

1. Consolidated operating results

(1) Results and Forecasts for Major Financial Indicators

(Billions of yen)

	2004.02		2005.02		2006.02		2007.02 (Forecast)	
		YOY		YOY		YOY		YOY
Total Net Sales	1,288.3	99.6%	1,329.0	103.2%	1,361.7	102.5%	1,431.0	105.1%
Operating Revenues	245.6	98.1%	254.3	103.6%	268.0	105.4%	292.0	108.9%
Operating Profit	38.1	111.7%	42.9	112.7%	43.8	102.2%	45.3	103.3%
Recurring Profit	36.6	119.3%	42.3	115.8%	43.9	103.8%	45.3	103.1%
Net Profit	18.6	209.6%	20.4	110.0%	22.0	107.8%	23.3	105.8%
Net Profit Per Share	¥175.78		¥198.47		¥215.50		¥223.76	
Shareholder's Equity	154.3		160.2		175.1			
Total Assets	354.8		356.3		375.1			
Shareholder's Equity Per Share	¥1,479.31		¥1,568.66		¥1,712.68			
ROA	10.9%		12.1%		12.0%			
ROE	12.1%		13.0%		13.1%			
Current Ratio	96.5%		93.2%		91.9%			
Fixed Ratio	140.7%		142.1%		140.0%			
Shareholder's Equity Ratio	43.5%		45.0%		46.7%			
Number of stores	7,821		8,077		8,366		8,626	

Note1: The operating revenues includes total sales of company-owned stores and royalties from franchised stores.

Note2: Forecasted net income per share for the February 2007 fiscal term is calculated by reflecting the transfer of treasury stock scheduled on April 14, 2006.

(2) Number of stores

	2004.02	2005.02	2006.02	2007.02 (Forecast)
Opening (+)	625	711	717	750
Closure (-)	224	276	266	490
Re-location (-)	205	179	162	-
Subtotal	429	455	428	490
Total Number Of Stores	7,821	8,077	8,366	8,626
Net Increase	196	256	289	260

(3) Number of stores by region and prefecture (Consolidated)

(store)

Region	Prefecture	04/2	05/2	06/2	Net Increase
Hokkaido	Hokkaido	485	494	500	6
Tohoku	Aomori	117	123	139	16
	Iwate	100	159	171	12
	Miyagi	158	159	162	3
	Akita	109	127	131	4
	Yamagata	55	54	55	1
	Fukushima	107	99	97	-2
			646	721	755
Kanto	Ibaraki	107	107	107	0
	Tochigi	94	99	105	6
	Gunma	65	65	68	3
	Saitama	288	303	323	20
	Chiba	259	276	287	11
	Tokyo	752	789	843	54
	Kanagawa	463	475	485	10
		2,028	2,114	2,218	104
Koshinetsu	Niigata	108	108	106	-2
	Yamanashi	62	62	62	0
	Nagano	140	138	136	-2
		310	308	304	-4
Hokuriku	Toyama	89	95	102	7
	Ishikawa	63	68	73	5
	Fukui	72	73	74	1
		224	236	249	13
Tokai	Shizuoka	160	155	151	-4
	Aichi	335	336	340	4
	Gifu	78	84	91	7
	Mie	72	72	80	8
			645	647	662
Kinki	Shiga	109	114	118	4
	Kyoto	170	178	181	3
	Osaka	814	818	837	19
	Hyogo	454	458	471	13
	Nara	100	95	100	5
	Wakayama	109	111	111	0
			1,756	1,774	1,818
Chugoku	Tottori	59	65	71	6
	Shimane	56	60	65	5
	Okayama	111	114	114	0
	Hiroshima	115	115	122	7
	Yamaguchi	108	109	110	1
		449	463	482	19
Shikoku	Tokushima	104	102	103	1
	Kagawa	96	95	96	1
	Ehime	130	138	152	14
	Kouchi	48	52	56	4
		378	387	407	20
Kyusyu	Fukuoka	278	292	311	19
	Saga	56	57	58	1
	Nagasaki	81	83	83	0
	Kumamoto	80	86	89	3
	Oita	103	106	113	7
	Miyazaki	80	81	80	-1
	Kagoshima	107	108	110	2
Okinawa	115	120	127	7	
		900	933	971	38
Total		7,821	8,077	8,366	289

Note: The above table shows the total number of stores of LAWSON, NATURAL LAWSON and LAWSON STORE100.

(4) Store opening status of NATURAL LAWSON, INC., VALUE LAWSON, Inc and SHANGHAI HUALIAN LAWSON CO., LTD. by region.

NATURAL LAWSON, INC (NATURAL LAWSON)

	04/2	05/2	06/2	Net Increase
Kanto	14	28	48	20
Kinki	-	-	3	3
Total	14	28	51	23

Note1:NATURAL LAWSON has opened stores since July,2001

VALUE LAWSON, Inc (LAWSON STORE 100)

	04/2	05/2	06/2	Net Increase
Kanto	-	-	35	35
Total	-	-	35	35

Note:LAWSON STORE100 has opened stores since May,2005

SHANGHAI HUALIAN LAWSON CO., LTD.

	04/2	05/2	06/2	Net Increase
Shanghai	146	210	283	73
Total	146	210	283	73

(5) Number of Stores by Store Type (Consolidated)

(Store)

	End of Feb.04		End of Feb.05		End of Feb.06		Net Increase
	Share	Share	Share	Share			
Type B	1,992	25.5%	1,836	22.7%	1,674	20.0%	-162
Type G	2,415	30.9%	2,335	28.9%	2,272	27.2%	-63
Type C	3,065	39.2%	3,560	44.1%	4,012	48.0%	452
Franchised Stores	7,472	95.5%	7,731	95.7%	7,958	95.1%	227
Company-Owned Stores	349	4.5%	346	4.3%	408	4.9%	62
Total	7,821	100.0%	8,077	100.0%	8,366	100.0%	289

(6) Consolidated Statement of Income

(Millions of yen)

	Previous fiscal year	Current fiscal year	Increase (Decrease)
	(From March 1, 2004 to February 28, 2005)	(From March 1, 2005 to February 28, 2006)	
Operating revenues	189,873	201,412	11,539
1 Franchise commissions from franchised stores	162,963	170,784	7,821
(Net sales reported by franchised stores)	1,265,275	1,295,704	30,429
Total net sales of LAWSON stores including franchised stores)	1,329,077	1,361,731	32,654
2 Other	26,910	30,628	3,718
Net sales	64,522	66,645	2,123
Total operating revenues	254,395	268,058	13,663
Cost of goods sold	46,818	48,296	1,478
Gross profit on sales	(17,703)	(18,348)	(645)
Operating gross profit	207,576	219,761	12,185
Selling, general and administrative expenses	164,635	175,894	11,259
Operating income	42,941	43,867	926
Non-operating income	1,377	1,626	249
1. Interest received	355	396	41
2. Compensation received for damage	209	163	(46)
3. Compensation received for removal	280	254	(26)
4. Equity in gains of affiliated companies	-	285	285
5. Other	532	525	(7)
Non-operating expense	1,996	1,553	(443)
1. Interest expense	13	10	(3)
2. Loss on cancellation of lease contract	1,062	1,290	228
3. Equity in losses of affiliated companies	609	-	(609)
4. Other	312	252	(60)
Ordinary profit	42,322	43,940	1,618
Special gains	245	1,308	1,063
1. Gain on sales of investments in securities	-	988	988
2. Gain on sales of investments in affiliated companies	92	-	(92)
3. Gain on increase in a subsidiary's net equity resulted from its allocation of new shares	134	-	(134)
4. Reversal of allowance for doubtful accounts	-	263	263
5. Other	19	56	37
Special losses	6,528	6,525	(3)
1. Loss from disposal of fixed assets	3,690	3,013	(677)
2. Loss on sales of fixed assets	130	409	279
3. Provision for allowance for doubtful accounts	2,182	-	(2,182)
4. Loss on impairment of long-lived assets	-	2,708	2,708
5. Other	525	394	(131)
Income before income taxes and minority interests	36,040	38,722	2,682
Income taxes-current	17,313	17,823	510
Deferred income taxes	(1,945)	(1,606)	339
Minority interest in earnings of consolidated subsidiaries	237	480	243
Net income	20,435	22,025	1,590

(7) Selling, general and administrative expenses

(Millions of yen)

Account item	Previous fiscal year	Current fiscal year	Increase (Decrease)
	(From March 1, 2004 to February 28, 2005)	(From March 1, 2005 to February 28, 2006)	
Rent	46,785	51,236	4,451
Personnel Expenses	34,114	35,450	1,336
Equipment Lease	16,263	16,734	471
Depreciation	15,059	15,859	800
Promotions Expense	9,704	9,177	(527)
Other	42,708	47,436	4,728
Total	164,635	175,894	11,259

(8) Consolidated Balance Sheets

(Millions of yen)

Fiscal period Account item	Previous fiscal year	Current fiscal year	Increase (Decrease)
	(As of February 28, 2005)	(As of February 28, 2006)	
	Amounts	Amounts	Amounts
(Assets)			
Current assets	128,592	129,841	1,249
Cash and bank deposits	71,585	60,940	(10,645)
Accounts receivable - due from franchised stores	10,332	10,762	430
Marketable securities	13,021	19,651	6,630
Merchandise inventories	1,376	1,573	197
Prepaid expense	4,620	5,116	496
Short-term loans receivable	5,000	6,250	1,250
Accounts receivable - other	18,725	21,578	2,853
Deferred tax assets	3,240	3,188	(52)
Other	772	861	89
Allowance for doubtful accounts	(81)	(81)	0
Fixed assets	227,716	245,265	17,549
Property and store equipment-at net book value	92,165	99,271	7,106
Buildings and structures	67,042	74,593	7,551
Furniture, fixtures and equipment	18,810	18,271	(539)
Land	5,643	5,236	(407)
Construction in progress	668	1,169	501
Intangible fixed assets	14,010	17,272	3,262
Investments and other	121,538	128,720	7,182
Investments in securities	1,464	2,538	1,074
Long-term loans receivable	16,809	20,630	3,821
Long-term prepaid expense	2,646	3,125	479
Lease deposits	89,964	89,928	(36)
Deferred tax assets	8,291	11,046	2,755
Deferred tax assets for land revaluation	4,828	3,330	(1,498)
Other	1,673	2,583	910
Allowance for doubtful accounts	(4,137)	(4,462)	(325)
Total Assets	356,309	375,106	18,797
Accumulated depreciation for property and store equipment	86,867	96,483	9,616

Fiscal period Account item	Previous interim period	Current interim period	Increase (Decrease)
	(As of February 28, 2005)	(As of February 28, 2006)	
	Amounts	Amounts	Amounts
(Liabilities)			
Current liabilities	137,931	141,241	3,310
Accounts payable-trade for Company operated stores	3,094	3,374	280
Accounts payable-trade for franchised stores	59,457	59,795	338
Accounts payable-due to franchised stores	3,982	3,416	(566)
Accounts payable-other	13,021	13,415	394
Income taxes payable	11,717	10,323	(1,394)
Consumption taxes payable	996	927	(69)
Accrued expenses	2,088	2,304	216
Deposits received	40,269	44,614	4,345
Accrued employees' bonuses	2,788	2,544	(244)
Provision for use of LAWSON PASS points	409	364	(45)
Other	102	159	57
Long-term liabilities	54,606	54,858	252
Allowance for employees' retirement benefits	1,807	2,816	1,009
Allowance for retirement benefits to directors and corporate auditors	304	317	13
Deposits received from franchisee and lessees	52,334	51,336	(998)
Allowance for impairment loss on leased property	-	140	140
Other	159	247	88
Total Liabilities	192,537	196,099	3,562
(Minority Interest)			
Minority Interest	3,490	3,822	332
(Shareholders' Equity)			
Common stock	58,506	58,506	0
Capital surplus	41,523	41,520	(3)
Retained earnings	76,721	88,355	11,634
Land revaluation difference	(7,037)	(4,854)	2,183
Net unrealized gain on available-for-sale securities	110	695	585
Foreign currency transaction adjustments	33	105	72
Tresury stock-at cost	(9,574)	(9,144)	430
Total Shareholders' Equity	160,282	175,184	14,902
Total Liabilities, Minority Interest and Shareholders' Equity	356,309	375,106	18,797

(9) Consolidated Statements of Capital surplus and Retained Earnings

(Millions of yen)

Account item	Fiscal period		Increase (Decrease)
	Previous fiscal year From March 1, 2004 to February 28, 2005	Current fiscal year From March 1, 2005 to February 28, 2006	
(Capital surplus)			
Balance of Capital surplus at beginning of the interim period	41,521	41,523	2
Increase in capital surplus			
Gain on disposal of treasury stock	1	-	(1)
Decrease in capital surplus Loss on disposal of treasury stock	-	3	3
Balance of capital surplus at end of the period	41,523	41,520	(3)
(Retained earnings)			
Balance of retained earnings at beginning of the interim period	72,769	76,721	3,952
Increase in retained earnings			
Net income	20,435	22,025	1,590
Decrease in retained earnings			
Cash dividends	5,775	8,174	2,399
Retirement of treasury stock	10,703	-	(10,703)
Loss on disposal of treasury stock	-	33	33
Reversal of land revaluation difference	5	2,182	2,177
Balance of retained earnings at end of the interim period	76,721	88,355	11,634

(10)Capital Expenditure

(Millions of yen)

	2004.02	2005.02	2006.02	2007.02(Plan)
New Store	19,614	21,695	26,047	20,000
Existing Store	10,432	8,175	6,592	6,700
IT	2,191	2,765	9,084	6,200
Other	377	4,186	1,615	7,600
Subtotal	32,614	36,821	43,338	40,500
Investments & Loan	6,250	(1,000)	1,250	5,000
Lease	9,439	11,052	9,829	17,000
Total	48,303	46,873	54,417	62,500
Depreciation	18,499	19,633	20,893	22,500

Note: Depreciation is the total of depreciation of property and store equipment, and amortization of intangible fixed assets.

(11) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous fiscal year	Current fiscal year	Increase (Decrease)
	(From March 1,2004 to February 28,2005)	(From March 1,2005 to February 28,2006)	
.Operating activities			
Income before income taxes	36,040	38,722	2,682
Depreciation of fixed assets	15,059	15,859	800
Loss from disposal of fixed assets	2,447	1,845	(602)
Loss on impairment of long-lived assets	-	2,708	2,708
Amortization of intangible fixed assets	4,574	5,034	460
Loss from disposal of intangible fixed assets	314	910	596
Equity in losses(gains) of affiliated companies	609	(285)	(894)
Increase in allowance for retirement benefits to employees	663	1,009	346
Increase in allowance for doubtful accounts	2,342	324	(2,018)
Interest and dividend income	(355)	(396)	(41)
Interest expense	13	10	(3)
Loss on sales of fixed assets	130	409	279
Gain on sales of investments in securities	(92)	(988)	(896)
Gain on increase in a subsidiary's net equity resulted from it's allocation of new shares	(134)	-	134
Other - net	1,444	287	(1,157)
Decrease in accounts receivable due from franchised stores	8,123	(430)	(8,553)
Decrease (increase) in merchandise inventories	0	(196)	(196)
Decrease (increase) in accounts receivable-other	(745)	(2,477)	(1,732)
Increase in accounts payable-trade and due to franchised stores	2,097	49	(2,048)
Increase (decrease) in accounts payable-other	(4,919)	394	5,313
Increase (decrease) in deposits received	(3,476)	4,344	7,820
Decrease in lease deposits from franchisee and lessees	(1,034)	(998)	36
Increase in other assets and liabilities-net	(503)	(367)	136
Subtotal	62,597	65,768	3,171
Interest and dividend income received	349	392	43
Interest expenses paid	(13)	(10)	3
Income taxes paid	(15,605)	(19,217)	(3,612)
Net cash provided by operating activities	47,328	46,932	(396)
.Investing activities			
Payment for purchases of marketable securities	(34,319)	(44,709)	(10,390)
Proceeds from redemption of marketable securities	35,545	33,075	(2,470)
Proceeds from sales of investments in securities	216	1,705	1,489
Increase in advances to associated company	(250)	-	250
Decrease(increase) in short-term loans receivable	1,250	(1,250)	(2,500)
Sales of a subsidiary's stock - net	(585)	-	585
Payment for acquisition of property and store equipment	(26,710)	(28,630)	(1,920)
Increase in intangible fixed assets	(2,691)	(9,257)	(6,566)
Payment for acquisition of goodwill	(1,685)	-	1,685
Increase in lease deposits	623	36	(587)
Increase in long - term loans receivable - net	-	(3,821)	(3,821)
increase in long-term prepaid expenses	(1,086)	(1,072)	14
Other - net	(3,605)	(1,359)	2,246
Net cash used in investing activities	(33,297)	(55,282)	(21,985)
.Financing activities			
Proceeds from minority shareholders	681	-	(681)
Proceeds from issuance of share upon exercise of stock options	-	395	395
Payment for acquisition of treasury stock-at cost	(8,798)	(1)	8,797
Cash dividends paid	(5,775)	(8,187)	(2,412)
Other	56	-	(56)
Net cash used in financing activities	(13,836)	(7,794)	6,042
.Net decrease in cash and cash equivalents	195	(16,143)	(16,338)
.Cash and cash equivalents, beginning of year	76,389	76,584	195
.Cash and cash equivalents,end of the interim period (year)	76,584	60,440	(16,144)

(12) Subsidiaries and Affiliate

	LAWSON TICKET, INC.	i-Convenience, Inc	LAWSON ATM Networks, Inc																																				
Date of Establishment	July-92	October-00	May-01																																				
Fiscal Year End	February	February	February																																				
Lawson's Share	50.8%	51.0%	59.0%																																				
Composition of Shareholders	<table border="1"> <tr><td>Rakuten, Inc.</td><td>17.8%</td></tr> <tr><td>Mitsubishi Corporation</td><td>4.2%</td></tr> <tr><td>RBC DEXIA INVESTOR SERVICES TRUST, LONDON-CLIENTS ACCOUNT</td><td>2.6%</td></tr> <tr><td>UBS AG LONDON ASIA EQUITES</td><td>1.7%</td></tr> <tr><td>WESS Inc.</td><td>1.5%</td></tr> <tr><td>G/I/P</td><td>1.5%</td></tr> <tr><td>DISK GARAGE CO., LTD</td><td>1.5%</td></tr> <tr><td>Big Ear Ants Inc.</td><td>1.5%</td></tr> <tr><td>Dai Nippon Printing CO., Ltd</td><td>0.9%</td></tr> </table>	Rakuten, Inc.	17.8%	Mitsubishi Corporation	4.2%	RBC DEXIA INVESTOR SERVICES TRUST, LONDON-CLIENTS ACCOUNT	2.6%	UBS AG LONDON ASIA EQUITES	1.7%	WESS Inc.	1.5%	G/I/P	1.5%	DISK GARAGE CO., LTD	1.5%	Big Ear Ants Inc.	1.5%	Dai Nippon Printing CO., Ltd	0.9%	<table border="1"> <tr><td>Mitsubishi Corporation</td><td>18.0%</td></tr> <tr><td>Matsushita Electric Industrial Co., Ltd</td><td>18.0%</td></tr> <tr><td>NTT DoCoMo Co., Ltd</td><td>13.0%</td></tr> </table>	Mitsubishi Corporation	18.0%	Matsushita Electric Industrial Co., Ltd	18.0%	NTT DoCoMo Co., Ltd	13.0%	<table border="1"> <tr><td>Mitsubishi Corporation</td><td>5.0%</td></tr> <tr><td>Bank (17 companies)</td><td>29.0%</td></tr> <tr><td>SECOM Co., Ltd</td><td>2.5%</td></tr> <tr><td>Oki Electric Industry Co., Ltd</td><td>2.5%</td></tr> <tr><td>A.S.S Incorporated</td><td>1.0%</td></tr> <tr><td>NIPPON EXPRESS CO., LTD</td><td>1.0%</td></tr> </table>	Mitsubishi Corporation	5.0%	Bank (17 companies)	29.0%	SECOM Co., Ltd	2.5%	Oki Electric Industry Co., Ltd	2.5%	A.S.S Incorporated	1.0%	NIPPON EXPRESS CO., LTD	1.0%
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A.S.S Incorporated	1.0%																																						
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(Millions of yen)

	2004.02	2005.02	2005.02	2004.02	2005.02	2005.02	2004.02	2005.02	2005.08
Operating Revenues	6,186	6,211	6,197	332	307	426	8,352	10,003	11,310
Ordinary Profit	618	700	842	(246)	(118)	(67)	(348)	144	654

	NATURAL LAWSON, INC	BestPractice Inc.	VALUE LAWSON ,Inc.
Date of Establishment	May-00	March-03	April-05
Fiscal Year End	February	February	February
Lawson's Share	100.0%	100.0%	100.0%

	SHANGHAI HUALIAN LAWSON CO., LTD.	Lawson CS Card, Inc.						
Date of Establishment	February-96	February-02						
Fiscal Year End	December	February						
Lawson's Share	49.0%	50.0%						
Composition of Shareholders	<table border="1"> <tr><td>Brilliance Group Co., Ltd.</td><td>51.0%</td></tr> </table>	Brilliance Group Co., Ltd.	51.0%	<table border="1"> <tr><td>Credit Saison Co., Ltd</td><td>30.0%</td></tr> <tr><td>Mitsubishi Corporation</td><td>20.0%</td></tr> </table>	Credit Saison Co., Ltd	30.0%	Mitsubishi Corporation	20.0%
Brilliance Group Co., Ltd.	51.0%							
Credit Saison Co., Ltd	30.0%							
Mitsubishi Corporation	20.0%							

2. Non-consolidated operating results

(1) Results and Forecasts for Major Financial Indicators

(Billions of yen)

	2004.02		2005.02		2006.02		2007.02 (Forecast)	
		YOY		YOY		YOY		YOY
Total Net Sales	1,285.0	99.5%	1,329.0	103.4%	1,360.4	102.4%	1,420.0	104.4%
Operating Revenues	231.0	96.6%	239.5	103.6%	248.0	103.6%	259.0	104.4%
Operating Profit	38.0	110.2%	42.2	111.0%	43.8	103.8%	44.9	102.5%
Recurring Profit	37.6	113.3%	42.2	112.2%	43.6	103.3%	44.6	102.2%
Net Profit	19.0	185.3%	20.5	108.2%	22.7	110.3%	23.6	103.9%
Cash Dividends Per Share	¥41.00		¥70.00		¥90.00		¥100.00	
Net Profit Per Share	¥180.01		¥199.93		¥222.18		¥226.64	
Shareholder's Equity	157.8		163.9		179.5			
Total Assets	349.3		350.1		368.2			
Payout	22.7%		35.0%		40.5%			
Shareholder's Equity Per Share	¥1,513.12		¥1,604.97		¥1,754.94			
ROA	11.1%		12.1%		12.2%			
ROE	12.2%		12.8%		13.2%			
Current Ratio	92.1%		87.9%		87.2%			
Fixed Ratio	141.5%		142.9%		139.9%			
Shareholder's Equity Ratio	45.2%		46.8%		48.7%			

Note1: The operating revenues includes total sales of company-owned stores and royalties from franchised stores.

Note2: Forecasted net income per share for the February 2007 fiscal term is calculated by reflecting the transfer of treasury stock scheduled on April 14, 2006.

(2) Number of Employee

	2004.02		2005.02		2006.02	
		Change		Change		Change
Employees	3,148	-52	3,095	-53	3,120	25
The average age	36.3	1.0	36.4	0.1	37.1	0.7
Employees (Part - time)	3,524	35	3,366	-158	3,363	-3

Note: The average number of part-time is calculated by breaking total working hours per day in eight hours.

(3) Non-consolidated Statement of Income

(Millions of yen)

	Previous interim period	Current interim period	Increase (Decrease)
	(From March 1, 2004 to February 28, 2005)	(From March 1, 2005 to February 28, 2006)	
Operating revenues	175,732	185,766	10,034
1 Franchise commissions from franchised stores	162,963	170,812	7,849
Net sales reported by franchised stores	1,265,275	1,298,221	32,946
Total net sales of LAWSON stores including franchised stores	1,329,077	1,360,495	31,418
2 Other	12,769	14,954	2,185
Net sales	63,801	62,274	(1,527)
Total operating revenues	239,534	248,041	8,507
Cost of goods sold	46,167	44,933	(1,234)
Gross profit on sales	(17,634)	(17,341)	(293)
Operating gross profit	193,366	203,108	9,742
Selling, general and administrative expenses	151,145	159,303	8,158
Operating income	42,220	43,804	1,584
Non-operating income	1,365	1,341	(24)
1. Interest received	343	379	36
2. Compensation received for damage	209	163	(46)
3. Compensation received for removal	280	254	(26)
4. Other	532	543	11
Non-operating expense	1,348	1,507	159
1 Loss on cancellation of store lease contract	1,060	1,257	197
2 Other	288	249	(39)
Ordinary profit	42,237	43,639	1,402
Special gains	36	1,308	1,272
1. Gain on sales of fixed assets	18	24	6
2. Gain on sales of investments in securities	—	988	988
Reversal of allowance for doubtful accounts	—	263	263
3. Other	17	32	15
Special losses	6,490	6,364	(126)
1. Loss from disposal of fixed assets	3,662	2,967	(695)
2. Loss on sales of fixed assets	130	409	279
3. Provision for allowance for doubtful accounts	2,182	—	(2,182)
4. Loss on impairment of long-lived assets	—	2,640	2,640
5. Other	515	347	(168)
Income before income taxes	35,783	38,582	2,799
Income taxes-current	16,936	17,426	490
Deferred income taxes	(1,739)	(1,551)	188
Net income	20,585	22,707	2,122
Unappropriated retained earnings - carried forward	23,445	26,160	2,715
Reversal of land revaluation difference	5	2,182	2,177
Disposal on loss of treasury stock	—	33	33
Interim cash dividends	3,585	4,597	1,012
Retirement of treasury stock	10,703	—	(10,703)
Unappropriated retained earnings - at end of year	29,736	42,053	12,317

(4) Selling, general and administrative expenses

(Millions of yen)

Account item	Previous interim period	Current interim period	Increase (Decrease)
	(From March 1, 2004 to February 28, 2005)	(From March 1, 2005 to February 28, 2006)	
Rent	46,690	50,872	4,182
Personnel Expenses	32,407	32,478	71
Equipment Lease	14,284	14,369	85
Depreciation	14,996	15,799	803
Promotions Expense	9,800	9,117	(683)
Other	32,965	36,665	3,700
Total	151,145	159,303	8,158

(5) Non-consolidated Balance Sheet

(Millions of yen)

Account item	Fiscal period		Increase (Decrease)
	Previous fiscal year	Current fiscal year	
	(As of February 28,2005)	(As of February 28,2006)	
	Amounts	Amounts	Amounts
(Assets)			
Current assets	115,875	117,096	1,221
Cash and bank deposits	60,574	53,093	(7,481)
Accounts receivable - due from franchised stores	10,332	10,783	451
Marketable securities	13,021	16,011	2,990
Merchandise inventories	1,371	1,382	11
Prepaid expense	4,604	5,062	458
Short-term loans receivable	5,000	6,640	1,640
Accounts receivable - other	17,307	20,439	3,132
Deferred tax assets	2,997	2,929	(68)
Other	746	834	88
Allowance for doubtful accounts	(80)	(80)	0
Fixed assets	234,304	251,180	16,876
Property and store equipment-at net book value	92,022	99,019	6,997
Buildings	56,408	62,014	5,606
Structures	10,618	12,425	1,807
Furniture, fixtures and equipment	18,683	18,173	(510)
Land	5,643	5,236	(407)
Construction in progress	668	1,169	501
Intangible fixed assets	13,270	16,740	3,470
Investments and other	129,011	135,419	6,408
Investments in securities	1,172	1,464	292
Investment in subsidiaries and affiliated company	7,270	7,519	249
Investment in affiliated limited private company	438	438	0
Long-term loans receivable	16,809	20,630	3,821
Long-term prepaid expenses	2,633	3,104	471
Lease deposits	89,907	89,754	(153)
Deferred tax assets	8,851	11,566	2,715
Deferred tax assets for land revaluation	4,828	3,330	(1,498)
Other	1,237	2,072	835
Allowance for doubtful accounts	(4,137)	(4,462)	(325)
Total Assets	350,180	368,276	18,096
Accumulated depreciation for property and store equipment	86,698	96,276	9,578

Account item	Fiscal period		Increase (Decrease)
	Previous fiscal year	Current fiscal year	
	(As of February 28,2005)	(As of February 28,2006)	
	Amounts	Amounts	Amounts
(Liabilities)			
Current liabilities	131,810	134,240	2,430
Accounts payable-trade	3,096	3,148	52
Accounts payable-trade for franchised stores	59,457	59,795	338
Accounts payable-due to franchised stores	3,982	3,416	(566)
Short-term borrowings	200	-	(200)
Accounts payable-other	11,867	11,971	104
Accounts payable-other for franchised stores	248	244	(4)
Income taxes payable	11,462	10,059	(1,403)
Consumption taxes payable	931	863	(68)
Accrued expenses	1,911	1,996	85
Deposits received	35,514	39,909	4,395
Accrued employees' bonuses	2,636	2,328	(308)
Provision for use of LAWSON PASS points	407	361	(46)
Other	94	144	50
Long-term liabilities	54,377	54,530	153
Allowance for employees' retirement benefits	1,772	2,775	1,003
Allowance for retirement benefits to directors and corporate auditors	285	285	0
Lease deposits from franchisees and lessees	52,318	51,329	(989)
Allowance for impairment loss on leased property	-	140	140
Total Liabilities	186,188	188,770	2,582
(Shareholders' Equity)			
Common stock	58,506	58,506	0
Total capital surplus	41,523	41,520	(3)
Total retained earnings	80,463	92,781	12,318
Land revaluation difference	(7,037)	(4,854)	2,183
Net unrealized gain on available-for-sale securities	110	697	587
Treasury stock-at cost	(9,574)	(9,144)	430
Total Shareholders' Equity	163,991	179,505	15,514
Total Liabilities and Shareholders' Equity	350,180	368,276	18,096

(6) Statements of Appropriation of Retained Earnings

(Millions of yen)

	Previous fiscal year		Current fiscal year		Increase (Decrease)
(Appropriation of retained earnings)					
Unappropriated retained earnings—At end of year		29,736		42,053	12,317
Appropriation of retained earnings					
Year-end dividends	3,576	3,576	4,602	4,602	1,026
Retained earnings to be carried forward		26,160		37,450	11,290
(Appropriation of other capital surplus)					
Other capital surplus					
Gain on disposal of treasury stock	3	3	—	—	3
Other capital surplus to be carried forward		3		—	3

(7)Capital Expenditure (non-consolidated)

	2004.02	2005.02	2006.02	(Millions of yen) 2007.02(Plan)
New Store	19,480	21,695	25,747	19,700
Existing Store	10,432	8,175	6,592	6,500
IT	1,868	2,580	8,912	5,200
Other	361	4,173	1,558	7,600
Subtotal	32,141	36,623	42,809	39,000
Investments & Loan	6,250	(990)	1,889	5,000
Lease	8,449	9,142	8,935	16,500
Total	46,840	44,775	53,633	60,500
Depreciation	17,762	19,220	20,445	22,100

Note: Depreciation is the total of depreciation of property and store equipment, and amortization of intangible fixed assets.

3 . Sales and Products (Non-consolidated)

(1)YOY Rate on Existing Store

	2004.02	2005.02	2006.02
YOY Rate of Sales on Existing Stores	97.5%	99.7%	97.5%
	99.2%	-	-

(2)Average Daily Sales per store

(Thousands of Yen)

	2004.02	2005.02	2006.02
Total Stores	484	488	480
New Stores	436	448	426

(3)Average Number of Customers and Average Purchase Value per Customer in Existing Stores

(Persons,yen)

	2004.02	2005.02	2006.02
Number of Customers	803	816	820
Spend per Customers	598	597	585

(4)Inventory Turnover in Days(Based on All Stores, Inventory per a Store)

(Thousands of Yen)

	2004.02		2005.02		2006.02	
		YOY		YOY		YOY
Inventory	5,086	102.1%	5,200	102.2%	5,270	101.4%
Inventory Turnover in Days	11.1	103.7%	11.2	100.9%	11.5	102.6%

(5)Area of Floor

(m²)

	2004.02		2005.02		2006.02	
		YOY		YOY		YOY
Area of Floor	822,503	101.3%	852,342	103.6%	885,434	103.9%

Note:term average

(6)Liquor-Licensed,Cigarette-Licensed,24-hour Operating&Parking Lots Equipped Stores

(Store)

	2004.02		2005.02		2006.02	
		Share		Share		Share
Liquor-Licensed	5,895	75.4%	7,103	87.9%	7,285	87.4%
Cigarette-Licensed	6,176	79.0%	6,544	81.0%	6,926	83.1%
24-hour operating	7,697	98.4%	7,952	98.5%	8,197	98.4%
with Parking Lots	5,492	70.2%	5,744	71.1%	6,027	72.3%
Total	7,821	-	8,077	-	8,331	-

(7)Gross Profit Margin at Store Level

	2004.02	2005.02	2006.02
Fast Foods	35.6%	36.4%	36.8%
Fresh Foods	32.5%	33.3%	33.6%
Processed Foods	26.9%	26.7%	26.7%
Non-Food Products	33.4%	34.0%	35.8%
Total	30.7%	30.8%	31.2%

Note1:Gross profit of non-food products include service commissions.

Note2:Processed Foods includes cigarettes.

(8)Sales by Merchandise Category in Total Stores

(Billions of Yen)

	2004.02		2005.02		2006.02	
		Share		Share		Share
Fast Foods	302.1	23.5%	297.3	22.4%	312.1	22.9%
Fresh Foods	139.2	10.8%	148.1	11.1%	150.5	11.1%
Processed Foods	622.7	48.5%	665.6	50.1%	681.4	50.1%
Non-Food Products	220.8	17.2%	217.8	16.4%	216.4	15.9%
Total	1,285.0	100.0%	1,329.0	100.0%	1,360.4	100.0%

(9)Third Party Bill Settlement Service

(Million,Millions of Yen)

	2004.02		2005.02		2006.02	
		YOY		YOY		YOY
Transaction Volume	919,205	112.4%	1,035,936	112.7%	1,165,255	112.5%
No.of Settlement	108.4	108.4%	118.9	109.7%	130.6	109.9%
No.of Companies	283	115.5%	309	109.2%	349	112.9%
Commission Revenues	6,368	106.3%	6,768	106.3%	7,507	110.9%

(10)Number of ATM

(Number)

	2004.02	2005.02	2006.02
ATM	3,127	3,570	3,812

4 . Shareholders Information

(1)Distribution of Shareholders by Type

	End of Feb,06		
	(person)	(share)	(ratio)
Financial Institutions	146	21,923,300	21.0%
Securities Companies	35	1,389,195	1.3%
Other Domestic Entities	615	39,967,700	38.2%
Foreign Entities	360	27,526,156	26.3%
Individuals,Others	43,878	11,473,317	11.0%
JASDEC	1	6,400	0.0%
Treasury Stock	1	2,313,932	2.2%
Shares Issued and Outstanding	-	104,600,000	100.0%
Shareholders	45,036	-	-

(2)Principal Shareholders

	End of Feb,06	
	Shareholdings(Shares)	Shareholdings
Mitsubishi Corporation	32,089,300	30.7%
Japan Trustee Services Bank,Ltd.(Trust Account)	6,601,200	6.3%
Marubeni Foods Investment Co.,Ltd.	5,939,500	5.7%
The Master Trust Bank of Japan,Ltd.(Trust Account)	4,688,400	4.5%
STATE STREET BANK AND TRUST COMPANY 505103	2,428,701	2.3%
THE CHASE MANHATTAN BANK. N.A. LONDON	1,782,003	1.7%
Mitsui Asset Trust and Banking Company,Limited Account 1	1,241,000	1.2%
Mitsubishi UFJ Trust and Banking Corporation(Trust Account)	1,183,300	1.1%
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	1,160,168	1.1%
BBH BOSTON PFTC PUTNAM INTL GROWTH FUND	1,072,400	1.0%
Total number of voting share	58,185,972	55.6%

Note)Excluding 2,313,932 Shares which LAWSON,INC owns as of end of Feb,06