Translation

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May 11, 2018

CONSOLIDATED FINANCIAL RESULTS for the Fiscal Year Ended March 31, 2018 <under Japanese GAAP>

Company name: **TOMY COMPANY, LTD.**
Listing: First Section of the Tokyo Stock Exchange
Securities identification code: 7867
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Scheduled date of ordinary general meeting of shareholders: June 27, 2018
Scheduled date to commence dividend payments: June 28, 2018
Scheduled date to file securities report: June 28, 2018
Supplementary material on financial results: Yes
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 fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	177,366	5.8	13,199	70.4	12,420	58.8	7,962	48.2
March 31, 2017	167,661	2.8	7,744	187.0	7,823	435.9	5,372	–

Note: Comprehensive income
Fiscal year ended March 31, 2018: 4,988 million yen [(32.9)%]
Fiscal year ended March 31, 2017: 7,440 million yen [–%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ net sales
Fiscal year ended	yen	yen	%	%	%
March 31, 2018	84.74	83.79	14.9	8.3	7.4
March 31, 2017	61.88	60.94	12.2	5.2	4.6

Reference: Equity in earnings (losses) of affiliates
Fiscal year ended March 31, 2018: (10) million yen
Fiscal year ended March 31, 2017: (7) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
March 31, 2018	139,815	56,322	39.9	591.00
March 31, 2017	157,693	51,611	32.4	548.45

Reference: Equity
As of March 31, 2018: 55,757 million yen
As of March 31, 2017: 51,062 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2018	16,346	(3,692)	(24,670)	46,206
March 31, 2017	24,896	(3,793)	(1,927)	58,530

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Fiscal year ended								
March 31, 2017	–	5.00	–	5.00	10.00	898	16.2	2.0
March 31, 2018	–	7.00	–	7.00	14.00	1,318	16.5	2.5
Fiscal year ending March 31, 2019 (Forecast)	–	7.00	–	7.00	14.00		21.9	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		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, 2018 (cumulative)	83,000	(5.7)	4,000	(39.1)	3,800	(40.8)	2,500	(40.8)	26.61
Fiscal year ending March 31, 2019	172,000	(3.0)	10,000	(24.2)	9,500	(23.5)	6,000	(24.6)	63.86

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

A. Changes in accounting policies due to revisions to accounting standards: None
B. Changes in accounting policies due to other reasons: None
C. Changes in accounting estimates: None
D. Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2018	96,290,850 shares
As of March 31, 2017	96,290,850 shares

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

As of March 31, 2018	1,947,313 shares
As of March 31, 2017	3,186,873 shares

C. Average number of shares during the period

Fiscal year ended March 31, 2018	93,960,367 shares
Fiscal year ended March 31, 2017	86,820,753 shares

* Financial results reports are exempt from audit conducted by certified public accountants or audit corporation.

1. Qualitative Information Regarding Consolidated Operating Results

(1) Explanation of Operating Results

(Highlights Full year of the Fiscal Year Ended March 31, 2018)

- Net sales were ¥177,366 million (up 5.8% year on year). The increase was driven by brisk toy sales in the Japanese and Asian markets as well as the increase in overseas-bound exports of TRANSFORMERS and BEYBLADE BURST.
- Operating profit increased significantly to ¥13,199 million (up 70.4% year on year). This is attributable to an upturn in gross profit resulting from the increase in net sales and a decrease in a write-down of inventories, as well as an improvement in profitability of overseas businesses.
- Ordinary profit was ¥12,420 million (up 58.8% year on year). This is attributable to the significant growth of operating profit, despite foreign exchange losses in contrast with foreign exchange gains in the previous fiscal year.
- Profit attributable to owners of parent was ¥7,962 million (up 48.2% year on year). This was attributable to the significant increase in ordinary profit, despite recording extraordinary losses of ¥2,692 million, mainly due to impairment losses on intangible assets in the Americas.
- In the Japanese market, long-standing products saw brisk sales, including the LICCA doll brand, which celebrated its 50th anniversary in 2017, and products related to the TV animation series TOMICA HYPER RESCUE DRIVE HEAD. We have also been actively promoting notable products such as THE SNACK WORLD, COZMO, and PRINTOSS. During the year-end shopping season, BEYBLADE BURST and HATCHIMALS (“Umarete! Woomo”) remained popular, and the Company’s first live action series aimed at girls MIRACLE TUNES! and new products such as the fun, handmade balloon-art hobby toy OONIES were well received.
- The TOMY International Group saw profitability improve largely due to a reduction in discounted sales of certain products that had been conducted in the previous fiscal year, despite a lackluster trend in sales of character-related toys, baby-related products, and other items.

(Qualitative Information Regarding Consolidated Operating Results)

<Overview of operating results by segment>

(Millions of yen)

		Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change	Rate of change (%)
Net sales		167,661	177,366	9,704	5.8
	Japan	131,810	145,854	14,043	10.7
	Americas	28,512	23,415	(5,096)	(17.9)
	Europe	8,573	7,322	(1,250)	(14.6)
	Oceania	2,509	2,067	(442)	(17.6)
	Asia (excl. Japan)	47,771	53,542	5,770	12.1
	Eliminations and corporate	(51,515)	(54,836)	(3,320)	—
Operating profit/(loss)		7,744	13,199	5,455	70.4
	Japan	10,030	14,255	4,225	42.1
	Americas	197	236	38	19.5
	Europe	(581)	(239)	341	—
	Oceania	57	(240)	(297)	—
	Asia (excl. Japan)	725	800	74	10.3
	Eliminations and corporate	(2,685)	(1,612)	1,072	—

Japan

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change
Net sales	131,810	145,854	14,043
Operating profit	10,030	14,255	4,225

Net sales in Japan for the fiscal year were ¥145,854 million (up 10.7% year on year), while operating profit was ¥14,255 million (up 42.1% year on year). The main reason for the increase in operating profit was an increase in gross profit resulting from the growth in net sales and a decrease in a write-down of inventories, despite an increase in selling, general and administrative expenses.

In Japan, with respect to long-standing products, the LICCA doll brand, which celebrated its 50th anniversary in 2017, became a major talking point, with related products enjoying a surge in popularity. Meanwhile, in the TOMICA brand, products related to our original TV animation series TOMICA HYPER RESCUE DRIVE HEAD sold briskly. Furthermore, January saw the start of a TV animation series for SHINKALION, which is being developed as a toy under the PLARAIL series. As for new products, we actively launched products related to THE SNACK WORLD, which is being developed across various media, including TV animation, comics, and game software, as well as the AI-equipped COZMO robot and the PRINTOSS toy that enables easy printing of photographs taken by a smartphone.

Moreover, we have achieved substantial growth in overseas-bound exports with respect to TRANSFORMERS, associated with the movie released over the summer of 2017, and with respect to BEYBLADE BURST, with the animated television series being aired in North America and Europe and the start of full-fledge development in these areas.

During the year-end shopping season, the next-generation spinning-top battle toy BEYBLADE BURST and the sensational new pet toy HATCHIMALS (“Umarete! Woomo”), which provides a fun egg-hatching experience, remained popular, and the Company’s first live action series aimed at girls MIRACLE TUNES! and new products such as the fun, handmade balloon-art hobby toy OONIES were well received.

At T-ARTS Company, Ltd., the Airport Gacha capsule toy vending machines installed at airports and cooking toy-related products such as the Ultimate TKG (“Tamago Kake Gohan”) egg over rice maker have gained a lot of attention upon having been profiled by the media on numerous occasions.

Americas

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change
Net sales	28,512	23,415	(5,096)
Operating profit	197	236	38

Net sales in the Americas were ¥23,415 million (down 17.9% year on year), while operating profit remained in positive territory at ¥236 million (up 19.5% year on year). The Group has been “concentrating on and selecting businesses that improve profitability” in the Americas as part of its restructuring measures. However, net sales were lowered by declines in sales of character-related toys and baby products, despite solid sales of agricultural machinery toys.

Europe

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change
Net sales	8,573	7,322	(1,250)
Operating loss	(581)	(239)	341

Net sales in Europe were ¥7,322 million (down 14.6% year on year), while operating loss was ¥239 million, compared with an operating loss of ¥581 million in the previous fiscal year. The decline in net sales reflected sales declines in baby products and preschool-related products, despite firm sales of POKEMON-related toys. The improvement in operating loss was owing to increased gross profit resulting from a reduction in discounted sales of certain products that had been sold in the previous fiscal year.

Oceania

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change
Net sales	2,509	2,067	(442)
Operating profit/(loss)	57	(240)	(297)

Net sales in Oceania were ¥2,067 million (down 17.6% year on year), while operating loss was ¥240 million (operating profit of the previous fiscal year was ¥57 million), which resulted from decreased gross profit arising mainly from recording a write-down of inventories of certain products. These results reflected lackluster sales in character-related toys, despite solid sales in baby products such as THE FIRST YEARS.

Asia (excl. Japan)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change
Net sales	47,771	53,542	5,770
Operating profit	725	800	74

Net sales in Asia (excl Japan) were ¥53,542 million (up 12.1% year on year), while operating profit was ¥800 million (up 10.3% year on year). The increase in net sales reflected a favorable reception of next-generation spinning-top battle toy BEYBLADE BURST, owing to the broadcasts of that animated television series in South Korea, Hong Kong, Taiwan, and various other regions in Southeast Asia, and strengthening of in-store marketing. Also, toys related to the TV animation TOMICA HYPER RESCUE DRIVE HEAD and POKEMON have gained popularity, and shipments of TRANSFORMERS-related toys have increased following a TRANSFORMERS movie released in summer 2017.

(2) Overview of Financial Position

Assets, Liabilities and Net Assets

<Assets>

At the end of the fiscal year ended March 31, 2018, current assets stood at ¥90,156 million, down ¥12,735 million from the end of the previous fiscal year ended March 31, 2017. This is mainly attributable to a decrease in cash and deposits and merchandise and finished goods, despite. an increase in notes and accounts receivable - trade

Non-current assets stood at ¥49,645 million, down ¥5,127 million from the end of the previous fiscal year. This is mainly attributable to decreases in goodwill and trademark.

<Liabilities>

At the end of the fiscal year ended March 31, 2018, current liabilities stood at ¥53,342 million, up ¥9,692 million from the end of the previous fiscal year. This is mainly attributable to an increase in current portion of bonds, despite decreases in current portion of long-term loans payable and accrued expenses.

Non-current liabilities stood at ¥30,150 million, down ¥32,282 million from the end of the previous fiscal year. This is mainly attributable to decreases in bonds payable and long-term loans payable.

<Net assets>

At the end of the fiscal year ended March 31, 2018, total net assets were ¥56,322 million, up ¥4,711 million from the end of the previous fiscal year. This is mainly attributable to an increase in retained earnings, despite a decrease of foreign currency translation adjustment.

(3) Cash flows

Cash and cash equivalents (hereafter “cash”) at the end of the fiscal year ended March 31, 2018 was ¥46,206 million, a decrease of ¥12,324 million compared with the end of the previous fiscal year ended March 31, 2017.

Net cash provided by operating activities was ¥16,346 million, compared with ¥24,896 million provided in the previous fiscal year. Cash was mainly provided by profit before income taxes of ¥9,967 million, depreciation of ¥7,986 million, while cash was mainly used for income taxes paid of ¥3,259 million.

Net cash used in investing activities was ¥3,692 million, compared with ¥3,793 million used in the previous fiscal year. Cash was mainly used for purchase of property, plant and equipment of ¥2,956 million and purchase of intangible assets of ¥1,189 million.

Net cash used in financing activities was ¥24,670 million, compared with ¥1,927 million used in the previous fiscal year. Cash was mainly used for repayments of long-term loans payable of ¥22,375 million and repayments of finance lease obligations of ¥3,018 million.

(Reference) Trends in Cash Flow Indicators

	FY2018	FY2017	FY2016
Equity ratio (%)	39.9	32.4	25.5
Market value equity ratio (%)	75.2	68.0	54.3
Cash flow to interest-bearing liabilities ratio (years)	2.6	2.6	8.3
Interest coverage ratio (times)	30.4	39.9	10.8

* Equity ratio: equity / total assets
* Market value equity ratio: market capitalization / total assets
* Cash flow to interest-bearing liabilities ratio: interest-bearing liabilities / operating cash flow
* Interest coverage ratio: operating cash flow / interest expenses paid
*1. All of the figures in the table were calculated based on consolidated financial data.
*2. Market capitalization was calculated by multiplying the closing stock price at the end of the period by the total number of issued and outstanding shares at the end of the period.
*3. Cash flow means cash flows from operating activities.

(4) Outlook for the Fiscal Year Ending March 31, 2019

The Group will launch a new Medium-Term Management Plan from the fiscal year ending March 31, 2019 under the management structure that we rolled out in fourth quarter of the fiscal year ended March 31, 2018. We will pursue the following business strategies.

1. Promote in-house original global brand strategies
2. Create original brands for Japan and Asia
3. Category No. 1 strategy
4. Expand business in “high-target” products for adults segment and for the elderly segments
5. Expand business in Asia market
6. Comprehensive strategy for business revitalization for Europe and North America

By carrying out these initiatives, we will steadily execute the base plan aimed at achieving net sales of ¥190.0 billion and operating profit of ¥14.0 billion in the fiscal year ending March 31, 2021.

In the first fiscal year of the Medium-Term Management Plan, the fiscal year ending March 31, 2019, the Company will strengthen contents that have global expansion potential. In addition to our transforming toy TRANSFORMERS and next-generation spinning-top battle toy BEYBLADE BURST, which have established track records in domestic sales and overseas exports, we will look to launch the real moving kit toy ZOIDS WILD, which shipped over 44 million units globally in the past.

With regard to original brands, we will strengthen our content by creating TV animation series for PLARAIL as SHINKALION to follow the series of TOMICA HYPER RESCUE DRIVE HEAD. We will also develop a second year of MAHOU x SENSHI MAJIMAJO PURES!, an original feature live action series aimed at girls.

In addition to our long-standing products TOMICA, PLARAIL, and LICCA dolls, we will focus on developing leading brands in every toy category. We will strengthen our product lineup and marketing in the boys’ hobby category with BEYBLADE BURST, the trading card game category with DUEL MASTERS, and other categories.

Furthermore, eyeing expansion in the market for elderly customers, we will bolster our product line-up for the “high-target” segment of toys for adults, including the next-generation entertainment robot OMNIBOT series and the precision railway model series TOMIX.

In the Asia market, we will continue to launch long-standing products and TV character products in countries and regions such as South Korea, Hong Kong, and Taiwan, while strongly promoting development of the large-scale China market.

In the TOMY International Group, where we have made improvements in profitability, we will continue to concentrate investment of management resources in core brands centered on baby products and agricultural machinery toys, which constitute our earnings foundation. At the same time, we will continue to introduce products developed in Japan.

Through the above efforts, regarding full-year operating results for the fiscal year ending March 31, 2019, the TOMY Group forecasts net sales of ¥172,000 million (down 3.0% compared with the fiscal year ended March 31, 2018), operating profit of ¥10,000 million (down 24.2%), ordinary profit of ¥9,500 million (down 23.5%), and profit attributable to owners of parent of ¥6,000 million (down 24.6%).

(5) Policy on Distribution of Profits and Dividends for the Fiscal Year Ended March 31, 2018 and the Fiscal Year Ending March 31, 2019

The Company recognizes the stable return of profits to shareholders as an important priority for management. Our policy is to strengthen the management base and improve the profit margin while deciding on dividends in consideration of performance with a basic intention to continue paying a stable dividend. We will make use of internal reserves for business investment in medium- to long-term growth fields, such as global expansion, while aiming to strengthen our financial position by reducing interest-bearing debt and so forth.

Based on the above policy, for the fiscal year ended March 2018, we aim to pay for an annual

dividend of ¥14 per share, comprising a year-end dividend of ¥7 per share combined with the dividend paid at the end of the second quarter (interim dividend) of ¥7 per share.
Moreover, for the fiscal year ending March 31, 2019, we plan to pay an annual dividend of ¥14 per share (including a dividend at the end of the second quarter (interim dividend) of ¥7).

2. Basic Approach Regarding the Selection of Accounting Standards

The TOMY Group, to ensure comparability among companies and with past years, creates the Company's consolidated financial statements based on the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Chapter VII and Chapter VIII)" (Ordinance of the Ministry of Finance No. 28 of 1976).

Furthermore, regarding the application of IFRS（International Financial Reporting Standards）, the policy is to respond appropriately while considering various conditions in Japan and overseas.

Consolidated Financial Statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	58,623	46,302
Notes and accounts receivable - trade	20,942	23,582
Merchandise and finished goods	13,982	12,888
Work in process	328	393
Raw materials and supplies	1,286	1,045
Deferred tax assets	1,931	2,125
Other	5,965	4,037
Allowance for doubtful accounts	(168)	(219)
Total current assets	102,891	90,156
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,381	12,748
Accumulated depreciation	(8,530)	(7,919)
Accumulated impairment loss	(412)	(408)
Buildings and structures, net	4,437	4,420
Machinery, equipment and vehicles	2,337	2,513
Accumulated depreciation	(1,605)	(1,770)
Accumulated impairment loss	(17)	(17)
Machinery, equipment and vehicles, net	714	726
Tools, furniture and fixtures	21,982	22,926
Accumulated depreciation	(19,137)	(20,727)
Accumulated impairment loss	(458)	(589)
Tools, furniture and fixtures, net	2,387	1,609
Land	4,194	3,991
Leased assets	7,762	7,174
Accumulated depreciation	(4,161)	(3,313)
Accumulated impairment loss	(0)	(0)
Leased assets, net	3,599	3,860
Construction in progress	485	661
Total property, plant and equipment	15,819	15,269
Intangible assets		
Goodwill	20,468	18,006
Right of using trademark	6,853	5,381
Other	6,593	5,282
Total intangible assets	33,915	28,670
Investments and other assets		
Investment securities	2,584	3,054
Deferred tax assets	207	380
Other	2,294	2,738
Allowance for doubtful accounts	(49)	(468)
Total investments and other assets	5,037	5,705
Total non-current assets	54,772	49,645
Deferred assets		
Bond issuance cost	29	13
Total deferred assets	29	13
Total assets	157,693	139,815

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,477	9,976
Short-term loans payable	7,099	7,631
Current portion of bonds	–	10,000
Current portion of long-term loans payable	4,408	3,062
Lease obligations	2,287	2,642
Accounts payable - other	7,809	8,051
Accrued expenses	8,881	8,220
Income taxes payable	2,038	1,726
Provision for sales returns	428	383
Allowance for recall	107	182
Provision for directors’ bonuses	177	170
Other	934	1,292
Total current liabilities	43,649	53,342
Non-current liabilities		
Bonds payable	10,000	–
Long-term loans payable	43,240	22,098
Lease obligations	950	1,217
Deferred tax liabilities	2,293	1,433
Deferred tax liabilities for land revaluation	472	472
Net defined benefit liability	3,034	2,693
Provision for directors’ retirement benefits	141	124
Allowance for recall - NCL	–	372
Other	2,300	1,737
Total non-current liabilities	62,432	30,150
Total liabilities	106,082	83,493
Net assets		
Shareholders’ equity		
Capital stock	3,459	3,459
Capital surplus	9,045	9,095
Retained earnings	29,264	35,881
Treasury shares	(2,073)	(1,271)
Total shareholders’ equity	39,696	47,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	735	1,083
Deferred gains or losses on hedges	1,133	(140)
Revaluation reserve for land	364	585
Foreign currency translation adjustment	9,999	7,727
Remeasurements of defined benefit plans	(866)	(664)
Total accumulated other comprehensive income	11,366	8,591
Share acquisition rights	182	175
Non-controlling interests	365	389
Total net assets	51,611	56,322
Total liabilities and net assets	157,693	139,815

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	167,661	177,366
Cost of sales	103,924	105,148
Gross profit	63,736	72,217
Selling, general and administrative expenses	55,992	59,018
Operating profit	7,744	13,199
Non-operating income		
Interest and dividend income	97	198
Rent income	155	153
Foreign exchange gains	596	–
Other	111	184
Total non-operating income	961	536
Non-operating expenses		
Interest expenses	624	539
Sales discounts	27	35
Amortization of bond issuance cost	15	15
Foreign exchange losses	–	495
Other	215	229
Total non-operating expenses	882	1,315
Ordinary profit	7,823	12,420
Extraordinary income		
Gain on sales of non-current assets	14	23
Gain on reversal of share acquisition rights	56	8
Reversal of provision for contingent loss	29	–
Gain on sales of investments in capital	–	208
Other	3	–
Total extraordinary income	103	239
Extraordinary losses		
Loss on sales of non-current assets	46	–
Impairment loss	689	1,359
Provision of allowance for doubtful accounts	–	529
Allowance for recall	–	513
Loss on business withdrawal	–	245
Other	63	45
Total extraordinary losses	799	2,692
Profit before income taxes	7,127	9,967
Income taxes - current	2,680	2,645
Income taxes - deferred	(949)	(664)
Total income taxes	1,730	1,980
Profit	5,397	7,986
Profit attributable to non-controlling interests	24	24
Profit attributable to owners of parent	5,372	7,962

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	5,397	7,986
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	348
Deferred gains or losses on hedges	1,831	(1,273)
Foreign currency translation adjustment	152	(2,274)
Remeasurements of defined benefit plans, net of tax	62	201
Total other comprehensive income	2,043	(2,997)
Comprehensive income	7,440	4,988
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,415	4,963
Comprehensive income attributable to non-controlling interests	25	25

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,459	6,423	24,972	(6,814)	28,040
Changes of items during period					
Dividends of surplus			(862)		(862)
Profit attributable to owners of parent			5,372		5,372
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		2,611		4,745	7,356
Change in ownership interest of parent due to transactions with non-controlling interests		11			11
Reversal of revaluation reserve for land			(217)		(217)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	2,622	4,292	4,740	11,656
Balance at end of current period	3,459	9,045	29,264	(2,073)	39,696

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	738	(698)	146	9,846	(928)	9,105	320	357	37,824
Changes of items during period									
Dividends of surplus									(862)
Profit attributable to owners of parent									5,372
Purchase of treasury shares									(4)
Disposal of treasury shares									7,356
Change in ownership interest of parent due to transactions with non-controlling interests									11
Reversal of revaluation reserve for land									(217)
Net changes of items other than shareholders' equity	(3)	1,831	217	152	62	2,260	(138)	8	2,130
Total changes of items during period	(3)	1,831	217	152	62	2,260	(138)	8	13,786
Balance at end of current period	735	1,133	364	9,999	(866)	11,366	182	365	51,611

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,459	9,045	29,264	(2,073)	39,696
Changes of items during period					
Dividends of surplus			(1,123)		(1,123)
Profit attributable to owners of parent			7,962		7,962
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		49		810	860
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Reversal of revaluation reserve for land			(221)		(221)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	49	6,616	802	7,469
Balance at end of current period	3,459	9,095	35,881	(1,271)	47,165

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	735	1,133	364	9,999	(866)	11,366	182	365	51,611
Changes of items during period									
Dividends of surplus									(1,123)
Profit attributable to owners of parent									7,962
Purchase of treasury shares									(7)
Disposal of treasury shares									860
Change in ownership interest of parent due to transactions with non-controlling interests									(0)
Reversal of revaluation reserve for land									(221)
Net changes of items other than shareholders' equity	347	(1,273)	221	(2,272)	201	(2,774)	(7)	23	(2,757)
Total changes of items during period	347	(1,273)	221	(2,272)	201	(2,774)	(7)	23	4,711
Balance at end of current period	1,083	(140)	585	7,727	(664)	8,591	175	389	56,322

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	7,127	9,967
Depreciation	7,300	7,986
Impairment loss	689	1,359
Amortization of goodwill	1,404	1,436
Gain on reversal of share acquisition rights	(56)	(8)
Loss on sales of investments in capital	–	(208)
Increase (decrease) in provision for contingent loss	(49)	–
Increase (decrease) in allowance for doubtful accounts	(29)	486
Increase (decrease) in net defined benefit liability	(140)	(247)
Interest and dividend income	(97)	(198)
Interest expenses	624	539
Foreign exchange losses (gains)	316	(162)
Loss (gain) on sales of property, plant and equipment	50	(23)
Decrease (increase) in notes and accounts receivable - trade	(1,038)	(2,812)
Decrease (increase) in inventories	4,045	1,087
Decrease (increase) in prepaid expenses	758	691
Decrease (increase) in advance payments	801	(147)
Increase (decrease) in notes and accounts payable - trade	1,069	721
Increase (decrease) in accounts payable - other	2,214	(0)
Increase (decrease) in accrued expenses	2,234	(622)
Other, net	136	103
Subtotal	27,361	19,949
Interest and dividend income received	98	194
Interest expenses paid	(624)	(538)
Extra retirement payments	(257)	–
Income taxes paid	(1,681)	(3,259)
Net cash provided by (used in) operating activities	24,896	16,346
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,560)	(2,956)
Proceeds from sales of property, plant and equipment	334	203
Purchase of intangible assets	(1,388)	(1,189)
Proceeds from fees for equipment	812	–
Proceeds from sales of investments in capital	–	208
Other, net	8	41
Net cash provided by (used in) investing activities	(3,793)	(3,692)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,471)	193
Proceeds from long-term loans payable	2,000	–
Repayments of long-term loans payable	(4,396)	(22,375)
Cash dividends paid	(863)	(1,123)
Repayments of finance lease obligations	(4,025)	(3,018)
Purchase of treasury shares	(4)	(7)
Proceeds from disposal of treasury shares	7,215	757
Proceeds from sales and leasebacks	1,625	905
Other, net	(5)	(1)
Net cash provided by (used in) financing activities	(1,927)	(24,670)
Effect of exchange rate change on cash and cash equivalents	(547)	(308)
Net increase (decrease) in cash and cash equivalents	18,627	(12,324)
Cash and cash equivalents at beginning of period	39,902	58,530
Cash and cash equivalents at end of period	58,530	46,206

(5) Notes Regarding Consolidated Financial Statements

(Notes regarding assumption of going concern

Nothing to note.

(Consolidated statement of income related)

1. Impairment Losses

In the previous fiscal year, the TOMY Group recorded impairment losses on the following asset groups.

Use	Type	Location	Impairment Loss (millions of yen)
Business assets	Tools, furniture and fixtures Leased assets Intangible assets (other)	Katsushika, Tokyo	33
Business assets	Right of using trademark Intangible assets (other)	Dandenong, Victoria, Australia	526
Business assets	Investments and other assets (other)	Kowloon, Hong Kong	18
Business assets	Property, plant and equipment Tools, furniture and fixtures Intangible assets (other)	Exeter, Devon, England	66
Business assets	Tools, furniture and fixtures	Archon, France	1
Stores among business assets (retail stores)	Property, plant and equipment Tools, furniture and fixtures Investments and other assets (other)	Nagoya, Aichi, etc.	43

The TOMY Group classifies its business assets into groups by management account, which is based on associations according to location and type of business. For rental assets and idle assets, individual properties are grouped in the smallest units possible.
Regarding the Australian business assets, as the recoverability of certain licenses, etc., was no longer recognized, we reduced the book value to the recoverable value and recorded the amount of reduction (¥526 million) as impairment losses in extraordinary losses. Furthermore, the utility value was used to measure the recoverable value for these asset groups, and because no future cash flow is expected, the utility value is valued at zero.

Regarding other business assets and stores among business assets (retail stores), we have continuously recorded operating losses, and because the estimated amount of total future cash flow falls below the book value of the individual assets, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥162 million) as impairment losses in extraordinary losses. Moreover, the recoverable value is measured using the net sale value or utility value. The net sale value is valued at zero, because the Company plans to dispose of the assets in question. Because no future cash flow is expected, the utility value is valued at zero.

In the current fiscal year, the TOMY Group recorded impairment losses on the following asset groups.

Use	Type	Location	Impairment Loss (millions of yen)
Welfare facilities among business assets	Land Property, plant and equipment	Kamagaya, Chiba	110
Stores among business assets (retail stores)	Property, plant and equipment Tools, furniture and fixtures	Mibu, Tochigi, Mooka, and Kanuma Tochigi	16

Business assets-use	Right of using trademark	Dyersville, Iowa USA	888
Business assets-use	Intangible assets (other)	Katsushika, Tokyo	203
Stores among business-use assets (retail stores)	Property, plant and equipment	Sakai, Osaka, etc.	34
Business assets-use	Tools, furniture and fixtures Intangible assets (other)	Exeter, Devon, England, etc.	105

The TOMY Group classifies its business assets into groups by management account, which is based on associations according to location and type of business. For rental assets and idle assets, individual properties are grouped in the smallest units possible.
For the welfare facilities among the above business assets, as we plan to sell the assets, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥110 million) as impairment losses in extraordinary losses.

Furthermore, the net sale value was used to measure the recoverable value for these assets, and the net sale value is calculated using the planned sale value.

Regarding the stores (retail stores) among the above business assets in Tochigi, because there was a significant divergence when comparing the recoverable value and book value with the conclusion of either a sales contract or the decision to sell, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥16 million) as impairment losses in extraordinary losses.

Furthermore, the net sale value was used to measure the recoverable value for these assets, and the net sale value is calculated using the sales contracts, etc.

Regarding the above US business assets, due to the fact that the relevant assets' recoverability for certain licenses, etc. had not been recognized, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥888 million) as impairment losses in extraordinary losses.

Furthermore, the utility value was used to measure the recoverable value for these asset groups, and because no future cash flow is expected, the utility value is valued at zero.

Regarding other business assets and stores among business assets (retail stores), we have continuously recorded operating losses, and because the estimated amount of total future cash flow falls below the book value of the individual assets, we reduced the book value to the recoverable value and recorded the amount of the reduction (¥344 million) as impairment losses in extraordinary losses.

Moreover, the recoverable value is measured using the net sale value. The net sale value is valued at zero, because the Company plans to dispose of the assets in question. Because no future cash flow is expected from the utility value, it is valued at zero.

2. Provision of allowance for doubtful accounts

In the current fiscal year, a provision of doubtful accounts of ¥529 million was recorded as a result of a U.S. toy retailer filing under the respective bankruptcy laws of the United States and Canada.

3. Allowance for recall

In the current fiscal year, we estimated the projected amount of product self-recall costs for the Company's infant toys and boys' toys and recorded ¥513 million as Allowance for recall.

4. Loss on business withdrawal

In the current fiscal year, we recorded ¥245 million of various costs related to Lightseekers, the app-linked toy business in Europe, the US, and Australia, as loss on business withdrawal.

Segment information

a. Segment Information

1. Overview of reportable segments

The reportable segments of the TOMY Group are constituent units of the Company whose separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of business resources and evaluating the operating results.

The TOMY Group operates toy (including nursery business) and toy peripheral businesses (including mini-capsule toys, amusement machines, and toys with candy, etc.) in Japan and overseas. The TOMY Group aims to push ahead with further overseas development and transform itself into a truly global group of toy companies. For this reason, the Group's operations are classified into five reportable segments: "Japan," "Americas," "Europe," "Oceania," and "Asia (excl. Japan)."

2. Method of calculating net sales, profit or loss, assets and other items by reportable segment

The method of accounting for reportable segment is roughly the same as the method described in "Important Items Concerning the Presentation of the Consolidated Financial Statements."

Profit of reportable segments is operating profit-based values. Intersegment sales and transfers are based on actual market values.

3. Information regarding net sales, profit or loss, assets and other items by reportable segment

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Total
Net sales						
External customers	118,159	28,420	8,545	2,509	10,026	167,661
Inter-segment sales and transfers	13,651	92	27	–	37,745	51,515
Total	131,810	28,512	8,573	2,509	47,771	219,177
Segment profit (loss)	10,030	197	(581)	57	725	10,429
Segment assets	60,609	36,673	4,531	3,480	25,293	130,588
Other items						
Depreciation	5,418	1,467	16	35	203	7,140
Amortization of goodwill	–	664	–	76	663	1,404
Increase in property, plant and equipment and intangible assets	7,733	757	78	3	144	8,717

(Note) Amounts of segment liabilities are not periodically provided or used by the supreme decision-making organization of the Company.

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Total
Net sales						
External customers	132,839	23,343	7,296	2,063	11,822	177,366
Inter-segment sales and transfers	13,015	71	25	3	41,719	54,836
Total	145,854	23,415	7,322	2,067	53,542	232,202
Segment profit (loss)	14,255	236	(239)	(240)	800	14,811
Segment assets	66,785	28,660	3,238	2,996	24,762	126,444
Other items						
Depreciation	6,669	844	19	16	302	7,852
Amortization of goodwill	–	679	–	78	678	1,436
Increase in property, plant and equipment and intangible assets	6,170	194	133	1	526	7,026

(Note) Amounts of segment liabilities are not periodically provided or used by the supreme decision-making organization of the Company.

4. Differences between the total amounts in reportable segments and the amount recorded on the consolidated financial statements and details
(Reconciliation)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Reportable segments total	219,177	232,202
Inter-segment eliminations	(51,515)	(54,836)
Net sales on the consolidated financial statements	167,661	177,366

(Millions of yen)

Profit	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Reportable segments total	10,429	14,811
Inter-segment eliminations	91	1,255
Corporate expenses (Note)	(2,776)	(2,867)
Operating profit on the consolidated financial statements	7,744	13,199

(Note) Corporate expenses primarily comprise selling, general and administrative expenses not allocable to reportable segment.

(Millions of yen)

Assets	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Reportable segments total	130,588	126,444
Inter-segment eliminations	(13,119)	(16,028)
Corporate assets (Note)	40,224	29,399
Total assets on the consolidated financial statements	157,693	139,815

(Note) Corporate assets primarily comprise cash and deposits (surplus funds) not allocable to reportable segment.

(Millions of yen)

Other items	Reportable segments total		Adjustments		Amount on the consolidated financial statements	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Depreciation	7,140	7,852	159	133	7,300	7,986
Amortization of goodwill	1,404	1,436	–	–	1,404	1,436
Increase in property, plant and equipment and intangible assets	8,717	7,026	(1,971)	61	6,745	7,088

b. Related Information

I. Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

1. Information by product and service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statement of income.

2. Regional information

(1) Net sales

(Millions of yen)

Japan	North America		Other	Total
		Of which, U.S.A		
105,959	33,993	31,829	27,709	167,661

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Asia (excl. Japan)	Other	Total
10,675	995	4,095	52	15,819

3. Information by major customer

Because there is no major external customer who accounts for 10% or more of the net sales on the consolidated statements of income, this information is omitted.

II. Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

1. Information by product and service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statement of income.

2. Regional information

(1) Net sales

(Millions of yen)

Japan	North America		Other	Total
		Of which, U.S.A		
112,643	32,530	30,539	32,192	177,366

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Asia (excl. Japan)	Other	Total
10,507	807	3,905	49	15,269

3. Information by major customer

Because there is no major external customer who accounts for 10% or more of the net sales on the consolidated statements of income, this information is omitted.

c. Information regarding impairment loss of non-current assets by reportable segment

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Corporate	Total
Impairment loss	77	–	67	526	18	–	689

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Corporate	Total
Impairment loss	365	888	105	–	–	–	1,359

d. Information regarding amortization of goodwill and unamortized balance by reportable segment

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Corporate	Total
Amortization expense during the fiscal year ended March 31, 2017	–	664	–	76	663	–	1,404
Balance as of March 31, 2017	–	9,683	–	1,117	9,667	–	20,468

Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Japan	Americas	Europe	Oceania	Asia (excl. Japan)	Corporate	Total
Amortization expense during the fiscal year ended March 31, 2018	–	679	–	78	678	–	1,436
Balance as of March 31, 2018	–	8,519	–	983	8,504	–	18,006