(English Translation of the Japanese Press Release)

February 9, 2016

To all related parties:

Name of the Company: TOMY Company, Ltd.
Name of the Representative: H.G. Meij
Representative Director
President & CEO
(Code No. 7867; The First Section of the Tokyo Stock Exchange)
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Board Director
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Chief Financial Officer
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Notice Concerning Recording of Extraordinary Losses, Revisions of Full-Year Earnings Forecasts, and Differences Between Non-Consolidated Earnings Forecasts and Actual Results for the Previous Fiscal Year

TOMY Company, Ltd. (hereinafter "Tomy") hereby provides notification that it has recorded extraordinary losses in the third quarter of the fiscal year ending March 31, 2016, and has also revised its consolidated earnings forecasts which were announced on May 12, 2015.

In addition, Tomy hereby announces differences between its non-consolidated earnings forecasts and the actual results for the previous fiscal year, as follows.

1. Occurrence and details of extraordinary losses (October 1, 2015 to December 31, 2015)

Tomy hereby provides notification that it has recorded the following extraordinary losses in the third quarter of the fiscal year ending March 31, 2016 (amounts shown exclude those recognized in the first six months of the fiscal year).

(1) Consolidated total: 8,058 million yen

1) Impairment losses on goodwill: 3,023 million yen

In view of the TOMY International Group's severe business environment, we have divided its management structure into respective segments for the Americas (North America and Latin America), Europe and Oceania, and we have also reviewed our business plans. As a result, we have recorded the impairment loss above, with respect to the full amount of goodwill of the European subsidiaries.

2) Impairment losses on intangible assets: 3,657 million yen

We have reviewed our business plans for the respective Americas (North America and Latin America), Europe and Oceania segments of TOMY International Group in light of its business performance trends. As a result, we have recorded impairment losses for the full amount of intangible assets of the European subsidiaries, and for a portion of the intangible assets of the subsidiaries in the Americas (North America and Latin America) and Oceania.

3) Other: 1,377 million yen

The above amount includes impairment loss on molds and other property, plant and equipment of 810 million yen and business structure improvement expenses of 239 million yen in the TOMY International Group, loss on sales of shares of subsidiaries and associates of 323 million yen reflecting part of a business restructuring initiative involving the sale of shares of TINKERBELL INC., which designs, manufactures and sells children's apparel and related products, and others.

(2) Non-consolidated total: 5,661 million yen

1) Provision for loss on guarantees, loss on valuation of investment securities, and provision of allowance for doubtful accounts: 5,209 million yen

In light of the financial status of European subsidiaries in the TOMY International Group, we have recorded a provision for loss on guarantees of 3,667 million yen, loss on valuation of investment securities of 1,020 million yen, and provision of allowance for doubtful accounts of 521 million yen. Note that these losses apply to consolidated subsidiaries, and therefore extraordinary losses in this regard have not been incurred on a consolidated basis.

2) Other: 452 million yen

The above amount includes bad debts expenses of 365 million yen associated with the sale of shares to TINKERBELL INC., which designs, manufactures and sells children's apparel and related products. The sale was part of the business restructuring initiative implemented in December 2015.

2. Revisions of consolidated earnings forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(millions of yen, except per-share data)

	Net sales	Operating income	Ordinary income	Profit (loss) attributable to owners of parent	Basic earnings (loss) per share (yen)
Previously announced forecast (A)	170,000	4,000	3,300	1,300	14.24
Revised forecast (B)	160,000	2,600	1,600	(7,500)	(88.22)
Increase (Decrease) (B-A)	(10,000)	(1,400)	(1,700)	(8,800)	–
Increase (Decrease) percentage (%)	(5.9%)	(35.0%)	(51.5%)	–	–
(Reference) Actual results for the fiscal year ended March 31, 2015	149,938	2,466	2,014	(1,817)	(19.91)

3. Differences between non-consolidated earnings forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016) and actual results for the previous fiscal year

(millions of yen, except per-share data)

	Net sales	Operating income	Ordinary income	Profit (loss)	Basic earnings (loss) per share (yen)
Actual results for the fiscal year ended March 31, 2015 (A)	57,530	2,653	3,285	1,749	19.17
Revised forecast (B)	61,000	3,500	3,600	(2,800)	(32.94)
Increase (Decrease) (B-A)	3,470	847	315	(4,549)	–
Increase (Decrease) percentage (%)	6.0%	31.9%	9.6%	–	–

4. Reasons for revisions

(1) Consolidated earnings forecasts

In the Japanese market, we now expect results to exceed our initial forecasts partially due to strong sales from long-standing products overall such as TOMICA, PLARAIL, and LICCA dolls, along with robust sales of our new products such as the BAYBLADE BURST battle toy for boys and the MOCOMOJI ORINA craft toy for girls. Moreover, in the Asia region, we have been concentrating our efforts on selling TOMICA and other products that are capable of generating stable profits, and we have also been successful in our efforts geared to expanding points of availability (POA) for our products and developing new sales channels involving locations such as convenience stores and book stores. Nevertheless, the business environment surrounding TOMY International Group remains severe. For instance, in North America we have released character-related products, but are struggling in business involving shipments of merchandise such as agricultural machinery toys amid a substantial downturn in the grain market, and baby products. Moreover, in Europe we anticipate net sales below our initial forecast, amid a situation that includes ongoing price competition with rival companies, and weak sales of bath-time toys and other baby products, as well as picture-drawing toys and other preschool toys. In addition, with respect to TOMY International Group, operating income results are likely to deteriorate due to a higher cost to sales ratio stemming from changes in the product lineup and rising procurement costs. We also expect a downturn in ordinary income results due to increases in non-operating expenses, along with substantially diminished profit attributable to owners of parent as a result of recording the extraordinary losses previously mentioned.

(2) Non-consolidated earnings forecasts (differences with actual results for the previous fiscal year)

As for non-consolidated earnings, sales of new merchandise in addition to our long-standing products have been strong, despite results having been adversely affected by a decline in overseas exports of TRANSFORMERS-related products in relation to 2014, when they attracted popularity due to the release of a TRANSFORMERS movie. Moreover, we expect net sales to increase by 3,470 million yen year on year, underpinned in part by growth in sales of TOMICA developed for Asia. Also, we expect operating income to increase by 847 million yen year on year, despite the prospect of incurring higher advertising expenses and research and development expenses as we focus on marketing and new product development as part of our sales expansion initiative. On the other hand, profit is likely to decrease year on year, largely as a result of recording the extraordinary losses mentioned earlier which include provision for loss on guarantees and loss on valuation of investment securities associated with a downturn in earnings generated by European subsidiaries of the TOMY International Group.

5. TOMY International Group restructuring

As of September 15, 2015, H.G. Meij has been appointed to the concurrent positions of President & CEO of TOMY Holdings, Inc., and a clearly defined executive power structure has been established. These moves will enable us to aggressively forge ahead with efforts to rebuild the TOMY Group’s overseas business while also accelerating initiatives to bring about unified management of the TOMY Group. Also, TOMY International Group operations have been divided into three geographic regions — Americas (North America andLatin America), Europe and Oceania — and we have shifted to an operational framework where individual Tomy Directors are placed in charge of the respective areas. Under this new management framework where operations are directly managed and controlled by the leadership of the Tomy Head Office, we are promoting the restructuring measures described as follows.

1. Revamping the management and control framework
    - Implement a product, marketing strategy and production control framework led by the Tomy Head Office
    - Achieve greater operational visibility by enhancing management of operations

2. Concentrating on and selecting businesses that improve profitability
   - Fully withdraw from unprofitable businesses in toy and baby products
   - Release products for global distribution, with such initiatives led by the Tomy Head Office

3. Improving rate of return in Europe
   - Rebuild the baby products business which acts as a revenue base
   - Decrease business risk by shifting to distributorship sales in countries such as Poland and Russia

4. Improving the cost ratio
   - Reduce costs by shifting production from China to Vietnam
   - Implement thorough controls to hedge exchange rate volatility, with such initiatives led by the Tomy Head Office

5. Workforce reduction
   - Reduce employee numbers in line with organizational review in Europe and North America

Specific details regarding our efforts to restructure the TOMY International Group will be explained at the TOMY Company, Ltd. financial results presentation meeting for the fiscal year ending March 31, 2016, which is scheduled to be held on May 13, 2016.

6. Dividend forecasts

The dividend forecast has not been changed as a result of this revision. As before, Tomy forecasts 5 yen per share for the interim dividend already paid (at the end of the second quarter) and 5 yen per share for the year-end dividend (resulting in an annual dividend of 10 yen per share).

Note concerning forecasts of earnings, etc.

The forecast values that Tomy presents in this material have been determined based on information currently available to Tomy and are subject to a number of uncertainties. Accordingly, actual results may differ from the forecasted values due to the effect of future events.

End of notice