

14 June 2018

Dear Shareholder,

No: 11 - 1, Nishi Gotanda 1-chome Shinagawa-ku, Tokyo
AvanStrateInc
Representative Director and President Hide
aki Horiuchi

Notice of 11th General Meeting of Shareholders

Dear Sir, I would like to thank you for your continued cooperation.

We will hold the 11th General Meeting of Shareholders according to the following, so kindly notify your attendance.

Also, in case if you are unable to attend the meeting, you can exercise your voting right in writing, so please review the "Reference Documents for General Meeting of Shareholders" below and kindly fill in the enclosed voting right exercise form with your approval or disapproval of the agenda, affix seal and send back to us by June 28 (Thursday), 2018 at 5 pm.

Best regards

Description

1. **Date and Timing:** June 29, 2018 (Friday) Noon 0: 30

2. **Location:** No: 11 - 1, Nishi Gotanda 1-chome Shinagawa-ku, Tokyo
Gotanda station, 3rd floor, 1st meeting room

3. **Purpose:**

Reporting matters: 1. 11th period (from April 1, 2017 to March 31, 2018) Project report, consolidated financial statements and consolidated financial statements of accounting auditors and board of corporate auditor's report

2. 11th period (From April 1, 2017 to March 31, 2018) Reports on financial statements

Resolution matters:

Proposal No. 1: Election of 4 directors

Proposal No. 2: Election of 1 corporate auditor

The content of the agenda is as described in the "Reference Materials for General Meeting of Shareholders" to be described later.

End

(Attached document)

Business report

From April 1, 2017
Until March 31, 2018

1. Matters related to the current state of the corporate group

(1) Business situation during the current fiscal year

⓪ Progress and results of the business

During the fiscal year under review, the global economy continued to recover in the US, and in Europe, and it also gradually expanded. In the Asian region, the economy accelerated in China, Taiwan and others, but in Korea the decelerating trend continued and the situation became severe. Regarding the Japanese economy, gradual recovery had continued.

The sales remained steady in the liquid crystal display / panel industry, which is this Group 's customer base.

Against this scenario, this Group continued to maintain good business relationships with major customers, but shipments volume declined due to expansion in sales channel and partial production failures, in addition, due to continued price declines, the sales situation was severe. On the other hand, in terms of costs, we have focused on cost reductions, such as reducing manufacturing costs by partially stopping the melting furnace, reducing sales and administrative expenses by rationalizing indirect departments and other factors.

As per the above results, for this current consolidated fiscal year, the amount of sales was 14,443 million yen (a decrease of 3,919 million yen when compared to the previous consolidated fiscal year) which was a decline in comparison to the previous year, the operating income was 702 million yen (a decrease of 2,909 million yen same as compared to the previous consolidated year), the ordinary income became an ordinary loss of Δ 1,374 million yen (a decrease of 2,384 million yen same as compared to the previous consolidated year), resulting in a substantial decline in profit compared with the previous years.

In addition, as extraordinary profit, gains on cancellation of corporate bond purchase are posted due to partial purchase and cancellation of corporate bonds, and impairment loss of goodwill etc. is recorded as extraordinary loss. As a result, net income attributable to parent company shareholders was net loss of Δ 10,529 million yen (same as compared to the previous consolidated year 10,685 million yen decline).

⓪ Status of Capital Investment

The total capital expenditure of this Group, which was implemented during the fiscal year under review, was 918 million yen. The main one is for the repair and improvement of existing facilities.

⓪ Status of fund procurement

Based on the business revitalization plan sponsored by Cairn India Holdings Limited, a parent

company that was established and approved by the Specified Certified Dispute Settlement Procedure (hereinafter referred to as "Business Revitalization ADR Procedure") on December 19, 2017, among the syndicated loans and NEXI insured loans made by Bank of Tokyo-Mitsubishi UFJ, Ltd. on December 22, 2017, 33,904 million yen was transferred to Cairn India Holdings Limited and the repayment conditions were relaxed, the borrowing conditions were changed, and 1,900 million yen was changed to borrowing conditions with repayment and easing of interest rate conditions. In addition, due to these changes, the financial covenant provision of syndicated loans with Mitsubishi Tokyo UFJ, Ltd. as agents has been eliminated.

Then, at the resolution of the Board of Directors dated December 19, 2017, we resolved to purchase and cancel a portion of the first unsecured bonds and the second unsecured bonds of AvanStrate Co., Ltd., AvanStrate Corporation acquired such bonds by December 28, 2017 with the aim of purchasing and canceling part of the first unsecured bond and the second unsecured bond. In order to raise funds to acquire the above mentioned bonds, we have concluded a monetary consumption lease agreement with Cairn India Holdings Limited on December 22, 2017, and for the acquired bonds were cancelled on December 28, 2017.

Furthermore, on December 22, 2017, we entered into amendment contract including the change of repayment terms concerning borrowings from HOYA Corporation.

For the first unsecured bonds and the second unsecured bonds of AvanStrate Co., Ltd., at the bondholders' meeting held on September 29, 2017, a partial change of the corporate bonds including the change of redemption conditions was approved, respectively, by obtaining the permission from Tokyo District Court on October 5, 2017.

Ⓞ Status of business transfer, absorption split or newly established company split

Not applicable.

㊦ Status of acquisition of business of another company

Not applicable.

㊧ Status of succession of rights and obligations concerning the business of other corporations, etc. through absorption-type merger or absorption-type split

Not applicable.

㊨ Status of acquisition or disposition of shares and other interests or stock acquisition rights etc. of other companies

Not applicable.

(2) Property and profit and loss status in the previous 3 fiscal years

Category	8 th period (Fiscal year ending March 31, 2015)	9 th period (Fiscal year ending March 31, 2016)	10 th period (Fiscal year ending March 31, 2017)	11 th period (Fiscal year ending March 31, 2018) (Current consolidated fiscal year)
Amount of sales (million yen)	29,021	20,751	18,362	14,443
Ordinary profit or ordinary loss (Δ) (million yen)	3,018	Δ384	1,010	Δ1,374
Net profit or net loss attributable to parent company shareholder (Δ) (million yen)	4,458	Δ8,900	156	Δ10,529
Net profit or net loss per share (Δ)	44.91	Δ89.66	1.57	Δ106.07
Total assets (million yen)	82,436	70,490	69,618	47,120
Net assets (million yen)	10,193	1,289	1,463	Δ9,078
Net assets per share (yen)	102.69	12.99	14.74	Δ91.46

(Note) Consumption taxes are not included in net sales.

(3) Status of important parent company and subsidiaries

① Status of parent company

Company name	Capital	Ratio of voting rights to the Company	Relationship with our company
Cairn India Holdings Limited	USD 755, 567, 901	51. 63 %	Not applicable.

(Note) The share transfer agreement was concluded on December 20, 2017, between Cairn India Holdings Limited and Carlyle Japan International Partners II, LP, Carlyle Japan Partners II, LP, CJP Co-Investment II B LP and CJP Co-Investment II A LP, based on this agreement, Cairn India Holdings Limited transferred the company's common stock from Carlyle Japan International Partners II, LP, Carlyle Japan Partners II, LP, CJP Co-Investment II B LP and CJP Co-Investment II A LP on December 22, 2017, as a result, the ownership percentage of Cairn India Holdings Limited to the voting rights of the company's total shares, etc. became 51.63% and the same company became the parent company of this company.

② Status of important subsidiaries

Company name	Capital	Ratio of voting rights to the Company	Main Business Contents
AvanStrate Taiwan Inc.	1,600 million TWD	100. 0 %	Manufacture and sales of glass substrates for liquid crystal displays and panels
AvanStrate Korea Inc.	148, 577 million TWD	100. 0 %	Manufacture and sales of glass substrates for liquid crystal displays and panels

③ Matters concerning specified wholly owned subsidiaries

Company name	Address	Total amount of book value	Total assets of our company
AvanStrate Taiwan Inc	Taiwan Tainan City	34, 421 million yen	46, 043 million yen

(4) Issues to be addressed:

Although this company group supplies glass substrates for liquid crystal displays and panels, the penetration rate of liquid crystal TVs, which are users of liquid crystal displays and panels, and liquid crystal monitors of PCs, has already saturated in Japan, Europe and the United States, the growth is slowing also in emerging countries, and we are moving towards mature markets.

Along with this, the balance between demand and supply of liquid crystal display / panel glass substrates has been relaxed, competition within the industry has been promoted, and the company group is required to strengthen its efforts to reduce prices, improve quality, and strictly adhere to delivery schedules. We believe that the issues to be addressed are as follows.

① Securing stable production

The glass melting furnace at our factory requires periodic repair, and the frequency of repair required for each melting furnace is different, but we are planning to repair it almost once every three years. We believe that it is important to minimize the inoperative period and stabilize the production by reducing this repair frequency, shortening the repair work period, and eradicating troubles during the operation period.

It is possible to stabilize manufacturing cost and quality by stabilizing production, which is also a prerequisite for keeping the delivery date to customers, so we will continue to focus on it in the future.

② Appropriate approach to customers

Conventionally, due to restrictions on production capacity, sales to specific customers have been highly concentrated, but we also worked to expand the number of customers with the expansion of production capacity by improving productivity and sheet thinning.

Regarding the expansion of the number of customers, we believe that it is important to improve the status of this company group as a whole in the market as well as to reduce the risk of fluctuations in the business of this group.

③ Expansion of production capacity and cost down by improving production efficiency

We believe it is extremely important to promote cost reduction by improving production efficiency in order to secure profits in an environment where price downward pressure on glass substrates for liquid crystal displays and panels continues. In order to achieve this objective, this company group is working to expand the volume of glass substrates for liquid crystal displays and panels produced from one melting furnace by further increasing the size of existing melting furnaces.

In the future, we will also proceed with efforts to reduce the thickness of glass substrates for liquid crystal displays and panels to meet the needs of liquid crystal displays / panels / manufacturers. By thinning, it is possible to increase the glass substrate production area from the melting furnace of the same capacity.

㊦ Ensuring superiority in terms of quality and providing glass substrates suitable for high-definition liquid crystal displays and panels

In order to provide optimal solutions for customers in the liquid crystal display / panel industry, which are progressing toward higher panel sizes and higher image quality, and it is essential to maintain high competitiveness in the quality of glass substrates for liquid crystal displays and panels. For this reason, this company group will actively invest limited resources on research and development, and will work to strengthen the development of technologies such as stable achievement of high quality and thin plate.

In particular, among the liquid crystal displays / panels, there is a growing demand for development of higher definition liquid crystal displays / panels, such as low temperature polysilicon (LTPS) which is adopted for high-definition smart phones, but to realize it, glass substrates for liquid crystal displays and panels with high quality and low thermal shrinkage ratio are required.

㊦ Innovation of management system, corporate culture, etc.

Although the Group has become a system that can perform more aggressive management in terms of capital than before, we believe in strengthening the management system is necessary to effectively utilize the freedom of management in the future. In particular, we recognize that it is an important task to establish a management structure that can accurately judge the situation of the market and carry out business management while conducting meticulous risk analysis. In addition, in order to realize that task, we also believe that it is essential to foster a corporate culture based on autonomous behavioral standards at the same time. From this point of view, we will continue to work on autonomous and responsible management of each department, and at the same time we will work to improve the monitoring functions and create a mechanism that can pursue the group's overall optimization.

Also, on the personnel system side, we will continue to review the treatment system and evaluation system, and build a remuneration system that enhances the linkage between the results of this company group and the returns of executives and employees, thereby enhancing motivation and we will strive to strengthen our spirit of challenge and eventually shall strengthen the Group's competitiveness.

◎ Improvement of financial structure

This company Group has been in a state of having a large amount of debt in the present situation, and has continued to repay partly by issuing ordinary corporate bonds or refinance to a loan with less restrictions, etc. However, improvement is an important issue, and we will strive to expand operating cash flow towards repaying debt and streamline investment cash flow. Also, to properly invest capital investment in line with the trend of the market, is a very important task for the Group's continued existence, but when doing these, we always consider the issue of improving the financial structure at the same time and we will continue to make appropriate decisions as necessary, and we will work to expand cash flow.

(5) Major business contents (as on f March 31, 2018)

As a single business, this business Group conducts the glass substrate business for liquid crystal displays and panels (manufacturing and selling glass substrates for liquid crystal displays and panels).

(6) Major offices and plants (as on March 31, 2018)

Our company	Head office: Shinagawa-ku, Tokyo
AvanStrate Taiwan Inc	Head office: Tainan, Taiwan
AvanStrate Korea Inc	Head office: South Korea Gyeonggi-do

(7) Status of employees (as on March 31, 2018)

◎ Status of employees of the corporate group

Business classification	No. of users	Change from the end of the previous consolidated fiscal year
AvanStrate Co., Ltd.	9 people	3 people reduced
AvanStrate Taiwan Inc.	543	51 people reduced
AvanStrate Korea Inc.	84	22 people reduced
Total	636	76 people reduced

(Note) 1. The number of people used is the number of employees.

2. The fact that the number of employees decreased by 76 compared to the end of the previous fiscal year is mainly due to the reduction in personnel due to streamlining operations.

◎ Status of employees of this company

No. of users	Change ratio from previous year end	Average age group	Average years of service
9 people	3 people reduced	43 years and 6 months	6 years and 5 months

(Note) The number of users is the number of employees.

(8) Status of major borrowers (as on March 31, 2018)

Parties involved	Amount of borrowings
Cairn India Holdings Ltd.	34,719 million yen
HOYA Corporation	8,047 million yen
Hakodate Bank, Ltd.	1,900 million yen

(9) Other important matters concerning the current situation of the corporate group (as on March 31, 2018)

Carlyle Japan International Partners II, LP, Carlyle Japan Partners II, LP, CJP Co-Investment II B, LP and CJP Co-Investment II A, LP, which were shareholders of this company, transferred shares (Totaling 51,251,800 shares) to Cairn India Holdings Limited (hereinafter referred to as "CIHL") on December 22, 2017. This makes us a subsidiary of CIHL.

2. Current status of the company

(1) Stock status (as on March 31, 2018)

- ① Total number of issuable shares 400,000,000 shares
- ② Total number of issued shares 99,258,900 shares
- ③ Number of shareholders 18 people
- ④ Major shareholders (Top 11 people)

Name of shareholders	No. of shares	Holding ratio
Cairn India Holdings Limited	51,251,800 shares	51.63%
HOYA CORPORATION	46, 227, 200	46.57
Innolux Corporation	900,000	0.91
Dai Nippon Printing Co., Ltd.	333, 300	0.34
Toray Engineering Co., Ltd.	111, 100	0.11
Jun Makino	60,000	0.06
Kazuhiko Hoshino	60,000	0.06
Tanaka Kikinzoku Kogyo Co., Ltd.	55,500	0.06
Kiichi Yoshida	50,000	0.05
Yuugi Nagayama	40,000	0.04
Takami Tanaka	40,000	0.04

(Note) We do not own treasury shares.

(2) Stock acquisition rights etc.

① Status of stock acquisition rights delivered as consideration for the execution of duties held by our officers (as on March 31, 2018)

Not applicable.

② Status of stock acquisition rights delivered to employees of this company etc. as consideration for the performance of duties during the current fiscal year

Not applicable.

(3) Status of Corporate Officers**(1) Status of Directors and Corporate Auditors (As on March 31, 2018)**

Status	Name	Important concurrent positions
CEO	Hideki Horiuchi	AvanStrate Taiwan Inc. President Representative Director of AvanStrate Korea Inc.
Managing director	Akarsh K Hebbar	
Director	Anand Agarwal	Sterlite Technologies Limited Board of Directors CEO
Director	John Kolada	Vedanta Resources Group Strategy and Special Project Chairperson
Director	Takesuke Takeuchi	HOYA Corporation General Counsel
Auditor	Shuji Miyake	HOYA Corporation Audit Committee Secretary General Corporate Auditor of HOYA Service Co., Ltd. Corporate Auditor, HOYA CANDEO OPTRONICS CO., LTD. Corporate Auditor, Seiko Optical Products Co., Ltd.
Auditor	Saumil Shah	Dhruva Advisors partner

(Note) At the extraordinary general meeting of shareholders held on February 14, 2018, the amendments to the articles of incorporation were approved, and our Company has moved from a company with a board of auditors, to a company with a corporate auditor. Accordingly, Mr. Shuji Miyake and Mr. SaumilShah, statutory auditors have been changed from external corporate auditors to corporate auditors.

◎ Directors and corporate auditors who retired during the fiscal year

Name	Retirement date	Reason for retirement	Status and responsibilities at the time of retirement and status of important concurrent positions
Yamada Hiroyuki	December 22, 2017	Retirement	External Director Carlyle Japan LLC Representative in Japan Director of Aruhi Co., Ltd. Director of Wing Arc 1st Co., Ltd. Director of Money Square Corporation HD
Hiroshi Kawahara	December 22, 2017	Resigning	external Director Carlyle Japan LLC Managing Director Director of Wing Arc 1st Co., Ltd. Money Square Corporation HD Director
Katsumi Imoto	December 22, 2017	Resigning	External Corporate Auditor Statutory auditor of Senqcia Corporation
Yoshiyuki Matsushima	February 10, 2018	Resigning	Full time auditor Auditor AvanStrate Korea Inc. AvanStrate Taiwan Inc. Inspector
Shiv Nath	February 14, 2018	Resigning	Twinstar Display Technologies Limited COO

(Note) Director Tatsukushi Takeuchi resigned on April 20, 2018.

③ Remuneration etc. for directors and corporate auditors

(a) Total amount of remuneration etc. for the current fiscal year

Category	Salaried employees	Amount of remuneration
Director (Including external director)	2 people (-)	32 million yen (-)
Auditor (Including external auditor)	1 (-)	10 (-)
Total (Including external employees)	3 (-)	41 (-)

(Note) 1. Amount of remuneration etc. for directors does not include wage salaries of directors concurrently serving as employees.

2. The maximum amount of remuneration for directors is resolved at a resolution of the general shareholders meeting on June 30, 2010 to be within the amount of 100 million yen per year (but not including employee wages).

3. The maximum remuneration of Corporate Auditors has been resolved within 24 million yen per annum at the shareholders meeting resolution on August 20, 2008.

(b) Retirement bonuses paid for the current fiscal year

Not applicable.

(c) Total amount of officer remuneration etc received by external officers from the parent company or subsidiary

Not applicable.

④ Matters concerning outside officers

(a) The status of important concurrent positions of other corporations and the relationship between this Company and the other corporation

· Director Kazuhiro Yamada is a director of Carlyle Japan LLC in Japan, Aruhi Group Co., Ltd., Wing Arc 1st Co., Ltd. and Money Square HD Co., Ltd., neither of these companies has any special relationship with our company.

· Director Hiroshi Kawahara is the management director of Carlyle Japan LLC, as well as a director of Wing Arc 1st Co., Ltd. and Money Square HD Inc., neither of these companies has any special relationship with our company.

· Director Mr. Tatsuke Takeuchi is the general counsel of HOYA Corporation, there is a business relationship of money consumption loaning with this company as the lender and our company as the lessee.

· · Auditor Shuji Miyake is the Secretary General of the Audit Committee of HOYA Corporation, and the corporate auditor for Hoya service company limited, Hoya CANDEO OPTRONICS Co., Ltd., and Seiko - Optical Products Co., Ltd., butwith HOYA Corporation there is a transaction relationship of money consumption and borrowing with this company as the lender and our company as the lessee. There is no special relationship between our company and any other company.

· Auditor Katsumi Imoto is the corporate auditor of Senqcia Co., Ltd., but there is no special relationship with our company.

(b) Major activities in this fiscal year

Classification	Name	Attendance status and remark status
Director	Yamada Hiroyuki	Attended all 14 meetings of the Board of Directors held during the fiscal year under review. We make statements at the Board of Directors to ensure the appropriateness of decision-making by the Board of Directors.
Director	Hiroshi Kawahara	Attended all 14 meetings of the Board of Directors held during the fiscal year under review. We make statements at the Board of Directors to ensure the appropriateness of decision-making by the Board of Directors.
Director	Takesuke Takeuchi	After taking office as external director, attended 1 Board of Directors Meeting held in the current fiscal year. At the Board of Directors, made remarks to ensure the appropriateness of the Board of Directors' decisions, based on the expert knowledge and experience of the law as a lawyer.
Auditor	Katsumi Imoto	Attended all 14 meetings of the Board of Directors and all 12 meetings of the Board of Corporate Auditors held during the fiscal year under review. We make statements at the Board of Directors to ensure the appropriateness of decision-making by the Board of Directors. Also, the Board of Corporate Auditors made necessary remarks for deliberations and other matters.
Auditor	Shuji Miyake	Attended 13 out of 14 meetings of the Board of Directors and 13 out 14 Board of Corporate Auditors meetings held during the fiscal year. We make statements at the Board of Directors to ensure the appropriateness and appropriateness of decision-making by the Board of Directors. Also, the Board of Corporate Auditors made necessary remarks for deliberations and other matters.
Auditor	SaumilShah	After taking office as external Corporate Auditor, we have not been absent from all 3 meetings of the Board of Directors and all 2 meetings of the Board of Corporate Auditors held during the fiscal year.

(Note) 1. In addition to the number of times the above board of director's meetings were held, there

were 3 written resolutions that regarded as resolutions of the Board of Directors, based on Article 370 of the Companies Act and Article 28 of the Company's Articles of Incorporation.

2. Kazuhiro Yamada Director, Hiroshi Kawahara Director and Katsuomi I moto auditor retired as directors and corporate auditors, respectively at the conclusion of extraordinary shareholders' meeting on December 22, 2017. The number of holdings and number of attendance of the above Board of Directors and the Board of Corporate Auditors have been indicated during the term of office.

3. Saumil Shah was appointed as auditor at the extraordinary general meeting of shareholders as of December 22, 2017, regarding the number of holdings and attendance times of the above-mentioned Board of Directors and Board of Corporate Auditors, it is the number of times as stated since the appointment date.

4. At the Extraordinary General Meeting of Shareholders held on February 14, 2018, the Company changed the Company's Articles of Incorporation and transferred from a company with a Board of Corporate Auditors to a Company with Corporate Auditors. As a result, auditor Shuji Miyake and auditor Saumil Shah retired as external auditor on the same date and assumed office as Corporate Auditor.

c) Outline about the contents of liability limitation contract

Our company, Takeuchi Director and Miyake Corporate Auditor have concluded a contract to limit the liability for damages under Article 423, Paragraph 1 of the same Act, pursuant to Article 427, Paragraph 1 of the Companies Act.

The maximum amount of liability for damages under this agreement is limited to the amount prescribed by laws and regulations.

(4) Status of Accounting Auditor

① Name: Ernst & Young Shin Nihon LLC

② Amount of remuneration

	Amount of remuneration
Amount of remuneration etc. of accounting auditor for the current fiscal year	49 million yen
Total amount of cash and other property benefits to be paid by our company and its subsidiaries to the accounting auditor	- yen

(Note) 1. Because the audit contract between our company and the accounting auditor does not clearly distinguish the amount of the audit fee etc. of the audit based on the Companies Act and the audit based on the Financial Instruments and Exchange Act, it cannot be classified practically; The total amount of these items is stated in the amount of remuneration etc. of the accounting auditor for the fiscal year.

2. For our subsidiaries AvanStrate Taiwan Inc. and AvanStrate Korea Inc., Ernst & Young, which belongs to the same network as our audit certified public accountants etc., conducts audits.

(5) System to ensure the appropriateness of operations

The outline of the decisions on "System for ensuring that the execution of duties by directors conforms to laws and regulations and the Articles of Incorporation and other systems for securing the appropriateness of company operations" is as follows.

(1) System for ensuring that the execution of duties by directors and employees conforms to laws and regulations and the Articles of Incorporation

(a) In order to ensure that the execution of duties by executives and employees conforms to laws and regulations and the Articles of Incorporation, "Management Principles" and "Action Guidelines" shall be established.

(b) Through the establishment and dissemination of various in-house regulations such as the "Board of Directors Regulations" and "Compliance Regulations", executives and employees shall establish a system to comply with laws and regulations.

(c) Establish a supervising department responsible for compliance, establish an appropriate education and training system for employees, and in addition conduct educational activities on compliance.

(d) Establish an internal reporting and consultation system on compliance and establish external contacts by outside lawyers and others.

(2) System concerning the preservation and management of information during the execution of duties

by directors

(a) The handling of important documents related to the execution of duties by the Board of Directors shall be appropriately preserved and managed (including disposal) in accordance with the "Regulations of the Board of Directors".

(b) When requested by the Corporate Auditor, the department in charge shall at any time offer the document requested for inspection or provide a transcript.

③ Regulations on the management of the risk of loss and other systems

(a) Establish "Risk Management Regulations" and "Crisis Management Regulations" and make the first priority to prevent various risks arising from the daily work execution as much as possible, and at the same time we will establish a system to minimize damages on the corporate value when a crisis occurs.

④ System for ensuring efficient execution of duties by directors

(a) In addition to holding regular meetings, the Board of Directors shall hold temporary meetings as necessary, and secure a system that will not hinder the proper performance of duties, such as using a TV conference system to enhance mobility.

(b) The execution of duties based on the decisions of the Board of Directors shall be in accordance with the "Division of Duties of Work", "Regulations of Job Functions", "Rules of Approval" and "Regulations of Affiliated Companies".

(c) In order to properly manage and achieve management targets, we will continuously verify the status of achievement of individual measures including counting forecast management, and develop a system to reflect the results.

⑤ Structure to ensure the appropriateness of operations in our company group

(a) Establish "Rules for Management of Affiliated Companies" and conduct business management of each group company based on the settlement and reporting system for our company based on the rules.

(b) The persons responsible for each group company shall attend the monthly management related conference, and carry out the business execution and share information among group companies.

⑥ Matters concerning the placement of employees who should support the duties of Corporate Auditors and the independence of such employees from Directors

(a) If the Corporate Auditor requests that an employee who should assist the duties be appointed, the Board of Directors will negotiate with the Corporate Auditors and designate persons that the Corporate Auditor deems necessary as employees to assist the Corporate Auditors.

(b) The prior consent of each corporate auditor is required for personnel changes / appraisals of employees who should assist the corporate auditors' duties. In case

⑦ System for reporting to the corporate auditors by directors and employees, and systems related to reports to other corporate auditors

(a) Corporate auditors attend meetings of the Board of Directors and other meetings as necessary.

(b) Directors and employees shall promptly report the facts to the corporate auditors if there is a risk of significant violation of laws and regulations or the Articles of Incorporation of the Company, any serious damage, or there is a risk of such damage.

⑧ System for ensuring that audits by other corporate auditors are carried out effectively

(a) Corporate auditors exchange views with representative director and president on important matters concerning audits.

(b) The corporate auditors maintain cooperation with the accounting auditors, exchange opinions and information, and request reports from the accounting auditor as necessary.

(c) The Corporate Auditors attend as observers on investment and loans meetings for reviewing the revision or abolition of important internal company systems, or other important internal meetings and build a system that can provide information, necessary reports and reports according to each Corporate Auditor's request.

(d) Directors and employees shall cooperate with investigations from the corporate auditors or requests for hearing.

(e) In addition, the directors and employees shall respect matters stipulated in the "Corporate Audit Audit Regulations".

⑨ System to ensure the appropriateness of financial reporting

(a) Directors and employees shall ensure the appropriateness of financial reporting through business execution in compliance with the "Internal Control Regulations for Financial Reporting".

(b) Directors and employees shall operate, develop and improve appropriate systems to identify, analyze, and reduce the risks of misstatements in important matters of financial reporting, and make financial reporting to ensure the appropriateness of the system.

⑩ Structure to block relations with antisocial forces

(a) Directors and employees shall comply with the "anti-social forces action guidelines" and block the relationship with antisocial forces.

(b) The Directors and Employees shall ensure the smooth operation of the system for fulfilling prescribed matters in good faith "antisocial forces response guidelines" and for blocking relations with antisocial forces.

(6) Basic policy on company control

We have not specified any basic policies concerning the way people control dominance of finance and business policies.

Consolidated balance sheet
As of March 31, 2018

(Unit: million yen)

Items	Amount	Items	Amount
(Assets section)		(Liabilities section)	
Current assets	8,755	Current Liabilities	2,098
Cash and deposits	3,515	Accounts payable	41
Accounts receivable	1,846	Accrued expenses	555
Merchandise and finished goods	720	Accrued expenses of affiliates	174
Work in process	425	Accounts payable	687
Raw materials and supplies	425	Accounts payable	0
Refund income tax etc.	1,078	Accrued income taxes etc.	542
Others	361	Advance payment	70
Fixed asset	811	Accrued bonuses	29
Tangible fixed assets	38,365	Others	54,100
Buildings and structures	36,489	Fixed liabilities	1,900
Machinery equipment and vehicles	4,877	Long-term debt	42,766
Tools, equipment and supplies	31,115	Affiliated company long-term debt	6,696
Construction in progress	204	Corporate bond	2,333
Intangible fixed assets		Deferred tax liabilities	406
Others	293	Others	
Investments and other assets	24		56,198
Deferred tax asset	24	Total liabilities	
Long-term guarantee deposit	1,853	(Net Assets section)	
Assets related to retirement benefits	1,221	Shareholders' equity	△9,079
Others	479	Capital	100
	80	Capital surplus	50,089
	73	Earned surplus	△59,269
		Accumulated other comprehensive income	2
		Accumulated adjustment on retirement benefits	2
		Total net assets	△9,078
Total assets	47, 120	Total liabilities net assets	47, 120

(Note) Amount below one million yen is rounded off.

Consolidated income statement

**From April 1, 2017
Until March 31, 2018**

(Unit: million yen)

Items	Amount	
Amount of sales		14,443
Cost of sales		11,718
Gross profit		2,725
Selling, general and administrative expenses		2,023
Operating income		702
Non-operating income		
Interest income	1	
Gain on sale of work scrap	33	36
Others	2	
Non-operating expenses		
Interest expense	349	
Interest expense of affiliates	379	
Interest on corporate bonds	507	
Exchange loss	79	
Borrowing-related expenses	462	
Commission paid	180	2,112
Others	156	
Ordinary loss		△ 1,374
Special profit		
Gain on cancellation of bond purchase	7,961	
Gain on sale of fixed assets	1	7,962
Special loss		
Loss on disposal of fixed assets	306	
Impairment loss	15,917	
Past tariff	323	16,546
Loss before income taxes and minority interests		△ 9,957
	34	
Corporate tax, inhabitant tax and enterprise tax	104	
Income tax for previous years	433	571
Income tax adjustments		△ 10,529
Net loss for the current period		△ 10,529
Net loss attributable to parent company shareholder		△ 10,529

(Note) Amount below one million yen is rounded off.

Consolidated Statement of Changes in Net Assets

**From April 1, 2017
Until March 31, 2018**

(Unit: million yen)

	Shareholders' equity				Other accumulated comprehensive income		Total net assets
	Capital	Capital surplus	Retained earnings	Total Shareholders' equity	Accumulated adjustment on retirement benefits	Total other accumulated comprehensive income	
Beginning balance of current period	13,538	36,652	△ 48,740	1,449	14	14	1,463
Changes in current period							
Capital reduction	△ 13,438	13,438		—			—
Net loss attributable to parent company shareholder			△ 10,529	△10,529			△ 10,529
Current change in items other than shareholders' equity (net)					△12	△12	△12
Total changes in current period	△ 13,438	13,438	△ 10,529	△10,529	△12	△12	△ 10,541
Balance at end of current period	100	50,089	△ 59,269	△9,079	2	2	△9,078

(Note) Amount below one million yen is rounded off.

Notes to Consolidated Financial Statements:

1. Notes concerning premises of ongoing business

As on the consolidated fiscal year end under review, this company group's results were, consolidated net sales of **14,443** million yen, consolidated operating income of **702** million yen, consolidated ordinary loss of Δ **1,374** million yen, net loss attributable to parent company shareholder of Δ **10,529** million yen consequently, the amount of net assets in the consolidated balance sheet is in excess of liabilities of Δ **9,078** million yen.

Also, the total amount of "long-term borrowings", "long-term borrowings of affiliated companies" and "corporate bonds" on the consolidated balance sheet as on the consolidated balance sheet date was **51,362** million yen, which reveals a high level.

As a result of the above, there are events or situations that will cause significant suspicion on the premise of a going concern.

In order to resolve this situation, this company group plans and implements efforts to deal with the following countermeasures.

1. Securing orders and sales

Our company intensively allocates the Group's production capacity to markets with strong orders, and we are working to secure the continuation of orders from new customers by improving quality and also by developing new products.

2. Stabilization of cash flow

According to the business revitalization plan sponsored by Cairn India Holdings Limited, a parent company that was established and approved by the Specified Certified Dispute Settlement Procedure (hereinafter referred to as "Business Revitalization ADR Procedure") on December 19, 2017, Among the syndicated loans and NEXI insured loans, making Bank of Tokyo-Mitsubishi UFJ as the agent as on December 22, 2017, an amount of 33,904 million yen was transferred to Cairn India Holdings Limited and changed to borrowing conditions having easing repayment terms and an amount of 1,900 million yen was changed to borrowing conditions with easy repayment and relaxing the interest rate conditions. In addition, due to these changes, the financial covenant provision of syndicated loans making Mitsubishi Tokyo UFJ, Ltd. as agents, has been eliminated.

Then, at the resolution of the Board of Directors dated December 19, 2017, it was resolved to purchase and cancel a portion of the first unsecured bonds and the second unsecured bonds of AvanStrate Co., Ltd., based on this, AvanStrate Corporation acquired such bonds by December 28, 2017 with the aim of purchasing and canceling part of the first unsecured bonds and the second unsecured bonds. In order to raise funds to acquire the above-mentioned bonds, we have concluded a cash loan for consumption contract with Cairn India Holdings Limited on December 22, 2017, and those acquired bonds were cancelled on December 28, 2017.

Furthermore, on December 22, 2017, we entered into a change agreement including the change in

repayment terms concerning borrowings from HOYA Corporation.

At the bondholders' meeting held on September 29, 2017, regarding the first unsecured bonds and the second unsecured bonds of AvanStrate Co., Ltd., a partial change of the corporate bonds including the change of redemption conditions was approved, by obtaining the respective permission from Tokyo District Court on October 5, 2017.

In addition to the above measures, besides the reporting of business results and financial condition of this company group to business financial institutions in a timely manner, we also strive in building a good relationship by understanding, further stabilizing funding and cash flow.

The degree of uncertainty regarding the stabilization of cash position has been reduced by changing the repayment terms of the above loan and changing the redemption conditions of bonds.

However, even if these measures are taken, it is necessary to improve performance and finance in order to resolve excess debt and to repay high-level borrowings. Securing sales, which is an important factor in achieving the business plan for that purpose, depends greatly on external factors, because securing necessary capital investment funds is also not certain, there is a possibility that it will have a significant influence on future cash flow. Therefore, important uncertainty regarding the premise of the going concern has been recognized.

The consolidated financial statements are prepared on the premise of a going concern, and the effects of significant uncertainties concerning the assumptions of such continuing companies are not reflected in the consolidated financial statements.

2. Notes concerning important matters as the basis for preparing consolidated financial statements

(1) Matters concerning the scope of consolidation

① Status of consolidated subsidiaries

Number of consolidated subsidiaries: 2 companies

Name of consolidated subsidiaries: AvanStrate Taiwan Inc.

AvanStrate Korea Inc.

② Status of non-consolidated subsidiaries

Not applicable.

In case

③ Status of companies etc. that did not become subsidiary despite their majority voting rights

Not applicable.

(2) Matters concerning the application of equity method

Not applicable. In case

(3) Matters concerning the scope of consolidation and the scope of application of equity method

Not applicable.

(4) Matters concerning the fiscal year etc. of consolidated subsidiaries

The end of the fiscal year of all consolidated subsidiaries is consistent with the consolidated fiscal year.

(5) Matters related to accounting standards

① Evaluation Criteria and Methods for Important Assets

1. Inventory assets

Our company adopts the cost method based on the specific identification method for stored goods (the balance sheet value is calculated by the book value devaluation method based on the decline in profitability).

For consolidated subsidiaries, merchandise and products, work in progress and raw materials are stated at the lower of cost or market, using the moving-average method, and for stored goods, the lower of cost or market is determined by the specific identification method.

② Method of depreciation of important depreciable assets

1. Tangible fixed assets

This company adopts the declining-balance method. However, buildings (excluding attached facilities) are depreciated using

the straight-line method. The consolidated subsidiaries adopt the straight-line method.

The main useful lives are as follows.

Buildings and structures 3-51 years

Mechanical equipment and vehicles 2-7 years

Tools, fixtures and furniture 2-10 years

2. Intangible fixed assets

Our company and its consolidated subsidiaries adopt the straight-line method.

For in-house use software, it is based on the in-house period (3 to 5 years) available.

㊦ Criteria for recording important provisions

Accrued bonuses

Our company and its consolidated subsidiaries record the payment for the current consolidated fiscal year in order to cover the payment of bonuses to employees.

㊦ Other important matters for preparing consolidated financial statements

1. Accounting treatment of consumption tax etc.

Consumption tax and local consumption tax are accounted using the tax exclusion method.

2. Conversion standards of assets or liabilities denominated in foreign currencies into Japanese currency

Monetary assets and liabilities denominated in foreign currencies are converted into yen at the spot exchange rate on the consolidated closing date, and the converted differences are treated as gains or losses.

3. Matters concerning amortization of goodwill

Amortization of goodwill is amortized using the straight-line method over 20 years.

4. Method of accounting for retirement benefits

In order to prepare for retirement benefits of some of the consolidated subsidiaries, based on the projected benefit obligation and the estimated amount of plan assets at the end of the consolidated fiscal year, an amount deemed to have occurred at the end of the current consolidated fiscal year is posted.

1. Period attribution method for estimated retirement benefit amount
For the calculation of retirement benefit obligation, the method for calculating the estimated retirement benefit attributable to the period until the end of the current consolidated fiscal year is based on the benefit formula.

1. Cost method of actuarial difference

Actuarial gains and losses are amortized as incurred by the straight-line method over the fixed years (1 year) within the average remaining service period of employees at the time of occurrence in each consolidated fiscal year in the following consolidated fiscal year. In addition to the above, our company and its consolidated subsidiaries have adopted a defined contribution pension plan.

5. Change in display method

(Consolidated Balance Sheet)

In the previous consolidated fiscal year, "Refundable corporation tax, etc." which was shown in "Other" category of "Current assets", and "Long-term guarantee deposit" which was shown in "Other" category of "Investments and other assets", and "Accrued expenses of affiliated companies", which was presented in the category "Accrued expenses" under "Current liabilities" were decided to be stated separately from the current consolidated fiscal year due to the increased importance of monetary value.

3. Notes on Consolidated Balance Sheet

(1) Assets pledged as collateral and debt obligations related to collateral

① Assets pledged as collateral

Machinery equipment and transport vehicles 20,831 million yen

Long-term guarantee deposit 323 million yen

Affiliated company stock 34,421 million yen

Total 55,575 million yen

② Debt obligations related to collateral

Long-term debt 1,900 million yen

Affiliated company long-term debt 42,766 million yen

Total 44,665 million yen

(Note) Stocks of affiliated companies are eliminated on consolidation and therefore are not included in the consolidated financial statements.

(2) Accumulated depreciation of tangible fixed assets 41,661 million yen

(3) Financial covenant provision

Upon "Cash loan for consumption contract" (hereinafter "HOYA loan contract") concluded with HOYA Corporation on June 20, 2014 (including the change in contract which was concluded on "October 27, 2015" and on December 22, 2017) we pledge to satisfy the following financial index values calculated on the basis of consolidated financial statements as a general rule.

(1) The amount by adding 15,917 million yen which is equivalent to the impairment loss of goodwill that occurred in the fiscal year ended September 30, 2017, to the amount of net assets on the consolidated balance sheet at the end of fiscal year and each interim period from September 30, 2019, shall maintain at least 7,800 million yen.

(2) Record ordinary income and net income in the consolidated income statement for each business year after the fiscal year ended March 31, 2020.

(3) Maintain the consolidated free cash flows for each interim period and each settlement period after the interim period of September 31, 2019, at an amount exceeding 0 yen.

4. Notes on consolidated income statement

(1) Research and development expenses included in selling, general and administrative expenses

Research and development expenses included in selling, general and administrative expenses are as follows.

355 million yen

(2) Impairment loss

The Group recorded an impairment loss on the following asset groups.

(Unit: million yen)

Purpose	Type	Impairment loss
Manufacture and sales of glass substrates for liquid crystal displays and panels	Goodwill	15,917

In understanding the impairment, as a principle our company group classifies assets based on the management classification that continually comprehends income and expenditure.

For items whose recoverability is no longer recognized over the estimated period of future cash flows due to changes in the business environment in the Group, the book value was reduced to the recoverable value, and the corresponding reduced amount was accounted as impairment loss in

extraordinary loss.

The recoverable value is measured based on the value in use (discount rate: 8.7%) which is based on future cash flows.

(3) Previous tariffs

It is the additional tax payment based on the customs survey of AvanStrate Korea Inc. which is a consolidated subsidiary.

(4) Previous year income tax

Mainly, an estimated amount of tax payment that accompanies tax investigation in the consolidated subsidiary AvanStrate Taiwan Inc. is accounted.

5. Notes on Consolidated Statement of Changes in Net Assets

(1) Matters concerning the type and total number of outstanding shares

Type of stock	Number of shares at the beginning of current consolidated fiscal year	Number of shares increased during current consolidated fiscal year	Number of shares decreased during current consolidated fiscal year	Number of shares at the end of current consolidated fiscal year
Common stock	99, 258, 900 shares	- shares	- shares	99, 258, 900 shares

(2) Matters concerning types and number of treasury shares

Not applicable. In case

(3) Matters concerning the distribution of surplus

Not applicable.

(4) Matters concerning stock acquisition rights at current consolidated fiscal year end

	1 st time new share subscription rights	2 nd time new share subscription rights	3 rd time new share subscription rights	4 th time new share subscription rights
Type of target stock	Common stock	Common stock	Common stock	Common stock
Number of target stocks	1,769,900 shares	64, 200 shares	48, 000 shares	20, 500 shares
Balance of the stock acquisition rights	17,699 pieces	642 pieces	480 pieces	205 pieces

6. Notes concerning financial instruments

(1) Matters concerning the status of financial instruments

① Initiatives for financial products

Our company group restricts fund investment to short-term deposits, and the fund procurements are based on borrowing from corporate bonds and financial institutions.

② Contents of financial instruments and risks related to such financial instruments

Trade receivables, which are account receivables, are exposed to customers' credit risk. In addition, the selling price with customers depends on either yen-denominated price or negotiated price based on yen denominated price, and our company group's exchange rate risk is limited.

Accounts payable, which is an operating obligation, is due within 1 month.

Borrowings are aimed at procuring necessary funds for capital investment, and we issue funds for long-term capital investment by issuing corporate bonds. Since this loan is with floating interest rate, it is exposed to the risk of interest rate fluctuation. For corporate bonds, we have fixed interest rates.

③ Risk management system related to financial instruments

A. Management of credit risk (risks related to counterparty's nonperformance to contracts, etc.)

Our company group regularly monitors the status of business partners based on the credit management rules and manages the due dates and balances for each business partner. Consolidated subsidiaries also manage them accordingly.

B. Management of market risk (fluctuation risk of foreign exchange and interest rates)

Our company group's operating receivables and payables, the sales prices with customers depend on yen-denominated value or the negotiated prices based on yen-denominated, foreign exchange risk is limited.

C. Management of liquidity risk on financing (risk of failing to make payment by due date)

In our company group, each company manages by a method such as creating a fund-raising plan in a timely manner at the Group. Financial restriction clauses are attached to borrowings. Please refer to "3. Notes on Consolidated Balance Sheet" for details.

④ Supplementary explanation about matters concerning market value etc. of financial instruments

The fair value of financial instruments includes the value based on market price, and the value reasonably calculated when there is no market price. Since the fluctuation factor is included in the calculation of the above value, the value may fluctuate by adopting different assumptions etc.

⑤ Concentration of credit risk

89% of operating receivables at the consolidated closing date for the current fiscal year are for specific large customers.

(2) Matters concerning fair value etc. of financial instruments

The amount recorded on the consolidated balance sheet, the fair value and the difference between them on March 31, 2018 are as follows.

(Unit: million yen)

	Amount recorded on consolidated balance sheet	Market value	Differential amount
(1) Cash and deposits	3, 515	3, 515	-
(2) Accounts receivable	1, 846	1, 846	-
Total assets	5, 361	5, 361	-
(1) Accounts payable	41	41	-
(2) Long-term borrowings	1, 900	1, 490	△409
(3) Long-term borrowings of affiliated companies	42, 766	42, 749	△17
(4) Bonds	6, 696	377	△6, 320
Total liabilities	51, 403	44, 657	△ 6, 746

(Note) Method of calculating fair value of financial instruments

Assets

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

Because these are settled in a short period of time, the fair value approximates the carrying amount, so it is based on the book value.

Liabilities

(1) Accounts payable

Because these are settled in a short period of time, the fair value approximates the carrying amount, so it is based on the book value.

(2) Long-term borrowings (3) Long-term borrowings of affiliated companies

For these market prices, we calculate the total amount of principal and interest discounted by the interest rate assumed the similar case of new borrowing.

(4) Bonds

These market values are calculated based on market prices.

7. Notes on per share information

(1) Net assets per share △ 91 yen 49 cents

(2) Net loss per share △ 106 yen 07 cents

8. Other notes

Not applicable.

Balance sheet
As on March 31, 2018

(Unit: million yen)

Items	Amount	Items	Amount
(Assets section)		(Liabilities section)	
Current assets	7,457	Current Liabilities	30,983
Cash and deposits	407	Affiliate Short-term borrowings	30,600
Stock	289	Accrued expenses	
Accounts receivable from affiliated companies	12,257	Accrued expenses of affiliates	37
Affiliated company short-term loans	9,400	Others	343
Long-term loans of affiliates scheduled to be recovered within one year	3,300	Fixed liabilities	2
Refund income tax etc.	48	Long-term debt	46,140
Others	135	Affiliated company long-term debt	1,900
Allowance for doubtful accounts of affiliated companies	△ 18,379	Corporate bond	30,330
Fixed asset	38,586	Deferred tax liabilities	6,696
Tangible fixed assets	3,824	Provision for loss on guarantees of affiliated companies	1,088
Mechanical equipment	3,823	Others	6,107
Tool Fixtures	0		18
Intangible fixed assets	17		
Software	17	Total liabilities	77,123
Others	1	(Net Assets section)	
Investments and other assets	34,745	Shareholders' equity	△ 31,080
Affiliated company stock	34,421	Capital	100
Long-term guarantee deposit	1	Capital surplus	50,089
Others		Capital reserve	100
		Other capital surplus	49,989
		Earned surplus	△ 81,270
		Other retained earnings	△ 81,270
		Retained earnings carried forward	△ 81,270
		Total net assets	△ 31,080
Total assets	46,043	Total liabilities net assets	46,043

(Note) Amount below one million yen is rounded off.

Profit and Loss Statement

**From April 1, 2017
Until March 31, 2018**

(Unit: million yen)

Items	Amount	
Amount of sales		-
Cost of sales		-
Gross profit		-
Selling, general and administrative expenses		1,074
Operating loss		△1,074
Non-operating income		
Affiliate interest income	247	
Affiliate received royalty	2,089	
Provision for loss on guarantee loss on affiliated companies	956	
Others	25	3,317
Non-operating expenses		
Interest expense	273	
Interest expense of affiliates	693	
Interest on corporate bonds	507	
Borrowing-related expenses	462	
Commission paid	180	
Provision for doubtful accounts of affiliated companies	1,845	
Others	52	4,012
Ordinary loss		△ 1,769
Special profit	7,961	7,961
Gain on cancellation of bond purchase		
Special loss	15,917	15,917
Impairment loss		△ 9,725
Loss before income taxes of current period	2	
Corporate tax, inhabitant tax and enterprise tax	139	140
Income tax adjustments		△9,865
Net loss for current period		

(Note) Amount below one million yen is rounded off.

Statement of changes in shareholders' equity

**From April 1, 2017
Until March 31, 2018**

(Unit: million yen)

	Shareholders' equity							Total net assets
	Capital	Capital surplus			Retained earnings		Total shareholders' equity	
		Capital reserve	Other capital reserve	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings carried forward			
Beginning balance	13,538	13,538	23,114	36,652	△71,405	△71,405	△21,215	△21,215
Current change								
Capital reduction	△13,438	△13,438	26,876	13,438			—	—
Net loss					△9,865	△9,865	△9,865	△9,865
Current change in items other than shareholders' equity (net)								
Total change in current period	△13,438	△13,438	26,876	13,438	△9,865	△9,865	△9,865	△9,865
Balance at end of current period	100	100	49,989	50,089	△81,270	△81,270	△31,080	△31,080

(Note) Amount below one million yen is rounded off.

Notes on individual financial statements:

1. Notes concerning premises of ongoing business

As on the consolidated fiscal year end under review, this company group's results were, consolidated net sales of **14,443** million yen, consolidated operating income of **702** million yen, consolidated ordinary loss of Δ **1,374** million yen, net loss attributable to parent company shareholder of Δ **10,529** million yen consequently, the amount of net assets in the consolidated balance sheet is in excess of liabilities of Δ **9,078** million yen.

Also, the total amount of "long-term borrowings", "long-term borrowings of affiliated companies" and "corporate bonds" on the consolidated balance sheet as on the consolidated balance sheet date was **51,362** million yen, which reveals a high level.

As a result of the above, there are events or situations that will cause significant suspicion on the premise of a going concern.

In order to resolve this situation, this company group plans and implements efforts to deal with the following countermeasures.

1. Securing orders and sales

Our company intensively allocates the Group's production capacity to markets with strong orders, and we are working to secure the continuation of orders from new customers by improving quality and also by developing new products.

2. Stabilization of cash flow

According to the business revitalization plan sponsored by Cairn India Holdings Limited, a parent company that was established and approved by the Specified Certified Dispute Settlement Procedure (hereinafter referred to as "Business Revitalization ADR Procedure") on December 19, 2017, Among the syndicated loans and NEXI insured loans, making Bank of Tokyo-Mitsubishi UFJ as the agent as on December 22, 2017, an amount of 33,904 million yen was transferred to Cairn India Holdings Limited and changed to borrowing conditions having easing repayment terms and an amount of 1,900 million yen was changed to borrowing conditions with easy repayment and relaxing the interest rate conditions. In addition, due to these changes, the financial covenant provision of syndicated loans making Mitsubishi Tokyo UFJ, Ltd. as agents, has been eliminated.

Then, at the resolution of the Board of Directors dated December 19, 2017, it was resolved to purchase and cancel a portion of the first unsecured bonds and the second unsecured bonds of AvanStrate Co., Ltd., based on this, AvanStrate Corporation acquired such bonds by December 28, 2017 with the aim of purchasing and canceling part of the first unsecured bonds and the second unsecured bonds. In order to raise funds to acquire the above-mentioned bonds, we have concluded a cash loan for consumption contract with Cairn India Holdings Limited on December 22, 2017, and those acquired bonds were cancelled on December 28, 2017.

Furthermore, on December 22, 2017, we entered into a change agreement including the change in repayment terms concerning borrowings from HOYA Corporation.

At the bondholders' meeting held on September 29, 2017, regarding the first unsecured bonds and the

second unsecured bonds of AvanStrate Co., Ltd., a partial change of the corporate bonds including the change of redemption conditions was approved, by obtaining the respective permission from Tokyo District Court on October 5, 2017.

In addition to the above measures, besides the reporting of business results and financial condition of this company group to business financial institutions in a timely manner, we also strive in building a good relationship by understanding, further stabilizing funding and cash flow.

The degree of uncertainty regarding the stabilization of cash position has been reduced by changing the repayment terms of the above loan and changing the redemption conditions of bonds.

However, even if these measures are taken, it is necessary to improve performance and finance in order to resolve excess debt and to repay high-level borrowings. Securing sales, which is an important factor in achieving the business plan for that purpose, depends greatly on external factors, because securing necessary capital investment funds is also not certain, there is a possibility that it will have a significant influence on future cash flow. Therefore, important uncertainty regarding the premise of the going concern has been recognized.

The consolidated financial statements are prepared on the premise of a going concern, and the effects of significant uncertainties concerning the assumptions of such continuing companies are not reflected in the consolidated financial statements.

2. Notes concerning matters pertaining to significant accounting policies

(1) Evaluation standards and methods of evaluation of securities

- ① Stock of affiliated companies Cost method by moving average method

(2) Evaluation standards and methods for evaluation of inventories

Stocks are stated at cost using the specific identification method (Balance sheet value is calculated by the book value devaluation method based on the decline in profitability)

(3) Method of depreciation of fixed assets

- ① Tangible fixed assets:

The declining-balance method is used.

Also, the main useful lives are as follows.

Tool furniture and fixtures 10 years

- ② Intangible fixed assets

Software for in-house use: Line method over the useful life (5 years) within the company.

(4) Accounting standard for reserves

- ① Allowance for doubtful accounts of affiliated companies: To prepare for losses on doubtful accounts of affiliates, we record an uncollectible amount based on individual recoverability of specific claims such as doubtful receivables.

- ② Reserve for loss on guarantees of affiliated companies: In order to prepare for losses on guarantees of subsidiaries and affiliates, the estimated amount of losses is recorded at the end of the fiscal year, taking into consideration the financial condition etc. of the guaranteed party.

- ③ Reserve for bonuses: To prepare for payment of bonuses to employees, the amount to be borne by the current fiscal year in the amount of bonus payment is recorded.

(5) Other important matters as the basis for preparing the financial statements

- ① Accounting treatment of consumption tax etc.

Consumption tax and local consumption tax are accounted for using the tax exclusion method.

- ② Amortization of goodwill

Regarding the amortization of goodwill, the period during which the effect appears is estimated and it is amortized equally over 20 years.

(6) Change in display method

(Balance sheet)

"Accrued expenses of affiliated companies" which had been presented in the "Accrued expenses" section of "Current liabilities" in the previous fiscal year was separately stated from the current fiscal year, as the amount of material importance increased.

3. Notes on the balance sheet

(1) Assets pledged as collateral and obligations related to collateral

ⓐ Assets pledged as collateral

Mechanical equipment and vehicles	2, 684 million yen
Long-term guarantee deposit	323 million yen
Affiliated company stock	34,421 million yen

Total	37, 428 million yen
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ⓑ Debt obligations related to collateral

Long-term debt	1,900 million yen
Affiliated company long-term debt	30, 330 million yen

Total	32, 230 million yen
-------	---------------------

(2) Guarantee obligation for debt

ⓐ The following affiliated companies guarantee the debt against borrowings from Cairn India Holdings Inc., totaling 22,283 million yen.

AvanStrate Taiwan Inc.

AvanStrate Korea Inc.

ⓑ Our company and the following affiliated companies have guaranteed loans to AvanStrate Korea Inc.'s loan agreement, totaling 12,435 million yen.

AvanStrate Taiwan Inc.

ⓒ The following affiliated companies guarantee debt with respect to the total amount of 8,047 million yen as a money consumption loan agreement with our company HOYA Corporation.

AvanStrate Taiwan Inc.

3) Monetary claims and obligations to affiliated companies are as follows.

Monetary claim: 97 million yen

(4) Financial covenant provision

Upon "Cash loan for consumption contract" (hereinafter "HOYA loan contract") concluded with HOYA Corporation on June 20, 2014 (including the change in contract which was concluded on "October 27, 2015" and on December 22, 2017) we pledge to satisfy the following financial index values calculated on the basis of consolidated financial statements as a general rule.

(1) The amount by adding 15, 917 million yen which is equivalent to the impairment loss of goodwill that occurred in the fiscal year ended September 30, 2017, to the amount of net assets on the consolidated balance sheet at the end of fiscal year and each interim period from September 30, 2019, shall maintain at least 7, 800 million yen.

(2) Record ordinary income and net income in the consolidated income statement for each business year after the fiscal year ended March 31, 2020.

(3) Maintain the consolidated free cash flows for each interim period and each settlement period after the interim period of September 31, 2019, at an amount exceeding 0 yen.

4. Notes on the income statement

(1) Transaction volume with affiliates

Transactions other than business transactions: 486 million yen

(2) Payment fee

The payment fee includes advisory fees, etc. by external experts concerning changes in money consumption loan agreement etc. set up with financial institutions.

(3) Impairment loss

This company group recorded an impairment loss on the following asset groups.

(Unit: million yen)

Purpose	Type	Impairment loss
Manufacture and sales of glass substrates for liquid crystal displays and panels	Goodwill	15,917

In understanding the impairment, as a principle our company group classifies assets based on the management classification that continually comprehends income and expenditure.

For items whose recoverability is no longer recognized over the estimated period of future cash flows due to changes in the business environment in the Group, the book value was reduced to the recoverable value, and the corresponding reduced amount was accounted as impairment loss in extraordinary loss.

The recoverable value is measured based on the value in use (discount rate: 8.7%) which is based on future cash flows.

(4) Provision for doubtful accounts of affiliated companies

AvanStrate Korea Inc., a consolidated subsidiary of our company, is in excess of liabilities, and as a result of reviewing the possibility of collection of claims against such subsidiary, provision for allowance for doubtful accounts of affiliated companies has been recorded.

5. Notes on Statement of Changes in Shareholders' Equity

Matters concerning the type and number of shares outstanding.

Type of stock	Number of shares at the beginning of current fiscal year	Number of shares increased during current fiscal year	Number of shares decreased during current fiscal year	Number of shares at the end of current fiscal year
Common stock	99,258,900 shares	- shares	- shares	99,258,900 shares

6. Notes concerning tax effect accounting

(1) Major causes of occurrence of deferred tax assets and deferred tax liabilities breakdown

Deferred tax asset	
Carry forward deficit	9, 550 million yen
Allowance for doubtful accounts of affiliated companies	2, 942 million yen
Tangible fixed asset depreciation surplus	1 million yen
Asset retirement obligation	6 million yen
Impairment loss	62 million yen
Others	32 million yen
	<hr/>
Subtotal of deferred tax assets	12, 593 million yen
Evaluation reserve amount	△ 12, 593 million yen
	<hr/>
Total deferred tax assets	- million yen
Deferred tax liabilities	
Profit on valuation of owned gold yen	△ 1, 088 million yen
	<hr/>
Net deferred tax liabilities	△ 1, 088 million yen

2) Amendment of deferred tax assets and deferred tax liabilities due to changes in income tax rate

As a result of capital reduction to 100 million yen on March 31, 2018, the external standard taxation of corporate enterprise tax was not applied. Accordingly, the statutory effective tax rate used for the calculation of deferred tax assets and deferred tax liabilities, changed from 30.42 % to 34.59 % for the period for which recovery or payment is expected is from April 1, 2018 to March 31, 2020, changed from 30.19 % to 34.60 % for those after April 1 2020.

As a result, the amount of deferred tax liabilities increased by 139 million yen, and the amount adjusted for corporate income taxes recorded in this fiscal year increased by the same amount.

7. Notes concerning transactions with related parties

(1) Parent company and major corporate shareholders, etc.
million yen)

(Unit:

Type	Name of company	Percentage of owned (held) voting rights	Relationship with related parties	Transaction contents	Transaction amount (One million yen)	Items	Balance at end of year
Parent company	Cairn India Holdings Ltd.	Directly held ownership 51.6%	Concurrent director	Payment of interest on borrowed funds	815 97	Affiliated company long-term borrowings accrued expenses of affiliates	22,283 97
Other affiliates	HOYA Corporation	Directly held ownership 46.6%	Concurrent director	Payment of interest on borrowing repayment related costs	173 462 264	Affiliated company long-term borrowings accrued expenses of affiliates	8,047 58

(2) Subsidiaries and affiliates

(Unit: million yen)

Type	Name of company	Percentage of owned (held) voting rights	Relationship with related parties	Transaction contents	Transaction amount (One million yen)	Items	Balance at end of year
Subsidiary company	AvanStrate Taiwan Inc.	Direct ownership 100.0 %	Concurrently serving as patent officer	Payment of interest Patent revenue Borrowing funds Guaranteed obligation	332 2,089 2,600 29,461	Accrued expenses of affiliates Accounts receivable from affiliated companies Affiliate Short-term borrowings Refund of Affiliated Companies	189 6,579 30,600 97
Subsidiary company	AvanStrate Korea Inc.	Direct ownership 100.0 %	Concurrently serving as patent officer	Receive interest Lending of funds loan guarantee Guaranteed obligation	247 1,600 12,435 31,658	Accounts receivable from affiliated companies Affiliated company short-term loans Long-term loans of affiliates scheduled to be recovered within one year	5,678 9,400 3,300

Policy determining transaction terms and conditions

(1) The transaction price and other transaction conditions are carried out under the same general transaction conditions as those for an independent third-party transaction.

② As for the lending of funds and the receipt of interest, the interest rate is reasonably determined taking market interest rates and business conditions into consideration. "Transaction amount" indicates the net change in annual transaction amount.

③ Borrowing of funds is based on reasonable interest rates taking market interest rates into account. "Transaction amount" indicates the net change in annual transaction amount.

④ With regard to the patent revenue of glass type NA 32 SG developed independently by our company, we have entered into a technical license agreement with our consolidated subsidiary. Regarding the tariff rate, we implemented a transfer pricing case study to reduce transfer pricing risk,

and we decided it to be between 2% and 15% in this fiscal year.

Ⓢ Guarantee for debt is provided for AvanStrate Korea Inc. borrowings.

Ⓢ The following affiliated companies guarantee the debt against borrowings from Cairn India Holdings Inc., for a total amount 22,283 million yen.

AvanStrate Taiwan Inc.

AvanStrate Korea Inc.

(7) The following affiliated companies provide guarantee obligations to our company's total of 8,047 million yen for cash loan agreements with HOYA Corporation.

(3) Officers and individual major shareholders

Not applicable.

8. Notes on per share information

(1) Net assets per share: Δ 313 yen 12 cents

(2) Net loss per share: Δ 99yen 39 cents

9. Other notes

Not applicable.

Certified copy of audit report by accounting auditor related to consolidated financial statements

Independent Auditor's Audit Report

May 29, 2018

AvanStrate Co Ltd
The Board of Directors

Ernst & Young ShinNihon LLC

Designated and Engagement Partner,
Certified Public Accountant, Yutaka Matsumura

Designated and Engagement Partner,
Certified Public Accountant, Matsuura Dai

We have performed auditing of the consolidated financial statements from April 1 2017 to March 31, 2018 for AvanStrateInc, in other words, consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated notes, in accordance with the provisions of Article 444, Paragraph 4 of the Companies Act.

Management's responsibility for consolidated financial statements

Management's responsibility is to prepare and properly present the consolidated financial statements and their supporting schedules in accordance with corporate accounting standards generally accepted in Japan as fair and reasonable. This includes the designing and operation of internal controls that management deems necessary in order to prepare and properly present the consolidated financial statements which is free from material misstatement due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the supplementary schedules based on our audit conducted from our independent position. We conducted our audit in accordance with auditing standards generally accepted in Japan. The standards for auditing are that we have planned to formulate an audit plan and conduct audits based on this, in order to obtain reasonable assurance about whether the financial statements and the supplementary schedules thereof are free of material misstatements.

In the audit, procedures are taken to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. Audit procedures are selected and applied based on the assessment of the risk of material misstatement of the consolidated financial statements due to fraud or error, at the discretion of our company. Although the purpose of the audit is not to express an opinion on the effectiveness of the internal control, we believe that, in implementing the risk assessment, in order to formulate appropriate audit procedures according to the circumstances, our audit corporation considers the internal controls related to the preparation and proper presentation of consolidated financial statements. An audit also includes considering the presentation of the consolidated financial statements as a whole, including the accounting policies adopted by management and their application methods and estimates made by management.

We believe that we have obtained sufficient and appropriate audit evidence as the basis for our

opinion.

Auditor's opinion

In our opinion, the consolidated financial statements referred to above present fairly, in conformity with accounting principles generally accepted in Japan, and we believe that the assets of the corporate group consisting of AvanStrate Co., Ltd. and consolidated subsidiaries for the period concerning the consolidated financial statements, the status of profit and loss are indicated properly in all significant respects.

Items to be emphasized

As stated in the notes on the premise of going concern, at the end of the consolidated fiscal year under review, the AvanStrate Group's results were consolidated net sales of 14,443 million yen, consolidated operating income of 702 million yen, consolidated ordinary loss of 1,374 million Yen, the net loss attributable to the parent company's shareholder was Δ 10,529 million yen, and the amount of net assets in the consolidated balance sheet was Δ 9,078 million excess of debt.

In addition, the total amount of "long-term borrowings", "long-term borrowings of affiliated companies" and "corporate bonds" on the consolidated balance sheet at the end of the consolidated fiscal year under review was 51,362 million yen and the liquidity at hand and operating cash flow was at a high level. Based on the above, there are events or circumstances that cause significant doubt in the premise of a going concern in the AvanStrate Group, and at this time, an important uncertainty regarding the premise of the going concern is recognized.

Furthermore, the countermeasures against the situation and the reasons for which important uncertainty is recognized, have been stated in the relevant notes. The consolidated financial statements, etc. are prepared on the premise of a going concern, and the influence of such important uncertainty is not reflected in the consolidated financial statements.

Our opinion is not modified in respect of this matter.

Conflict of interests

Our company and our accounting firm or executive staff have no interests to be stated in accordance with the provisions of the Certified Public Accountants Act.

End

Independent Auditor's Audit Report

May 29, 2018

AvanStrate Co Ltd
The Board of Directors

Ernst & Young ShinNihon LLC

Designated and Engagement Partner,
Certified Public Accountant, Yutaka Matsumura

Designated and Engagement Partner,
Certified Public Accountant, Matsuura Dai

We have performed auditing of the 11th business year financial documents from April 1 2017 to March 31, 2018 for AvanStrateInc, in other words, the balance sheet, income statement, statement of changes in shareholders' equity, individual notes and their supplementary schedules in accordance with the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act.

Management's responsibility for financial statements

Management's responsibility is to prepare and properly present the financial statements and their supporting schedules in accordance with corporate accounting standards generally accepted in Japan as fair and reasonable. This includes the designing and operation of internal controls that management deems necessary in order to prepare and properly present the non-consolidated financial statements which is free from material misstatement due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit conducted from our independent position. We conducted our audit in accordance with auditing standards generally accepted in Japan. The standards for auditing are that we have planned to formulate an audit plan and conduct audits based on this, in order to obtain reasonable assurance about whether the financial statements and the supplementary schedules thereof are free of material misstatements.

In the audit, procedures are taken to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. Audit procedures are selected and applied based on the assessment of the risk of material misstatement of the financial statements and the supplementary schedules due to fraud or error, at the discretion of our company. The purpose of an audit is not to express an opinion on the effectiveness of the internal control but in our implementation of the risk assessment, in order to formulate an appropriate audit procedure according to the

circumstances, our audit corporation and its financial statements consider internal controls related to the preparation and proper labeling of the supplementary schedules. An audit also includes examining the presentation of the financial statements as a whole and the supporting schedules as well as the assessment of the accounting policies adopted by the management and its application methods and estimates made by management.

We believe that we have obtained sufficient and appropriate audit evidence as the basis for our opinion.

Auditor's opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in conformity with accounting principles generally accepted in Japan, the company and its consolidated subsidiaries properly present the assets and profit and loss status of the financial statements and the accompanying detailed statements in all material respects.

Items to be emphasized

As stated in the notes on the premise of going concern, at the end of the consolidated fiscal year under review, the AvanStrate Group's results were consolidated net sales of 14,443 million yen, consolidated operating income of 702 million yen, consolidated ordinary loss of 1,374 million Yen, the net loss attributable to the parent company's shareholder was Δ 10,529 million yen, and the amount of net assets in the consolidated balance sheet was Δ 9,078 million excess of debt. In addition, the total amount of "long-term borrowings", "long-term borrowings of affiliated companies" and "corporate bonds" on the consolidated balance sheet at the end of the consolidated fiscal year under review was 51,362 million yen and the liquidity at hand and operating cash flow were at a high level. Based on the above, there are events or circumstances that cause significant doubt in the premise of a going concern in the AvanStrate Group, and at this time, an important uncertainty regarding the premise of the going concern is recognized.

The countermeasures against the situation and the reasons for which important uncertainty is recognized, have been stated in the relevant notes. The financial statements, etc. are prepared on the premise of a going concern, and the influence of such important uncertainty is not reflected in the financial statements.

Our opinion is not modified in respect of this matter.

Conflict of interests

Our company and our accounting firm or executive staff have no interests to be stated in accordance with the provisions of the Certified Public Accountants Act.

End

Auditor's Report

Based on the audit report prepared by each Corporate Auditor regarding the execution of duties of the Directors during the 11th business year from April 1, Heisei 30 to March 31, 1930, after deliberation, this audit report We will report as follows.

1. Method and content of audit by corporate auditors

The Corporate Auditors determine the auditing policies, division of duties, etc. besides receiving reports from each auditor on the status and results of audits, reports from directors and other persons and accounting auditors are also received regarding the performance of their duties and requested explanations as necessary.

In accordance with auditing standards of corporate auditors, each corporate auditor communicates with directors and other employees, etc. in accordance with audit policies, division of duties, etc., and strives to collect information and improve the environment for auditing, attends the Board of Directors and other important meetings, receives reports from the directors and employees etc. on the execution status of their duties, asks for explanations as necessary, views important decision documents, etc., at the head office and major business establishments and investigates the status of business and property. In addition, as necessary for ensuring the appropriateness of the business of the corporation, the system for ensuring that the execution of the duties of the Directors conforms to laws and regulations and the Articles of Incorporation, as stated in the business report, we received a report in a general way, asked for explanation when necessary, and expressed our opinion regarding the details of the resolution of the Board of Directors concerning the establishment of the framework set out in paragraphs 1 and 3 of the Article and the system (internal control system) developed based on the resolution, from the directors and employees etc. Based on the status of deliberations at the Board of Directors and other matters concerning the basic policy of Article 118, item 3, item A of the Enforcement Regulations of the Companies Act and each of the measures in item b of the same, as described in the business report, we received business reports from subsidiaries as necessary regarding subsidiaries, we made communication and exchanged information with the directors and corporate auditors of subsidiaries. Based on the above method, we examined the business report and supplementary schedules for that business year.

Furthermore, we monitor and verify whether the accounting auditor maintains an independent position and is conducting appropriate audits, receives reports from the accounting auditor on the execution status of the duties, and provide explanations as necessary. In addition, from the accounting auditor, the "system for ensuring proper performance of duties" (matters listed in each item of Article 131 of the Corporate Accounting Regulations) is referred to as "quality control standard for audit" (October 28, 2015 Business Accounting Council), etc., and was asked for explanation as necessary.

Based on the above method, the financial statements (balance sheet, income statement, statement of

changes in shareholders' equity and individual notes) and supplementary schedules and consolidated financial statements (consolidated balance sheets, consolidated results of operations Statement of calculation, consolidated statement of changes in consolidated shareholders' equity and consolidated notes) were investigated.

2. Audit results

(1) Audit result of business report etc.

(I) We acknowledge that the business report and its supplementary schedules correctly indicate the situation of the company in accordance with laws and regulations and the Articles of Incorporation.

(II) There are no unlawful acts concerning the execution of duties by directors or serious facts in violation of laws and regulations or the Articles of Incorporation.

(III) We acknowledge that the content of the resolution of the Board of Directors on the internal control system is reasonable. In addition, there are no matters to point out regarding the content of the business report on the internal control system and the execution of duties by the directors.

(IV) Matters to be pointed out are not permitted regarding the basic policy on the persons who control decisions on the company's finances and business policies as described in the business report. Efforts of Article 118, item 3, b of the Enforcement Regulations of the Companies Act stated in the business report are in line with the basic policy and do not impair the common interests of the Company's shareholders, we are not aiming at maintaining the position of officers.

(2) Audit results of the financial statements and supporting schedules

We acknowledge that the method and results of the audit by the accounting auditor Ernst & Young ShinNihon LLC audit corporation are appropriate.

(3) Audit results of consolidated financial statements

We acknowledge that the method and results of the audit by the accounting auditor Ernst & Young ShinNihonLLC audit corporation are appropriate.

29 May 2018

AvanStrate Co., Ltd.
Auditor, Shuji Miyake

Auditor, SaumilShah

End

Reference document on solicitation of proxy exercise of voting rights

Solicitor on behalf of the exercise of voting rights

AvanStrate Co., Ltd. to invite proxy exercise of voting rights
Representative Director and President Hideaki Horiuchi

Proposal No. 1: Election of 4 Directors

Directors Hideaki Horiuchi, Anand Agarwal, AkarshKHebbar and John Kolada will expire at the conclusion of this ordinary general meeting of shareholders.

Therefore, we would like to continue to appoint four directors.

The candidates for the board of directors are as follows.

Phonetics Name (date of birth)	Biography, position and responsibilities in the Company (Status of important concurrent positions)	Number of company shares owned
Anand Agarwal Anand Agarwal (Aug 7, 1967)	Aug 1995 Joined Sterlite Technologies Limited Aug 2001 Appointed as COO of the same company Aug 2003 Appointed as Director and CEO of the same company (current position)	—
Akarsh K. Hebbar Akarsh K. Hebbar (Nov 10, 1987)	Nov 2009 Joined ORACLE Financial Service Software Ltd Associate consultant June 2014 Joined GOOGLE INDIA PVT. LTD., Mumbai, India YouTube Partner Intern Aug 2015 Joined McKinsey & Co., Mumbai, India as Associate CRM Consultant (current position)	—
John Kolada John Kolada (March 5, 1965)	1996 Blake, Cassels & Graydon Law Firm Partner and office representative partner 2015 Vedanta Resources Group Strategy and Special Project Chairperson (Current position)	—
Kimura Toshihito Kimura Toshihito (Dec 24, 1968)	April 1992 Joined Nippon Steel Corporation (currently Nippon Steel Sumikin Co., Ltd.) July 2002 November 2004 Joined Faith Inc. Joined SANYO Electric Co., Ltd. May 2007 Joined Nidec Corporation Feb 2010 Hoya joining HOYA Corporation MD Division April 2012 Intellectual Property & Law Room Legal Manager June 2015 Director, Asahi Tec Corporation Legal Department HOYA Corporation Joined Corporate Planning Office Manager	—

(Note) 1. Mr. Toshihito Kimura is a candidate for external Director.

2. Mr. Toshihito Kimura's appointment as a candidate for external Director is based on his business

strategy at the corporate planning office of Hoya Corporation, since he has extensive experience in corporate management, he is expected to be a candidate for Outside Director, expecting supervision and guidance for management of the company.

3. In the event that Mr. Toshihito Kimura is appointed as a director, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, we intend to conclude a contract with Mr. Kimura to limit the liability for damages under Article 423, Paragraph 1 of the same law. The maximum amount of liability for damages under this agreement is limited to the sum of the amounts stipulated in Article 425, Paragraph 1 of the Companies Act.

4. There is no special conflict of interest between each candidate and our company.

Proposal 2: Election of 1 Statutory Auditor

Statutory Auditor Mr. Saumil Shah will resign at the conclusion of this Ordinary General Meeting of Shareholders.

Therefore, we ask that one corporate auditor be appointed.

The candidates for Corporate Auditor are as follows.

Phonetics Name (Date of birth)	Biography, position and responsibilities in the Company (Status of important concurrent positions)		Number of company shares owned
Anupam Jindal Anupam Jindal (21 July 1975)	Aug 1995	Joined Sterlite Technologies Limited	—
	Aug 2001	Appointed COO of same company	
	Aug 2003	Appointed as Director and CEO of same company (current position)	