

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.



November 7, 2017

CONSOLIDATED FINANCIAL RESULTS for the First Six 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
Inquiries: Hiroya Kutsuzawa, Senior Executive Officer
Head of Corporate Administrations
TEL: +81-3-5654-1548 (from overseas)

Scheduled date to file quarterly securities report: November 13, 2017
Scheduled date to commence dividend payments: December 6, 2017
Supplementary material on quarterly financial results: Yes
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 six months of the fiscal year ending March 31, 2018 (From April 1, 2017 to September 30, 2017)

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

Six 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	%
September 30, 2017	87,975	14.7	6,572	153.4	6,419	297.4	4,226	605.3
September 30, 2016	76,688	(1.4)	2,593	209.2	1,615	127.4	599	129.4

Note: Comprehensive income

Six months ended September 30, 2017: 4,537 million yen [- %]

Six months ended September 30, 2016: (3,432) million yen [- %]

Six months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
September 30, 2017	45.08	44.55
September 30, 2016	6.95	6.87

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
September 30, 2017	152,105	56,294	36.7	592.94
March 31, 2017	157,693	51,611	32.4	548.45

Reference: Equity

As of September 30, 2017: 55,758 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	–	7.00			
Fiscal year ending March 31, 2018 (Forecast)			–	7.00	14.00

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
Fiscal year ending March 31, 2018	177,000	5.6	11,500	48.5	11,500	47.0	7,000	30.3	74.67

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

* Notes

(1) **Changes in significant subsidiaries during the six 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 September 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 September 30, 2017	2,253,681 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)

Six months ended September 30, 2017	93,740,635 shares
Six months ended September 30, 2016	86,166,624 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 September 30, 2017
Assets		
Current assets		
Cash and deposits	58,623	39,691
Notes and accounts receivable - trade	20,942	30,268
Merchandise and finished goods	13,982	17,651
Work in process	328	330
Raw materials and supplies	1,286	1,278
Deferred tax assets	1,931	1,727
Other	5,965	6,832
Allowance for doubtful accounts	(168)	(204)
Total current assets	102,891	97,575
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,381	13,576
Accumulated depreciation	(8,530)	(8,641)
Accumulated impairment loss	(412)	(409)
Buildings and structures, net	4,437	4,525
Machinery, equipment and vehicles	2,337	2,417
Accumulated depreciation	(1,605)	(1,700)
Accumulated impairment loss	(17)	(17)
Machinery, equipment and vehicles, net	714	699
Tools, furniture and fixtures	21,982	22,894
Accumulated depreciation	(19,137)	(20,232)
Accumulated impairment loss	(458)	(484)
Tools, furniture and fixtures, net	2,387	2,177
Land	4,194	4,131
Leased assets	7,762	7,424
Accumulated depreciation	(4,161)	(3,194)
Accumulated impairment loss	(0)	(0)
Leased assets, net	3,599	4,229
Construction in progress	485	195
Total property, plant and equipment	15,819	15,958
Intangible assets		
Goodwill	20,468	19,836
Other	13,446	12,897
Total intangible assets	33,915	32,734
Investments and other assets		
Investment securities	2,584	2,851
Deferred tax assets	207	258
Other	2,294	3,141
Allowance for doubtful accounts	(49)	(437)
Total investments and other assets	5,037	5,814
Total non-current assets	54,772	54,507
Deferred assets		
Bond issuance cost	29	21
Total deferred assets	29	21
Total assets	157,693	152,105

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,477	13,266
Short-term loans payable	7,099	7,947
Current portion of long-term loans payable	4,408	4,415
Lease obligations	2,287	2,747
Accounts payable - other	7,809	6,858
Accrued expenses	8,881	8,568
Income taxes payable	2,038	1,885
Provision	712	607
Other	934	1,145
Total current liabilities	43,649	47,442
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	43,240	29,155
Lease obligations	950	1,381
Deferred tax liabilities	2,293	2,381
Deferred tax liabilities for land revaluation	472	472
Provision for directors' retirement benefits	141	146
Net defined benefit liability	3,034	2,716
Other	2,300	2,113
Total non-current liabilities	62,432	48,367
Total liabilities	106,082	95,810
Net assets		
Shareholders' equity		
Capital stock	3,459	3,459
Capital surplus	9,045	9,080
Retained earnings	29,264	33,025
Treasury shares	(2,073)	(1,467)
Total shareholders' equity	39,696	44,097
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	735	926
Deferred gains or losses on hedges	1,133	1,200
Revaluation reserve for land	364	364
Foreign currency translation adjustment	9,999	10,003
Remeasurements of defined benefit plans	(866)	(832)
Total accumulated other comprehensive income	11,366	11,661
Subscription rights to shares	182	152
Non-controlling interests	365	383
Total net assets	51,611	56,294
Total liabilities and net assets	157,693	152,105

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

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	76,688	87,975
Cost of sales	48,103	52,711
Gross profit	28,584	35,263
Selling, general and administrative expenses	25,991	28,691
Operating profit	2,593	6,572
Non-operating income		
Interest and dividend income	45	107
Foreign exchange gains	–	18
Rent income	77	76
Other	44	65
Total non-operating income	168	269
Non-operating expenses		
Interest expenses	315	280
Foreign exchange losses	663	–
Other	166	140
Total non-operating expenses	1,145	421
Ordinary profit	1,615	6,419
Extraordinary income		
Gain on sales of non-current assets	11	18
Gain on reversal of subscription rights to shares	55	8
Reversal of provision for contingent loss	29	–
Other	3	–
Total extraordinary income	100	26
Extraordinary losses		
Impairment loss	562	16
Provision of allowance for doubtful accounts	–	385
Other	3	0
Total extraordinary losses	565	403
Profit before income taxes	1,150	6,043
Income taxes	534	1,798
Profit	616	4,244
Profit attributable to non-controlling interests	16	17
Profit attributable to owners of parent	599	4,226

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	616	4,244
Other comprehensive income		
Valuation difference on available-for-sale securities	(168)	191
Deferred gains or losses on hedges	(557)	66
Foreign currency translation adjustment	(3,417)	1
Remeasurements of defined benefit plans, net of tax	94	33
Total other comprehensive income	(4,048)	293
Comprehensive income	(3,432)	4,537
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,449)	4,518
Comprehensive income attributable to non-controlling interests	17	18

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	1,150	6,043
Depreciation	3,498	4,001
Impairment loss	562	16
Amortization of goodwill	681	719
Gain on reversal of subscription rights to shares	(55)	(8)
Increase (decrease) in allowance for doubtful accounts	(0)	408
Increase (decrease) in provision for contingent loss	(29)	–
Increase (decrease) in provision for directors' retirement benefits	(1)	5
Increase (decrease) in net defined benefit liability	(129)	(281)
Interest and dividend income	(45)	(107)
Interest expenses	315	280
Foreign exchange losses (gains)	392	(334)
Loss (gain) on sales of property, plant and equipment	(10)	(17)
Decrease (increase) in notes and accounts receivable - trade	(6,095)	(9,070)
Decrease (increase) in inventories	(611)	(3,391)
Decrease (increase) in prepaid expenses	403	(338)
Increase (decrease) in notes and accounts payable - trade	2,513	3,249
Increase (decrease) in accounts payable - other	169	(642)
Increase (decrease) in accrued expenses	375	(489)
Other, net	562	(946)
Subtotal	3,647	(901)
Interest and dividend income received	42	106
Interest expenses paid	(314)	(279)
Extra retirement payments	(168)	–
Income taxes paid	(915)	(1,782)
Net cash provided by (used in) operating activities	2,291	(2,857)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,841)	(1,416)
Purchase of intangible assets	(632)	(569)
Proceeds from fees for equipment	812	–
Other, net	200	(58)
Net cash provided by (used in) investing activities	(1,460)	(2,045)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,175)	453
Proceeds from long-term loans payable	2,000	–
Repayments of long-term loans payable	(2,157)	(14,085)
Cash dividends paid	(428)	(465)
Proceeds from sales and leasebacks	1,625	905
Repayments of finance lease obligations	(2,423)	(1,505)
Proceeds from disposal of treasury shares	513	594
Other, net	(2)	(4)
Net cash provided by (used in) financing activities	(2,049)	(14,108)
Effect of exchange rate change on cash and cash equivalents	(1,285)	75
Net increase (decrease) in cash and cash equivalents	(2,503)	(18,935)
Cash and cash equivalents at beginning of period	39,902	58,530
Cash and cash equivalents at end of period	37,398	39,594