TAKARA TOMY

TOMY Company, Ltd.

Annual Report 2012

For the year ended March 31, 2012

IN THE BEGINNING COMES AN IDEA

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MESSAGE FROM THE PRESIDENT & CEO

By continually adapting and evolving, we will overcome these difficult times to become a truly global corporation and the world's premier toymaker

TOMY Company, Ltd. (hereafter TOMY), is a global force in toys, infant & children's merchandise and entertainment, offering dreams and excitement to children and adults the world over. The company manufactures products based on its own brands, which include *Beyblade, Transformers, Tomica, Licca, Plarail, ERTL* and others. TOMY also produces and distributes products under licensed brand names such as *Disney, Chuggington* and other world-famous brands.

Looking back, we witnessed many challenges in the past year that affected our business activities including the increasing uncertainty of the global economy, the Great East Japan Earthquake and the Thailand flood, as well as the widespread sense of self-restraint among consumers. On the other hand, the sight of children playing with the toys we sent to the disaster-stricken areas, and the happiness that play brought to the children and those around them, reminded us about the wonderful social value of toys.

The Japanese toy industry faces issues such as the low birthrate, a slump in consumption and price deflation, and is under considerable pressure to reform. As I have repeated often since becoming President & CEO in 1986, we must maintain a sense of crisis and realize that the future lies in change, reform and innovation, not in staying on the same path as today. By merging with TAKARA in 2006, we took our place among Japan's largest toy manufacturers. Subsequently, we proceeded with the reforms that would launch us toward becoming a global player. In April of last year, we acquired a NASDAQ-listed U.S. toymaker, and in August brought two more U.S. baby-product companies into our Group, accelerating our efforts to create a global management structure and realize the benefits of integration.

We also believe that while we are boldly moving forward with our future growth it is the right time to cultivate human resources that can support our future direction through a decisive generational change. I hope that the new generation will display the powerful teamwork both in Japan and internationally that will boost our performance and enhance the TOMY Group's enterprise value.

Our ability to succeed as a truly global company in competition with the world's toymakers requires that we use our originality as a Japanese toymaker to develop high-value-added products. We must have a sense of pride and responsibility as toymakers, creating "killer contents" from our toys so that we distinguish ourselves from our competitors through new value creation.

We will continue to contribute to society through our toys, in the hope of bringing richness to the hearts of children that will lead to their healthy growth, for it is children the world over who hold the key to our future.

August 2012
Kantaro Tomiyama,
President & CEO
TOMY Company, Ltd.

富山幹太郎

Contents

Forward-Looking Statements

Future forecasts and estimations regarding management and financial information in connection with TOMY Company, Ltd., that are stated in this Annual Report have been made at our own discretion on the basis of information that we were able to obtain at the time of preparing this document. Please be aware that these forecasts and estimations contain risks and uncertainties, and that actual results may differ as a result of economic circumstances or other changes.

IDEAS ARE OUR DRIVING FORCE

TAKARA-TOMY in Japanese was born of the merger in 2006 between TOMY, with a solid business platform mainly focused on high-quality classic toys, and TAKARA, a company known for strong concepts and creativity in dolls and boys' toys with superior vinyl processing technology. This was followed by management reforms maximizing the strengths of both companies in the face of increasingly fierce competition and a developing toy industry oligopoly. TOMY was in the black by 2009, having achieved the highest profits since the merger of TAKARA and TOMY.

2015 TARGET 90TH ANNIVERSARY

(For the year ending March 31, 2015)

Net Sales: ¥220 billion

Operating Income: ¥15 billion

Operating Margin: 6.8% **EBITDA:** ¥23.7 billion **EPS:** ¥85

We aim to accelerate growth to achieve future goals as a truly global toymaker.

GO TO PP. 8–9

FUTURE GOALS

Net Sales: U.S.$3 billion

Operating Income: U.S.$300 million

Overseas Sales Ratio: 50%

History of Our Long-Selling Products and Management Innovation

TOMY's Historical Net Sales

1920s – 40s

Pioneers in modernizing the toy industry

The story begins with the founding in February 1924 of the Tomiyama Toy Factory, which became well-known for toy airplanes. It established the first production lines in the industry, as well as a toy R&D department. Tomiyama grew through its pioneering efforts and greatly contributed to the modernization of the toy industry while itself achieving prominence.

1951 *B-29*

1970 Tomica

1967 *Licca Dolls*

1950s

A revolution in technology and materials

Tomiyama's large *B-29* friction toy was a big hit in Japan and overseas, opening up the toy export market. This period marked innovations in technology and materials accompanied by economic growth that surged through the toy industry as well, sparking the evolution from metal to plastic and friction powered toys to motorized toys. Tomiyama created a sales subsidiary in 1959.

TAKARA's predecessor, Sato Vinyl, was established in September 1955.

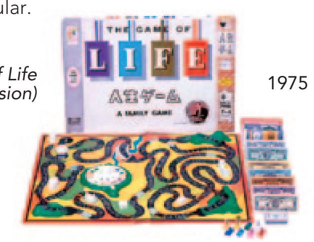
1959 Plastic Train and Rail Set

1960s & 70s

Launching long-selling products on a wave of strong economic growth

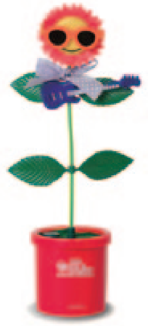
Half of TOMY's output during this period was exports, leading to the establishment of an overseas representative followed by overseas production. TOMY strengthened the company's production and development in Japan by expanding manufacturing and establishing an R&D center.

During the same period, TAKARA was developing as a comprehensive toy manufacturer through hit products made of hi-tech vinyl. Both companies launched long-selling products that remain popular.



1968 *The Game of Life* (Japanese version)

1975 *Pop Up Pirate*



1988 *Rock 'n' Flowers*

1980s

Decisive reform spurred by drastic economic changes

In 1980, TOMY created the Handicap Toy Laboratory to help popularize barrier-free toys. The company engaged in drastic reforms in response to yen appreciation after the 1985 Plaza Accord, including closing factories in Japan. TAKARA went public in 1984 and proceeded to grow by diversifying from its core toy business.

1980 *Choro-Q* (Penny Racers)

1984 *Transformers*

1983 *Zoids*

1990s

Launching the character business and diversifying through tie-ins

TOMY launched a three-part diversification strategy focused on toys, general goods and multimedia. This was followed by entry into the character business and an alliance with Hasbro in the United States, and by going public in 1997. TAKARA continued to develop products, expanding the life-affirming Hearty Series and launching TV character merchandise.

1997 *Pokémon* (toys)

1999 *Furby*

1999 *Beyblade*

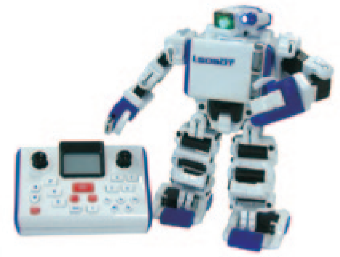
2000 *e-Kara*

2000s

TAKARA and TOMY merge to create TAKARA-TOMY (Japanese name for TOMY Company, Ltd.)

TOMY concluded a comprehensive licensing agreement with Disney in 2000 and strengthened group management by establishing subsidiaries for enhanced R&D and technology.

TAKARA went beyond toys in product development, rolling out one hit after another. TOMY and TAKARA merged in 2006, forming TOMY Company, Ltd., with the goal of becoming the No. 1 global toy company.



2007 *Omnibot 17μ i-SOBOT*

2010s

Aiming to be the world's leading toy company

Overseas development has accelerated. The launch of a TV animated series based on *Metal Fight Beyblade* coincided with the series' global development. The *Metal Fight Beyblade* World Cup Qualifying Tournament in Canada in March 2012 generated great excitement.

TOMY acquired U.S. toy and nursery products manufacturer RC2 in 2011, creating a global development platform. The entire TOMY Group is heading to become a truly global company.

Six-Year Financial Summary

TOMY Company, Ltd. and its consolidated subsidiaries
Years ended March 31, 2012, 2011, 2010, 2009, 2008, and 2007

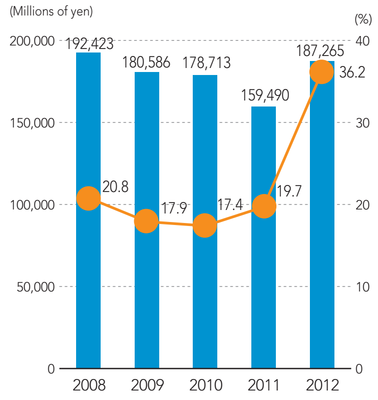
	Millions of yen						Thousands of U.S. dollars*6
	2012	2011	2010	2009	2008	2007	2012
Net sales	¥ 187,265	¥ 159,490	¥ 178,713	¥ 180,586	¥ 192,423	¥ 181,884	$ 2,278,440
Gross profit	61,137	52,668	54,994	52,447	53,923	47,511	743,857
Total selling, general and administrative expenses	50,951	42,341	44,538	47,441	47,825	42,779	619,922
Operating income	10,186	10,327	10,456	5,006	6,097	4,731	123,934
Ordinary income	9,823	10,143	10,382	5,436	5,498	4,486	119,516
Income before income taxes and minority interests	7,976	7,837	8,673	1,077	5,700	3,831	97,050
Net income	3,679	8,929	8,978	1,377	5,748	1,772	44,771
EBITDA *1	16,854	14,601	14,512	8,970	9,356	7,936	205,061
Depreciation and amortization	6,667	4,274	4,055	3,964	3,259	3,204	81,127
Net cash provided by operating activities	16,046	8,486	16,857	5,577	13,174	3,274	195,236
Net cash provided by (used in) investing activities	(38,048)	1,169	(3,033)	(2,886)	(2,592)	(4,765)	(462,933)
Net cash provided by (used in) financing activities	29,718	(6,767)	(8,538)	(2,634)	(12,034)	124	361,585
Net increase (decrease) in cash and cash equivalents	7,484	2,543	5,165	(363)	(2,068)	(1,021)	91,058
Cash and cash equivalents at end of period	36,522	29,038	26,638	21,492	21,896	23,965	444,369
(As of March 31)							
Total assets	156,654	94,597	95,880	91,600	98,251	95,338	1,906,004
Net assets	51,805	48,744	42,062	30,666	35,820	33,130	630,309
Interest-bearing debt	68,815	21,270	25,270	33,997	31,329	39,020	837,272
Per Share Data (Yen)							
Net income	39.09	94.85	96.60	14.95	60.22	19.00	0.48
Dividend	14.00	14.00	12.00	10.00	8.75	7.50	0.17
Net assets	525.46	501.54	432.90	329.41	350.44	327.85	6.39
Major Financial Indices							
Operating margin (%)	5.4	6.5	5.9	2.8	3.2	2.6	5.4
Overseas sales ratio (%)	36.2	19.7	17.4	17.9	20.8	21.1	36.2
SG&A to sales ratio (%)	27.2	26.5	24.9	26.3	24.9	23.5	27.2
Return on equity (ROE) (%) *2	7.6	20.3	25.5	4.4	17.8	6.1	7.6
Return on assets (ROA) (%) *3	7.8	10.7	11.1	5.7	5.7	4.2	7.8
Equity ratio (%)	31.6	49.9	42.5	32.3	34.0	32.8	31.6
Debt-to-equity ratio (%) *4	132.8	43.6	60.1	110.9	87.5	117.8	132.8
Stock Data							
Stock price at year-end (Yen)	605	630	728	382	739	752	7.3
Market capitalization (Millions of yen)	56,952	59,306	68,534	34,261	70,553	71,788	692,938
PER (Times)	15.5	6.6	7.5	25.6	12.3	39.6	15.5
Number of shares outstanding (Thousand shares) *5	94,136	94,138	94,140	89,689	95,472	95,463	94,136

*1 EBITDA=Operating income+Depreciation and amortization
*2 Return on equity=Net income÷(Net assets–Subscription rights to shares–Minority interests)
*3 Return on assets=Ordinary income÷Total assets
*4 Debt to equity ratio=Interest-bearing debt÷Net assets
*5 Treasury stock has been excluded from these figures.
*6 U.S. dollar amounts have been translated at the rate of ¥82.19=US$1, the approximate current exchange rate at March 31, 2012.

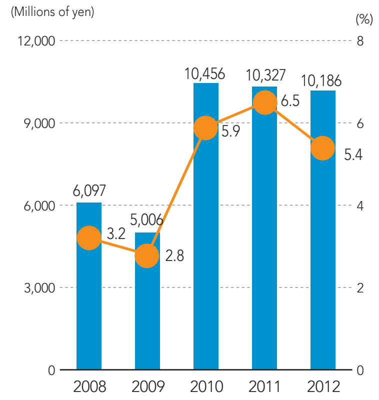
Our Business and Market

(Years to March 31)

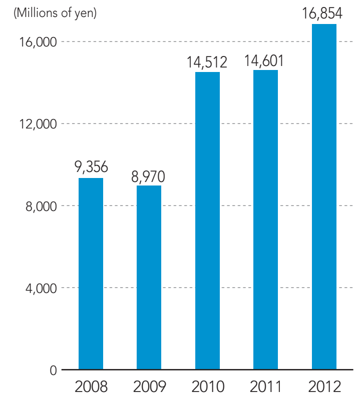
Net Sales
Overseas Sales Ratio



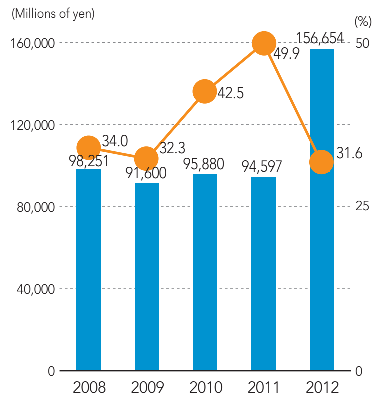
Operating Income
Operating Margin



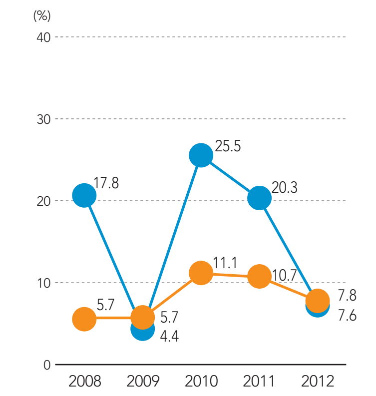
EBITDA



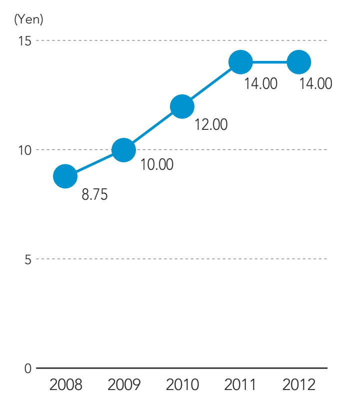
Total Assets
Equity Ratio

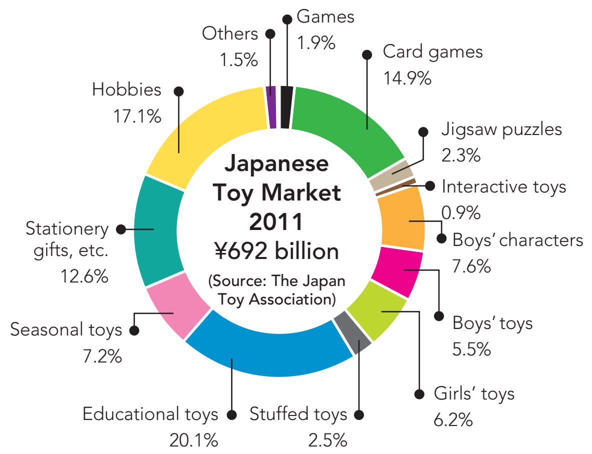


ROE
ROA

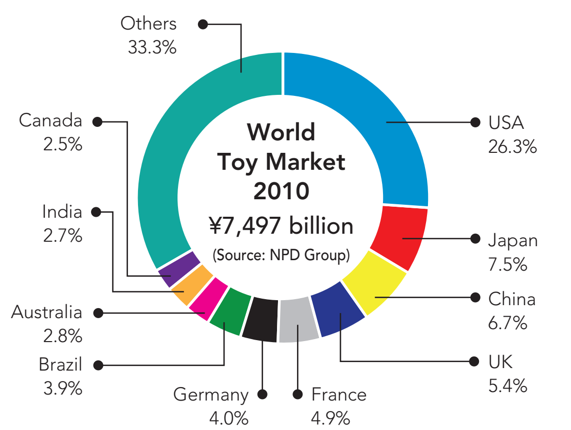


Dividend per Share





(¥90=US$1)
Exchange approximating that when the data was compiled in 2010.



The Japanese toy market in 2011 grew 3.4% year on year to ¥692 billion. Although our core boys' toys business was down 0.3%, sales of card games showed a sharp increase of 25.2%.

World toy market sales in 2010 were up 4.7% year on year to ¥7,497 billion, with a marked increase in Asia, which nearly doubled its overall share of the world market. Sales were highest in the United States, and the top five countries accounted for more than 50% of worldwide sales.

Notes: 1. The most recent data for the world toy market are for 2010 because 2011 data are not yet available.
2. Figures for the Japanese and world markets are based on retail sales. The Japanese market data of the NPD Group differ from that compiled by the Japan Toy Association.
3. The Japanese market data cover the period from April 1, 2011, to March 31, 2012, whereas the world market data cover the period from January 1 to December 31, 2010.

We have further strengthened ***OUR CORE TOY BUSINESS,*** *established* ***A SOLID MANAGEMENT FOUNDATION*** *and accelerated the* ***GLOBALIZATION*** *to* ***EVOLVE INTO A TRULY GLOBAL PLAYER.***

Q1 Give us your analysis of the business environment.

The Japanese toy market continues to be tough, with falling consumption due to a prolonged economic slump and the impact of the Great East Japan Earthquake. For the year ended March 31, 2012, the domestic toy market increased 3.4% to ¥692.1 billion from the previous year on a retail price basis (Japan Toy Association figures). Growth in the 3% range has been maintained for two consecutive years (3.5% in 2010), despite the difficulties of the economic environment after the Lehman Shock and the impact of the earthquake.

However, looking at the toy market overseas, conditions in the United States, which is the largest toy market in the world, worsened due to a lack of certainty about the economy, with the market there falling 1.9% year on year to US$21.3 billion. Meanwhile, in Europe, despite improvement in England, France and Germany, the impact of the European sovereign debt crisis caused the toy markets in nearly all countries in southern Europe to be lower than the previous year, with great disparity in Europe overall (NPD Group analysis).

Q2 Tell us about the strategic efforts and business topics (for the year ended March 2012).

Amid this severe business environment, the Group continues to bolster our core business with the goal of joining the ranks of the world's top three toymakers.

A big step we took in that direction was the acquisition in April 2011 of RC2 Corporation and its subsidiaries (presently, "TOMY International Group," hereafter "the TI Group"), a NASDAQ-listed U.S. manufacturer of toys and infant products, to make the company our wholly owned subsidiary.

We are working to achieve synergies that include establishing a global management system, developing an internal sales network in North America, mutually developing both the TOMY Group and the TI brands, and strengthening our production and development structures.

For such purposes, we integrated our North American operation into the TI Group and acquired two companies, Boon, Inc. and Keen Distribution, LLC, both of which had strong shares of the North American market, to strengthen the baby business.

In Europe, we restructured our sales network, including staff reductions, to achieve optimal marketing. Our efforts in Asia include integrating production and sales bases in Hong Kong, whereas in China, which is experiencing marked growth, we are expanding the business from both the sales and product sides by increasing ties with sales distributors and selling localized products with pricing and specifications that are relevant to the Chinese market.

Q3 Please comment on the business results from the aspect of both internal and external factors.

Our consolidated performance in Japan for the term improved despite the supply problems experienced by some of the *Tomica* and *Plarail* products as a result of the Thai floods, due to the gain in new users of the *Duel Masters* boys' card game, which extended sales growth. We also benefited in our overseas business from the sales contributions of the TI Group and strong overseas exports of products related to *Transformers* and *Beyblade*, resulting in net sales of ¥187,265 million, a 17.4% increase over the previous year.

Despite efforts to reduce costs and improve revenues, due to worsening revenues for European subsidiaries and the posting of the amortization of goodwill and intangible assets associated with the TI Group acquisition, operating income was down 1.4% to ¥10,186 million, whereas ordinary income fell 3.2% due to foreign exchange losses. Net income declined 58.8% to ¥3,679 million due to extraordinary losses associated with Thai flood damage and overseas base restructuring costs.

Results for the year ended March 2012

Net Sales:	¥187,265 million	(+17.4%)
Operating Income:	¥10,186 million	(-1.4%)
Net Income:	¥3,679 million	(-58.8%)

Q4 Please summarize the "Four Years of Reengineering and Globalization" begun in 2010.

The TOMY Group has designated the years from 2010 to 2013 as "Four Years of Reengineering," during which we have contemplated continuous growth, further strengthened our core toy business, established a solid management foundation and accelerated our international business development to evolve into a truly global company.

We will achieve these goals by maximizing product value through the overseas development of the core products, brands and global contents that are our company's strengths. Core products and brands such as *Tomica, Plarail* and *Licca* have been loved by generations of consumers over several decades. Furthermore, we began launching the *Tomica* and *Plarail* brands in Europe and North America last year, whereas in China we launched the *Tomica* products with pricing and specifications localized for that market. The huge international hit toy *Transformers* has grown into a globally famous property with the third Hollywood movie released in 2011, and more than 500 million toys sold in more than 130 countries. In addition to strengthening our ties with Hasbro, we acquired the TI Group as subsidiaries to accelerate our overseas development.

(Years to March 31)

2007–2009
3 Years of INTEGRATION & CONSOLIDATION

The March 2006 merger of TOMY and TAKARA jump-started the reform of our revenue structure.

Achieved
Restructured profile and financial base

2010–2013
4 Years of REENGINEERING & GLOBALIZATION

2011 Start of Medium-Term Management Plan (2011–2013)
2012 Acquisition of RC2 (Currently the TI Group)
2013 Revision of Medium-Term Management Plan (2013-2015)

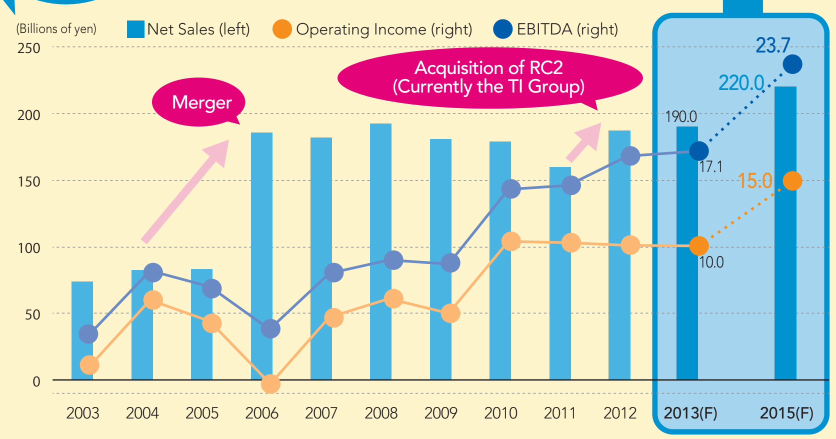
Achieved
Operating income was more than doubled and debts decreased by drop in number of deficit-ridden subsidiaries

2014–2016
3 Years of GROWTH

2015 90th Anniversary of Establishment

To be achieved
To achieve further growth with sales of $3B/operating income of $300M in the medium to long term

MEDIUM-TERM GOALS



2013 (forecast)

Net Sales: ¥190 billion

Operating Income: ¥10 billion

Operating Margin: 5.3%

EBITDA: ¥17.1 billion

+ ¥20.3 billion: Top-line synergies through mutual utilization of brand content held by TOMY and the TI Group

+ ¥12.7 billion: Expanding existing businesses of TOMY and the TI Group and growing business in Asia

+ ¥1.8 billion: Sales synergy

+ ¥1.5 billion: Cost synergy

+ ¥1.7 billion: Expanding existing businesses

2015 TARGET

90th Anniversary

Net Sales: ¥220 billion

Operating Income: ¥15 billion

Operating Margin: 6.8%

EBITDA: ¥23.7 billion

FUTURE GOALS

TO BECOME A TRULY GLOBAL PLAYER

Net Sales: U.S.$3 billion

Operating Income: U.S.$300 million

Overseas Sales Ratio: 50%

1 Development of focus strategies by region

(Years to March 31)

Japan

Sales Target

¥119 billion → ¥140 billion

2012 (Actual) 2015 (Forecast)

Product rollout: 1. Concentrate R&D at HQ; unify global management core (Vehicles, Boys, Girls); 2. Reinforce high-value-added product R&D; launch localized product lines; 3. Create new markets based on Japan success; 4. Max group synergies to accelerate product deployment; "Instant-hit" products to grow market
Marketing: 1. Reinforce brand management capability; 2. Promote HQ-led mass marketing approach; 3. Joint marketing/sales efforts to revitalize sales space
Organizational structure: 1. Global toy business structure; 2. New Planning Team for R&D

North America, Europe & Oceania

Sales Target

¥60 billion → ¥62 billion

2012 (Actual) 2015 (Forecast)

Product rollout: 1. Concentrate R&D at TI; unify management core (Baby, Infant and Preschool); 2. Increase Europe/USA Baby, Infant and Preschool products for R&D efficiency; 3. Reinforce Vehicles and Boys products; 4. Product rollouts with business partners
Marketing: 1. Market localization/enhanced promotion for unique retail marketing; 2. Local marketing driven by sales companies in line with HQ-led mass marketing
Organizational structure: 1. Expand scale and synergy of TOMY Europe/TI Group merger to improve efficiency; 2. Optimize unified business structure integration for global TOMY Europe/TI product rollouts

Asia

Sales Target

¥7 billion → ¥18 billion

2012 (Actual) 2015 (Forecast)

Product rollout: 1. Reinforce/expand core (Vehicles and Baby, Infant and Preschool); 2. Actively introduce localized products; 3. Introduce Boys products
Marketing: 1. China: Reinforce distribution/promote sales through new business in 46 areas; 2. Actively invest in TVMD; 3. Reinforce/expand emerging economy business
Organizational structure: 1. Strengthen TOMY (Shanghai); place sales staff at four China bases (North, East, Central and South); develop local demand-based sales; 2. Integrate with the TI Group to expand in growing markets

The above regions reflect the locations of the TOMY entities that record the sales.

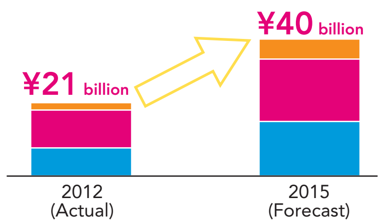
2 Reinforcement and expansion of focus categories

(Years to March 31)

Japan · North America, Europe & Oceania · Asia

Vehicles

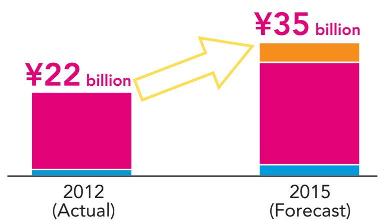
Sales Target



- Introduce *Plarail Chuggington*
  Maximize *Chuggington* business globally
- Expand localized *Tomica* in Asia

Baby, Infant and Preschool

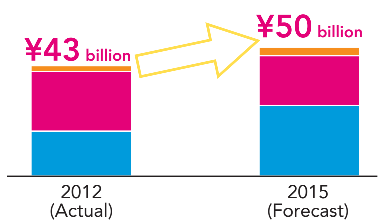
Sales Target



- Grow steadily as a core business in Europe and the United States
- Expand sales in China

Boys

Sales Target



- Launch new products to boost sales in Europe and the United States, as well as China
- Keep the top position in the boys' category by creating post-*Beyblade* products

3 Review of production bases and reinforcement of production structure

1. Realignment of Production Bases
Transform the China-dependent production structure to Vietnam and its neighboring countries
→ **Reduce** manufacturing costs including labor costs to cut costs of sales

2. Efficient Procurement
Promote planned material procurement and joint procurement with vendors and business partners
→ **Cut Down** material costs

Q5 Please give us the background on the establishment of the new Medium-Term Management Plan and the details.

Although the external environment continues to get tougher, we at the TOMY Group, which aims to become a truly global player, have the task of strengthening our production structure and stabilizing product supply to bolster the domestic toy business and globalizing Japanese-made products corresponding to the rise in production costs in China.

The TOMY Group is continuing to move forward with our basic strategies of "strengthening the core toy business," "accelerating globalization" and "expanding the toy peripheral business" to expand profit and earnings. In addition, we are working to "secure and hire global human resources" to create a base for achieving those goals, as well as pushing forward with "bolstering our financial base" by building up internal reserves to compress the interest-bearing debt that has risen through our acquisitions and increase in capital.

We established our new medium-term management plan to meet these goals and are focused on "formulating key strategies by regional segments," "strengthening and expanding important categories" and "reviewing our production bases and strengthening that structure" through 2015.

In the area of "formulating key strategies by regional segments," Japan will continue to be the place we maintain the functions focused on the planning and development of high-added-value products for the world and the revitalization of our sales spaces. For North America, Europe and Oceania, the planning and development functions for core baby, infant and preschool products and their marketing considering the characteristics of each region will be concentrated at the TI Group. In Asia, an area management structure will be formed, such as establishing marketing channels in China and promoting product development matching to regional characteristics.

Our strategies for strengthening and expanding important categories include the multi-country rollout of core products and the launch of new merchandise in the three main categories of Vehicles, Baby/Infant/Preschool and Boys.

In the area of "reviewing our production bases and strengthening their structure," we will shift our production structure, which is now heavily weighted toward China, to include neighboring countries, with Vietnam at the core. We will move forward with measures for thorough cost-competitiveness, product safety and quality controls.

We have positioned the fiscal year ending in March 2013 as the period in which we will extend prior investment in future products, such as expanding marketing expenses within and outside Japan and R&D costs for new product development. Taking into account external events including the earthquake and the flooding in Thailand, we have changed our March 2015 performance targets to net sales of ¥220 billion, operating income of ¥15 billion and an operating margin of 6.8%, and are targeting the steady growth that has been a common thread throughout our company's history. To become a true global player, we are targeting net sales of US$3 billion, operating profit of US$0.3 billion and an international sales ratio of 50%.

Q6 What is the outlook for business results for the fiscal year ending March 2013?

Although we expect the tough business environment to remain for the time being, we will continue to concentrate management resources in our toy business and work to construct a global business model through integration with the TI Group. We are pushing forward with structural reforms aimed at joining the ranks of the world's top three toymakers. These include starting an earnings improvement and business expansion plan within the new sales structure that was formed in Europe after the completion of integration, enhancing revenues by optimizing plant locations, developing products corresponding to the characteristics of each market and shoring up management.

We will be making efforts to grow sales during the fiscal year ending in March 2013, such as introducing new boys' hobby products in Japan, expanding overseas sales of the TI Group's important *Chuggington* line and developing *Plarail* in Japan. Nonetheless, we foresee a decrease in exports of *Transformers* and *Beyblade* due to a pullback in what has been a strong trend during the current term, leading us to predict a 1.5% increase in consolidated sales over the previous year to ¥190,000 million. We expect a 1.8% decrease in operating income to ¥10,000 million and a 5.3% decline in ordinary income to ¥9,300 million due to enhanced investment in marketing in Japan and overseas, as well as expanded prior investment in future growth, such as new product R&D expenses. Net income is expected to grow 35.9% to ¥5,000 million as we do not anticipate one-time expenses such as those related to the flooding in Thailand.

Forecast for the year ending March 2013

Net Sales: ¥190.0 billion	Operating Margin: 5.3%
Operating Income: ¥10.0 billion	EBITDA: ¥17.1 billion
Net Income: ¥5 billion	Net Income per Share: ¥53.1

Q7 Please discuss returns to shareholders and your CSR approach.

The TOMY Group aims for sustainable growth by sharing value with all of our stakeholders, including shareholders. Concerning personnel, which is an important management resource, we seek to nurture a corporate culture befitting global toymaker standards. We strive to hire, cultivate and optimally place personnel who have the creativity and strong sense of play that enables them to anticipate the needs of the times, as well as global human resources who can be next-generation leaders. We are also strengthening internal controls and making continuous improvements to our internal CSR promotion systems to bolster the management structures that form the foundation for further growth. In addition to aiming for stronger and more thorough corporate governance, we are engaging in CSR activities suited to a toy manufacturer, while taking the global environment into consideration.

Our policy on returns to shareholders is based on distributing funds appropriately to maintain a balance between the provisions of stable returns to shareholders and investment in medium- to long-term growth sectors, such as global development, while taking financial stability into consideration. Therefore, based on this policy, we are maintaining a stable annual dividend of ¥14 per share for the fiscal year ended March 31, 2012.

The TOMY Group will continue to aim to increase enterprise value through active global development as a toymaker capable of playing an active role on the global stage. We thank everyone for their ongoing support.

TOMY'S GROWTH STORY

EVERYTHING STARTS WITH AN IDEA

In our bid to become a truly global company, we are targeting net sales of US$3 billion, operating profit of US$300 million and an international sales ratio of 50%. The key to achieving our targets lies in the creativity and ideas that provide a competitive advantage. We take the ideas generated in Japan that led to the birth of our hit Japanese toys and transform their shape and expression so as to add to their value in overseas markets. We will continue to build on the momentum we are developing in our overseas initiatives in 2012, so as to continue to grow.

GROWTH STORY 1 IDEAS THAT ORIGINATE IN JAPAN

GROWTH STORY 2 IDEAS EXTENDED TO A GLOBAL SCALE

GROWTH STORY 3 IDEAS EVOLVING TO INCORPORATE A HOST OF VALUES

GROWTH STORY 1

IDEAS THAT ORIGINATE IN JAPAN

The TOMY Group believes that the "essence of play" is the same around the world. Our hit toys, such as the *Transformers* robot toys and the *Beyblade* battle toys, are examples of optimizing the added value by understanding this essence and incorporating current trends and the needs of each region and country into our products. We believe that the fusion of the TOMY Group's planning and development strengths and the Western market values of Hasbro, a leading U.S. toy company, have led these Japan-originated toys to become major global hits.

Transformers: Born in Japan, raised overseas

Why has the *Transformers* series become such a huge global hit?

Based on a series of transforming toys that we developed, we worked with Hasbro and jointly developed a product series sharing the same story from a global perspective. That's the *Transformers*. The magnificent story and the rich characters that were created based on Hasbro's ideas and the innovative transformation gimmicks have captured the hearts of children. The brand eventually developed into comic books and an animated TV series, with the toy distribution expanding to European and other Asian countries, making the robot toys into a huge global hit having sold in more than 130 countries.

Prior to the *Transformers*, the U.S. toy market was focused on action figures and the concept of "transforming robots" did not exist. The "life form from another planet" concept of the *Transformers* was an innovative new approach. We researched stories and interests with universal appeal and further evolved them to keep the series exciting, thereby making the *Transformers* a global hit for more than 20 years.

We had many engaging debates with Hasbro as we worked together to overcome the differences of nationalities and diverse values before the *Transformers* became a hit product. The brand concept, which consisted of an innovative transforming gimmick and a story, further evolved with the imaginative input from the U.S. side. Although the *Transformers* story employs the simple conflict between good and evil, it takes place in the real world instead of the future. In renewing 40 to 50 items each year based on the movies and the TV series, we continue to create a "genuine feel" and "satisfying play value" as we work with Hasbro on character development. I believe this is how we were able to establish the brand value that we have today.

What is the potential for the *Transformers*?

In addition to the U.S. and European markets, we will develop the brand further in Asia, primarily focused on China, with various media franchises including an animated TV series, online games, video games and applications based on the brand power that we have created to date. Also, in the Japanese market, we plan to have products and packages that are exclusive to Japan, and with the media strength of the fourth movie, we aim to make the *Transformers* the top robot toy in Japan.

We will further leverage the *Transformers*-brand assets for our future development. We are reviewing ideas that could connect father and son with collective items that target the two generations, such as bringing back or revamping classic toys.

1984
The *Transformers* were created and launched in the United States as the *Transformers*. An animated TV series and comic books were developed in cooperation with Marvel Comics.

1996
The *Beast Wars* series was launched internationally. The toy was a huge hit and a full-CG animated TV series was aired.

2004
20th anniversary of the *Transformers*. Development of "high target" toys (toys targeting grownups) also began.

2011
Third "*Transformers*" live-action Hollywood movie opens.
Transformers,
Transformers: Revenge of the Fallen,
Transformers: Dark of the Moon
(This was the fifth highest-grossing film of all-time worldwide.)

2012
Full-CG *Transformers: PRIME* animated TV series began.

2014
Upcoming 30th anniversary of *Transformers*

Metal Fight Beyblade World Cup Tournament 2012

The *Beyblade* battle toys introduce the excitement of battle to the world.

The story of the transforming robots evolved with the American imaginative strength and became a major hit.

Noriaki Maeda
Manager, Transformers Marketing Team, Global Boys Business Division

Optimus Prime G from *Transformers* (movie)

The *Beyblade* battle toys were introduced in 1999. We created interest among kids through events and media, and the *Beyblade* series has become a popular standard toy for children around the world, with sales surpassing 150 million units in more than 80 regions and countries. I believe the key to the success of the *Beyblade* series is how it reflects boys' aspirations for victory and empowerment. The top unit is composed of multilayered parts that can be differently combined and customized to change the duration of the spin and its force. I believe this feature stimulates the competitive instincts of boys. Another appeal of the toy is its "genuine" feel. We changed the material to metal and carefully developed the feel of the material, the weight, the solidity and the aesthetics. The metal material gave the toy a realistic dynamic and received strong support even from kids who are used to the 3-D effects used in animation. In addition to the installation of a point system by using an IC chip-implanted point card, our strategy of effective engagement through the media and in current trends on our Web site, at events and in stores has had a powerful effect. While we continue to maintain the toys' brand value as a "spinning top" in overseas market development, we aim to expand sales and drive global brand penetration by providing localized product lines that meet local tastes and demand.

The key to Beyblade's success is how it reflects boys' aspirations for victory and empowerment.

Haruhisa Ujita
Senior Assistant Manager, Product Development Team Boys Group, Global Boys Business Division

GROWTH STORY 2

IDEAS EXTENDED TO A GLOBAL SCALE

As demand in Japan is weakening due to the lowering birthrate and a lackluster economy, the TOMY Group is seriously engaging in global development as the path toward new growth. Success in overseas markets requires that we develop products for those markets, strengthen our manufacturing and distribution processes, and build value strategies and marketing structures tailored to regional characteristics. To that end, we are maximizing our use of the superior management assets of the TI Group, which has a distribution network of 25,000 stores worldwide (mainly in the United States and Europe), to accelerate our global development.

Developing the global market with *Chuggington* products based on the popular British animated TV series

When the TOMY Group acquired RC2 (currently the TI Group) in April 2011, we acquired global merchandising rights (with some exceptions) to products based on the popular animated TV series *Chuggington* in more than 178 countries and regions. After launching the *Chuggington* products in 2010 in the United Kingdom, which has a railway culture, the products were marketed in other European countries including Germany and France. This was followed by full-scale marketing in North America in 2011, and sales in Japan were initiated by T-ARTS* in September.

The combination of popular train play and the story of the animated TV series have global appeal. We expect to activate the preschool market targeting children ages 2 to 4 and collect royalties from sales of *Chuggington*-licensed merchandise from third parties.

* T-ARTS is a wholly owned subsidiary that is responsible for the planning, manufacturing and sales of products such as toys, capsule toys, plush toys, general merchandise, amusement arcade machines and others.

Sales strategy

The *Chuggington* animated series first aired in Japan in 2009, and *Chuggington* products, mainly die-cast, motorized and wooden products, were launched in 2011 at Toys"R"Us, a large-scale retailer. Beginning in July 2012, we will strengthen our *Chuggington* business by launching a new *Chuggington Plarail* series as part of our long-selling *Plarail* line and launch drawing boards for preschoolers and a collectible die-cast series, bringing the number of *Chuggington* products to around 60 items for the year ending March 31, 2013. The broadcast area for the *Chuggington* animation, which had mainly been in the Tokyo area, expanded in spring 2012, so we can anticipate popularity nationwide. We therefore will engage in active promotion and expansion of sales by making effective use of our sales network.

TOMICA

Tomica models exclusive to the Chinese market

Retail space for toys in China

Business negotiations in China

Aggressively entering the rapidly growing China market with core products

The Asian market is growing at a 4.3% pace. China, in particular, is a massive market with a population of 1.3 billion and a high annual growth rate of 8.2%. The TOMY Group is working to boost the China business by scaling its distribution through the strengthening of its sales force, partnering with multiple local distributors and expanding the product portfolio.

Active development of products with original Chinese specifications

We have been developing products in the Chinese market since 2004, and our core *Plarail* train play toys are highly popular. These toys were indispensable to our opening up of the Chinese market and market share growth. Although we were primarily offering products developed in Japan with the packaging translated into Chinese, we felt it was necessary to bridge the gap with Chinese kids and further satisfy them by developing replicas of the rolling stock that is used on Chinese railways. Therefore, in 2009 we spent one year working with the Shanghai Railway Association to develop a product with original Chinese specifications, the *CRH No. 2 Hexiehao*, based on a Chinese high-speed railcar. It became a hot-selling product in China.

In October 2011, we started distributing *Tomica* vehicles adapted to the Chinese market in terms of price and specifications. Also, in April 2012, we started the distribution of our baby products in China. We are also looking to introduce toys that integrate with media content (*Kibao*).

Strengthening our sales force and expanding the distribution network

Retail space must be secured and developed to overcome the competition from local toymakers in the Chinese market. We conducted exclusive business meetings in Shanghai in March 2012, which were attended by about 70 distributors. We had two trading partners as of the end of March but increased that to 21 partners as of the end of April. We have placed salespeople at four bases in China (i.e., North, East, Central and South) and are conducting sales development closely tied to local regions. By the end of March 2013, we aim to have a sales network of 1,000 stores nationwide excluding Tibet.

Successful launches in Europe after the UK, which has a rich train culture

EUROPE
UK/Germany/France/Spain
Launched in March 2010

Started broadcasting in 2008

Existing sales channels led to an effective launch

AUSTRALIA
Launched in March 2010

Started broadcasting in 2009

Full-fledged start by leveraging success factors in other countries

USA
Launched in March 2011

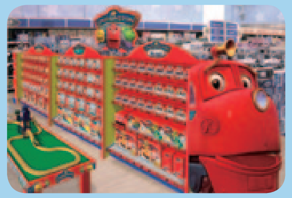
Started broadcasting in 2009

Raise brand awareness with major retailers

JAPAN
Launched in September 2011

Started broadcasting in 2010

ABOUT *CHUGGINGTON*



Chuggington is a British animated TV series produced by Ludorum plc and broadcast in more than 178 countries and regions around the world. It has achieved the No. 1 viewership among children's programming in the United Kingdom, Germany and Australia, accompanied by strong sales of toy and DVD merchandise. The TOMY Group owns the global merchandising rights (with some exceptions) and exclusive distribution rights to *Chuggington* toys.

GROWTH STORY 3

IDEAS EVOLVING TO INCORPORATE A HOST OF VALUES

TOMY International Group (the TI Group) plays a leading role

The TI Group's dream, to inspire and fulfill the dreams of children and parents worldwide, is itself becoming fulfilled, thanks to the company's merger with TOMY in April 2011. According to Curtis W. Stoelting, CEO of TOMY Holdings, Ltd. (formerly RC2 Corporation), the power of the two combined companies enables TOMY to truly become a global company.

Curtis W. Stoelting
Board Director of TOMY Company, Ltd. and CEO of TOMY Holdings, Inc.

Q1. Please describe the deployment of management assets by the TI Group to facilitate the growth of the TOMY Group.

With the strength of TOMY, we can broaden our product categories, especially in toys. While the TI Group has a robust business in North America and has built a solid international business in Europe and Australia, TOMY's strength lay in Japan, China and elsewhere in Asia, in addition to having built a good sales and marketing organization in Europe. We are putting together our two organizations in Europe to create a business with more scale that can allow us to grow even faster. And, in North America, now we can represent TOMY content, product lines and intellectual properties (IPs) in the United States and Canada—two very large markets for those products.

We are a sales and marketing-focused organization which has grown to become a leading global designer, producer and marketer of innovative high-quality toys and infant products. At the TI Group, we market these products under strong consumer-focused brands that now include TOMY as well as *ERTL, The First Years, Lamaze, JJ Cole* and *Boon.* We also have strong licensing relationships which allow us to market licensed products such as *Chuggington, John Deere* and many great properties from Disney.

Q2. What is the current state of integration with the TOMY Group? To what extent is integration proceeding as initially intended?

A brand and multiyear integration road map was put together very early in the process. We are following that road map, and many positive results have been achieved, for example, we are now marketing all of our products under the TOMY banner. But despite having a good map, the road to combining the strengths of two worldwide toy leaders has not always been smooth.

We are now marketing all of our products under the TOMY banner. We still have product line brands, but TOMY will appear as part of all of our product lines, and that will help build TOMY into a truly global brand. We also benefit from the strong IP and content of TOMY, such as *Tomica* and *Plarail*, and have plans to increase sales of these owned brands throughout the TI Group markets.

The integration of the two teams in Europe—TOMY's former sales subsidiary and the TI Group's subsidiary—was completed in April, and we are now marketing globally, in the United States, Europe and Australia, under the TI banner. The company is progressing with the complex integration of production and supply chains in Hong Kong, mainland China and Southeast Asia.

We have made cutbacks in North America and Europe such as combining our redundant offices and integrating our sales, marketing and back-office teams. Australia is a very strong market for the TI Group, and integration there is nearly complete. TOMY was using a third-party distributor in Australia, but ultimately as we complete the transition, TOMY Australia will be selling directly all the TOMY and TI Group products in the Australian market.

In short, our integration is going well, but it's an ongoing process which takes time. We are dealing with a cross-border merger, and many different cultures, between the Japanese and Asian cultures, the U.S. and North American cultures, and the various European cultures, so it's never easy, but everybody has the same objectives, which is to build TOMY into a truly global company.

Q3: Please describe specific measures that you will take to maximize synergies with the TOMY Group going forward.

Examples of complementary brands include such infant product lines as *Lamaze* and *The First Years.* With the strength of the TOMY sales and marketing organization, we expect significant growth in those brands both in the established Japanese market and the high-growth markets within China. We are also enthusiastic to expand the market for the *Tomica* and *Plarail* product lines, which have a long and successful history in Japan.

There are differences between Japanese and U.S. consumers, with the former being more focused on precision and the latter on value, but I see this as an opportunity rather than a challenge. Our designers and marketers can adapt products to meet the requirements of various markets, giving TOMY the flexibility to create both localized and global products.

We are the only company in the industry that can sell direct in a meaningful way in the two largest toy markets in the world—the United States and Japan. No other company can do that. One view is that it is a challenge to make a global product when your consumers are different, but on the other hand it is possible because we have strong teams in Japan, Europe and North America who can help us adapt the products for the different markets. So I think that even though it's a challenge, it's also an opportunity.

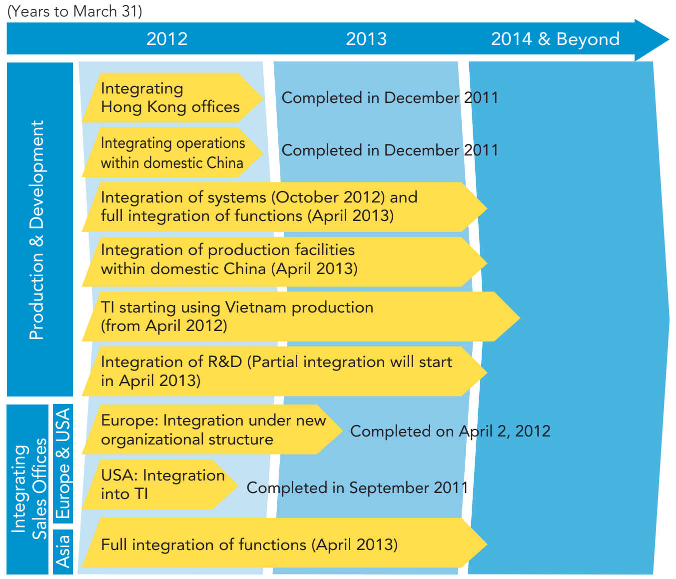
In the TI markets, consumers and retailers have different requirements so we are presenting our products differently—even though the play pattern is the same—the presentation of the product, the packaging and the pricing of the product must be adapted for the North American and European markets.

Beyond that, there are even bigger opportunities that I cannot even imagine. I like to tell younger people at the company that there are going to be great things in the future. I tell them, "It is really up to you to create that future. So give us your thoughts, give us your dreams, and then let's all work together to make those dreams happen."

Schedule of Integration

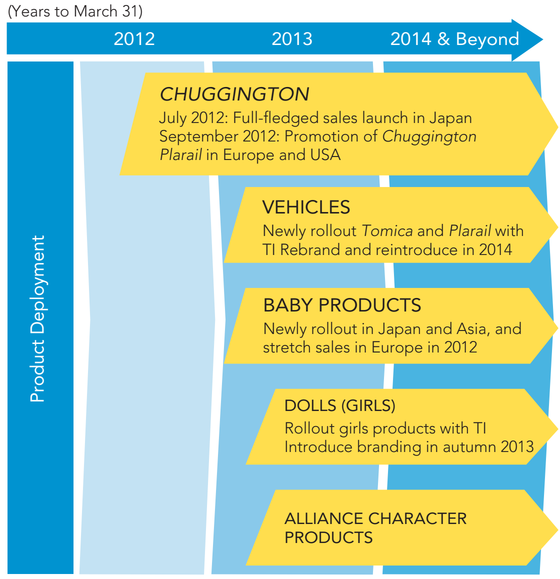
Accelerating the merger to become a top global player

(Years to March 31)

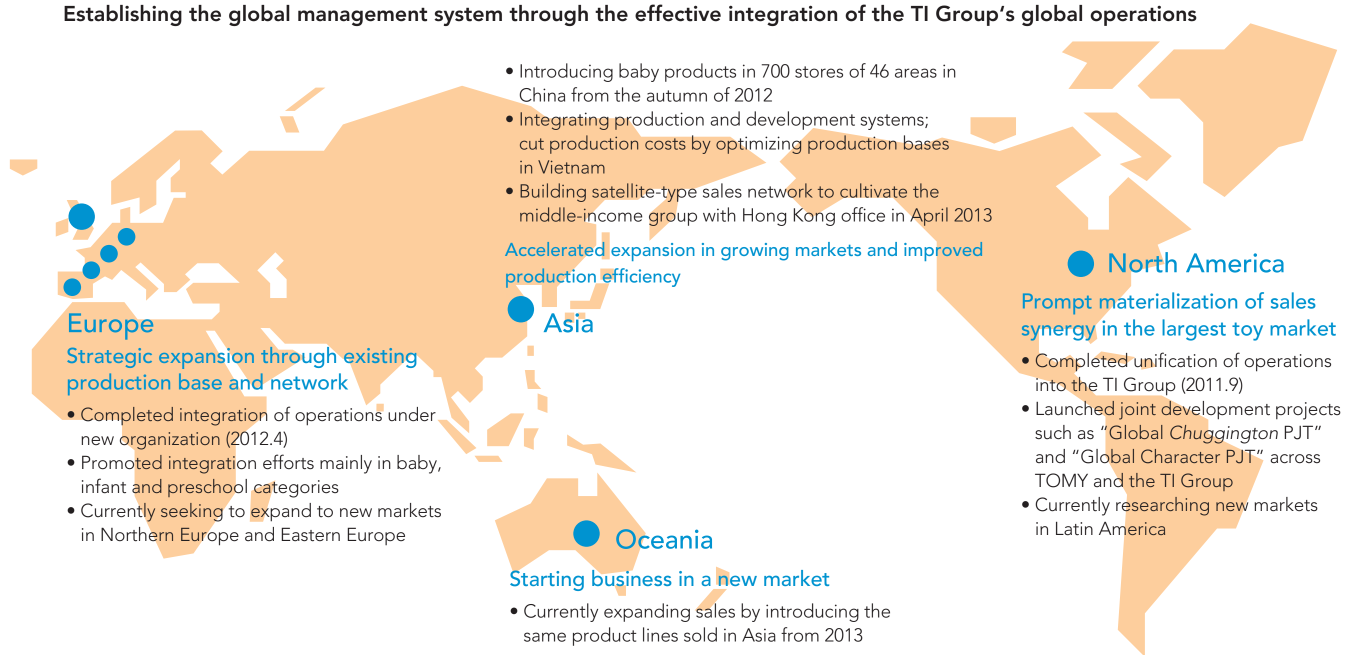


Prioritizing high sales synergy product categories

(Years to March 31)



Establishing the global management system through the effective integration of the TI Group's global operations

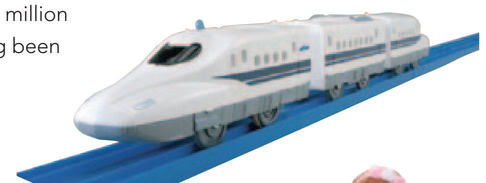


KEY BRANDS & LICENSES

TOMY

PLARAIL

These long-selling toy trains were launched in 1959. The specs for the blue rails have not changed since then, with a total of 136 million units having been sold so far.



TOMICA

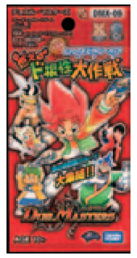
These die-cast toy cars are easy to handle because they fit in the palm of a child's hand. More than 564 million have been sold since the line was launched 40 years ago.

LICCA DOLLS

Licca Dolls were launched in 1967 as dolls that girls can dress as inspired by their dreams and aspirations. By keeping pace with the times *Licca Dolls* have been loved across three generations.

DUEL MASTERS

Launched in 2002 as a full-fledged yet easy-to-play trading card game, more than 3 billion *Duel Masters* cards have been shipped, with events held annually worldwide making them ever more popular.



TRANSFORMERS

The *Transformers* were launched in the United States in 1984, with the toys and animated feature a big hit in Japan the following year. The world's most famous shape-changing robot series, the *Transformers*' appeal transcends borders and generations in more than 130 countries.

METAL FIGHT BEYBLADE

This modern version of the traditional Japanese top combines the ageless appeal of tops fused with "battle," "customizing" and "collection" features. More than 150 million units have been shipped to more than 80 countries.

TI Group

CHUGGINGTON*

Classic train play based on the contemporary world of *Chuggington*, with imaginative, action-packed features.

*Copyright owned by the TI Group

ERTL

The only off-road brand to offer the best of both worlds, with imaginative farm and construction vehicle play.

LAMAZE

The right toy at the right time. Bright and whimsical high-quality toys for each stage of your baby's development.

THE FIRST YEARS

Nursery products that help make the first years of life happier and easier for both babies and parents.

Domestic Business

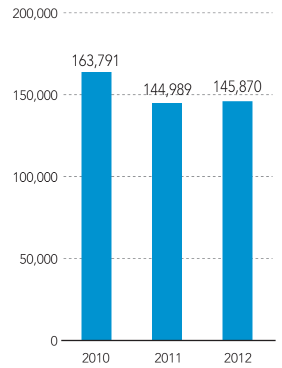
Year-on-Year Domestic Business Highlights

(Years to March 31)

Domestic Market	¥692.1 billion (+3.4%); enjoy strong performance of the trading card segment
Performance	Increase in sales and income
Topics	• Impact of Thailand floods • Core products, export merchandise, strong card game performance

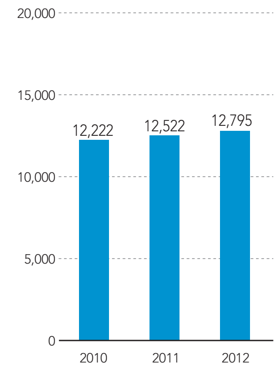
Domestic Sales

(Millions of yen)



Domestic Operating Income

(Millions of yen)



Domestic Toy Markets

The domestic market increased 3.4% to ¥692.1 billion for the year ended March 31, 2012 from the previous year on a retail price basis (Japan Toy Association figures). Growth in the 3% range has been maintained for two consecutive years (3.5% in 2010), despite the difficulties of the economic environment after the financial crisis in 2008 and the impact of the Great East Japan Earthquake. The market was helped along in particular by the trading card segment, which reached ¥100 billion, the game segment, which reflects the increase in indoor play since the disaster, and the girls' toys segment, in which girl characters grew in popularity.

Strategy: Strengthen Core Business

Our strategy for increasing market share is to strengthen our group's core brands such as *Tomica*, *Plarail* and *Licca*, which are our proven products and character-related merchandise, and to expand our toy-related businesses that utilize the brands and characters built around our toys.

Disney-related merchandise "Cars"

B-Daman, a marble-shooting toy for boys

Pretty Rhythm arcade machine for girls

Trading card games for boys

Operations Summary

The domestic business during the year was marked by a large decrease in sales due to a scarcity of some items in our core *Tomica* and *Plarail* lines due to floods that occurred in Thailand in October. Meanwhile, *Licca* and *Treena*, our original girls' characters, merchandise was on an upward trend, while sales of *Duel Masters*, which was reinvigorated through the revamped TV animated series and comics in April, were broadly higher due to a gain of new users and the development of new lines of merchandise. Among our Disney-related merchandise, items from the "Cars" stories set in a world of motorcars increased in popularity. Among our global boys' products, *Transformers*-related exports were strong due to the premier of another in the film series, and despite a decrease in *Metal Fight Beyblade* sales in Japan, the great popularity generated outside Japan by the *Metal Fight Beyblade* World Cup Tournament held in Canada in March 2012 led to broadly improved export sales. In addition, *B-Daman*, through which marble play evolves into a modern form, was launched as an animated TV series from October, with the goal of increasing sales.

Of our Group companies in Japan, the T-ARTS Group's *Pretty Rhythm* arcade machines for girls garnered popularity, while our core capsule toy business was in a firm trend.

Original girls' character *Treena*

A fishing game, *Virtual Masters Real*

Infrared remote-controlled car, *Yubicon*

A musical toy, *Human Instrument*

Impact of the Thailand Floods

Although the factory buildings and facilities at TOMY (Thailand) Ltd. were damaged in the floods, substitute production made rapid progress in China and also in Vietnam where we had already moved part of our production.

While some functions will remain in Thailand, we will expand our Vietnam production system and are building a new production structure that includes other countries in the vicinity.

Product Development

We conduct product development based upon our corporate mission to create new value in play.

In addition to expanding our lineup of *B-Daman*, through which marble play evolves into a modern form, merchandise and that of our overseas hit *Beyblade*, we are also moving forward with development of the globally renowned *Transformers* by broadening the range of play possibilities through new transformation gimmicks and improved collectability. We are also shoring up core product lineups. For example, we introduced *Plarail Advance*, which is a line of smaller sized trains that uses the existing *Plarail* tracks as twin-track railroads, while bringing back our original girls' character, *Treena*, with a newly created story and product design. We also engaged in R&D that deepens play and fun through product concepts that are not stuck on preconceptions and are incorporating new trends and the latest technologies. Some examples of this are the *Human Instrument*, a musical toy that uses bio-electricity to perform a variety of sounds and melodies by touching one's partners' hands, cheeks or foreheads; the *Virtual Masters Real*, a fishing game that gives the sense of actually fishing through the use of augmented reality (AR) functions, and the *Yubicon* infrared remote-controlled car that uses a "smartphone-like" touch screen-type controller.

The TI Group has also been advancing development of the *Chuggington* train character merchandise and *The First Years* brand of baby products.

Our product development puts customer safety first, and we have been bolstering our in-house testing system based on our own safety standards to improve product safety. We have also launched full-scale value engineering (VE) initiatives to optimize function and cost from the product planning and development stage onward.

JOHN DEERE

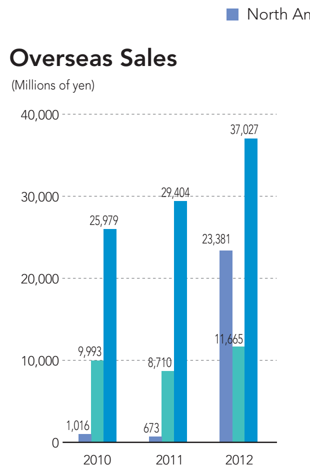
JJ COLE COLLECTIONS

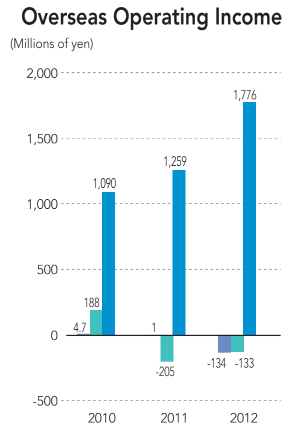
Overseas Business

Year-on-Year Overseas Business Highlights

(Years to March 31)

Overseas Market	World's largest U.S. market: $21.3 billion (-1.9%)
Performance	Increase in sales and income
Topics	• Acquisition of RC2 (currently the TI Group) • Strengthening China business





Overseas Toy Markets

In 2011, conditions in the United States, which is the largest toy market in the world, also worsened due to a lack of certainty about the economy, with the market there falling 1.9% year-on-year, to US$21.3 billion. Taken by category, block toys incorporating movie content have been up by double digits for three years in a row, while the plush category dropped in popularity and was down 21%.

The U.K. market, Europe's largest for toys, was at 3.0 billion pounds*, up 3% year-on-year. Similar to the United States, the block toy market grew 20%** for two consecutive years, while boys' action figures were down by double digits for two years in a row. The impact of the European debt crisis caused the toy markets in nearly all countries in southern Europe to be lower than last year, with great disparity in Europe overall.

(Source: The NPD Group / Consumer Tracking Service
*Source: The NPD Group / UK Consumer Tracking Service
**Source: The NPD Group / UK ePOS Tracking Service)

Strategy: The TI Group as the Hub of Global Growth Acceleration

The TI Group, our consolidated subsidiary, is at the hub of our efforts to drive our North American market growth strategy by expanding our own sales network in North America, increasing sales of core brands and content, and building an optimal development and production structure. Our efforts in Asia include attempting to grow sales in China by moving forward with building a sales network and product development geared toward regional characteristics. Our production and procurement units are shifting from China, where production has been overly concentrated, to Vietnam, and we are pursuing thorough cost-competitiveness, product safety and quality controls.

Operations Summary

North America

Operations were integrated into the TI Group. We initiated a full-scale rollout of *Chuggington* toys in North America and made efforts to expand the core product lines. Also, efforts to grow the purchaser base and the portfolio of TI's baby business led to the acquisition of substantially all of the assets in August of two companies: Boon Inc., which is a producer of high-end design and function products with strong customer loyalty, and Keen Distribution, LLC, which is the exclusive distributor in the United States of the *Bumbo Baby Seat*, which has a high share of the global baby seat market.

Europe

We have worked on integration in Europe, including the downsizing of personnel, so as to optimize marketing and build the sales structure. In addition to strong sales of newly added *John Deere* vehicle toys and *Dinosaur Train* dinosaur-themed products, TI's baby product brands *Lamaze* and *JJ Cole* Collection merchandise began selling well.

Asia/Oceania

The integration of the production control and sales bases in Hong Kong proceeded. In China, we created ties with toy distributors and developed sales spaces at retail sites, and in October launched *Tomica* products with specifications and prices localized to meet the needs of that market. Preparations are also being made to launch sales of TI's baby products as part of our two-pronged China business expansion strategy that includes both sales and products.

The TOMY Group's goal is to achieve sustainable growth by offering toys that create new value from play. We believe that gaining the trust of all of our stakeholders by establishing guiding principles for sound business practices and fulfilling our social responsibilities is vital to our corporate goals.

I. Customer Relations

1. Product Safety and Quality

The basic quality policy of the TOMY Group is to make safe, environmentally friendly products that can be used with confidence, and to offer our customers worldwide the high quality that they will find appealing. This embodies the principles upon which our safety and quality efforts are founded. In our efforts to improve safety and quality, we comply with laws and regulations, establish our own strict standards and exert controls on the use of heavy metals and phthalates.

Compliance with laws and regulations means working to maintain safety and quality in every country by complying with laws and regulations everywhere we operate as we advance our products globally. The TOMY Group has also put in place our own even stricter safety and quality standards to prevent problems from occurring.

To control heavy metals and phthalates, we not only use third-party test labs but also have installed in-house test equipment to analyze products for the presence of heavy metals, such as lead, and plasticizers (phthalates). If heavy metals or phthalates are found in any product, we immediately prevent it from going to market. The TOMY Group continuously strives to ensure product safety and quality and to implement thorough controls.

2. Accessible Design Toys

The TOMY Group began developing products for sight-impaired children in 1980. While we initially emphasized developing toys made particularly for physically challenged children, in 1990 we began working to include the same kind of features in our general toys as well. We expanded those efforts to include considerations for hearing-impaired children, and consequently these efforts spread throughout the toy industry. In addition to design features, such as placing a raised surface mark on the ON side of the switch for the sight-impaired, we implemented measures including using surfaces that allow discrimination by touch or sound, as well as by sight, when it is necessary to tell the difference between two or more items of identical shape. We also produce user manuals that are understandable based on text alone without referring to illustrations, and we make these manuals accessible via our Web site. For the hearing-impaired, we have tried a variety of design features that will allow fun playtime in addition to sounds, such as light, vibration, movement, text, images and other elements. These kinds of toys are gaining attention as toys that kids can enjoy with friends challenged by sight or hearing impairment. In September 2011, we held exhibitions and demonstrations of the latest Accessible Design Toys for the public at Tokyo shopping malls to increase public awareness of these toys.

Logos for Accessible Design Toys

II. Employee Relations

Realizing a Good Work-Life Balance

The TOMY Group believes that achieving our goal of becoming the world's leading toymaker requires that we hire, cultivate and leverage diverse human resources within our corporate structure who can serve as the wellspring for value creation. We believe that a world in which the declining birthrate is reducing the numbers of our biggest customers, an aging population is reducing the workforce and globalization continues to accelerate presents an opportunity to revolutionize work options. Therefore, the achievement by our employees of a good work-life balance, as well as promoting the diversity that precedes it, is a vital aspect of our management strategy.

We are therefore participating in the Urgent Low-Birthrate Countermeasures promulgated by the Tokyo Metropolitan Government. We have been selected by the Tokyo Metropolitan Government for membership in the Project Promotion Team and are engaged in efforts such as achieving diversity in ways of working and support for parenting. Through these efforts, we seek to improve workforce motivation and stability, promote health, enhance work efficiency and productivity, augment self-improvement and achieve similar beneficial effects on employee work styles. In addition, we anticipate a positive effect on business performance, such as creating high-value-added products by ensuring we maintain top-notch human resources. We will continue to promote a variety of measures toward our employees' achievement of a true balance between work and life.

Tokyo Model Promotion Project Summary

Objectives	Goals	Main Efforts
1. Elimination of work outside regular hours	Reduce 10% for the year ending March 31, 2013, in comparison with the year ended March 31, 2011	• Work revision (business) Implement surveys; training for directors, managers and employees; other efforts
2. Increase rate of paid leave taken	Increase 50% for the year ending March 31, 2013, in comparison with the year ended March 31, 2011	• Reduce hours worked Work efficiency training, promotion of annual leave-taking, other efforts
3. Increase the rate of childcare leave taken by male and female workers	Achieve a 100% rate for females and an increase of five or more males for the year ending March 31, 2013	• Achieve diverse work styles Work from home, mobile work, etc.
4. Implement a work-from-home system, and encourage and expand its use	Achieve a total of 120 employees, including those from Group companies, using this system for the year ending March 31, 2013	• Support for work-life balance, such as childcare support
5. Increase the ratio of female management-level employees	Achieve a 10% rate for the year ending March 31, 2013	• Support for human resources development Social contribution

III. Community Relations

Environmental Efforts through TOMY Group Toys

In addition to our environmentally friendly toy manufacturing, we intend for our toys to impart a sense of responsibility for the environment to children, who hold the key to our future.

Our Eco-Toy program, which began in 2011, leads the industry in this field. Products meeting one or more of our own company standards for environmental consideration in the toy's life cycle, including the "production" and "play" phases, are certified as Eco-Toys. The Eco-Toy mark and environmental information are displayed on the package and details are provided on our Web site, making it easy for the customer to understand the Eco-Toy concept. Also, we can communicate directly to children about the environment when they play with Eco-Toys at toy shows or eco-product events. For our efforts to deepen children's understanding and concern about the environment, and in appreciation of developing a new field in green purchasing, we received the Superiority Prize at the 13th Green Purchasing Awards.*

We also produced toys made using safe recycled plastic in July 2012 as a facet of our research into making toys that use fewer natural resources. The *Plarail* "Eco Straight-Line Rail" and "Eco Curved Rail" are the first such products to receive the Eco-Mark.

Many customers have requested we collect and recycle toys that are no longer played with, but given the special characteristics of toys and legal regulations this has presented a major hurdle for a single company to surpass. In 2012, we participated in the Ministry of the Environment's PLA-PLUS Project, a social experiment concerning plastic product recycling in which we field tested toy collection and recycling. This testing provided basic data about needs and issues and will be useful in future efforts.

*Awards commending efforts to expand and popularize "green purchasing," in which the purchasing of environmentally conscious products and services is prioritized.

eco TOY ®

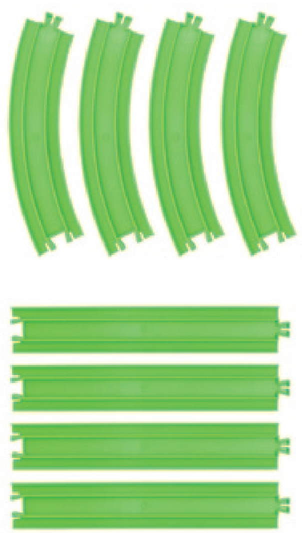
日本おもちゃ大賞 2012 イノベイティブ・トイ部門 優秀賞

EDASH series of remote control vehicles that require no replaceable batteries.

Environmental communications at events, etc.

Winner of the Superiority Prize at the 13th Green Purchasing Awards

ちきゅうにやさしい
プラスチック中に再生材料50%以上使用
エコマーク認定番号 第12118001号



The *Plarail* "Eco Straight-Line Rail" and "Eco Curved Rail" are the first toys to receive Eco-Mark certification. These "green rails" are composed of 50% or more safe recycled materials, making effective use of recycled plastic resources.

Our efforts surpass all others in the industry. We participated in the PLA-PLUS Project, a social experiment concerning plastic product recycling.

BASIC THINKING ON CORPORATE GOVERNANCE

One of the most important management issues for the TOMY Group today is maintaining the trust of our stakeholders while offering continual improvements in corporate value and building on sound and transparent management practices. We will make every effort to achieve this through strong corporate governance including enhanced self-check functions, risk management and compliance systems, even as we improve operational efficiency.

I. Corporate Governance System

1. System for Performance of Duties by Directors

The Company's director and auditor system consists of 13 directors and five corporate auditors including five outside directors and four outside auditors. The TOMY Group has determined that the structures described above are effective in the application of corporate governance necessary to appropriate, efficient corporate management.

Regular meetings of the Board of Directors shall be convened once each month, while extraordinary meetings of the said Board shall be held as deemed necessary. These meetings shall be used to determine basic policies and strategies for the TOMY Group as a whole, as well as issue decisions concerning the performance of important business operations, to audit and supervise the performance of business operations and take other relevant steps.

The Executive Directors Meetings (the "Jyomu-Kai") shall be held once each week with the purpose of conducting the TOMY Group's business operations and management in smoother and more efficient fashion. The members of the Meetings shall engage in versatile decision making on matters concerning the overall implementation of Group business management.

The Advisory Committee, composed of outside directors and/or auditors, has been established as an advisory body to the Representative Director and is requested to render a broad range of counsel pertaining to the effectiveness of business performance, the reliability of the TOMY Group's financial affairs and other important matters.

The Investment Committee, composed of outside directors, is established as an advisory body to the Board of Directors and is requested to provide assessments and counsel with regard to important investments.

The Remuneration Committee, composed of outside directors and/or outside auditors, is established as an advisory body to the Representative Director and is requested to provide proposals and counsel with regard to policy relating to matters such as the amounts of directors' remuneration.

Delegation of authority and other steps taken through the establishment of the "Executive Officer System" shall be advanced to achieve greater speed and efficiency in the performance of business operations in all managing divisions, under the policies, strategies and supervision of the Board of Directors.

The Medium-Term Management Plan shall be established to clarify the basic strategies and management goals over the medium term, with specific measures implemented for the purpose of achieving those goals based on the Business Plan (Budget) for each fiscal year.

2. Auditing System

The Board of Corporate Auditors is composed of five auditors, four of whom are outside auditors. The Board of Corporate Auditors meets once a month in principle, at which it oversees the business conducted by the directors, as well as deliberates and makes decisions concerning important items necessary to auditing. The auditors also attend important regular meetings and non-scheduled meetings at which they receive reports concerning the management situation, execution of business, financial situation, status of internal audits, risk management and compliance. In addition, so as to strengthen the auditing function, one employee has been posted to the General Affairs Division to assist the auditors in their duties, and the independence of this employee from the directors is maintained.

Upon the occurrence of matters capable of causing serious losses to the TOMY Group (or the threat of the occurrence of such circumstances), the detection of illegal or dishonest actions perpetrated by officers or employees or other conditions requiring reports to the Board of Corporate Auditors, directors or employees shall promptly report upon the said situations to the Board of Corporate Auditors.

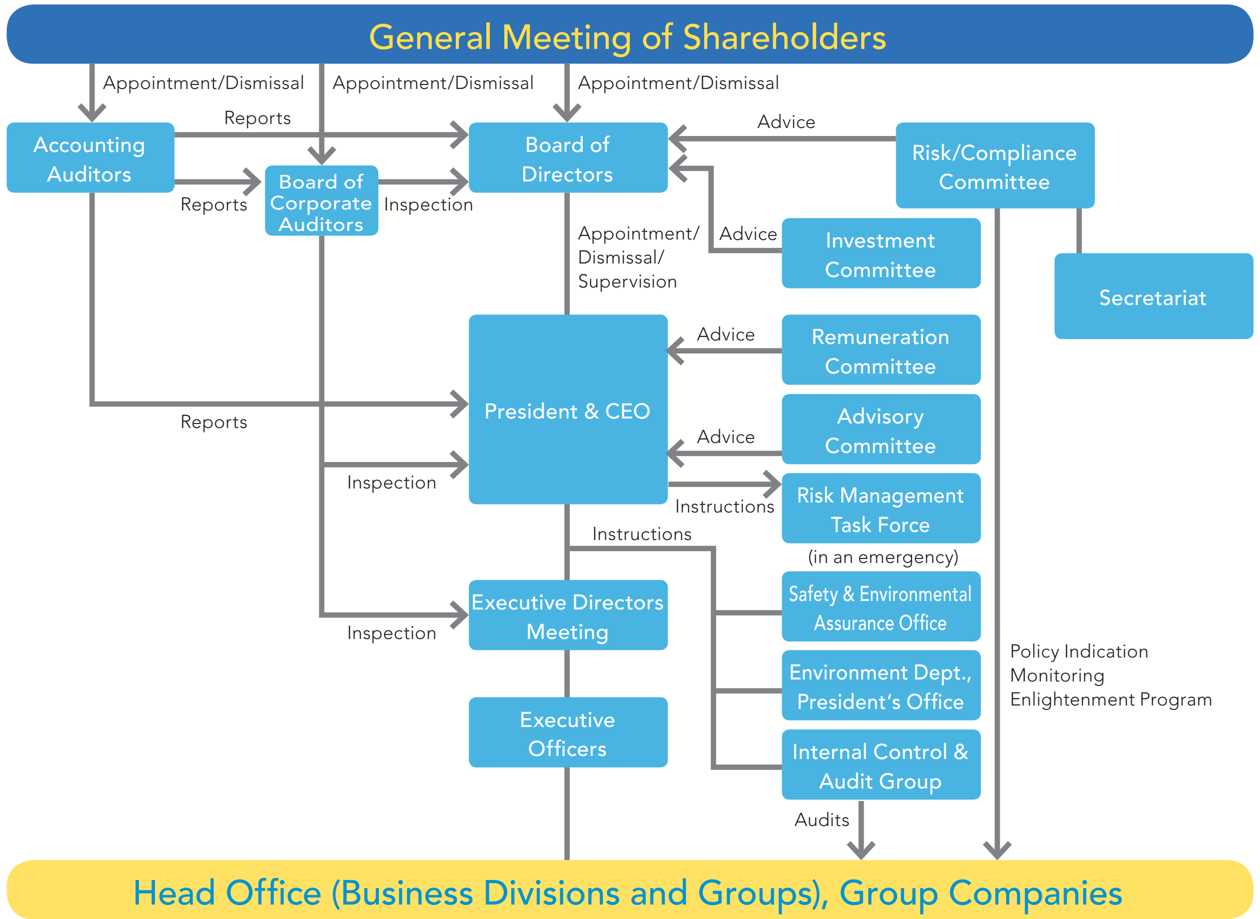
Corporate Auditors shall use attendance at regular important meetings, irregular meetings and other occasions to receive reports on management conditions, as well as the status of business performance, financial affairs, internal audit implementation, risk management, compliance and other matters.

To ensure that corporate auditors maintain a firm grasp of the status of important decision making and the performance of business operations, systems shall be adopted to enable auditors to attend meetings of the Board of Directors, the Executive Directors Meetings and other important conferences; have access to the minutes of meeting proceedings, circular memos for staff approvals and other documents concerning the performance of important business operations; and be able to request explanations of such matters from directors or employees as deemed necessary.

Corporate Auditors (or the Board of Corporate Auditors) shall engage in exchanges of opinions and information with accounting auditors and the Internal Control & Audit Group and the TOMY Group Companies' audit divisions with regard to important themes pertaining to auditing and other matters, mutually collaborating to monitor the TOMY Group's internal control conditions.

3. Accounting Audits

KPMG AZSA LLC, a limited liability audit corporation, was appointed at a General Shareholders' Meeting to conduct accounting audits of the TOMY Group, which it continues to do effectively. Three CPAs and 14 others who have audited for seven or fewer years for the company executed the auditing.



II. Appointment of Outside Directors: Independence and Director Remuneration

1. Selection and Independence of Outside Directors and Outside Auditors

The TOMY Group seeks to ensure that outside directors make judgments about management from a neutral perspective that is independent from the Group's executive management and that they make fair and just determinations that take the interests of shareholders into consideration in the process of making decisions about important business at Board of Directors meetings. Therefore, in selecting outside directors TOMY chooses persons with rich experience who have demonstrated a high level of discernment as managers, as well as CPAs and attorneys possessing highly specialized knowledge and experience. Neither the outside directors nor the outside auditors have any direct interest in TOMY.

2. Director Remuneration

Concerning remuneration for directors and corporate auditors, it has been decided by resolution of the General Meeting of Shareholders that the amount of remuneration to directors as a group is capped at ¥400 million per annum (fixed remuneration) and the amount of remuneration to corporate auditors as a group is capped at ¥70 million per annum (fixed remuneration).

Additionally, it has also been decided by resolution of the General Meeting of Shareholders that the maximum amounts of remuneration, etc., relating to subscription rights to shares issuable as stock options are ¥200 million per annum for directors as a group and ¥15 million per annum for corporate auditors as a group for the one-year period beginning from the date of the General Meeting of Shareholders for each fiscal year.

The actual amount of remuneration, etc., to each director and each corporate auditor shall be based on the deliberation and report of the Remuneration Committee, which consists of outside directors and outside corporate auditors, and decided by resolution of the Board of Directors for directors' remuneration or by consultation of the Board of Corporate Auditors for corporate auditors' remuneration.

Total remuneration of each class of director and others

Director class	Total remuneration (¥ millions)	Total amount of each type of remuneration (¥ millions)				No. of directors and/or corporate auditors
		Basic	Stock option	Bonus	Retirement bonus	
Director (except outside directors)	311	213	32	65	–	7
Auditor (except outside auditor)	18	13	0	3	–	1
Outside director and corporate auditor	55	37	6	11	–	9

III. Internal Controls and Compliance System

One of the most important management issues for the TOMY Group today is maintaining the trust of our stakeholders while offering continual improvements in corporate value built on sound and transparent management practices. We will make every effort to achieve this through enhancing corporate governance and continually improving internal control systems.

1. Compliance System

The TOMY Group has established the Code of Conduct to clarify that all officers and employees in the organization must not only comply with existing laws and ordinances but also strive through the implementation of sincere and fair corporate activities to fulfill their social responsibilities. These rules are accompanied with thorough efforts to achieve the widest possible understanding of this stance on the part of officers and employees.

To both enhance and achieve greater thoroughness for the Group's compliance system and risk management system, an arrangement has been adopted in which the Risk/Compliance Committee, a body chaired by the President & CEO and composed of outside directors and auditors and others, has been established to deliberate on the important issues concerning risk and compliance, and report upon the results of those discussions to the Board of Directors.

The Internal Control & Audit Group, an organization under direct control of the President & CEO, shall audit the status of the Group's compliance and report on the results to the Representative Director and the Board of Corporate Auditors as deemed necessary.

No relationships of any kind shall be maintained with anti social groups or organizations that threaten social order or the sound activities of the Company, while systematic responses shall be mounted with a firm stance to unreasonable demands and similar situations.

In the event of emergencies such as the occurrence of large-scale purchasing of the Company shares, the Board of Directors shall establish a Special Committee composed of outside directors and/or outside corporate auditors, shall give the utmost respect to each such Committee's investigation and evaluation of the nature of any such purchasing and to the Committee's advice as to the necessity for the initiation of countermeasures against the purchasers, and shall decide policy for addressing the situation.

2. Risk Management

The Risk/Compliance Committee and the Internal Control & Audit Group have been established as the organizations assigned to coordinate all areas of risk management, thereby creating a company-wide risk management system integrated with the internal control system.

To deal with the occurrence of unexpected circumstances, Risk Management Task Forces shall be promptly established, with prompt and precision actions taken to both minimize losses and damages and effective measures devised to prevent recurrences of such situations.

The Environment Dept., President's Office and the Safety & Environment Assurance Office have been established as organizations to deal exclusively with the environment and product safety, with efforts being advanced to strengthen the process of dealing with environmental problems and offering outstanding products that can be used with confidence.

3. Information Management System

TOMY has established the Information Security Basic Rules pertaining to the management of information, with measures devised to ensure the reliable protection of information assets, including personal information. We further strengthen the disclosure system to be undertaken in the pursuit of speedy information disclosure and greater transparency throughout the Company's management.

4. Group Business Management System

As a general rule, one or more of the Company's officers or employees shall be appointed as outside directors or outside auditors of the TOMY Group companies. In this capacity, these outside directors and auditors shall engage in monitoring and supervision of the appropriateness of the performance of the business operations at each such company, thereby striving to strengthen the risk management and compliance system of the TOMY Group as a whole.

With regard to the TOMY Group management system, a department shall be established to oversee Group company management. This department shall act in accordance with the Company's internal rules and guidelines in advancing management and guidance activities in response to the characteristics and conditions of each Group company.

Group-wide related rules shall be prepared with regard to compliance, risk management, information management and other areas, with efforts made to foster awareness of compliance throughout the entire Group and establish a risk management system in reflection of the company-wide perspectives, while such systems are being monitored by the Risk/Compliance Committee and the Internal Control & Audit Group.

5. Ensuring Financial Report Reliability

To ensure the reliability of financial reports, a specific internal control system is being established for the purpose of preparing pertinent regulations and the effective and appropriate submission of internal control reports in accordance with the Financial Instruments and Exchange Law.

Continuing evaluations shall be conducted to ensure proper functioning of the internal control system, with implementation of required corrections in cases of deficiencies to uphold compliance with the Financial Instruments and Exchange Law and other related laws and ordinances.

IV. Anti-Takeover Measures

TOMY has implemented anti-takeover measures which, in the event that an offer to buy a large volume of company shares has been made, provide for us to obtain the information necessary for our shareholders to determine whether to respond to said purchase offer, and ensures that we have the time and information needed for the Board of Directors to offer an alternative proposal. We also created these measures because of a need to establish fixed rules to prevent share purchase offers that by their nature threaten TOMY's enterprise value, in that they do not raise enterprise value and are counter to the mutual interests of our shareholders. Whether these measures are implemented or eliminated is determined through approval at the General Meeting of Shareholders, and the decision to proceed with them is placed before a Special Committee composed of outside directors and auditors for an objective determination. Therefore, we have determined that the anti-takeover measures damage neither enterprise value nor the mutual interests of shareholders, nor are they intended to maintain the positions of the directors.

V. Information Disclosure System

TOMY engages in appropriate, fair disclosure so as to maintain management transparency and gain the understanding and fair assessment of our stakeholders through accountability.

Disclosure policy	Our IR Policy stipulates our disclosure standards, internal system for appropriate disclosure timing, means for increasing IR opportunities, etc. For details, please see our home page: http://www.takaratomy.co.jp/english/ir/etc/policy.html
Increasing IR opportunities	In addition to semiannual meetings to explain earnings to analysts and institutional investors, we also hold about 200 IR meetings a year mainly with analysts and institutional investors in Japan. We also conduct seminars for individual investors.
Department in charge	IR Section, Corporate Communications Division, Phone: 03-5654-1548

For details of TOMY's corporate governance, please refer to the "Corporate Governance Report" submitted to the Tokyo Stock Exchange.

Board of Directors and Corporate Auditors

(As of June 27, 2012)

Left to right (Front row): Kazuhiro Kojima, Toshiki Miura, Osamu Mashimo, Kantaro Tomiyama, Shigeki Yanagisawa, Isamu Takahashi, Minoru Rikiishi
(Second row): Curtis W. Stoelting, Akio Ishida, Kakuei Miyagi, Osamu Yasaka, Nobuhiko Ito, Takashi Yamamoto

President & CEO
Kantaro Tomiyama

Senior Managing Director
Chief Marketing Officer
Head of Toy Business HQ
Osamu Mashimo

Senior Managing Director
Chief Strategy Officer
Head of Bureau of Corporate Strategy
Shigeki Yanagisawa

Managing Director
Chief Financial Officer
Head of Public Relations
Toshiki Miura

Managing Director
Representative, TOMY International Group
Isamu Takahashi

Managing Director
Deputy Head
Bureau of Corporate Strategy
Kazuhiro Kojima

Board Director
Senior Executive Officer
Head of Japan & Asia Sales
Minoru Rikiishi

Board Director
CEO of TOMY Holdings, Inc.
Curtis W. Stoelting

Board Director (Outside)
Akio Ishida

Board Director (Outside)
Kakuei Miyagi

Board Director (Outside)
Osamu Yasaka

Board Director (Outside)
Nobuhiko Ito

Board Director (Outside)
Takashi Yamamoto

Corporate Auditor
Takeichi Nozawa

Corporate Auditor (Outside)
Tsunekazu Umeda

Corporate Auditor (Outside)
Jun Nogami

Corporate Auditor (Outside)
Shigeyuki Mito

Corporate Auditor (Outside)
Toshi Yoshinari

Left to right (Front row): Takeichi Nozawa, Tsunekazu Umeda, Jun Nogami
(Second row): Shigeyuki Mito, Toshi Yoshinari

Performance Summary

The Japanese economy for the year ended March 31, 2012 was deeply affected by the Great East Japan Earthquake and subsequent nuclear plant accident. Although signs of recovery were seen after the disaster, as the impact of the prolonged European debt crisis and a slowdown among the emerging economies, including China, became clear, uncertainty grew about the direction of both the Japanese and global economies.

Although sales during the year under review were affected by a continuing shortage of some parts for the *Tomica* and *Plarail* products due to the floods in Thailand, exports of merchandise including *Metal Fight Beyblade* and *Transformers*, continued to trend higher, and due to factors such as the inclusion of sales of the TI Group products, net sales advanced to ¥187,265 million, a year-on-year increase of 17.4%. Regarding profits, operating income was down 1.4% to ¥10,186 million due to decreased revenue at existing European sales subsidiaries and the cost of acquiring RC2 (currently the TI Group). Net income was down 58.8% to ¥3,679 million due to an extraordinary loss on damage from the Thai floods and overseas business restructuring expenses.

Review by Geographic Segment

Japan

Net sales were negatively affected by a shortage of some products in our core lineups of mini-cars and railroad toys for boys as a result of the flooding in Thailand in October 2011. Meanwhile, sales of long-selling products for girls and original girls' character merchandise were on an upward trend, and we successfully reinvigorated the trading card game segment through the launch of a TV animated series and a comic book, which improved sales due to a gain of new users and the development of new lines of merchandise. Among our global boys' products, *Transformers* exports were strong due to the release of the new movie series, and despite a decrease in *Metal Fight Beyblade* sales in Japan, the great popularity generated outside Japan by the *Metal Fight Beyblade* World Cup Qualifying Tournament held in Canada in March 2012 led to substantially improved export sales.

Of our Group companies in Japan, the T-ARTS Group's amusement machine for girls garnered popularity, whereas the Group's capsule toy business saw firm sales.

As a result of the above efforts, net sales in Japan were up 0.6% to ¥145,870 million, with operating income up 2.2% to ¥12,795 million.

North America

Operations in North America were consolidated under the TI Group, and efforts were made to expand the main product lines. Also, efforts to grow the TI Group's baby product market and increase market share led to the acquisition in August 2011 of two companies involved in the design and development, as well as distribution, of baby products. Thus, net sales in North America surged 3,371.4% to ¥23,381 million due to the strong performance of the TI Group's baby products business. Meanwhile, factors such as a rise in the cost of goods purchased from China and the amortization of intangible assets associated with the TI Group acquisition resulted in an operating loss of ¥134 million (compared with operating profit of ¥1 million the previous year).

Europe

Sales in Europe of the newly added TI Group vehicle toys trended stronger, as did the TI Group's baby product business. As a result, net sales in Europe rose 33.9% to ¥11,665 million. Although we proceeded to reduce fixed costs through integration, including the downsizing of personnel, to optimize marketing and build the sales structure, income decreased due to lower sales by existing European subsidiaries, resulting in an operating loss of ¥133 million (compared with an operating loss of ¥205 million the previous year).

Asia/Oceania

We developed ties with toy sales representatives in China, building the market there, and launched sales in October of *Tomica* products with specifications and prices localized to meet the needs of that market. Shipments of *Metal Fight Beyblade* from TOMY (Hong Kong) Ltd., our production subsidiary, trended stronger, and after adding sales by the TI Group's Australian sales subsidiary, net sales for the region were ¥37,027 million, a year-on-year increase of 25.9%. As a result of compressing fixed costs by integrating our production control and sales bases in Hong Kong, operating income was up 41.0% to ¥1,776 million.

Income and Expenses

Operating income

Although the TI Group contributed to profits, due to decreased revenue at existing European sales subsidiaries, the cost of the TI Group acquisition and an increase in sales management costs, operating income was down 1.4% to ¥10,186 million.

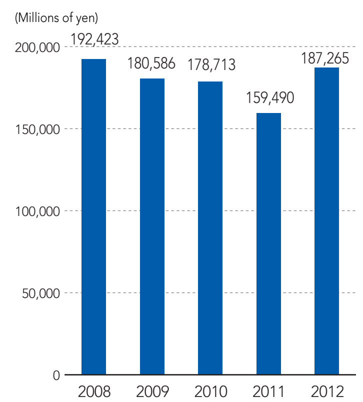
Non-operating income (expense)

Non-operating expenses were ¥363 million (net) due to the payment of interest on long-term debt associated with the TI Group acquisition, up from ¥184 million (net) in the previous year.

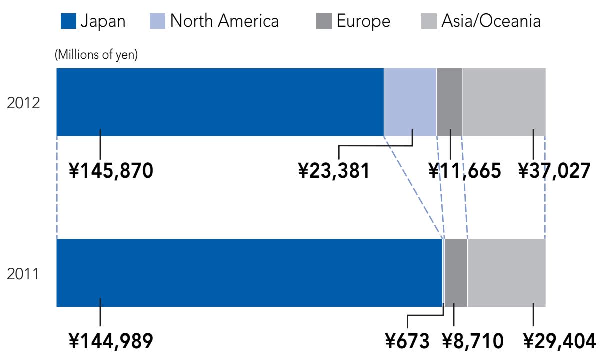
Net income

In addition to recording an extraordinary loss of ¥2,658 million, including items such as the loss on retirement of noncurrent assets, a valuation loss on inventories because of the Thai floods and overseas restructuring expenses associated with the TI Group acquisition, due to an increase in income taxes—deferred resulting from a decrease in the net operating loss carried forward on non-consolidated earnings, net income was down 58.8% to ¥3,679 million.

Net Sales

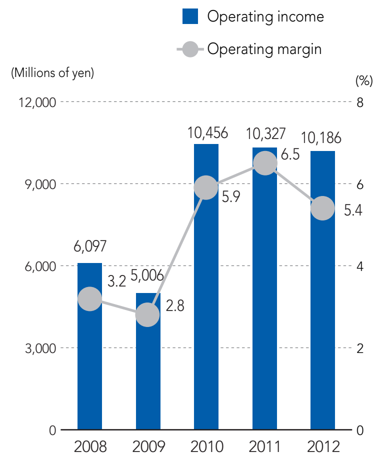


Net Sales by Geographic Segment

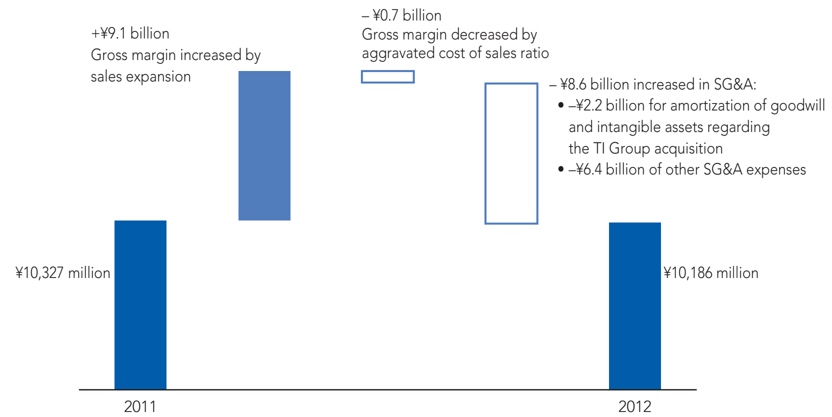


Note: Net sales by geographic region is the total of sales to outside customers and intersegment sales and transfers. Please refer to page 45 for more details.

Operating Income Operating Margin



Analysis of Change in Operating Income



Financial Position

Assets

Current assets rose ¥20,124 million from the previous year-end to ¥86,904 million mainly due to increases in cash and deposits, merchandise and finished goods, and notes and accounts receivable—trade associated with said acquisition.

Noncurrent assets rose ¥41,960 million to ¥69,689 million mainly due to an increase in intangible assets, including goodwill, associated with said acquisition, etc.

Liabilities

Current liabilities rose ¥2,743 million to ¥35,226 million mainly due to an increase in accrued expenses, notes and accounts payable—trade and accounts payable—other, in addition to an increase in the current portion of long-term loans payable associated with the acquisition, and despite a decrease in the current portion of bonds with subscription rights to shares due to an extension of the redemption date.

Noncurrent liabilities rose ¥56,253 million to ¥69,623 million mainly due to an increase in long-term loans payable, as well as a transfer from current liabilities due to the extension of the redemption date of the current portion of bonds with subscription rights to shares, associated with the acquisition.

Net assets/Shareholders' equity

Net assets rose ¥3,060 million to ¥51,805 million mainly due to an increase in retained earnings from the posting of net income.

Shareholders' equity (net assets minus subscription rights to shares and minority interests) rose ¥2,251 million to ¥49,466 million. The equity ratio went to 31.6% from 49.9% the previous year due to an increase in total assets as a result of acquisitions. ROE went to 7.6% from 20.3% the previous year due to the decrease in net income.

Cash Flow

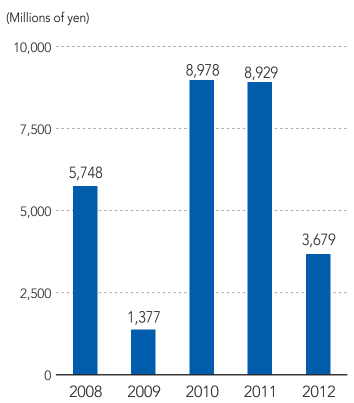
Cash and cash equivalents at the end of the year were up ¥7,484 million to ¥36,522 million.

Net cash provided by operating activities rose ¥7,560 million to ¥16,046 million mainly due to an increase in income before income taxes and minority interests of ¥7,976 million, depreciation and amortization of ¥5,692 million and a decrease of ¥2,791 million in inventories and others.

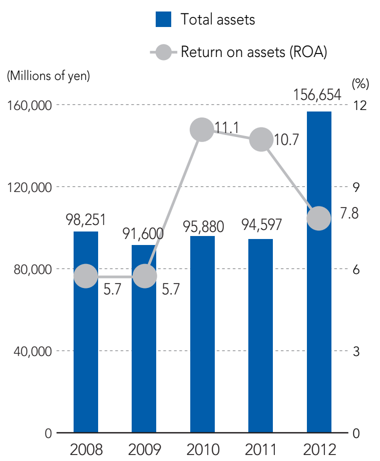
Net cash used in investing activities decreased ¥39,217 million to ¥38,048 million mainly due to a decrease in funds from purchases of ¥33,579 million associated with the acquisition.

Net cash provided by financing activities rose ¥36,486 million to ¥29,718 million mainly due to an increase in funds from ¥35,259 million in financing through long-term loans associated with the acquisition.

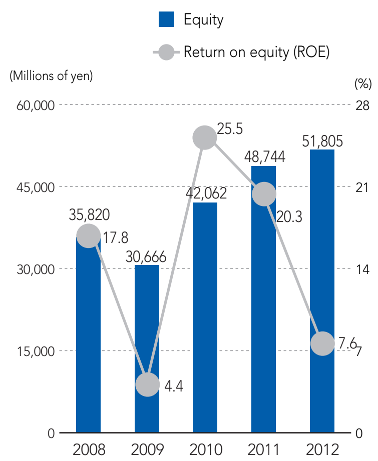
Net Income



Total Assets
Return on Assets (ROA)



Net Assets
Return on Equity (ROE)



R&D/Capital Investment

In addition to developing products in our boys' hobby and transforming robot lineups, and developing products to expand the range of play possibilities, we engaged in R&D on product concepts incorporating current trends and the latest technologies, rather than fixating on preconceived notions, so as to provide play and fun with increased depth. R&D expenses for the term were ¥2,722 million, a ¥517 million increase over last year's ¥2,205 million.

Capital investment consisted of investment in the facilities needed to develop and produce new products, mainly in Japan, and investment in distribution facilities. Capital investment during the year under review in Japan amounted to ¥1,851 million, for the purchase of metal molds and dies, and ¥400 million for amusement equipment. Capital investment in North America was ¥538 million, for the purchase of metal molds and dies.

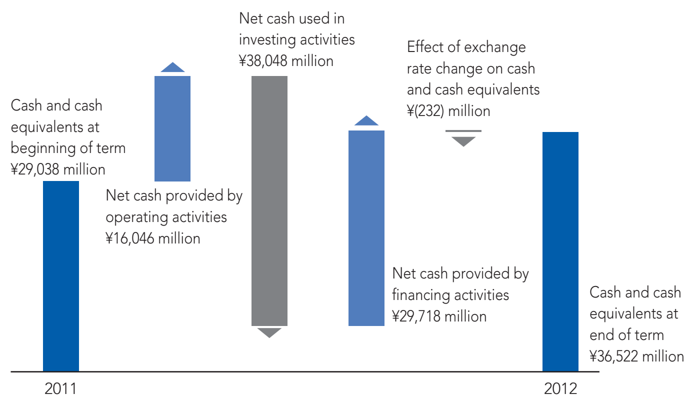
Business Risks

The major risks to the TOMY Group that could affect its consolidated operating results or financial position are described below. Recognizing that the following risks could potentially occur, the TOMY Group will continue to strengthen its risk management system, which includes measures to avoid the occurrence of such risks and response plans in the case such risks occur.

1. Effect of hit products
2. Fluctuation of quarterly operating results
3. Fluctuation of exchange rates
4. Overseas business expansion
5. Effect of price fluctuations of raw materials
6. Product safety
7. Important business contracts
8. Leakage of information
9. Disaster risk

For further information, please refer to our Web site (http://www.takaratomy.co.jp/english/ir/risk/index.html).

Analysis of Change in Cash Flows



Consolidated Balance Sheets

TOMY Company, Ltd. and its consolidated subsidiaries
As of March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Assets		
Current assets		
Cash and deposits (Note 4(2))	¥ 37,684	¥ 29,320
Notes and accounts receivable—trade	23,597	19,188
Short-term investment securities	264	264
Merchandise and finished goods	15,850	10,173
Work in process	328	561
Raw materials and supplies	845	1,026
Deferred tax assets	3,165	3,606
Other	5,388	2,938
Allowance for doubtful accounts	(221)	(301)
Total current assets	86,904	66,779
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (Note 4(2))	13,223	13,005
Accumulated depreciation	(7,515)	(7,320)
Accumulated impairment loss	(353)	(422)
Buildings and structures, net	5,355	5,262
Machinery, equipment and vehicles	1,750	2,277
Accumulated depreciation	(865)	(1,405)
Accumulated impairment loss	(0)	(0)
Machinery, equipment and vehicles, net	884	871
Tools, furniture and fixtures	25,192	26,569
Accumulated depreciation	(22,461)	(25,124)
Accumulated impairment loss	(83)	(107)
Tools, furniture and fixtures, net	2,647	1,338
Land (Note 4(1)(2))	4,861	4,837
Lease assets	2,994	2,727
Accumulated depreciation	(1,432)	(1,380)
Accumulated impairment loss	—	(136)
Lease assets, net	1,562	1,210
Construction in progress	185	283
Total property, plant and equipment	15,498	13,803
Intangible assets		
Goodwill (Note 4(4))	23,388	185
Trademark	14,067	—
Other	7,023	2,001
Total intangible assets	44,478	2,186
Investments and other assets		
Investment securities (Note 4(2)(3))	2,574	2,954
Deferred tax assets	2,774	5,586
Other	4,663	3,524
Allowance for doubtful accounts	(299)	(325)
Total investments and other assets	9,713	11,739
Total noncurrent assets	69,689	27,729
Deferred assets		
Bond issuance cost	60	88
Total deferred assets	60	88
Total assets	¥156,654	¥ 94,597

See notes to consolidated financial statements.

	Millions of yen	
	2012	2011
Liabilities		
Current liabilities		
Notes and accounts payable—trade (Note 4(2))	¥ 11,374	¥ 9,804
Short-term loans payable (Note 4(2))	3,798	4,090
Current portion of long-term loans payable (Note 4(2))	5,510	604
Current portion of bonds	1,050	1,250
Current portion of bonds with subscription rights to shares	—	7,000
Lease obligations	1,213	907
Accounts payable—other (Note 4(2))	4,864	3,613
Accrued expenses	5,627	3,812
Income taxes payable	579	54
Provision for sales returns	253	41
Allowance for recall	84	89
Provision for directors' bonuses	269	185
Other	601	1,028
Total current liabilities	35,226	32,483
Noncurrent liabilities		
Bonds payable	990	2,040
Bonds with subscription rights to shares	12,300	5,300
Long-term loans payable (Note 4(2))	45,166	986
Lease obligations	506	381
Deferred tax liabilities	4,992	—
Deferred tax liabilities for land revaluation (Note 4(1))	553	632
Provision for retirement benefits	2,947	2,504
Provision for directors' retirement benefits	245	256
Allowance for investment loss	10	10
Other	1,910	1,259
Total noncurrent liabilities	69,623	13,369
Total liabilities	104,849	45,852
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,744	6,744
Retained earnings	44,336	41,970
Treasury stock	(1,321)	(1,320)
Total shareholders' equity	53,219	50,854
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	222	(27)
Deferred gains or losses on hedges	41	(372)
Revaluation reserve for land (Note 4(1))	63	(7)
Foreign currency translation adjustment	(4,081)	(3,233)
Total accumulated other comprehensive income	(3,754)	(3,639)
Subscription rights to shares	594	409
Minority interests	1,745	1,120
Total net assets	51,805	48,744
Total liabilities and net assets	¥156,654	¥94,597

Consolidated Statements of Income

TOMY Company, Ltd. and its consolidated subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Net sales	¥187,265	¥159,490
Cost of sales (Note 5(1)(6))	126,127	106,822
Gross profit	61,137	52,668
Selling, general and administrative expenses		
Packing and transportation expenses	2,692	1,798
Warehousing expenses	3,667	2,699
Advertising expenses	8,918	8,313
Directors' compensations	807	625
Salaries, allowances and bonuses	14,952	13,577
Provision for directors' bonuses	168	182
Retirement benefit expenses	1,089	844
Provision for directors' retirement benefits	63	59
Depreciation	2,491	1,255
Research and development expenses (Note 5(1))	2,540	2,183
Commission fee	2,665	2,264
Provision of allowance for doubtful accounts	(167)	113
Other	11,062	8,424
Total selling, general and administrative expenses	50,951	42,341
Operating income	10,186	10,327
Non-operating income		
Interest and dividends income	107	67
Amortization of negative goodwill	390	486
Rent income	170	143
Purchase discounts	66	78
Other	153	232
Total non-operating income	889	1,008
Non-operating expenses		
Interest expenses	734	257
Sales discounts	8	11
Amortization of bond issuance cost	27	29
Foreign exchange losses	246	204
Equity in losses of affiliates	—	45
Commission fee	114	413
Other	121	231
Total non-operating expenses	1,253	1,193
Ordinary income	9,823	10,143
Extraordinary income		
Gain on sales of noncurrent assets (Note 5(2))	124	27
Gain on sales of investment securities	14	—
Reversal of allowance for doubtful accounts	—	131
Gain on liquidation of subsidiaries and affiliates	—	115
Insurance received	669	—
Other	2	37
Total extraordinary income	811	311
Extraordinary loss		
Loss on sales of noncurrent assets (Note 5(3))	60	737
Loss on retirement of noncurrent assets (Note 5(4))	103	275
Loss on sales of investment securities	52	—
Loss on valuation of investment securities	482	565
Impairment loss (Note 5(5))	130	120
Loss on disaster	1,259	129
Business structure improvement expenses	569	387
Other	—	401
Total extraordinary losses	2,658	2,617
Income before income taxes and minority interests	7,976	7,837
Income taxes—current	859	632
Income taxes—refund	(872)	—
Income taxes—deferred	4,273	(1,807)
Total income taxes	4,260	(1,175)
Income before minority interests	3,715	9,012
Minority interests in income	36	82
Net income	¥ 3,679	¥ 8,929

Consolidated Statements of Comprehensive Income

TOMY Company, Ltd. and its consolidated subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Income before minority interests	¥3,715	¥9,012
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	250	(326)
Deferred gain (loss) on derivatives under hedge accounting	413	(416)
Revaluation on land	75	—
Foreign currency translation adjustment	(848)	(340)
Total other comprehensive loss	(108)	(1,083)
Comprehensive income	¥3,607	¥7,929
Comprehensive income attributable to		
Owners of the parent	¥3,569	¥7,846
Minority interests	¥37	¥82

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

TOMY Company, Ltd. and its consolidated subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	¥ 3,459	¥ 3,459
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	3,459	3,459
Capital surplus		
Balance at the end of previous period	6,744	6,823
Changes of items during the period		
Disposal of treasury stock	(0)	0
Change of scope of consolidation	—	(79)
Total changes of items during the period	(0)	(79)
Balance at the end of current period	6,744	6,744
Retained earnings		
Balance at the end of previous period	41,970	34,344
Changes of items during the period		
Dividends from surplus	(1,317)	(1,317)
Net income	3,679	8,929
Change of scope of consolidation	—	13
Reversal of revaluation reserve for land	4	1
Total changes of items during the period	2,366	7,626
Balance at the end of current period	44,336	41,970
Treasury stock		
Balance at the end of previous period	(1,320)	(1,318)
Changes of items during the period		
Purchase of treasury stock	(1)	(2)
Disposal of treasury stock	0	0
Total changes of items during the period	(0)	(1)
Balance at the end of current period	(1,321)	(1,320)
Total shareholders' equity		
Balance at the end of previous period	50,854	43,309
Changes of items during the period		
Dividends from surplus	(1,317)	(1,317)
Net income	3,679	8,929
Purchase of treasury stock	(1)	(2)
Disposal of treasury stock	0	0
Change of scope of consolidation	—	(66)
Reversal of revaluation reserve for land	4	1
Total changes of items during the period	2,365	7,544
Balance at the end of current period	¥53,219	¥50,854

See notes to consolidated financial statements.

	Millions of yen	
	2012	2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	¥ (27)	¥ 299
Changes of items during the period		
Net changes of items other than shareholders' equity	249	(326)
Total changes of items during the period	249	(326)
Balance at the end of current period	222	(27)
Deferred gains or losses on hedges		
Balance at the end of previous period	(372)	43
Changes of items during the period		
Net changes of items other than shareholders' equity	413	(416)
Total changes of items during the period	413	(416)
Balance at the end of current period	41	(372)
Revaluation reserve for land		
Balance at the end of previous period	(7)	(6)
Changes of items during the period		
Net changes of items other than shareholders' equity	71	(1)
Total changes of items during the period	71	(1)
Balance at the end of current period	63	(7)
Foreign currency translation adjustment		
Balance at the end of previous period	(3,233)	(2,892)
Net changes of items other than shareholders' equity	(848)	(340)
Total changes of items during the period	(848)	(340)
Balance at the end of current period	(4,081)	(3,233)
Total accumulated other comprehensive income		
Balance at the end of previous period	(3,639)	(2,555)
Changes of items during the period		
Net changes of items other than shareholders' equity	(114)	(1,083)
Total changes of items during the period	(114)	(1,083)
Balance at the end of current period	(3,754)	(3,639)
Subscription rights to shares		
Balance at the end of previous period	409	230
Changes of items during the period		
Net changes of items other than shareholders' equity	185	179
Total changes of items during the period	185	179
Balance at the end of current period	594	409
Minority interests		
Balance at the end of previous period	1,120	1,078
Changes of items during the period		
Net changes of items other than shareholders' equity	624	41
Total changes of items during the period	624	41
Balance at the end of current period	1,745	1,120
Total net assets		
Balance at the end of previous period	48,744	42,062
Changes of items during the period		
Dividends from surplus	(1,317)	(1,317)
Net income	3,679	8,929
Purchase of treasury stock	(1)	(2)
Disposal of treasury stock	0	0
Change of scope of consolidation	—	(66)
Reversal of revaluation reserve for land	4	1
Net changes of items other than shareholders' equity	695	(862)
Total changes of items during the period	3,060	6,681
Balance at the end of current period	¥51,805	¥48,744

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TOMY Company, Ltd. and its consolidated subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	¥ 7,976	¥ 7,837
Depreciation and amortization	5,692	4,146
Impairment loss	130	120
Loss on disaster	1,259	129
Loss (gain) on valuation of investment securities	482	565
Amortization of goodwill	1,266	195
Amortization of negative goodwill	(390)	(486)
Increase (decrease) in allowance for doubtful accounts	(207)	(56)
Increase (decrease) in provision for retirement benefits	52	259
Increase (decrease) in allowance for investment loss	—	10
Interest and dividends income	(107)	(67)
Interest expenses	734	257
Loss (gain) on sales of property, plant and equipment	(64)	710
Decrease (increase) in notes and accounts receivable—trade	1,113	(1,158)
Decrease (increase) in inventories	2,791	(1,062)
Decrease (increase) in accounts receivable—other	(424)	(54)
Increase (decrease) in notes and accounts payable—trade	(293)	(715)
Increase (decrease) in accounts payable—other	(2,617)	(591)
Increase (decrease) in accrued expenses	(1,182)	(206)
Other, net	1,308	(159)
Subtotal	17,518	9,674
Interest and dividends income received	103	67
Interest expenses paid	(720)	(262)
Income taxes paid	(854)	(992)
Net cash provided by (used in) operating activities	16,046	8,486
Net cash provided by (used in) investing activities		
Payments into time deposits	(847)	(1)
Purchase of property, plant and equipment	(2,531)	(2,386)
Proceeds from sales of property, plant and equipment	825	4,264
Purchase of intangible assets	(773)	(1,153)
Purchase of investment securities	(7)	(7)
Proceeds from sales of investment securities	206	42
Purchase of investments in subsidiaries	(33,579)	(4)
Other, net	(1,340)	415
Net cash provided by (used in) investing activities	(38,048)	1,169
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(669)	1,112
Proceeds from long-term loans payable	35,259	500
Repayment of long-term loans payable	(870)	(3,715)
Redemption of bonds	(1,250)	(1,850)
Cash dividends paid	(1,318)	(1,316)
Repayments of finance lease obligations	(1,425)	(1,481)
Other, net	(6)	(15)
Net cash provided by (used in) financing activities	29,718	(6,767)
Effect of exchange rate change on cash and cash equivalents	(232)	(344)
Net increase (decrease) in cash and cash equivalents	7,484	2,543
Cash and cash equivalents at beginning of period	29,038	26,638
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(155)
Increase in cash and cash equivalents resulting from merger	—	11
Cash and cash equivalents at end of period	¥ 36,522	¥29,038

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

TOMY Company, Ltd. and its consolidated subsidiaries
For the fiscal year ended March 31, 2012

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of the International Financial Reporting Standards.

The financial information set out herein is an English translation of the audited Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Net Assets, Consolidated Statements of Cash Flows and the Financial Notes, which were prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act and related regulations and in conformity with the accounting principles and practices generally accepted in Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which TOMY Company, Ltd. (the "Company") is incorporated and operates.

2. Scope of Consolidation

The consolidated financial statements as of March 31, 2012 include the accounts of the Company and 45 significant subsidiaries (together, the "Group").

(1) Number of consolidated subsidiaries: 45

Names of significant consolidated subsidiaries are as follows:

TOMY TEC Co., Ltd.	TOYS UNION Co., Ltd.
U-ACE Company, Ltd.	TOMY Holdings, Inc.
KIDDY LAND Co., Ltd.	TOMY International, Inc.
T-ARTS Company, Ltd.	TOMY (Hong Kong) Ltd.

As a result of acquisition of all shares in TOMY Holdings, Inc.(former RC2 Corporation) in the fiscal year ended March 31, 2012, its consolidated financial statements include TOMY Holdings, Inc. and its 20 subsidiaries (including Racing Champions Worldwide Limited).

The company names have been changed from RC2 Corporation to TOMY Holdings, Inc. and from Learning Curve Brands, Inc. to TOMY International, Inc., respectively.

(2) Number of unconsolidated subsidiaries: 4

(3) Number of affiliates which are accounted for by the equity method: nil

(4) Number of affiliates which are not accounted for by the equity method: 4

3. Significant Accounting Policies

(1) Important assets

a. Investment securities

Held-to-maturity securities:

Held-to-maturity securities are stated at amortized cost using the straight-line method.

Available-for-sale securities:

Securities with quoted market values

Securities with quoted market values are stated at fair value on the consolidated closing date. (Net unrealized gains and losses on available-for-sale securities are reported directly to net assets. The costs of these securities are calculated based on the moving-average cost method.)

Securities without quoted market values

Securities without quoted market values are stated on a cost basis using the moving-average cost method.

In addition, equity investments in business investment and other associations are based on the most recent financial statements available to management with adjustments made to investment securities for gains or losses from investment in anonymous associations attributable to the Company and net unrealized gains or losses in available-for-sale securities included in gains or losses in business investment and other association and unrealized gains or losses of other securities.

b. Derivatives

Derivative financial instruments are stated at fair value.

c. Inventories

The Company and domestic consolidated subsidiaries:

Inventory is stated principally at cost, cost being determined by the gross average method. (The balance sheets amounts are determined by writing down the book value according to the decrease in profitability.) The inventory of certain subsidiaries, however, is stated at cost, cost being determined by the retail inventory method. (The balance sheets amounts are determined by writing down the book value according to the decrease in profitability.)

Foreign consolidated subsidiaries:

The inventory of foreign consolidated subsidiaries is stated at the lower of cost or market using the first-in, first-out method.

(2) Depreciation

a. Property, plant and equipment (excluding lease assets)

The Company and domestic consolidated subsidiaries:

Depreciation of property, plant and equipment (excluding lease assets) is calculated by the declining-balance method. (However, depreciation of buildings (excluding structures), acquired on or after April 1, 1998, is calculated by the straight-line method.)

Estimated useful lives of principal assets are presented as follows:

Buildings .... 2 to 65 years
Tools, furniture and fixtures .... 2 to 20 years

Foreign consolidated subsidiaries:

Depreciation of property, plant and equipment is calculated by the straight-line method based on the estimated useful lives of each asset.

b. Intangible assets (excluding lease assets)

Amortization of intangible assets (excluding lease assets) is calculated by the straight-line method.

In addition, amortization of internal-use software is calculated by the straight-line method over the useful life of the asset estimated by the Company (within five years).

c. Lease assets

Depreciation of lease assets is calculated using the straight-line method with the lease periods as their useful lives and no residual value. Finance leases that do not involve the transfer of ownership of leased property to the lessee and for which the commencement date of the lease transaction is prior to March 31, 2008 are accounted for in the same manner as ordinary rental transactions.

(3) Deferred assets

Bond issuance cost

Amortization of bond issuance cost is calculated by the straight-line method based on the bond redemption period.

(4) Provisions

a. Allowance for doubtful accounts

Allowance for doubtful accounts is provided for monetary receivables as of the end of the consolidated fiscal year on the historical bad-debts rate for normal receivables, and the amount deemed necessary to cover individual accounts estimated to be uncollectible.

b. Provision for directors' bonuses

The Company and domestic consolidated subsidiaries:

The Company and domestic consolidated subsidiaries provide for directors' bonus payments at an estimated amount to be paid for during the consolidated fiscal year.

c. Provision for retirement benefits

The Company provides for retirement benefits for employees based on the calculated amount of retirement benefit obligations and accrued pension assets as of the end of the consolidated fiscal year. Prior service costs are amortized in the consolidated fiscal year in which they occur by the straight-line method over the periods which are shorter than the average remaining years of service (five years) of eligible employees. Actuarial gains or losses are amortized in the consolidated fiscal year following the consolidated fiscal year in which the gain or loss is recognized primarily by the straight-line method over the periods which are shorter than the average remaining years of service (five years) of the eligible employees.

d. Provision for directors' retirement benefits

Consolidated subsidiaries provide for accrued directors' retirement benefits at an estimated amount deemed necessary as of the end of the consolidated fiscal year according to internal regulations.

e. Provision for sales returns

Consolidated subsidiaries provide for losses due to sales returns after the end of the consolidated fiscal year to an estimated amount deemed necessary based on past sales return data.

f. Allowance for recall

The Company provides for an allowance for the voluntary recall of products to an amount that is reasonably estimated and deemed as necessary as of the end of the consolidated fiscal year.

g. Allowance for investment loss

The Company provides for an allowance for investment loss relating to investments in affiliated companies to an amount deemed necessary after taking into account subject assets and other details.

(5) Translation of foreign currencies into Japanese yen

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing as of the consolidated account settlement date. The resulting translation gains or losses are included in the determination of net income. Assets and liabilities of foreign and other subsidiaries are translated into Japanese yen based on the exchange rates prevailing as of the consolidated account settlement date. Revenue and expenses of foreign and other subsidiaries are translated into Japanese yen based on the average exchanges rates over the term. Differences arising from such translations are included in both foreign currency translation adjustment and minority interests in the net assets section of the balance sheets.

(6) Hedge

a. Methods of hedge accounting

In principle, deferred hedge accounting has been adopted. Interest rate swap transactions that qualify for special treatment are accounted for by the special accounting method.

b. Hedging instruments and hedged items

Hedging instruments:

- Forward exchange contracts
- Currency options
- Currency swaps
- Interest rate swaps

Hedging items:

- Monetary assets and liabilities denominated in foreign currencies
- Forecasted transactions denominated in foreign currencies
- Variable interest rate debt

c. Hedging policy

Hedging with a certain range is undertaken to mitigate foreign exchange and interest rate volatility risks.

d. Methods of assessing hedging effectiveness

Steps are taken to assess the hedging effectiveness of hedging instruments and hedged items. However, details of hedging effectiveness are omitted in those instances where there is a high correlation between hedging instruments and related hedged items with respect to important terms and conditions including principal, interest rate and term.

(7) Goodwill

Goodwill and negative goodwill are amortized using the straight-line method over a period of five to 20 years. For immaterial amounts, goodwill and negative goodwill are charged in full to income at the time they occur.

(8) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, readily available deposits and short-term investments with original maturities not exceeding three months, which are highly liquid and virtually risk-free with respect to change of value.

(9) Other

Accounting methods for consumption and other taxes

Consumption taxes are excluded from items in the consolidated financial statements.

(10) Recently adopted accounting pronouncements

Accounting Changes and Error Corrections—From the beginning of the fiscal year that begins on or after April 1, 2011, the Accounting Standards Board of Japan ("ASBJ") Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections" are applied.

4. Notes to Consolidated Balance Sheets

(1) Land revaluation

In accordance with the Law Concerning Land Revaluation (Law No. 34 promulgated on March 31, 1998 and last revised on March 31, 2001) land used for business activities was revalued on March 31, 2002.

Pursuant to the partial revision of the Law Concerning Land Revaluation (Law No. 24 promulgated on March 31, 1999), the income tax effect of the difference between the book value and the revalued amount has been presented under liabilities as deferred tax liabilities for land revaluation, and the amount of deduction has been presented under net assets as revaluation reserve for land.

Revaluation method

Under Article 2, Paragraph 4 of the Ordinance Implementing the Law Concerning Land Revaluation (Article 119 of the 1998 Cabinet Order promulgated on March 31, 1998), the land price for revaluation was determined based on the official notice prices assessed and published by the Chief Officer of the National Tax Administration, as provided for by Article 16 of the Law Concerning Public Notification of Land Prices. The appropriate adjustments were made to reflect these official notice prices.

Date of revaluation .... March 31, 2002

The fair value of land used for business activities after revaluation as of the end of the period was below the book value of land used for business activities after revaluation by ¥743 million in 2012 and ¥699 million in 2011 respectively.

(2) Assets pledged as collateral and collateralized liabilities

Assets pledged as collateral and the relevant liabilities are presented as follows:

a. Assets pledged as collateral

	Millions of yen	
	2012	2011
Time deposits	¥102	¥ 410
Buildings and structures	100	203
Land	334	444
Investment securities	184	272
Total	¥722	¥1,330

b. Liabilities for which the above assets are pledged as collateral

	Millions of yen	
	2012	2011
Notes and accounts payable —trade	¥1,874	¥1,417
Short-term loans payable	—	1,000
Current portion of long-term loans payable	87	114
Accounts payable—other	0	0
Long-term loans payable	—	337
Total	¥1,962	¥2,869

(3) Assets relating to unconsolidated subsidiaries and affiliated companies

	Millions of yen	
	2012	2011
Investment securities (shares)	¥57	¥57

(4) Goodwill and negative goodwill are presented as offsetting items.

	Millions of yen	
	2012	2011
Goodwill	¥23,465	¥ 652
Negative goodwill	(76)	(467)
After offset	¥23,388	¥ 185

(5) The Company has entered into an agreement with four banks under which it will be provided with a commitment line of credit. This initiative was undertaken to ensure the efficient procurement of working capital. The unused balance under this commitment line of credit is as follows:

	Millions of yen	
	2012	2011
Total commitment line of credit	¥5,000	¥5,000
Amount drawn (used)	—	—
Amount unused	¥5,000	¥5,000

5. Notes to Consolidated Statements of Income

(1) Research and development (R&D) expenses are included in selling, general and administrative (SG&A) expenses and manufacturing costs as follows:

Millions of yen	
2012	2011
¥2,722	¥ 2,205

(2) Breakdown of gain on sales of noncurrent assets is presented as follows:

	Millions of yen	
	2012	2011
Buildings and structures	¥ 17	¥ 2
Machinery, equipment and vehicles	10	21
Tools, furniture and fixtures	55	1
Land	41	2
Total	¥124	¥27

(3) Breakdown of loss on sales of noncurrent assets is presented as follows:

	Millions of yen	
	2012	2011
Buildings and structures	¥14	¥ —
Machinery, equipment and vehicles	2	0
Tools, furniture and fixtures	44	6
Land	—	731
Total	¥60	¥737

(4) Breakdown of loss on retirement of noncurrent assets is presented as follows:

	Millions of yen	
	2012	2011
Buildings and structures	¥ 34	¥151
Machinery, equipment and vehicles	447	—
Tools, furniture and fixtures	66	69
Intangible assets	7	54
Total	¥556	¥275

The effect of losses on retirement of fixed assets suffered by flood damage in Thailand is included, which is presented in "loss on disaster" for the year ended March 31, 2012 in the consolidated statements of income.

(5) Impairment loss

The Group reported an impairment loss in connection with the following asset groups:

2012 — Millions of yen

Application	Type	Location	Impairment loss
Retail stores included in assets used in business activities	Building and structures; tools, furniture and fixtures; other	Maikata, Osaka Prefecture; Fukuoka, Fukuoka Prefecture; Kyoto, Kyoto Prefecture	¥37
Assets for business	Software	Chiyoda-ku, Tokyo	¥83
Idle assets	Land	Shimotsuga-gun, Tochigi Prefecture	¥ 8

2011 — Millions of yen

Application	Type	Location	Impairment loss
Retail stores included in assets used in business activities	Buildings and structures; tools, furniture and fixtures; other	Yokohama, Kanagawa Prefecture; Hamamatsu, Shizuoka Prefecture; other	¥45
Assets for business	Buildings and structures	Tamura-gun, Fukushima Prefecture	¥52
Idle assets	Buildings and structures; land	Shimotsuga-gun, Tochigi Prefecture; Fukuoka, Fukuoka Prefecture	¥22

Assets used for business activities are grouped according to their connection with each business and according to each individual property with respect to stores and assets for lease. For idle assets, the smallest units are the individual properties themselves.

With respect to the aforementioned stores used for business activities as well as software, the Group continues to incur operating losses. At the same time, estimated future cash flows fall below the book values of each asset. Accordingly, book values have been written down to their recoverable amounts with the amount of write-down (impairment loss) totaling ¥121 million in 2012 and ¥120 million in 2011 recorded as an extraordinary loss.

Furthermore, recoverable values of retail stores and software were measured as nil using their net sales values. The above idle land is written down by ¥8 million as extraordinary loss due to continuous decrease of market price to recoverable value. The recoverable value is measured by net sale values, which are calculated by reasonably reconcile land tax assessment.

(6) Inventories

The balance of inventories is the amount after writing down the book value in line with the decline in profitability. The loss on valuation of inventories amounting to ¥449 million in 2012 and gain on reversal of valuation loss amounting to ¥269 million in 2011 are included in cost of sales.

6. Notes to Consolidated Statements of Comprehensive Income

Tax effects allocated to each component of other comprehensive income (loss) and reclassification adjustments, including amounts attributable to minority interests, are as follows:

	Millions of yen
	2012
Net unrealized gains and losses on securities:	
Amount arising during the year	¥ (93)
Reclassification adjustments for gains and losses realized in net income	430
Before-tax amount	337
Tax (expense) or benefit	(86)
Net-of-tax amount	250
Net gains and losses on derivative instruments:	
Amount arising during the year	(344)
Reclassification adjustments for gains and losses realized in net income	973
Before-tax amount	629
Tax (expense) or benefit	(215)
Net-of-tax amount	413
Land revaluation:	
Tax (expense) or benefit	75
Foreign currency translation adjustments: Amount arising during the year	(848)
Total other comprehensive loss	¥(108)

7. Notes to Consolidated Statements of Cash Flows

The details of assets and liabilities of newly consolidated subsidiaries by acquisition of the TI Group at the end of the year.

	Millions of yen
	2012
Current assets	¥ 23,645
Fixed assets and other assets	23,435
Goodwill	23,108
Current liabilities	(9,099)
Non-current liabilities	(19,846)
Foreign currency translation adjustment	650
Minority interests	(287)
Purchase amounts of shares	41,607
Cash and cash equivalents of TI Group	8,027
Net: expenditure for acquisition of TI Group	¥ 33,579

8. Lease Transactions

Finance lease transactions (lessees' accounting)

Finance leases that do not involve the transfer of ownership of leased property to the lessee

Lease assets

Property, plant and equipment

Mainly molds for manufacturing use in the toy business

9. Financial Instruments

Matters relating to the status of financial instruments

Approach toward financial instruments

In addition to borrowing from banks, the Group issues bonds and bonds with subscription rights to shares to fund the essential requirements of mainly its toy business operations. At the same time, the Group invests temporary surplus funds in safe and secure financial assets. The Group utilizes derivatives to offset the risk of interest rate fluctuation with respect to its borrowings as well as the risk of foreign currency exchange rate fluctuation at the time of claim and obligation settlement. The Group does not use derivatives for speculative purposes.

10. Short-Term Investment Securities

(1) Available-for-sale securities

2012 — Millions of yen

	Type	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds their acquisition cost	(1) Stock	¥1,478	¥1,072	¥406
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	¥1,478	¥1,072	¥406
Securities whose carrying value does not exceed their acquisition cost	(1) Stock	¥ 276	¥ 364	¥ (87)
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	¥ 276	¥ 364	¥ (87)
	Total	¥1,755	¥1,436	¥318

2011 — Millions of yen

	Type	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds their acquisition cost	(1) Stock	¥ 751	¥ 427	¥ 323
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	¥ 751	¥ 427	¥ 323
Securities whose carrying value does not exceed their acquisition cost	(1) Stock	¥1,370	¥1,712	¥(342)
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	¥1,370	¥1,712	¥(342)
	Total	¥2,121	¥2,140	¥ (19)

Note: Short-term investment securities with no market value for which it is deemed difficult to measure a fair value and accordingly carried at their acquisition cost not included in available-for-sale securities in the table above are presented as follows:

	Millions of yen	
	2012	2011
Carrying value		
Unlisted stocks	¥762	¥775

(2) Short-term investment securities for which an impairment loss was recognized

Acquisition cost data presented in the table is the book value after recognizing an impairment loss. An impairment loss was recognized and loss on valuation of investment securities recorded totaling ¥482 million (representing ¥468 million of marketable stock and ¥13 million of non-marketable stock applicable to available-for-sale securities) in 2012 and ¥565 million (representing ¥47 million of marketable stock and ¥517 million of non-marketable stock applicable to available-for-sale securities) in 2011.

With respect to impairment losses, in the event that the fair value as of the end of the period falls by 50% or more of the acquisition cost, the total amount is recorded as an impairment loss. In the event that the fair value as of the end of the period falls by between 30% and 50% of the acquisition cost, an amount deemed necessary is recognized as an impairment loss taking into consideration collectability.

11. Derivative Transactions

(1) Derivative transactions for which hedge accounting has not been adopted

Not applicable

(2) Derivative transactions for which hedge accounting has been adopted

Contract amounts or amounts equivalent to the principal identified in each contract as of the consolidated account settlement date by hedge accounting method are presented as follows:

a. Currency-related transactions

2012 — Millions of yen

Method of hedge accounting	Type of transaction	Major hedged items	Contract amount	Contract amount exceeding one year	Fair value
Appropriation treatment	Forward foreign exchange contracts: Buy: USD	Foreign currency denominated claims and obligation (accounts payable, other)	¥10,495	¥1,183	¥ 151

2011 — Millions of yen

Method of hedge accounting	Type of transaction	Major hedged items	Contract amount	Contract amount exceeding one year	Fair value
Appropriation treatment	Forward foreign exchange contracts: Buy: USD	Foreign currency denominated claims and obligation (accounts, receivable, accounts payable, other)	¥14,559	¥2,943	¥(672)
	Sterling pound		32	—	(1)
	EUR		29	—	(1)
	Thai baht		1,100	—	5
	Sell: USD		623	—	23
Deferral hedge accounting	Currency option transactions Buy: USD		33,260	—	92
Total			¥49,604	¥2,943	¥(553)

Note: Calculation method for fair value

Fair value is calculated based on the fair value identified by the financial institution counterparty.

b. Interest-related transactions

2012 — Millions of yen

Method of hedge accounting	Type of transaction	Major hedged items	Contract amount	Contract amount exceeding one year	Fair value
Special treatment	Interest rate swap transactions Pay fixed / receive floating	Current portion of long-term loans payable	¥ 75	—	(Note)
Deferred hedge accounting		Long-term loans payable	¥7,336	¥6,602	¥(79)

2011 — Millions of yen

Method of hedge accounting	Type of transaction	Major hedged items	Contract amount	Contract amount exceeding one year	Fair value
Special treatment	Interest rate swap transactions Pay fixed / receive floating	Long-term loans payable	¥175	¥175	(Note)

Note: The fair value of interest rate swaps which are accounted for using the special treatment is included in that of the corresponding hedged long-term loans payable.

12. Retirement Benefits

(1) Overview of retirement benefit plans adopted

The Company and its certain domestic consolidated subsidiaries maintain employees' pension fund and retirement lump sum plans as defined benefit plans.

Certain consolidated subsidiaries have adopted defined contribution pension plans.

(2) Amounts of retirement benefit obligation

	Millions of yen	
	2012	2011
Retirement benefit obligation	¥(5,001)	¥(3,004)
Pension assets	1,526	339
Unfunded retirement benefit obligation	(3,474)	(2,664)
Unrecognized actuarial gain or loss	276	159
Unrealized prior service cost	250	—
Provision for retirement benefits	(2,947)	(2,504)

The Company and domestic consolidated subsidiaries have adopted a comprehensively established employees' pension fund. The amount of pension assets has not been included in the underlined data because of the difficulty in reasonably calculating the amount corresponding to the own contributions.

In addition, the simplified method has been adopted to calculate the retirement benefit obligation at consolidated subsidiaries.

(3) Matters relating to multiple business proprietor plans

a. Matters relating to the status of overall plan reserves

2012 (Millions of yen)

	Tokyo Jitsugyo Kosei Nenkin Kikin	EAST JAPAN PLASTIC INDUSTRY Pension Fund	Other
Pension assets	¥126,402	¥ 74,859	¥169,594
Amount of calculated pension financing benefit obligation	187,829	109,730	201,770
Difference	(61,427)	(34,870)	(32,176)

2011 (Millions of yen)

	Tokyo Jitsugyo Kosei Nenkin Kikin	EAST JAPAN PLASTIC INDUSTRY Pension Fund	Other
Pension assets	¥136,596	¥ 77,362	¥167,029
Amount of calculated pension financing benefit obligation	191,928	112,083	196,877
Difference	(55,331)	(34,721)	(29,848)

b. The Group's premium contribution ratio as a proportion of the overall plan

	2012	2011
Tokyo Jitsugyo Kosei Nenkin Kikin	4.90%	4.66%
EAST JAPAN PLASTIC INDUSTRY Pension Fund	1.82%	1.82%
Other	0.29%	0.27%

(4) Retirement benefit expense

Millions of yen

	2012	2011
Retirement benefit expense	¥644	¥488
Service cost	497	425
Interest cost	107	31
Expected return on plan assets	(78)	(8)
Amortization of actuarial gain or loss	55	39
Amortization of unrealized prior service cost	62	—

Note: Employee pension fund is not included. Retirement benefit expenses of consolidated subsidiaries that have adopted the simplified method are recorded as service cost.

(5) Assumptions used in accounting for retirement benefit obligations

Attribution of retirement benefit obligation: the straight-line method over the estimated years of service of the eligible employee.

	2012	2011
Discount rate	2.0–4.96%	2.0%
Expected rate of return on plan assets	2.5–6.61%	2.5%
Amortization period of actuarial gain or loss	5 years	5 years
Amortization period of unrecognized prior service cost	5 years	—

13. Stock Options

(1) The account and the amount of stock options charged as expenses for the fiscal year ended March 31

Millions of yen

	2012	2011
Selling, general and administrative expenses	¥187	¥179

(2) The amount of stock options charged as income due to their forfeiture resulting from non-use

Millions of yen

	2012	2011
Extraordinary income	¥2	¥0

14. Income Taxes

(1) Significant components of deferred tax assets and liabilities

Millions of yen

	2012	2011
Deferred tax assets:		
Loss on valuation of inventories	¥ 565	¥ 577
Allowance for doubtful accounts	446	406
Income taxes payable	32	17
Accrued bonuses	537	663
Provision for retirement benefits	1,063	993
Provision for directors' retirement benefits	91	248
Retirement of unrealized inventory profit	276	24
Loss carryforwards	5,929	9,977
Depreciation and amortization	406	334
Loss on valuation of investment securities	1,764	1,849
Impairment loss	140	164
Other	1,023	1,222
Total gross deferred tax assets	12,279	16,479
Valuation allowance	(5,473)	(6,955)
Total deferred tax assets	¥ 6,805	¥ 9,523

Millions of yen

	2012	2011
Deferred tax liabilities:		
Reserve for advanced depreciation of noncurrent assets	¥ (121)	¥ (130)
Valuation difference on available-for-sale securities	(113)	(27)
Other	(5,622)	(176)
Deferred tax liabilities for land revaluation	(553)	(632)
Total deferred tax liabilities	(6,411)	(966)
Net deferred tax assets	¥ 393	¥8,557

Note: Net deferred tax assets are included in the following accounts in the consolidated balance sheets:

Millions of yen

	2012	2011
Current assets — Deferred tax assets	¥ 3,165	¥3,606
Noncurrent assets — Deferred tax assets	2,774	5,586
Current liabilities — Other	—	(2)
Noncurrent liabilities — Deferred tax liabilities	(4,992)	(0)
Noncurrent liabilities — Deferred tax liabilities for land revaluation	¥ (553)	¥ (632)

(2) The reconciliation between the effective tax rates reflected in the consolidated financial statements and the statutory tax rate is summarized as follows:

	2012	2011
Statutory tax rate of the Company	40.5 %	40.5 %
(Reconciliation)		
Permanent nondeductible expenses such as entertainment expenses	5.2 %	3.5 %
Nondeductible income such as dividends received	(3.4)%	(3.3)%
Increase (decrease) in valuation allowance	15.9 %	(56.5)%
Inhabitants' tax lump-sum payments	0.2 %	0.7 %
Effect of enacted changes in tax laws and rates on Japanese tax	(4.2)%	— %
Other	(0.8)%	0.2 %
Effective tax rates after adoption of tax-effect accounting	53.4 %	(15.0)%

15. Tax Rate Change in Japan

On December 2, 2011, "Act on the Partial Revision of the Income tax Act for the Establishment of a Taxation System Responding to Structural Transformation of Economy and Society"(Act No.114 of 2011) and "Act on Special Measures for Securing Financial Resources Needed to Implement Measures to Recover from the Great East Japan Earthquake"(Act No.117 of 2011) were issued. By these acts, the corporate tax rate will be changed from the fiscal year beginning on and after April 1, 2012. As a consequence, effective statutory tax rate, which is used to calculate deferred tax assets and liabilities, will be as follows, depending when the temporary difference will reverse.

Until March 31, 2012:	40.5%
From April 1, 2012 to March 31, 2015:	38.01%
On and after April 1, 2015:	35.64%

This tax rate change has decreased net deferred tax assets ¥337 million, increased income taxes deferred ¥352 million, increased unrealized gain on available-for-sale securities ¥12 million and increased deferred gains and losses on hedges ¥2 million for the year ended March 31, 2012.

16. Business Combination

(1) Overview of business combination

a. Name and business activities

Name: RC2 Corporation

Business activities: Planning, manufacturing and distribution of toys and infant products

b. Reason for business combination

i) Establishment of strong sales network for global market

ii) Strengthening of global development of both brands

iii) Strengthening of development and production systems

iv) Acquisition of global human resource and organization systems

c. Date of business combination

April 29, 2011

d. Legal status of business combination

Acquisition of shares in cash

e. Name of post-business combination

RC2 Corporation (currently TOMY Holdings, Inc.)

f. Ownership after acquisition: 100%

g. Basis of decision of acquired company

The Company acquired the shares in RC2 Corporation (currently TOMY Holdings, Inc.) by contribution in cash through its US subsidiary, Galaxy Dream Corporation.

(2) Period which acquired company is included in the consolidated financial statements

From April 29, 2011 to March 31, 2012

(3) Acquisition cost and details of acquired company

Acquisition price: US$ 612 million

Direct cost for acquisition: US$ 37 million

Acquisition cost: US$ 650 million

(4) Goodwill

a. Amounts occurred: US$ 286 million

b. Reason for occurrence

Mainly integration synergy by incorporation of RC2 Corporation (currently TOMY Holdings, Inc.) as subsidiary and expected excess earning power by expanding overseas sales, etc.

c. Amortization

Amortization is calculated based on straight line method over 20 years.

d. Details of assets acquired and liabilities assumed

Millions of US$

Current assets	$284
Fixed assets and other assets	559
Total assets	844
Current liabilities	109
Non-current liabilities	238
Total liabilities	$348

17. Segment Information

(1) Net sales by geographic segment

2012 (Millions of yen)

	Japan	North America	Europe	Asia & Oceania	Total
Net sales					
Sales to outside customers	¥144,665	¥23,216	¥11,661	¥ 7,721	¥187,265
Intersegment sales and transfers	1,205	165	4	29,305	30,679
Total	¥145,870	¥23,381	¥11,665	¥37,027	¥217,944
Segment income (loss)	12,795	(134)	(133)	1,776	14,304
Segment assets	52,047	37,180	6,779	12,443	108,451
Other items					
Depreciation	3,404	1,754	84	177	5,421
Amortization of goodwill	190	37	—	—	228
Increase in property, plant and equipment as well as intangible assets	1,729	686	225	627	3,269

2011 (Millions of yen)

	Japan	North America	Europe	Asia	Total
Net sales					
Sales to outside customers	¥143,863	¥665	¥8,704	¥6,257	¥159,490
Intersegment sales and transfers	1,126	7	6	23,147	24,288
Total	¥144,989	¥673	¥8,710	¥29,404	¥183,778
Segment income (loss)	12,522	1	(205)	1,259	13,578
Segment assets	55,622	170	3,286	8,958	68,037
Other items					
Depreciation	3,383	17	39	109	3,549
Amortization of goodwill	195	—	—	—	195
Increase in property, plant and equipment as well as intangible assets	2,981	5	265	103	3,355

Note: Geographic segment has been classified by where group companies are located.
The amount of liabilities by segment is determined by the Board of Directors meeting as appropriate, but is not disclosed periodically.
"Asia" as segment name is changed to "Asia & Oceania" because of new consolidated subsidiaries.

(2) Net sales by market

Millions of yen

	Japan	North America	Europe	Asia & Oceania	Other	Total
2012	¥119,515	¥37,605	¥17,198	¥10,627	¥2,319	¥187,265
2011	128,110	9,790	11,455	9,060	1,083	159,490

Note: The above regions reflect the locations of the TOMY entities that record the sales.

18. Per Share Information

Millions of yen

The fiscal year ended March 31	2012	2011
Net assets per share	¥525.46	¥501.54
Earnings per share	39.09	94.85
Earnings per diluted share	32.27	78.26

Note: Earnings per share and earnings per diluted share are calculated on the following basis.

Millions of yen

The fiscal year ended March 31	2012	2011
Earnings per share		
Net income	¥3,679	¥8,929
Amount not applicable to shareholders of common stock	—	—
Net income applicable to common stock	¥3,679	¥8,929
Average number of shares for the period (thousand shares)	94,137	94,139
Earnings per diluted share		
Net income adjustment amount	¥3	¥3
(Of which is interest expense after deducting the amount equivalent to tax)	(3)	(3)
Increase in the number of common stock (thousand shares)	20,009	20,009
Overview of diluted stock is not included in calculations for earnings per diluted share due to the absence of stock with a potential dilutive effect.		
New share subscription rights	10	6
Number of dilluted stock (thousand shares)	6,262	4,685

(As of March 31, 2012)

Corporate Information

Company Name TOMY Company, Ltd.

Head Office 7-9-10 Tateishi, Katsushika-ku, Tokyo 124-8511, Japan

Date of Establishment January 17, 1953

Paid-in Capital ¥3,459 million

Business Domain Planning, manufacturing and selling of products such as toys, general merchandise, card games, and baby care products, etc.

Number of Employees 2,294 (consolidated), 642 (non-consolidated)

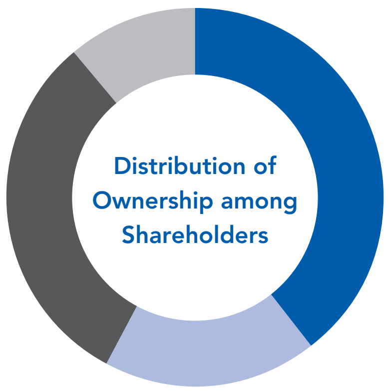
Stock Information

Number of Shares Authorized	384,000,000
Number of Shares Issued	96,290,850
Trading Unit of Shares	100
Number of Shareholders	76,455

Major Shareholders

Name	Number of shares held	%
Marunouchi Capital Fund I	14,443,700	15.34
Kantaro Tomiyama	4,785,500	5.08
Index Corporation	4,707,996	5.00
TOMY Insurance, Ltd.	4,619,952	4.91
TPG Richmont I, L. P.	4,450,100	4.73
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,546,100	3.77
Japan Trustee Services Bank, Ltd. (Trust Account)	3,545,900	3.77
Akie Tomiyama	1,483,101	1.58
Japan Trustee Services Bank, Ltd. (Trust Account 9)	982,300	1.04
Mizuho Bank, Ltd.	972,768	1.03

Note: Percentage of shares held is calculated after the exclusion of 2,154,371 shares of treasury stock.



Individual Investors	39.7%
Financial Institutions	18.5%
Other Corporations	31.4%
Foreign Corporations and Investors	10.9%

Bonds with Subscription Rights to New Shares

Bonds	Class of shares to be issued	Issue price of subscription rights	Issue price of share (Yen)	Total amount of issue price (Millions of yen)	Total amount of shares issued through exercise of subscription rights (Millions of yen)	Ratio of the grant of subscription rights (%)	Exercise period of subscription rights
Yen-denominated Convertible bond due 2014	TOMY Company, Ltd., common stock	Gratis	613*	4,900	—	100	From June 11, 2010, to June 10, 2014
Yen-denominated convertible bond due 2016	TOMY Company, Ltd., common stock	Gratis	616	7,000	—	100	From March 23, 2008, to February 12, 2016
Yen-denominated convertible bond due 2024	TOMY Company, Ltd., common stock	Gratis	613	400	—	100	From June 11, 2010, to June 10, 2024

*The conversion price changed to ¥565.70 as of June 11, 2012.

Major Group Companies (As of August 1, 2012)

Number of consolidated subsidiaries: 45

Japan

T-ARTS Company, Ltd.
TOMY TEC Co., Ltd.
U-ACE Company, Ltd.
TOYS UNION Co., Ltd.
KIDDY LAND Co., Ltd.

Overseas

TOMY Holdings, Inc.
TOMY International, Inc.
TOMY (Shanghai) Ltd.
TOMY (Hong Kong) Ltd.
TOMY (Shenzhen) Ltd.
TOMY (Thailand) Ltd.

TO MAKE ALL DREAMS COME TRUE

FOUNDING PHILOSOPHY

Let's excite the world market
with our outstanding products.
Our sincerity and effort will profit others
and become the basis of our happiness.

CORPORATE MISSION

Our mission is to fulfill the dreams
of our stakeholders, including
The dreams of children
The dreams of our employees
The dreams of our shareholders
The dreams of our business partners
The dreams of society

WE WILL CREATE NEW VALUE FROM PLAY.