



## Founding Philosophy

Let's excite the world's markets with our quality products.

Our sincerity and diligence will contribute to society  
and lead to our own success and happiness.

**TOMY Company Ltd.**  
**Fiscal Year 2009 Results**  
**(1 April 2009 – 30 March 2010)**

**18 May 2010**  
**TSE Securities Code: 7867**

# **FY 2009**

# **Financial Highlights**

## **(1 April 2009 – 31 March 2010)**

TOMY Company, Ltd.  
Toshiki Miura  
Managing Director  
Chief Financial Officer

# Consolidated Income Statement



(¥100million)

|                         | 31 March 2010 |                                 |                                   | 31 March 2009 | Difference<br>(Yr-to-Yr comparison) |
|-------------------------|---------------|---------------------------------|-----------------------------------|---------------|-------------------------------------|
|                         | Actual        | 11 Nov. 09<br>Revised estimates | 12 May 2009<br>Original estimates | Actual        |                                     |
| Sales                   | 1,787         | 1,740                           | 1,730                             | 1,805         | -18                                 |
| Operating profit        | 104           | 100                             | 71                                | 50            | +54                                 |
| Operating profit margin | 5.9%          | 5.7%                            | 4.1%                              | 2.8%          | -                                   |
| Recurring profit        | 103           | 100                             | 69                                | 54            | +49                                 |
| Net profit              | 89            | 85                              | 57                                | 13            | +76                                 |

※All figures have been rounded down to the nearest ¥100million.

# Breakdown of operating profit from FY2008 to FY2009

【Consolidated】

0

(¥100 million)

FY2008  
Results

50

Gross margin decreased  
by decline of sales

△5

Gross margin increased  
by improved cost of sales  
rate

30

Decrease of SG&A

29

FY 2009  
Results

104

※All figures have been rounded down to the nearest ¥100million.

# Breakdown of SG&A

(¥100 million)

|                       | 31 March 2010 | Sales margin | 31 March 2009 | Sales margin |
|-----------------------|---------------|--------------|---------------|--------------|
| CGS                   | 1,237         | 69.2%        | 1,281         | 70.9%        |
| SGA (total)           | 445           | 24.9%        | 474           | 26.3%        |
| Personnel cost        | 169           | 9.5%         | 171           | 9.5%         |
| Advertising cost      | 92            | 5.2%         | 108           | 6.0%         |
| R&D expenses          | 27            | 1.6%         | 28            | 1.6%         |
| Distribution expenses | 48            | 2.7%         | 51            | 2.9%         |

## 【Reference: Non-consolidated】

|                       | 31 March 2010 | Sales margin | 31 March 2009 | Sales margin |
|-----------------------|---------------|--------------|---------------|--------------|
| CGS                   | 453           | 59.8%        | 513           | 64.6%        |
| SGA (total)           | 230           | 30.4%        | 228           | 28.8%        |
| Personnel cost        | 66            | 8.7%         | 58            | 7.4%         |
| Advertising cost      | 78            | 10.3%        | 82            | 10.3%        |
| R&D expenses          | 22            | 2.9%         | 21            | 2.7%         |
| Distribution expenses | 17            | 2.3%         | 18            | 2.3%         |

# Breakdown of Extraordinary Loss

(¥100 million)

| Item               |  | Amount | Detail  |
|--------------------|--|--------|---|
| Extraordinary Loss | Impairment accounting loss                   | 6      | Tatsunoko1.9、EMM1.7etc.   |
|                    | Unrealized loss on investments in securities | 3      | Gonzorosso2,etc.  |
|                    | Distribution facility restructuring expenses | 3      | Removal to new distribution center                              |
|                    | Loss from removal-and-sales of fixed assets  | 2      | Mold, etc.  |
|                    | Others                                       | 4      | Liquidation amount of advance payment for pictures' investments |
|                    |  | 18     |   |

※All figures have been rounded down to the nearest ¥100million.

# International Sales

(¥100 million)

| Area                            | 31 March 10 | 31 March 09 | Difference |
|---------------------------------|-------------|-------------|------------|
| Europe                          | 118         | 133         | -15        |
| North America                   | 106         | 93          | +13        |
| Asia                            | 79          | 78          | +1         |
| Others                          | 7           | 17          | -10        |
| Total                           | 311         | 323         | -12        |
| Ratio to Consolidated Net Sales | 17.4%       | 17.9%       | -0.5%      |

※All figures have been rounded down to the nearest ¥100million.



# Consolidated Balance Sheet



(¥100 million)

| Subject        | 31 March 10 | 31 March 09 | Difference |
|----------------|-------------|-------------|------------|
| Current Assets | 621         | 580         | +41        |
| Fixed Assets   | 336         | 334         | +2         |
| Total Assets   | 958         | 916         | +42        |

|                   |     |     |      |
|-------------------|-----|-----|------|
| Current Liability | 298 | 376 | -78  |
| Fixed Liability   | 239 | 232 | +7   |
| Total Liability   | 538 | 609 | -71  |
| Total Net Assets  | 420 | 306 | +114 |

|                            |       |       |      |
|----------------------------|-------|-------|------|
| Shareholders' Equity       | 407   | 295   | +112 |
| Shareholders' Equity Ratio | 42.5% | 32.3% |      |

|             |     |     |     |
|-------------|-----|-----|-----|
| Inventories | 108 | 119 | -11 |
|-------------|-----|-----|-----|

|                             |     |     |      |
|-----------------------------|-----|-----|------|
| Borrowings                  | 78  | 199 | -121 |
| Bonds and convertible bonds | 174 | 140 | +34  |
| Total Interest Bearing Debt | 252 | 339 | -87  |

※All figures have been rounded down to the nearest ¥100million.

# TOMY GROUP MEDIUM TERM PLAN

<To reach “Operating Profit 8%” in Fiscal 2012 >

18 May 2010

TOMY Company Ltd.  
Kantaro Tomiyama  
President & CEO

- I. Management Vision
- II. Medium Term Plan (Fiscal 2010 – Fiscal 2012)
- III. Background of establishing the Medium Term Plan
- IV -1. Position of the Plan within the TOMY Group
  - 2. Consolidated Financial Targets
  - 3. First Fiscal Year Reform - Reviewing Fiscal 2009
  - 4. Objectives by Priority Tasks
  - 5. Cost Reduction and Advanced Investment for Growth
  - 6. Financial Strategies

# I. Management Vision

**A company proposing 'plays' adapting to people's diversifying lifestyle**

Wish to provide smiles to all the people from children with overflowing curiosity, adults who have playing mind, and to active senior citizens enjoying life

**A company providing high grade information value added "plays" symbolizing today's world**

**A company creating killer contents starting from toys**

Wish to provide 'hard' and 'soft' adapting to changing times by deploying high quality brands we own, contents initiating from toys and partners' contents

**Tomy's group is aiming to become a leading corporation in the toy industry which creates the future and grow in links with public society, by having proud and responsibility in committing to toy business, and jointly own same dreams**

We concentrate on 'toys' and 'toy related business'. Providing high grade information value added "products" with 'stories' which is epoch making.

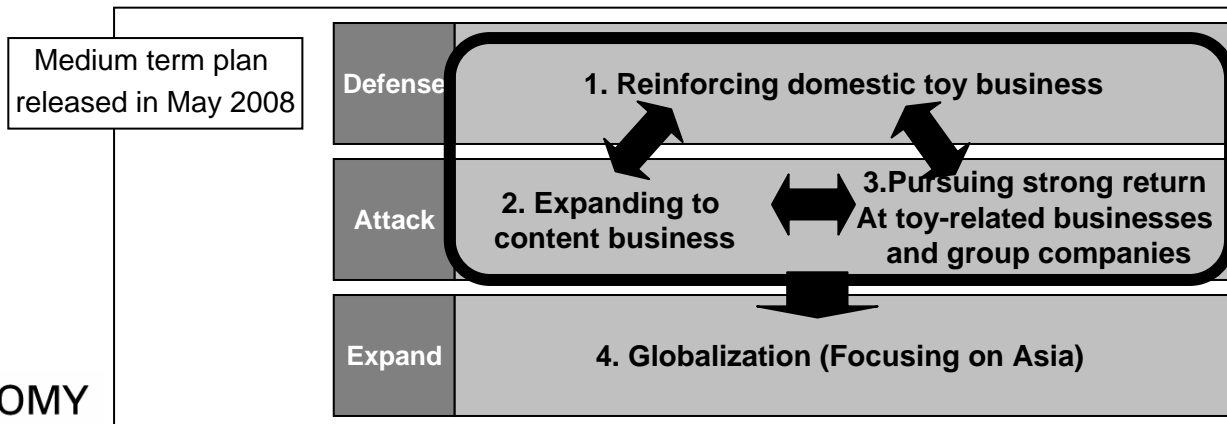
Toy industry lives in a peace world which is able to surpass country borders, human races and religions, thus providing Tomy's original "playing culture" on top of originality and innovative idea

**Aiming to become a company vitalizing world's market!, starting from "playing mind"**

# Continuation of 'Reform' in Toy Business

1. Expanding toy business in Asia
2. Globalize Boys Category Products
3. Reinforcing and expanding core business

Making clear the management tasks for coming 3 years within the medium term plan released in May 2008



# III. Background of establishing the Medium Term Plan [Sense of Crisis to the Present Condition]



The business environment surrounding Tomy should not be viewed in optimistic manner. Global toy industry may further develop to a oligopoly market as a competition between the competitors intensifies.

In fiscal 2009, Tomy achieved management tasks such as ;

- Strengthening consolidated business management
- Improving profitability without depending on sales growth
- Strengthening overseas business

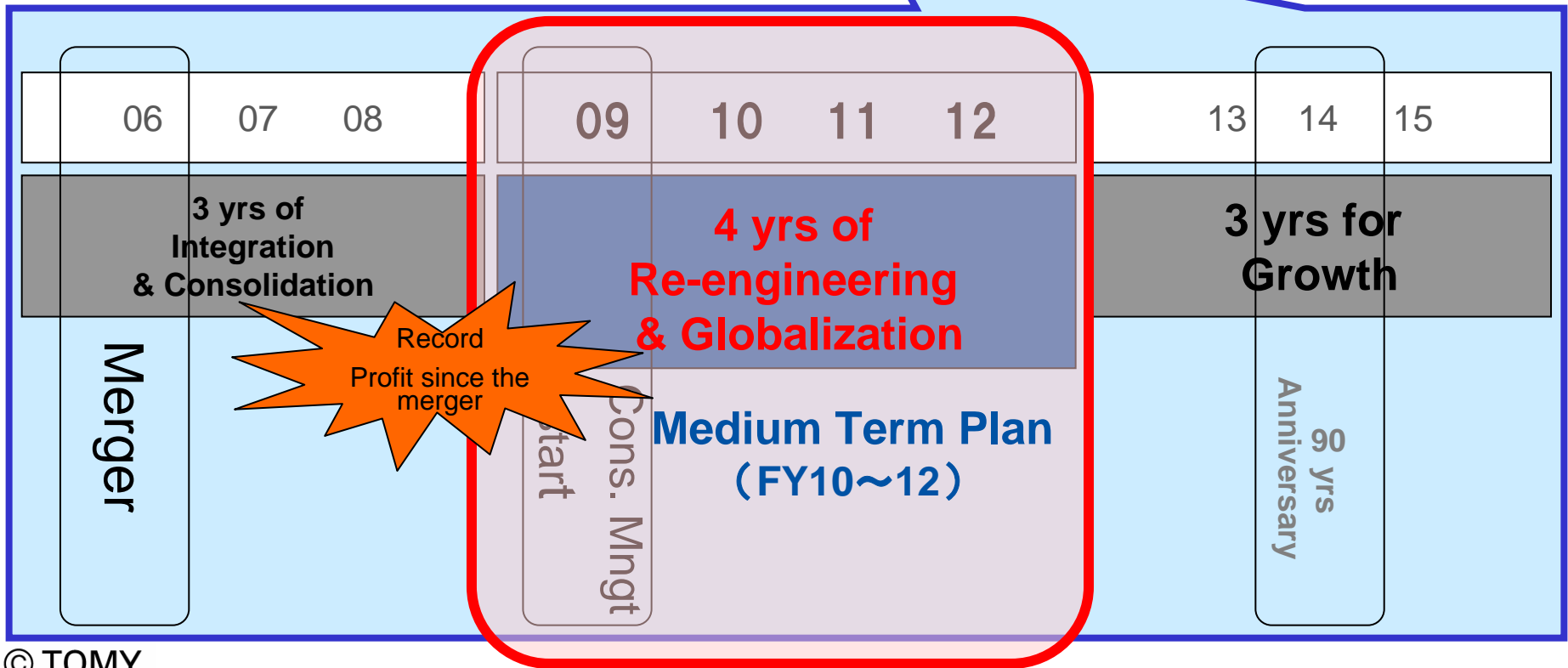
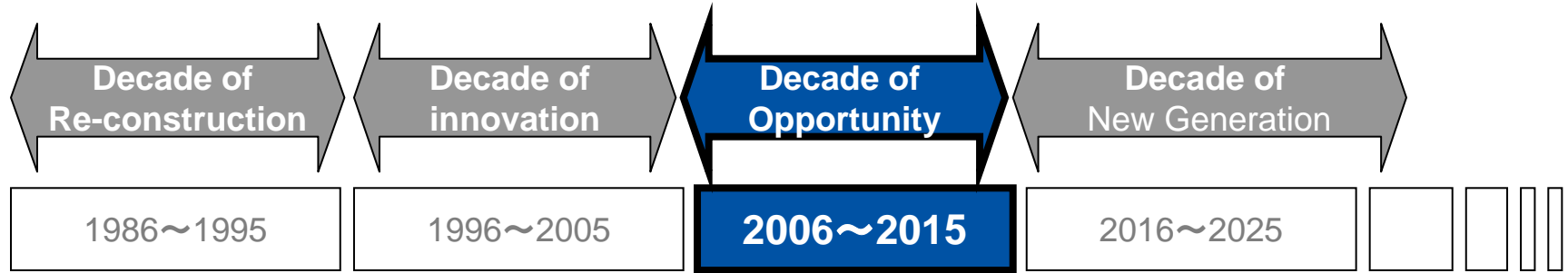
Thus, the company has generated ¥10.4 billion operating profit, which records the highest profit ever since the merger of Takara and Tomy.

To achieve the target operating margin of 8%, and continue to be the solid winning company in next 10 years ahead,

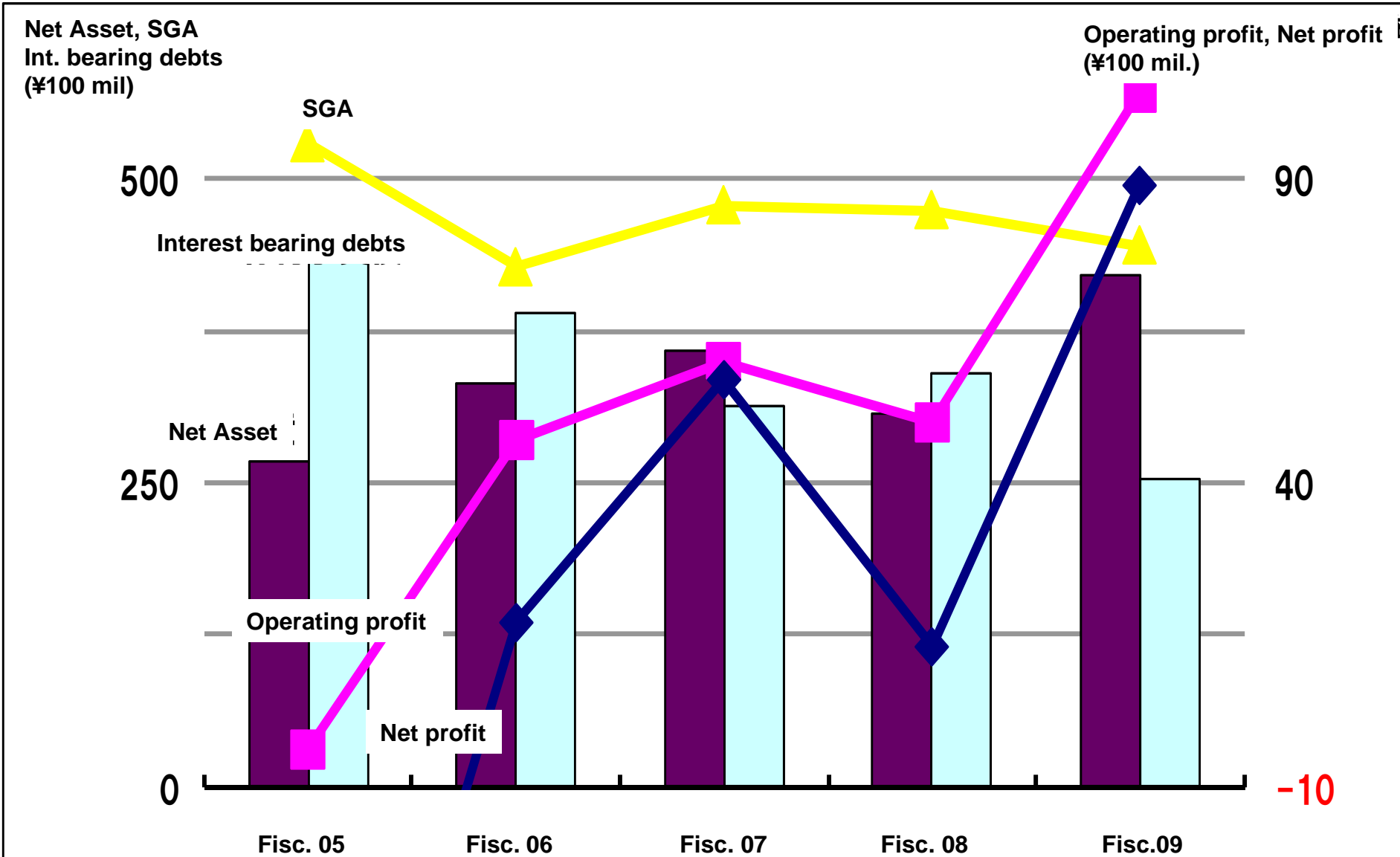
We positioned **fiscal years from 2009 to 2012 as 'the 4 years of re-engineering and Globalization'**, and prepare towards a new growth stage.

By drawing this Medium Term Plan, we aim to clarify our business objectives.

# IV-1. Medium Term Plan [Position of the Plan]



# IV-1. Medium Term Plan [Position of the Plan]





## IV-2. Medium Term Plan [Consolidated Financial Targets]



(¥100 million)

|                         | 31 March 2011<br>Estimate |                             | 31 March 2013<br>Target |
|-------------------------|---------------------------|-----------------------------|-------------------------|
| Sales                   | 1,800                     | +¥10 billion                | 1,900                   |
| Overseas sales          | 20%                       | +5%                         | 25%                     |
| of which Asia           | 5%                        | +3%                         | 8%                      |
| Operating profit        | 110                       | +¥4 billion                 | 150                     |
| Operating profit margin | 6.0%                      | 2% improve                  | 8.0%                    |
| Net profit              | 90                        | End of loss carried forward | 95                      |
| Net asset               | 490                       | +¥16 billion                | 650                     |
| Equity capital ratio    | 50%                       | +5%                         | 55%                     |
| Interest bearing debt   | 200                       | - ¥5billion                 | 150                     |

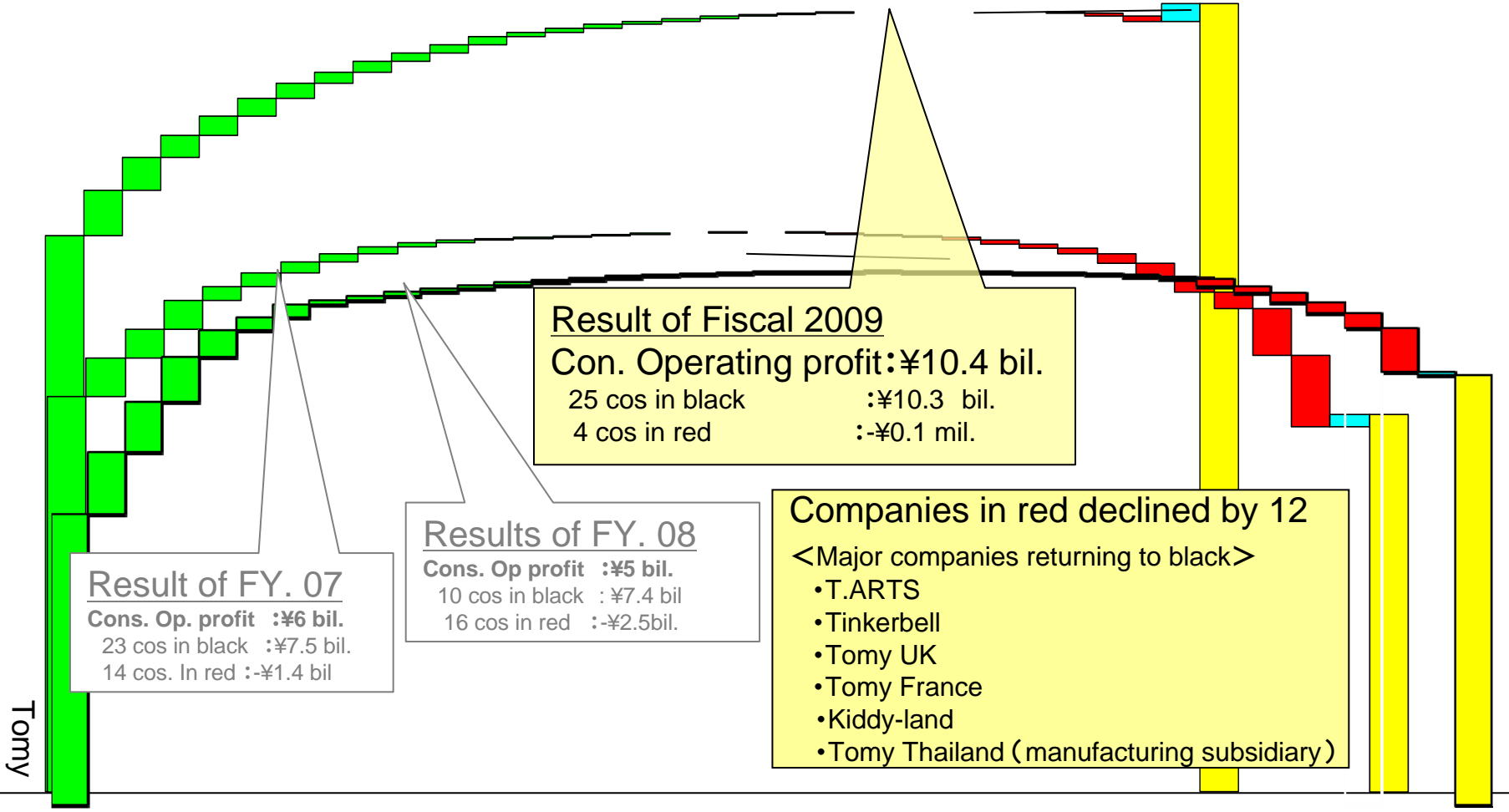
To overcome the global economic downturn due to the Lehman's fall in September 2008, Tomy has raised 3 tasks to strengthen its own profitability which does not require a help of an external environmental recovery.

- 1. Strengthening consolidated business management**
- 2. Improving profitability without depending on sales growth**
- 3. Strengthening overseas business**

# IV-3. Achievement of 'Strengthening consolidated business management'

**Achieved**

**Our group companies' profit have improved substantially**



## IV-3. Achievement of 'Improving profitability without depending on sales growth'

TAKARA

**Achieved**

### 1. Thorough management on forward business performance

- Start to hold 'Monthly reporting meeting'
  - ✓ Speed up monthly business accounting
  - ✓ Share management tasks timely
- No. of group companies: -6 (30 ← 36)

### 2. Strictly committing to cost reduction measures

- SGA reduction: -¥2.9 billion (YoY)
- Production facility shift: 5 factories in Vietnam
- SKU reduction: -9 (1,361 SKU yr-to-yr: Beyblade, Tomica etc. +80, others -89)

\* Furthermore, creating mega-hit products such as Beyblade, Transformers, and etc.

# IV-3. Achievement of 'Strengthening overseas business'

**Achieved**

## Europe & USA

- Tomy Europe (Europe)  
**Operating profit returned to black**  
 ※¥222 mil. In fiscal 09. (Aim at start: ¥355 mil., -¥282 mil. In fiscal 08)
- Tomy Corporation (North America)  
**Operating profit returned to black**  
 ※¥50 mil. In fiscal 09. (Aim at start: ¥108 mil , -¥616 mil. In fiscal 08)
- **Transformers: Mega Hit!**

## China

- August 09, Japan-China joint produced animation  
**'Romance of the Three Kingdoms' has completed & start broadcasting = first in the toy industry**
- **Initiated MD business deployment which coupled with animation**

## Korea

- September 09, Sales of hit products, **Beyblade, Duel Masters TV animation & toys has started**  
 ※Beyblade: No.1 product at Christmas sales
- November 09, Opened Korean rep office



## IV-3. Achieving management tasks

**Achieved**

To overcome the global economic downturn due to the Lehman's fall in September 2008, Tomy has raised 3 tasks to strengthen its own profitability which does not require a help of an external environmental recovery.

- 1. Strengthened consolidated business management**
- 2. Improved profitability without depending on sales growth**
- 3. Began strengthening overseas business**

# IV-4. Medium Term Plan(1) Objectives by Priority Tasks

## Expanding Toy Business in Asia

- Strengthening core toy brands sales
- Enhance Tomy's presence by widening 'Romance of the Three Kingdoms' broadcastings
- Price amendment: Reviewing Toys' function and merchandize-usage  
Distribution channel amendment: Collecting the information by countries and expanding routes



### Plarail



In Korea



In Hong Kong



Event in Hong Kong 22

### Globalize Boys Category Products

- **Boys Category**
  - Beyblade sales in Europe and America
- Products :**
  - Coordination with contents deployment
  - Development of post-Beyblade products



**Beyblade**



**Transformers**





# IV-4. Medium Term Plan (3) Objectives by Priority Tasks

## Reinforcing and expanding core business

- Strengthening R&D capability
- Strengthening brand
- Proposing play-value products which expand concepts
- Licensing out to other than toy products



# IV-4. Medium Term Plan Actions in Fiscal 2010

- **Beyblade: Global contents deployment**  
(Asia) Jan. 2010 in Honk Kong, May 2010 in Taiwan  
(Europe & America) June. 2010 USA, Sept. 2010 UK
- **Core toy brands reinforcement & expansion**  
(China) May 2010 New sales of Plarail; Chinese bullet train 'HeXieHao'  
(Europe & America) Start selling Tomica, Plarail  
(Tomica) 40 years anniversary products



# IV-5. Medium Term Plan

## [Cost Reduction and Advanced Investment for Growth]

### Cost reductions

#### Improvement of COGS

- Lowering production cost
- Improving development process
- Increasing efficiencies by centralizing distribution center and SCM

#### Improvement of SGA

- Cost reduction of unprofitable businesses
- Improving subsidiaries profitability
- Reducing indirect materials' cost

### Advance Investments

#### Strengthening corp. structure for global deployment

- Strengthening product developing capability
- Establishing sales force
- Investing in PR and advertising
- Developing contents

### Reinforcing Equity & Obtaining Reserves for Investment

- Develop solid financial ground  
Reinforcing equity, cutting debts, reducing assets
- Obtain sufficient funds for future growth
- Undergo thorough financial risk management

## Continuation of 'Reform' in Toy Business

1. Expand toy business in Asia
2. Globalize Boys Category Products
3. Reinforcing and expanding core business

# Reference: Major Group Companies' Business Results



(¥ million)

|                                    | Sales              |                      |                      | Operating          |                      |                       |
|------------------------------------|--------------------|----------------------|----------------------|--------------------|----------------------|-----------------------|
|                                    | March 2011<br>Plan | March 2010<br>Result | March 2009<br>Result | March 2011<br>Plan | March 2010<br>Result | March 2009<br>Results |
| TOMY                               | 78,000             | 75,746               | 79,370               | 7,800              | 5,384                | 5,243                 |
| TOMY TECH                          | 5,800              | 5,886                | 6,051                | 380                | 201                  | 379                   |
| TOMY Europe※1                      | 10,900             | 10,053               | 10,855               | 670                | 222                  | -282                  |
| SALES GROUP<br>(JAPAN) ※2          | 75,900             | 81,708               | 74,510               | 630                | 951                  | 771                   |
| T-ARTS GROUP<br>(Toy Peripheral)※3 | 14,900             | 13,487               | 16,946               | 720                | 317                  | -1,025                |
| TINKERBELL GROUP<br>(Apparel)※4    | 6,000              | 5,345                | 4,753                | 250                | 81                   | -179                  |

※All figures have been rounded down to the nearest ¥million.

※1 TOMY EUROPE is simple aggregated amount of TOMY UK and TOMY France

※2 SALES GROUP is simple aggregated amount of T. Sales, U-ace, Toys Union, Union Toy Marketing

※3 T. ARTS GROUP is simple aggregated amount of Yujin, U-mate, Heartland, and Subaru, and other domestic and overseas T. Arts subsidiaries

※4 TINKERBELL GROUP is simple aggregated amount of Tinkerbelle and Wako

# Reference: Breakdown of Sales by Major Contents

【Non-Consolidated】

(¥100 million)

|                 | March 2011<br>Plan | March 2010<br>Results | March 2009<br>Results |
|-----------------|--------------------|-----------------------|-----------------------|
| Beyblade        | 151                | 79                    | 9                     |
| Transformers    | 115                | 151                   | 127                   |
| Duel Masters    | 88                 | 94                    | 109                   |
| Tomica          | 65                 | 59                    | 62                    |
| POCKET MONSTERS | 37                 | 34                    | 47                    |
| POKEMON BATTRIO | 15                 | 25                    | 38                    |
| Plarail         | 35                 | 35                    | 36                    |
| Disney          | 35                 | 29                    | 35                    |
| Licca           | 25                 | 24                    | 25                    |

※Bayblade figure includes overseas from current term. Transformers figure is of domestic and overseas total.



## Corporate Mission

Our mission is to fulfill the dreams  
We will create new value from play





This report contains forward-looking statements, targets, plans and strategies for the future. However, these are based on current information and will not guarantee nor warrant any financial estimates or any figures. Therefore, actual results could differ from this report. This is translation on original text in Japanese.