



# CREATE SD HOLDINGS

***FY2012 (6/11-5/12) Interim Results Explanatory Meeting  
January 19, 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.

# **1H FY2012 Consolidated Results (06/2011 – 11/2011)**

# 1. 1H FY2012 Consolidated Profit and Loss Statement

Increase in profits in spite of plan for decrease, due to better-than-expected sales.

	1H FY2011 (consolidated)		1H FY2012 (consolidated)			
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)	% of projection (%)
Net sales	<b>75,350</b>	100.0	<b>83,811</b>	100.0	111.2	102.1
Gross profit	<b>20,592</b>	27.3	<b>22,087</b>	26.4	107.3	102.5
SG&A expenses	<b>16,258</b>	21.6	<b>17,568</b>	21.0	108.1	100.1
Operating profit	<b>4,333</b>	5.8	<b>4,519</b>	5.4	104.3	113.1
Recurring profit	<b>4,476</b>	5.9	<b>4,679</b>	5.6	104.5	113.1
Net profit	<b>2,466</b>	3.3	<b>2,614</b>	3.1	106.0	115.3

\* Accounting period  
 CREATE SD HOLDINGS CO., LTD. June 1-November 30, 2011  
 CREATE SD CO., LTD. June 1-November 30, 2011  
 Welllife Co., Ltd. April 1-September 30, 2011  
 SALON DAY CO.,LTD June 1-November 30, 2011

## 2. 1H FY2012 Consolidated Balance Sheet

(million yen)

	May 31, 2011 (consolidate)	November 30, 2011 (consolidated)	Change
<b>Total assets</b>	<b>62,626</b>	<b>62,770</b>	<b>+143</b>
<b>Current assets</b>	<b>36,559</b>	<b>35,694</b>	<b>▲864</b>
<b>Fixed assets</b>	<b>26,067</b>	<b>27,075</b>	<b>+1,008</b>
<b>Total liabilities</b>	<b>30,104</b>	<b>28,635</b>	<b>▲1,469</b>
<b>Current liabilities</b>	<b>27,169</b>	<b>26,662</b>	<b>▲507</b>
<b>Fixed liabilities</b>	<b>2,934</b>	<b>1,973</b>	<b>▲961</b>
<b>Total net assets</b>	<b>32,521</b>	<b>34,134</b>	<b>+1,612</b>
<b>Total liabilities and net assets</b>	<b>62,626</b>	<b>62,770</b>	<b>+143</b>

### Main causes of changes

#### Total assets

Opening of 17 new stores, etc.  
Fixed assets +1,008 million yen

#### Total liabilities

Accrued benefits -930 million yen

#### Total net assets

Decline due to 1,002 million yen  
in dividends  
Net profit 2,614 million yen

\*End of 1H CREATE SD HOLDINGS CO., LTD. November 30, 2011  
CREATE SD CO., LTD. November 30, 2011  
Welllife Co., Ltd. September 30, 2011  
SALON DAY November 30, 2011

# 3. 1H FY2012 Consolidated Statement of Cash Flows

(million yen)

	November 30, 2011 (consolidated)
Cash flow from operating activities	1,678
Cash flow from investing activities	▲2,006
Cash flow from financing activities	▲1,051
Change in cash and cash equivalents	▲1,379
Opening balance of cash and cash equivalents	15,463
Closing balance of cash and cash equivalents	14,084

## Major breakdown

- Net profit before taxes for 2Q 4,659 million yen
- Depreciation 993 million yen
- Corporate taxes paid 2,708 million yen

- Cash flows related to opening new stores:
- Purchase of fixed tangible assets 1,357 million yen

- Repayment of long-term loans 49 million yen
- Dividends 1,002 million yen

\* Accounting period    CREATE SD HOLDINGS CO., LTD.    June 1-November 30, 2011  
                                   CREATE SD CO., LTD.                                    June 1-November 30, 2011  
                                   Welllife Co., Ltd.    April 1-September 30, 2011  
                                   SALON DAY CO.,LTD                                        June 1-November 30, 2011

# Results for Each Business Company

# 1. 1H FY2012 Profit and Loss Statement

(Create SD)

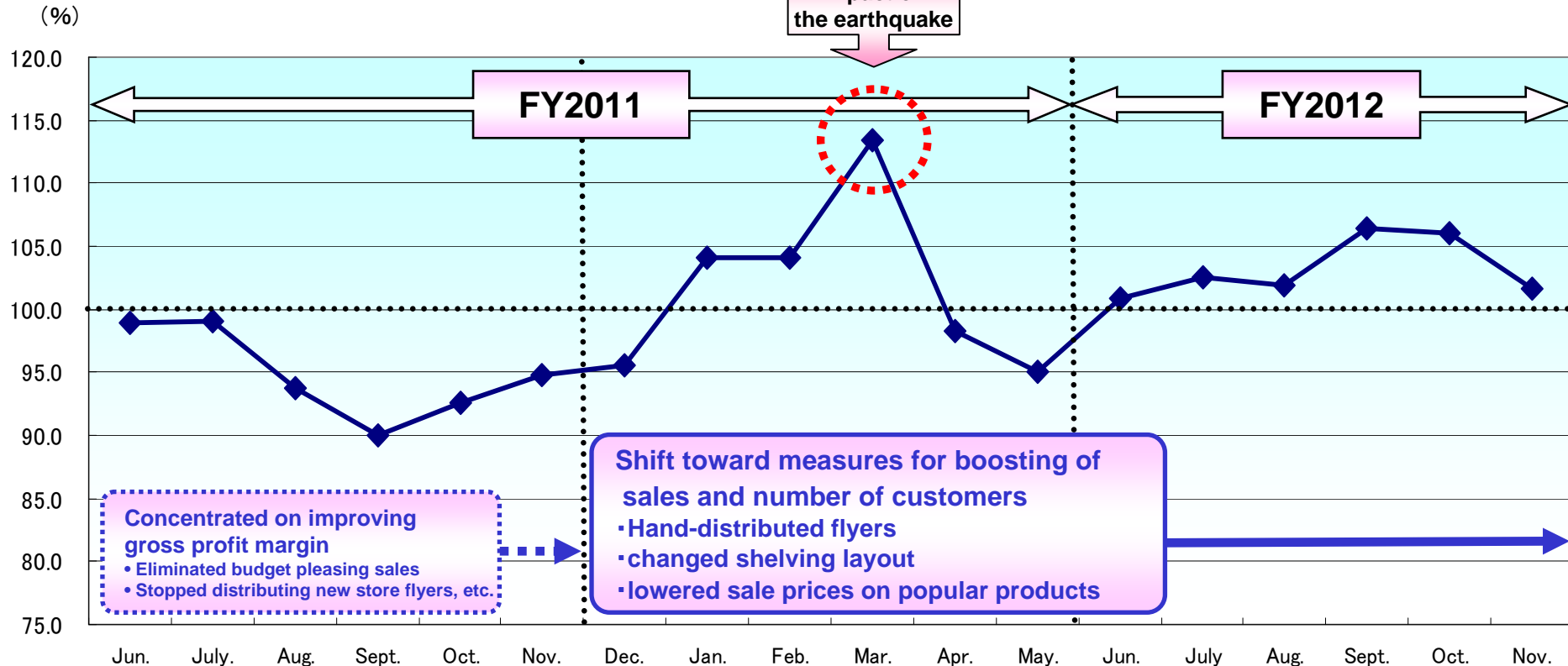
	1H FY2011		1H FY2012			
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)	% of projection (%)
Net sales	<b>74,965</b>	100.0	<b>83,369</b>	100.0	111.2	102.2
Gross profit	<b>20,508</b>	27.4	<b>22,117</b>	26.5	107.8	102.6
SG&A expenses	<b>16,377</b>	21.8	<b>17,747</b>	21.3	108.4	100.3
Operating profit	<b>4,131</b>	5.5	<b>4,370</b>	5.2	105.8	112.9
Recurring profit	<b>4,235</b>	5.6	<b>4,484</b>	5.4	105.9	112.8
Net profit	<b>2,324</b>	3.1	<b>2,544</b>	3.1	109.5	115.0

# 2. Sales

For existing stores, sales rose 3.1%, number of customers 2.5%, and average spending per customer 0.2% compared to the previous year

Upward trend in sales and number of customers for various reasons including hand-distributed flyers and price cuts starting in the second half of FY2011

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





# 3. Sales by Segment

Gross profit margin decreased 0.9 percentage points year on year due to sales promotion revival.  
 Rose 7.8% year on year on a value basis (2.6 percentage points greater than forecast)

	1H FY2012		
	Sales (million yen)	Share (%)	YoY change (%)
Medical and health products	18,275	21.9	106.9
Cosmetics	14,062	16.9	105.8
Food products	29,048	34.8	120.8
Daily products	16,012	19.2	109.5
Other	5,969	7.2	101.3
<b>Total</b>	<b>83,369</b>	<b>100.0</b>	<b>111.2</b>

Strengthening of pricing centering on food products and daily products

Working for recovery in sales and number of customers

**Medical and health products**  
 Pharmacy related sales continue to be robust  
 For the overall segment, sales rose 6.9% year on year (-0.1% on an existing stores basis)

**Cosmetics**  
 Sales of bath related products rose 7.0% year on year due to improvements in the selection of goods  
 For the overall segment, sales rose 5.8% year on year (-1.7% on an existing stores basis)

**Food products**  
 Sales of beverage products increased 30.6% year on year (+20.3% on an existing store basis) due to the enhancement of pricing  
 For the overall segment, sales rose 20.8% year on year (11.2% on an existing stores basis)

**Daily products**  
 Sales grew 9.5% year on year (+1.7% on an existing store basis) due to hand distribution of flyers

\* "Other" includes items such as baby products, clothing, pet products, gardening products, and film development services.

# 4. SG&A Expenses

Growth rate of sales was 11.2%, while the growth rate of selling, general and administrative expenses was 8.4%

➔ **Maintaining profit structure based on controlling expenses**

**Personnel expenses**



Rose 7.6% year on year (0.8% higher than forecast)  
While there was an increase in the number of personnel (10.1%), the number of man-hours was maintained at the same level as the previous year on an existing store basis, due to the establishment of appropriate man-hours and the adjustment of schedules at each store.

**Advertising expenses**



Rose 11.5% year on year (3.3% lower than forecast)  
Hand distribution of flyers, which had not yet been introduced as of the previous year, was carried out this year, and the results of flyers for new stores has been verified a number of times. The distribution areas and numbers are being reviewed.

**Utilities expenses**



Decrease 5.9% year on year (7.3% lower than forecast)  
In addition to efforts for energy saving, initiatives are continuously being carried out to decrease the amount of electric power usage. The amount of electric power being used on an existing store basis was reduced by 22.6% year on year.

# 5. New Store Openings

Create SD

**17 new stores** were opened (of which 4 were dedicated prescription drug stores)

## New store openings by area

Figures in parenthesis are dedicated prescription drug stores

	Kanagawa	Tokyo	Shizuoka	Saitama	Chiba	Gunma	Ibaraki	Total
<b>New stores opened in 1H FY2012</b>	<b>5</b>	<b>5(1)</b>	<b>4</b>	<b>1(1)</b>	<b>2(2)</b>	<b>0</b>	<b>0</b>	<b>17(4)</b>

**Number of new stores by OTC type (13 stores)**

Suburban stand alone:11 Shop-in-shop:1 Urban center :1

**2 stores** were closed (1 in Shizuoka, 1 in Saitama)

	Kanagawa	Tokyo	Shizuoka	Saitama	Chiba	Gunma	Ibaraki	Total
<b>Total number of stores as of the end of 1H FY2012</b>	<b>205(12)</b>	<b>55(5)</b>	<b>58</b>	<b>14(1)</b>	<b>17(3)</b>	<b>5</b>	<b>7</b>	<b>361(21)</b>



\* Of the 340 OTC stores, 36 have an attached pharmacy

# 6. Prescription Operations

Create SD

**8 new stores opened**  
 (4 dedicated prescription drug stores and 4 in-store pharmacies)



**57 stores at the end of 1H**  
 (21 dedicated prescription drug stores and 36 in-store pharmacies)

	1H FY2012		
	(million yen)	Share (%)	YoY change (%)
<b>Net sales</b>	<b>3,185</b>	<b>100.0</b>	<b>125.3</b>
<b>Gross profit</b>	<b>1,257</b>	<b>39.5</b>	<b>129.2</b>

Existing stores comparisons

Sales	118.5%
Prescriptions	108.1%



(Home service operations)	1H FY2012		
	(million yen)	Share (%)	YoY change (%)
<b>Net sales</b>	<b>199</b>	<b>100.0</b>	<b>130.8</b>
<b>Gross profit</b>	<b>110</b>	<b>55.5</b>	<b>130.3</b>

Medication guidance by visit  
 Collaboration with 22 nursing facilities

# 7. Fee-charging Nursing Home and Preventive Nursing Business

	1H FY2012		
	(million yen)	Share (%)	Difference from projection (million yen)
<b>Net sales</b>	<b>442</b>	<b>100.0</b>	<b>▲27</b>
<b>Operating profit</b>	<b>▲53</b>	<b>▲12.0</b>	<b>▲15</b>
<b>Recurring profit</b>	<b>▲54</b>	<b>▲12.3</b>	<b>▲15</b>
<b>Net profit</b>	<b>▲91</b>	<b>▲20.6</b>	<b>▲13</b>

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

Preventive nursing business (SALON DAY)

Opened 10 day service centers creating a network of 20 centers

Number of day service centers at the end of 1H FY2012

Stand-alone centers: 14 In-store centers: 6



# **FY2012 Forecasts (Full Fiscal Year)**

# FY2012 Forecasts (Consolidated)

No revisions were made to forecasts for the full fiscal year

	FY2011 (consolidated results)		FY2012 (consolidated projection)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY Change (%)
Net sales	<b>154,875</b>	<b>100.0</b>	<b>166,445</b>	<b>100.0</b>	<b>107.5</b>
Gross profit	<b>41,627</b>	<b>26.9</b>	<b>43,864</b>	<b>26.4</b>	<b>105.4</b>
SG&A expenses	<b>33,184</b>	<b>21.4</b>	<b>35,946</b>	<b>21.6</b>	<b>108.3</b>
Operating profit	<b>8,442</b>	<b>5.5</b>	<b>7,918</b>	<b>4.8</b>	<b>93.8</b>
Recurring profit	<b>8,744</b>	<b>5.6</b>	<b>8,200</b>	<b>4.9</b>	<b>93.8</b>
Net profit	<b>4,540</b>	<b>2.9</b>	<b>4,491</b>	<b>2.7</b>	<b>98.9</b>

Capital expenditures

6,200 million yen (+17.9% YoY)

Depreciation expense

2,419 million yen (+12.6% YoY)