

Translation

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February 9, 2016

CONSOLIDATED FINANCIAL RESULTS for the First Nine 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, Representative Director, President and CEO
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Head of Corporate Administrations
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Scheduled date to file quarterly securities report: February 12, 2016
Scheduled date to commence dividend payments: –
Supplementary material on quarterly financial results: None
Quarterly financial results presentation meeting: Yes (for analysts)

(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, 2016 (From April 1, 2015 to December 31, 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	%
Nine months ended								
December 31, 2015	128,097	9.0	5,646	54.2	5,291	52.5	(2,776)	–
December 31, 2014	117,508	(5.1)	3,662	(35.1)	3,471	(42.7)	65	(96.9)

Note: Comprehensive income
Nine months ended December 31, 2015: (3,005) million yen [– %]
Nine months ended December 31, 2014: 7,998 million yen [23.1 %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
December 31, 2015	(32.65)	–
December 31, 2014	0.70	0.62

(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, 2015	160,452	44,827	27.5	518.07
March 31, 2015	159,638	49,650	30.2	567.91

Reference: Equity
As of December 31, 2015: 44,097 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	–	5.00	–		
Fiscal year ending March 31, 2016 (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, 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
Fiscal year ending March 31, 2016	160,000	6.7	2,600	5.4	1,600	(20.6)	(7,500)	–	(88.22)

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, 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 December 31, 2015	11,171,856 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)

Nine months ended December 31, 2015	85,011,164 shares
Nine months ended December 31, 2014	93,385,073 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 December 31, 2015
Assets		
Current assets		
Cash and deposits	42,117	34,789
Notes and accounts receivable - trade	18,387	34,069
Merchandise and finished goods	19,647	22,603
Work in process	334	469
Raw materials and supplies	1,122	1,049
Deferred tax assets	1,276	1,368
Other	5,943	4,927
Allowance for doubtful accounts	(177)	(186)
Total current assets	88,651	99,090
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,722	13,603
Accumulated depreciation	(8,446)	(8,373)
Accumulated impairment loss	(399)	(426)
Buildings and structures, net	4,876	4,802
Machinery, equipment and vehicles	2,169	2,232
Accumulated depreciation	(1,420)	(1,494)
Accumulated impairment loss	(12)	(17)
Machinery, equipment and vehicles, net	737	720
Tools, furniture and fixtures	27,202	27,520
Accumulated depreciation	(23,267)	(23,370)
Accumulated impairment loss	(488)	(1,174)
Tools, furniture and fixtures, net	3,446	2,974
Land	4,336	4,326
Leased assets	6,937	6,967
Accumulated depreciation	(3,498)	(3,699)
Accumulated impairment loss	(2)	(0)
Leased assets, net	3,436	3,268
Construction in progress	273	311
Total property, plant and equipment	17,106	16,404
Intangible assets		
Goodwill	28,210	23,957
Other	19,459	15,580
Total intangible assets	47,669	39,538
Investments and other assets		
Investment securities	2,913	2,795
Deferred tax assets	115	116
Other	3,348	2,562
Allowance for doubtful accounts	(226)	(103)
Total investments and other assets	6,151	5,371
Total non-current assets	70,927	61,313
Deferred assets		
Bond issuance cost	59	48
Total deferred assets	59	48
Total assets	159,638	160,452

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,639	13,065
Short-term loans payable	8,614	11,875
Current portion of long-term loans payable	5,829	5,786
Lease obligations	2,194	2,346
Accounts payable - other	4,748	5,854
Accrued expenses	5,772	7,988
Income taxes payable	622	960
Provision	632	655
Other	517	798
Total current liabilities	37,571	49,331
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	50,893	46,602
Lease obligations	1,433	1,135
Deferred tax liabilities	3,790	2,701
Deferred tax liabilities for land revaluation	499	499
Provision for directors' retirement benefits	152	123
Net defined benefit liability	3,561	3,150
Other	2,084	2,080
Total non-current liabilities	72,416	66,293
Total liabilities	109,987	115,624
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,741	6,378
Retained earnings	32,525	28,897
Treasury shares	(7,437)	(7,266)
Total shareholders' equity	35,288	31,469
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	961	895
Deferred gains or losses on hedges	513	7
Revaluation reserve for land	120	120
Foreign currency translation adjustment	11,948	12,206
Remeasurements of defined benefit plans	(641)	(601)
Total accumulated other comprehensive income	12,902	12,628
Subscription rights to shares	680	369
Non-controlling interests	778	361
Total net assets	49,650	44,827
Total liabilities and net assets	159,638	160,452

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

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	117,508	128,097
Cost of sales	75,805	80,990
Gross profit	41,703	47,106
Selling, general and administrative expenses		
Packing and transportation expenses	2,339	2,524
Warehousing expenses	2,950	3,033
Advertising expenses	6,857	8,551
Salaries, allowances and bonuses	10,723	11,333
Research and development expenses	1,584	1,983
Commission fee	2,144	2,156
Other	11,441	11,877
Total selling, general and administrative expenses	38,041	41,459
Operating income	3,662	5,646
Non-operating income		
Interest and dividend income	68	220
Foreign exchange gains	323	–
Rent income	112	109
Other	79	166
Total non-operating income	584	496
Non-operating expenses		
Interest expenses	593	628
Foreign exchange losses	–	98
Other	181	124
Total non-operating expenses	775	851
Ordinary income	3,471	5,291
Extraordinary income		
Gain on sales of non-current assets	2	4
Gain on reversal of subscription rights to shares	5	332
Other	–	10
Total extraordinary income	8	347
Extraordinary losses		
Loss on sales of non-current assets	1	1
Loss on retirement of non-current assets	161	19
Impairment loss	103	7,526
Loss on sales of shares of subsidiaries and associates	–	323
Business structure improvement expenses	–	239
Cost for settlement	1,137	–
Loss from fraud	214	–
Error correction fee	76	–
Other	0	–
Total extraordinary losses	1,696	8,110
Income (loss) before income taxes and minority interests	1,783	(2,470)
Income taxes	1,711	260
Profit (loss)	71	(2,731)
Profit attributable to non-controlling interests	6	44
Profit (loss) attributable to owners of parent	65	(2,776)

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit (loss)	71	(2,731)
Other comprehensive income		
Valuation difference on available-for-sale securities	292	(64)
Deferred gains or losses on hedges	456	(506)
Foreign currency translation adjustment	7,155	257
Remeasurements of defined benefit plans, net of tax	22	40
Total other comprehensive income	7,926	(273)
Comprehensive income	7,998	(3,005)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,992	(3,050)
Comprehensive income attributable to non-controlling interests	6	45

(3) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	1,783	(2,470)
Depreciation	5,237	5,541
Impairment loss	103	7,526
Amortization of goodwill	1,204	1,371
Gain on reversal of subscription rights to shares	(5)	(332)
Interest expenses	593	628
Loss (gain) on sales of shares of subsidiaries and associates	–	323
Business structure improvement expenses	–	239
Decrease (increase) in notes and accounts receivable - trade	(10,227)	(15,974)
Decrease (increase) in inventories	(3,350)	(3,448)
Increase (decrease) in notes and accounts payable - trade	2,497	4,525
Increase (decrease) in accounts payable - other	1,163	1,260
Increase (decrease) in accrued expenses	1,270	2,500
Other, net	672	25
Subtotal	943	1,716
Interest and dividend income received	59	219
Interest expenses paid	(564)	(615)
Income taxes paid	(532)	(923)
Net cash provided by (used in) operating activities	(94)	396
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,576)	(2,491)
Proceeds from sales of property, plant and equipment	1,535	7
Purchase of intangible assets	(763)	(738)
Purchase of investment securities	(2)	(2)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(25)
Collection of loans receivable	6	31
Other, net	64	110
Net cash provided by (used in) investing activities	(1,737)	(3,109)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	696	3,330
Proceeds from long-term loans payable	17,000	–
Repayments of long-term loans payable	(4,248)	(4,378)
Cash dividends paid	(935)	(845)
Payments for retirement by purchase of convertible bonds	(7,400)	–
Redemption of convertible bonds	(4,900)	–
Repayments of finance lease obligations	(2,304)	(2,129)
Purchase of treasury shares	(6,196)	(1)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(808)
Other, net	21	157
Net cash provided by (used in) financing activities	(8,266)	(4,674)
Effect of exchange rate change on cash and cash equivalents	1,400	60
Net increase (decrease) in cash and cash equivalents	(8,698)	(7,327)
Cash and cash equivalents at beginning of period	46,325	41,972
Cash and cash equivalents at end of period	37,626	34,644