

November 27th, 2013

Greetings to shareholders:

In the fiscal year ending in September 2013, the Bank of Japan embarked on a quantitative easing program aimed at an exit from deflation, which resulted in a steady depreciation of the Japanese yen and in an overall increase in share prices, amid hopes for rising profits for exporters. Despite signs of improvement in consumer demand, the capital investments by Japanese corporations have been uneven and some more time may be needed for a full-scale recovery. Meanwhile, the US economy continues to improve gradually and leads the world economy, Chinese economic growth remains stable at a somewhat lower rate, and the sovereign debt problem has abated in Europe.

Under such climate, we remained focused on “Measurement Technology,” concentrating on the R&D market. We contributed to the development of new technologies by the Japanese industry for future growth through introduction of advanced measurement technologies and instruments from Europe and the US and by offering a wider range of our own measurement systems based on the self-developed software.

Our material analysis systems business continues to benefit from the strong needs for evaluation of electrical characteristics of various new materials thanks to the active research into new semiconductor materials and battery materials that constitute element technology for new sources of energy. The network evaluation and monitoring tools business profited from the doubly accelerated technology development for LTE, cloud computing and Big Data, following a rapid increase in the data amount due to the prevalence of smartphones, which was also accompanied by a heightened interest in network security. We have also observed a business expansion of marine and ocean measurement systems on the back of the active investments in ocean research by the Japanese government. The noise/vibration analysis business recorded satisfactory results for railways and aerospace industries, but was affected by the suppressed capital investments for R&D in the automobile industry. The domestic market of EMC (electromagnetic compatibility) measurement systems remained sluggish, and the nascent demand for EMC systems in China was not enough to compensate for the domestic decline.

While the consolidated amount of orders received grew by 5.8 % from the previous FY, the consolidated turnover decreased by 4.2 % from FY 2012 to JPY 20,004 million. The net profit decreased by 20.4 % from FY 2012 to JPY 1,507 million.

The dividend is determined in proportion to the consolidated net profit. Sixty percent (60%) of the consolidated net profit is paid out as ordinary dividend. Based on this rule, the dividend for FY 2013 will be JPY 33 per share. Since an interim dividend of JPY 16 per share was already distributed among the shareholders in June 2013, the dividend per share at the end of FY 2013 will be JPY 17.

We sincerely ask for your continued support, and commit to you our best efforts in serving your interests.

Sincerely yours,

Masaru Gomi
President & CEO
TOYO Corporation

NOTICE of regular general meeting of shareholders

November 27th, 2013

TOYO Corporation

Notice is hereby given that the regular general meeting of shareholders of TOYO Corporation (the “Corporation”) will be held on Thursday December 19th, 2013 at Belle Salle Yaesu Conference Rooms 1 – 3 at Yaesu First Financial Building (3rd Floor) at 3-7, Yaesu 1-chome, Chuo-ku, Tokyo, Japan, commencing at 10:00 a.m. for the following purposes:

Report-1) To receive the business report and consolidated financial statements for the FY 2013 (October 1, 2012 to September 30, 2013) as well as the reports from accounting auditors and the Board of Corporate Auditors regarding the consolidated financial statements;

Report-2) To receive the non-consolidated financial statements for the FY 2013 (October 1, 2012 to September 30, 2013);

Resolution-1) To approve the appropriation of retained earnings; and

Resolution-2) To appoint one Director.

Should you be prevented from attending the meeting in person, you are invited to exercise your voting rights by way of the enclosed proxy form. The completed proxy form would need to be received at TOYO Corporation by 5:30 p.m. on Wednesday December 18th, 2013.

Masaru Gomi
President and CEO

Important information for shareholders / Resolutions

1. Items to report

1) Consolidated balance sheet and consolidated income statement for FY 2013 (October 1, 2012 to September 30, 2013)

Consolidated Balance Sheets

Toyo Corporation and Consolidated Subsidiaries September 30, 2013, 2012 and 2011

ASSETS	Thousands of yen		
	2013	2012	2011
CURRENT ASSETS:			
Cash and cash equivalents	¥ 4,885,512	¥ 4,261,062	¥ 3,423,850
Short-term investments		100,000	
Marketable securities	6,281,902	7,754,855	6,774,147
Receivables:			
Trade notes and accounts	4,158,148	3,955,258	3,044,586
Other	7,802	43,430	272,916
Allowance for doubtful receivables	(800)	(800)	(600)
Inventories	836,430	819,038	1,077,276
Deferred tax assets	420,429	486,167	415,696
Prepaid expenses and other current assets	672,219	194,549	109,135
Total current assets	17,261,642	17,613,559	15,117,006
PROPERTY AND EQUIPMENT:			
Land	5,596,785	5,596,785	5,635,485
Buildings and structures	4,746,775	4,737,957	4,721,767
Equipment	2,997,533	2,966,450	2,871,843
Total	13,341,093	13,301,192	13,229,095
Accumulated depreciation	(4,860,093)	(4,764,081)	(4,540,244)
Net property and equipment	8,481,000	8,537,111	8,688,851
INVESTMENTS AND OTHER ASSETS:			
Investment securities	3,851,797	6,614,623	7,609,214
Investment securities to unconsolidated subsidiaries and associated companies	22,794	22,794	38,426
Accumulated insurance premiums	400,995	397,556	378,496
Prepaid pension cost	315,735	303,156	300,276
Long-term deposit	4,200,000	2,900,000	2,500,000
Deferred tax assets	88,830	274,501	179,289
Other assets	328,723	289,816	298,579
Allowance for doubtful receivables	(25,800)	(25,800)	(25,800)
Total investments and other assets	9,183,074	10,776,646	11,278,480
TOTAL	¥ 34,925,716	¥ 36,927,316	¥ 35,084,337

LIABILITIES AND EQUITY	Thousands of yen		
	2013	2012	2011
CURRENT LIABILITIES:			
Payables:			
Trade notes and accounts	¥ 1,805,581	¥ 1,552,414	¥ 1,323,200
Other	427,984	398,642	313,097
Income taxes payable	124,014	1,072,441	810,059
Accrued expenses	562,500	578,000	550,000
Other current liabilities	612,791	432,224	388,921
Total current liabilities	<u>3,532,870</u>	<u>4,033,721</u>	<u>3,385,277</u>
LONG - TERM LIABILITIES:			
Liability for retirement benefits	516,614	485,778	443,927
Other long-term liabilities	53,180	166,560	161,640
Total long-term liabilities	<u>569,794</u>	<u>652,338</u>	<u>605,567</u>
EQUITY:			
Common stock — authorized, 100,000,000 shares; issued 29,085,000 shares in 2013, issued 30,637,000 shares in 2012 and 2011	4,158,000	4,158,000	4,158,000
Additional paid-in capital	4,603,500	4,603,500	4,603,500
Stock acquisition rights	66,400	43,169	22,753
Retained earnings	23,896,953	25,232,320	24,067,721
Treasury stock — at cost 1,629,649 shares in 2013, 1,552,152 shares in 2012 and 1,552,722 shares in 2011	(2,031,799)	(1,638,584)	(1,639,267)
Accumulated other comprehensive income:			
Net unrealized gain(loss) on available-for-sale securities	94,460	(154,824)	(61,759)
Deferred gain(loss) on derivatives under hedge accounting	15,683	(1,882)	(5,315)
Foreign currency translation adjustments	19,855	(442)	(52,140)
Total equity	<u>30,823,052</u>	<u>32,241,257</u>	<u>31,093,493</u>
TOTAL	<u>¥ 34,925,716</u>	<u>¥ 36,927,316</u>	<u>¥ 35,084,337</u>

Consolidated Statements of Income

Toyo Corporation and Consolidated Subsidiaries Years Ended September 30, 2013, 2012 and 2011

	Thousands of yen		
	2013	2012	2011
NET SALES	¥ 20,004,990	¥ 20,884,205	¥ 18,383,392
COST OF SALES	10,949,876	10,805,839	9,532,680
Gross profit	9,055,114	10,078,366	8,850,712
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,789,089	6,988,049	6,858,400
Operating income	2,266,025	3,090,317	1,992,312
OTHER INCOME(EXPENSES):			
Interest and dividend income - net	134,209	179,671	177,627
Gain on sales or disposals of property and equipment - net	18,981	11,383	88,765
Gain on sales of marketable and investment securities - net	111,357	76,159	56,226
Valuation loss on marketable and investment securities		(86,340)	(12,253)
Foreign exchange gain(loss) - net	(9,529)	86,652	96,930
Commission for purchase of treasury stock	(18,489)		
Equity in loss of associated companies		(17,919)	(13,075)
Loss on impairment of long-lived assets		(38,700)	
Loss on disposition of foreign currency translation adjustment		(55,385)	
Other - net	11,798	95,838	48,780
Other income - net	248,327	251,359	443,000
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	2,514,352	3,341,676	2,435,312
INCOME TAXES			
Current	905,000	1,572,000	1,034,000
Deferred	102,138	(123,095)	8,037
Total income taxes	1,007,138	1,448,905	1,042,037
NET INCOME BEFORE MINORITY INTERESTS	1,507,214	1,892,771	1,393,275
NET INCOME	¥ 1,507,214	¥ 1,892,771	¥ 1,393,275

2) Non-consolidated balance sheet and income statement for FY 2013 (October 1, 2012 to September 30, 2013)

Non - Consolidated Balance Sheets

Toyo Corporation September 30, 2013, 2012 and 2011

ASSETS	Thousands of yen		
	2013	2012	2011
CURRENT ASSETS:			
Cash and cash equivalents	¥ 4,830,856	¥ 4,198,980	¥ 3,376,304
Short-term investments		100,000	
Marketable securities	6,281,902	7,754,855	6,774,147
Receivable:			
Trade notes and accounts	4,158,908	3,957,027	3,044,586
Other	7,794	44,130	43,601
Allowance for doubtful receivables	(800)	(800)	(600)
Inventories	831,575	818,137	1,077,276
Advances to suppliers	507,764	105,316	23,483
Deferred tax assets	419,040	486,167	415,696
Prepaid expenses and other current assets	147,442	86,594	83,175
Total current assets	17,184,481	17,550,406	14,837,668
PROPERTY AND EQUIPMENT:			
Land	5,596,785	5,596,785	5,635,485
Buildings and structures	4,746,775	4,737,957	4,721,767
Equipment	2,990,375	2,960,924	2,868,448
Total	13,333,935	13,295,666	13,225,700
Accumulated depreciation	(4,854,859)	(4,761,738)	(4,539,433)
Net property and equipment	8,479,076	8,533,928	8,686,267
INVESTMENTS AND OTHER ASSETS:			
Investment securities	3,851,797	6,614,623	7,609,214
Investment securities to subsidiaries and associated companies	183,014	184,189	336,458
Allowance for doubtful investment securities in subsidiaries	(43,500)	(43,500)	
Prepaid pension cost	315,735	303,156	300,276
Long-term deposit	4,200,000	2,900,000	2,500,000
Deferred tax assets	88,830	274,501	179,289
Other assets	716,810	681,126	673,957
Allowance for doubtful receivables	(25,800)	(25,800)	(25,800)
Total investments and other assets	9,286,886	10,888,295	11,573,394
TOTAL	¥ 34,950,443	¥ 36,972,629	¥ 35,097,329

LIABILITIES AND EQUITY	Thousands of yen		
	2013	2012	2011
CURRENT LIABILITIES:			
Payables:			
Trade notes and accounts	¥ 1,815,145	¥ 1,553,788	¥ 1,323,400
Other	427,425	398,244	312,526
Income taxes payable	124,014	1,072,441	810,059
Accrued expenses	562,500	578,000	550,000
Advances from customers on contracts	502,092	214,115	206,274
Other current liabilities	69,944	217,806	167,248
Total current liabilities	<u>3,501,120</u>	<u>4,034,394</u>	<u>3,369,507</u>
LONG - TERM LIABILITIES:			
Liability for retirement benefits	516,614	485,778	443,927
Other long-term liabilities	53,180	166,560	161,640
Total long-term liabilities	<u>569,794</u>	<u>652,338</u>	<u>605,567</u>
EQUITY:			
Common stock—authorized, 100,000,000 shares; issued 29,085,000 shares in 2013, issued 30,637,000 shares in 2012 and 2011	4,158,000	4,158,000	4,158,000
Additional paid-in capital	4,603,500	4,603,500	4,603,500
Stock acquisition rights	66,400	43,169	22,753
Retained earnings:			
Legal reserve	581,209	581,209	581,209
Retained earnings - unappropriated	23,392,076	24,695,309	23,463,134
Net unrealized gain(loss) on available-for-sale securities	94,460	(154,824)	(61,759)
Deferred gain(loss) on derivatives under hedge accounting	15,683	(1,882)	(5,315)
Treasury stock—at cost 1,629,649 shares in 2013, 1,552,152 shares in 2012 and 1,552,722 shares in 2011	(2,031,799)	(1,638,584)	(1,639,267)
Total equity	<u>30,879,529</u>	<u>32,285,897</u>	<u>31,122,255</u>
TOTAL	<u>¥ 34,950,443</u>	<u>¥ 36,972,629</u>	<u>¥ 35,097,329</u>

Non - Consolidated Statements of Income

Toyo Corporation Years Ended September 30, 2013, 2012 and 2011

	Thousands of yen		
	2013	2012	2011
NET SALES	¥ 19,979,883	¥ 20,871,895	¥ 18,382,145
COST OF SALES	10,946,347	10,798,895	9,532,256
Gross profit	9,033,536	10,073,000	8,849,889
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,735,939	6,942,042	6,810,072
Operating income	2,297,597	3,130,958	2,039,817
OTHER INCOME(EXPENSES):			
Interest and dividend income - net	134,129	277,012	177,546
Gain on sales or disposals of property and equipment - net	18,981	11,479	88,765
Gain on sales of marketable and investment securities - net	111,357	73,871	35,988
Valuation loss on marketable and investment securities		(86,340)	(17,253)
Foreign exchange gain(loss) - net	(7,217)	86,549	98,577
Provision of allowance for investment loss		(43,500)	
Loss on impairment of long-lived assets		(38,700)	
Loss on foreign currency exchange in capital reduction of subsidiaries		(82,483)	
Other - net	(7,027)	80,406	48,778
Other income - net	250,223	278,294	432,401
INCOME BEFORE INCOME TAXES	2,547,820	3,409,252	2,472,218
INCOME TAX			
Current	905,000	1,572,000	1,034,000
Deferred	103,527	(123,095)	8,037
Total income taxes	1,008,527	1,448,905	1,042,037
NET INCOME	¥ 1,539,293	¥ 1,960,347	¥ 1,430,181

2. Resolutions

1) Proposal of Appropriation of Retained Earnings

The basic policy of TOYO Corporation is to increase the profitability to pay dividends to the shareholders in proportion to the profits, to build up retained earnings for an improved financial health which is the basis of our long-term growth, and to raise the corporate value. In view of the above, we propose to appropriate the retained earnings in FY 2013 as follows.

<End-of-term dividend>

Based on the dividend policy (Note 1) of TOYO Corporation below, the end-of-term dividend in FY 2013 will be as follows.

a) Type of dividend: Japanese yen

b) Calculation of the dividend and the aggregate amount of the dividend:

The end-of-term dividend will be JPY 17 per common share (Note 2).

The aggregate amount of the end-of-term dividend will be JPY 466,740,967.

c) The end-of-term dividend will be payable as of December 20th, 2013.

(Note 1: Dividend policy)

For ordinary dividend, we established a policy of maintaining the dividend payout ratio of around 60% (based on the consolidated net profit).

The interim dividend for the current fiscal year corresponds to 40% of the ordinary dividend for the previous fiscal year. The interim dividend for FY 2013 was JPY 16 per share.

(Note 2: Dividend in FY 2013)

If this resolution is approved, the total dividend per share for FY 2013 will be JPY 33.

2) Appointment of one Director

Toshiya Kohno

Executive Officer since April 2008

Managing Director of TOYO Corporation China since October 2010

Proxy Form

TOYO Corporation

The undersigned shareholder of TOYO Corporation hereby appoints _____ as the nominee of the undersigned to attend and act for the undersigned at the meeting of shareholders of the Corporation held on December 19th, 2013 in Tokyo and at any adjournment of that meeting in the same manner and with the same power, including with respect to voting, as if the undersigned were present in person.

(Optional) The undersigned has instructed his/her nominee to exercise his/her voting rights as follows:

Resolution 1)	Agree	Disagree
Resolution 2)	Agree	Disagree

Dated: _____

Signature of shareholder: _____

Name of shareholder in print: _____

Number of shares: _____

Disclaimer

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