

*March 17, 2010*

**Notice of Partial Correction to Recording of Extraordinary Loss and Summary of Business Results for the Second Quarter of the Year Ending July 31, 2010**

TYO Inc. has recorded an extraordinary loss for the second quarter of the 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 press release titled “Summary of Business Results for the Second Quarter of the Year Ending July 31, 2010” which was released on March 10, 2010.

**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, as a result of an allegation in the process of its second quarter report audit, TYO recorded an extraordinary loss for the second quarter. In accordance with the recording of the extraordinary loss, TYO made corrections to its “Summary of Business Results for the Second Quarter of the Year Ending July 31, 2010” 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 to Summary of Business Results for the Second Quarter of the Year Ending July 31, 2010 (Corrections are underlined.)**

**I. Page 1**

**1. Consolidated business results for the six months ended January 2010 (August 1, 2009 through January 31, 2010)**

(1) Consolidated results of operations  
[Before correction]

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jan. 2010	13,580	(13.2)	397	27.8	171	20.7	<u>(227)</u>	—
Six months ended Jan. 2009	15,648	7.0	310	(66.4)	142	(81.3)	(369)	—

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Six months ended Jan. 2010	<u>(8.21)</u>	—	—	—
Six months ended Jan. 2009	(13.08)	—	—	—

[After correction]

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jan. 2010	13,580	(13.2)	397	27.8	171	20.7	<u>(576)</u>	—
Six months ended Jan. 2009	15,648	7.0	310	(66.4)	142	(81.3)	(369)	—

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Six months ended Jan. 2010	<u>(20.79)</u>	—	—	—
Six months ended Jan. 2009	(13.08)	—	—	—

(2) Consolidated financial position

[Before correction]

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jan. 2010	<u>22,951</u>	<u>1,233</u>	<u>(0.1)</u>	<u>(0.43)</u>
As of Jul. 2009	22,965	1,399	0.8	6.41

(Reference) Shareholders' equity:

As of January 2010: (11) million yen

As of July 2009: 177 million yen

[After correction]

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jan. 2010	<u>22,254</u>	<u>884</u>	<u>(1.6)</u>	<u>(13.01)</u>
As of Jul. 2009	22,965	1,399	0.8	6.41

(Reference) Shareholders' equity:

As of January 2010: (360) million yen

As of July 2009: 177 million yen

**II. Pages 3 and 4**

**Results of operations and Financial Condition**

**1. Consolidated results of operations**

**[Before correction]**

(Paragraphs 1 and 2 omitted)

As a result, for the six months ended January 31, 2010, net sales were 13,580 million yen (down 13.2% compared with the same quarter a year earlier), operating income was 397 million yen (up 27.8% compared with the same quarter a year earlier), ordinary income was 171 million yen (up 20.7% compared with the same quarter a year earlier) and net loss was 227 million yen (net loss of 369 million yen compared with the same quarter a year earlier). Selling, general and administrative expenses include 122 million yen in amortization of goodwill due to mergers and acquisitions.

**[After correction]**

(Paragraphs 1 and 2 omitted)

As a result, for the six months ended January 31, 2010, net sales were 13,580 million yen (down 13.2% compared with the same quarter a year earlier), operating income was 397 million yen (up 27.8% compared with the same quarter a year earlier), ordinary income was 171 million yen (up 20.7% compared with the same quarter a year earlier) and net loss was 576 million yen (net loss of 369 million yen compared with the same quarter a year earlier). Selling, general and administrative expenses include 122 million yen in amortization of goodwill due to mergers and acquisitions.

## **2. Consolidated financial Condition**

### **[Before correction]**

Assets for the second quarter of the current fiscal year decreased 13 million yen to 22,951 million yen compared with the previous fiscal year. This was due to increase in cash and deposits and increase in accounts receivable as well as decreases as a result of copyright amortization, amortization of goodwill and depreciation of investment.

Liabilities for the second quarter of the current fiscal year increased 152 million yen to 21,718 million yen compared with the previous fiscal year. This was due to increase in short-term debt as well as decreases in notes and accounts payable, advance received and long-term debt.

Net assets for the second quarter of the current fiscal year decreased 166 million yen to 1,233 million yen compared with the previous fiscal year. This was due mainly to net loss.

### **[After correction]**

Assets for the second quarter of the current fiscal year decreased 710 million yen to 22,254 million yen compared with the previous fiscal year. This was due to increase in cash and deposits and increase in accounts receivable as well as decreases as a result of copyright amortization, amortization of goodwill and depreciation of investment.

Liabilities for the second quarter of the current fiscal year decreased 195 million yen to 21,369 million yen compared with the previous fiscal year. This was due to increase in short-term debt as well as decreases in notes and accounts payable, advance received and long-term debt.

Net assets for the second quarter of the current fiscal year decreased 515 million yen to 884 million yen compared with the previous fiscal year. This was due mainly to net loss.

*\* The above are English translations of major items concerning the recording of extraordinary loss and summary of business results for the second quarter of the year ending July 31, 2010 which was released on March 17, 2010.*