



Period Ended July 2010 1st Quarter

December 10,2009

Dr.Ci;Labo Co., Ltd.

- 1. Financial Results for the Period Ended July 2010
1st Quarter (Performance Highlights)**
- 2. Summary for the Period Ended July 2010 1st Quarter**
- 3. Basic Data Edition for the 12th Fiscal Term Ended July 2010
1st Quarter**



**Financial Results for the 12th
Period Ended July 2010 1st Quarter**

Performance Highlights



1. Major B/S Items

(¥ Million)

	Period Ended July 2009		Period Ended July 2010 1st Quarter		YoY Change	
	Period Ended 7/2009	Percentage	Period Ended 10/2009	Percentage	Change	Percentage
Current Assets	11,929	78.2 %	11,866	78.4 %	▲63	99.5 %
Fixed Assets	3,322	21.8 %	3,275	21.6 %	▲46	98.6 %
Total Assets	15,252	100.0 %	15,142	100.0 %	▲109	99.3 %
Current Liabilities	3,428	22.5 %	2,988	19.7 %	▲439	87.2 %
Fixed Liabilities	44	0.3 %	47	0.3 %	2	105.7 %
Total Liabilities	3,473	22.8 %	3,036	20.1 %	▲436	87.4 %
Total Net Assets	11,779	77.2 %	12,106	79.9 %	327	102.8 %
Total Liabilities and Net Assets	15,252	100.0 %	15,142	100.0 %	▲109	99.3 %

• The main factor behind the decrease in current liabilities was a decrease in the company's paid tax expenses on a ¥1,395 million corporate tax payment.

• The main factor behind the increase in net assets was an increase in retained earnings as the company booked ¥1,070 million in net profits, despite a dividend payment that reduced retained earnings by ¥730 million.

Performance Highlights



2. Consolidated P/L Major Items

(¥ Million)

	Period Ended 7/2009 1st Quarter		Period Ended 7/2010 1st Quarter		YoY Change	
	08/8- 08/10	Percentage of Sales	09/8 - 09/10	Percentage of Sales	Change	Percentage
Sales	4,741	100.0 %	6,473	100.0 %	1,731	136.5 %
Cost of Goods Sold	924	19.5 %	1,144	17.7 %	220	123.8 %
Gross Profit on Sales	3,817	80.5 %	5,328	82.3 %	1,511	139.6 %
SGA	3,595	75.8 %	3,396	52.5 %	▲199	94.5 %
Operating Profit	221	4.7 %	1,932	29.9 %	1,711	873.8 %
Recurring Profit	207	4.4 %	1,929	29.8 %	1,722	931.1 %
Net Income	114	2.4 %	1,070	16.5 %	956	937.3 %
Extraordinary Losses	4	0.1 %	4	0.1 %	0	108.5 %

• Significant profit growth was achieved owing to two factors: (1) Higher gross sales profit on sales growth and a higher gross profit margin, and (2) lower sales administrative expenses, including advertising expenses.

• There are two main factors behind our improved sales cost ratio: (1) A higher proportion of mail-order sales, and (2) a greater sales weighting on Aqua Collagen Gel products, a cost-effective 200g version which has been available since October, ahead of the schedule.

Performance Highlights



3. Sales, General and Administrative Expenses Major Items (¥ Million)

	Period Ended 7/2009 1st Quarter		Period Ended 7/2010 1st Quarter		YoY Change	
	08/8 - 08/10	Percentage of Sales	09/8-09/10	Percentage of Sales	Change	Percentage
Sales	4,741	100.0 %	6,473	100.0 %	1,731	136.5 %
Cost of Goods Sold	924	19.5 %	1,144	17.7 %	220	123.8 %
SGA	3,595	75.8 %	3,396	52.5 %	▲199	94.5 %
Advertisement	934	19.7 %	679	10.5 %	▲254	72.8 %
Sales Promotion	557	11.7 %	492	7.6 %	▲64	88.4 %
Personnel Expenses	736	15.5 %	784	12.1 %	47	106.5 %
Depreciation	126	2.7 %	123	1.9 %	▲3	97.2 %
Equipment Investment	78	1.7 %	94	1.5 %	15	119.3 %

- For advertisement costs, we focused on the effectiveness of advertising mediums, and reduced the number of TV spot CMs, magazines and leaflets. Spending was increased for radio commercial and infomercial mediums, which were found to be effective in the previous fiscal year, as was spending for monthly magazines, direct mailing and other mediums which directly increase sales.
- For sales promotion costs, we cut back on free samples due to the reduced number of TV commercial spots.
- Concerning costs besides those listed above, delivery costs for samples were cut, which was the result of a reduction in free samples.

Performance Highlights



4. Sales by Business Segment

(¥ Million)

	Period Ended 7/2009 1st Quarter		Period Ended 7/2010 1st Quarter		YoY Change	
	08/8 - 08/10	Percentage of Sales	09/8-09/10	Percentage of Sales	Change	Percentage
Cosmetics Division	4,598	97.0 %	6,215	96.0 %	1,617	135.2 %
Health Foods Division	120	2.5 %	159	2.5 %	39	132.4 %
Appliances and Other Division	22	0.5 %	98	1.5 %	75	427.3 %
Total	4,741	100.0 %	6,473	100.0 %	1,731	136.5 %

Performance Highlights



5. Sales by Sales Channel

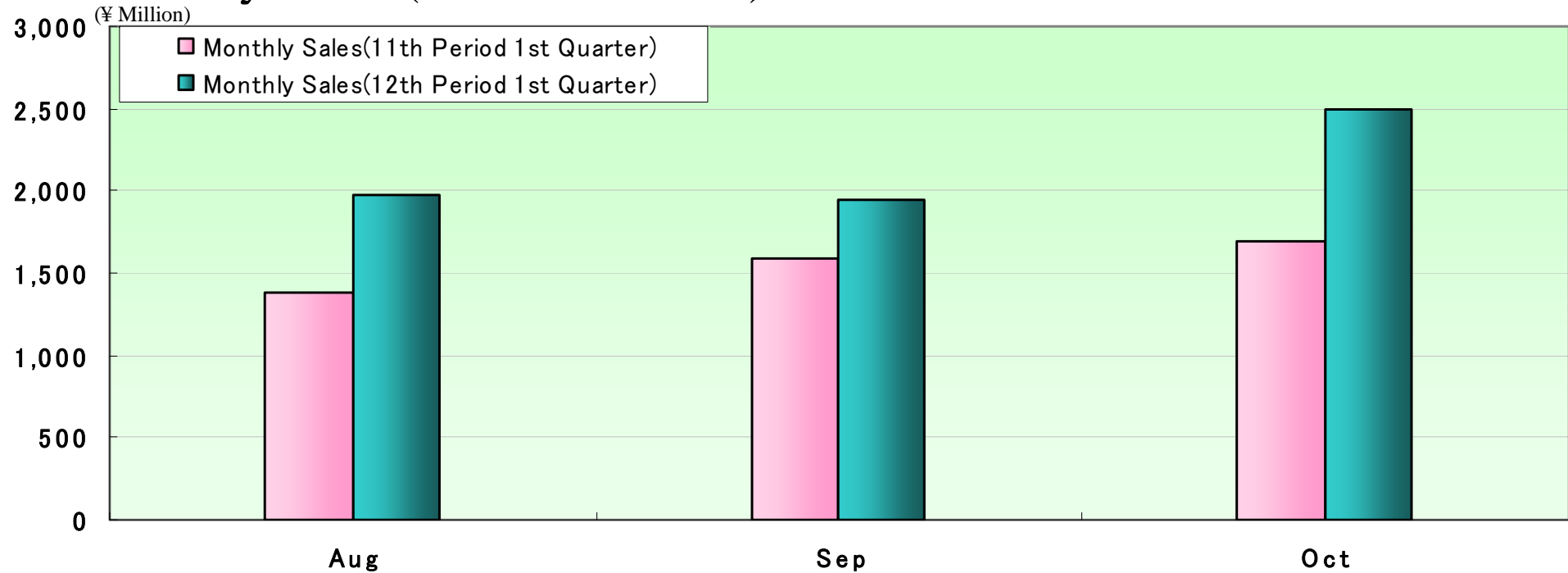
(¥ Million)

	Period Ended 7/2009 1st Quarter		Period Ended 7/2010 1st Quarter		YoY Change	
	08/8 - 08/10	Percentage of Sales	09/8 -09/10	Percentage of Sales	Change	Percentage
Mail Order Sales	2,514	53.0 %	3,553	54.9 %	1,039	141.3 %
Wholesale	1,237	26.1 %	1,767	27.3 %	529	142.8 %
Counseling-Type Sales	840	17.7 %	1,016	15.7 %	175	120.9 %
Overseas Business and Other	149	3.1 %	135	2.1 %	▲13	91.1 %
Total	4,741	100.0 %	6,473	100.0%	1,731	136.5 %

Performance Highlights



6. Monthly Sales (Unconsolidated)



Monthly Sales (¥ Million)	August	September	October
11th Period 1st Quarter	1,382	1,584	1,692
12th Period 1st Quarter	1,981	1,945	2,492
MoM (%)	143.3 %	122.8 %	147.3 %

7. Cash Flow Statements

(¥ Million)

	Period Ended 7/2009 1st Quarter	Period Ended 7/2010 1st Quarter	YoY Change
	08/8 - 08/10	09/8-09/10	Change
Cash Flow from Operations	▲ 162	1,086	1,248
Cash Flow from Investment Activities	▲ 56	▲ 93	▲ 37
Cash Flow from Financial Activities	▲ 702	▲ 512	190
Change in Cash and Cash Equivalents	▲ 931	469	1,401



**Summary for the Period Ended July 2010
1st Quarter**

Summary of Product Sales in the Period Ended July 2010 1st Quarter



Top Sales by Products

(¥ Million)

Rank	Product	Period Under Review 09/8 – 09/10	Composition	Vs Same Period Prior Year
1	Aqua-Collagen-Gel Enrich-Lift-EX (Including Aqua-Collagen-Gel Enrich-Lift before rebranding)	1,037	16.0 %	497.8 %
2	Medicated Aqua-Collagen-Gel Super Moisture (Including Aqua-Collagen-Gel Super Moisture before rebranding)	946	14.6 %	94.6 %
3	BB PERFECT CREAM	509	7.9 %	–
4	Aqua-In-Derm DN-Essence	325	5.0 %	92.3 %
5	SUPER WHITE 377	229	3.5 %	–
6	Aqua-Collagen-Gel Super 1000	208	3.2 %	235.3 %
7	Medicated Aqua-Collagen-Gel Super Sensitive (Including Aqua-Collagen-Gel Super Sensitive before rebranding)	127	2.0 %	102.0 %
8	PHOTO-WHITE-C LASER PLUS (Including SUPER PHOTO-WHITE-C before rebranding)	101	1.6 %	92.1 %
9	LINE-REPAIRE Speed1	92	1.4 %	–
10	3D-Deep-Botlium Premium Lift	76	1.2 %	112.7 %
Total		6,473	100.0 %	136.5 %

Aqua-Collagen-Gel Series	2,404	37.1 %	154.0 %
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※ Does not include products sold as a set with other product

Summary of Sales by Product

Dr. Ci;Labo

Aqua-Collagen-Gel Series

Medicated Aqua-Collagen-Gel Super Moisture

• YoY : 94.6 %

Aqua-Collagen-Gel Enrich-Lift-EX

• YoY : 497.8 %

▶ October 22~

Release of BIG size (ACG Enrich-Lift EX was the first BIG size)

▶ Appeal to customers in older age range through aggressive PR of ACG Enrich-Lift EX.

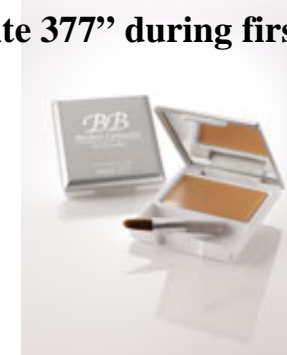
ACG Enrich-Lift EX has replaced ACG Super Moisture in terms of sales growth.

BB Series

Series total sales : ¥670 million

※BB series : BB PERFECT CREAM • BB Mineral Powder • BB Perfect Foundation • BB Perfect Concealer • SUPER WHITE 377 • BB Aloe Water

▶ Introduced new products “BB Mineral Powder Lucent” and “BB Perfect Concealer super white 377” during first quarter.



Solid performance by special strategy to include Aqua-Collagen-Gel Enrich-Lift-EX and BB PERFECT CREAM in “campaign sets”

Sales : ¥150 million (Limited to Mail Order Sales only)

Summary of Sales by Product

SUPER WHITE 377

Sales : ¥229 million

- ▶ **BIG size made staple product as of late October (Mail Order Sales)**
- ▶ **50,000 free trial campaign (Web)**



Body care and health foods products reinforced

<Rebranded products>

- **ESMO-EX SHAMPOO**
- **ESMO-EX TREATMENT**
- **Super Cellulite Shape**
- **Placenta EX II**



Introduced products (August 1~October 31)

New products

BB Mineral Powder Lucent ▪ BB Perfect Concealer super white 377 ▪ LINE-REPAIRE Speed1

Rebranded products

PERFECT AGEST-SP ▪ ESMO-EX SHAMPOO ▪ ESMO-EX TREATMENT ▪ Super Cellulite Shape ▪ Placenta EX II

Limited products

**Aqua-Collagen-Gel Pore-White-Lift ▪ Super3D-Deep-BotliumPremium Lift
Medicated Aqua-Collagen-Gel Super Moisture 200g ▪ Aqua-Collagen-Gel Enrich-Lift-EX 200g**

Summary of Sales by Product

Genomer

■ Base make-up products (September 4, introduced) : Sales ¥71 million

- GENOMER FACE UP COMPACT FOUNDATION REFIL (Five colors)
- GENOMER FACE UP LOOSE POWDER (One color)
- GENOMER FACE UP CREAM FOUNDATION (Five colors)



Labo Labo

■ New products (September 1, introduced) : Sales ¥57 million

- SUPER-KEANA CLAY-PACK
- SUPER-KEANA GEL MASK

➤ Special offerings for mobile wallpapers and backgrounds, as well as other promotional activities were carried out.



dr.brandt

■ New products (August 19, introduced)

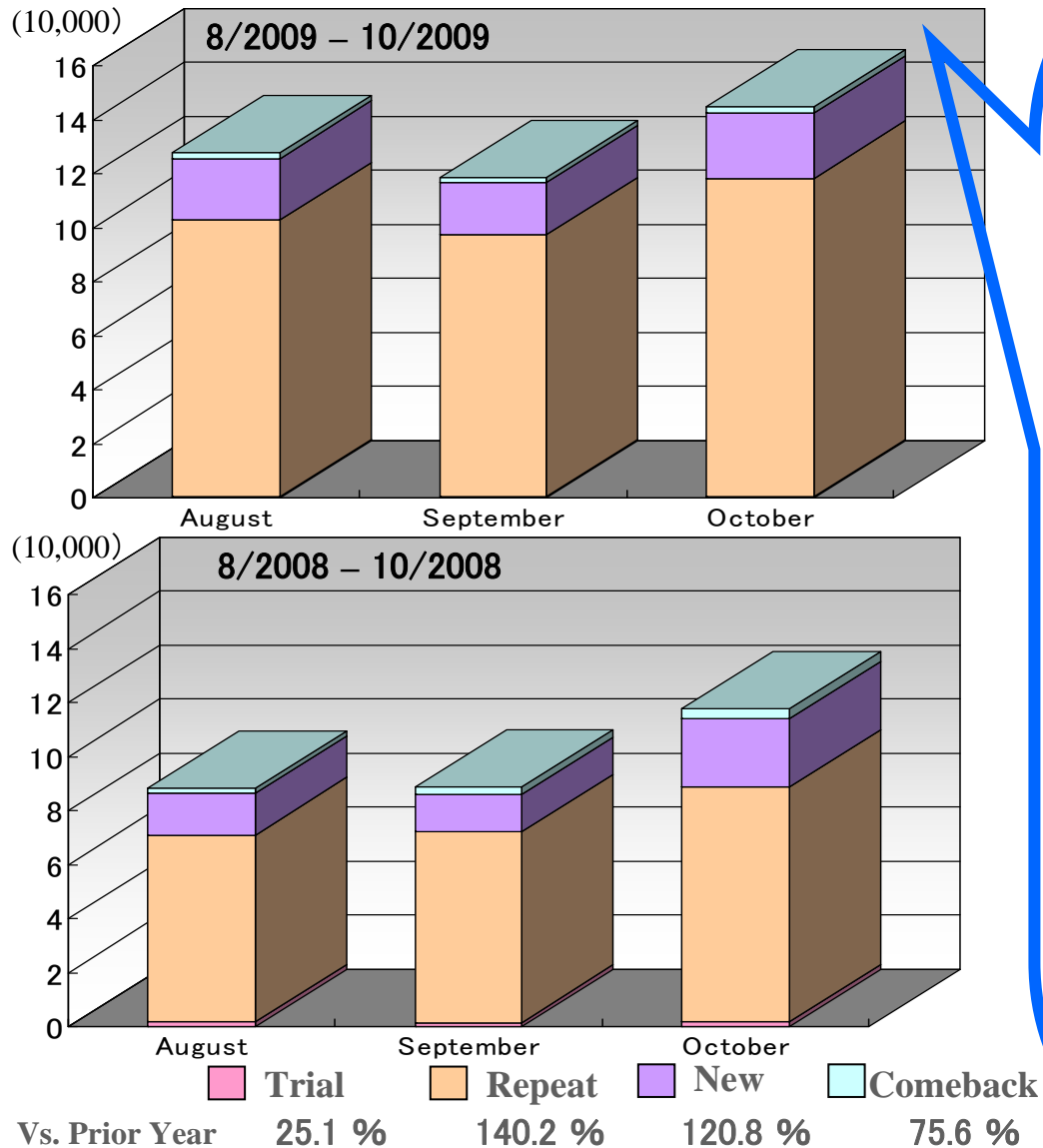
- lineless foaming cleanser
- lineless vitamin C serum



Summary of Sales Channel (Mail Order Sales) in the Period Ended July 2010 1st Quarter



Changes in Number of Mail Order Purchasers



■ Mail Order Sales YoY : 141.3%

- ◆ Suggested products based on customer purchases
- ◆ Infomercials and radio ⇒ Persuaded first time customers to purchase full product and not samples.
- ◆ The increase in repeat customer and first-time buyers
 - Principal cause for the increase in repeat customers
 - August
Initiated a 5X bonus point campaign for all products
 - September
Rollout of container collection campaign
 - Principal cause for the increase in the first-time buyers
 - SUPER WHITE 377 50,000 free trial campaign
- ◆ Percentage of sales through e-commerce mail order sales : 36.6%
 - Increased website usability (increased company website's ease-of-use and included clearer product descriptions)

Wholesale

■ Wholesale YoY: 142.8%

Reinforced sales of BB series

- Made BB Perfect Foundation part of regular product line
- Solid sales of BB sample set ⇒ Sales: ¥50 million
- Sales of new products climbed due to simultaneous promotion of new product “LINE-REPAIRE Speed1 ”



Strengthen over the counter promotions

- Induced product sales using TV commercials to attract more customers to store promotions
⇒ Promoted sales of Aqua-Collagen-Gel Enrich-Lift-EX

Cosmetic Specialty Shops continues to be strong

- YoY : 168.4%

QVC

- Mature-lift PREMIUM Lotion (QVC limited product)
◆ Sales: ¥40 million

The previous year comparison by brand. <Overall wholesale segment sales>

- Dr.Ci:Labo YoY: 162.2%
- Labo Labo YoY: 78.6%



Summary of Sales Channels (Counseling-Type Store Sales) in the Period Ended July 2010 1st Quarter



Counseling-Type Store Sales

■ Counseling-Type Store Sales YoY : 120.9%

Sales in existing stores YoY

- Directly Managed Stores : 115.5%
- GMS : 118.4%



Increased number of new and repeat customers through increase of customer's record

Effect of new store openings : ¥ 31 million

- Seibu Asahikawa , Tokyu Department's main store , Takashimaya Rakusai , Sogo Kobe , Sogo Tokushima

The previous year comparison by brand.

- Dr.Ci:Labo YoY : 124.0 %
- Genomer YoY : 111.0 %
- dr.brandt YoY : 128.5 %



- Sales sluggish in "Genomer", which is in a high price zone
- dr.brandt: Effect of new store opening (¥ 4 million)





**Basic Data Edition for the 12th Fiscal
Term Ended July 2010 1st Quarter**



Trend in Registered Mail Order Sales Membership

(1,000 persons)

	Number of New Members			
	Period Ended 7/2009 1st Quarter (2008/8-2008/10)	Period Ended 7/2010 1st Quarter (2009/8-2009/10)	Change	YoY Change
Dr. Ci;Labo Labo Labo	221	188	▲ 33	84.8 %

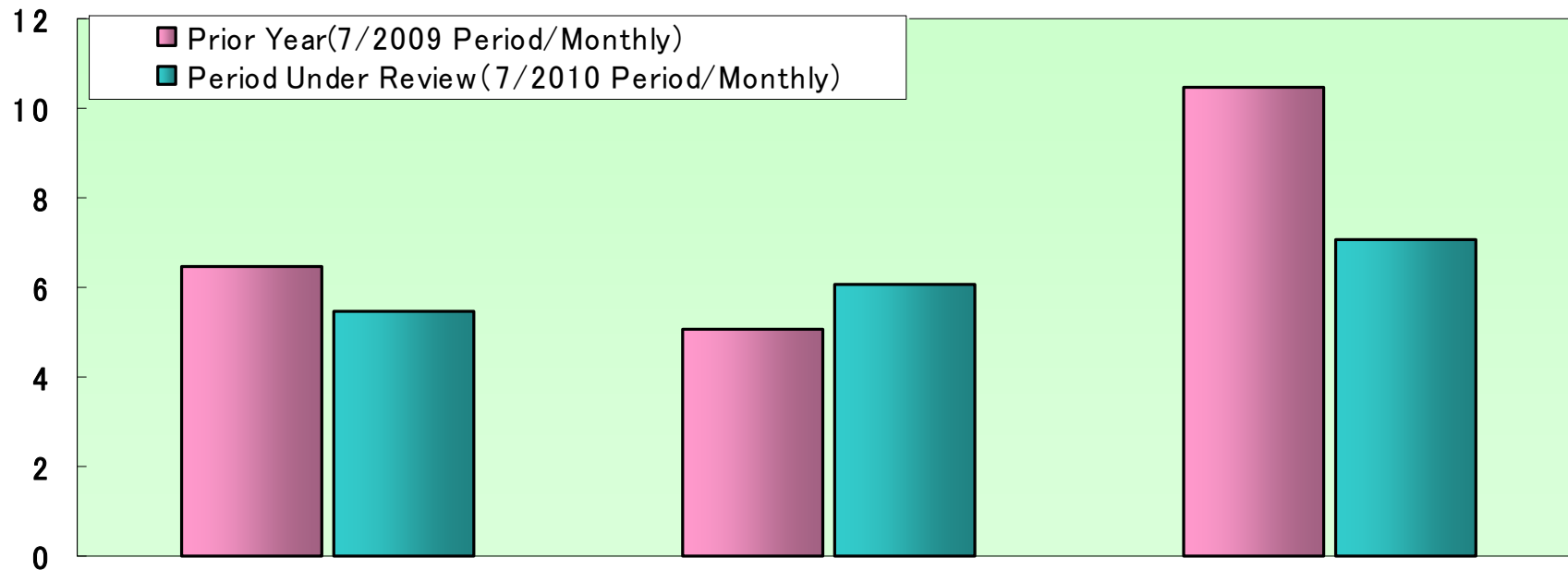
(1,000 persons)

	Total Number of Members			
	Period Ended 7/ 2009	Period Ended 7/2010 1st Quarter	Change	Percentage
Dr. Ci;Labo Labo Labo	5,465	5,653	188	103.5 %

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

Number of new members in the First quarter (August 2009 – October 2009)

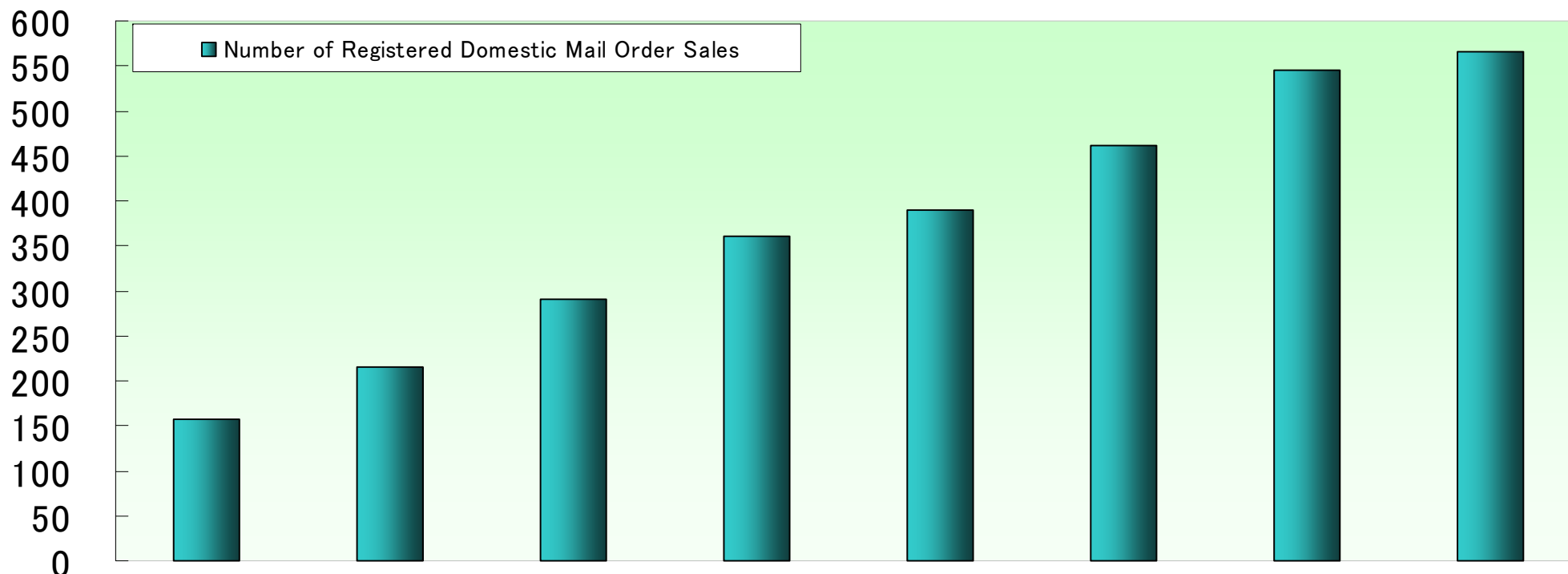
(10,000 persons)



Newly Acquired Members (10,000 persons)	August	September	October
7/2009 Period / Monthly	6.5	5.1	10.5
7/2010 Period / Monthly	5.5	6.1	7.1

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	Period Ended 7/2010 1st Quarter
Total Number of Members (10,000 persons)	157	216	291	360	389	461	546	565









Domestic Stores Status of Rollout Counseling Type Sales

(No. of stores)

		End of 11 th Period	Changes During the Period	Period Ended 7/2010 1st Quarter
Directly Managed Stores		5	0	5
Dr.Ci: Labo 	Departme nt Stores	84	Store Opened 5 Stores Closed 1	88
	GMS	48	0	48
Genomer 		1	0	1
dr.brandt 		4	1	5
Total		142	+5	147

Wholesale

(No. of stores)

Brands Handled by Channel	End of 11 th Period	Period Ended 7/2010 1st Quarter
Drug Stores 	4,000 ※1	4,000 ※2
Convenience Shops 	650	650
Pharmacies 	6,300	6,300
Variety Shops 	860	870
GMS 	270	290
Cosmetic Specialty Shops 	163	165

※1: 2,500 stores carry 5 Dr.Ci;Labo products

※2: 2,900 stores carry 5 Dr.Ci;Labo products 22



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 October, 2009)	4	8	1	1	2 ※	1 ※	17
Number of Newly Opened Stores	0	0	0	0	0	1	1
Number of Closed Stores	0	2	0	0	0	1	3

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

Future outlook contained in these materials include outlook relating to the outlook for the future and forecasts based on a plan, as of December 10, 2009. It includes risks and uncertainties that performance outlook would fluctuate in the future due to changes in economic conditions, both domestically and overseas, industry trends, product supply and demand and progress made in new technologies. We assume no responsibilities with respect to any errors or omissions with respect to the data used in these materials. Therefore, in making an investment decision, no reader should act on the basis of any of the outlooks presented herein and make decisions regarding investments based upon your own judgment. In addition, with respect to comments contained herein regarding the outlook for the future, except when such procedures are required by law, changes may be made to such outlook without any advance notice.