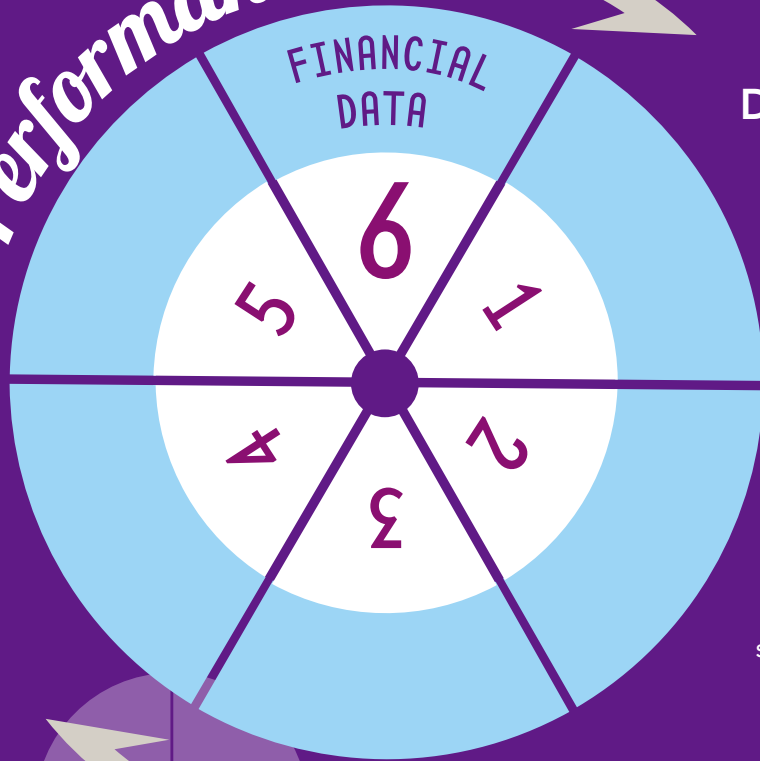


Performance



Downturn in hit products resulted in less income, with lower net profits due to the posting of structural reform costs

Consolidated net sales for the year declined 4.4% YoY. Sales of long-standing products and others were solid, whereas sales of *Metal Fight Beyblade* and *Transformers* declined after enjoying a boom in demand overseas and in Japan in the previous year, and sales struggled at overseas subsidiaries (TI). Operating income fell 75.0% reflecting a fall in net sales, despite a reduction in selling, general and administrative expenses. As for the bottom line, a net loss was recorded by reporting extraordinary losses that included an impairment loss on certain intangible assets of TI and the cost associated with a solicitation for voluntary retirement.

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Six-Year Financial Summary

TOMY Company, Ltd., and its consolidated subsidiaries
Years ended March 31, 2013, 2012, 2011, 2010, 2009 and 2008

	Millions of yen						Thousands of U.S. dollars ⁵
	2013	2012	2011	2010	2009	2008	2013
Net sales	¥179,042	¥187,265	¥159,490	¥178,713	¥180,586	¥192,423	\$1,903,700
Gross profit	55,160	61,137	52,668	54,994	52,447	53,923	586,503
Total selling, general and administrative expenses	52,613	50,951	42,341	44,538	47,441	47,825	559,419
Operating income	2,547	10,186	10,327	10,456	5,006	6,097	27,083
Ordinary income	2,622	9,823	10,143	10,382	5,436	5,498	27,880
Income before income (loss) taxes and minority interests	(4,766)	7,976	7,837	8,673	1,077	5,700	(50,677)
Net income (loss)	(7,097)	3,679	8,929	8,978	1,377	5,748	(75,467)
EBITDA *1	10,087	16,854	14,601	14,512	8,970	9,356	107,253
Depreciation and amortization	7,539	6,667	4,274	4,055	3,964	3,259	80,170
Net cash provided by operating activities	6,701	16,046	8,486	16,857	5,577	13,174	71,257
Net cash provided by (used in) investing activities	(3,414)	(38,048)	1,169	(3,033)	(2,886)	(2,592)	(36,306)
Net cash provided by (used in) financing activities	(8,494)	29,718	(6,767)	(8,538)	(2,634)	(12,034)	(90,315)
Net increase (decrease) in cash and cash equivalents	(3,939)	7,484	2,543	5,165	(363)	(2,068)	(41,883)
Cash and cash equivalents at end of period	32,583	36,522	29,038	26,638	21,492	21,896	346,449
(As of March 31)							
Total assets	152,812	156,654	94,597	95,880	91,600	98,251	1,624,802
Net assets	49,772	51,805	48,744	42,062	30,666	35,820	529,218
Interest-bearing debt	66,293	68,815	21,270	25,270	33,997	31,329	704,876

	Millions of yen						Thousands of U.S. dollars ⁶
	2013	2012	2011	2010	2009	2008	2013
PER SHARE DATA (YEN)							
Net income (loss)	¥(75.40)	¥39.09	¥94.85	¥96.60	¥14.95	¥60.22	\$(0.80)
Dividend	10.00	14.00	14.00	12.00	10.00	8.75	0.11
Net assets	507.21	525.46	501.54	432.90	329.41	350.44	5.39
MAJOR FINANCIAL INDICES							
Operating margin (%)	1.4	5.4	6.5	5.9	2.8	3.2	1.4
Overseas sales ratio (%)	30.6	36.2	19.7	17.4	17.9	20.8	30.6
SG&A to sales ratio (%)	29.4	27.2	26.5	24.9	26.3	24.9	29.4
Return on equity (ROE) (%) ^{*2}	—	7.6	20.3	25.5	4.4	17.8	—
Return on assets (ROA) (%) ^{*3}	1.7	7.8	10.7	11.1	5.7	5.7	1.7
Equity ratio (%)	31.2	31.6	49.9	42.5	32.3	34.0	31.2
Debt-to-equity ratio (%) ^{*4}	133.2	132.8	43.6	60.1	110.9	87.5	133.2
STOCK DATA							
Stock price at year-end (Yen)	478	605	630	728	382	739	5.08
Market capitalization (Millions of yen)	44,996	56,952	59,306	68,534	34,261	70,553	478,431
PER (Times)	—	15.5	6.6	7.5	25.6	12.3	—
Number of shares outstanding (Thousand shares) ^{*5}	94,134	94,136	94,138	94,140	89,689	95,472	94,134

*1 EBITDA=Operating income+Depreciation and amortization

*2 Return on equity=Net income÷(Net assets–Subscription rights to shares–Minority interests)

*3 Return on assets=Ordinary income÷Total assets

*4 Debt to equity ratio=Interest-bearing debt÷Net assets

*5 Treasury stock has been excluded from these figures.

*6 U.S. dollar amounts have been translated at the rate of ¥94.05=US\$1, the approximate exchange rate at March 31, 2013.

Consolidated Balance Sheets

TOMY Company, Ltd., and its consolidated subsidiaries
As of March 31, 2013 and 2012

	Millions of yen	
As of March 31,	2012	2013
ASSETS		
CURRENT ASSETS		
Cash and deposits	¥37,684	¥33,764
Notes and accounts receivable–trade	23,597	23,972
Securities	264	64
Merchandise and finished goods	15,850	19,214
Work in process	328	368
Raw materials and supplies	845	759
Deferred tax assets	3,165	2,057
Other	5,388	6,178
Allowance for doubtful accounts	(221)	(158)
Total current assets	86,904	86,222
NONCURRENT ASSETS		
Property, plant and equipment		
Buildings and structures	13,223	13,634
Accumulated depreciation	(7,515)	(7,935)
Accumulated impairment loss	(353)	(456)
Buildings and structures, net	5,355	5,242
Machinery, equipment and vehicles		
Accumulated depreciation	(865)	(1,117)
Accumulated impairment loss	(0)	(0)
Machinery, equipment and vehicles, net	884	920
Tools, furniture and fixtures		
Accumulated depreciation	(22,461)	(22,491)
Accumulated impairment loss	(83)	(273)
Tools, furniture and fixtures, net	2,647	2,843
Land		
Lease assets	2,994	5,374
Accumulated depreciation	(1,432)	(2,182)
Lease assets, net	1,562	3,192
Construction in progress	185	243
Total property, plant and equipment	15,498	17,172

	Millions of yen	
As of March 31,	2012	2013
Intangible assets		
Goodwill	¥ 23,388	¥ 25,174
Right of using trademark	14,067	9,674
Other	7,023	7,532
Total intangible assets	44,478	42,382
Investments and other assets		
Investment securities	2,574	3,056
Deferred tax assets	2,774	517
Other	4,663	3,699
Allowance for doubtful accounts	(299)	(276)
Total investments and other assets	9,713	6,998
Total noncurrent assets	69,689	66,552
Deferred assets		
Bond issuance cost	60	37
Total deferred assets	60	37
Total assets	¥156,654	¥152,812

	Millions of yen	
As of March 31,	2012	2013
LIABILITIES		
CURRENT LIABILITIES		
Notes and accounts payable–trade	¥ 11,374	¥ 10,708
Short-term loans payable	3,798	5,971
Current portion of long–term loans payable	5,510	5,497
Current portion of bonds	1,050	990
Lease obligations	1,213	1,935
Accounts payable–other	4,864	6,479
Accrued expenses	5,627	5,439
Income taxes payable	579	478
Provision for sales returns	253	375
Allowance for recall	84	57
Provision for directors’ bonuses	269	418
Other	601	1,023
Total current liabilities	35,226	39,376
NONCURRENT LIABILITIES		
Bonds payable	990	—
Bonds with subscription rights to shares	12,300	12,300
Long-term loans payable	45,166	41,534
Lease obligations	506	1,186
Deferred tax liabilities	4,992	2,800
Deferred tax liabilities for land revaluation	553	551
Provision for retirement benefits	2,947	2,982
Provision for directors’ retirement benefits	245	228
Allowance for investment loss	10	10
Other	1,910	2,069
Total noncurrent liabilities	69,623	63,663
Total liabilities	104,849	103,039

	Millions of yen	
As of March 31,	2012	2013
NET ASSETS		
SHAREHOLDERS’ EQUITY		
Capital stock	¥ 3,459	¥ 3,459
Capital surplus	6,744	6,744
Retained earnings	44,336	35,916
Treasury stock	(1,321)	(1,322)
Total shareholders’ equity	53,219	44,798
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	222	529
Deferred gains or losses on hedges	41	828
Revaluation reserve for land	63	68
Foreign currency translation adjustment	(4,081)	1,522
Total accumulated other comprehensive income	(3,754)	2,948
SUBSCRIPTION RIGHTS TO SHARES	594	729
MINORITY INTERESTS	1,745	1,296
Total net assets	51,805	49,772
Total liabilities and net assets	¥156,654	¥152,812

Consolidated Statements of Income

TOMY Company, Ltd., and its consolidated subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen	
Years ended March 31,	2012	2013
NET SALES	¥187,265	¥179,042
COST OF SALES	126,127	123,882
GROSS PROFIT	61,137	55,160
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Packing and transportation expenses	2,692	2,877
Warehousing expenses	3,667	4,213
Advertising expenses	8,918	9,600
Directors' compensations	807	821
Salaries, allowances and bonuses	14,952	14,146
Provision for directors' bonuses	168	236
Retirement benefit expenses	1,089	1,220
Provision for directors' retirement benefits	63	77
Depreciation	2,491	2,609
Research and development expenses	2,540	2,709
Commission fee	2,665	2,578
Provision of allowance for doubtful accounts	(167)	(25)
Other	11,062	11,545
Total selling, general and administrative expenses	50,951	52,613
OPERATING INCOME	10,186	2,547
NON-OPERATING INCOME		
Interest and dividend income	107	130
Amortization of negative goodwill	390	58
Rent income	170	195
Purchase discounts	66	90
Foreign exchange gains	—	358
Other	153	304
Total non-operating income	889	1,136
NON-OPERATING EXPENSES		
Interest expenses	734	830
Sales discounts	8	9
Amortization of bond issuance cost	27	22
Foreign exchange losses	246	—

	Millions of yen	
Years ended March 31,	2012	2013
<i>(NON-OPERATING EXPENSES continued)</i>		
Other	¥ 236	¥ 199
Total non-operating expenses	1,253	1,061
ORDINARY INCOME	9,823	2,622
EXTRAORDINARY INCOME		
Gain on sales of noncurrent assets	124	6
Gain on sales of investment securities	14	—
Insurance income	669	197
Gain on bargain purchase	—	318
Other	2	29
Total extraordinary income	811	551
EXTRAORDINARY LOSS		
Loss on sales of noncurrent assets	60	2
Loss on retirement of noncurrent assets	103	114
Loss on sales of investment securities	52	—
Loss on valuation of investment securities	482	9
Impairment loss	130	6,233
Loss on disaster	1,259	—
Business structure improvement expenses	569	487
Special extra retirement payments	—	860
Other	—	232
Total extraordinary losses	2,658	7,939
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	7,976	(4,766)
INCOME TAXES—CURRENT	859	503
REFUND OF INCOME TAXES	(872)	(7)
INCOME TAXES—DEFERRED	4,273	1,764
TOTAL INCOME TAXES	4,260	2,259
INCOME (LOSS) BEFORE MINORITY INTERESTS	3,715	(7,026)
MINORITY INTERESTS IN INCOME	36	71
NET INCOME (LOSS)	¥3,679	¥(7,097)

Consolidated Statements of Comprehensive Income

TOMY Company, Ltd., and its consolidated subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen	
Years ended March 31,	2012	2013
INCOME (LOSS) BEFORE MINORITY INTERESTS	¥3,715	¥(7,026)
OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	250	307
Deferred gains or losses on hedges	413	787
Revaluation reserve for land	75	—
Foreign currency translation adjustment	(848)	5,603
Total other comprehensive income	(108)	6,698
COMPREHENSIVE INCOME	3,607	(327)
Comprehensive income attributable to owners of the parent	3,569	(399)
Comprehensive income attributable to minority interests	37	72

Consolidated Statements of Changes in Net Assets

TOMY Company, Ltd., and its consolidated subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen	
Years ended March 31,	2012	2013
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Balance at the beginning of current period	¥ 3,459	¥ 3,459
Balance at the end of current period	3,459	3,459
CAPITAL SURPLUS		
Balance at the beginning of current period	6,744	6,744
Changes of items during the period		
Disposal of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	6,744	6,744
RETAINED EARNINGS		
Balance at the beginning of current period	41,970	44,336
Changes of items during the period		
Dividends from surplus	(1,317)	(1,317)
Net income (loss)	3,679	(7,097)
Reversal of revaluation reserve for land	4	(4)
Total changes of items during the period	2,366	(8,420)
Balance at the end of current period	44,336	35,916
TREASURY STOCK		
Balance at the beginning of current period	(1,320)	(1,321)
Changes of items during the period		
Purchase of treasury stock	(1)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(1,321)	(1,322)
TOTAL SHAREHOLDERS' EQUITY		
Balance at the beginning of current period	50,854	53,219
Changes of items during the period		
Dividends from surplus	(1,317)	(1,317)
Net income (loss)	3,679	(7,097)

Consolidated Statements of Changes in Net Assets (continued)

	Millions of yen	
Years ended March 31,	2012	2013
<i>(TOTAL SHAREHOLDERS' EQUITY continued)</i>		
Purchase of treasury stock	¥ (1)	¥ (1)
Disposal of treasury stock	0	0
Reversal of revaluation reserve for land	4	(4)
Total changes of items during the period	2,365	(8,420)
Balance at the end of current period	53,219	44,798
ACCUMULATED OTHER COMPREHENSIVE INCOME		
VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES		
Balance at the beginning of current period	(27)	222
Changes of items during the period		
Net changes of items other than shareholders' equity	249	306
Total changes of items during the period	249	306
Balance at the end of current period	222	529
DEFERRED GAINS OR LOSSES ON HEDGES		
Balance at the beginning of current period	(372)	41
Changes of items during the period		
Net changes of items other than shareholders' equity	413	787
Total changes of items during the period	413	787
Balance at the end of current period	41	828
REVALUATION RESERVE FOR LAND		
Balance at the beginning of current period	(7)	63
Changes of items during the period		
Net changes of items other than shareholders' equity	71	4
Total changes of items during the period	71	4
Balance at the end of current period	63	68
FOREIGN CURRENCY TRANSLATION ADJUSTMENT		
Balance at the beginning of current period	(3,233)	(4,081)
Changes of items during the period		
Net changes of items other than shareholders' equity	(848)	5,603
Total changes of items during the period	(848)	5,603
Balance at the end of current period	(4,081)	1,522

	Millions of yen	
Years ended March 31,	2012	2013
TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance at the beginning of current period	¥(3,639)	¥(3,754)
Changes of items during the period		
Net changes of items other than shareholders' equity	(114)	6,702
Total changes of items during the period	(114)	6,702
Balance at the end of current period	(3,754)	2,948
SUBSCRIPTION RIGHTS TO SHARES		
Balance at the beginning of current period	409	594
Changes of items during the period		
Net changes of items other than shareholders' equity	185	135
Total changes of items during the period	185	135
Balance at the end of current period	594	729
MINORITY INTERESTS		
Balance at the beginning of current period	1,120	1,745
Changes of items during the period		
Net changes of items other than shareholders' equity	624	(448)
Total changes of items during the period	624	(448)
Balance at the end of current period	1,745	1,296
TOTAL NET ASSETS		
Balance at the beginning of current period	48,744	51,805
Changes of items during the period		
Dividends from surplus	(1,317)	(1,317)
Net income (loss)	3,679	(7,097)
Purchase of treasury stock	(1)	(1)
Disposal of treasury stock	0	0
Reversal of revaluation reserve for land	4	(4)
Net changes of items other than shareholders' equity	695	6,388
Total changes of items during the period	3,060	(2,032)
Balance at the end of current period	¥51,805	¥49,772

Consolidated Statements of Cash Flows

TOMY Company, Ltd., and its consolidated subsidiaries
Years ended March 31, 2013 and 2012

	Millions of yen	
Years ended March 31,	2012	2013
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Income (loss) before income taxes and minority interests	¥ 7,976	¥(4,766)
Depreciation and amortization	5,692	6,275
Impairment loss	130	6,233
Loss on disaster	1,259	—
Loss (gain) on valuation of investment securities	482	9
Amortization of goodwill	1,266	1,424
Amortization of negative goodwill	(390)	(58)
Gain on bargain purchase	—	(318)
Increase (decrease) in allowance for doubtful accounts	(207)	(104)
Increase (decrease) in provision for retirement benefits	52	17
Interest and dividend income	(107)	(130)
Interest expense	734	830
Loss (gain) on sales of property, plant and equipment	(64)	(3)
Decrease (increase) in notes and accounts receivable—trade	1,113	755
Decrease (increase) in inventories	2,791	(2,029)
Decrease (increase) in accounts receivable—other	(424)	527
Increase (decrease) in notes and accounts payable—trade	(293)	(1,160)
Increase (decrease) in accounts payable—other	(2,617)	1,277
Increase (decrease) in accrued expenses	(1,182)	(663)
Other, net	1,308	26
Subtotal	17,518	8,142
Interest and dividend income received	103	114
Interest expense paid	(720)	(794)
Income taxes paid	(854)	(761)
Net cash provided by (used in) operating activities	16,046	6,701

	Millions of yen	
Years ended March 31,	2012	2013
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Payments into time deposits	¥ (847)	¥ (111)
Purchase of property, plant and equipment	(2,531)	(2,457)
Proceeds from sales of property, plant and equipment	825	155
Purchase of intangible assets	(773)	(920)
Purchase of investment securities	(7)	(12)
Proceeds from sales of investment securities	206	2
Purchase of investments in subsidiaries	(33,579)	(8)
Purchase of treasury stock of subsidiaries in consolidation	—	(280)
Other, net	(1,340)	217
Net cash provided by (used in) investing activities	(38,048)	(3,414)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Net increase (decrease) in short-term loans payable	(669)	1,827
Proceeds from long-term loans payable	35,259	—
Repayment of long-term loans payable	(870)	(5,522)
Redemption of bonds	(1,250)	(1,050)
Cash dividends paid	(1,318)	(1,313)
Repayments of finance lease obligations	(1,425)	(2,430)
Other, net	(6)	(5)
Net cash provided by (used in) financing activities	29,718	(8,494)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	(232)	1,267
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,484	(3,939)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	29,038	36,522
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥36,522	¥32,583