

Translation

Notice: This English version is a translation of the original Japanese document and is only for reference purposes. In the case where any differences occur between the English version and the original Japanese version, the Japanese version will prevail.



May 10, 2017

CONSOLIDATED FINANCIAL RESULTS for the Fiscal Year Ended March 31, 2017 <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, Executive Managing Officer & CFO
 Head of Corporate Administrations
 TEL: +81-3-5654-1548 (from overseas)

Scheduled date of ordinary general meeting of shareholders: June 28, 2017
 Scheduled date to commence dividend payments: June 29, 2017
 Scheduled date to file securities report: June 29, 2017
 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, 2017 (From April 1, 2016 to March 31, 2017)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2017	167,661	2.8	7,744	187.0	7,823	435.9	5,372	-
March 31, 2016	163,067	8.8	2,698	9.4	1,459	(27.5)	(6,703)	-

Note: Comprehensive income
 Fiscal year ended March 31, 2017: 7,440 million yen [-%]
 Fiscal year ended March 31, 2016: (10,458) million yen [-%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	yen	yen	%	%	%
March 31, 2017	61.88	60.94	12.2	5.2	4.6
March 31, 2016	(78.74)	-	(15.7)	1.0	1.7

Reference: Equity in earnings (losses) of affiliates
 Fiscal year ended March 31, 2017: (7) million yen
 Fiscal year ended March 31, 2016: 8 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, 2017	157,693	51,611	32.4	548.45
March 31, 2016	145,652	37,824	25.5	432.87

Reference: Equity
 As of March 31, 2017: 51,062 million yen
 As of March 31, 2016: 37,146 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, 2017	24,896	(3,793)	(1,927)	58,530
March 31, 2016	8,675	(3,974)	(6,014)	39,902

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, 2016	–	5.00	–	5.00	10.00	854	–	2.0
March 31, 2017	–	5.00	–	5.00	10.00	898	16.2	2.0
Fiscal year ending March 31, 2018 (Forecast)	–	5.00	–	5.00	10.00		15.8	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018**(From April 1, 2017 to March 31, 2018)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		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, 2017 (cumulative)	80,000	4.3	3,000	15.7	2,800	73.3	2,100	250.4	24.19
Fiscal year ending March 31, 2018	170,000	1.4	8,000	3.3	8,000	2.3	5,500	2.4	63.35

* **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, 2017	96,290,850 shares
As of March 31, 2016	96,290,850 shares

B. Number of treasury shares at the end of the period

As of March 31, 2017	3,186,873 shares
As of March 31, 2016	10,476,617 shares

C. Average number of shares during the period

Fiscal year ended March 31, 2017	86,820,753 shares
Fiscal year ended March 31, 2016	85,132,921 shares

* Financial results reports are not required to be audited.

Consolidated Financial Statements
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	40,046	58,623
Notes and accounts receivable - trade	20,167	20,942
Merchandise and finished goods	18,437	13,982
Work in process	439	328
Raw materials and supplies	1,223	1,286
Deferred tax assets	2,103	1,931
Other	5,841	5,965
Allowance for doubtful accounts	(170)	(168)
Total current assets	88,089	102,891
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,608	13,381
Accumulated depreciation	(8,406)	(8,530)
Accumulated impairment loss	(457)	(412)
Buildings and structures, net	4,743	4,437
Machinery, equipment and vehicles	2,229	2,337
Accumulated depreciation	(1,495)	(1,605)
Accumulated impairment loss	(17)	(17)
Machinery, equipment and vehicles, net	716	714
Tools, furniture and fixtures	26,932	21,982
Accumulated depreciation	(23,068)	(19,137)
Accumulated impairment loss	(1,108)	(458)
Tools, furniture and fixtures, net	2,754	2,387
Land	4,309	4,194
Leased assets	6,250	7,762
Accumulated depreciation	(3,136)	(4,161)
Accumulated impairment loss	(0)	(0)
Leased assets, net	3,113	3,599
Construction in progress	303	485
Total property, plant and equipment	15,940	15,819
Intangible assets		
Goodwill	22,017	20,468
Right of using trademark	7,626	6,853
Other	6,908	6,593
Total intangible assets	36,552	33,915
Investments and other assets		
Investment securities	2,628	2,584
Deferred tax assets	80	207
Other	2,398	2,294
Allowance for doubtful accounts	(82)	(49)
Total investments and other assets	5,025	5,037
Total non-current assets	57,518	54,772
Deferred assets		
Bond issuance cost	44	29
Total deferred assets	44	29
Total assets	145,652	157,693

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,398	9,477
Short-term loans payable	11,636	7,099
Current portion of long-term loans payable	4,234	4,408
Lease obligations	2,370	2,287
Accounts payable - other	5,677	7,809
Accrued expenses	7,130	8,881
Income taxes payable	954	2,038
Provision for sales returns	460	428
Allowance for recall	70	107
Provision for directors' bonuses	25	177
Provision for contingent loss	49	–
Other	1,646	934
Total current liabilities	42,654	43,649
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	45,904	43,240
Lease obligations	959	950
Deferred tax liabilities	2,520	2,293
Deferred tax liabilities for land revaluation	472	472
Net defined benefit liability	3,238	3,034
Provision for directors' retirement benefits	128	141
Other	1,949	2,300
Total non-current liabilities	65,173	62,432
Total liabilities	107,827	106,082
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	6,423	9,045
Retained earnings	24,972	29,264
Treasury shares	(6,814)	(2,073)
Total shareholders' equity	28,040	39,696
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	738	735
Deferred gains or losses on hedges	(698)	1,133
Revaluation reserve for land	146	364
Foreign currency translation adjustment	9,846	9,999
Remeasurements of defined benefit plans	(928)	(866)
Total accumulated other comprehensive income	9,105	11,366
Subscription rights to shares	320	182
Non-controlling interests	357	365
Total net assets	37,824	51,611
Total liabilities and net assets	145,652	157,693

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	163,067	167,661
Cost of sales	105,727	103,924
Gross profit	57,339	63,736
Selling, general and administrative expenses	54,641	55,992
Operating profit	2,698	7,744
Non-operating income		
Interest and dividend income	240	97
Rent income	148	155
Foreign exchange gains	–	596
Other	227	111
Total non-operating income	616	961
Non-operating expenses		
Interest expenses	805	624
Sales discounts	23	27
Amortization of bond issuance cost	15	15
Foreign exchange losses	564	–
Commission fee	208	5
Other	237	210
Total non-operating expenses	1,854	882
Ordinary profit	1,459	7,823
Extraordinary income		
Gain on sales of non-current assets	4	14
Gain on reversal of subscription rights to shares	332	56
Reversal of provision for contingent loss	–	29
Other	13	3
Total extraordinary income	350	103
Extraordinary losses		
Loss on sales of non-current assets	1	46
Impairment loss	7,492	689
Loss on sales of shares of subsidiaries and associates	323	–
Business structure improvement expenses	683	–
Other	21	63
Total extraordinary losses	8,522	799
Profit (loss) before income taxes	(6,711)	7,127
Income taxes - current	1,177	2,680
Income taxes - deferred	(1,227)	(949)
Total income taxes	(49)	1,730
Profit (loss)	(6,662)	5,397
Profit attributable to non-controlling interests	41	24
Profit (loss) attributable to owners of parent	(6,703)	5,372

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit (loss)	(6,662)	5,397
Other comprehensive income		
Valuation difference on available-for-sale securities	(222)	(2)
Deferred gains or losses on hedges	(1,212)	1,831
Revaluation reserve for land	26	–
Foreign currency translation adjustment	(2,101)	152
Remeasurements of defined benefit plans, net of tax	(286)	62
Total other comprehensive income	(3,796)	2,043
Comprehensive income	(10,458)	7,440
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(10,500)	7,415
Comprehensive income attributable to non-controlling interests	41	25

(3) Consolidated statement of changes in equity

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
Changes of items during period					
Dividends of surplus			(849)		(849)
Profit (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 ownership interest of parent due to transactions with non-controlling interests		(348)			(348)
Reversal of revaluation reserve for land					
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
Changes of items during period									
Dividends of surplus									(849)
Profit (loss) attributable to owners of parent									(6,703)
Purchase of treasury shares									(2)
Disposal of treasury shares									655
Change in ownership interest of parent due to transactions with non-controlling interests									(348)
Reversal of revaluation reserve for land									
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

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,459	6,423	24,972	(6,814)	28,040
Changes of items during period					
Dividends of surplus			(862)		(862)
Profit (loss) attributable to owners of parent			5,372		5,372
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		2,611		4,745	7,356
Change in ownership interest of parent due to transactions with non-controlling interests		11			11
Reversal of revaluation reserve for land			(217)		(217)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	2,622	4,292	4,740	11,656
Balance at end of current period	3,459	9,045	29,264	(2,073)	39,696

	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	738	(698)	146	9,846	(928)	9,105	320	357	37,824
Changes of items during period									
Dividends of surplus									(862)
Profit (loss) attributable to owners of parent									5,372
Purchase of treasury shares									(4)
Disposal of treasury shares									7,356
Change in ownership interest of parent due to transactions with non-controlling interests									11
Reversal of revaluation reserve for land									(217)
Net changes of items other than shareholders' equity	(3)	1,831	217	152	62	2,260	(138)	8	2,130
Total changes of items during period	(3)	1,831	217	152	62	2,260	(138)	8	13,786
Balance at end of current period	735	1,133	364	9,999	(866)	11,366	182	365	51,611

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit (loss) before income taxes	(6,711)	7,127
Depreciation	7,343	7,300
Impairment loss	7,492	689
Amortization of goodwill	1,743	1,404
Gain on reversal of subscription rights to shares	(332)	(56)
Increase (decrease) in provision for contingent loss	–	(49)
Increase (decrease) in allowance for doubtful accounts	(133)	(29)
Increase (decrease) in net defined benefit liability	(359)	(140)
Interest and dividend income	(240)	(97)
Interest expenses	805	624
Loss (gain) on sales of shares of subsidiaries and associates	323	–
Business structure improvement expenses	683	–
Foreign exchange losses (gains)	433	316
Loss (gain) on sales of property, plant and equipment	(2)	50
Decrease (increase) in notes and accounts receivable - trade	(2,583)	(1,038)
Decrease (increase) in inventories	(232)	4,045
Decrease (increase) in prepaid expenses	(857)	758
Decrease (increase) in accounts receivable - other	143	37
Decrease (increase) in advance payments	(458)	801
Increase (decrease) in notes and accounts payable - trade	99	1,069
Increase (decrease) in accounts payable - other	1,094	2,214
Increase (decrease) in accrued expenses	2,047	2,234
Other, net	387	99
Subtotal	10,684	27,361
Interest and dividend income received	236	98
Interest expenses paid	(803)	(624)
Extra retirement payments	(270)	(257)
Income taxes paid	(1,172)	(1,681)
Net cash provided by (used in) operating activities	8,675	24,896
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,080)	(3,560)
Proceeds from sales of property, plant and equipment	6	334
Purchase of intangible assets	(991)	(1,388)
Proceeds from fees for equipment	–	812
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(25)	–
Other, net	117	8
Net cash provided by (used in) investing activities	(3,974)	(3,793)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,892	(3,471)
Proceeds from long-term loans payable	33,750	2,000
Repayments of long-term loans payable	(39,501)	(4,396)
Cash dividends paid	(851)	(863)
Repayments of finance lease obligations	(2,839)	(4,025)
Purchase of treasury shares	(2)	(4)
Proceeds from disposal of treasury shares	655	7,215
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(808)	(4)
Proceeds from sales and leasebacks	–	1,625
Other, net	(310)	(1)
Net cash provided by (used in) financing activities	(6,014)	(1,927)
Effect of exchange rate change on cash and cash equivalents	(756)	(547)
Net increase (decrease) in cash and cash equivalents	(2,070)	18,627
Cash and cash equivalents at beginning of period	41,972	39,902
Cash and cash equivalents at end of period	39,902	58,530