

Business Results for the Fiscal Year ended March 31, 2009

C r e a t i v i t y
I n n o v a t i o n
S o l u t i o n

April 17, 2009

Used Machine Sales Intermediary Business

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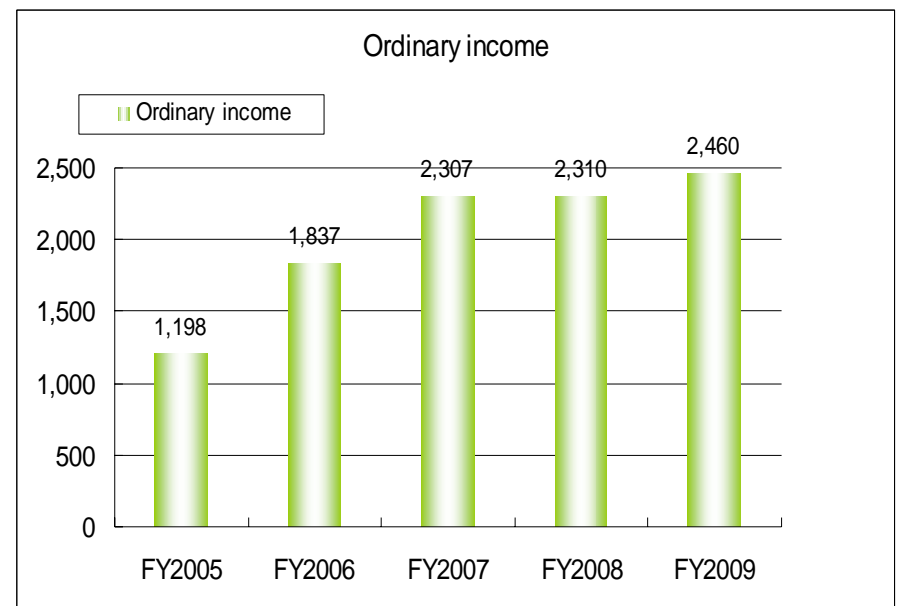
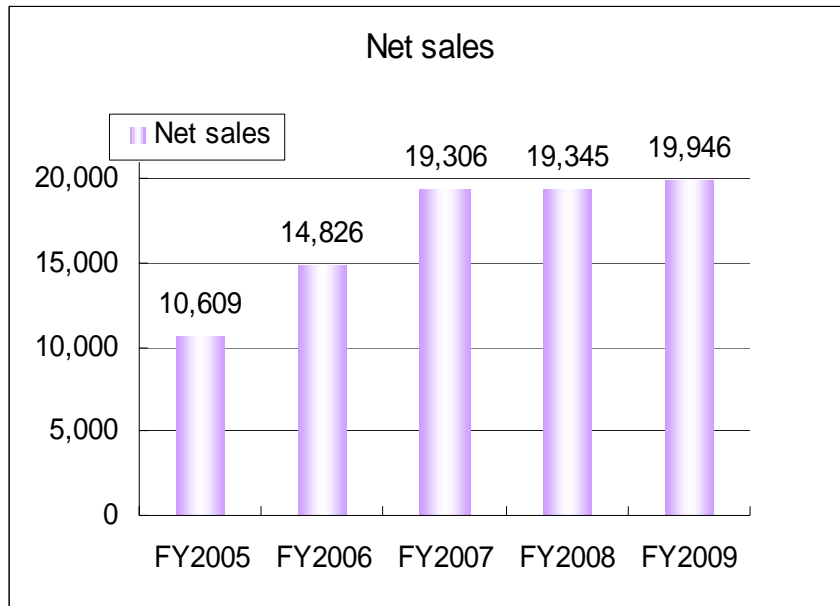
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Financial Highlights (Consolidated)

◆ The Group posted **higher revenues and profits** for FY2009 reflecting continuous and steady growth

(millions of yen)

	FY2005	FY2006	FY2007	FY2008	FY2009
Net sales	10,609	14,826	19,306	19,345	19,946
Operating income	1,240	1,845	2,316	2,328	2,495
Ordinary income	1,198	1,837	2,307	2,310	2,460
Net income	681	1,048	1,207	1,162	1,209



FY2009 Income Statement (Consolidated)

(millions of yen)

	FY2009	% of total	FY2008	% of total	YoY comparison
Net sales	19,946	100.0%	19,345	100.0%	103.1%
Operating income	2,495	12.5%	2,328	12.0%	107.2%
Ordinary income	2,460	12.3%	2,310	11.9%	106.5%
Net income	1,209	6.1%	1,162	6.0%	104.0%

- ◆ In FY2009, pachinko parlors nationwide implemented a voluntary restriction on machine replacements in deference to the Hokkaido Toyako G-8 summit in July last year. Machine replacements, however, picked up once the restriction ended. The pachinko industry fell into disarray during the transition to No. 5 pachislo machines. But it has now taken a turn for the better, with low-stakes machines, such as 1-yen Pachinko machines, gaining in popularity, and companies, particularly major industry players, resuming efforts to open new halls.
- ◆ Against this backdrop, the Group assisted pachinko parlors in attracting customers during the voluntary restriction period and proposed replacement advertising for the post-restriction period. The Group also implemented measures designed to facilitate low-cost operations.
- ◆ **Despite the harsh environment, the Group posted record profits.**

Breakdown by Business Segment

FY2009 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	18,123	1,671	145	5	-	19,946
Operating income	2,465	433	63	(45)	(420)	2,495

Change versus 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	540	12	43	5	-	601
Operating income	162	58	49	(45)	(55)	167

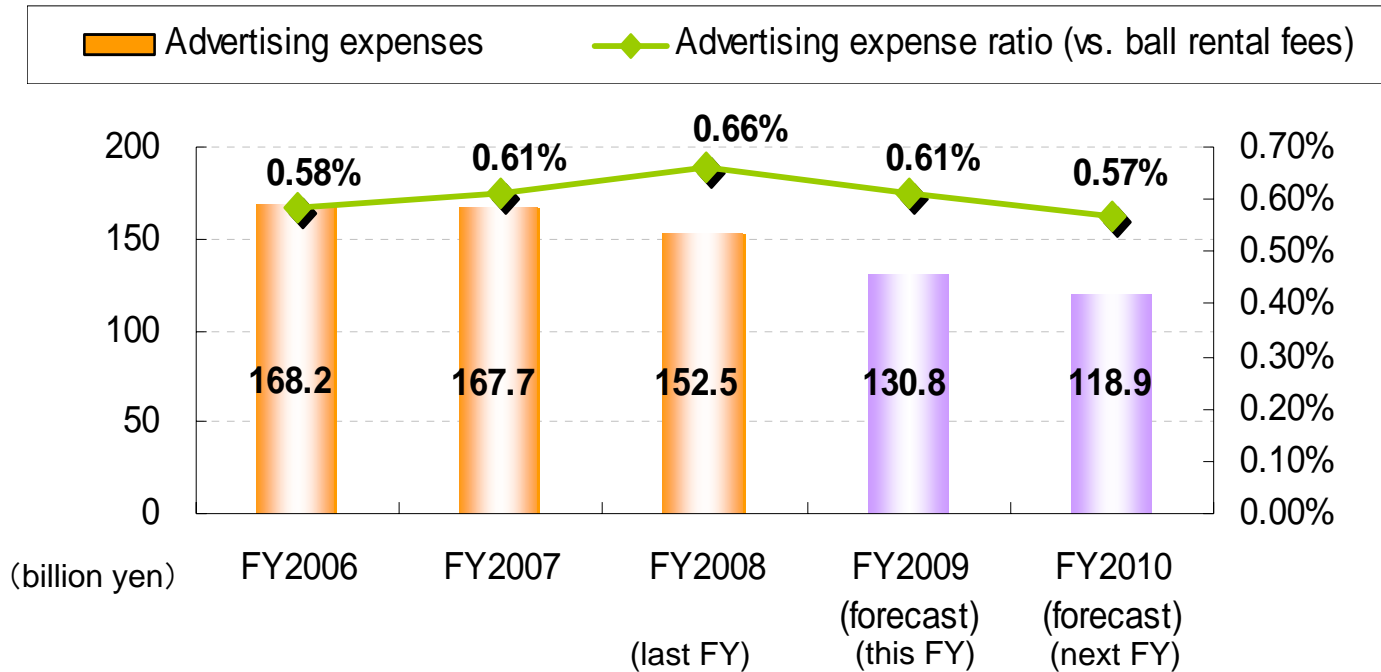
◆ The advertising business, used machine sales intermediary business, and real estate businesses remained strong amid challenging conditions, and all three posted **higher revenues and profits year over year.**

Advertising

Gendai Agency Inc.

Outlook for Pachinko Parlor-Related Advertising Market

◆ After peaking at 168.2 billion yen in FY2006, the advertising market shrank sharply to 130.8 billion yen in FY2009 (based on estimate), and conditions have remained harsh since.



	FY2006	FY2007	FY2008	FY2009 (forecast)	FY2010 (forecast)
Pachinko Ball Rental Fees (billion yen) (White Paper on Leisure Activity Fees)	28,749.0	27,455.0	22,980.0	21,500.0	210,000.0
Advertising Expense Ratio	0.58%	0.61%	0.66%	0.61%	0.57%
YoY Comparison of Advertising Expense Ratio	114.6%	104.4%	108.6%	91.7%	100.0%
Advertising Expenses (billion yen)	168.2	167.7	152.5	130.8	118.9
YoY Comparison of Advertising Expenses	111.8%	99.7%	90.9%	85.8%	90.9%

Source: "Research on the Scale of Advertising Spending by Pachinko Parlors" by Yano Research Institute (commissioned by Gendai Agency)

FY2009 Income Statement (Advertising)

(millions of yen)

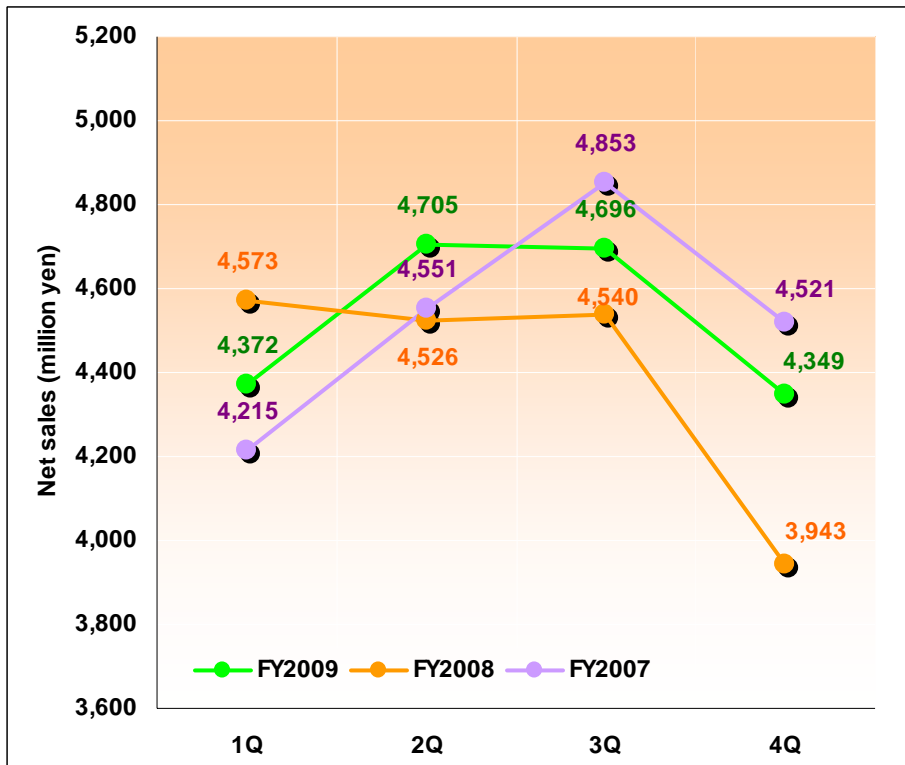
Advertising	FY2009	FY2008	YoY comparison
Net sales	18,123	17,583	103.1%
Operating expenses	15,658	15,279	102.5%
Operating income	2,465	2,303	107.0%

- ◆ Advertising demand rose as demand for replacement advertising picked up once the voluntary restriction period ended. Demand was also boosted by the increase in large orders towards the year end following new hall openings primarily by industry majors.
- ◆ Measures implemented in the Advertising Business
 - (1) Company-wide efforts aimed at advertising proposals for new machine replacements after the restriction period ended.
 - (2) Pursued efforts aimed at (i) acquiring new clients among top companies in the industry and (ii) acquiring advertising orders from existing clients for new hall openings.
 - (3) Measures to lower the cost of operations, including paring down partner companies to reduce the impact of rising printing costs stemming from the surge in crude oil prices.
- ◆ As a result, **net sales of the business came to 18,123 million yen, up 3.1% compared with FY2008, and operating income came to 2,465 million yen, up 7.0%.**

Quarterly Sales Trends (Advertising)

(millions of yen)

	1Q	2Q	3Q	4Q	Full year
FY2009	4,372	4,705	4,696	4,349	18,123
FY2008	4,573	4,526	4,540	3,943	17,583
FY2007	4,215	4,551	4,853	4,521	18,141

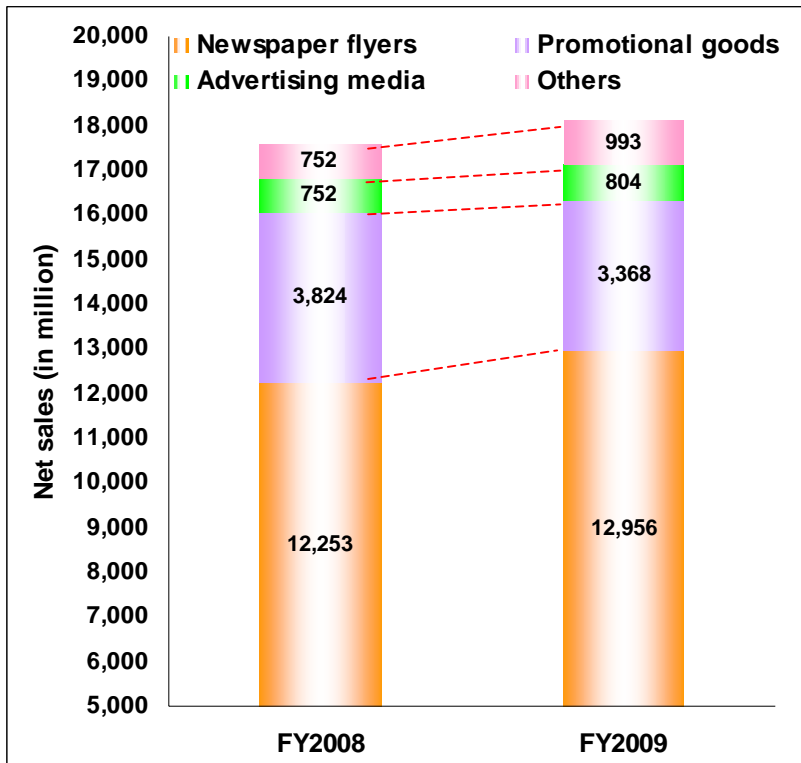


◆ Sales were down year over year in 1Q due to the voluntary restriction on machine replacement. Replacement demand, however, picked up in 2Q after the restriction ended. Advertisements for new hall openings, primarily by major industry players in 3Q, and demand for popular machines in 4Q, drove the business to **higher revenues compared with FY2008**.

Sales Breakdown (Advertising)

(millions of yen)

		FY2009	% of total	FY2008	% of total	YoY comparison (%)
Total sales	Newspaper flyers	12,956	71.5%	12,253	69.7%	105.7%
	Promotional goods	3,368	18.6%	3,824	21.7%	88.1%
	Advertising media	804	4.4%	752	4.3%	106.9%
	Other	993	5.5%	752	4.3%	132.0%
		18,123	100.0%	17,583	100.0%	103.1%



◆ Sales in the “Other” category rose 32.0% compared with 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 fewer hit machines (in both the pachinko and slot categories) as well as the rise in the number of pachinko halls that manufacture POP displays and other tools in-house.

Clients (Advertising)

Average sales per client and number of client parlors

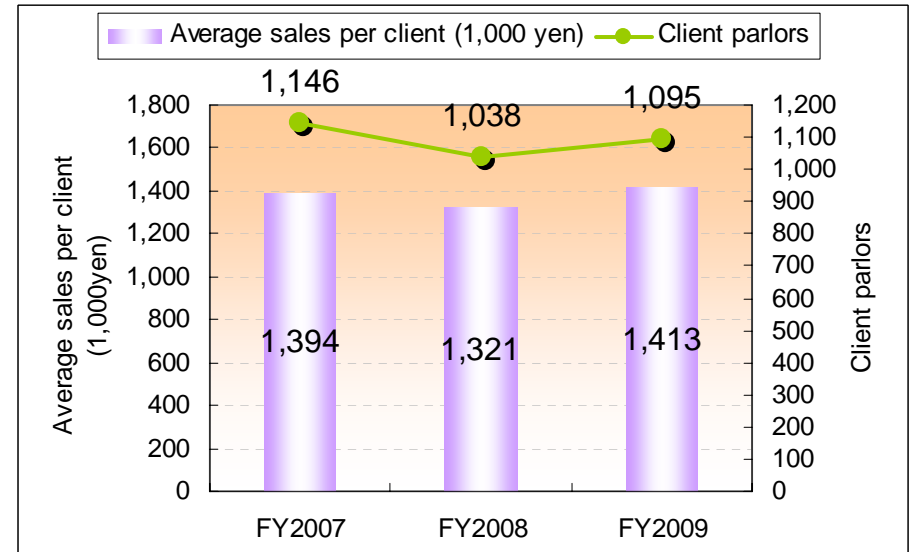
◆ The number of client parlors rose by 57 compared with FY2008 as we succeeded in acquiring new clients, primarily major companies.

Sales per client also rose year over year on the back of advertising for new hall openings.

Active clients	FY2007	FY2008	FY2009
Client parlors	1,146	1,038	1,095
Average sales per client (1,000yen)	1,394	1,321	1,413

*1. "Client parlors" refer to customers who provide 50,000 yen or more in sales monthly.

*2. Sales figures are monthly.

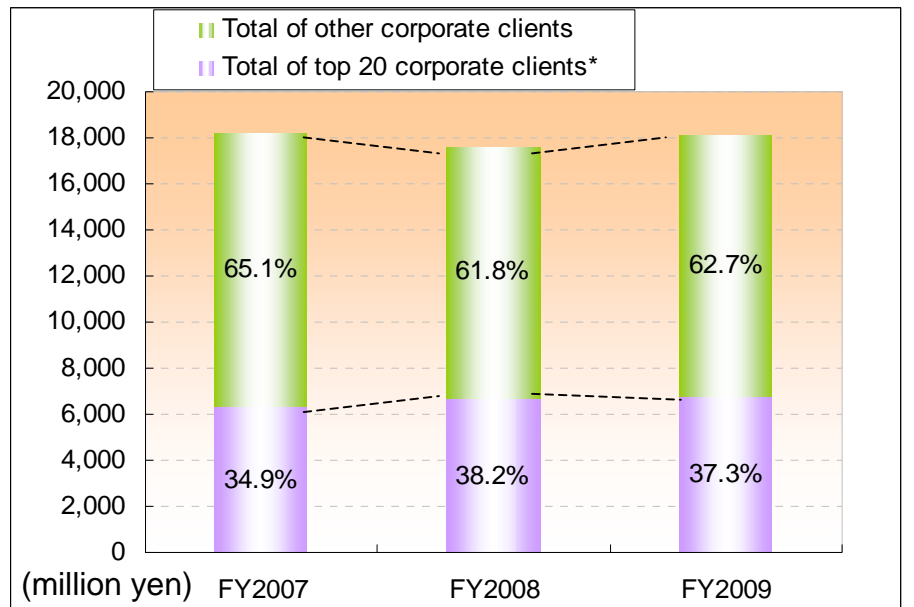


Customer composition

◆ Although our proportion of non-major clients has increased because of new client acquisitions, the share of business accounted for by the top 20 has remained stable at around 40%.

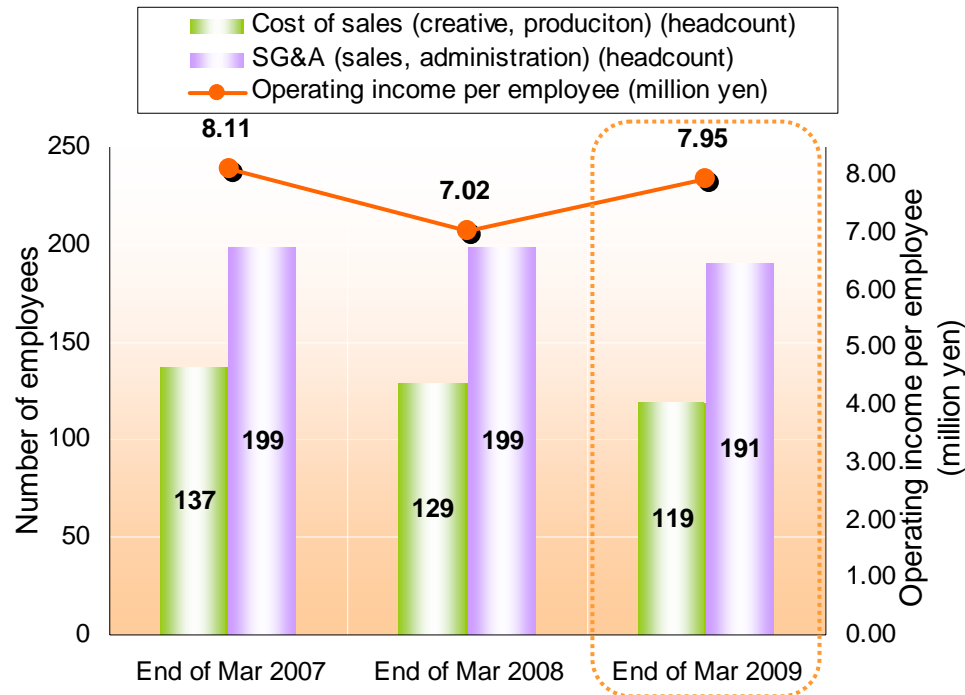
Active clients	FY2007	FY2008	FY2009
Total of top 20 corporate clients*	34.9%	38.2%	37.3%
Total of other corporate clients	65.1%	61.8%	62.7%
Total	100.0%	100.0%	100.0%

* The company's 20 largest customers by sales



Employees (Advertising)

	End of Mar 2007	End of Mar 2008	End of Mar 2009
Cost of sales (creative, produciton) (headcount)	137	129	119
SG&A (sales, administration) (headcount)	199	199	191
Subtotal for advertising (headcount)	336	328	310
Operating income per employee (million yen)	8.11	7.02	7.95



- ◆ Total employee headcount **fell by 18** compared with the end of FY2008 as the company consolidated its sales offices and cut back on hiring.
- ◆ At the same time, productivity rose as operating income per employee **increased by 930,000 yen**.

Sales Offices (Advertising)

(No. of offices)

	End of Mar 2008	New additions	After consolidation	End of Mar 2009
Sales offices	23	1	(2)	22

◆ Gendai Agency opened a new Shinjuku sales office on April 1, 2008, to strengthen sales in the Kanto (Tokyo) area.

◆ At the same time, after evaluating the outlook for market growth and operating efficiency, we consolidated the Mito and Gifu sales offices with nearby offices on September 1, 2008.



Used Machine Sales Intermediary Business

Value Quest Co., Ltd.

FY2009 Income Statement (Used Machine Sales Intermediary)

(millions of yen)

Used Machine Sales Intermediary	FY2009	FY2008	YoY comparison (%)
Net sales	1,671	1,659	100.7%
Operating expense	1,237	1,284	96.3%
Operating income	433	375	115.5%

- ◆ 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 the voluntary restriction on machine replacements in 1H and the expected increase in used machine distribution didn't materialize in 2H as sale of successors to hit machines were pushed back to 4Q and beyond.
- ◆ Measures implemented in the Used Machine Sales Intermediary Business:
 - (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 0.7% compared with FY2008 to 1,671 million yen, and operating income increased 15.5% to 433 million yen** after accounting for goodwill amortization of 134 million yen

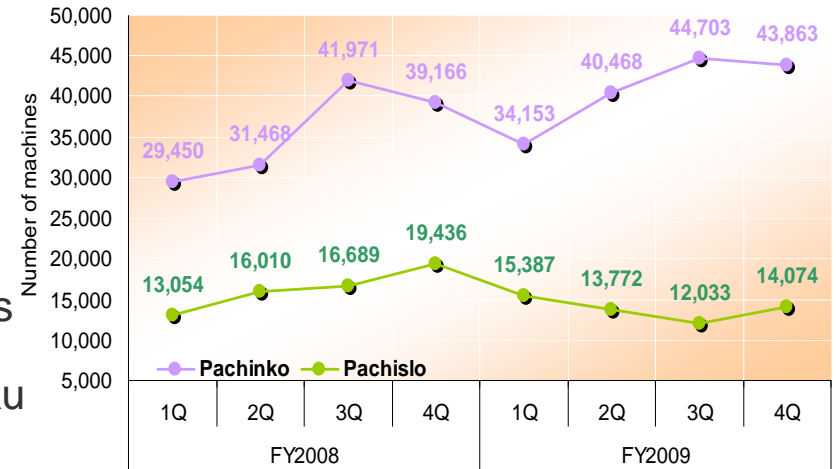
Quarterly Trends in Machine Sales and Commission Per Unit (Used Machine Sales Intermediary)

Number of machines	FY2008				
	1Q	2Q	3Q	4Q	Total
Pachinko	29,450	31,468	41,971	39,166	142,055
Pachislo	13,054	16,010	16,689	19,436	65,189
Total	42,504	47,478	58,660	58,602	207,244

Number of machines	FY2009					YoY change
	1Q	2Q	3Q	4Q	Total	
Pachinko	34,153	40,468	44,703	43,863	163,187	114.9%
Pachislo	15,387	13,772	12,033	14,074	55,266	84.8%
Total	49,540	54,240	56,736	57,937	218,453	105.4%

◆ **Machine sales:** Sales of used pachinko machines rose 14.9% compared to FY2008 led by popular products introduced by Sankyo Bussan and Kyoraku Sangyo.

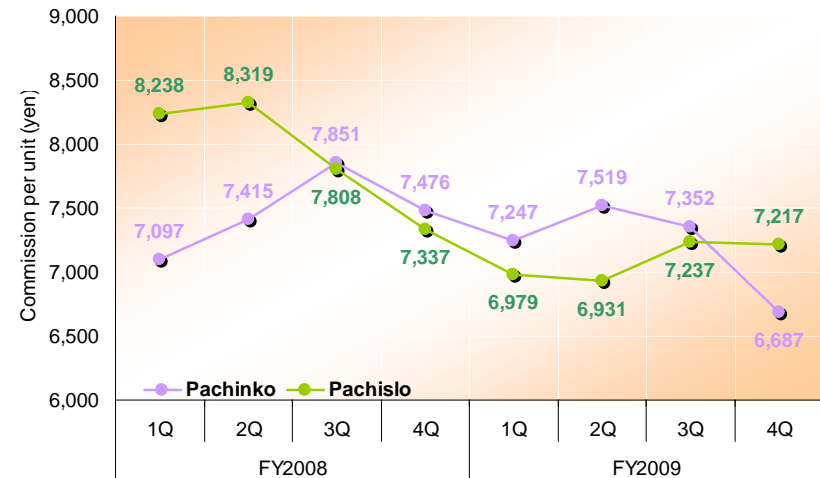
Sales of pachislo machines fell 15.2% compared with FY2008 due to a lack of hit machines.



Commission per unit	FY2008				
	1Q	2Q	3Q	4Q	Average
Pachinko	7,097	7,415	7,851	7,476	7,495
Pachislo	8,238	8,319	7,808	7,337	7,879

Commission per unit	FY2009				
	1Q	2Q	3Q	4Q	Average
Pachinko	7,247	7,519	7,352	6,687	7,246
Pachislo	6,979	6,931	7,237	7,217	7,132

◆ **Per-unit commission:** Per-unit commissions on pachinko machines declined compared with FY2008, due to a lack of hit machines and replacement demand for low-stakes machines (low price range). Per-unit commissions on pachislo machines rose through 2Q of FY2008, reflecting the shift to No.5 pachislo machines, but has since started declining due to a lack of hit models.



Real Estate Business

Land Support Inc.

FY2009 Income Statement (Real Estate Business)

(millions of yen)

Real Estate Business	FY2009	FY2008	YoY change
Net sales	145	102	142.2%
Operating expense	82	88	93.2%
Operating income	63	14	450.0%

◆ No new contracts were signed in FY2009.

As a result, net sales rose 42.2% compared with FY2008 to 145 million yen and operating income jumped 350% to 63 million yen.

Other Businesses

Mastership Co. Ltd.

FY2009 Income Statement (Other Businesses)

(millions of yen)

Other Businesses	FY2009	FY2008	YoY change
Net sales	5	-	-
Operating expense	51	-	-
Operating income	(45)	-	-

- ◆ Mastership Inc., a new company that we established, as announced on April 18, 2008, launched its indoor golfing facility operations.



Since opening in January, indoor golfing facility Favor Gate has worked to enhance its service lineup, which includes golfing lessons for juniors, lesson plans developed in collaboration with a golf magazine, and private lessons from professional golf coaches.

INDOOR GOLF PARK
FAVOR GATE

Name: Indoor Golf Park Favor Gate
 Location: 1 fl., KDX Toyosu Grand Square, 1-7-12
 Shinonome, Koto-ku, Tokyo
 Ph: +81 3-5546-1700
 Size of facility: Total floor area of 860m²
 Hours: 10:00 a.m. to 11:00 p.m.

Non-Operating and Extraordinary Gains and Losses (Consolidated)

(millions of yen)

	End of FY2009
Non-operating revenues	12
Non-operating expenses	47
Extraordinary profits	15
Extraordinary losses	104

- ◆ Extraordinary losses are composed primarily of 81 million yen in valuation losses on investments in securities.

FY2009 Balance Sheet (Consolidated)

		(millions of yen)		
		End FY2008 (A)	End FY2009 (B)	Change (B) - (A)
Total assets	Cash and cash equivalents	4,011	4,635	624
	Notes and accounts receivable	2,059	2,346	287
	Other current assets	150	152	2
	Tangible fixed assets	978	1,087	109
	Intangible fixed assets	740	709	(31)
	Investment and other assets	1,319	1,263	(56)
		9,260	10,193	933
Total liabilities and net assets	Notes and accounts payable	1,207	1,366	159
	Short-term borrowings	558	508	(50)
	Accrued income taxes	539	600	61
	Deposits from used machine business customers	1,300	1,722	422
	Other current liabilities	323	279	(44)
	Long-term borrowings	580	971	391
	Other fixed liabilities	15	15	0
	Shareholders' equity	4,453	4,375	(78)
	Minority interests	282	355	73
	9,260	10,193	933	

- (1) Increase in cash and cash equivalents (624 million yen)
- (2) Sharp increase in volume of used machines handled by Value Quest (422 million yen)
- (3) Increase in long-term borrowings (391 million yen)
- (4) Net assets totaled 4,730 million yen, down 6 million yen versus the end of FY2008

Main factors:

- 1) Posted 1,209 million yen in net income
- 2) Annual dividend payment of 593 million yen as part of efforts to actively provide returns to shareholders
- 3) 694 million yen for stock repurchases

FY2009 Cash Flow Statement (Consolidated)

	(millions of yen)		
	FY2008	FY2009	
Net income before income taxes	2,271	2,371	
Goodwill amortization	127	134	
Depreciation and amortization	176	190	
Change in accounts receivable	293	(286)	
Change in accounts payable	(151)	159	
Change in deposits from used machine business customers	578	422	--- (1)
Others	104	152	
Subtotal	3,398	3,144	
Income taxes paid	(1,071)	(1,024)	
Others	(17)	(16)	
Cash flow from operations	2,310	2,104	
Payment for purchase of tangible/intangible fixed assets	(1,013)	(372)	
Payment for acquisition of shares in subsidiary	-	(120)	--- (2)
Others	(1)	(37)	
Cash flow from investing activities	(1,014)	(528)	
Change in borrowings	313	342	
Stock repurchases	(288)	(694)	} --- (3)
Dividends paid	(549)	(593)	
Cash flow from financing activities	(525)	(947)	
Change in cash and cash equivalents	769	628	
Cash and cash equivalents at beginning of period	3,237	4,006	
Cash and cash equivalents at end of period	4,006	4,635	

- (1) Sharp increase in volume of used machines handled by Value Quest
- (2) 120 million yen for additional acquisition of shares in a subsidiary (Value Quest)
- (3) 1,287 million yen in outlays for stock repurchases and payment of annual dividend as part of efforts to provide returns to shareholders

FY2010 Consolidated Earnings Forecast

(millions of yen, except EPS and percentages)

	FY2009 forecast*	FY2009 results	Percent achieved	FY2010 forecast	% comparison
Net sales	19,700	19,946	101.2%	20,708	103.8%
Operating income	2,350	2,495	106.2%	2,548	102.1%
Ordinary income	2,320	2,460	106.0%	2,520	102.4%
Net income	1,170	1,209	103.3%	1,272	105.2%
EPS		11,509.27 yen		12,627.80 yen	

* Announced on Oct. 17, 2008

◆ While the pachinko parlor business is on the road to recovery, a slump in the frequency of parlor visits by users and lower spending per user, due to the rapid economic slowdown, may negatively affect the earnings of pachinko parlor operators.

Amid such circumstances, we expect **both revenues and profits to grow** in the coming fiscal year as we expand our market share in both the Advertising Business and Used Machine Sales Intermediary Business.

- ◆ The Group will strive to improve service and productivity in the Advertising Business and Used Machine Sales Intermediary Business, catering exclusively to the pachinko industry, where it holds top market share. We will work to further expand our market share, seek new business opportunities, and actively develop our business to ensure sustained Group growth.

(1) Expand market share and pursue low-cost operations in the Advertising Business

- Further expand market share by acquiring major corporate clients in untapped regions to enable sustained business growth
- Examine the need for opening new sales offices
- Pursue low-cost operations to ensure adequate profit
(collaborate with partner companies, improve design processes, etc.)

(2) Bolster support for clients' cross-media strategies in the Advertising Business

- Strengthen the functions of the Sales Planning Dept., which handles marketing and media-purchasing, set up a Creative Dept. to supervise creative direction, and strengthen collaboration with sales offices
- Enhance service lineup in TV commercials, Internet advertising, and mobile-phone advertising

(3) Improve service in the Used Machine Sales Intermediary Business and expand market share

- Enhance usability of the used machine trading site VQnet.com, continue adding to processing capacity, improve levels of service provided by traders, and enhance sales proposals provided during sales visits

Consolidated

	FY2008	FY2009	FY2010 estimate
Operating margin	12.0%	12.5%	12.30%
EPS	10,644.16 yen	11,509.27 yen	12,627.80 yen
ROE	27.1%	27.4%	26.8%
Total annual dividend <i>Interim dividend</i>	5,000 yen 2,000 yen	5,000 yen 2,500 yen	5,500 yen 2,700 yen

◆ The Group will continue to manage its operations with a focus on productivity and capital efficiency to ensure an operating profit margin of more than 10%, a key operating target.

◆ Profit distribution for FY2009: The Group intends to pay an annual dividend of 5,000 yen per share of common stock (including an interim dividend of 2,500 yen) based on its dividend policy and target dividend payout ratio of 50%.

In FY2009, the Group repurchased stock worth 694 million yen as part of efforts to provide returns to shareholders, resulting in a strong total return to shareholders on a consolidated basis of 100.3% (= [total annual dividend payment + total repurchases during the year] / net income).

◆ The Group presently expects to pay an annual dividend of 5,500 yen per share for FY2010.

These materials contain earnings forecasts and other forward-looking statements. All such forward-looking statements are based on information available to Gendai Agency Inc. as of the preparation of these materials and on certain other information Gendai Agency Inc. believes to be reasonable. Actual business results and other outcomes may differ materially from those expressed or implied by forward-looking statements.

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