



The Second Quarterly Report
For the Six Months Ended September 30, 2003

TOMY Company, Ltd.

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Consolidated Balance Sheets (Unaudited)

TOMY Company, Ltd. and Subsidiaries

As of September 30, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
ASSETS			
Current Assets:			
Cash and cash equivalents	¥16,388	¥14,887	\$147,311
Marketable securities	865	1,809	7,773
Trade notes and accounts receivable	16,137	13,611	145,048
Less - Allowance for doubtful receivables	(312)	(112)	(2,809)
Inventories	7,505	8,584	67,463
Deferred income taxes - current	1,358	1,138	12,204
Others	3,823	4,025	34,369
	45,764	43,942	411,359
Property, Plant and Equipment, at Cost:			
Land	3,414	3,412	30,683
Buildings and structures	6,642	6,573	59,707
Machinery and equipment	21,720	20,933	195,234
Construction in progress	186	217	1,678
	31,962	31,135	287,302
Less - Accumulated depreciation	(22,925)	(21,920)	(206,071)
	9,037	9,215	81,231
Investments and Other Assets:			
Investment securities	1,059	2,628	9,519
Investment in unconsolidated subsidiaries and affiliates	101	97	907
Leasehold deposits and others	787	955	7,071
Deferred income taxes - non-current	614	1,680	5,526
	2,561	5,360	23,023
Total Assets	57,362	58,517	515,613

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term borrowings	¥14,424	¥10,650	\$129,653
Current portion of long-term debt	333	10,593	2,993
Trade notes and accounts payable	5,551	5,351	49,901
Accrued expenses	6,255	6,007	56,225
Accrued income taxes	584	375	5,252
Other	1,200	814	10,784
	28,347	33,790	254,808
Long-Term Liabilities:			
Long-term debt, less current portion	6,000	1,084	53,935
Severance and retirement allowances:			
Employees	1,013	1,502	9,102
Directors	403	289	3,623
Deferred income taxes for revaluation of land	18	18	159
Other	1,270	1,654	11,421
	8,704	4,547	78,240
Minority Interests	80	25	717
Shareholders' Equity:			
Common stock, no par			
Authorized 60,000,000 shares			
Issued 20,419,299 shares at September, 2003 and 2002	2,990	2,990	26,876
Additional paid-in capital	2,936	2,936	26,393
Retained earnings	15,926	15,423	143,158
Revaluation reserve for land, net of tax	26	25	233
Net unrealized holding losses on securities	25	(45)	228
Foreign currency translation adjustments	(1,663)	(1,168)	(14,956)
	20,240	20,161	181,932
Less - treasury stock, at cost			
6,963 shares at September 30, 2003 and 3,681 shares at September 30, 2002	(9)	(6)	(84)
	20,231	20,155	181,848
Total Liabilities and Shareholders' Equity	57,362	58,517	515,613

Consolidated Statements of Operations (Unaudited)

TOMY Company, Ltd. and Subsidiaries

For the six months ended September 30, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Net Sales	¥38,742	¥33,834	\$348,242
Cost of Sales	23,496	22,004	211,200
Gross Profit	15,246	11,830	137,042
Selling, General and Administrative Expenses	11,405	11,435	102,518
Operating Income	3,841	395	34,524
Other Income (Expenses):			
Interest and dividend income	28	64	252
Interest expenses	(158)	(125)	(1,423)
Gain on sale of fixed assets	1	4	10
Loss on disposal of plant and equipment, net	(2)	(9)	(16)
Sales discounts	(81)	(109)	(728)
Impairment loss on investment securities	-	(62)	-
Foreign exchange loss, net	(194)	(266)	(1,741)
Other, net	31	89	275
	(375)	(414)	(3,371)
Income (Loss) before Income Taxes	3,466	(19)	31,153
Provision for Income Taxes - current	702	470	6,310
- deferred	852	(461)	7,655
Minority Interest in Subsidiaries	(17)	(14)	(157)
Net Income (Loss)	1,895	(42)	17,031
Per Share of Common Stock:			
Net Income (loss):			
Basic	¥92.82	(¥2.07)	\$0.83
Diluted	-	-	-
Cash dividends, applicable to the year	¥0.00	¥0.00	\$0.00

Consolidated Statements of Shareholders' Equity (Unaudited)

TOMY Company, Ltd. and Subsidiaries

As of September 30, 2003 and 2002

	Millions of yen					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net gains and losses not recognized in the statements of operations	Total
Balance at March 31, 2003	¥2,990	¥2,936	¥14,078	(¥8)	(¥1,518)	¥18,478
Unrealized holding gains on securities arising during the period					144	144
Foreign currency translation adjustments					(238)	(238)
Net income			1,895			1,895
Bonuses paid to directors & corporate auditors			(47)			(47)
Tresury stock				(1)		(1)
Balance at September 30, 2003	¥2,990	¥2,936	¥15,926	(¥9)	(¥1,612)	¥20,231

	Millions of yen					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net gains and losses not recognized in the statements of operations	Total
Balance at March 31, 2002	¥2,990	¥2,936	¥15,606	(¥3)	(¥988)	¥20,541
Unrealized holding gains on securities arising during the period					5	5
Foreign currency translation adjustments					(205)	(205)
Net loss			(42)			(42)
Dividends declared			(102)			(102)
Bonuses paid to directors & corporate auditors			(32)			(32)
Equity in subsidiaries included in consolidation at beginning of year			(7)			(7)
Tresury stock				(3)		(3)
Balance at September 30, 2002	¥2,990	¥2,936	¥15,423	(¥6)	(¥1,188)	¥20,155

	Thousands of U.S. dollars					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net gains and losses not recognized in the statements of operations	Total
Balance at March 31, 2003	\$26,876	\$26,393	\$126,546	(\$73)	(\$13,648)	\$166,094
Unrealized holding gains on securities arising during the period					1,292	1,292
Foreign currency translation adjustments					(2,139)	(2,139)
Net income			17,031			17,031
Bonuses paid to directors & corporate auditors			(419)			(419)
Tresury stock				(11)		(11)
Balance at September 30, 2003	\$26,876	\$26,393	\$143,158	(\$84)	(\$14,495)	\$181,848

Consolidated Statements of Cash Flows (Unaudited)

TOMY Company, Ltd. and Subsidiaries

For the six months ended September 30, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Cash Flows from Operating Activities:			
Income (loss) before income taxes	¥3,466	(¥19)	\$31,153
Depreciation and amortization	1,087	1,035	9,768
Interest and dividend income	(28)	(64)	(252)
Interest expenses	158	125	1,423
Increase in trade notes and accounts receivable	(6,552)	(2,520)	(58,892)
Increase in inventories	(2,320)	(3,300)	(20,851)
Increase in prepaid expenses	(398)	(70)	(3,579)
Increase in trade notes and accounts payable	1,512	1,022	13,593
Other, net	582	725	5,232
Sub total	(2,493)	(3,066)	(22,405)
Interest and dividend received	27	61	241
Interest paid	(160)	(155)	(1,435)
Income tax paid	(442)	(249)	(3,973)
Net cash used in operating activities	(3,068)	(3,409)	(27,572)
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	(1,201)	(1,271)	(10,798)
Purchase of marketable and investment securities	(666)	(216)	(5,984)
Proceeds from sales of marketable and investment securities	3,437	560	30,893
Other, net	3	(206)	25
Net cash provided by (used in) investing activities	1,573	(1,133)	14,136
Cash Flows from Financing Activities:			
Proceeds from short-term borrowings, net	5,286	3,673	47,514
Repayment of long-term debt	(10,130)	(616)	(91,053)
Proceeds from long-term debt	1,300	800	11,685
Dividends paid	(1)	(106)	(9)
Other, net	(1)	(2)	(10)
Net cash provided by (used in) financing activities	(3,546)	3,749	(31,873)
Effect of Exchange Rate on Cash and Cash Equivalents	(84)	(138)	(755)
Net decrease in Cash and Cash Equivalents	(5,125)	(931)	(46,064)
Cash and Cash Equivalents at Beginning of period	21,513	15,790	193,375
Net Increase in cash and cash equivalents due to change of consolidated subsidiaries	-	28	-
Cash and Cash Equivalents at End of Period	¥16,388	¥14,887	\$147,311

Business Segment Information (Unaudited)

For the six months ended September 30, 2003 and 2002

The Group operates principally in the toy manufacturing and marketing business.

2003	Millions of yen				Consolidated
	Toy	Others	Total	Eliminations	
Net Sales:					
Sales to customers	¥37,464	¥1,278	¥38,742	-	¥38,742
Inter segment sales	11	1,207	1,218	(1,218)	-
Total	37,475	2,485	39,960	(1,218)	38,742
Operating expenses	33,157	2,259	35,416	(515)	34,901
Operating income	¥4,318	¥226	¥4,544	(¥703)	¥3,841
Total assets	¥37,246	¥4,504	¥41,750	¥15,612	¥57,362

2002	Millions of yen				Consolidated
	Toy	Others	Total	Eliminations	
Net Sales:					
Sales to customers	¥32,714	¥1,120	¥33,834	-	¥33,834
Inter segment sales	24	1,212	1,236	(1,236)	-
Total	32,738	2,332	35,070	(1,236)	33,834
Operating expenses	31,711	2,140	33,851	(412)	33,439
Operating income	¥1,027	¥192	¥1,219	(¥824)	¥395
Total assets	¥35,301	¥4,455	¥39,756	¥18,761	¥58,517

2003	Thousands of U.S. Dollars				Consolidated
	Toy	Others	Total	Eliminations	
Net Sales:					
Sales to customers	\$336,752	\$11,490	\$348,242	-	\$348,242
Inter segment sales	96	10,852	10,948	(10,948)	-
Total	336,848	22,342	359,190	(10,948)	348,242
Operating expenses	298,038	20,309	318,347	(4,629)	313,718
Operating income	\$38,810	\$2,033	\$40,843	(\$6,319)	\$34,524
Total assets	\$334,791	\$40,487	\$375,278	\$140,335	\$515,613

Operations by Geographic Area (Unaudited)

For the six months ended September 30, 2003 and 2002

Sales and operating income are attributed to countries, based on location of business assets.

2003	Millions of yen						
	Japan	Europe	Asia	Others	Total	Eliminations	Consolidated
Net Sales:							
Sales to customers	¥28,156	¥6,023	¥1,702	¥2,861	¥38,742	-	¥38,742
Inter segment sales	2,425	30	6,366	1	8,822	(8,822)	-
Total	30,581	6,053	8,068	2,862	47,564	(8,822)	38,742
Operating expenses	26,787	5,795	7,874	2,492	42,948	(8,047)	34,901
Operating income	¥3,794	¥258	¥194	¥370	¥4,616	(¥775)	¥3,841
Total assets	¥30,860	¥8,093	¥6,994	¥2,520	¥48,467	¥8,895	¥57,362

2002	Millions of yen						
	Japan	Europe	Asia	Others	Total	Eliminations	Consolidated
Net Sales:							
Sales to customers	¥24,230	¥5,851	¥1,627	¥2,126	¥33,834	-	¥33,834
Inter segment sales	1,840	2	7,730	-	9,572	(9,572)	-
Total	26,070	5,853	9,357	2126	43,406	(9,572)	33,834
Operating expenses	25,371	5,804	8,927	1890	41,992	(8,553)	33,439
Operating income	¥699	¥49	¥430	¥236	¥1,414	(¥1,019)	¥395
Total assets	¥27,262	¥8,664	¥7,492	¥2,071	¥45,489	¥13,028	¥58,517

2003	Thousands of U.S. Dollars						
	Japan	Europe	Asia	Others	Total	Eliminations	Consolidated
Net Sales:							
Sales to customers	\$253,085	\$54,142	\$15,300	\$25,715	\$348,242	-	\$348,242
Inter segment sales	21,800	267	57,225	5	79,297	(79,297)	-
Total	274,885	54,409	72,525	25,720	427,539	(79,297)	348,242
Operating expenses	240,783	52,091	70,778	22,398	386,050	(72,332)	313,718
Operating income	\$34,102	\$2,318	\$1,747	\$3,322	\$41,489	(\$6,965)	\$34,524
Total assets	\$277,391	\$72,744	\$62,865	\$22,656	\$435,656	\$79,957	\$515,613

Overseas Sales and the Ratios (Unaudited)

For the six months ended September 30, 2003 and 2002

Overseas sales consist of export sales by TOMY Company, Ltd., and domestic subsidiaries and sales by consolidated foreign subsidiaries.

	Millions of yen					
	2003			2002		
	Europe	Others	Total	Europe	Others	Total
Overseas sales	¥6,367	¥4,693	¥11,060	¥7,225	¥4,003	¥11,228
Consolidated sales	-	-	¥38,742	-	-	¥33,834
Overseas sales ratio	16.4%	12.1%	28.5%	21.4%	11.8%	33.2%

	Thousands of U.S.Dollars		
	2003		
	Europe	Others	Total
Overseas sales	\$57,231	\$42,188	\$99,419
Consolidated sales	-	-	\$348,242
Overseas sales ratio	16.4%	12.1%	28.5%

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTATION

TOMY Company, Ltd., and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen and in accordance with the provisions set forth in the Japanese Commercial Code and accounting principles and practices generally accepted in Japan. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements.

All amounts are unaudited.

2. BASIS OF TRANSLATING CONSOLIDATED FINANCIAL STATEMENTS

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at September 30, 2003, which was ¥111.25 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.