

December 2011

Greetings To shareholders:

In the fiscal year ending in September 2011, the early signs of economic recovery were canceled by the Great East Japan Earthquake on March 11, 2011. The Japanese economy was seriously affected and the domestic companies cut down on R&D spending due to the lack of visibility. Despite the unstable supply of electricity, the reconstruction efforts by the government and the private sector started after a gradual recovery from the shock. Because of the economic slowdown in the US and Europe, the growth of the Chinese economy is decelerating.

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 from Europe and the US and by offering a wider range of our own measurement systems based on the self-developed software.

Our noise/vibration analysis technologies are widely adopted in the fields of automobiles, railways, and aerospace industries. We have also seen a growing demand for EMC (electromagnetic compatibility) measurement systems in the Asian market. The demand for our network evaluation and monitoring tools increased in a wide range of markets from carriers to enterprises such as cloud computing and IP network for mobile phones. Evaluation systems for secondary batteries for environmental and new energy applications as well as the nanotechnology with the focus on life sciences are growing into our new core businesses.

While the (consolidated) amount of orders received grew slightly by 0.5% from the previous FY, the consolidated turnover increased by 3.0% from FY 2010 to JPY 18,383 million. Nevertheless, the net profit decreased by 27.3% from FY 2010 to JPY 1,393 million. The net profit in FY 2010 was higher due to an extraordinary profit from the transfer of shares of the consolidated US subsidiary CLEARSIGHT NETWORKS, INC. in December 2009.

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 2011 will be JPY 29. Since an interim dividend of JPY 16 per share was already distributed among the shareholders in June 2011, the dividend per share at the end of FY 2011 will be JPY 13.

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

Masaru Gomi  
President & CEO  
TOYO Corporation

## NOTICE of regular general meeting of shareholders

TOYO Corporation

Notice is hereby given that the regular general meeting of shareholders of TOYO Corporation (the “Corporation”) will be held on Tuesday December 20<sup>th</sup>, 2011 at Belle Salle Yaesu Conference Rooms 1 – 3 at Yaesu First Financial Building (3<sup>rd</sup> 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 2011 (October 1, 2010 to September 30, 2011) as well as 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 2011 (October 1, 2010 to September 30, 2011);

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

Resolution-2) To amend the Articles of Incorporation;

Resolution-3) To appoint one Director;

Resolution-4) To appoint two Corporate Auditors; and

Resolution-5) To approve the bonuses for the Directors.

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 Monday December 19<sup>th</sup>, 2011.

November 28<sup>th</sup>, 2011

By Order of the Board of Directors

Masaru Gomi

President and CEO

## Important information for shareholders / Resolutions

### 1. Items to report

#### 1) Consolidated balance sheet and consolidated income statement for FY 2011 (October 1, 2010 to September 30, 2011)

### *Consolidated Balance Sheets*

Toyo Corporation and Consolidated Subsidiaries September 30, 2011, 2010 and 2009

<b>ASSETS</b>	Thousands of yen		
	2011	2010	2009
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	3,423,850	4,182,559	3,404,630
Short-term investments			610,000
Marketable securities	6,774,147	7,261,725	5,920,359
Receivables:			
Trade notes and accounts	3,044,586	3,697,572	3,606,326
Other	272,916	95,958	50,770
Allowance for doubtful receivables	(600)	(400)	(7,700)
Inventories	1,077,276	734,513	945,246
Income taxes receivable			344,363
Deferred tax assets	415,696	362,661	235,869
Prepaid expenses and other current assets	109,135	170,546	155,163
Total current assets	15,117,006	16,505,134	15,265,026
<b>PROPERTY AND EQUIPMENT:</b>			
Land	5,635,485	5,635,485	5,635,485
Buildings and structures	4,721,767	4,721,767	4,808,577
Equipment	2,871,843	2,876,648	2,925,674
Total	13,229,095	13,233,900	13,369,736
Accumulated depreciation	(4,540,244)	(4,376,556)	(4,215,209)
Net property and equipment	8,688,851	8,857,344	9,154,527
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities	7,609,214	5,968,358	6,144,419
Investment securities in unconsolidated subsidiaries and associated companies	38,426	59,102	62,886
Accumulated insurance premiums	378,496	373,324	371,782
Goodwill			8,986
Prepaid pension cost	300,276	308,890	361,666
Long-term deposit	2,500,000	2,500,000	1,550,000

Deferred tax assets	179,289	200,957	300,876
Other assets	298,579	574,737	347,333
Allowance for doubtful receivables	(25,800)	(25,800)	(25,800)
Total investments and other assets	11,278,480	9,959,568	9,122,148
<b>TOTAL</b>	<b>35,084,337</b>	<b>35,322,046</b>	<b>33,541,701</b>

## **LIABILITIES AND EQUITY**

### **CURRENT LIABILITIES:**

Trade notes and accounts payable	1,636,297	1,788,585	1,650,093
Income taxes payable	810,059	327,539	
Accrued expenses	550,000	515,000	455,253
Other current liabilities	388,921	263,828	280,102
Total current liabilities	3,385,277	2,894,952	2,385,448

### **LONG - TERM LIABILITIES:**

Liability for retirement benefits	443,927	805,570	699,087
Other long-term liabilities	161,640	2,000	2,000
Total long-term liabilities	605,567	807,570	701,087

### **EQUITY:**

Common stock, authorized, 100,000,000 shares; issued 30,637,000 shares in 2011, 2010 and 2009	4,158,000	4,158,000	4,158,000
Capital Surplus	4,603,500	4,603,500	4,603,500
Stock acquisition rights	22,753		
Retained earnings	24,067,721	24,541,310	23,594,296
Net unrealized loss on available-for-sale securities	(61,759)	(3,481)	(30,033)
Accumulated other comprehensive income			
Deferred loss on derivatives under hedge accounting	(5,315)	(6,159)	(3,055)
Foreign currency translation adjustments	(52,140)	(29,764)	(261,823)
Treasury stock — at cost			
1,552,722 shares in 2011, 1,556,832 shares in 2010 and 1,564,951 shares in 2009	(1,639,267)	(1,643,882)	(1,652,632)
Total	31,093,493	31,619,524	30,408,253
Minority interests			46,913
Total equity	31,093,493	31,619,524	30,455,166
<b>TOTAL</b>	<b>35,084,337</b>	<b>35,322,046</b>	<b>33,541,701</b>

## ***Consolidated Statements of Income***

Toyo Corporation and Consolidated Subsidiaries Years Ended September 30, 2011, 2010 and 2009

	Thousands of yen		
	2011	2010	2009
<b>NET SALES</b>	18,383,392	17,840,726	18,435,899
<b>COST OF SALES</b>	9,532,680	9,620,820	9,970,308
Gross profit	8,850,712	8,219,906	8,465,591
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	6,858,400	6,983,134	7,376,016
Operating income	1,992,312	1,236,772	1,089,575
<b>OTHER INCOME(EXPENSES):</b>			
Interest and dividend income - net	177,627	171,439	161,112
Gain on sales or disposals of property and equipment - net	88,765	54,705	47,316
Gain on sales of marketable and investment securities-net	56,226	27,978	43,681
Gain on transfer of business		1,349,100	91,209
Valuation loss on marketable and investment securities	(12,253)	(287,239)	(94,559)
Foreign exchange gain - net	96,930	70,390	93,567
Equity in loss of associated companies	(13,075)	(3,784)	(5,410)
Loss on disposition of foreign currency translation adjustment		(363,264)	
Other - net	48,780	85,597	51
Other income - net	443,000	1,104,922	336,967
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>	2,435,312	2,341,694	1,426,542
<b>INCOME TAXES</b>			
Current	1,034,000	457,000	272,065
Deferred	8,037	(42,961)	249,756
Total income taxes	1,042,037	414,039	521,821
<b>NET INCOME BEFORE MINORITY INTERESTS</b>	1,393,275		
<b>MINORITY INTERESTS IN NET INCOME</b>		(11,939)	(2,587)
<b>NET INCOME</b>	1,393,275	1,915,716	902,134

**2) Non-consolidated balance sheet and income statement for FY 2011 (October 1, 2010 to September 30, 2011)**

***Non - Consolidated Balance Sheets***

Toyo Corporation September 30, 2011, 2010 and 2009

<b>ASSETS</b>	Thousands of yen		
	2011	2010	2009
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	3,376,304	4,157,909	3,234,018
Short-term investments			610,000
Marketable securities	6,774,147	7,261,725	5,920,359
Receivable:			
Trade notes and accounts	3,044,586	3,697,572	3,547,874
Other	43,601	95,958	45,262
Allowance for doubtful receivables	(600)	(400)	(7,700)
Inventories	1,077,276	734,513	876,057
Advances to suppliers	23,483	84,898	70,506
Income taxes receivable			344,363
Deferred tax assets	415,696	362,661	235,869
Prepaid expenses and other current assets	83,175	85,612	81,342
Total current assets	<u>14,837,668</u>	<u>16,480,448</u>	<u>14,957,950</u>
<b>PROPERTY AND EQUIPMENT:</b>			
Land	5,635,485	5,635,485	5,635,485
Buildings and structures	4,721,767	4,721,767	4,806,471
Equipment	2,868,448	2,876,648	2,888,535
Total	<u>13,225,700</u>	<u>13,233,900</u>	<u>13,330,491</u>
Accumulated depreciation	<u>(4,539,433)</u>	<u>(4,376,556)</u>	<u>(4,204,100)</u>
Net property and equipment	<u>8,686,267</u>	<u>8,857,344</u>	<u>9,126,391</u>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities	7,609,214	5,968,358	6,144,419
Investment securities in subsidiaries and associated companies	336,458	287,767	1,768,724
Allowance for doubtful investment securities in subsidiaries			(833,000)
Prepaid pension cost	300,276	308,890	361,665
Long-term deposit	2,500,000	2,500,000	1,550,000
Deferred tax assets	179,289	200,957	639,823
Other assets	673,957	697,230	715,304
Allowance for doubtful receivables	(25,800)	(25,800)	(25,800)
Total investments and other assets	<u>11,573,394</u>	<u>9,937,402</u>	<u>10,321,135</u>
<b>TOTAL</b>	<u><u>35,097,329</u></u>	<u><u>35,275,194</u></u>	<u><u>34,405,476</u></u>

## **LIABILITIES AND EQUITY**

### **CURRENT LIABILITIES:**

Trade notes and accounts payable	1,635,926	1,788,585	1,639,965
Income taxes payable	810,059	327,539	
Accrued expenses	550,000	515,000	433,000
Advances from customers on contracts	206,274	93,187	61,096
Other current liabilities	167,248	154,310	90,300
Total current liabilities	<u>3,369,507</u>	<u>2,878,621</u>	<u>2,224,361</u>

### **LONG - TERM LIABILITIES:**

Liability for retirement benefits	443,927	805,569	699,087
Other long-term liabilities	161,640	2,000	2,000
Total long-term liabilities	<u>605,567</u>	<u>807,569</u>	<u>701,087</u>

### **EQUITY:**

Common stock, authorized, 100,000,000 shares; issued 30,637,000 shares in 2011, 2010 and 2009	4,158,000	4,158,000	4,158,000
Capital Surplus	4,603,500	4,603,500	4,603,500
Stock acquisition rights	22,753		
Retained earnings:			
Legal reserve	581,209	581,209	581,209
Retained earnings - unappropriated	23,463,134	23,899,817	23,823,039
Net unrealized loss on available-for-sale securities	(61,759)	(3,481)	(30,033)
Deferred loss on derivatives under hedge accounting	(5,315)	(6,159)	(3,055)
Treasury stock — at cost 1,552,722 shares in 2011, 1,556,832 shares in 2010 and 1,564,951 shares in 2009	<u>(1,639,267)</u>	<u>(1,643,882)</u>	<u>(1,652,632)</u>
Total equity	<u>31,122,255</u>	<u>31,589,004</u>	<u>31,480,028</u>
<b>TOTAL</b>	<u>35,097,329</u>	<u>35,275,194</u>	<u>34,405,476</u>

## *Non - Consolidated Statements of Income*

Toyo Corporation Years Ended September 30, 2011, 2010 and 2009

	Thousands of yen		
	2011	2010	2009
<b>NET SALES</b>	18,382,145	17,738,757	17,956,685
<b>COST OF SALES</b>	9,532,256	9,643,813	10,102,810
Gross profit	8,849,889	8,094,944	7,853,875
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	6,810,072	6,888,274	6,763,760
Operating income	2,039,817	1,206,670	1,090,115
<b>OTHER INCOME(EXPENSES):</b>			
Interest and dividend income - net	177,546	170,630	160,616
Gain on sales or disposals of property and equipment - net	88,765	54,705	33,814
Gain on sales of marketable and investment securities-net	35,988	27,978	43,681
Valuation loss on marketable and investment securities	(17,253)	(287,239)	(94,559)
Foreign exchange gain - net	98,577	70,390	93,567
Reversal of allowance for investment loss		833,000	
Loss on foreign currency exchange in capital reduction of subsidiaries		(363,264)	
Other - net	48,778	85,597	30,901
Other income - net	432,401	591,797	268,020
<b>INCOME BEFORE INCOME TAXES</b>	2,472,218	1,798,467	1,358,135
<b>INCOME TAX</b>			
Current	1,034,000	457,000	272,000
Deferred	8,037	295,987	357,826
Total income taxes	1,042,037	752,987	629,826
<b>NET INCOME</b>	1,430,181	1,045,480	728,309



## **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 ensure the return to shareholders in the form of dividends. In view of the above, we propose to appropriate the retained earnings in FY 2011 as follows.

<End-of-term dividend>

Based on the dividend policy (Note 1) of TOYO Corporation below, the end-of-term dividend in FY 2011 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 13 per common share (Note 2).

The aggregate amount of the end-of-term dividend will be JPY 378,095,614.

c) The end-of-term dividend will be payable as of December 21, 2011.

(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 2011 was JPY 16.

(Note 2: Dividend in FY 2011)

If this resolution is approved, the total dividend per share for FY 2011 will be JPY 29.

## 2) **Amendment of the Articles of Incorporation**

### A. Reason for the amendment

Pursuant to Paragraphs 1 and 3 of Article 939 of the Companies Act, electronic public notices will be placed. Should it be impossible to place electronic public notices due to circumstances beyond the Corporation's control, public notices may be placed in the Nihon Keizai Shinbun newspaper. Article 4 of the existing Articles of Incorporation will be amended accordingly.

### B. Details of the Amendment

The details of the amendment are as follows:

Existing Articles of Incorporation	Proposed Amendment
Article 4 TOYO Corporation places public notices in the Nihon Keizai Shinbun newspaper.	Article 4 TOYO Corporation places public notices electronically. Should it be impossible to place electronic public notices due to circumstances beyond its control such as an accident, the Corporation may place public notices in the Nihon Keizai Shinbun newspaper.

## 3) **Appointment of one Director**

Yousuke Watanabe

Director of TOYO Corporation since December 1987

Managing Director since December 1998

Senior Vice President and Representative Director since December 2002

President and CEO since December 2006

Chairman and Representative Director since December 2010

**4) Appointment of two Corporate Auditors**

Akira Teranishi  
Attorney at law

Naoshi Kiyono  
Formerly Senior Vice President of Meiji Yasuda Life Insurance Company

**5) Directors' bonuses**

In view of the business performance in FY 2011, it is proposed that a total amount of JPY 30 million be paid as bonuses to three of the Directors serving at the end of FY 2011. The above amount is to be divided between the three directors by a resolution of the Board of Directors.

# 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 20, 2011 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:

Resolutions:

Item No 1.	Agree	Disagree
Item No 2.	Agree	Disagree
Item No 3.	Agree	Disagree
Item No 4.	Agree	Disagree
Item No 5.	Agree	Disagree

Dated: \_\_\_\_\_

Signature of shareholder: \_\_\_\_\_

Name of shareholder in print: \_\_\_\_\_

Number of shares: \_\_\_\_\_

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