

## Flash Report on the Consolidated result for the third quarter ended November 30, 2004

January 7, 2005

Listed Company Name: LAWSON, INC.

Code No.: 2651

(URL <http://www.lawson.co.jp/ir/index.html>)

Company Representative: Takeshi Niinami, Representative Director, President & CEO

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### 1. Items pertaining to preparation of quarterly consolidated financial statements, etc.

Application of simplified accounting method:

The Company has adopted a simplified method for calculating tax expense, etc.

Differences in accounting treatments applied compared to previous consolidated fiscal year: None

Change in the scope of consolidation and application of the equity method:

Consolidation (newly included): 1 (Excluded): 1

Equity method (newly applied): 1

Note: Apart from the above changes, LAWSON e-Planning, Inc., a consolidated subsidiary, was renamed NATURAL LAWSON Inc. as of April 11, 2004, accompanied by a change in its business.

### 2. Consolidated Performance for the current third quarter period (from March 1, 2004, to November 30, 2004)

#### (1) Consolidated operating results

Note: Amounts below one million yen are truncated.

	Total operating revenues		Operating income		Ordinary profit	
	¥ Million	%	¥ Million	%	¥ Million	%
Current 3rd Quarter	191,256	2.4	34,461	12.4	33,723	15.1
Previous 3rd Quarter	186,691	(2.2)	30,659	(0.9)	29,298	3.9
Last fiscal year	245,601	(1.9)	38,087	11.7	36,563	19.3

	Net income		Net income per share	Fully diluted income per share
	¥ Million	%	¥	¥
Current 3rd Quarter	17,242	13.1	167.04	
Previous 3rd Quarter	15,244	63.2	143.85	
Last fiscal year	18,571	109.6	175.78	

Notes: Percentages for total operating revenues, operating income, ordinary profit and net income show increase (decrease) from previous period.

Effective from current period, amounts of less than one million yen in the consolidated financial statements have been truncated instead of the previous method of rounding them off.

#### [Qualitative Information, etc., on the Progress of Operating Results (consolidated)]

During the nine-month period from March 1 to November 30, 2004, encompassing the first three quarters of the Company's fiscal 2004 business term, Japan experienced year-on-year slowdowns in exports and industrial production. Improved corporate earnings and a gradual increase in capital investment, however, pointed to a continued underlying recovery for the economy as a whole. Consumer spending, too, showed an overall gradual upward trend, but not to the extent of exerting a direct positive impact on business performance figures for the entire retail sector.

The Lawson Group's business performance was affected by generally unseasonable weather in the September-November period, including a larger-than-average number of typhoons. The consequence of this was a decline in the number of visitors to our stores compared with the corresponding period of the previous year. As a result, sales for the reporting first three quarters, on an existing store basis, registered a year-on-year decline of 0.2%.

Turning to an analysis of sales by product category, we launched a new series of boxed lunches under the name of *Gohan-Tei*, inspired by a newly-developed product concept.

Together with the popular *Onigiriya* series, which marked the second anniversary of the introduction of this series in November 2004, we will offer an extensive series of attractive new products. In our fast food lines, we maintained our policy of constant renewal and innovation, and undertook aggressive sales promotion. Thanks to these measures, sales of *chukaman* (Chinese-style filled steamed buns) and *oden* (Japanese hotchpotch), our important lines of fast food lines, stayed at a healthy level.

Taking advantage of the relaxation in July 2004 of regulations limiting the sale of over-the-counter pharmaceuticals, we expanded our lineup of over-the-counter medicinal products, including cold remedies, treatments for upset stomachs and bowel problems, contact lens cleaning products, and other items for which there is strong demand, and have highlighted them through placement in their own shelf section named *Dr. Choi Care*. By these and other means, we are making sure that our customers are fully aware that Lawson carries such medicinal and health-care-related products.

Turning to our store-opening initiatives, we have continued to focus principally on the major conurbations – most notably Tokyo and Osaka -- in our opening of new outlets. We transferred a number of underperforming stores to superior locations nearby, while moving quickly ahead with the closure of stores deemed to have no hope of becoming profitable. At the same time, we expanded our effective outlet network through the increased use of M&As, for instance, concluding an agreement in October 2004 with TOHOKU SPAR CO.LTD.involving the takeover of part of the company's convenience store network (up to a maximum of 89 stores, including franchised stores) in the northern Japanese prefectures of Iwate, Aomori, and Akita.

As a result, net sales reported by franchised stores increased 3.3% year-on-year for the reporting nine months to ¥1,006,369 million on a consolidated basis in line with an increase in the number of stores. Ordinary profit increased 15.1% to ¥33,723 million, which is mainly attributable to increases in commissions from franchised stores and operating revenue of our subsidiary Lawson ATM Networks, Inc. Net income also increased 13.1% for the same period to ¥17,242 million.

*Sales by product group throughout the all LAWSON stores*

Fiscal period  Product group	Previous 3rd Quarter March 1, 2003, to November 30, 2003		Current 3rd Quarter March 1, 2004, to November 30, 2004		Year-over-year comparison (%)
	Sales (Millions of yen)	Composition ratio (%)	Sales (Millions of yen)	Composition ratio (%)	
Processed foods	471,559	48.4	505,635	50.3	107.2
Fast foods	230,895	23.7	225,397	22.4	97.6
Daily delivered foods	107,060	11.0	113,973	11.3	106.5
Total food products	809,515	83.1	845,005	84.0	104.4
Nonfood products	164,535	16.9	161,364	16.0	98.1
Total	974,050	100.0	1,006,369	100.0	103.3

Note: For the previous 3rd Quarter, sales by the chain stores operated by Shanghai Hualian Lawson Co., Ltd. are included in the figures above.

*Number of stores by prefecture (As of November 30, 2004)*

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	493	Saitama	297	Gifu	83	Tottori	63	Saga	56
Aomori	123	Chiba	267	Shizuoka	156	Shimane	59	Nagasaki	83
Iwate	130	Tokyo	776	Aichi	334	Okayama	114	Kumamoto	83
Miyagi	159	Kanagawa	471	Mie	72	Hiroshima	113	Oita	105
Akita	117	Niigata	107	Shiga	110	Yamaguchi	109	Miyazaki	81
Yamagata	55	Toyama	95	Kyoto	176	Tokushima	101	Kagoshima	108
Fukushima	100	Ishikawa	66	Osaka	813	Kagawa	91	Okinawa	114
Ibaraki	105	Fukui	73	Hyogo	459	Ehime	135	Total	7,952
Tochigi	97	Yamanashi	61	Nara	96	Kochi	51	*Shanghai	186
Gunma	65	Nagano	136	Wakayama	110	Fukuoka	284		

Note\*: For Shanghai Hualian Lawson Co., Ltd., an affiliate accounted for by the equity method, the numbers of stores as of the 3rd Quarter closing date (September 30, 2004) is reported.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	¥ Million	¥ Million	%	¥
Current 3rd Quarter	356,997	157,060	44.0	1,537.14
Previous 3rd Quarter	361,103	155,168	43.0	1,475.25
Last fiscal year	354,831	154,317	43.5	1,479.31

(3) Consolidated 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 year
	¥ Million	¥ Million	¥ Million	¥ Million
Current 3rd Quarter	41,606	(29,780)	(13,836)	74,379
Previous 3rd Quarter	31,425	(36,601)	(11,256)	77,532
Last fiscal year	37,424	(40,621)	(14,364)	76,389

[Qualitative Information, etc., on the Fluctuation of Financial Conditions (consolidated)]

Total assets increased by ¥2,166 million during the reporting nine-month period, and shareholders' equity also increased by ¥2,743 million. As a result, the equity ratio (shareholders' equity as a percentage of total assets) stood at 44.0% at the end of November 2004.

**Cash flow analysis**

Cash flows from operating activities resulted in a net inflow of ¥41,606 million. The main contributing factors include the posting of ¥30,832 million in income before income taxes and changes in accounts payable (trade, due to franchised stores and others).

Cash flows from investing activities resulted in a net outflow of ¥29,780 million. Payment of ¥44,599 million for purchase of marketable securities (¥26,287 million) and acquisition of property and store equipment (¥18,312 million) more than offset ¥20,525 million in proceeds from the redemption of marketable securities.

Cash flows from financing activities resulted in a net outflow of ¥13,836 million, mainly due to the acquisition of the Company's own shares for ¥8,797 million to increase its treasury stock and dividend payments of ¥5,775 million.

As a result, cash and cash equivalents decreased by ¥2,010 million during the reporting first three quarters, and stood at ¥74,379 million at the end of November 2004.

3. Forecast Consolidated Performance for 2005 fiscal year (from March 1, 2004, to February 28, 2005)

There are no changes to the interim and full-year forecasts issued on October 13, 2004 for the fiscal year ending February 28, 2005.

Note: The above-mentioned forecast is based on the information, which is able to get hand at present, and including a potential risk and uncertainty. Therefore, actual achievements may differ from these forecast due to many factors.

Reference:

Non-consolidated Performance for the current third quarter period (from March 1, 2004, to November 30, 2004)

(1) Non-consolidated operating results

Note: Amounts below one million yen are truncated

	Total operating revenues (Total net sales of Lawson stores including franchised stores)			Operating income		Ordinary profit	
	¥ Million		%	¥ Million	%	¥ Million	%
Current 3rd Quarter	180,220	(1,006,369)	2.7( 3.6)	33,650	10.1	33,494	11.5
Previous 3rd Quarter	175,550	( 971,583)	-4,1(-1.0)	30,557	-1.7	30,044	0.2
Last fiscal year	231,099	(1,285,018)	-3.4(-0.5)	38,039	10.2	37,629	13.3

	Net income		Net income per share	Fully diluted income per share
	¥ Million	%	¥	¥
Current 3rd Quarter	17,337	7.7	167.96	
Previous 3rd Quarter	16,095	44.6	151.89	
Last fiscal year	19,018	85.3	180.01	

Note: Percentages for total operating revenues (Total net sales of Lawson stores), operating income, etc. show increase (decrease) from previous period.

(2) Non-consolidated financial position

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	¥ Million	¥ Million	%	¥
Current 3rd Quarter	351,238	160,695	45.8	1,572.71
Previous 3rd Quarter	356,477	159,071	44.6	1,512.36
Last fiscal year	349,328	157,843	45.2	1,513.12

(3) Forecast Non-consolidated Performance for 2005 fiscal year (from March 1, 2004, to February 28, 2005)

There are no changes to the interim and full-year forecasts issued on October 13, 2004 for the fiscal year ending February 28, 2005.

Note: The above-mentioned forecast is based on the information, which is able to get hand at present, and including a potential risk and uncertainty. Therefore, actual achievements may differ from these forecast due to many factors.

Consolidated Balance Sheet

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2003)		Current 3rd Quarter (As of November 30, 2004)		Last fiscal year (As of February 29, 2004)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Assets)		%		%		%
Current assets						
Cash and bank deposits	61,672		70,382		76,393	
Accounts receivable—due from franchised stores	18,708		11,521		18,628	
Marketable securities	36,251		19,006		9,244	
Merchandise inventories	1,704		1,658		1,497	
Accounts receivable—other	14,548		14,700		18,028	
Deferred tax assets	2,441		2,842		2,818	
Other	10,546		13,204		11,186	
Allowance for doubtful accounts	(131)		(93)		(132)	
Total current assets	145,739	40.4	133,222	37.3	137,662	38.8
Fixed assets						
Property and store equipment—at net book value						
Buildings and structures	54,889		62,657		57,317	
Furniture, fixtures and equipment	20,115		18,826		20,517	
Land	4,995		5,643		4,938	
Other	261		1,347		500	
Total property and store equipment— net	80,260	22.2	88,475	24.8	83,272	23.5
Intangible fixed assets	15,386	4.2	13,694	3.8	14,872	4.2
Investments and other						
Investments in securities	1,992		947		1,715	
Lease deposits	90,336		90,026		90,496	
Deferred tax assets	9,021		6,788		6,804	
Deferred tax assets for land revaluation	4,819		4,828		4,808	
Other	15,163		20,869		16,953	
Allowance for doubtful accounts	(1,613)		(1,856)		(1,751)	
Total investments and other	119,718	33.2	121,604	34.1	119,025	33.5
Total fixed assets	215,364	59.6	223,774	62.7	217,169	61.2
Total Assets	361,103	100.0	356,997	100.0	354,831	100.0

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2003)		Current 3rd Quarter (As of November 30, 2004)		Last fiscal year (As of February 29, 2004)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(Liabilities)		%		%		%
Current liabilities						
Accounts payable—trade	70,760		71,800		63,322	
Accounts payable— due to franchised stores	1,334		3,075		1,402	
Account payable—other	18,335		10,063		18,204	
Income taxes payable	8,969		7,791		10,009	
Deposits received	43,347		43,341		43,745	
Accrued employees' bonuses	1,392		1,409		2,689	
Provision for use of LAWSON PASS points	-		438		-	
Other	4,908		4,076		3,227	
Total current liabilities	149,045	41.3	141,997	39.8	142,598	40.2
Long-term liabilities						
Allowance for employees' retirement benefits	1,020		1,575		1,144	
Allowance for retirement benefits to directors and corporate auditors	189		273		218	
Deposits received from franchisees and lessees	53,401		52,425		53,373	
Other	325		184		289	
Total long-term liabilities	54,935	15.2	54,458	15.2	55,024	15.5
Total Liabilities (Minority Interest)	203,980	56.5	196,456	55.0	197,622	55.7
Minority Interest (Shareholders' Equity)						
Minority Interest	1,955	0.5	3,480	1.0	2,892	0.8
Common stock	58,507	16.2	58,506	16.4	58,507	16.5
Capital surplus	41,521	11.5	41,523	11.6	41,521	11.7
Retained earnings	69,458	19.2	73,528	20.6	72,769	20.5
Land revaluation difference	(7,083)	(1.9)	(7,037)	(2.0)	(7,067)	(2.0)
Net unrealized gain on available-for-sale securities	49	0.0	61	0.0	53	0.0
Foreign currency transaction adjustments	95	0.0	53	0.0	68	0.0
Treasury stock-at cost	(7,379)	(2.0)	(9,574)	(2.6)	(11,534)	(3.2)
Total Shareholders' Equity	155,168	43.0	157,060	44.0	154,317	43.5
Total Liabilities, Minority Interest and Shareholders' Equity	361,103	100.0	356,997	100.0	354,831	100.0

Consolidated Statement of Income

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (From March 1,2003 to November 30, 2003)		Current 3rd Quarter (From March 1,2004 to November 30, 2004)		Last Fiscal year (From March 1, 2003 to February 29, 2004)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating revenues	134,773	72.2	142,277	74.4	177,216	72.2
Net sales reported by franchised stores						
Previous 3rd Quarter:	¥ 922,911 million					
Current 3rd Quarter:	¥ 957,835 million					
Last fiscal year:	¥ 1,220,819 million					
Total net sales of Lawson stores including franchised stores						
Previous 3rd Quarter:	¥ 974,050 million					
Current 3rd Quarter:	¥ 1,006,369 million					
Last fiscal year:	¥ 1,288,297 million	(100.0)		(100.0)		(100.0)
Net sales	51,918	27.8	48,979	25.6	68,385	27.8
Total operating revenues	186,691	100.0	191,256	100.0	245,601	100.0
Cost of goods sold	37,945	(73.1)	35,463	(72.4)	50,058	(73.2)
Gross profit on sales	(13,973)	(26.9)	(13,515)	(27.6)	(18,327)	(26.8)
Operating gross profit	148,746	79.7	155,792	81.4	195,543	79.6
Selling, general and administrative expenses	118,087	63.3	121,331	63.4	157,456	64.1
Operating income	30,659	16.4	34,461	18.0	38,087	15.5
Non-operating income	753	0.4	1,040	0.5	1,048	0.4
Non-operating expense	2,114	1.1	1,778	0.9	2,572	1.0
Ordinary profit	29,298	15.7	33,723	17.6	36,563	14.9
Special gains	971	0.5	352	0.2	1,525	0.6
Special losses	3,546	1.9	3,243	1.7	5,165	2.1
Income before income taxes	26,723	14.3	30,832	16.1	32,923	13.4
Income taxes	11,769	6.3	13,374	7.0	14,717	6.0
Minority interest in earnings (losses) of consolidated subsidiaries	(290)	(0.2)	215	0.1	(365)	(0.2)
Net income	15,244	8.2	17,242	9.0	18,571	7.6

Consolidated Statements of Capital surplus and Retained Earnings

(Millions of yen)

Account item	Fiscal period	Previous 3rd Quarter (From March 1,2003 to November 30, 2003)		Current 3rd Quarter (From March 1,2004 to November 30, 2004)		Last Fiscal year (From March 1, 2003 to February 29, 2004)	
		Amount		Amount		Amount	
( Capital surplus )							
Balance of Capital surplus at beginning of year			41,520		41,521		41,520
Increase in capital surplus							
Gain on disposal of treasury stock	1	1	1	1	1	1	1
Balance of capital surplus at end of the 3rd Quarter(year)			41,521		41,523		41,521
( Retained earnings )							
Balance of retained earnings at beginning of year			58,608		72,769		58,608
Increase in retained earnings							
Net income	15,244	15,244	17,242	17,242	18,571	18,571	18,571
Decrease in retained earnings							
Cash dividends	4,380		5,775		4,380		4,380
Reversal of land revaluation difference	14		5		30		30
Retirement of treasury stock	-	4,394	10,703	16,485	-	4,410	4,410
Balance of retained earnings at end of the 3rd Quarter(year)			69,458		73,528		72,769

Consolidated Statements of Cash Flows

( Millions of yen )

Fiscal period	Previous 3rd Quarter (From March 1,2003 to November 30, 2003)	Current 3rd Quarter (From March 1,2004 to November 30, 2004)	Last Fiscal year (From March 1, 2003 to February 29, 2004)
Account item	Amount	Amount	Amount
Operating activities:			
Income before income taxes	26,723	30,832	32,923
Depreciation of fixed assets	13,464	14,113	18,499
Increase (decrease) in provision for allowance for retirement benefits to employees	(2,766)	431	(2,642)
Increase in provision for use of LAWSON PASS points	-	438	-
Loss from disposal of fixed assets	2,346	1,967	2,908
Interest received	(217)	(262)	(297)
Other - net	1,342	(469)	1,415
Decrease (increase) in accounts receivable due from franchised stores	(11,677)	6,934	(11,601)
Decrease (increase) in accounts receivable - other	1,050	3,274	(2,432)
Increase (decrease) in accounts payable—trade and due to franchised stores	3,449	10,436	(3,914)
Increase (decrease) in accounts payable—other	324	(7,877)	3,212
Increase (decrease) in deposits received	10,317	(404)	10,715
Decrease in deposits received from franchisee and lessees	(1,588)	(943)	(1,616)
Other—net	(1,008)	(1,510)	572
Subtotal	41,759	56,960	47,742
Interest and dividend income received	216	262	295
Interest expenses paid	(12)	(10)	(15)
Income taxes paid	(10,538)	(15,606)	(10,598)
Net cash provided by operating activities	31,425	41,606	37,424

Investing activities:			
Payment for purchase of marketable securities	(43,749)	(26,287)	(28,270)
Proceeds from redemption of marketable securities	31,948	20,525	24,471
Sales of a subsidiary's stock - net	-	(585)	-
Payment for acquisition of property and store equipment	(15,851)	(18,312)	(23,832)
Increase in intangible fixed assets	(1,913)	(2,204)	(2,128)
Other—net	(7,036)	(2,917)	(10,862)
Net cash used in investing activities	(36,601)	(29,780)	(40,621)
Financing activities:			
Purchase of treasury stock	(7,376)	(8,797)	(11,549)
Cash dividends paid	(4,380)	(5,775)	(4,380)
Other	500	736	1,565
Net cash used in financing activities	(11,256)	(13,836)	(14,364)
Effects of exchange rate changes on cash and cash equivalents	(30)	-	(44)
Net decrease in cash and cash equivalents	(16,462)	(2,010)	(17,605)
Cash and cash equivalents, beginning of year	93,994	76,389	93,994
Cash and cash equivalents, end of the 3rd Quarter (year)	77,532	74,379	76,389

Non-consolidated Balance Sheet

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2003)		Current 3rd Quarter (As of November 30, 2004)		Last fiscal year (As of February 29, 2004)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Assets)		%		%		%
Current assets						
Cash and bank deposits	52,725		59,506		66,280	
Accounts receivable—due from franchised stores	18,581		11,521		18,455	
Marketable securities	36,250		19,006		9,244	
Merchandise inventories	1,575		1,658		1,376	
Deferred tax assets	2,405		2,771		2,755	
Other	23,668		26,637		27,989	
Allowance for doubtful accounts	(129)		(92)		(123)	
Total current assets	135,078	37.9	121,008	34.5	125,977	36.1
Fixed assets						
Property and store equipment—at net book value						
Buildings	46,024		52,536		47,963	
Furniture, fixtures and equipment	19,742		18,694		20,118	
Land	4,994		5,643		4,937	
Other	9,081		11,435		9,811	
Total property and store equipment— net	79,844	22.4	88,310	25.1	82,830	23.7
Intangible fixed assets	14,340	4.0	12,904	3.7	13,886	4.0
Investments and other						
Investments in securities	9,738		8,306		8,850	
Lease deposits	90,242		89,966		90,400	
Deferred tax assets	9,518		7,368		7,391	
Deferred tax assets for land revaluation	4,819		4,828		4,808	
Other	15,142		20,401		16,934	
Allowance for doubtful accounts	(1,613)		(1,856)		(1,751)	
Allowance for impairment of investment	(635)		-		-	
Total investments and other	127,213	35.7	129,015	36.7	126,633	36.2
Total fixed assets	221,398	62.1	230,230	65.5	223,350	63.9
Total Assets	356,477	100.0	351,238	100.0	349,328	100.0

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2003)		Current 3rd Quarter (As of November 30, 2004)		Last fiscal year (As of February 29, 2004)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Liabilities)		%		%		%
Current liabilities						
Accounts payable—trade	70,406		71,800		63,152	
Accounts payable— due to franchised stores	1,167		3,075		1,385	
Short-term borrowings	500		200		-	
Account payable—other	17,527		9,478		17,350	
Income taxes payable	8,896		7,603		9,922	
Deposits received	38,657		38,570		39,203	
Accrued employees' bonuses	1,332		1,303		2,630	
Provision for use of LAWSON PASS points	-		438		-	
Other	4,327		3,862		3,135	
Total current liabilities	142,816	40.1	136,332	38.8	136,779	39.1
Long-term liabilities						
Allowance for employees' retirement benefits	994		1,539		1,114	
Allowance for retirement benefits to directors and corporate auditors	186		256		212	
Deposits received from franchisees and lessees	53,409		52,413		53,378	
Total long-term liabilities	54,589	15.3	54,210	15.4	54,704	15.7
Total Liabilities	197,405	55.4	190,543	54.2	191,484	54.8
(Shareholders' Equity)						
Common stock	58,506	16.4	58,506	16.7	58,506	16.7
Capital surplus						
Additional paid-in capital	41,520		41,520		41,520	
Other capital surplus						
Gain on disposal of treasury stock	1		3		1	
Total capital surplus	41,521	11.7	41,523	11.8	41,521	11.9
Retained earnings						
Legal reserve	727		727		727	
General reserve	30,000		50,000		30,000	
Unappropriated retained earnings	42,729		26,488		45,636	
Total retained earnings	73,457	20.6	77,215	22.0	76,363	21.9
Land revaluation difference	(7,083)	(2.0)	(7,037)	(2.0)	(7,066)	(2.0)
Net unrealized gain on available-for-sale securities	49	0.0	61	0.0	53	0.0
Treasury stock-at cost	(7,379)	(2.1)	(9,574)	(2.7)	(11,534)	(3.3)
Total Shareholders' Equity	159,071	44.6	160,695	45.8	157,843	45.2
Total Liabilities and Shareholders' Equity	356,477	100.0	351,238	100.0	349,328	100.0

Non-consolidated Statement of Income

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (From March 1, 2003 to November 30, 2003)		Current 3rd Quarter (From March 1, 2004 to November 30, 2004)		Last Fiscal year (From March 1, 2003 to February 29, 2004)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating revenues	125,783	71.7	131,686	73.1	165,404	71.6
Net sales reported by franchised stores						
Previous 3rd Quarter: ¥ 921,817 million						
Current 3rd Quarter: ¥ 957,835 million						
Last fiscal year: ¥ 1,219,323 million						
Total net sales of Lawson stores including franchised stores						
Previous 3rd Quarter: ¥ 971,583 million						
Current 3rd Quarter: ¥ 1,006,369 million						
Last fiscal year: ¥ 1,285,018 million		(100.0)		(100.0)		(100.0)
Net sales	49,766	28.3	48,533	26.9	65,694	28.4
Total operating revenues	175,550	100.0	180,220	100.0	231,099	100.0
Cost of goods sold	36,111	(72.6)	35,066	(72.3)	47,804	(72.8)
Gross profit on sales	(13,655)	(27.4)	(13,466)	(27.7)	(17,889)	(27.2)
Operating gross profit	139,439	79.4	145,153	80.5	183,294	79.3
Selling, general and administrative expenses	108,881	62.0	111,503	61.8	145,255	62.8
Operating income	30,557	17.4	33,650	18.7	38,039	16.5
Non-operating income	719	0.4	1,036	0.6	1,003	0.4
Non-operating expense	1,232	0.7	1,191	0.7	1,412	0.6
Ordinary profit	30,044	17.1	33,494	18.6	37,629	16.3
Special gains	946	0.5	154	0.1	947	0.4
Special losses	3,241	1.8	3,234	1.8	5,033	2.2
Income before income taxes	27,749	15.8	30,415	16.9	33,543	14.5
Income taxes	11,653	6.6	13,078	7.3	14,524	6.3
Net income	16,095	9.2	17,337	9.6	19,018	8.2
Unappropriated retained earnings — carried forward	28,767		23,445		28,767	
Reversal of land revaluation difference	13		5		30	
Retirement of treasury stock	-		10,703		-	
Interim cash dividends	2,120		3,585		2,120	
Unappropriated retained earnings — at end of the 3rd Quarter (year)	42,729		26,488		45,636	