

Translation

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February 10, 2015

CONSOLIDATED FINANCIAL RESULTS for the First Nine Months of the Fiscal Year Ending March 31, 2015 <under Japanese GAAP>

Company name: **TOMY COMPANY, LTD.**
Listing: First Section of the Tokyo Stock Exchange
Securities identification code: 7867
URL: <http://www.takaratomy.co.jp/>
Representative: Kantaro Tomiyama, President and CEO
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Scheduled date to file quarterly securities report: February 13, 2015
Scheduled date to commence dividend payments: –
Supplementary material on quarterly financial results: None
Quarterly financial results presentation meeting: None

(in millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first nine months of the fiscal year ending March 31, 2015 (From April 1, 2014 to December 31, 2014)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2014	117,508	(5.1)	3,662	(35.1)	3,471	(42.7)	65	(96.9)
December 31, 2013	123,787	(12.8)	5,646	12.6	6,060	22.6	2,137	71.0

Note: Comprehensive income
Nine months ended December 31, 2014: 7,998 million yen [23.1 %]
Nine months ended December 31, 2013: 6,496 million yen [53.4 %]

	Net income per share	Diluted net income per share
Nine months ended	yen	yen
December 31, 2014	0.70	0.62
December 31, 2013	22.71	18.64

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
December 31, 2014	170,243	51,756	29.6	594.56
March 31, 2014	156,467	50,907	31.7	526.49

Reference: Equity
As of December 31, 2014: 50,400 million yen
As of March 31, 2014: 49,558 million yen

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2014	–	5.00	–	5.00	10.00
Fiscal year ending March 31, 2015	–	5.00	–		
Fiscal year ending March 31, 2015 (Forecast)				5.00	10.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2015

(From April 1, 2014 to March 31, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Fiscal year ending March 31, 2015	149,000	(3.7)	2,500	(25.0)	1,600	(51.5)	(1,400)	–	(15.00)

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

* Notes

- (1) **Changes in significant subsidiaries during the nine months under review** (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) **Application of specific accounting for preparing quarterly consolidated financial statements:** Yes
- (3) **Changes in accounting policies, changes in accounting estimates, and restatement**
 - A. Changes in accounting policies due to revisions to accounting standards: Yes
 - B. Changes in accounting policies due to other reasons: None
 - C. Changes in accounting estimates: None
 - D. Restatement: None
- (4) **Number of issued shares (common shares)**

- A. Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2014	96,290,850 shares
As of March 31, 2014	96,290,850 shares

- B. Number of treasury shares at the end of the period

As of December 31, 2014	11,521,305 shares
As of March 31, 2014	2,159,947 shares

- C. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2014	93,385,073 shares
Nine months ended December 31, 2013	94,133,564 shares

* Indication regarding execution of quarterly review procedures

The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the quarterly review procedures for the quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act were incomplete.

Quarterly Consolidated Financial Statements
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	46,775	37,820
Notes and accounts receivable - trade	18,271	29,693
Merchandise and finished goods	17,142	21,603
Work in process	317	367
Raw materials and supplies	762	995
Deferred tax assets	1,993	2,357
Other	5,491	5,780
Allowance for doubtful accounts	(158)	(199)
Total current assets	90,595	98,419
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,282	13,694
Accumulated depreciation	(7,967)	(8,375)
Accumulated impairment loss	(373)	(372)
Buildings and structures, net	4,942	4,945
Machinery, equipment and vehicles	1,931	2,133
Accumulated depreciation	(1,191)	(1,377)
Accumulated impairment loss	(0)	(12)
Machinery, equipment and vehicles, net	739	742
Tools, furniture and fixtures	25,614	27,271
Accumulated depreciation	(22,552)	(23,489)
Accumulated impairment loss	(421)	(477)
Tools, furniture and fixtures, net	2,639	3,305
Land	4,293	4,336
Leased assets	5,755	7,119
Accumulated depreciation	(2,929)	(3,665)
Accumulated impairment loss	-	(2)
Leased assets, net	2,825	3,451
Construction in progress	1,323	380
Total property, plant and equipment	16,764	17,162
Intangible assets		
Goodwill	25,707	28,752
Other	17,765	19,775
Total intangible assets	43,473	48,528
Investments and other assets		
Investment securities	2,243	2,666
Deferred tax assets	103	106
Other	3,424	3,523
Allowance for doubtful accounts	(230)	(226)
Total investments and other assets	5,540	6,070
Total non-current assets	65,778	71,760
Deferred assets		
Bond issuance cost	93	63
Total deferred assets	93	63
Total assets	156,467	170,243

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,224	11,468
Short-term loans payable	7,335	8,543
Current portion of long-term loans payable	5,533	5,846
Current portion of bonds with subscription rights to shares	4,900	–
Lease obligations	2,172	2,248
Accounts payable - other	4,365	5,294
Accrued expenses	6,297	8,210
Income taxes payable	453	1,890
Provision	1,258	772
Other	624	829
Total current liabilities	41,166	45,104
Non-current liabilities		
Bonds payable	10,000	10,000
Bonds with subscription rights to shares	7,400	–
Long-term loans payable	37,719	52,451
Lease obligations	640	1,355
Deferred tax liabilities	2,810	3,661
Deferred tax liabilities for land revaluation	551	551
Net defined benefit liability	3,084	3,062
Provision	216	196
Other	1,970	2,103
Total non-current liabilities	64,393	73,381
Total liabilities	105,559	118,486
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,743	6,741
Retained earnings	35,320	34,408
Treasury shares	(1,323)	(7,493)
Total shareholders' equity	44,200	37,115
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	433	726
Deferred gains or losses on hedges	216	673
Revaluation reserve for land	68	68
Foreign currency translation adjustment	4,999	12,154
Remeasurements of defined benefit plans	(360)	(337)
Total accumulated other comprehensive income	5,358	13,285
Subscription rights to shares	644	683
Minority interests	704	673
Total net assets	50,907	51,756
Total liabilities and net assets	156,467	170,243

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	123,787	117,508
Cost of sales	80,394	75,805
Gross profit	43,392	41,703
Selling, general and administrative expenses		
Packing and transportation expenses	2,436	2,339
Warehousing expenses	3,048	2,950
Advertising expenses	6,469	6,857
Salaries, allowances and bonuses	10,678	10,723
Research and development expenses	1,498	1,584
Commission fee	2,064	2,144
Other	11,550	11,441
Total selling, general and administrative expenses	37,746	38,041
Operating income	5,646	3,662
Non-operating income		
Interest and dividend income	102	68
Foreign exchange gains	703	323
Rent income	146	112
Other	196	79
Total non-operating income	1,149	584
Non-operating expenses		
Interest expenses	622	593
Other	113	181
Total non-operating expenses	735	775
Ordinary income	6,060	3,471
Extraordinary income		
Gain on sales of non-current assets	69	2
Gain on reversal of subscription rights to shares	167	5
Gain on bargain purchase	68	–
Other	4	–
Total extraordinary income	310	8
Extraordinary losses		
Loss on sales of non-current assets	11	1
Loss on retirement of non-current assets	42	161
Loss on sales of investment securities	547	–
Impairment loss	123	103
Business structure improvement expenses	279	–
Loss on business withdrawal	239	–
Settlement cost	–	1,137
Loss from fraud	81	214
Prior periods adjustment expenses	–	76
Other	132	0
Total extraordinary losses	1,456	1,696
Income before income taxes and minority interests	4,913	1,783
Income taxes	2,732	1,711
Income before minority interests	2,180	71
Minority interests in income	43	6
Net income	2,137	65

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	2,180	71
Other comprehensive income		
Valuation difference on available-for-sale securities	88	292
Deferred gains or losses on hedges	(274)	456
Foreign currency translation adjustment	4,500	7,155
Remeasurements of defined benefit plans, net of tax	–	22
Total other comprehensive income	4,315	7,926
Comprehensive income	6,496	7,998
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,451	7,992
Comprehensive income attributable to minority interests	44	6

(3) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	4,913	1,783
Depreciation	4,805	5,237
Impairment loss	123	103
Amortization of goodwill	1,229	1,204
Amortization of negative goodwill	(16)	–
Gain on bargain purchase	(68)	–
Gain on reversal of subscription rights to shares	(167)	(5)
Interest expenses	622	593
Decrease (increase) in notes and accounts receivable - trade	(6,148)	(10,227)
Decrease (increase) in inventories	(1,995)	(3,350)
Increase (decrease) in notes and accounts payable - trade	791	2,497
Increase (decrease) in accounts payable - other	(1,178)	1,163
Increase (decrease) in accrued expenses	1,633	1,270
Other, net	378	672
Subtotal	4,923	943
Interest and dividend income received	76	59
Interest expenses paid	(625)	(564)
Income taxes paid	(1,263)	(532)
Net cash provided by (used in) operating activities	3,110	(94)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	557	265
Purchase of property, plant and equipment	(1,795)	(2,576)
Proceeds from sales of property, plant and equipment	386	1,535
Purchase of intangible assets	(615)	(763)
Purchase of investment securities	(3)	(2)
Collection of loans receivable	1,210	6
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(5)	–
Purchase of shares of subsidiaries	(370)	–
Other, net	(298)	(201)
Net cash provided by (used in) investing activities	(935)	(1,737)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,342	696
Proceeds from long-term loans payable	400	17,000
Repayments of long-term loans payable	(4,275)	(4,248)
Redemption of bonds	(720)	–
Cash dividends paid	(741)	(935)
Payments for retirement by purchase of convertible bonds	–	(7,400)
Redemption of convertible bonds	–	(4,900)
Repayments of finance lease obligations	(1,989)	(2,304)
Purchase of treasury shares	(1)	(6,196)
Other, net	(1)	21
Net cash provided by (used in) financing activities	(3,986)	(8,266)
Effect of exchange rate change on cash and cash equivalents	823	1,400
Net increase (decrease) in cash and cash equivalents	(988)	(8,698)
Cash and cash equivalents at beginning of period	32,583	46,325
Cash and cash equivalents at end of period	31,595	37,626