To our shareholders:

The investment environment surrounding venture capital firms has changed dramatically and remained strong since the end of 2012, when the Abenomics was launched. In the fiscal year ended March 31, 2016, the number of domestic IPOs increased for the seventh consecutive year, but the IPO market lost steam and the post-IPO share price performance started to reflect investors' preferences. On the other hand, a number of VC funds have been established in this favorable investment environment, with funds concentrated on certain target sectors. As a result, investment costs are rising both in Japan and overseas.

In Japan, JAFCO has dramatically shifted its investment focus onto start-up and early-stage companies, rather than investing in various stages, in line with the recovery of stock exchanges for emerging companies and the rise of young entrepreneurs in the Internet-related businesses. In order to enhance the corporate value of early-stage companies, it is crucial that we get deeply involved in management and assist the growth of companies after investment. Therefore, we have shifted to highly selective, intensive investment strategy and intentionally narrowed down the number of portfolio companies to maximize capital gains on each deal. As a result, whereas a number of venture capital firms withdrew from the market after the 2008 financial crisis, we remained focused on highly selective, intensive investment, and successfully generated high capital gains for three consecutive fiscal years starting in 2013.

JAFCO has previously carried out a large number of diversified investments in Japan. As a result, JAFCO-backed IPOs in Japan remained at around 20 per year for several years. However, most of large capital gains were derived from highly selective, intensive investments. During the fiscal year ended March 31, 2016, the number of JAFCO-backed IPOs was eight, a significant decrease from the previous year due largely to the narrowing down of new investments. As there were also few IPO/ M&A deals overseas that generated substantial capital gains, net sales and net income declined to ¥41.2 billion and ¥17.0 billion respectively.

Considering the nature of the venture capital business, we anticipate substantial fluctuations in our future performance. We endeavor to stabilize such fluctuations by adding buyout investments, which have higher success rates, to our portfolios. JAFCO will continue to focus firmly on highly selective, intensive investment, and will aim to maximize capital gains on each deal, instead of chasing a higher number of IPOs. To this end, it is essential that we continue to create investment opportunities under any operating environment based on fair market valuation and enhance the corporate value of portfolio companies. We strongly believe that this will lead to continuous improvement in fund performance and result in enhanced corporate value of JAFCO.

JAFCO is committed to opening up new frontiers with challenging/ pioneering spirit with entrepreneurs. We look forward to your continued support.

Shinichi Fuki
President & CEO
JAFCO Co., Ltd.

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 24, 2016

To Shareholders:

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

NOTICE OF CONVOCATION OF THE 44TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

We at JAFCO Co., Ltd. would like to express our sincerest sympathies for everyone affected by the 2016 Kumamoto Earthquake and to pray for a swift recovery.

You are cordially invited to attend the 44th 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 20, 2016 (Japan Time).

1. Date and Time	Tuesday, June 21, 2016, 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-Audit Committee of the Consolidated Financial Statements, for the 44th Fiscal Year (from April 1, 2015 to March 31, 2016)
Matters to be resolved:	
Proposal:	Election of Five (5) Directors (Excluding 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 20, 2016 (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 41, and access the website for voting designated by the Company (http://www.evote.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.

- 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 the Board-Audit Committee 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/

Reference Documents for the General Meeting of Shareholders

Proposal: Election of Five (5) Directors (Excluding Directors Serving as Board-Audit Committee Members)

The terms of office of all five (5) directors (excluding directors serving as board-audit committee members; the same applies hereafter in this Proposal) will expire at the conclusion of the Meeting. Accordingly, the Company proposes to elect five (5) directors.

With regard to the election of directors, the summary of opinions of the Board-Audit Committee is as follows.

The Board-Audit Committee discussed the election of directors following the exchange of opinions with the representative director with regard to oversight, execution and future focus of Board of Directors, the status of performance of duties by director candidates, etc. As a result, the committee reached a conclusion that it has no objection to the nomination of director candidates in this proposal after taking into account the composition of the Board of Directors and expertise, experience and track record of each candidate.

The Board-Audit Committee has also expressed an opinion regarding the remuneration of Directors as follows.

The Board-Audit Committee discussed the remuneration of Directors who execute business of the Company following the exchange of opinions with the representative director. As a result, the Committee has judged the remuneration is appropriate after taking into account fairness in remuneration, balance between remuneration levels and duties/ responsibilities of Directors, and its links to the Company's business performance.

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) <Re-election>	April 1985	Joined JAFCO	11,666 shares
		June 2003	Director in charge of Investment Group II, Kansai Branch and Planning & Administration, JAFCO	
		February 2005	Managing Director in charge of Finance, Investment Group II, Kansai Branch and VA Department III, JAFCO	
		March 2007	Executive Managing Director in charge of Finance, Structured Investment, Kansai Branch and VA Department III, JAFCO	
		January 2010	President & CEO (Representative Director), JAFCO (Present)	
	Number of attendance at the Board of Directors meetings: 17 out of 17 meetings *Reason for nomination as candidate for director* Since joining JAFCO, Shinichi Fuki has constantly been involved in private equity investment, and responsible for the Company's entire operations, including investment and fund management. Since assuming the office as president and CEO in January 2010, he has enhanced the Board of Directors' effective decision- making and supervisory function by capitalizing on his extensive experience and deep insight. Based on his track record, the Board of Directors deemed it appropriate that he continues to execute and supervise business activities as a director of the Company.			

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Hiroshi Yamada
(February 25, 1956)

<Re-election></td><td>April 1978
June 2000

June 2001

February 2005
January 2011
April 2011

October 2012

April 2013

June 2013

November 2015</td><td>Joined Nomura Securities Co., Ltd.
President, Nomura International (Hong Kong) Limited
Director, JAFCO
President & CEO, JAFCO Investment (Asia Pacific) Ltd
Managing Director, JAFCO
Executive Managing Director, JAFCO
Concurrently President & CEO, JAFCO America Ventures Inc.
In charge of Investment and Branches, JAFCO
Executive Managing Director (Representative Director), JAFCO (Present)
In charge of Investment and Administration (until February 2015)
In charge of Fund Management, JAFCO (Present)</td><td>6,705 shares</td></tr>
<tr><td colspan="4">Number of attendance at the Board of Directors meetings: 17 out of 17 meetings

Reason for nomination as candidate for director

Hiroshi Yamada was appointed director of the Company in June 2001 following his career at Nomura Securities. He has gained extensive experience and knowledge as a director in charge of overseas operations, concurrently acting as president of the Company’s Asian and US subsidiaries. Since assuming the position of representative director in April 2013, he has enhanced the Board of Directors’ effective decision making and supervisory functions by utilizing his global business experience and achievements. Taking the above into account, the Board of Directors deemed it appropriate that he continues to execute and supervise business activities as a director of the Company.</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Yoshiyuki Shibusawa
(October 5, 1969)

<Re-election></td><td>April 1992
March 2007

June 2007

October 2012

April 2014</td><td>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)</td><td>6,484 shares</td></tr>
<tr><td colspan="4">Number of attendance at the Board of Directors meetings: 16 out of 17 meetings

Reason for nomination as candidate for director

Yoshiyuki Shibusawa has constantly been involved in private equity investment since his joining JAFCO and gained experience taking charge of the domestic venture investment division. Since October 2012, he has been responsible for the Company’s overseas operations as president of the Company’s Asian and US subsidiaries. Based on his experience and track record of domestic/ overseas investment operations, the Board of Directors deemed it appropriate that he continues to execute and supervise business activities as a director of the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">4</td><td>Tsunenori Kano
(November 29, 1961)

<Re-election></td><td>April 1985
March 2008

June 2013</td><td>Joined JAFCO
Corporate Officer, Group Officer of Structured Investment Group, JAFCO
Director in charge of Structured Investment, JAFCO (Present)</td><td>3,829 shares</td></tr>
<tr><td colspan="4">Number of attendance at the Board of Directors meetings: 16 out of 17 meetings

Reason for nomination as candidate for director

Since joining JAFCO, Tsunenori Kano has been involved in private equity and buyout investment activities. Based on his broad investment experience and expertise, the Board of Directors deemed it appropriate that he continues to execute and supervise business activities as a director of the Company.</td></tr>
<tr><td rowspan="2">5</td><td>Keisuke Miyoshi
(September 18, 1969)

<Re-election></td><td>April 1993
August 2011

April 2013

June 2015</td><td>Joined JAFCO
Group Officer of Investment Group II, JAFCO
Corporate Officer in charge of Investment, JAFCO
Director in charge of Investment, JAFCO (Present)</td><td>959 shares</td></tr>
<tr><td colspan="4">Number of attendance at the Board of Directors meetings: 13 out of 13 meetings
(The number of attendance is regarding the period after his appointment as director on June 16, 2015.)

Reason for nomination as candidate for director

Since joining JAFCO, Keisuke Miyoshi has been involved in private equity investment operations, and he currently heads the domestic venture investment division. Based on his broad investment experience and expertise, the Board of Directors deemed it appropriate that he continues to execute and supervise business activities as a director of the Company.</td></tr>
</table>

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

(Document to be provided)

Business Report

(From April 1, 2015 to March 31, 2016)

I Current Status of the Corporate Group (hereinafter the "Company")

1. Business summary

For the fiscal year ended March 31, 2016, the Company recorded a significant decrease in net sales and profits compared to the previous year when all-time-high profits were posted.

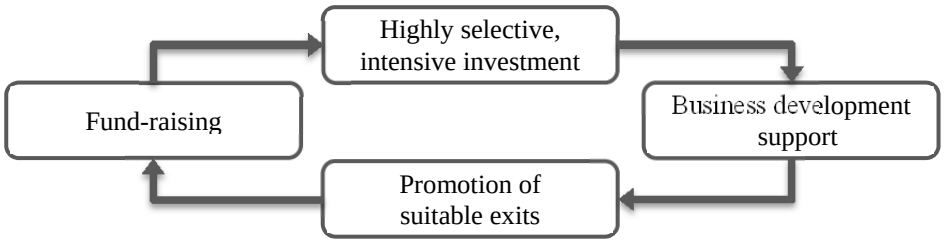
(Billions of yen)

	For the year ended March 31, 2015 A	For the year ended March 31, 2016 B	B/A
Net sales	61.9	41.2	66%
Ordinary income	40.1	19.8	49%
Net income	27.7	17.0	61%

▸ Major businesses (JAFCO's business model)

The Company mainly uses the capital of investment partnerships that it operates ("funds") to carry out investment activities. As well as receiving management fees and success fees from funds, it also invests its own capital in funds and shares gains from fund performance improvement with investors.

Sustaining improvement of fund performance is the primary management focus. The Company raises funds, continuously makes highly selective, intensive investment based on fair valuation, and enhances the corporate value of portfolio companies. Improving fund performance under any operating environment will allow smooth investor acquisition in the future and also contribute to profits of the Company.



1) Funds under management

The following are the main JAFCO-managed funds.

During the fiscal year, JAFCO Super V3 Fund Series (the "SV3 Series") have distributed all amount of capital contributed by investors. As a result, the Company started recording success fees from the fund.

For the JAFCO SV4 Series (the "SV4 Series"), investment has progressed steadily and the Company plans to complete initial investment activity during the fiscal year ending March 31, 2017. We plan to establish a new fund currently.

(Billions of yen)

	Year established	Total commitment	Appraisal value	JAFCO's portion
SV3 Series	2007	146.5	204.9	40.1%
SV4 Series	2013	60.0	60.2	49.5%

Note: 1. As of March 31, 2016. The appraisal value includes cumulative distributions and unpaid commitments.

2. Part of the above funds is invested in funds managed by the Company's overseas operating bases.

- Trends in total fund commitments

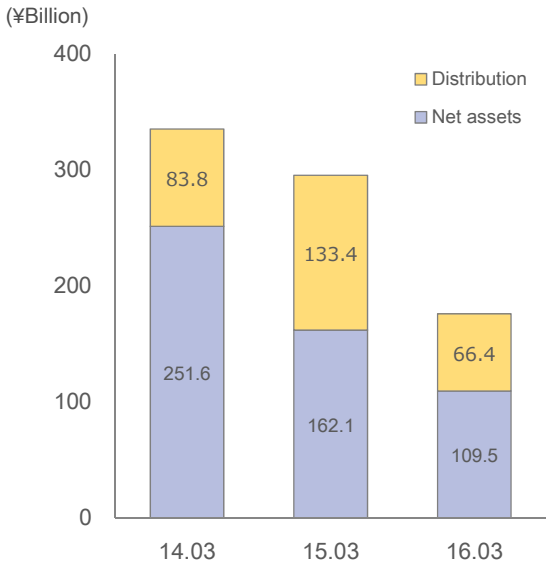
  During the fiscal year, the Company established Icon Ventures VI, L.P. (US$158 million in commitment as of March 31, 2016), a US fund focusing on investment in IT venture companies in North America, in December 2015. No fund was established in Japan.

  JAFCO Incubation No. 2 Venture Capital Investment Limited Partnership (established in June 2004; ¥2 billion in total commitment) was dissolved in November 2015.



- Assets of funds under management (net assets and distributions)

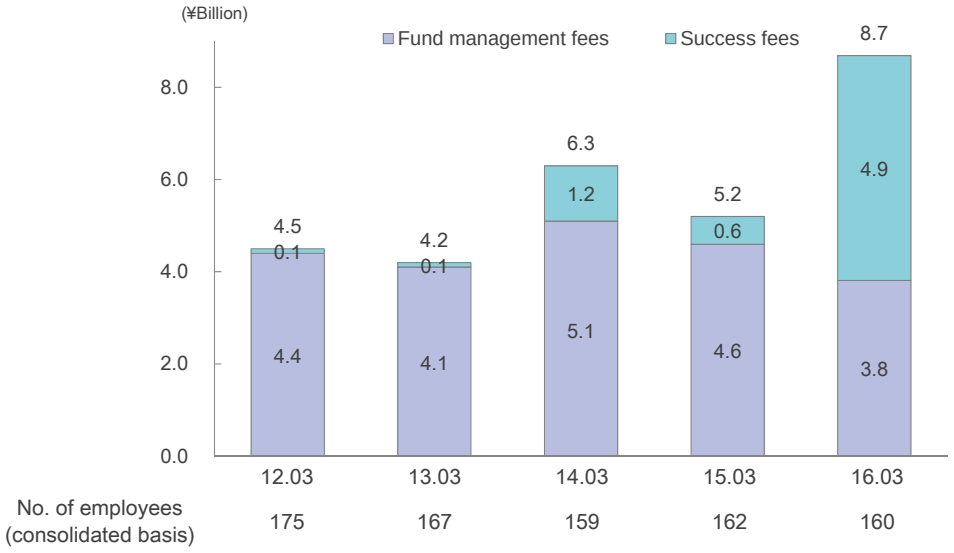
  During the fiscal year, a total of ¥66.4 billion was distributed from domestic and overseas funds. The net assets of funds after distribution declined to ¥109.5 billion, down ¥52.6 billion from previous fiscal year.



▶ Income from fund management

During the fiscal year, the SV3 Series, the Company's largest fund, and other funds achieved an improvement in performance. As a result, success fees increased significantly. On the other hand, fund management fees decreases as funds near maturity.

Fund management fees & success fees (JAFCO's interests)

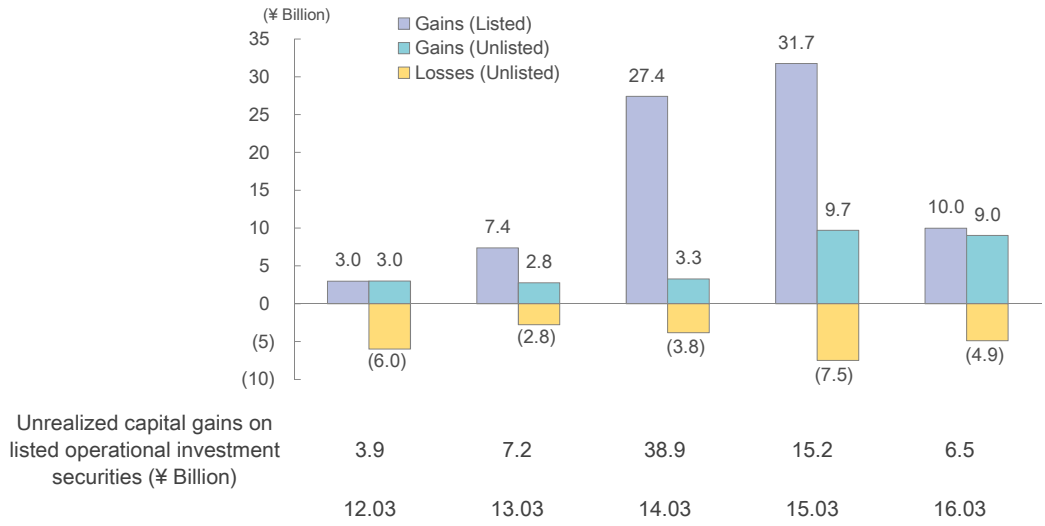


2) Capital gains

▶ Outline of capital gains

In the fiscal year, capital gains decreased significantly from the previous year. The main factor behind the fall was that, although sales of portfolio shares listed in the previous year and M&A exits contributed in the first quarter, the Company had few domestic and overseas portfolio companies that achieved large capital gains in the second quarter and thereafter.

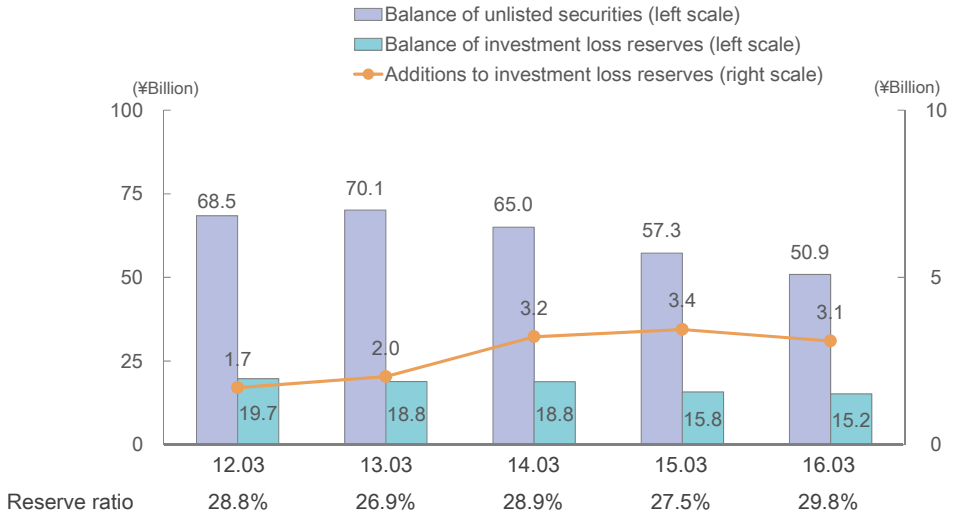
Capital gains (JAFCO's interests)



▶ Outline of investment loss reserves

Additions to investment loss reserves have been about ¥3 billion per year. In the fiscal year, the balance of investment loss reserves decreased from the previous year, but the balance of unlisted operational investment securities also declined due to steady exits. As a result, the reserve ratio increased from the previous year.

Additions to and balance of investment loss reserves (JAFCO's interests)



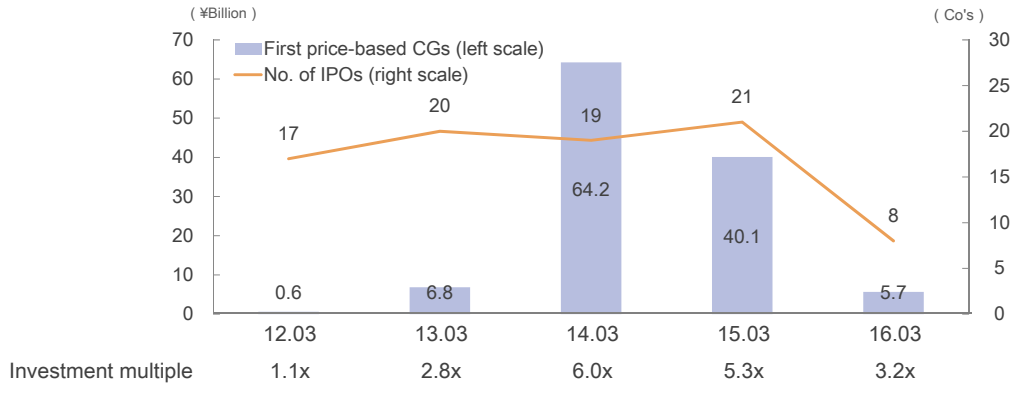
3) Outline of IPOs

In Japan, the Company had previously made well-balanced diversified investments. As a result, about 20 portfolio companies went public each year for several years. However, the number of IPOs in the fiscal year was eight, a significant decrease from the previous year. This was due largely to the narrowing down of the number of new investments under the highly selective, intensive investment strategy. In addition, there was no overseas IPO generating substantial capital gains during the period.

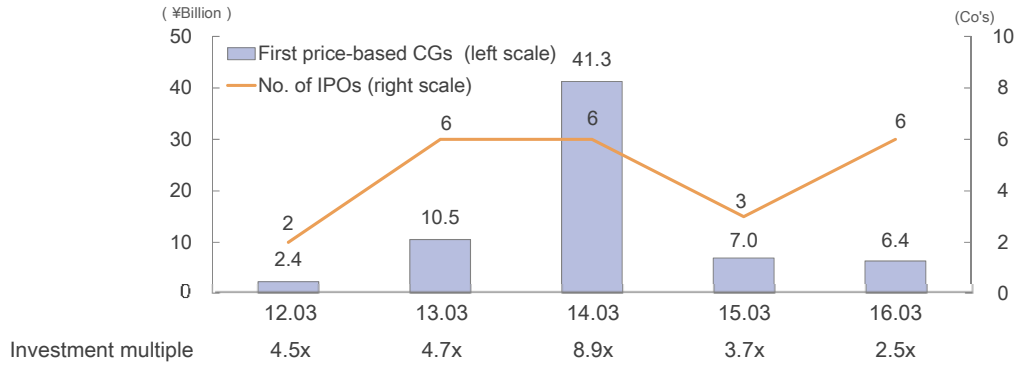
In the meantime, the Company has increased its shareholdings in portfolio companies. This has allowed it to diversify exits. During the fiscal year, there were several M&A exits of venture portfolio companies by large corporations.

Most of IPOs that have generated large capital gains in recent years are by companies in which the Company has made highly selective, intensive investments. The Company will continue its efforts to maximize capital gains on each deal, instead of chasing a higher number of IPOs.

JAFCO-backed IPOs in Japan (including fund investors' interests; CG standing for capital gain)



JAFCO-backed IPOs overseas (including fund investors' interests; CG standing for capital gain)

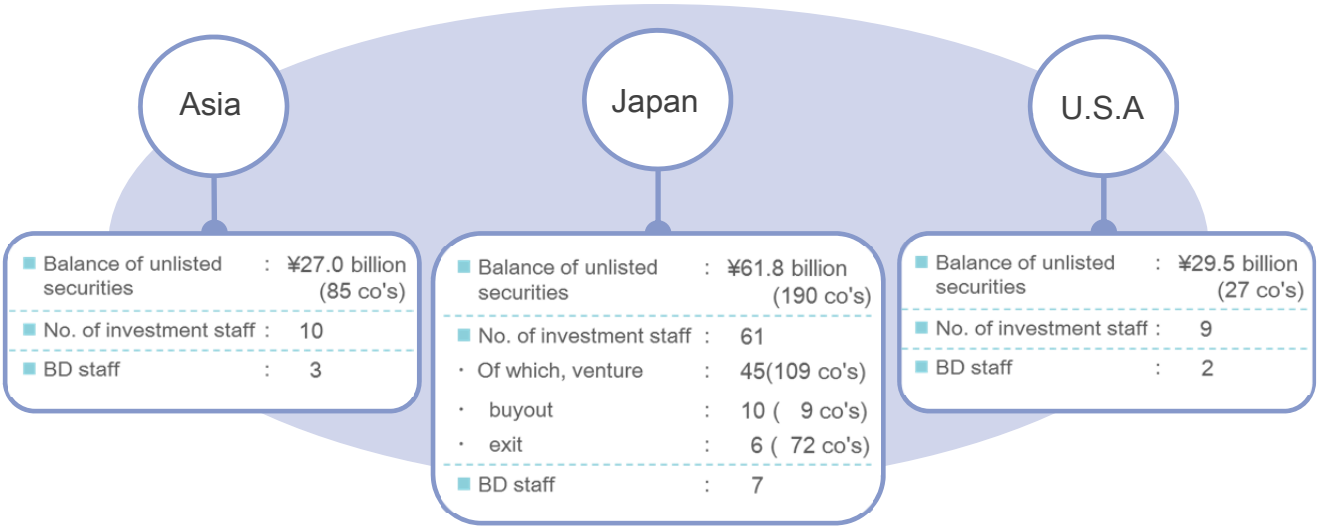


4) Outline of investments

Venture capital investments are generally characterized by high risks. The Company aims to sustain improvement in fund performance by diversifying geographic regions and methods of investment. In addition to investment activity through its regional branches in Japan, its local venture capitalists in the US and Asia manage its overseas funds. It also carries out buyout investment related to business succession, revitalization, etc. to stabilize fund performance.

Global Investment Structure (including fund investors' interests)

Overall balance of unlisted securities: ¥ 118.4 billion (302 co's)



*Balance of unlisted securities: as of March 31, 2016 (acquisition cost basis); No. of staff: as of April 1, 2016
*BD stands for Business Development

▸ Business development

The Company invests intensively in high-potential companies in the start-up and early stages.

To enhance the corporate value of portfolio companies in earlier stages, deep involvement in management and post-investment growth support are essential. Our portfolios have high expectations for our wide network of big companies, including fund investors, which has helped accelerate the business expansion of portfolio companies.

By cooperating with divisions dedicated to business development, the investment divisions support growth of portfolio companies in Japan, the US and Asia by identifying optimal business partners using the extensive network.

▶ Investment activities

The Company's investment activities during the fiscal year were as follows:

Japan

In Japan, the Company has dramatically shifted its investment focus onto start-up and early-stage companies from balanced investment in line with the recovery of new markets for emerging companies and the rise of young entrepreneurs in the Internet-related businesses. Accordingly, since around 2010, it converted investment strategy to highly selective, intensive investment.

Under the new strategy, the Company intentionally narrows down the number of new investments, increases shareholdings and investment amount, and enhances the corporate value of portfolio companies through deep involvement in management and growth support. These activities lead to maximizing capital gains on each deal.

The competition to acquire new investment deals in the IT service sector is increasing as new markets for emerging companies remain strong. Under such environment, the Company is making highly selective investment in promising companies, while maintaining fair pre-money valuation. The Company is also making large and bold investment in start-ups that have potential to become game changers or mega ventures.

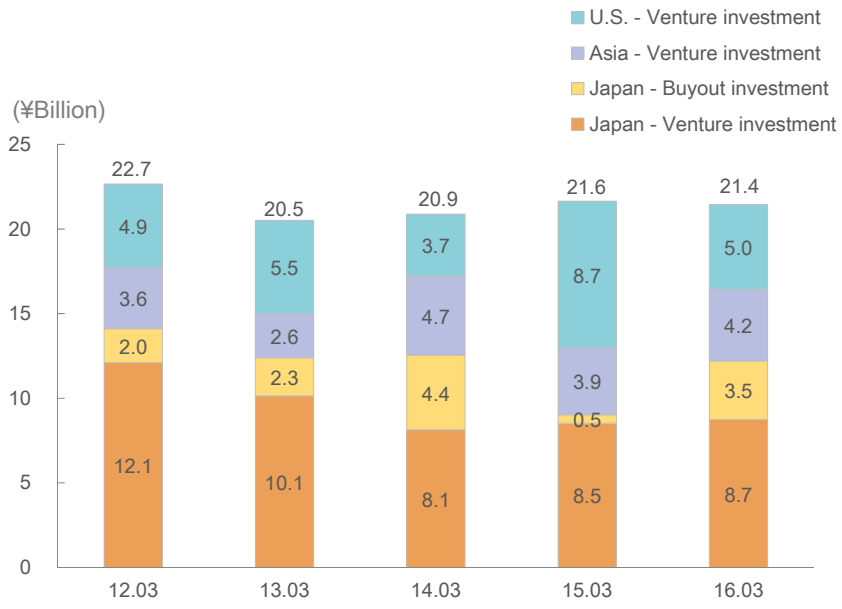
U.S. and Asia

In the US, where many venture businesses are competing fiercely, venture capital firms are also facing stiff competition. So-called "unicorns"—venture companies valued at over US$1 billion— are beginning to emerge. Such investment environment has calmed down in recent months.

As a result of careful screening of investment opportunities, both the amount and the number of investments decreased.

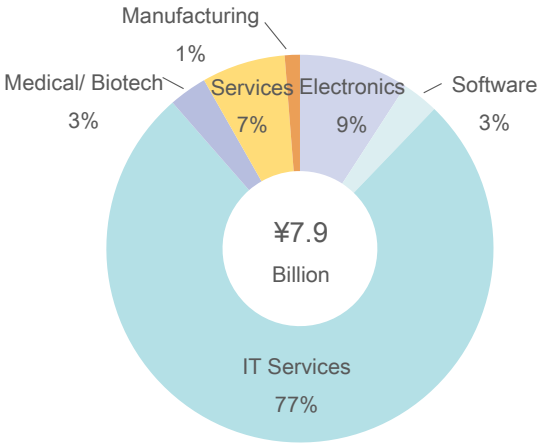
In Asia, the Company made investments in China, South Korea, Taiwan and India amid concerns over the slowdown of the Chinese economy. The amount of investment, including follow-on investment, was roughly on a par with the previous year.

Investment amount (including fund investors' interests)



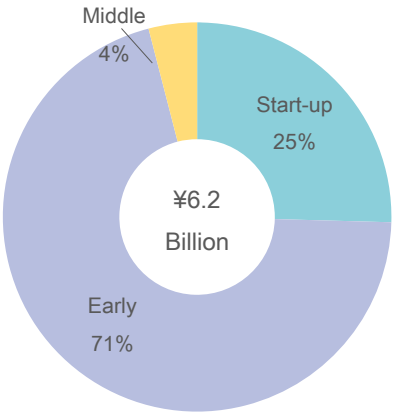
Investment by sector

(initial and follow-on investment in Japan)



Investment by stage

(initial investment in Japan)

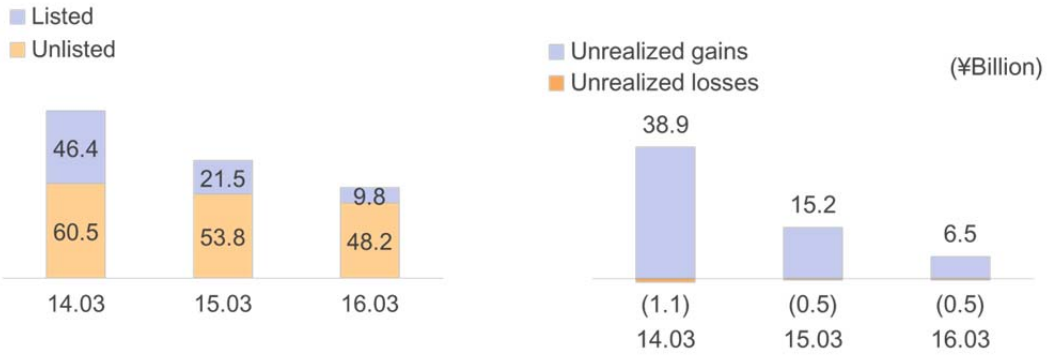


*Both charts include fund investors' interest.

5) Balance of investments

While aggressively selling listed operational investment securities, the Company is reshuffling its portfolios to improve quality of operating assets by further reducing the number and the investment balance of unlisted companies and making new highly selective, intensive investments. As a result, the balance of both listed and unlisted operational investment securities decreased. In addition, unrealized capital gains of listed operational investment securities declined significantly. The Company will aim to build up higher quality portfolios, while continuing to narrow down the number of companies.

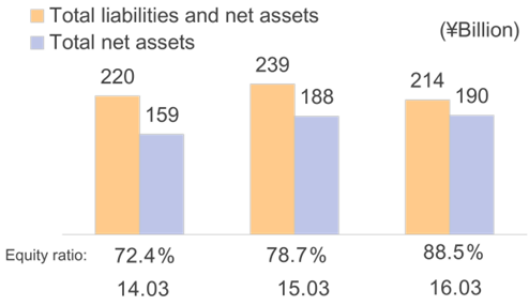
Balance of investments and unrealized gains/losses (JAFCO's interests)



6) Status of assets

Investment in unlisted securities is exposed to the risk of large price fluctuations and low liquidity. Considering this, we need to maintain strong shareholders' equity and a solid financial base to continue to invest under any operating environment. The status of the Company's net assets and total assets are as follows.

Total assets and net assets (JAFCO's interests)



2. Issues to be addressed

The JAFCO Group's management priorities are as follows:

1. Sustain improvement in fund performance

Because we make investments through our funds under management, it is important to raise capital from outside investors and secure investment funds in a continuous and stable manner. To this end, it is essential to achieve sustainable improvement in fund performance, which is our biggest management focus.

2. Remain focused on highly selective, intensive investment and deep involvement in portfolios

To generate large capital gains through investment in illiquid unlisted shares, it is necessary to narrow down investment targets and make bold investments in companies with high growth potential. We acquire influential stakes in our portfolios and take initiative role in the management and exits of portfolios with the aim of controlling risks and achieving higher performance.

3. Build up stronger portfolios

As a result of our strategy in recent years to reduce the number of domestic portfolios to improve fund performance, assets under management have decreased. While further downsizing our portfolio and enhancing its quality, we will also build up stronger portfolios.

4. Develop key personnel who lead next-generation investment operations

Since establishment, we have placed importance on training young, talented personnel with challenging / pioneering spirit that inspires them to work out strategies and execute businesses with entrepreneurs. We are convinced that building up our success experience and passing on our organizational expertise will allow us to achieve lasting and sustainable improvement in fund performance.

5. Ensure a good balance between shareholders' equity and return to shareholders

In respect to unlisted shares in which we invest, there are risks of high volatility and extremely limited liquidity, and they are also vulnerable to downturns in the stock and IPO markets. In order for us to continue investment activity, we must maintain a strong financial footing. While working to secure a strong financial base, we aim to provide continuous shareholder returns by maintaining a good balance between the two.

6. Enhance governance through dialogue with stakeholders

We will strengthen our corporate governance structure and boost our corporate value through constructive dialogue with shareholders, investors of our funds, portfolios, and other stakeholders.

The Company is seriously committed to remain focused on and develop the following five policies with the aim of becoming the one and only venture capital firm in the world.

Reproduce success by passing on our expertise

Create next-generation businesses

Develop globally, focus locally

Work diligently with entrepreneurs to raise corporate value

Maintain discipline and transparency as a VC pioneer

3. 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, we have decided to pay ¥100 per share based on this policy.

4. Assets and profit and loss

	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)	44th Fiscal Year (From April 1, 2015 to March 31, 2016)
Net sales (Millions of yen)	22,072	44,890	61,945	41,155
Ordinary income (Millions of yen)	9,028	28,404	40,132	19,808
Profit attributable to JAFCO Co., Ltd. stockholders (Millions of yen)	6,583	17,292	27,707	17,018
Profit per share (Yen)	148.37	389.74	624.50	383.57
Total assets (Millions of yen)	164,122	220,167	239,035	214,245
Net assets (Millions of yen)	112,535	159,347	188,125	189,501
Net assets per share (Yen)	2,536.30	3,591.47	4,240.11	4,271.15

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

5. 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. US operations have been implemented under the brand name of "Icon Ventures".

6. Principal offices (as of March 31, 2016)

1) The Company

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

Note: The Company closed Hokkaido Branch on November 30, 2015.

2) Subsidiaries (principal offices)

Name	Location
JAFCO America Ventures Inc.	California, U.S.A.
JAFCO Investment (Asia Pacific) Ltd	Singapore
JAFCO Investment (Hong Kong) Ltd	Hong Kong
JAFCO Investment (Korea) Co., Ltd.	Seoul, Korea

7. Employees (as of March 31, 2016)

1) Employees of the corporate group

Number of employees	Change from previous fiscal year
160	Decrease of 2

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
111	Decrease of 1	42 years and 0 month old	15 years and 8 months

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

8. Outline of financing

The Company newly borrowed ¥1,500 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 ¥3,702 million (at the end of the previous fiscal year: ¥5,361 million). The Company redeemed ¥8,000 million worth of straight bonds.

9. Principal creditors (as of March 31, 2016)

(Millions of yen)

Creditor	Balance of borrowings
Resona Bank, Limited	1,167
Mizuho Bank, Ltd.	1,100
The Nomura Trust and Banking Co., Ltd.	300
Nippon Life Insurance Company	170
The Nanto Bank, Ltd.	100
The Joyo Bank, Ltd.	100

II Current Status of the Company

1. Shares (as of March 31, 2016)

1) Authorized number of shares 80,000,000 shares
2) Number of shares issued 48,294,336 shares
3) Number of shareholders 8,877
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.	3,929	8.9
Nomura Asset Management Co., Ltd.	2,304	5.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,251	2.8
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENT- UNITED KINGDOM (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1,130	2.5
THE CHASE MANHATTAN BANK 385029 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1,046	2.4
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	954	2.2
Trust & Custody Services Bank, Ltd.	774	1.7
CBNY-GOVERNMENT OF NORWAY (Standing proxy: Citibank Japan Ltd.)	763	1.7

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

1) Directors (as of March 31, 2016)

Position	Name	Responsibilities at the Company and significant concurrent positions
President & CEO	Shinichi Fuki	[Representative Director]
Executive Managing Director	Hiroshi Yamada	In charge of Fund Management [Representative Director]
Managing Director	Yoshiyuki Shibusawa	President & CEO, JAFCO America Ventures Inc. President & CEO, JAFCO Investment (Asia Pacific) Ltd In charge of Business Development
Director	Tsunenori Kano	In charge of Structured Investment
Director	Keisuke Miyoshi	In charge of Investment
Director (Board-Audit Committee member, full-time)	Sadahiko Yoshimura	
Director (Board-Audit Committee member)	Koji Tanami	Attorney-at-Law, Hashidate Law Office
Director (Board-Audit Committee member)	Nobuyuki Hata	Professor, Faculty of Economics, Kokugakuin University Director, Venture Enterprise Center Independent Corporate Auditor, OKWave
Director (Board-Audit Committee member)	Kenichi Akiba	Professor, Graduate School of Accountancy, Waseda University

Notes: 1. Directors Koji Tanami, Nobuyuki Hata and Kenichi Akiba are independent directors.
2. The Company has no special relationships with organizations where each independent director holds a significant concurrent position.
3. The Company has designated directors Koji Tanami, Nobuyuki Hata and Kenichi Akiba as independent officers stipulated by the regulations of the Tokyo Stock Exchange, and their names are registered with the exchange.
4. Directors Sadahiko Yoshimura and Kenichi Akiba are certified public accountants and have adequate knowledge in finance and accounting.
5. The Company made a transition to a company with board-audit committee as of June 16, 2015. Accordingly, the terms of office of full-time corporate auditor Sadahiko Yoshimura and corporate auditor Nobuyuki Hata expired as of the same date.
6. Directors Keisuke Miyoshi, Sadahiko Yoshimura, Koji Tanami, Nobuyuki Hata and Kenichi Akiba were newly appointed and assumed the position at the 43rd Annual General Meeting of Shareholders held on June 16, 2015.
7. Sadahiko Yoshimura was appointed a full-time member of board-audit committee so as to allow him to gather timely information related to execution of duties from directors/employees, attend important meetings, and ensure close cooperation between the board-audit committee and the internal audit division.
8. The following director/ corporate auditor resigned during the fiscal year.
   Takashi Iida (from corporate auditor as of June 16, 2015)
   Yoji Furuichi (from director in charge of Fund Management, as of October 31, 2015)
9. A director whose position or responsibilities changed during the fiscal year was as follows:

Date of change	Name	After change	Before change
November 1, 2015	Hiroshi Yamada	In charge of Fund Management	-

2) Outline of liability limitation agreements

In accordance with the provisions of Article 28 of the Articles of Incorporation and Article 427, paragraph 1 of the Companies Act, the Company and each director serving as board-audit committee member 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 director serving as board-audit committee member.

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

Classification	Number of persons paid	Amount paid (Millions of yen)
Directors (excluding board-audit committee members)	6	324
Directors serving as board-audit committee members [of which, independent directors]	4 [3]	61 [38]
Corporate auditors [of which, independent corporate auditors]	3 [2]	13 [10]
Total	11	399

Notes: 1. The maximum total amount of remuneration for directors before the transition to a company with board-audit committee was set at ¥950 million per annum by resolution of the 34th Annual General Meeting of Shareholders held on June 22, 2006. The maximum total amount of remuneration of directors (excluding board-audit committee members) after the transition was set at ¥600 million per annum by resolution of the 43rd Annual General Meeting of Shareholders held on June 16, 2015.
2. The amount paid to directors serving as board-audit committee members is for the period after the transition to a company with board-audit committee. The amount paid to corporate auditors is for the period before the transition.
3. The maximum amount of remunerations for directors serving as board-audit committee members was set at ¥300 million per annum by resolution of the 43rd Annual General Meeting of Shareholders held on June 16, 2015.
4. 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.
5. The total number of persons paid is the net number of persons who were actually paid.

4) Primary activities by independent directors

- Attendance at the Board of Directors meeting and the Board-Audit Committee meeting

	Number of attendances at the Board of Directors meetings	Number of attendances at the Board-Audit Committee meetings
Koji Tanami Director (Board-Audit Committee member)	13 out of 13 meetings	11 out of 11 meetings
Nobuyuki Hata Director (Board-Audit Committee member)	13 out of 13 meetings	11 out of 11 meetings
Kenichi Akiba Director (Board-Audit Committee member)	13 out of 13 meetings	11 out of 11 meetings

Note: Numbers of attendance by each director serving as board-audit committee member are for the period after the transition to a company with board-audit committee.

- Opinions expressed at the Board of Directors meetings and the Board-Audit Committee meetings

- Director serving as board-audit committee member Koji Tanami expressed opinions by leveraging his deep insight in fiscal administration, finance, tax and international fields and law-related expertise, and from an independent perspective.
- Director serving as board-audit committee member Nobuyuki Hata expressed opinions based on his expertise as a leading researcher in venture businesses and from an independent perspective.
- Director serving as board-audit committee member Kenichi Akiba expressed opinions based on his extensive knowledge as an expert in accounting and from an independent perspective.

(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.

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	44
Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to the financial auditor	44

Notes: 1. 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.

2. Reasons for the approval of remuneration, etc. for the financial auditor by the Board-Audit Committee
The Board-Audit Committee received the necessary materials and reports from directors, relevant departments and the financial auditor to confirm and examine the details of the audit plan of the financial auditor, results of audit for the previous year, the status of execution of duties and the reasonableness of the basis for the estimate of remuneration, etc. As a result, the Board-Audit Committee determined and approved that the remuneration, etc. regarding the financial auditor are appropriate.

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) Matters related to an order for business suspension issued to the financial auditor in the past two years

The outline of the disciplinary action issued by the Financial Services Agency on December 22, 2015 was as follows:

A. Subject of disciplinary action: Ernst & Young ShinNihon LLC

B. Details of disciplinary action: An administrative order for suspension of taking on new business contracts (for three months from January 1, 2016 to March 31, 2016) and a business improvement order (improvement of the business administration system)

C. Reasons for the action

Certified public accounts who are the partners of the accounting firm, in negligence of due care, attested that the financial statements of TOSHIBA CORPORATION, which contained material misstatements, were statements that contained no material misstatements.

The operations of the accounting firm were deemed to be significantly inappropriate.

5) 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 in any other case deemed necessary, the Board-Audit Committee shall determine the contents of proposals regarding the dismissal and non-reappointment of the financial auditor, and the Board of Directors shall submit such proposals to 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-Audit Committee shall, upon consent of all members of the committee, dismiss the financial auditor.

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

In the meantime, the Company has received reports from the financial auditor that the operational improvement plan of the financial auditor to address the reasons for the action described above in 4) is making steady progress, and the Company believes that reasonable improvements have been made.

4. Structure for corporate governance

1) Basic views on corporate governance

The Company's basic views on corporate governance are as outlined below. With an eye to increasing corporate value over the medium to long term, the Company will make continuous efforts for its enhancement.

- Build respectful relationships with stakeholders
- Maintain transparency and fairness in decision making

- Establish an appropriate supervising structure
- Establish a corporate structure that ensures effective and swift business execution

2) Corporate governance policy

Based on the above basic views, the Company has established the “Corporate Governance Policy” that outlines our concrete corporate governance measures. The policy is available on our Website.

3) Outline of structure

The Company made a transition to a company with board-audit committee in June 2015. The Company has established the Board of Directors and the Board-Audit Committee, through which it makes important management decisions and audits/ supervises business execution by directors.

Independent directors comprise the majority of the Board-Audit Committee. The Company has set out the standards for independence of independent directors.

The Investment Committee chaired by the President has an authority to make investment decisions to allow quick decision-making. Directors serving as Board-Audit Committee members also attend the Investment Committee.

4) Evaluation of the effectiveness of the Board of Directors

The summary of the results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2016 is as follows:

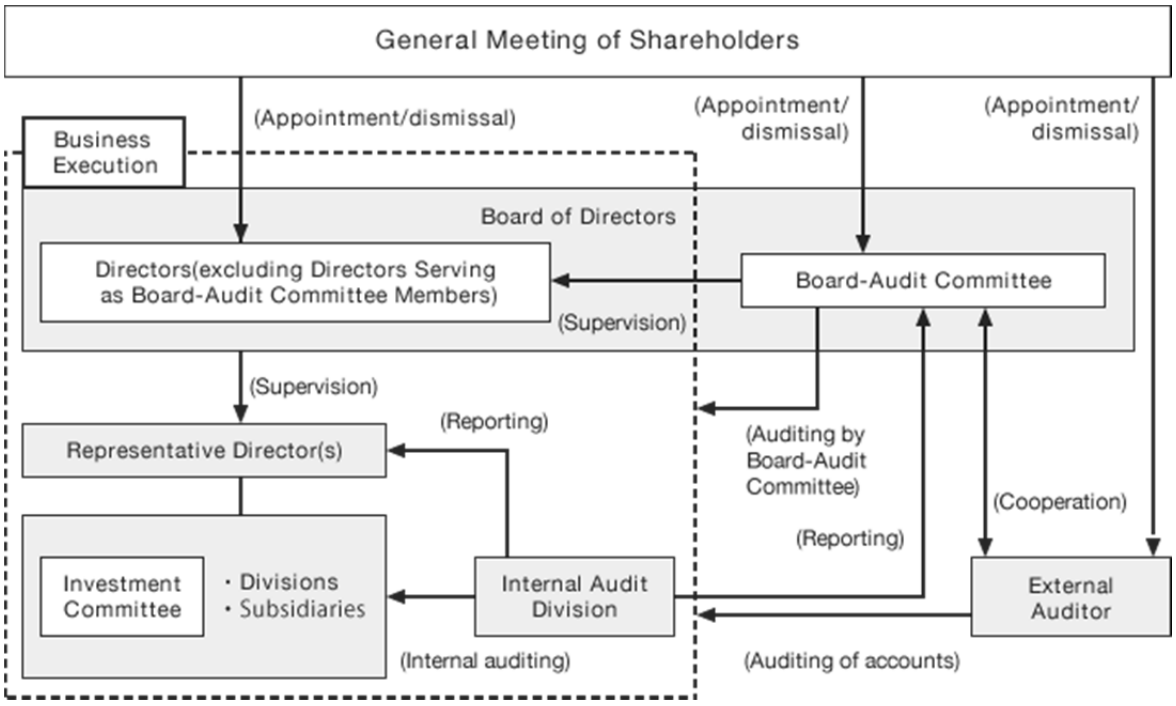
For the evaluation of the effectiveness of the Board of Directors, questionnaires were administered to all directors and the full-time Director Serving as Board-Audit Committee Member conducted interviews with each director. Based on the results thereof, discussions were held at meetings of the Board of Directors.

As a result of the evaluation, the Board of Directors has determined that the effectiveness of the Board of Directors is largely secured. Our consensus is that the size and composition of the Board of Directors, administration of Board meetings, and the status of discussions are by and large appropriate.

On the other hand, we will work to enhance points that were recognized as having room for improvement, including reporting efficiency and reviewing matters for discussion and deliberations. We will also continue to assess and review the Board size and the balance between non-independent and independent directors.

Based on the results of the evaluation, we will continue our efforts to improve efficiency and swiftness of business execution, and also to increase the effectiveness of the Board of Directors by further enhancing supervision by the Board of Directors.

Corporate governance structure



5. Structure for ensuring appropriate operations

The outline of a resolution by the Company's Board of Directors 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") and the structure necessary for operations of the Board-Audit Committee:

(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 the Board-Audit Committee, and, as necessary, to the Board of Directors. 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 JAFCO 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 Board-Audit Committee of the Company shall also be implemented at subsidiaries.

(6) Matters regarding directors/employees to assist the Board-Audit Committee with their duties, independence of the directors/employees from other directors (excluding directors as members of the Board-Audit Committee) and assurance of effectiveness of directions to the directors/employees

- Directors or employees to assist the duties of the Board-Audit Committee will be assigned as necessary, and personnel affairs of assistant employees will be discussed between directors and the Board-Audit Committee.
- The Board-Audit Committee shall have the authority to give directions and orders to its employee assistants in executing their assistant duties.
- The Board-Audit Committee conducts audits based on internal audit results when available. Based on discussions with the Board-Audit Committee, the internal audit division conducts internal audits at the request of the committee and reports the result to the committee.

(7) Structure for reporting to the Board-Audit Committee 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 the Board-Audit Committee, 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, to the Board-Audit Committee.
- The JAFCO hotline whistleblowing contacts shall include a member of the Board-Audit Committee of the Company.
- Persons notifying matters to the JAFCO hotline or to the Board-Audit Committee of the Company 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 members of the Board-Audit Committee

- For the various expenses associated with audits by members of the Board-Audit Committee, a budget necessary to secure the effectiveness of the audits shall be established, and in cases of budget requests from members of the Board-Audit Committee, the relevant expenses shall be paid following confirmation by the accounting department.

(9) Other systems to ensure that audits by the Board-Audit Committee are made effectively

- Representative directors shall provide opportunities for the Board-Audit Committee to regularly exchange opinions.
- Directors and corporate officers shall ensure opportunities for members of the Board-Audit Committee to attend important internal meetings or committees.
- The Board-Audit Committee, Internal Audit Division and the financial auditor shall have opportunities for regular consultations and reinforce their relationships through information and opinion exchanges.

6. Overview of the operation status of the structure for ensuring appropriate operations

An overview of the operation status of the structure for ensuring appropriate operations in the fiscal year ended March 31, 2016 was as follows.

(1) Transition to a company with board-audit committee

- The Company made a transition to a company with board-audit committee on June 16, 2015. By having Board-Audit Committee members who have voting rights at the Board of Directors meetings, and a majority of the committee being comprised of independent directors (three out of four members), the Company has further enhanced the effectiveness of audit and oversight of the execution of duties by directors.

(2) Compliance management

- The Company revised internal rules and reviewed work flow in accordance with revisions to laws and regulations, such as the Companies Act, Financial Instruments and Exchange Act and the introduction of the individual identification number system, and conducted trainings and briefings for officers and employees as necessary.
- The Company established the Code of Conduct as action guidelines for the Company, its officers and employees in September 2015, and held internal briefings to disseminate it across the Company.
- The Company has all of its officers and employees submit once a year a pledge of compliance with laws and regulations and internal rules related to data management and restriction of insider trading, etc. to raise compliance awareness.
- As for measures to sever any relationships with antisocial forces, a dedicated department is working closely with external professional institutions including the police and attorneys-at-law to gather relevant information.

- The Company has established the Rules on Internal Control over Financial Reporting. It is carrying out the enhancement, operation and evaluation of internal control over financial reporting in cooperation with the financial auditor.
- The Company has established the JAFCO hotline which provides direct contacts with the Compliance Officer, the legal division and independent directors of the Company. The purpose is to prevent and promptly detect violations of laws and regulations, etc. and improper conduct. We have also made the system known across the Company via the Intranet and through other means.

(3) Risk management

- The internal audit division conducts internal audits of each division and overseas subsidiaries of the Company based on the internal audit plans, and reports the results to the President, the Board-Audit Committee and the Board of Directors.
- The directors in charge of overseas operations regularly report important matters concerning investment and fund management at overseas bases and other overseas operations as part of business report to the Board of Directors.
- The status of compliance management and risk management is reported regularly to the Board of Directors.

(4) Efficiency of execution of duties

- During the fiscal year, the Board of Directors held 17 meetings to make decisions on important management matters and oversee the status of business execution.
- Decision-making on investment in unlisted companies is conducted by the investment committee locally set up at each operating base in Japan, the U.S. and Asia. This allows proper risk management and efficient execution of duties in accordance with the business environment in each region.
- The monthly results of managerial accounting are reported to the Board of Directors every month to ensure strict performance management by division, subsidiary and fund, and to improve fund performance.

(5) Audit and supervision by the Board-Audit Committee

- The Board-Audit Committee members, led by a full-time member, attend the investment committee and other important internal meetings, and express opinions as necessary, to supervise the business execution.
- Members of the Board-Audit Committee conducted interviews with directors and managers responsible for investment and other divisions, and received explanations about important decision-makings and the status of execution of duties. In addition, overseas audit visits are made as necessary.
- Written approvals from a representative director and director in charge of each division are circulated to a full-time member of the Board-Audit Committee. In addition, the Board-Audit Committee regularly receives reports separately on the status of said approvals from the division in charge.
- Employees at the internal audit and administration divisions assist in operations of the Board-Audit Committee as necessary.
- The Board-Audit Committee exchanges opinions with representative directors. In addition, the Board-Audit Committee shall have discussions with the internal audit division and the financial auditor on a regular basis.
- The Company has made it known via the Intranet and in other ways that employees who have reported to the JAFCO hotline or the Board-Audit Committee of the Company will not be treated disadvantageously because of the reports.

Consolidated Balance Sheet

(As of March 31, 2016)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	**148,370**	**Current liabilities**	**4,850**
Cash and deposits	18,431	Current portion of long-term loans payable	1,724
Operational investment securities	60,644	Income taxes payable	200
Investment loss reserves	(15,176)	Deferred tax liabilities	564
Securities	80,870	Provision for bonuses	346
Deferred tax assets	42	Allowance for extraordinary compensation for directors	165
Other	3,556		
Non-current assets	**65,875**	Reserve for success fee refunds	146
Property, plant and equipment	**342**	Other	1,703
Buildings	122	**Non-current liabilities**	**19,893**
Furniture and fixture	219	Bonds payable	2,000
Intangible assets	**103**	Long-term loans payable	1,978
Software	99	Net defined benefit liability	582
Telephone subscription right	4	Deferred tax liabilities	15,290
Investments and other assets	**65,430**	Other	42
Investment securities	64,536	**Total liabilities**	**24,744**
Investments in capital	34	**Net assets**	
Long-term loans receivable	166	Item	Amount
Deferred tax assets	133	**Shareholders' equity**	**147,313**
Other	559	**Capital stock**	**33,251**
		Capital surplus	**32,806**
		Retained earnings	**101,336**
		Treasury shares	**(20,080)**
		Accumulated other comprehensive income	**42,187**
		Valuation difference on available-for-sale securities	**41,989**
		Foreign currency translation adjustment	**193**
		Remeasurements of defined benefit plans	**4**
		Total net assets	**189,501**
Total assets	**214,245**	**Total liabilities and net assets**	**214,245**

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

Consolidated Statement of Income

(from April 1, 2015 to March 31, 2016)

(Millions of yen)

Item	Amount	
Net sales		**41,155**
Revenue from operational investment securities	32,376	
Income from partnership management	8,688	
Other sales	90	
Cost of sales		**16,839**
Cost of operational investment securities	16,687	
Other cost	151	
Gross profit		**24,316**
(Reversal of) Additions to investment loss reserves	(574)	
(Reversal of) Unrealized losses on operational investment securities	(15)	
(Reversal of) Additions to reserve for success fee refunds	(10)	(600)
Gross profit - net		**24,916**
Selling, general and administrative expenses		**5,689**
Operating income		**19,226**
Non-operating income		**1,382**
Interest income	75	
Dividend income	1,285	
Miscellaneous income	21	
Non-operating expenses		**800**
Interest expenses	114	
Foreign exchange losses	659	
Miscellaneous loss	26	
Ordinary income		**19,808**
Extraordinary income		**-**
Extraordinary losses		**-**
Profit before income taxes		**19,808**
Income taxes - current		**3,539**
Income taxes - deferred		**(748)**
Profit		**17,018**
Profit attributable to non-controlling interests		**–**
Profit attributable to JAFCO Co., Ltd. shareholders		**17,018**

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

Consolidated Statement of Changes in Net Assets

(from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2015	33,251	32,806	88,755	(20,078)	134,734
Changes of items during period					
Dividends of surplus			(4,436)		(4,436)
Profit attributable to JAFCO Co., Ltd. stockholders			17,018		17,018
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(0)	0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	12,581	(1)	12,579
Balance as of March 31, 2016	33,251	32,806	101,336	(20,080)	147,313

	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, 2015	52,672	751	(32)	53,391	188,125
Changes of items during period					
Dividends of surplus					(4,436)
Profit attributable to JAFCO Co., Ltd. stockholders					17,018
Purchase of treasury shares					(1)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	(10,682)	(558)	37	(11,203)	(11,203)
Total changes of items during period	(10,682)	(558)	37	(11,203)	1,376
Balance as of March 31, 2016	41,989	193	4	42,187	189,501

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

Balance Sheet

(As of March 31, 2016)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	**140,288**	**Current liabilities**	**4,198**
Cash and deposits	12,374	Current portion of long-term loans payable	1,724
Operational investment securities	58,613	Accounts payable	108
Investment loss reserves	(14,855)	Accrued expenses	84
Securities	80,835	Deferred tax liabilities	342
Prepaid expenses	23	Deposits received	58
Accrued income	78	Provision for bonuses	300
Accounts receivable	2,162	Allowance for extraordinary compensation for directors	165
Other	1,056	Reserve for success fee refunds	146
		Other	1,267
Non-current assets	**68,202**	**Non-current liabilities**	**19,856**
Property, plant and equipment	**290**	Bonds payable	2,000
Buildings	106	Long-term loans payable	1,978
Furniture and fixture	183	Deferred tax liabilities	15,246
Intangible assets	**90**	Provision for retirement benefits	588
Software	87	Other	42
Telephone subscription right	3	**Total liabilities**	**24,054**
Investments and other assets	**67,821**	**Net assets**	
Investment securities	63,482	Item	Amount
Shares of subsidiaries and associates	3,775	**Shareholders' equity**	**142,615**
Investments in capital	16	**Capital stock**	**33,251**
Long-term loans receivable	68	**Capital surplus**	**32,806**
Long-term prepaid expenses	37	Legal capital surplus	32,806
Long-term guarantee deposits	210	Other capital surplus	–
Other	230	**Retained earnings**	**96,638**
		Legal retained earnings	1,435
		Other retained earnings	95,202
		Retained earnings brought forward	95,202
		Treasury shares	**(20,080)**
		Valuation and translation adjustments	**41,820**
		Valuation difference on available-for-sale securities	**41,820**
		Total net assets	**184,436**
Total assets	**208,490**	**Total liabilities and net assets**	**208,490**

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

Statement of Income

(from April 1, 2015 to March 31, 2016)

(Millions of yen)

Item	Amount	
Net sales		**37,971**
Revenue from operational investment securities	31,303	
Income from partnership management	6,557	
Other sales	110	
Cost of sales		**17,711**
Cost of operational investment securities	16,379	
Other cost	1,331	
Gross profit		**20,259**
(Reversal of) Additions to investment loss reserves	(464)	
(Reversal of) unrealized losses on operational investment securities	(15)	
(Reversal of) Additions to reserve for success fee refunds	(10)	(489)
Gross profit - net		**20,749**
Selling, general and administrative expenses		**3,490**
Operating income		**17,258**
Non-operating income		**1,362**
Interest on deposits	11	
Interest and dividends on securities	1,329	
Interest on loans	0	
Miscellaneous income	20	
Non-operating expenses		**814**
Interest expenses	43	
Interest on bonds	70	
Foreign exchange losses	676	
Miscellaneous loss	24	
Ordinary income		**17,806**
Extraordinary income		**-**
Extraordinary losses		**-**
Income before income taxes		**17,806**
Income taxes - current		**3,301**
Income taxes - deferred		**(1,140)**
Net income		**15,645**

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

Statement of Changes in Net Assets

(from April 1, 2015 to March 31, 2016)

(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 Retained earnings brought forward	Total retained earnings		
Balance as of April 1, 2015	33,251	32,806	–	32,806	1,435	83,994	85,429	(20,078)	131,408
Changes of items during the period									
Dividends of surplus						(4,436)	(4,436)		(4,436)
Net income						15,645	15,645		15,645
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	–	–	–	–	–	11,208	11,208	(1)	11,207
Balance as of March 31, 2016	33,251	32,806	–	32,806	1,435	95,202	96,638	(20,080)	142,615

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2015	52,163	52,163	183,571
Changes of items during the period			
Dividends of surplus			(4,436)
Net income			15,645
Purchase of treasury shares			(1)
Disposition of treasury shares			0
Net changes of items other than shareholders' equity	(10,343)	(10,343)	(10,343)
Total changes of items during the period	(10,343)	(10,343)	864
Balance as of March 31, 2016	41,820	41,820	184,436

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

English translation of financial audit report on consolidated financial statements originally issued in Japanese

Independent Auditor's Report

May 11, 2016

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, Paragraph 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, 2015 through March 31, 2016.

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 JAFCO Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2016 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.

English translation of financial audit report on financial statements originally issued in Japanese

Independent Auditor's Report

May 11, 2016

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 436, Paragraph 2, Item 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 JAFCO Co., Ltd. (the "Company") applicable to the 44th fiscal year from April 1, 2015 through March 31, 2016.

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 JAFCO Co., Ltd. applicable to the 44th fiscal year ended March 31, 2016 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.

English translation of audit report of the Board-Audit Committee originally issued in Japanese

Audit Report

The Board-Audit Committee has audited the Directors' performance of their duties during the 44th fiscal year (from April 1, 2015 to March 31, 2016), and hereby reports on the method and results as follows:

1. Method and Contents of Audit

The Board-Audit Committee has received reports on a regular basis from the Directors and employees, etc. with respect to the details of the Board of Directors' resolutions regarding matters set forth in Article 399-13, paragraph 1, item 1 (b) and (c) of the Companies Act of Japan, and the construction and operation of the structures based on such resolutions (internal control systems), requested explanations as necessary, and expressed opinions. The Board-Audit Committee has also conducted audits in the following manners:

1) In accordance with the audit policies and assignment of duties, etc. set up by the Board-Audit Committee, members of the Committee, in cooperation with the internal audit and other divisions, attended important meetings, received reports on the status of execution of duties from the Directors and employees, etc., requested explanations as necessary, inspected important decision approval documents, and investigated the status of business operations and assets at the head office and other major offices. With respect to the subsidiaries, the members of the Committee worked to promote communication and information exchange with the Directors, etc. of each subsidiary and received business performance reports from subsidiaries as necessary.
2) Members of the Board-Audit Committee monitored and verified whether the financial auditor maintained its independence and properly conducted its audit, received reports from the financial auditor on the status of its performance of duties, and requested explanations as necessary. The members of the Committee were 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, the Board-Audit Committee examined the Business Report and the annexed detailed statements thereto, 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, and 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.

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.

(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 11, 2016

Board-Audit Committee of JAFCO Co., Ltd.

Full-Time Member
Sadahiko Yoshimura [Seal]

Member
(Independent Director)
Koji Tanami [Seal]

Member
(Independent Director)
Nobuyuki Hata [Seal]

Member
(Independent Director)
Kenichi Akiba [Seal]

Note: The Company made a transition to a company with board-audit committee as of June 16, 2015 by the resolution at the 43rd Annual General Meeting of Shareholders held on the same date. The results above relevant to periods from April 1, 2015 to June 15, 2015 were based on audits conducted by the former Board of Corporate Auditors.

Guidance for Exercising Voting Rights

Please exercise your voting rights after examining the Reference Documents for the General Meeting of Shareholders (pages 4-6).

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 44th 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 20, 2016 (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 20, 2016 (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.evote.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.evote.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.