create restaurants holdings
Since establishment, create restaurants holdings has seen continuous growth under its founding principles of speed, creativity and the spirit of challenge.
Customer satisfaction—our starting point
Established in 1999 and backed by the trust we inspire as an affiliate of the Mitsubishi Corporation, we have adopted a basic philosophy of speed, creativity and constantly seeking out new challenges. Enthusiastically pursuing fresh business challenges has brought us continuous dramatic growth over the years. We constantly face the changing times from the customer’s point of view, discover hidden needs, and propose new restaurant scenes. With unique and varied experiences as our base, we put together advanced operations to win the long-lasting trust of our customers. Through the restaurant business, we strive to create new locations. These are our company missions.

The recent years have seen a maturation of the food service industry in Japan. Consumer preferences have become even more varied, awareness of food safety has increased, and consumers have become reluctant to spend, resulting in highly unfavorable business conditions. To deal with this difficult situation, we switched to a holding company organization in March 2010. As a holding company, we seek to strengthen our administrative function and corporate governance, and to add mobility and flexibility to business restructuring, which will help increase our competitiveness, and bring about an increase in value for our group as a whole.

Overview of our strategy and business
We pursue the unique Multi-Brand, Multi-Location Strategy and now have restaurants and food court businesses all over Japan. Through this strategy, we have launched many different types of restaurants in many different locations, and now possess a portfolio of brands to match a variety of needs. As of February 2010, our company holds 118 brands and a total of 387 restaurants. Implementation of the enthusiastic “scrap and build” approach has allowed us to work towards increased efficiency for our company and accumulate know-how in the fields of new business development and operations. As a measure to promote food safety and hygiene, we have set up a new department known as the “Food Safety Promotion Department” to ensure our customers are provided a safe menu, and to enhance restaurant operations so that our customers can dine with peace of mind at our restaurants.

Strength—creation, operation and management capabilities
The strengths of the create restaurants group go far beyond the creativity that allows us to develop new businesses. Supporting the implementation of our strategy are our fine-tuned management and advanced operation capabilities. Our proprietary system tool BAMBI supports our multi-brand operation as it can centrally manage all our restaurants in Japan, storing and analyzing data on everything from sales and costs to food order records and labor costs. For operations, we have a unique BASICS manual, which trains staff in how to treat customers and teaches them strict food hygiene management techniques to help inject dynamism and bring out the charm in all our outlets.

Our vision
Under the holding company organization, our company has drawn up a strategy to bring about higher growth and to aim for a mid- to long-term period of accelerated development.

For our local business, we will continue to make use of the experience and knowledge gained from our Multi-Brand, Multi-Location Strategy to raise the value of all our restaurants, while focusing on M&A in the local food service industry.

Additionally, we hold a strong vision of overseas expansion and are determined to attain success in the overseas market. Currently, we have 2 restaurants in Shanghai, China. However, our overseas expansion is expected to gain momentum with the focus on Asian markets exhibiting a high potential for growth. Concrete discussions are already underway for overseas locations outside of China, and we aim to expand the scope of our business through global expansion.

By building an organization with a strong capability to respond to the ever-changing environment and customer needs, we strive to become a leading presence in the industry with our high quality and capacity for creativity. We also aim to be nurturers of knowledgeable and highly experienced food service professionals through our aggressive approach towards business expansion.

Haruhiko Okamoto
President & CEO
Our Business

Business summary

The create restaurants group produces and operates a variety of restaurants ranging from casual food courts to dinner type restaurants based on location features and customer types. We now handle over 100 brands, in cuisines ranging from Japanese to Western, Chinese and other Asian menus in around 400 restaurants with an annual turnover in the region of 40 billion yen.

With our strong business development experience, we may select brands from our existing brand portfolio, or create a made-to-order restaurant based on the unique features of the location. In this way, we work towards providing commercial developers with proposals that have the highest potential for attracting customers.

The experience and know-how accumulated helps fine-tune our business development abilities while increasing our portfolio brands. This makes us better able to provide solutions for commercial developers, leading to an increase in demand for our services and more opportunities for us to explore new locations; a very beneficial cycle for obtaining more experience and knowledge.
Our core strategy

The Multi-Brand, Multi-Location Strategy is a business model where a good location is first analyzed for its local conditions and customer types, and the most appropriate business type (brand), be it a casual restaurant or fine dining restaurant, or even a bulk operation food court is then developed and managed by us.

In general, standard family restaurant chains and fast food chains adopt the “product-out” model where small amounts of products are developed in bulk for mass consumption, with continuous expansion of a small number of well known brands.

In contrast, our company adopts the “market-in” model of product development in response to market demands. Our unique business model involves development of a variety of brands to match each location’s unique conditions and customer type. In other words, the interior, menus, pricings and so on for each of our restaurants are designed to accommodate the location and its expected customers. These restaurants are sometimes selected from our existing brands, while others are newly developed for a particular location.

### Store development under the Multi-Brand, Multi-Location Strategy

1. Developer’s needs
2. Marketing functions
3. Existing brand portfolio

---

**Developer’s needs**

- Customer attraction
- Novelty
- Originality

**Marketing functions**

- Location features
- Latest trends
- Target

**Existing brand portfolio**

- Suburban
  - Festive
- Daily
- Urban

---

**Family restaurant, Izakaya, Fast food chain etc.**

**Standard chain store development**

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**Existing brand store development**

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**Location, building development function**

- A Brand
- B Brand
What exactly is create restaurants group’s core competence? It is the creative ability, attained through scientific analysis of all the data gathered from our restaurant operations, to create and develop new brands and restaurant types that accommodate the needs of an ever-changing society.

Through numerous projects, internal and external professional team members develop their ideas freely and enthusiastically, at times involved in the architectural stages together with commercial developers, to help plan and produce a long-term type restaurant for future customers, and to add value to the commercial developer’s project.

With this know-how in the creation of multiple business types, we are able to continually develop new brands and restaurant concepts to accommodate the ever-changing lifestyles and myriad needs of the customer, something that single-brand operation models are unable to accomplish. Creative and speedy business development capability is one great strength of our company.

There is a myriad of reasons behind a customer’s choice of restaurant. To spend precious moments with a special someone. To enjoy delicious food while engaging in conversation with a friend. To eat to your heart’s content together with your family. In each scenario, the customer is the protagonist. As hospitality providers to our customers, we strive to provide the best possible operation, while keeping as close as possible to our founding principles.

We offer variety in menus, quality of food, feel-good service, and a comfortable restaurant environment. Our unique BASICS manual trains staff in how to treat customers, including personal grooming and speech, teaches strict food hygiene management techniques, and encourages every employee to go the extra mile in service to build customer trust and satisfaction. In this way, create restaurants group aims to build a body of food service professionals, while remaining true to our founding principles.

To help implement our strategy, fine-tuned management is required. Our proprietary system tool BAMBI (Best Assistance system for store Management and Business Information) can centrally manage over 400 restaurants throughout Japan, storing and analyzing data on everything from sales and costs to food order records and labor costs. This, together with proprietary methods for controlling costs and labor expenses and our advanced management know-how, supports our multi-brand operation. Moreover, our unique cost management and an index showing the number of customers served per employee every hour helps us to come up with the best employee number allocation, therefore reducing unnecessary labor costs. This high level management know-how is what supports multi-brand operations.
Restaurants operated by our group are founded on the Multi-Brand, Multi-Location Strategy, with cuisines ranging from Japanese to Western, Chinese and other Asian menus to suit a variety of changing lifestyles and customer needs. Representative brands include the all-you-can-eat premium sushi restaurant Hina Sushi, the authentic Hong Kong-style wagon service dim sum buffet restaurant Hong Kong Steamers, the casual Italian restaurant Portofino that caters to a wide range of needs, the natural foods buffet restaurant Harvest for the health-conscious, and the shabu shabu and authentic Japanese cuisine restaurant Kissho for guest entertaining and fine dining. We have vast experience in the development of Japanese cuisines or Japanese Brands, which range from traditional sushi, udon noodles and Japanese traditional fine dining to pasta specialty shops and Yakiniku restaurants, and are gaining in popularity overseas. In the buffet category, besides single-cuisine buffets, we also operate buffets that offer Japanese, Western and Chinese cuisine all at the same time, and other variations catering to a wide variety of customer types in different locations.

**Hina Sushi**

Over 60 types of premium all-you-can-eat sushi

As of February 2010, we have 8 outlets in central Tokyo.

Standard Japanese choices such as toro (tuna belly), uni (sea urchin), ikura (salmon roe), salmon, and the generous whole eel sushi are just some of the choices offered on the menu of over 60 types featuring a selection of the freshest seafood ingredients of the season. Order as much of your favorite sushi as you want and enjoy our hand-prepared sushi to your heart’s content.

The comfortable Japanese-style interior is very versatile and suitable for business entertainment and parties or for family dining.

**Harvest**

A healthy buffet rich in vegetables and natural foods

As of February 2010, we have 36 outlets throughout Japan from Hokkaido to Kagoshima. Besides suburban shopping centers, outlets are also located in department stores and station buildings.

Harvest is a buffet restaurant using only strictly selected seasonal fare, prepared in Japanese-style to bring out the best of each ingredient. The dishes offered are enjoyed by children and the elderly and are especially popular with health-conscious ladies.

Care is also taken to keep artificial flavorings and additives to a minimum, with a focus on safe foods based on vegetables beneficial to health.

**The Premium**

A buffet restaurant that focuses on authenticity, home-made foods, dishes prepared before your eyes and a luxurious setting.

This buffet restaurant has branches in Shinjuku and Kobe with over 70 different dishes to choose from. High-quality dishes including sushi, tempura and other Japanese cuisine, dim sum and other Chinese cuisine, authentic European dishes, and colorful desserts are all carefully prepared by our skilled team of chefs. International cuisine fairs are also held for limited time periods so that customers can constantly enjoy new yet authentic cuisines in a trendy and comfortable setting.

**Portofino**

Authentic Italian at reasonable prices

As of February 2010, we have 17 outlets throughout Japan. The interior is based on the image of warm and welcoming fisherman’s homes in the internationally famous resort of Portofino on the Adriatic Sea. Portofino is a casual Italian restaurant providing pasta, pizzas and dishes created to enhance the flavors of the ingredients at affordable prices. A wide variety of authentic pastas, oven-baked pizzas, and home-made dolce desserts are available.

Portofino allows you to enjoy casual Italian dining during lunch and dinner times, and transforms into a café-style dolce-based restaurant for tea time, which proves very popular with a wide range of customers.
To differentiate ourselves from standard food courts, we have put our restaurant know-how to full use, incorporating specialty shops such as Japanese ramen noodles, Bibimbap (Korean hotstone rice bowl), Takoyaki (octopus balls), Omu-rice (omelet rice), and dessert booths.

Drawing on our strength in operating multiple specialty stores, we have increased our efforts in “bulk operation food courts” where all the different booths inside the food court are managed by us. Labor allocation according to time frame allows for efficient and low-wastage labor management. This, together with the unified atmosphere of these food courts, has allowed us to produce very well received high-quality food courts with superb results. Currently, we have 13 bulk operation food courts all over Japan. Typical of these are the GARDEN FOODCOURT boasting 11-booth in West Japan’s largest shopping center, Hankyu Nishinomiya Gardens, and the Parisian market (marché) themed food court MARCHÉ DE METRO in Tokyo’s Omotesando subway station.

In 2005, we received wide acclaim for the 1600-seater bulk operation food court created for the Aichi Exposition.
Growth Strategies

Overseas

In line with our Multi-Brand, Multi-Location Strategy, we are now moving aggressively into international markets with a focus on Asia. We are drawing on our years of experience and expertise as we expand the scale of our operations.

In January 2009, we launched our first overseas restaurant, Nanxiang Mantou Dian. This popular facility specializes in xiao long bao, or steamed buns. With a history of over 100 years, this is a highly successful concept, as evidenced by the numerous locations in Shanghai that we operate through a joint venture partnership.

Along with our continued expansion into China, we are reviewing opportunities in Singapore, Indonesia, Vietnam, Thailand, Malaysia and India; all countries that were selected for their economic growth. Our target is to launch 30 restaurants in 3 years and 100 restaurants over the next 5 years.

The create restaurants group has been involved in developing over 100 brands. We are applying the knowledge and expertise gained through this experience to introducing our current brands and to developing new brands for international markets.

Our target is to launch

30 restaurants in 3 years and
100 restaurants over the next 5 years.

Domestic

We pursue a Multi-Brand, Multi-Location Strategy based on three fundamental concepts—speed, creativity and constantly taking on new challenges. As of February 2010, we operate 387 facilities (226 restaurants, 161 in food courts) all over Japan. We offer cuisines ranging from Japanese to Western, Chinese and other Asian menus. We have vast experience in the development of Japanese cuisines or Japanese Brands, which range from traditional sushi, udon noodles, and Japanese traditional fine dining to ramen noodles, specialty pasta, Yakiniku and omelet rice, and are gaining in popularity in many overseas countries.

We also have first-rank experience in bulk operation food courts, which we manage at 13 locations in Japan.

We possess the creative ability to develop a restaurant from scratch, starting from design, and location choice to the actual opening of the restaurant; the operational ability to handle hygiene control and staff training; and the management ability to perform cost control focusing on labor costs. Leveraging these 3 capabilities, we hope to make full use of our strengths in the overseas market as we seek to actively expand our business horizons in the international market.
Consolidated Financial Statements

Consolidated balance sheets

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<tr>
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<th>2010</th>
<th>2009</th>
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<td>Total net assets</td>
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<td>Valuation and exchange adjustments</td>
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<td>Shareholders’ equity</td>
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<td>Total liabilities</td>
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Consolidated statements of income

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<tr>
<td>Net sales</td>
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<td>Cost of sales</td>
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<td>Gross profit</td>
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<td>Selling, general and administrative expenses</td>
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<td>Operating income</td>
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<td>Non-operating income</td>
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<td>Non-operating expenses</td>
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<td>Ordinary income</td>
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<td>Extraordinary loss</td>
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<td>Income before income taxes</td>
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<td>Income taxes—current</td>
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<td>Income taxes—deferred</td>
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<td>(218)</td>
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<td>Minority interests in loss</td>
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<td>Net income</td>
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Consolidated statements of cash flows

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<th>2010</th>
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<tr>
<td>Cash flows from operating activities</td>
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<tr>
<td>Cash flows from investing activities</td>
<td>(749)</td>
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<td>Cash flows from financing activities</td>
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<td>Increase in cash and cash equivalents</td>
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<td>Opening balance of cash and cash equivalents</td>
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<tr>
<td>Closing balance of cash and cash equivalents</td>
<td>807</td>
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Corporate/Stock Information

Equity status (As of February 28, 2010)

- Number of shares authorized: 63,600,000
- Number of shares issued: 15,314,000
- Number of shareholders: 3,564

Major shareholders (Top 10)

- Mitsubishi Corporation: 6,290,000
- Gotch International Research Center: 4,600,000
- Hitoishi Gotoh: 765,500
- Haruhiko Okamoto: 689,300
- Kup Kawai: 150,000
- Create restaurants shareholding employees association: 147,600
- Hioko Okamoto: 60,000
- Tohoku Okamoto: 60,000
- Kuusai Tanaka: 60,000
- Kazuki (hki): 50,000

Corporate data (As of February 28, 2010)

- Company name: create restaurants holdings inc.
- Head office: Shibuya Cross Tower 10F, 2-15-1 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan
- Date of Establishment: May of 1999
- Capital stock: 1,612 billion yen
- Number of employees: 1,386 (2,290 part-time workers)

Business Description

Creation of a wide array of restaurants to meet the needs of the customers, while expanding into a wide variety of locations.

Corporate history

- 1999: Embarked on food service business (May).
- 2000: Opened 5 restaurants, including Italian dining “porto sfiho” in Daiba, Tokyo.
- 2001: Expansion into the Kinki area.
- 2002: Opened 50th restaurant.
- 2003: Advanced into the Tokai and Kyushu areas.
- 2004: Expansion into the Hokkaido and Chugoku areas.
- 2005: Opened seafood buffet restaurant “FISHERMAN’S MARKET” in Kobe.
- 2006: Advanced into the Tokai area.
- 2007: Opened 1,600-seater Festive Food Court at the 2005 World Exposition, Aichi.
- 2008: Established subsidiary Create Kisho Inc.
- 2009: Celebration of 10th Anniversary (May).
- 2010: Corporate name change to create restaurants holdings inc. (June).

Board members (As of February 28, 2010)

- Chairman: Hitoshi Gotoh
- President and Chief Executive Officer: Haruhiko Okamoto
- Executive Managing Director and Chief Financial Officer: Jun Kawai
- Director: Takakazu Tanaka
- Director (External): Hideo Nomura
- Director: Shoishi Hayata
- Auditor (Full-time): Yutaka Takehara
- Auditor (External): Hiroko Nakazawa
- Auditor (External): Eichi Harigaya

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- Percentage of shares held: 0.33
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