

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	2007
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 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)

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

See accompanying notes.