Consolidated Statements of Cash Flows

Kiyo Holdings, Inc. and its consolidated subsidiaries Years ended March 31, 2007 and 2006

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2007 2006		
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 11,718	¥ 11,058	\$ 99,271
Depreciation	4,977	5,655	42,166
Impairment loss on fixed assets	1,217	294	10,311
Amortization of goodwill	1,679	279	14,230
Amortization of negative goodwill	(182)	_	(1,545)
Investment income on equity method	(43)	(98)	(368)
Increase (decrease) in reserve for possible loan losses	(8,882)	9,052	(75,244)
Increase (decrease) in accrued employees' severance and retirement benefits	(2,166)	3,217	(18,349)
Interest income	(58,580)	(50,216)	(496,237)
Interest expenses	7,283	4,192	61,699
Losses (gains) on securities transactions	896	(8,448)	7,597
Losses on money held in trust	39	34	338
Gains on foreign exchange transactions	(5,447)	(6,934)	(46,144)
Gains on disposal of fixed assets	(191)	_	(1,623)
Losses on disposal of premises and equipment	_	299	_
Increase in settlement of the trust fund operation for employees' retirement benefits	_	(14,352)	_
Net decrease (increase) in trading account securities	(11,586)	2,305	(98,153)
Net increase in loans and bills discounted	(62,077)	(3,005)	(525,858)
Net increase (decrease) in deposits	129,839	(23,507)	1,099,872
Net decrease (increase) in due from bank (excluding cash equivalents)	2,271	(2,999)	19,239
Net decrease (increase) in call loans	34,458	(58,706)	291,895
Net decrease (increase) in pledged money for securities	0 1/100	(23). 33)	- 5 1/05 0
borrowing transactions	(134,060)	86,489	(1,135,625)
Net increase (decrease) in call money	(147)	33	(1,248)
Net increase (decrease) in deposits received for securities lending transactions	(69,901)	43,391	(592,133)
Net decrease in foreign exchange assets	1,043	171	8,838
Net increase (decrease) in foreign exchange liabilities	(18)	22	(160)
Interest income received	58,775	52,160	497,887
Interest paid	(6,072)	(4,427)	(51,438)
Other, net	(1,110)	724	(9,408)
Sub-total	(106,267)	46,687	(900,190)
Payment of income taxes	(521)	(172)	(4,415)
Net cash provided by (used in) operating activities	(106,788)	46,515	(904,605)
	•		

Cash flows from investing activities: (502,928) (465,884) (4,260,28) Purchases of securities 380,236 334,960 3,220,98 Redemption of securities 122,037 136,379 1,033,79 Decrease in money held in trust 3,460 — 29,3 Purchases of tangible fixed assets (11,245) — (10,5 Purchases of intangible fixed assets (618) — (5,2 Purchases of premises and equipment — (2,256) Proceeds from sales of tangible fixed assets 1,469 — 12,4 Proceeds from sales of premises and equipment — (1,510 — 12,4 Proceeds from sales of premises and equipment — 1,510 — 1,510 — 1,24 Proceeds from sales of subsidiaries that are added to consolidation (567) — (4,8 — 1,844 4,709 15,6 Cash flows from financing activities 1,844 4,709 15,6 — 2 1,6 — 1,6 — 1,6 — 2 <t< th=""><th>Thousands of U.S. dollars (Note 1)</th><th colspan="2">Millions of yen (Note 1)</th><th></th></t<>	Thousands of U.S. dollars (Note 1)	Millions of yen (Note 1)		
Purchases of securities (502,928) (465,884) (4,260,28) Proceeds from sales of securities 380,236 334,960 3,220,9 Redemption of securities 122,037 136,379 1,033,7 Decrease in money held in trust 3,460 — 29,3 Purchases of tangible fixed assets (618) — (5,2 Purchases of intangible fixed assets (618) — (5,2 Purchases of premises and equipment — (2,256) — Proceeds from sales of tangible fixed assets 1,469 — 12,4 Proceeds from sales of premises and equipment — 1,510 Purchases of stock of subsidiaries that are added to consolidation (567) — (4,8 Net cash provided by investing activities 1,844 4,709 15,6 Cash flows from financing activities: — 7,500 Increase in subordinated loans — 7,500 Decrease in subordinated loans — 7,500 Perceeds from issuance of subordinated bonds (5,000) (2,000) — 42,3	2007	2006	2007	
Proceeds from sales of securities 380,236 334,960 3,220,9 Redemption of securities 122,037 136,379 1,033,7 Decrease in money held in trust 3,460 — 29,3 Purchases of tangible fixed assets (1,245) — (10,5 Purchases of intangible fixed assets (618) — (5,2 Purchases of premises and equipment — (2,256) Proceeds from sales of premises and equipment — 1,510 Proceeds from sales of premises and equipment — 1,510 Purchases of stock of subsidiaries that are added to consolidation (567) — (4,8 Net cash provided by investing activities 1,844 4,709 15,6 Cash flows from financing activities: — 7,500 Increase in subordinated loans (5,000) (2,000) (42,3 Proceeds from issuance of subordinated bonds (5,000) (2,000) — 42,3 Redemption of subordinated bonds (2,000) — (16,9 Proceeds from issuance of stock 31,500 25,200 266,8				Cash flows from investing activities:
Redemption of securities 122,037 136,379 1,033,7 Decrease in money held in trust 3,460 — 29,3 Purchases of tangible fixed assets (1,245) — (10,5 Purchases of intangible fixed assets (618) — (5,2 Purchases of premises and equipment — (2,256) — Proceeds from sales of tangible fixed assets 1,469 — 12,4 Proceeds from sales of premises and equipment — 1,510 — Purchases of stock of subsidiaries that are added to consolidation (567) — (4,8 Net cash provided by investing activities 1,844 4,709 15,6 Cash flows from financing activities: — 7,500 — Increase in subordinated loans — 7,500 — 42,3 Pecrease in subordinated loans — 7,500 — 42,3 — 42,3 — 42,3 — — 42,3 — — 42,3 — — 42,3 — — 42,3 —	(4,260,298)	(465,884)	(502,928)	Purchases of securities
Decrease in money held in trust	3,220,979	334,960	380,236	Proceeds from sales of securities
Purchases of tangible fixed assets (1,245) — (10,5 Purchases of intangible fixed assets (618) — (5,2 Purchases of premises and equipment — (2,256) — Proceeds from sales of tangible fixed assets 1,469 — 12,4 Proceeds from sales of premises and equipment — 1,510 Purchases of stock of subsidiaries that are added to consolidation (567) — (4,8 Net cash provided by investing activities 1,844 4,709 15,6 Cash flows from financing activities: — 7,500 Increase in subordinated loans — 7,500 Decrease in subordinated loans — 7,500 Decrease in subordinated bonds 5,000 — 42,3 Redemption of subordinated bonds 5,000 — 42,3 Redemption of subordinated bonds (2,000) — 16,9 Proceeds from issuance of stock 31,500 25,200 266,8 Payment of cash dividends — (934) Payment of grant for share transfer (1	1,033,780	136,379	122,037	Redemption of securities
Purchases of intangible fixed assets	29,312	_	3,460	Decrease in money held in trust
Purchases of premises and equipment — (2,256) Proceeds from sales of tangible fixed assets 1,469 — 12,4 Proceeds from sales of premises and equipment — 1,510 Purchases of stock of subsidiaries that are added to consolidation (567) — (4,8 Net cash provided by investing activities 1,844 4,709 15,6 Cash flows from financing activities: — 7,500 Increase in subordinated loans — 7,500 Decrease in subordinated loans (5,000) (2,000) — Proceeds from issuance of subordinated bonds 5,000 — 42,3 Redemption of subordinated bonds (2,000) — (16,9 Proceeds from issuance of stock 31,500 25,200 266,8 Payment of cash dividends — (934) Payment of grant for share transfer (1,515) — (12,8 Payment of cash dividends to minority interests (4) (4) (4) Purchases of treasury stock (39) (12,241) (3 Proceeds from sales of	(10,548)	_	(1,245)	Purchases of tangible fixed assets
Proceeds from sales of tangible fixed assets	(5,239)	_	(618)	Purchases of intangible fixed assets
Proceeds from sales of premises and equipment — 1,510 Purchases of stock of subsidiaries that are added to consolidation — (567) — (4,8) Net cash provided by investing activities — 1,844 4,709 15,6 Cash flows from financing activities: Increase in subordinated loans — 7,500 Decrease in subordinated loans — (5,000) (2,000) (42,3) Proceeds from issuance of subordinated bonds — 5,000 — 42,3 Redemption of subordinated bonds — (2,000) — (16,9) Proceeds from issuance of stock — 31,500 25,200 266,8 Payment of cash dividends — (934) Payment of grant for share transfer — (1,515) — (12,8) Payment of cash dividends to minority interests — (4) (4) (4) Purchases of treasury stock — (39) (12,241) (3) Proceeds from sales of treasury stock — 26 — 2 Net cash provided by financing activities — 27,967 17,519 236,9 Foreign currency translation adjustments of cash and cash equivalents — 22	_	(2,256)	_	Purchases of premises and equipment
Purchases of stock of subsidiaries that are added to consolidation	12,449	_	1,469	Proceeds from sales of tangible fixed assets
consolidation (567) — (4,8) Net cash provided by investing activities 1,844 4,709 15,6 Cash flows from financing activities: — 7,500 Increase in subordinated loans — 7,500 Decrease in subordinated loans (5,000) (2,000) — Proceeds from issuance of subordinated bonds (2,000) — (16,9 Redemption of subordinated bonds (2,000) — (16,9 Proceeds from issuance of stock 31,500 25,200 266,8 Payment of cash dividends — (934) — Payment of grant for share transfer (1,515) — (12,8 Payment of cash dividends to minority interests (4) (4) (6) Purchases of treasury stock (39) (12,241) (3 Proceeds from sales of treasury stock 26 — 2 Net cash provided by financing activities 27,967 17,519 236,9 Foreign currency translation adjustments of cash and cash equivalents 26 22 2	_	1,510	_	Proceeds from sales of premises and equipment
Net cash provided by investing activities				
Cash flows from financing activities: Increase in subordinated loans	(4,807)	_	(567)	consolidation
Increase in subordinated loans — 7,500 Decrease in subordinated loans — (5,000) (2,000) (42,3) Proceeds from issuance of subordinated bonds — 5,000 — 42,3 Redemption of subordinated bonds — (2,000) — (16,9) Proceeds from issuance of stock — 31,500 — 25,200 — 266,8 Payment of cash dividends — — (934) Payment of grant for share transfer — (1,515) — (12,8) Payment of cash dividends to minority interests — (4) — (4) — (4) Purchases of treasury stock — (39) — (12,241) — (3) Proceeds from sales of treasury stock — 26 — 2 Net cash provided by financing activities — 27,967 — 17,519 — 236,9 Foreign currency translation adjustments of cash and cash equivalents — 26 — 22 — 22	15,628	4,709	1,844	Net cash provided by investing activities
Decrease in subordinated loans (5,000) (2,000) (42,30) Proceeds from issuance of subordinated bonds 5,000 — 42,30 Redemption of subordinated bonds (2,000) — (16,90) Proceeds from issuance of stock 31,500 25,200 266,80 Payment of cash dividends — (934) Payment of grant for share transfer (1,515) — (12,80) Payment of cash dividends to minority interests (4) (4) (4) (4) Purchases of treasury stock (39) (12,241) (3) Proceeds from sales of treasury stock 26 — 20 Net cash provided by financing activities 27,967 17,519 236,90 Foreign currency translation adjustments of cash and cash equivalents 26 22 20	_	7 500	_	_
Proceeds from issuance of subordinated bonds 5,000 — 42,3 Redemption of subordinated bonds (2,000) — (16,9 Proceeds from issuance of stock 31,500 25,200 266,8 Payment of cash dividends — (934) Payment of grant for share transfer (1,515) — (12,8 Payment of cash dividends to minority interests (4) (4) (4) Purchases of treasury stock (39) (12,241) (3) Proceeds from sales of treasury stock 26 — 2 Net cash provided by financing activities 27,967 17,519 236,9 Foreign currency translation adjustments of cash and cash equivalents 22 22 2	(42,355)	•	(5,000)	
Redemption of subordinated bonds (2,000) — (16,9) Proceeds from issuance of stock 31,500 25,200 266,8 Payment of cash dividends — (934) Payment of grant for share transfer (1,515) — (12,8) Payment of cash dividends to minority interests (4) (4) (4) Purchases of treasury stock — (39) (12,241) (3) Proceeds from sales of treasury stock 26 — 2 Net cash provided by financing activities 27,967 17,519 236,9 Foreign currency translation adjustments of cash and cash equivalents — 26 22 22	42,355	(2,000)	· ·	
Proceeds from issuance of stock	(16,942)	_	ŕ	
Payment of cash dividends	266,836	25,200		•
Payment of grant for share transfer	_	· ·	_	
Payment of cash dividends to minority interests (4) (4) (4) Purchases of treasury stock (39) (12,241) (3) Proceeds from sales of treasury stock 26 — 2 Net cash provided by financing activities 27,967 17,519 236,9 Foreign currency translation adjustments of cash and cash equivalents 22 22 22	(12,840)		(1,515)	•
Purchases of treasury stock	(36)	(4)	(4)	•
Net cash provided by financing activities	(334)	(12,241)	(39)	
Foreign currency translation adjustments of cash and cash equivalents	226	_	26	Proceeds from sales of treasury stock
and cash equivalents	236,910	17,519	27,967	Net cash provided by financing activities
Net increase (decrease) in cash and cash equivalents	226	22	26	
	(651,841)	68,766	(76,949)	Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of year	1,128,125	51,536	133,175	Cash and cash equivalents at beginning of year
Increase in cash and cash equivalents as a result of share transfer — 12,872	_	12,872	_	
Cash and cash equivalents at end of year (Note 23)	\$ 476,284	¥133,175	¥ 56,225	Cash and cash equivalents at end of year (Note 23)

See accompanying notes.