



***FY2011 (6/10-5/11) Interim Results Explanatory Meeting
January 21, 2011***

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 FY2011 Consolidated Results (06/2010 – 11/2010)

1. 1H FY2011 Consolidated Profit and Loss Statement

Profits rose although they were initially forecast to decline

	1H FY2010 (consolidated)		1H FY2011 (consolidated)			
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)	% of projection (%)
Net sales	75,019	100.0	75,350	100.0	100.4	96.9
Gross profit	19,703	26.3	20,592	27.3	104.5	100.3
SG&A expenses	15,639	20.8	16,258	21.6	104.0	96.8
Operating profit	4,063	5.4	4,333	5.8	106.7	115.9
Recurring profit	4,242	5.7	4,476	5.9	105.5	114.6
Net profit	1,793	2.4	2,466	3.3	137.5	120.5

* Accounting period

CREATE SD HOLDINGS CO., LTD.
CREATE SD CO., LTD.
Welllife Co., Ltd.
SALON DAY CO.,LTD

June 1-November 30, 2010
June 1-November 30, 2010
April 1-September 30, 2010
June 1-November 30, 2010

2. 1H FY2011 Consolidated Balance Sheet

(million yen)

	May 31, 2010 (consolidate)	November 30, 2010 (consolidated)	Change
Total assets	56,721	57,723	+1,001
Current assets	33,237	33,619	+382
Fixed assets	23,484	24,103	+619
Total liabilities	27,739	27,276	▲462
Current liabilities	25,261	24,391	▲870
Fixed liabilities	2,477	2,885	+407
Total net assets	28,982	30,446	+1,464
Total liabilities and net assets	56,721	57,723	+1,001

Main causes of changes

Total assets

Fixed assets +619 million yen

Total liabilities

Accounts payable

-1,391 million yen

Asset retirement obligations

+424 million yen

Total net assets

Decline due to 1,002 million yen
in dividends

Net profit 2,466 million yen

*End of 1H CREATE SD HOLDINGS CO., LTD. November 30, 2010
CREATE SD CO., LTD. November 30, 2010
Welllife Co., Ltd. September 30, 2010
SALON DAY November 30, 2010

3. 1H FY2011 Consolidated Statement of Cash Flows

(million yen)

	November 30, 2010 (consolidated)
Cash flow from operating activities	2,700
Cash flow from investing activities	▲1,119
Cash flow from financing activities	▲1,051
Change in cash and cash equivalents	529
Opening balance of cash and cash equivalents	12,525
Closing balance of cash and cash equivalents	13,054

Major breakdown

- Net profit before taxes for 2Q 4,316 million yen
- Depreciation 898 million yen
- Corporate taxes paid 2,056 million yen

- Cash flows related to opening new stores:
- Purchase of fixed tangible assets 718 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, 2010
 CREATE SD CO., LTD. June 1-November 30, 2010
 Welllife Co., Ltd. April 1-September 30, 2010
 SALON DAY CO.,LTD June 1-November 30, 2010

Results for Each Business Company

1. 1H FY2011 Profit and Loss Statement

(Create SD)

	1H FY2010		1H FY2011			
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)	% of projection (%)
Net sales	74,653	100.0	74,965	100.0	100.4	96.9
Gross profit	19,579	26.2	20,508	27.4	104.7	100.3
SG&A expenses	15,757	21.1	16,377	21.8	103.9	96.6
Operating profit	3,821	5.1	4,131	5.5	108.1	118.2
Recurring profit	3,948	5.3	4,235	5.6	107.3	116.9
Net profit	2,235	3.0	2,324	3.1	104.0	119.8

2. Gross profit

Create SD

Gross profit margin improved 1.2 percentage points to 27.4% year on year.

Focus was on securing profits during 1H.

Actual measures undertaken

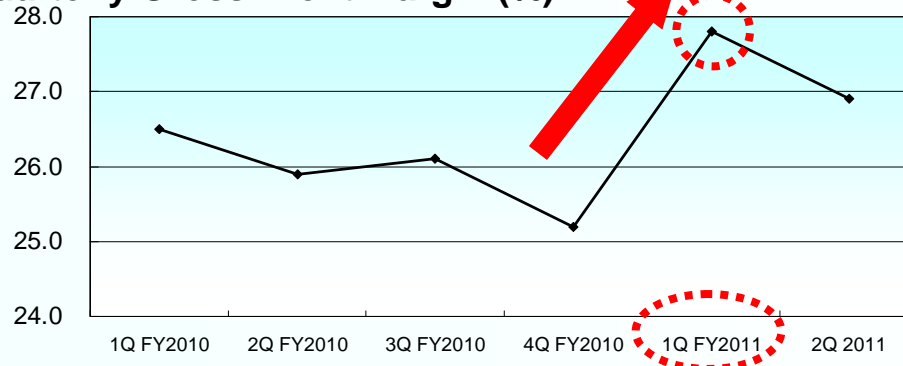
1. Terminated budget pleasing sales

2. Carefully examined new store flyers

3. Negotiated selling price
Worked with suppliers

4. Efforts at stores
Worked out display methods and sales floor presentation

Quarterly Gross Profit Margin (%)



3. Net sales

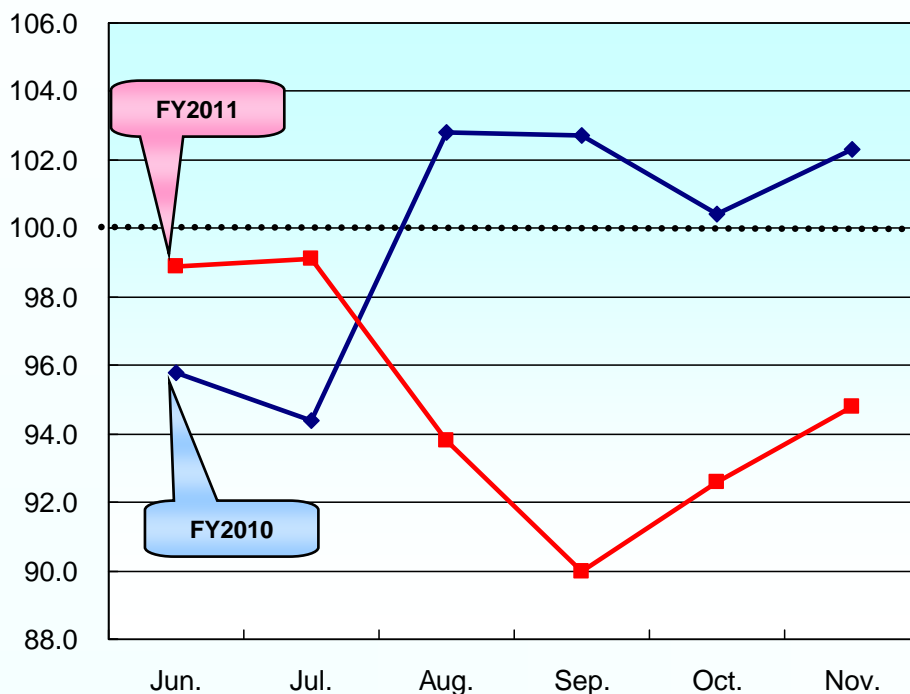
Create SD

1H existing stores sales fell 5.1%; the number of customers also contracted 5.1% year on year.



The decline was due to a falloff in demand for flu related products compared to the previous year and a revision of business measures

Year-on-year change in existing stores sales (%)



Year-on-year change in existing stores sales

Jun.-Jul.:
-1.0%

+

Aug.-Nov.:
-7.1%

1H overall: -5.1%

Efforts will be focused on sales and recapturing customers during 2H.

4. Sales by Segment

Gross profit margin rose **1.2 percentage points** year on year due to a business measure revision. Rose 4.7% year on year on a value basis (0.3 percentage points greater than forecast).

	1H FY2011			Gross profit margin	
	Sales (million yen)	Share (%)	YoY change	(%)	YoY change (percentage points)
Medical and health products	17,098	22.8	98.1	38.1	- 1.4
Cosmetics	13,295	17.7	101.7	30.6	+0.2
Food products	24,053	32.1	104.4	18.8	+2.9
Daily products	14,621	19.5	100.1	28.0	+2.1
Other	5,895	7.9	90.6	21.8	+2.6
Total	74,965	100.0	100.4	27.4	+1.2

Medical and health products

Even though pharmacy related sales grew, sales for the overall segment declined 1.9% year on year (-6.8% on an existing stores basis), as a result of a falloff in sales of flu related products which was particularly strong from August through November FY2010.

Gross profit margin also contracted 1.4 percentage points year on year.

Cosmetics

Sales of skincare products such as sunscreen and antiperspirant were firm because of the hot weather, but sales of bath related products stagnated following the discontinuation of budget pleasing sales. For the overall segment, sales rose 1.7% year on year (-3.3% on an existing stores basis).

Gross profit margin rose 0.2 percentage points.

Food products

Sales increased 4.4% year on year (-2.3% on an existing stores basis) as a result of ending budget pleasing sales. Existing stores sales were particularly weak, falling year on year for four straight months since August.

On the other hand, the gross profit margin dramatically rose 2.9 percentage points.

Daily products

Sales grew 0.1% year on year (-5.1 on an existing stores basis). Gross profit margin improved 2.1 percentage points since budget pleasing sales were terminated.

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

5. SG&A Expenses

Create SD

SG&A expenses were in line with projections.

SG&A expenses were 573 million yen (3.4%) less than forecast.

Cause for the better-than-forecast SG&A expenses (573 million yen)

Personnel expenses
368 million yen less than projected

Man-hours were maintained at an appropriate level for each store.
Existing stores man-hours declined 180,000 year on year, which resulted in a 200 million yen reduction in personnel expenses.

Advertising expenses
157 million yen less than projected

In addition to reviewing the cost of producing flyers, the frequency and number of flyers were also revised.

Packaging expenses
9 million yen less than projected

A campaign to encourage customers to bring their own shopping bags was implemented.
* The percentage of customers doing so rose to 13.1%.

6. New Store Openings

Create SD

13 new stores were opened (of which 3 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
New stores opened in 1H FY2011	6(1)	2(1)	4	0	1(1)	0	0	13(3)

Number of new stores by OTC type (10 stores):
8 suburban stand alone and 2 in-store

2 stores were closed (1 in Kanagawa, 1 in Ibaraki)

	Kanagawa	Tokyo	Shizuoka	Saitama	Chiba	Gunma	Ibaraki	Total
Total number of stores as of the end of 1H FY2011	188(11)	49(4)	53	13	15(1)	6	7	331(16)



* Of the 315 OTC stores, 30 have an attached pharmacy

7. Prescription Operations

Create SD

5 new stores opened

(3 dedicated prescription drug stores and 2 in-store pharmacies)



46 stores at the end of 1H

(16 dedicated prescription drug stores and 30 in-store pharmacies)

	1H FY2011		
	(million yen)	Share (%)	YoY change (%)
Net sales	2,542	100.0	116.2
Gross profit	973	38.3	114.5

Existing stores comparisons

Sales 109.0%
Prescriptions 106.6%



(Home service operations)	1H FY2011		
	(million yen)	Share (%)	YoY change (%)
Net sales	152	100.0	154.7
Gross profit	85	55.9	157.4

Medication guidance by visit
Collaboration with 16 nursing facilities

8. Fee-charging Nursing Home and Preventive Nursing Business

Welllife
SALON DAY

Spun off the day service business into a separate company
Fully began the process to increase the number of stores

	1H FY2011		
	(million yen)	Share (%)	% of projection (%)
Net sales	384	100.0	100.9
Operating profit	58	15.2	83.4
Recurring profit	57	15.1	83.9
Net profit	21	5.5	73.4

A drugstore with an attached daycare center was opened in Shimokuzawa, Sagami-hara, Kanagawa



Created a system to fully support the health of local customers

* Accounting period Welllife Co., Ltd.
SALON DAY CO.,LTD

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FY2011 Forecasts (Full Fiscal Year)

Increase sales and the number of customers using the 600 million yen in savings from 1H.

While profit margins improved during 1H as a result of various efforts such as revising sales promotions, both sales and the number of customers have been on a downward trend.

Implement measures that will lead to an increase in sales and the number of customers.

1. Reduce the price of products with a high price elasticity.



Started from
January.

2. Effectively promote sales using flyers that reflect the characteristics of the particular market.

3. Introduce effective shelf allocation developed in new stores into existing stores and expand the product lineup.



Earnings projections for the full year were unchanged.

FY2011 Forecasts (Consolidated)

No revisions were made to forecasts for the full fiscal year

	FY2010 (consolidated results)		FY2011 (consolidated projection)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY Change (%)
Net sales	149,081	100.0	157,224	100.0	105.5
Gross profit	38,713	26.0	41,835	26.6	108.1
SG&A expenses	31,434	21.1	34,140	21.7	108.6
Operating profit	7,279	4.9	7,695	4.9	105.7
Recurring profit	7,610	5.1	8,027	5.1	105.5
Net profit	3,686	2.5	4,395	2.8	119.2

Capital expenditures	4,500 million yen (+26.3% YoY)
Depreciation expense	1,969 million yen (-4.5% YoY)