CREATE SD HOLDINGS

FY2010 (6/09-5/10) Interim Results Explanatory Meeting
January 20, 2010

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. Nakaura or Mr. Ohno (045-979-3711) in the Corporate Planning Office.

1H FY2010
Consolidated Results
(06/2009 – 11/2009)

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1. 1H FY2010 Consolidated Profit and Loss Statement

	1H FY2010 (consolidated)			
	(million yen)	Share (%)	% of projection (%)	Plan difference (million yen)
Net sales	75,019	100.0	101.5	+1,119
Gross profit	19,703	26.3	99.2	-167
SG&A expenses	15,639	20.8	99.8	-30
Operating profit	4,063	5.4	96.7	-137
Recurring profit	4,242	5.7	96.4	-158
Net profit	1,793	2.4	89.7	-207

* Accounting period	CREATE SD HOLDINGS CO., LTD.	June 1-November 30, 2009
	CREATE SD CO., LTD.	June 1-November 30, 2009
	Welllife Co., Ltd.	April 1-September 30, 2009

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2. 1H FY2010 Consolidated Balance Sheet

(million yen)

	May 31, 2009 (consolidate)	November 30, 2010 (consolidated)	Change
Total assets	53,560	54,810	+1,249
Current assets	30,654	31,241	+587
Fixed assets	22,906	23,568	+662
Total liabilities	27,376	27,720	+344
Current liabilities	24,811	25,180	+369
Fixed liabilities	2,564	2,539	–24
Total net assets	26,184	27,089	+905
Total liabilities and net assets	53,560	54,810	+1,249

Main causes of changes

Total assets
Products +1,138 million yen
Fixed assets +662 million yen

Total liabilities
Accounts payable +729 million yen

Total net assets
Dividends -890 million yen
Net profit for 2Q +1,793 million yen

Capital ratio of 49.4%
(Reference: 48.9% for FY2009)

*End of 1H	CREATE SD HOLDINGS CO., LTD.	November 30, 2009
	CREATE SD CO., LTD.	November 30, 2009
	Welllife Co., Ltd.	September 30, 2009

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3. 1H FY2010 Consolidated Statement of Cash Flows

(million yen)

	November 30, 2009 (consolidated)
Cash flow from operating activities	2,404
Cash flow from investing activities	–1,726
Cash flow from financing activities	–1,165
Change in cash and cash equivalents	– 487
Opening balance of cash and cash equivalents	12,317
Closing balance of cash and cash equivalents	11,829

* Accounting period

CREATE SD HOLDINGS CO., LTD.	June 1-November 30, 2009
CREATE SD CO., LTD.	June 1-November 30, 2009
Welllife Co., Ltd.	April 1-September 30, 2009

Major breakdown

- Net profit before taxes for 2Q 4,215 million yen
- Depreciation 976 million yen
- Corporate taxes paid 2,210 million yen

Cash flows related to opening new stores:

- Purchase of fixed tangible assets 1,279 million yen
- Joint loans for construction 418 million yen

- Repayment of long-term loans 274 million yen
- Dividends 890 million yen

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Results for Each Business Company

1. 1H FY2010 Profit and Loss Statement (Create SD)

	1H FY2010				
	(million yen)	Share (%)	YoY change (%)	% of projection (%)	Plan difference (million yen)
Net sales	74,653	100.0	108.2	101.5	+1,117
Gross profit	19,579	26.2	107.5	100.4	+72
SG&A expenses	15,757	21.1	110.5	101.5	+233
Operating profit	3,821	5.1	96.8	96.0	-161
Recurring profit	3,948	5.3	97.4	96.4	-149
Net profit	2,235	3.0	108.7	97.3	-62

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2. New Store Openings

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15 new stores were opened (of which 2 were dedicated prescription drug stores)

Sales was 108.2% YoY

New store openings by area

Figures in parenthesis are dedicated prescription drug stores

	Kanagawa	Tokyo	Shizuoka	Saitama	Chiba	Gunma	Ibaraki	Total
New stores opened in 1H FY2010	8(1)	2(1)	3	1	0	0	1	15(2)

Number of new stores by OTC type (13 stores):
11 suburban stand alone and 2 suburban complex

4 stores were closed (2 in Kanagawa, 1 in Tokyo and 1 in Chiba)
* The 2 stores closed in Kanagawa were S&B stores and the contract had expired.

	Kanagawa	Tokyo	Shizuoka	Saitama	Chiba	Gunma	Ibaraki	Total
Total number of stores as of the end of 1H FY2010	176(9)	46(2)	47	13	15	6	8	311(11)

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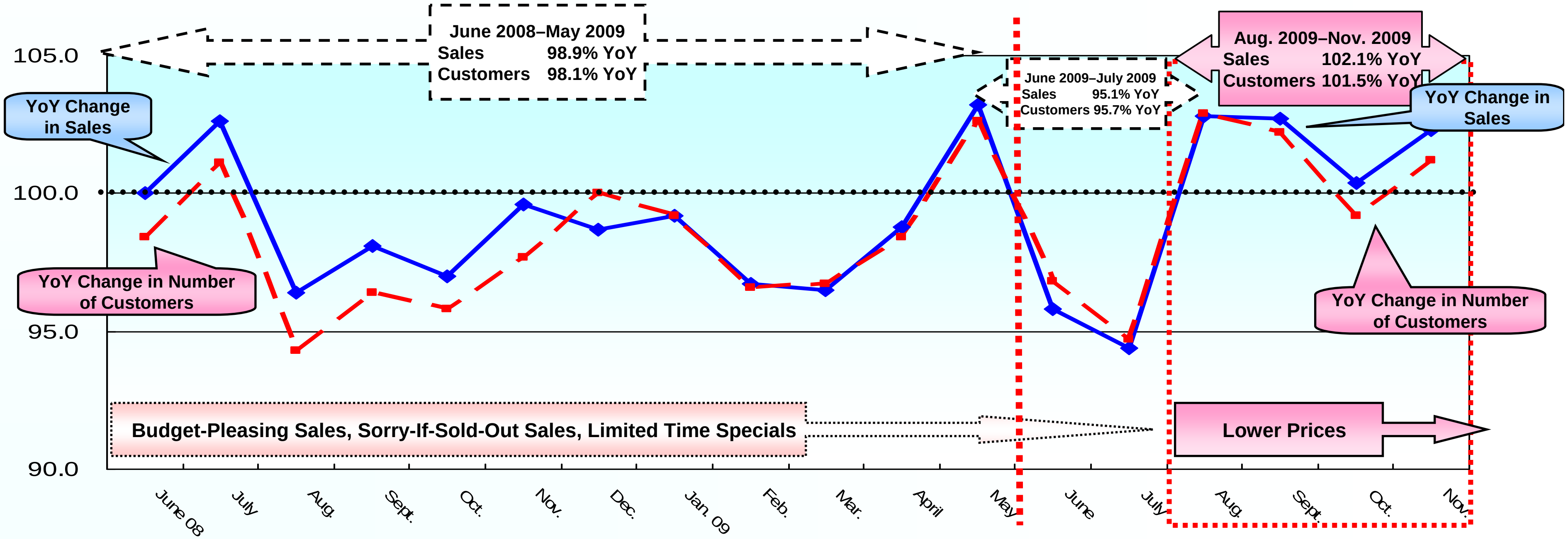
3. Sales

Create SD

Respond to the low-cost orientation of consumers while generating gross profits

1H results for existing stores (YoY): sales 99.7%, number of customers 99.4%
⇒ Results for August-November after efforts were made to improve price competitiveness (YoY): sales 102.1%, number of customers 101.5%



Sales were 1,117 million yen (101.5% of projection)

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4. Sales by Segment

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While the gross profit margin declined 0.2 percentage points YoY as a result of sales policies, the value of sales rose 107.5% YoY, surpassing projections by 100.4%.

	1H FY2010			Gross profit margin	
	Sales (million yen)	Share (%)	YoY change	(%)	YoY change (percentage points)
Medical and health products	17,427	23.3	112.5	39.5	-0.1
Cosmetics	13,069	17.5	104.5	30.4	-0.1
Food products	23,048	30.9	110.2	15.9	-0.8
Daily products	14,602	19.6	107.9	26.0	+0.1
Other	6,504	8.7	99.5	19.2	±0.0
Total	74,653	100.0	108.2	26.2	-0.2

Medical and health products
Sales increased to 112.5% YoY (existing store sales: 104.2%) as a result of several factors including the growth in prescriptions and the impact of the H1N1 flu. The gross profit margin remained at about the same high level as that for 1H 2009.

Cosmetics
Sales increased to 104.5% YoY (existing store sales: 96.7%) even though sales of contracted cosmetics remained weak and sales of skin care products in November were stagnant. Sales of bath products due to numerous efforts including the Budget-Pleasing Sales contributed the results. The gross profit margin remained at about the same level as that for 1H 2009.

Food products
Sales increased to 110.2% YoY (existing store sales: 100.6%) as prices were lowered through efforts such as Budget-Pleasing Sales. Sales were particularly strong since August, and four consecutive months of YoY growth were recorded. However, the gross profit margin declined 0.8 percentage points YoY.

Daily products
Sales increased to 107.9% YoY (existing store sales: 99.5%), which was an improvement from the 97.7% recorded for FY2009. The gross profit margin improved by 0.1 percentage points because of continuing efforts to decrease the cost of products purchased, even though prices were lowered through various measures such as Budget-Pleasing Sales.

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

5. SG&A Expenses

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SG&A expense ratio increased to 21.1% from 20.7%

There was an increase in expenses related to new stores and efforts to raise the number of employees in response to the Revised Pharmaceutical Affairs Law.

* SG&A expenses is 101.5% of projections (102.1% for personnel expenses and 100.9% for non-personnel expenses)

1. Factors behind the year-on-year increase in SG&A expense of 0.4 percentage points

Personnel expenses (+0.2 percentage points)
- Increase in employees in response to the Revised Pharmaceutical Affairs Law
- Early hiring of new graduates
- Decrease in number of employees resigning

Depreciation expense (+0.1 percentage points)
- Investment in new stores
- Introduction of automatic change machines for registers (introduced at all stores)

Rents (+0.1 percentage points)
- Increase in the size of stores
- More stores were opened than expected (+2)

Business consulting expenses (+0.2 percentage points)
- In-house business with holding company

2. Factors behind expenses exceeding projections by 233 million yen

Personnel expenses (157 million yen greater than projection)
- Number of employees at the end of 1H increased to 118.7% YoY

Rents (65 million yen greater than projection
- Increase in the size of stores
- More stores were opened than expected

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6. Prescription Operations

4 new stores opened
(2 dedicated prescription drug stores and 2 in-store pharmacies)

39 stores at the end of 1H
(11 dedicated prescription drug stores and 28 in-store pharmacies)

	1H FY2010 (million yen)	Share (%)	YoY change (%)
Net sales	2,188	100.0	121.2
Gross profit	850	38.9	121.8

Existing store comparisons
Sales 114.8%
Prescriptions 107.0%

(Home service operations)	1H FY2010 (million yen)	Share (%)	YoY change (%)
Net sales	97	100.0	149.8
Gross profit	53	55.0	168.5

Medication guidance by visit
Collaboration with 10 nursing facilities

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7. Fee-charging Nursing Home and Preventive Nursing Business

Welllife

2 fee-charging nursing homes with care facilities and 1 day service center were opened

	1H FY2010 (April 2009-September 2009)		
	(million yen)	Share (%)	% of projection (%)
Net sales	366	100.0	101.1
Operating profit	98	27.0	105.4
Recurring profit	96	26.3	94.4
Net profit	53	14.4	92.5

Working to increase the number of day service centers (preventive nursing and rehabilitative training)

Second facility is planned to be opened in March 2010

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FY2010 Forecasts
(Full Fiscal Year)

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1. FY2010 Forecasts (Consolidated)

Aiming to increase sales and profits for the 9th consecutive year

No revisions were made to forecasts for the full fiscal year

	FY2009 (consolidated results)		FY2010 (consolidated forecasts)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change
Net sales	139,932	100.0	148,400	100.0	106.1
Gross profit	37,269	26.6	40,173	27.1	107.8
SG&A expenses	29,094	20.8	31,548	21.3	108.4
Operating profit	8,175	5.8	8,620	5.8	105.4
Recurring profit	8,396	6.0	8,950	6.0	106.6
Net profit	4,510	3.2	4,570	3.1	101.3

Capital expenditures	3,600 million yen (79.1% YoY)
Depreciation expense	2,140 million yen (114.9% YoY)

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2. FY2010 Forecasts
(Create SD – Drug Store and Prescription Business)

No revisions were made to forecasts for the full fiscal year

	FY2009 (results)		FY2010 (forecasts)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)
Net sales	139,932	100.0	147,700	100.0	105.6
Gross profit	37,269	26.6	39,450	26.7	105.9
SG&A expenses	29,167	20.8	31,320	21.2	107.4
Operating profit	8,102	5.8	8,130	5.5	100.3
Recurring profit	8,316	5.9	8,360	5.7	100.5
Net profit	4,472	3.2	4,700	3.2	105.0

Capital expenditures	3,600 million yen (79.1% YoY)
Depreciation expenses	2,128 million yen (114.3% YoY)

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3. FY2010 Forecasts
(Welllife – Fee-charging Nursing Home and Preventive Nursing Business)

No revisions were made to forecasts for the full fiscal year

	FY2009 (results)		FY2010 (forecasts)		
	(million yen)	Share (%)	(million yen)	Share	YoY change (%)
Net sales	740	100.0	720	100.0	97.2
Operating profit	203	27.5	182	25.4	89.7
Recurring profit	222	30.0	200	27.8	90.0
Net profit	177	24.0	110	15.3	62.0

Plan to open the second day service center in March 2010

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4. Measures to Cover the Shortfall in Profit during the 2H

Figures are the difference from initial projections.

Cover the shortfall of 150 million yen in the projections of 1H recurring profit

Recoup 130 million yen in gross profit

Increase sales and gross profit by lowering prices

Sales target +1.6 billion yen

* 2H existing store sales are projected to be 99.7% year on year, the same level as that for 1H (2H initial projection: 97.6%)

Gross profit target +130 million yen

* Gross profit margin is projected to decline 0.4 percentage points to 26.5%
However, price cuts will be carefully examined and wasteful ones will be eliminated.

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Recoup 20 million yen in SG&A expenses

Since expenses, including personnel expenses and rents, are projected to be 150 million yen greater than forecast for 2H as well (unfavorable variance), it is necessary to develop measures to reduce expenses by a total of 170 million yen.

Personnel expenses	-63 million yen
Advertising expenses	-40 million yen
Supplies and repair expenses	-46 million yen
Outsourcing expenses	-21 million yen

Ensure initial projections for the full fiscal year.