

This is an excerpt translation of the Japanese original for convenience only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code: 8595)

May 18, 2015

To Shareholders:

Shinichi Fuki
President & CEO
JAFCO Co., Ltd.
1-5-1 Otemachi, Chiyoda-ku, Tokyo

NOTICE OF CONVOCATION OF THE 43RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 43rd Annual General Meeting of Shareholders (the “Meeting”) of JAFCO Co., Ltd. (the “Company”). The meeting will be held as described below.

If you are unable to attend the Meeting in person, you may exercise your voting rights either by postal mail or electronic means as shown on the next page. You are requested to exercise your voting rights by 5:00 p.m. on Monday, June 15, 2015 (Japan Time).

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|----------------------------------|--|
| 1. Date and Time | Tuesday, June 16, 2015, at 10:00 a.m. (Japan Time) |
| 2. Place | Grand Hall on the 5th floor, Nomura Conference Plaza Nihonbashi
Nihonbashi Muromachi Nomura Bldg. (YUITO)
2-4-3 Nihonbashi-Muromachi, Chuo-ku, Tokyo |
| 3. Purpose of the Meeting | |
| Matters to be reported: | Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, and Results of Audit by the Financial Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements, for the 43rd Fiscal Year (from April 1, 2014 to March 31, 2015) |
| Matters to be resolved: | |
| Proposal 1: | Partial Amendments to the Articles of Incorporation |
| Proposal 2: | Election of Six (6) Directors (Excluding Directors Serving as Board-Audit Committee Members) |
| Proposal 3: | Election of Four (4) Directors Serving as Board-Audit Committee Members |
| Proposal 4: | Determination of Amount of Remunerations for Directors (Excluding Directors Serving as Board-Audit Committee Members) |
| Proposal 5: | Determination of Amount of Remunerations for Directors Serving as Board-Audit Committee Members |

4. Voting When You Are Unable to Attend the Meeting

Please examine the attached Reference Documents for the General Meeting of Shareholders and vote by either of the following methods by 5:00 p.m. on Monday, June 15, 2015 (Japan Time).

[Voting by postal mail]

Please indicate on the enclosed voting form whether you are for or against each proposal and return it by postal mail to us by the voting deadline indicated above.

[Voting by electronic means (via Internet)]

Please review the Key Points When Exercising Voting Rights by Electronic Means (via Internet) on page 4, and access the website for voting designated by the Company (<http://www.evotep.jp/>). Follow the instructions on the screen and enter for or against each proposal by the voting deadline indicated above.

5. Notice Regarding Exercise of Voting Rights

If you vote twice by postal mail and via Internet, the vote via Internet shall be deemed valid.

If you vote via Internet more than once, only the last vote shall be deemed valid.

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- For those attending the Meeting, please present the enclosed voting form at the reception desk on arrival at the meeting.
 - Pursuant to the provisions of applicable laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following materials are not provided in this document but they have been posted on the Company's website. Note that the following materials are part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by corporate auditors and the financial auditor in the course of the preparation of their respective audit reports.
 - Notes to Consolidated Financial Statements
 - Notes to Non-Consolidated Financial Statements
 - Please be advised that in the event of any revisions to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements, the Company will post the contents of modification on the Company's website below.
 - The Company will inform you of the results of resolutions of the Meeting by posting the matter on the Company's website below.

The Company's website: <http://www.jafco.co.jp/english/ir/shareholder/meeting/>

Guidance for Exercising Voting Rights

Please exercise your voting rights after examining the Reference Documents for the General Meeting of Shareholders (pages 5-18).

You may exercise your voting rights using one of the following three methods.

1. Attendance

Please present the enclosed voting form at the reception desk on arrival at the meeting.

Please also bring with you the Notice of Convocation of the 43rd Annual General Meeting of Shareholders (this document).

If you choose to attend the Meeting, you are not required to vote by postal mail (using the voting form) or via Internet.

2. Postal mail

Please indicate on the voting form whether you are for or against each proposal and mail it by post.

The voting forms that are returned and received by 5:00 p.m. on Monday, June 15, 2015 (Japan Time) will be valid.

3. Internet, etc.

Please access the voting website designated by the Company shown below, using a personal computer (PC), a smartphone or a cellular phone, and follow the instructions on the screen to enter for or against each proposal.

<http://www.evote.jp/>

The voting rights shall be exercised by 5:00 p.m. on Monday, June 15, 2015 (Japan time).

Please refer to the following page for details.

Key Points When Exercising Voting Rights by Electronic Means (via Internet)

Website for voting

- You may exercise your voting rights via Internet only by visiting the voting website designated by the Company (<http://www.evotep.jp/>), using a personal computer (PC), a smartphone or a cellular phone (i-mode, EZweb, Yahoo! Keitai)*.
(The website will be closed from 2:00 a.m. to 5:00 a.m. every day.)
- When exercising your voting rights using a PC, a smartphone or a cellular phone, please note that you may have difficulties accessing the website depending on the Internet environment, the device, the model, etc. For details, please direct your inquiries to the Help Desk shown below.

* i-mode, EZweb, and Yahoo! are the trademarks or the registered trademarks of NTT DOCOMO, INC., KDDI Corporation and Yahoo! Inc. of the U.S., respectively.

How to exercise your voting rights via Internet

- At the voting website (<http://www.evotep.jp/>), use the login ID and provisional password provided on the voting form, and follow the instructions on the screen to enter for or against each proposal.
- Please note that shareholders who use the voting website will be asked to change the provisional password in order to prevent illegal access or alteration of votes by third-parties other than shareholders.
- A new login ID and provisional password will be provided to a shareholder for each General Meeting of Shareholders.

Handling duplicate voting

- Please note that your online vote will prevail should you exercise your voting rights both by postal mail and via Internet.
- If you exercise your voting rights more than once via Internet, only the last vote shall be deemed valid. In addition, if you exercise your voting rights more than once using a PC, a smartphone and a cellular phone, only the last vote shall be deemed valid.

Expenses necessary to access the voting website

- Expenses necessary to access the voting website (including those for Internet connection, etc.) shall be borne by shareholders. When you use a cellular phone, etc., expenses necessary for packet communication or other cellular-phone usage shall also be borne by shareholders.

For inquiries about the system for exercising voting rights, please contact:

Corporate Agency Business Division (Help Desk) Mitsubishi UFJ Trust and Banking Corporation Phone: 0120-173-027 (toll free (Japan only)) / 9:00 to 21:00 (Japan Time)

Information for institutional investors

The electronic voting platform for institutional investors, which is operated by ICJ, Inc., is available for institutional investors.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendments to the Articles of Incorporation

The Company would like to amend its Articles of Incorporation in accordance with the proposed amendments mentioned below.

1. Reasons for amendments

- (1) Under the “Act for Partial Amendment of the Companies Act” (Act No. 90 of 2014) which was enforced as of May 1, 2015 (hereinafter the Act after amendment is referred to as the “Amended Companies Act”), transition to company with board-audit committee has become possible.

The Company expects that forming board-audit committee and allowing directors serving as board-audit committee members (majority of which are independent directors) to have voting rights in the Board of Directors meeting will strengthen audit and supervisory functions to its business execution. Therefore, in order to further enhance corporate governance, the Company would like to make the transition to a company with board-audit committee. Accordingly, the Company proposes that the following amendments to the Articles of Incorporation be made for the transition.

- (2) In the transition to a company with board-audit committee, for the purpose of allowing swift management decision-making, the Company would like to change the maximum number of directors, which is currently set to twenty (20). In consideration of the current number of directors, the Company proposes to set the maximum number of directors (excluding directors serving as board-audit committee members) to ten (10) and set the maximum number of directors serving as board-audit committee members to six (6).
- (3) The Amended Companies Act has changed the scope of directors with whom the Company is able to enter into a liability limitation agreement. Accordingly, the Company would like to amend a part of the Articles of Incorporation to allow it to enter into liability limitation agreements with non-executive directors and allow them to fulfill their expected roles. Prior consent to the proposal of the amendment to the Articles of Incorporation concerning liability limitation agreement has been obtained from each corporate auditor.
- (4) In addition, the Company would like to change the numbers of articles and paragraphs in the Articles of Incorporation, in accordance with the amendments above.

This Proposal shall take effect at the conclusion of the Meeting.

2. Description of amendments

The description of the amendments to the Articles of Incorporation is as follows.

(Underlined parts will be amended.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Articles 1 to 3 (Omitted)</p> <p>(Governing Organizations) Article 4 In addition to the general meeting of shareholders and directors, the Company shall have the following governing bodies.</p> <p>(i) Board of Directors (ii) <u>Corporate auditors</u> (iii) <u>Board of Corporate Auditors</u> (iv) Financial auditor</p> <p>Articles 5 to 18 (Omitted)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article 19 The Company shall have not more than <u>twenty (20)</u> directors.</p> <p style="text-align: center;">(Newly established)</p> <p>(Election of Directors) Article 20 (1) A director shall be elected by resolution of the general meeting of shareholders.</p> <p>(2) (Omitted) (3) (Omitted)</p> <p>(Term of Office of Directors) Article 21 The term of office of a director shall expire at the conclusion of the annual general meeting of shareholders for the last fiscal year ending within one (1) year after the election of the director.</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Articles 1 to 3 (Unchanged)</p> <p>(Governing Organizations) Article 4 In addition to the general meeting of shareholders and directors, the Company shall have the following governing bodies.</p> <p>(i) Board of Directors (ii) <u>Board-audit committee</u> (Deleted) (iii) Financial auditor</p> <p>Articles 5 to 18 (Unchanged)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article 19 (1) The Company shall have not more than <u>ten (10)</u> directors <u>(excluding directors serving as board-audit committee members)</u>. (2) The Company shall have not more than <u>six (6)</u> directors <u>serving as board-audit committee members</u>.</p> <p>(Election of Directors) Article 20 (1) A director shall be elected by resolution of the general meeting of shareholders, <u>while making a distinction between directors serving as board-audit committee members and other directors</u>.</p> <p>(2) (Unchanged) (3) (Unchanged)</p> <p>(Term of Office of Directors) Article 21 (1) The term of office of a director <u>(excluding a director serving as board-audit committee member)</u> shall expire at the conclusion of the annual general meeting of shareholders for the last fiscal year ending within one (1) year after the election of the director. (2) <u>The term of office of a director serving as board-audit committee member shall expire at the conclusion of the annual general meeting of shareholders for the last fiscal year ending within two (2) years after the election of the director.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>(Representative Directors and Directors with Title) Article 22</p> <p>(1) The Board of Directors shall by its resolution appoint representative director(s).</p> <p>(2) The Board of Directors may by its resolution appoint one (1) Chairman (<i>torishimariyaku kaicho</i>), one (1) Vice Chairman (<i>torishimariyaku fuku-kaicho</i>) and one (1) President (<i>torishimariyaku shacho</i>), and one (1) or more Executive Vice Presidents (<i>torishimariyaku fuku-shacho</i>), Executive Managing Directors (<i>senmu-torishimariyaku</i>) and Managing Directors (<i>jomu-torishimariyaku</i>).</p> <p>(Convocation of Meetings of Board of Directors) Article 23</p> <p>(1) (Omitted)</p> <p>(2) A notice of convocation of a meeting of the preceding item shall be dispatched to each director <u>and corporate auditor</u> at least two (2) days prior to the date of the meeting; provided, however, that, in case of emergency, such period may be shortened or the meeting may be held without carrying out the convocation procedure by obtaining the consent of all the directors <u>and corporate auditors</u>.</p> <p>(Chair of Board of Directors) Article 24</p> <p>(Omitted)</p> <p>(Omission of Resolution of Board of Directors) Article 25</p> <p>Pursuant to the provisions of Article 370 of the Companies Act, it shall be deemed that the resolution to approve a proposal with respect to a matter for resolution of the Board of Directors has been made at a meeting of the Board of Directors, if all directors (limited to those who are entitled to participate in a vote with respect to the proposal) agree to the proposal in writing or by means of electromagnetic records; <u>provided, however, that this may not be the case when a corporate auditor states an objection to the proposal</u>.</p> <p>(Regulations on the Board of Directors) Article 26</p> <p>(Omitted)</p>	<p>(3) <u>The term of office of a director serving as board-audit committee member elected to fill a vacancy created by the retirement of a director serving as board-audit committee member before the expiration of the term of office shall expire at the expiration of the term of office of the retired director serving as board-audit committee member.</u></p> <p>(Representative Directors and Directors with Title) Article 22</p> <p>(1) The Board of Directors shall by its resolution appoint representative director(s) <u>from among the directors (excluding directors serving as board-audit committee members)</u>.</p> <p>(2) The Board of Directors may by its resolution appoint one (1) Chairman (<i>torishimariyaku kaicho</i>), one (1) Vice Chairman (<i>torishimariyaku fuku-kaicho</i>) and one (1) President (<i>torishimariyaku shacho</i>), and one (1) or more Executive Vice Presidents (<i>torishimariyaku fuku-shacho</i>), Executive Managing Directors (<i>senmu-torishimariyaku</i>) and Managing Directors (<i>jomu-torishimariyaku</i>) <u>from among the directors</u>.</p> <p>(Convocation of Meetings of Board of Directors) Article 23</p> <p>(1) (Unchanged)</p> <p>(2) A notice of convocation of a meeting of the preceding item shall be dispatched to each director at least two (2) days prior to the date of the meeting; provided, however, that, in case of emergency, such period may be shortened or the meeting may be held without carrying out the convocation procedure by obtaining the consent of all the directors.</p> <p>(Chair of Board of Directors) Article 24</p> <p>(Unchanged)</p> <p>(Omission of Resolution of Board of Directors) Article 25</p> <p>Pursuant to the provisions of Article 370 of the Companies Act, it shall be deemed that the resolution to approve a proposal with respect to a matter for resolution of the Board of Directors has been made at a meeting of the Board of Directors, if all directors (limited to those who are entitled to participate in a vote with respect to the proposal) agree to the proposal in writing or by means of electromagnetic records.</p> <p>(Regulations on the Board of Directors) Article 26</p> <p>(Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Remunerations of Directors) Article 27 Remunerations of the directors shall be determined by resolution of a general meeting of shareholders.</p> <p>(Limitation of Liability of <u>Independent</u> Directors) Article 28 Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into agreements with <u>independent directors</u> to the effect that their liability for damages arising from their failure to perform their duties shall be limited. The maximum amount of the liability under such agreements shall be the amount prescribed by laws and regulations.</p> <p style="text-align: center;">CHAPTER V <u>CORPORATE AUDITORS</u> <u>AND BOARD OF CORPORATE AUDITORS</u></p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p> <p>(Number of Corporate Auditors) <u>Article 29</u> <u>The Company shall have not more than four (4) corporate auditors.</u></p>	<p>(Remunerations of Directors) Article 27 <u>Remunerations, bonuses and other economic benefits to be provided by the Company as consideration for execution of duties</u> of the directors shall be determined by resolution of a general meeting of shareholders, <u>while making a distinction between directors serving as board-audit committee members and other directors.</u></p> <p>(Limitation of Liability of Directors) Article 28 Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into agreements with <u>directors (excluding executive directors, etc.)</u> to the effect that their liability for damages arising from their failure to perform their duties shall be limited. The maximum amount of the liability under such agreements shall be the amount prescribed by laws and regulations.</p> <p style="text-align: center;">CHAPTER V <u>BOARD-AUDIT COMMITTEE</u></p> <p>(Authority of Board-Audit Committee) <u>Article 29</u> <u>The board-audit committee shall, in addition to determining matters that are provided for in laws and regulations, exercise the necessary authority to carry out its duties.</u></p> <p>(Convocation of Meetings of Board-Audit Committee) <u>Article 30</u> <u>A notice of convocation of a meeting of the board-audit committee shall be dispatched to each member of the board-audit committee at least two (2) days prior to the date of the meeting; provided, however, that, in case of emergency, such period may be shortened or the meeting may be held without carrying out the convocation procedure by obtaining the consent of all the members of the board-audit committee.</u></p> <p>(Regulations on the Board-Audit Committee) <u>Article 31</u> <u>Matters regarding the board-audit committee shall be governed by laws and regulations and the Articles of Incorporation, as well as the Regulations on the board-audit committee established by the board-audit committee.</u></p> <p style="text-align: center;">(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Election of Corporate Auditors)</u> <u>Article 30</u> (1) A corporate auditor shall be elected by resolution of a general meeting of shareholders. (2) Election of a corporate auditor shall be made by the quorum of shareholders holding one-third (1/3) or more of the voting rights held by all the shareholders entitled to exercise their voting rights being present at the relevant general meeting of shareholders, and by the resolution of a majority vote of the voting rights of such present shareholders.</p> <p><u>(Term of Office of Corporate Auditors)</u> <u>Article 31</u> (1) The term of office of a corporate auditor shall expire at the conclusion of the annual general meeting of shareholders for the last fiscal year ending within four (4) years after the election of the corporate auditor. (2) The term of office of a corporate auditor elected to fill a vacancy created by the retirement of a corporate auditor before the expiration of term of office shall expire at the expiration of the term of office of the retired corporate auditor.</p> <p><u>(Full-Time Corporate Auditors)</u> <u>Article 32</u> The Board of Corporate Auditors shall by its resolution appoint corporate auditor(s) (full-time).</p> <p><u>(Convocation of Meetings of Board of Corporate Auditors)</u> <u>Article 33</u> A notice of convocation of a meeting of the Board of Corporate Auditors shall be dispatched to each corporate auditor at least two (2) days prior to the date of the meeting; provided, however, that, in case of emergency, such period may be shortened or the meeting may be held without carrying out the convocation procedure by obtaining the consent of all the corporate auditors.</p> <p><u>(Regulations on the Board of Corporate Auditors)</u> <u>Article 34</u> Matters regarding the Board of Corporate Auditors shall be governed by laws and regulations and the Articles of Incorporation, as well as the Regulations on the Board of Corporate Auditors established by the Board of Corporate Auditors.</p> <p><u>(Remunerations of Corporate Auditors)</u> <u>Article 35</u> Remunerations of the corporate auditors shall be determined by resolution of a general meeting of shareholders.</p>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Limitation of Liability of Independent Corporate Auditors)</u> <u>Article 36</u> <u>Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into agreements with independent corporate auditors to the effect that their liability for damages arising from their failure to perform their duties shall be limited. The maximum amount of the liability under such agreements shall be the amount prescribed by laws and regulations.</u></p> <p>CHAPTER VI ACCOUNTS</p> <p>Article <u>37</u> to <u>40</u> (Omitted)</p>	<p>(Deleted)</p> <p>CHAPTER VI ACCOUNTS</p> <p>Article <u>32</u> to <u>35</u> (Unchanged)</p>

(Note) Some underlining does not coincide with the Japanese version because of translation adjustments.

Proposal 2: Election of Six (6) Directors (Excluding Directors Serving as Board-Audit Committee Members)

The terms of office of all five (5) directors will expire at the conclusion of the Meeting and the Company plans to make the transition to a company with board-audit committee subject to the approval and adoption of Proposal 1 “Partial Amendments to the Articles of Incorporation.” Accordingly, the Company proposes to elect six (6) directors (excluding directors serving as board-audit committee members; the same applies hereafter in this Proposal), including one (1) new director.

Keisuke Miyoshi, a new director candidate, is currently a corporate officer and in charge of the domestic venture investment operation, and has extensive experience in the investment business. By adding him to the Board of Directors, the Company expects the Board members, including newly elected independent directors serving as board-audit committee members, to build more constructive discussions, revitalize the Board and carry out more effective supervision of business execution.

This Proposal shall take effect on the condition that Proposal 1 “Partial Amendments to the Articles of Incorporation” becomes effective.

The candidates for director are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company’s shares owned
1	Shinichi Fuki (November 1, 1961)	<p>April 1985 Joined JAFCO</p> <p>June 2003 Director in charge of Investment Group II, Kansai Branch and Planning & Administration, JAFCO</p> <p>February 2005 Managing Director in charge of Finance, Investment Group II, Kansai Branch and VA Department III, JAFCO</p> <p>March 2007 Executive Managing Director in charge of Finance, Structured Investment, Kansai Branch and VA Department III, JAFCO</p> <p>January 2010 President & CEO, JAFCO (Present)</p>	10,869 shares
2	Hiroshi Yamada (February 25, 1956)	<p>April 1978 Joined Nomura Securities Co., Ltd.</p> <p>June 2000 President, Nomura International (Hong Kong) Limited</p> <p>June 2001 Director, JAFCO President & CEO, JAFCO Investment (Asia Pacific) Ltd</p> <p>February 2005 Managing Director, JAFCO</p> <p>January 2011 Executive Managing Director, JAFCO</p> <p>April 2011 Concurrently President & CEO, JAFCO America Ventures Inc.</p> <p>October 2012 In charge of Investment and Branches, JAFCO</p> <p>April 2013 Executive Managing Director (Representative Director), JAFCO (Present)</p> <p>June 2013 In charge of Investment and Administration (until February 2015)</p>	6,306 shares

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
3	Yoshiyuki Shibusawa (October 5, 1969)	April 1992 March 2007 June 2007 October 2012 April 2014	Joined JAFCO Corporate Officer in charge of Investment Group II, JAFCO Director in charge of Investment Group II, JAFCO President & CEO, JAFCO America Ventures Inc. (Present) President & CEO, JAFCO Investment (Asia Pacific) Ltd (Present) In charge of Business Development (Present) Managing Director, JAFCO (Present)	5,961 shares
4	Tsunenori Kano (November 29, 1961)	April 1985 March 2008 June 2013	Joined JAFCO Corporate Officer, Group Officer of Structured Investment Group, JAFCO Director in charge of Structured Investment, JAFCO (Present)	3,497 shares
5	Youji Furuichi (April 26, 1960)	April 1984 April 2010 April 2012 June 2014	Joined Nomura Securities Co., Ltd. Senior Managing Director in charge of Financial Management and Wealth Management, Nomura Securities Co., Ltd. Corporate Officer in charge of Fund Management, JAFCO Director in charge of Fund Management, JAFCO (Present)	468 shares
6	*Keisuke Miyoshi (September 18, 1969)	April 1993 August 2011 April 2013	Joined JAFCO Group Officer of Investment Group II, JAFCO Corporate Officer in charge of Investment, JAFCO (Present)	641 shares

Notes: 1. The candidate marked with an asterisk (*) is a new candidate.

2. There is no special interest between any of the candidate above and the Company.

Proposal 3: Election of Four (4) Directors Serving as Board-Audit Committee Members

The Company plans to make the transition to a company with board-audit committee subject to the approval and adoption of Proposal 1 “Partial Amendments to the Articles of Incorporation.” Accordingly, the Company proposes to elect four (4) directors serving as board-audit committee members. Prior consent to this Proposal has been obtained from the Board of Corporate Auditors.

This Proposal shall take effect on the condition that Proposal 1 “Partial Amendments to the Articles of Incorporation” becomes effective.

The candidates for director serving as board-audit committee member are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company’s shares owned
1	*Sadahiko Yoshimura (October 18, 1947)	<p>October 1973 Joined Tetsuzo Ota & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>August 1978 Registered as Certified Public Accountant</p> <p>May 1996 Board Member, Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>May 2002 Executive Board Member, ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>May 2004 Vice Chairman, ShinNihon & Co.</p> <p>August 2008 Senior Advisor, Ernst & Young ShinNihon LLC</p> <p>March 2009 Resigned from Ernst & Young ShinNihon LLC</p> <p>April 2010 Special University Professor, Aoyama Gakuin University Graduate School of Professional Accountancy</p> <p>June 2010 Corporate Auditor, JAFCO</p> <p>January 2012 Independent Corporate Auditor, PGM Holdings K.K. (Present)</p> <p>June 2012 Corporate Auditor (full-time), JAFCO (Present)</p> <p>April 2015 Visiting Professor, Aoyama Gakuin University Graduate School of Professional Accountancy (Present)</p>	3,952 shares
<p><i>Significant concurrent positions outside the Company</i></p> <p>Independent Corporate Auditor, PGM Holdings K.K.</p> <p><i>Reason for nomination as candidate for director serving as board-audit committee member</i></p> <p>Mr. Sadahiko Yoshimura has been involved in finance and accounting of many companies as a certified public accountant while being committed to supporting entrepreneurs and unlisted companies. The Company expects him to leverage the experience, insight and expertise in accounting in supervising the Company’s execution of operations and contributing to important management decision-making. As a corporate auditor of the Company up to now, he has participated in important meetings and acquired deep understanding of the Company’s operations. Furthermore, through his audits and supervision of the execution of operations, he has provided valuable opinions and proposals. Taking the above into consideration, the Company believes that he is most capable in his duties as a director serving as board-audit committee member.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	*Koji Tanami (September 10, 1939)	<p>April 1964 Joined Ministry of Finance</p> <p>July 1994 Director-General of the Financial Bureau, Ministry of Finance</p> <p>July 1996 Chief Cabinet Councillor for Internal Affairs, Cabinet Secretariat</p> <p>January 1998 Administrative Vice Minister, Ministry of Finance</p> <p>September 1999 Special Advisor to the Minister of Finance</p> <p>June 2001 Deputy Governor and Managing Director, Japan Bank for International Cooperation</p> <p>October 2007 Governor, Japan Bank for International Cooperation</p> <p>September 2008 Resigned from Governor of Japan Bank for International Cooperation</p> <p>December 2010 Registered as Attorney-at-Law (Dai-ichi Tokyo Bar Association) Attorney-at-Law, Hashidate Law Office (Present)</p>	—
<p><i>Significant concurrent positions outside the Company</i></p> <p>Attorney-at-Law, Hashidate Law Office</p> <p><i>Reason for nomination as candidate for independent director serving as board-audit committee member</i></p> <p>Mr. Koji Tanami is a candidate for independent director.</p> <p>He has held various important positions at government agencies and international organizations. Currently, he works as an attorney-at-law with a high level of expertise, and his track record and insight are highly regarded. The Company expects him to leverage his deep insight in fiscal administration, finance, tax and international fields and law-related expertise to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective. Based on the above, the Company believes that he will appropriately perform his duties as an independent director serving as board-audit committee member.</p> <p><i>Matters regarding independence</i></p> <p>There has been no transaction between Mr. Tanami or law office that he has joined and the Company. The Company believes that he maintains sufficient independence.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	*Nobuyuki Hata (January 5, 1949)	<p>April 1974 Joined Nomura Research Institute, Ltd. (NRI)</p> <p>June 1991 Temporarily transferred to JAFCO from NRI</p> <p>March 1994 Completed temporary transfer to JAFCO from NRI</p> <p>Resigned from NRI</p> <p>April 1994 Associate Professor, Faculty of Economics, Kokugakuin University</p> <p>April 1995 Professor, Faculty of Economics, Kokugakuin University (Present)</p> <p>August 1999 Visiting Scholar, Stanford University</p> <p>April 2005 Dean, Faculty of Economics, Kokugakuin University</p> <p>September 2006 Independent Corporate Auditor, OKWave (Present)</p> <p>April 2007 Board of Trustee, Kokugakuin University (until April 2015)</p> <p>April 2010 Director, Venture Enterprise Center (Present)</p> <p>June 2013 Corporate Auditor, JAFCO (Present)</p>	22 shares
<p><i>Significant concurrent positions outside the Company</i></p> <p>Professor, Faculty of Economics, Kokugakuin University Director, Venture Enterprise Center Independent Corporate Auditor, OKWave</p> <p><i>Reason for nomination as candidate for independent director serving as board-audit committee member</i></p> <p>Mr. Nobuyuki Hata is a candidate for independent director.</p> <p>He has long been engaged in company research as a securities analyst and financial consultant. Now as a university professor, he is a leading researcher in venture capital (VC) and venture businesses in Japan and the U.S. and plays active role in various associations and academic societies in these industries. His track record and insight in the VC industry are very valuable to the management of the Company. The Company expects him to leverage his global and abundant experience, expertise and broad perspective covering the entire VC industry in making important management decisions and supervising the Company's execution of operations. Based on the above, the Company believes that he will appropriately perform his duties as an independent director serving as board-audit committee member.</p> <p>He will have served two (2) years as a corporate auditor of the Company at the conclusion of the Meeting.</p> <p><i>Matters regarding independence</i></p> <p>Mr. Hata was once temporarily transferred to the Company while he worked at Nomura Research Institute, Ltd. (NRI), a shareholder of the Company. While he was with NRI, he never assumed executive positions such as director, executive officer, etc. More than twenty (20) years have passed since he resigned from NRI and completed the temporary transfer to the Company in March 1994. There has been no significant transaction between him and the Company during that period. As a corporate auditor of the Company, he now performs his duties effectively with neutrality and objectivity, and the Company believes he maintains sufficient independence.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	*Kenichi Akiba (October 30, 1963)	<p>September 1986 Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)</p> <p>July 1989 Registered as Certified Public Accountant</p> <p>September 2001 Temporarily transferred to The Accounting Standards Board of Japan as Technical Manager</p> <p>April 2007 Technical Director, The Accounting Standards Board of Japan (until August 2009)</p> <p>July 2007 Partner, KPMG AZSA & Co. (currently KPMG AZSA LLC)</p> <p>September 2009 Professor, Graduate School of Accountancy, Waseda University (Present)</p>	—
<p><i>Significant concurrent positions outside the Company</i></p> <p>Professor, Graduate School of Accountancy, Waseda University</p> <p><i>Reason for nomination as candidate for independent director serving as board-audit committee member</i></p> <p>Mr. Kenichi Akiba is a candidate for independent director.</p> <p>He is a certified public accountant with extensive knowledge in international accounting systems and has contributed to the development of accounting standards in Japan. He is now committed to research activities and human resources development as a graduate school professor, and his achievements as well as insight are highly appreciated. The Company expects him to leverage his abundant experience and high level of expertise to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective. Based on the above, the Company believes that he will appropriately perform his duties as an independent director serving as board-audit committee member.</p> <p><i>Matters regarding independence</i></p> <p>The audit corporation for which he has worked has never audited the Company's financial statements. In the fiscal year ended March 31, 2013, the Company paid ¥1.35 million to him in remuneration for advice regarding consolidated accounting and the preparation of written opinions. In addition, the Company signed an advisory contract with him effective from April 2013 to February 2015 and received guidance on the background and opinions of accounting systems and accounting standards, for which the Company paid an annual fee of ¥1.5 million. Currently, there is no business relationship between him and the Company and there is no plan to conduct business with him in the future. Therefore, the Company believes he maintains sufficient independence to serve as an independent director of the Company.</p>			

- Notes: 1. The four (4) candidates marked with an asterisk (*) are new candidates.
2. There is no special interest between any of the candidates above and the Company.
3. Messrs. Koji Tanami, Nobuyuki Hata and Kenichi Akiba meet the "Standards for Independence of Independent Directors" established by the Company, shown on the next page. They also meet the criteria for independent officers as provided for in the regulations of the Tokyo Stock Exchange. If they are elected and assume office as directors serving as board-audit committee members, the Company will designate them as independent officers.
4. If each candidate is elected and assumes office as director serving as board-audit committee member on the condition that Proposal 1 "Partial Amendments to the Articles of Incorporation" becomes effective, the Company plans to enter into an agreement with each of them to the effect that the liability for damages set forth in Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the same Act, is limited. The maximum amount of liability under this agreement shall be the amount prescribed by laws and regulations.

(Reference)

Standards for Independence of Independent Directors

In order to ensure the independence from JAFCO Co., Ltd. (the “Company”), independent directors of the Company shall satisfy the following criteria:

- (1) An independent director is not, and has not been in the past ten (10) years, an officer (limited to persons executing business) or employee of the Company or any of its subsidiaries (hereinafter collectively the “JAFCO Group”).
- (2) An independent director is not, and has not been in the past three (3) years, any of the following:
 - 1) A person executing business (*1) of another company at which a person executing business of the Company serves, or has served in the past three (3) years, as a director or officer.
 - 2) A major shareholder (a shareholder holding 10% or more of the voting rights directly or indirectly) of the Company or a person executing business of that shareholder.
 - 3) A partner at the financial auditor of the Company or an employee engaged in auditing of the Company at the same.
 - 4) A person executing business of a major lender of the Company (*2).
 - 5) A person executing business of a major business partner of the JAFCO Group (*3).
 - 6) An expert in a field such as legal matters, accounting or taxation, a consultant or other such person receiving remuneration from the JAFCO Group in excess of ¥10 million per year outside of remuneration for officers.
 - 7) A partner or a person executing business of an organization such as a corporation or an association that provides services for legal matters, accounting, taxation or consulting, or other specialist services, where the organization is deemed as a major business partner.
 - 8) A person executing business of an organization that receives a donation exceeding a certain amount (*4) from the JAFCO Group.
- (3) A person who is a spouse or a relative within the second degree of kinship of, or who shares living expenses with, an independent director is none of the following (excluding persons without importance):
 - 1) A person who executes business of the JAFCO Group or has done so in the past three (3) years.
 - 2) A person to whom any of the above (2) 1) to 8) applies.

(Notes)

- *1 A person executing business is an executive director, an executive (*shikkoyaku*), an administrative officer (*riji*), or other such equivalent manager (limited to persons executing business) or an important employee such as an executive officer.
- *2 A major lender of the Company is a lender of an amount equivalent to at least 2% of consolidated total assets.
- *3 A major business partner of the JAFCO Group is a business partner whose transactions with the Group were equivalent to more than 2% of that business partner’s annual consolidated net sales in its last fiscal year.
- *4 A donation exceeding a certain amount is a donation to an organization exceeding an amount in a year of ¥10 million or 2% of the relevant organization’s total revenue or ordinary income, whichever is the larger.

Proposal 4: Determination of Amount of Remunerations for Directors (Excluding Directors Serving as Board-Audit Committee Members)

It was approved at the 34th Annual General Meeting of Shareholders held on June 22, 2006 that the amount of remunerations for directors of the Company be within ¥950 million annually, and it continues to be so to this day.

The Company will make the transition to a company with a board-audit committee when Proposal 1 “Partial Amendments to the Articles of Incorporation” becomes effective. Accordingly, as provided for under Article 361, paragraphs 1 and 2 of the Companies Act, the Company would like to replace the current provision for the amount of remunerations for directors with the new one which sets the amount of remunerations for directors (excluding directors serving as board-audit committee members; the same shall apply hereafter in this Proposal) to within ¥600 million annually, and to state that the specific amount for each director, and the timing of payment, etc. shall be decided by resolution of the Board of Directors, given a change in the maximum number of directors resulting from partial amendments to the Articles of Incorporation and various factors such as economic circumstances.

If Proposal 1 and Proposal 2 are approved and adopted as originally proposed, the number of directors will increase from the current five (5) to six (6).

This Proposal shall take effect on the condition that Proposal 1 “Partial Amendments to the Articles of Incorporation” becomes effective.

Proposal 5: Determination of Amount of Remunerations for Directors Serving as Board-Audit Committee Members

The Company will make the transition to a company with board-audit committee when Proposal 1 “Partial Amendments to the Articles of Incorporation” becomes effective. Accordingly, as provided for under Article 361, paragraphs 1 and 2 of the Companies Act, the Company would like to determine the amount of remunerations for directors serving as board-audit committee members within ¥300 million annually, and to state that the specific amount for each director serving as board-audit committee member, and the timing of payment, etc. shall be decided by consultation between the directors serving as board-audit committee members, given various factors such as economic circumstances.

If Proposal 1 and Proposal 3 are approved and adopted as originally proposed, there will be four (4) directors serving as board-audit committee members.

This Proposal shall take effect on the condition that Proposal 1 “Partial Amendments to the Articles of Incorporation” becomes effective.

(Document to be provided)

Business Report
(From April 1, 2014 to March 31, 2015)

I Current Status of the Corporate Group

1. Business conditions during the fiscal year under review

1) Business summary and results

In the fiscal year under review, corporate performance improved as a result of monetary easing and the weak yen. The IPO market, which is a major factor affecting JAFCO's profits, remained strong, despite some selective investment among investors.

Amid this operating environment, JAFCO (or the "Company") achieved all-time high capital gains and profits, thanks to high performance out of IPOs and M&A exits of the portfolio companies in which we invested based on our policy of intensive investment in carefully selected companies.

The investment amount in the fiscal year under review totaled ¥21,644 million (increase by 3.7% from the previous fiscal year) on a global basis. By region, investments in the US increased.

The JAFCO Group posted net sales of ¥61,945 million, ordinary income of ¥40,132 million, and net income of ¥27,707 million on the consolidated basis in the fiscal year under review. This compares with the previous fiscal year's net sales of ¥44,890 million, ordinary income of ¥28,404 million, and net income of ¥17,292 million. Net assets were ¥188,125 million, total assets were ¥239,035 million and the equity ratio was 78.7% as of the end of the fiscal year under review, compared with ¥159,347 million, ¥220,167 million and 72.4% respectively at the end of the previous fiscal year.

The JAFCO Group's main operating activities for the fiscal year under review were as follows.

(Outline of investments)

The JAFCO Group and its funds made investments totaling ¥21,644 million (71 companies) in the fiscal year under review, compared with ¥20,874 million (68 companies) in the previous fiscal year. In Japan, we focused further on highly selective investment in promising companies. In the US, we rebranded the name of our operations to Icon Ventures in January 2015 and made large-scale investments. In Asia, we invested in IT service and electronics-related companies in China, Korea, Taiwan and others.

< Investment amount >

(Millions of yen)

		For the year ended March 31, 2014		For the year ended March 31, 2015	
		Amount	Number of Companies	Amount	Number of Companies
Equity	(Japan)	10,806	30	7,691	31
	(US)	5,400	19	10,005	21
	(Asia)	4,667	19	3,947	19
	Total	20,874	68	21,644	71

Notes: 1. "Investment amount" is a total of investments by the JAFCO Group and its funds.

2. Investments denominated in foreign currencies are translated into yen on a quarterly basis using the exchange rate at the end of each quarter. The total of quarterly yen figures is reflected in the above table.

(Outline of capital gains and IPOs)

Of ¥56,471 million in revenues from operational investment securities (previous fiscal year: ¥38,498 million), proceeds from the sale of securities excluding dividend and interest income on bonds totaled ¥55,862 million (previous fiscal year: ¥38,170 million). Capital gains came to ¥33,957 million (previous fiscal year: ¥26,873 million), out of which capital gains on listed shares were ¥31,747 million (previous fiscal year: ¥27,418 million) and capital gains on unlisted shares were ¥2,210 million (previous fiscal year: negative ¥544 million). This ¥2,210 million consisted of ¥9,695 million (previous fiscal year: ¥3,278 million) in gains on sale and ¥7,485 million (previous fiscal year: ¥3,823 million) in losses on sale.

There were 21 IPOs in Japan and three overseas by investees of the JAFCO Group and its funds (previous fiscal year: 19 IPOs in Japan and six overseas).

< Capital gains >

(Millions of yen)		
	For the year ended March 31, 2014	For the year ended March 31, 2015
Revenues from operational investment securities	38,498	56,471
Proceeds from sale of securities (1)	38,170	55,862
Dividend and interest income	328	608
Cost of operational investment securities	11,469	21,904
Cost of securities sold (2)	11,296	21,904
Impairment	172	—
Capital gains (1) – (2)	26,873	33,957
Capital gains on listed shares	27,418	31,747
Capital gains on unlisted shares	(544)	2,210
Gains on sale	3,278	9,695
Losses on sale	3,823	7,485

(Outline of investment loss reserves)

The Company makes investment loss reserves after taking investees' business performance into consideration.

Company-by-company reserves are made if the estimated recovery amount falls below 70% of acquisition cost. General reserves are made to cover all other unlisted portfolio companies based on our accumulated expertise in private equity.

Additions to investment loss reserves for the fiscal year under review totaled ¥3,443 million, consisting of ¥4,129 million in company-by-company reserves and a reversal of ¥686 million in general reserves. The corresponding figures in the previous year were ¥3,224 million, ¥3,730 million and a reversal of ¥506 million, respectively.

Company-by-company reserves were reversed by ¥6,531 million following the sale and impairment of securities, compared with ¥3,302 million reversed in the previous fiscal year. As a result, a net of ¥3,087 million in investment loss reserves was reversed, compared with ¥77 million reversed in the previous fiscal year.

Balance of investment loss reserves came to ¥15,757 million (27.5% of the balance of unlisted operational investment securities) as of the end of the fiscal year under review, compared with ¥18,788 million (28.9% of the balance of unlisted operational investment securities) at the end of the previous fiscal year.

< Additions to investment loss reserves >

(Millions of yen)

	For the year ended March 31, 2014	For the year ended March 31, 2015
Additions to investment loss reserves (1)	3,224	3,443
Company-by-company reserves	3,730	4,129
(Reversal of) General reserves	(506)	(686)
Reversal of investment loss reserves (2)	3,302	6,531
Net additions (1) – (2) (negative figures are reversals)	(77)	(3,087)

< Balance of investment loss reserves >

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Balance of investment loss reserves	18,788	15,757
Ratio for all unlisted operational investment securities	28.9%	27.5%

(Outline of balance of operational investment securities)

Difference between acquisition cost and market value of listed operational investment securities was ¥14,654 million (compared with ¥37,795 million at the end of previous fiscal year). This consists of ¥15,151 million in unrealized gains on operational investment securities whose market value exceeds acquisition cost and ¥496 million in unrealized losses on operational investment securities whose market value falls below acquisition cost (compared with ¥38,900 million and ¥1,105 million respectively at the end of previous fiscal year).

Unrealized losses on operational investment securities were reversed by ¥607 million for the fiscal year under review (compared with unrealized losses of ¥203 million recorded for the previous fiscal year).

As a result, the balance of operational investment securities stood at ¥78,785 million as of the end of the fiscal year under review, compared with ¥111,449 million at the end of previous fiscal year.

< Difference between acquisition cost and market value of listed operational investment securities >

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Difference between acquisition cost and market value of listed operational investment securities	37,795	14,654
Securities whose market value exceeds acquisition cost	38,900	15,151
Securities whose market value falls below acquisition cost	(1,105)	(496)

< (Reversal of) Unrealized losses on operational investment securities >

(Millions of yen)

	For the year ended March 31, 2014	For the year ended March 31, 2015
(Reversal of) Unrealized losses on operational investment securities	203	(607)

< Balance of operational investment securities >

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Listed	46,422	21,519
Unlisted	60,538	53,767
Subtotal	106,961	75,287
Investments in other funds	4,488	3,498
Total	111,449	78,785

Note: "Investments in other funds" is investment in funds managed by third parties.

(Outline of fund operations)

No fund was newly established during the fiscal year under review.

Fees from fund operations for the fiscal year under review totaled ¥5,218 million (previous fiscal year: ¥6,279 million) as shown below.

Furthermore, in the fiscal year under review, the Company returned success fees received in previous fiscal years totaling ¥1,527 million, per the terms of the partnership agreements. The resulting reversal to the reserve for success fee refunds was ¥2,267 million, compared with ¥50 million reversed in the previous fiscal year.

< Income from partnership management >

(Millions of yen)

	For the year ended March 31, 2014	For the year ended March 31, 2015
Income from partnership management	6,279	5,218
Fund management fees	5,097	4,598
Success fees	1,182	619

Note: Fund management fees and success fees are based on commitment amount excluding the JAFECO Group's commitment.

2) Outline of financing

With the relatively stable long-term interest rate, the Company newly borrowed ¥1,300 million in long-term loans and repaid loans which became due. As a result, the balance of long-term loans payable including the current portion stood at ¥5,361 million (at the end of the previous fiscal year: ¥8,220 million).

2. Assets and profit and loss

	40th Fiscal Year (From April 1, 2011 to March 31, 2012)	41st Fiscal Year (From April 1, 2012 to March 31, 2013)	42nd Fiscal Year (From April 1, 2013 to March 31, 2014)	43rd Fiscal Year (From April 1, 2014 to March 31, 2015)
Net sales (Millions of yen)	19,804	22,072	44,890	61,945
Ordinary income (Millions of yen)	3,620	9,028	28,404	40,132
Net income (Millions of yen)	6,106	6,583	17,292	27,707
Net income per share (Yen)	137.63	148.37	389.74	624.50
Total assets (Millions of yen)	135,810	164,122	220,167	239,035
Net assets (Millions of yen)	98,303	112,535	159,347	188,125
Net assets per share (Yen)	2,213.96	2,536.30	3,591.47	4,240.11

Note: Regarding funds operated by the JAFECO Group, assets, liabilities, income and expenses of such funds are recorded pro rata to the JAFECO Group's interest in each fund.

3. Issues to be addressed

Industrial and corporate regeneration is essential for the strengthening of Japan's industrial competitiveness. We believe that the role of venture capital firms, which provide risk money for venture companies and support development and launch of new technology, products and services, will become increasingly important.

The JAFECO Group will continue to work toward the establishment of a "private equity value chain," which is our key management policy. This "value chain" consists of the following four business processes: creation of risk money (establishment of new funds), intensive investment in carefully selected companies, VA (value-adding) activities and promotion of suitable exits. Steady implementation of these processes and creation of a virtuous cycle lead to the building of this "value chain."

In the fiscal year under review, the success of our policy of intensive investment in carefully selected companies was reflected in sharply higher business results and fund performance. In addition to booming IPOs, exits from buyout investments made large contributions.

Although the IPO market in Japan remains strong, investors are becoming increasingly selective and acquisition costs at the time of investment are rising in some sectors. Amid such business environment, the Company will work to sustain the upward trend in fund performance as an important management issue. We will identify high-potential companies in the start-up and early stages and provide proactive support for their business and management expansion. We will also jointly build business strategies with entrepreneurs in new growth sectors as part of our medium- to long-term support for business launch.

Regarding buyout investment, the Company will acquire high-quality deals by identifying the need for a buyout related to business succession, corporate restructuring, and industrial shakeout. We will aggressively take new approach to deals to differentiate ourselves from rivals.

The Company will promote the above activities while focusing further on intensive investment in carefully selected companies and hands-on management support. We also aim to increase our operating assets, which have been on a downward trend, in the near future.

The Company believes that human resources are the most important factor for making high quality investments. We will exert further efforts to develop personnel who lead next-generation investment operations.

By switching to the policy of intensive investment in carefully selected companies, the Company has made our investment criteria stricter, increased investment amount and shareholding per company, and taken an initiative role in investee management and achieving exits. This, helped also

by the buoyant IPO market, led to record-high capital gains in the fiscal year under review, while the balance of unlisted securities declined.

Taking the above into account, we increased dividend for the fiscal year under review to ¥100 per share.

Regarding shareholder returns, the Company plans to provide continuous returns with more flexible manner. We will also sustain a solid financial base and an investment structure that allow us to adapt to any operating environment. We aim to ensure appropriate balance between the levels of shareholders' equity and return to shareholders.

We will continue to carry out well-balanced investment activity through our tri-polar bases in Japan, the US and Asia. We will build a global portfolio that allows us to address changes in the market environment. Our US operations were renamed to Icon Ventures in January 2015 to strengthen the brand image as a US-based VC firm and boost its presence in the US VC market. The JAFCO Group will further strengthen cooperation among our global investment bases and provide support for cross-border operations/ capital tie-ups, expansion of sales channels, etc.

The Company plans to make the transition to a “company with board-audit committee,” provided that it will be approved at the Annual General Meeting of Shareholders in June 2015. Replacing the Board of Corporate Auditors, the new board-audit committee will audit and supervise the execution of business. Voting rights in the Board of Directors meeting will be granted to board-audit committee members, the majority of which are independent directors. We will enhance corporate value by further strengthening corporate governance through communication with shareholders and other stakeholders.

Since its establishment in 1973, the JAFCO Group has embraced the challenging spirit as a pioneer in the Japanese VC industry. We will continue to challenge the global market together with business owners and entrepreneurs.

The JAFCO Group would like to ask for the continuous guidance and support of its shareholders in the years to come.

4. Significant subsidiaries

Name	Capital	Voting rights ratio [%]	Major business
JAFCO America Ventures Inc.	1 million US dollars	100.0	Investment
JAFCO Investment (Asia Pacific) Ltd	15 million Singapore dollars	100.0	Investment
JAFCO Investment (Hong Kong) Ltd	6.5 million US dollars	100.0 [100.0]	Investment
JAFCO Investment (Korea) Co., Ltd.	1,800 million South Korean won	100.0 [100.0]	Investment

Notes: 1. Figures in parentheses under the “Voting rights ratio” indicate the ratio of voting rights indirectly held by the Company.

2. JAFCO America Ventures Inc. had implemented venture investment activities in the US under the brand name of “Jafco Ventures.” To strengthen the brand image as a US-based VC firm, our US operations were renamed to “Icon Ventures” in January 2015.

5. Major businesses (as of March 31, 2015)

The JAFCO Group makes private equity investments and manages investment partnerships raised from investors in Japan and overseas as well as its own capitals. The JAFCO Group provides value-adding activities through business alliances, capital tie-ups, customer introductions and various consulting services for investees and earns management fees and success fees from investment partnerships, together with capital gains from IPOs and other exits.

6. Principal offices (as of March 31, 2015)

1) The Company

Name	Location
Head Office	Chiyoda-ku, Tokyo
Hokkaido Branch	Chuo-ku, Sapporo
Chubu Branch	Naka-ku, Nagoya
Kansai Branch	Chuo-ku, Osaka
Kyushu Branch	Chuo-ku, Fukuoka

2) Subsidiaries (principal offices)

Name	Location
JAFCO America Ventures Inc.	Palo Alto, California, US
JAFCO Investment (Asia Pacific) Ltd	Singapore, Singapore
JAFCO Investment (Hong Kong) Ltd	Hong Kong
JAFCO Investment (Korea) Co., Ltd.	Seoul, Korea

7. Employees (as of March 31, 2015)

1) Employees of the corporate group

Number of employees	Change from previous fiscal year
162	Increase of 3

Note: The number of employees excludes seconded staff or temporary staff.

2) Employees of the Company

Number of employees	Change from previous fiscal year	Average age	Average years of service
112	Increase of 3	41 years and 9 months old	15 years and 6 months

Note: The number of employees excludes seconded staff or temporary staff.

8. Principal creditors (as of March 31, 2015)

(Millions of yen)

Creditor	Balance of borrowings
Resona Bank, Limited	1,250
Mizuho Bank, Ltd.	1,000
Nippon Life Insurance Company	502
The Nomura Trust and Banking Co., Ltd.	500
The Nanto Bank, Ltd.	500

9. Other significant matters regarding the current status of the corporate group

None.

II Current Status of the Company

1. Shares (as of March 31, 2015)

1) Authorized number of shares	80,000,000 shares
2) Number of shares issued	48,294,336 shares
3) Number of shareholders	10,626
4) Major shareholders	

Shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
Nomura Holdings, Inc.	6,184	13.9
Nomura Research Institute, Ltd.	4,948	11.2
Japan Trustee Services Bank, Ltd.	3,150	7.1
Nomura Asset Management Co., Ltd.	2,304	5.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,197	2.7
Trust & Custody Services Bank, Ltd.	1,010	2.3
CBNY-GOVERNMENT OF NORWAY (Standing proxy: Citibank Japan Ltd.)	746	1.7
JP MORGAN CHASE BANK 385094 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	727	1.6
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	650	1.5
NORTHERN TRUST GLOBAL SERVICES LIMITED RE DUTCH PENSION FUNDS EXEMPT ACCOUNT-LENDING (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	608	1.4

- Notes: 1. Although the Company holds 3,926 thousand treasury shares, it is excluded from the list of major shareholders presented above.
2. The shareholding ratio is calculated after deducting the number of treasury shares.
3. All shares held by Japan Trustee Services Bank, Ltd. and Trust & Custody Services Bank, Ltd. are related to trust services.
4. The number of shares held by Nomura Research Institute, Ltd. (NRI) includes 750 thousand shares of the Company that NRI contributes as trust assets of its employee retirement benefit trust (the name of the holder on the shareholder registry is “The Master Trust Bank of Japan, Ltd. (Employee Retirement Benefit Trust Account of Nomura Research Institute)”).

2. Directors and corporate auditors

1) Directors and corporate auditors (as of March 31, 2015)

Position	Name	Responsibilities at the Company and significant concurrent positions
President & CEO	Shinichi Fuki	[Representative Director]
Executive Managing Director	Hiroshi Yamada	[Representative Director]
Managing Director	Yoshiyuki Shibusawa	President & CEO, JAFECO America Ventures Inc. President & CEO, JAFECO Investment (Asia Pacific) Ltd In charge of Business Development
Director	Tsunenori Kano	In charge of Structured Investment
Director	Youji Furuichi	In charge of Fund Management
Corporate Auditor (full-time)	Sadahiko Yoshimura	Independent Corporate Auditor, PGM Holdings K.K.
Corporate Auditor	Takashi Iida	Attorney-at-Law, Kowa Law Office Independent Corporate Auditor, Shimadzu Corporation Independent Director, Alps Electric Co., Ltd. Independent Corporate Auditor, Nippon Telegraph and Telephone Corporation
Corporate Auditor	Nobuyuki Hata	Board of Trustee, Kokugakuin University Professor, Faculty of Economics, Kokugakuin University Director, Venture Enterprise Center Independent Corporate Auditor, OKWave

- Notes: 1. Full-time corporate auditor Sadahiko Yoshimura and corporate auditor Takashi Iida are independent corporate auditors.
2. Full-time corporate auditor Sadahiko Yoshimura is a certified public accountant and has adequate knowledge in finance and accounting.
3. The Company has designated full-time corporate auditor Sadahiko Yoshimura and corporate auditor Takashi Iida as independent officers stipulated by the regulations of the Tokyo Stock Exchange, and their names are registered with the exchange.
4. Director Youji Furuichi was newly appointed and assumed the position at the 42nd Annual General Meeting of Shareholders held on June 17, 2014.
5. Sadahiko Yoshimura was appointed full-time corporate auditor at the Board of Corporate Auditors meeting held after the 42nd Annual General Meeting of Shareholders held on June 17, 2014.
6. Directors whose position or responsibilities changed during the fiscal year under review were as follows:
- As of March 1, 2015

Name	After change	Before change
Hiroshi Yamada	Executive Managing Director [Representative Director]	Executive Managing Director in charge of Investment and Administration [Representative Director]

7. Corporate auditor Takashi Iida assumed the position of Independent Corporate Auditor of Nippon Telegraph and Telephone Corporation on June 26, 2014.
8. Corporate auditor Nobuyuki Hata resigned from the Board of Trustee, Kokugakuin University on April 7, 2015.
9. Relationships between organizations where an independent corporate auditor holds a significant concurrent position and the Company
- Corporate auditor Takashi Iida serves as an Independent Director at Alps Electric Co., Ltd. Alps Electric Co., Ltd. and the Company have a business relationship, but it is not significant enough for there to arise any special interest. Also, Mr. Iida serves as Independent Corporate Auditor of Nippon Telegraph and Telephone Corporation. The group companies of Nippon Telegraph and Telephone Corporation and the Company have a business relationship, but it is not significant enough for there to arise any special interest.
- Other than the above, the Company has no special relationships with organizations where an independent corporate auditor holds a significant concurrent position.

2) Total remunerations, etc. for directors and corporate auditors

Classification	Number of persons paid	Amount paid (Millions of yen)
Directors	5	330
Corporate auditors [of which, independent corporate auditors]	3 [2]	64 [49]
Total	8	394

Notes: 1. The maximum amount of remunerations for directors was set at ¥950 million per annum (excluding employee salaries) by resolution of the 34th Annual General Meeting of Shareholders held on June 22, 2006.

2. The maximum amount of remunerations for corporate auditors was set at ¥230 million per annum by resolution of the 34th Annual General Meeting of Shareholders held on June 22, 2006.

3) Matters regarding independent corporate auditors

A. Primary activities in the fiscal year under review

• Attendance at the Board of Directors meeting and the Board of Corporate Auditors meeting

	Board of Directors (17 meetings held)	Board of Corporate Auditors (15 meetings held)
	Number of attendances	Number of attendances
Corporate Auditor (full-time) Sadahiko Yoshimura	17	15
Corporate Auditor Takashi Iida	17	15

• Opinions expressed at the Board of Directors meetings and the Board of Corporate Auditors meetings

Full-time corporate auditor Sadahiko Yoshimura, as a certified public accountant, stated opinions based on his expertise and abundant experience in finance and accounting of many companies. Corporate auditor Takashi Iida provided advice and presented recommendations as an expert in corporate legal affairs to ensure the appropriateness of decision-making of the Board of Directors.

B. Outline of liability limitation agreements

In accordance with the provisions of Article 36 of the Articles of Incorporation and Article 427, paragraph 1 of the Companies Act, the Company and each independent corporate auditor signed an agreement that limits liability for damages as stipulated in Article 423, paragraph 1 of the Act. The maximum amount of liability under this agreement is the amount prescribed by laws and regulations for each independent corporate auditor.

4) Reason why it is not appropriate to have an independent director

The Company specializes in investment in unlisted companies and conducts a highly professional business of supplying risk money. In light of such business characteristics, the number of staff, the size of business, etc., the Board of Directors is kept compact to allow swift and sound decision-making.

In the fiscal year under review, the Company continued to discuss the transition to a company with board-audit committee, in addition to appointing independent directors within the current framework of a company with a Board of Corporate Auditors, as one of the options for the appropriate structure of the Board of Directors.

As a result, the Company came to the conclusion that it is best for the Company's future governance to make the transition to a company with board-audit committee after the enforcement in May 2015 of the Amended Companies Act and appoint several independent directors.

Under such circumstances, the Company did not have independent directors as of the end of the fiscal

year under review. The Company intends to submit a proposal for the election of three independent directors at the Annual General Meeting of Shareholders to be held in June 2015.

Following the transition to a company with board-audit committee, the Company will strengthen its functions of audit and supervision of the execution of business and corporate governance by utilizing independent directors and the board-audit committee whose majority of members are independent directors with the aim of further raising corporate value.

3. Financial Auditor

1) Name

Ernst & Young ShinNihon LLC

2) Amount of remuneration, etc.

	Amount paid (Millions of yen)
Amount of remuneration, etc. to be paid to the financial auditor for the fiscal year under review	49
Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to the financial auditor	49

Note: In the audit agreement between the Company and the financial auditor, the amount of remuneration, etc. for audit under the Companies Act and audit under the Financial Instruments and Exchange Act are not clearly distinguished. As it is not possible to effectively distinguish the two, the total amount of both remunerations is described as the amount of remuneration, etc. to be paid to the financial auditor for the fiscal year under review.

3) Status of audit on the financial statements of the Company's subsidiaries by audit corporations other than the financial auditor of the Company

Among the Company's principal subsidiaries, JAFCO Investment (Asia Pacific) Ltd is audited by an audit corporation other than the financial auditor of the Company.

4) Policy on how to determine dismissal or non-reappointment of the financial auditor

In the event that the execution of duties by the financial auditor is disrupted or any other case deemed necessary, the Company shall, upon determination of the Board of Corporate Auditors, propose dismissal or non-reappointment of the financial auditor as an agenda item at a general meeting of shareholders.

In case that the financial auditor is deemed to fall under any of the items set forth in Article 340, paragraph 1 of the Companies Act, the Board of Corporate Auditors shall, upon consent of all the corporate auditors, dismiss the financial auditor.

In addition to the above, the Company shall periodically review the appointment in order to maintain a relationship with a degree of tension with the financial auditor.

4. Policy regarding decisions on distribution of surplus, etc.

The Company, which primarily focuses on private equity investment, plans to provide continuous returns to shareholders with more flexible manner. The Company will also maintain a solid financial base and an investment structure to adapt to any operating environment. We aim to ensure appropriate balance between the levels of shareholders' equity and return to shareholders.

Regarding the dividend for the fiscal year under review, we have decided to pay ¥100 per share based on this policy.

5. Structure for ensuring appropriate operations

The outline of a resolution by the Company's Board of Directors (adopted on April 21, 2015) with regard to the structure to ensure that directors' execution of their duties is in compliance with laws and regulations and the Articles of Incorporation, and other structures to ensure appropriate operations of the Company and the corporate group comprising the Company and its subsidiaries, is as follows.

The Company shall implement and operate the following structures to ensure appropriate operations of the Company and its subsidiaries (hereinafter the "JAFCO Group"):

(1) Structure to ensure that execution of duties by the JAFCO Group's directors, etc. and employees is in compliance with laws and regulations and the Articles of Incorporation

- Based on the recognition that compliance with laws and regulations and the like is the precondition of all of our corporate activities, directors and corporate officers of the JAFCO Group (including persons with duties equivalent to these; the same shall apply hereinafter) shall lead efforts to ensure thorough compliance with laws and regulations by the JAFCO Group from the Group-wide perspective, and a compliance officer designated by the President & CEO of the Company shall supervise overall initiatives for the JAFCO Group's compliance with laws and regulations.
- The Company shall create a global compliance policy that is common to all JAFCO Group companies, and all JAFCO Group companies shall implement structures for compliance with laws and regulations and the like based on the policy in consideration of legal systems in the countries where they are located, their business scales, their organizational structures and other characteristics.
- The Company shall sever any relationships with antisocial forces and stand firmly against them. The Company shall work to exclude antisocial forces as the organization-wide initiatives by establishing a dedicated department that will work closely with external professional institutions including police and attorneys-at-law.
- The Internal Audit Division audits and reports status of compliance with laws and regulations and the like by the JAFCO Group to the President & CEO and, as necessary, to the Board of Directors and the Board of Corporate Auditors. The audited departments and subsidiaries shall promptly address any issues if necessity to correct or improve is indicated.
- The JAFCO hotline shall be established and operated as means for officers, employees and others at the JAFCO Group to directly provide information to the Company regarding conduct that is in violation of, or risks violating, laws and regulations.

(2) Structure for retention and management of information pertaining to execution of duties by directors

- In accordance with laws and regulations and internal rules, the Company shall appropriately retain and manage records concerning decision-making at the Board of Directors and other important meetings, and other important documents and information pertaining to execution of duties by the directors.

(3) Regulations and other systems on management of risks of loss of the Group

- Directors and corporate officers of the JAFCO Group shall retain authority and responsibility to implement systems and measures for risk management. In addition, director in charge of administration shall push forward the cross-functional initiatives for risk management of the JAFCO Group.
- At the Company, in order to manage risks associated with private equity investment, which is the Company's main business, a designated committee chaired by a representative director shall make decisions on investment in accordance with internal rules. For making investment decisions, opinions of the evaluation department shall be asked for separately from the investment division. In addition, the investment division shall update the status of business operations of unlisted investees as needed as well as on a regular basis and take necessary actions.
- At overseas subsidiaries, appropriate systems shall be established in consideration of the countries where they are located, their business scales, their organizational structures and other characteristics, with the aim of making investment decisions, assessing business operations of investees, and

managing risks associated with private equity investment.

- If a risk with a significant impact on the management of the JAFCO Group becomes apparent, directors and corporate officers of the JAFCO Group shall promptly report this to the officer in charge of administration at the Company and the Company shall take appropriate actions in accordance with the risk.

(4) Structure to ensure that execution of duties by the JAFCO Group's directors and the like is carried out efficiently

- Clarify the duties of directors and corporate officers, establish internal rules concerning the division of duties and official authority to achieve efficient operations through role sharing and a chain of command.
- Hold monthly meetings of the Board of Directors and extraordinary meetings as necessary to determine important issues in business execution and supervise the status of business execution by the directors.
- Thoroughly manage business performance of each department and subsidiary by enhancing the managerial accounting system of the JAFCO Group and regularly reporting the results based on managerial accounting at meetings of the Company's Board of Directors.
- In light of the characteristics of private equity investment, which differs in characteristics according to country and region, committees for investment and fund management and necessary meeting bodies shall be established for each of the JAFCO Group's tri-polar bases in Japan, the US and Asia, and efforts shall be made to enhance efficiency in decision making regarding private equity investment.

(5) Structure for reporting to the Company on matters relating to execution of duties by directors and the like of subsidiaries and systems to ensure properness of operations at the JAFCO Group companies

- Directors, corporate officers or employees of the Company shall be assigned as officers at subsidiaries and presidents of subsidiaries shall periodically report to the Board of Directors of the Company on important execution of operations at respective subsidiaries.
- Subsidiaries shall periodically report to the Company on their financial information and the performance of the funds they manage. Furthermore, the Company and subsidiaries shall work to collaborate to ensure properness of operations through other means including information exchange between departments that are relevant in the course of business.
- The presidents of subsidiaries shall have the authority and the responsibility to implement systems and measures, etc. to ensure properness of operations of respective subsidiaries.
- Internal audits by the Company and audits by the corporate auditors of the Company shall also be implemented at subsidiaries.

(6) Matters regarding employees who are requested for allocation by corporate auditors to assist them with their duties, independence of the employees from directors and assurance of effectiveness of directions to the employees

- If requested by corporate auditors, employees to assist the corporate auditors with their duties within a reasonable range shall be allocated, and their personnel matters shall be consulted between directors and corporate auditors.
- In the case that employees are allocated to assist corporate auditors in their duties, the authority to give them directions and orders when executing duties to assist corporate auditors shall belong to corporate auditors.
- Results of audits by the Internal Audit Division shall be utilized for auditing by corporate auditors. The Internal Audit Division shall implement audit on matters required by corporate auditors as necessary through consultations with corporate auditors, and report the results to the Board of Corporate Auditors.

- (7) Structure for reporting to the corporate auditors of the Company by directors and the like and employees of JAFCO Group companies and structure to ensure that reporting persons are not treated disadvantageously because of the relevant reporting**
- Directors, corporate officers and employees of the JAFCO Group shall, in accordance with requests from corporate auditors, make reports regarding their execution of duties and the status of operations.
 - Directors, corporate officers and employees of the JAFCO Group shall promptly report matters with the potential to cause a serious impact on the Company and its subsidiaries; violations of laws and regulations and the Articles of Incorporation; improper conduct by directors; and serious whistleblowing matters that are reported to the JAFCO hotline.
 - The JAFCO hotline whistleblowing contacts shall include corporate auditors of the Company.
 - Persons notifying matters to the JAFCO hotline or to the Company's corporate auditors shall not be treated disadvantageously because of the relevant notification or reporting.
- (8) Matters regarding policy for treatment of expenses and the like occurring in the execution of duties by corporate auditors**
- For the various expenses associated with audits by corporate auditors, a budget necessary to secure the effectiveness of the audits shall be established, and in cases of budget requests from corporate auditors, the relevant expenses shall be paid following confirmation by the accounting department.
- (9) Other systems to ensure that audits by corporate auditors are made effectively**
- Representative directors shall provide opportunities for the Board of Corporate Auditors to regularly exchange opinions.
 - Directors and corporate officers shall ensure opportunities for corporate auditors to attend important internal meetings or committees.
 - Corporate auditors, Internal Audit Division and the financial auditor shall have opportunities for regular consultations and reinforce their relationships through information and opinion exchanges.

Consolidated Balance Sheet

(As of March 31, 2015)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	167,369	Current liabilities	27,962
Cash and deposits	28,711	Current portion of bonds	8,000
Operational investment securities	78,785	Current portion of long-term loans payable	3,060
Investment loss reserves	(15,757)	Income taxes payable	8,371
Securities	73,184	Deferred tax liabilities	5,438
Other	2,456	Provision for bonuses	425
Allowance for doubtful accounts	(11)	Allowance for extraordinary compensation for directors and corporate auditors	192
Non-current assets	71,666	Reserve for success fee refunds	156
Property, plant and equipment	245	Other	2,317
Buildings	153	Non-current liabilities	22,948
Vehicles	0	Bonds payable	2,000
Furniture and fixture	92	Long-term loans payable	2,301
Intangible assets	141	Net defined benefit liability	580
Software	137	Deferred tax liabilities	18,023
Telephone subscription right	4	Other	42
Investments and other assets	71,279	Total liabilities	50,910
Investment securities	70,345	Net assets	
Investments in capital	36	Item	Amount
Long-term loans receivable	173	Shareholders' equity	134,734
Deferred tax assets	167	Capital stock	33,251
Other	555	Capital surplus	32,806
		Retained earnings	88,755
		Treasury shares	(20,078)
		Accumulated other comprehensive income	53,391
		Valuation difference on available-for-sale securities	52,672
		Foreign currency translation adjustment	751
		Remeasurements of defined benefit plans	(32)
		Total net assets	188,125
Total assets	239,035	Total liabilities and net assets	239,035

Note: All amounts have been rounded down to nearest million yen.

Consolidated Statement of Income
(from April 1, 2014 to March 31, 2015)

(Millions of yen)

Item	Amount	
Net sales		61,945
Revenue from operational investment securities	56,471	
Income from partnership management	5,218	
Other sales	256	
Cost of sales		23,778
Cost of operational investment securities	21,904	
Other cost	1,873	
Gross profit		38,167
(Reversal of) Additions to investment loss reserves	(3,087)	
(Reversal of) Unrealized losses on operational investment securities	(607)	
(Reversal of) Additions to reserve for success fee refunds	(2,267)	(5,962)
Gross profit - net		44,129
Selling, general and administrative expenses		5,710
Operating income		38,419
Non-operating income		1,895
Interest income	100	
Dividend income	991	
Foreign exchange gains	709	
Miscellaneous income	94	
Non-operating expenses		182
Interest expenses	170	
Miscellaneous loss	11	
Ordinary income		40,132
Extraordinary income		2,122
Gain on dividends in liquidation of subsidiaries and associates	24	
Gain on sales of investment securities	2,098	
Extraordinary losses		3
Loss on valuation of investment securities	3	
Income before income taxes and minority interests		42,252
Income taxes - current		13,454
Income taxes - deferred		1,090
Income before minority interests		27,707
Minority interests in income		—
Net income		27,707

Note: All amounts have been rounded down to nearest million yen.

Consolidated Statement of Changes in Net Assets

(from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2014	33,251	32,806	62,156	(20,077)	108,136
Changes of items during the period					
Dividends of surplus			(1,109)		(1,109)
Net income			27,707		27,707
Purchase of treasury shares				(1)	(1)
Disposition of treasury shares			(0)	0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	26,598	(1)	26,597
Balance as of March 31, 2015	33,251	32,806	88,755	(20,078)	134,734

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of April 1, 2014	52,098	(879)	(8)	51,210	159,347
Changes of items during the period					
Dividends of surplus					(1,109)
Net income					27,707
Purchase of treasury shares					(1)
Disposition of treasury shares					0
Net changes of items other than shareholders' equity	573	1,631	(24)	2,180	2,180
Total changes of items during the period	573	1,631	(24)	2,180	28,777
Balance as of March 31, 2015	52,672	751	(32)	53,391	188,125

Note: All amounts have been rounded down to nearest million yen.

Balance Sheet
(As of March 31, 2015)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	159,291	Current liabilities	26,793
Cash and deposits	23,619	Current portion of bonds	8,000
Operational investment securities	75,988	Current portion of long-term loans payable	3,060
Investment loss reserves	(15,319)	Accounts payable	386
Securities	73,169	Income taxes payable	8,027
Prepaid expenses	23	Accrued expenses	128
Accrued income	278	Deferred tax liabilities	5,426
Accounts receivable	1,489	Deposits received	74
Other	49	Provision for bonuses	366
Allowance for doubtful accounts	(8)	Allowance for extraordinary compensation for directors and corporate auditors	192
		Reserve for success fee refunds	156
		Other	974
Non-current assets	73,928	Non-current liabilities	22,855
Property, plant and equipment	178	Bonds payable	2,000
Buildings	124	Long-term loans payable	2,301
Furniture and fixture	53	Deferred tax liabilities	17,978
Intangible assets	119	Provision for retirement benefits	532
Software	115	Other	42
Telephone subscription right	3		
Investments and other assets	73,631	Total liabilities	49,648
Investment securities	68,885	Net assets	
Shares of subsidiaries and associates	4,181	Item	Amount
Investments in capital	17	Shareholders' equity	131,408
Long-term loans receivable	79	Capital stock	33,251
Long-term prepaid expenses	21	Capital surplus	32,806
Long-term guarantee deposits	212	Legal capital surplus	32,806
Other	233	Other capital surplus	–
		Retained earnings	85,429
		Legal retained earnings	1,435
		Other retained earnings	83,994
		Retained earnings brought forward	83,994
		Treasury shares	(20,078)
		Valuation and translation adjustments	52,163
		Valuation difference on available-for-sale securities	52,163
		Total net assets	183,571
Total assets	233,220	Total liabilities and net assets	233,220

Note: All amounts have been rounded down to nearest million yen.

Statement of Income
(from April 1, 2014 to March 31, 2015)

(Millions of yen)

Item	Amount	
Net sales		58,173
Revenue from operational investment securities	54,974	
Income from partnership management	2,920	
Other sales	278	
Cost of sales		24,658
Cost of operational investment securities	21,482	
Other cost	3,175	
Gross profit		33,515
(Reversal of) Additions to investment loss reserves	(3,074)	
(Reversal of) unrealized losses on operational investment securities	(605)	
(Reversal of) Additions to reserve for success fee refunds	(2,267)	(5,946)
Gross profit - net		39,462
Selling, general and administrative expenses		3,493
Operating income		35,969
Non-operating income		10,217
Interest on deposits	9	
Interest and dividends on securities	9,391	
Interest on loans	1	
Foreign exchange gains	722	
Miscellaneous income	93	
Non-operating expenses		180
Interest expenses	62	
Interest on bonds	108	
Miscellaneous loss	10	
Ordinary income		46,006
Extraordinary income		2,122
Gain on dividends in liquidation of subsidiaries and associates	24	
Gain on sales of investment securities	2,098	
Extraordinary losses		3
Loss on valuation of investment securities	3	
Income before income taxes		48,125
Income taxes - current		13,119
Income taxes - deferred		778
Net income		34,227

Note: All amounts have been rounded down to nearest million yen.

Statement of Changes in Net Assets

(from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
						Retained earnings brought forward			
Balance as of April 1, 2014	33,251	32,806	—	32,806	1,435	50,876	52,311	(20,077)	98,292
Changes of items during the period									
Dividends of surplus						(1,109)	(1,109)		(1,109)
Net income						34,227	34,227		34,227
Purchase of treasury shares								(1)	(1)
Disposition of treasury shares						(0)	(0)	0	0
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	33,117	33,117	(1)	33,116
Balance as of March 31, 2015	33,251	32,806	—	32,806	1,435	83,994	85,429	(20,078)	131,408

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2014	51,802	51,802	150,094
Changes of items during the period			
Dividends of surplus			(1,109)
Net income			34,227
Purchase of treasury shares			(1)
Disposition of treasury shares			0
Net changes of items other than shareholders' equity	361	361	361
Total changes of items during the period	361	361	33,477
Balance as of March 31, 2015	52,163	52,163	183,571

Note: All amounts have been rounded down to nearest million yen.

Independent Auditor's Report

May 7, 2015

To the Board of Directors of JAFCO Co., Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant

Toshio Iwabu [Seal]

Designated and Engagement Partner
Certified Public Accountant

Hiroki Matsumura [Seal]

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of JAFCO Co., Ltd. (the "Company") applicable to the fiscal year from April 1, 2014 through March 31, 2015.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the JAFECO Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Independent Auditor's Report

May 7, 2015

To the Board of Directors of JAFECO Co., Ltd.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant

Toshio Iwabu [Seal]

Designated and Engagement Partner
Certified Public Accountant

Hiroki Matsumura [Seal]

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of JAFECO Co., Ltd. (the "Company") applicable to the 43rd fiscal year from April 1, 2014 through March 31, 2015.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation

of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of JAFECO Co., Ltd. applicable to the 43rd fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Audit Report

With respect to the Directors' performance of their duties during the 43rd fiscal year (from April 1, 2014 to March 31, 2015), the Board of Corporate Auditors has prepared this audit report after deliberations based on the audit reports prepared by each Corporate Auditor, and hereby reports as follows:

1. Method and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors has established the audit policies, assignment of duties, etc., and received a report from each Corporate Auditor regarding the status of implementation of their audits and results thereof. In addition, the Board of Corporate Auditors has received reports from the Directors, etc. and the financial auditor regarding the status of performance of their duties, and requested explanations as necessary.

In conformity with the Corporate Auditor auditing standards established by the Board of Corporate Auditors, and in accordance with the audit policies and assignment of duties, etc., each Corporate Auditor endeavored to facilitate mutual understanding with the Directors, the internal audit division and other employees, etc., endeavored to collect information and maintain and improve the audit environment, attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and employees, etc. and requested explanations as necessary, inspected important approval/decision documents, and investigated the status of the corporate affairs and assets at the head office and other principal business locations. Also, each Corporate Auditor received reports on a regular basis from the Directors and employees, etc., requested explanations as necessary, and provided opinions with respect to matters consist of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (*kabushiki kaisha*), and the systems developed and maintained based on such resolutions (internal control systems). With regard to internal control over financial reports, we received reports from the Directors and Ernst & Young ShinNihon LLC on the evaluation of internal control and their audit activities, and sought explanations as necessary. With respect to the subsidiaries, each Corporate Auditor endeavored to facilitate mutual understanding and information exchange with the Directors, etc. of each subsidiary and received from subsidiaries reports on their respective businesses as necessary. Based on the above-described methods, each Corporate Auditor examined the business report and annexed detailed statements thereto for the fiscal year under review.

In addition, each Corporate Auditor monitored and verified whether the financial auditor maintained its independence and properly conducted its audit, received a report from the financial auditor on the status of its performance of duties, and requested explanations as necessary. Each Corporate Auditor was notified by the financial auditor that it had established a "system to ensure that the performance of the duties of the financial auditor was properly conducted" (the matters set forth in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), and requested explanations as necessary. Based on the above-described methods, each Corporate Auditor examined the financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and the annexed detailed statements thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the fiscal year under review.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- 1) We acknowledge that the business report and the annexed detailed statements thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- 2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
- 3) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the Directors' performance of their duties concerning the internal control systems. With regard to internal control over financial reports, we received reports from the Directors and Ernst & Young ShinNihon LLC that there were no material defects to disclose as of the date this audit report was prepared.

(2) Results of Audit of Financial Statements and Their Annexed Detailed Statements

We acknowledge that the methods and results of audit performed by the financial auditor Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the financial auditor Ernst & Young ShinNihon LLC, are appropriate.

May 8, 2015

Board of Corporate Auditors of JAFECO Co., Ltd.

Full-Time Corporate Auditor

(Independent Corporate Auditor)

Sadahiko Yoshimura

[Seal]

Corporate Auditor

(Independent Corporate Auditor)

Takashi Iida

[Seal]

Corporate Auditor

Nobuyuki Hata

[Seal]