

Translation

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August 9, 2016

CONSOLIDATED FINANCIAL RESULTS for the First Three Months of the Fiscal Year Ending March 31, 2017 <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: August 10, 2016
 Scheduled date to commence dividend payments: –
 Supplementary material on quarterly financial results: None
 Quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(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, 2017 (From April 1, 2016 to June 30, 2016)

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

Three months ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2016	33,789	2.1	(151)	–	(807)	–	(1,033)	–
June 30, 2015	33,104	3.9	(1,487)	–	(964)	–	(805)	–

Note: Comprehensive income
 Three months ended June 30, 2016: (4,843) million yen [– %]
 Three months ended June 30, 2015: (20) million yen [– %]

Three months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
June 30, 2016	(12.03)	–
June 30, 2015	(9.49)	–

(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, 2016	138,661	32,777	23.2	373.34
March 31, 2016	145,652	37,824	25.5	432.87

Reference: Equity
 As of June 30, 2016: 32,189 million yen
 As of March 31, 2016: 37,146 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, 2016	–	5.00	–	5.00	10.00
Fiscal year ending March 31, 2017	–				
Fiscal year ending March 31, 2017 (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, 2017

(From April 1, 2016 to March 31, 2017)

(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, 2016	78,000	0.2	1,000	19.2	700	(1.5)	200	(23.4)	2.35
Fiscal year ending March 31, 2017	168,000	3.0	4,000	48.2	3,200	119.2	1,500	–	17.62

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, 2016	96,290,850 shares
As of March 31, 2016	96,290,850 shares

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

As of June 30, 2016	10,071,752 shares
As of March 31, 2016	10,476,617 shares

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

Three months ended June 30, 2016	85,913,207 shares
Three months ended June 30, 2015	84,938,757 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, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	40,046	35,866
Notes and accounts receivable - trade	20,167	19,737
Merchandise and finished goods	18,437	19,076
Work in process	439	432
Raw materials and supplies	1,223	1,189
Deferred tax assets	2,103	2,524
Other	5,841	6,209
Allowance for doubtful accounts	(170)	(140)
Total current assets	88,089	84,895
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,608	13,474
Accumulated depreciation	(8,406)	(8,382)
Accumulated impairment loss	(457)	(443)
Buildings and structures, net	4,743	4,647
Machinery, equipment and vehicles	2,229	2,155
Accumulated depreciation	(1,495)	(1,487)
Accumulated impairment loss	(17)	(17)
Machinery, equipment and vehicles, net	716	650
Tools, furniture and fixtures	26,932	26,376
Accumulated depreciation	(23,068)	(22,805)
Accumulated impairment loss	(1,108)	(1,001)
Tools, furniture and fixtures, net	2,754	2,569
Land	4,309	4,286
Leased assets	6,250	5,966
Accumulated depreciation	(3,136)	(3,067)
Accumulated impairment loss	(0)	(0)
Leased assets, net	3,113	2,898
Construction in progress	303	859
Total property, plant and equipment	15,940	15,911
Intangible assets		
Goodwill	22,017	19,775
Other	14,534	13,304
Total intangible assets	36,552	33,079
Investments and other assets		
Investment securities	2,628	2,369
Deferred tax assets	80	81
Other	2,398	2,374
Allowance for doubtful accounts	(82)	(91)
Total investments and other assets	5,025	4,734
Total non-current assets	57,518	53,725
Deferred assets		
Bond issuance cost	44	40
Total deferred assets	44	40
Total assets	145,652	138,661

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,398	9,490
Short-term loans payable	11,636	8,928
Current portion of long-term loans payable	4,234	4,337
Lease obligations	2,370	2,350
Accounts payable - other	5,677	5,967
Accrued expenses	7,130	5,898
Income taxes payable	954	563
Provision	606	502
Other	1,645	3,370
Total current liabilities	42,654	41,409
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	45,904	45,795
Lease obligations	959	751
Deferred tax liabilities	2,520	2,226
Deferred tax liabilities for land revaluation	472	472
Provision for directors' retirement benefits	128	128
Net defined benefit liability	3,238	3,027
Other	1,949	2,072
Total non-current liabilities	65,173	64,473
Total liabilities	107,827	105,883
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,423	6,480
Retained earnings	24,972	23,509
Treasury shares	(6,814)	(6,551)
Total shareholders' equity	28,040	26,898
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	738	542
Deferred gains or losses on hedges	(698)	(1,464)
Revaluation reserve for land	146	146
Foreign currency translation adjustment	9,846	6,922
Remeasurements of defined benefit plans	(928)	(855)
Total accumulated other comprehensive income	9,105	5,291
Subscription rights to shares	320	227
Non-controlling interests	357	360
Total net assets	37,824	32,777
Total liabilities and net assets	145,652	138,661

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

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	33,104	33,789
Cost of sales	21,600	20,806
Gross profit	11,503	12,982
Selling, general and administrative expenses		
Packing and transportation expenses	648	611
Warehousing expenses	923	885
Advertising expenses	2,287	3,179
Salaries, allowances and bonuses	3,887	3,540
Research and development expenses	636	694
Commission fee	679	650
Other	3,927	3,571
Total selling, general and administrative expenses	12,990	13,133
Operating loss	(1,487)	(151)
Non-operating income		
Interest and dividend income	157	31
Rent income	32	39
Foreign exchange gains	484	–
Other	89	17
Total non-operating income	763	88
Non-operating expenses		
Interest expenses	210	157
Foreign exchange losses	–	536
Other	30	49
Total non-operating expenses	240	743
Ordinary loss	(964)	(807)
Extraordinary income		
Gain on reversal of subscription rights to shares	331	55
Other	0	4
Total extraordinary income	332	60
Extraordinary losses		
Impairment loss	–	22
Other	6	1
Total extraordinary losses	6	23
Loss before income taxes	(637)	(770)
Income taxes	163	258
Loss	(801)	(1,028)
Profit attributable to non-controlling interests	4	4
Loss attributable to owners of parent	(805)	(1,033)

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Loss	(801)	(1,028)
Other comprehensive income		
Valuation difference on available-for-sale securities	28	(196)
Deferred gains or losses on hedges	27	(766)
Foreign currency translation adjustment	722	(2,924)
Remeasurements of defined benefit plans, net of tax	3	72
Total other comprehensive income	781	(3,815)
Comprehensive income	(20)	(4,843)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(25)	(4,848)
Comprehensive income attributable to non-controlling interests	4	4

(3) Consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Cash flows from operating activities		
Loss before income taxes	(637)	(770)
Depreciation	1,874	1,667
Impairment loss	–	22
Amortization of goodwill	455	350
Gain on reversal of subscription rights to shares	(331)	(55)
Increase (decrease) in allowance for doubtful accounts	8	(1)
Increase (decrease) in net defined benefit liability	(339)	(132)
Increase (decrease) in provision for directors' retirement benefits	(30)	1
Interest and dividend income	(157)	(31)
Interest expenses	210	157
Decrease (increase) in notes and accounts receivable - trade	(2,088)	(901)
Decrease (increase) in inventories	(1,903)	(1,734)
Increase (decrease) in notes and accounts payable - trade	1,994	1,772
Increase (decrease) in accounts payable - other	(175)	14
Increase (decrease) in accrued expenses	(265)	(704)
Other, net	(619)	685
Subtotal	(2,005)	339
Interest and dividend income received	159	29
Interest expenses paid	(200)	(148)
Extra retirement payments	–	(90)
Income taxes paid	(646)	(931)
Net cash provided by (used in) operating activities	(2,693)	(800)
Cash flows from investing activities		
Purchase of property, plant and equipment	(921)	(676)
Purchase of intangible assets	(207)	(206)
Other, net	32	46
Net cash provided by (used in) investing activities	(1,096)	(837)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(54)	(1,512)
Proceeds from long-term loans payable	–	2,000
Repayments of long-term loans payable	(1,484)	(1,082)
Cash dividends paid	(378)	(387)
Repayments of finance lease obligations	(733)	(797)
Other, net	92	267
Net cash provided by (used in) financing activities	(2,558)	(1,513)
Effect of exchange rate change on cash and cash equivalents	259	(979)
Net increase (decrease) in cash and cash equivalents	(6,088)	(4,129)
Cash and cash equivalents at beginning of period	41,972	39,902
Cash and cash equivalents at end of period	35,883	35,772