

Consolidated Statements of Cash Flows

Kiyo Holdings, Inc. and its consolidated subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests.....	¥ (3,851)	¥ 13,019	\$ (39,210)
Depreciation.....	2,915	5,048	29,675
Impairment loss on fixed assets	415	173	4,232
Amortization of goodwill	1,679	1,679	17,101
Amortization of negative goodwill	—	(24)	—
Decrease in reserve for possible loan losses	(7,259)	(4,278)	(73,908)
Decrease in accrued employees' severance and retirement benefits	(1,164)	(1,467)	(11,859)
Increase (decrease) in accrued directors' retirement benefits	(11)	84	(118)
Increase in reserve for reimbursement of deposits	52	552	532
Increase in provision for contingent loss	194	77	1,976
Interest income.....	(64,897)	(63,393)	(660,666)
Interest expenses.....	11,617	11,389	118,267
Losses on securities transactions	21,252	2,040	216,353
Losses on foreign exchange transactions.....	886	1,356	9,027
Losses (gains) on disposal of fixed assets	(29)	67	(303)
Net decrease (increase) in trading account securities	(2,151)	10,052	(21,900)
Net increase in loans and bills discounted	(113,893)	(161,178)	(1,159,454)
Net increase (decrease) in deposits.....	(29,323)	151,709	(298,521)
Net increase in borrowed money (excluding subordinated loans).....	17,151	(29)	174,610
Net decrease (increase) in call loans.....	(9,506)	76,031	(96,776)
Net decrease in pledged money for securities borrowing transactions....	61,321	40,985	624,262
Net increase (decrease) in call money	(2,304)	2,304	(23,459)
Net increase (decrease) in deposits received for securities lending transactions.....	(18,287)	13,959	(186,168)
Net decrease (increase) in foreign exchange assets	(2,468)	713	(25,129)
Net increase in foreign exchange liabilities	68	42	695
Interest received.....	64,357	64,841	655,175
Interest paid	(9,239)	(8,163)	(94,062)
Other, net	1,630	(3,494)	16,600
Subtotal	(80,846)	154,101	(823,028)
Income taxes paid	(716)	(1,140)	(7,294)
Net cash provided by (used in) operating activities	(81,562)	152,961	(830,322)

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash flows from investing activities:			
Purchases of securities	(559,280)	(564,610)	(5,693,586)
Proceeds from sales of securities	503,667	348,765	5,127,426
Redemption of securities	139,858	76,213	1,423,786
Purchases of tangible fixed assets.....	(2,065)	(2,213)	(21,029)
Proceeds from sales of tangible fixed assets.....	266	50	2,708
Purchases of intangible fixed assets.....	(5,063)	(1,877)	(51,545)
Net cash provided by (used in) investing activities.....	77,381	(143,672)	787,760
Cash flows from financing activities:			
Increase in subordinated loans.....	3,000	—	30,540
Redemption of subordinated bonds	(2,200)	—	(22,396)
Payment of cash dividends	(2,898)	(2,095)	(29,506)
Payment of cash dividends to minority interests	(4)	(4)	(46)
Purchases of treasury stock.....	(29)	(23)	(299)
Proceeds from sales of treasury stock.....	7	4	76
Net cash used in financing activities.....	(2,124)	(2,118)	(21,631)
Foreign currency translation adjustments of cash and cash equivalent			
	(35)	(63)	(360)
Net increase (decrease) in cash and cash equivalents	(6,340)	7,107	(64,553)
Cash and cash equivalents at beginning of year	63,332	56,225	644,740
Cash and cash equivalents at end of year (Note 25)	¥ 56,991	¥ 63,332	\$ 580,187

See accompanying notes.