

## Translation

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November 8, 2016

# CONSOLIDATED FINANCIAL RESULTS for the First Six Months of the Fiscal Year Ending March 31, 2017 <under Japanese GAAP>

Company name: **TOMY COMPANY, LTD.**  
Listing: First Section of the Tokyo Stock Exchange  
Securities identification code: 7867  
URL: <http://www.takaratomy.co.jp/>  
Representative: Harold George Meij, Representative Director, President and CEO  
Inquiries: Kazuhiro Kojima, Board Director, Senior Executive Officer & CFO  
Head of Corporate Administrations  
TEL: +81-3-5654-1548 (from overseas)

Scheduled date to file quarterly securities report: November 14, 2016  
Scheduled date to commence dividend payments: December 6, 2016  
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, 2017 (From April 1, 2016 to September 30, 2016)

### (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, 2016	76,688	(1.4)	2,593	209.2	1,615	127.4	599	129.4
September 30, 2015	77,805	4.3	838	(44.2)	710	(36.4)	261	-

Note: Comprehensive income  
Six months ended September 30, 2016: (3,432) million yen [ - %]  
Six months ended September 30, 2015: (582) million yen [ - %]

Six months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
September 30, 2016	6.95	6.87
September 30, 2015	3.07	3.06

### (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, 2016	142,260	34,443	23.8	391.00
March 31, 2016	145,652	37,824	25.5	432.87

Reference: Equity  
As of September 30, 2016: 33,866 million yen  
As of March 31, 2016: 37,146 million yen

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2016	–	5.00	–	5.00	10.00
Fiscal year ending March 31, 2017	–	5.00			
Fiscal year ending March 31, 2017 (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, 2017

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Fiscal year ending March 31, 2017	168,000	3.0	4,000	48.2	3,200	119.2	1,500	–	17.62

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

### \* Notes

(1) **Changes in significant subsidiaries during the 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, 2016	96,290,850 shares
As of March 31, 2016	96,290,850 shares

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

As of September 30, 2016	9,676,118 shares
As of March 31, 2016	10,476,617 shares

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

Six months ended September 30, 2016	86,166,624 shares
Six months ended September 30, 2015	84,986,443 shares

\* Indication regarding execution of quarterly review procedures

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

**Quarterly Consolidated Financial Statements**  
**(1) Consolidated balance sheet**

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	40,046	37,492
Notes and accounts receivable - trade	20,167	25,178
Merchandise and finished goods	18,437	17,903
Work in process	439	388
Raw materials and supplies	1,223	1,079
Deferred tax assets	2,103	2,315
Other	5,841	5,138
Allowance for doubtful accounts	(170)	(147)
<b>Total current assets</b>	<b>88,089</b>	<b>89,349</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,608	13,457
Accumulated depreciation	(8,406)	(8,467)
Accumulated impairment loss	(457)	(441)
<b>Buildings and structures, net</b>	<b>4,743</b>	<b>4,548</b>
Machinery, equipment and vehicles	2,229	2,202
Accumulated depreciation	(1,495)	(1,516)
Accumulated impairment loss	(17)	(17)
<b>Machinery, equipment and vehicles, net</b>	<b>716</b>	<b>668</b>
Tools, furniture and fixtures	26,932	26,419
Accumulated depreciation	(23,068)	(23,048)
Accumulated impairment loss	(1,108)	(973)
<b>Tools, furniture and fixtures, net</b>	<b>2,754</b>	<b>2,397</b>
Land	4,309	4,282
Leased assets	6,250	7,543
Accumulated depreciation	(3,136)	(3,361)
Accumulated impairment loss	(0)	(0)
<b>Leased assets, net</b>	<b>3,113</b>	<b>4,181</b>
Construction in progress	303	354
<b>Total property, plant and equipment</b>	<b>15,940</b>	<b>16,432</b>
Intangible assets		
Goodwill	22,017	19,103
Other	14,534	12,596
<b>Total intangible assets</b>	<b>36,552</b>	<b>31,700</b>
Investments and other assets		
Investment securities	2,628	2,381
Deferred tax assets	80	81
Other	2,398	2,360
Allowance for doubtful accounts	(82)	(82)
<b>Total investments and other assets</b>	<b>5,025</b>	<b>4,741</b>
<b>Total non-current assets</b>	<b>57,518</b>	<b>52,873</b>
Deferred assets		
Bond issuance cost	44	36
<b>Total deferred assets</b>	<b>44</b>	<b>36</b>
<b>Total assets</b>	<b>145,652</b>	<b>142,260</b>

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,398	11,470
Short-term loans payable	11,636	8,918
Current portion of long-term loans payable	4,234	4,286
Lease obligations	2,370	2,555
Accounts payable - other	5,677	5,600
Accrued expenses	7,130	6,618
Income taxes payable	954	883
Provision	606	546
Other	1,645	3,179
Total current liabilities	42,654	44,058
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	45,904	44,581
Lease obligations	959	1,200
Deferred tax liabilities	2,520	2,013
Deferred tax liabilities for land revaluation	472	472
Provision for directors' retirement benefits	128	125
Net defined benefit liability	3,238	3,006
Other	1,949	2,357
Total non-current liabilities	65,173	63,757
Total liabilities	107,827	107,816
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,423	6,501
Retained earnings	24,972	25,142
Treasury shares	(6,814)	(6,294)
Total shareholders' equity	28,040	28,809
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	738	569
Deferred gains or losses on hedges	(698)	(1,256)
Revaluation reserve for land	146	146
Foreign currency translation adjustment	9,846	6,429
Remeasurements of defined benefit plans	(928)	(833)
Total accumulated other comprehensive income	9,105	5,056
Subscription rights to shares	320	203
Non-controlling interests	357	373
Total net assets	37,824	34,443
Total liabilities and net assets	145,652	142,260

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

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	77,805	76,688
Cost of sales	50,050	48,103
Gross profit	27,754	28,584
Selling, general and administrative expenses		
Packing and transportation expenses	1,481	1,440
Warehousing expenses	1,889	1,825
Advertising expenses	4,900	5,933
Salaries, allowances and bonuses	7,966	6,992
Research and development expenses	1,268	1,422
Commission fee	1,409	1,447
Other	8,001	6,929
Total selling, general and administrative expenses	26,916	25,991
Operating income	838	2,593
Non-operating income		
Interest and dividend income	172	45
Foreign exchange gains	3	–
Rent income	72	77
Other	136	44
Total non-operating income	385	168
Non-operating expenses		
Interest expenses	420	315
Foreign exchange losses	–	663
Other	93	166
Total non-operating expenses	513	1,145
Ordinary income	710	1,615
Extraordinary income		
Gain on reversal of subscription rights to shares	332	55
Reversal of provision for contingent loss	–	29
Other	4	15
Total extraordinary income	336	100
Extraordinary losses		
Impairment loss	35	562
Other	16	3
Total extraordinary losses	52	565
Profit before income taxes	995	1,150
Income taxes	707	534
Profit	287	616
Profit attributable to non-controlling interests	26	16
Profit attributable to owners of parent	261	599

**Consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	287	616
Other comprehensive income		
Valuation difference on available-for-sale securities	(166)	(168)
Deferred gains or losses on hedges	(481)	(557)
Foreign currency translation adjustment	(251)	(3,417)
Remeasurements of defined benefit plans, net of tax	29	94
Total other comprehensive income	(869)	(4,048)
Comprehensive income	(582)	(3,432)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(609)	(3,449)
Comprehensive income attributable to non-controlling interests	26	17

**(3) Consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	995	1,150
Depreciation	3,694	3,498
Impairment loss	35	562
Amortization of goodwill	915	681
Gain on reversal of subscription rights to shares	(332)	(55)
Increase (decrease) in provision for contingent loss	–	(29)
Increase (decrease) in net defined benefit liability	(360)	(129)
Increase (decrease) in provision for directors' retirement benefits	(24)	(1)
Interest and dividend income	(172)	(45)
Interest expenses	420	315
Foreign exchange losses (gains)	130	392
Decrease (increase) in notes and accounts receivable - trade	(9,579)	(6,095)
Decrease (increase) in inventories	(3,489)	(611)
Decrease (increase) in prepaid expenses	(206)	403
Increase (decrease) in notes and accounts payable - trade	4,216	2,513
Increase (decrease) in accounts payable - other	156	169
Increase (decrease) in accrued expenses	1,520	375
Other, net	(142)	551
Subtotal	(2,222)	3,647
Interest and dividend income received	172	42
Interest expenses paid	(418)	(314)
Extra retirement payments	–	(168)
Income taxes paid	(690)	(915)
Net cash provided by (used in) operating activities	(3,158)	2,291
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,644)	(1,841)
Purchase of intangible assets	(439)	(632)
Proceeds from fees for equipment	–	812
Other, net	16	200
Net cash provided by (used in) investing activities	(2,067)	(1,460)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,562	(1,175)
Proceeds from long-term loans payable	–	2,000
Repayments of long-term loans payable	(2,904)	(2,157)
Cash dividends paid	(425)	(428)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(783)	–
Proceeds from sales and leasebacks	–	1,625
Repayments of finance lease obligations	(1,424)	(2,423)
Other, net	110	510
Net cash provided by (used in) financing activities	(3,865)	(2,049)
Effect of exchange rate change on cash and cash equivalents	(2)	(1,285)
Net increase (decrease) in cash and cash equivalents	(9,094)	(2,503)
Cash and cash equivalents at beginning of period	41,972	39,902
Cash and cash equivalents at end of period	32,878	37,398