

TOMY GROUP MEDIUM TERM PLAN

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

18 May 2010

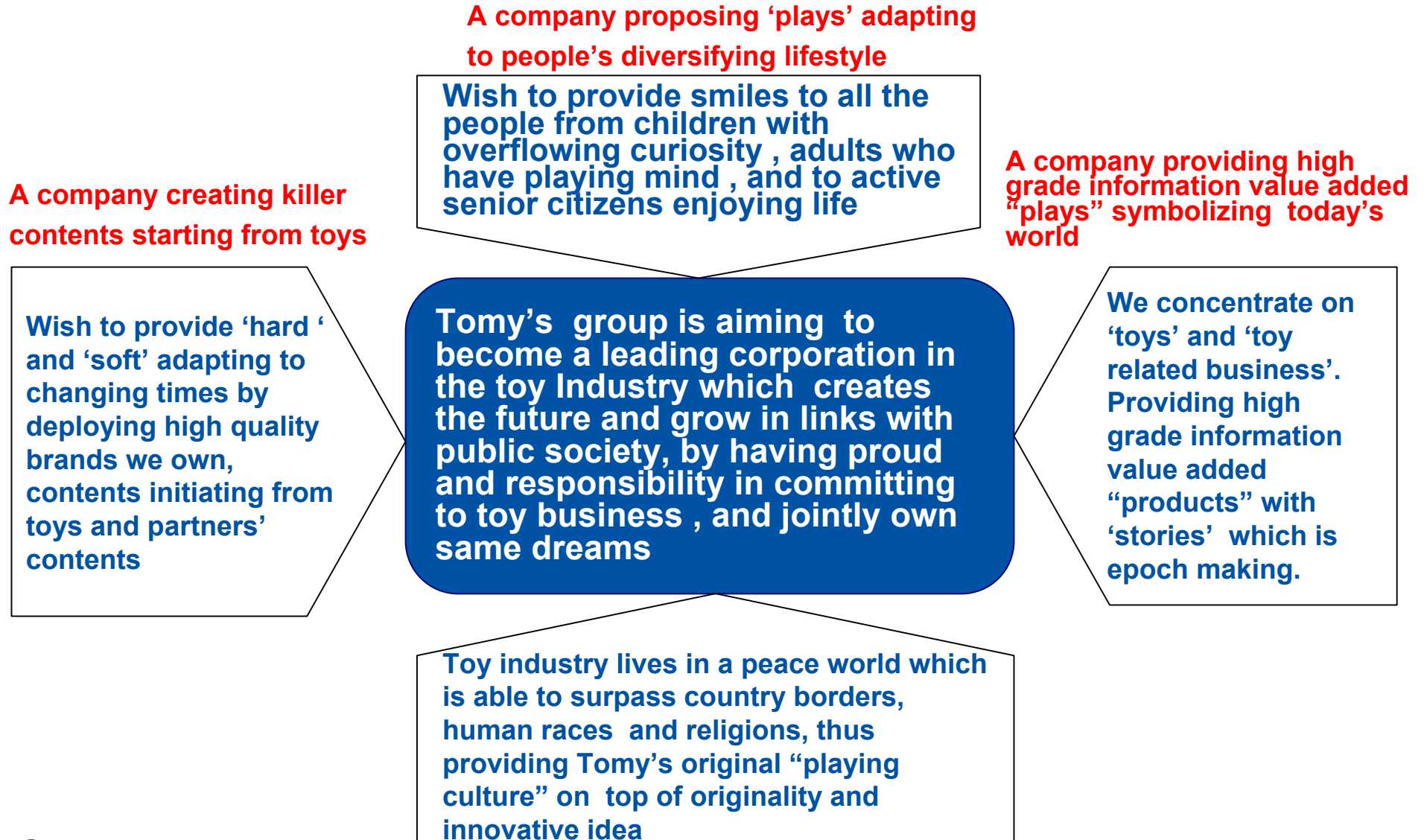
TOMY Company Ltd.
Kantaro Tomiyama
President & CEO

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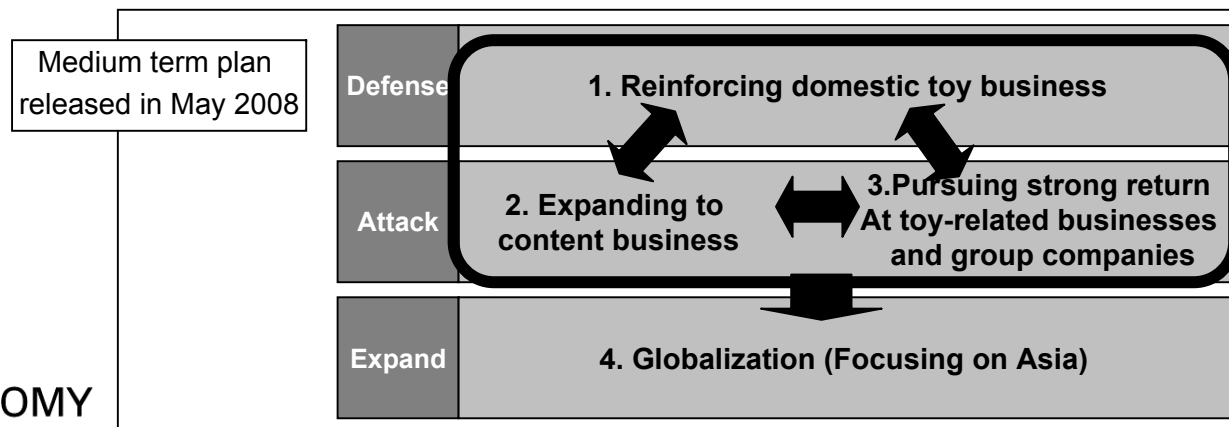
I. Management Vision



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

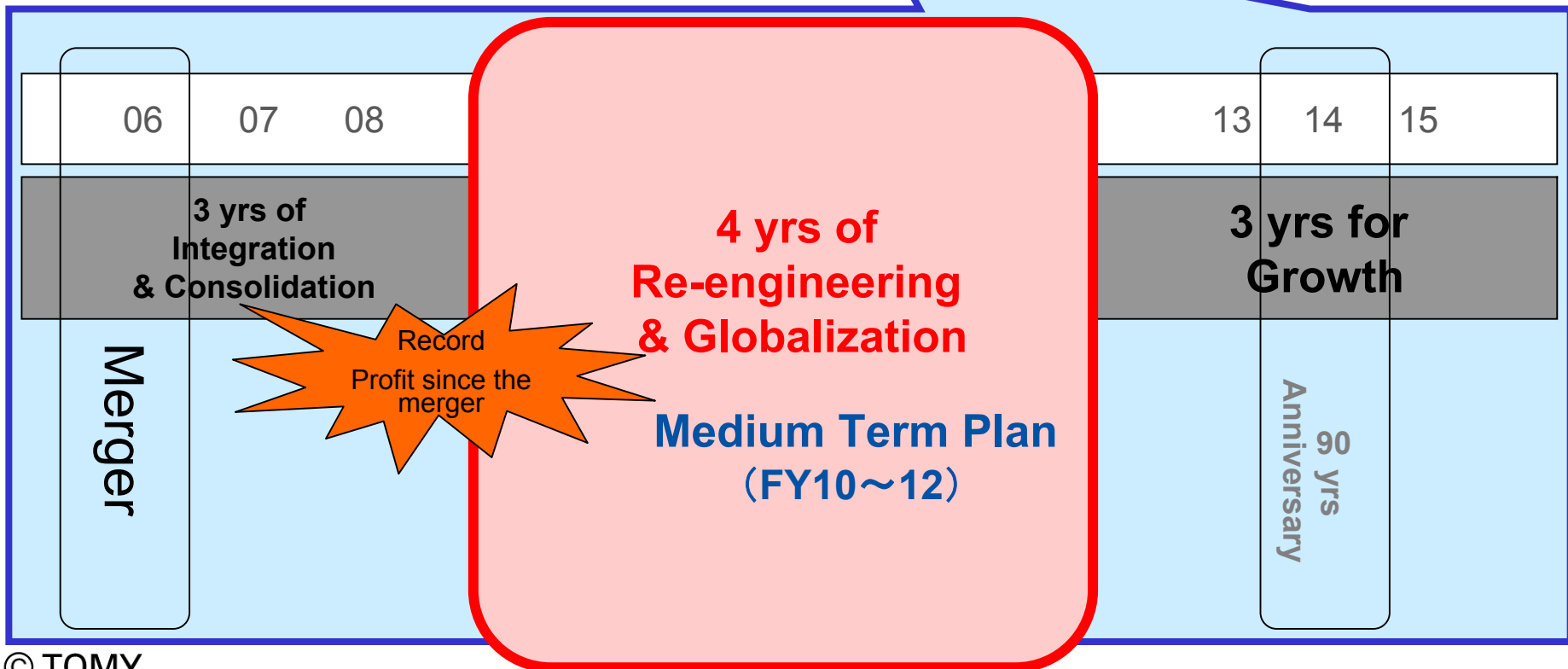
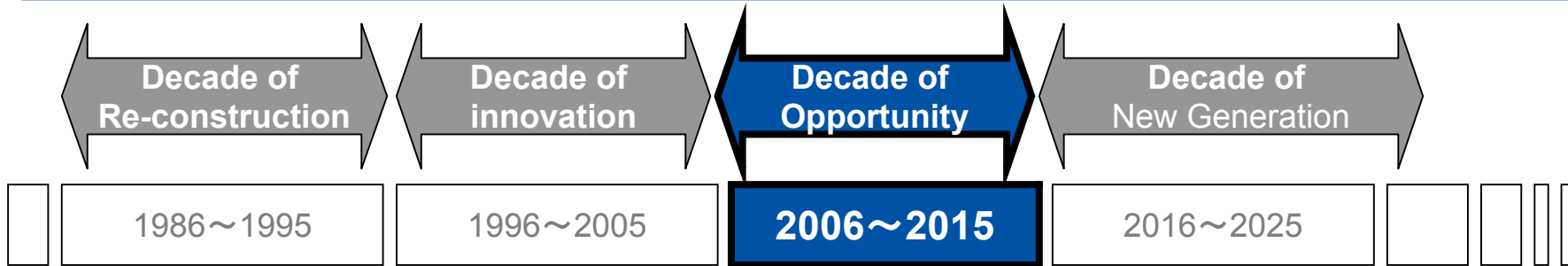
Thus, the company has generated ¥10.4 billion operating profit, which records the highest profit ever since the merger of Takara and Tomy.

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

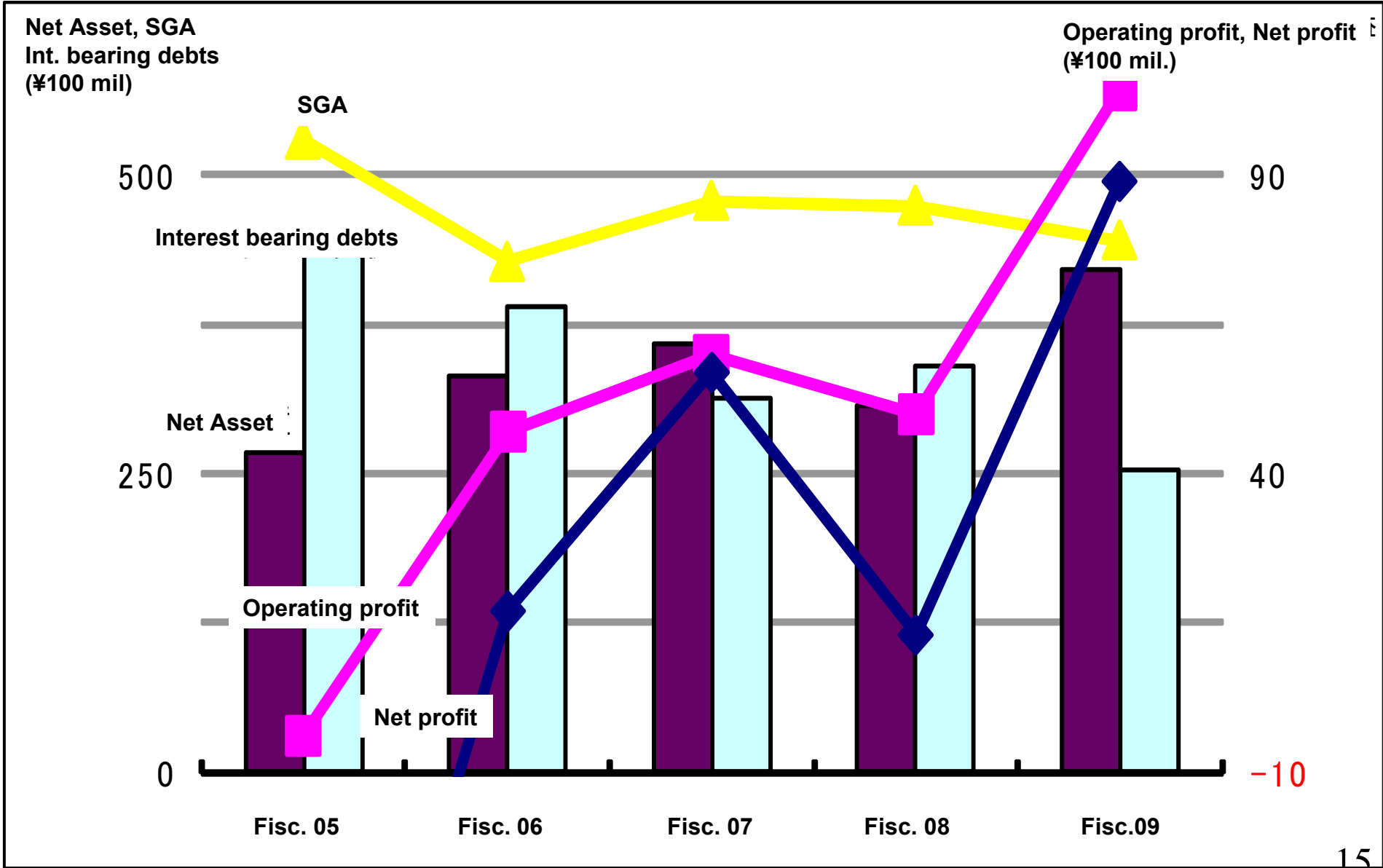
We positioned **fiscal years from 2009 to 2012 as ‘the 4 years of re-engineering and Globalization’**, and prepare towards a new growth stage.

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 Estimate		31 March 2013 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

IV-3. Fiscal 2009 Achievements



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.

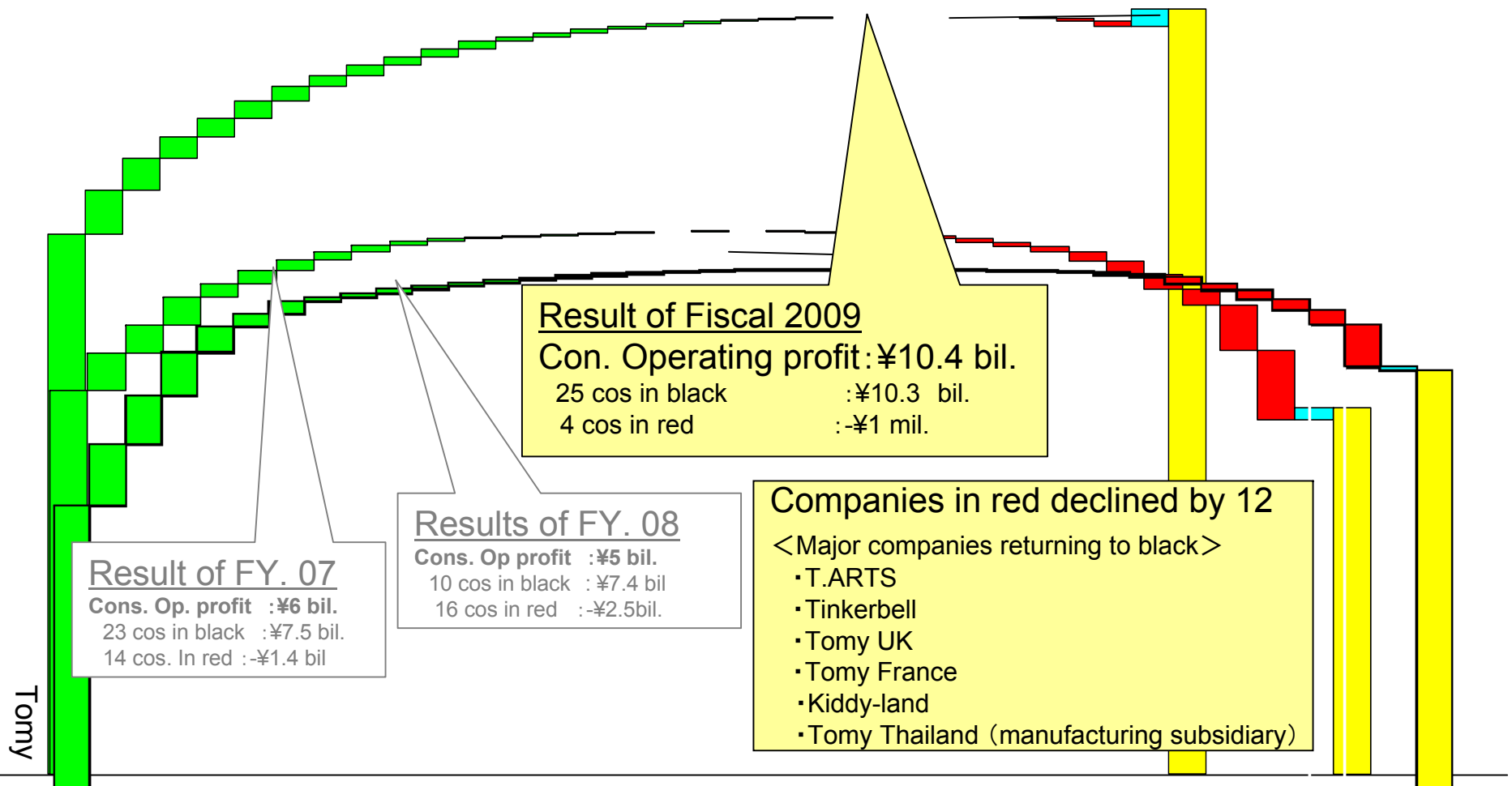
- 1. Strengthening consolidated business management**
- 2. Improving profitability without depending on sales growth**
- 3. Strengthening overseas business**

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 bus

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



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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

IV-4. Medium Term Plan (2) Objectives by Priority Tasks



Globalize Boys Category Products

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



Beyblade



Transformers

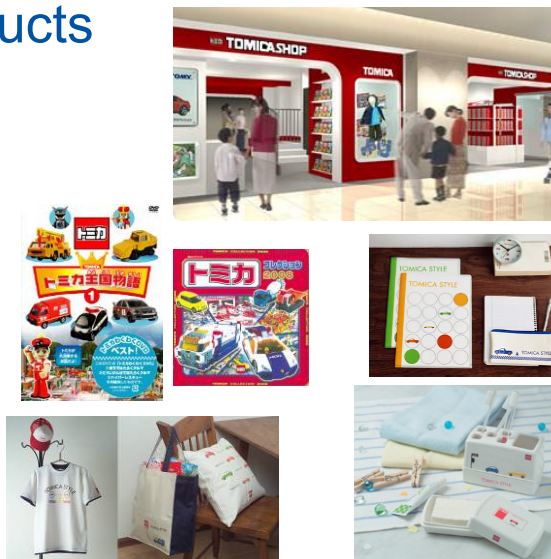


IV-4. Medium Term Plan (3) Objectives by Priority Tasks



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



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IV-5. Medium Term Plan

[Cost Reduction and Advanced Investment for Growth]



Cost reductions	Improvement of COGS	<ul style="list-style-type: none">•Lowering production cost•Improving development process•Increasing efficiencies by centralizing distribution center and SCM
	Improvement of SGA	<ul style="list-style-type: none">•Cost reduction of unprofitable businesses•Improving subsidiaries profitability•Reducing indirect materials' cost
Advance Investments	Strengthening corp. structure for global deployment	<ul style="list-style-type: none">•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 Plan	March 2010 Result	March 2009 Result	March 2011 Plan	March 2010 Result	March 2009 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 (JAPAN) ※2	75,900	81,708	74,510	630	951	771
T-ARTS GROUP (Toy Peripheral)※3	14,900	13,487	16,946	720	317	-1,025
TINKERBELL GROUP (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 Tinkerbell and Wako

Reference: Breakdown of Sales by Major Contents



【Non-Consolidated】

(¥100 million)

	March 2011 Plan	March 2010 Results	March 2009 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.