

Interim Financial Results
for the Six Months Ended January 31, 2008—Consolidated

March 13, 2008

Company name:	Dr. Ci:Labo Co., Ltd.
Listings:	First Section of the Tokyo Stock Exchange
Security code:	4924
URL:	http://www.ci-labo.com/
Representative:	Tomomi Ishihara, President and COO
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Scheduled submission date of interim financial statements:	April 25, 2008

1. Consolidated Financial Results for the Six Months Ended January 31, 2008
(August 1, 2007 to January 31, 2008)

Due to a change in fiscal year dates, figures for the fiscal period ended July 31, 2007, are based on an irregular six-month accounting period. The first half of the previous fiscal period (February 1 – July 31, 2007), therefore, does not correspond to the same calendar period as the current first half (August 1, 2007 – January 31, 2008), and a comparison of these figures is therefore not presented.

(1) Operating Results

(Amounts rounded down to the nearest million yen)

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)
Six months ended January 31, 2008	10,730	2,368	2,347
Six months ended July 31, 2007	9,077	1,161	1,147

	Net income (million yen)	Net income per share (yen)	Net income per share, fully diluted (yen)
Six months ended January 31, 2008	1,114	4,053.01	4,018.97
Six months ended July 31, 2007	563	2,051.06	2,032.19

(2) Financial Position

	Total assets (million yen)	Net assets (million yen)	Shareholders' equity ratio (%)	Net assets per share (yen)
Six months ended January 31, 2008	13,133	9,660	73.6	35,047.98
Six months ended July 31, 2007	11,860	8,636	72.8	31,428.32

Note: Shareholders' equity
Six months ended January 31, 2008: 9,660 million yen
Six months ended July 31, 2007: 8,636 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	(million yen)	(million yen)	(million yen)	(million yen)
Six months ended January 31, 2008	2,020	(389)	(495)	5,064
Six months ended July 31, 2007	748	(392)	(780)	3,952

2. Dividends

	Dividend per share		
	Interim (yen)	Year-end (yen)	Full year (yen)
Six months ended July 31, 2007		600.00	600.00
Year ending July 31, 2008	-		2,100.00
Year ending July 31, 2008 (Forecast)	-	2,100.00	

3. Forecast of Consolidated Earnings for the Year Ending July 31, 2008 (August 1, 2007 to July 31, 2008)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(million yen)	(million yen)	(million yen)	(million yen)	(yen)
Full year	21,700	3,400	3,400	1,900	6,907.76

4. Other information

- (1) Changes affecting the status of significant subsidiaries (scope of consolidation): Yes
Removed: One (Dr.Ci:Labo Hawaii Inc.)
- (2) Changes in accounting principles and procedures and methods of disclosure used in the preparation of financial results for the six months under review
 - 1) Changes in accordance with amendments to accounting standards: None
 - 2) Changes other than the above: None
- (3) Number of shares issued and outstanding (common stock)
 - 1) Number of shares issued and outstanding at end of period (treasury stock included):
Six months ended January 31, 2008: 278,848 shares
Six months ended July 31, 2007: 277,988 shares

- 2) Number of shares held in treasury at end of period:
 Six months ended January 31, 2008: 3,198 shares
 Six months ended July 31, 2007: 3,198 shares

Reference: Overview of Financial Results on Non-Consolidated basis

**1. Non-Consolidated Financial Results for the Six Months Ended January 31, 2008
 (August 1, 2007 to January 31, 2008)**

(1) Operating Results

(Amounts rounded down to the nearest million yen)

	Net sales	Operating income	Ordinary income	Net income
	(million yen)	(million yen)	(million yen)	(million yen)
Six months ended January 31, 2008	10,311	2,368	2,346	996
Six months ended July 31, 2007	8,746	1,218	1,207	526

	Net income per share
	(yen)
Six months ended January 31, 2008	3,622.69
Six months ended July 31, 2007	1,917.07

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(million yen)	(million yen)	(%)	(yen)
Six months ended January 31, 2008	13,293	9,895	74.4	35,899.31
Six months ended July 31, 2007	12,078	8,967	74.2	32,632.22

Note: Shareholders' equity
 Six months ended January 31, 2008: 9,895 million yen
 Six months ended July 31, 2007: 8,967 million yen

**2. Forecast of Non-Consolidated Earnings for the Year Ending July 31, 2008
 (August 1, 2007 to July 31, 2008)**

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(million yen)	(million yen)	(million yen)	(million yen)	(yen)
Full year	21,100	3,500	3,500	1,940	7,053.19

* The above forecasts are based on information currently available. Actual results may differ from the above forecasts due to changes in economic conditions and the business environment.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2008		As of July 31, 2007	
	Amount	%	Amount	%
Assets				
Current assets				
Cash and time deposits	5,192,473		4,090,048	
Accounts receivable-trade	2,504,720		2,224,553	
Inventories	1,414,521		1,560,104	
Short term loans to affiliates	20,000		60,000	
Deferred tax assets	241,237		234,372	
Other	139,205		101,818	
Allowance for doubtful accounts	(29,919)		(30,288)	
Total current assets	9,482,239	72.2	8,240,608	69.5
Noncurrent assets				
Tangible fixed assets				
Buildings	138,297		97,679	
Vehicles	365		434	
Tools, furniture and fixture	301,794		306,283	
Construction in progress	594		-	
Total tangible fixed assets	441,052		404,397	
Intangible fixed assets				
Software	1,003,303		590,717	
Other	131,575		357,861	
Total intangible fixed assets	1,134,878		948,578	
Investments and other assets				
Investment securities	164,801		254,557	
Equity investments in affiliates	5,000		5,000	
Leasehold and guarantee deposits	240,130		245,353	
Deferred tax assets	21,141		80,451	
Investment real estate	1,595,140		1,601,720	
Other	49,214		79,898	
Total investments and other assets	2,075,429		2,266,980	
Total noncurrent assets	3,651,360	27.8	3,619,956	30.5
Total assets	13,133,599	100.0	11,860,565	100.0

(Thousands of yen)

	As of January 31, 2008		As of July 31, 2007	
	Amount	%	Amount	%
Liabilities				
Current liabilities				
Accounts payable-trade	233,521		430,839	
Current portion of long-term borrowings	724,000		974,000	
Accounts payable-other	1,058,352		841,499	
Income taxes payable	1,015,330		500,279	
Reserve for bonuses	29,535		30,114	
Allowance for bonus points redemption	145,097		144,558	
Deferred tax liabilities	21		50	
Other	186,841		115,262	
Total current liabilities	3,392,699	25.8	3,036,604	25.6
Long-term liabilities				
Long-term borrowings	52,000		164,000	
Deferred tax liabilities	7,511		5,461	
Reserve for retirement benefits	18,091		13,963	
Other	2,320		4,345	
Total long-term liabilities	79,923	0.6	187,770	1.6
Total liabilities	3,472,622	26.4	3,224,375	27.2
Net assets				
Shareholders' capital				
Common stock	1,153,810	8.8	1,145,840	9.7
Additional paid-in capital	1,631,410	12.4	1,623,440	13.7
Retained earnings	7,518,939	57.2	6,569,023	55.4
Treasury stock	(648,554)	(4.9)	(648,554)	(5.5)
Total shareholders' capital	9,655,605	73.5	8,689,750	73.3
Valuation and translation adjustments				
Net unrealized gains (losses) on available-for-sale securities	-	-	(82,404)	(0.7)
Foreign currency translation adjustments	5,371	0.1	28,844	0.2
Total valuation and translation adjustments	5,371	0.1	(53,560)	(0.5)
Total net assets	9,660,977	73.6	8,636,190	72.8
Total liabilities and net assets	13,133,599	100.0	11,860,565	100.0

Consolidated Statements of Operations

(Thousands of yen)

	Six months ended January 31, 2008		Six months ended July 31, 2007			
	Amount	%	Amount	%		
Net sales		10,730,734	100.0		9,077,864	100.0
Cost of sales		1,839,461	17.1		1,743,926	19.2
Gross profit		8,891,273	82.9		7,333,938	80.8
Selling, general and administrative expenses		6,523,267	60.8		6,172,164	68.0
Operating income		2,368,006	22.1		1,161,773	12.8
Non-operating revenues						
Interest income	7,047				5,486	
Incentives for shop renovation received	5,999				3,219	
Other	6,604	19,651	0.2	2,647	11,355	0.1
Non-operating expenses						
Interest expenses	6,910				8,314	
Foreign exchange losses	24,784				2,992	
Loss on investment partnership	1,310				1,302	
Depreciation and Amortization	6,579				7,538	
Other	325	39,910	0.4	5,434	25,582	0.3
Ordinary income		2,347,746	21.9		1,147,546	12.6
Extraordinary losses						
Loss on disposal of noncurrent assets	16,098				33,850	
Valuation loss on inventory	-				18,036	
Valuation loss on investment securities	226,880				-	
Other	238	243,217	2.3	355	52,241	0.6
Net Income before taxes		2,104,529	19.6		1,095,304	12.0
Income tax, inhabitants tax and enterprise tax	991,326				482,870	
Income tax adjustments	(1,587)	989,738	9.2	49,078	531,948	5.8
Net income		1,114,790	10.4		563,356	6.2

Consolidated Statement of Changes in Shareholders' Capital

(August 1, 2007 to January 31, 2008)

(Thousands of yen)

	Shareholders' capital				Total shareholders' capital
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
Balance as of July 31, 2007	1,145,840	1,623,440	6,569,023	(648,554)	8,689,750
Changes during period					
Issuance of new shares	7,969	7,969			15,939
Cash dividends			(164,874)		(164,874)
Net income			1,114,790		1,114,790
Net change in items other than shareholders' capital during period					
Total changes during period	7,969	7,969	949,916	-	965,855
Balance as of January 31, 2008	1,153,810	1,631,410	7,518,939	(648,554)	9,655,605

	Valuation and translation adjustments			Total net assets
	Unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance as of July 31, 2007	(82,404)	28,844	(53,560)	8,636,190
Changes during period				
Issuance of new shares				15,939
Cash dividends				(164,874)
Net income				1,114,790
Net change in items other than shareholders' capital during period	82,404	(23,473)	58,931	58,931
Total changes during period	82,404	(23,473)	58,931	1,024,786
Balance as of January 31, 2008	-	5,371	5,371	9,660,977

(February 1, 2007 to July 31, 2007)

(Thousands of yen)

	Shareholders' capital				Total shareholders' capital
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
Balance as of January 31, 2007	1,138,361	1,615,961	6,444,979	(648,554)	8,550,748
Changes during period					
Issuance of new shares	7,479	7,479			14,958
Cash dividends*			(439,312)		(439,312)
Net income			563,356		563,356
Net change in items other than shareholders' capital during period					
Total changes during period	7,479	7,479	124,044	-	139,002
Balance as of July 31, 2007	1,145,840	1,623,440	6,569,023	(648,554)	8,689,750

	Valuation and translation adjustments			Total net assets
	Unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance as of January 31, 2007	(23,433)	11,282	(12,151)	8,538,597
Changes during period				
Issuance of new shares				14,958
Cash dividends*				(439,312)
Net income				563,356
Net change in items other than shareholders' capital during period	(58,970)	17,561	(41,409)	(41,409)
Total changes during period	(58,970)	17,561	(41,409)	97,593
Balance as of July 31, 2007	(82,404)	28,844	(53,560)	8,636,190

* Appropriation approved at the annual shareholders' meeting held on April 24, 2007.

Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended	Six months ended
	January 31, 2008	July 31, 2007
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	2,104,529	1,095,304
Depreciation and amortization	231,114	197,593
Amortization for long-term prepaid expenses	14,869	15,174
Increase (decrease) in allowance for doubtful accounts	(290)	3,452
Increase (decrease) in reserve for employees' bonuses	(579)	6,296
Increase in reserve for retirement benefits	4,230	4,042
Increase in allowance for bonus points redemption	539	13,265
Interest and dividend income	(7,047)	(5,959)
Interest expense	6,910	8,314
Valuation loss on investment securities	226,880	-
Loss on disposal of fixed assets	16,098	33,850
(Increase) decrease in trade receivables	(283,531)	195,984
(Increase) decrease in inventories	136,201	(8,505)
(Increase) decrease in other assets	(12,413)	44,336
Increase (decrease) in trade payables	(185,699)	116,523
Increase (decrease) in accounts payable-other	171,918	(31,788)
Increase (decrease) in consumption tax payable	84,852	(86,874)
Decrease in consumption tax receivable	-	281
Other	(8,005)	(42,317)
Subtotal	2,500,577	1,558,976
Interest and dividend received	7,047	3,965
Interest paid	(5,793)	(7,825)
Income taxes paid	(481,226)	(806,170)
Net cash provided by (used in) operating activities	2,020,604	748,945
Cash flows from investing activities		
Acquisition of tangible fixed assets	(68,576)	(43,257)
Acquisition of intangible fixed assets	(363,571)	(207,603)
Payment of leasehold and guarantee deposits	(6,946)	(12,151)
Proceeds from collection of leasehold and guarantee deposits	9,692	8,976
Proceeds from collection of short term loans to affiliates	60,000	-
Payment of short-term loans to affiliates	(20,000)	-
Deposits into time deposit accounts	-	(138,033)
Net cash provided by (used in) investing activities	(389,402)	(392,068)
Cash flows from financing activities		
Repayment of long-term borrowings	(346,220)	(362,000)
Proceeds from share issuance	15,939	14,958
Cash dividends paid	(164,880)	(433,925)
Net cash provided by (used in) financing activities	(495,162)	(780,967)
Effect of exchange rate changes on cash and cash equivalents	(23,477)	17,459
Increase in cash and cash equivalents	1,112,562	(406,632)
Cash and cash equivalents at the beginning of the period	3,952,015	4,358,647
Cash and cash equivalents at the end of the period	5,064,578	3,952,015

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2008		As of July 31, 2007	
	Amount	%	Amount	%
Assets				
Current assets				
Cash and time deposits	4,657,963		3,477,034	
Accounts receivable-trade	2,528,078		2,236,457	
Inventories	1,347,758		1,495,451	
Short term loans to affiliates	72,957		128,540	
Deferred tax assets	282,960		276,412	
Other	126,076		96,686	
Allowance for doubtful accounts	(53,847)		(47,968)	
Total current assets		8,961,946		7,662,614
				63.4
Noncurrent assets				
Tangible fixed assets				
Buildings	131,207		84,518	
Vehicles	365		434	
Tools, furniture and fixture	287,905		287,762	
Construction in progress	594		-	
Total tangible fixed assets	420,073		372,715	
Intangible fixed assets				
Software	999,652		585,599	
Other	131,575		357,861	
Total intangible fixed assets	1,131,228		943,461	
Investments and other assets				
Investment securities	36,200		103,000	
Equity investments in affiliates	890,771		1,168,256	
Investment securities of affiliates	182,611		208,812	
Long term loans to affiliates	4,255		8,285	
Leasehold deposits	216,366		210,617	
Investment real estate	1,595,140		1,601,720	
Deferred tax assets	21,139		79,586	
Other	43,498		67,259	
Allowance for investment losses	(209,996)		(347,557)	
Total investments and other assets	2,779,988		3,099,981	
Total noncurrent assets		4,331,290		4,416,157
				36.6
Total assets		13,293,236		12,078,772
				100.0

(Thousands of yen)

	As of January 31, 2008		As of July 31, 2007	
	Amount	%	Amount	%
Liabilities				
Current liabilities				
Accounts payable-trade	233,489		392,673	
Current portion of long-term borrowings	724,000		974,000	
Accounts payable-other	1,032,974		814,736	
Income taxes payable	1,002,613		488,164	
Reserve for bonuses	29,535		30,114	
Allowance for bonus points redemption	141,673		140,808	
Other	164,407		94,421	
Total current liabilities		3,328,694		2,934,918
		25.0		24.3
Long-term liabilities				
Long-term borrowings	52,000		164,000	
Reserve for retirement benefits	16,896		12,846	
Total long-term liabilities		68,896		176,846
		0.6		1.5
Total liabilities		3,397,590		3,111,764
		25.6		25.8
Net assets				
Shareholders' capital				
Common stock		1,153,810		1,145,840
Additional paid-in capital				
Capital reserve	1,631,410		1,623,440	
Total additional paid-in capital		1,631,410		1,623,440
		12.3		13.4
Retained earnings				
Legal reserve	535		535	
Voluntary reserve				
General reserve	5,080,000		4,700,000	
Retained earnings carried forward	2,678,444		2,226,888	
Total retained earnings		7,758,979		6,927,423
		58.3		57.4
Treasury stock		(648,554)		(648,554)
Total shareholders' capital		9,895,645		9,048,150
		74.4		74.9
Valuation and translation adjustments				
Net unrealized gains (losses) on available-for-sale securities		-		(81,142)
Total valuation and translation adjustments		-		(81,142)
		-		(0.7)
Total net assets		9,895,645		8,967,007
		74.4		74.2
Total liabilities and net assets		13,293,236		12,078,772
		100.0		100.0

Non-Consolidated Statements of Operations

(Thousands of yen)

	Six months ended January 31, 2008		Six months ended July 31, 2007	
	Amount	%	Amount	%
Net sales	10,311,168	100.0	8,746,689	100.0
Cost of sales	1,843,965	17.9	1,772,214	20.3
Gross profit	8,467,203	82.1	6,974,474	79.7
Selling, general and administrative expenses	6,099,165	59.1	5,756,189	65.8
Operating income	2,368,038	23.0	1,218,285	13.9
Non-operating revenues	17,972	0.2	10,714	0.1
Non-operating expenses	39,855	0.4	21,400	0.2
Ordinary income	2,346,156	22.8	1,207,599	13.8
Extraordinary losses	371,274	3.6	230,444	2.6
Net Income before taxes	1,974,881	19.2	977,155	11.2
Income tax, inhabitants tax and enterprise tax	981,769		471,937	
Income tax adjustments	(3,318)	9.5	(21,336)	5.2
Net income	996,430	9.7	526,553	6.0

Non-Consolidated Statement of Changes in Shareholders' Capital

(August 1, 2007 to January 31, 2008)

(Thousands of yen)

	Shareholders' capital						
	Common stock	Additional paid-in capital		Legal reserve	Retained earnings		
		Capital reserve	Total additional paid-in capital		Other		Total retained earnings
					General reserve	Retained earnings carried forward	
Balance as of July 31, 2007	1,145,840	1,623,440	1,623,440	535	4,700,000	2,226,888	6,927,423
Changes during period							
Provision for general reserve					380,000	(380,000)	
Issuance of new shares	7,969	7,969	7,969				
Cash dividends						(164,874)	(164,874)
Net income						996,430	996,430
Net change in items other than shareholders' capital during period							
Total changes during period	7,969	7,969	7,969	-	380,000	451,556	831,556
Balance as of January 31, 2008	1,153,810	1,631,410	1,631,410	535	5,080,000	2,678,444	7,758,979

	Shareholders' capital		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' capital	Unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments	
Balance as of July 31, 2007	(648,554)	9,048,150	(81,142)	(81,142)	8,967,007
Changes during period					
Provision for general reserve		-			-
Issuance of new shares		15,939			15,939
Cash dividends		(164,874)			(164,874)
Net income		996,430			996,430
Net change in items other than shareholders' capital during period			81,142	81,142	81,142
Total changes during period	-	847,495	81,142	81,142	928,638
Balance as of January 31, 2008	(648,554)	9,895,645	-	-	9,895,645

(February 1, 2007 to July 31, 2007)

(Thousands of yen)

	Shareholders' capital						
	Common stock	Additional paid-in capital		Legal reserve	Retained earnings		
		Capital reserve	Total additional paid-in capital		Other		Total retained earnings
					General reserve	Retained earnings carried forward	
Balance as of January 31, 2007	1,138,361	1,615,961	1,615,961	535	3,800,000	3,039,646	6,840,181
Changes during period							
Provision for general reserve					900,000	(900,000)	
Issuance of new shares	7,479	7,479	7,479				
Cash dividends*						(439,312)	(439,312)
Net income						526,553	526,553
Net change in items other than shareholders' capital during period							
Total changes during period	7,479	7,479	7,479	-	900,000	(812,758)	87,241
Balance as of July 31, 2007	1,145,840	1,623,440	1,623,440	535	4,700,000	2,226,888	6,927,423

	Shareholders' capital		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' capital	Unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments	
Balance as of January 31, 2007	(648,554)	8,945,950	(23,433)	(23,433)	8,922,516
Changes during period					
Provision for general reserve		-			-
Issuance of new shares		14,958			14,958
Cash dividends*		(439,312)			(439,312)
Net income		526,553			526,553
Net change in items other than shareholders' capital during period			(57,708)	(57,708)	(57,708)
Total changes during period	-	102,199	(57,708)	(57,708)	44,490
Balance as of July 31, 2007	(648,554)	9,048,150	(81,142)	(81,142)	8,967,007

* Appropriation approved at the annual shareholders' meeting held on April 24, 2007.