

Consolidated Statements of Cash Flows  
 Kiyo Holdings, Inc. and its consolidated subsidiaries  
 Years ended March 31, 2012 and 2011

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 16,054	¥ 11,965	\$ 195,340
Depreciation	4,233	4,115	51,508
Impairment loss on fixed assets	37	894	459
Amortization of goodwill	1,681	1,679	20,455
Decrease in reserve for possible loan losses	(1,514)	(2,032)	(18,424)
Increase in accrued employees' severance and retirement benefits	0	3	3
Decrease in accrued directors' retirement benefits	-	(7)	-
Increase in reserve for reimbursement of deposits	63	46	775
Decrease in provision for contingent loss	(56)	(19)	(693)
Interest income	(59,305)	(61,105)	(721,564)
Interest expense	7,020	8,820	85,420
Losses on securities transactions	1,865	886	22,692
Losses on foreign exchange transactions	94	6,392	1,153
Losses on disposal of fixed assets	50	175	609
Net decrease in trading account securities	2,108	1,208	25,653
Net increase in loans and bills discounted	(40,688)	(53,035)	(495,050)
Net increase in deposits	53,551	44,930	651,554
Net increase (decrease) in borrowed money (excluding subordinated loans)	4,644	(4,292)	56,509
Net decrease (increase) in call loans	112,399	(86,380)	1,367,562
Net decrease in pledged money for securities borrowing transactions	-	20,877	-
Net increase in payables under securities lending transactions	32,038	25,022	389,809
Net increase in foreign exchange assets	(6)	(277)	(83)
Net (decrease) increase in foreign exchange liabilities	(23)	16	(285)
Interest received	58,419	61,654	710,788
Interest paid	(9,351)	(7,283)	(113,775)
Other, net	(8,860)	13,653	(107,800)
Subtotal	174,457	(12,089)	2,122,615
Income taxes paid	(590)	(678)	(7,179)
Net cash provided by (used in) operating activities	173,867	(12,767)	2,115,436
<b>Cash flows from investing activities:</b>			
Purchases of securities	(602,540)	(544,183)	(7,331,069)
Proceeds from sales of securities	248,229	503,133	3,020,190
Redemption of securities	155,798	112,488	1,895,593
Purchases of tangible fixed assets	(1,356)	(2,713)	(16,507)
Proceeds from sales of tangible fixed assets	53	-	645
Purchases of intangible fixed assets	(847)	(1,121)	(10,306)
Expenses on execution of asset retirement obligations	(5)	(38)	(65)
Net cash (used in) provided by investing activities	(200,668)	67,564	(2,441,519)
<b>Cash flows from financing activities:</b>			
Increase in subordinated loans	3,000	5,000	36,501
Repayment of subordinated loans	(3,000)	(10,000)	(36,501)
Proceeds from issuance of subordinated bonds	3,000	7,000	36,501
Redemption of subordinated bonds	(5,000)	-	(60,835)
Payment of cash dividends	(2,775)	(2,816)	(33,768)
Payment of cash dividends to minority interests	(4)	(4)	(56)
Purchases of treasury stock	(21)	(105)	(257)
Proceeds from sales of treasury stock	259	284	3,153
Net cash used in financing activities	(4,542)	(642)	(55,262)
Foreign currency translation adjustments for cash and cash equivalents	(6)	(39)	(76)
Net (decrease) increase in cash and cash equivalents	(31,349)	54,114	(381,421)
Cash and cash equivalents at beginning of year	116,236	62,121	1,414,240
Cash and cash equivalents at end of year (Note 3)	¥ 84,887	¥ 116,236	\$ 1,032,819

See accompanying notes.