



Business Results for the First Half of the Year Ending March 2008 (FY2008)

October 12, 2007



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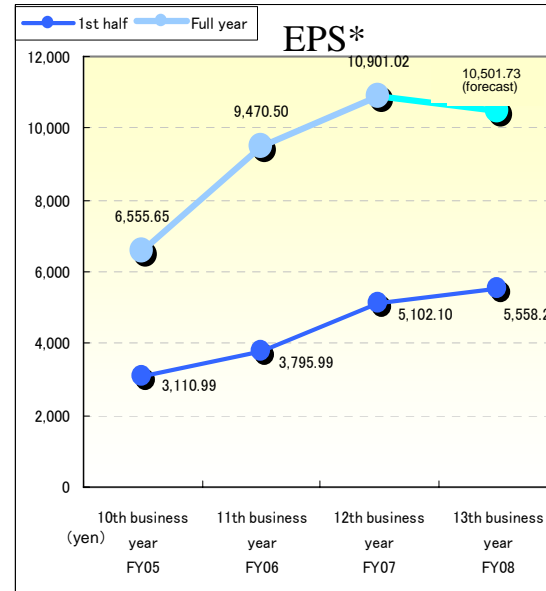
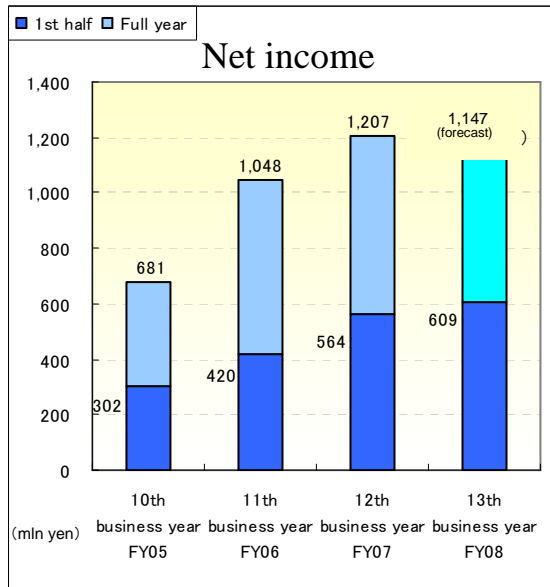
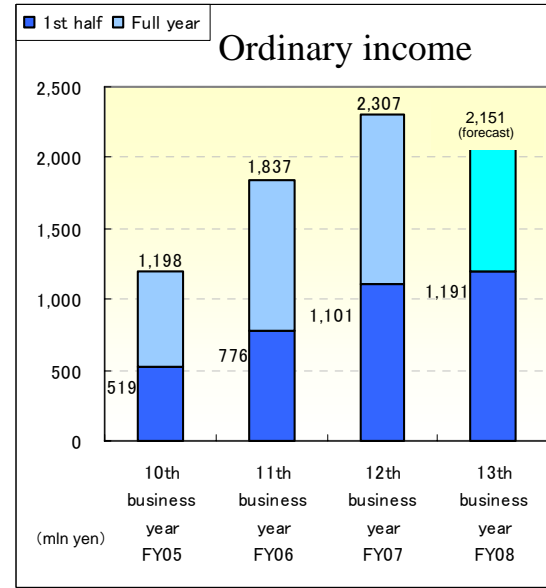
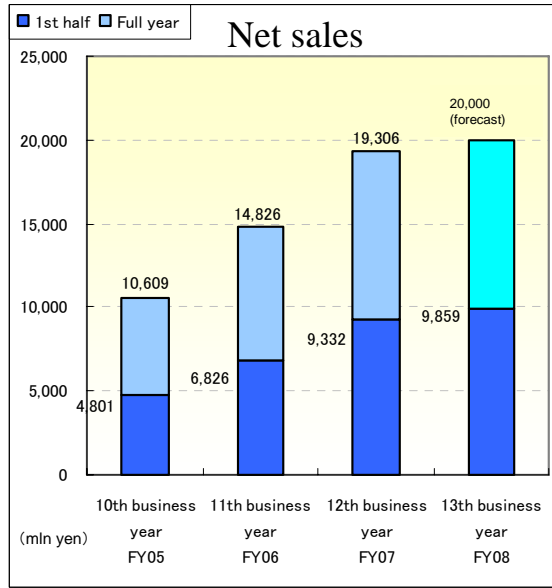
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Earnings Highlights (Consolidated)



FY2008 1H Income Statement (Consolidated)

(Unit: million yen)

	1st half Year ending Mar 07	Composition	1st half Year ending Mar 08	Composition	YOY change
Net sales	9,332	100.0%	9,859	100.0%	105.6%
Operating income	1,101	11.8%	1,200	12.2%	109.0%
Ordinary income	1,101	11.8%	1,191	12.1%	108.2%
Net income	564	6.1%	609	6.2%	108.0%

- ◆ Environment during the first half: extremely difficult for the pachinko hall industry
Rising capital investment cost due to shift to No. 5 machines, decline in revenue from pachislo machines, etc.
- ◆ The Group's measures to respond to the drastic changes in the business environment:
 - (1) Establishment of a low-cost operation structure in the core advertising business
 - (2) Development and launch of new services and nurturing of businesses at subsidiaries
- ◆ As a result, the Group saw robust year-on-year increase for all indices and both sales and profit continued to rise.

Results by Business Segment

(Unit: million yen)

1st half Year ending Mar 08	Advertising business Gendai Agency Inc.	Used machine sales intermediary Value Quest Co., Ltd.	Real estate Land Support Inc.	Eliminations/ corporate	Consolidated
Net sales	9,099	727	32	—	9,859
Operating expenses	7,844	575	50	189	8,659
Operating income	1,255	151	-17	-189	1,200

*The content of "eliminations/ corporate" is the head office expenses of the parent company.

- ◆ While the advertising business struggled, the used machine sales intermediary business contributed significantly to the consolidated business results in the first half.

(Unit: million yen)

1st half Year ending Mar 07	Advertising business Gendai Agency Inc.	Used machine sales intermediary Value Quest Co., Ltd.	Real estate Land Support Inc.	Eliminations/ corporate	Consolidated
Net sales	8,766	566	—	—	9,332
Operating expenses	7,453	561	24	193	8,231
Operating income	1,313	5	-24	-193	1,101

Reference: Changes

(Unit: million yen)

Change (Current 1H - previous 1H)	Advertising business Gendai Agency Inc.	Used machine sales intermediary Value Quest Co., Ltd.	Real estate Land Support Inc.	Eliminations/ corporate	Consolidated
Net sales	333	161	32	—	527
Operating expenses	391	14	26	-4	428
Operating income	-58	146	7	4	99

* Starting from the first half of the current fiscal year, the Group began separately listing the details of the real estate business (the same as "the other business" section for the first half and full year of the previous fiscal year), as the importance of the business increased.



Advertising Business

Gendai Agency Inc.



FY2008 1H Income Statement (Gendai Agency, Non-Consolidated)

(Unit: million yen)

	1st half Year ending Mar 07	Composition	1st half Year ending Mar 08	Composition	YOY change
Net sales	8,766	100.0%	9,099	100.0%	103.8%
Operating expenses	7,645	87.2%	8,033	88.3%	105.1%
Operating income	1,120	12.8%	1,065	11.7%	95.1%
Ordinary income	1,121	12.8%	1,064	11.7%	94.9%
Net income	654	7.5%	621	6.8%	95.0%

◆ Business environment remained difficult with stagnant advertising demand for new hall openings and halls reducing advertising budget.

◆ Gendai Agency

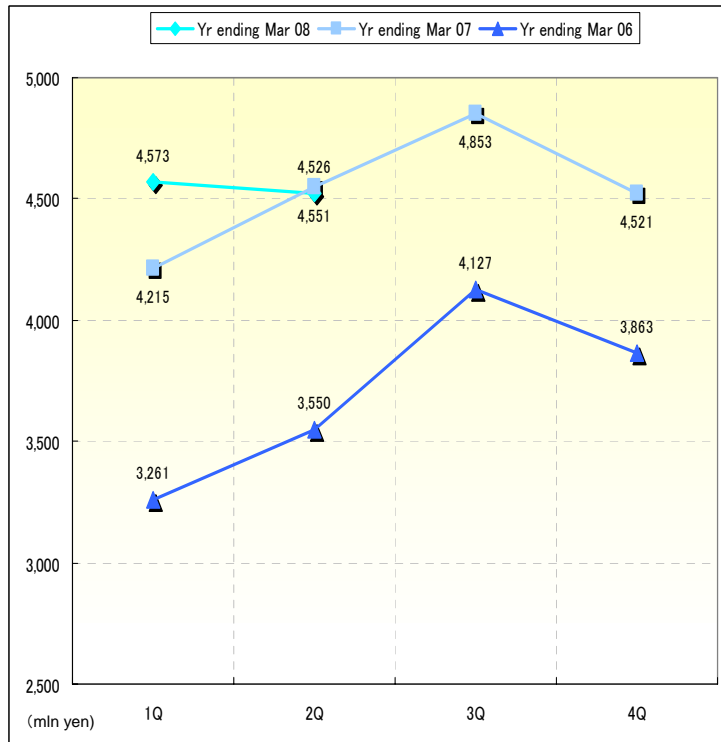
- (1) actively made proposals to clients to galvanize demand for advertisement of new machines, especially hot-selling ones, as well as demand for decoration of halls,
- (2) allocated resources specifically to improve satisfaction of and expand its trade share with top-ranking and large-scale clients, and
- (3) implemented measures leading to realization of low-cost operation such as strict management of profitability, review of sales process, shift of design cost to variable cost, cost reduction through optimization of orders to contractors.

◆ As a result, orders for flyers for new hall openings and new machine introductions primarily by large-scale clients increased, leading to a 3.8% sales increase on year. On the other hand, gross profit margin shrank and operating income fell 4.4% on year, as share of sales to large-scale companies increased.

Quarterly Sales Trend (Advertising Business)

(Unit: million yen)

	1Q	2Q	3Q	4Q	Full year
Year ending Mar 08	4,573	4,526	—	—	(forecast) 18,500
Year ending Mar 07	4,215	4,551	4,853	4,521	18,141
Year ending Mar 06	3,261	3,550	4,127	3,863	14,801

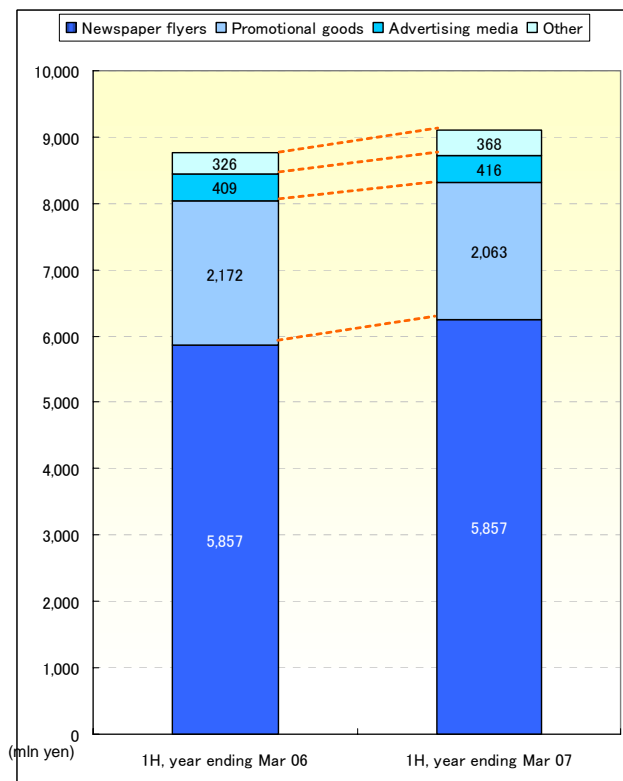


- ◆ The second quarter results underperformed the same period a year earlier (down 0.5%), as rising capital investment burden on hall operators due to the shift to No. 5 pachislo machines hurt advertisement demand.
- ◆ When compared with the initial projection for the first half of the current fiscal year, which had factored in a worsening business condition and suspension of new sales base openings, Gendai Agency believes that it was able to accomplish a certain level of success for the period.
- ◆ Usually, in the third quarter of the year, the number of new pachinko hall openings tends to increase towards the year-end and New Year holidays, and Gendai Agency also expects a certain level of advertisement demand.

Sales Composition (Advertising Business)

(Unit: million yen)

		1st half Year ending Mar 07	Composition (A)	1st half Year ending Mar 08	Composition (B)	Change (%) (B)-(A)
Sales	Newspaper flyers	5,857	66.8%	6,250	68.7%	+1.9%
	Promotional goods	2,172	24.8%	2,063	22.7%	-2.1%
	Advertising media	409	4.7%	416	4.6%	-0.1%
	Other	326	3.7%	368	4.0%	+0.3%
		8,766	100.0%	9,099	100.0%	—



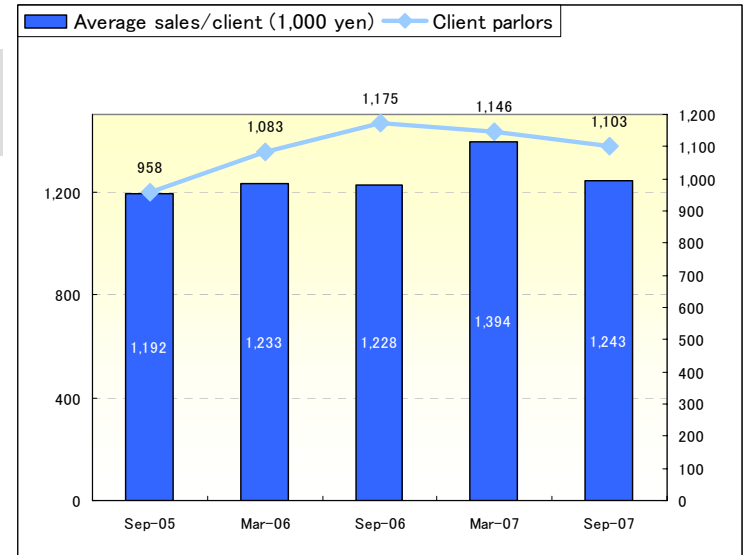
◆ Demand for large-lot newspaper flyers distributed over a wide area increased, as Gendai Agency actively pursued businesses with large scale clients. This also contributed to an increase in the sales share of newspaper flyers.

◆ On the other hand, there was no explosively hot-selling machines during the first half and demand for promotional goods slightly fell.

Clients (Advertising Business)

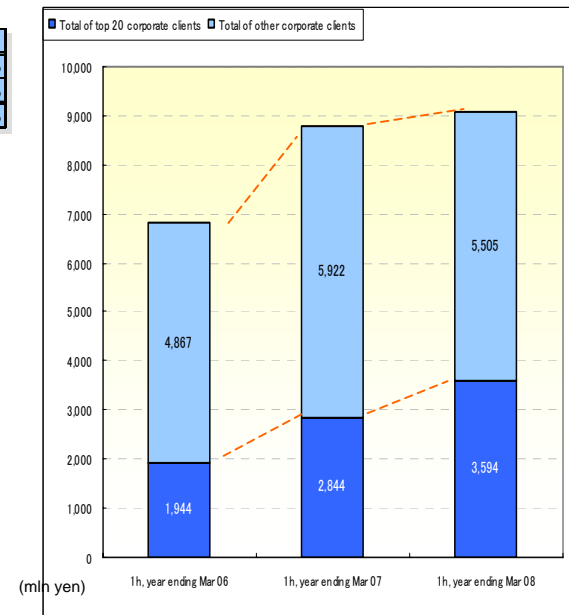
Active clients	Sep-05	Mar-06	Sep-06	Mar-07	Sep-07	YOY change
Client parlors	958	1,083	1,175	1,146	1,103	93.9%
Average sales per client (1,000 yen)	1,192	1,233	1,228	1,394	1,243	101.2%

◆ Client parlors (the number of projects) declined 72 compared with the same month a year earlier as a result of review of clients with focus on individual profitability. Sales per client remained at a relatively high level, as the number of large-scale projects increased.



	1h of year ending Mar 06	1h of year ending Mar 07	1h of year ending Mar 08
Total of top 20 corporate clients	28.5%	32.4%	39.5%
Total of other corporate clients	71.5%	67.6%	60.5%
Total	100.0%	100.0%	100.0%

◆ Gendai Agency implemented measures to increase the ratio of business with large-scale quality corporate clients in order to prepare itself for a worsening in the business environment of pachinko hall industry. As a result, the sales composition of top ranking clients has been expanding.



Factors Contributing to Profit Changes (Advertising Business)

(Unit: million yen)

	1st half Year ending Mar 07	Composition (A)	1st half Year ending Mar 08	Composition (B)	Change (%) (B)-(A)
Net sales	8,766	100.0%	9,099	100.0%	—
Cost of sales	6,450	73.6%	6,854	75.3%	+1.7%
Gross profit	2,316	26.4%	2,245	24.7%	-1.7%
SG&A	1,195	13.6%	1,179	13.0%	-0.6%
Operating income	1,120	12.8%	1,065	11.7%	-1.1%
∴	∴	∴	∴	∴	∴

- ◆ Decline in gross profit margin:

Primarily reflecting the shrinking margin resulting from placing priority on scale merit to expand business with large-scale corporate clients as well as the impact of price cut pressures, as clients reviewed their advertising budgets.

- ◆ Controlling the SG&A ratio:

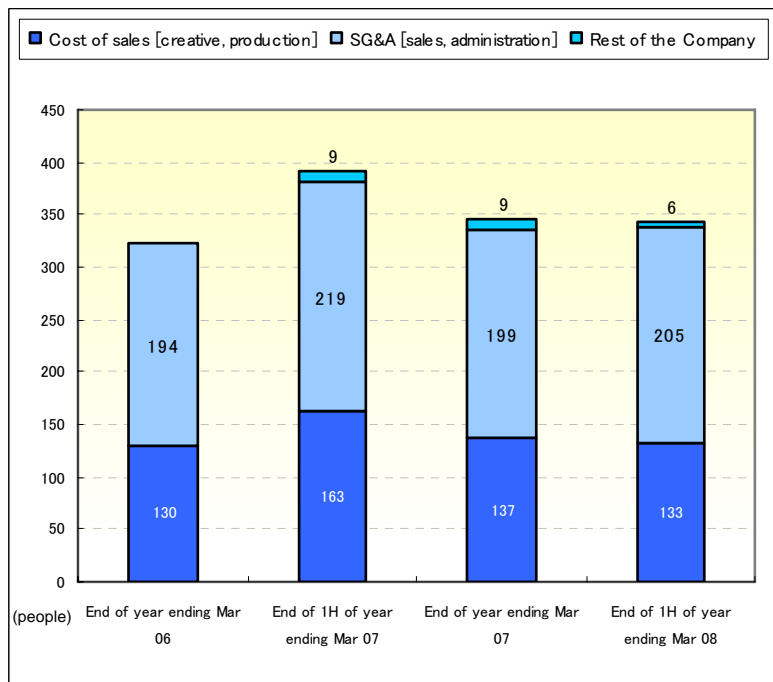
The SG&A ratio declined by 0.6 percentage points owing to low-cost operation measures.

- ◆ As a result, operating income margin fell 1.1 percentage points compared with the same period a year earlier.

Employees (Advertising Business)

	End of year ending Mar 06	End of 1H of year ending Mar 07	End of year ending Mar 07	End of 1H of year ending Mar 08
Cost of sales [creative, production] (people)	130	163	137	133
SG&A [sales, administration] (people)	194	219	199	205
Subtotal for advertising (people)		382	336	338
Rest of the company (people)		9	9	6
Total employees (people)	324	391	345	344
Operating income per employee (1,000 yen)*1	5,843	※2,867	6,820	※3,099

*1: 1st half operating income / number of employees as of the end of 1st half



◆ Gendai Agency recruited 25 new graduates and promoted outsourcing to external designers to shift the expense to variable cost, while implementing a flexible and strategic organizational reform, etc. As a result, the number of employees fell by one compared with the end of the previous fiscal year.

◆ Operating income per employee for the first half of the current fiscal year increased 232,000 yen compared with the same period a year earlier, as the company's efforts to boost productivity bore fruit.

Sales Offices (Advertising Business)

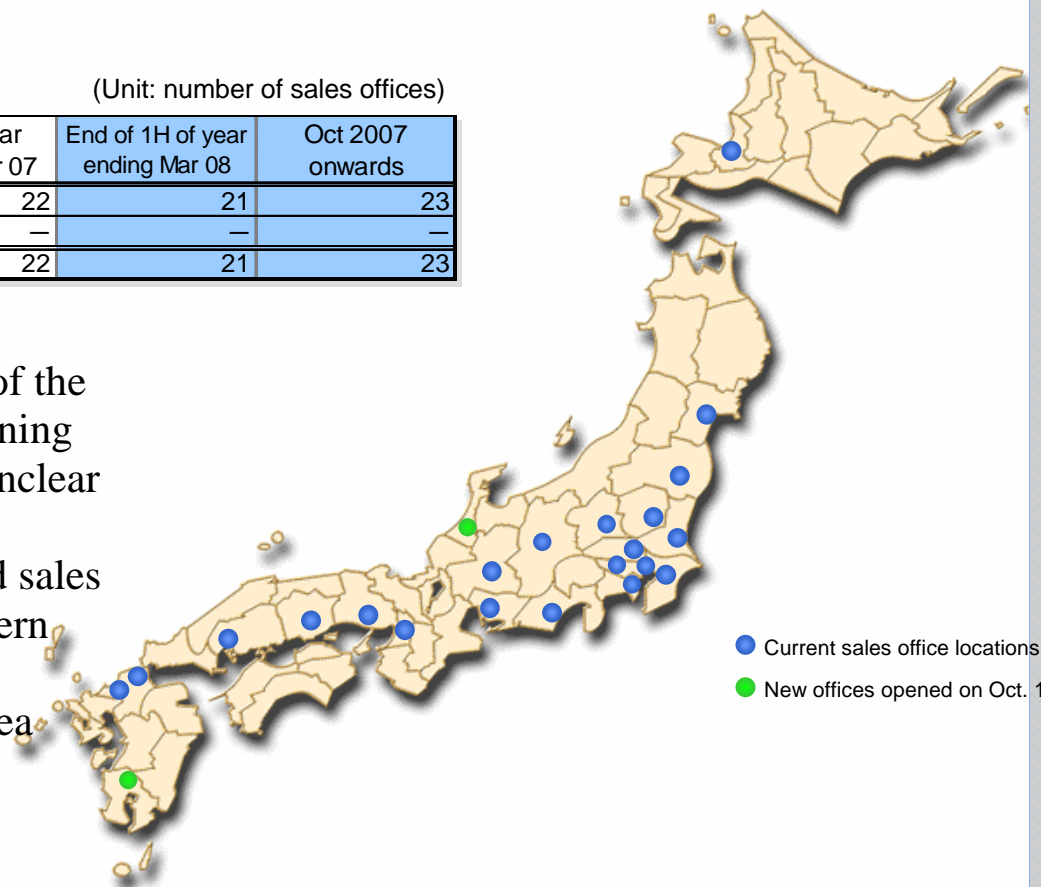
Trend in number of sales bases

(Unit: number of sales offices)

	End of year ending Mar 06	End of 1H of year ending Mar 07	End of year ending Mar 07	End of 1H of year ending Mar 08	Oct 2007 onwards
Sales offices	18	19	22	21	23
Sattelites	1	1	—	—	—
Total	19	20	22	21	23

◆ In pursuing efficiency, Gendai Agency closed one sales office at the beginning of the current fiscal year and held off from opening new sales offices in order to assess the unclear business condition.

◆ On October 1, the company established sales offices in Kagoshima for covering southern Kyushu and in Kanazawa for covering Hokuriku area, thereby expanding the area where sales activities can be deployed.



Sales ratio breakdown by region

	Year ending Mar 06	1H of year ending Mar 07	Year ending Mar 07	1H of year ending Mar 08
Kanto area	54.6%	49.7%	49.4%	45.5%
Other areas	45.4%	50.3%	50.6%	54.5%
Total	100.0%	100.0%	100.0%	100.0%

◆ Most of the Kanto area and neighboring prefectures are covered. The Company will consider establishing new sales offices to cover other attractive areas.



Used Machine Sales Intermediary Business

Value Quest Co., Ltd.



FY2008 1H Income Statement (Used Machine Sales Intermediary Business)

(Unit: million yen)

	1st half Year ending Mar 07	Composition	1st half Year ending Mar 08	Composition	YOY change
Net sales	566	100.0%	727	100.0%	128.4%
Operating expenses	561	99.1%	575	79.1%	102.5%
Operating income	5	0.9%	151	20.8%	3020.0%

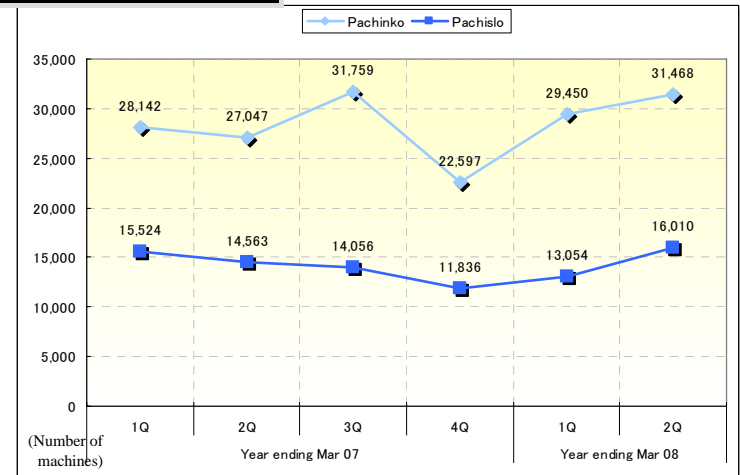
- ◆ As the switch to No. 5 machines, the deadline for which was set for September 30, progressed, the used machine market experienced brisk business for the first half.
- ◆ Value Quest implemented measures promoting an active sales style including
 - (1) improvement of internal operation and processing capacity,
 - (2) sales visits to pachinko halls and seminars on utilization of used machines, and
 - (3) various sales promotion campaigns.
- ◆ As a result, both sales and profits posted significant increase compared with the same period a year earlier and operating income after reflecting goodwill amortization (63 million yen) amounted to 151 million yen.

Quarterly Trend in Number of Machines, Commission per Unit (Used Machine Sales Intermediary Business)

(Unit: number of machines)

Number of machines	Year ending Mar 07				Year ending Mar 08	
	1Q	2Q	3Q	4Q	1Q	2Q
Pachinko	28,142	27,047	31,759	22,597	29,450	31,468
Pachislo	15,524	14,563	14,056	11,836	13,054	16,010
Total	43,666	41,610	45,815	34,433	42,504	47,478

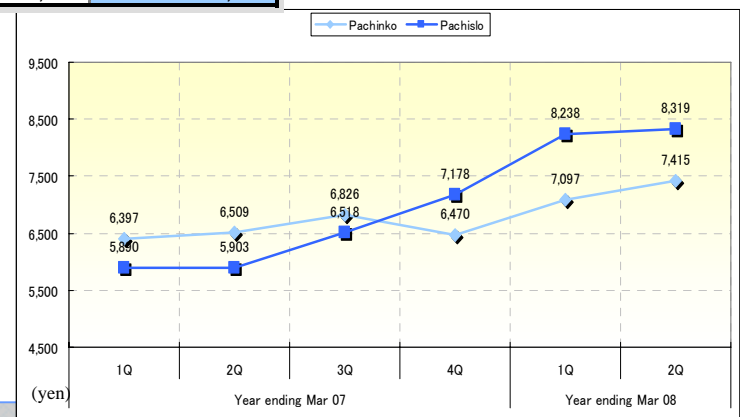
- ◆ Transactions of used pachinko machines increased led by popular machines from Sanyo (Bussan) Group and Kyoraku Sangyo (up 10.4% compared with the same period a year earlier.)
- ◆ Transactions of used pachislo machines increased in the second quarter owing to last-minute purchases for the changeover to No. 5 machines, though such transactions were mainly small in volume. In total, number of pachinko and pachislo machines slightly increased compared with the same period a year earlier.



(Unit: yen)

Per unit commission	Year ending Mar 07				Year ending Mar 08	
	1Q	2Q	3Q	4Q	1Q	2Q
Pachinko	6,397	6,509	6,826	6,470	7,097	7,415
Pachislo	5,890	5,903	6,518	7,178	8,238	8,319

- ◆ While there is a lack of mega-hit machines, which were common during the No. 4 machine era, the scarcity of popular machines is boosting per unit prices of such products.



Employees (Used Machine Sales Intermediary Business)

(Unit: people)

	End of year ending Mar 06	End of year ending Mar 07	End of 1H of year ending Mar 08
Total full-time employees	85	85	79

- ◆ Productivity of traders significantly increased after the introduction of the new system at the end of the previous fiscal year, enabling Value Quest to make strategic allocation of resources (implementation of various measures).



Real Estate Business

Land Support Inc.



FY2008 1H Income Statement (Real Estate Business)

(Unit: million yen)

	1st half Year ending Mar 07	Composition	1st half Year ending Mar 08	Composition	YOY change
Net sales	—	—	32	100.0%	—
Operating expenses	24	—	50	156.3%	208.3%
Operating income	-24	—	-17	-53.1%	70.8%

◆ During the first half, Land Support acquired land for new pachinko halls (767 million yen), which is expected to contribute to the business performance from the third quarter onwards.

FY2008 1H Balance Sheet (Consolidated)

(Unit: million yen)

		1st half Year ending Mar 07	Year ending Mar 07 (A)	1st half Year ending Mar 08 (B)	Change (B) - (A)
Total assets	Cash and cash equivalents	2,748	3,245	3,399	154
	Notes and accounts receivable	2,440	2,373	2,313	-60
	Inventories	8	2	0	-2
	Other current assets	81	179	158	-21
	Tangible fixed assets	280	224	1,005	781
	Intangible fixed assets	803	796	811	15
	Investment and other assets	894	1,314	1,345	31
			7,257	8,137	9,036
Total liabilities and net assets	Notes and accounts payable	1,222	1,359	1,202	-157
	Short-term borrowings	467	506	558	52
	Accrued income tax, etc.	477	610	561	-49
	Deposits from used machine busiess customers	711	721	1,397	676
	Other current liabilities	348	307	329	22
	Long-term borrowings	40	319	634	315
	Other fixed libilities	5	5	5	0
	Shareholders' equity	3,819	4,129	4,118	-11
	Valuation and translation adjustments	—	3	2	-1
	Minority interest	165	174	225	51
		7,257	8,137	9,036	899

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- (1) Impact of Land Support's acquisition of land for new pachinko halls (767 million yen).
 (2) Due to the impact of a significant increase in transaction volume of used machines and carry-over of money transfer because of the last day of the fiscal year falling on a holiday.

◆ Total net assets increased 39 million yen compared with the end of the previous fiscal year to 4,346 million yen.

Main factor: 609 million yen in first-half net income — 332 million yen in dividend payment for the previous financial closing — 288 million yen in acquisition of own stock

Cash Flow Statement (Consolidated)

(Unit: million yen)

	1st half Year ending Mar 07 (A)	1st half Year ending Mar 08 (B)	Change (B)-(A)
Net income before income taxes	1,034	1,196	162
Depreciation and amortization	72	80	8
Change in accounts receivable	-420	51	471
Change in inventories	1	1	0
Change in accounts payable	-249	-156	93
Change in deposits from used machine sales intermediary customers	-134	① 675	809
Others	108	67	-41
Subtotal	414	1,917	1,493
Income taxes paid	-543	-581	-38
Others	0	-8	-8
Net cash provided by (used in) operating activities	-129	1,328	1,457
Payment for purchase of tangible/intangible fixed assets	-231	② -889	-658
Payment for purchase of investments in securities	-18	-35	-17
Proceeds from acquisition of shares in subsidiary following change in consolidation scope	839	—	839
Others	1	7	6
Net cash provided by (used in) investing activities	590	-917	-1,507
Change in borrowings	346	367	21
Dividend payment	-221	-332	-111
Payment for acquisition of own stock	—	③ -288	-288
Net cash provided by (used in) financing activities	124	-254	-378
Change in cash and cash equivalents	585	157	-428
Cash and cash equivalents at the end of term	2,155	3,237	1,082
Cash and cash equivalents at the end of the fiscal year	2,740	3,394	654

- ① Impacts of a large increase in used machine transaction volume at Value Quest and carry-over of money transfer due to the last day of the fiscal year falling on a holiday.
- ② An impact of 811 million yen in expense at Land Support for acquiring land for opening new pachinko halls.
- ③ Cost of 288 million yen for acquiring own stock in an effort to deliver returns to shareholders.

Comparison of FY2008 1H Consolidated and Non-Consolidated Financial Statements

(Unit: million yen)

Balance sheet		1H of year ending Mar 08 Non-consolidated	1H of year ending Mar 08 Consolidated	Difference
Total assets	Cash and cash equivalents	1,430	3,399	1,969
	Notes and accounts receivable	2,297	2,313	16
	Inventories	0	0	0
	Other current assets	79	158	79
	Tangible fixed assets	192	1,005	813
	Intangible fixed assets	125	811	686
	Investment and other assets	2,489	1,345	-1,144
		6,616	9,036	2,420
Total liabilities and net assets	Notes and accounts payable	1,194	1,202	8
	Short-term borrowings	420	558	138
	Accrued income taxes	463	561	98
	Deposits from used machine business customer	—	1,397	1,397
	Other current liabilities	224	329	105
	Long-term borrowings	—	634	634
	Other fixed liabilities	—	5	5
	Shareholders' equity	4,310	4,118	-192
	Valuation and translation adjustments	2	2	0
	Minority interest	—	225	225
		6,616	9,036	2,420

① Primarily, goodwill balance of 447 million yen stemming from the acquisition of Value Quest

② Borrowings by Land Support for acquiring properties

③ Minority interest (40%) of Value Quest

(Unit: million yen)

Income statement	1H of year ending Mar 08 Non-consolidated	% of total	1H of year ending Mar 08 Consolidated	% of total	Difference
Net sales	9,099	100.0%	9,859	100.0%	760
Cost of sales	6,854	75.3%	6,898	70.0%	44
Gross profit	2,245	24.7%	2,961	30.0%	716
SG&A	1,179	13.0%	1,761	17.9%	582
Operating income	1,065	11.7%	1,200	12.2%	135
Non-operating revenue	5	0.1%	5	0.1%	0
Non-operating expenses	7	0.1%	13	0.1%	6
Ordinary income	1,064	11.7%	1,191	12.1%	127
Extraordinary profits	6	0.1%	6	0.1%	0
Extraordinary losses	2	0.0%	2	0.0%	0
Income before tax	1,068	11.7%	1,196	12.1%	128
Tax expenses	438	4.8%	534	5.4%	96
Corporate tax adjustments, etc.	8	0.1%	1	0.0%	-7
Minority interest	—	—	51	0.5%	51
Net income	621	6.8%	609	6.2%	-12

④ Boost in gross profit thanks to robust performance by Value Quest

Consolidated and Non-Consolidated Forecasts and Progress

(Unit: million yen)

Consolidated	1H of year ending Mar 08 Forecasts	1H of year ending Mar 08 Results	Achievement rate	Year ending Mar 08 Forecasts	Progress
Net sales	9,432	9,859	104.5%	20,000	49.3%
Operating income	963	1,200	124.6%	2,157	55.6%
Ordinary income	959	1,191	124.2%	2,151	55.4%
Net income	510	609	119.4%	1,147	53.1%

*As of July 13, 2007 (revised)

(Unit: million yen)

Non- consolidated	1H of year ending Mar 08 Forecasts	1H of year ending Mar 08 Results	Achievement rate	Year ending Mar 08 Forecasts	Progress
Net sales	8,761	9,099	103.9%	18,500	49.2%
Operating income	926	1,065	115.0%	2,068	51.5%
Ordinary income	922	1,064	115.4%	2,069	51.4%
Net income	541	621	114.8%	1,200	51.8%

*As of July 13, 2007 (revised)

- ◆ The Group achieved the revised consolidated and non-consolidated forecasts for the first half despite the tough business environment.
- ◆ Based on the assessment that the grim business environment will continue in the second half, the Group left the initial full-year forecasts unchanged.
- ◆ While the grim business environment is expected to continue in the second half, Gendai Agency will focus on new advertising client acquisition at the new sales offices and acquisition of large-scale corporate clients at existing sales offices. At the same time, the subsidiaries will be carrying out persistent business reforms and strive to achieve the full-year forecasts.

Trends in Financial Data

Consolidated (Unit: yen)

	1H of year ending Mar 07	Year ending Mar 07	1H of year ending Mar 08	Year ending Mar 08 (Forecast)
Operating margin	11.8%	12.0%	12.2%	10.8%
EPS	5,102.10	10,901.02	5,558.27	10,501.73

Non-consolidated (Unit: yen)

	1H of year ending Mar 07	Year ending Mar 07	1H of year ending Mar 08	Year ending Mar 08 (Forecast)
Operating margin	12.8%	13.0%	11.7%	11.2%
EPS	5,906.59	12,349.85	5,668.78	10,986.99
Dividends	3,000	※6,000	2,000	※※5,000

※ Total of interim dividends of 3,000.00 yen and term-end dividends of 3,000.00 yen.
 ※※ Total of interim dividends of 2,000.00 yen and term-end dividends of 3,000.00 yen (projection).

- ◆ Consolidated EPS has been growing steadily and the Group is committed in its endeavors towards achieving operating margin in excess of 10%, which is one of the business goals, in the future.
- ◆ The Group expects to make payment of an annual dividend of 5,000 yen (including an interim dividend of 2,000 yen) based on its dividend policy (target payout ratio of 50%) and will continue in its efforts to maximize shareholder value.

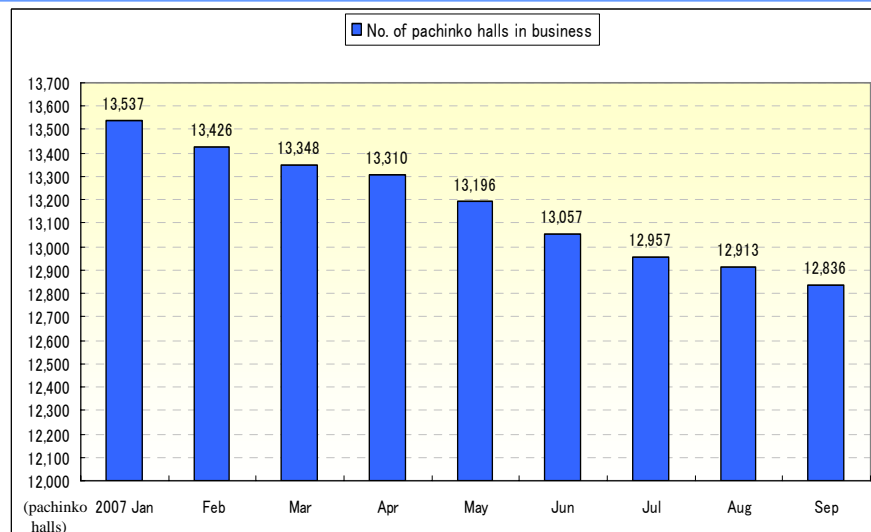
Recent Industry Environment

◆ Number of pachinko halls joining the association has been declining.

Reference> Survey results of number of newly opened and closed pachinko halls (status report)
(Halls that are members of prefectural and regional pachinko hall associations)

The chart on the right was created by Gendai Agency based on the data announced on October 11, 2007 by **All Japan Pachinko Hall Association** (Zennichiyuren)

Notes) – Number of pachinko halls in business is the total of parlors that are members of the prefectural or regional pachinko hall association.
- The figures for some associations include closed halls in the number of pachinko halls in business.



◆ All pachislo machines shifted to the No.5 machines at the end of September this year

...No explosive hit machines as in the past → Downward trend in pachislo revenues

◆ All parlors showing trends of shifting to the pachinko business

...Attracting pachislo No.4 machine users → There are some hit machines; booming pachinko business?

◆ New trend

“Halls offering low pachinko ball rental fees,” including

“1-yen pachinko,” have become popular across the nation...many have been successful in acquiring new users → Bright prospects for the industry

—Our proposal was a clear departure from the prevailing pachinko image. “Beginner’s course” is aimed at eliminating worries and encouraging potential users to visit pachinko halls. ↓ A scene from the “Beginner’s course” held by Gendai Agency. Buoyant customer responses include “I really wanted to try it but kept away as I didn’t know how” and “my impression has changed.”

