

*May 27, 2010*

**Notice Concerning Extraordinary Profit and Loss and Revisions to Forecasts for Results of Operations and Dividend**

TYO Inc. has determined the extraordinary profit on the sales of stock of subsidiaries resulting from the sales that were announced in press releases dated March 26, 2010 and April 15, 2010, both titled "Notice of Determination of Transfer Price and Recording of Extraordinary Profit Concerning Sales of Stock in a Subsidiary." TYO also expects to record the following extraordinary losses in the third quarter of the fiscal year.

In addition, based on the recent performance of its business operations, TYO has revised the forecasts for results of operations and the dividend in the fiscal year ending in July 2010 that was announced on September 17, 2009 in the summary of business results for the fiscal year that ended in July 2009.

As the figures and other information in this press release have not been audited by the independent accountant, there may be changes following the audit.

**I. Extraordinary profit**

**1. Reason for extraordinary profit**

The TYO Group is currently pursuing a policy of focusing resources on strategic business activities as one of its management initiatives. This involves the concentration of resources on advertising content operations, a sector where the group has a strong market position. This field includes TV commercials, Internet advertising, promotional media and other activities. The goal is to build a framework for business operations that is consistently profitable.

As was announced in press releases dated March 26, 2010 and April 15, 2010, both titled "Notice of Determination of Transfer Price and Recording of Extraordinary Profit Concerning Sales of Stock in a Subsidiary, TYO has sold its stock in Tsuburaya Productions Co., Ltd. and Digital Frontier Inc. to Fields Corporation. These sales resulted in the posting of extraordinary profits on the sale of stock of a subsidiary.

**2. Description of extraordinary profits (consolidated)**

Gain on sale of stock of Tsuburaya Productions 554 million yen (consolidated)

\*Estimated non-consolidated extraordinary profit is 711 million yen.

Gain on sale of stock of Digital Frontier 551 million yen (consolidated)

\*Estimated non-consolidated extraordinary profit is 573 million yen.

**II. Extraordinary losses**

**1. Provision for allowance for doubtful accounts (consolidated and non-consolidated)**

(1) Reason for extraordinary loss

The TYO Group terminated its game software operations in the entertainment business in the fiscal year that ended in July 2009. TYO has examined more closely certain loans extended to game software operations based on a comprehensive review that included cash flows, profit plans and other items to determine the likelihood that the loans will be repaid. As a result of this review, TYO expects to make an addition to the allowance for doubtful accounts for part of these loans.

(2) Description of extraordinary loss

Provision for allowance for doubtful accounts 428 million yen

**2. Valuation loss on stock of related companies (only non-consolidated)**

(1) Reason for extraordinary loss

TYO has conducted a comprehensive review that includes results of operations, profit plans, net assets and other items for some stock of related companies (four TYO consolidated subsidiaries). As a result of this review, TYO expects to record as an extraordinary loss a

valuation loss on stock of related companies due to an asset impairment charge in the third quarter of the fiscal year. There will be no effect on consolidated results of operations because this valuation loss on stock of related companies will be eliminated for the preparation of the consolidated financial statements.

(2) Description of extraordinary loss

	Non-consolidated	Consolidated *
(A) Total loss on valuation of investment securities during the 3 <sup>rd</sup> quarter of the year ended April 2010 (February 1, 2010 to April 30, 2010) (a-b)	¥ 131 million	—
(a) Total loss on valuation of investment securities during the nine months ended April 2010 (August 1, 2009 to April 30, 2010)	¥ 131 million	—
(b) Total loss on valuation of investment securities during the six months ended January 2010 (August 1, 2009 to January 31, 2010)	0	—

\* No effect on consolidated results of operations due to elimination during the consolidation process.

Percentages of net assets, ordinary income, and net income

	Non-consolidated	Consolidated *
(B) Net assets as of July 31, 2009	¥1,509 million	—
(A ÷ B × 100)	8.68%	—
(a ÷ B × 100)	8.68%	—
(C) Ordinary income for the year ended July 2009	¥309 million	—
(A ÷ C × 100)	42.39%	—
(a ÷ C × 100)	42.39%	—
(D) Net income for the year ended July 2009	¥(987) million	—
(A ÷ D × 100)	—	—
(a ÷ D × 100)	—	—

\* No effect on consolidated results of operations due to elimination during the consolidation process.

**3. Provision of allowance for doubtful accounts for related companies (only non-consolidated)**

(1) Reason for extraordinary loss

In association with the above “2. Valuation loss on stock of related companies,” due to a comprehensive review of results of operations and financial condition of these related companies, TYO expects to establish a provision of allowance for doubtful accounts for related companies for some loans extended to four TYO consolidated subsidiaries. There will be no effect on consolidated results of operations because this provision of allowance for doubtful accounts of related companies will be eliminated for the preparation of the consolidated financial statements.

(2) Description of extraordinary loss

Provision of allowance for doubtful accounts of related companies

905 million yen (Breakdown of the aforementioned provision of allowance for doubtful accounts of related companies of four TYO consolidated subsidiaries: 700 million yen, 150 million yen, 56 million yen, 38 million yen)

**4. Loss on extinguishment of tie-in shares (only non-consolidated)**

(1) Reason for extraordinary loss

As was announced on April 15, 2010 in the press release titled “Notice Concerning Determination of Details on TYO Group Integration”, TYO Group is promoting group integration

by absorbing TYO's consolidated subsidiaries on July 1, 2010. In accordance with the group integration, TYO expects to record a loss on extinguishment of tie-in shares as an extraordinary loss. Since TYO expects to record a loss on extinguishment of tie-in shares in the fourth quarter, there will be no effect on the results of operations for the third quarter. Moreover, there will be no effect on consolidated results of operations because the loss on extinguishment of tie-in shares will be eliminated for the preparation of the consolidated financial statements.

(2) Description of extraordinary loss

Loss on extinguishment of tie-in shares 680 million yen

### III. Revisions to business forecasts

#### 1. Revisions to full year consolidated forecast for the year ending July 2010

(August 1, 2009 through July 31, 2010)

(1) Revisions to consolidated forecast

(Million yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Previous forecast (A)	29,000	900	650	150	5.41
Revised forecast (B)	26,610	760	420	(330)	(11.25)
Increase/decrease (B-A)	(2,390)	(140)	(230)	(480)	—
Percentage change (%)	(8.24)	(15.56)	(35.38)	—	—
(Reference) Previous results (Year ended July 2009)	29,483	401	125	(1,856)	(66.33)

(2) Reasons for revisions

The net sales forecast has been reduced by 2,390 million yen to 26,610 million yen. Although the TV commercial sector of the Advertising business is performing well, there was a significant impact on sales from the third quarter sale of Tsuburaya Productions Co., Ltd. and Digital Frontier Inc.

The operating income forecast has been reduced by 140 million yen to 760 million yen for the same reasons that the sales forecast was lowered.

The ordinary income forecast has been reduced by 230 million yen to 420 million yen for the same reasons that the operating income forecast was lowered.

The net income forecast has been reduced by 480 million yen to a loss of 330 million yen. TYO has recorded an extraordinary profit on sales of stock of subsidiaries but earnings were affected by extraordinary losses in the fiscal year's first half. In addition, as was announced in the April 22, 2010 press release titled "Notice Concerning Recording of Extraordinary Loss," TYO has recorded a loss on the transfer of receivables. Furthermore, as was explained in "II. Extraordinary losses 1. Provision for allowance for doubtful accounts," there was significant effect on earnings from an extraordinary loss for an addition to the allowance for doubtful accounts for some loans extended to game software operations.

#### 2. Revisions to full year non-consolidated forecast for the year ending July 2010

(August 1, 2009 through July 31, 2010)

(1) Revisions to non-consolidated forecast

(Million yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Previous forecast (A)	2,500	130	130	130	4.69
Revised forecast (B)	2,870	310	320	(1,330)	(45.32)
Increase/decrease (B-A)	370	180	190	(1,460)	—
Percentage change (%)	14.80	138.46	146.15	—	—
(Reference) Previous results (Year ended July 2009)	2,455	281	309	(987)	(35.27)

## (2) Reasons for revisions

The net sales forecast has been increased by 370 million yen to 2,870 million yen for the same reason that sales increased in the fiscal year's first half: an increase in group administrative fees resulting from proposals for cost-cutting measures at subsidiaries and growth in the volume of management and administrative tasks associated with mergers, integrations and other activities.

The operating income forecast has been increased by 180 million yen to 310 million yen for the same reason that the sales forecast was increased.

The ordinary income forecast has been increased by 190 million yen to 320 million yen for the same reason that the operating income forecast was increased.

The net income forecast has been reduced by 1,460 million yen to a loss of 1,330 million yen for the same reasons that the consolidated net income forecast was lowered. In addition, as was explained in "II. Extraordinary losses," earnings were significantly affected by extraordinary losses for valuation losses on stock of related companies, provision of allowance for doubtful accounts of related companies and loss on extinguishment of tie-in shares.

## III. Dividend forecast revision

### 1. Reasons for revision

The objectives of TYO are to maintain a stable base of operations and increase the return on equity while paying a flexible dividend that reflects results of operations. However, since TYO forecasts a net loss in the current fiscal year, as was explained above, and for other reasons, the dividend forecast has been revised to a dividend suspension for the fiscal year ending in July 2010. TYO believes that strengthening its financial position by increasing retained earnings will contribute to medium and long-term growth in shareholder value.

Establishing a stronger financial position is the highest priority of TYO. To accomplish this goal, TYO has been taking the following four actions.

First is cutting costs across the entire group. TYO is building a more powerful base of operations by reviewing its workforce and taking other steps to improve efficiency in order to cut fixed costs.

Second is integrating group companies. As was announced on April 15, 2010 in the press release titled "Notice Concerning Determination of Details on TYO Group Integration", TYO plans to become a production company with comprehensive skills in the field of advertising content by absorbing consolidated subsidiaries. The objective is to achieve more growth in orders received by offering customers services that match their requirements. In addition, TYO plans to use the integration of group companies to lower administrative expenses that had been incurred by individual group companies and lower occupancy expenses.

Third is focusing resources tightly on strategic activities. This involves concentrating resources on advertising content operations, a sector where the group has a strong market position. At the same time, TYO is withdrawing from the entertainment business and terminating unprofitable operations. As part of this process, Tsuburaya Productions Co., Ltd. and Digital Frontier Inc. were sold to Fields Corporation, as was announced on March 17 and March 26, 2010. TYO will continue to take steps to focus resources on advertising content operations to build a framework for business operations that is consistently profitable.

TYO extends its sincere apology to shareholders and asks for the continued support of shareholders as the company takes the actions needed to resume dividend payments as soon as possible.

### 2. Description of revision

Record date	Dividends per share (yen)		
	2 <sup>nd</sup> quarter	Year-end	Annual
Previous forecast (announced on Sept. 17, 2009)	—	2.00	2.00
Revised forecast	—	0.00	0.00
Current results	—	—	—
Previous (Year ended July 2009) results	—	0.00	0.00