

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.