

December 2012

Greetings to shareholders:

In the fiscal year ending in September 2012, the decline since this spring in personal consumption, exports and current-account surplus has affected the domestic economic climate while strong yen weighed heavily on exporters, despite the continued demand for recovery in the region devastated by the Great East Japan Earthquake. Meanwhile, the Euro crisis persists and the US economic growth remains lackluster. The loss of momentum in economic growth in emerging countries especially China impacts the Japanese economy more negatively almost by the day.

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 material analysis systems business continues to benefit from the strong needs for evaluation of electrical characteristics of various 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 (VoLTE), 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. The noise/vibration analysis business thrived especially in the field of automobiles where R&D investments have grown steadily, while our expertise in automotive measurement technology and consulting services is also being applied to the railways and aerospace industries. While the domestic market of EMC (electromagnetic compatibility) measurement systems contracted due to hollowing-out, we have seen a growing demand for EMC systems in the Asian market, especially China. Among the other varying fields of measurement systems, we have observed a business expansion of marine and ocean measurement systems on the back of recovery from the earthquake damage.

While the (consolidated) amount of orders received grew by 9.1% from the previous FY, the consolidated turnover increased by 13.6% from FY 2011 to JPY 20,884 million. The net profit increased by 35.9% from FY 2011 to JPY 1,892 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 2012 will be JPY 39 per share. Since an interim dividend of JPY 12 per share was already distributed among the shareholders in June 2012, the dividend per share at the end of FY 2012 will be JPY 27.

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 28th, 2012

TOYO Corporation

Notice is hereby given that the regular general meeting of shareholders of TOYO Corporation (the “Corporation”) will be held on Thursday December 20th, 2012 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 2012 (October 1, 2011 to September 30, 2012) 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 2012 (October 1, 2011 to September 30, 2012);

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

Resolution-2) To appoint five Directors; and

Resolution-3) To appoint one Corporate Auditor.

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 19th, 2012.

Masaru Gomi

President and CEO

Important information for shareholders / Resolutions

1. Items to report

1) Consolidated balance sheet and consolidated income statement for FY 2012 (October 1, 2011 to September 30, 2012)

Consolidated Balance Sheets

Toyo Corporation and Consolidated Subsidiaries September 30, 2012, 2011 and 2010

ASSETS	Thousands of yen		
	2012	2011	2010
CURRENT ASSETS:			
Cash and cash equivalents	4,261,062	3,423,850	4,182,559
Short-term investments	100,000		
Marketable securities	7,754,855	6,774,147	7,261,725
Receivables:			
Trade notes and accounts	3,955,258	3,044,586	3,697,572
Other	43,430	272,916	95,958
Allowance for doubtful receivables	(800)	(600)	(400)
Inventories	819,038	1,077,276	734,513
Deferred tax assets	486,167	415,696	362,661
Prepaid expenses and other current assets	194,549	109,135	170,546
Total current assets	<u>17,613,559</u>	<u>15,117,006</u>	<u>16,505,134</u>
PROPERTY AND EQUIPMENT:			
Land	5,596,785	5,635,485	5,635,485
Buildings and structures	4,737,957	4,721,767	4,721,767
Equipment	2,966,450	2,871,843	2,876,648
Total	13,301,192	13,229,095	13,233,900
Accumulated depreciation	(4,764,081)	(4,540,244)	(4,376,556)
Net property and equipment	<u>8,537,111</u>	<u>8,688,851</u>	<u>8,857,344</u>
INVESTMENTS AND OTHER ASSETS:			
Investment securities	6,614,623	7,609,214	5,968,358
Investment securities in unconsolidated subsidiaries and associated companies	22,794	38,426	59,102
Accumulated insurance premiums	397,556	378,496	373,324
Prepaid pension cost	303,156	300,276	308,890
Long-term deposit	2,900,000	2,500,000	2,500,000
Deferred tax assets	274,501	179,289	200,957
Other assets	289,816	298,579	574,737
Allowance for doubtful receivables	(25,800)	(25,800)	(25,800)
Total investments and other assets	<u>10,776,646</u>	<u>11,278,480</u>	<u>9,959,568</u>
TOTAL	<u><u>36,927,316</u></u>	<u><u>35,084,337</u></u>	<u><u>35,322,046</u></u>

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Trade notes and accounts payable	1,951,056	1,636,297	1,788,585
Income taxes payable	1,072,441	810,059	327,539
Accrued expenses	578,000	550,000	515,000
Other current liabilities	432,224	388,921	263,828
Total current liabilities	4,033,721	3,385,277	2,894,952

LONG - TERM LIABILITIES:

Liability for retirement benefits	485,778	443,927	805,570
Other long-term liabilities	166,560	161,640	2,000
Total long-term liabilities	652,338	605,567	807,570

EQUITY:

Common stock— authorized, 100,000,000 shares; issued 30,637,000 shares in 2012, 2011 and 2010	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	43,169	22,753	
Retained earnings	25,232,320	24,067,721	24,541,310
Treasury stock— at cost 1,552,152 shares in 2012, 1,552,722 shares in 2011 and 1,556,832 shares in 2010	(1,638,583)	(1,639,267)	(1,643,882)
Accumulated other comprehensive income:			
Net unrealized loss on available-for-sale securities	(154,824)	(61,759)	(3,481)
Deferred loss on derivatives under hedge accounting	(1,882)	(5,315)	(6,159)
Foreign currency translation adjustments	(443)	(52,140)	(29,764)
Total equity	32,241,257	31,093,493	31,619,524
TOTAL	36,927,316	35,084,337	35,322,046

Consolidated Statements of Income

Toyo Corporation and Consolidated Subsidiaries Years Ended September 30, 2012, 2011 and 2010

	Thousands of yen		
	2012	2011	2010
NET SALES	20,884,205	18,383,392	17,840,726
COST OF SALES	10,805,839	9,532,680	9,620,820
Gross profit	10,078,366	8,850,712	8,219,906
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,988,049	6,858,400	6,983,134
Operating income	3,090,317	1,992,312	1,236,772
OTHER INCOME(EXPENSES):			
Interest and dividend income - net	179,671	177,627	171,439
Gain on sales or disposals of property and equipment - net	11,383	88,765	54,705
Gain on sales of marketable and investment securities-net	76,159	56,226	27,978
Gain on transfer of business			1,349,100
Valuation loss on marketable and investment securities	(86,340)	(12,253)	(287,239)
Foreign exchange gain - net	86,652	96,930	70,390
Equity in loss of associated companies	(17,919)	(13,075)	(3,784)
Loss on impairment of long-lived assets	(38,700)		
Loss on disposition of foreign currency translation adjustment	(55,385)		(363,264)
Other - net	95,838	48,780	85,597
Other income - net	251,359	443,000	1,104,922
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	3,341,676	2,435,312	2,341,694
INCOME TAXES			
Current	1,572,000	1,034,000	457,000
Deferred	(123,095)	8,037	(42,961)
Total income taxes	1,448,905	1,042,037	414,039
MINORITY INTERESTS IN NET INCOME			(11,939)
NET INCOME	1,892,771	1,393,275	1,915,716

2) Non-consolidated balance sheet and income statement for FY 2012 (October 1, 2011 to September 30, 2012)

Non - Consolidated Balance Sheets

Toyo Corporation September 30, 2012, 2011 and 2010

ASSETS	Thousands of yen		
	2012	2011	2010
CURRENT ASSETS:			
Cash and cash equivalents	4,198,980	3,376,304	4,157,909
Short-term investments	100,000		
Marketable securities	7,754,855	6,774,147	7,261,725
Receivable:			
Trade notes and accounts	3,957,027	3,044,586	3,697,572
Other	44,130	43,601	95,958
Allowance for doubtful receivables	(800)	(600)	(400)
Inventories	818,137	1,077,276	734,513
Advances to suppliers	105,316	23,483	84,898
Deferred tax assets	486,167	415,696	362,661
Prepaid expenses and other current assets	86,594	83,175	85,612
Total current assets	17,550,406	14,837,668	16,480,448
PROPERTY AND EQUIPMENT:			
Land	5,596,785	5,635,485	5,635,485
Buildings and structures	4,737,957	4,721,767	4,721,767
Equipment	2,960,924	2,868,448	2,876,648
Total	13,295,666	13,225,700	13,233,900
Accumulated depreciation	(4,761,738)	(4,539,433)	(4,376,556)
Net property and equipment	8,533,928	8,686,267	8,857,344
INVESTMENTS AND OTHER ASSETS:			
Investment securities	6,614,623	7,609,214	5,968,358
Investment securities in subsidiaries and associated companies	184,189	336,458	287,767
Allowance for doubtful investment securities in subsidiaries	(43,500)		
Prepaid pension cost	303,156	300,276	308,890
Long-term deposit	2,900,000	2,500,000	2,500,000
Deferred tax assets	274,501	179,289	200,957
Other assets	681,126	673,957	697,230
Allowance for doubtful receivables	(25,800)	(25,800)	(25,800)
Total investments and other assets	10,888,295	11,573,394	9,937,402
TOTAL	36,972,629	35,097,329	35,275,194

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Trade notes and accounts payable	1,952,032	1,635,926	1,788,585
Income taxes payable	1,072,441	810,059	327,539
Accrued expenses	578,000	550,000	515,000
Advances from customers on contracts	214,115	206,274	93,187
Other current liabilities	217,806	167,248	154,310
Total current liabilities	4,034,394	3,369,507	2,878,621

LONG - TERM LIABILITIES:

Liability for retirement benefits	485,778	443,927	805,569
Other long-term liabilities	166,560	161,640	2,000
Total long-term liabilities	652,338	605,567	807,569

EQUITY:

Common stock — authorized, 100,000,000 shares; issued 30,637,000 shares in 2012, 2011 and 2010	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	43,169	22,753	
Retained earnings:			
Legal reserve	581,209	581,209	581,209
Retained earnings - unappropriated	24,695,308	23,463,134	23,899,817
Net unrealized loss on available-for-sale securities	(154,824)	(61,759)	(3,481)
Deferred loss on derivatives under hedge accounting	(1,882)	(5,315)	(6,159)
Treasury stock — at cost 1,552,152 shares in 2012, 1,552,722 shares in 2011 and 1,556,832 shares in 2010	(1,638,583)	(1,639,267)	(1,643,882)
Total equity	32,285,897	31,122,255	31,589,004
TOTAL	36,972,629	35,097,329	35,275,194

Non - Consolidated Statements of Income

Toyo Corporation Years Ended September 30, 2012, 2011 and 2010

	Thousands of yen		
	2012	2011	2010
NET SALES	20,871,895	18,382,145	17,738,757
COST OF SALES	10,798,895	9,532,256	9,643,813
Gross profit	10,073,000	8,849,889	8,094,944
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,942,042	6,810,072	6,888,274
Operating income	3,130,958	2,039,817	1,206,670
OTHER INCOME(EXPENSES):			
Interest and dividend income - net	277,012	177,546	170,630
Gain on sales or disposals of property and equipment - net	11,479	88,765	54,705
Gain on sales of marketable and investment securities-net	73,871	35,988	27,978
Valuation loss on marketable and investment securities	(86,340)	(17,253)	(287,239)
Loss on impairment of long-lived assets	(38,700)		
Foreign exchange gain - net	86,549	98,577	70,390
Reversal of allowance for investment loss			833,000
Provision of allowance for investment loss	(43,500)		
Loss on foreign currency exchange in capital reduction of subsidiaries	(82,483)		(363,264)
Other - net	80,406	48,778	85,597
Other income - net	278,294	432,401	591,797
INCOME BEFORE INCOME TAXES	3,409,252	2,472,218	1,798,467
INCOME TAX			
Current	1,572,000	1,034,000	457,000
Deferred	(123,095)	8,037	295,987
Total income taxes	1,448,905	1,042,037	752,987
NET INCOME	1,960,347	1,430,181	1,045,480

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 2012 as follows.

<End-of-term dividend>

Based on the dividend policy (Note 1) of TOYO Corporation below, the end-of-term dividend in FY 2012 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 27 per common share (Note 2).

The aggregate amount of the end-of-term dividend will be JPY 785,290,896.

c) The end-of-term dividend will be payable as of December 21, 2012.

(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 2012 was JPY 12 per share.

(Note 2: Dividend in FY 2012)

If this resolution is approved, the total dividend per share for FY 2012 will be JPY 39.

2) Appointment of five Directors

Masaru Gomi

Director of TOYO Corporation since December 2004

Senior Managing Director since November 2009

President and CEO since December 2010

Tamikazu Kohama

Director of TOYO Corporation since December 2004

Managing Director since December 2010

Noriyuki Kato

Director of TOYO Corporation since December 2010

Hideyuki Okazawa

Director of TOYO Corporation since December 2010

Shuuzo Totoki

Director of TOYO Corporation since December 2010

3) Appointment of one Corporate Auditor

Yutaka Izuha

(Formerly) Senior Managing Director of Mizuho Information &
Research Institute, Inc.

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, 2012 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
Resolution 3)	Agree	Disagree

Dated: _____

Signature of shareholder: _____

Name of shareholder in print: _____

Number of shares: _____

Disclaimer

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