

March 17, 2010

## Notice of Partial Correction to “Notice of Recording of Non-operating Expenses and Difference from Business Forecasts”

TYO Inc. has recorded an extraordinary loss for the second quarter of the fiscal year ending July 31, 2010. In accordance with the recording of the extraordinary loss, TYO announces that the Company has made the following corrections to its recent press release titled “Notice of Recording of Non-operating Expenses and Difference from Business Forecasts”.

### 1. Description, background and reasons for corrections

TYO released its “Summary of Business Results for the Second Quarter of the Year Ending July 31, 2010” effective March 10, 2010. However, TYO recorded an additional extraordinary loss in the process of its second quarter report audit. In accordance with the recording of the extraordinary loss, TYO made corrections regarding the difference in the forecasts for the six months ended January 31, 2010 (non-consolidated) in its “Notice of Recording of Non-operating Expenses and Difference from Business Forecasts” announced on March 10, 2010.

### 2. Description of extraordinary loss

#### Provision for doubtful accounts (consolidated and non-consolidated)

TYO Group withdrew from the game software sector of the Entertainment business in the previous consolidated fiscal year. TYO considered the collectability of a portion of loans for the game software sector based on the cash position and earnings plan more strictly. As a result, TYO recorded a 348 million yen, which is a portion of the Company’s loans, as a provision for doubtful accounts.

### 3. Corrections (Corrections are underlined.)

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#### (1) Revisions to consolidated forecasts (Million yen)

##### [Before correction]

(Million yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Previous forecast (A)	13,000	300	150	30	1.08
Revised forecast (B)	13,580	397	171	<u>(227)</u>	<u>(8.21)</u>
Increase/decrease (B-A)	580	97	21	<u>(257)</u>	—
Percentage change (%)	4.5	32.3	14.0	—	—
(Reference) Previous 2Q results (2Q of the year ended Jan. 2009)	15,648	310	142	(369)	(13.08)

##### [After correction]

(Million yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Previous forecast (A)	13,000	300	150	30	1.08
Revised forecast (B)	13,580	397	171	<u>(576)</u>	<u>(20.79)</u>
Increase/decrease (B-A)	580	97	21	<u>(606)</u>	—
Percentage change (%)	4.5	32.3	14.0	—	—
(Reference) Previous 2Q results (2Q of the year ended Jan. 2009)	15,648	310	142	(369)	(13.08)

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#### (2) Reasons for revisions

##### [Before correction]

Net sales, severely impacted by the withdrawal from the game software sector in the Entertainment business in the previous consolidated fiscal year, decreased from the same

quarter a year earlier. However, sales of TV commercial sector of Advertising business and sales of computer graphics sector of Entertainment business were strong. As a result, net sales will be 13,580 million yen, 580 million yen higher than the initial forecast.

Operating income will be 397million yen, 97 million yen higher than the initial forecast. This is because of the abovementioned higher net sales and because the entire group's cost reduction and other measures were successful.

Ordinary income will be 171 million yen, 21 million yen higher than the initial forecast because although the recording of depreciation of investment in association put pressure on profits as stated in the above "1. Recording of non-operating expenses and the description (consolidated and non-consolidated)", net sales and operating income increased. As a result of the above factor, net loss, although improved compared with the same quarter a year earlier, will be 227 million yen, 257 million yen less than the initial forecast.

#### [After correction]

Net sales, severely impacted by the withdrawal from the game software sector in the Entertainment business in the previous consolidated fiscal year, decreased from the same quarter a year earlier. However, sales of TV commercial sector of Advertising business and sales of computer graphics sector of Entertainment business were strong. As a result, net sales will be 13,580 million yen, 580 million yen higher than the initial forecast.

Operating income will be 397million yen, 97 million yen higher than the initial forecast. This is because of the abovementioned higher net sales and because the entire group's cost reduction and other measures were successful.

Ordinary income will be 171 million yen, 21 million yen higher than the initial forecast because although the recording of depreciation of investment in association put pressure on profits as stated in the above "1. Recording of non-operating expenses and the description (consolidated and non-consolidated)", net sales and operating income increased. Recording of extraordinary loss as mentioned above also affected net loss. As a result, net loss will be 576 million yen, 606 million yen less than the initial forecast.

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### (3) Revisions to non-consolidated forecasts

#### [Before correction]

(Million yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Previous forecast (A)	1,300	100	100	100	3.61
Revised forecast (B)	1,603	371	375	381	13.78
Increase/decrease (B-A)	303	271	275	281	—
Percentage change (%)	23.3	271.0	275.0	281.0	—
(Reference) Previous 2Q results (2Q of the year ended Jan. 2009)	1,633	496	509	437	15.79

#### [After correction]

(Million yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Previous forecast (A)	1,300	100	100	100	3.61
Revised forecast (B)	1,603	371	375	33	1.20
Increase/decrease (B-A)	303	271	275	(67)	—
Percentage change (%)	23.3	271.0	275.0	(67.0)	—
(Reference) Previous 2Q results (2Q of the year ended Jan. 2009)	1,633	496	509	437	15.79

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**(4) Reasons for revisions**

**[Before correction]**

Net sales will be 1,603 million yen, 303 million yen higher than the initial forecast due to increase in group management fee associated with the proposals for cost reduction measures at TYO subsidiaries and increase in operations including managements for mergers and integrations.

Operating income will be 371 million yen, 271 million yen higher than the initial forecast for the same reason as for the higher net sales.

Ordinary income will be 375 million yen, 275 million yen higher than the initial forecast for the same reason as for the above higher operating income.

Net income will be 381 million yen, 281 million yen higher than the initial forecast for the same reason as for the above higher ordinary income.

**[After correction]**

Net sales will be 1,603 million yen, 303 million yen higher than the initial forecast due to increase in group management fee associated with the proposals for cost reduction measures at TYO subsidiaries and increase in operations including managements for mergers and integrations.

Operating income will be 371 million yen, 271 million yen higher than the initial forecast for the same reason as for the higher net sales.

Ordinary income will be 375 million yen, 275 million yen higher than the initial forecast for the same reason as for the above higher operating income.

As stated above, TYO recorded an extraordinary loss. As a result, net income will be 33 million yen, 67 million yen less than the initial forecast.

At present, there are no revisions to full year business forecast (consolidated and non-consolidate) that were announced in the "Summary of Business Results for the Year Ended July 31, 2009" dated September 17, 2009. TYO Group is now working on company-wide cost reduction measures and measures toward group integration as was announced in the "Fundamental Policy Concerning TYO Group Integration" dated January 14, 2010. We consider necessary to carefully assess the effects of cost reduction measures and group integration. Moreover, the effects of today's press releases "Notice of Basic Agreement on Sales of Stock in a Subsidiary" and "Notice of Private Placement of Treasury Stock and Change in Major Shareholder" on the Company's consolidated results for the year ending July 31, 2010 are now being assessed. Full year business forecasts are now being assessed. In light of the future market trend and each group company's earnings trend, an announcement will be made promptly if revisions are necessary.