

Business Results for the First Half of the Year Ending March 2009 (FY2009)

October 17, 2008

			Used Machine Sales Intermediary Business		
P2	.....	1H FY2009 Income Statement (Consolidated)	P12	.....	1H FY2009 Income Statement
P3	.....	Breakdown by Business Segment	P13	.....	Quarterly Trends in Number of Machines, Commission per Unit Real Estate Business
		Advertising			
P5	.....	1H FY2009 Income Statement	P15	.....	1H FY2009 Income Statement
P6	.....	Quarterly Sales Trends (Advertising)			Other Businesses
P7	.....	Sales Composition (Advertising)	P16	.....	1H FY2009 Income Statement
P8	.....	Clients (Advertising)			
P9	.....	Sales Offices (Advertising)	P17	.....	Non-operating and Extraordinary Gains and Losses (Consolidated)
P10	.....	Employees (Advertising)	P18	.....	1H FY2009 Balance Sheet (Consolidated)
			P19	.....	1H FY2009 Cash Flow Statement (Consolidated)
			P20	.....	Revision of Consolidated Full-Year Earnings Forecast
			P21	.....	Revision of Dividend Forecast
			P22	.....	Repurchase of Own Stock

1H FY2009 Income Statement (Consolidated)

(millions of yen)

	1H FY2009	% of total	1H FY2008	% of total	YoY
Net sales	9,950	100.0%	9,859	100.0%	100.9%
Operating income	1,283	12.9%	1,200	12.2%	106.9%
Ordinary income	1,263	12.7%	1,191	12.1%	106.0%
Net income	630	6.3%	609	6.2%	103.4%

- ◆ In the 2nd quarter, pachinko parlors nationwide implemented a voluntary restriction on machine replacements in deference to the Hokkaido Toyako G-8 summit in July. Machine replacements, however, picked up once the restriction ended.
- ◆ Against this backdrop, the Group assisted pachinko parlors in attracting customers during the voluntary restriction period and pursued active sales efforts aimed at capitalizing on the post-restriction replacement-advertising demand. The Group also implemented measures designed to facilitate low-cost operations.
- ◆ **Despite the harsh environment, the Group posted higher revenues and profit compared to 1H FY2008.**

Breakdown by Business Segment

1H FY2009 Consolidated Results

(millions of yen)

	Advertising Business Gendai Agency Inc.	Used Machine Sales Intermediary Value Quest Co., Ltd.	Real Estate Business Land Support Inc.	Other Businesses Mastership Inc.	Eliminations/ corporate	Consolidated
Net sales	9,077	800	72	—	—	9,950
Operating income	1,256	196	32	(3)	(198)	1,283

Change compared to 1H FY2008

(millions of yen)

	Advertising Business Gendai Agency Inc.	Used Machine Sales Intermediary Value Quest Co., Ltd.	Real Estate Business Land Support Inc.	Other Businesses Mastership Inc.	Eliminations/ corporate	Consolidated
Net sales	(22)	73	40	—	—	91
Operating income	1	45	49	(3)	(9)	83

◆ The advertising business remained strong under challenging conditions. Meanwhile, amid growing cost-consciousness among pachinko parlors, the used machine sales intermediary business and the real estate business contributed to consolidated results by meeting customer needs; we have built a **business portfolio that realizes the benefits available when individual businesses complement each other.**



Advertising

Gendai Agency Inc.

1H FY2009 Income Statement (Advertising)

(millions of yen)

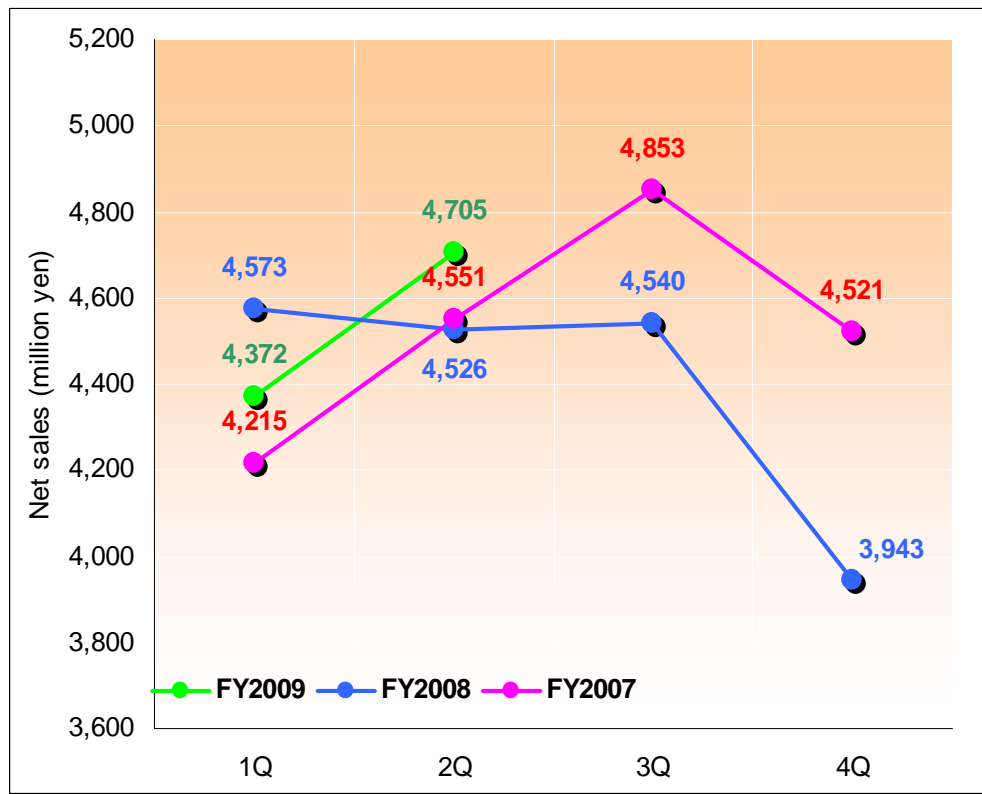
Advertising Business	1H FY2009	1H FY2008	YoY
Net sales	9,077	9,099	99.8%
Operating expenses	7,821	7,844	99.7%
Operating income	1,256	1,255	100.1%

- ◆ With demand for ads announcing new machine replacements falling significantly due to the voluntary restriction, the pachinko parlor market looked at other activities to attract customers, which led to increased demand for event-related advertising. Demand for new machine advertising rose once the voluntary restriction was lifted.
- ◆ Measures Implemented in the Advertising Business:
 - (1) Company-wide efforts aimed at (i) assisting pachinko parlors in attracting customers during the voluntary restriction period and (ii) advertising proposals for new machine replacements after the end of the restriction period.
 - (2) Proactive efforts aimed at acquiring new clients among top companies in the industry
 - (3) Consolidation of arrangements with partner companies to reduce the impact of rising printing costs stemming from surging crude oil prices
 - (4) Measures to facilitate low-cost operations, such as integration of the Mito and Gifu sales offices in an effort to improve business efficiency and streamline overall management operations.
- ◆ As a result, net sales of the business came to 9,077 million yen, down 0.2% compared to 1H FY2008, and operating income came to 1,256 million yen, up 0.1%.

Quarterly Sales Trends (Advertising)

(millions of yen)

	1Q	2Q	3Q	4Q	Full year
FY2009	4,372	4,705	—	—	17,700 (forecast)
FY2008	4,573	4,526	4,540	3,943	17,583
FY2007	4,215	4,551	4,853	4,521	18,141

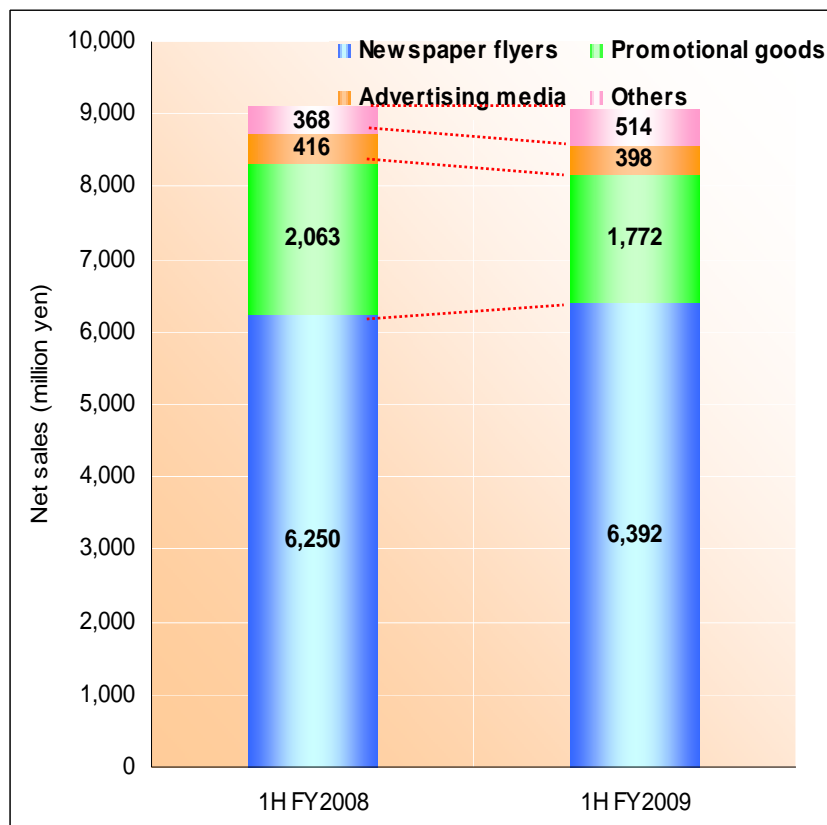


◆ Gendai Agency had expected a large drop in revenues due to the impact of the voluntary restriction on machine replacement. However, it achieved 3.9% growth compared to 1H FY2008, reflecting **company-wide efforts to assist parlors in attracting customers and the revitalization of the market after the restriction period ended.**

Sales Breakdown (Advertising)

(millions of yen)

		1H FY2009	% of total	1H FY2008	% of total	YoY change (%)
Total Sales	Newspaper flyers	6,392	70.4%	6,250	68.7%	102.3%
	Promotional goods	1,772	19.5%	2,063	22.7%	85.9%
	Advertising media	398	4.4%	416	4.6%	95.7%
	Others	514	5.7%	368	4.0%	139.7%
		9,077	100.0%	9,099	100.0%	99.8%



◆ Sales in the “Others” category rose 39.7% compared to 1H FY2008 due to the introduction of the G-SELF service, an ASP system for creating pachinko parlor newspaper flyers that we launched last fiscal year.

◆ Meanwhile, promotional goods sales declined due to the voluntary restriction and a fall in demand for parlor decorations for new store openings.

Clients (Advertising)

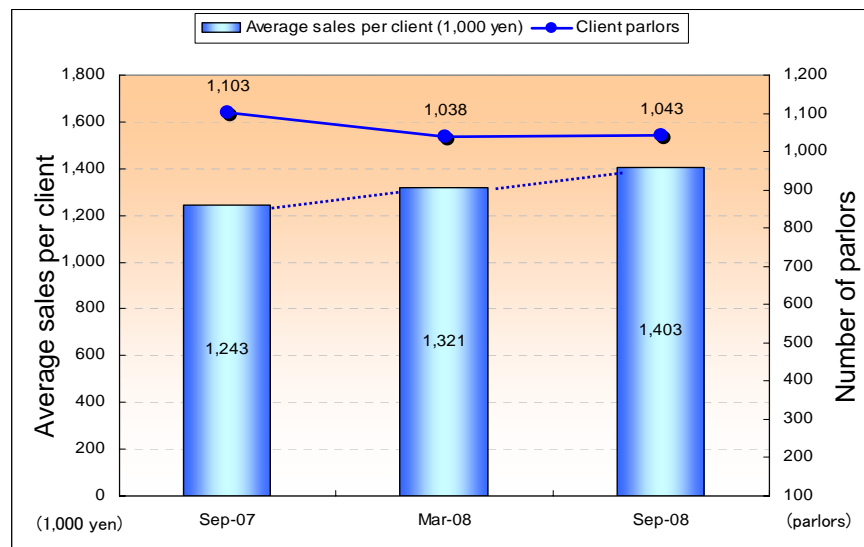
Average sales per client and number of client parlors

- ◆ We reviewed client relationships with pachinko parlors based on profitability and reduced the number of client parlors by 60 compared to 1H FY2008.

At the same time, sales per client rose on the back of increased advertising demand from major companies (up 12.8% compared to 1H FY2008).

Active clients	Sep-07	Mar-08	Sep-08
Client parlors	1,103	1,038	1,043
Average sales per client (1,000yen)	1,243	1,321	1,403

1. "Client parlors" refer to customers with more than 50,000 yen in monthly transactions
2. Sales figures are monthly

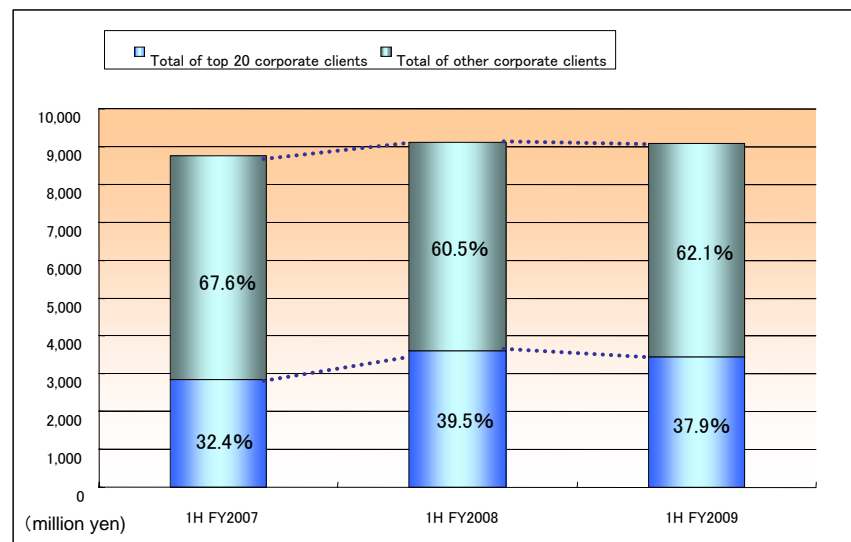


Customer composition

- ◆ There was no major change to the composition of customers. Gendai will continue to allocate resources to expand its share of business with major leading companies.

Active clients	1H FY2007	1H FY2008	1H FY2009
Total of top 20 corporate clients*	32.4%	39.5%	37.9%
Total of other corporate clients	67.6%	60.5%	62.1%
Total	100.0%	100.0%	100.0%

*The company's 20 largest customers by sales

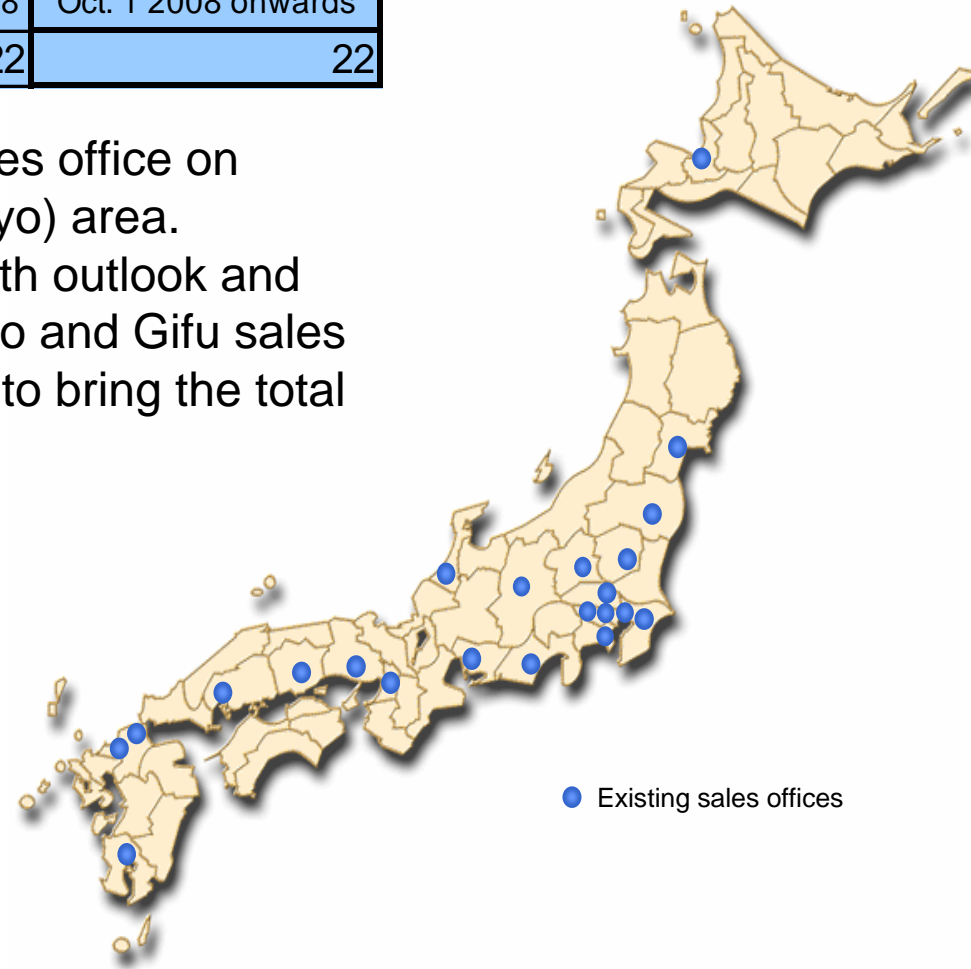


Sales Offices (Advertising)

(No. of offices)

	End of Mar 2008	New	End of Sep 2008	Oct. 1 2008 onwards
Sales offices	23	1	22	22

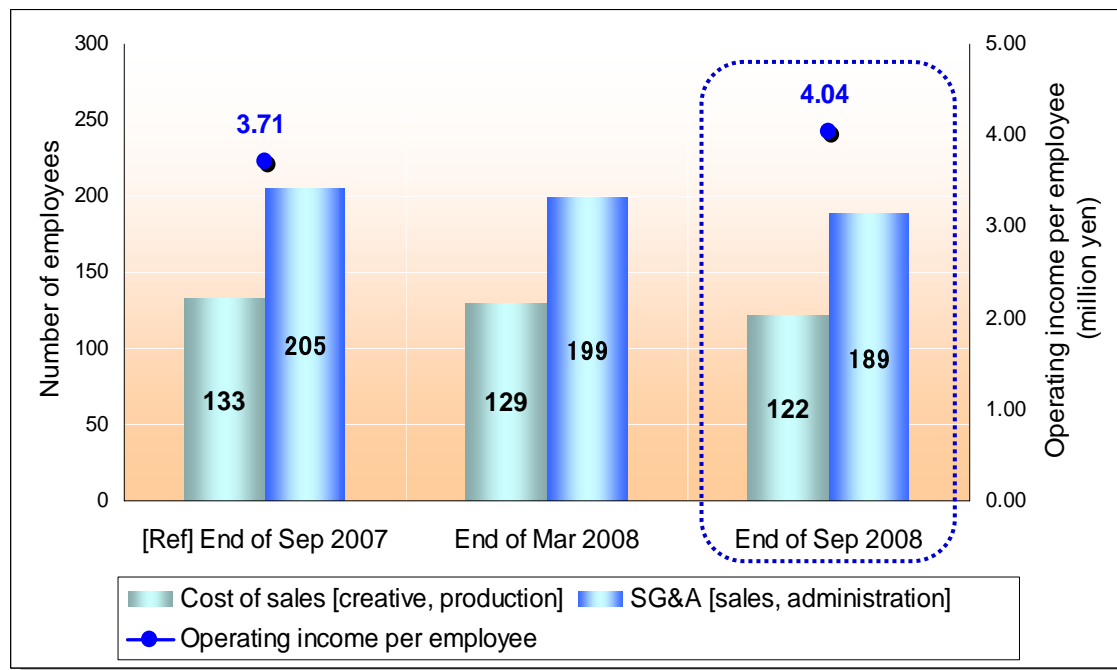
- ◆ Gendai Agency opened a new Shinjuku sales office on April 1 to strengthen sales in the Kanto (Tokyo) area. Meanwhile, after evaluating the market growth outlook and operating efficiency, we consolidated the Mito and Gifu sales offices with nearby offices on September 30 to bring the total number of sales offices to 22.



Employees (Advertising)

	End of Sep. 2007	End of Mar 2008	End of Sep. 2008
Cost of sales (creative, production) (no. of people)	133	129	122
SG&A (sales, administration) (no. of people)	205	199	189
Subtotal for advertising (no. of people)	338	328	311
Operating income per employee (million yen)	3.71		4.04

*Operating income for the period/number of employees for the period



While the company hired 11 new graduates for sales and creative, the total number of employees fell by 17 compared with the end of FY2008 due to organizational changes made in conjunction with the consolidation of the Mito and Gifu sales offices.



Used Machine Sales
Intermediary Business
Value Quest Co., Ltd.

1H FY2009 Income Statement (Used Machine Sales Intermediary)

(millions of yen)

Used Machine Sales Intermediary	1H FY2009	1H FY2008	YoY change
Net sales	800	727	110.0%
Operating expense	604	576	104.9%
Operating income	196	151	129.8%

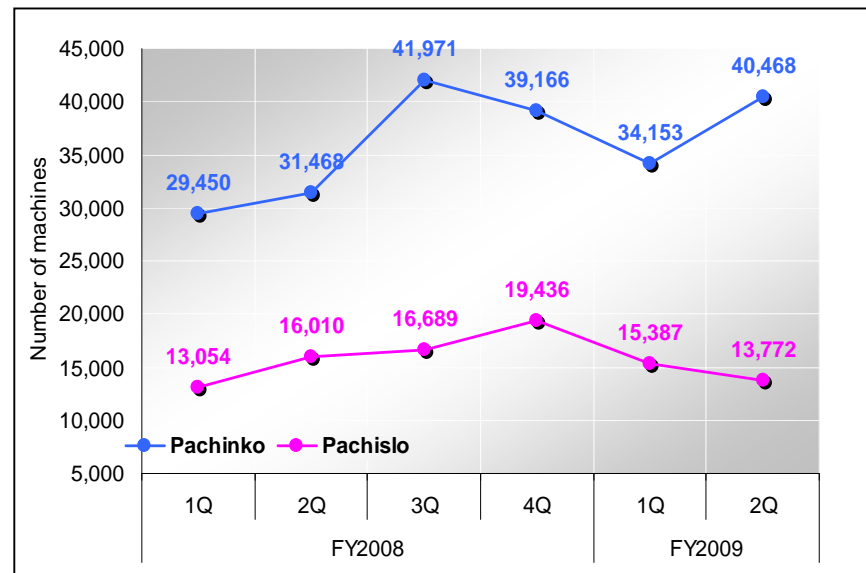
- ◆ The market remained strong overall on robust demand for used machines from pachinko parlors due to declining replacement costs and the **increasingly common use of low-stakes machines**, although there was a temporary lull in business due to the impact of pachinko parlors voluntarily refraining from replacing machines.
- ◆ Under such circumstances, Value Quest:
 - (1) Improved internal operations and business processing capabilities
 - (2) Made sales visits to pachinko parlors and held seminars on the utilization of used machines
 - (3) Executed various sales promotions
 - (4) Provided informational content on pachinko and pachislo machines
 - (5) Conducted surveys to assess customer satisfaction levels and understand member requirements, and used the outcomes to develop new informational content and improve service to members
- ◆ Net sales rose 10.0% compared to 1H FY2008 to 800 million yen, and operating income increased 29.8% to 196 million yen after accounting for goodwill amortization of 63 million yen.

Quarterly Trends in Machines Sales and Commission Per Unit (Used Machine Sales Intermediary)

Number of machines	FY2008				FY2009	
	1Q	2Q	3Q	4Q	1Q	2Q
Pachinko	29,450	31,468	41,971	39,166	34,153	40,468
Pachislo	13,054	16,010	16,689	19,436	15,387	13,772
Total	42,504	47,478	58,660	58,602	49,540	54,240

◆ **Machine sales:** Sales of used pachinko machines rose 28.6% compared to 1H FY2008 led by popular products introduced by Sanyo Bussan and Kyoraku Sangyo.

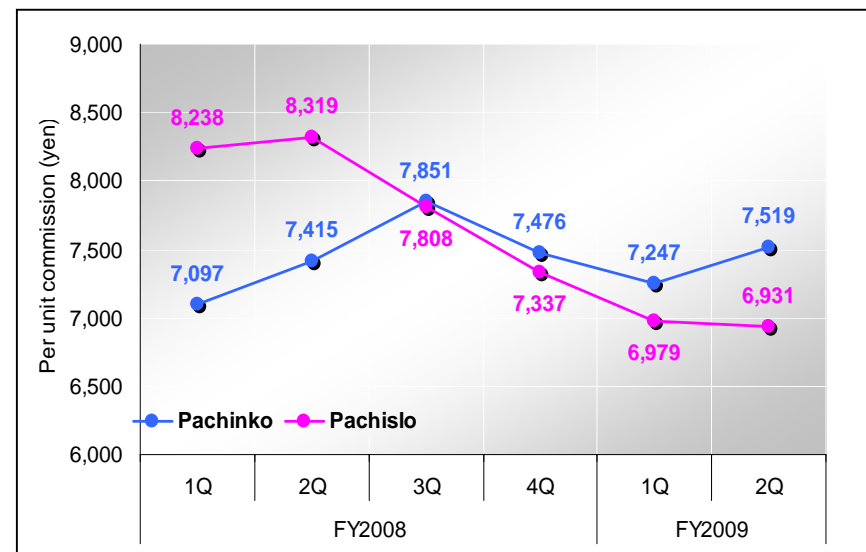
With no hit products, sales of pachislo machines fell 13.9% compared to 1H FY2008 when there was a surge in demand for No. 5 pachislo machines.



Per-unit commission	FY2008				FY2009	
	1Q	2Q	3Q	4Q	1Q	2Q
Pachinko	7,097	7,415	7,851	7,476	7,247	7,519
Pachislo	8,238	8,319	7,808	7,337	6,979	6,931

◆ **Per-unit commission:** Overall, per-unit commissions on pachinko machines were buoyant, due to strong sales led by popular machines, and increased compared to 1H FY2008.

Commissions on pachislo sales rose through 2Q of FY2008 reflecting the shift to No. 5 pachislo machines. The upward trend, however, has since started leveling off due to a lack of hit products.





Real Estate Business
Land Support Inc.

1H FY2009 Income Statement (Real Estate Business)

(millions of yen)

Real Estate Business	1H FY2009	1H FY2008	YoY change
Net sales	72	32	225.0%
Operating expense	40	49	81.6%
Operating income	32	(17)	—

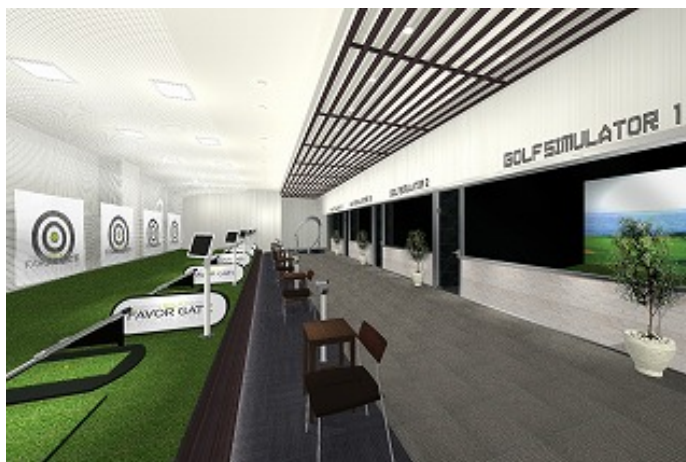
◆ No new contracts were signed in the first half. The 767-million-yen property that Land Support acquired for a new pachinko parlor and began leasing out last December began to generate profits on a monthly basis. This resulted in first-half operating income of 32 million yen compared with a loss of 17 million yen for 1H FY2008.

1H FY2009 Income Statement (Other Businesses)

(millions of yen)

Other Businesses	1H FY2009	1H FY2008	YoY change
Net sales	—	—	—
Operating expense	3	—	—
Operating income	(3)	—	—

- ◆ Indoor golfing facility operator Mastership Inc., a new company announced on April 18, 2008, is currently preparing to open its first facility in the latter half of December.



*Images of interior of the facility

Non-Operating and Extraordinary Gains and Losses (Consolidated)

(millions of yen)

	End of 2Q FY2009
Non-operating revenue	7
Non-operating expenses	27
Extraordinary profits	0
Extraordinary losses	38

- ◆ The figure for extraordinary losses is composed primarily of a 35 million yen loss on revaluation of investments in securities.

1H FY2009 Balance Sheet (Consolidated)

(millions of yen)

		End of 1H (A)	End of FY2008 (B)	Change (A) - (B)	
Total assets	Cash and cash equivalents	4,843	4,011	832	
	Notes and accounts receivable	2,326	2,059	267	
	Inventories	1	3	(2)	
	Other current assets	142	147	(5)	
	Tangible fixed assets	968	978	(10)	
	Intangible fixed assets	674	740	(66)	
	Investment and other assets	1,295	1,319	(24)	
		10,252	9,260	992	
Total liabilities and net equity	Notes and accounts payable	1,337	1,207	130	
	Short-term borrowings	948	558	390	- - - (1)
	Accrued income taxes	576	539	37	
	Deposits from used machine business customers	1,587	1,300	287	- - - (2)
	Other current liabilities	299	323	(24)	
	Long-term borrowings	525	580	(55)	
	Other fixed liabilities	15	15	0	
	Shareholders' equity	4,617	4,453	164	
Minority interest	344	282	62		
	10,252	9,260	992		

- ◆ No significant change in assets was recorded in the first half.
- Total liabilities came to 5,290 million yen, up 766 million yen compared to 1H FY2008.

Main factors

- (1) 390 million yen increase in short-term borrowings for operating capital
- (2) 287 million yen increase in deposits from used machine business customers reflecting a rise in the number of used machines handled

1H FY2009 Cash Flow Statement (Consolidated)

(millions of yen)	
	1H
Net income before income taxes	1,224
Goodwill amortization	63
Depreciation and amortization	84
Change in accounts receivable	(266)
Change in inventories	1
Change in accounts payable	130
Change in deposits from used machine business customers	287
Others	68
Subtotal	1,595
Income taxes paid	(510) --- (1)
Others	(7)
Cash flow from operations	1,077
Payment for purchase of tangible/intangible fixed assets	(87)
Others	(27)
Cash flow from investing activities	(114)
Change in borrowings	336
Repurchase of own stock	(140) --- (2)
Dividend payments	(326) --- (3)
Cash flow from financing activities	(131)
Change in cash and cash equivalents	831
Cash and cash equivalents at the beginning of the period	4,006
Cash and cash equivalents at the end of the period	4,838

- (1) 510 million yen in final payment of income taxes on earnings for the previous fiscal year
- (2) 140 million yen expenditure for stock repurchases as part of measures to ensure returns to shareholders
- (3) 326 million yen in year-end dividends payments

Revision of Consolidated Full-Year Earnings Forecast

- ◆ The Gendai Agency Group revised its consolidated earnings forecast for the fiscal year ending March 2009 as follows to reflect cumulative results for the first half of the fiscal year.

Revision of consolidated earnings forecast for the fiscal year ending March 2009 (April 1, 2008 - March 31, 2009) (millions of yen)

	2Q results	Previous forecast (A) *Announced on Apr 13, 2008	Progress	Revised forecast (B)	Progress	Change (B - A)	% change
Net sales	9,950	18,000	55.3%	19,700	50.5%	1,700	9.4%
Operating income	1,283	1,950	65.8%	2,350	54.6%	400	20.5%
Ordinary income	1,263	1,940	65.1%	2,320	54.4%	380	19.6%
Net income	630	960	65.6%	1,170	53.8%	210	21.9%

Reasons for the revision

On July 18, 2008, the Gendai Agency Group raised its forecasts for the first half of the current fiscal year, leaving its full-year forecast unchanged from initial figures due to uncertainties in the business environment.

As of the announcement of this revision, however, we are convinced that the pachinko parlor business has emerged from its slump, and given our success in holding the impact of increases in printing costs to a minimum, through initiatives that include consolidating our arrangements with partner companies, we expect to meet our initial forecast for net sales in the second half.

We therefore decided to revise full-year forecasts because we **expect results to exceed our initial forecasts for the first half of the current fiscal year.**

Revision of Dividend Forecast

Record date	Dividend per share (yen)		
	Interim	Year-end	Annual
Previous forecast (announced on Apr. 18, 2008)	1,500 yen	2,500 yen	4,000 yen
Revised forecast (announced on Sep. 12, 2008)	2,500 yen	2,500 yen	5,000 yen

- ◆ The Gendai Agency Group previously forecast an annual dividend of 4,000 yen per share for the current fiscal year because it expected the voluntary restriction on machine replacement by pachinko parlors to significantly hurt sales and profit. However, we now expect full-year earnings and cash flows to exceed initial forecasts, and we have raised our dividend forecast for the fiscal year accordingly.

Repurchase of Own Stock

- ◆ At the meeting on April 18, 2008, Gendai Agency's Board of Directors passed a resolution to repurchase a portion of its own stock to enable the flexible use of capital in response to changes in the business environment. As of September 30, 2009, the company had repurchased 1,819 shares (total cost: 140,442,200 yen; progress: 22.74%).

Details of the resolution:

- (1) Type of stock to be purchased: Common stock
- (2) Number of shares to be purchased: Up to 8,000 shares
- (3) Total cost of acquisition: Up to 800,000,000 yen
- (4) Schedule for stock acquisition: April 21, 2008 – February 28, 2009
- (5) Method of stock acquisition: Market purchase

Note: The company may cancel the entire acquisition or a portion of it depending on market trends and other factors.