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Recognition of Extraordinary Gain and Loss and Revisions to Forecast for Consolidated Financials for Current Fiscal Year

As announced in “Announcement on changes in status of subsidiary and affiliates” dated 1 February 2010 (“Announcement on Change in Affiliates”), as a result of the series of transactions described in the Announcement on Change in Affiliates, the Company will recognise an extraordinary gain and loss in its fiscal year ending March 2009 (the “Current Fiscal Year”). Due to the recognition of the extraordinary gain and loss and others, the Company has revised its consolidated financial forecast for the Current Fiscal Year which was stated in its “Recognition of Extraordinary Loss (Loss on Deed Sale of Affiliates’ Shares) and Revisions to Forecast for Consolidated and Unconsolidated Financials for Current Fiscal Year” dated 24 November 2009 (“Previous Forecast”). Details of the recognition of the extraordinary gain and loss, and of the revisions to the consolidated forecast for the Current Fiscal Year are as described below.

1. Recognition of Extraordinary Gain and Loss

As described in the Announcement on Change in Affiliates, the Company has entered an agreement to settle, waive and release certain claims, liabilities and obligations arising in respect of a series of collateralised financing arrangements originally entered in June 2008 with ADM Galleus Fund Limited (“ADM”) in consideration for the Company’s payment of US\$350,000 and the transfer of sole, absolute, legal and beneficial title to the Company’s shares in Asia Special Situations GJP1 Limited (“ASSGJP1”), a wholly owned subsidiary of the Company, to ADM together with other properties held by ASSGJP1 and secured in favour of ADM comprising 193,695,929 shares representing 28.65% of the issued share capital of Leed Petroleum PLC and its 4 subsidiaries (together, “Leed”). The Company’s payment of the said US\$350,000 has been completed effective 12 February 2010.

As a result of the series of the transactions, the Company will recognise approx. JPY 3,000 million of extraordinary gain (Gain on Discharge of Liabilities) and approx. JPY 3,600 million of extraordinary loss (Loss on Sale of Securities of Affiliates). The net impact to the Company’s profits and losses for the Current Fiscal Year is expected to be approx. JPY 600 million.

2. Revisions to Forecast

(1) Revisions to Consolidated Forecast

【1 April 2009 – 31 March 2010】

(Unit: JPY in millions)

	Sales Revenue	Operating Profit	Ordinary Profit	Net Profit
Previous Forecast (A)	599	−342	−881	−2,496
Revised Forecast (B)	599	−397	−981	−1,996
Variance (B—A)	0	−55	−100	500
Variance (%)	0%	—	—	—
<i>Reference: Actual Results for Previous Period (1 Apr 08 – 31 Mar 09)</i>	1,060	−355	−1,764	−959

(2) Reasons for Revisions to Forecast

① Sales Revenue

There is no revision to the projected Consolidated Sales Revenue for the Current Fiscal Year.

② Operating Loss

The Company has increased its forecast for its Consolidated Operating Loss for the Current Fiscal Year from JPY 342 million to JPY 397 million, by JPY 55 million. The increase in the Operating Loss is mainly due to the legal and other expenses incurred in relation to the transactions described in the Announcement on Change in Affiliates, costs incurred in relation to preparation works for convening an extraordinary general meeting of shareholders, and certain business development related costs incurred in relation to the Company's efforts to seek new investment opportunities.

③ Ordinary Loss

A series of the transactions described above will result in a decrease in the interest expenses by approx. JPY 40 million (for 1 month period) in the Current Fiscal Year. Due to such decrease in the interest expenses, the increase in the projected Operating Loss, and the Equity in Loss in Affiliates (Leed Petroleum PLC) which is expected to be larger than expected at the time the Previous Forecast was prepared, the Company has revised its Consolidated Ordinary Loss for the Current Fiscal Year from JPY 881 million to JPY 927 million.

④ Net Loss

The Company has revised its forecast for the Consolidated Net Loss for the Current Fiscal Year from JPY 2,496 million to JPY 1,996 million, mainly due to the above mentioned recognition of extraordinary gain and loss and to the above revision to the projected Ordinary Loss.

Note: The above forecast is estimated based on currently available information and may be subject to further changes.