

## Translation

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August 8, 2014

# CONSOLIDATED FINANCIAL RESULTS for the First Three Months of the Fiscal Year Ending March 31, 2015 <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: Kantaro Tomiyama, President and CEO  
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Scheduled date to file quarterly securities report: August 8, 2014  
Scheduled date to commence dividend payments: –  
Supplementary material on quarterly financial results: None  
Quarterly financial results presentation meeting: None

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

## 1. Consolidated performance for the first three months of the fiscal year ending March 31, 2015 (From April 1, 2014 to June 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2014	31,858	(12.7)	(597)	–	(824)	–	(1,978)	–
June 30, 2013	36,512	5.0	104	–	91	–	(1,036)	–

Note: Comprehensive income  
Three months ended June 30, 2014: (2,612) million yen [ – %]  
Three months ended June 30, 2013: 630 million yen [ – %]

	Net income per share	Diluted net income per share
Three months ended	yen	yen
June 30, 2014	(21.02)	–
June 30, 2013	(11.01)	–

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
June 30, 2014	147,732	47,800	31.4	493.47
March 31, 2014	156,467	50,907	31.7	526.49

Reference: Equity  
As of June 30, 2014: 46,450 million yen  
As of March 31, 2014: 49,558 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, 2014	–	5.00	–	5.00	10.00
Fiscal year ending March 31, 2015	–				
Fiscal year ending March 31, 2015 (Forecast)		5.00	–	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, 2015

(From April 1, 2014 to March 31, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Six months ending September 30, 2014	81,000	1.1	2,000	(23.7)	1,800	(36.6)	(700)	–	(7.44)
Fiscal year ending March 31, 2015	160,000	3.4	4,000	19.9	3,500	6.0	(300)	–	(3.19)

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

### \* Notes

(1) **Changes in significant subsidiaries during the three 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 June 30, 2014	96,290,850 shares
As of March 31, 2014	96,290,850 shares

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

As of June 30, 2014	2,160,822 shares
As of March 31, 2014	2,159,947 shares

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

Three months ended June 30, 2014	94,130,392 shares
Three months ended June 30, 2013	94,134,337 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, 2014	As of June 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	46,775	35,490
Notes and accounts receivable - trade	18,271	18,039
Merchandise and finished goods	17,142	19,642
Work in process	317	389
Raw materials and supplies	762	838
Deferred tax assets	1,993	2,562
Other	5,491	5,986
Allowance for doubtful accounts	(158)	(158)
<b>Total current assets</b>	<b>90,595</b>	<b>82,790</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,282	13,316
Accumulated depreciation	(7,967)	(8,034)
Accumulated impairment loss	(373)	(370)
<b>Buildings and structures, net</b>	<b>4,942</b>	<b>4,912</b>
Machinery, equipment and vehicles	1,931	1,955
Accumulated depreciation	(1,191)	(1,236)
Accumulated impairment loss	0	-
<b>Machinery, equipment and vehicles, net</b>	<b>739</b>	<b>718</b>
Tools, furniture and fixtures	25,614	26,030
Accumulated depreciation	(22,552)	(22,889)
Accumulated impairment loss	(421)	(415)
<b>Tools, furniture and fixtures, net</b>	<b>2,639</b>	<b>2,725</b>
Land	4,293	4,289
Leased assets	5,755	5,575
Accumulated depreciation	(2,929)	(3,033)
<b>Leased assets, net</b>	<b>2,825</b>	<b>2,541</b>
Construction in progress	1,323	1,750
<b>Total property, plant and equipment</b>	<b>16,764</b>	<b>16,937</b>
Intangible assets		
Goodwill	25,707	24,937
Other	17,765	17,360
<b>Total intangible assets</b>	<b>43,473</b>	<b>42,297</b>
Investments and other assets		
Investment securities	2,243	2,340
Deferred tax assets	103	105
Other	3,424	3,388
Allowance for doubtful accounts	(230)	(216)
<b>Total investments and other assets</b>	<b>5,540</b>	<b>5,619</b>
<b>Total non-current assets</b>	<b>65,778</b>	<b>64,854</b>

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
<b>Deferred assets</b>		
Bond issuance cost	93	88
<b>Total deferred assets</b>	<b>93</b>	<b>88</b>
<b>Total assets</b>	<b>156,467</b>	<b>147,732</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,224	10,782
Short-term loans payable	7,335	5,487
Current portion of long-term loans payable	5,533	5,509
Current portion of bonds with subscription rights to shares	4,900	–
Lease obligations	2,172	2,036
Accounts payable - other	4,365	3,943
Accrued expenses	6,297	6,805
Income taxes payable	453	488
Provision	1,258	1,305
Other	624	938
<b>Total current liabilities</b>	<b>41,166</b>	<b>37,297</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Bonds with subscription rights to shares	7,400	7,400
Long-term loans payable	37,719	36,161
Lease obligations	640	517
Deferred tax liabilities	2,810	2,741
Deferred tax liabilities for land revaluation	551	551
Other provision	216	222
Net defined benefit liability	3,084	3,113
Other	1,970	1,926
<b>Total non-current liabilities</b>	<b>64,393</b>	<b>62,634</b>
<b>Total liabilities</b>	<b>105,559</b>	<b>99,932</b>

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,743	6,743
Retained earnings	35,320	32,834
Treasury shares	(1,323)	(1,324)
Total shareholders' equity	44,200	41,713
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	433	513
Deferred gains or losses on hedges	216	79
Revaluation reserve for land	68	68
Foreign currency translation adjustment	4,999	4,414
Remeasurements of defined benefit plans	(360)	(339)
Total accumulated other comprehensive income	5,358	4,736
Subscription rights to shares	644	665
Minority interests	704	684
Total net assets	50,907	47,800
Total liabilities and net assets	156,467	147,732

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

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	36,512	31,858
Cost of sales	24,551	20,832
Gross profit	11,961	11,025
Selling, general and administrative expenses		
Packing and transportation expenses	692	618
Warehousing expenses	840	877
Advertising expenses	1,705	1,834
Salaries, allowances and bonuses	3,751	3,533
Research and development expenses	371	480
Commission fee	595	633
Other	3,899	3,646
Total selling, general and administrative expenses	11,856	11,623
Operating income (loss)	104	(597)
Non-operating income		
Interest and dividend income	47	25
Rent income	51	40
Other	144	36
Total non-operating income	242	103
Non-operating expenses		
Interest expenses	213	197
Foreign exchange losses	-	95
Other	42	37
Total non-operating expenses	256	330
Ordinary income (loss)	91	(824)
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on reversal of subscription rights to shares	159	1
Other	20	-
Total extraordinary income	180	2
Extraordinary losses		
Loss on sales of non-current assets	4	1
Loss on retirement of non-current assets	1	2
Loss on sales of investment securities	231	-
Loss on valuation of investment securities	132	-
Settlement cost	-	1,084
Loss from fraud	-	214
Other	9	-
Total extraordinary losses	378	1,303
Loss before income taxes and minority interests	(106)	(2,125)
Income taxes	934	(134)
Loss before minority interests	(1,041)	(1,990)
Minority interests in loss	(4)	(12)
Net loss	(1,036)	(1,978)

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

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Loss before minority interests	(1,041)	(1,990)
Other comprehensive income		
Valuation difference on available-for-sale securities	49	79
Deferred gains or losses on hedges	128	(137)
Foreign currency translation adjustment	1,493	(585)
Remeasurements of defined benefit plans, net of tax	–	20
Total other comprehensive income	1,671	(622)
Comprehensive income	630	(2,612)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	635	(2,600)
Comprehensive income attributable to minority interests	(4)	(11)



### (3) Consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Cash flows from operating activities		
Loss before income taxes and minority interests	(106)	(2,125)
Depreciation	1,529	1,598
Loss on retirement of non-current assets	1	2
Amortization of goodwill	407	383
Amortization of negative goodwill	(13)	–
Gain on bargain purchase	(20)	–
Gain on reversal of subscription rights to shares	(159)	(1)
Increase (decrease) in allowance for doubtful accounts	(10)	(13)
Increase (decrease) in provision for retirement benefits	(201)	–
Increase (decrease) in net defined benefit liability	–	55
Increase (decrease) in provision for directors' retirement benefits	(21)	5
Interest and dividend income	(47)	(25)
Interest expenses	213	197
Loss (gain) on sales of non-current assets	4	(0)
Decrease (increase) in notes and accounts receivable - trade	3,394	156
Decrease (increase) in inventories	(2,822)	(2,705)
Increase (decrease) in notes and accounts payable - trade	2,266	2,623
Increase (decrease) in accounts payable - other	(2,674)	(435)
Increase (decrease) in accrued expenses	60	547
Other, net	(977)	(254)
Subtotal	821	8
Interest and dividend income received	36	24
Interest expenses paid	(214)	(180)
Income taxes paid	(366)	(463)
Net cash provided by (used in) operating activities	276	(611)
Cash flows from investing activities		
Purchase of property, plant and equipment	(520)	(1,179)
Purchase of intangible assets	(101)	(206)
Purchase of investment securities	(1)	(0)
Purchase of shares of subsidiaries	(12)	–
Other, net	368	284
Net cash provided by (used in) investing activities	(266)	(1,101)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,577	(1,869)
Proceeds from long-term loans payable	400	–
Repayments of long-term loans payable	(1,445)	(1,396)
Redemption of bonds	(255)	–
Cash dividends paid	(239)	(407)
Redemption of convertible bonds	–	(4,900)
Repayments of finance lease obligations	(597)	(676)
Other, net	(1)	(2)
Net cash provided by (used in) financing activities	(562)	(9,253)
Effect of exchange rate change on cash and cash equivalents	85	(62)
Net increase (decrease) in cash and cash equivalents	(465)	(11,029)
Cash and cash equivalents at beginning of period	32,583	46,325
Cash and cash equivalents at end of period	32,117	35,295