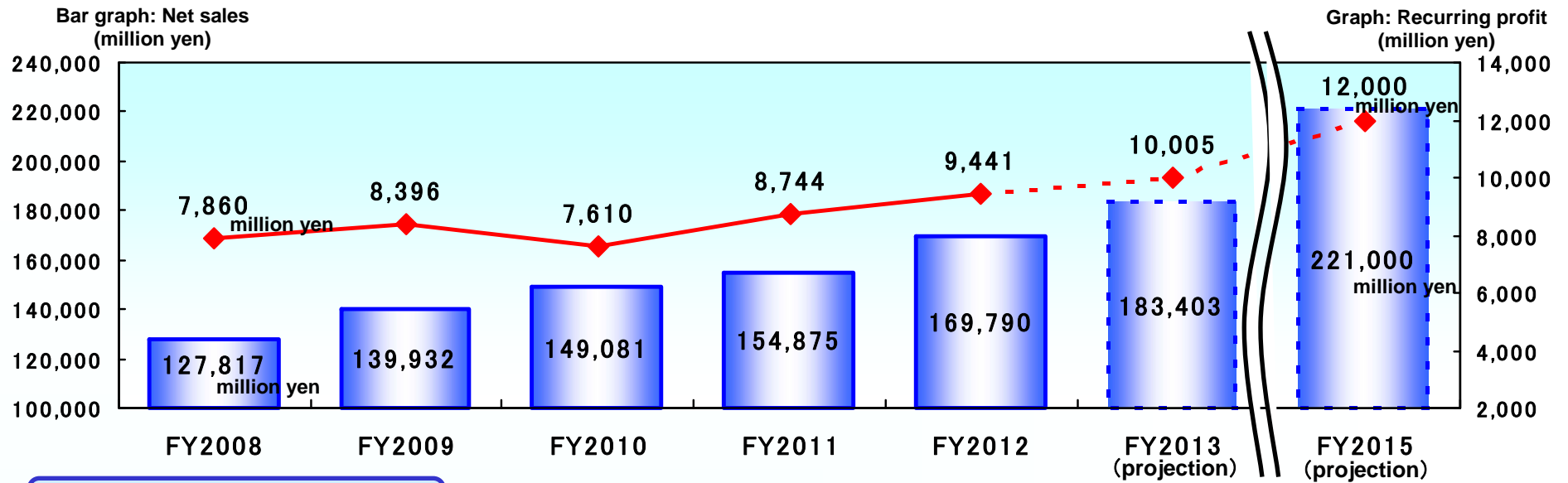
Business indicators that the company emphasizes

Recurring profit margin
target: 5% or more

Return on assets
target: 15% or more

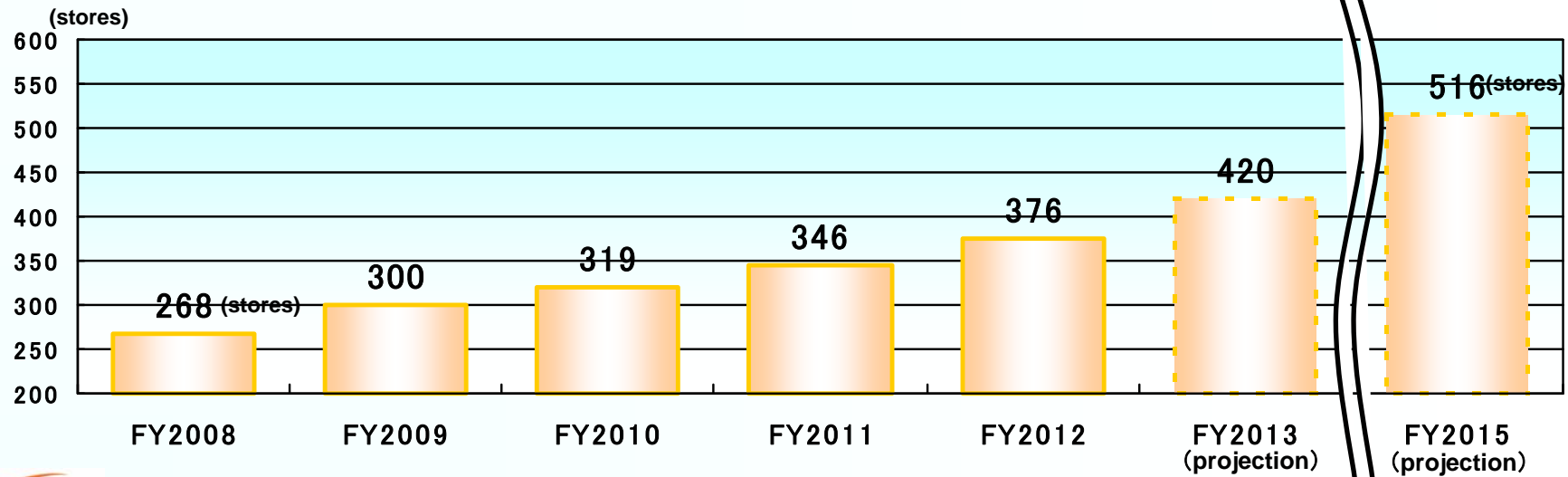
Return on equity
Target: 15% or more

Net sales and recurring profit



Number of stores

Total for OTC stores and dedicated prescription drug stores



FY2013 Forecasts (Consolidated)

	FY2012 (consolidated results)		FY2013 (consolidated projection)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY Change (%)
Net sales	169,790	100.0	183,403	100.0	108.0
Gross profit	45,123	26.6	48,752	26.6	108.0
SG&A expenses	35,999	21.2	39,027	21.3	108.4
Operating profit	9,124	5.4	9,725	5.3	106.6
Recurring profit	9,441	5.6	10,005	5.5	106.0
Net profit	4,824	2.8	5,572	3.0	115.5

Capital expenditures	6,200 million yen (+23.7% YoY)
Depreciation expense	2,275 million yen (+11.6% YoY)

FY2013 Projections

(Create SD – Drug Stores and Prescription Operations)

	FY2012 (results)		FY2013 (projection)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)
Net sales	168,711	100.0	182,176	100.0	108.0
Gross profit	45,155	26.8	48,715	26.7	107.9
SG&A expenses	36,301	21.5	39,368	21.6	108.4
Operating profit	8,853	5.2	9,347	5.1	105.6
Recurring profit	9,076	5.4	9,549	5.2	105.2
Net profit	4,765	2.8	5,366	2.9	112.6

FY2013 Projections

(Assisted-living Fee-charging Nursing Home and Preventive Nursing Business)

	FY2012 (results)		FY2013 (projection)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)
Net sales	1,078	100.0	1,226	100.0	113.7
Operating profit	-79	—	-10	—	—
Recurring profit	-75	—	-18	—	—
Net profit	-146	—	-99	—	—

6 day service centers are expected to open during the current fiscal year