TOMY Company Ltd. Fiscal Year 2011 2Q (6 months) Results (1 April 2011 – 30 SEP 2011)

Nov 11, 2011 TSE Securities Code: 7867

FY 2011 2Q (6 months) Financial Highlights (April 1, 2011~September 30, 2011)

Toshiki Miura
Managing Director
Chief Financial Officer
TOMY Company, Ltd.

(FY2011 2Q) Consolidated Income statements



(¥100million)

	FY201	11 2Q	FY2010 2Q	Difference	
	Actual	26 May 2011 Estimates	Actual	(Yr-to-Yr comparison)	
Net sales	892	960	776	116	
Operating income	50	47	52	Δ2	
Operating margin	5.7%	4.9%	6.7%	Δ1.0%	
EBITDA	82	_	73	9	
EBITDA Margin	9.2%	_	9.4%	△0.2	
Ordinary income	44	45	53	△9	
Net income	23	25	48	△25	

XAII figures have been rounded down to the nearest ¥100million.

^{*} TOMY International (former RC2) has been added to the scope of consolidation effective April 29, 2011

^{*} In this FY, Amortization of Goodwill and intangible assets regarding TI acquisition \(\pm \)9mil

EBITDA=Operating income + Depreciation + Amortization of Goodwill

W US\$ average rate : FY2011 2Q ¥79.81, Estimates ¥85, FY2010 2Q ¥88.95

(FY2011 2Q)

Analysis of change in operating income



(¥100million)

[Consolidated]

FY 2010 2Q Results

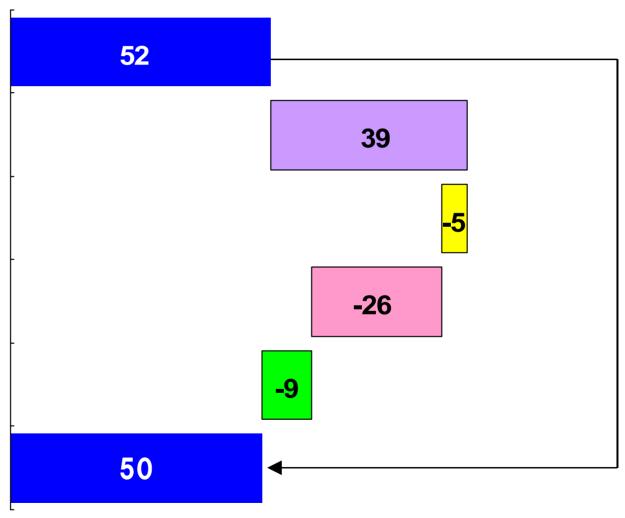
Gross margin increased by sales expansion

Gross margin decreased by aggravated cost of sales ratio

Increase in SG&A

- **SG&A** (decluded Amortization of Goodwill and intangible assets regarding TI acquisition)
- Amortization of Goodwill and intangible assets regarding TI acquisition

FY 2011 2Q Results



※All figures have been rounded down to the nearest ¥100million.

(FY2011 2Q) Breakdown of SG&A



(¥100million)

	FY2011 2Q	Sales margin	FY2010 2Q	Sales margin	
Cost of Sales	595	66.7%	513	66.1%	
SG&A (total)	246	27.6%	210	27.1%	
Personnel expense	96	10.8%	86	11.0%	
Advertising expense	42	4.8%	41	5.3%	
R&D expenses	11	1.3%	10	1.3%	
Distribution expenses	29	3.3%	21	2.8%	
Amortization of Goodwill and intangible assets regarding TI acquisition	9	1.1%	-	_	

※All figures have been rounded down to the nearest ¥100million.

(FY2011 2Q) International Sales



(¥100million)

Area	FY2011 2Q	FY2010 2Q	Difference (Yr-to-Yr comparison)
Europe	98	53	45
North America	207	49	158
Asia	54	43	11
Others	12	4	8
Total	372	151	221
Ratio to Consolidated Net Sales	41.7%	19.5%	22.2%

XAII figures have been rounded down to the nearest ¥100million.

(FY2011 2Q) Consolidated Balance Sheets



(¥100million)

			•	
Subject	FY2011 2Q	FY2010 2Q	Difference (Yr-to-Yr comparison)	
Current Assets	829	653	176	
Noncurrent Assets	716	327	389	
Total Assets	1547	981	566	
Current Liabilities	435	305	130	
Noncurrent Liabilities	646	230	416	
Total Liabilities	1082	535	547	
Total Net Assets	465	445	20	
Shareholders' Equity	443	432	11	
Shareholders' Equity Ratio	30.1%	44.1%	△14.0%	
			•	
Inventories	199	133	66	
Cash and deposits	253	211	42	
Total Interest Bearing Debt	699	246	453	
Loans payable	550	81	469	
Bonds and convertible bonds	149	165	Δ16	

※. US\$ current rate : FY2011 2Q ¥76.65, FY2010 2Q ¥83.82

FY2011 2Q (6 months) Results Business Report

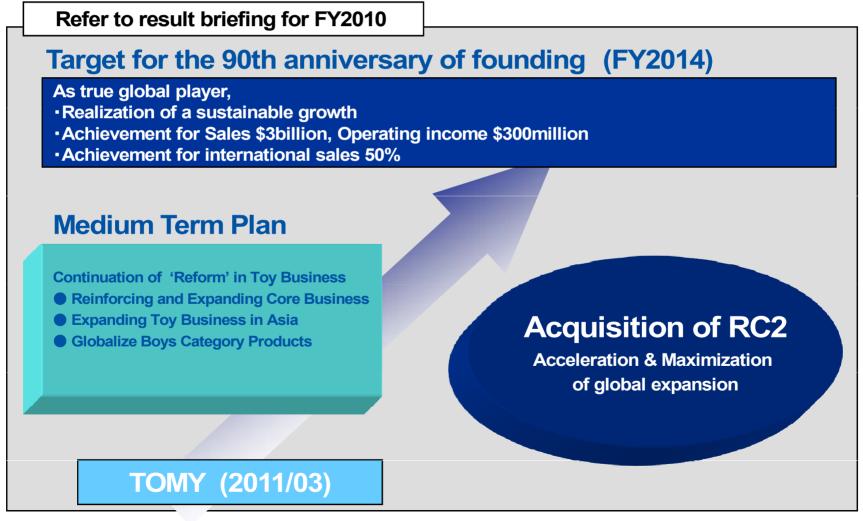
Nov 11, 2011
Kantaro Tomiyama
President & CEO
TOMY Company, Ltd.

(Reconfirmation) New Management Goals after acquisition



■ Announcement on 31st May 2011

Tomy aims to become a true global player through acquiring RC2



FY2011 2Q(6 months) Business Review



Toy Business

- After acquiring RC2 (current TOMY International), every task force has begun to operate to realize the merger effect
- TOMY International: Acquired BOON, KEEN DISTRIBUTION in order to reinforce baby business
- To enlarge the Chinese market distribution channel, Tomy International business alliance with Boshiwa International
- Beyblade's domestic sales dropped, but the export has been sound together with Transformer
- New products 'Treena', 'Plarail Advance' have been introduced to reinforce core business

Group Companies

- Takaratomy Arts has been contemplating to widen the business area: Business has been well
- Tinkerbell (apparel): Restarted through re-organizing the business
- Toys Union: Items of game soft & hard have been decreased



- Progress of integration with TOMY International (former RC2)
- Effect of Thailand flood
- Business plan after 2nd half

TOMY International: Current Situation



1st half Review

Merger started to build a global business structure

- Together with TOMY, aggressively deployed a task force to promote the merger In order to globalize TOMY's products and deploy TOMY International's products in Japan and Asia, both companies have been sharing know-how and information aggressively

Acquisition of BOON, KEEN DISTRIBUTION

Acquired on August 4th. In addition to newly lining up high end design & functional products, it aims to reinforce nursery business

Chuggington's aggressive deployment in North America

✓ In 2010, the sales amounted to \$30million in Europe & Australia, Started to deploy all product line in North

Plan in 2nd half

Acceleration of the merger

- ✓ Task force's 2nd stage plan
- In order to deploy the management and product globally, the personnel exchanges have been accelerated

Reinforcing Chuggington's sales

- Sales promotion has been initiated through 4 marketing reinforcing plans in North America
 - 1)TV (on-air)
 - 2 License promotion
 - 3 Consumers promotion
 - 4 Retail promotion

Unit: \$ Million

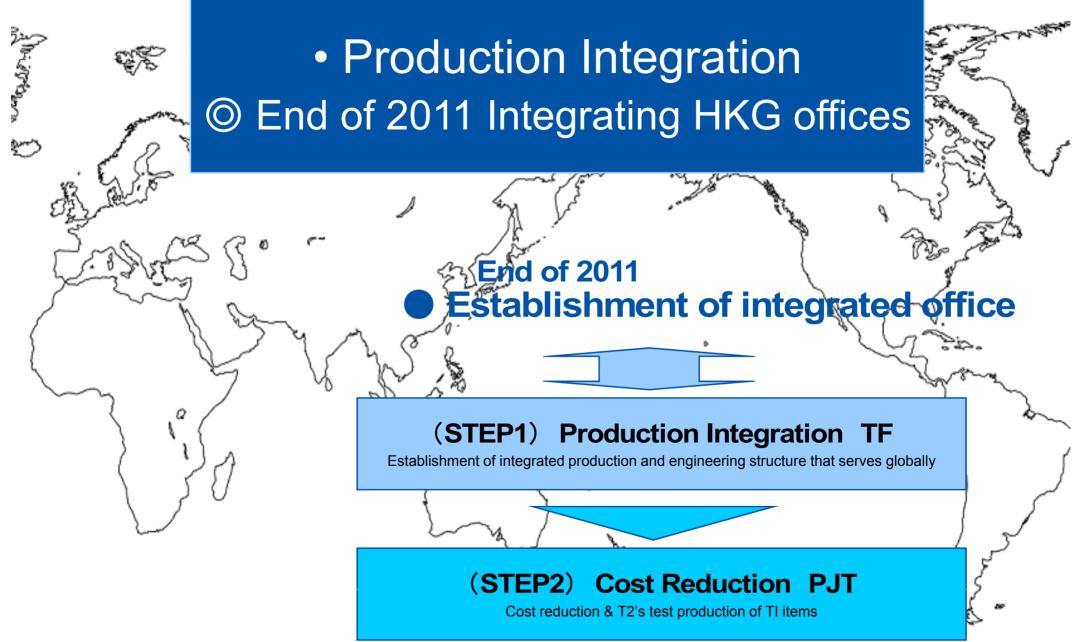
	FY2011 2Q
Net sales	194
Operating income	12
Operating margin	6.2%





Integration Project Updates ①





※TI: TOMY International

Integration Project Updates (2)





Integrated sales offices

FY2011

1. Europe: Integration under new organizational structure

USA: Integrated to TI

ASIA: Integrated to TOMY

End of FY2011

A BUILTON ON THE

turope Establishment of new organizational structure

(STEP1) EU integration TF

Establishment of effective R&D, marketing & sales structure for European business

(STEP2) EU integration PJT

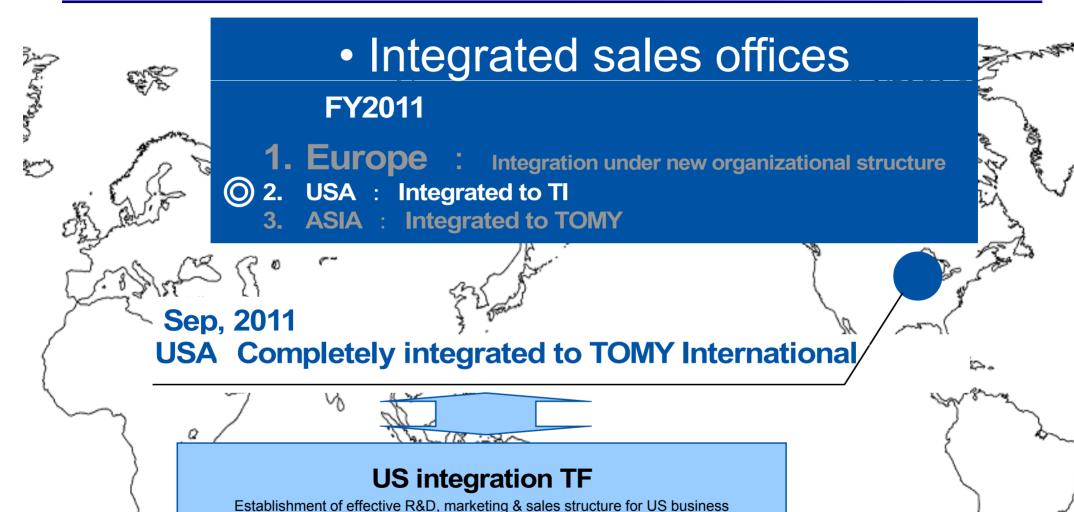
Establish new structure for completion of integration by year end

***TI: TOMY International**

Integration Project Updates (3)





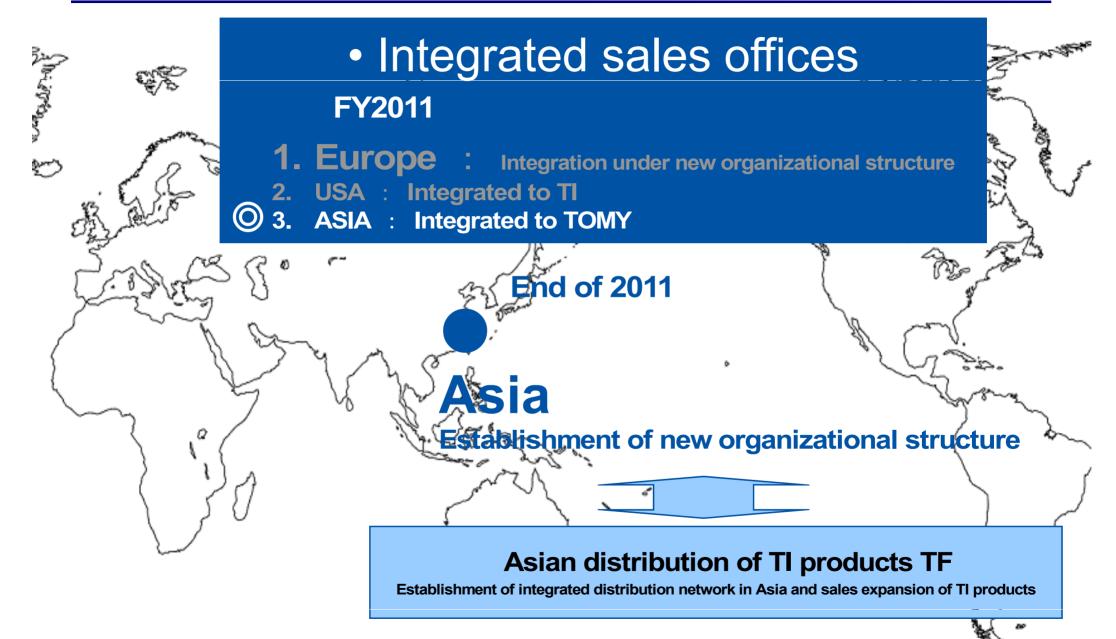


※TI: TOMY International

Integration Project Updates 4

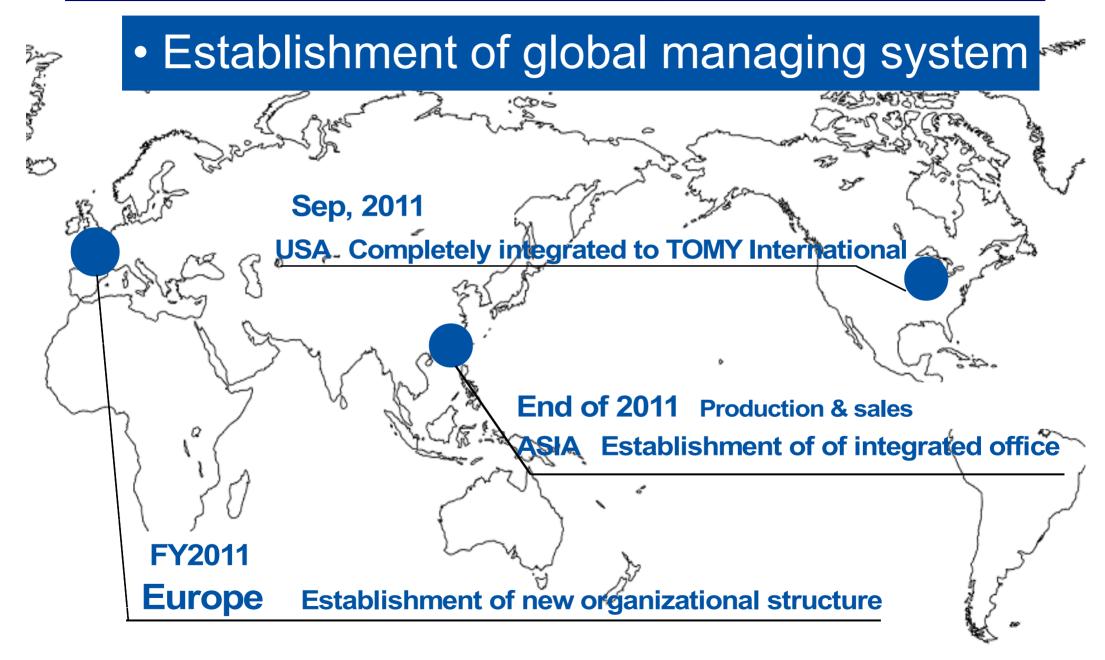






Integration Project Updates Summary

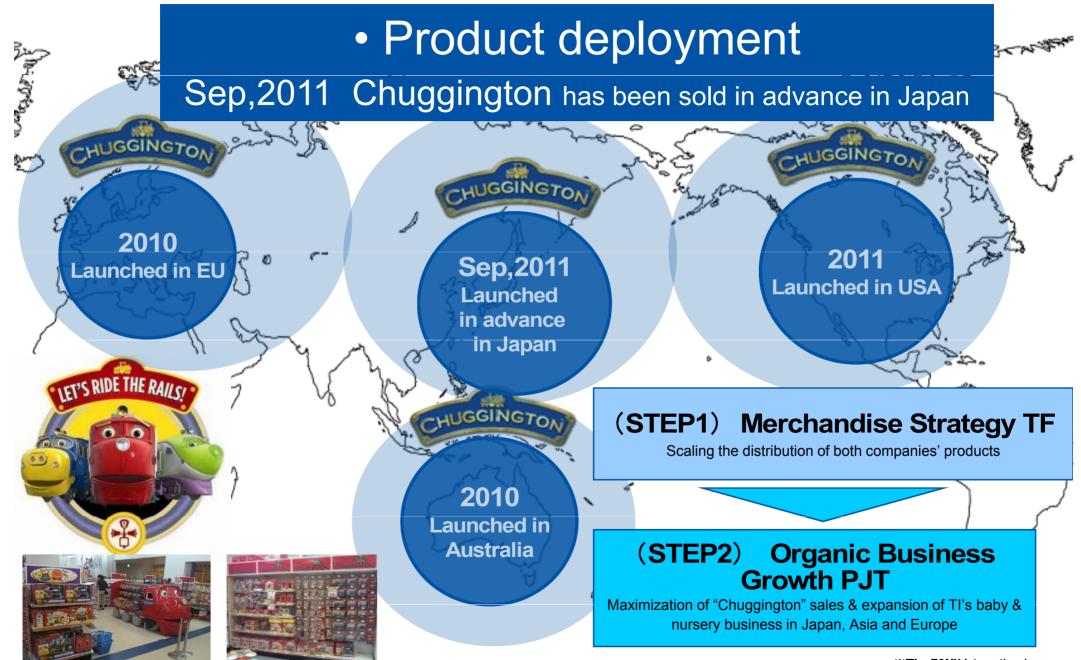




Page 16 **%TI**: TOMY International

Integration Project Updates Chuggington



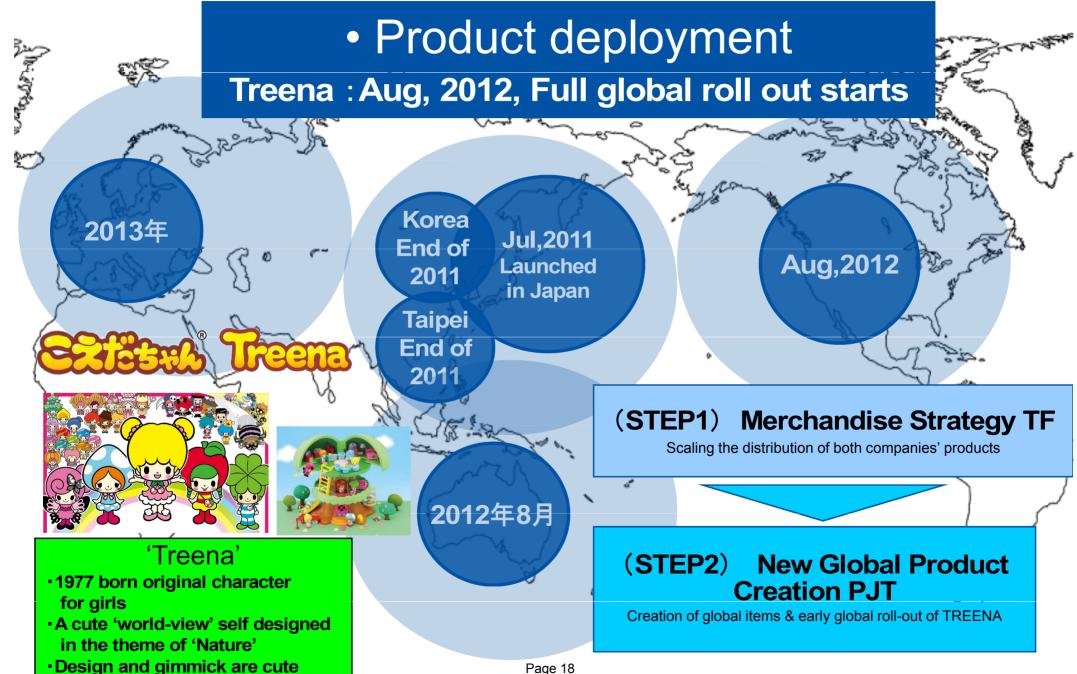


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***TI: TOMY International**

Integration Project Updates Treena





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- Progress of integration with TOMY International (former RC2)
- Effect of Thailand flood
- Business plan after 2nd half

(Reference) Effect of Thailand flood



1. TOMY(THAILAND)LTD.outline

- Location
 Navanakorn Industrial Zone, Pathumthani, Thailand
- Business details
 Own factory producing Plarail, Tomica World, etc.
- Annual sales
 ¥4billion result in FY2010 (FY ended Mar. 2011)

2. Damage situation as of today

- Personnel damage: none
- Material damage: Building is under water



3. Restarting of the operation and products supplies

- Schedule of the operation restart varies much by the flood situation
- As the operation restart is unclear, inventories are being used
- Readjustment of sales strategy
- Promoting alternative production in Vietnam and China
- **%1** Rojana Industrial Park
- **※2** Ayuthaya High-tech Industrial park
- **%3** Bang Pa-in industrial Estate
- **¾4 Navanakorn Industrial Zone**
- **%5** Bangkadi Industrial Park



- Progress of integration with TOMY International (former RC2)
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Second half: Product topics



Chuggington

North America: Deploying 4 marketing reinforcing plans

①TV (on-air)

2License promotion

③Consumers Promotion ④Retail promotion

Domestic: Advance sales at toy exclusive shops









Beyblade

Well sold in Europe & America

World championship to be held in Canada in March 2012





B-Daman

Starting anime in Oct

First in ever 'face-to-face battle'

To be domestic hit product aiming globalization

Treena

Now 230 shops → 400 shops (within current fiscal year)
Preparation started for next term globalization





Plarail

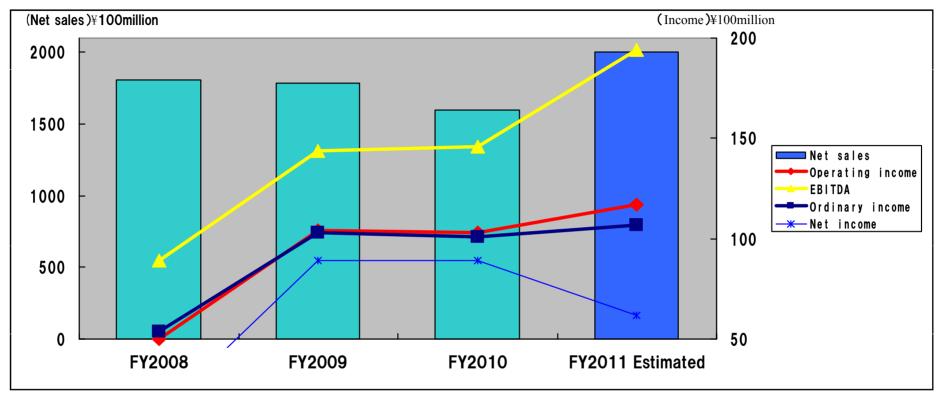
New product line 'Plarail advance' to be sold



🕽 TOMY ⓒ TOMY/ designed by Suzuka Yoshida. ⓒ TOMY, d-rights, WBMA, TVTOKYO ⓒ TOMY 🛮 JR西日本商品化許諾済 🔘 Takafumi Adachi, MFBBProject, TV Tokyo © TOMY

Outlook of FY2011 business results





(¥100million)

	FY2008	FY2009	FY2010	FY2011 Estimated
Net sales	1,805	1,787	1,594	2,000
Operating income	50	104	103	117
EBITDA	89	144	146	204
Ordinary income	54	103	101	107
Net income	13	89	89	62

(Reference) Major Group Companies' Business Results



(¥100million)

		Net sales			Operating income		
	Detail of business	FY2011 2Q	FY2010 2Q	FY2009 2Q	FY2011 2Q	FY2010 2Q	FY2009 2Q
TOMY	Planning, manufacturing and sales of toys	39,211	35,926	40,077	4,275	4,475	4,100
TOMY TECH	Planning, manufacturing and sales of model train,etc	2,724	2,967	2,805	202	241	117
TOMY International※1	Design and marketing of toys and infant related products in Europe and America	18,979	_	_	647	_	_
(TOMY Europe)※2	Planning, manufacturing, and sales of toys in Europe	_	4,225	4,813	_	△39	158
JPN SALES GROUP※3	Wholesale of toys and video games	23,931	30,757	35,824	△34	29	586
T-ARTS GROUP	Planning, manufacturing and sales of Capsule toys and toy sundries, etc	8,742	7,349	6,723	333	340	121
TINKERBELL GROUP※4	R&D,planing,manufacturing and sales of children's apparel,etc	2,079	2,463	2,480	△75	△88	23

XAII figures have been rounded down to the nearest ¥100million.

^{%1} Simple sum of RC2 (for 5 months) & TOMY UK, TOMY France and TOMY America

^{*2} Simple sum of TOMY UK and TOMY France

^{*3} Simple sum of Takaratomy sales, U-ace, Toys Union

^{*4} Simple sum of TINKERBELL and WAKO



This report contains forward-looking statements, targets, plans and strategies for the future. However, these are based on current information and will not guarantee nor warrant any financial estimates or any figures. Therefore, actual results could differ from this report. This is translation on original text in Japanese.