

23rd December 2016
Daido Metal Co., Ltd.
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Announcement regarding the Acquisition of ATA Casting Technology Japan Co., Ltd. and its Subsidiary

We hereby announce that at a Board of Directors' Meeting on 23rd December 2016, Daido Metal Co., Ltd. agreed with Asahi Tec Corporation (hereafter Asahi Tec) the transfer of 100% of the shares of ATA Casting Technology Japan Co., Ltd. (hereafter ACJ) owned by Asahi Tec, and the claim in the form of accounts receivable held by Asahi Tec against ATA Casting Technology Co., Ltd. (hereafter ACT), which is a subsidiary of ACJ, and that the Stock Purchase and Assignment Agreement was concluded on the same day. Furthermore, following the acquisition of the shares, we announce that ACT will become a second tier subsidiary of Daido Metal Co., Ltd.

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 ACJ and its subsidiary ACT manufacture and sell aluminium die cast parts to automotive manufacturers in Thailand and is known for its high technological capability by its automotive customers. As a Japanese company which entered the Thai market early it consistently works on all stages from melting aluminium, to casting, processing, inspection and shipping and is proud of being the largest scale Japanese aluminium die casting manufacturer in Thailand.

Automotive parts manufacturers are increasingly required to develop their business globally, and by acquiring the shares Daido Metal Co., Ltd., ACJ, and ACT can cooperate together so we believe it will be possible to strengthen our global development capability, increase technological capability and productivity through the sharing of technology and know-how and exchange of local personnel, and promote efficient management systems etc.

Furthermore, we expect improved business results as expanding our line-up of 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 Group's wider domestic and overseas customer base in the automotive industry will lead to increased sales for ACJ and ACT. 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 (ACJ) and Second Tier Subsidiary (ACT)

a) Summary of the Transferred Subsidiary (ACJ)

(1)	Name	ATA Casting Technology Japan Co., Ltd.	
(2)	Location	3311-1 Higashi Yokoji, Kikugawa City, Shizuoka, Japan	
(3)	Representative	Nobuo Hirose, President	
(4)	Business	Research and development of aluminium die cast automotive parts	
(5)	Capital	10Mil JPY	
(6)	Date Established	2 nd May 2016	
(7)	Major Shareholders	Asahi Tec Corporation 100%	
(8)	Relationship between Daido Metal Co., Ltd. and Company Concerned	Capital Relationship	Not applicable
		Personal Relationship	Not applicable
		Business Relationship	Not applicable
(9)	Company's Most Recent Consolidated Business Results (※1) (※4) and Consolidated Financial Condition (※2) (※3)		
	Net Worth	4,644Mil JPY	
	Total Assets	4,807Mil JPY	
	Net Worth Per Share	23,224,077.75 JPY	
	Sales	238Mil JPY	
	Operating Income	83Mil JPY	

(※1) ACJ was established as a new company by Asahi Tec on 2nd May 2016, therefore the financial results for this financial year are not yet known. Therefore the latest sales and operating income results (31st March 2016) declared by Asahi Tec relating to the design and development of aluminium die cast automotive parts are stated (unaudited).

(※2) The net worth, total assets and net worth per share at 30th September are stated (unaudited).

(※3) The consolidated results for ACJ and ACT at 30th September are stated (unaudited).

Consolidated Net Worth	3,803Mil JPY
Consolidated Total Assets	6,754Mil JPY
Consolidated Net Worth Per Share	19,019,938.39 JPY

(※4) The combined sales and operating profits of ACJ and ACT for the period ending March 2016 are calculated below.

Sales	8,243Mil JPY
Operating Income	428Mil JPY

b) Summary of the Second Tier Subsidiary (ACT)

(1)	Name	ATA Casting Technology Co., Ltd.	
(2)	Location	361 Moo 1, Rattanakaj Road, Bangbor Sub-district, Bangbor District, Samutprakarn Province 10560, Thailand	
(3)	Representative	Nobuo Hirose, President	
(4)	Business	Sales and manufacturing of aluminium die cast automotive parts	
(5)	Capital	340 Mil THB (1,111Mil JPY) (※3)	
(6)	Date Established	31 st May 2016	
(7)	Major Shareholders	Subsidiary of ATA Casting Technology Japan Co. Ltd 99.9%	
(8)	Relationship between Daido Metal Co., Ltd. and Company Concerned	Capital Relationship	Not applicable
		Personal Relationship	Not applicable
		Business Relationship	Not applicable

(9)	Company's Most Recent Consolidated Business Results (※1) and Consolidated Financial Condition (※2) (※3)	
	Net Worth	1,090Mil THB (3,565 Mil JPY)
	Total Assets	2,068Mil THB (6,763 Mil JPY)
	Sales	2,448Mil THB (8,005 Mil JPY)
	Operating Income	105Mil THB (344 Mil JPY)

(※1) ACT was established as a new company on 31st May 2016, therefore the financial results for this financial year are not yet known. Therefore the latest sales and operating income results (31st March 2016) declared by Asahi Tec Aluminium (Thailand) Co., Ltd (a subsidiary of Asahi Tec) relating to the manufacture and sales of aluminium die cast automotive parts are stated (unaudited).

(※2) ACT's net worth and total assets at 30th September are stated (unaudited).

(※3) 1THB is calculated at 3.27JPY (as of 22nd December 2016).