

December 15, 2015

A&D Company, Limited
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Notice of the establishment of new company and acquisition of distributor

On December 15th, 2015 the board of directors at A&D Company, Limited held a meeting detailing the establishment of a new subsidiary in Canada (A&D Instruments Canada Inc.) by A&D Engineering, Inc. (A&D's US-based subsidiary) and voted to conclude a contract for the purchase of the medical instrument distributor Auto Control Medical Inc. in mid-December. Details follow below.

1. Establishment of new company and purpose of contract

Since 1993, Auto Control Medical Inc. has distributed A&D blood pressure monitors and medical equipment across Canada.

Presently, A&D's subsidiary in the United States, A&D Engineering Inc., is set to establish a subsidiary, A&D Instruments Canada Inc., in Canada which will acquire Auto Control Medical Inc. and begin sales of medical equipment in Canada with the goal of optimizing A&D group's North American operations and strengthening A&D's position in medical business in the Canadian market.

A&D also seeks use the sales knowledge regarding non-A&D medical instruments acquired from this transaction to boost the business performance of its products and improve standing in various markets.

2. Overview of new company

- (1) Name : A&D Instruments Canada Inc.
- (2) Location : Vancouver, British Columbia, Canada
- (3) Representative : Terry Duesterhoeft (Current president of A&D Engineering, Inc.)
- (4) Business description : Sales of medical equipment
- (5) Capital : 300,000 CND
- (6) Ownership structure : 100% A&D Engineering, Inc.
- (7) Establishment : December 2015

3. Overview of Auto Control Medical Inc.

- (1) Location : Mississauga, Ontario, Canada
- (2) Representative : Robert Burgy
- (3) Business description : Sales of medical equipment
- (4) Capital : 181.10 CND
- (5) Established : February 1st, 1988

4. Future prospects

This transaction will have only a minor effect on business performance for the current fiscal year and there are currently no changes to the forecast for this year. Any developments that occur will be reported as they arise.