

Accounting period

From January 1 to December 31

Record date for year-end dividends

December 31

Record date for interim dividends

June 30

Annual meeting of shareholders

March each year

Holder of list of shareholders and managing agency for designated accounts

Mitsubishi UFJ Trust and Banking Corporation

Contact

Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081
Tel: 0120-232-711 (toll free)

Listed stock exchange

JASDAQ Stock Exchange, Tokyo Securities Exchange

Public notice method

On-line public notice.
Publication at URL <http://www.convum.co.jp>
(Public notices shall be published in the Nihon Keizai Shimbun newspaper when accidents and other causes prevent on-line public notice.)

Notes

1. With the computerization of stock trading, in principle, account managing agencies (securities companies and other parties) where shareholders maintain accounts perform various procedures, including procedures for changing shareholder addresses and requesting share purchases. Please ask the securities company where you maintain an account about these procedures. Please note that the holder of the list of shareholders (Mitsubishi UFJ Trust and Banking Corporation) does not offer any of these services.
2. Mitsubishi UFJ Trust and Banking Corporation has been appointed as the account managing agency for the procedures associated with shares recorded in special accounts. Please ask the account managing agency for special accounts stated above (Mitsubishi UFJ Trust and Banking Corporation) about such procedures. Mitsubishi UFJ Trust and Banking Corporation branches across Japan serve as intermediaries for these procedures.
3. The main and branch offices of Mitsubishi UFJ Trust and Banking Corporation pay dividends receivable.

Our Website



We frequently update our investor relations and other corporate information on this site, and invite you to check back regularly.

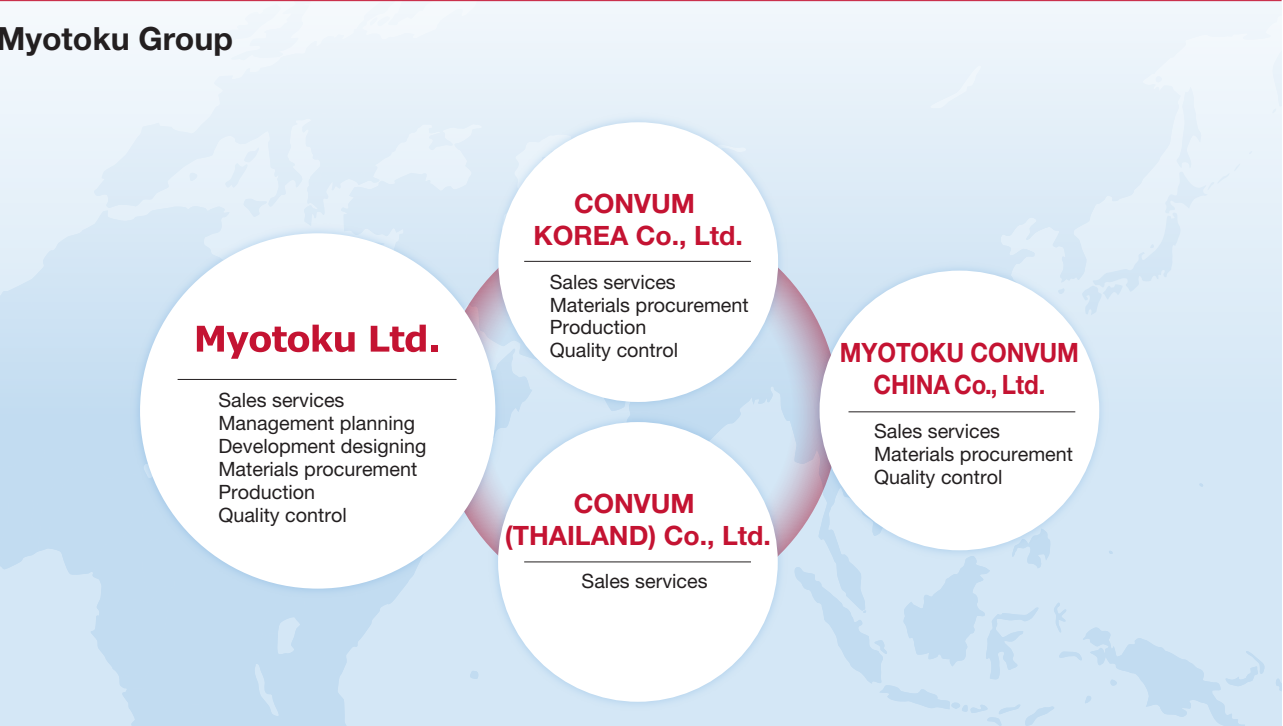


65th Term Business Report

January 1, 2015 - December 31, 2015

Caring about people and make great efforts to weave together our creative ideas with the requirements of our customers while we contribute greater value to society.

Myotoku Group



Corporate Mission

- Caring about our customers.
- Offering each of our employees optimum working conditions and working environment.
- Carrying out development by integration of individual ideas and customers requirements.
- Promoting alliances with other companies, and sharing the benefits obtained from it.
- Transparency of management.
- Giving importance to internal communication such as reporting, informing and consulting.
- Promoting a professional relationship in which each and everyone can trust and rely on each other.

Under the slogan “CONVUM, Pad No. 1,” we will continue offering attractive products to ensure social trust and sustainable corporate growth.

Message from the President

We are pleased to present our results for the 65th term from January 1, 2015 to December 31, 2015.
We also take this opportunity to express our sincere appreciation to our shareholders for their support.

Koji Ise,
President and Representative Director



Q1 Please describe the business results for the 65th term.

In the Japanese market, we enjoyed steady demand from manufacturers of electric components for smartphones, whereas there was a slowdown in the demand from manufacturers of semiconductor production equipment. As a result, the Company’s domestic net sales amounted to 1,332 million yen, an increase of 0.1% from the previous fiscal year.
Overseas, the Group’s consolidated overseas sales increased 7.0% from the previous year to 1,112 million yen, raising the overseas sales ratio to 45.5%. In the South Korean market, we promoted sales expansion efforts by launching new models of Convum for manufacturers of semiconductor manufacturing equipment and solar panels, while endeavoring to reduce costs and strengthening the capacity of product supply through the increase of the ratio of local procurement. As a result, sales in the South Korean market increased 25.9% year on year to 558 million yen. Sales in the Chinese market increased 6.1% year on year to 269 million yen, as we continued sales expansion efforts targeted at new smartphone-related equipment despite growing concern of an economic slowdown due to decelerated growth. Meanwhile, sales in the Southeast Asian market declined 8.1% year on year to 87 million yen, despite aggressive promotional efforts centering on Thailand.

Accordingly, the Group’s consolidated net sales for the 65th term rose 3.1% from the previous fiscal year to 2,444 million yen. In terms of profitability, consolidated ordinary income increased 10.3% to 446 million yen and consolidated net income rose 4.1% to 244 million yen.

Q2 Please describe your performance forecasts and major initiatives for the fiscal year ending December 31, 2016.

For the fiscal year ending December 31, 2016, we expect to record consolidated net sales of 2,534 million yen, consolidated ordinary income of 366 million yen and consolidated net income of 235 million yen. To achieve these targets, we will step up our efforts to enhance customer satisfaction.

With regard to sales activities, we will increase staff to reinforce our sales structure and marketing capabilities, while promoting participation in exhibitions. Expansion of market sales share will be sought by developing products tailored to the specific needs of different markets. In the market for industrial



robots, we expect to enjoy continually strong demand, as labor-saving and automation needs will continue to grow to address rising personnel costs, a declining number of workers and stabilization of product quality. Capitalizing on our accumulated technical expertise in vacuum absorption conveyance, combined with excellent product development capabilities, we will make sales efforts with a focus on the area of robot

hands of industrial robots. For the coming fiscal year, we will continue to develop and offer products with high added value to fulfill our customers’ expectations and acquire demand.

In September 2015, we established the North America Market Development Office, through which we are accelerating our plans to establish a representative office and participate in exhibitions in 2016 to secure a business foothold in the North American market.

On the production side, we will make continued efforts to enhance productivity, including the automation of manufacturing processes and the replacement of production control systems with extended functions, thereby enhancing production and operational efficiencies and securing stable product quality and price competitiveness while improving ability to meet delivery requirements. We are also considering the launch of a quality assurance department within CONVUM KOREA Co., Ltd. in the current fiscal year to establish quality control systems on a global basis to maintain and improve high product quality.

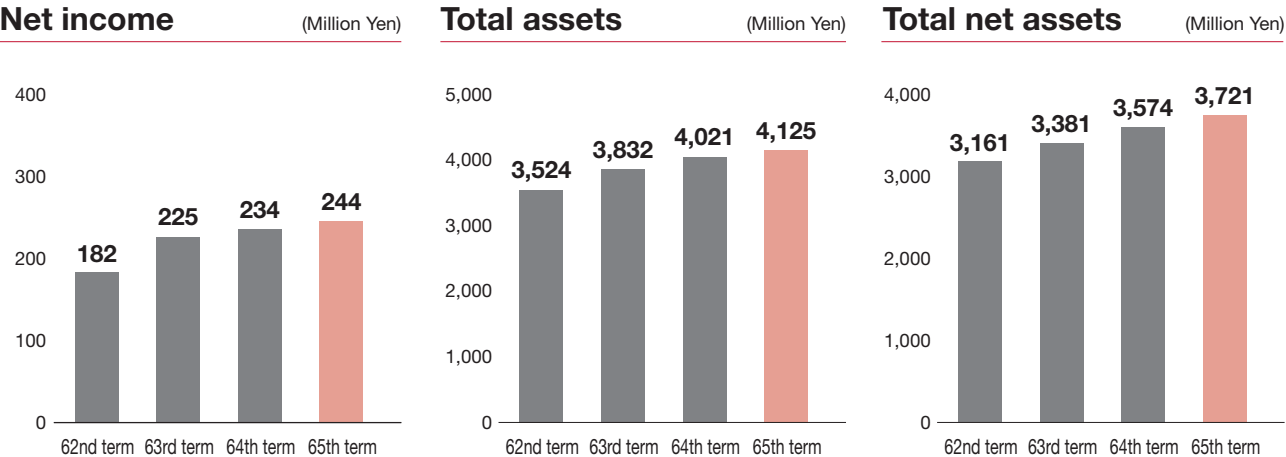
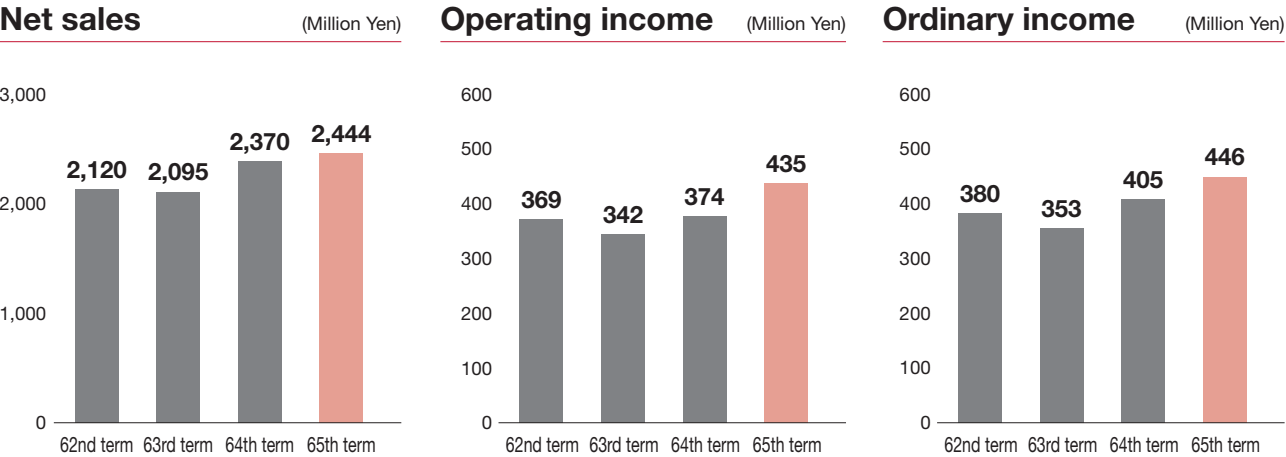
Q3 Finally, please provide your message to shareholders.

To fulfill the expectations of our shareholders and other stakeholders, the Group will continue to seek sustainable growth and enhance its corporate value.

Regarding the distribution of profits to shareholders, we make it a basic policy to ensure returns to shareholders according to business results, with a target payout ratio of 25% on a consolidated basis.

In line with this policy, we would like to propose an annual dividend of 9.00 yen per share for the 65th term, which consists of an interim dividend of 3.50 yen per share and a year-end dividend of 5.50 yen per share.

Continued support from our shareholders would be greatly appreciated.



CONVUM ejectors Net sales: 907 million yen



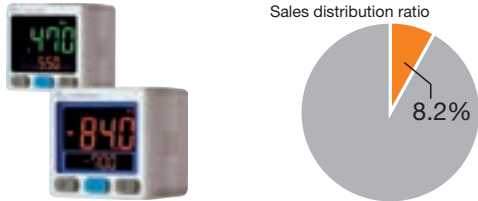
In the South Korean market, we endeavored to promote sales to existing and new customers through the introduction of new models targeted at the manufacturers of semiconductor production equipment. In the Chinese market, consistent efforts were made to acquire demand from smartphone-related equipment manufacturers. As a result, consolidated net sales of this product segment for the year under review amounted to 907 million yen. The sales ratio of this product segment was 37.1% of overall product sales, down 0.9 percentage point from the previous fiscal year, chiefly due to a rise in the sales ratios of suction pads and FA equipment and others.

Suction cups Net sales: 1,135 million yen



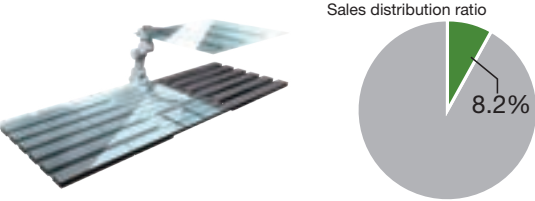
Owing to efforts to capture the demand in relation to new equipment in the South Korean market, as well as increased demand for maintenance supplies from end users reflecting an increase in capacity utilization, this product segment's consolidated net sales for the year under review amounted to 1,135 million yen, with a sales ratio of 46.5% of overall product sales, up 0.9 percentage point from the previous fiscal year.

Pressure sensors Net sales: 201 million yen



During the first half of the fiscal year under review, this product segment enjoyed steady sales due to improvement in demand in Japan and abroad from manufacturers of semiconductor production equipment, major customers of the Group, although there was a partial demand deceleration in the second half. As a result, consolidated net sales of this product segment amounted to 201 million yen, with a sales ratio of 8.2% of overall product sales, down 0.1 percentage point from the previous fiscal year.

FA equipment and others Net sales: 199 million yen

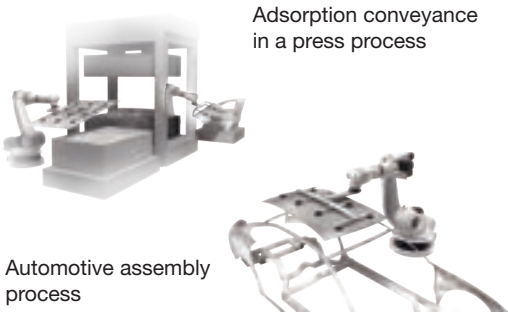


There was improvement in demand for general equipment such as pneumatic equipment and vacuum pumps, as was the case with other product lines. We also addressed the demand for our CONFLOAT Levitation Transfer Units from manufacturers of LCD panels and related products. As a result, this product segment's consolidated net sales for the year under review amounted to 199 million yen, with a sales ratio of 8.2% of overall product sales, up 0.1 percentage point from the previous fiscal year.

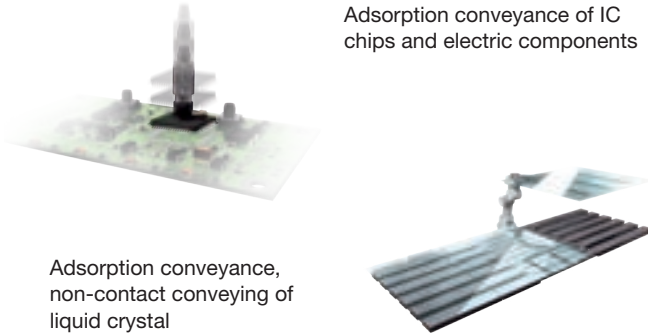
The Myotoku Group's products and technologies are deployed in an extensive range of industrial applications on production sites, contributing to the automation of production processes and enhancing the quality of products.

As factory automation equipment, our products are incorporated into various manufacturing processes and equipment for various industries. The Group's mainstay products, Convum vacuum ejectors, use compressed air to generate vacuum, which is then used to operate a suction Cup to lift a work piece. Some of the product applications are presented below.

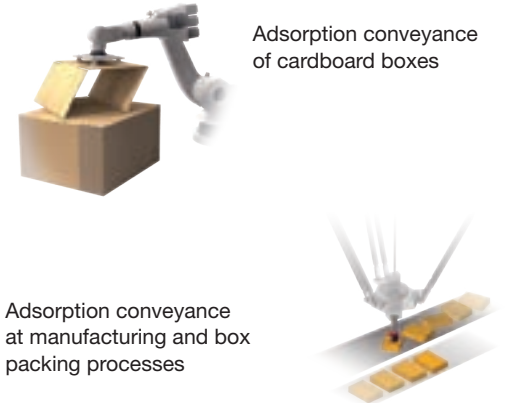
Automotive Industry



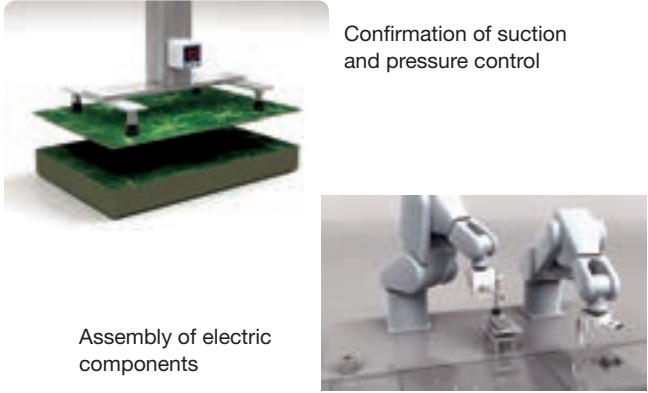
Semiconductor Industry



Packing and Packaging Industries



Other Industries



Topic 1 North American Market Development Division established

We had previously conducted sales promotion activities in North America through distributing agents. In September 2015, we established the North American Market Development Division in order to reinforce our sales activities in this market which has a demand potential comparable to that of Asia.

Marketing research on the region has already begun. Based on its results, a representative office will be established in 2016 and entry into exhibitions and sales expansion will be promoted to cultivate new customers while building a distribution network that attends more closely to local customers.

With the intention of setting up a local subsidiary in 2017, we are further strengthening the sales structure and promoting sales activities with the introduction of new products targeted at the North American market.

We will step up our efforts to boost the recognition and appeal of the CONVUM brand in overseas markets.



Topic 2 Celebrating the 10th anniversary of the South Korean subsidiary

CONVUM KOREA Co, Ltd. (hereinafter “CONVUM KOREA”), a South Korean subsidiary of the Company, celebrated its 10th anniversary.

CONVUM KOREA started operations as a base to lead the Group’s sales activities in South Korea. In 2011, it started the processing and assembly of suction cups with metal fittings, then the assembly of Convum products, to promote the manufacturing of Convum products using locally procured materials in South Korea. CONVUM KOREA's high ability to supply quality products while flexibly meeting delivery requirements has continued to grow its market share in this market.

Although CONVUM KOREA has experienced various difficulties, including the global financial crisis triggered by the bankruptcy of Lehman Brothers and cheap counterfeit products expanding market share, strong support from its customers enabled it to continue operations and reach its 10th anniversary.

Looking ahead, we are considering the introduction of a development department within the company, thereby reinforcing its product development and sales capabilities to meet customer needs more closely for the continued growth of CONVUM KOREA.



■Celebrating the 10th anniversary

Profile of CONVUM KOREA Co., Ltd.

Capital: 100 million Korean won
Number of employees: 21
(as of December 31, 2015)

Locations:

- Seoul (head office and sales office)
- Cheonan (sales office and manufacturing base)
- Busan (sales office)



Topic 3 Active participation in exhibitions

To increase its brand recognition and market sales share in different countries, the Group continued to promote active participation in exhibitions in Japan and abroad in 2015. In 2015, we participated in five exhibitions in Japan, as well as five in China and two in South Korea, attracting many visitors to our booth that was showcased our products and technologies.

In addition to participating in public exhibitions, we will continue to take every opportunity to hold private exhibitions and product presentations for our business partners and customers so they can familiarize themselves with our products.



Topic 4 Osaka Showroom opened

Following the relocation of the Osaka Sales Office, we opened the Osaka Showroom in July 2015, which is our third showroom after the Yaguchi Showroom in Tokyo and the showroom within the Iwate Establishment, and the first one in western Japan.

At the showroom, we not only provide introductions to our products but also demonstrate suction tests as a solution provider to propose measures that best address customers’ issues based on our accumulated vacuum adsorption technologies.



Topic 5 Introduction of new products

Series “SM” Suction Cups for Metal Detectors



We have launched the series SM (Silicone Metal) suction cups, which feature the addition of a metallic element in the conventional silicone material.

Incorporating a metallic element in the suction cups makes it possible to detect any debris of the suction cups with a metal detector at the manufacturing process of a food factory, for example, thereby preventing foreign matter contamination in customers’ manufacturing processes.

Series “PK2” High-Durability ECO Suction cups



The series PK2 suction pads feature the use of thermoplastic polyurethane elastomer, which is a material that has not been used in conventional suction cups.

Compared with conventional materials, the PK2 material has higher wear resistance, which increases the durability of suction cups and decreases the frequency of cup replacements, significantly reducing the running cost.

The series PK2 suction pads are optimal for the adsorption conveyance of Sheet metal such as for automotive manufacturers.

As of December 31, 2015

Consolidated Balance Sheet

(Unit: Thousand yen)

Accounts	64th term As of December 31, 2014	65th term As of December 31, 2015
Assets		
Current assets	1,735,814	1,890,308
Fixed assets	2,286,146	2,235,508
Total assets	4,021,961	4,125,817
Liabilities		
Current liabilities	322,108	254,192
Long-term liabilities	125,255	150,220
Total liabilities	447,363	404,413
Net Assets		
Shareholders' equity	3,443,437	3,591,146
Accumulated other comprehensive income	109,439	111,931
Share subscription rights	11,734	8,938
Minority interests	9,985	9,387
Total net assets	3,574,597	3,721,404
Total liabilities and net assets	4,021,961	4,125,817

Consolidated Statement of Cash Flows

(Unit: Thousand yen)

Accounts	64th term January 1, 2014 to December 31, 2014	65th term January 1, 2015 to December 31, 2015
Cash flows from operating activities	282,034	318,745
Cash flows from investing activities	(278,984)	(98,025)
Cash flows from financing activities	(84,525)	(99,617)
Effects of exchange rate changes on cash and cash equivalents	13,249	(10,159)
Increase (decrease) in cash and cash equivalents	(68,227)	110,942
Cash and cash equivalents at beginning of fiscal year	693,189	624,962
Cash and cash equivalents at end of fiscal year	624,962	735,905

Consolidated Statement of Income

(Unit: Thousand yen)

Accounts	64th term January 1, 2014 to December 31, 2014	65th term January 1, 2015 to December 31, 2015
Net sales	2,370,975	2,444,725
Gross profit	1,338,482	1,490,398
Operating income	374,908	435,552
Ordinary income	405,167	446,728
Income before income taxes and minority interests	406,484	350,250
Income before minority interests	238,209	245,972
Minority interests in income	3,363	1,453
Net income	234,845	244,518

Consolidated Statement of Comprehensive Income

(Unit: Thousand yen)

Accounts	64th term January 1, 2014 to December 31, 2014	65th term January 1, 2015 to December 31, 2015
Net income before minority interests	238,209	245,972
Other comprehensive income:		
Valuation difference on available-for-sale securities	2,060	25,917
Foreign currency translation adjustments	38,067	(24,383)
Total other comprehensive income	40,127	1,533
Total comprehensive income for the year	278,337	247,505
Total other comprehensive income attributable to:		
Owners of the parent company	273,880	247,010
Minority interests	4,456	494

Corporate Information

Company name	Myotoku Ltd.
Establishment	April 16, 1951
Capital stock	¥748,125,000
Address of head office	2-6-18 Shimomaruko, Ota-ku, Tokyo 146-0092 Tel: +81-3-3759-1491
Domestic offices	Iwate, Tokyo, Osaka, Nagoya, Fukuoka
Consolidated subsidiaries	MYOTOKU CONVUM CHINA Co., Ltd. CONVUM KOREA Co., Ltd. CONVUM (THAILAND) Co., Ltd.
Number of employees	112 (Consolidated number of employees)
Stock exchange	JASDAQ Stock Exchange, Tokyo Securities Exchange
Accounting auditor	Deloitte Touche Tohmatsu

Officers (As of March 30, 2016)

President and Representative Director	Koji Ise
Senior Managing Director	Mitsuhiko Kadono
Managing Director	Motohiro Shouse
Director	Yutaka Sato
Director	Yoichi Izumi
Director	Taketsugu Iwamoto *
Director	Minoru Hirano *
Full-Time Corporate Auditor	Mitsunobu Obata
Corporate Auditor	Hiroyuki Matsumoto *
Corporate Auditor	Kazuharu Kawanoue *

Note: The persons with asterisks are outside directors or outside corporate auditors.

Stock Information

Number of authorized shares	Number of issued shares	Number of shareholders
33,000,000	8,285,000 (Of which treasury stock: 984,613 shares)	1,276 (An increase of 32 from the previous term-end)

Major Shareholders

Shareholder	Number of shares held	Ratio of shareholding
Yoji Ise	1,365,825	18.71
Sugako Ise	630,100	8.63
Koji Ise	412,050	5.64
Myotoku Employees' Stock Association	242,250	3.32
Toshio Nakamori	220,000	3.01
NICHIDEN Corporation	140,000	1.92
Shinichi Kamiya	128,000	1.75
Saburo Ise	126,500	1.73
Maki Izumi	122,500	1.68
Marusan Securities Co., Ltd.	90,000	1.23

Note: The number of treasury stock (984,613 shares) is deducted in calculating the ratio of shareholding.

Share Price

