



OAK  

---

CAPITAL

Oak Capital Corporation

Business Report

Fiscal year ended March 31, 2014

I would like to express my appreciation to all our shareholders and investors for their support.

During the subject fiscal year (April 1, 2013 – March 31, 2014), the Japanese economy and stock market showed signs of recovery on expectations for government economic and fiscal policies. Earnings at listed Japanese companies improved, with results that exceeded pre-financial crisis levels. The outlook for the economy has also risen, with expectations for long-term recovery stemming from such developments as Tokyo's successful bid for the 2020 Olympics.

Amid such circumstances, during the subject fiscal year Oak Capital achieved major successes in the revitalization investment field with projects to support growth at companies in which we invest. We also made proactive investments based on the promising capital market, including equity finance investments for mid-sized firms and listed companies in emerging markets, such as IT companies and precision machinery manufacturers, as well as conducting large-scale M&A deals, and steadily establishing an earnings base for the next fiscal year.

In terms of business and business project investment, we are working with a local FM broadcasting station in Karuizawa, Nagano Prefecture in developing a next-generation, internet-based broadcasting service.

For the Digital Post business, we supported the launch of a new service aimed at enhancing usability, and together with partner firms and companies in which we invest, made efforts to improve the service, expand the number of users, and increase awareness.

Emerging markets and mid-sized listed companies have continued their trend since last year of shifting toward more proactive management strategies. Under such circumstance, we feel that Oak Capital can play an important role in providing investment to support business growth, and through our investment businesses we are striving to support corporate growth.

During the fiscal year ending March 2015, we will expand our mainstay area of investment to support growth and revitalization at listed companies, while also developing business and project investment for companies in growth fields.

Thank you for your continued support and encouragement.

June 2014

Representative Director, Chairman and CEO  
Hiroyasu Takei

# Operational Highlights

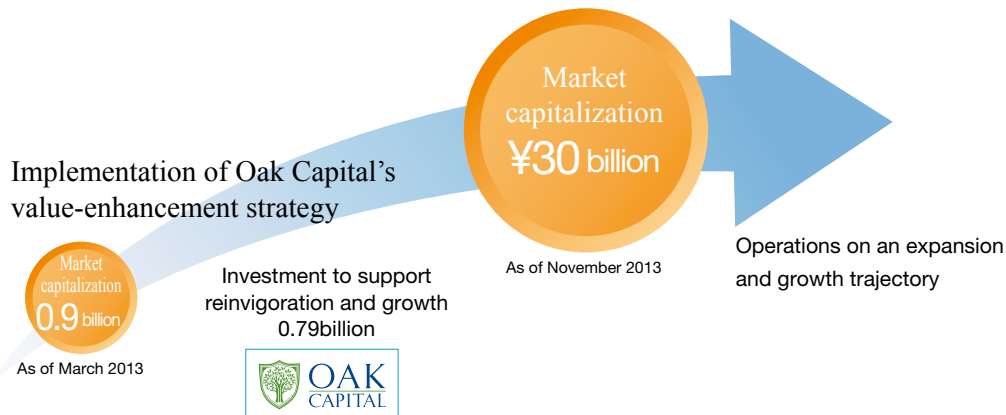
Result of value enhancement >>>

Investment to support growth >>>

**FLIGHT** FLIGHT HOLDINGS Inc.  
(TSE Mothers 3753)

Provided sales support in the credit settlement business.

Net sales doubled in the fiscal year ended March 31, 2014, moving the company into the black.

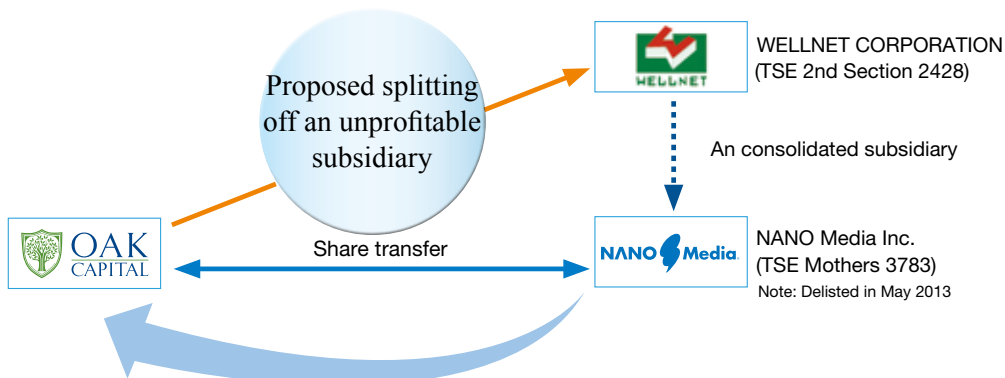


Result of strategic investment >>>

Strategic investment >>>

**NANO Media** NANO Media Inc.  
(TSE Mothers 3783)  
\*Delisted in May 2013

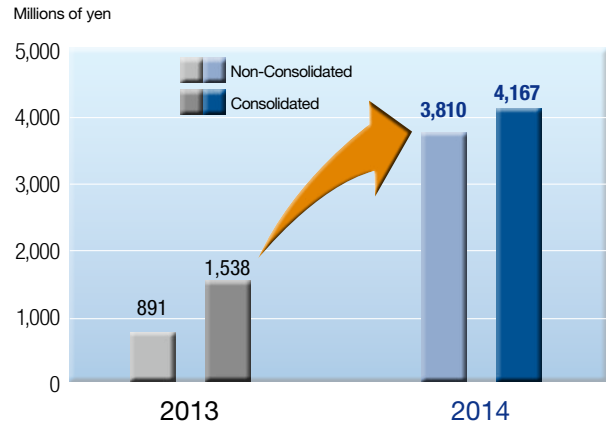
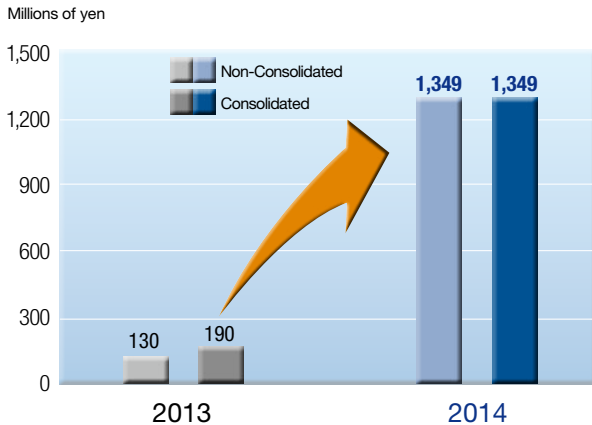
Acquisition via the share transfer investment method



# Performance Highlights

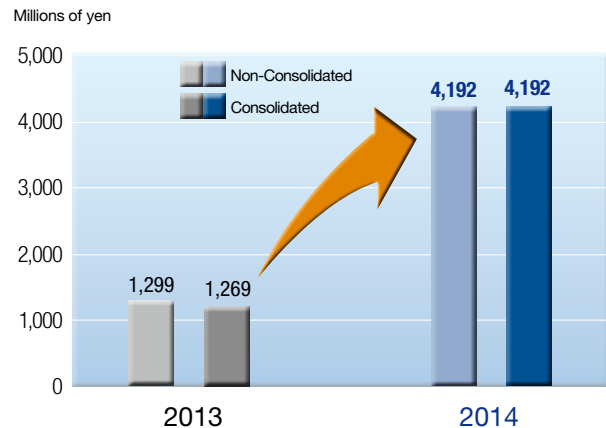
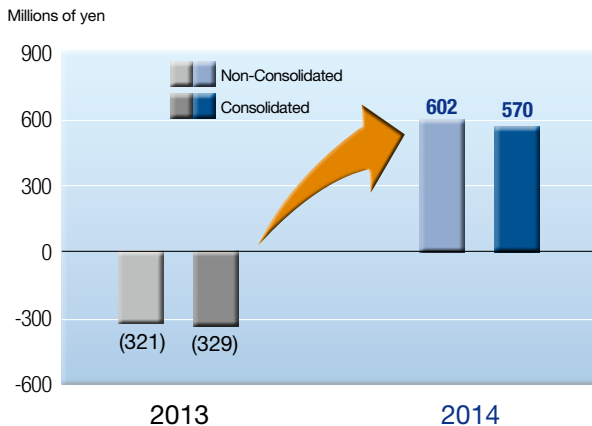
Cash and deposits >>> Made progress on investment recovery, cash and deposits increased by **¥1.15 billion**

Net sales >>> Up **2.7 times** year on year



Operating income >>> Up **¥0.89 billion** year on year

Net assets >>> In one year, net assets up **¥2.92 billion**



(Note) Compared with the consolidated results for the previous fiscal year.

>>> High and above the industry average for profitability, growth rate and productivity indicators

Rate of growth in net income	
Oak Capital	214.2%
Top five securities firms	92.0%
15 top- and mid-tier securities firms	115.6%

Net income per person	
Oak Capital	¥27,732,000
Top five securities firms	¥9,155,000
15 top- and mid-tier securities firms	¥13,414,000

Rate of growth in total assets	
Oak Capital	145.4%
Top five securities firms	6.8%
15 top- and mid-tier securities firms	9.5%

Return on equity	
Oak Capital	20.3%
Top five securities firms	11.9%
15 top- and mid-tier securities firms	14.6%

(Note) Companies compared are listed companies.

Oak Capital share trading indicators	
Period (January–December 2013) share trading volume	300 million shares
Period (January–December 2013) trading value	¥42.3 billion
Daily average trading volume	1.26 million shares
Daily average trading amount	¥0.17 billion

>>> Centering on emerging-market companies and small- and mid-cap stocks, focused on fields slated for expansion and sectors with high rates of growth that reflect the times



**FLIGHT HOLDINGS Inc.**  
(TSE Mothers 3753)



**NANO Media Inc.**  
(TSE Mothers 3783)  
\*Delisted in May 2013



**KLab Inc.**  
(TSE 1st Section)



**Acrodea, Inc.**  
(TSE Mothers 3823)

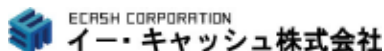


**Wintest Corp.**

**Wintest Corp.**  
(TSE Mothers 6721)



**OHIZUMI MFG. CO., LTD.**  
(TSE Mothers 6618)



**ECASH CORPORATION**  
(TSE Mothers 3840)

\* ECASH CORPORATION will change its name to PATH CORPORATION on July 1, 2014.

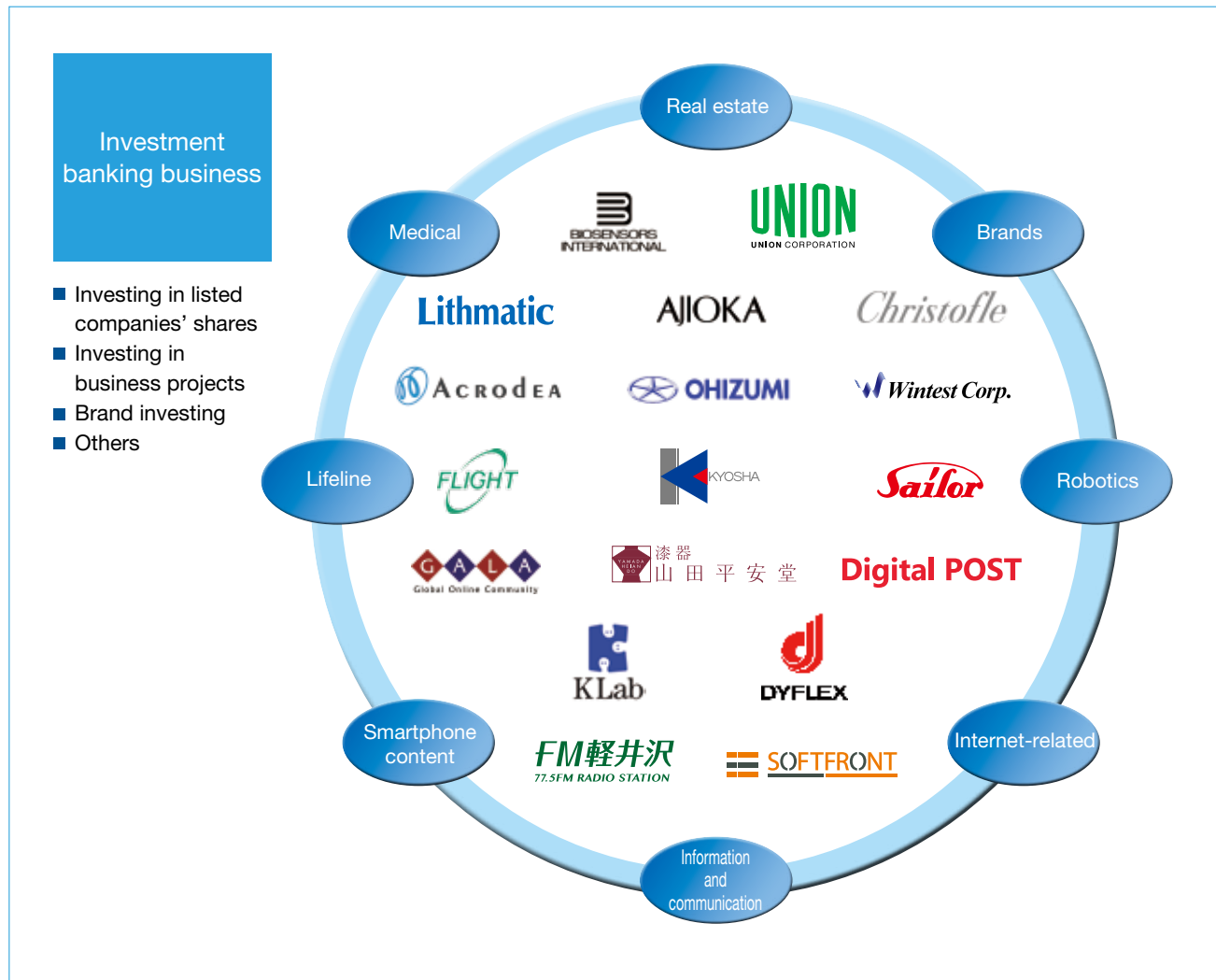


**Sofffront**  
(JASDAQ 2321)



**GALA INCORPORATED**  
(JASDAQ 4777)

>>> Select by growth field and market size



## Consolidated Balance Sheets

(Millions of yen)

	March 31, 2013	March 31, 2014
<b>Assets</b>		
Current assets	1,604	3,941
Non-current assets	156	427
Property, plant and equipment	47	55
Intangible assets	2	3
Investments and other assets	106	368
Deferred assets	23	11
<b>Total assets</b>	<b>1,785</b>	<b>4,380</b>



**POINT**

**Total assets** : Total assets amounted to ¥4,380 million at fiscal year-end, up ¥2,595 million from one year earlier. Principal reasons for the increase were a rise in cash and deposits, due to investment recovery, and an increase in operational investment securities, stemming from new investments.

(Millions of yen)

	March 31, 2013	March 31, 2014
<b>Liabilities</b>		
Current liabilities	443	97
Non-current liabilities	72	90
<b>Total liabilities</b>	<b>515</b>	<b>187</b>
<b>Net assets</b>		
Shareholders' equity	1,589	4,186
Accumulated other comprehensive income	(325)	4
Subscription rights to shares	5	1
<b>Total net assets</b>	<b>1,269</b>	<b>4,192</b>
<b>Total liabilities and net assets</b>	<b>1,785</b>	<b>4,380</b>

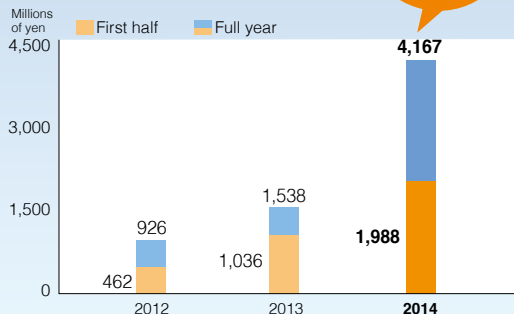


**POINT**

**Total net assets** : As of the fiscal year-end, total net assets were ¥4,192 million, up ¥2,923 million. The rise was mainly attributable to a higher capital reserve, owing to share transfer, the posting of net income and an increase in the market value of listed shares held by the Company, which prompted a rise in the valuation difference on available-for-sale securities.

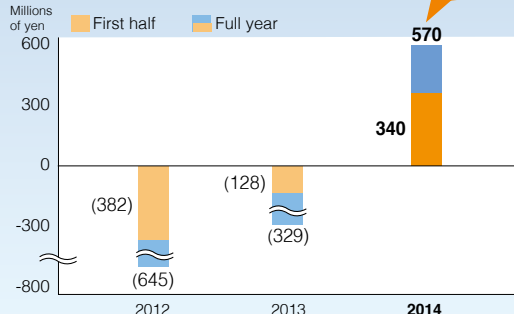
## Operating Performance

### Net sales



Up ¥2,628 million year on year

### Operating income



Up ¥899 million year on year

## Consolidated Statements of Income

(Millions of yen)

	Years ended March 31	
	2013	2014
Net sales	1,538	4,167
Gross profit	576	1,508
Selling, general and administrative expenses	905	938
Operating income (loss)	(329)	570
Ordinary income (loss)	(342)	564
Extraordinary income	30	74
Extraordinary losses	165	81
Income (loss) before income taxes	(476)	556
Total income taxes	5	1
Minority interests in income	2	—
<b>Net income (loss)</b>	<b>(485)</b>	<b>554</b>



### POINT

**Net income (loss)** : During the year, performance at the net level improved ¥1,040 million, to net income of ¥554 million. In line with our policy for the investment business, we undertook initiatives to provide funding and growth support for listed companies and pursued investment recovery among existing investees against the backdrop of stock market recovery.

## Consolidated Statements of Cash Flows

(Millions of yen)

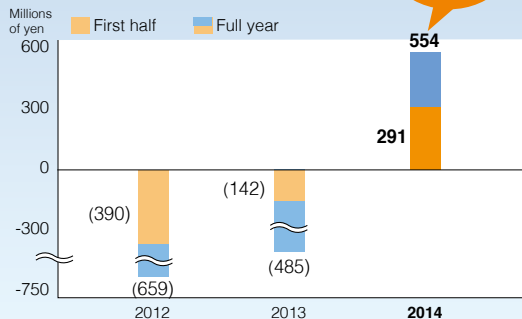
	Years ended March 31	
	2013	2014
<b>Cash flows from operating activities</b>	<b>(13)</b>	<b>1,101</b>
Cash flows from investing activities	(82)	(292)
Cash flows from financing activities	110	354
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	14	1,163
Cash and cash equivalents at beginning of period	172	186
Cash and cash equivalents at end of period	186	1,349



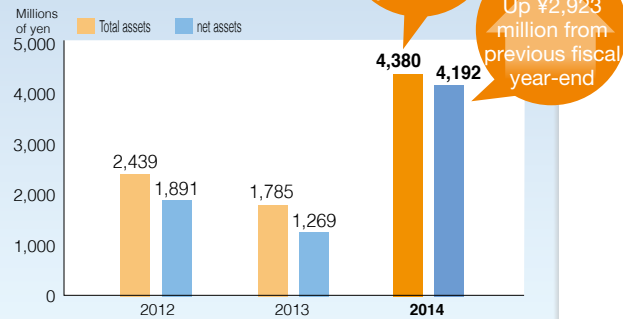
### POINT

**Cash flows from operating activities** : Due to investment recovery through the sale of operational investment securities, the posting of net income and the receipt of dividends, cash flows from operating activities increased ¥1,115 million year on year, to ¥1,101 million.

## Net income



## Total assets/net assets



## Corporate Data

Company name	Oak Capital Corporation
Founded	1868
Incorporated	1918
Paid-in capital	¥3,401 million
Stock Exchange Listing	2nd Section of Tokyo Stock Exchange (Listed in 1949)
Brokerage lead manager	Daiwa Securities Co. Ltd.
Independent Public Accountant	Nihombashi Corporation Certified Public Accountants
Correspondent banks	Sumitomo Mitsui Banking Corporation, Mizuho Bank Ltd.

## Board of Directors and Corporate Auditors

Representative Director, Chairman and CEO	Hiroyasu Takei	
Director of the Board	Tsutomu Akita	Head of Administration and Control Division
Director of the Board	Takaya Hasegawa	Head of Business Strategy Office
Director of the Board <sup>*1</sup>	Tomoyasu Ozeki	Partner of Accenture Corp.
Director of the Board <sup>*1</sup>	Yoshinori Uda	Former Representative Director & Vice President of NTT DoCoMo, Inc.
Managing Director	Fuyuki Makino	Investment Division
Managing Director	Yasunori Isomura	Investment Division
Managing Director	Yasuyuki Kido	Investment Division
Managing Director	Kazuhiro Hosoda	Investment Division
Corporate Auditor	Hideya Takahashi	
Corporate Auditor <sup>*2</sup>	Yoshikazu Nagano	Lawyer
Corporate Auditor <sup>*2</sup>	Makoto Sakai	Lawyer
Corporate Auditor <sup>*2</sup>	Motosuke Hirose	

\*1. Outside director, as provided in Article 2-15 of the Companies Act

\*2. Outside corporate auditor, as provided in Article 2-16 of the Companies Act

The following information was reported at the General Ordinary Meeting of Shareholders for the 153rd term, held on June 26, 2014.

### Reporting items

1. Business report and report on the consolidated financial statements for the 153rd term (April 1, 2013 to March 31, 2014), and the results of audits of the consolidated financial statements by the accounting auditor and the Board of Corporate Auditors
2. Report on the non-consolidated financial statements for the 153rd term (April 1, 2013 to March 31, 2014)

(Note) There were no matters for resolution.