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(Securities Code: 3668)
December 2, 2015

Dear Shareholders,

Naruatsu Baba
President and CEO
COLOPL, Inc.
4-20-3 Ebisu, Shibuya-ku, Tokyo

Notice of the 7th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 7th Ordinary General Meeting of Shareholders of COLOPL, Inc. (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 by postal voting. Please examine the attached "Reference Documents for the General Meeting of Shareholders" and return the enclosed Voting Card indicating your vote for or against each proposal so that your vote is received by 5:00 p.m. on Thursday, December 17, 2015 (JST).

Details

- 1. Date and Time:** Friday, December 18, 2015, at 10:00 a.m.
(The reception of the attendees to the meeting at the reception desk shall start at 9:00 a.m.)
- 2. Place:** 2F Bellesalle Shibuya First, Sumitomo Fudosan Shibuya First Tower
1-2-20 Higashi, Shibuya-ku, Tokyo
- 3. Purposes:**
Matters to be reported: Business Report and Financial Statements for the 7th Fiscal Year (from October 1, 2014 to September 30, 2015)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Ten (10) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 4:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members
- Proposal 5:** Determination of Amounts of Remuneration for Directors (excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 6:** Determination of Amounts of Remuneration for Directors Who Are Audit and Supervisory Committee Members

Notes:

- * You are kindly requested to present the enclosed Voting Card to the receptionist when you attend the meeting.
- * As provided for in Article 16 of the Company's Articles of Incorporation, a proxy shareholder holding voting rights of the Company may attend the general meeting of shareholders. The proxy will be required to present written proof of the appointment.
- * To conserve natural resources, you are kindly requested to bring this notice of convocation with you to the meeting.
- * If any revisions are made to the reference documents for the general meeting of shareholders, the business report, or the financial statements, the revisions will be indicated on the Company's website (<http://colopl.co.jp>).

(Attached materials)

Business Report

(From October 1, 2014 to September 30, 2015)

1. Overview of COLOPL, Inc. (the “Company”)

(1) Business progress and results

The Japanese economy saw a mild upswing during the current fiscal year, with corporate earnings improving on the back of fiscal and monetary policies taken by the Japanese government and Bank of Japan.

Concerning the industry surrounding the Company, a survey conducted by MM Research Institute, Ltd. found that, as of March 31, 2015, 68.5 million smartphone contracts were signed and that smartphones accounted for 54.1% of mobile phone contracts signed, with a prediction that smartphone contract numbers will continue to grow. For existing games, the Company focused on improving the user’s engagement with existing games, while for new games efforts were made to invest in and launch new products.

Online game applications comprise a large part of sales, and game launches during the current fiscal year were Tokyo Casino Project in the second quarter and Rumble City and Battle Girl High School in the third quarter. Existing games such as Meow Meow Star Acres and White Cat Project, applications launched in the previous fiscal year, also contributed to sales. The Company made inroads overseas with the launch of White Cat Project for the Korean market in the first quarter, Quiz RPG: The World of Mystic Wiz and White Cat Project in Taiwan, Hong Kong and Macau, and Action Sanguozhi for Kakao for the Korean market in the second quarter. We also launched White Cat Project in China and SLINGSHOT BRAVES in Korea in the third quarter.

As a result, net sales for the current fiscal year came to 72,395,855 thousand yen (up 35.1% year on year) while operating income rose 36.9% to 32,317,690 thousand yen, ordinary income rose 37.4% to 32,363,066 thousand yen, and net income rose 49.2% to 19,436,469 thousand yen.

As the Company’s business consists of a single segment, the mobile service business, information is not reported by segment.

Sales by business segment

Business segment	Net sales
Mobile service business	72,395,855
Total	72,395,855

(Notes) 1. Consumption taxes are not included in the above amounts.

2. The Company’s business consists of a single segment, the mobile service business.

(2) Capital investments

There are no matters of note.

(3) Financing

There are no matters of note.

(4) Issues to address

The major business issues facing the Company are outlined below.

1) Enhancing corporate brand value

In order to succeed the vision of the Group, we will need to continue providing services our customers will enjoy and become a company many look upon with fondness. As such, the Group will practice proper information disclosure to stakeholders while conducting proactive PR and CSR activities in order to enhance the Group’s corporate brand value.

2) Expanding user numbers and enhancing user engagement

In order to achieve continuous growth for the Group, the Company recognizes the necessity of improving name recognition for the Group and the Group’s services, acquiring new users in an ongoing manner, and expanding user numbers. The Company is working to expand its user base by improving the name recognition of the Group

through effective advertising, and by actively engaging in measures aimed at gaining more customers through the development of a diverse range of services.

With the goal of encouraging customers to use the Group's services for the long-term, we will identify the needs of current users and continue providing high-quality games while using a variety of media to speak with our customers, thereby improving their engagement with us.

3) Expanding our portfolio

The overall management strategy of the Group involves executing strategies towards achieving a portfolio that combines businesses supported by different customers and continually investing in new business domains.

In order to achieve our management vision of "continually creating new kinds of entertainment loved by many, no matter how times change," we are working to expand our portfolio by allocating resources and diversifying investments as appropriate for each kind of content, area, and device, in accordance with the attributes of users, and so forth, not only by provision of the single hit title but also addressing to various aspects such as user attributes.

4) Ensuring service safety and integrity

Some of the services provided by the Group allow users to communicate with each other. To ensure that our customers can use these services without worry, it is essential to ensure service safety and integrity. The Group has established a guideline that lays out our mission to ensure service safety and integrity.

5) Stable system administration

As the Group's applications and platform are web-based, we believe it is necessary to ensure stable system operation and be prompt in resolving issues that arise in order to ensure our customers have a pleasant experience when using our services.

To this end, we strive to acquire the necessary personnel and server equipment needed to ensure stable system operation.

6) Services for overseas markets

The Group is planning to continue to actively bring its services to overseas customers by taking advantage of smartphones' characteristics.

In our pursuit of expanded overseas business and improved profitability, we will be learning user preferences in each region and then developing and providing services tailored to regional user characteristics.

7) Addressing new technologies

In the industry to which the Group belongs, technological innovation proceeds unabated. Recent years have seen adoption rates for smartphones and tablet devices rise both globally and domestically, with the market for related products and services growing alongside. With an eye to achieving continued business expansion amid these market conditions, the Group sees a need to address these various new technologies in a timely manner and take ongoing action.

8) Enhancing internal control system

To fulfill its expectation for even greater business growth in the future, the Group is focused on enhancing a group-wide internal control system that will support future business growth.

9) Ensuring organizational flexibility

The business environment for the entertainment industry surrounding the Group is changing faster than for any other industry, and a rapid response to these changes is critical. To eliminate the factors that compromise flexibility as the organization grows, we will see to ensuring flexibility in decision-making by recruiting and appointing suitable personnel and establishing an organizational structure to support business expansion.

10) Recruiting and developing highly-capable people

For the further business growth, the Group is primarily focused on recruiting and developing people. In order to recruit competent people that resonate with the Group's vision and to develop them into people capable of achieving sustainable growth, we will continually improve our recruiting and training programs.

(5) Changes in assets and income (loss)

(thousand yen, except for per share amounts)

Item	The 4th fiscal year ended September 30, 2012	The 5th fiscal year ended September 30, 2013	The 6th fiscal year ended September 30, 2014	The 7th fiscal year ended September 30, 2015
Net sales	5,071,672	16,767,114	53,575,065	72,395,855
Ordinary income	1,499,830	5,787,285	23,556,399	32,363,066
Net income	778,358	3,156,683	13,024,690	19,436,469
Net income per share (yen)	110.65	27.20	107.65	157.70
Total assets	4,567,305	13,762,876	48,012,575	59,260,329
Net assets	2,567,063	7,876,544	30,284,524	43,594,333
Net assets per share (yen)	360.94	66.54	245.07	354.50

- (Notes) 1. The Company split its shares by 100 for 1, effective September 13, 2012. Therefore, the net income per share and net assets per share were calculated on the assumption that the share split was implemented at the beginning of the 4th fiscal year.
2. The Company split its shares by 5 for 1, effective June 1, 2013 and by 3 for 1, effective October 1, 2013. Therefore, the net income per share and net assets per share for the 5th fiscal year were calculated on the assumption that the share split was implemented at the beginning of the 5th fiscal year.

(6) Principal subsidiaries

Subsidiary matters are not presented here due to lack of materiality.

(7) Principal business (As of September 30, 2015)

Segment	Summary of business
Mobile service business	Development and administration of mobile device applications, etc., and sales promotion business modeled on linking the real world.

(8) Principal offices (As of September 30, 2015)

Name	Location
Head office	Shibuya-ku, Tokyo

(9) Employees (As of September 30, 2015)

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years of service
620 [36]	170	30.4 years old	1.9 years

- (Notes) 1. Number of employees is the number of working employees (excluding personnel on loan at other companies and including personnel on loan from other companies). The number in brackets is the number of temporary employees (including part-time workers and temporary staff from staffing companies) which is excluded from the aforementioned number of working employees and indicated as the average number of workers over the most recent one-year period.
2. The number of employees grew by 170 people compared to the end of the previous fiscal year. This was primarily due to aggressive hiring necessitated by business growth.

(10) Major creditors (As of September 30, 2015)

No items to report.

(11) Other important matters pertaining to the Company's present condition

No items to report.

2. Status of Shares (As of September 30, 2015)

- (1) Total number of authorized shares 450,000,000 shares
- (2) Total number of issued shares 124,886,000 shares (including 1,912,890 treasury shares)
- (3) Number of shareholders 43,298

(4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio (%)
Naruatsu Baba	69,775,200	56.74
KDDI CORPORATION	2,550,000	2.07
Kotaro Chiba	1,932,500	1.57
Japan Trustee Services Bank, Ltd. (Trust account)	1,824,400	1.48
The Master Trust Bank of Japan, Ltd. (Trust account)	1,721,400	1.40
MSCO CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1,492,235	1.21
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	966,456	0.79
HSBC BANK PLC A/C IB MAIN ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	809,291	0.66
Japan Trustee Services Bank, Ltd. (Trust account 5)	554,600	0.45
Japan Trustee Services Bank, Ltd. (Trust account 6)	553,100	0.45

(Notes) 1. The Company holds 1,912,890 shares of treasury shares and is excluded from the above list of major shareholders.

2. The shareholding ratio is calculated by means of deducting treasury shares.

3. Subscription Rights to Shares of the Company

- (1) Subscription rights to shares delivered as consideration for performance of duties held by Directors and Statutory auditors of the Company

(As of September 30, 2015)

	1st series subscription rights to shares		2nd series subscription rights to shares	
Issuance resolution date	April 19, 2010		August 18, 2010	
Classification	Director (Note 1)		Director (Note 1)	Outside Director
Number of holders	2		2	1
Number of subscription rights to shares	270		144	39
Number of shares to be issued upon exercise of subscription rights to shares (Note 4)	405,000		216,000	58,500
Class of shares to be issued upon exercise of subscription rights to shares	Common shares		Common shares	
Issue price per subscription right to shares	Without contribution		Without contribution	
Exercise price per share upon exercise of subscription rights to shares (Note 4)	52 yen		52 yen	
Exercise period of subscription rights to shares	From April 21, 2012 to April 20, 2020		From August 26, 2012 to August 25, 2020	
Conditions for exercise of subscription rights to shares	(Note 2)		(Note 2)	

	3rd series subscription rights to shares	4th series subscription rights to shares
Issuance resolution date	December 27, 2010	December 27, 2010
Classification	Director (Note 1)	Statutory Auditor
Number of holders	2	1
Number of subscription rights to shares	64	23
Number of shares to be issued upon exercise of subscription rights to shares (Note 4)	96,000	34,500
Class of shares to be issued upon exercise of subscription rights to shares	Common shares	Common shares
Issue price per subscription right to shares	Without contribution	Without contribution
Exercise price per share upon exercise of subscription rights to shares (Note 4)	94 yen	94 yen
Exercise period of subscription rights to shares	From December 28, 2012 to December 27, 2020	From December 28, 2012 to December 27, 2020
Conditions for exercise of subscription rights to shares	(Note 2)	(Note 3)

	5th series subscription rights to shares		6th series subscription rights to shares	
Issuance resolution date	May 16, 2012		December 20, 2013	
Classification	Director (Note 1)	Outside Director	Director (Note 1)	Outside Director
Number of holders	5	1	6	1
Number of subscription rights to shares	1,426	60	2,918	146
Number of shares to be issued upon exercise of subscription rights to shares (Note 4)	2,139,000	90,000	291,800	14,600
Class of shares to be issued upon exercise of subscription rights to shares	Common shares		Common shares	
Issue price per subscription right to shares	Without contribution		100 yen	
Exercise price per share upon exercise of subscription rights to shares (Note 4)	94 yen		2,910 yen	
Exercise period of subscription rights to shares	From May 17, 2014 to May 16, 2022		From January 1, 2016 to January 22, 2022	
Conditions for exercise of subscription rights to shares	(Note 2)		(Note 5)	

(Notes) 1. This does not include outside officers.

2. The conditions for the exercise of subscription rights to shares are as follows.

- (1) The holders of subscription rights to shares must be either Directors or employees of the Company or its subsidiaries at the time rights are exercised.
- (2) The holders of subscription rights to shares may only exercise rights when the Company's shares are listed on the securities exchanges in Japan.
- (3) Subscription rights to shares may not be exercised in case of an event that the Company needs to acquire shares for reasons provided for in the issuance guidelines for subscription rights to shares. This does not apply when acknowledged otherwise by a meeting of the Company's Board of Directors.
- (4) When a holder of subscription rights to shares dies, his/her rights may not be inherited.
- (5) Any fraction of a subscription right to shares smaller than one may not be exercised.
- (6) Other conditions concerning the exercise of subscription rights to shares shall be governed by agreements on the allotment of subscription rights to shares entered into separately between the Company and the holders of subscription rights to shares.

3. The conditions for the exercise of subscription rights to shares are as follows.

- (1) The holders of subscription rights to shares must be either Statutory Auditors or Directors of the Company or its subsidiaries at the time rights are exercised.
- (2) The holders of subscription rights to shares may only exercise rights when the Company's shares are listed on the securities exchanges in Japan.
- (3) Subscription rights to shares may not be exercised in case of an event that the Company needs to acquire shares for reasons provided for in the issuance guidelines for subscription rights to shares. This does not apply when acknowledged otherwise by a meeting of the Company's Board of Directors.
- (4) When a holder of subscription rights to shares dies, his/her rights may not be inherited.
- (5) Any fraction of a subscription right to shares smaller than one may not be exercised.

- (6) Other conditions concerning the exercise of subscription rights to shares shall be governed by agreements on the allotment of subscription rights to shares entered into separately between the Company and the holders of subscription rights to shares.
4. The Company split its shares of common stock by 100 for 1, effective September 13, 2012, by 5 for 1, effective June 1, 2013, and by 3 for 1, effective October 1, 2013. Consequently, the number of shares to be issued upon exercise of subscription rights to shares for the 1st through 5th series as of the end of the current fiscal year shall be 1,500 shares. The “number of shares to be issued upon exercise of subscription rights to shares” and “exercise price per share upon exercise of subscription rights to shares” in the above table are adjusted figures.
5. The conditions for the exercise of subscription rights to shares are as follows.
 - (1) The holders of subscription rights to shares may exercise subscription rights to shares only when the amount of EBITDA (the amount equivalent to the sum of income before income taxes indicated on statements of income and depreciation, amortization of goodwill, and interest expenses paid on loans and bonds indicated on statements of cash flows. When preparing consolidated financial statements, EBITDA is the amount equivalent to the sum of income before income taxes indicated on consolidated statements of income and depreciation, amortization of goodwill, and interest expenses paid on loans and bonds indicated on consolidated statements of cash flows.) calculated in annual securities reports for one of the fiscal years between that ended September 30, 2015 and that ending September 30, 2019 submitted by the Company in accordance with the Financial Instruments and Exchange Act exceeds 50.0 billion yen even once. When, for example, the application of International Financial Reporting Standards result in important changes being made to matters that should be referenced, indices that should be referenced will be provided for separately at meetings of the Board of Directors. However, no subscription rights to shares may be exercised when the EBITDA for one of the fiscal years between that ended September 30, 2015 and that ending September 30, 2019 is below 10.0 billion yen.
 - (2) The holders of subscription rights to shares must be Directors, Statutory Auditors, or employees of the Company or the Company’s subsidiaries and associates at the time rights are exercised. This does not apply in cases of resignation due to term expiration, mandatory retirement, or when a justifiable reason is acknowledged at a meeting of the Board of Directors.
 - (3) Subscription rights to shares may not be exercised by inheritors of subscription rights to shares.
 - (4) Subscription rights to shares may not be exercised when doing so would result in the total number of the Company’s issued shares exceeding the number of authorized shares at the time rights are exercised.
 - (5) Any fraction of a subscription right to shares smaller than one may not be exercised.
- (2) Subscription rights to shares delivered as consideration for performance of duties to employees, etc. of the Company during the current fiscal year

No items to report.
- (3) Other important matters regarding subscription rights to shares

No items to report.

4. Company Officers

(1) Directors and Statutory Auditors

(As of September 30, 2015)

Position	Name	Areas of responsibility within the Company and significant concurrent positions
President and CEO	Naruatsu Baba	General Manager of Human Resources Department
Executive Vice President	Kotaro Chiba	General Manager of Next Generation Department
Director	Masahiko Tsuchiya	General Manager of Internal Audit Office
Director	Jun Hasebe	General Manager of Corporate Department
Director	Shohei Yoshioka	In charge of the System Administration Department and overseas business
Director	Ryosuke Ishiwatari	Division Director of Service Division
Director	Kazunori Morisaki	Division Director of Kuma the Bear Division
Director	Shinsuke Ishiwatari	Partnered attorney, VASCO DA GAMA OFFICES Executive Officer, Cookpad Inc. President and CEO, Minnano Wedding Co., Ltd
Statutory Auditor (full-time)	Tetsuzo Hasegawa	
Statutory Auditor	Ryogo Tsukioka	Director, Tsukioka CPA Office
Statutory Auditor	Koichiro Iida	Partnered attorney, Mori Hamada & Matsumoto Statutory Auditor, Minnano Wedding Co., Ltd

- (Notes)
1. Director Shinsuke Ishiwatari is an Outside Director.
 2. Director Shinsuke Ishiwatari is a certified attorney with thorough knowledge of legal matters.
 3. Statutory Auditors Tetsuzo Hasegawa, Ryogo Tsukioka and Koichiro Iida are Outside Statutory Auditors. The Company has designated Statutory Auditor Tetsuzo Hasegawa as an independent director/auditor stipulated by the Tokyo Stock Exchange, and has registered him as such at the Exchange.
 4. Statutory Auditor Tetsuzo Hasegawa worked for many years in the securities industry and has extensive experience as a director and statutory auditor at other companies.
 5. Statutory Auditor Ryogo Tsukioka is a certified public accountant and certified tax accountant and has a thorough knowledge of finance and accounting.
 6. Statutory Auditor Koichiro Iida is a certified attorney with thorough knowledge of legal matters.

(2) Amount of remuneration to Directors and Statutory Auditors

Classification	Number of payees	Amount of remuneration (thousand yen)
Director (Outside Director)	8 (1)	233,375 (9,375)
Statutory Auditor (Outside Statutory Auditor)	3 (3)	20,400 (20,400)
Total (Outside officers)	11 (4)	253,775 (29,775)

- (Notes)
1. It was resolved at the General Meeting of Shareholders, held on December 19, 2014, that the maximum amount of remuneration to be paid to Directors in total per year shall not exceed 300,000 thousand yen.
 2. It was resolved at the General Meeting of Shareholders, held on December 19, 2012, that the maximum amount of remuneration to be paid to Statutory Auditors in total per year shall not exceed 25,000 thousand yen.

(3) Outside officers

- 1) Relationships between the Company and companies where outside officers hold significant concurrent positions
 - Director Shinsuke Ishiwatari is a partnered attorney at VASCO DA GAMA OFFICES, an Executive Officer at Cookpad, Inc., and President and CEO at Minnano Wedding Co., Ltd. There is no special relationship between the Company and companies where Mr. Ishiwatari holds concurrent positions. Mr. Shinsuke Ishiwatari is relative within the third degree of relationship of Director Ryosuke Ishiwatari.
 - Statutory Auditor Ryogo Tsukioka is the Director of the Tsukioka CPA Office. There is no special relationship between the Company and the company where Mr. Tsukioka holds a concurrent position.

- Statutory Auditor Koichiro Iida is a partnered attorney at Mori Hamada & Matsumoto and a Statutory Auditor at Minnano Wedding Co., Ltd. There is no special relationship between the Company and companies where Mr. Iida holds concurrent positions.

2) Main activities for the current fiscal year

Classification	Name	Main activities
Outside Director	Shinsuke Ishiwatari	Attended 15 of the 17 meetings of the Board of Directors held in the current fiscal year. Made remarks concerning legal matters pertaining to the Company, corporate governance, and compliance from an expert perspective primarily as an attorney.
Outside Statutory Auditor	Tetsuzo Hasegawa	Attended all 17 meetings of the Board of Directors and all 12 meetings of the Board of Statutory Auditors held in the current fiscal year. Also attended major internal meetings as a full-time Statutory Auditor. Made remarks concerning corporate governance and compliance from his experience as an officer at listed companies.
Outside Statutory Auditor	Ryogo Tsukioka	Attended all 17 meetings of the Board of Directors and all 12 meetings of the Board of Statutory Auditors held in the current fiscal year. Made remarks concerning accounting, finance, and taxes pertaining to the Company from an expert perspective primarily as a certified public accountant and tax accountant.
Outside Statutory Auditor	Koichiro Iida	Attended 16 of the 17 meetings of the Board of Directors and 11 of the 12 meetings of the Board of Statutory Auditors held in the current fiscal year. Made remarks concerning legal matters pertaining to the Company, corporate governance, and compliance from an expert perspective primarily as an attorney.

(4) Summary of agreements limiting liability

Pursuant to Article 427, paragraph 1 of the Companies Act, the Company concludes an agreement with each Outside Director and Outside Statutory Auditor to limit their liability for damages as stipulated in Article 423, paragraph 1 of the said act.

The limit of liabilities for damages under the relevant agreement is the total of the amount stipulated in the items of Article 425, paragraph 1 of the said act.

5. Financial Auditor

(1) Financial auditor's name

Deloitte Touche Tohmatsu LLC

(2) Financial auditor's compensation, etc. for the current fiscal year

	Amount (thousand yen)
Financial auditor's compensation, etc. for the current fiscal year (Note)	18,000
Total money and other economic benefits to be paid to the financial auditor by the Company	18,840

- (Notes) 1. The audit contract between the Company and financial auditor does not clearly distinguish between compensation paid for the audit conducted in accordance with the Companies Act and compensation paid for the audit conducted in accordance with Financial Instruments and Exchange Act. It is practically impossible to make such a distinction. Accordingly, the amount above is the aggregate amount.
2. The Board of Statutory Auditors, based upon the Practical Guidelines for Cooperation with Financial Auditors released by the Japan Audit & Supervisory Board Members Association, and having obtained necessary materials and having received reports from Directors, accounting-related departments, and the financial auditor regarding auditing performance in the previous fiscal year, conducts confirmation of auditing time and staff allocation plans concerning the auditing plans of the financial auditor, the status of execution of duties by the financial auditor, the grounds for calculation of compensation estimates and other matters, and having investigated these, gives consent to compensation, etc. for the financial auditor in accordance with Article 399, paragraph 1 of the Companies Act.

(3) Non-audit operation

The Company pays a consideration to the financial auditor for ISMS certification assessment support work, which constitutes work not prescribed in Article 2, paragraph 1 of the Certified Public Accountants Act.

(4) Policy regarding determination of termination or nonrenewal of appointment of financial auditor

In the event that there is an obstacle to the execution of duties by the financial auditor, or when otherwise deeming the action necessary, the Board of Statutory Auditors will determine the content of an agenda to be proposed to the General Meeting of Shareholders concerning the termination or nonrenewal of appointment of the financial auditor. In addition, when the matters prescribed in the items in Article 340, paragraph 1 of the Companies Act are applicable to the financial auditor, the Board of Statutory Auditors will terminate the financial auditor by a unanimous resolution.

(5) Summary of agreements limiting liability

Pursuant to Article 427, paragraph 1 of the Companies Act, the Company has established provisions of the Articles of Incorporation allowing the conclusion of an agreement to limit the liability for damages as stipulated in Article 423, paragraph 1 of the said act. However, the Company has not concluded an agreement limiting liability with the financial auditor.

6. Systems to Ensure that Business is Conducted Properly and Operating Status of Relevant System

In accordance with the Companies Act and Ordinances for the Enforcement of the Companies Act, the Company has established basic policy for the improvement of internal control system, as basic policy for the improvement of systems to ensure that business is conducted properly including the below.

- (1) Systems to ensure that the performance of duties by Directors and employees conforms to laws and regulations and the Articles of Incorporation
 - 1) Directors and employees of the Company will perform their duties with awareness of compliance and in accordance with laws and regulations, the Articles of Incorporation, internal regulations, etc.
 - 2) The Company will cooperate with attorneys, the police, etc. against anti-social forces that threaten the order and safety of civil society, and will respond to these in an organized manner with a resolute attitude.
 - 3) In order to satisfy legality according to laws and regulations and validity according to management judgment, the Board of Directors will perform supervision of decisions in executing business and supervision of the duties of Directors.
 - 4) Statutory Auditors will exercise the authority stipulated by law and regulations and will audit the performance of duties by Directors.
 - 5) The Company will establish contact desks for consultation on corporate ethics and for internal whistle-blowing, and will construct mechanisms for the early detection and the correction of actual or possible violations of laws and regulations, the Articles of Incorporation, and internal regulations, etc. (hereafter referred to as “public whistle-blowing system”).
 - 6) Violations of laws and regulations by Directors or employees will be subject to punishment by a disciplinary panel, in accordance with the rules of employment, etc.
- (2) Matters related to the preservation and management of information concerning the performance of duties by Directors
 - 1) The Company will establish document management regulations and, following the provisions of the relevant regulations, etc., will appropriately preserve and manage important documents (including electromagnetic recordings) that contain information concerning the performance of duties by Directors, such as the minutes of important meetings.
 - 2) The Company will establish information management regulations and will protect and manage information assets.
- (3) Regulations concerning management of risk of loss and other systems
 - 1) Directors will ascertain the various risks that accompany the business of the Group as a whole, and, with recognition of the importance of performing risk management in an integrated manner, will strive to ascertain, evaluate, and manage these risks.

- 2) The Company will prepare for unforeseeable events such as disasters, accidents, and system failures, and will formulate business continuity plans.
- (4) Systems to ensure that the duties of Directors are performed efficiently
 - 1) The Board of Directors will operate in accordance with the Articles of Incorporation and the Regulations for the Board of Directors, and will convene regularly every month or as required.
 - 2) Directors will carry out close exchanges of ideas, and, by working to share information, will execute their work with efficiency, agility, and speed.
 - 3) In order to ensure that the duties of Directors are performed efficiently, the Company will establish organizational regulations, regulations concerning the division of duties, and regulations concerning systems for approvals.
- (5) Systems to ensure that the performance of duties by employees conforms to laws and regulations and the Articles of Incorporation of the Company
 - 1) The Company will establish administrative authority, will clarify responsibilities and authority, and will establish systems for execution in each department.
 - 2) The Company will prepare and operate various approval systems, internal regulations, manuals, etc., and will make these known.
 - 3) The Company will establish a manager responsible for personal information management, and will construct and operate personal information protection systems centered on the said manager. The Company will also establish a secretariat under the direction of the said manager, and will strive to continuously improve the proper protection of personal information.
- (6) Systems to ensure that business is conducted properly in the corporate group consisting of the Company and subsidiaries
 - 1) The Company will strive to construct compliance systems for the Group as a whole, based on its management philosophy.
 - 2) The Company will perform necessary management in accordance with conditions in each subsidiary and based on Regulations for the Management of Subsidiaries and Affiliates. The Company will also mandate regular reporting on each subsidiary's sales performance, financial condition, and other important information.
 - 3) The Company will regularly review the institutional design and business execution systems of subsidiaries, taking into account their business, scale, and positioning within the Group, and will perform supervision to ensure the construction of systems by which business is performed efficiently.
 - 4) The Company will audit the business of each subsidiary as necessary.
- (7) Matters concerning relevant employees when Statutory Auditors have requested the assignment of employees to assist in the duties of Statutory Auditors
 - 1) Statutory Auditors may ask the Board of Directors to assign employees that will follow the orders and instructions of the Statutory Auditors (hereafter referred to as "assistants to Statutory Auditors").
 - 2) Personnel transfers, personal evaluations, and disciplinary actions involving an assistant to a Statutory Auditor require the prior consent of the Statutory Auditor.
 - 3) When receiving direction from Statutory Auditors concerning their work, assistants to Statutory Auditors will prepare a system for following the orders and instructions exclusively.

- (8) Systems for reporting to Statutory Auditors by Directors and employees of the Company and subsidiaries
- 1) The Directors and employees of the Company and subsidiaries will report to Statutory Auditors without delay concerning legal matters, as well as matters that may have significant effects on the Company, matters resolved in important conference bodies, the status of public whistle-blowing systems and internal audits, etc.
 - 2) At the request of Statutory Auditors, the Directors and employees of the Company and subsidiaries will report promptly on the status of business execution, etc.
 - 3) The Company will prohibit disadvantageous treatment of Directors and employees of the Company and subsidiaries for reason of having engaged in reporting to Statutory Auditors in accordance with the previous two paragraphs, and will make the fact of this matter thoroughly known to the Directors and employees of the Company and subsidiaries.
- (9) Policies concerning procedures for the handling of expenses or debts arising from the performance of the duties of Statutory Auditors, and advance payment or reimbursement of expenses

When a Statutory Auditor has requested advance payment of expenses necessary for the performance of the auditor's duties, the Company will promptly handle the expenses or debts.

- (10) Other systems to ensure that audits by Statutory Auditors are carried out effectively

- 1) Statutory Auditors will regularly engage in exchanges of opinion with the Representative Director. Statutory Auditors will also conduct hearings with Directors and important employees of the Company as necessary.
- 2) In addition to the Board of Directors meetings, Statutory Auditors will attend management meetings and other important meetings as necessary.
- 3) Statutory Auditors will engage in exchanges of opinion with an auditing firm as necessary.
- 4) Statutory Auditors may independently obtain the aid of attorneys, certified public accountants, and other experts as necessary.
- 5) Statutory Auditors will regularly engage in exchanges of opinion with the General Manager of the Internal Audit Office and work to strengthen cooperation.

An overview of the operating status of systems to ensure that the Company's business is conducted properly during the current fiscal year is as follows.

- (1) Internal control systems overall

Through operational audits and internal control audits by the Internal Audit Office, the Company performs maintenance, evaluates operating status, and implements improvements with regard to internal control systems overall.

Under the above system, the Company also performs "Effectiveness Evaluation of Internal Controls for Financial Reporting," in accordance with the Financial Instruments and Exchange Act. During the current fiscal year, no significant deficiencies or defects calling for disclosure were detected

- (2) Compliance

In order to inspect and strengthen legal compliance systems, the Company has established a department responsible for the promotion of compliance, in accordance with the Company's "Basic Policies on Compliance" and "Compliance Regulations". The Company is also strengthening its initiatives by establishing a Compliance Information Desk with the aim of preventing acts that violate compliance, and, in the event that such an act occurs, conducting prompt assessment of the facts and responding appropriately.

- (3) Risk management

The Company has established the "Risk Countermeasure Committee" headed by the Representative Director as Chairman for the purpose of conducting integrated prevention of diverse risks involving the Group, and, in the event that such a risk materializes, conducting prompt and apt response.

(4) Business management of subsidiaries

With regard to the business management of subsidiaries, the President's Office of the Company performs preparation and supervision of business management systems, has established "Regulations for the Management of Subsidiaries" and "Affiliates and the Table of Common Administrative Authority to the Subsidiaries", and is preparing a system to receive prior approvals and reports from subsidiaries. The Company also receives monthly reports from subsidiaries on financial and other status, and reports these as appropriate to the Board of Directors of the Company.

(5) Performance of duties by Directors

In accordance with the Regulations for the Board of Directors, the Company convenes Board of Directors meetings once per month in principle, and, in addition to conducting resolutions on matters prescribed by law and regulations or the Articles of Incorporation or matters of business significance, performs supervision of the performance of duties by Directors. The Company also elects Outside Directors and is strengthening functions for supervision by the Board of Directors of the performance of duties by Directors of the Company.

In the current fiscal year, the Board of Directors convened 17 times.

(6) Statutory Auditors

Through attendance in meetings of the Board of Directors, attendance by Statutory Auditors in management meetings and other important meetings, and interview the Directors and important employees, Statutory Auditors perform checks of the Company's maintenance and operating status of internal control, and provide counsel for the purpose of more sound management systems and efficient operation.

Statutory Auditors also conduct appropriate exchanges of information with the financial auditor and the Internal Audit Office and other organizations involved in internal control, maintaining cooperation and ensuring the effectiveness of audits.

7. Basic Policy on Control of Stock Company

As of the present, the Company has not expressly established related basic policies or anti-takeover measures.

At the same time, the Company believes that there is a need for appropriate response to large-volume stock acquisitions that do not contribute to the corporate value of the Group or to the common interest of shareholders, and will give serious consideration to the matter while carefully watching social trends and the preparation of legal systems.

8. Policy on Determination of Dividends from Surplus and Others

With regard to the earnings distribution, the basic policy of the Company is to continue to pay dividend, while also securing the internal reserves necessary for future business expansion and the strengthening of the Company's business structure.

In accordance with the above, and taking into account performance during the current fiscal year and factors including the internal reserves necessary for future business expansion and the strengthening of the Company's business structure, the Company plans to pay a dividend of 16 yen per common share of the Company's stock for the current fiscal year.

(Note) Monetary amounts and number of shares in this Business Report are shown rounded down to the nearest unit.

Financial Statements
(October 1, 2014 to September 30, 2015)

Balance Sheet
(As of September 30, 2015)

(thousand yen)

Assets		Liabilities	
Current assets	53,937,951	Current liabilities	15,298,312
Cash and deposits	42,638,757	Accounts payable - trade	7,478
Accounts receivable - trade	10,096,025	Accounts payable - other	4,794,889
Merchandise	4,074	Accrued expenses	143,768
Supplies	3,284	Income taxes payable	7,795,681
Advance payments - other	364,149	Accrued consumption taxes	1,570,004
Prepaid expenses	90,741	Advances received	953,069
Deferred tax assets	638,589	Deposits received	28,164
Other	102,849	Other	5,256
Allowance for doubtful accounts	(521)	Non-current liabilities	367,682
Non-current assets	5,322,378	Asset retirement obligations	367,682
Property, plant and equipment	831,029	Total liabilities	15,665,995
Buildings	642,516	Net assets	
Accumulated depreciation	(75,939)	Shareholders' equity	43,593,552
Tools, furniture and fixtures	216,180	Capital stock	6,328,780
Accumulated depreciation	(118,065)	Capital surplus	6,325,581
Land	113,633	Legal capital surplus	6,325,581
Construction in progress	52,704	Retained earnings	35,939,644
Intangible assets	64,575	Other retained earnings	35,939,644
Software	64,575	Retained earnings brought forward	35,939,644
Investments and other assets	4,426,773	Treasury shares	(5,000,453)
Investment securities	556,213	Valuation and translation adjustments	(103)
Shares of subsidiaries and associates	1,420,851	Valuation difference on available-for-sale securities	(103)
Bonds of subsidiaries and associates	191,100	Subscription rights to shares	884
Investments in capital of subsidiaries and associates	185,000	Total net assets	43,594,333
Long-term loans receivable from subsidiaries and associates	498,084	Total liabilities and net assets	59,260,329
Lease and guarantee deposits	1,084,538		
Deferred tax assets	490,985		
Total assets	59,260,329		

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Statement of Income
(October 1, 2014 to September 30, 2015)

(thousand yen)

Description	Amount	
Net sales		72,395,855
Cost of sales		29,609,455
Gross profit		42,786,399
Selling, general and administrative expenses		10,468,709
Operating income		32,317,690
Non-operating income		
Interest income	17,107	
Foreign exchange gains	24,659	
Miscellaneous income	3,609	45,376
Ordinary income		32,363,066
Income before income taxes		32,363,066
Income taxes - current	12,665,641	
Income taxes - deferred	260,955	12,926,596
Net income		19,436,469

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Statement of Changes in Equity
(October 1, 2014 to September 30, 2015)

(thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		Treasury shares
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings	
				Retained earnings brought forward		
Balance at beginning of current period	6,274,196	6,270,997	6,270,997	17,738,877	17,738,877	(521)
Changes of items during period						
Issuance of new shares - exercise of subscription rights to shares	54,583	54,583	54,583			
Dividends of surplus				(1,235,703)	(1,235,703)	
Net income				19,436,469	19,436,469	
Purchase of treasury shares						(4,999,932)
Net changes of items other than shareholders' equity						
Total changes of items during period	54,583	54,583	54,583	18,200,766	18,200,766	(4,999,932)
Balance at end of current period	6,328,780	6,325,581	6,325,581	35,939,644	35,939,644	(5,000,453)

	Shareholders' equity	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	30,283,551	38	38	935	30,284,524
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	109,167				109,167
Dividends of surplus	(1,235,703)				(1,235,703)
Net income	19,436,469				19,436,469
Purchase of treasury shares	(4,999,932)				(4,999,932)
Net changes of items other than shareholders' equity		(141)	(141)	(50)	(192)
Total changes of items during period	13,310,001	(141)	(141)	(50)	13,309,808
Balance at end of current period	43,593,552	(103)	(103)	884	43,594,333

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Notes to Financial Statements

1. Notes on Significant Accounting Policies

(1) Standards and methods for valuation of securities

- 1) Shares of subsidiaries and associates, bonds of subsidiaries and associates, and investments in capital of subsidiaries and associates
Stated at cost using the moving-average method
- 2) Available-for-sale securities
With market quotations
Stated based on the market price, etc. on the balance sheet date
(Unrealized gains and losses are excluded from income and reported in a separate component of net assets. The cost of sales is calculated using the moving-average method.)

Without market quotations
Stated at cost using the moving-average method

(2) Standards and methods for valuation of inventories

- 1) Merchandise
Stated at cost using the moving-average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).
- 2) Supplies
Mainly stated at cost determined by the last cost method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).

(3) Depreciation & amortization method for non-current assets

- 1) Property, plant and equipment
The declining-balance method is applied. The main economic useful lives are as follows:

Buildings	8 to 18 years
Tools, furniture and fixtures	2 to 15 years
- 2) Intangible assets
The straight-line method is applied.

Software for provision of services using the web	3 years (Useful lives as internally determined)
Other	5 years

(4) Standards for recognition of reserves

Allowance for doubtful accounts

For loss caused by uncollectible debt, an allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables and the estimated amount of irrecoverable debt based on the recoverability of individual cases for specified receivables such as debt with a possibility of default.

(5) Other significant basic matters for the preparation of financial statements

Accounting for consumption taxes

The tax-exclusion method is applied for consumption tax and local consumption tax.

2. Notes to Balance Sheet

(1) Assets offered as collateral, etc.

Lease and guarantee deposits	473,231 thousand yen
(Note) The above assets are held in trust in accordance with the Act on Settlement of Funds.	

(2) Monetary receivables from and payables to subsidiaries and associates

Short-term monetary receivables	99,628 thousand yen
Long-term monetary receivables	498,084 thousand yen
Short-term monetary payables	16,453 thousand yen

3. Notes to Statement of Income

Transactions with subsidiaries and associates

Operating transactions

Net sales	321 thousand yen
Cost of sales	33,741 thousand yen
Selling, general and administrative expenses	18,300 thousand yen
Transactions other than operating transactions	2,857 thousand yen

4. Notes to Statement of Changes in Equity

(1) Type and total number of issued shares

(Unit: shares)

Type of shares	As of October 1, 2014	Increase	Decrease	As of September 30, 2015
Common shares	123,570,500	1,315,500	–	124,886,000

(Major cause for the change)

Increase due to exercise of subscription rights to shares 1,315,500 shares

(2) Type and number of treasury shares as of the end of the current fiscal year

(Unit: shares)

Type of shares	As of October 1, 2014	Increase	Decrease	As of September 30, 2015
Common shares	190	1,912,700	–	1,912,890

(Major cause for the change)

Increase due to purchase of treasury shares based on the resolution of the Board of Directors 1,912,700 shares

(3) Dividends

1) Dividends paid

Resolution	Type of stock	Source of dividend	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on December 19, 2014	Common shares	Retained earnings	1,235,703	10.00	September 30, 2014	December 22, 2014

- 2) Dividends whose record date is during the current fiscal year but whose effective date is after the end of the current fiscal year

To be placed on the agenda of the Ordinary General Meeting of Shareholders on December 18, 2015, as follows:

Resolution	Type of stock	Source of dividend	Total dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on December 18, 2015	Common shares	Retained earnings	1,967,569	16.00	September 30, 2015	December 21, 2015

- (4) Type and number of shares to be issued upon the exercise of the subscription rights to shares as of the balance sheet date (excluding subscription rights to shares for which the first day of the exercise period has not yet arrived)

Common shares 5,535,000 shares

5. Notes on Tax Effect Accounting

Major causes for accrual of deferred tax assets and deferred tax liabilities

	(thousand yen)
Deferred tax assets:	
Accrued enterprise taxes, currently not deductible	497,314
Accrued bonuses, currently not deductible	71,922
Bad debts expenses, currently not deductible	2,641
Rents not qualifying for deduction	46,815
Asset retirement obligations	115,830
Amount exceeding the limit of tax depreciation	3,295
Amount exceeding the limit of depreciation of lump-sum depreciable assets	43,465
Amount exceeding the limit of software amortization	416,390
Asset adjustment account	25,527
Other	7,038
Total deferred tax assets	<u>1,230,242</u>
Deferred tax liabilities:	
Retirement costs corresponding to asset retirement obligations	100,655
Other	11
Total deferred tax liabilities	<u>100,666</u>
Net deferred tax assets	<u>1,129,575</u>

6. Notes on Financial Instruments

(1) Matters relating to status of financial instruments

1) Policy for handling financial instruments

The Company principally covers its financial needs with internally generated funds. Funds are mainly managed through short-term deposits, etc.

2) Details of financial instruments and associated risks

Accounts receivable - trade, which are operating receivables, are exposed to credit risks of customers.

Government bonds, which are included in investment securities, are exposed to the risk of market share price fluctuations.

Shares and shares of subsidiaries and associates, bonds of subsidiaries and associates and investments in capital of subsidiaries and associates, which are included in investment securities, are not exposed to the risk of market share price fluctuations, since these securities are not valued at fair value.

Accounts payable - other, income taxes payable and accrued consumption taxes, which are operating payables, mostly become due for settlement or payment within one year.

The Company uses derivatives in managing funds through deposits linked to the yen-dollar exchange rate. Other monetary receivables and payable denominated in foreign currencies are also exposed to the risk of foreign exchange rate fluctuations.

3) Management system for risks associated with financial instruments

a. Management of credit risk (such as risk associated with nonfulfillment of contracts by business partners)

For operating receivables, the Company has sales staff to periodically monitor the status of major business partners and manage due dates and balances for each business partner in accordance with internal regulations and other rules, while striving to quickly notice and mitigate any concerns on the collection of claims that might be caused by a business partner's deteriorated financial conditions, etc.

b. Management of market price fluctuation risk

The Company strives to periodically obtain fair values and other information to mitigate risks.

c. Management of foreign currency risk (fluctuation risk from foreign exchange, interest and others)

Derivative transactions are conducted within the limits of the resolution of the Board of Directors, and the monthly performance is reported at the Board of Directors meeting. For monetary receivables and payables denominated in foreign currencies, exchange fluctuations are monitored and reported at a monthly meeting of the Board of Directors.

4) Supplementary explanation regarding fair values of financial instruments

Fair values of financial instruments include theoretical values that are reasonably calculated. Because these calculations are based on certain assumptions, applying different assumptions may result in different fair values.

(2) Matters relating to fair values of financial instruments

Amounts on balance sheet, fair values, and differences between them are as follows. Financial instruments whose fair values are deemed to be extremely difficult to determine are not included in the following table (Refer to Note 3).

	(thousand yen)		
	Amounts on balance sheet	Fair values	Differences
(1) Cash and deposits	42,638,757	42,638,757	–
(2) Accounts receivable - trade	10,096,025		
Allowance for doubtful accounts (Note 1)	(521)		
Accounts receivable - trade, net	10,095,503	10,095,503	–
(3) Investment securities	135,354	135,354	–
Total assets	52,869,616	52,869,616	–
(1) Accounts payable - other	4,794,889	4,794,889	–
(2) Income taxes payable	7,795,681	7,795,681	–
(3) Accrued consumption taxes	1,570,004	1,570,004	–
Total liabilities	14,160,576	14,160,576	–

(Notes) 1. Allowance for doubtful accounts on accounts receivable - trade has been deducted.

2. Methods of fair value measurement of financial instruments

Assets

(1) Cash and deposits, (2) Accounts receivable - trade

Because these are settled in a short period of time and their fair values approximate book values, the Company deems their book values to be the fair values.

(3) Investment securities

Fair values of bonds are assessed based on statistical data provided by the Japan Securities Dealers Association.

Liabilities

(1) Accounts payable - other, (2) Income taxes payable, (3) Accrued consumption taxes

Because these are settled in a short period of time and their fair values approximate book values, the Company deems their book values to be the fair values.

3. Financial instruments whose fair values are deemed to be extremely difficult to determine

(thousand yen)

Classification	Amounts on balance sheet
Investment securities (Unlisted stocks)	420,859
Shares of subsidiaries and associates (Unlisted stocks)	1,420,851
Bonds of subsidiaries and associates (Unlisted bonds)	191,100
Investments in capital of subsidiaries and associates	185,000

Because these instruments have no market price and thus their fair values are deemed to be extremely difficult to determine, they are not subject to disclosure of fair values.

7. Notes on Share of Profit or Loss of Entities Accounted for Using Equity Method

There is nothing to be reported, because the Company's subsidiaries are unconsolidated subsidiaries that are not significant in terms of income and retained earnings, and the Company has no significant associate to which the equity method is applicable.

8. Notes on Related Party Transactions

Information is omitted because there are no significant transactions with related parties.

9. Notes on Per Share Information

(1) Net assets per share	354.50 yen
(2) Net income per share	157.70 yen

10. Notes on Significant Subsequent Events

No items to report.

(English translation)

Certified copy of Financial Auditor's audit report on the Financial Statements

Independent Auditor's Report

November 11, 2015

To the Board of Directors
COLOPL, Inc.

Deloitte Touche Tohmatsu LLC

Toru Nakatsuka, CPA
Designated Unlimited Liability Partner,
Engagement Partner
Kunikazu Awashima, CPA
Designated Unlimited Liability Partner,
Engagement Partner

Pursuant to Paragraph 2-Item 1 of Article 436 of the Companies Act, we have audited the financial statements, that is, the balance sheet, statement of income, statement of changes in equity and notes to financial statements, and the supplementary schedules of COLOPL, Inc. (the "Company") for the 7th fiscal term from October 1, 2014 to September 30, 2015.

The responsibility of management concerning the financial statements, etc.

The responsibility of management is to prepare financial statements and the supplementary schedules in accordance with business accounting standards generally accepted in Japan and present appropriate accounting information. This responsibility includes the establishment and operation of internal controls deemed necessary by management for the preparation of financial statements, and the supplementary schedules, free of material misstatement due to fraud or error and the presentation of appropriate accounting information.

The responsibility of independent auditors

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

In audits, procedures are conducted in order to obtain audit evidence supporting the amounts and disclosures in the financial statements and the supplementary schedules. Audit procedures are chosen and applied in accordance with our judgment, based on the risk assessment of material misstatement in the financial statements, and the supplementary schedules, due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of internal controls. However, we examine internal controls related to the preparation of financial statements, and the supplementary schedules, and the appropriate presentation in the course of conducting risk assessment, in order to plan audit procedures appropriate to the circumstances. An audit includes assessing the accounting policies used, its application method and estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

Audit opinion

In our opinion, the above financial statements and supplementary schedules fairly present, in every material aspect, the financial position and results of operations of the Company for the relevant term of the financial statements and the supplementary schedules, in accordance with the business accounting standards generally accepted in Japan.

Interests in the Company

Our firm and engagement partners have no interest in the Company which shall be disclosed pursuant to the provisions of the Certified Public Accountants Act.

(English translation)

Certified copy of the Board of Statutory Auditors' audit report

Audit Report

The Board of Statutory Auditors, following review and deliberations on the reports made by each Statutory Auditor concerning the execution of duties by Directors for the 7th fiscal term from October 1, 2014 to September 30, 2015, prepared this Audit Report and hereby submit it as follows:

1. Summary of auditing methods by Statutory Auditors and the Board of Statutory Auditors

The Board of Statutory Auditors established auditing policies and the audit plan, received reports regarding the status of audits and the results thereof from each Statutory Auditor, received reports regarding the status of the execution of duties from Directors and the Financial Auditor, and requested explanation as necessary.

In accordance with the auditing standards for Statutory Auditors determined by the Board of Statutory Auditors, and in compliance with auditing policies and the audit plan, each Statutory Auditor made efforts to collect information and establish auditing circumstances through communication with Directors, internal audit staff and other employees, and attended the Board of Directors' meetings and other important meetings to receive reports regarding execution of duties from Directors and employees, and requested explanations as necessary. Each Statutory Auditor also inspected the approved documents and examined the status of operations and conditions of assets at the head office. Statutory Auditors communicated and shared information with the directors, etc. of the subsidiaries and received from the subsidiaries their business reports as necessary. Each Statutory Auditor verified the resolutions adopted by the Board of Directors regarding the establishment of a system for ensuring that the Directors' duties, as stated in the business report, are executed in conformity of laws and regulations, and the Articles of Incorporation of the Company, and the establishment of a system necessary to ensure proper business operations of a stock company and the corporate group consisting of its subsidiaries set forth in paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act. It also regularly received reports from Directors and employees on the status of the establishment and operation of the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors, and requested explanations as necessary and expressed his/her opinions. With regard to the internal control over financial reporting, Statutory Auditors received reports from Directors and Deloitte Touche Tohmatsu LLC on the status of discussion between them and the evaluation of such internal control and the status of audit, and requested explanations as necessary. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the fiscal term ended September 30, 2015.

Further, Statutory Auditors monitored and verified that the Financial Auditor maintains independence and conduct the audits appropriately. Each Statutory Auditor also received reports on the status of the execution of duties from Financial Auditor and requested explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Financial Auditor and requested explanations as necessary. In accordance with the procedures mentioned above, we reviewed the financial statements (balance sheet, statement of income, statement of changes in equity and notes to financial statements), the supplementary schedules thereto, for the fiscal term ended September 30, 2015.

2. Results of audit

(1) Results of audit of business report and other relevant documents

1. The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
2. Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor of the Articles of Incorporation of the Company.
3. The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional comment regarding the contents of the business report on such internal control and the execution of duties by Directors.

(2) Results of audit of financial statements and supplementary schedules

The auditing methods and results of the Financial Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

November 17, 2015

Board of Statutory Auditors, COLOPL, Inc.

Full-time Statutory Auditor (Outside)
Statutory Auditor (Outside)
Statutory Auditor (Outside)

Tetsuzo Hasegawa
Ryogo Tsukioka
Koichiro Iida

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

The Company would like to declare appropriation of surplus for the current fiscal year as described below.

Matters regarding year-end dividend

The Company's basic dividend policy is to maintain stable dividends while securing internal reserves necessary for future business development and strengthening the business structure.

In view of profit situation during the current fiscal year and future business development, among other things, the Company proposes that year-end dividend per share will be paid for the current fiscal year as follows:

(1) Type of dividend property

Cash

(2) Dividend property allotment to shareholders and total amount thereof

Dividend per common share of the Company: 16.00 yen

Total amount of dividends: 1,967,569,760 yen

(3) Effective date for dividends

December 21, 2015

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reason for the proposal

- (1) The Company will make a transition to a company with audit and supervisory committee with a view to further strengthening its corporate governance.

Accordingly, the Company proposes the establishment of new provisions related to the Audit and Supervisory Committee and Audit and Supervisory Committee member, as well as the deletion of existing provisions related to the Board of Statutory Auditors and Statutory Auditors, to make the aforementioned transition.

- (2) In view of expansion of the Company's business domain and future business developments, the Company will add objectives of the Company to Article 2 of the current Articles of Incorporation and adjust the related item numbers due to the establishment of new items.
- (3) To ensure that Directors and the Financial Auditor can fulfill the roles expected of them, the Company will establish in Article 30, paragraph 1 and Article 37, paragraph 1 of the Articles of Incorporation new provisions to enable the exemption of their liability within the limit as prescribed by laws and regulations by resolution of the Board of Directors. In addition, in accordance with the revised Companies Act, changes will be made to the scope of company officers, etc. who can enter into a limited liability agreement. The Company plans to make partial changes to Article 29 of the current Articles of Incorporation to ensure even Directors without executive authority over operations can adequately fulfill the role expected of them through the conclusion of limited liability agreements. The new establishment and change above have been consented by each Statutory Auditor.
- (4) In addition to the foregoing, the Company will make other necessary amendments such as revisions and changes of wordings in line with laws and regulations, and renumbering of certain Articles.

The amendments to the Articles of Incorporation related to this proposal takes effect at the conclusion of this General Meeting of Shareholders.

2. Details of the proposed amendments

Details of the proposed amendments to the Articles of Incorporation are as follows:

(Underlined portions are amended)

Current Articles of Incorporation	Proposed Articles of Incorporation
Chapter I General Provisions	Chapter I General Provisions
Article 1 (Omitted)	Article 1 (Unchanged)
Article 2 (Objectives of the Company) The Company shall operate the following lines of business: (1)~(3) (Omitted) (4) Worker dispatching business, fee-charging employment placement business, and business to provide trainings, instructions and education in order to develop vocational abilities of human resources in accordance with their individual aptitude; (5)~(6) (Omitted) (7) <u>Restaurant business;</u> (8)~(13) (Omitted) (14) Acquisition, holding, investment, and management of securities; (15) Performance and ticketing of various events including sports, gardening, dramas and movies; (Newly established) (Newly established) (16) Any business incidental or relating to the preceding items.	Article 2 (Objectives of the Company) The Company shall operate the following lines of business: (1)~(3) (Unchanged) (4) Worker dispatching business, fee-charging employment placement business, and business to provide trainings, instructions and education in order to develop vocational abilities of human resources in accordance with their individual aptitude; (5)~(6) (Unchanged) (7) <u>Sale of alcohol and other beverages and food, and management of restaurants;</u> (8)~(13) (Unchanged) (14) Acquisition, holding, investment, and management of securities; (15) Performance and ticketing of various events including sports, gardening, dramas and movies; <u>(16) Music and image software planning, production, manufacturing, sales, rental and copyright business;</u> <u>(17) Publication and sales of books, scores and other printed matters; and</u> (18) Any business incidental or relating to the preceding items.

Current Articles of Incorporation	Proposed Articles of Incorporation
<p>Article 3 (Omitted)</p>	<p>Article 3 (Unchanged)</p>
<p>Article 4 (Governing Bodies) The Company shall have the following governing bodies in addition to general meetings of shareholders and directors.</p> <p>(1) Board of Directors (2) <u>Statutory auditors</u> (3) <u>Board of Statutory Auditors</u> (4) Financial auditor</p>	<p>Article 4 (Governing Bodies) The Company shall have the following governing bodies in addition to general meetings of shareholders and directors.</p> <p>(1) Board of Directors (Deleted) (2) <u>Audit and Supervisory Committee</u> (3) Financial auditor</p>
<p>Article 5 (Method of Public Notices) Public notices of the Company shall be given by way of electronic public notice; provided, however, in the event that electronic public notices cannot be provided due to an accident or any other unavoidable reason, the Company shall publish its public notices in “The Nikkei” (<i>Nihon Keizai Shimbun</i>) newspaper.</p>	<p>Article 5 (Method of Public Notices) Public notices of the Company shall be given by way of electronic public notice; provided, however, in the event that electronic public notices cannot be provided due to an accident or any other unavoidable reason, the Company shall publish its public notices in “The Nikkei” (<i>Nihon Keizai Shimbun</i>) newspaper.</p>
<p style="text-align: center;">Chapter II Shares</p>	<p style="text-align: center;">Chapter II Shares</p>
<p>Article 6~8 (Omitted)</p>	<p>Article 6~8 (Unchanged)</p>
<p>Article 9 (Rights Regarding Shares Less Than One Unit) A shareholder of the Company may not exercise any rights other than those shown hereunder for their shares less than one unit:</p> <p>(1) (Omitted) (2) (Omitted) (3) Rights to receive allotment of shares for subscription and subscription rights to shares for subscription in proportion to the number of shares held by the shareholder.</p>	<p>Article 9 (Rights Regarding Shares Less Than One Unit) A shareholder of the Company may not exercise any rights other than those shown hereunder for their shares less than one unit:</p> <p>(1) (Unchanged) (2) (Unchanged) (3) Rights to receive allotment of shares for subscription and subscription rights to shares for subscription in proportion to the number of shares held by the shareholder.</p>
<p>Article 10 (Shareholder Register Administrator)</p> <p>1. (Omitted)</p> <p>2. The shareholder register administrator and its place of business shall be designated by resolution of the Board of Directors.</p> <p>3. Preparation and keeping of the shareholder register and the share acquisition right register, and other administration in relation to the shareholder register and the share acquisition right register, of the Company, shall be entrusted to the shareholder register administrator, and shall not be handled by the Company.</p>	<p>Article 10 (Shareholder Register Administrator)</p> <p>1. (Unchanged)</p> <p>2. The shareholder register administrator and its place of business shall be designated by resolution of the Board of Directors.</p> <p>3. Preparation and keeping of the shareholder register and the share acquisition right register, and other administration in relation to the shareholder register and the share acquisition right register, of the Company, shall be entrusted to the shareholder register administrator, and shall not be handled by the Company.</p>
<p>Article 11 (Share Handling Regulations) Procedure for exercising shareholder rights and other handling related to shares of the Company shall be governed by the Share Handling Regulations established by the Board of Directors, as well as by laws and regulations or these Articles of Incorporation.</p>	<p>Article 11 (Share Handling Regulations) Procedure for exercising shareholder rights and other handling related to shares of the Company shall be governed by the Share Handling Regulations established by the Board of Directors, as well as by laws and regulations or these Articles of Incorporation.</p>
<p style="text-align: center;">Chapter III General Meeting of Shareholders</p>	<p style="text-align: center;">Chapter III General Meeting of Shareholders</p>
<p>Article 12 (Convocation of General Meetings of Shareholders) An ordinary general meeting of shareholders of the Company shall be convened within three (3) months from the day following the last day of each business year, and an extraordinary general meeting of shareholders shall be convened from time to time, whenever necessary.</p>	<p>Article 12 (Convocation of General Meetings of Shareholders) An ordinary general meeting of shareholders of the Company shall be convened within three (3) months from the day following the last day of each business year, and an extraordinary general meeting of shareholders shall be convened from time to time, whenever necessary.</p>

Current Articles of Incorporation	Proposed Articles of Incorporation
Article 13 (Omitted)	Article 13 (Unchanged)
Article 14 (Person Authorized to Convene Meetings and Chair Thereof) (Omitted)	Article 14 (Person Authorized to Convene Meetings and Chair Thereof) (Unchanged)
Article 15 (Method of Resolution) 1. A resolution of a general meeting of shareholders shall be adopted by a majority of the votes of shareholders present who are entitled to exercise their voting rights, unless otherwise provided for by laws and regulations or in these Articles of Incorporation. 2. (Omitted)	Article 15 (Method of Resolution) 1. A resolution of a general meeting of shareholders shall be adopted by a majority of the votes of shareholders present who are entitled to exercise their voting rights, unless otherwise provided for by laws and regulations or in these Articles of Incorporation. 2. (Unchanged)
Article 16 (Exercise of Voting Rights by Proxy) 1. (Omitted) 2. The shareholder or the proxy shall submit a document evidencing the authority of the concerned proxy to the Company for each general meeting of shareholders.	Article 16 (Exercise of Voting Rights by Proxy) 1. (Unchanged) 2. The shareholder or the proxy shall submit a document evidencing the authority of the concerned proxy to the Company for each general meeting of shareholders.
Article 17 (Minutes) The outline of proceedings and results of the general meeting of shareholders, and other items required by laws and regulations shall be entered or recorded in the minutes.	Article 17 (Minutes) The outline of proceedings and results of the general meeting of shareholders, and other items required by laws and regulations shall be entered or recorded in the minutes.
Article 18 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders) When convening a general meeting of shareholders, the Company may deem to have supplied information about matters to be stated or indicated in reference-documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements to shareholders, by disclosing the information via the Internet according to the relevant Ordinance of the Ministry of Justice.	Article 18 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders) When convening a general meeting of shareholders, the Company may deem to have supplied information about matters to be stated or indicated in reference-documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements to shareholders, by disclosing the information via the Internet according to the relevant Ordinance of the Ministry of Justice.
Chapter IV Directors and Board of Directors	
Article 19 (Number of Directors) The Company shall have no more than eleven (11) directors. (Newly established)	Article 19 (Number of Directors) <u>1. The Company shall have no more than eleven (11) directors (excluding directors who are Audit and Supervisory Committee members).</u> <u>2. The Company shall have no more than five (5) directors who are Audit and Supervisory Committee members.</u>
Article 20 (Election of Directors) 1. <u>A director shall be elected by resolution of a general meeting of shareholders.</u> 2. (Omitted) 3. (Omitted)	Article 20 (Election of Directors) 1. <u>A director shall be elected at a general meeting of shareholders, while making a distinction between directors who are Audit and Supervisory Committee members and other directors.</u> 2. (Unchanged) 3. (Unchanged)
Article 21 (Representative Director(s) and Directors with Special Titles) 1. The Board of Directors shall appoint representative director(s).	Article 21 (Representative Director(s) and Directors with Special Titles) 1. The Board of Directors shall appoint representative director(s) <u>from among the directors (excluding directors who are Audit and Supervisory Committee members).</u>

Current Articles of Incorporation	Proposed Articles of Incorporation
<p>2. The Board of Directors may by its resolution appoint president and director, vice president and director(s), senior managing director(s) and managing director(s).</p> <p>3. (Omitted)</p>	<p>2. The Board of Directors may by its resolution appoint president and director, vice president and director(s), senior managing director(s) and managing director(s).</p> <p>3. (Unchanged)</p>
<p>Article 22 (Term of Directors)</p> <p>1. The term of office of a director shall expire at the conclusion of the ordinary general meeting of shareholders pertaining to the last business year ending within <u>two (2) years</u> after the director's election.</p> <p><u>2. The term of office of the director who is elected due to an increase in the number of directors or as a substitute shall be the remaining term of office of the other directors then in office.</u></p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Article 22 (Term of Directors)</p> <p>1. The term of office of a director <u>(excluding a director who is an Audit and Supervisory Committee member)</u> shall expire at the conclusion of the ordinary general meeting of shareholders pertaining to the last business year ending within <u>one (1) year</u> after the director's election.</p> <p>(Deleted)</p> <p><u>2. The term of office of a director who is an Audit and Supervisory Committee member shall expire at the conclusion of the ordinary general meeting of shareholders pertaining to the last business year ending within two (2) years after the director's election.</u></p> <p><u>3. The term of office of the director who is an Audit and Supervisory Committee member elected as a substitute of another director who was an Audit and Supervisory Committee member and retired before the expiration of his/her term shall be the remaining term of office of the predecessor.</u></p>
<p>Article 23 (Person Authorized to Convene Meetings of the Board of Directors and Chair Thereof)</p> <p>(Omitted)</p>	<p>Article 23 (Person Authorized to Convene Meetings of the Board of Directors and Chair Thereof)</p> <p>(Unchanged)</p>
<p>Article 24 (Convocation Notice regarding Meetings of Board of Directors)</p> <p>1. Convocation notice regarding a meeting of the Board of Directors shall be dispatched to each director <u>and each statutory auditor</u> three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. A meeting of the Board of Directors may be held without carrying out the convocation procedure upon the consent of all the directors <u>and statutory auditors</u>.</p> <p>(Newly established)</p>	<p>Article 24 (Convocation Notice regarding Meetings of Board of Directors)</p> <p>1. Convocation notice regarding a meeting of the Board of Directors shall be dispatched to each director three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. A meeting of the Board of Directors may be held without carrying out the convocation procedure upon the consent of all the directors.</p>
<p>Article <u>25</u> (Omitted)</p>	<p><u>Article 25 (Delegation of Execution of Important Operations)</u> <u>The Company may, pursuant to the provisions of Article 399-13, paragraph 6 of the Companies Act, delegate all or part of decisions regarding execution of important operations (excluding matters set forth in items of paragraph 5 of the said Article) to a director by resolution of the Board of Directors.</u></p>
<p>Article <u>26</u> (Regulations of the Board of Directors)</p> <p>Particulars relating to the Board of Directors, except the matters specified by laws and regulations or these Articles of Incorporation, shall be governed by the Regulations of the Board of Directors established by the Board of Directors.</p>	<p>Article <u>26</u> (Unchanged)</p> <p>Article <u>27</u> (Regulations of the Board of Directors)</p> <p>Particulars relating to the Board of Directors, except the matters specified by laws and regulations or these Articles of Incorporation, shall be governed by the Regulations of the Board of Directors established by the Board of Directors.</p>

Current Articles of Incorporation	Proposed Articles of Incorporation
<p>Article <u>27</u> (Minutes of Meetings of Board of Directors) The outline of proceedings and results of the meeting of the Board of Directors, and other items required by laws and regulations shall be entered in the minutes, and the directors <u>and statutory auditors</u> present shall affix their names and seals thereto or provide their electronic signatures thereon.</p> <p>Article <u>28</u> (Remunerations, etc.) Remuneration, bonus and other economic benefits to be provided by the Company as a consideration for the execution of duties (“Remunerations, etc.”) to the directors shall be determined by resolution of a general meeting of shareholders.</p> <p>Article <u>29</u> (Limitation of Liability of Directors)</p> <p><u>Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into agreements with outside directors (including former outside directors) that limits their liability for damages under Article 423 of the Companies Act, to the extent permitted by laws and regulations.</u></p> <p style="text-align: right;">(Newly established)</p> <p style="text-align: right;">(Newly established)</p>	<p>Article <u>28</u> (Minutes of Meetings of Board of Directors) The outline of proceedings and results of the meeting of the Board of Directors, and other items required by laws and regulations shall be entered in the minutes, and the directors present shall affix their names and seals thereto or provide their electronic signatures thereon.</p> <p>Article <u>29</u> (Remunerations, etc.) Remuneration, bonus and other economic benefits to be provided by the Company as a consideration for the execution of duties (“Remunerations, etc.”) to the directors shall be determined by resolution of a general meeting of shareholders, <u>while making a distinction between directors who are Audit and Supervisory Committee members and other directors.</u></p> <p>Article <u>30</u> (<u>Exemption from and</u> Limitation of Liability of Directors)</p> <p style="text-align: right;">(Deleted)</p> <p>1. <u>Pursuant to the provisions of Article 426, paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt directors (including former directors) from their liability for damages arising from their failure to perform their duties to the extent prescribed by laws and regulations.</u></p> <p>2. <u>Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into agreements with directors (excluding executive directors, etc.) to the effect that their liability for damages arising from their failure to perform their duties shall be limited; provided, however, that the limit of the liability under such agreements shall be the amount prescribed by laws and regulations.</u></p>
<p><u>Chapter V Statutory Auditors and Board of Statutory Auditors</u></p>	<p style="text-align: right;">(Deleted)</p>
<p><u>Article 30 (Number of Statutory Auditors)</u> <u>The Company shall have no more than three (3) statutory auditors.</u></p>	<p style="text-align: right;">(Deleted)</p>
<p><u>Article 31 (Election of Statutory Auditors)</u></p> <p>1. <u>A statutory auditor shall be elected by resolution of a general meeting of shareholders.</u></p> <p>2. <u>Election of a statutory auditor shall be made by the quorum of shareholders holding one-third (1/3) or more of the voting rights held by all the shareholders entitled to exercise their voting rights being present at the relevant general meeting of shareholders, and by the resolution of a majority vote of the voting rights of such present shareholders.</u></p>	<p style="text-align: right;">(Deleted)</p>

Current Articles of Incorporation	Proposed Articles of Incorporation
<p><u>Article 32 (Term of Statutory Auditors)</u> <u>1. The term of office of a statutory auditor shall expire at the conclusion of the ordinary general meeting of shareholders pertaining to the last business year ending within four (4) years after the statutory auditor's election.</u> <u>2. The term of office of the statutory auditor elected as a substitute of another statutory auditor who retired before the expiration of his/her term shall be the remaining term of office of the predecessor.</u></p>	(Deleted)
<p><u>Article 33 (Full-time Statutory Auditors)</u> <u>The Company shall appoint full-time statutory auditor(s) by resolution of the Board of Statutory Auditors.</u></p>	(Deleted)
<p><u>Article 34 (Convocation Notice regarding Meeting of Board of Statutory Auditors)</u> <u>1. Convocation notice regarding a meeting of the Board of Statutory Auditors shall be dispatched to each statutory auditor three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u> <u>2. A meeting of the Board of Statutory Auditors may be held without carrying out the convocation procedure upon the consent of all the statutory auditors.</u></p>	(Deleted)
<p><u>Article 35 (Method of Resolution of Board of Statutory Auditors)</u> <u>Unless otherwise provided by laws and regulations, a resolution of the Board of Statutory Auditors shall be adopted by a majority of the statutory auditors.</u></p>	(Deleted)
<p><u>Article 36 (Regulations of the Board of Statutory Auditors)</u> <u>Particulars relating to the Board of Statutory Auditors, except the matters specified by laws and regulations or these Articles of Incorporation, shall be governed by the Regulations of the Board of Statutory Auditors established by the Board of Statutory Auditors.</u></p>	(Deleted)
<p><u>Article 37 (Minutes of Meetings of Board of Statutory Auditors)</u> <u>The outline of proceedings, results of the meeting of the Board of Statutory Auditors and other items required by laws and regulations shall be entered in the minutes, and the statutory auditors present shall affix their names and seals thereto or provide their electronic signatures thereon.</u></p>	(Deleted)
<p><u>Article 38 (Remunerations, etc.)</u> <u>Remunerations, etc. for statutory auditors shall be determined by resolution of a general meeting of shareholders.</u></p>	(Deleted)
<p><u>Article 39 (Restriction of Liability of Statutory Auditors)</u> <u>Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into agreements with outside statutory auditors (including former outside statutory auditors) that limits their liability for damages under Article 423, paragraph 1 of the Companies Act, to the extent permitted by laws and regulations.</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Articles of Incorporation
(Newly established)	<u>Chapter V Audit and Supervisory Committee</u>
(Newly established)	<u>Article 31 (Convocation Notice regarding Meetings of Audit and Supervisory Committee)</u>
	<u>1. Convocation notice regarding a meeting of the Audit and Supervisory Committee shall be dispatched to each Audit and Supervisory Committee member at least three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u>
	<u>2. A meeting of the Audit and Supervisory Committee may be held without carrying out the convocation procedure upon the consent of all the Audit and Supervisory Committee members.</u>
(Newly established)	<u>Article 32 (Method of Resolution of Audit and Supervisory Committee)</u>
	<u>A resolution of the Audit and Supervisory Committee shall be adopted by a majority of the Audit and Supervisory Committee members present, when a majority of all the Audit and Supervisory Committee members entitled to participate in the vote are present.</u>
(Newly established)	<u>Article 33 (Full-time Audit and Supervisory Committee Members)</u>
	<u>The Audit and Supervisory Committee may appoint full-time Audit and Supervisory Committee member(s) by its resolution.</u>
(Newly established)	<u>Article 34 (Regulations of the Audit and Supervisory Committee)</u>
	<u>Particulars relating to the Audit and Supervisory Committee, except the matters specified by laws and regulations or these Articles of Incorporation, shall be governed by the Regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee.</u>
Chapter VI Financial Auditor	Chapter VI Financial Auditor
Article <u>40~41</u> (Omitted)	Article <u>35~36</u> (Unchanged)
Article <u>42</u> (Restriction of Liability of Financial Auditor)	Article <u>37</u> (<u>Exemption from and Restriction of Liability of Financial Auditor</u>)
	(Deleted)
(Newly established)	<u>1. Pursuant to the provisions of Article 426, paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt the financial auditor (including former financial auditor) from its liability for damages arising from its failure to perform its duties to the extent prescribed by laws and regulations.</u>

Current Articles of Incorporation	Proposed Articles of Incorporation
<p data-bbox="379 232 576 259">(Newly established)</p> <p data-bbox="357 483 592 510">Chapter VII Accounts</p> <p data-bbox="177 533 528 560">Article 43~46 (Omitted)</p>	<p data-bbox="823 232 1431 450"><u>2. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into an agreement with the financial auditor to the effect that its liability for damages arising from its failure to perform its duties shall be limited; provided, however, that the limit of the liability under such agreement shall be the amount prescribed by laws and regulations.</u></p> <p data-bbox="1003 483 1238 510">Chapter VII Accounts</p> <p data-bbox="823 533 1150 560">Article 38~41 (Unchanged)</p>

Proposal 3: Election of Ten (10) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)

The Company plans to make the transition to a company with audit and supervisory committee once Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed and the amendments became effective. At that point in time, the terms of office of all eight (8) current Directors will expire.

Accordingly, the Company requests the election of ten (10) Directors (excluding Directors who are Audit and Supervisory Committee members). This proposal may only take effect on the condition that Proposal 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee members) to be elected are as follows:

No.	Name (Date of birth)	Career summary, positions, areas of responsibility in the Company, and important concurrent positions	Number of the Company’s shares held
1	Naruatsu Baba (January 7, 1978)	Mar. 2003 Joined K Laboratory Co., Ltd. (name changed to KLab Inc.) Apr. 2007 Joined GREE, Inc. Oct. 2008 Established COLOPL, Inc. President and CEO (current position)	69,775,200 shares
2	Kotaro Chiba (May 11, 1974)	Apr. 1997 Joined RECRUIT Co., Ltd. Jan. 2000 Joined CYBIRD Co., Ltd. Jun. 2001 Joined K Laboratory Co., Ltd. (name changed to KLab Inc.) Jan. 2009 Executive Director, COLOPL, Inc. Sep. 2010 Executive Vice President, COLOPL, Inc. (current position)	1,932,500 shares
3	Masahiko Tsuchiya (June 28, 1961)	Apr. 1997 Joined ACCESS Co., Ltd. Oct. 2001 Joined K Laboratory Co., Ltd. (name changed to KLab Inc.) Jun. 2008 Statutory Auditor, Mi Cafeto Co., Ltd. Aug. 2008 Director, iWaveDesign, Inc. Jan. 2010 Joined COLOPL, Inc. Jul. 2010 Executive Director, COLOPL, Inc. (current position)	166,000 shares
4	Jun Hasebe (November 9, 1965)	Apr. 1990 Joined Daiwa Securities Co., Ltd. Jul. 2000 Joined Daiwa Institute of Research Ltd. Aug. 2009 Transferred to Financial Research Center, Daiwa Securities SMBC Co., Ltd. (name changed to Daiwa Securities Co., Ltd.) Jul. 2010 Executive Director, COLOPL, Inc. (current position)	153,000 shares
5	Shohei Yoshioka (April 29, 1978)	Jul. 2002 Joined Yahoo Japan Corporation Oct. 2006 Joined GREE, Inc. Aug. 2007 Joined Information Services International-Dentsu, Ltd. Jun. 2010 Joined COLOPL, Inc. Apr. 2011 Executive Director, COLOPL, Inc. (current position)	10,500 shares
6	Ryosuke Ishiwatari (April 24, 1972)	May 2001 Joined International Creative Marketing (name changed to KANTAR JAPAN INC.) Jan. 2006 Joined Caps Inc. Sep. 2009 Joined NAVIT Co., Ltd. Sep. 2010 Joined COLOPL, Inc. Dec. 2014 Executive Director, COLOPL, Inc. (current position)	20,100 shares
7	Kazunori Morisaki (November 7, 1976)	Feb. 2003 Joined SEGA CORPORATION Oct. 2003 Joined Q Entertainment Inc. Mar. 2012 Joined COLOPL, Inc. Dec. 2014 Executive Director, COLOPL, Inc. (current position)	6,400 shares

No.	Name (Date of birth)	Career summary, positions, areas of responsibility in the Company, and important concurrent positions	Number of the Company's shares held
8	Shinsuke Ishiwatari (August 30, 1969)	Apr. 1998 Admitted as Attorney-at-Law Jan. 2001 Established Field-R Law Offices Aug. 2008 Established VASCO DA GAMMA OFFICES Attorney (current position) Jul. 2010 Outside Director, COLOPL, Inc. (current position) Mar. 2011 Executive Officer, Cookpad Inc. Jul. 2015 President and CEO, Minnano Wedding Co., Ltd. (current position)	—
9	*Koji Yanagisawa (May 19, 1971)	Apr. 1995 Joined Fuji Bank, Limited (name changed to Mizuho Bank, Ltd.) May 1999 Joined NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc. May 2005 Joined Mizuho Securities Co., Ltd. Feb. 2006 Full-time Statutory Auditor, START TODAY CO.,LTD. Jun. 2008 Director Head of Strategic Planning and Business Administration Division, START TODAY CO.,LTD. Apr. 2009 CFO, START TODAY CO.,LTD. (current position)	—
10	*Dai Tamesue (May 3, 1978)	Apr. 2002 Joined Osaka Gas Co., Ltd. Oct. 2003 Retired from Osaka Gas Co., Ltd. and became an independent professional track and field athlete Mar. 2004 Contracted as an athlete of Asia Partnership Fund Dec. 2007 Established SAMURAI CO., LTD. Representative Director (current position) Director, Wedge Holdings CO., LTD. Aug. 2010 Established Athlete Society President (current position) May 2014 Established Xiborg Co., Ltd. Director (current position)	—

- Notes:
- *indicates new candidates for Directors other than Directors who are Audit and Supervisory Committee members.
 - No special interest exists between any of the above candidates and the Company.
 - Mr. Naruatsu Baba is the Parent Company, etc. as stipulated in Article 2, item 4-2 of the Companies Act.
 - Mr. Naruatsu Baba, Mr. Kotaro Chiba, Mr. Masahiko Tsuchiya, Mr. Jun Hasebe, Mr. Shohei Yoshioka, Mr. Ryosuke Ishiwatari, Mr. Kazunori Morisaki and Mr. Shinsuke Ishiwatari are currently Directors of the Company, and their positions, responsibilities and important concurrent positions at the Company are as specified in “4. Company Officers, (1) Directors and Statutory Auditors,” on page 8 of the Business Report.
 - Mr. Koji Yanagisawa and Mr. Dai Tamesue are candidates for Outside Directors.
 - Mr. Koji Yanagisawa is nominated as a candidate for Outside Director because the Company expects him to serve as a competent Outside Director and to provide advice and recommendations from his independent standpoint to ensure the adequacy and appropriateness of decision-making by the management, based on his considerable experience and his broad expertise as a corporate manager.
 - Mr. Dai Tamesue is nominated as a candidate for Outside Director because the Company expects him to serve as a competent Outside Director and to provide valuable advice and recommendations on overall aspects of corporate management, and to enhance the supervisory function of management of the Company, based on his considerable experience and his broad expertise gained through social and educational activities.
 - The Company has concluded a limited liability agreement with Mr. Shinsuke Ishiwatari, to limit his liability for payment of damages as stipulated in Article 423, paragraph 1 of the Companies Act, for cases falling under the requirements specified in laws and regulations. When the reappointment of Mr. Shinsuke Ishiwatari is approved at this General Meeting of Shareholders, the limited liability agreement for the previous term will be continued.
Furthermore, if the appointments of Mr. Koji Yanagisawa and Mr. Dai Tamesue are approved, the Company will conclude the same agreement with them.
 - If the appointments of Mr. Koji Yanagisawa and Mr. Dai Tamesue are approved, the Company will register them as independent directors stipulated by the Tokyo Stock Exchange.

Proposal 4: Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

The Company plans to make the transition to a company with audit and supervisory committee once Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as proposed and the amendments became effective.

Accordingly, conditioned on approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as proposed, the Company requests the election of three (3) Directors who are Audit and Supervisory Committee members.

The Board of Statutory Auditors has already given its consent to this proposal.

This proposal may only take effect on the condition that Proposal 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

The candidates for Directors who are Audit and Supervisory Committee members to be elected are as follows:

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and important concurrent positions	Number of the Company’s shares held
1	Tetsuzo Hasegawa (March 26, 1950)	<p>Apr. 1973 Joined Daiwa Securities Co. Ltd.</p> <p>Apr. 1999 Joined Daiwa Securities SB Capital Markets Co. Ltd. (name changed to Daiwa Securities Co. Ltd.)</p> <p>Feb. 2004 Director, Daiwa Securities SMBC Principal Investments Co. Ltd.</p> <p>May 2005 Director, CABIN Co. Ltd.</p> <p>Jun. 2005 Director, Daiwa Seiko Co. Ltd. (name changed to GLOBERIDE, Inc)</p> <p>Oct. 2005 Director, MARUI IMAI Inc.</p> <p>Jun. 2007 Director, Mitsui Mining Co., Ltd. (name changed to NIPPON COKE & ENGINEERING CO., LTD.)</p> <p>Dec. 2007 Chairman and Representative Director, HVM Japan K.K.</p> <p>Jun. 2008 Auditor, Daiwa Sanko Co. Ltd. Auditor, Daiwa Institute of Research Ltd. (name changed to Daiwa Institute of Research Holdings Ltd.) Auditor, Daiwa Pension Consulting Co., Ltd.</p> <p>Oct. 2008 Auditor, Daiwa Institute of Research Business Innovation Ltd.</p> <p>Sep. 2010 Full-time Statutory Auditor, COLOPL, Inc. (current position)</p>	5,000 shares
2	Ryogo Tsukioka (November 19, 1971)	<p>Apr. 1996 Joined Dai Nippon Printing Co., Ltd.</p> <p>Jan. 1999 Joined PwC Tax Japan</p> <p>Apr. 2003 Registered as Certified Public Accountant</p> <p>Jul. 2006 Established Tsukioka CPA Office Director (current position)</p> <p>Dec. 2010 Statutory Auditor, COLOPL, Inc. (current position)</p>	—
3	Koichiro Iida (October 15, 1971)	<p>Apr. 1996 Admitted as Attorney-at-Law Joined Mori Sogo (name changed to Mori Hamada & Matsumoto) (current position)</p> <p>Jun. 2005 Admitted as Attorney-at-Law of California, U.S.</p> <p>Dec. 2011 Statutory Auditor, COLOPL, Inc. (current position)</p> <p>Jul. 2015 Statutory Auditor, Minnano Wedding Co., Ltd. (current position)</p>	—

Notes: 1. No special interest exists between any of the above candidates and the Company.

2. Mr. Tetsuzo Hasegawa, Mr. Ryogo Tsukioka and Mr. Koichiro Iida are candidates for Outside Directors.

(1) Mr. Tetsuzo Hasegawa is nominated as a candidate for Outside Director because the Company expects him to serve as a competent Outside Director and to provide advice and checking based on his superior expertise as a corporate manager at financial institutions, and his broad knowledge and considerable experience.

(2) Mr. Ryogo Tsukioka is nominated as a candidate for Outside Director because the Company expects him to serve as a competent Outside Director and to provide advice and checking based on his superior expertise as a certified public accountant, and his considerable financial and accounting knowledge.

(3) Mr. Koichiro Iida is nominated as a candidate for Outside Director because the Company expects him to serve as a competent Outside Director and to provide advice and checking based on his superior expertise as an attorney and his extensive experience with regard to corporate legal affairs.

3. The Company has concluded a limited liability agreement with Mr. Tetsuzo Hasegawa, Mr. Ryogo Tsukioka and Mr. Koichiro Iida, to limit their liability for payment of damages as stipulated in Article 423, paragraph 1 of the Companies Act, for cases falling under the requirements specified in laws and regulations. When the reappointment of each person is approved at this General Meeting of Shareholders, the limited liability agreement for the previous term will be continued.

4. The Company has registered Mr. Tetsuzo Hasegawa as independent director stipulated by the Tokyo Stock Exchange. In case his election is approved, the Company plans to register him as independent director again.

Proposal 5: Determination of Amounts of Remuneration for Directors (excluding Directors Who Are Audit and Supervisory Committee Members)

The Company plans to make the transition to a company with audit and supervisory committee once Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved and the amendments became effective. Remuneration paid to the Company’s Directors in the amount of no more than 300 million yen annually (including the amount of no more than 20 million yen annually for Outside Directors) was approved by the 6th Ordinary General Meeting of Shareholders held on December 19, 2014 and has remained at that amount to the present. However, the Company proposes that the current provision related to the amount of remuneration for Directors be revoked, and that remuneration for Directors excluding Directors who are Audit and Supervisory Committee members be set at no more than 300 million yen annually (including the amount of no more than 20 million yen annually for Outside Directors) taking into consideration the aforementioned remuneration for Directors and economic conditions and other factors.

The amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) does not include the portion for salaries paid to those Directors who also serve as employees.

The Company currently has eight (8) Directors (including one (1) Outside Director). If Proposal 2 and Proposal 3 are approved as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee members) related to this Proposal will be ten (10) (including two (2) Outside Directors).

This proposal may only take effect on the condition that Proposal 2 “Partial Amendments to the Articles of Incorporation” becomes effective.

Proposal 6: Determination of Amounts of Remuneration for Directors Who Are Audit and Supervisory Committee Members

The Company plans to make the transition to a company with audit and supervisory committee once Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved and the amendments became effective.

Accordingly, shareholders are requested to approve remuneration for Directors who are Audit and Supervisory Committee members of no more than 30 million yen annually, taking into consideration economic conditions and other factors.

If Proposal 2 and Proposal 4 are approved as proposed, the number of Directors who are Audit and Supervisory Committee members related to this Proposal will be three (3).

This proposal may only take effect on the condition that Proposal 2 “Partial Amendments to the Articles of Incorporation” becomes effective.