

CONSOLIDATED STATEMENTS OF CASH FLOWS

Circle K Sunkus Co., Ltd.
For the Years Ended February 28, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 18,387	¥ 19,858	\$ 155,822
Adjustments for:			
Depreciation and amortization	7,889	8,388	66,856
Impairment loss on fixed assets	3,170	4,985	26,864
Loss on sales or disposal of property and equipment	902	844	7,644
Loss on cancellation of lease contracts	986	898	8,356
Increase in trade receivables	(348)	(394)	(2,949)
(Increase) decrease in inventories	(305)	91	(2,585)
Decrease in trade payables	(1,357)	(2,613)	(11,500)
Decrease in other accounts payable and accrued expenses	(398)	(276)	(3,373)
Increase in money held as agent	2,166	3,862	18,356
Other, net	(1,530)	(2,493)	(12,966)
Subtotal	29,562	33,150	250,525
Interest and dividends received	344	268	2,915
Interest paid	(3)	(2)	(25)
Income taxes paid	(10,202)	(6,206)	(86,457)
Net cash provided by operating activities	19,701	27,210	166,958
Cash flows from investing activities:			
Increase in property and equipment	(10,468)	(8,067)	(88,712)
Increase in long-term leasehold deposits	(7,318)	(6,691)	(62,017)
Increase in long-term investments and other assets	(6,972)	(7,098)	(59,085)
Decrease in property, long-term investments and other assets	8,711	7,883	73,822
Increase in cash through acquisition of a consolidated subsidiary (Note 3)	116	-	983
Net decrease in short-term investments	700	700	5,932
Other	22	44	187
Net cash used in investing activities	(15,209)	(13,229)	(128,890)
Cash flows from financing activities:			
Repayment of long-term debt	(227)	(14)	(1,924)
Net decrease in short-term borrowings	(218)	(55)	(1,847)
Increase in guarantee deposits received	815	1,188	6,907
Decrease in guarantee deposits received	(1,942)	(1,751)	(16,458)
Dividends paid	(3,274)	(3,359)	(27,746)
Increase in treasury stock	(5,007)	(9)	(42,432)
Other	(4)	2	(34)
Net cash used in financing activities	(9,857)	(3,998)	(83,534)
Net (decrease) increase in cash and cash equivalents	(5,365)	9,983	(45,466)
Cash and cash equivalents at beginning of year	68,803	58,820	583,076
Increase in cash and cash equivalents upon inclusion of additional subsidiaries on consolidation	1,519	-	12,873
Cash and cash equivalents at end of year	¥ 64,957	¥ 68,803	\$ 550,483

See accompanying Notes to Consolidated Financial Statements.