

To all related parties:

Name of the Company:	TOMY Company, Ltd.
Name of the Representative:	Kantaro Tomiyama President & CEO
(Code No. 7867; The First Section of the Tokyo Stock Exchange)	
Further Inquiries:	Kazuhiro Kojima Board Director Senior Executive Officer Chief Financial Officer (TEL: 03-5654-1548)

**Notice Concerning Discovery of Improper Accounting Practices and
Commencement of Investigation by Internal Investigation Committee**

TOMY Company, Ltd. (hereinafter “Tomy”) hereby provides notification that, following this year’s ordinary general meeting of shareholders, a representative of a non-Tomy Group company (hereinafter “Company A”) indicated to the management of Tomy’s subsidiary T-ENTAMEDIA Company, Ltd. (hereinafter “T-Entamedia”; refer to attachment for outline of the company) that T-Entamedia had executed fictitious transactions, and employees of T-Entamedia also reported that they had executed fictitious transactions at the behest of Company A. Upon being notified of these incidents, Tomy immediately set up an internal investigation committee, described below and initiated an investigation into relevant facts regarding the transactions and accounting records in that regard (hereinafter the “Investigation”), and the Investigation into relevant facts regarding the matter subsequently uncovered accounting records for transactions that did not take place, thereby suggesting a high likelihood of improper accounting practices.

Details regarding the status of the Investigation at this point in time and plans going forward are as provided in the subsequent sections of this notice.

Tomy sincerely apologizes for the considerable adversity and concern brought upon our shareholders, business partners and other stakeholders as a result of this incident.

1. Internal investigation committee

Members of the committee

Chair: Kakuei Miyagi (Outside Director)

Member: Tsunekazu Umeda (Outside Audit & Supervisory Board Member)

Member: Toshi Yoshinari (Outside Audit & Supervisory Board Member)

Member: Asa Shinkawa (Nishimura & Asahi LPC; Attorney)

Member: Kaku Hirao (Nishimura & Asahi LPC; Attorney)

Member: Masamichi Kamijima (Nishimura & Asahi LPC; Attorney)

Member: Yotaro Takayama (Nishimura & Asahi LPC; Attorney)

Member: Hidenori Shibata (Nishimura & Asahi LPC; Attorney)

We are committed to ensuring that the investigation of the internal investigation committee is performed in a reliable and professional manner with respect to legal and accounting matters, and to that end we have enlisted the involvement of outside experts in the investigation. These experts primarily consist of several attorneys from the law firm Nishimura & Asahi assigned as committee members and assistants, as well as several certified public accountants affiliated with the Forensic & Dispute Services unit of Deloitte Tohmatsu Financial Advisory Co., Ltd. (Supervisor: Hitoshi Matsufuji, CPA; Leader: Shoichi Soga).

2. Summary of relevant facts ascertained thus far

As of this point in time, our Investigation has revealed facts relevant to this matter as summarized below.

T-Entamedia's Advertising Communications Department engages in the advertising agency business through which it provides support for advertising, promotions and marketing to companies other than Tomy, its parent company. From April 2012, at the behest of Company A, T-Entamedia began acting as an intermediary in transactions between Company A and its vendors. However, we have found that a majority of those transactions were executed with the intention of facilitating financing arrangements for spurious deals involving products and services that were not actually provided. Consequently, we deem there to be a high likelihood that accounting improprieties have occurred with respect to some sales and cost of sales amounts disclosed in past consolidated financial statements. Furthermore, there is a possibility that we may have to record losses on receivable balances uncollected and outstanding and payable balances in relation to these transactions as of June 30, 2014.

As for the impact of these transactions on the consolidated financial statements, we envisage a decrease in total net sales amounting to as much as 2.0 billion yen, and a decrease in income before income taxes and minority interests of approximately 0.6 billion yen. However, these figures may vary depending on findings of the Investigation.

3. Actions going forward

The internal investigation committee will further pursue the Investigation into this incident. Accordingly, if it becomes necessary to make revisions to our consolidated results we will immediately submit reports to the Kanto Local Finance Bureau detailing such corrections to our securities reports and quarterly securities reports, and we will promptly disclose any revisions to our earnings summaries for those financial periods and respective quarters.

Although we are unable to establish a timeline for the Investigation at this point in time, we will immediately disclose details as they become available with respect to Investigation outcomes produced by the internal investigation committee, as well as steps being taken to prevent recurrence of further such incidents.

End of notice

Outline of T-ENTAMEDIA Company, Ltd.

(1) Name	T-ENTAMEDIA Company, Ltd.			
(2) Address	Ginza 1-Chome East Building 2F, 1-19-7 Gizna, Chuo-ku, Tokyo			
(3) Position and Name of Representative	Kazuo Kumakura, CEO			
(4) Content of Business	Content planning and production, electronic content planning and distribution, business involving advertising and media			
(5) Paid-in Capital	357 million yen (as of March 31, 2014)			
(6) Establishment	February, 2002			
(7) Major Shareholder and Shareholding Ratio	TOMY Company, Ltd.; 95.00%			
(8) Operating results and financial position of the company for the most recent three years				
	Fiscal year ended	March 31, 2012	March 31, 2013	March 31, 2014
Net sales		1,671 million yen	2,028 million yen	2,499 million yen
Net sales of Advertising Communications Department		806 million yen	1,417 million yen	1,825 million yen
Operating income		(160) million yen	44 million yen	41 million yen
Ordinary income		(160) million yen	44 million yen	41 million yen
Net income		(250) million yen	40 million yen	70 million yen
Net assets		783 million yen	823 million yen	894 million yen
Total assets		1,479 million yen	1,481 million yen	1,688 million yen

Note: The amounts indicated for respective fiscal years are those reported before the Investigation, and as such do not factor in the impact or potential impact of the Investigation.

End of outline