

Consolidated Statements of Cash Flows

Kiyo Holdings, Inc. and its consolidated subsidiaries

Years ended March 31, 2008 and 2007

	Millions of yen (Note 1)		Thousands of
	2008	2007	U.S. dollars (Note 1)
	2008		
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 13,019	¥ 11,718	\$ 129,951
Depreciation	5,048	4,977	50,390
Impairment loss on fixed assets	173	1,217	1,729
Amortization of goodwill	1,679	1,679	16,767
Amortization of negative goodwill	(24)	(182)	(242)
Investment income on equity method	—	(43)	—
Decrease in reserve for possible loan losses	(4,278)	(8,882)	(42,704)
Decrease in accrued employees' severance and retirement benefits	(1,467)	(2,166)	(14,651)
Increase in accrued directors' retirement benefits	84	—	840
Increase in reserve for reimbursement of deposits	552	—	5,515
Increase in provision for contingent loss	77	—	778
Interest income	(63,393)	(58,580)	(632,737)
Interest expenses	11,389	7,283	113,681
Losses on securities transactions	2,040	896	20,368
Losses on money held in trust	—	39	—
Losses (gains) on foreign exchange transactions	1,356	(5,447)	13,541
Losses (gains) on disposal of fixed assets	67	(191)	669
Net decrease (increase) in trading account securities	10,052	(11,586)	100,337
Net increase in loans and bills discounted	(161,178)	(62,077)	(1,608,724)
Net increase in deposits	151,709	129,839	1,514,222
Net decrease in due from banks (excluding cash equivalents)	—	2,271	—
Net decrease in call loans	76,031	34,458	758,874
Net decrease (increase) in pledged money for securities borrowing transactions	40,985	(134,060)	409,077
Net increase (decrease) in call money	2,274	(147)	22,707
Net increase (decrease) in deposits received for securities lending transactions	13,959	(69,901)	139,327
Net decrease in foreign exchange assets	713	1,043	7,124
Net increase (decrease) in foreign exchange liabilities	42	(18)	426
Interest received	64,841	58,775	647,186
Interest paid	(8,163)	(6,072)	(81,478)
Other, net	(3,494)	(1,110)	(34,877)
Subtotal	154,101	(106,267)	1,538,096
Income taxes paid	(1,140)	(521)	(11,379)
Net cash provided by (used in) operating activities	152,961	(106,788)	1,526,717

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Cash flows from investing activities:			
Purchases of securities	(564,610)	(502,928)	(5,635,398)
Proceeds from sales of securities	348,765	380,236	3,481,044
Redemption of securities	76,213	122,037	760,687
Decrease in money held in trust	—	3,460	—
Purchases of tangible fixed assets	(2,213)	(1,245)	(22,096)
Proceeds from sales of tangible fixed assets	50	1,469	505
Purchases of intangible fixed assets	(1,877)	(618)	(18,743)
Purchases of stock of subsidiaries that are added to consolidation	—	(567)	—
Net cash provided by (used in) investing activities	(143,672)	1,844	(1,434,001)
Cash flows from financing activities:			
Decrease in subordinated loans	—	(5,000)	—
Proceeds from issuance of subordinated bonds	—	5,000	—
Redemption of subordinated bonds.....	—	(2,000)	—
Proceeds from issuance of stock	—	31,500	—
Payment of cash dividends	(2,095)	—	(20,912)
Payment of grant for share transfer.....	—	(1,515)	—
Payment of cash dividends to minority interests	(4)	(4)	(46)
Purchases of treasury stock	(23)	(39)	(235)
Proceeds from sales of treasury stock	4	26	49
Net cash provided by (used in) financing activities	(2,118)	27,967	(21,144)
Foreign currency translation adjustments of cash and cash equivalents			
	(63)	26	(633)
Net increase (decrease) in cash and cash equivalents	7,107	(76,949)	70,939
Cash and cash equivalents at beginning of year	56,225	133,175	561,187
Cash and cash equivalents at end of year (Note 24)	¥ 63,332	¥ 56,225	\$ 632,126

See accompanying notes.