

27th September 2016
Daido Metal Co., Ltd.
Seigo Hanji
Chairman and Chief Executive Officer
(Code) 7425 on the First Section of the Tokyo Stock Exchange and the Nagoya Stock Exchange
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Announcement regarding the Acquisition of lino Holding

We hereby announce that at a Board of Directors' Meeting on 27th September 2016 Daido Metal Co. Ltd agreed with iSigma Business Advancement Fund II Investment LLP the transfer of 100% of shares in lino Holding Co. Ltd (hereafter lino Holding), and that the contract detailing the transfer of shares was concluded on the same day.

1. Reason for the Acquisition

Daido Metal Co. Ltd is a manufacturer of plain bearings focusing on the automotive industry so based on our fundamental philosophy of "production as close as possible to the customer, providing the same quality and service as in Japan" we set up a global production and sales network in our five-hub system of Japan, North America, Europe, Asia and China and are developing the market. Furthermore, we are working towards our Midterm Business Plan targets of "achieve the top market share of all plain bearing industries, and increase the global presence of the Daido Metal Group."

Our newly acquired subsidiary lino Holding and its 100%-owned subsidiary company lino Manufacturing Co. Ltd develops and sells high precision and high quality parts for automotive engines and transmissions (such as formed pipes, knock pins, milled parts etc.) and is known for its high technological capability by its automotive customers. They swiftly pushed forward with overseas expansion and have manufacturing and sales sites in the Phillipines, USA, Mexico and China in addition to a sales site in Indonesia, resulting in a global production and sales system focusing on Asia and North America whereby the technical capabilities they cultivated in their field of manufacturing have been transplanted from Japan to overseas locations.

Automotive parts manufacturers are increasingly required to develop their business globally, and by acquiring the shares in lino Holding the overseas locations of both the Daido Metal Group and lino Holding can cooperate together so we believe it will be possible to strengthen our global development capability through streamlining procurement and distribution, increasing technological capability and productivity through the sharing of technology and know-how and exchange of local personnel, and streamlining management systems etc.

Furthermore, we expect improved business results as expanding our line up of precision metal work parts for automobiles other than plain bearings will lead to strengthened product proposals for existing customers of the Daido Metal Group, and access to Daido Metal's wider domestic customer base in the automotive industry will lead to increased sales for lino Holding. Therefore in the medium- to long-term we believe that this will lead to product and business diversification and expansion for the Daido Metal Group.

2. Summary of the Transferred Subsidiary (Iino Holding)

(1)	Name	Iino Holding Co. Ltd.		
(2)	Location	3-23 Kanda-Nishikicho, Chiyoda-ku, Tokyo, Japan		
(3)	Representative	Kazuhiro Yasuda, CEO		
(4)	Business	Control and management of subsidiaries that manufacture and sell various parts for automobiles, motorcycles, and general purpose machines		
(5)	Capital	96 million JPY		
(6)	Date Established	17 th July 2013		
(7)	Major Shareholders	iSigma Business Advancement Fund II Investment LLP	99.9%	
		iSigma Officers and Employee Fund No. 5 LLP	0.1% (Note)	
(8)	Relationship between Listed Company and Company Concerned	Capital Relationship	Not applicable	
		Personal Relationship	Not applicable	
		Business Relationship	Not applicable	
(9)	Company Concerned's Consolidated Business Results and Consolidated Financial Condition over Past Three Years			
	Accounting Period	March 2014	March 2015	March 2016
	Consolidated Net Worth	4,102Mil JPY	5,124Mil JPY	5,798Mil JPY
	Consolidated Total Assets	13,165Mil JPY	13,442Mil JPY	11,852Mil JPY
	Consolidated Net Worth Per Share	104,575.77JPY	130,762.37JPY	150,216.01JPY
	Consolidated Sales	6,977Mil JPY	6,139Mil JPY	6,595Mil JPY
	Consolidated Operating Income	1,212Mil JPY	960Mil JPY	1,002Mil JPY
	Consolidated Ordinary Income	1,200Mil JPY	1,115Mil JPY	969Mil JPY
	Net Income Belonging to Parent Shareholding Company	678Mil JPY	677Mil JPY	1,022Mil JPY
	Consolidated Net Income Per Share	17,849.94JPY	17,814.45JPY	26,889.07JPY
	Dividend Per Share	—	—	—

(Note) iSigma Business Advancement Fund II Investment LLP will acquire the 0.1% of shares in Iino Holdings held by iSigma Officers and Employee Fund No. 5 LLP by the date of the share transfer, so we will acquire 100% of the shares.