

## Translation

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November 13, 2014

# CONSOLIDATED FINANCIAL RESULTS for the First Six 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: November 13, 2014  
Scheduled date to commence dividend payments: December 4, 2014  
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, 2015 (From April 1, 2014 to September 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	%
Six months ended September 30, 2014	74,617	(6.9)	1,502	(42.7)	1,116	(60.7)	(876)	-
Six months ended September 30, 2013	80,139	(3.9)	2,621	136.9	2,837	264.8	62	-

Note: Comprehensive income  
Six months ended September 30, 2014: 2,117 million yen [ 72.3 %]  
Six months ended September 30, 2013: 1,229 million yen [ - %]

	Net income per share	Diluted net income per share
Six months ended	yen	yen
September 30, 2014	(9.31)	-
September 30, 2013	0.67	0.56

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
September 30, 2014	159,027	52,580	32.2	543.66
March 31, 2014	156,467	50,907	31.7	526.49

Reference: Equity  
As of September 30, 2014: 51,183 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	–	5.00			
Fiscal year ending March 31, 2015 (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, 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
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: 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, 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 September 30, 2014	2,145,166 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)

Six months ended September 30, 2014	94,131,135 shares
Six months ended September 30, 2013	94,133,926 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 September 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	46,775	34,995
Notes and accounts receivable - trade	18,271	25,975
Merchandise and finished goods	17,142	21,281
Work in process	317	319
Raw materials and supplies	762	872
Deferred tax assets	1,993	2,558
Other	5,491	5,583
Allowance for doubtful accounts	(158)	(164)
<b>Total current assets</b>	<b>90,595</b>	<b>91,421</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,282	13,462
Accumulated depreciation	(7,967)	(8,194)
Accumulated impairment loss	(373)	(373)
<b>Buildings and structures, net</b>	<b>4,942</b>	<b>4,894</b>
Machinery, equipment and vehicles	1,931	2,018
Accumulated depreciation	(1,191)	(1,300)
Accumulated impairment loss	(0)	-
<b>Machinery, equipment and vehicles, net</b>	<b>739</b>	<b>717</b>
Tools, furniture and fixtures	25,614	26,958
Accumulated depreciation	(22,552)	(23,560)
Accumulated impairment loss	(421)	(439)
<b>Tools, furniture and fixtures, net</b>	<b>2,639</b>	<b>2,958</b>
Land	4,293	4,310
Leased assets	5,755	7,122
Accumulated depreciation	(2,929)	(3,377)
<b>Leased assets, net</b>	<b>2,825</b>	<b>3,745</b>
Construction in progress	1,323	297
<b>Total property, plant and equipment</b>	<b>16,764</b>	<b>16,924</b>
Intangible assets		
Goodwill	25,707	26,516
Other	17,765	18,341
<b>Total intangible assets</b>	<b>43,473</b>	<b>44,858</b>
Investments and other assets		
Investment securities	2,243	2,471
Deferred tax assets	103	108
Other	3,424	3,381
Allowance for doubtful accounts	(230)	(221)
<b>Total investments and other assets</b>	<b>5,540</b>	<b>5,739</b>
<b>Total non-current assets</b>	<b>65,778</b>	<b>67,522</b>
Deferred assets		
Bond issuance cost	93	84
<b>Total deferred assets</b>	<b>93</b>	<b>84</b>
<b>Total assets</b>	<b>156,467</b>	<b>159,027</b>

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,224	12,974
Short-term loans payable	7,335	6,988
Current portion of long-term loans payable	5,533	5,650
Current portion of bonds with subscription rights to shares	4,900	–
Lease obligations	2,172	2,415
Accounts payable - other	4,365	4,434
Accrued expenses	6,297	8,095
Income taxes payable	453	1,128
Provision	1,258	877
Other	624	510
<b>Total current liabilities</b>	<b>41,166</b>	<b>43,074</b>
Non-current liabilities		
Bonds payable	10,000	10,000
Bonds with subscription rights to shares	7,400	7,400
Long-term loans payable	37,719	35,684
Lease obligations	640	1,478
Deferred tax liabilities	2,810	2,966
Deferred tax liabilities for land revaluation	551	551
Net defined benefit liability	3,084	3,066
Provision	216	229
Other	1,970	1,995
<b>Total non-current liabilities</b>	<b>64,393</b>	<b>63,372</b>
<b>Total liabilities</b>	<b>105,559</b>	<b>106,447</b>
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,743	6,743
Retained earnings	35,320	33,937
Treasury shares	(1,323)	(1,314)
<b>Total shareholders' equity</b>	<b>44,200</b>	<b>42,825</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	433	588
Deferred gains or losses on hedges	216	380
Revaluation reserve for land	68	68
Foreign currency translation adjustment	4,999	7,655
Remeasurements of defined benefit plans	(360)	(336)
<b>Total accumulated other comprehensive income</b>	<b>5,358</b>	<b>8,357</b>
Subscription rights to shares	644	675
Minority interests	704	721
<b>Total net assets</b>	<b>50,907</b>	<b>52,580</b>
<b>Total liabilities and net assets</b>	<b>156,467</b>	<b>159,027</b>

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

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	80,139	74,617
Cost of sales	52,853	48,729
Gross profit	27,286	25,887
Selling, general and administrative expenses		
Packing and transportation expenses	1,506	1,410
Warehousing expenses	1,905	1,843
Advertising expenses	3,851	4,088
Salaries, allowances and bonuses	7,424	7,135
Research and development expenses	875	1,025
Commission fee	1,319	1,336
Other	7,780	7,544
Total selling, general and administrative expenses	24,664	24,384
Operating income	2,621	1,502
Non-operating income		
Interest and dividend income	68	37
Foreign exchange gains	401	–
Rent income	94	78
Other	149	55
Total non-operating income	714	171
Non-operating expenses		
Interest expenses	415	393
Other	83	164
Total non-operating expenses	498	557
Ordinary income	2,837	1,116
Extraordinary income		
Gain on sales of non-current assets	0	2
Gain on reversal of subscription rights to shares	167	3
Gain on bargain purchase	32	–
Total extraordinary income	201	6
Extraordinary losses		
Loss on sales of non-current assets	4	1
Loss on retirement of non-current assets	10	156
Impairment loss	4	6
Loss on sales of investment securities	231	–
Loss on sales of shares of subsidiaries and associates	315	–
Settlement cost	–	1,097
Loss from fraud	–	214
Prior periods adjustment expenses	–	76
Other	141	0
Total extraordinary losses	708	1,553
Income (loss) before income taxes and minority interests	2,331	(430)
Income taxes	2,255	451
Income (loss) before minority interests	75	(881)
Minority interests in income (loss)	13	(5)
Net income (loss)	62	(876)

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

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income (loss) before minority interests	75	(881)
Other comprehensive income		
Valuation difference on available-for-sale securities	150	155
Deferred gains or losses on hedges	(271)	164
Foreign currency translation adjustment	1,275	2,656
Remeasurements of defined benefit plans, net of tax	–	24
Total other comprehensive income	1,153	2,999
Comprehensive income	1,229	2,117
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,215	2,123
Comprehensive income attributable to minority interests	13	(5)

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

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes and minority interests	2,331	(430)
Depreciation	3,127	3,382
Impairment loss	4	6
Amortization of goodwill	815	774
Amortization of negative goodwill	(14)	–
Gain on bargain purchase	(32)	–
Gain on reversal of subscription rights to shares	(167)	(3)
Interest expenses	415	393
Decrease (increase) in notes and accounts receivable - trade	(3,117)	(7,143)
Decrease (increase) in inventories	(4,494)	(3,689)
Increase (decrease) in notes and accounts payable - trade	3,484	4,343
Increase (decrease) in accounts payable - other	(1,989)	79
Increase (decrease) in accrued expenses	1,036	1,533
Other, net	(617)	78
Subtotal	779	(674)
Interest and dividend income received	58	35
Interest expenses paid	(419)	(393)
Income taxes paid	(1,139)	(265)
Net cash provided by (used in) operating activities	(721)	(1,297)
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	554	255
Purchase of property, plant and equipment	(968)	(1,776)
Proceeds from sales of property, plant and equipment	213	1,534
Purchase of intangible assets	(368)	(481)
Purchase of investment securities	(2)	(1)
Collection of loans receivable	1,116	4
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(5)	–
Purchase of shares of subsidiaries	(19)	–
Other, net	(303)	(127)
Net cash provided by (used in) investing activities	216	(591)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	2,869	(503)
Proceeds from long-term loans payable	400	–
Repayments of long-term loans payable	(2,836)	(2,805)
Redemption of bonds	(525)	–
Cash dividends paid	(287)	(471)
Redemption of convertible bonds	–	(4,900)
Repayments of finance lease obligations	(1,321)	(1,492)
Other, net	(2)	6
Net cash provided by (used in) financing activities	(1,704)	(10,166)
Effect of exchange rate change on cash and cash equivalents	156	532
Net increase (decrease) in cash and cash equivalents	(2,052)	(11,523)
Cash and cash equivalents at beginning of period	32,583	46,325
Cash and cash equivalents at end of period	30,531	34,801