



Period Ended July 2010 3rd Quarter

June 10,2010

Dr.Ci:Labo Co., Ltd.

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



**Financial Results for the 12th
Period Ended July 2010 3rd Quarter**

Performance Highlights



1. Major B/S Items

(¥ Million)

| | Period Ended July 2009 | | Period Ended July 2010 3rd Quarter | | YoY Change | |
|---|------------------------|----------------|---------------------------------------|----------------|--------------|----------------|
| | Period Ended 7/2009 | Percentage | Period Ended 4/2010 | Percentage | Change | Percentage |
| Current Assets | 11,929 | 78.2 % | 15,423 | 82.4 % | 3,493 | 129.3 % |
| Fixed Assets | 3,322 | 21.8 % | 3,302 | 17.6 % | ▲20 | 99.4 % |
| Total Assets | 15,252 | 100.0 % | 18,725 | 100.0 % | 3,473 | 122.8 % |
| Current Liabilities | 3,428 | 22.5 % | 4,078 | 21.8 % | 650 | 119.0 % |
| Fixed Liabilities | 44 | 0.3 % | 65 | 0.4 % | 21 | 146.9 % |
| Total Liabilities | 3,473 | 22.8 % | 4,144 | 22.1 % | 671 | 119.3 % |
| Total Net Assets | 11,779 | 77.2 % | 14,580 | 77.9 % | 2,801 | 123.8 % |
| Total Liabilities and Net Assets | 15,252 | 100.0 % | 18,725 | 100.0 % | 3,473 | 122.8 % |

Performance Highlights



2. Consolidated P/L Major Items

(¥ Million)

| | Period Ended 7/2009 3rd Quarter | | Period Ended 7/2010 3rd Quarter | | YoY Change | |
|-----------------------|---------------------------------|---------------------|---------------------------------|---------------------|--------------|----------------|
| | 08/8- 09/4 | Percentage of Sales | 09/8 - 10/4 | Percentage of Sales | Change | Percentage |
| Sales | 18,127 | 100.0 % | 22,679 | 100.0 % | 4,551 | 125.1 % |
| Cost of Goods Sold | 3,336 | 18.4 % | 4,128 | 18.2 % | 791 | 123.7 % |
| Gross Profit on Sales | 14,791 | 81.6 % | 18,551 | 81.8 % | 3,759 | 125.4 % |
| SGA | 11,302 | 62.4 % | 12,333 | 54.4 % | 1,030 | 109.1 % |
| Operating Profit | 3,488 | 19.2 % | 6,217 | 27.4 % | 2,729 | 178.2 % |
| Recurring Profit | 3,479 | 19.2 % | 6,244 | 27.5 % | 2,764 | 179.5 % |
| Net Income | 1,865 | 10.3 % | 3,513 | 15.5 % | 1,647 | 188.3 % |
| Extraordinary Losses | 115 | 0.6 % | 29 | 0.1 % | ▲85 | 25.9 % |

Performance Highlights



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

| | Period Ended 7/2009 3rd Quarter | | Period Ended 7/2010 3rd Quarter | | YoY Change | |
|----------------------|---------------------------------|---------------------|---------------------------------|---------------------|--------------|----------------|
| | 08/8 - 09/4 | Percentage of Sales | 09/8-10/4 | Percentage of Sales | Change | Percentage |
| Sales | 18,127 | 100.0 % | 22,679 | 100.0 % | 4,551 | 125.1 % |
| Cost of Goods Sold | 3,336 | 18.4 % | 4,128 | 18.2 % | 791 | 123.7 % |
| SGA | 11,302 | 62.4 % | 12,333 | 54.4 % | 1,030 | 109.1 % |
| Advertisement | 2,598 | 14.3 % | 3,016 | 13.3 % | 417 | 116.1 % |
| Sales Promotion | 2,012 | 11.1 % | 1,874 | 8.3 % | ▲137 | 93.2 % |
| Personnel Expenses | 2,248 | 12.4 % | 2,527 | 11.1 % | 279 | 112.4 % |
| Depreciation | 385 | 2.1 % | 370 | 1.6 % | ▲14 | 96.1 % |
| Equipment Investment | 319 | 1.8 % | 361 | 1.6 % | 42 | 113.2 % |

Performance Highlights



4. Sales by Business Segment

(¥ Million)

| | Period Ended 7/2009 3rd Quarter | | Period Ended 7/2010 3rd Quarter | | YoY Change | |
|-------------------------------|---------------------------------|---------------------|---------------------------------|---------------------|--------------|----------------|
| | 08/8 - 09/4 | Percentage of Sales | 09/8-10/4 | Percentage of Sales | Change | Percentage |
| Cosmetics Division | 17,698 | 97.6 % | 21,825 | 96.2 % | 4,126 | 123.3 % |
| Health Foods Division | 343 | 1.9 % | 605 | 2.7 % | 262 | 176.3 % |
| Appliances and Other Division | 84 | 0.5 % | 247 | 1.1 % | 162 | 291.8 % |
| Total | 18,127 | 100.0 % | 22,679 | 100.0 % | 4,551 | 125.1 % |

Performance Highlights



5. Sales by Sales Channel

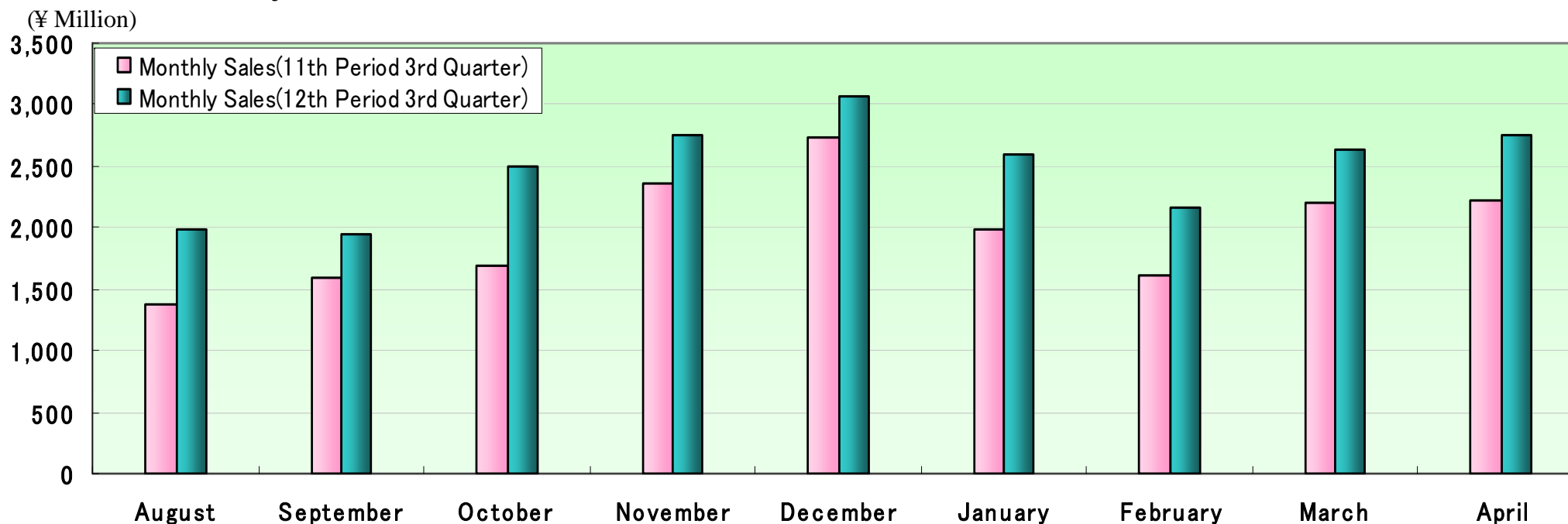
(¥ Million)

| | Period Ended 7/2009 3rd Quarter | | Period Ended 7/2010 3rd Quarter | | YoY Change | |
|-----------------------------|---------------------------------|---------------------|---------------------------------|---------------------|--------------|----------------|
| | 08/8 - 09/4 | Percentage of Sales | 09/8 - 10/4 | Percentage of Sales | Change | Percentage |
| Mail Order Sales | 9,590 | 52.9 % | 12,645 | 55.8 % | 3,055 | 131.9 % |
| Wholesale | 4,970 | 27.4 % | 6,238 | 27.5 % | 1,268 | 125.5 % |
| Counseling-Type Sales | 3,067 | 16.9 % | 3,227 | 14.2 % | 160 | 105.2 % |
| Overseas Business and Other | 499 | 2.8 % | 567 | 2.5 % | 67 | 113.5 % |
| Total | 18,127 | 100.0 % | 22,679 | 100.0 % | 4,551 | 125.1 % |

Performance Highlights



6. Monthly Sales (Unconsolidated)



| Monthly Sales (¥ Million) | August | September | October | November | December | January | February | March | April |
|---------------------------------------|---------|-----------|---------|----------|----------|---------|----------|---------|---------|
| 11th Period 3rd Quarter (08/8 - 09/4) | 1,382 | 1,584 | 1,692 | 2,364 | 2,736 | 1,986 | 1,616 | 2,194 | 2,217 |
| 12th Period 3rd Quarter (09/8 - 10/4) | 1,981 | 1,945 | 2,492 | 2,749 | 3,067 | 2,594 | 2,163 | 2,625 | 2,746 |
| MoM (%) | 143.3 % | 122.8 % | 147.3 % | 116.3 % | 112.1 % | 130.6 % | 133.9 % | 119.7 % | 123.9 % |

7. Cash Flow Statements

(¥ Million)

| | Period Ended 7/2009 3rd Quarter | Period Ended 7/2010 3rd Quarter | YoY Change |
|--------------------------------------|------------------------------------|------------------------------------|--------------|
| | 08/8 - 09/4 | 09/8-10/4 | Change |
| Cash Flow from Operations | 1,573 | 4,611 | 3,037 |
| Cash Flow from Investment Activities | ▲585 | ▲362 | 222 |
| Cash Flow from Financial Activities | ▲1,390 | ▲715 | 675 |
| Change in Cash and Cash Equivalents | ▲440 | 3,530 | 3,970 |



**Summary for the Period Ended July 2010
3rd Quarter**

Summary of Product Sales in the Period Ended July 2010 3rd Quarter



Top Sales by Products

(¥ Million)

| Rank | Product | Period Under Review 09/8 – 10/4 | Composition | Vs Same Period Prior Year |
|-------|--|------------------------------------|-------------|------------------------------|
| 1 | Aqua-Collagen-Gel Enrich-Lift-EX (Including Aqua-Collagen-Gel Enrich-Lift before renewing) | 4,521 | 19.9 % | 294.9 % |
| 2 | Medicated Aqua-Collagen-Gel Super Moisture (Including Aqua-Collagen-Gel Super Moisture before renewing) | 2,765 | 12.2 % | 65.0 % |
| 3 | BB PERFECT CREAM | 1,682 | 7.4 % | 165.1 % |
| 4 | Aqua-In-Derm DN-Essence | 1,156 | 5.1 % | 90.0 % |
| 5 | SUPER WHITE 377 | 693 | 3.1 % | 421.8 % |
| 6 | Medicated Aqua-Collagen-Gel Super Sensitive (Including Aqua-Collagen-Gel Super Sensitive before renewing) | 664 | 2.9 % | 127.1 % |
| 7 | Aqua-Collagen-Gel Super 1000 | 385 | 1.7 % | 170.6 % |
| 8 | 3D-Deep-Botlium Premium Lift | 281 | 1.2 % | 122.4 % |
| 9 | PHOTO-WHITE-C LASER PLUS (Including SUPER PHOTO-WHITE-C before renewing) | 254 | 1.1 % | 76.7 % |
| 10 | Aqua Collagen Gel Royal Platinum | 243 | 1.1 % | 118.7 % |
| Sales | | 22,679 | 100.0 % | 125.1 % |

| | | | | |
|--------------------------|--|-------|--------|---------|
| Aqua-Collagen-Gel Series | | 8,927 | 39.4 % | 129.7 % |
|--------------------------|--|-------|--------|---------|

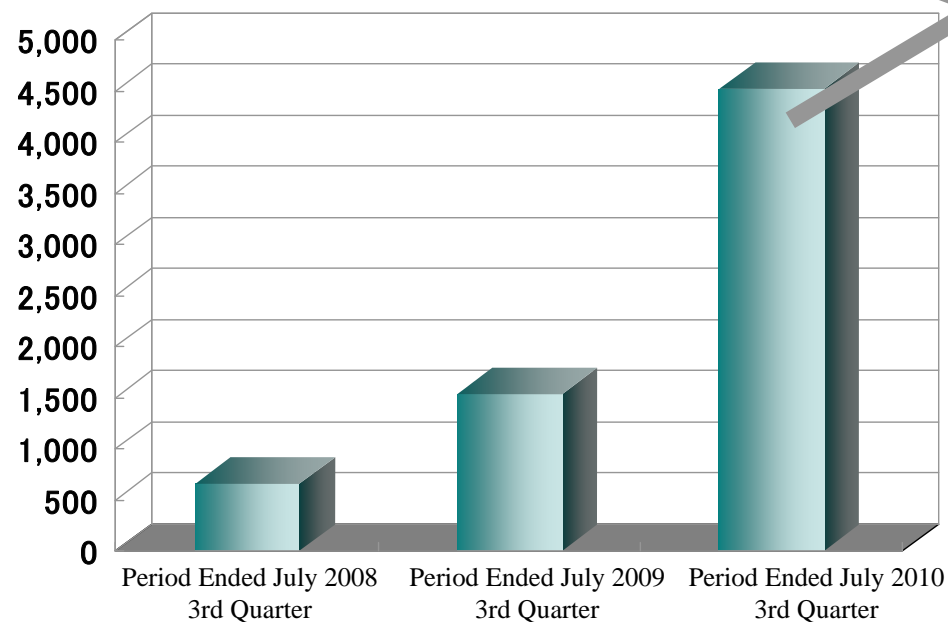
※ Does not include products sold as a set with other product.

Summary of Sales by Product: **Dr. Ci:Labo**

Sales of “Aqua-Collagen-Gel Enrich-Lift-EX” continue to drive revenues

Trends in Sales Revenues

(¥Million)



Sales: ¥4,521 million

YoY: Increase by 194.9 %

- ◆ Launched private labels and bolstered PR activities and varied according to media, such as newspaper, TV or infomercials
- ◆ Cross-media promotion of “Get Rich With the Golden Lift※” campaign (March 23 – July 31)

※Sales promotion awarding 260 customers who purchased “Aqua-Collagen-Gel Enrich-Lift-EX(120g)” during a predetermined period with luxurious prizes through a lucky draw

Summary of Sales by Product: **Dr. Ci:Labo**

Overview of sales for reinforced products

SUPER WHITE 377 (Including SUPER WHITE 377 EX)

■ Sales : ¥815 million

▪ Progress towards sales target for the beginning of FY10 : **40.8%**

▪ Sales revenues have grown approx. ¥300 million since the end of 2Q

◆ Introduced product “SUPER WHITE 377 EX” (February 25)



BB Series ※

■ Sales : ¥2,053 million

■ YoY : Increase by **73.9%**

Progress towards sales target for the beginning of FY10 : **54.0 %**

- ◆ Renewing of “BB Aloe Water ”(March 25)
- ◆ BB PERFECT CREAM : Renewing of light and natural types (April 25)
- ◆ Limited release (April 25)
 - BB PERFECT CREAM WHITE 377+
 - BB PERFECT CREAM 50



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



Summary of Sales by Product

Genomer

- Revamped core products (February 17)

- GENOMER NIGHT-UP CREAM
- GENOMER 3GF ESSENCE

⇒ 2 item total sales : **¥238 million** (Including NIGHT-UP CREAM and 3GF SIGNAL ESSENCE before renewing)



Labo Labo

- Introduced products “First Aging Care Line”※ (March 1): Sales: **¥131 million**

- Launched “Astamoisture-Gel”- jointly developed with Seven & I Holdings Co., Ltd. (April 7)
: Sales: **¥77 million**



※ Including “Super-Moist W-Washing ” “Super-Moist Soap” “Super-Moist Lotion ” “ Super-Moist –Gel ” “Super-Moist UV-Cream” “Trial Kit”

dr.brandt

- Sales revenue growth suffers from decline in customer traffic and closure of 2 retail stores
- Introduced product “laser a peel” (February 17)

Launched total of 7 items in 3Q



Mail Order Sales YoY : Increase by 31.9%

“Aqua-Collagen-Gel Enrich-Lift-EX” and “BB PERFECT CREAM” are the focus of sales promotion, and continue to drive sales revenue



Aqua-Collagen-Gel Enrich-Lift-EX

◆ Increase in housewife and elderly client base concerned with skin sagging leads to sales growth



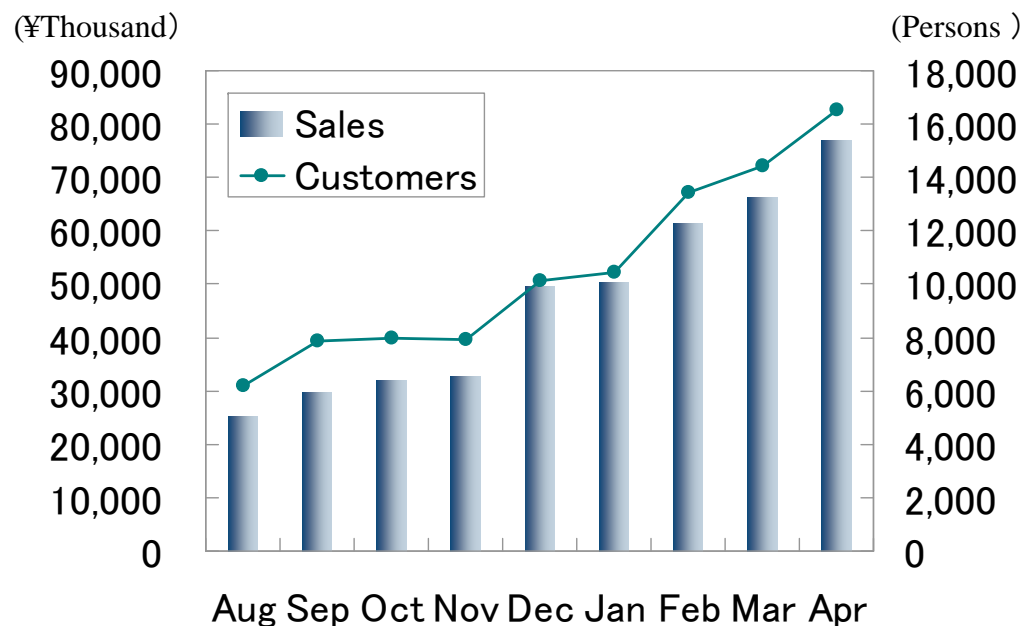
BB PERFECT CREAM

◆ Marketing campaign and sales events for revamped “BB PERFECT CREAM” proved effective

◆ Achieved positive results by attracting new customers through newspaper and radio ad campaigns

Expanded regular delivery service product offerings to generate a steady increase in users

< Changes in sales and member numbers for subscription purchases >



- ◆ **End of Nov. '09** : Added cleansing, face wash, serum and hair care products
- ◆ **End of March '10** : Added sunscreen and certain Labo Labo branded products
- ◆ **End of April '10** : Added “BB PERFECT CREAM”

E-commerce sales share against overall mail-order sales: 36.3%

Number of site views from PCs reached the 5-million mark for first time in April'10
Enhanced product recommendation feature on mobile site through “my counselor ※1”
Aim to refine site further going forward

New initiatives increase buzz and awareness / maximize word-of-mouth marketing

Challenge The Lift 2010 Beauty
Contest ※2
(Entry: April 27 — August 31)

Official Dr. Ci:Labo Twitter page



<http://lift.ci-labo.jp/>

※1: New feature where a specialist beauty counselor provides tailored advice based on customer issues, site access history and purchase record.

※2: Contest open to the public where participants write daily about their skin care habits. Prizewinners are determined as the participants who achieved the most success during the contest. This is based on a review and vote from site contributors and Dr. Ci:Labo internal representatives.



Plan to use for
exclusive sales
promotions and
to disseminate
product
information

<http://twitter.com/drcilabo>

Wholesale YoY : Increase by 25.5%

Grew sales revenue through enhanced Dr. Ci:Labo operating performance and catalogue sales

- ◆ **In-store PR activities for “Aqua-Collagen-Gel Enrich-Lift-EX” and “BB PERFECT CREAM” proved effective**
- ◆ **Labo Labo sales improved after February following launch of “First Aging Care Line” and “Astamoisture-Gel”**
- ◆ **Catalogue sales posted sound performance, especially through consumer co-ops which greatly exceeded expectations**
- ◆ **In addition to “Aqua-Collagen-Gel Maturelift-EX ”, QVC also contributed to the sales of hair care products**

Counseling-Type Store Sales YoY : Increase by 5.2%

Met previous quarter results underpinned by enhanced Genomer lineup and expansion of general merchandise stores

Enhanced Genomer lineup :

I , Developed sales events around the reopening of Takashimaya's Yokohama store (February)

II , Bolstered beauty counseling education and presale activities for the launch of "GENOMER NIGHT-UP CREAM" and "GENOMER 3GF ESSENCE"

Expanded GMS: Attracted and retained high customer traffic

Sales in existing stores YoY

**Directly Managed Stores :
Increase by 0.7%**

GMS: Increase by 8.9%

Effect of new store openings

Sales: ¥93 million

**Opened 7 new stores in
department stores**

Opened 1 new store in GMS

The previous year comparison by brand

Dr.Ci:Labo YoY : Increase by 3.4%

Genomer YoY : Increase by 18.2 %

dr.brandt YoY : Decrease by 29.9 %



**Basic Data Edition for the 12th Fiscal
Term Ended July 2010 3rd Quarter**



Trend in Registered Mail Order Sales Membership

(1,000 persons)

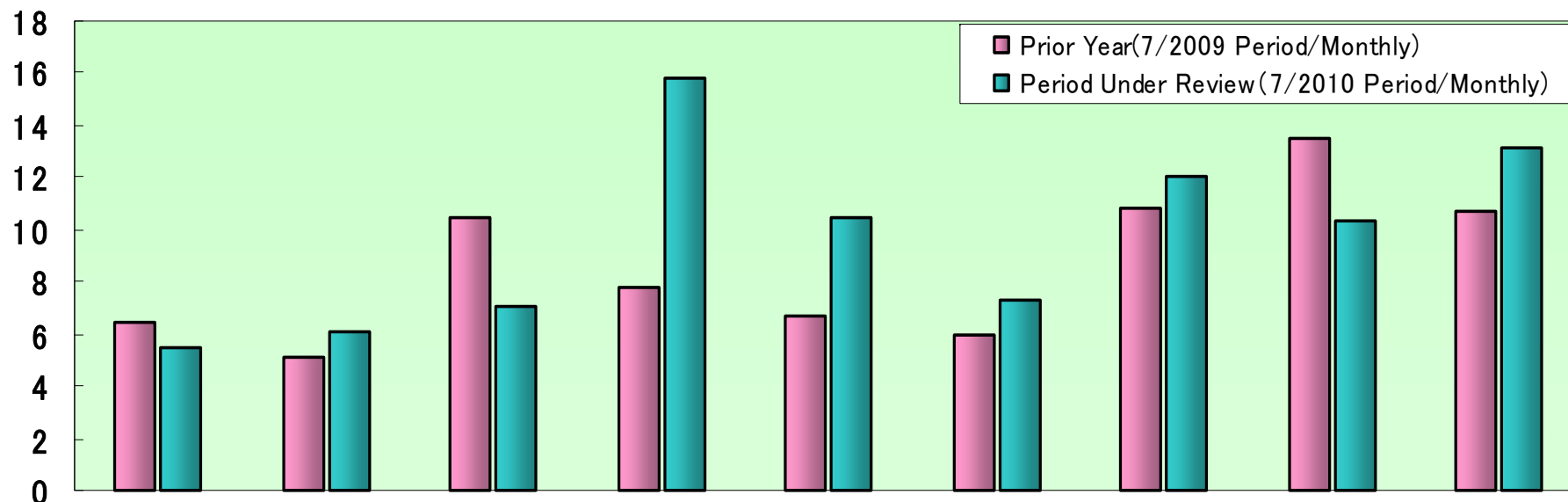
| | Number of New Members | | | |
|--|---|---|------------|----------------|
| | Period Ended 7/2009 3rd Quarter (2008/8-2009/4) | Period Ended 7/2010 3rd Quarter (2009/8-2010/4) | Change | YoY Change |
| Dr. Ci:Labo Labo Labo | 781 | 881 | 100 | 112.8 % |

(1,000 persons)

| | Total Number of Members | | | |
|--|-------------------------|------------------------------------|------------|----------------|
| | Period Ended 7/ 2009 | Period Ended 7/2010 3rd Quarter | Change | Percentage |
| Dr. Ci:Labo Labo Labo | 5,465 | 6,347 | 881 | 116.1 % |

Changes in No. of Domestic Registered Members of Mail Order Sales (Monthly Basis)
Number of new members in the Third quarter (August 2009 – April 2010)

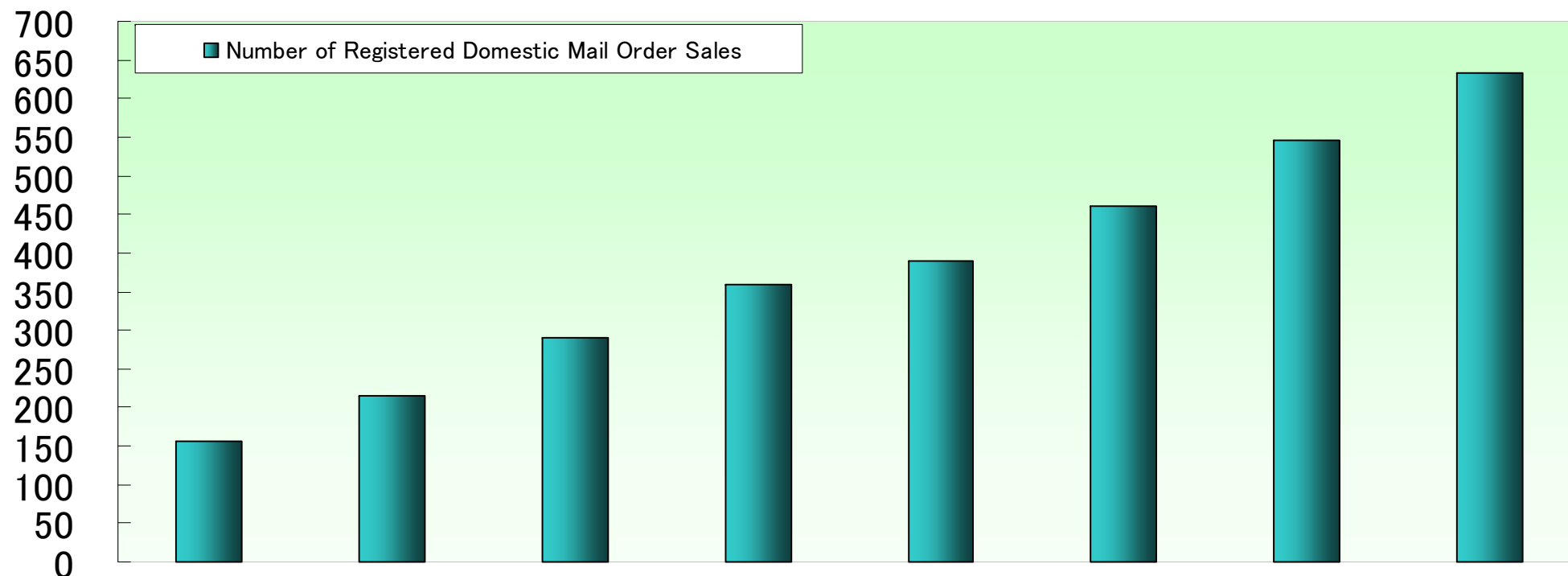
(10,000 persons)



| Newly Acquired Members (10,000 persons) | August | September | October | November | December | January | February | March | April |
|--|--------|-----------|---------|----------|----------|---------|----------|-------|-------|
| 7/2009 Period / Monthly | 6.5 | 5.1 | 10.5 | 7.8 | 6.7 | 6.0 | 10.8 | 13.5 | 10.7 |
| 7/2010 Period / Monthly | 5.5 | 6.1 | 7.1 | 15.8 | 10.5 | 7.3 | 12.0 | 10.3 | 13.1 |

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

(10,000 persons)



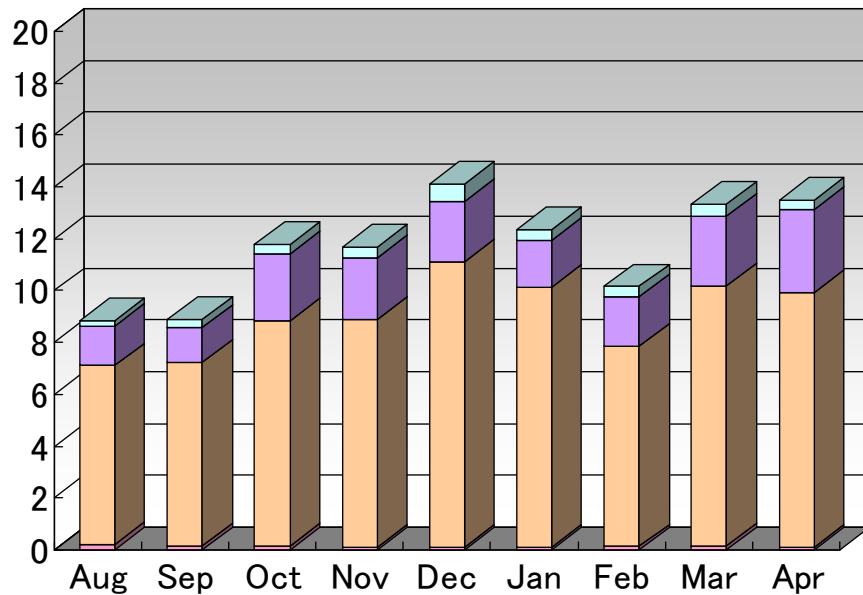
| | Period Ended 1/2004 | Period Ended 1/2005 | Period Ended 1/2006 | Period Ended 1/2007 | Period Ended 7/2007 (6-Months) | Period Ended 7/2008 | Period Ended 7/2009 | Period Ended 7/2010 3rd Quarter |
|---|---------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------|---------------------|---------------------------------|
| Total Number of Members (10,000 persons) | 157 | 216 | 291 | 360 | 389 | 461 | 546 | 634 |

Changes in Number of Mail Order Purchasers

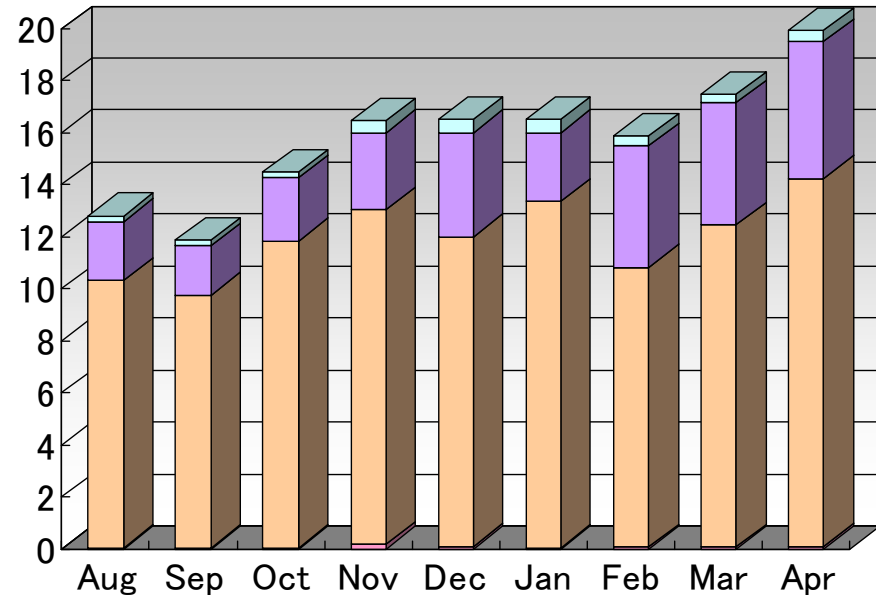
8/2008 – 4/2009

8/2009 – 4/2010

(10,000 persons)



(10,000 persons)






Repeat
 New
 Comeback

Vs. Prior Year 57.1%
 170.7%
 90.4%




Domestic Stores Status of Rollout Counseling -Type Store Sales

(No. of stores)

| | | End of 11 th Period | Changes During the Period | Period Ended 7/2010 3rd Quarter |
|---|-----------------------|-----------------------------------|------------------------------------|---------------------------------------|
| Directly Managed Stores | | 5 | 0 | 5 |
| Dr.Ci: Labo  | Departme nt Stores | 84 | Stores Opened 6 Stores Closed 2 | 88 |
| | GMS | 48 | Store Opened 1 Store Closed 1 | 48 |
| Genomer  | | 1 | 0 | 1 |
| dr.brandt  | | 4 | Store Opened 1 Stores Closed 2 | 3 |
| Total | | 142 | +3 | 145 |

Wholesale

(No. of stores)

| Brands Handled by Channel | End of 11 th Period | Period Ended 7/2010 3rd Quarter |
|---|--------------------------------------|---------------------------------------|
| Drug Stores  | 4,000 ※1 | 5,100 ※2 |
| Convenience Shops  | 650 | 9,000 |
| Pharmacies  | 6,300 | 6,500 |
| Variety Shops  | 860 | 900 |
| GMS  | 270 | 310 |
| Cosmetic Specialty Shops  | 163 | 173 |

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

※2: 2,900 stores carry 6 Dr.Ci:Labo products 25

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, 2010) | 4 | 9 | 1 | 1 | 2 ※ | 2 ※ | 19 |
| Number of Newly Opened Stores | 0 | 1 | 0 | 0 | 0 | 2 | 3 |
| 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.

Dr.Ci:Labo :New products (February 1—April 30 introduced)

New products

SUPER WHITE 377 EX , UV&WHITE Enrich-Lift , Enrich-Lift UV Powder 50, Hair Color Treatment



Renewal products

BABY-UV-CREAM, BB Aloe Water , UV&WHITE Moisture Milk 30 , UV&WHITE Moisture Milk 50 , UV&WHITE Sensitive Milk , BB PERFECT CREAM (Natural , Light)



Limited product

Perfect Hyaloline , Aqua-Collagen-Gel ALOE COOL , BB PERFECT CREAM WHITE 377+, BB PERFECT CREAM 50 , Maturelift Washing Form (QVC Limited product) , Maturelift Ceansing&Massage (QVC Limited product) , Maturelift ESSENCE UV(QVC Limited product)

Future outlook contained in these materials include outlook relating to the outlook for the future and forecasts based on a plan, as of June 10, 2010. 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.