

Consolidated Statements of Cash Flows  
Kiyo Holdings, Inc. and its consolidated subsidiaries  
Years ended March 31, 2011 and 2010

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 11,965	¥ 8,850	\$ 143,899
Depreciation	4,115	2,742	49,497
Impairment loss on fixed assets	894	7	10,755
Amortization of goodwill	1,679	1,679	20,203
Amortization of negative goodwill	-	(26)	-
Decrease in reserve for possible loan losses	(2,032)	(1,391)	(24,443)
Increase (decrease) in accrued employees' severance and retirement benefits	3	(430)	37
Decrease in accrued directors' retirement benefits	(7)	(31)	(96)
Increase (decrease) in reserve for reimbursement of deposit	46	(14)	557
(Decrease) increase in provision for contingent loss	(19)	132	(234)
Interest income	(61,105)	(61,414)	(734,883)
Interest expense	8,820	10,276	106,083
Losses on securities transactions	886	3,401	10,660
Losses on foreign exchange transactions	6,392	1,222	76,881
Losses on disposal of fixed assets	175	53	2,115
Net decrease (increase) in trading account securities	1,208	(316)	14,538
Net increase in loans and bills discounted	(53,035)	(67,013)	(637,824)
Net increase in deposits	44,930	199,624	540,352
Net decrease in borrowed money (excluding subordinated loans)	(4,292)	(11,869)	(51,621)
Net increase in due from banks (excluding cash equivalents)	-	4,000	-
Net increase in call loans	(86,380)	(53,436)	(1,038,846)
Net decrease in pledged money for securities borrowing transactions	20,877	20,882	251,085
Net increase in payable under securities lending transactions	25,022	27,145	300,935
Net (increase) decrease in foreign exchange assets	(277)	2,399	(3,343)
Net increase (decrease) in foreign exchange liabilities	16	(108)	195
Interest received	61,654	61,311	741,490
Interest paid	(7,283)	(8,104)	(87,594)
Other, net	13,653	(1,747)	164,210
Subtotal	(12,089)	137,825	(145,392)
Income taxes paid	(678)	(654)	(8,155)
Net cash provided by (used in) operating activities	(12,767)	137,171	(153,547)
<b>Cash flows from investing activities:</b>			
Purchases of securities	(544,183)	(709,906)	(6,544,597)
Proceeds from sales of securities	503,133	458,895	6,050,911
Redemption of securities	112,488	130,767	1,352,833
Purchases of tangible fixed assets	(2,713)	(2,487)	(32,639)
Proceeds from sales of tangible fixed assets	-	48	-
Purchases of intangible fixed assets	(1,121)	(3,442)	(13,486)
Expenses on execution of asset retirement obligations	(38)	-	(466)
Net cash provided by (used in) investing activities	67,564	(126,125)	812,556
<b>Cash flows from financing activities:</b>			
Increase in subordinated loans	5,000	12,000	60,132
Repayment of subordinated loans	(10,000)	(8,000)	(120,264)
Proceeds from issuance of subordinated bonds	7,000	3,000	84,185
Redemption of subordinated bonds	-	(8,800)	-
Payment of cash dividends	(2,816)	(2,940)	(33,868)
Payment of cash dividends to minority interests	(4)	(4)	(56)
Purchases of treasury stock	(105)	(1,161)	(1,273)
Proceeds from sales of treasury stock	284	1	3,417
Net cash used in financing activities	(642)	(5,905)	(7,727)
Foreign currency translation adjustments for cash and cash equivalents	(39)	(10)	(476)
Net increase in cash and cash equivalents	54,114	5,130	650,806
Cash and cash equivalents at beginning of year	62,121	56,991	747,106
Cash and cash equivalents at end of year (Note 26)	¥ 116,236	¥ 62,121	\$ 1,397,912

See accompanying notes.