

Report on the 149th Business Term

April 1, 2009 ~ March 31, 2010



Oak Capital Corporation

TO OUR SHAREHOLDERS

First of all, I would like to express my deep gratitude for your continuing support and patronage.

I am pleased to report the results of operations for fiscal 2009, the year ended March 31, 2010 (the 149th fiscal term, from April 1, 2009 to March 31, 2010). During the year ended March 31, 2010, the Japanese economy showed signs of gradual recovery in the wake of the financial crisis, as evidenced by the mild upswing of the Nikkei Stock Average and the trend for improvement in corporate earnings.

Overall, however, the business environment continues to be severe with levels of unemployment remaining high amidst ongoing deflation.

Under such conditions, Oak Capital held steadfast in the implementation of its fiscal 2009 business plan. Accordingly, we addressed the challenge of reorganizing our portfolio and worked to realize exits of large-scale investments (investment recovery) as well as sell-offs of investment securities, thus raising profits. Aiming at further decreasing operating costs, we additionally took steps to improve management by endeavoring to reduce costs through a reassessment of our organizational structure and a review of our headquarters' operating expenses.

As a result of these efforts, we were able to achieve a surplus in operating income, ordinary income and net income both on a consolidated and on a non-consolidated basis.

To address the far-reaching changes in the stock markets and our investment environment following the financial crisis, Oak Capital has drawn up a new growth strategy calling for an investment policy reversal among other measures in its newly-drafted Medium-term Management Plan (FY 2010~2012).

The new management plan thus places emphasis on investments in listed companies, particularly emerging market and small- and medium-cap stocks.

Today, many leading medium-sized firms listed on domestic stock markets are being pressed to rethink their business structures as they find themselves in the midst of profound changes affecting their respective markets. In spite of the present severe business environment, a great many of these companies are aspiring after growth and aggressively expanding their operations. Oak Capital is determined to lend its support to such enterprising companies.

By contributing to the cultivation of corporate vitality and the revitalization of the stock markets, Oak Capital is vigorously pushing forward and striving to fulfill its role as an investment firm and raise its own corporate value.

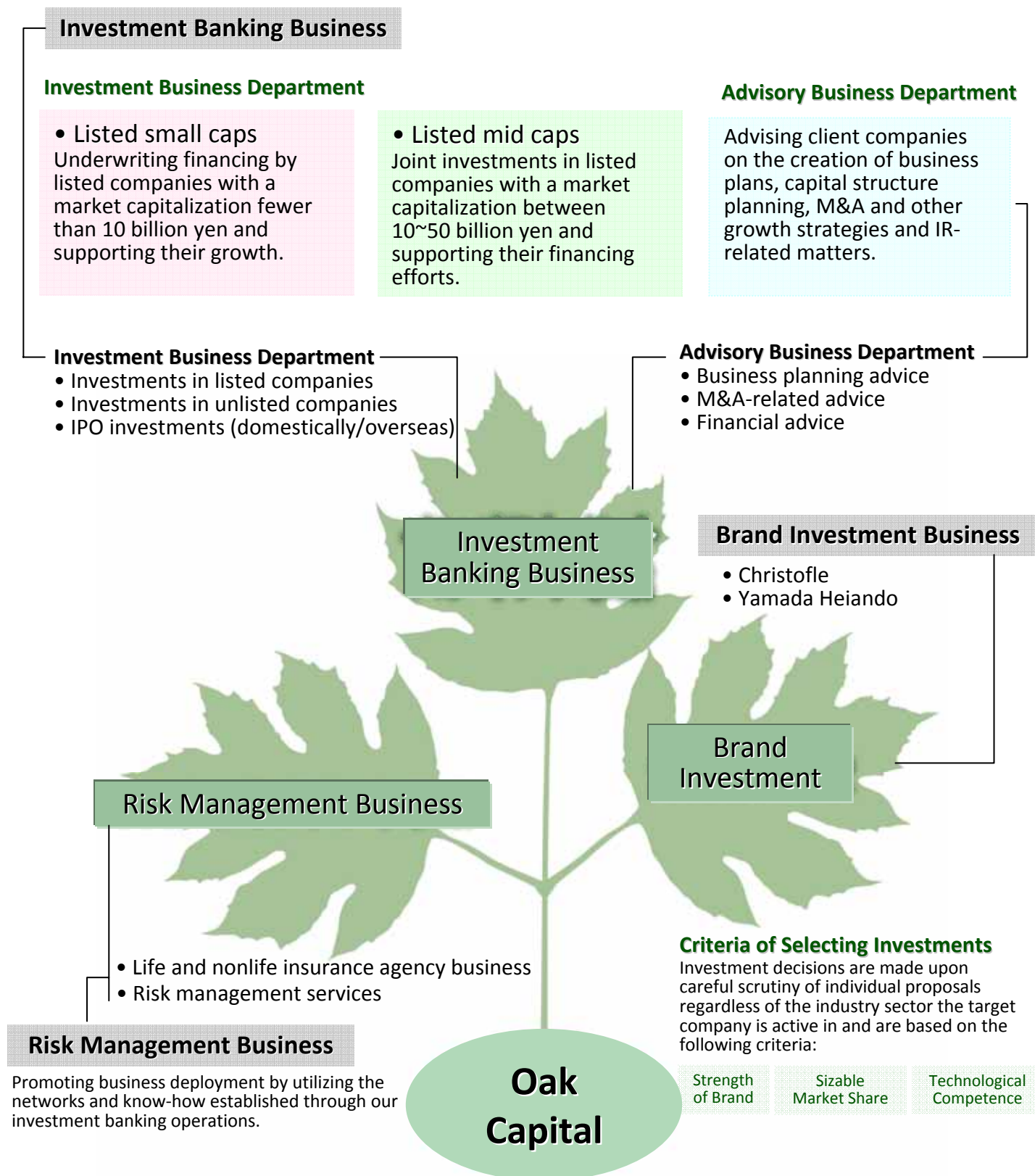
I look forward to your continued support and encouragement towards our company.

June 2010

Hiroyasu Takei
Representative Director, Chairman & CEO

BUSINESS SCOPE

Making effective use of its operating resources, Oak Capital seeks to expand its business with investment banking as its mainstay operation.



MEDIUM-TERM MANAGEMENT PLAN (FY 2010~ FY 2012)

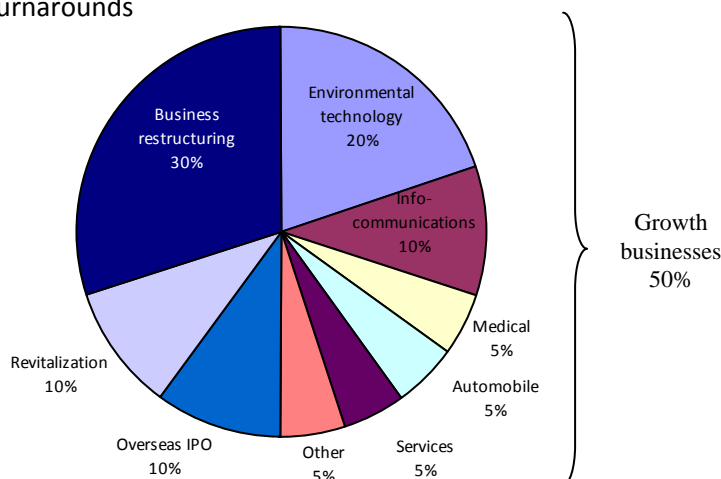
In the wake of the global financial crisis, many leading medium-sized firms are facing difficult times to raise funds in the market due to various market-related and other factors. In such business environment, our role as a company engaged in investment banking is to provide these firms with the resources needed to regain business confidence and bring about vitality.

The present plan essentially calls for utilizing the managerial resources and know-how of our Investment Business and Advisory Business Departments to bolster up the business deployment of our investees as a total advisor/coordinator providing not only financing underwriting but also support for drawing up value-enhancing strategies as well as management assistance meeting the needs of emerging market and small- and medium-cap stocks.

PRIORITIZED INVESTMENT THEMES OF THE MEDIUM-TERM MANAGEMENT PLAN

Investments supporting growth businesses

- Environmental technology Global warming countermeasure technology, alternative energy, energy conservation, resource recycling
- Info-communications Next-generation network-based advanced technologies, content transmission systems, 3D technology
- Medical Development of state-of-the-art pharmaceutical products and medical equipment, sanitary products, healthcare
- Automobile-related Joint projects with emerging countries
- Service sectors Creative and outsourcing industries
- Other areas Strategic financial planning backup aimed at business turnarounds



Investments supporting overseas IPO

Providing support to companies with already-established operations in Asia or companies planning to advance into the Asian marketplace to help them realize IPOs on stock markets such as the ones in Hong Kong, Shanghai and Singapore.

Investments supporting business restructuring

- **Domestically:** providing medium- to long-term support to companies with comeback growth potential through business selection and refocusing. Support comprises all-comprehending advice covering such aspects as business strategy formulation and capital plan creation as well as investment into the business itself.
- **Overseas:** medium-to long-term all-comprehending support from business strategy formulation to capital plan creation to companies with potentials to stage a comeback by expanding their operations in Asian and other emerging countries.

Revitalization investments

Providing fund procurement and other opportunities to companies that - in spite of boasting core business growth potential - are saddled with negative net worth or facing such capital-related or marketability-related challenges as enhancement of stock liquidity or market capitalization.

INVESTMENTS IN SUPPORT OF PREMIUM BRANDS

CHRISTOFLE JAPAN K.K.

<http://www.christofle.com>

Top-ranking silverware manufacturer with a brand and tradition of long standing

Christofle is a long-established manufacturer of silverware of the highest quality whose world-renown brand gained fame since the nineteenth century when it became Purveyor by Special Appointment to the Courts of King Louis-Philippe and Emperor Napoleon III. Silverwork produced by Christofle has been treasured by people all over the world for close to two centuries. Having become a synonym for top-of-the-line cutlery and silverware, the Christofle brand continues to address growing market segments such as table art, home decoration and accessories with highly creative and recognizable products. Today, silverware from Christofle is being supplied to the Palais de l'Élysée and such prestigious establishments as the five-star Hotel Ritz Paris and other first-class hotels throughout the world as well as luxury liners. Many of Japan's leading hotels and upscale restaurants today use Christofle products.



YAMADA HEIDANDO CO., LTD.

<http://www.heiando.com>

Lacquerware purveyor to the Imperial Household Agency, Japan's largest seller of premium lacquerware

Widely known as a purveyor to the Imperial Household Agency, Yamada Heiando operates shops specialized in the sales of high-grade lacquerware. In addition to the Daikanyama flagship shop, the company has set up a boutique at Narita Airport and continues to bolster its domestic sales network by taking resolute steps such as the collaboration with Chopard and the pro-active expansion of its internet retailing business. In terms of raw materials procurement, the company is striving for vertical integration by dealing directly with traditional production centers and craftsmen. Amidst changing lifestyles and outdated distribution systems and practices, Yamada Heiando remains dedicated to the continuing development of this traditional industry by infusing its operations with fresh ideas and new values.



RECORD OF INVESTMENTS

<p>Christoffe Japan</p> <p><i>Christoffe</i> France</p> <p>Top-class and long-established manufacturer of silverware of the finest quality (investment in the Japan company)</p>	<p>Yamada Heiando</p> <p>漆器 山田平安堂 YAMADA HEIANDO</p> <p>Purveyor to the Imperial Household Agency of high-grade lacquerware</p>	<p>AJOKA</p> <p>AJOKA</p> <p>Japan's largest manufacturer and wholesaler of highly-authentic, branded leather accessories</p>			
<p>CAD CENTER</p> <p>CAD CENTER Visualize your Dreams</p> <p>Long-established developer of CG image content</p>	<p>Coburn Japan</p> <p>Marketing of holographic, lenticular and other specialty films as well as specialized stage/studio lighting equipment</p>	<p>Gorin Packing</p> <p>GORIN Gorin Packing</p> <p>Pioneer in dustproof, shock-absorbing, insulating and other packing materials in consumer electronics</p>			
<p>ROSSO INDEX</p> <p>Rosso index</p> <p>Developer of highly popular online entertainment</p>	<p>G.communication</p> <p>G.communication grp.</p> <p>Operator of various directly-managed and franchise enterprises striving to develop a multi-franchise operation</p>	<p>Kyorei</p> <p>キョウレイ</p> <p>Trading firm specialized in the import of fresh and frozen fish and handling of processed marine products</p>			
<p>Kyosha (JASDAQ 6837)</p> <p>KYOSHA</p> <p>Manufacturer and supplier of printed circuit boards</p>	<p>K Laser Technology (TSEC 2461)</p> <p>Taiwan</p> <p>Global leader in the production and sales of holographic films and other anti-counterfeiting products</p>	<p>Biosensors International Group</p> <p>Listed on Singapore Stock Exchange (SGX) Main Board U.S.A.</p> <p>Developer, manufacturer and seller of disposable medical equipment such as diagnostic and therapeutic cardiovascular catheters and stents</p>			
<p>Dyflex Holdings</p> <p>DYFLEX</p> <p>Leading manufacturer of urethane waterproofing systems</p>	<p>ICS Garland U.S.A.</p> <p>GARLAND Garland</p> <p>Leading U.S. maker of innovative industrial-use flooring products</p>	<p>Kowa Chemical Industries</p> <p>恒和化学工業株式会社</p> <p>Leading domestic manufacturer and seller of exterior painting products</p>	<p>QB Net</p> <p>QB</p> <p>Operator of a nationwide chain of barbershops</p>		
<p>BSL Insurance</p> <p>BSL Insurance</p> <p>Developer of comprehensive risk-management services</p>	<p>Sightline Group U.S.A.</p> <p>SIGHTLINE SYSTEMS</p> <p>Mission-critical solutions provider</p>	<p>Askair Technologies Switzerland</p> <p>Askair</p> <p>Developer of plasma-related technologies</p>	<p>K Laser China China</p> <p>Expanding holographic film-related business in China</p>		
<p>G.networks (TSE 2nd Section, 7474)</p> <p>G.networks</p> <p>Establishing presence as all-comprehensive purveyor of oriental cuisine</p>	<p>Takeshiba Electric</p> <p>TAKESHIBA</p> <p>Design, manufacturing and sales of electronic devices</p>	<p>J.COM Saitama</p> <p>J.COM</p> <p>Operator of CATV and telecommunication business</p>	<p>eBank Corporation</p> <p>e</p> <p>Major internet banking operator</p>		
<p>Apamanshop Holdings (Heracles 8889)</p> <p>アパマンショップ</p> <p>Operator of housing info service chain network, engaged in property and asset management</p>	<p>Effector Cell Institute (Centrex 4567)</p> <p>ECI Effector Cell Institute</p> <p>Drug discovery R&D firm spun off from the Medical Institution of the University of Tokyo</p>	<p>World-Logi (Heracles 9378)</p> <p>WORLD-LOGI</p> <p>Engaged in a range of 3PL (third-party logistics) operations including distribution consulting and one-stop consignment</p>	<p>Tokyo Lithmatic (JASDAQ 7861)</p> <p>Lithmatic</p> <p>Engaged in printing and advancing into promising digital imaging market</p>	<p>Optrom (Centrex 7824)</p> <p>OPTROM INC.</p> <p>Engaged in order-based production and sales of CDs, DVDs and energy-saving fluorescent lighting</p>	
<p>Flight System Consulting (Mothers 3753)</p> <p>FLIGHT</p> <p>Development and maintenance of broadcasting and image systems specializing in content for mobile devices such as Apple's iPhone</p>	<p>KFE JAPAN (Centrex 4567)</p> <p>KFE Bridge to Quality</p> <p>Planning and development of electronic components and environmental products</p>	<p>ADIRON</p> <p>ADIRON</p> <p>Planning and marketing of original and imported branded bag products</p>	<p>Mont-Thabor</p> <p>Mont-Thabor</p> <p>Premium bakery chain</p>	<p>Joraku Shuzo</p> <p>JORAKU SHUZO</p> <p>Major maker of distilled spirits (Kumajochu) holding production and sales licenses of various types of liquors</p>	
<p>Japan Food & Liquor Alliance (OSE 2nd Section, 2538)</p> <p>JAPAN FOOD & LIQUOR ALLIANCE JFLA</p> <p>Top-ranking producer of "narezuke" pickles, soy sauce, seasonings and alcoholic beverages as well as health drinks</p>	<p>Tokyokoki Seizosho (TSE 2nd Section, 7719)</p> <p>TKS TKS TESTING & MEASURING</p> <p>Major manufacturer of large-size testing and measuring equipment supporting the automobile and other industry segments</p>	<p>Asahi Intecc (JASDAQ 7747)</p> <p>Asahi Intecc</p> <p>Manufacturers of medical and industrial-use equipment with high market share in FTCA guide wires and industrial-use extra-thin wires</p>	<p>Sanko Soflan Holdings</p> <p>Custom home building, selling of land in parcels, asset management consultations</p>	<p>ARDEPRO (TSE MOTHERS 8925)</p> <p>Real estate industry innovator</p>	
<p>Stem Cell Sciences</p> <p>Stem Cell Sciences</p> <p>Provision of tailor-commissioned stem cell research programs and services to pharmaceutical companies for the development of regenerative medicines</p>	<p>Modelista</p> <p>Printing business</p>	<p>Telemann Communications</p> <p>TKK</p> <p>Development, production and sales of satellite communication systems and related information-processing equipment</p>	<p>Union</p> <p>UNION</p> <p>Manufacturing and sales of door knobs and other architectural amenities and components</p>	<p>K Tech Devices</p> <p>Manufacturing and sales of RFID and related electronic components</p>	<p>SuperWave</p> <p>SuperWave</p> <p>Developer of wireless personal authentication systems</p>

Oak Capital No.1 Fund

Investors: Resona Bank
Mizuho Securities

Pacifica Fund

U.S.A.

Oak Capital established this limited partnership fund with the participation and capital contributed by major financial institutions with the object of pursuing value-enhancing investments in firms seeking a comeback and performance recovery, firms seeking growth on a higher level, firms with business rehabilitation needs or firms facing business succession issues. In addition to Oak Capital's own network, the Fund can draw on the corporate client networks of its Limited Partners to carry out various value enhancing investments adapted to each specific situation through such means as buyouts, the drafting and implementation of business plans, the introduction of human resources to bolster management, the introduction of business partners, etc.

Silicon Valley-based investment fund specialized in information technology companies and materials chemistry firms.
Oak Capital participates in this Fund as a Limited Partner.

CONSOLIDATED FINANCIAL STATEMENTS (summary)

Consolidated Balance Sheet as of March 31, 2010

(millions of yen)

Year ended March 31	2010	2009
Assets		
Current assets	3,319	2,392
Cash and deposits	855	310
Accounts receivable - trade	143	182
Trading-purpose securities	1,787	1,285
Merchandise and finished goods	188	276
Short-term loans	-	315
Others	349	31
Allowance for doubtful accounts	(4)	(8)
Fixed assets	602	611
Tangible fixed assets	71	93
Intangible fixed assets	9	12
Investments and other assets	521	505
Deferred assets	13	-
Total assets	3,936	3,004

Note: amounts less than 1 million yen are omitted

Consolidated financial conditions

Total assets at the end of the fiscal year under review increased 931 million yen from a year earlier to 3,936 million yen. Major factors in this increase were the realizations of large-scale exits (investment recovery) and the increase of trading-purpose securities through new investments and other actions called for in the new medium-term management plan which were implemented ahead of this plan. Liabilities increased 758 million yen from the previous year to 1,424 million yen. A major factor in this increase was the issuance of bonds with stock acquisition rights. Net assets increased 172 million yen up to 2,511 million yen chiefly owing to the posted current term net income as well as the issuance of new shares upon the exercise of the equity warrants attached to the bonds.

Year ended March 31	2010	2009
Liabilities		
Current liabilities	447	558
Accounts payable	31	30
Short-term loans payable	321	386
Equity warrant-bearing bonds to be redeemed within 1 year	27	40
Others	67	101
Fixed liabilities	977	107
Equity warrant-bearing bonds	880	-
Long-term loans payable	24	20
Estimated retirement allowances	62	83
Others	10	3
Total liabilities	1,424	666
Net assets		
Shareholders' equity	2,548	2,378
Capital stock	3,077	3,042
Capital surplus	1,576	1,541
Retained earnings	(2,095)	(2,196)
Treasury stock	(9)	(9)
Valuation and translation adjustments	(54)	(165)
Equity warrants	5	-
Minority shareholders' interest	12	126
Total net assets	2,511	2,338
Total liabilities and net assets	3,936	3,004

Note: amounts less than 1 million yen are omitted

CONSOLIDATED FINANCIAL STATEMENTS (summary)

Consolidated Statements of Income (millions of yen)

Year ended March 31	2010	2009
Net sales	2,864	2,302
Cost of sales	1,208	1,575
Gross profit (loss)	1,655	726
Selling, general and administrative expenses	1,102	1,823
Operating income (loss)	553	(1,097)
Non-operating income	47	145
Non-operating expenses	20	136
Ordinary profit (loss)	579	(1,087)
Extraordinary income	73	7
Extraordinary expenses	285	1,554
Income (loss) before income taxes	368	(2,634)
Provision for income taxes	3	3
Adjustment for income tax	(0)	1
Minority Shareholders' equity (loss)	264	(22)
Net income	100	(2,616)

Note: Amounts less than 1 million yen are omitted

Consolidated operating results

For the investment banking business, both Oak Capital and the limited partnership fund "Oak Capital No.1 Fund" have successfully exited from large-scale investments (investment recovery). Coburn Japan, which is classified under our industrial materials business segment, has been working to reduce costs as part of an earnings improvement strategy; however, the company was still short of restoring sales due mainly to the general slump in the printing industry. In the risk management business segment, BSL Insurance Corporation has been working to strengthen its operation by finding new customers. As a result of these operations, consolidated performance at the end of this fiscal year showed 2,864 million yen in net sales, an increase of 24.4% relative to the previous year. In terms of profits and loss, Oak Capital achieved 553 million yen in operating income (compared with an operating loss of 1,097 million yen in the previous year), 579 million yen in ordinary income (compared with an ordinary loss of 1,087 million yen in the previous year) and a net income of 100 million yen (compared with a net loss of 2,616 million yen in the previous year). As such, Oak Capital moved into the black posting an operating, ordinary and net income surplus both on a consolidated and a non-consolidated basis.

Consolidated Statements of Cash Flow (millions of yen)

Year ended March 31	2010	2009
Cash flow from operating activities	44	1,819
Cash flow from investment activities	23	1,287
Cash flow from financing activities	472	(4,713)
Foreign currency translation adjustments on cash and cash equivalents	4	(21)
Net decrease in cash and cash equivalents	544	(1,628)
Cash and cash equivalents at beginning of year	295	1,923
Cash and cash equivalents at end of year	840	295

Note: Amounts less than 1 million yen are omitted

< Cash flows from operating activities >

Operating activities generated cash inflows in the amount of 44 million yen. This was primarily attributable to revenue from the realization of large-scale investments (investment recovery) being in excess of spending on new investments. As a result, Oak Capital has posted positive cash inflows from operating activities for two consecutive terms.

<Cash flows from investing activities>

Investing activities resulted in a cash inflow of 23 million yen, the key factor being revenue from collections on loans receivable and a partial refunding of security deposit following the head office's integration which was in excess of payments for purchases of investment securities.

<Cash flows from financing activities>

A net cash inflow of 472 million yen was provided by financing activities. This resulted mainly from the 939 million yen revenue from the issuance of bonds with stock acquisition rights which was in excess of the 383 million yen in dividend payments to minority shareholders.

STOCK INFORMATION

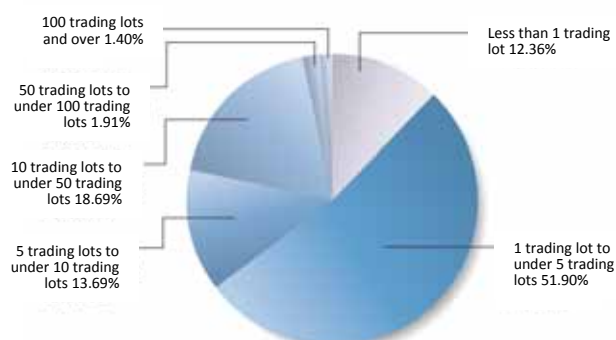
as of March 31, 2010

Total number of shares issuable	600,000,000
Total number of shares issued and outstanding	215,824,287
Number of shareholders	18,623

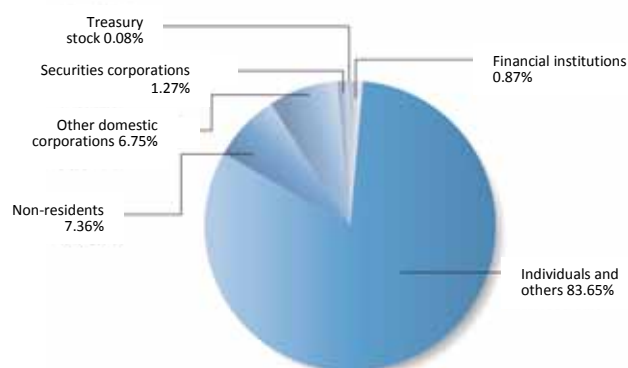
Principal Shareholders (top 10) as of March 31, 2010

Name of shareholder	Shares held (thousands of shares)	Percentage of shares
SIX SIS LTD.	12,030	5.57%
Hiroyasu Takei	8,753	4.05%
LMI Corporation	7,451	3.45%
Mihiro Shokai K.K.	2,951	1.36%
Individual shareholder	2,202	1.02%
Japan Securities Finance Co., Ltd.	1,818	0.84%
EFG BANK AG, HONG KONG	1,724	0.79%
Individual shareholder	1,648	0.76%
Individual shareholder	1,624	0.75%
Individual shareholder	1,200	0.55%

Breakdown of shareholders by volume owned



Distribution of shareholders



COMPANY PROFILE

Company profile (as of March 31, 2010)

Company name	Oak Capital Corporation	Public listing	2 nd Sections of the Tokyo Stock Exchange (listed in 1949)
Address	10-24, Akasaka 8-chome, Minato-ku, Tokyo 107-0052	Lead manager	Daiwa Securities Capital Markets Co. Ltd.
Founded	1868	Auditors	Nihombashi Corporation (Certified Public Accountants)
Established	1918	Banks	Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd.
Capital stock	3,077 million yen		

Board of Directors/Auditors (as of June 29, 2010)

Representative Director, Chairman & CEO	Hiroyasu Takei	Standing Corporate Auditor	Hideya Takahashi
Director	Katsushi Tanaka	Corporate Auditor ²	Yoshikazu Nagano
Director ¹	Tomoyasu Ozeki	Corporate Auditor ²	Makoto Sakai
Director ¹	Yoshinori Uda	Corporate Auditor ²	Motosuke Hirose
Executive Director, Administrative Affairs	Koichi Shinada	Advisor	Harunobu Yamada
Managing Director, Corporate Controller	Tsutomu Akita	Advisor	Kiyoji Odajima
Managing Director, Investment Business	Tetsuo Komo	Advisor	Hong Liang Lu
Managing Director, Investment Business	Kensuke Ogata		

¹ Outside Director as stipulated in Article 2, Item 15 of the Company Law

² Outside Corporate Auditor as stipulated in Article 2, Item 16 of the Company Law

Investor information

Fiscal year	April 1 – March 31	Shareholders' register	Administered by The Chuo Mitsui Trust & Banking Co., Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo
General meeting	The General Shareholders' Meeting is usually held in June of each year	Main administration office	Head office of The Chuo Mitsui Trust & Banking Co., Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo
Reference dates	March 31 for matters related to the Annual General Shareholders' Meeting	Administration center	Transfer Agent Center (<i>Shouken Daikou Jimu Center</i>) 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063 Tel: 0120-78-2031 (free dial)
Dividend payouts	Decided on March 31 and on September 30 for mid-term dividend payouts	Contact stations	Head office and branch offices of The Chuo Mitsui Trust & Banking Co., Ltd. Head office and branch offices of Japan Securities Agents Ltd.
Public notice	As a rule, electronic disclosure. In some cases, public notices may be published in the Nihon Keizai Shimbun		