Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code 6140)
June 8, 2016

To Shareholders with Voting Rights:

Kazuki Kataoka
President and Representative Director
Asahi Diamond Industrial Co., Ltd.
4-1, Kioi-cho, Chiyoda-ku, Tokyo

NOTICE OF THE 97TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 97th Annual General Meeting of Shareholders of Asahi Diamond Industrial Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet, etc.

Please review the attached Reference Documents for the General Meeting of Shareholders, follow the instructions on the next page, and exercise your voting rights by 6:00 p.m. on Monday, June 27, 2016, Japan time.

1. **Date and Time:** Tuesday, June 28, 2016 at 10:00 a.m. Japan time
(Reception desk opens at 9:00 a.m.)
2. **Place:** Conference room Orizuru Rei, The Main Bldg. Arcade Floor, Hotel New Otani at 4-1, Kioi-cho, Chiyoda-ku, Tokyo, Japan
3. **Meeting Agenda:**

Matters to be reported:
1. The Business Report, Consolidated Financial Statements for the Company's 97th Fiscal Year (April 1, 2015 - March 31, 2016) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 97th Fiscal Year (April 1, 2015 - March 31, 2016)

Proposals to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Partial Amendment to the Articles of Incorporation
Proposal 3: Election of Nine (9) Directors
Proposal 4: Election of Three (3) Audit & Supervisory Board Members

◎ Of the documents required to be provided with this Notice of Convocation, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are, in accordance with laws and regulations as well as Article 19 of the Articles of Incorporation of the Company, posted on the Company's website (http://www.asahidia.co.jp/) and are therefore not included with the Attached Document. Furthermore, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements have been audited by the Accounting Auditor and Audit & Supervisory Board Members as part of the Non-consolidated Financial Statements and the Consolidated Financial Statements when preparing the Independent Auditor's Report and the Audit Report, respectively.

◎ Any updates to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements will be posted on the Company's website (http://www.asahidia.co.jp/).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

Matters concerning year-end dividends

The Company positions returning profits to shareholders as an important issue. The Company's basic policy is to maintain a stable dividend while conducting R&D and capital investment, retaining appropriate internal reserve for future business development and enhancement of corporate value and as such, the Company intends to distribute profits according to consolidated performance.

Accordingly, it is proposed that a year-end dividend of ¥15 per share be paid out as forecast at the beginning of the fiscal year. As a result, the annual dividends for the year, including the interim dividend of ¥15, will amount to ¥30 per share.

1. Type of dividend property
   Cash
2. Allocation of dividend property to shareholders and total amount thereof
   ¥15 per share of common stock of the Company
   Total amount of dividends: ¥850,467,180
3. Effective date of dividends from surplus
   June 29, 2016

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reason for the proposal

Having introduced the executive officer system, the Company is promoting division of responsibilities between management and business execution. As the executive officer system has taken root and in order to establish a management system capable of flexibly and swiftly responding to change in the business environment, such as agile holding of meetings of the Board of Directors, amendment of Article 20 (Number of Directors) is proposed.

2. Details of the amendment

The details of the amendment are as follows.

(Underlined portions are amended.)

Present Articles of Incorporation	Proposed Amendment
(Number of Directors) **Article 20** The Company shall have up to twelve (12) Directors.	(Number of Directors) **Article 20** The Company shall have up to ten (10) Directors.

Proposal 3: Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

In order to ensure management transparency and further strengthen corporate governance, the election of nine (9) Directors (of whom two (2) are External Directors) is proposed.

The candidates for Director are as follows:

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, responsibilities
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">1</td><td>Kazuki Kataoka
(March 5, 1952)

Reelection</td><td>April 1976
July 2005
June 2008
June 2011

June 2013

June 2015</td><td>Joined the Company
General Manager, Engineering Department, Marketing Division
Director; Marketing Division Deputy Director
Managing Director; Business Planning Division Director and Marketing Division Deputy Director
Representative Executive Managing Director; Marketing Division Director
President and Representative Director (present)</td><td>36,500</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
After joining the Company, Mr. Kazuki Kataoka was involved in marketing, business planning, R&D, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As the President and Representative Director since June 2015, Mr. Kataoka has been responsible for the Company’s management and has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</td></tr>
<tr><td rowspan="2">2</td><td>Kazuo Kogawa
(January 2, 1957)

Reelection</td><td>April 1979
July 2008

June 2009
June 2011
June 2013
June 2015</td><td>Joined the Company
General Manager, Planning Department, Business Planning Division
Executive Officer; Business Planning Division Director
Director; Tamagawa Factory General Manager
Managing Director; Business Planning Division Director
Representative Managing Director; Marketing Division Director (present)</td><td>24,300</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
After joining the Company, Mr. Kazuo Kogawa was involved in business planning, marketing, production and engineering, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2011, Mr. Kogawa has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</td></tr>
<tr><td rowspan="2">3</td><td>Takeo Okui
(April 19, 1950)

Reelection</td><td>December 1984
July 2001
July 2006
June 2008
June 2013</td><td>Joined the Company
Mie Factory Deputy General Manager
Executive Officer; Mie Factory Deputy General Manager
Director; Mie Factory General Manager
Managing Director; Production and Engineering Division Director and Mie Factory General Manager (present)</td><td>33,100</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
After joining the Company, Mr. Takeo Okui was involved in production and engineering administration, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2008, Mr. Okui has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions, responsibilities
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">4</td><td>Ming-Shong Lan
(March 4, 1953)

Reelection</td><td>September 1994 Joined the Company; Deputy General Manager Reporting to Managing Division Director
July 1996 Left the Company
June 2005 Director; International Department (present)
[Significant concurrent positions]
President, Taiwan Asahi Diamond Industrial Co., Ltd.</td><td>3,306</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director]
After joining the Company, Mr. Ming-Shong Lan was involved in business planning and serves as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a non-Japanese Director of the Company since June 2005, Mr. Lan has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</td></tr>
<tr><td rowspan="2">5</td><td>Kazuaki Taniguchi
(April 23, 1950)

Reelection</td><td>April 1973 Joined the Company
July 2005 General Manager, Production and Engineering Department, Chiba Tsurumai Factory
July 2008 Executive Officer; Chiba Tsurumai Factory Deputy General Manager
June 2011 Director; Chiba Tsurumai Factory Deputy General Manager
June 2013 Director; Chiba Tsurumai Factory General Manager (present)</td><td>12,200</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director]
After joining the Company, Mr. Kazuaki Taniguchi was involved in production and engineering administration, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2011, Mr. Taniguchi has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</td></tr>
<tr><td rowspan="2">6</td><td>Toru Suzuki
(October 2, 1952)

Reelection</td><td>April 1978 Joined the Company
October 2008 General Manager, General Affairs Department, Administration Division
June 2011 Executive Officer; Administration Division Deputy Director
June 2013 Director; Administration Division Director (present)</td><td>10,900</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director]
After joining the Company, Mr. Toru Suzuki was involved in administration, production and engineering, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2013, Mr. Suzuki has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</td></tr>
<tr><td rowspan="2">7</td><td>Toshimasa Hagiwara
(November 10, 1959)

Reelection</td><td>April 1982 Joined the Company
December 2004 Nagoya Branch Deputy General Manager
June 2009 Executive Officer; Nagoya Branch General Manager
June 2014 Director; Nagoya Branch General Manager
April 2015 Director; Representative of China Division (present)
[Significant concurrent positions]
President, Shanghai XuHui Diamond Industrial Co., Ltd.</td><td>8,630</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director]
After joining the Company, Mr. Toshimasa Hagiwara was involved in marketing and serves as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2014, Mr. Hagiwara has been performing his duties appropriately. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director.</td></tr>
</table>

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
8	Osamu Koyama (August 8, 1948) Reelection Candidate for External Director Independent Director	April 2005 April 2009 January 2013 June 2014	Executive Officer, Mitsui & Co., Ltd. and Executive Vice President, Mitsui & Co. (U.S.A.), Inc. Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute Director, Keimei Gakuen (present) Director of the Company (External Director) (present)	0
	[Reasons for nomination as a candidate for External Director] Mr. Osamu Koyama has great experience and profound insight as a manager and is expected to fulfill the role and responsibilities of an External Director, including management oversight and provision of advice on overall management. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director. Mr. Koyama previously worked for Mitsui & Co., Ltd. Considering the business relationship between the Mitsui Group and the Asahi Diamond Group, in terms of the volume of transactions, Mr. Koyama is judged to be independent in accordance with the Company's criteria for independence.			
9	Shinichi Nagata (January 31, 1948) Reelection Candidate for External Director Independent Director	July 1998 June 1999 July 2000 July 2006 June 2008 June 2015	Associate Director-General, Loan Planning Department, The Fuji Bank, Ltd. (current Mizuho Bank, Ltd.) Director, Fine Credit Co., Ltd. (current Yamato Credit & Finance Co., Ltd.) Managing Director; Fine Credit Co., Ltd. Managing Executive Officer; Fine Credit Co., Ltd. Audit & Supervisory Board Member (External Audit & Supervisory Board Member) of the Company Director of the Company (External Director) (present)	1,000
	[Reasons for nomination as a candidate for External Director] Mr. Shinichi Nagata has great experience and profound insight gained through his career as a banker and is expected to fulfill the role and responsibilities of an External Director, including management oversight and provision of advice on overall management. Thus, the Company judges that he is a suitable person to serve as a Director of the Company and has nominated him for reelection as a candidate for Director. Mr. Nagata previously worked for Mizuho Bank, Ltd. Considering the business relationship between the Mizuho Bank Group and the Asahi Diamond Group, in terms of the content of transactions, Mr. Nagata is judged to be independent in accordance with the Company's criteria for independence.			

(Notes)

1. Mr. Ming-Shong Lan, a candidate for Director, also serves as the president of Taiwan Asahi Diamond Industrial Co., Ltd., a subsidiary of the Company, with which the Company has a business relationship, including sales of products. No special interest exists between other candidates for Director and the Company.
2. Messrs. Osamu Koyama and Shinichi Nagata are current External Directors of the Company. Mr. Koyama and Mr. Nagata will have served as an External Director for two years and one year, respectively, at the conclusion of this Annual General Meeting of Shareholders.
3. Liability limitation agreement with an External Director
   The Company has entered into agreements with Messrs. Osamu Koyama and Shinichi Nagata to limit their liability pursuant to Article 423, Paragraph 1 of the Company Law so that they can fulfill their expected roles. If their reelection is approved, the Company intends to renew the liability limitation agreements with them. The outline of the agreement is as follows:
   1) If an External Director neglects his/her duties, he/she shall be liable to the Company for damages arising as a result thereof up to the minimum liability amount provided for in Article 427, Paragraph 1 of the Company Law.
   2) The limitation of liability stated above is only applicable if an External Director is without knowledge and is not grossly negligent in performing his duties.

Proposal 4: Election of Three (3) Audit & Supervisory Board Members

The terms of office of all three (3) Audit & Supervisory Board Members will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of three (3) Audit & Supervisory Board Members (of whom two (2) are External Audit & Supervisory Board Members) is proposed.

The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">1</td><td>Moritoshi Hattori
(March 9, 1948)

Reelection
Candidate for External Audit & Supervisory Board Member
Independent Auditor</td><td>May 1998

November 1999

October 2004

June 2008

June 2010</td><td>General Manager, Loan Planning Division, The Mitsubishi Bank, Ltd. (current The Bank of Mitsubishi-Tokyo UFJ, Ltd.)
Managing Director, Tokyo Mitsubishi Asset Management Co., Ltd. (current Mitsubishi UFJ Kokusai Asset Management Co., Ltd.)
Senior Managing Director, Tokyo Mitsubishi Asset Management Co., Ltd. (current Mitsubishi UFJ Kokusai Asset Management Co., Ltd.)
President and Representative Director, Mitsubishi UFJ Home Loan Credit Co., Ltd.
Audit & Supervisory Board Member (External Audit & Supervisory Board Member) of the Company (present)</td><td>3,700</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for External Audit & Supervisory Board Member]
Mr. Moritoshi Hattori has abundant business experience, profound insight, and extensive knowledge about finance and accounting gained through his career as a banker, and is expected to fulfill the role and responsibilities of an External Audit & Supervisory Board Member. Thus, the Company judges that he is a suitable person to serve as an Audit & Supervisory Board Member of the Company and has nominated him for reelection as a candidate for Audit & Supervisory Board Member.
Mr. Hattori previously worked for The Bank of Mitsubishi-Tokyo UFJ, Ltd. Considering the business relationship between the Bank of Mitsubishi-Tokyo UFJ, Group and the Asahi Diamond Group, in terms of the content of transactions, Mr. Hattori is judged to be independent in accordance with the Company’s criteria for independence.</td></tr>
<tr><td rowspan="2">2</td><td>Yukio Otaka
(October 23, 1955)

Reelection
Candidate for External Audit & Supervisory Board Member
Independent Auditor</td><td>May 2004

June 2007

October 2010

June 2015

June 2015</td><td>Chief Representative, Bahrain Representative Office, Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.)
General Manager, Dubai Branch; Chief Representative, Bahrain Representative Office, Mizuho Corporate Bank, Ltd.
Executive General Manager, Overseas Business Division, Zebra Co., Ltd.
Director (External Director), Kinugawa Rubber Industrial Co., Ltd. (present)
Audit & Supervisory Board Member (External Audit & Supervisory Board Member) of the Company (present)</td><td>0</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for External Audit & Supervisory Board Member]
Mr. Yukio Otaka has abundant business experience overseas, profound insight, and extensive knowledge of finance and accounting gained through his career as a banker and is expected to fulfill the role and responsibilities of an External Audit & Supervisory Board Member. Thus, the Company judges that he is a suitable person to serve as an Audit & Supervisory Board Member of the Company and has nominated him for reelection as a candidate for Audit & Supervisory Board Member.
Mr. Otaka previously worked for Mizuho Bank, Ltd. Considering the business relationship between the Mizuho Bank Group and the Asahi Diamond Group, in terms of the content of transactions, Mr. Otaka is judged to be independent in accordance with the Company’s criteria for independence.</td></tr>
</table>

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
3	Morio Kayama (April 6, 1955) New candidate	April 2004	General Manager, Machida Branch, The Chuo Mitsui Trust and Banking Co., Ltd. (current Sumitomo Mitsui Trust Bank, Limited)	2,800
		May 2009	Director, General Manager of Planning Division and General Manager of Administration Division, Chuo Mitsui Guarantee Company, Limited	
		April 2010	Joined the Company; Deputy General Manager of Planning Department, Business Planning Division	
		April 2015	Junior Counsellor, General Affairs Department, Administration Division (present)	
	[Reasons for nomination as a candidate for Audit & Supervisory Board Member] Mr. Morio Kayama has abundant business experience, profound insight, and extensive knowledge of finance and accounting gained through his career as a banker. Since joining the Company, he has been involved in administration and business planning and has gained a wealth of business knowledge and experience. Based on his experience, the Company judges that he is a suitable person to serve as an Audit & Supervisory Board Member of the Company and has nominated him for election as a candidate for Audit & Supervisory Board Member.			

(Notes)

1. No special interest exists between any of the candidates for Audit & Supervisory Board Member and the Company.
2. Messrs. Moritoshi Hattori and Yukio Otaka are current External Audit & Supervisory Board Members. Mr. Hattori and Mr. Otaka will have served as External Audit & Supervisory Board Member for six years and one year, respectively, at the conclusion of this Annual General Meeting of Shareholders.
3. Liability limitation agreement with an Audit & Supervisory Board Member

   The Company has entered into agreements with Messrs. Moritoshi Hattori and Yukio Otaka to limit their liability pursuant to Article 423, Paragraph 1 of the Company Law so that they can fulfill their expected roles. If their reelection is approved, the Company intends to renew the liability limitation agreements with them. The outline of the agreement is as follows:

   1) If an Audit & Supervisory Board Member neglects his/her duties, he/she shall be liable to the Company for damages arising as a result thereof up to the minimum liability amount provided for in Article 427, Paragraph 1 of the Company Law.
   2) The limitation of liability stated above is only applicable if an Audit & Supervisory Board Member is without knowledge and is not grossly negligent in performing his duties.

   If election of Mr. Morio Kayama is approved, the Company intends to enter into a similar agreement with him.

(Reference)

Basic Policy for Appointment of External Directors and External Audit & Supervisory Board Members

The Company shall appoint a person as an Independent External Director/Audit & Supervisory Board Member ("External Officers") who meets the requirements for outside directors/auditors prescribed by the Company Law, the requirements for independent directors/auditors prescribed by the Tokyo Stock Exchange, and the independence criteria of the Company described below and has experience and knowledge required for fulfilling the role and responsibilities expected of an Independent External Director/Audit & Supervisory Board Member.

If none of the following attributes applies to an External Director/Audit & Supervisory Board Member, the Company judges that such External Director/Audit & Supervisory Board Member is independent from the Company.

(1) A person affiliated with a major shareholder that substantially holds 10% or more of the voting rights of the Company
(2) A person affiliated with an entity that substantially holds 10% or more of the voting rights of the Company
(3) A person affiliated with a business partner whose purchases from the Company accounted for 3% or more of the Company's consolidated net sales for the previous year
(4) A person affiliated with a business partner whose annual sales to the Company accounted for 3% or more of the business partner's consolidated net sales for the previous year
(5) A person affiliated with a financial institution that is indispensable for the Company's financing and on whom the Company is dependent to the extent that it is irreplaceable
(6) A consultant, an accounting professional or a legal professional who received money or other assets amounting to 10 million yen or more from the Company in the previous year other than the Director's or Audit & Supervisory Board Member's remuneration (If the person receiving money, etc. is an organization such as a legal entity, a person affiliated with such organization)
(7) A person affiliated with a legal entity that received donations amounting to 10 million yen or more from the Company in the previous year
(8) A person to whom any of (1) to (7) above applied in the past three years
(9) The spouse or relative in the second degree of kinship of a person to whom any of (1) to (8) above apply