

Translation

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August 8, 2017

CONSOLIDATED FINANCIAL RESULTS for the First Three Months of the Fiscal Year Ending March 31, 2018 <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
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Head of Corporate Administrations
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Scheduled date to file quarterly securities report: August 10, 2017
Scheduled date to commence dividend payments: –
Supplementary material on quarterly financial results: None
Quarterly 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 first three months of the fiscal year ending March 31, 2018 (From April 1, 2017 to June 30, 2017)

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

Three months 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	%
June 30, 2017	38,487	13.9	1,835	–	1,699	–	1,218	–
June 30, 2016	33,789	2.1	(151)	–	(807)	–	(1,033)	–

Note: Comprehensive income
Three months ended June 30, 2017: 1,203 million yen [– %]
Three months ended June 30, 2016: (4,843) million yen [– %]

Three months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
June 30, 2017	13.04	12.88
June 30, 2016	(12.03)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
June 30, 2017	144,330	52,913	36.3	557.56
March 31, 2017	157,693	51,611	32.4	548.45

Reference: Equity
As of June 30, 2017: 52,396 million yen
As of March 31, 2017: 51,062 million yen

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2017	–	5.00	–	5.00	10.00
Fiscal year ending March 31, 2018	–				
Fiscal year ending March 31, 2018 (Forecast)		5.00	–	5.00	10.00

Note: Revisions to the cash dividend forecasts most recently announced: None

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	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

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

- (1) **Changes in significant subsidiaries during the three months under review** (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) **Application of specific accounting for preparing quarterly consolidated financial statements:**
Yes
- (3) **Changes in accounting policies, changes in accounting estimates, and restatement**
 - A. Changes in accounting policies due to revisions to accounting standards: None
 - B. Changes in accounting policies due to other reasons: None
 - C. Changes in accounting estimates: None
 - D. Restatement: None
- (4) **Number of issued shares (common shares)**
 - A. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2017	96,290,850 shares
As of March 31, 2017	96,290,850 shares

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

As of June 30, 2017	2,316,509 shares
As of March 31, 2017	3,186,873 shares

- C. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2017	93,461,957 shares
Three months ended June 30, 2016	85,913,207 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

Quarterly Consolidated Financial Statements
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	58,623	41,108
Notes and accounts receivable - trade	20,942	21,678
Merchandise and finished goods	13,982	16,464
Work in process	328	447
Raw materials and supplies	1,286	1,316
Deferred tax assets	1,931	1,767
Other	5,965	6,714
Allowance for doubtful accounts	(168)	(171)
Total current assets	102,891	89,326
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,381	13,572
Accumulated depreciation	(8,530)	(8,595)
Accumulated impairment loss	(412)	(415)
Buildings and structures, net	4,437	4,560
Machinery, equipment and vehicles	2,337	2,363
Accumulated depreciation	(1,605)	(1,649)
Accumulated impairment loss	(17)	(17)
Machinery, equipment and vehicles, net	714	696
Tools, furniture and fixtures	21,982	22,535
Accumulated depreciation	(19,137)	(19,689)
Accumulated impairment loss	(458)	(472)
Tools, furniture and fixtures, net	2,387	2,374
Land	4,194	4,128
Leased assets	7,762	6,660
Accumulated depreciation	(4,161)	(3,133)
Accumulated impairment loss	(0)	(0)
Leased assets, net	3,599	3,526
Construction in progress	485	1,011
Total property, plant and equipment	15,819	16,296
Intangible assets		
Goodwill	20,468	20,071
Other	13,446	13,092
Total intangible assets	33,915	33,163
Investments and other assets		
Investment securities	2,584	2,773
Deferred tax assets	207	269
Other	2,294	2,520
Allowance for doubtful accounts	(49)	(44)
Total investments and other assets	5,037	5,518
Total non-current assets	54,772	54,978
Deferred assets		
Bond issuance cost	29	25
Total deferred assets	29	25
Total assets	157,693	144,330

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,477	11,077
Short-term loans payable	7,099	7,285
Current portion of long-term loans payable	4,408	4,406
Lease obligations	2,287	2,295
Accounts payable - other	7,809	7,573
Accrued expenses	8,881	6,498
Income taxes payable	2,038	594
Provision	712	532
Other	934	1,924
Total current liabilities	43,649	42,188
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	43,240	30,221
Lease obligations	950	911
Deferred tax liabilities	2,293	2,337
Deferred tax liabilities for land revaluation	472	472
Provision for directors' retirement benefits	141	147
Net defined benefit liability	3,034	2,958
Other	2,300	2,178
Total non-current liabilities	62,432	49,227
Total liabilities	106,082	91,416
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	9,045	9,077
Retained earnings	29,264	30,017
Treasury shares	(2,073)	(1,507)
Total shareholders' equity	39,696	41,047
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	735	872
Deferred gains or losses on hedges	1,133	1,090
Revaluation reserve for land	364	364
Foreign currency translation adjustment	9,999	9,868
Remeasurements of defined benefit plans	(866)	(847)
Total accumulated other comprehensive income	11,366	11,349
Subscription rights to shares	182	147
Non-controlling interests	365	369
Total net assets	51,611	52,913
Total liabilities and net assets	157,693	144,330

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

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	33,789	38,487
Cost of sales	20,806	23,116
Gross profit	12,982	15,371
Selling, general and administrative expenses	13,133	13,535
Operating profit (loss)	(151)	1,835
Non-operating income		
Interest and dividend income	31	68
Rent income	39	37
Other	17	18
Total non-operating income	88	124
Non-operating expenses		
Interest expenses	157	150
Foreign exchange losses	536	52
Other	49	57
Total non-operating expenses	743	260
Ordinary profit (loss)	(807)	1,699
Extraordinary income		
Gain on sales of non-current assets	0	18
Gain on reversal of subscription rights to shares	55	6
Other	3	-
Total extraordinary income	60	24
Extraordinary losses		
Impairment loss	22	-
Other	1	-
Total extraordinary losses	23	-
Profit (loss) before income taxes	(770)	1,723
Income taxes	258	501
Profit (loss)	(1,028)	1,222
Profit attributable to non-controlling interests	4	4
Profit (loss) attributable to owners of parent	(1,033)	1,218

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit (loss)	(1,028)	1,222
Other comprehensive income		
Valuation difference on available-for-sale securities	(196)	137
Deferred gains or losses on hedges	(766)	(42)
Foreign currency translation adjustment	(2,924)	(133)
Remeasurements of defined benefit plans, net of tax	72	18
Total other comprehensive income	(3,815)	(19)
Comprehensive income	(4,843)	1,203
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,848)	1,198
Comprehensive income attributable to non-controlling interests	4	4

(3) Consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities		
Profit (loss) before income taxes	(770)	1,723
Depreciation	1,667	2,017
Impairment loss	22	–
Amortization of goodwill	350	359
Gain on reversal of subscription rights to shares	(55)	(6)
Increase (decrease) in allowance for doubtful accounts	(1)	(5)
Increase (decrease) in provision for directors' retirement benefits	1	6
Increase (decrease) in net defined benefit liability	(132)	(56)
Interest and dividend income	(31)	(68)
Interest expenses	157	150
Decrease (increase) in notes and accounts receivable - trade	(901)	(688)
Decrease (increase) in inventories	(1,734)	(2,559)
Increase (decrease) in notes and accounts payable - trade	1,772	1,486
Increase (decrease) in accounts payable - other	14	(957)
Increase (decrease) in accrued expenses	(704)	(2,441)
Other, net	685	6
Subtotal	339	(1,031)
Interest and dividend income received	29	68
Interest expenses paid	(148)	(144)
Extra retirement payments	(90)	–
Income taxes paid	(931)	(1,714)
Net cash provided by (used in) operating activities	(800)	(2,821)
Cash flows from investing activities		
Purchase of property, plant and equipment	(676)	(736)
Purchase of intangible assets	(206)	(295)
Other, net	46	(5)
Net cash provided by (used in) investing activities	(837)	(1,037)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,512)	0
Proceeds from long-term loans payable	2,000	–
Repayments of long-term loans payable	(1,082)	(12,987)
Cash dividends paid	(387)	(429)
Repayments of finance lease obligations	(797)	(820)
Proceeds from disposal of treasury shares	268	554
Other, net	(1)	8
Net cash provided by (used in) financing activities	(1,513)	(13,673)
Effect of exchange rate change on cash and cash equivalents	(979)	16
Net increase (decrease) in cash and cash equivalents	(4,129)	(17,515)
Cash and cash equivalents at beginning of period	39,902	58,530
Cash and cash equivalents at end of period	35,772	41,015