

Translation

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August 6, 2015

CONSOLIDATED FINANCIAL RESULTS for the First Three Months of the Fiscal Year Ending March 31, 2016 <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: Harold George Meij, President and CEO
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Scheduled date to file quarterly securities report: August 7, 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 three months of the fiscal year ending March 31, 2016 (From April 1, 2015 to June 30, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2015	33,104	3.9	(1,487)	–	(964)	–	(805)	–
June 30, 2014	31,858	(12.7)	(597)	–	(824)	–	(1,978)	–

Note: Comprehensive income
 Three months ended June 30, 2015: (20) million yen [– %]
 Three months ended June 30, 2014: (2,612) million yen [– %]

	Basic earnings per share	Diluted earnings per share
Three months ended	yen	yen
June 30, 2015	(9.49)	–
June 30, 2014	(21.02)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
June 30, 2015	159,490	48,971	30.0	562.66
March 31, 2015	159,638	49,650	30.2	567.91

Reference: Equity
 As of June 30, 2015: 47,834 million yen
 As of March 31, 2015: 48,191 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, 2015	–	5.00	–	5.00	10.00
Fiscal year ending March 31, 2016	–				
Fiscal year ending March 31, 2016 (Forecast)		5.00	–	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, 2016

(From April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Six months ending September 30, 2015	80,000	7.2	1,000	(33.5)	700	(37.3)	200	–	2.19
Fiscal year ending March 31, 2016	170,000	13.4	4,000	62.2	3,300	63.8	1,300	–	14.24

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

- (1) **Changes in significant subsidiaries during the three 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 June 30, 2015	96,290,850 shares
As of March 31, 2015	96,290,850 shares

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

As of June 30, 2015	11,276,153 shares
As of March 31, 2015	11,434,356 shares

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

Three months ended June 30, 2015	85,014,697 shares
Three months ended June 30, 2014	94,130,392 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, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	42,117	36,028
Notes and accounts receivable - trade	18,387	20,726
Merchandise and finished goods	19,647	21,724
Work in process	334	430
Raw materials and supplies	1,122	1,320
Deferred tax assets	1,276	1,426
Other	5,943	6,924
Allowance for doubtful accounts	(177)	(181)
Total current assets	88,651	88,399
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,722	13,702
Accumulated depreciation	(8,446)	(8,378)
Accumulated impairment loss	(399)	(390)
Buildings and structures, net	4,876	4,933
Machinery, equipment and vehicles	2,169	2,231
Accumulated depreciation	(1,420)	(1,464)
Accumulated impairment loss	(12)	(12)
Machinery, equipment and vehicles, net	737	754
Tools, furniture and fixtures	27,202	27,984
Accumulated depreciation	(23,267)	(23,865)
Accumulated impairment loss	(488)	(495)
Tools, furniture and fixtures, net	3,446	3,623
Land	4,336	4,338
Leased assets	6,937	6,742
Accumulated depreciation	(3,498)	(3,622)
Accumulated impairment loss	(2)	(2)
Leased assets, net	3,436	3,117
Construction in progress	273	300
Total property, plant and equipment	17,106	17,067
Intangible assets		
Goodwill	28,210	28,285
Other	19,459	19,551
Total intangible assets	47,669	47,836
Investments and other assets		
Investment securities	2,913	2,903
Deferred tax assets	115	124
Other	3,348	3,340
Allowance for doubtful accounts	(226)	(238)
Total investments and other assets	6,151	6,130
Total non-current assets	70,927	71,035
Deferred assets		
Bond issuance cost	59	55
Total deferred assets	59	55
Total assets	159,638	159,490

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,639	10,729
Short-term loans payable	8,614	9,047
Current portion of long-term loans payable	5,829	5,883
Lease obligations	2,194	2,094
Accounts payable - other	4,748	4,756
Accrued expenses	5,772	5,648
Income taxes payable	622	327
Provision	632	659
Other	517	681
Total current liabilities	37,571	39,828
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	50,893	49,725
Lease obligations	1,433	1,246
Deferred tax liabilities	3,790	3,801
Deferred tax liabilities for land revaluation	499	499
Provision for directors' retirement benefits	152	121
Net defined benefit liability	3,561	3,201
Other	2,084	2,094
Total non-current liabilities	72,416	70,691
Total liabilities	109,987	110,519
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,741	6,732
Retained earnings	32,525	31,293
Treasury shares	(7,437)	(7,334)
Total shareholders' equity	35,288	34,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	961	989
Deferred gains or losses on hedges	513	541
Revaluation reserve for land	120	120
Foreign currency translation adjustment	11,948	12,670
Remeasurements of defined benefit plans	(641)	(638)
Total accumulated other comprehensive income	12,902	13,683
Subscription rights to shares	680	346
Non-controlling interests	778	790
Total net assets	49,650	48,971
Total liabilities and net assets	159,638	159,490

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

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	31,858	33,104
Cost of sales	20,832	21,600
Gross profit	11,025	11,503
Selling, general and administrative expenses		
Packing and transportation expenses	618	648
Warehousing expenses	877	923
Advertising expenses	1,834	2,287
Salaries, allowances and bonuses	3,533	3,887
Research and development expenses	480	636
Commission fee	633	679
Other	3,646	3,927
Total selling, general and administrative expenses	11,623	12,990
Operating loss	(597)	(1,487)
Non-operating income		
Interest and dividend income	25	157
Rent income	40	32
Foreign exchange gains	–	484
Other	36	89
Total non-operating income	103	763
Non-operating expenses		
Interest expenses	197	210
Foreign exchange losses	95	–
Other	37	30
Total non-operating expenses	330	240
Ordinary loss	(824)	(964)
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on reversal of subscription rights to shares	1	331
Other	–	0
Total extraordinary income	2	332
Extraordinary losses		
Loss on sales of non-current assets	1	–
Loss on retirement of non-current assets	2	6
Cost for settlement	1,084	–
Loss from fraud	214	–
Total extraordinary losses	1,303	6
Loss before income taxes and minority interests	(2,125)	(637)
Income taxes	(134)	163
Loss	(1,990)	(801)
Profit (loss) attributable to non-controlling interests	(12)	4
Loss attributable to owners of parent	(1,978)	(805)

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Loss	(1,990)	(801)
Other comprehensive income		
Valuation difference on available-for-sale securities	79	28
Deferred gains or losses on hedges	(137)	27
Foreign currency translation adjustment	(585)	722
Remeasurements of defined benefit plans, net of tax	20	3
Total other comprehensive income	(622)	781
Comprehensive income	(2,612)	(20)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,600)	(25)
Comprehensive income attributable to non-controlling interests	(11)	4

(3) Consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Cash flows from operating activities		
Loss before income taxes and minority interests	(2,125)	(637)
Depreciation	1,598	1,874
Loss on retirement of non-current assets	2	6
Amortization of goodwill	383	455
Gain on reversal of subscription rights to shares	(1)	(331)
Increase (decrease) in allowance for doubtful accounts	(13)	8
Increase (decrease) in net defined benefit liability	55	(339)
Increase (decrease) in provision for directors' retirement benefits	5	(30)
Interest and dividend income	(25)	(157)
Interest expenses	197	210
Loss (gain) on sales of non-current assets	(0)	(0)
Decrease (increase) in notes and accounts receivable - trade	156	(2,088)
Decrease (increase) in inventories	(2,705)	(1,903)
Increase (decrease) in notes and accounts payable - trade	2,623	1,994
Increase (decrease) in accounts payable - other	(435)	(175)
Increase (decrease) in accrued expenses	547	(265)
Other, net	(254)	(625)
Subtotal	8	(2,005)
Interest and dividend income received	24	159
Interest expenses paid	(180)	(200)
Income taxes paid	(463)	(646)
Net cash provided by (used in) operating activities	(611)	(2,693)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,179)	(921)
Purchase of intangible assets	(206)	(207)
Other, net	283	32
Net cash provided by (used in) investing activities	(1,101)	(1,096)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,869)	(54)
Repayments of long-term loans payable	(1,396)	(1,484)
Cash dividends paid	(407)	(378)
Redemption of convertible bonds	(4,900)	–
Repayments of finance lease obligations	(676)	(733)
Other, net	(2)	92
Net cash provided by (used in) financing activities	(9,253)	(2,558)
Effect of exchange rate change on cash and cash equivalents	(62)	259
Net increase (decrease) in cash and cash equivalents	(11,029)	(6,088)
Cash and cash equivalents at beginning of period	46,325	41,972
Cash and cash equivalents at end of period	35,295	35,883