

Consolidated Statements of Cash Flows

Circle K Sunkus Co., Ltd.
For the Years Ended February 28, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 19,858	¥ 16,642	\$ 171,190
Adjustments for:			
Depreciation and amortization	8,388	8,075	72,310
Impairment loss on fixed assets	4,985	—	42,974
Loss on sales or disposal of property and equipment	844	773	7,276
Loss on cancellation of lease contracts	898	669	7,741
(Increase) decrease in trade receivables	(394)	297	(3,397)
Decrease (increase) in inventories	91	(75)	785
Decrease in trade payables	(2,613)	(6,633)	(22,526)
Decrease in other accounts payable and accrued expenses	(276)	(1,734)	(2,379)
Increase (decrease) in money held as agent	3,862	(339)	33,293
Other, net	(2,493)	(871)	(21,491)
Subtotal	33,150	16,804	285,776
Interest and dividends received	268	309	2,310
Interest paid	(2)	(1)	(17)
Income taxes paid	(6,206)	(5,078)	(53,500)
Net cash provided by operating activities	27,210	12,034	234,569
Cash flows from investing activities:			
Increase in property and equipment	(8,067)	(6,567)	(69,543)
Increase in long-term leasehold deposits	(6,691)	(4,983)	(57,681)
Increase in long-term investments and other assets	(7,098)	(4,229)	(61,190)
Net decrease (increase) in short-term investments	700	(88)	6,035
Decrease in property, long-term investments and other assets	7,883	4,988	67,957
Other	44	96	379
Net cash used in investing activities	(13,229)	(10,783)	(114,043)
Cash flows from financing activities:			
Repayment of long-term debt	(14)	(7)	(121)
Net (decrease) increase in short-term borrowings	(55)	155	(474)
Increase in guarantee deposits received	1,188	1,220	10,241
Decrease in guarantee deposits received	(1,751)	(1,748)	(15,095)
Dividends paid	(3,359)	(1,104)	(28,957)
Money paid due to the merger	—	(1,376)	—
Other	(7)	(5)	(60)
Net cash used in financing activities	(3,998)	(2,865)	(34,466)
Net increase (decrease) in cash and cash equivalents	9,983	(1,614)	86,060
Cash and cash equivalents at beginning of year	58,820	34,781	507,069
Increase due to the merger	—	25,653	—
Cash and cash equivalents at end of year	¥ 68,803	¥ 58,820	\$ 593,129

See accompanying Notes to Consolidated Financial Statements.