



The Annual Report
For the Year Ended March 31, 2005

TOMY COMPANY, LTD.

9-10 Tateishi 7-chome, Katsushika-ku, Tokyo 124-8511, Japan

Tel:81-3-3693-9033 Fax:81-3-3694-7403

Web site: <http://www.tomy.com/ir>

Consolidated Balance Sheets (Unaudited)

TOMY COMPANY, LTD. AND SUBSIDIARIES

As of March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
ASSETS			
Current Assets:			
Cash and cash equivalents	¥22,566	¥15,349	\$210,137
Marketable securities	565	565	5,259
Trade notes and accounts receivable	11,543	10,134	107,488
Less allowance for doubtful receivables	(208)	(256)	(1,940)
Inventories	6,596	5,521	61,417
Deferred income taxes — current	1,420	1,455	13,227
Other	2,430	3,838	22,628
	44,912	36,606	418,216
Property, Plant and Equipment, at Cost:			
Land	3,409	3,412	31,745
Buildings and structures	6,154	6,594	57,306
Machinery and equipment	22,132	21,701	206,087
Construction in progress	133	36	1,243
	31,828	31,743	296,381
Less accumulated depreciation	(24,035)	(23,462)	(223,812)
	7,793	8,281	72,569
Investments and Other Assets:			
Investment securities	928	997	8,645
Investment in unconsolidated subsidiaries and affiliates	90	219	841
Lease deposits and other	1,080	945	10,048
Deferred income taxes — non current	704	520	6,559
	2,802	2,681	26,093
Total Assets	55,507	47,568	516,878

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term borrowings	¥4,451	¥4,407	\$41,448
Current portion of long-term debt	2,411	551	22,448
Trade notes and accounts payable	4,449	3,731	41,426
Other payables	3,845	3,801	35,800
Accrued expenses	2,757	2,868	25,675
Accrued income taxes	1,742	329	16,225
Other	1,027	2,353	9,568
	20,682	18,040	192,590
Long-Term Liabilities:			
Long-term debt, less current portion	10,225	5,698	95,211
Severance and retirement allowances:			
Employees	1,152	1,080	10,730
Directors	489	436	4,555
Deferred income taxes for revaluation of land	18	18	165
Other	1,253	1,191	11,671
	13,137	8,423	122,332
Total liabilities	33,819	26,463	314,922
Minority Interests:	368	267	3,426
Shareholders' Equity:			
Common stock, no par			
Authorized 60,000,000 shares			
Issued 20,419,299 shares at March 31, 2005 and 2004	2,990	2,990	27,842
Additional paid-in capital	2,936	2,936	27,342
Retained earnings	17,759	16,533	165,377
Revaluation reserve for land, net of tax	26	26	242
Net unrealized holding gains on securities	136	135	1,263
Foreign currency translation adjustments	(1,789)	(1,770)	(16,661)
	22,058	20,850	205,405
Less treasury stock, at cost			
411,353 shares at March 31, 2005 and 8,763 shares at March 31, 2004	(738)	(12)	(6,875)
Total shareholders' equity	21,320	20,838	198,530
Total Liabilities and Shareholders' Equity	55,507	47,568	516,878

Consolidated Statements of Operations (Unaudited)

TOMY COMPANY, LTD. AND SUBSIDIARIES

Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Net Sales	¥83,274	¥82,520	\$775,439
Cost of Sales	52,117	50,940	485,310
Gross profit	31,157	31,580	290,129
Selling, General and Administrative Expenses	26,696	25,544	248,586
Operating income	4,461	6,036	41,543
Other Income (Expenses):			
Interest and dividend income	28	42	257
Interest expense	(195)	(286)	(1,817)
Gain on sale of fixed assets	13	2	117
Loss on disposal of plant and equipment	(50)	(33)	(467)
Cash discounts	(135)	(173)	(1,260)
Impairment loss on investment securities	(65)	(19)	(604)
Foreign exchange loss, net	(104)	(223)	(973)
Loss on voluntary recall of products	(200)	(1,000)	(1,862)
Other, net	(73)	(181)	(668)
	(781)	(1,871)	(7,277)
Income before Income Taxes	3,680	4,165	34,266
Provision for Income Taxes - current	2,099	840	19,540
- deferred	(145)	777	(1,350)
Minority Interest in Subsidiaries	46	46	430
Net Income	1,680	2,502	15,646
Per Share of Common Stock:			
Net income:			
Basic	¥74.98	¥114.52	\$0.70
Diluted	65.52	—	0.61
Cash dividends, applicable to the year	¥15.00	¥10.00	\$0.14

Consolidated Statements of Shareholders' Equity (Unaudited)

TOMY COMPANY, LTD. AND SUBSIDIARIES

Years ended March 31, 2005 and 2004

	Millions of yen					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net gains and losses not recognized in the statements of operations	Total
Balance at March 31, 2003	¥2,990	¥2,936	¥14,078	(¥8)	(¥1,518)	¥18,478
Unrealized holding gains on securities arising during the period					253	253
Foreign currency translation adjustments					(344)	(344)
Net income			2,502			2,502
Bonuses paid to directors & corporate auditors			(47)			(47)
Treasury stock				(4)		(4)
Balance at March 31, 2004	¥2,990	¥2,936	¥16,533	(¥12)	(¥1,609)	¥20,838
Unrealized holding gains on securities arising during the period					1	1
Foreign currency translation adjustments					(19)	(19)
Net income			1,680			1,680
Dividends declared			(306)			(306)
Bonuses paid to directors & corporate auditors			(151)			(151)
Equity in subsidiaries included in consolidation at beginning of year			3			3
Treasury stock				(726)		(726)
Balance at March 31, 2005	¥2,990	¥2,936	¥17,759	(¥738)	(¥1,627)	¥21,320
	Thousands of U.S. dollars					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net gains and losses not recognized in the statements of operations	Total
Balance at March 31, 2004	\$27,842	\$27,342	\$153,957	(\$114)	(\$14,986)	\$194,041
Unrealized holding gains on securities arising during the period					4	4
Foreign currency translation adjustments					(174)	(174)
Net income			15,646			15,646
Dividends declared			(2,851)			(2,851)
Bonuses paid to directors & corporate auditors			(1,406)			(1,406)
Equity in subsidiaries included in consolidation at beginning of year			31			31
Treasury stock				(6,761)		(6,761)
Balance at March 31, 2005	\$27,842	\$27,342	\$165,377	(\$6,875)	(\$15,156)	\$198,530

Consolidated Statements of Cash Flows (Unaudited)

TOMY COMPANY, LTD. AND SUBSIDIARIES

Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Cash Flows from Operating Activities:			
Income before income taxes	¥3,680	¥4,165	\$34,266
Depreciation and amortization	1,541	2,256	14,353
Interest and dividend income	(28)	(42)	(257)
Interest expense	195	286	1,817
Increase in trade notes and accounts receivable	(1,243)	(555)	(11,575)
Increase in inventories	(962)	(314)	(8,961)
Decrease in prepaid expenses	127	214	1,178
Increase (decrease) in trade notes and accounts payable	616	(350)	5,741
Other, net	217	1,570	2,013
Sub total	4,143	7,230	38,575
Interest and dividend received	28	44	256
Interest paid	(227)	(282)	(2,111)
Income tax paid	(730)	(850)	(6,797)
Net cash provided by operating activities	3,214	6,142	29,923
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	(1,137)	(1,715)	(10,584)
Purchase of marketable and investment securities	(1,067)	(1,685)	(9,931)
Proceeds from sales of marketable and investment securities	1,071	4,982	9,976
Other, net	(234)	(133)	(2,189)
Net cash provided by (used in) investing activities	(1,367)	1,449	(12,728)
Cash Flows from Financing Activities:			
Repayment of short-term borrowings, net	(33)	(4,749)	(311)
Repayment of long-term debt	(613)	(349)	(5,709)
Proceeds from long-term debt	7,000	1,400	65,183
Redemption of the convertible unsecured bonds	—	(9,965)	—
Dividends paid	(307)	(3)	(2,860)
Purchase of treasury stock	(726)	(4)	(6,761)
Other, net	71	107	672
Net cash provided by (used in) financing activities	5,392	(13,563)	50,214
Effect of Exchange Rate on Cash and Cash Equivalents	(93)	(192)	(864)
Net Increase (Decrease) in Cash and Cash Equivalents	7,146	(6,164)	66,545
Cash and Cash Equivalents at Beginning of period	15,349	21,513	142,931
Net Increase in Cash and Cash Equivalents due to Change in Consolidated Subsidiaries	71	—	661
Cash and Cash Equivalents at End of Period	¥22,566	¥15,349	\$210,137

Business Segment Information (Unaudited)

Years ended March 31, 2005 and 2004

The Group operates principally in the toy manufacturing and marketing business.

2005	Millions of yen				
	Toy	Others	Total	Eliminations	Consolidated
Net Sales:					
Sales to customers	¥80,956	¥2,318	¥83,274	-	¥83,274
Inter-segment sales	19	2,569	2,588	(2,588)	-
Total	80,975	4,887	85,862	(2,588)	83,274
Operating expenses	75,200	4,656	79,856	(1,043)	78,813
Operating income	5,775	231	6,006	(1,545)	4,461
Total assets	33,478	4,002	37,480	18,027	55,507
Depreciation	1,389	86	1,475	66	1,541
Capital expenditure	1,154	47	1,201	88	1,289

2004	Millions of yen				
	Toy	Others	Total	Eliminations	Consolidated
Net Sales:					
Sales to customers	¥79,984	¥2,536	¥82,520	-	¥82,520
Inter-segment sales	22	2,616	2,638	(2,638)	-
Total	80,006	5,152	85,158	(2,638)	82,520
Operating expenses	72,980	4,729	77,709	(1,225)	76,484
Operating income	7,026	423	7,449	(1,413)	6,036
Total assets	31,626	4,435	36,061	11,507	47,568
Depreciation	2,091	98	2,189	67	2,256
Capital expenditure	1,644	43	1,687	28	1,715

2005	Thousands of U.S. Dollars				
	Toy	Others	Total	Eliminations	Consolidated
Net Sales:					
Sales to customers	\$753,856	\$21,583	\$775,439	-	\$775,439
Inter-segment sales	173	23,925	24,098	(24,098)	-
Total	754,029	45,508	799,537	(24,098)	775,439
Operating expenses	700,255	43,354	743,609	(9,713)	733,896
Operating income	53,774	2,154	55,928	(14,385)	41,543
Total assets	311,746	37,262	349,008	167,870	516,878
Depreciation	12,936	803	13,739	614	14,353
Capital expenditure	10,750	436	11,186	818	12,004

Operations by Geographic Area (Unaudited)

Years ended March 31, 2005 and 2004

Sales and operating income are attributed to countries, based on location of business assets.

2005	Millions of yen						Eliminations	Consolidated
	Japan	Europe	North America	Asia	Total			
Net sales:								
Sales to customers	¥64,299	¥12,832	¥3,198	¥2,945	¥83,274	-	¥83,274	
Inter-segment sales	2,548	14	0	14,345	16,907	(16,907)	-	
Total	66,847	12,846	3,198	17,290	100,181	(16,907)	83,274	
Operating expenses	59,862	12,586	4,020	17,488	93,956	(15,143)	78,813	
Operating income (loss)	6,985	260	(822)	(198)	6,225	(1,764)	4,461	
Total assets	31,527	6,250	1,502	6,684	45,963	9,544	55,507	

2004	Millions of yen						Eliminations	Consolidated
	Japan	Europe	North America	Asia	Total			
Net sales:								
Sales to customers	¥62,294	¥12,761	¥4,397	¥3,068	¥82,520	-	¥82,520	
Inter-segment sales	4,101	40	1	12,221	16,363	(16,363)	-	
Total	66,395	12,801	4,398	15,289	98,883	(16,363)	82,520	
Operating expenses	59,235	12,432	4,381	15,295	91,343	(14,859)	76,484	
Operating income (loss)	7,160	369	17	(6)	7,540	(1,504)	6,036	
Total assets	28,523	5,118	1,104	4,973	39,718	7,850	47,568	

2005	Thousands of U.S. Dollars						Eliminations	Consolidated
	Japan	Europe	North America	Asia	Total			
Net sales:								
Sales to customers	\$598,751	\$119,485	\$29,776	\$27,427	\$775,439	-	\$775,439	
Inter-segment sales	23,727	126	0	133,582	157,435	(157,435)	-	
Total	622,478	119,611	29,776	161,009	932,874	(157,435)	775,439	
Operating expenses	557,430	117,196	37,438	162,847	874,911	(141,015)	733,896	
Operating income (loss)	65,048	2,415	(7,662)	(1,838)	57,963	(16,420)	41,543	
Total assets	293,575	58,203	13,987	62,237	428,002	88,876	516,878	

Overseas sales and the ratios (Unaudited)

Years ended March 31, 2005 and 2004

Overseas sales consist of export sales by TOMY Company, Ltd., and domestic subsidiaries and sales by consolidated foreign subsidiaries.

	Millions of yen							
	2005				2004			
	Europe	North America	Asia	Total	Europe	North America	Asia	Total
Overseas sales	¥13,600	¥3,484	¥3,204	¥20,288	¥13,376	¥4,948	¥2,924	¥21,248
Consolidated sales	—	—	—	¥83,274	—	—	—	¥82,520
Overseas sales ratio	16.3%	4.2%	3.9%	24.4%	16.2%	6.0%	3.5%	25.7%

	Thousands of U.S.Dollars			
	2005			
	Europe	North America	Asia	Total
Overseas sales	\$126,642	\$32,447	\$29,833	\$188,922
Consolidated sales	—	—	—	\$775,439
Overseas sales ratio	16.3%	4.2%	3.9%	24.4%

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTATION

TOMY Company, Ltd., and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen and in accordance with the provisions set forth in the Japanese Commercial Code and accounting principles and practices generally accepted in Japan. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements.

All amounts are unaudited.

2. BASIS OF TRANSLATING CONSOLIDATED FINANCIAL STATEMENTS

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2005, which was ¥107.39 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.