

**First Quarter Financial Results**  
**For the Three Months Ended April 30, 2007 - Consolidated**

June 7, 2007

Company name: **Dr. Ci:Labo Co., Ltd.**  
 Shares listed on: The First Section of Tokyo Stock Exchange  
 Security code: 4924  
 URL: <http://www.ci-labo.com/>  
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**1. Notes Related to the Preparation of This Report**

- (1) Use of simplified accounting method: Used  
 The simplified accounting method is used for tax effect accounting and calculation of income taxes.  
 The simplified accounting method is partially used for other transactions that have negligible impact on financial results.
- (2) Changes in accounting policies from the last accounting period: None
- (3) Changes in the scope of consolidation and application of the equity method: None

**2. Consolidated Operating Results and Financial Position for the Three Months Ended April 30, 2007 (February 1, 2007 to April 30, 2007)**

(1) Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended April 30, 2007	4,343	3.8	338	82.9	337	96.2	162	162.5
Three months ended April 30, 2006	4,183	28.6	185	217.8	172	159.3	61	209.4
Year ended January 31, 2007	18,837	10.9	2,853	17.2	2,863	16.0	1,459	14.2

	Net income per share	Diluted net income per share
	yen	yen
Three months ended April 30, 2007	590.81	585.35
Three months ended April 30, 2006	226.30	223.06
Year ended January 31, 2007	5,339.21	5,268.28

Notes: 1 The percentage figures shown in net sales, operating income, ordinary income and net income represent year-on-year changes.

2 Due to a change in fiscal year end, results for the term ending July 31, 2007 are semi-annual.

[Review of Operating Results]

During the first quarter (February – April, 2007), the Japanese economy continued on a trend of recovery reflecting improved corporate earnings. Meanwhile, uncertainty persisted amid rising costs of raw materials due to oil prices hovering at high levels and concerns over the U.S. economy.

Under these circumstances, the Group took measures to broaden its product range in the domestic market such as reformulating and relaunching its foundations while strengthening its brands by opening new stores under the new dr. brandt brand as well as launching Super-Keana Cleansing in the Labo Labo range and actively placing television commercials for the product.

Overseas, the Group continued pursuing greater efficiency through cost cutting efforts.

As a result, the Group's consolidated net sales for the end of the quarter increased 3.8% from a year earlier to ¥4,343 million, ordinary income surged 96.2% to ¥337 million and net income jumped 162.5% to ¥162 million.

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Three months ended April 30, 2007	11,747	8,223	70.0	29,938.35
Three months ended April 30, 2006	11,120	7,117	64.0	26,065.11
Year ended January 31, 2007	12,365	8,538	69.0	31,098.07

(3) Cash flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Three months ended April 30, 2007	(255)	(98)	(435)	3,560
Three months ended April 30, 2006	140	(161)	117	2,831
Year ended January 31, 2007	2,836	(768)	(461)	4,358

[Review of Change in Financial Position]

At the end of the quarter, the Group's total assets amounted to ¥11,747 million, a decrease of ¥618 million from the end of the previous fiscal year. This mainly reflects a reduction in cash and deposits associated with

the payment of taxes and repayment of borrowings. Total liabilities amounted to ¥3,523 million, with current liabilities decreasing ¥247 million from the previous fiscal year end to ¥2,784 million due primarily to a reduction in income taxes payable resulting from the payment of taxes. Long-term liabilities decreased ¥55 million to ¥738 million due mainly to the repayment of long-term borrowings. Net assets amounted to ¥8,223 million, declining ¥315 million, which was mainly attributable to a decrease in retained earnings as a result of the payment of dividends following the appropriation of retained earnings for the fiscal year ended January 31, 2007.

**Attachment**

- Condensed Consolidated Balance Sheets
- Condensed Consolidated Statements of Operations
- Condensed Consolidated Statements of Cash Flows

[Reference]

**[Forecast of Earnings for the Six Months Ending July 31, 2007 (February 1, 2007 to July 31, 2007)]**

The Group's operations for the current fiscal year to date have been in line with expectations and the Group therefore leaves unchanged its consolidated earnings forecast announced on March 14, 2007.

The above forecasts are based on the information currently available. Actual results may differ from the above forecasts depending on various conditions.

## Condensed Consolidated Balance Sheets

(In thousand yen)

	As of April 30, 2007 (A)	As of April 30, 2006 (B)	(A) – (B)		As of January 31, 2007
	Amount	Amount	Amount	%	Amount
<b>Assets</b>					
<b>Current assets</b>					
Cash and time deposits	3,560,409	2,831,291	729,118		4,358,647
Accounts receivable-trade	2,334,044	2,531,003	(196,958)		2,417,419
Inventories	1,832,452	1,909,474	(77,021)		1,547,840
Other	444,363	397,617	46,746		438,773
Allowance for doubtful accounts	(29,884)	(22,200)	(7,683)		(26,799)
<b>Total current assets</b>	<b>8,141,386</b>	<b>7,647,185</b>	<b>494,200</b>	<b>6.5</b>	<b>8,735,882</b>
<b>Noncurrent assets</b>					
Tangible fixed assets	2,054,159	2,052,862	1,296		2,057,006
Intangible fixed assets	880,934	834,041	46,893		848,967
Investments and other assets	670,570	586,211	84,358		724,042
<b>Total noncurrent assets</b>	<b>3,605,663</b>	<b>3,473,115</b>	<b>132,548</b>	<b>3.8</b>	<b>3,630,016</b>
<b>Total assets</b>	<b>11,747,050</b>	<b>11,120,301</b>	<b>626,748</b>	<b>5.6</b>	<b>12,365,898</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable-trade	473,086	457,344	15,741		307,841
Short-term borrowings	-	1,181,000	(1,181,000)		-
Current portion of long-term borrowings	599,000	-	599,000		724,000
Accounts payable-other	975,892	1,013,061	(37,168)		821,114
Other	736,552	528,072	208,480		1,179,400
<b>Total current liabilities</b>	<b>2,784,532</b>	<b>3,179,478</b>	<b>(394,946)</b>	<b>(12.4)</b>	<b>3,032,356</b>
<b>Long-term liabilities</b>					
Long-term borrowings	720,000	819,000	(99,000)		776,000
Other	18,990	4,275	14,715		18,944
<b>Total long-term liabilities</b>	<b>738,990</b>	<b>823,275</b>	<b>(84,284)</b>	<b>(10.2)</b>	<b>794,944</b>
<b>Total liabilities</b>	<b>3,523,523</b>	<b>4,002,753</b>	<b>(479,230)</b>	<b>(12.0)</b>	<b>3,827,301</b>
<b>Shareholders' equity</b>					
Common stock	-	1,122,463	-	-	-
Additional paid-in capital	-	1,600,063	-	-	-
Retained earnings	-	5,046,971	-	-	-
Unrealized gains/(losses) on available-for-sale securities	-	(15,995)	-	-	-
Foreign currency translation adjustments	-	12,599	-	-	-
Treasury stock	-	(648,554)	-	-	-
<b>Total shareholders' equity</b>	<b>-</b>	<b>7,117,547</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and shareholders' equity</b>	<b>-</b>	<b>11,120,301</b>	<b>-</b>	<b>-</b>	<b>-</b>

(In thousand yen)

	As of April 30, 2007 (A)	As of April 30, 2006 (B)	(A) – (B)		As of January 31, 2007
	Amount	Amount	Amount	%	Amount
<b>Net assets</b>					
Shareholders' capital					
Common stock	1,143,779	-	-	-	1,138,361
Additional paid-in capital	1,621,379	-	-	-	1,615,961
Retained earnings	6,167,914	-	-	-	6,444,979
Treasury stock	(648,554)	-	-	-	(648,554)
Total shareholders' capital	8,284,519	-	-	-	8,550,748
Valuation and translation adjustments					
Net unrealized gains/(losses) on other securities	(62,457)	-	-	-	(23,433)
Foreign currency translation adjustments	1,465	-	-	-	11,282
Total valuation and translation adjustments	(60,992)	-	-	-	(12,151)
Total net assets	8,223,526	-	-	-	8,538,597
Total liabilities and net assets	11,747,050	-	-	-	12,365,898

## Condensed Consolidated Statements of Operations

(In thousand yen)

	Three months ended April 30, 2007 (A)	Three months ended April 30, 2006 (B)	(A) – (B)		Year ended January 31, 2007
	Amount	Amount	Amount	%	Amount
Net sales	4,343,358	4,183,731	159,626	3.8	18,837,248
Cost of sales	893,025	821,207	71,818	8.7	3,613,113
Gross profit	3,450,332	3,362,523	87,808	2.6	15,224,135
Selling, general and administrative expenses	3,111,801	3,177,469	(65,668)	(2.1)	12,370,961
Operating income	338,531	185,054	153,477	82.9	2,853,173
Non-operating revenues	10,006	6,564	3,441	52.4	39,690
Non-operating expenses	10,581	19,411	(8,829)	(45.5)	29,692
Ordinary income	337,956	172,208	165,748	96.2	2,863,171
Extraordinary profits	-	-	-	-	-
Extraordinary losses	-	1,659	(1,659)	-	28,921
Net income before taxes	337,956	170,548	167,408	98.2	2,834,249
Income tax adjustments	175,709	108,751	66,957	61.6	1,374,445
Net income	162,247	61,796	100,450	162.5	1,459,804

## Condensed Consolidated Statements of Cash Flows

(In thousand yen)

	Three months ended April 30, 2007	Three months ended April 30, 2006	Year ended January 31, 2007
	Amount	Amount	Amount
Cash flows from operating activities			
Income before income taxes	337,956	170,548	2,834,249
Depreciation and amortization	96,258	87,570	432,389
Amortization of long-term prepaid expenses	7,350	4,811	23,766
Increase in allowance for doubtful accounts	3,096	958	5,219
Increase in reserve for employees' bonuses	35,724	25,259	6,978
Increase in allowance for bonus points redemption	6,238	4,234	32,133
Increase in reserve for retirement benefits	3,818	2,450	8,778
Interest and dividend income	(1,877)	(103)	(3,231)
Interest expense	4,003	1,845	16,462
Loss on disposal of fixed assets	-	1,659	28,921
Decrease in trade receivables	83,355	200,030	315,547
(Increase)/decrease in inventories	(286,618)	(314,482)	49,585
Increase/(decrease) in trade payables	167,210	54,684	(102,048)
Increase in accounts payable-other	139,920	337,603	143,860
Increase/(decrease) in consumption tax payable	(76,224)	4,374	106,562
(Increase)/decrease in consumption tax receivable	-	(9,721)	15,219
Other	10,076	52,533	14,231
Sub total	530,288	624,257	3,928,625
Interest and dividends received	1,877	103	3,231
Interest paid	(3,856)	(2,363)	(17,951)
Income taxes paid	(783,898)	(481,674)	(1,077,603)
Net cash provided by/used in operating activities	(255,589)	140,323	2,836,302
Cash flows from investing activities			
Acquisition of tangible fixed assets	(22,299)	(50,728)	(227,730)
Acquisition of intangible fixed assets	(81,286)	(98,781)	(299,600)
Purchase of investment securities	-	-	(100,000)
Purchase of affiliate shares	-	-	(5,000)
Payment of lease/guarantee deposits	(4,200)	(11,503)	(31,798)
Proceeds from collection of lease/guarantee deposits	9,531	-	12,819
Expenditure for other investments	-	-	(116,923)
Net cash used in investing activities	(98,254)	(161,013)	(768,233)
Cash flows from financing activities			
Net increase/(decrease) in short-term borrowings	-	(113,502)	(1,115,904)
Proceeds from long-term borrowings	-	500,000	1,000,000
Repayment of long-term borrowings	(179,960)	-	-
Proceeds from share issuance	10,836	270	32,067
Dividend payment	(265,917)	(269,054)	(378,052)
Net cash provided by/used in financing activities	(435,041)	117,712	(461,890)
Effect of exchange rate changes on cash and cash equivalents	(9,352)	886	19,086
Increase/(decrease) in cash and cash equivalents	(798,237)	97,908	1,625,265
Cash and cash equivalents at the beginning of the period	4,358,647	2,733,382	2,733,382
Cash and cash equivalents at the end of the period	3,560,409	2,831,291	4,358,647