

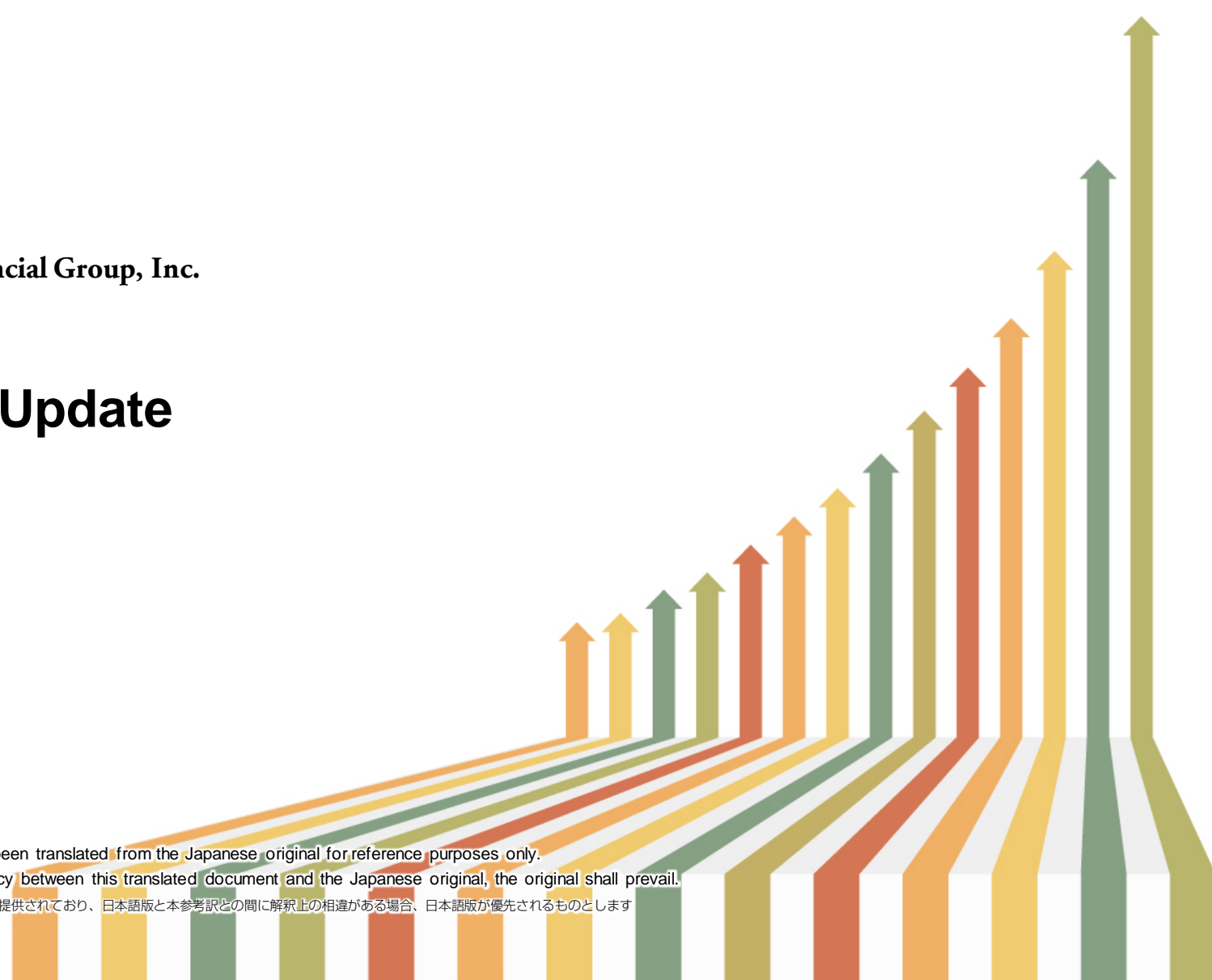


Akatsuki Financial Group, Inc.

Strategy Update

August 14, 2012

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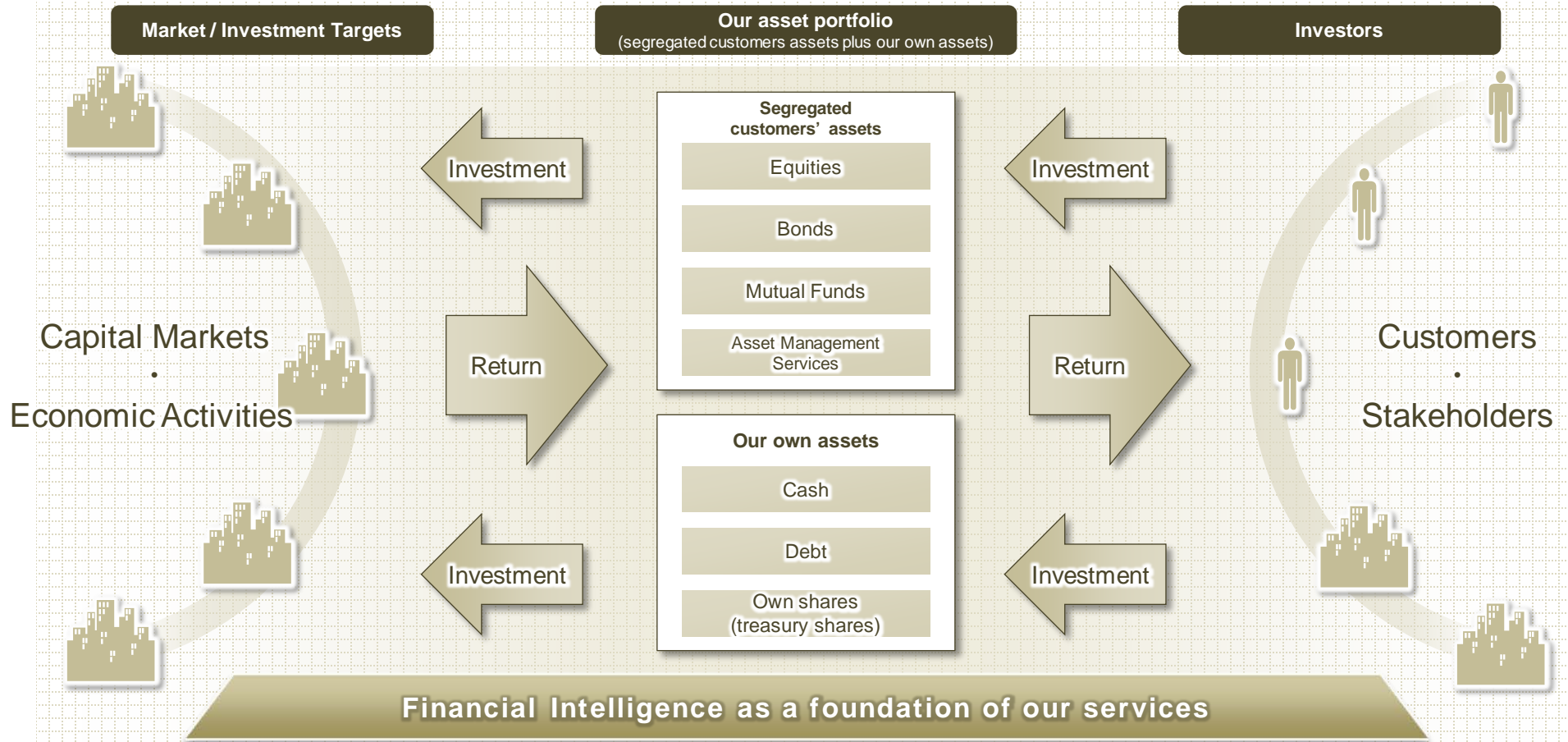
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Our mid to long-term vision

As the longest history in the securities brokerage business in Japan, Akatsuki Financial Group provides a solid foundation and platform with which our customers can trade confidently.

We serve our customers with the most modern and innovative approach. We added financial intelligence and asset management services to reflect our commitment to provide high value-added services to our stakeholders.



Our main future strategic initiatives

Our Future Direction

① Actionable financial news value-enhancing securities services (p.6)

- Strengthen information dissemination through the use of *Nihon Securities Journal*
- Turn financial information as a value enhancing tool

Services for Individual Investors

③ Move to AUM to stabilize and increase profitability (p.13)

- Diversify customers' assets from equities to other asset types
- Investment product origination capability

*AUM: Asset Under Management

② Expansion of customer base and revenue opportunities (p.10)

- Expansion of client assets through organic growth and strategic alliances
- Expanding revenue opportunities by partnering with other channels, such as wealth managers
- Reach customers through the use of non-financial information media

Services for Corporates

④ Corporate service differentiation (p.15)

- Strengthening of Investment Banking services with a focus on SMEs
- Strengthening of Investor Relations support services

Company-wide

⑤ Adherence to result-oriented, quantitative management styles (p.18)

- Continue to reduce SG&A (since 2011)
- Introduction of "benchmarking" as a guide for low-cost operation
- Quantitative measure of staff productivity

Management Policy of Akatsuki Financial Group, Inc.

▶ Quantitative approach to formulation and execution of strategy and decision making

▶ Active use of strategic alliance as a source of external management resources



① Actionable financial news value-enhancing securities services

② Expansion of customer base and revenue opportunities

③ Move to AUM to stabilize and increase profitability

④ Corporate service differentiation

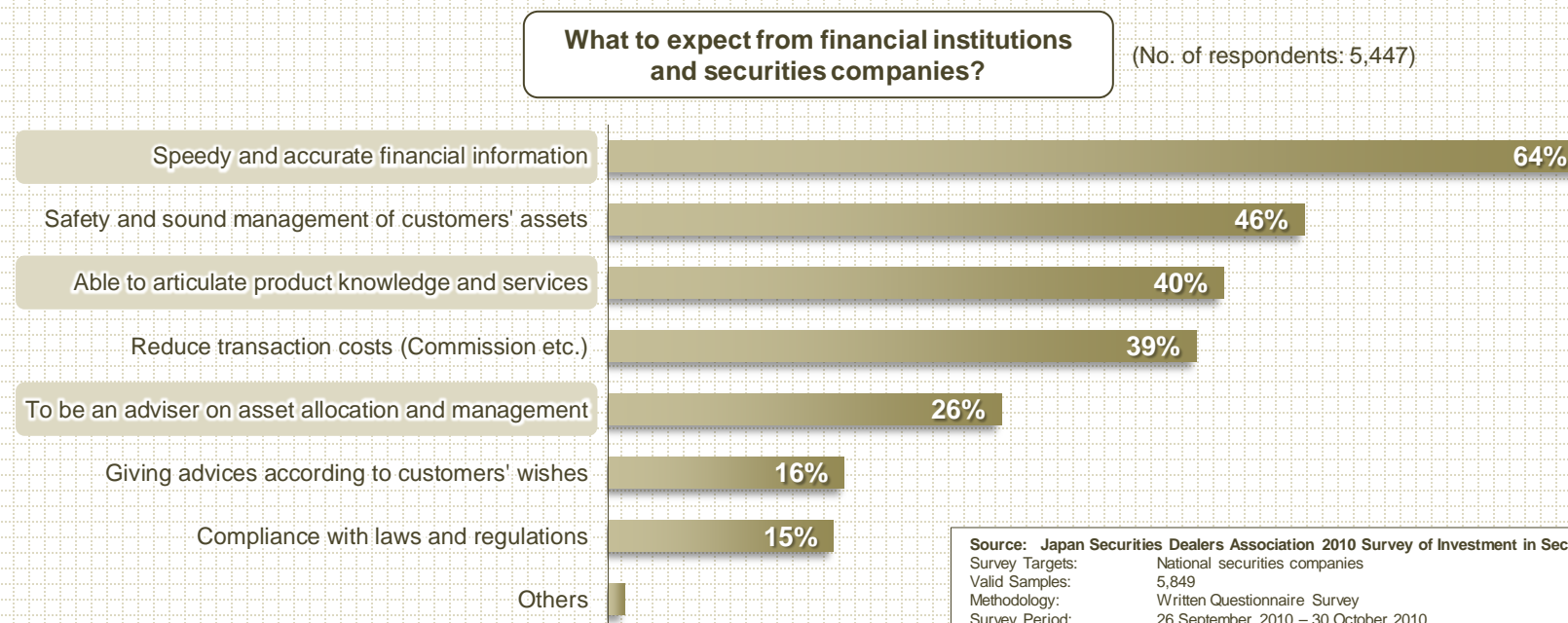
⑤ Adherence to result-oriented, quantitative management styles

①. Actionable financial news value-enhancing securities services

1. The needs for financial intelligence**Expectations from individual investors regarding face-to-face securities company**

- ▶ Speedy and accurate financial information
- ▶ Able to articulate product knowledge and services
- ▶ To be an adviser on asset allocation and management

(Source: *Survey of Investment in Securities by Japan Securities Dealers Association*)



①. Actionable financial news value-enhancing securities services

2. The Nihon Securities Journal

- In April 2012, we acquired *Dreamvisor Inc.* (MOTHERS: 3772), the owner of the *Nihon Securities Journal (NSJ)*, and integrated it as an affiliated company
- We now can provide actionable financial contents to our face-to-face customers

Printed media are the most widely used source of information

- ▶ Source of stock selection & stock information : about ½ from printed media (such as newspapers, magazines)
- ▶ Source of stock price : 2 out of 3 are from stock column of newspapers

Newspapers own the most frequent and direct communication channel with individual investors

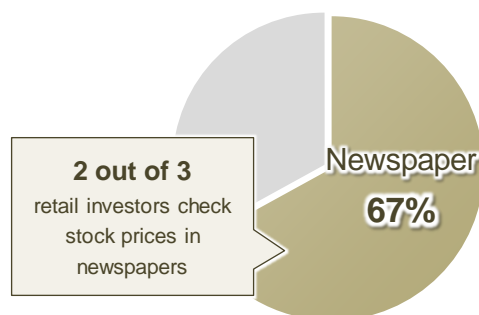


NSJ日本証券新聞

Publisher : Nihon Securities Journal Inc.
Established : 1944

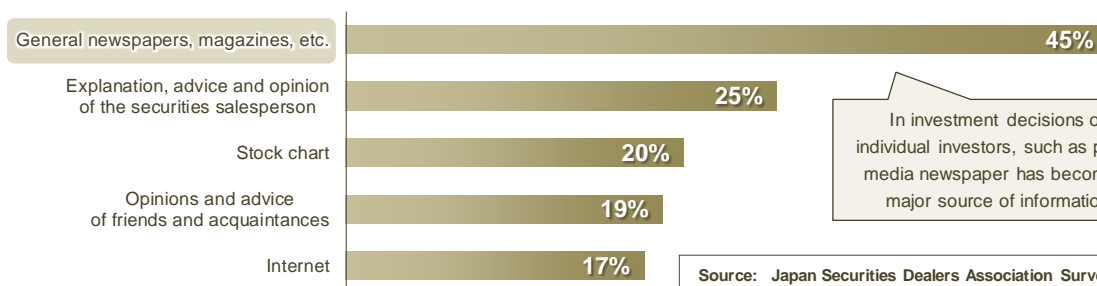
Source of stock information (No.1)

(No. of respondents: 734)



Decision factors in stock selection (Top 5)

(No. of respondents: 734)



Source: Japan Securities Dealers Association Survey of Securities Investment by Individual Investors
 Survey Targets: 2,150 individual investors
 Valid Samples: 967
 Methodology: Questionnaire survey by mail
 Survey Period: 15 July, 2011 – 25 July, 2-11

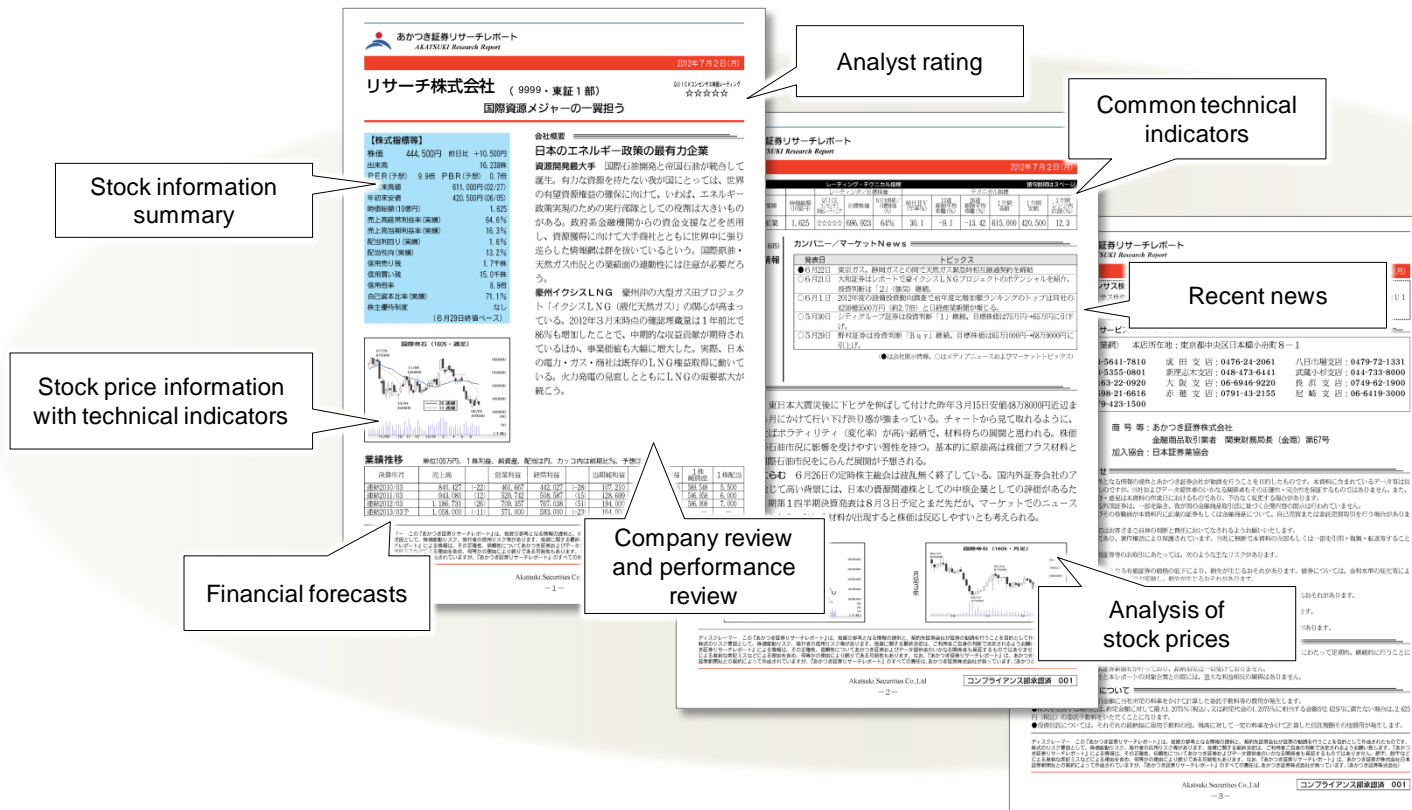
Remarks: Total 40-year-old or above respondents for the questions: 'Channel for stock information' and 'Decision factors in stock selection'

①. Actionable financial news value-enhancing securities services

3. Akatsuki Research Report

- To fully utilize *The Nihon Securities Journal's* superior investigative research and editing capability, AFG will publish “Akatsuki Securities Research Report” on selected individual companies
- Akatsuki Research Report will be distributed to our customers

(Akatsuki Securities Research Report - Sample)



Planning a special benefit plan for our certain of our shareholders*, to subscribe NSJ for free.

*Shareholders who own more than a certain number of shares



① Actionable financial news value-enhancing securities services

② Expansion of customer base and revenue opportunities

③ Move to AUM to stabilize and increase profitability

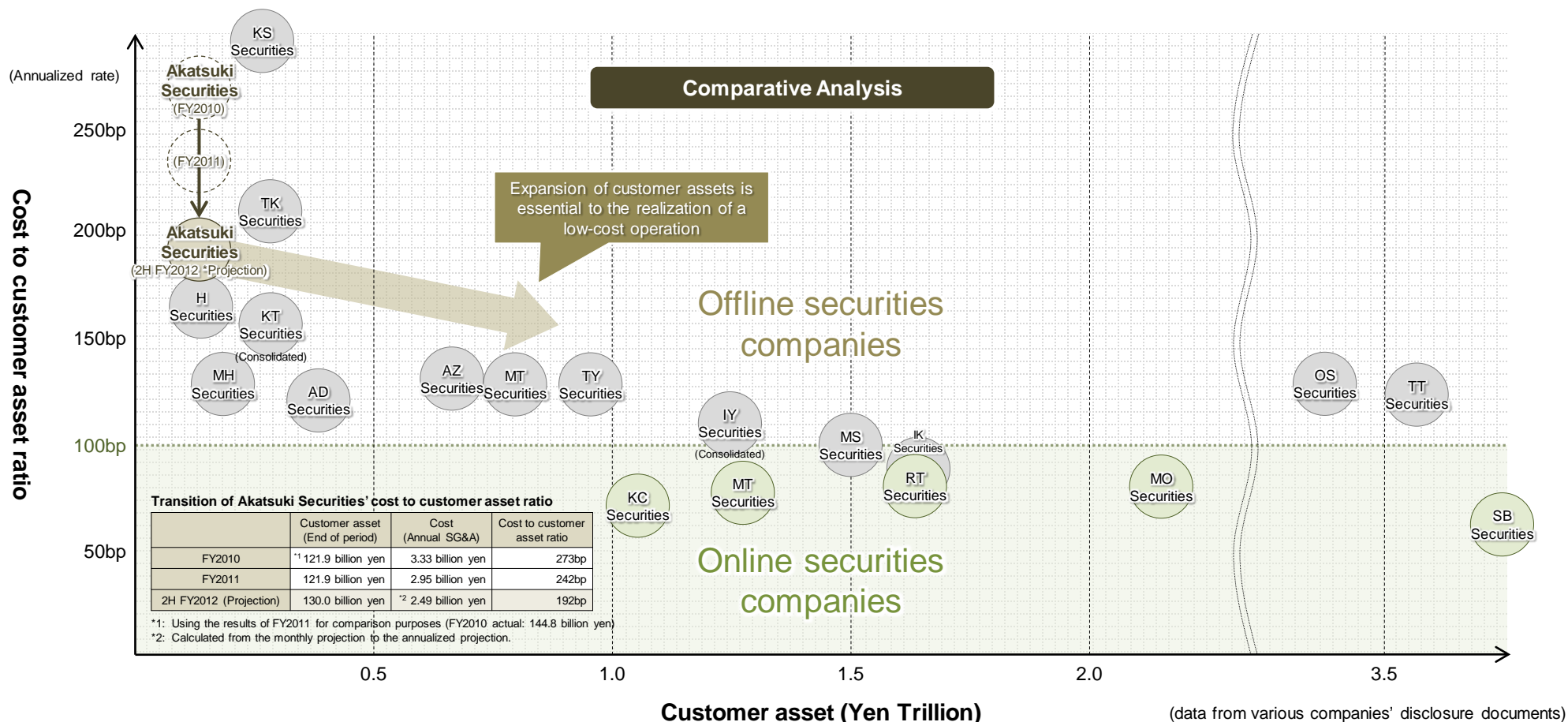
④ Corporate service differentiation

⑤ Adherence to result-oriented, quantitative management styles

②. Expansion of customer base and revenue opportunities

1. Alliance Strategy

- In addition to organic growth, we aim to expand customer assets by strategic alliance and M&A strategy with other face-to-face securities firms
- To occupy a competitive position through cost reduction measures and expansion of customer base



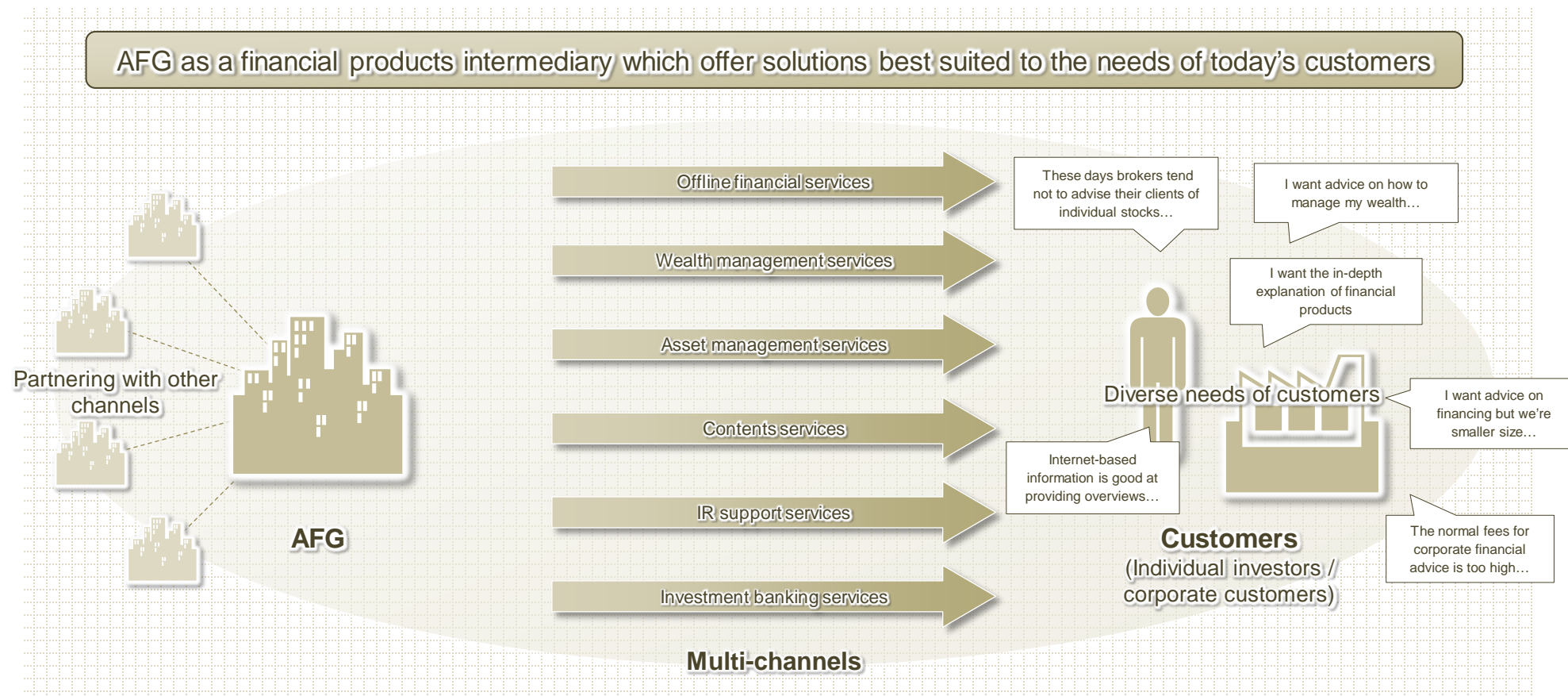
Remarks: Cost = General and administrative expenses (the result of full year of FY2011). Customer asset is the result of End of FY2011. (Non-consolidated unless noted.)
 Akatsuki Securities' cost is extracting only securities business*. (Including advertising expenses due to take advantage of NSJ.)

*Excluding the payment for holding company that is mainly sharing of the cost related to listing. FY2012 H2: Excluding accrued bonuses, allowance for doubtful accounts and reserve payments for litigation, because there is uncertainty in the payment due to business results.

②. Expansion of customer base and revenue opportunities

2. Multi-channels strategy

- Diverse customers means the need for a diverse customers' servicing channels
- Significant revenue opportunity by expanding customer reach via partnership with other channels, such as wealth management companies
- Through the use of financial media, we are able to reach a larger customer base





① Actionable financial news value-enhancing securities services

② Expansion of customer base and revenue opportunities

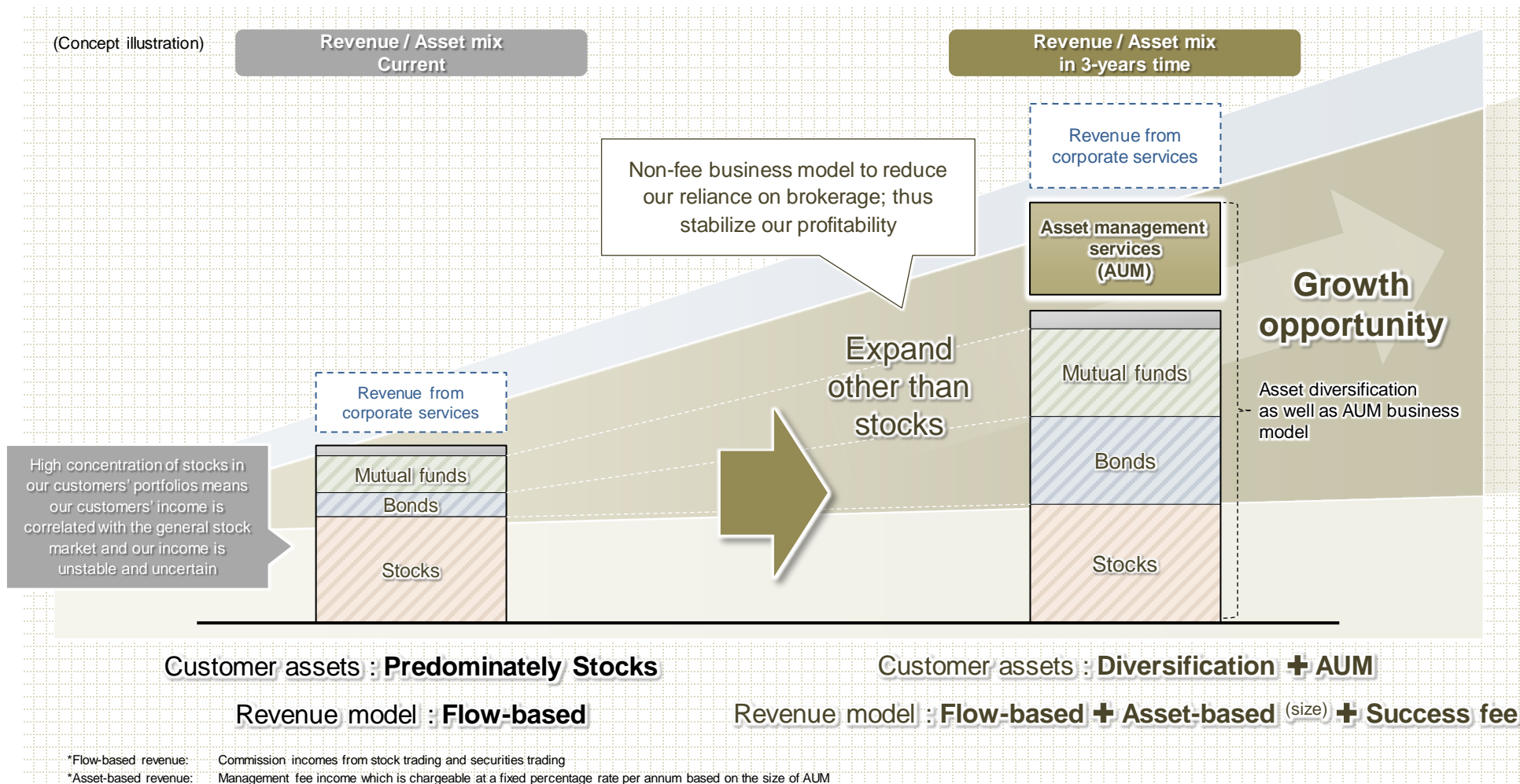
③ Move to AUM to stabilize and increase profitability

④ Corporate service differentiation

⑤ Adherence to result-oriented, quantitative management styles

③. Move to AUM to stabilize and increase profitability

- Diversify customers' portfolio from stock-centric to other assets, such as investment trusts and bonds
- Build our in-house own-brand product origination capability





① Actionable financial news value-enhancing securities services

② Expansion of customer base and revenue opportunities

③ Move to AUM to stabilize and increase profitability

④ Corporate service differentiation

⑤ Adherence to result-oriented, quantitative management styles

④. Corporate service differentiation

1. Strengthening of investment banking services

- Strengthening of our investment banking services in this highly competitive market

Services line-up

M & A advisory services

Secured Bridge Loans

Fund Raising Services

IR Support Services

Principal Finance Service

Advice on Innovative
Corporate Finance SchemesTrade Sale of Large Block
of New/Old Shares

Other Tailor-made Services

■ Mid-sized* corporation TOB deals

TOB agent	No. of deals
Nomura Securities	4
SMBC Nikko Securities	4
Akatsuki Securities	3
Mizuho Investors Securities	3
Mita Securities	2
Mitsubishi UFJ Morgan Stanley	2
Mizuho Securities	2
SBI Securities	1
H.S. Securities	1
Kagawa Securities / Okasan Securities	1
Albaace Securities	1
Daiwa Securities Capital Markets / Daiwa Securities	1
Total	25

* Deal size less than Yen2 billion
(April 2011 - March 2012)

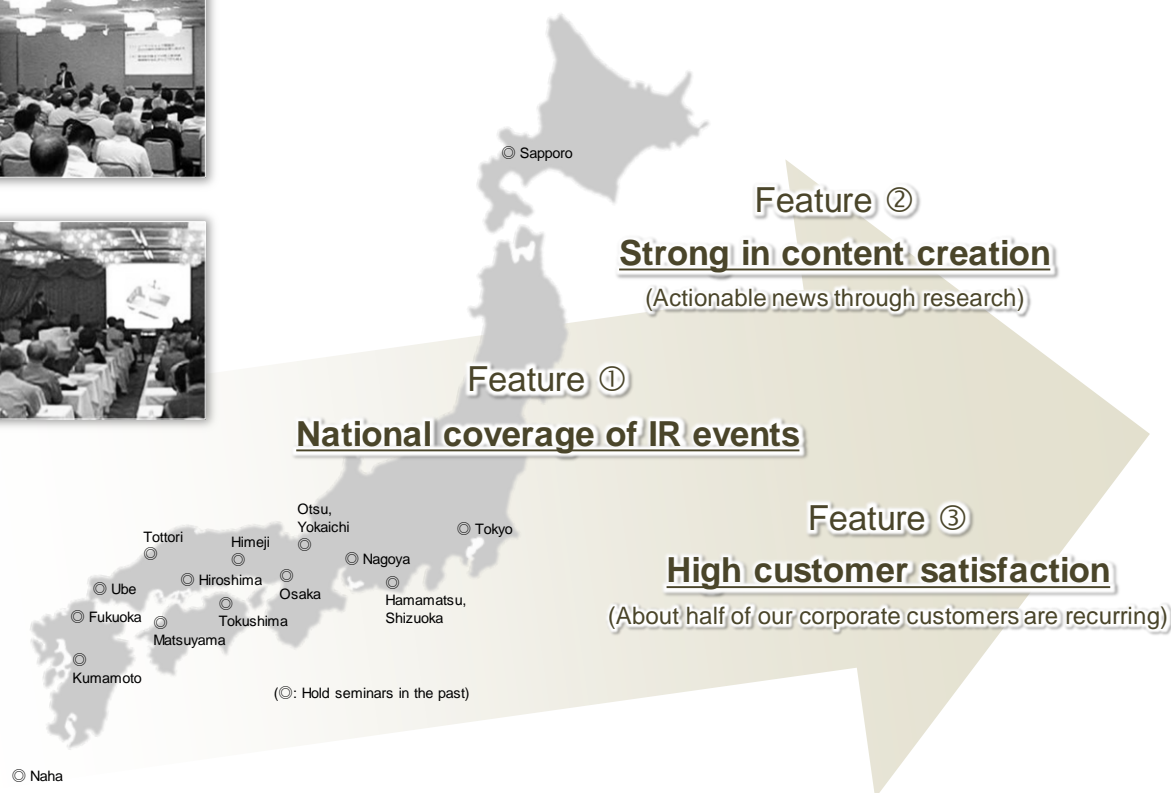
(data from various companies' disclosure documents)

④. Corporate service differentiation

2. Strengthening of IR services

- IR support services targeting medium-sized listed companies and IR events for individual investors
- Expansion of various services by leveraging the neutrality and national coverage of *Nihon Securities Journal*

IR events for individual investors



Sample of Services

IR seminars for individual investors

IR advertisement on
*Nihon Securities Journal*Measuring service
for the results of IR activitiesIssuing research report
(NSJ Research report)Shareholder communication:
Editing of annual reports

Other tailor-made services



① Actionable financial news value-enhancing securities services

② Expansion of customer base and revenue opportunities

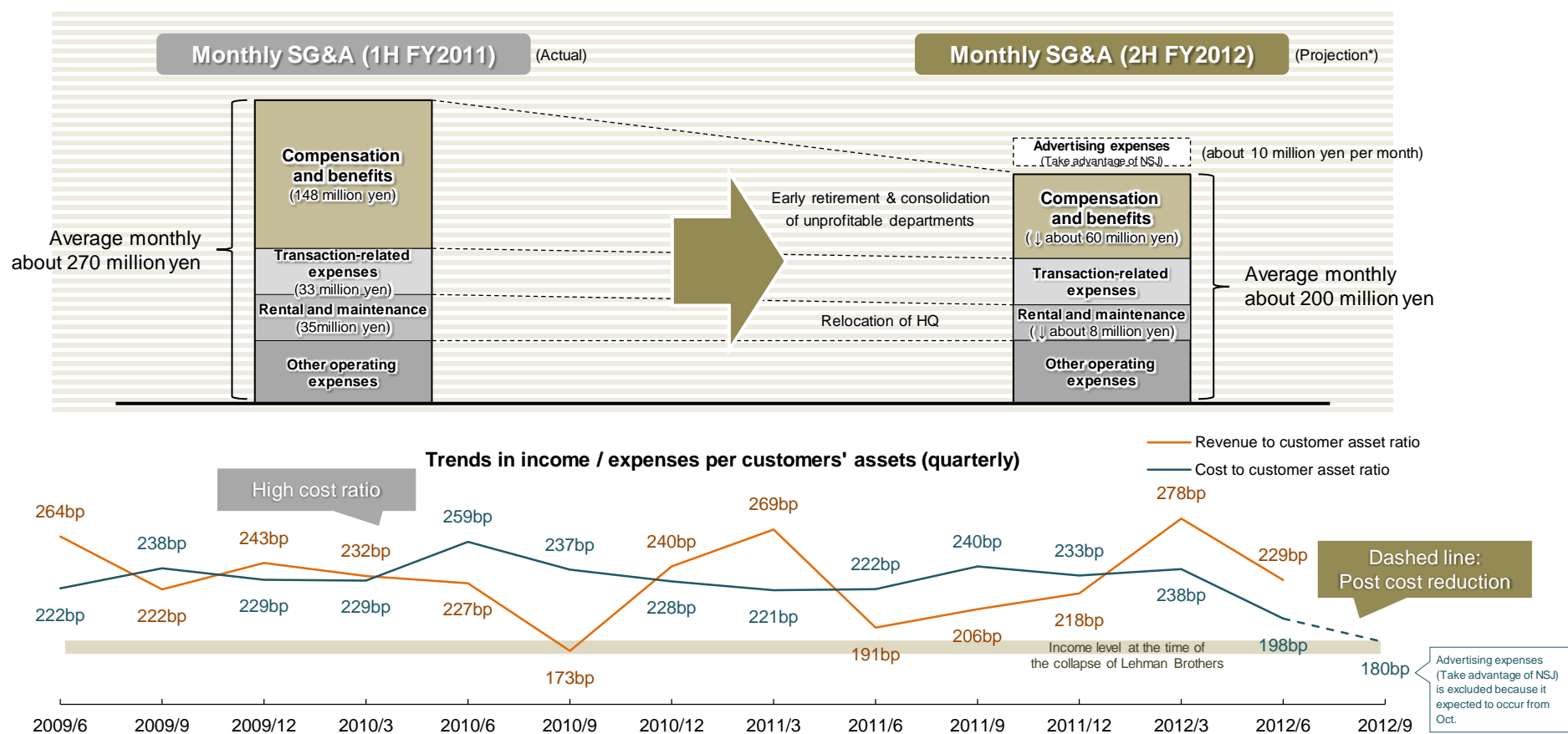
③ Move to AUM to stabilize and increase profitability

④ Corporate service differentiation

**⑤ Adherence to result-oriented,
quantitative management styles**

⑤. Adherence to result-oriented, quantitative management styles

- Achieved about Yen1 billion of costs reduction (Group, annual) *Comparison of 2H FY2012 and 1H FY2011 (Excluding advertising expenses for take advantage of NSJ)
- Quantifiable cost management measures to pursue lower cost of operation
- Quantitative approach to human resources management



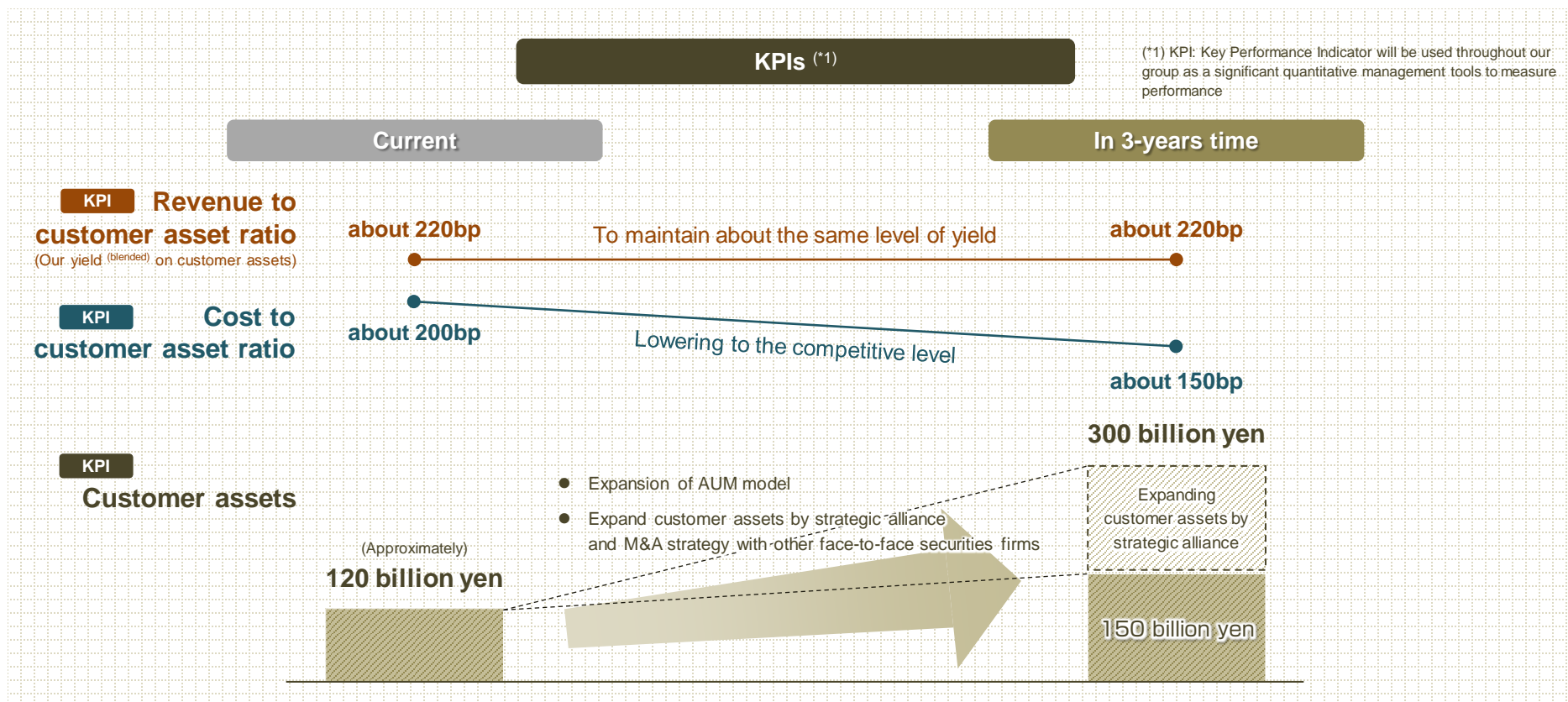
Remarks: Revenue = Operating revenues. Cost = General and administrative expenses (extracting only securities business*). Customer asset is end of period (2012/9: 130 billion yen).

*Excluding the payment for holding company that is mainly sharing of the cost related to listing. 2012/9: Excluding accrued bonuses, allowance for doubtful accounts and reserve payments for litigation, because there is uncertainty in the payment due to business results.

Our KPIs

Our KPIs

- Maintain “**Revenue to customer asset ratio**” at same level by increasing the portion of asset-based remuneration
- Decrease “**Cost to customer asset ratio**” by expansion of customer base and realization of a low-cost operation through the use of quantitative management



Group Chart

Group Chart

