

Translation

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November 10, 2015

CONSOLIDATED FINANCIAL RESULTS for the First Six Months of the Fiscal Year Ending March 31, 2016 <under Japanese GAAP>

Company name: **TOMY COMPANY, LTD.**
Listing: First Section of the Tokyo Stock Exchange
Securities identification code: 7867
URL: <http://www.takaratomy.co.jp/>
Representative: Harold George Meij, President and CEO
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Head of Corporate Administrations
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Scheduled date to file quarterly securities report: November 13, 2015
Scheduled date to commence dividend payments: December 4, 2015
Supplementary material on quarterly financial results: Yes
Quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(in millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first six months of the fiscal year ending March 31, 2016 (From April 1, 2015 to September 30, 2015)

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

Six months ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2015	77,805	4.3	838	(44.2)	710	(36.4)	261	-
September 30, 2014	74,617	(6.9)	1,502	(42.7)	1,116	(60.7)	(876)	-

Note: Comprehensive income
Six months ended September 30, 2015: (582) million yen [- %]
Six months ended September 30, 2014: 2,117 million yen [72.3 %]

Six months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
September 30, 2015	3.07	3.06
September 30, 2014	(9.31)	-

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
September 30, 2015	161,575	47,650	29.0	551.85
March 31, 2015	159,638	49,650	30.2	567.91

Reference: Equity
As of September 30, 2015: 46,932 million yen
As of March 31, 2015: 48,191 million yen

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2015	–	5.00	–	5.00	10.00
Fiscal year ending March 31, 2016	–	5.00			
Fiscal year ending March 31, 2016 (Forecast)			–	5.00	10.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2016

(From April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Fiscal year ending March 31, 2016	170,000	13.4	4,000	62.2	3,300	63.8	1,300	–	14.24

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

(1) **Changes in significant subsidiaries during the six months under review** (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) **Application of specific accounting for preparing quarterly consolidated financial statements:** Yes

(3) **Changes in accounting policies, changes in accounting estimates, and restatement**

A. Changes in accounting policies due to revisions to accounting standards: Yes

B. Changes in accounting policies due to other reasons: None

C. Changes in accounting estimates: None

D. Restatement: None

(4) **Number of issued shares (common shares)**

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

As of September 30, 2015	96,290,850 shares
As of March 31, 2015	96,290,850 shares

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

As of September 30, 2015	11,246,462 shares
As of March 31, 2015	11,434,356 shares

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

Six months ended September 30, 2015	84,986,443 shares
Six months ended September 30, 2014	94,131,135 shares

* Indication regarding execution of quarterly review procedures

The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the quarterly review procedures for the quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act were incomplete.

Quarterly Consolidated Financial Statements
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	42,117	33,022
Notes and accounts receivable - trade	18,387	27,806
Merchandise and finished goods	19,647	22,882
Work in process	334	457
Raw materials and supplies	1,122	1,060
Deferred tax assets	1,276	1,603
Other	5,943	5,724
Allowance for doubtful accounts	(177)	(182)
Total current assets	88,651	92,373
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,722	13,676
Accumulated depreciation	(8,446)	(8,383)
Accumulated impairment loss	(399)	(418)
Buildings and structures, net	4,876	4,874
Machinery, equipment and vehicles	2,169	2,199
Accumulated depreciation	(1,420)	(1,456)
Accumulated impairment loss	(12)	(17)
Machinery, equipment and vehicles, net	737	725
Tools, furniture and fixtures	27,202	28,096
Accumulated depreciation	(23,267)	(24,057)
Accumulated impairment loss	(488)	(483)
Tools, furniture and fixtures, net	3,446	3,555
Land	4,336	4,324
Leased assets	6,937	6,965
Accumulated depreciation	(3,498)	(3,666)
Accumulated impairment loss	(2)	(1)
Leased assets, net	3,436	3,298
Construction in progress	273	360
Total property, plant and equipment	17,106	17,137
Intangible assets		
Goodwill	28,210	27,259
Other	19,459	18,904
Total intangible assets	47,669	46,164
Investments and other assets		
Investment securities	2,913	2,660
Deferred tax assets	115	115
Other	3,348	3,175
Allowance for doubtful accounts	(226)	(104)
Total investments and other assets	6,151	5,847
Total non-current assets	70,927	69,149
Deferred assets		
Bond issuance cost	59	52
Total deferred assets	59	52
Total assets	159,638	161,575

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,639	12,779
Short-term loans payable	8,614	10,241
Current portion of long-term loans payable	5,829	5,827
Lease obligations	2,194	2,258
Accounts payable - other	4,748	4,875
Accrued expenses	5,772	7,272
Income taxes payable	622	833
Provision	632	607
Other	517	454
Total current liabilities	37,571	45,149
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	50,893	47,985
Lease obligations	1,433	1,269
Deferred tax liabilities	3,790	3,652
Deferred tax liabilities for land revaluation	499	499
Provision for directors' retirement benefits	152	126
Net defined benefit liability	3,561	3,141
Other	2,084	2,100
Total non-current liabilities	72,416	68,775
Total liabilities	109,987	113,924
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,741	6,395
Retained earnings	32,525	32,360
Treasury shares	(7,437)	(7,315)
Total shareholders' equity	35,288	34,899
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	961	794
Deferred gains or losses on hedges	513	32
Revaluation reserve for land	120	120
Foreign currency translation adjustment	11,948	11,697
Remeasurements of defined benefit plans	(641)	(612)
Total accumulated other comprehensive income	12,902	12,032
Subscription rights to shares	680	364
Non-controlling interests	778	354
Total net assets	49,650	47,650
Total liabilities and net assets	159,638	161,575

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	74,617	77,805
Cost of sales	48,729	50,050
Gross profit	25,887	27,754
Selling, general and administrative expenses		
Packing and transportation expenses	1,410	1,481
Warehousing expenses	1,843	1,889
Advertising expenses	4,088	4,900
Salaries, allowances and bonuses	7,135	7,966
Research and development expenses	1,025	1,268
Commission fee	1,336	1,409
Other	7,544	8,001
Total selling, general and administrative expenses	24,384	26,916
Operating income	1,502	838
Non-operating income		
Interest and dividend income	37	172
Foreign exchange gains	–	3
Rent income	78	72
Other	55	136
Total non-operating income	171	385
Non-operating expenses		
Interest expenses	393	420
Other	164	93
Total non-operating expenses	557	513
Ordinary income	1,116	710
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on reversal of subscription rights to shares	3	332
Other	–	4
Total extraordinary income	6	336
Extraordinary losses		
Loss on sales of non-current assets	1	0
Loss on retirement of non-current assets	156	16
Impairment loss	6	35
Cost for settlement	1,097	–
Loss from fraud	214	–
Error correction fee	76	–
Other	0	–
Total extraordinary losses	1,553	52
Income (loss) before income taxes and minority interests	(430)	995
Income taxes	451	707
Profit (loss)	(881)	287
Profit (loss) attributable to non-controlling interests	(5)	26
Profit (loss) attributable to owners of parent	(876)	261

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit (loss)	(881)	287
Other comprehensive income		
Valuation difference on available-for-sale securities	155	(166)
Deferred gains or losses on hedges	164	(481)
Foreign currency translation adjustment	2,656	(251)
Remeasurements of defined benefit plans, net of tax	24	29
Total other comprehensive income	2,999	(869)
Comprehensive income	2,117	(582)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,123	(609)
Comprehensive income attributable to non-controlling interests	(5)	26

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(430)	995
Depreciation	3,382	3,694
Impairment loss	6	35
Amortization of goodwill	774	915
Gain on reversal of subscription rights to shares	(3)	(332)
Interest expenses	393	420
Decrease (increase) in notes and accounts receivable - trade	(7,143)	(9,579)
Decrease (increase) in inventories	(3,689)	(3,489)
Increase (decrease) in notes and accounts payable - trade	4,343	4,216
Increase (decrease) in accounts payable - other	79	156
Increase (decrease) in accrued expenses	1,533	1,520
Other, net	78	(776)
Subtotal	(674)	(2,222)
Interest and dividend income received	35	172
Interest expenses paid	(393)	(418)
Income taxes paid	(265)	(690)
Net cash provided by (used in) operating activities	(1,297)	(3,158)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	255	–
Purchase of property, plant and equipment	(1,776)	(1,644)
Proceeds from sales of property, plant and equipment	1,534	1
Purchase of intangible assets	(481)	(439)
Collection of loans receivable	4	30
Other, net	(129)	(15)
Net cash provided by (used in) investing activities	(591)	(2,067)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(503)	1,562
Repayments of long-term loans payable	(2,805)	(2,904)
Cash dividends paid	(471)	(425)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(783)
Redemption of convertible bonds	(4,900)	–
Repayments of finance lease obligations	(1,492)	(1,424)
Other, net	6	110
Net cash provided by (used in) financing activities	(10,166)	(3,865)
Effect of exchange rate change on cash and cash equivalents	532	(2)
Net increase (decrease) in cash and cash equivalents	(11,523)	(9,094)
Cash and cash equivalents at beginning of period	46,325	41,972
Cash and cash equivalents at end of period	34,801	32,878