

## Flash Report on the Consolidated Results for the Third Quarter Ended November 30,2008

January 8, 2009

Listed Company Name: LAWSON, INC.

Code No.: 2651

URL: <http://www.lawson.co.jp/company/e/index.html>

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### 1. Consolidated Performance for the Current Third Quarter Period (from March 1,2008 to November 30,2008)

#### (1) Consolidated operating results

Note: Amounts below one million yen are truncated.

	Total operating revenues		Operating profit		Recurring profit	
	¥ Million	%	¥ Million	%	¥ Million	%
Current 3rd Quarter	242,184	6.2	43,325	14.3	43,077	13.9
Previous 3rd Quarter	228,132	6.9	37,910	6.9	37,818	6.1
Last fiscal year	301,176	-	46,610	-	46,244	-

	Net profit		Net profit per share	Fully diluted income per share
	¥ Million	%	¥	¥
Current 3rd Quarter	23,142	22.8	233.40	233.19
Previous 3rd Quarter	18,851	7.4	180.51	180.42
Last fiscal year	22,119	-	214.69	214.57

Note: Percentages for total operating revenues, operating income, ordinary profit and net income show increases (decreases) from previous period.

#### (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	¥ Million	¥ Million	%	¥
Current 3rd Quarter	440,530	201,322	44.2	1,964.99
Previous 3rd Quarter	402,049	206,301	50.5	1,943.70
Last fiscal year	397,107	188,573	46.6	1,867.84

#### (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	47,155	(2,973)	(13,320)	93,684
Previous 3rd Quarter	37,237	(26,386)	(10,973)	75,425
Last fiscal year	55,773	(36,525)	(31,973)	62,822

### 2. Qualitative Information Regarding Consolidated Forecasts

No revisions have been made to revised forecasts announced on October 14, 2008 for the fiscal year ending February 28, 2009.

The above forecasts are based on information available to the company at this time and include potential risks and uncertainties. Accordingly, actual results may differ from these forecasts due to a number of factors.

### 3. Other

(1) Changes in significant subsidiaries during the period (changes in significant subsidiaries causing changes in the scope of consolidation)

There were no changes in significant subsidiaries during the period.

(2) Application of simplified accounting treatment

The Company applies simplified methods in part in calculating tax expenses, etc.

(3) Changes in accounting treatment from the most-recent consolidated fiscal year.

None

Reference:

Non-consolidated Performance for the Current Third Quarter Period (from March 1,2008 to November 30,2008)

(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 profit		Recurring profit	
	¥ Million		%	¥ Million	%	¥ Million	%
Current 3rd Quarter	214,600	[1,144,941]	4.8[7.6]	41,247	11.9	41,862	13.2
Previous 3rd Quarter	204,823	[1,064,102]	5.8[1.7]	36,864	4.7	36,976	4.1
Last fiscal year	269,582	[1,402,786]	- [-]	45,334	-	45,298	-

	Net profit		Net profit per share	Fully diluted income per share
	¥ Million	%	¥	¥
Current 3rd Quarter	21,698	24.3	218.84	218.64
Previous 3rd Quarter	17,461	(4.7)	167.21	167.11
Last fiscal year	18,899	-	183.43	183.33

Note: Percentages for total operating revenues (Total net sales of LAWSON stores), operating income, etc., show increases (decreases) from previous period.

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	¥ Million	¥ Million	%	¥
Current 3rd Quarter	409,533	195,447	47.7	1,969.11
Previous 3rd Quarter	392,656	206,786	52.6	1,978.62
Last fiscal year	385,335	187,146	48.5	1,886.15

Note: The above forecasts are based on information available to the company at this time and include potential risks and uncertainties. Accordingly, actual results may differ from these forecasts due to a number of factors.

## [Qualitative Information and Financial Position]

### 1. Qualitative Information Concerning Consolidated Operating Performance

During the third quarter of fiscal 2008, the three-month period from September 1 to November 30, 2008, the Japanese economy saw an increasing risk of economic recession, with both nominal and real GDP in the July-September 2008 quarter registering negative growth. This gloomy economic picture emerged against a backdrop of a further slowdown in the global economy prompted by the U.S. economic recession.

In the convenience store (CVS) industry, although fierce competition persisted in terms of both store openings and product development, all CVS companies posted strong existing-store sales. Among other factors, more customers visited stores, driven there by the introduction of cigarette vending machines requiring *taspo* cards (adult identification IC cards). Favorable weather conditions also benefited sales.

In this operating environment, the LAWSON Group (the "Company") took the following actions with the aim of improving customer satisfaction in CVS operations and other businesses to realize its corporate philosophy of "Happiness and Harmony in Our Community."

Total operating revenues were 242,184 million yen, recurring profit was 43,077 million yen, and net profit was 23,142 million yen.

#### Convenience Store Operations

##### Store Openings

The Company worked to develop stores promising high profitability, such as by concentrating store openings in large metropolitan areas such as Kanto (Tokyo), Chubu (Nagoya) and Kinki (Osaka/Kobe) in strict adherence to the Group's proprietary standards regarding openings. As a result of these efforts, daily sales at new stores grew strongly.

Regarding its store format strategy, the Company continued to open and renovate stores, choosing the format best-suited to the needs of customers in each location, capitalizing on the special features of a particular format for its targeted customer base. The Company's main formats are LAWSON, NATURAL LAWSON, LAWSON STORE100, and LAWSON PLUS, which are converted LAWSON stores with an enhanced assortment of perishable foods.

As a result of these actions, during the third quarter the Company opened 317 stores, of which 5 were NATURAL LAWSON, and closed 300 stores, including relocations.

As of November 30, 2008, the Company and its consolidated subsidiary VALUE LAWSON, Inc. had a combined total of 8,604 stores (8,441 LAWSON stores, 93 NATURAL LAWSON stores, and 70 LAWSON STORE100 stores. This represented a 17-store increase from February 29, 2008.

Between July and August 2008, the Company conducted a public tender offer to acquire shares of Ninety-nine Plus Inc., formerly an equity-method affiliate. Following this tender offer, the Company held 76.8% of Ninety-nine Plus' shares and made it a consolidated subsidiary on September 5, 2008. Plans moving forward call for SHOP99 stores to be converted to the LAWSON STORE100 format, as the LAWSON Group seeks to grow this format as the nucleus of its perishable foods convenience store business, one that can satisfy the needs of homemakers, middle-aged and senior customers alike. Ninety-nine Plus was operating 846 single-price convenience stores trading under either the SHOP99 or LAWSON STORE100 as of September 30, 2008. VALUE LAWSON, Inc. and Ninety-nine Plus, Inc. are performing strongly as consumers increasingly tighten their belts.

In overseas operations, SHANGHAI HUALIAN LAWSON CO., LTD., a Chinese equity-method affiliate, was operating 292 stores in Shanghai, China, as of September 30, 2008.

##### Number of stores by prefecture (As of November 30, 2008)

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	496	Saitama	333	Gifu	103	Tottori	86	Saga	61
Aomori	159	Chiba	282	Shizuoka	150	Shimane	79	Nagasaki	83
Iwate	164	Tokyo	942	Aichi	330	Okayama	123	Kumamoto	89
Miyagi	156	Kanagawa	496	Mie	81	Hiroshima	130	Oita	122
Akita	143	Niigata	100	Shiga	121	Yamaguchi	108	Miyazaki	83
Yamagata	56	Toyama	104	Kyoto	198	Tokushima	107	Kagoshima	106
Fukushima	94	Ishikawa	76	Osaka	805	Kagawa	99	Okinawa	133
Ibaraki	100	Fukui	90	Hyogo	488	Ehime	152	Total	8,604
Tochigi	104	Yamanashi	67	Nara	103	Kochi	62		
Gunma	69	Nagano	133	Wakayama	110	Fukuoka	328		

Notes : The above table includes NATURAL LAWSON stores (93 stores) and LAWSON STORE100 stores (70 stores), but excludes stores operated by Ninety-nine Plus Inc.

### Merchandise Strategies and Services

In terms of merchandise strategy, the Company focused on expanding sales of products that would win over a wide range of customer groups and conducted sales promotions with higher entertainment value. The Fall Rilakkuma Fair campaign, run from September through November, helped immensely in expanding new customer groups, including female customers. Furthermore, the Company launched sales of Lemon Flavor Karaage-kun to a strong customer response. The launch of this new flavor of Japanese-style fried chicken offering was based on the results of a customer survey.

#### *Sales by product group throughout all Lawson Group stores*

Fiscal period Product group	Previous 3rd Quarter March 1, 2007 to November 30, 2007		Current 3rd Quarter March 1, 2008 to November 30, 2008		Year-on-year comparison (%)
	Sales (Millions of yen)	Percentage of Total (%)	Sales (Millions of yen)	Percentage of Total (%)	
Processed foods	552,640	51.5	626,453	54.2	113.4
Fast foods	249,465	23.2	252,591	21.9	101.3
Daily delivered foods	124,180	11.6	133,457	11.5	107.5
Nonfood products	147,127	13.7	143,027	12.4	97.2
Total	1,073,412	100.0	1,155,528	100.0	107.7

Note: The above figures include sales of NATURAL LAWSON and LAWSON STORE100 stores, but excludes sales operated by Ninety-nine Plus Inc.

### Store Operations

In store operations, the Company continued providing guidance to franchise owners in order to ensure merchandise assortments match customer needs in each location. Guidance is provided to individual stores based on a thorough understanding of the customers in a given catchment area so as to create merchandise assortments that will satisfy these customers.

In specific terms, the Company endeavored to increase ordering accuracy by refining and making greater use of store charts, a decision-making tool created from analyses of individual store marketing and of management. The aim is to minimize lost sales opportunities resulting from stores being out of stock when a product is needed by customers, and to reduce waste-based losses which are incurred by franchise owners when products must be disposed off because they have passed their expiry date.

In addition to the above, efforts to boost sales of products targeting the additional customers brought into stores by the introduction of *taspo* vending machines and other actions lifted the average number of customers in existing stores in the third quarter of fiscal 2008 sharply above the corresponding period of the previous fiscal year. The average purchase value per customer was up slightly during the same period. Consequently, existing store sales rose 6.6% year on year in the third quarter of fiscal 2008.

### Other Businesses

Besides convenience store operations, the LAWSON Group conducts ticket sales, as well as e-commerce, financial services, consulting and restaurant services businesses.

LAWSON TICKET INC., which operates the ticket sales business, recorded higher ticket sales and operating profit year on year on the back of strong sales of concert tickets, a mainstay of this business.

E-commerce operator i-Convenience, Inc. is developing websites offering online sales, services and information accessible by mobile phone or PC. Although website outsourcing services were strong, sales and operating profit fell year on year as online sales and marketing businesses turned in lackluster performances.

In November, i-Convenience, Inc. concluded a basic agreement regarding a merger with LAWSON TICKET INC. The two companies plan to merge effective March 1, 2009. As the surviving company, LAWSON TICKET INC. will work to raise customer satisfaction by taking full advantage of synergies between the ticket sales and e-commerce businesses.

LAWSON ATM Networks, Inc., which operates a financial services-related business, recorded higher operating revenues and operating profit as a result of increases in the number of ATM machines installed nationwide in LAWSON stores and in the number of transactions. As of November 30, 2008, the number of ATMs installed nationwide reached 5,830.

BestPractice Inc., operator of a consulting business, provides advice and proposals concerning LAWSON store improvements based on the findings of field surveys. Operating profit rose year on year because the company increased the number of stores surveyed and broadened the scope of surveys.

## **2. Qualitative Information Regarding Changes in Other Consolidated Financial Indicators**

As of November 30, 2008, total assets stood at ¥440,530 million, an increase of ¥43,422 million from the previous fiscal year-end. Net assets were ¥201,322 million, up ¥12,749 million over the same period. As a result, the capital adequacy ratio was 44.2%.

Consolidated Balance Sheet

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2007)		Current 3rd Quarter (As of November 30, 2008)		Last fiscal year (As of February 29, 2008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Assets)		%		%		%
Current assets						
Cash and bank deposits	63,335		92,688		62,126	
Accounts receivable-Due from franchised stores	14,010		26,607		11,949	
Marketable securities	25,978		7,298		4,199	
Merchandise inventories	2,026		5,208		1,723	
Accounts receivable-Other	20,449		22,186		26,983	
Deferred tax assets	3,410		3,723		3,632	
Other	16,706		9,978		27,737	
Allowance for doubtful accounts	(109)		(138)		(102)	
Total current assets	145,808	36.3	167,552	38.0	138,250	34.8
Fixed assets						
Property and store equipment-at net book value						
Buildings and structures	84,759		90,402		85,914	
Furniture, fixtures and equipment	14,267		12,938		13,724	
Land	5,657		6,782		5,844	
Construction in progress	1,385		664		948	
Total property and store equipment- net	106,069	26.4	110,787	25.2	106,431	26.8
Intangible assets	18,611	4.6	29,428	6.7	18,287	4.6
Investments and other						
Investments in securities	5,954		740		7,607	
Long-term loans receivable	25,248		26,386		25,646	
Lease deposits	83,539		85,679		82,754	
Deferred tax assets	12,216		14,100		12,809	
Deferred tax assets for land revaluation	467		467		467	
Other	6,481		8,058		7,254	
Allowance for doubtful accounts	(2,348)		(2,671)		(2,403)	
Total investments and other	131,560	32.7	132,762	30.1	134,137	33.8
Total fixed assets	256,241	63.7	272,978	62.0	258,856	65.2
Total Assets	402,049	100.0	440,530	100.0	397,107	100.0

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2007)		Current 3rd Quarter (As of November 30, 2008)		Last fiscal year (As of February 29, 2008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Liabilities)		%		%		%
Current liabilities						
Accounts payable -Trade	71,246		87,598		65,587	
Accounts payable-Due to franchised stores	1,570		675		2,201	
Accounts payable-Other	10,820		18,926		13,326	
Income taxes payable	7,949		6,959		11,427	
Deposits received	43,457		61,813		56,294	
Accrued employees' bonuses	1,476		1,599		2,663	
Provision for use of points granted	755		1,211		797	
Other	5,280		7,142		3,681	
Total current liabilities	142,557	35.5	185,926	42.2	155,979	39.3
Long-term liabilities						
Allowance for employees' retirement benefits	3,900		4,880		4,174	
Allowance for retirement benefits to executive officers and corporate auditors	168		216		182	
Deposits received from franchisees and lessees	46,704		43,810		45,831	
Allowance for impairment loss on leased property	362		713		314	
Other	2,054		3,660		2,052	
Total long-term liabilities	53,190	13.2	53,281	12.1	52,554	13.2
Total Liabilities	195,747	48.7	239,208	54.3	208,534	52.5

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2007)		Current 3rd Quarter (As of November 30, 2008)		Last fiscal year (As of February 29, 2008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Net assets)						
Owners' equity						
Common stock	58,506	14.6	58,506	13.3	58,506	14.7
Capital surplus	42,229	10.5	41,520	9.4	41,520	10.5
Retained earnings	103,231	25.7	97,145	22.1	87,390	22.0
Treasury stock	(656)	(0.2)	(1,723)	(0.4)	(1,837)	(0.5)
Total Owners' equity	203,311	50.6	195,448	44.4	185,579	46.7
Valuation and translation adjustments						
Net unrealized gain (loss) on available-for-sale securities	220	0.1	(32)	(0.0)	134	0.0
Deferred gain (loss) on derivatives under hedge accounting	8	0.0	—	—	(1)	(0.0)
Land revaluation difference	(682)	(0.2)	(682)	(0.1)	(682)	(0.1)
Foreign currency translation adjustments	131	0.0	125	0.0	140	0.0
Total Valuation and translation adjustments	(322)	(0.1)	(589)	(0.1)	(408)	(0.1)
Stock acquisition rights	151	0.0	179	0.0	159	0.0
Minority Interests	3,161	0.8	6,283	1.4	3,242	0.9
Total net assets	206,301	51.3	201,322	45.7	188,573	47.5
Total Liabilities, and total net assets	402,049	100.0	440,530	100.0	397,107	100.0

Consolidated Statement of Income

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (From March 1, 2007 to November 30, 2007)		Current 3rd Quarter (From March 1, 2008 to November 30, 2008)		Last Fiscal year (From March 1, 2007 to February 29, 2008)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating revenues	163,844	71.8	175,624	72.5	216,910	72.0
Net sales reported by franchised stores						
Previous 3rd Quarter:	¥ 1,009,765 million					
Current 3rd Quarter:	¥ 1,089,544 million					
Last fiscal year:	¥ 1,331,784 million					
Total net sales of Lawson stores including franchised stores						
Previous 3rd Quarter:	¥ 1,073,412 million					
Current 3rd Quarter:	¥ 1,155,528 million					
Last fiscal year:	¥ 1,415,106 million	(100.0)		(100.0)		(100.0)
Net sales	64,287	28.2	66,560	27.5	84,266	28.0
Total operating revenues	228,132	100.0	242,184	100.0	301,176	100.0
Cost of goods sold	46,607	(72.5)	48,381	(72.7)	61,176	(72.6)
Gross profit on sales	(17,679)	(27.5)	(18,179)	(27.3)	(23,089)	(27.4)
Operating gross profit	181,524	79.6	193,803	80.0	239,999	79.7
Selling, general and administrative expenses	143,613	63.0	150,477	62.1	193,389	64.2
Operating profit	37,910	16.6	43,325	17.9	46,610	15.5
Non-operating income	1,217	0.5	1,624	0.7	1,795	0.6
Non-operating expense	1,309	0.5	1,872	0.8	2,160	0.7
Recurring profit	37,818	16.6	43,077	17.8	46,244	15.4
Special gains	—	—	93	0.0	—	—
Special losses	5,685	2.5	4,687	1.9	8,109	2.7
Income before income taxes and minority interests	32,133	14.1	38,484	15.9	38,134	12.7
Income taxes	12,871	5.6	14,865	6.1	15,522	5.2
Minority interests in net profit	410	0.2	476	0.2	493	0.2
Net profit	18,851	8.3	23,142	9.6	22,119	7.3

Consolidated Statement of Changes in Net Asset

(From March 1, 2007 to November 30, 2007)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments					Stock acquisition rights	Minority Interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Owners' equity	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Total Valuation and translation adjustments			
Balance at the end of previous period	58,506	42,253	95,344	(738)	195,366	319	—	(682)	134	(227)	78	4,276	199,493
Changes of items During the period													
Dividends from surplus			(10,964)		(10,964)								(10,964)
Net profit			18,851		18,851								18,851
Purchase of treasury stock – at cost				(1)	(1)								(1)
Exercise of stock acquisition rights (treasury stock allotment)		(24)		83	59								59
Net changes of items other than owners' equity – net						(99)	8		(2)	(94)	72	(1,115)	(1,136)
Total changes of items during the period	—	(24)	7,886	82	7,944	(99)	8	—	(2)	(94)	72	(1,115)	6,807
Balance at the end of the 3rd Quarter	58,506	42,229	103,231	(656)	203,311	220	8	(682)	131	(322)	151	3,161	206,301

Consolidated Statement of Changes in Net Asset  
(From March 1, 2008 to November 30, 2008)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments					Stock acquisition rights	Minority Interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Owners' equity	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Total Valuation and translation adjustments			
Balance at the end of previous period	58,506	41,520	87,390	(1,837)	185,579	134	(1)	(682)	140	(408)	159	3,242	188,573
Changes of items During the period													
Dividends from surplus			(13,385)		(13,385)								(13,385)
Net profit			23,142		23,142								23,142
Purchase of treasury stock – at cost				(0)	(0)								(0)
Exercise of stock acquisition rights (treasury stock allotment)		(1)		115	113								113
Disposal of treasury stock		1	(1)		—								—
Net changes of items other than owners' equity – net						(167)	1		(14)	(180)	19	3,041	2,879
Total changes of items during the period	—	—	9,755	114	9,869	(167)	1	—	(14)	(180)	19	3,041	12,749
Balance at the end of the 3rd Quarter	58,506	41,520	97,145	(1,723)	195,448	(32)	—	(682)	125	(589)	179	6,283	201,322

Consolidated Statement of Changes in Net Assets  
(From March 1, 2007 to February 29, 2008)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments					Stock acquisition rights	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at the end of previous period	58,506	42,253	95,344	(738)	195,366	319	—	(682)	134	(227)	78	4,276	199,493
Change of items during the period													
Dividends from surplus			(10,964)		(10,964)								(10,964)
Net profit			22,119		22,119								22,119
Purchase of treasury stock – at cost				(21,000)	(21,000)								(21,000)
Retirement of treasury stock – at cost		(709)	(19,108)	19,818	—								—
Exercise of stock acquisition rights (treasury stock allotment)		(24)		83	59								59
Net changes of items other than owners' equity – net						(185)	(1)		5	(180)	81	(1,034)	(1,133)
Total change of items during the period	—	(733)	(7,953)	(1,098)	(9,786)	(185)	(1)	—	5	(180)	81	(1,034)	(10,920)
Balance at the end of the current period	58,506	41,520	87,390	(1,837)	185,579	134	(1)	(682)	140	(408)	159	3,242	188,573

Consolidated Statements of Cash Flows

(Millions of yen)

	Previous 3rd Quarter (From March 1, 2007 to November 30, 2007)	Current 3rd Quarter (From March 1, 2008 to November 30, 2008)	Last Fiscal year (From March 1, 2007 to February 29, 2008)
	Amount	Amount	Amount
Operating activities:			
Income before income taxes and minority interests	32,133	38,484	38,134
Depreciation of fixed assets	16,094	14,972	21,445
Increase in provision for allowance for retirement benefits to employees	373	706	648
Loss from disposal of fixed assets	1,368	1,523	3,514
Loss on impairment of long- lived assets	2,316	1,788	2,449
Interest received	(641)	(731)	(928)
Other-net	(135)	963	1,518
Increase in accounts receivable due from franchised stores	(2,300)	(14,475)	(239)
Decrease (increase) in accounts receivable-other	5,544	5,456	(984)
Increase in accounts payable- trade and due to franchised stores	5,060	10,245	31
Increase (Decrease) in accounts payable-Other	(5,197)	4,548	(3,082)
Increase (Decrease) in deposits received	(5,297)	5,425	7,539
Decrease in lease deposits from franchisees and lessees	(2,621)	(2,024)	(3,494)
Other-net	823	(746)	(809)
Subtotal	47,523	66,137	65,744
Interest received	626	734	918
Interest expenses paid	(19)	(17)	(23)
Income taxes paid	(10,892)	(19,698)	(10,865)
Net cash provided by operating activities	37,237	47,155	55,773

(Millions of yen)

	Previous 3rd Quarter (From March 1, 2007 to November 30, 2007)	Current 3rd Quarter (From March 1, 2008 to November 30, 2008)	Last Fiscal year (From March 1, 2007 to February 29, 2008)
	Amount	Amount	Amount
Investing activities:			
Payment for purchase of marketable securities	(28,761)	(25,454)	(28,750)
Proceeds from redemption of marketable securities	32,000	24,000	40,892
Decrease (Increase) in short- term loans receivable	—	19,700	(11,150)
Proceeds from acquisition of shares of subsidiary resulting in change in scope of consolidation	—	2,227	—
Increase in advances to affiliated company	(3,985)	(49)	(5,976)
Additional investment in a subsidiary	(2,131)	(78)	(2,131)
Payment for acquisition of property and store equipment	(15,835)	(12,706)	(21,392)
Payment for acquisition of intangible fixed assets	(6,238)	(8,610)	(7,456)
Other-net	(1,434)	(2,401)	(559)
Net cash used in investing activities	(26,386)	(2,973)	(36,525)
Financing activities:			
Cash dividends paid	(10,964)	(13,385)	(10,964)
Purchase of treasury stock	(0)	(0)	(21,000)
Other-net	(7)	65	(7)
Net cash used in financing activities	(10,973)	(13,320)	(31,973)
Net increase (decrease) in cash and cash equivalents	(121)	30,861	(12,724)
Cash and cash equivalents, beginning of year	75,547	62,822	75,547
Cash and cash equivalents, end of the 3rd Quarter (year)	75,425	93,684	62,822

Non-consolidated Balance Sheet

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2007)		Current 3rd Quarter (As of November 30, 2008)		Last fiscal year (As of February 29, 2008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Assets)		%		%		%
Current assets						
Cash and bank deposits	55,888		76,347		51,450	
Accounts receivable-Due from franchised stores	14,010		26,418		11,949	
Marketable securities	18,984		3,000		2,000	
Merchandise inventories	1,682		1,576		1,432	
Accounts receivable-Other	18,744		18,645		24,187	
Deferred tax assets	3,334		3,318		3,545	
Other	20,385		11,235		29,895	
Allowance for doubtful accounts	(1,709)		(84)		(102)	
Total current assets	131,321	33.4	140,457	34.3	124,358	32.3
Fixed assets						
Property and store equipment-at net book value						
Buildings	71,286		72,335		72,519	
Furniture, fixtures and equipment	13,927		11,615		13,377	
Land	5,657		6,782		5,844	
Other	14,396		12,637		13,875	
Total property and store equipment- net	105,268	26.8	103,370	25.2	105,616	27.4
Intangible assets	16,797	4.3	21,471	5.3	16,042	4.2
Investments and other						
Investments in securities	14,359		17,278		12,782	
Long-term loans receivable	25,248		26,308		25,646	
Lease deposits	83,253		82,027		82,467	
Deferred tax assets	12,128		13,605		14,125	
Deferred tax assets for land revaluation	467		467		467	
Other	6,159		7,206		6,230	
Allowance for doubtful accounts	(2,348)		(2,661)		(2,403)	
Total investments and other	139,269	35.5	144,233	35.2	139,316	36.1
Total fixed assets	261,334	66.6	269,075	65.7	260,976	67.7
Total Assets	392,656	100.0	409,533	100.0	385,335	100.0

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2007)		Current 3rd Quarter (As of November 30, 2008)		Last fiscal year (As of February 29, 2008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Liabilities)		%		%		%
Current liabilities						
Accounts payable -Trade	70,330		76,436		64,747	
Accounts payable-Due to franchised stores	1,570		556		2,201	
Account payable-Other	9,489		15,891		11,636	
Income taxes payable	7,615		6,280		11,014	
Deposits received	37,207		57,435		49,908	
Accrued employees' bonuses	1,369		1,476		2,552	
Provision for use of points granted	749		1,206		792	
Other	4,903		4,018		3,343	
Total current liabilities	133,236	33.9	163,300	39.9	146,195	37.9
Long-term liabilities						
Allowance for employees' retirement benefits	3,833		4,796		4,104	
Allowance for retirement benefits to executive officers and corporate auditors	130		168		140	
Deposits received from franchisees and lessees	46,683		43,804		45,809	
Allowance for impairment loss on leased property	362		392		314	
Other	1,623		1,623		1,623	
Total long-term liabilities	52,633	13.4	50,786	12.4	51,993	13.5
Total Liabilities	185,869	47.3	214,086	52.3	198,188	51.4

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (As of November 30, 2007)		Current 3rd Quarter (As of November 30, 2008)		Last fiscal year (As of February 29, 2008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Net assets)						
Owners' equity						
Common stock	58,506	14.9	58,506	14.3	58,506	15.2
Capital surplus						
Additional paid-in capital	41,520		41,520		41,520	
Other capital surplus	709		—		—	
Total capital surplus	42,229	10.8	41,520	10.1	41,520	10.8
Retained earnings						
Legal reserve	727		727		727	
Other retained earnings						
General reserve	50,000		50,000		50,000	
Earned surplus brought forward	56,289		46,929		38,618	
Total retained earnings	107,016	27.3	97,657	23.9	89,345	23.2
Treasury stock	(656)	(0.2)	(1,723)	(0.4)	(1,837)	(0.5)
Total Owners' equity	207,097	52.8	195,960	47.9	187,534	48.7
Valuation and translation adjustments						
Net unrealized gain (loss) on available-for-sale securities	220	0.1	(10)	(0.0)	133	0.0
Land revaluation difference	(682)	(0.2)	(682)	(0.2)	(682)	(0.2)
Total Valuation and translation adjustments	(461)	(0.1)	(692)	(0.2)	(548)	(0.2)
Stock acquisition rights	151	0.0	179	0.0	159	0.1
Total net assets	206,786	52.7	195,447	47.7	187,146	48.6
Total Liabilities, and total net assets	392,656	100.0	409,533	100.0	385,335	100.0

Non-consolidated Statement of Income

(Millions of yen)

Fiscal period Account item	Previous 3rd Quarter (From March 1, 2007 to November 30, 2007)		Current 3rd Quarter (From March 1, 2008 to November 30, 2008)		Last Fiscal year (From March 1, 2007 to February 29, 2008)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating revenues	150,486	73.5	159,146	74.2	198,580	73.7
Net sales reported by franchised stores						
Previous 3rd Quarter:	¥ 1,009,765 million					
Current 3rd Quarter:	¥ 1,089,487 million					
Last fiscal year:	¥ 1,331,784 million					
Total net sales of Lawson stores including franchised stores						
Previous 3rd Quarter:	¥ 1,064,102 million					
Current 3rd Quarter:	¥ 1,144,941 million					
Last fiscal year:	¥ 1,402,786 million	(100.0)		(100.0)		(100.0)
Net sales	54,336	26.5	55,454	25.8	71,001	26.3
Total operating revenues	204,823	100.0	214,600	100.0	269,582	100.0
Cost of goods sold	38,769	(71.4)	39,711	(71.6)	50,746	(71.5)
Gross profit on sales	(15,567)	(28.6)	(15,742)	(28.4)	(20,254)	(28.5)
Operating gross profit	166,054	81.1	174,888	81.5	218,835	81.2
Selling, general and administrative expenses	129,189	63.1	133,641	62.3	173,500	64.4
Operating profit	36,864	18.0	41,247	19.2	45,334	16.8
Non-operating income	1,321	0.7	1,741	0.8	1,864	0.7
Non-operating expense	1,209	0.6	1,126	0.5	1,900	0.7
Recurring profit	36,976	18.1	41,862	19.5	45,298	16.8
Special gains	—	0.0	119	0.1	—	—
Special losses	7,311	3.6	5,046	2.4	13,042	4.8
Income before income taxes	29,664	14.5	36,935	17.2	32,256	12.0
Income taxes	12,203	6.0	15,236	7.1	13,357	5.0
Net profit	17,461	8.5	21,698	10.1	18,899	7.0