

Translation

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May 10, 2016

CONSOLIDATED FINANCIAL RESULTS for the Fiscal Year Ended 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, 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 of ordinary general meeting of shareholders: June 24, 2016
 Scheduled date to commence dividend payments: June 27, 2016
 Scheduled date to file securities report: June 27, 2016
 Supplementary material on financial results: Yes
 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 fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

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

Fiscal year 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	%
March 31, 2016	163,067	8.8	2,698	9.4	1,459	(27.5)	(6,703)	-
March 31, 2015	149,938	(3.1)	2,466	(26.0)	2,014	(39.0)	(1,817)	-

Note: Comprehensive income

Fiscal year ended March 31, 2016: (10,458) million yen [-%]
 Fiscal year ended March 31, 2015: 5,737 million yen [87.8%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income/total assets	Operating income/net sales
	yen	yen	%	%	%
March 31, 2016	(78.74)	-	(15.7)	1.0	1.7
March 31, 2015	(19.91)	-	(3.7)	1.3	1.6

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2016: 8 million yen
 Fiscal year ended March 31, 2015: (23) million yen

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
March 31, 2016	145,652	37,824	25.5	432.87
March 31, 2015	159,638	49,650	30.2	567.91

Reference: Equity

As of March 31, 2016: 37,146 million yen
 As of March 31, 2015: 48,191 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2016	8,675	(3,974)	(6,014)	39,902
March 31, 2015	6,827	(2,428)	(10,022)	41,972

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
Fiscal year ended	yen	yen	yen	yen	yen	Millions of yen	%	%
March 31, 2015	–	5.00	–	5.00	10.00	895	–	1.8
March 31, 2016	–	5.00	–	5.00	10.00	854	–	2.0
Fiscal year ending March 31, 2017 (Forecast)	–	5.00	–	5.00	10.00		56.8	

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
Six months ending September 30, 2016 (cumulative)	78,000	0.2	1,000	19.2	700	(1.5)	200	(23.4)	2.35
Fiscal year ending March 31, 2017	168,000	3.0	4,000	48.2	3,200	119.2	1,500	–	17.62

* **Notes**

(1) **Changes in significant subsidiaries during the period** (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) **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

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

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

As of March 31, 2016	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 March 31, 2016	10,476,617 shares
As of March 31, 2015	11,434,356 shares

C. Average number of shares during the period

Fiscal year ended March 31, 2016	85,132,921 shares
Fiscal year ended March 31, 2015	91,269,502 shares

* Indication regarding execution of audit procedures

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

Consolidated Financial Statements
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	42,117	40,046
Notes and accounts receivable - trade	18,387	20,167
Merchandise and finished goods	19,647	18,437
Work in process	334	439
Raw materials and supplies	1,122	1,223
Deferred tax assets	1,276	2,103
Other	5,943	5,841
Allowance for doubtful accounts	(177)	(170)
Total current assets	88,651	88,089
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,722	13,608
Accumulated depreciation	(8,446)	(8,406)
Accumulated impairment loss	(399)	(457)
Buildings and structures, net	4,876	4,743
Machinery, equipment and vehicles	2,169	2,229
Accumulated depreciation	(1,420)	(1,495)
Accumulated impairment loss	(12)	(17)
Machinery, equipment and vehicles, net	737	716
Tools, furniture and fixtures	27,202	26,932
Accumulated depreciation	(23,267)	(23,068)
Accumulated impairment loss	(488)	(1,108)
Tools, furniture and fixtures, net	3,446	2,754
Land	4,336	4,309
Leased assets	6,937	6,250
Accumulated depreciation	(3,498)	(3,136)
Accumulated impairment loss	(2)	(0)
Leased assets, net	3,436	3,113
Construction in progress	273	303
Total property, plant and equipment	17,106	15,940
Intangible assets		
Goodwill	28,210	22,017
Right of using trademark	11,427	7,626
Other	8,031	6,908
Total intangible assets	47,669	36,552
Investments and other assets		
Investment securities	2,913	2,628
Deferred tax assets	115	80
Other	3,348	2,398
Allowance for doubtful accounts	(226)	(82)
Total investments and other assets	6,151	5,025
Total non-current assets	70,927	57,518
Deferred assets		
Bond issuance cost	59	44
Total deferred assets	59	44
Total assets	159,638	145,652

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,639	8,398
Short-term loans payable	8,614	11,636
Current portion of long-term loans payable	5,829	4,234
Lease obligations	2,194	2,370
Accounts payable - other	4,748	5,677
Accrued expenses	5,772	7,130
Income taxes payable	622	954
Provision for sales returns	488	460
Allowance for recall	94	70
Provision for directors' bonuses	-	25
Provision for contingent loss	49	49
Other	517	1,646
Total current liabilities	37,571	42,654
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	50,893	45,904
Lease obligations	1,433	959
Deferred tax liabilities	3,790	2,520
Deferred tax liabilities for land revaluation	499	472
Net defined benefit liability	3,561	3,238
Provision for directors' retirement benefits	152	128
Other	2,084	1,949
Total non-current liabilities	72,416	65,173
Total liabilities	109,987	107,827
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,741	6,423
Retained earnings	32,525	24,972
Treasury shares	(7,437)	(6,814)
Total shareholders' equity	35,288	28,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	961	738
Deferred gains or losses on hedges	513	(698)
Revaluation reserve for land	120	146
Foreign currency translation adjustment	11,948	9,846
Remeasurements of defined benefit plans	(641)	(928)
Total accumulated other comprehensive income	12,902	9,105
Subscription rights to shares	680	320
Non-controlling interests	778	357
Total net assets	49,650	37,824
Total liabilities and net assets	159,638	145,652

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	149,938	163,067
Cost of sales	97,233	105,727
Gross profit	52,704	57,339
Selling, general and administrative expenses		
Packing and transportation expenses	2,923	3,167
Warehousing expenses	3,904	3,973
Advertising expenses	8,971	11,632
Directors' compensations	620	599
Salaries, allowances and bonuses	13,867	14,682
Provision for directors' bonuses	6	29
Retirement benefit expenses	1,235	860
Provision for directors' retirement benefits	47	49
Depreciation	2,173	2,242
Research and development expenses	2,273	2,872
Commission fee	2,930	2,932
Provision of allowance for doubtful accounts	19	23
Other	11,264	11,575
Total selling, general and administrative expenses	50,237	54,641
Operating income	2,466	2,698
Non-operating income		
Interest and dividend income	91	240
Rent income	153	148
Foreign exchange gains	210	-
Other	145	227
Total non-operating income	601	616
Non-operating expenses		
Interest expenses	809	805
Sales discounts	13	23
Amortization of bond issuance cost	33	15
Foreign exchange losses	-	564
Commission fee	24	208
Other	172	237
Total non-operating expenses	1,053	1,854
Ordinary income	2,014	1,459

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Extraordinary income		
Gain on sales of non-current assets	12	4
Gain on liquidation of subsidiaries and associates	16	–
Gain on reversal of subscription rights to shares	15	332
Other	–	13
Total extraordinary income	44	350
Extraordinary losses		
Loss on sales of non-current assets	1	1
Loss on valuation of investment securities	0	–
Impairment loss	161	7,492
Loss on sales of shares of subsidiaries and associates	–	323
Business structure improvement expenses	–	683
Cost for settlement	1,170	–
Loss from fraud	214	–
Error correction expense	78	–
Other	225	21
Total extraordinary losses	1,852	8,522
Profit (loss) before income taxes	206	(6,711)
Income taxes - current	1,120	1,177
Income taxes - deferred	893	(1,227)
Total income taxes	2,013	(49)
Loss	(1,806)	(6,662)
Profit attributable to non-controlling interests	10	41
Loss attributable to owners of parent	(1,817)	(6,703)

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Loss	(1,806)	(6,662)
Other comprehensive income		
Valuation difference on available-for-sale securities	527	(222)
Deferred gains or losses on hedges	296	(1,212)
Revaluation reserve for land	51	26
Foreign currency translation adjustment	6,949	(2,101)
Remeasurements of defined benefit plans, net of tax	(281)	(286)
Total other comprehensive income	7,544	(3,796)
Comprehensive income	5,737	(10,458)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,726	(10,500)
Comprehensive income attributable to non-controlling interests	10	41

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,459	6,743	35,320	(1,323)	44,200
Cumulative effects of changes in accounting policies			(36)		(36)
Restated balance	3,459	6,743	35,283	(1,323)	44,163
Changes of items during period					
Dividends of surplus			(941)		(941)
Loss attributable to owners of parent			(1,817)		(1,817)
Purchase of treasury shares				(6,197)	(6,197)
Disposal of treasury shares		(2)		84	81
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(2)	(2,758)	(6,113)	(8,874)
Balance at end of current period	3,459	6,741	32,525	(7,437)	35,288

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	433	216	68	4,999	(360)	5,358	644	704	50,907
Cumulative effects of changes in accounting policies									(36)
Restated balance	433	216	68	4,999	(360)	5,358	644	704	50,871
Changes of items during period									
Dividends of surplus									(941)
Loss attributable to owners of parent									(1,817)
Purchase of treasury shares									(6,197)
Disposal of treasury shares									81
Change in treasury shares of parent arising from transactions with non-controlling shareholders									-
Net changes of items other than shareholders' equity	527	296	51	6,949	(281)	7,544	36	73	7,653
Total changes of items during period	527	296	51	6,949	(281)	7,544	36	73	(1,221)
Balance at end of current period	961	513	120	11,948	(641)	12,902	680	778	49,650

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,459	6,741	32,525	(7,437)	35,288
Cumulative effects of changes in accounting policies					–
Restated balance	3,459	6,741	32,525	(7,437)	35,288
Changes of items during period					
Dividends of surplus			(849)		(849)
Loss attributable to owners of parent			(6,703)		(6,703)
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		30		625	655
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(348)			(348)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(317)	(7,553)	622	(7,248)
Balance at end of current period	3,459	6,423	24,972	(6,814)	28,040

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	961	513	120	11,948	(641)	12,902	680	778	49,650
Cumulative effects of changes in accounting policies									–
Restated balance	961	513	120	11,948	(641)	12,902	680	778	49,650
Changes of items during period									
Dividends of surplus									(849)
Loss attributable to owners of parent									(6,703)
Purchase of treasury shares									(2)
Disposal of treasury shares									655
Change in treasury shares of parent arising from transactions with non-controlling shareholders									(348)
Net changes of items other than shareholders' equity	(222)	(1,212)	26	(2,101)	(286)	(3,796)	(360)	(420)	(4,577)
Total changes of items during period	(222)	(1,212)	26	(2,101)	(286)	(3,796)	(360)	(420)	(11,825)
Balance at end of current period	738	(698)	146	9,846	(928)	9,105	320	357	37,824

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit (loss) before income taxes	206	(6,711)
Depreciation	7,106	7,343
Impairment loss	161	7,492
Loss (gain) on valuation of investment securities	0	–
Amortization of goodwill	1,651	1,743
Gain on reversal of subscription rights to shares	(15)	(332)
Increase (decrease) in allowance for doubtful accounts	(2)	(133)
Increase (decrease) in net defined benefit liability	140	(359)
Interest and dividend income	(91)	(240)
Interest expenses	809	805
Loss (gain) on sales of shares of subsidiaries and associates	–	323
Business structure improvement expenses	–	683
Loss (gain) on sales of property, plant and equipment	(11)	(2)
Decrease (increase) in notes and accounts receivable - trade	420	(2,583)
Decrease (increase) in inventories	(1,828)	(232)
Decrease (increase) in accounts receivable - other	58	143
Increase (decrease) in notes and accounts payable - trade	(199)	99
Increase (decrease) in accounts payable - other	939	1,094
Increase (decrease) in accrued expenses	(889)	2,047
Other, net	(70)	(494)
Subtotal	8,387	10,684
Interest and dividend income received	85	236
Interest expenses paid	(791)	(803)
Extra retirement payments	–	(270)
Income taxes paid	(853)	(1,172)
Net cash provided by (used in) operating activities	6,827	8,675
Cash flows from investing activities		
Payments into time deposits	(230)	–
Purchase of property, plant and equipment	(3,564)	(3,080)
Proceeds from sales of property, plant and equipment	1,977	6
Purchase of intangible assets	(938)	(991)
Proceeds from sales of intangible assets	–	5
Purchase of investment securities	(3)	(3)
Proceeds from sales of investment securities	10	0
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(25)
Collection of short-term loans receivable	5	2
Other, net	315	112
Net cash provided by (used in) investing activities	(2,428)	(3,974)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,157	3,892
Proceeds from long-term loans payable	17,000	33,750
Repayments of long-term loans payable	(5,695)	(39,501)
Cash dividends paid	(944)	(851)
Payments for retirement by purchase of convertible bonds	(7,400)	–
Redemption of convertible bonds	(4,900)	–
Repayments of finance lease obligations	(3,122)	(2,839)
Purchase of treasury shares	(6,197)	(2)
Proceeds from disposal of treasury shares	81	655
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(808)
Other, net	(2)	(310)
Net cash provided by (used in) financing activities	(10,022)	(6,014)
Effect of exchange rate change on cash and cash equivalents	1,270	(756)
Net increase (decrease) in cash and cash equivalents	(4,352)	(2,070)
Cash and cash equivalents at beginning of period	46,325	41,972
Cash and cash equivalents at end of period	41,972	39,902