

Flash Report on the Consolidated result for the first half ended February 28, 2010

October 8, 2009

Listed Company Name: LAWSON, INC.

Code No.: 2651

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

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

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Date of payment dividend: November 10, 2009

1. Consolidated Performance for the current first half (from March 1, 2009, to August 31, 2009)

(1) Consolidated operating results

Note: Amounts below one million yen are truncated.

	Total operating revenues		Operating profit		Recurring profit	
	¥ Million	%	¥ Million	%	¥ Million	%
Current first half	226,596	—	30,136	—	29,770	—
Previous first half	162,330	5.8	29,100	14.0	28,890	13.2

	Net profit		Net income per share	Fully diluted income per share
	¥ Million	%	¥	¥
Current first half	<u>15,883</u>	—	<u>160.17</u>	<u>160.04</u>
Previous first half	15,508	25.9	156.42	156.30

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

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	¥ Million	¥ Million	%	¥
Current first half	<u>464,182</u>	<u>210,075</u>	<u>43.8</u>	<u>2,048.40</u>
Last fiscal year	<u>436,096</u>	<u>201,166</u>	<u>44.8</u>	<u>1,968.12</u>

Notes: Capital adequacy August, 2009 203,136 million February, 2009 195,174 million

2. Dividends status

	Annual dividends per share				
	1Q	2Q	3Q	Year-end dividend	Total
	¥	¥	¥	¥	¥
2008 fiscal year	—	80.00	—	80.00	160.00
2009 fiscal year	—	80.00			
2009 fiscal year (Forecast)			—	80.00	160.00

Notes: Revision of forecast for dividends in the first half: None

3. Forecast Consolidated Performance for 2009 fiscal year (from March 1, 2009, to February 28, 2010)

	Total operating revenues		Operating profit		Recurring profit		Net profit	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	¥
2009 fiscal year	479,000	37.1	50,500	2.7	49,700	1.9	25,500	0.8

Reference: Forecast net profit per share for the 2009 fiscal year: 257.13yen

4. Other

(1) Change in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): None

(2) Adoptions of simplified accounting methods and accounting methods particular to presentation of quarterly financial statements: Yes

(3) Changes in accounting principles, procedures, presentation methods, etc., pertaining to preparation of consolidated financial statements (Those to be stated as significant accounting policies)

i) Changes associated with revision in accounting standards: Yes

ii) Other changes: Yes

(4) The number of the issue stock:

i) The number of the stocks issued in the end of term

August, 2009: 99,600,000 February, 2009: 99,600,000

ii) The number of treasury shares in the end of term

August, 2009: 432,122 February, 2009: 432,015

iii) Average number of shares during the term

August, 2009: 99,167,923 August, 2009: 99,145,082

Note1: 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 forecasts due to many factors.

Note2: Adoption of Accounting Standards Concerning Quarterly Financial Statements

Effective from the fiscal year ending February 28, 2010, the Company has adopted "Accounting Standard for Quarterly Financial Statements" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and "Implementation Guidance for Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14). The quarterly consolidated financial statements have been prepared in accordance with the "Regulations for Quarterly Consolidated Financial Statements."

Operating Performance and Financial Position

1. Review of Operations

(1) Overview of Operating Performance

During the first half of fiscal 2009, the six-month period from March 1 to August 31, 2009, the Japanese economy saw recovery trends in some quarters as the benefits of economic stimulus measures worked their way through. Nevertheless, concerns about job security and falling personal incomes persisted due to poor corporate earnings. These lingering concerns caused consumers to exercise more restraint in spending, prolonging the difficult conditions. Coupled with the waning of side benefits from the introduction of taspo (adult identification IC card for cigarette vending machines), which has been in place in Japan for more than one year now, and the effects of continued inclement weather, the Japanese convenience store industry faced difficult conditions in the first half of fiscal 2009.

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 226,596 million yen, recurring profit was 29,770 million yen, and net profit was 15,883 million yen.

Convenience Store Operations

The status of merchandise strategy and services, store operations, store development and other aspects of Convenience Store Operations in the first half of fiscal 2009 is outlined as follows.

On the merchandise front, the Company is focusing on product development in certain product categories during the current fiscal year, namely fried foods, desserts, cooked noodles and rice balls. In fried foods, *L Chiki* fried chicken, which went on sale in March, won strong support for its reasonable price and generous volume. To assist customers in their efforts to maintain their lifestyles, the Company extended the *Value Line* series of private brand products, which have mainly been sold in LAWSON STORE100 stores, to regular LAWSON stores. Prepared meals priced at 105 yen proved particularly popular and were bought along with other product purchases. At the same time, we launched sales of *Stamina Grilled Beef Bento*, the first product in a series of products we plan to develop that will impress consumers with their high added value relative to price.

In sales promotions, meanwhile, the Company prioritized campaigns that are highly successful in boosting sales, such as the Spring Rilakkuma Fair, Genki ni Na-Lawson! Fair and Ponyo Ramen Bowl Present campaign. These promotions were popular with customers.

As for services, the number of ATMs (automatic teller machines) nationwide was 6,508 at August 31, 2009. Regarding customer loyalty programs (LAWSON PASS and MY LAWSON POINT), the

Company expanded the range of products eligible for bonus points, as well as running a promotion that enabled customers to collect more shopping points on certain days of the week, among other initiatives for point card holders. As of August 31, 2009, the total number of point card members exceeded 10 million, as the Company's customer loyalty programs continued to be well supported.

In store operations, following the launch of the new ordering system this year, the Company is offering guidance to stores on how to place orders based on customer-generated data.

The Company worked to develop stores that it expects to generate high earnings by rigorously adhering to proprietary standards for opening stores. This entailed concentrating on opening new stores mainly in major metropolitan areas in the Kanto, Chubu and Kinki regions. As a result of these efforts, daily sales at new stores remained at a high level.

(Number of Stores)

(March 1 to August 31, 2009)

	LAWSON	NATURAL LAWSON	LAWSON STORE100 and SHOP99	Total
Total no. of stores at Feb. 28, 2009	8,509	93	925	9,527
Net increase (decrease)	98	(1)	5	102
Total no. of stores at Aug. 31, 2009	8,607	92	930	9,629

In overseas operations, SHANGHAI HUALIAN LAWSON CO., LTD., a Chinese equity-method affiliate, was operating 292 stores in Shanghai, China, as of June 30, 2009, a decrease of 8 stores from December 31, 2008.

Ninety-nine Plus Inc., which is developing a chain of fresh food convenience stores targeting mainly housewives and middle-aged and elderly customers, turned in another strong performance during the first half of the current fiscal year by providing belt-tightening customers with a range of valuable products at a single fixed price.

On August 24, 2009, the Company agreed to a business alliance with MatsumotoKiyoshi Holdings Co., Ltd., as part of actions the Company is taking to capitalize on the June 1 amendments to the Pharmaceutical Affairs Law. Based on the business theme that "food is medicine," the two companies will help customers to achieve the healthy and comfortable lifestyles they seek. This will be achieved by providing high-value-added, highly specialized merchandise and services and developing new types of stores.

LAWSON has decided to use an absorption-type company split to carve out its Okinawan convenience store operations and transfer them to LAWSON Okinawa, Inc., a new company to be

established for this purpose. The aim of this move is to create stores in the LAWSON chain that better cater to regional needs in Okinawa Prefecture. At the same time, on September 28, 2009, LAWSON signed an agreement to sell 51% of the total outstanding shares of LAWSON Okinawa to SAN-A CO., LTD. and for the two companies to operate LAWSON Okinawa as a joint venture.

(Other Businesses)

In addition to convenience store operations, the Company is also involved in ticket sales, financial services and consulting.

On July 20, 2009, LAWSON TICKET, INC., which operates the ticket sales business, changed its name to LAWSON ENTERMEDIA, INC. The company recorded strong sales of mainstay concert tickets as well as theater and sporting event tickets.

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.

Sales by product group throughout all Lawson Group stores

Fiscal period Product group	Current first half From March 1, 2009 to August 31, 2009	
	Sales (Millions of yen)	Percentage of Total (%)
Processed foods	459,839	54.7
Fast foods	164,685	19.6
Daily delivered foods	116,922	13.9
Nonfood products	99,293	11.8
Total	840,741	100.0

(Note) The above figures represent sales of convenience stores operated by the LAWSON Group.

Number of stores by prefecture (As of August 31, 2009)

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	515	Saitama	368	Gifu	115	Tottori	86	Saga	60
Aomori	164	Chiba	341	Shizuoka	172	Shimane	85	Nagasaki	85
Iwate	166	Tokyo	1,231	Aichi	436	Okayama	120	Kumamoto	91
Miyagi	184	Kanagawa	648	Mie	89	Hiroshima	134	Oita	131
Akita	146	Niigata	101	Shiga	124	Yamaguchi	109	Miyazaki	82
Yamagata	57	Toyama	110	Kyoto	239	Tokushima	109	Kagoshima	106
Fukushima	98	Ishikawa	83	Osaka	942	Kagawa	98	Okinawa	134
Ibaraki	104	Fukui	97	Hyogo	537	Ehime	152	Total	9,629
Tochigi	106	Yamanashi	65	Nara	104	Kochi	60		
Gunma	65	Nagano	132	Wakayama	110	Fukuoka	338		

(Note) The above figures represent the number of stores of convenience stores operated by the LAWSON Group.

2. Qualitative Information Regarding Changes in Other Consolidated Financial Indicators

(1) Total Assets, Total Liabilities and Net Assets at First-Half End

At August 31, 2009, total assets stood at ¥464,182 million, an increase of ¥28,086 million from February 28, 2009. This mainly reflected a ¥13,815 million increase in property and store equipment due to the application of accounting standards relating to lease transactions.

Total liabilities increased ¥19,177 million to ¥254,106 million over the same period. This mainly reflected a ¥12,589 million increase in accounts payable-trade due to an increase in purchases.

Net assets stood at ¥210,075 million, up ¥8,908 million from February 28, 2009. This was principally due to a ¥7,686 million increase in retained earnings.

(2) Cash Flows During the First Half

Cash and cash equivalents at August 31, 2009 totaled ¥106,421 million, ¥22,439 million higher than at February 28, 2009.

Operating activities provided net cash of ¥49,563 million, partly because of a decrease in receivables due from franchise stores.

Investing activities used net cash of ¥15,897 million, mainly due to payments for the acquisition of property and store equipment.

Financing activities used net cash of ¥11,226 million due to the payment of cash dividends and other factors.

3. Qualitative Information Regarding Consolidated Performance Forecasts

LAWSON now expects total operating revenues to be ¥10 billion higher than initially forecast due to the effect of a change in consolidated fiscal period following a change in the fiscal year-end of certain subsidiaries.

However, forecasts for operating profit, recurring profit and net profit are unchanged.

The consolidated performance forecasts for the fiscal year ending February 28, 2010 announced on April 13, 2009 have been revised as follows:

	Total operating revenues	Operating profit	Recurring profit	Net profit	Net profit per share
	¥ Million	¥ Million	¥ Million	¥ Million	¥
Previous forecast (A)	469,000	50,500	49,700	25,500	257.13
Revised forecast (B)	479,000	50,500	49,700	25,500	257.13
Change (B –A)	10,000	-	-	-	-
Change (%)	2.1%	-	-	-	-
Previous fiscal year	349,476	49,186	48,787	25,306	255.22

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 forecasts due to many factors.

4. Other

(1) Change in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): None

(2) Adoptions of simplified accounting methods and accounting methods particular to presentation of quarterly financial statements:

① Adoption of simplified accounting methods

Regarding property and store equipment to which the declining-balance method is applied, the amount of depreciation is calculated by apportioning depreciation equally during the period.

② Accounting methods particular to presentation of quarterly financial statements: None

(3) Changes in accounting principles, procedures, presentation methods, etc., pertaining to preparation of consolidated financial statements (Those to be stated as significant accounting policies)

① Adoption of Accounting Standards Concerning Quarterly Financial Statements

Effective from the fiscal year ending February 28, 2010, the Company has adopted “Accounting Standard for Quarterly Financial Statements” (Accounting Standards Board of

Japan (ASBJ) Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). The quarterly consolidated financial statements have been prepared in accordance with the “Regulations for Quarterly Consolidated Financial Statements.”

② Adoption of Accounting Standard for Measurement of Inventories

Effective from the first quarter of the fiscal year ending February 28, 2010, the Company has adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 (July 5, 2006) and has calculated inventories at cost, cost being determined by the retail method (the book value on the balance sheet is written down based on a decline in profitability) in accordance with this standard. In the past, the Company has principally accounted for inventories at cost determined by the retail method. Therefore, this change had no effect on earnings.

③ Accounting Standard for Leases

Effective from the first quarter of the fiscal year ending February 28, 2010, the Company has adopted “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 (June 17, 1993 (First Committee of the Business Accounting Council), revised March 30, 2007)) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 (January 18, 1994 (Accounting Committee of Japanese Institute of Certified Public Accountants), revised March 30, 2007). As a result, the Company now accounts for finance leases that do not transfer ownership as ordinary sale and purchase leases. Previously, these leases were accounted for as rental transactions. Furthermore, in terms of the depreciation method for leased assets related to finance leases that do not transfer ownership of leased property, the Company applies the straight-line method using the lease term as the useful life and a residual value of zero.

This change had an immaterial impact on operating profit, recurring profit and net profit in the first half of the fiscal year ending February 28, 2010.

However, the Company has continued to treat as rental transactions finance leases that do not transfer ownership of leased property and that commenced before the first fiscal year in which the new accounting standard was applied.

4. Consolidated Financial Statements etc.

(1) Consolidated Balance Sheets (Unaudited)

As of August 31, 2009 and February 28, 2009

(Millions of yen)

	August 31, 2009	February 28, 2009
Current assets:		
Cash and bank deposits	102,005	82,486
Accounts receivable—due from franchised stores	11,048	21,376
Marketable securities	5,999	5,299
Merchandise inventories	5,005	5,292
Accounts receivable—other	<u>26,965</u>	26,692
Deferred tax assets	<u>4,327</u>	4,061
Other	<u>9,136</u>	9,692
Allowance for doubtful accounts	(132)	(140)
Total	<u>164,356</u>	<u>154,760</u>
Fixed assets:		
Property and store equipment		
Buildings and structures	179,670	173,747
Accumulated depreciation	(83,520)	(79,425)
Buildings and structures—net	96,149	94,321
Vehicles, tools, furniture and fixtures	58,250	61,920
Accumulated depreciation	(44,734)	(48,462)
Vehicles, tools, furniture and fixtures—net	13,515	13,458
Other	19,920	7,219
Accumulated depreciation	(770)	—
Other—net	19,150	7,219
Subtotal	<u>128,815</u>	<u>114,999</u>
Intangible fixed assets;		
Software	28,400	26,586
Goodwill	5,108	4,851
Other	469	464
Subtotal	<u>33,978</u>	<u>31,902</u>
Investments and Other;		
Long-term loans receivable	28,760	27,422
Lease deposits	85,140	85,357
Deferred tax assets	<u>16,603</u>	<u>14,469</u>
Deferred tax assets for land revaluation	—	180
Other	<u>10,717</u>	<u>11,346</u>
Allowance for doubtful accounts	<u>(4,190)</u>	<u>(4,342)</u>
Subtotal	<u>137,031</u>	<u>134,433</u>
Total	<u>299,825</u>	<u>281,335</u>
Total assets	<u>464,182</u>	<u>436,096</u>

	(Millions of yen)	
	August 31, 2009	February 28, 2009
Current liabilities:		
Accounts payable —trade	89,805	77,215
Accounts payable— due to franchised stores	2,373	822
Long-term debt due within one year	736	816
Income taxes payable	11,298	9,455
Deposits received	<u>64,280</u>	<u>60,780</u>
Accrued employees' bonuses	3,097	3,199
Provision for use of points granted	1,351	933
Other	23,247	30,517
Total	<u>196,190</u>	<u>183,740</u>
Long-term Liabilities;		
Long-term debt	624	1,152
Allowance for employees' retirement benefits	5,651	5,050
Allowance for retirement benefits to executive officers and corporate auditors	210	201
Deposits received from franchisees and lessees	40,077	42,440
Other	11,353	2,344
Total	<u>57,916</u>	<u>51,188</u>
Total Liabilities	<u>254,106</u>	<u>234,929</u>
Owners' equity;		
Common stock	58,506	58,506
Capital surplus	41,520	41,520
Retained earnings	<u>105,497</u>	<u>97,811</u>
Treasury stock	(1,713)	(1,712)
Total Owners' equity	<u>203,811</u>	<u>196,124</u>
Valuation and translation adjustments;		
Net unrealized gain on available-for-sale securities	(55)	(40)
Land revaluation difference	(705)	(969)
Foreign currency translation adjustments	86	59
Valuation and translation adjustments	(675)	(950)
Stock acquisition rights	283	274
Minority interests	<u>6,655</u>	<u>5,717</u>
Total net assets	<u>210,075</u>	<u>201,166</u>
Total Liabilities and net assets	<u>464,182</u>	<u>436,096</u>

(2) Consolidated Statements of Income (Unaudited)

For the first half of the fiscal year ending February 28, 2010 (March 1, 2009 – August 31, 2009)

	(Millions of yen)
	August 31, 2009
Total operating revenues	226,596
Net sales	106,526
Cost of goods sold	79,188
Gross profit on sales	27,338
Operating revenues	120,069
Franchise commission from franchised stores	95,758
Other	24,311
Operating gross profit	147,407
Selling, general and administrative expenses	117,271
Operating profit	30,136
Non – operating income and expenses;	
Non – operating income;	806
Interest received	347
Compensation income	213
Other	246
Non – operating expenses;	1,172
Interest expense	128
Loss on cancellation of store lease	794
Other	249
Recurring profit	29,770
Special gains and losses;	
Special gains;	651
Gain on sales of fixed assets	24
Gain on change in equity	625
Other	2
Special losses;	4,530
Loss on disposal of fixed assets	1,800
Loss on impairment of long-lived assets	2,051
Other	679
Income before income taxes and minority interests	25,891
Income taxes;	9,110
Income taxes - current	11,330
Deferred income taxes	<u>(2,220)</u>
Minority interests in net income	897
Net profit	15,883

(3) Consolidated Statements of Cash Flows (Unaudited)

For the first half of the fiscal year ending February 28, 2010 (March 1, 2009 – August 31, 2009)

	(Millions of yen)
	August 31, 2009
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Operating activities;	
Income before income taxes	25,891
Depreciation of fixed assets	12,018
Increase in provision for allowance for retirement benefits to employees	600
Interest received	(347)
Interest expense	128
Loss on impairment of long-lived assets	2,051
Loss from disposal of fixed assets	895
Other-net	201
Increase in accounts receivable due from franchised stores	10,328
Decrease in accounts receivable—other	(274)
Increase in accounts payable—trade and due to franchised stores	14,140
Decrease in accounts payable—other	(9,033)
Increase in deposits received	3,500
Decrease in lease deposits from franchisee and lessees	(2,363)
Other-net	1,069
Subtotal	58,805
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Interest received	346
Interest expenses paid	(128)
Income taxes paid	(9,459)
Net cash flows provided by operating activities	49,563
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Investing activities;	
Payments into time deposits	(1,580)
Proceeds from withdrawal of time deposits	1,500
Payment for purchase of marketable securities	(1,799)
Proceeds from redemption of marketable securities	4,100
Payment for acquisition of property and store equipment	(13,087)
Payment for acquisition of intangible fixed assets	(4,278)
Increase in advances to associated company	(100)
Other – net	(651)
Net cash used in investing activities	(15,897)
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Financing activities;	
Repayment of long-term loans payable	(608)
Repayments of lease obligations	(2,610)
Cash dividends paid	(7,933)
Other	(75)
Net cash used in financing activities	(11,226)
Net increase in cash and cash equivalents	22,439
Cash and cash equivalents, beginning of year	83,981
Cash and cash equivalents at end of period	106,421

Adoption of Accounting Standards Concerning Quarterly Financial Statements

Effective from the fiscal year ending February 28, 2010, the Company has adopted “Accounting Standard for Quarterly Financial Statements” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). The quarterly consolidated financial statements have been prepared in accordance with the “Regulations for Quarterly Consolidated Financial Statements.”

(4) Notes to Going Concern

Not Applicable

(5) Segment Information

1. Business segment information

For the first half of the fiscal year ending February 28, 2010 (March 1, 2009—August 31, 2009)

The Company operates mainly the franchised store business and total operating revenue, operating income and total assets of the franchised store business account for more than 90% of the respective consolidated totals at all segments for current the first half fiscal 2009, therefore information by industry segment is omitted.

2. Geographic segment information

For the first and the second quarters of the fiscal year ending February 28, 2010 (March 1, 2009—August 31, 2009) The Company has no foreign consolidated subsidiary and branch office for current the first half fiscal 2009, therefore geographic segment information is omitted.

3. Overseas sales

For the first and the second quarters of the fiscal year ending February 28, 2010 (March 1, 2009—August 31, 2009) Overseas sales account for less than 10% of consolidated sales at all segments for current the first half fiscal 2009, therefore overseas sales information is omitted.

(6) Notes to Significant Changes in Shareholders' Equity

Not Applicable

Reference

Consolidated Financial Statements for the first half of the fiscal year ending February, 28 2009 (March 1, 2008 – August 31, 2008)

Consolidated Statement of Income (Unaudited)	(Millions of yen)
	August 31, 2008
Operating revenues	117,640
Net sales	44,690
Total operating revenues	162,330
Cost of goods sold	32,379
Gross profit on sales	12,310
Operating gross profit	129,950
Selling, general and administrative expenses	100,850
Operating profit	29,100
Non – operating income and expenses;	
Non – operating income	1,073
Non – operating expenses	1,283
Recurring profit	28,890
Special losses	3,843
Income before income taxes and minority interests	25,047
Income taxes	9,209
Minority interests in net profit	329
Net profit	15,508

Consolidated Statement of Cash Flows (Unaudited)

(Millions of yen)

August 31, 2008

Operating activities;	
Income before income taxes	25,047
Depreciation of property and store equipment	7,899
Loss from disposal of property and store equipment	978
Loss on impairment of long-lived assets	1,760
Depreciation of intangible fixed assets	1,951
Increase in provision for allowance for retirement benefits to employees	473
Provision for allowance for doubtful accounts	71
Interest received	(520)
Interest expense	9
Loss on sales of property and store equipment	23
Other—net	1,930
Increase in accounts receivable due from franchised stores	(9,841)
Increase in merchandise inventories	(126)
Increase in accounts receivable—other	(960)
Increase in accounts payable—trade and due to franchised stores	16,219
Increase in accounts payable—other	7,295
Increase in deposits received	9,064
Decrease in lease deposits from franchisee and lessees	(1,619)
Other—net	(450)
Subtotal	59,206
Interest and dividend income received	522
Interest expenses paid	(9)
Income taxes paid	(11,012)
Net cash flows provided by operating activities	48,706

Investing activities;	
Payment for purchase of marketable securities	(23,954)
Proceeds from redemption of marketable securities	21,500
Decrease in short-term loans receivable	20,000
Proceed from sales of investments in securities	(78)
Payment for acquisition of property and store equipment	(7,574)
Payment for acquisition of intangible fixed assets	(5,860)
Decrease in lease deposits—net	358
Increase in long – term receivable—net	(328)
Other—net	(347)
Net cash used in investing activities	3,713
Financing activities;	
Proceed from issuance of share upon exercise of stock options	113
Payment for acquisition of treasury stock – at cost	(0)
Cash dividends paid	(5,452)
Cash dividend paid to Minority Interests	(27)
Net cash used in financing activities	(5,366)
Net increase in cash and cash equivalents	47,053
Cash and cash equivalents, beginning of year	62,822
Cash and cash equivalents at end of period	109,875