

CONSOLIDATED STATEMENTS OF CASH FLOWS

Circle K Sunkus Co., Ltd. and its subsidiaries
For the Years Ended February 29, 2008 and February 28, 2007

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 15,240	¥ 18,387	\$ 146,538
Adjustments for:			
Depreciation and amortization	7,260	7,889	69,808
Impairment loss on fixed assets	2,716	3,170	26,115
Loss on sales or disposal of property and equipment	1,843	902	17,721
Loss on cancellation of lease contracts	1,512	986	14,538
Decrease (increase) in trade receivables	178	(348)	1,712
Decrease (increase) in inventories	18	(305)	173
Decrease in trade payables	(714)	(1,357)	(6,865)
Increase (decrease) in other accounts payable and accrued expenses	42	(398)	404
Increase in money held as agent	3,132	2,166	30,115
Decrease in employee retirement benefit liabilities	(1,558)	(133)	(14,981)
Other, net	(1,237)	(1,397)	(11,894)
Subtotal	28,432	29,562	273,384
Interest and dividends received	417	344	4,010
Interest paid	(3)	(3)	(29)
Income taxes paid	(7,584)	(10,202)	(72,923)
Net cash provided by operating activities	21,262	19,701	204,442
Cash flows from investing activities:			
Acquisition of property and equipment	(9,615)	(10,468)	(92,452)
Acquisition of long-term investments and other assets	(3,567)	(6,972)	(34,298)
Proceeds from sales of property, long-term investments and other assets	1,171	3,476	11,260
Payments for long-term leasehold deposits	(6,271)	(7,318)	(60,298)
Proceeds from redemption of long-term leasehold deposits	5,462	5,235	52,519
Increase in cash through acquisition of consolidated subsidiary (Note 3)	-	116	-
Net (increase) decrease in short-term investments	(3,000)	700	(28,846)
Other	29	22	279
Net cash used in investing activities	(15,791)	(15,209)	(151,836)
Cash flows from financing activities:			
Repayment of long-term debt	-	(227)	-
Net decrease in short-term borrowings	-	(218)	-
Proceeds from guarantee deposits received	714	815	6,865
Repayments for guarantee deposits received	(1,614)	(1,942)	(15,519)
Dividends paid	(3,264)	(3,274)	(31,385)
Purchase of treasury stock	(5)	(5,007)	(48)
Other	1	(4)	10
Net cash used in financing activities	(4,168)	(9,857)	(40,077)
Net increase (decrease) in cash and cash equivalents	1,303	(5,365)	12,529
Cash and cash equivalents at beginning of year	64,957	68,803	624,587
Increase in cash and cash equivalents upon inclusion of additional subsidiaries in consolidation	503	1,519	4,836
Cash and cash equivalents at end of year	¥ 66,763	¥ 64,957	\$ 641,952

See accompanying Notes to Consolidated Financial Statements.