



Period Ended July 2009 3rd Quarter

June 12,2009

Dr.Ci-Labo Co., Ltd.

- 1. Financial Results for the Period Ended July 2009
3rd Quarter (Performance Highlights)**
- 2. Summary for the Period Ended July 2009 3rd Quarter**



**Financial Results for the 11th
Period (Period Ended July 2009)
3rd Quarter**

Performance Highlights



1. Major B/S Items

(¥ Million)

	Same Period Prior Year		Period Ended July 2009 3rd Quarter		YoY Change	
	Period Ended 7/2008	Percentage	Period Ended 4/2009	Percentage	Change	Percentage
Current Assets	9,708	73.2 %	10,039	75.0 %	331	103.4 %
Fixed Assets	3,553	26.8 %	3,355	25.0 %	▲198	94.4 %
Total Assets	13,262	100.0 %	13,394	100.0 %	132	101.0 %
Current Liabilities	3,207	24.2 %	2,852	21.3 %	▲354	88.9 %
Fixed Liabilities	28	0.2 %	36	0.3 %	8	129.3 %
Total Liabilities	3,236	24.4 %	2,889	21.6 %	▲346	89.3 %
Total Net Assets	10,026	75.6 %	10,505	78.4 %	478	104.8 %
Total Liabilities and Net Assets	13,262	100.0 %	13,394	100.0 %	132	101.0 %

Performance Highlights



2. Consolidated P/L Major Items

(¥ Million)

	Period Ended 7/2008 3rd Quarter		Period Ended 7/2009 3rd Quarter		YoY Change	
	07/8- 08/4	Percentage of Sales	08/8 - 09/4	Percentage of Sales	Change	Percentage
Sales	15,791	100.0 %	18,127	100.0 %	2,336	114.8 %
Cost of Goods Sold	2,776	17.6 %	3,336	18.4 %	559	120.2 %
Gross Profit on Sales	13,014	82.4 %	14,791	81.6 %	1,776	113.7 %
SGA	10,114	64.1 %	11,302	62.4 %	1,188	111.7 %
Operating Profit	2,900	18.4 %	3,488	19.2 %	588	120.3 %
Recurring Profit	2,860	18.1 %	3,479	19.2 %	619	121.6 %
Net Income	1,360	8.6 %	1,865	10.3 %	504	137.1 %
Extraordinary Losses	253	1.6 %	115	0.6 %	▲138	45.3 %

Performance Highlights



3. Sales, General and Administrative Expenses Major Items

(¥ Million)

	Period Ended 7/2008 3rd Quarter		Period Ended 7/2009 3rd Quarter		YoY Change	
	07/8 - 08/4	Percentage of Sales	08/8-09/4	Percentage of Sales	Change	Percentage
Sales	15,791	100.0 %	18,127	100.0 %	2,336	114.8 %
Cost of Goods Sold	2,776	17.6 %	3,336	18.4 %	559	120.2 %
SGA	10,114	64.1 %	11,302	62.4 %	1,188	111.7 %
Advertisement	2,677	17.0 %	2,598	14.3 %	▲79	97.0 %
Sales Promotion	1,305	8.3 %	2,012	11.1 %	706	154.1 %
Personnel Expenses	2,076	13.2 %	2,248	12.4 %	171	108.3 %
Depreciation	372	2.4 %	385	2.1 %	13	103.6 %
Equipment Investment	733	4.6 %	319	1.8 %	▲413	43.6 %

Performance Highlights



4. Sales by Business Segment

(¥ Million)

	Period Ended 7/2008 3rd Quarter		Period Ended 7/2009 3rd Quarter		YoY Change	
	07/8 - 08/4	Percentage of Sales	08/8-09/4	Percentage of Sales	Change	Percentage
Cosmetics Division	15,406	97.6 %	17,698	97.6 %	2,292	114.9 %
Health Foods Division	189	1.2 %	343	1.9 %	153	181.0 %
Appliances and Other Division	195	1.2 %	84	0.5 %	▲110	43.6 %
Total	15,791	100.0 %	18,127	100.0 %	2,336	114.8 %

Performance Highlights



5. Sales by Sales Channel

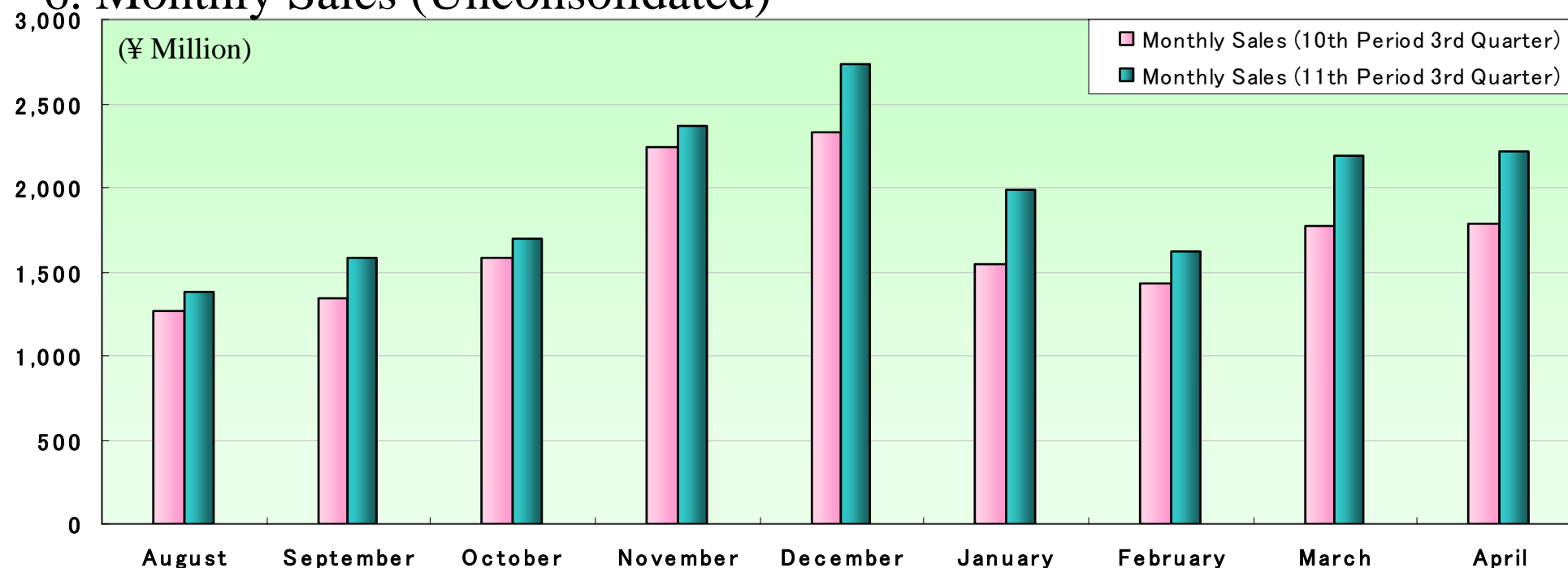
(¥ Million)

	Period Ended 7/2008 3rd Quarter		Period Ended 7/2009 3rdQuarter		YoY Change	
	07/8 - 08/4	Percentage of Sales	08/8 -09/4	Percentage of Sales	Change	Percentage
Mail Order Sales	7,392	46.8 %	9,590	52.9 %	2,197	129.7 %
Wholesale	4,510	28.6 %	4,970	27.4 %	459	110.2 %
Counseling-Type Sales	3,207	20.3 %	3,067	16.9 %	▲140	95.6 %
Overseas Business and Other	679	4.3 %	499	2.8 %	▲180	73.5 %
Total	15,791	100.0 %	18,127	100.0 %	2,336	114.8 %

Performance Highlights



6. Monthly Sales (Unconsolidated)



Monthly Sales (¥ Million)	August	September	October	November	December	January	February	March	April
10th Period 3rd Quarter (2007.8-2008.4)	1,270	1,340	1,578	2,245	2,335	1,541	1,429	1,768	1,785
11th Period 3rd Quarter (2008.8-2009.4)	1,382	1,584	1,692	2,364	2,736	1,986	1,616	2,194	2,217
MoM (%)	108.8 %	118.2 %	107.2 %	105.3 %	117.1 %	128.9 %	113.1 %	124.1 %	124.1 %

7. Cash Flow Statements

(¥ Million)

	Period Ended 7/2008 3rd Quarter	Period Ended 7/2009 3rd Quarter	YoY Change
	07/8 - 08/4	08/8-09/4	Change
Cash Flow from Operations	2,579	1,573	▲1,005
Cash Flow from Investment Activities	▲547	▲585	▲38
Cash Flow from Financial Activities	▲1,161	▲1,390	▲229
Change in Cash and Cash Equivalents	803	▲440	▲1,243



**Summary of the 3rd Quarter of the
Fiscal Year ending July 31, 2009**

Summary of Product Sales in the Period Ended July 2009 3st Quarter



Top Sales by Products

(¥ Million)

Rank	Product	3 rd Quarter 08/8 – 09/4	Composition	Vs Same Period Prior Year
1	Medicated Aqua-Collagen-Gel Super Moisture (Including Aqua-Collagen-Gel Super Moisture before rebranding)	4,251	23.5 %	88.0 %
2	Aqua-Collagen-Gel Enriched-Lift-EX (Including Aqua-Collagen-Gel Enriched-Lift before rebranding)	1,533	8.5 %	234.1 %
3	Aqua-In-Derm DN-Essence	1,284	7.1 %	170.8 %
4	BB PERFECT CREAM	1,019	5.6 %	–
5	Medicated Aqua-Collagen-Gel Super Sensitive (Including Aqua-Collagen-Gel Super Sensitive before rebranding)	523	2.9 %	82.0 %
6	PHOTO-WHITE-C LASER PLUS (Including SUPER PHOTO-WHITE-C before rebranding)	332	1.8 %	140.7 %
7	UV&WHITE Moisture Milk	259	1.4 %	–
8	3D-Deep-Botolium Premium Lift	230	1.3 %	73.2 %
9	Aqua-Collagen-Gel Super 1000	226	1.2 %	–
10	SUPER Washing Form EX (Including SUPER Washing Form before rebranding)	221	1.2 %	106.8 %
Total		18,127	100.0 %	114.8 %

Aqua-Collagen-Gel Series		6,884	38.0 %	105.9 %
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※ Does not include products sold as a set with other product

Summary of Sales by Product

※Comparison of sales to sales in the same period in the year earlier are comparisons of cumulative values from the 1st quarter through the 3rd quarter

Dr. Ci:Labo

■ Sales of BB Series (BB PERFECT CREAM / BB Mineral Powder) were strong

BB PERFECT CREAM Sales :¥1,019 million

- Initiation of drug store rollout from the 3rd quarter
- May 25, introduction of new colors: Drive for new customer acquisition by enhancing the color variation

BB Mineral Powder Sales (February 25, introduced) :¥162 million

- Strong sales with tandem sales with BB PERFECT CREAM



■ Sales of Aqua-Collagen-Gel Enriched-Lift-EX (January 25, introduced) were strong

Sales :¥1,533 million (Including Aqua-Collagen-Gel Enriched-Lift before rebranding)
YoY :234.1%

- The success of the “100,000 Free Trial Campaign” has resulted in a steady acquisition of new customers in the over-40 age segment



Summary of Sales by Product

■ SUPER WHITE 377 (March 25, introduced)

Sales : ¥164 million

➤ Plan to continue aggressive promotional activities in the future



■ PHOTO-WHITE-C Series CLEANSING / SOAP rebranded (February 25, introduced)

CLEANSING Sales YoY : 114.5%

SOAP Sales YoY : 124.6%



※Including CLEANSING and SOAP before rebranding

New products / rebranded products (February 1 ~ April 30 introduced)

New
products

BB Mineral Powder / UV&WHITE Moisture Milk SPF50 / Super 100 Series (EGF compound / Kinetin compound / Micro-Collagen compound / Super AHA compound) / SUPER WHITE 377 / Mature Lift Perfect UV (QVC Limited product) / Point Make Remover / Medicated Acneless Lotion / BB Aloe Water (Limited product) / ALOE Collagen-Gel Fresh (Limited product)

rebranded
products

Medicated Aqua-Collagen-Gel Super Sensitive
PHOTO WHITE C WHITE CLEANSING / PHOTO WHITE C WHITE SOAP / Obesity gene testing kit
Medicated Super Acneless Gel / Medicated Acneless Moisture Gel / UV Protect Spray

Summary of Sales by Product

Genomer

- NIGHT CLEANSING / UV PROTECTOR rebranded (March 19, introduced)
- REPAIR LOTION / REPAIR EMULSION introduced (May 1)
- Increase product lines and expand item count



Labo Labo

- “Keana Clean-Peeling Jel” driving the growth in sales of “Labo Labo”
- August 2008, “Orange-Peel” underwent a rebranding and introduced as “Keana Clean –Peeling Jel”
- Keana Clean –Peeling Jel Sales YoY : 408.3% (Including Orange-Peel before rebranding)



Dr.brandt

- By introducing a limited number of special sets, drive the acquisition of new customers
- New products
 - lineless lines no more (February 18, introduced)
 - comforting cleanser (March 13, introduced)
 - soothing moisturizer (March 13, introduced)



Summary of Sales Channel (Mail Order Sales) in the Period Ended July 2009
3rd Quarter



Trend in Registered Mail Order Sales Membership

(1,000 persons)

	Number of New Members			
	Period Ended 7/2008 3rd Quarter (2007/8-2008/4)	Period Ended 7/2009 3rd Quarter (2008/8-2009/4)	Change	YoY Change
Dr. Ci-Labo Labo Labo	499	781	281	156.4 %

(1,000 persons)

	Total Number of Members			
	Period Ended 7/ 2008	Period Ended 7/2009 3rd Quarter (Period Ended 4/ 2009)	Change	Percentage
Dr. Ci-Labo Labo Labo	4,614	5,195 ※	581	112.6 %

※ September 2008, Dr. Ci-Labo and Labo Labo members were combined, and at the same time, 200,000 people were invited for a facial cleansing service.

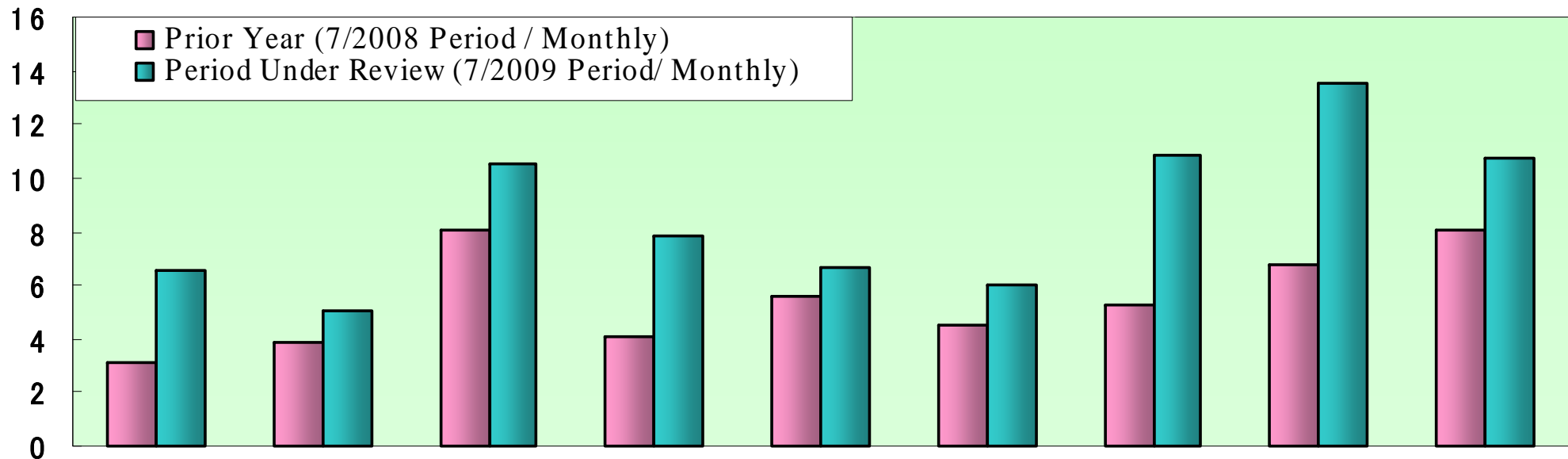
Summary of Sales Channel (Mail Order Sales) in the Period Ended July 2009 3rd Quarter



Changes in No. of Domestic Registered Members of Mail Order Sales (Monthly Basis)

Number of new members in the Third quarter (August 2008 – April 2009)

(10,000 persons)



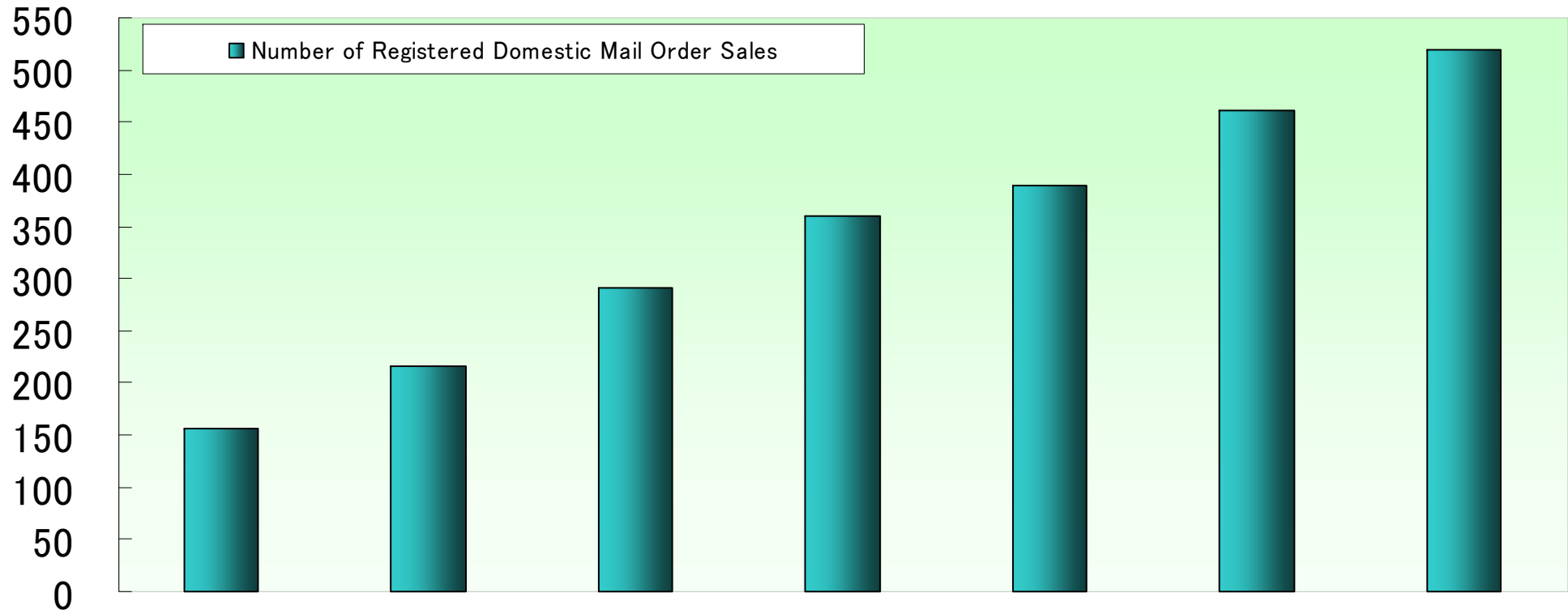
Newly Acquired Members	August	September	October	November	December	January	February	March	April
7/2008 Period / Monthly	3.1	3.9	8.1	4.1	5.6	4.5	5.3	6.8	8.1
7/2009 Period / Monthly	6.5	5.1	10.5	7.8	6.7	6.0	10.8	13.5	10.7

Summary of Sales Channel (Mail Order Sales) in the Period Ended July 2009 3rd Quarter



Changes in Number of Registered Domestic Mail Order Sales (as of the end of the period)

(10,000 persons)

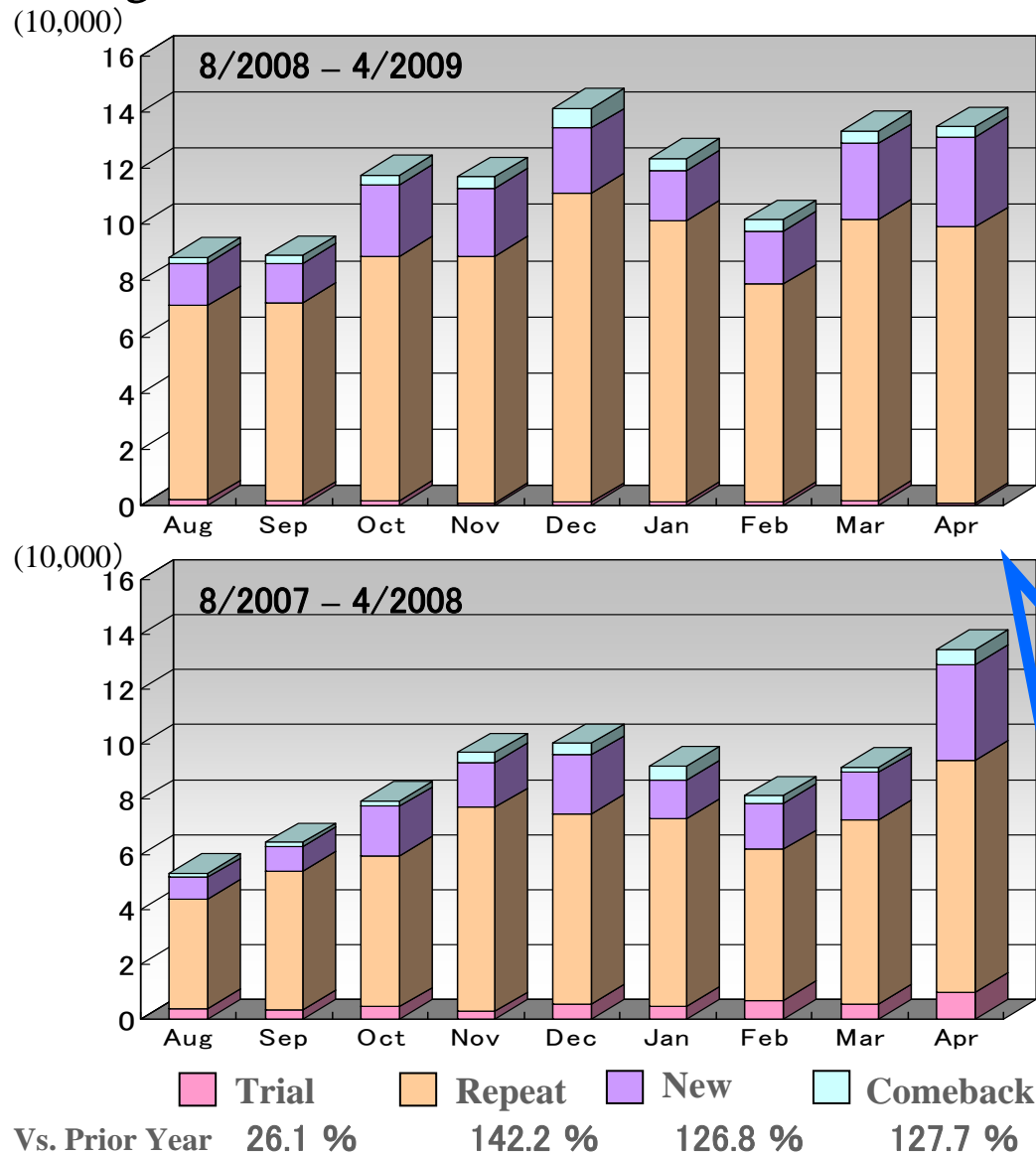


	Period Ended 1/2004	Period Ended 1/2005	Period Ended 1/2006	Period Ended 1/2007	Period Ended 7/2007 (6-Months)	Period Ended 7/2008	Period Ended 7/2009 3rd Quarter
Total Number of Members (10,000 persons)	157	216	291	360	389	461	519

Summary of Sales Channel (Mail Order Sales) in the Period Ended July 2009 3rd Quarter



Changes in Number of Mail Order Purchasers



■ Mail Order Sales YoY : 129.7%

- April: Increase the price per capita spent by repeat customers (YoY: 130.8%)
- The increase in repeat customers and first-time buyers

Principal cause for the increase in repeat customers

- monthly magazine for members
- March 3, ~ Introduction of the new Ci-Point system

Principal cause for the increase in the first-time buyers

- Rollout measures to capture new customers with the focus on the over-40 age segment using “Aqua-Collagen-Gel Enriched-Lift-EX”※ as the focal product

※Against ¥376 million in the first half, sales increased substantially, totaling ¥517 million in just the 3rd quarter alone

Percentage of sales through e-commerce mail order sales: 35.6%

- May, Community site renewal
- In the future, increase the percentage to 40% of sales

Wholesale

■ Wholesale YoY: 110.2%

Initiation of drug store rollout of “Dr. Ci-Labo” brand (February onwards)

- Introduction but limiting to BB PERFECT CREAM and Aqua-Collagen-Gel Super 1000

Strengthen over the counter promotions

- Strengthen over the counter promotions with new product introductions :
UV&WHITE Moisture Milk SPF50/ BB Mineral Powder / SUPER WHITE 377

Cosmetic Specialty Shops continues to be strong

- YoY: 239.7%

QVC

- Aqua-Collagen-Gel MatureLift-EX :Driving the sales of QVC
(Recorded sales of over 10,000 within a span of 2 hours)
- MatureLift Perfect UV introduced (March 29) :Sales of 5,300 in 3 weeks

The previous year comparison by brand.

- Dr.Ci:Labo YoY : 110.2%
- Labo Labo YoY : 118.2%



Summary of Sales Channels (Counseling-Type Store Sales) in the Period Ended July 2009 3rd Quarter



Counseling-Type Store Sales

■ Counseling-Type Store Sales YoY: 95.6%

Sales in existing stores YoY

- Directly Managed Stores : 86.6%
- GMS : 94.3%

Sales channels most impacted by the economic recession

Customer attraction through measures such as enhanced points

Effect of new store openings : ¥187 million

The previous year comparison by brand.

- Dr.Ci:Labo YoY : 97.6%
- Genomer YoY : 85.4%
- Dr.brandt YoY : 147.9%

Sales sluggish in “Genomer”, which is in a high price zone




“Dr.brandt” captures new customers benefiting from the opening of new outlets







**Domestic Stores Status of Rollout
Counseling Type Sales**

(No. of stores)

		End of 10 th Period	Changes During the Period	Period Ended 7/2009 3rd Quarter
Directly Managed Stores		5	0	5
Dr.Ci: Labo 	Departme nt Stores	79	Store Opened 9 Stores Closed 2	86
	GMS	35	+11	46
Genomer 		1	0	1
dr.brandt 		2	+2	4
Total		122	+20	142

Wholesale

(No. of stores)

Brands Handled by Channel	End of 10 th Period	Period Ended 7/2009 3rd Quarter
Drug Stores 	2,700	3,700
Convenience Shops 	6,850	600
Pharmacies 	5,000	5,700
Variety Shops 	750	820
GMS 	0	200
Cosmetic Specialty Shops 	114	140

Summary of Sales Channels (Overseas)
in the Period Ended July 2009 3rd Quarter



Overseas Stores Rollouts Status

	Hong Kong	Taiwan	Hawaii	USA	Malaysia	Singapore	Total
Sales Format	In-Store Sales Wholesale	In-Store Sales Mail Order Sales	In-Store Sales	Wholesale	Wholesale	Wholesale	
Number of Stores (End of April. 2009)	5	10	1	1	2 ※	1 ※	20
Number of Newly Opened Stores	2	1	0	0	0	1	4
Number of Closed Stores	0	1	0	1	0	0	2

※. With respect to Malaysia and Singapore, the store openings will be carried out by distributors.