

Business Results for the First Half of the Fiscal Year Ending March 31, 2014 (FY2014)

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1H FY2014 Income Statement (Consolidated)

(millions of yen)

	1H FY2014	% of total	1H FY2013	% of total	YoY comparison
Net sales	8,569	100.0%	9,014	100.0%	95.1%
Operating income	887	10.4%	924	10.3%	96.0%
Ordinary income	889	10.4%	926	10.3%	96.0%
Net income	551	6.4%	585	6.5%	94.2%

- Although the pachinko parlor industry continued to face tough business conditions due to the impact of declining consumer spending, there were some positive signs such as active efforts by major parlor operators to open new outlets.
- Against this backdrop, the Group worked to further expand the number of client parlors in a bid to expand sales share in its mainstay advertising business.
- However, the Group was unable to offset the decline in advertising demand in the pachinko parlor market caused by the tightening of event advertising restrictions, and as a result, **net sales for the first half totaled ¥8,569 million (down 4.9% year on year), operating income amounted to ¥887 million (down 4.0% year on year), and net income amounted to ¥551 million (down 5.8% year on year).**

Breakdown by Business Segment

1H FY2014

(millions of yen)

	Advertising	Real Estate	Adjustment	Consolidated
Net sales	8,469	99	-	8,569
Segment income	1,055	34	(203)	887

Change versus 1H FY2013

(millions of yen)

	Advertising	Real Estate	Adjustment	Consolidated
Net sales	(472)	+27	-	(445)
Segment income	(35)	+5	(9)	(37)

- **Net sales** for the first half **declined by ¥445 million** compared with the first half of the previous year partly due to the impact of event advertising restrictions. **Segment income also declined ¥37 million year on year.**

Advertising

1H FY2014 Income Statement (Advertising)

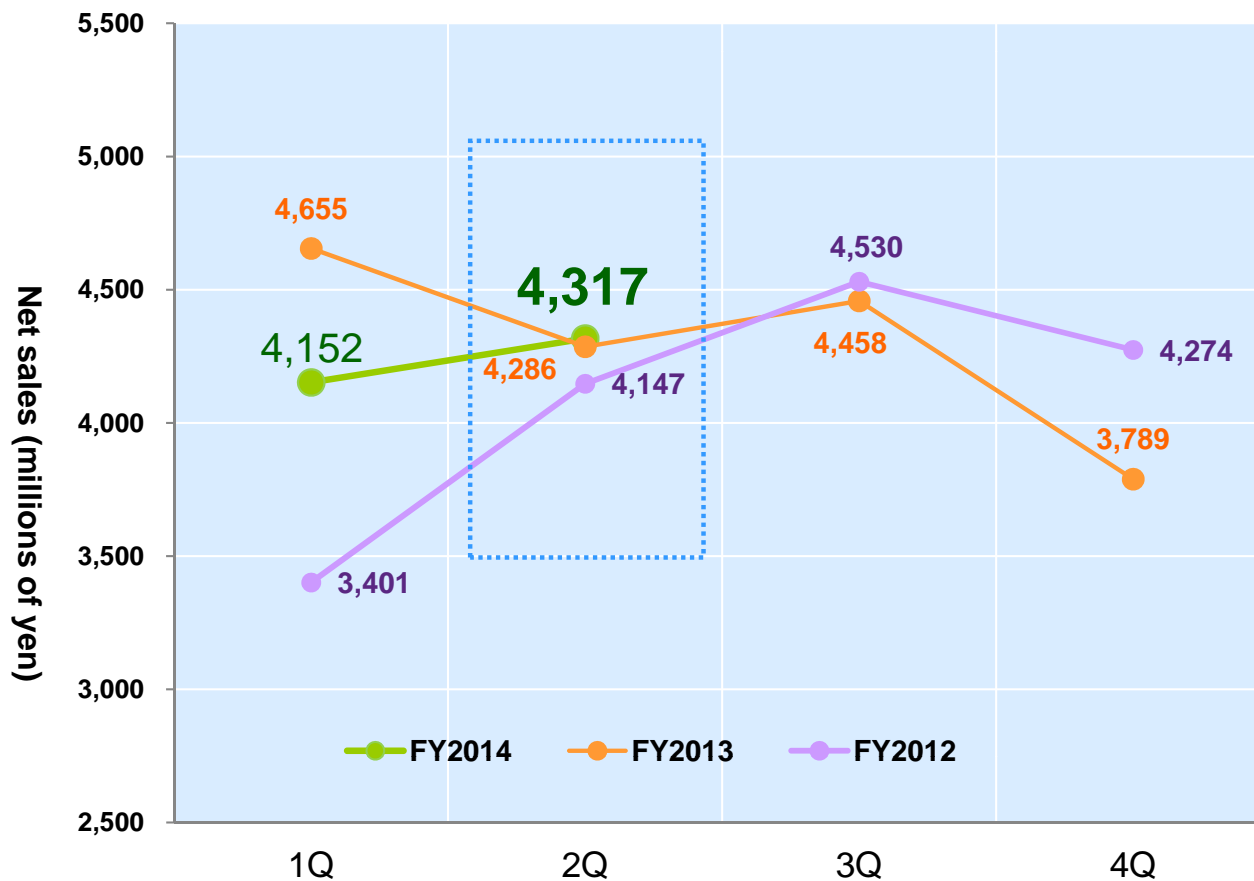
	(millions of yen)		
Advertising	1H FY2014	1H FY2013	YoY comparison
Net sales	8,469	8,941	94.7%
Operating	7,414	7,851	94.4%
Segment income	1,055	1,090	96.8%

- Advertising demand in the pachinko parlor market continued to slump following the National Police Agency Notice No. 114 “Ensuring Reasonableness in Pachinko Sales Advertising (Notice)” issued on July 20, 2012.
- Against this backdrop, the Group
 - strengthened advertisement proposals aimed at capturing large projects and promoted efforts to win orders of advertisements promoting new parlors and parlors that have undergone large-scale refurbishment, and
 - won new orders from some pachinko machine manufacturers.
- As a result, although the first-half performance for the segment exceeded the initial forecast at the beginning of the term, it failed to offset the impact of declining demand that resulted from the recent tightening of advertising restrictions. Consequently, **net sales** of the Advertising Business **declined 5.3% year on year to ¥8,469 million**, and **segment income declined 3.2% year on year to ¥1,055 million**, as the operating margin decreased reflecting the decline in net sales.

Quarterly Sales Trends (Advertising)

(millions of yen)

	1Q	2Q	3Q	4Q	Full year
FY2014	4,152	4,317	-	-	-
FY2013	4,655	4,286	4,458	3,789	17,188
FY2012	3,401	4,147	4,530	4,274	16,352

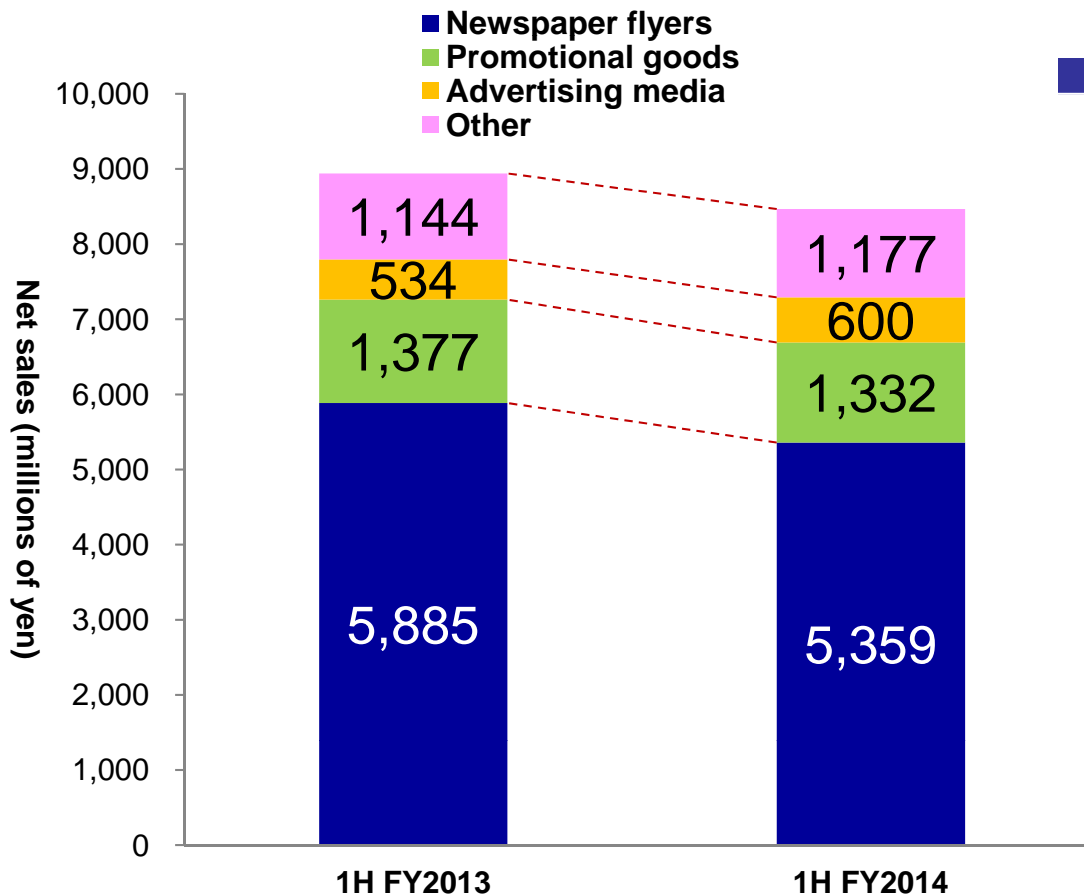


■ Despite the impact of event advertising restrictions, year-on-year sales increased partly due to new orders for advertisements promoting new parlors.

Sales Breakdown (Advertising)

(millions of yen)

		1H FY2014	% of total	1H FY2013	% of total	YoY comparison
Total sales	Newspaper flyers	5,359	63.3%	5,885	65.8%	91.1%
	Promotional goods	1,332	15.7%	1,377	15.4%	96.8%
	Advertising media	600	7.1%	534	6.0%	112.3%
	Other	1,177	13.9%	1,144	12.8%	102.8%
		8,469	100.0%	8,941	100.0%	94.7%



■ Newspaper flyers declined 8.9% compared with the same period of the previous fiscal year partly due to the restrictions on event advertisements.

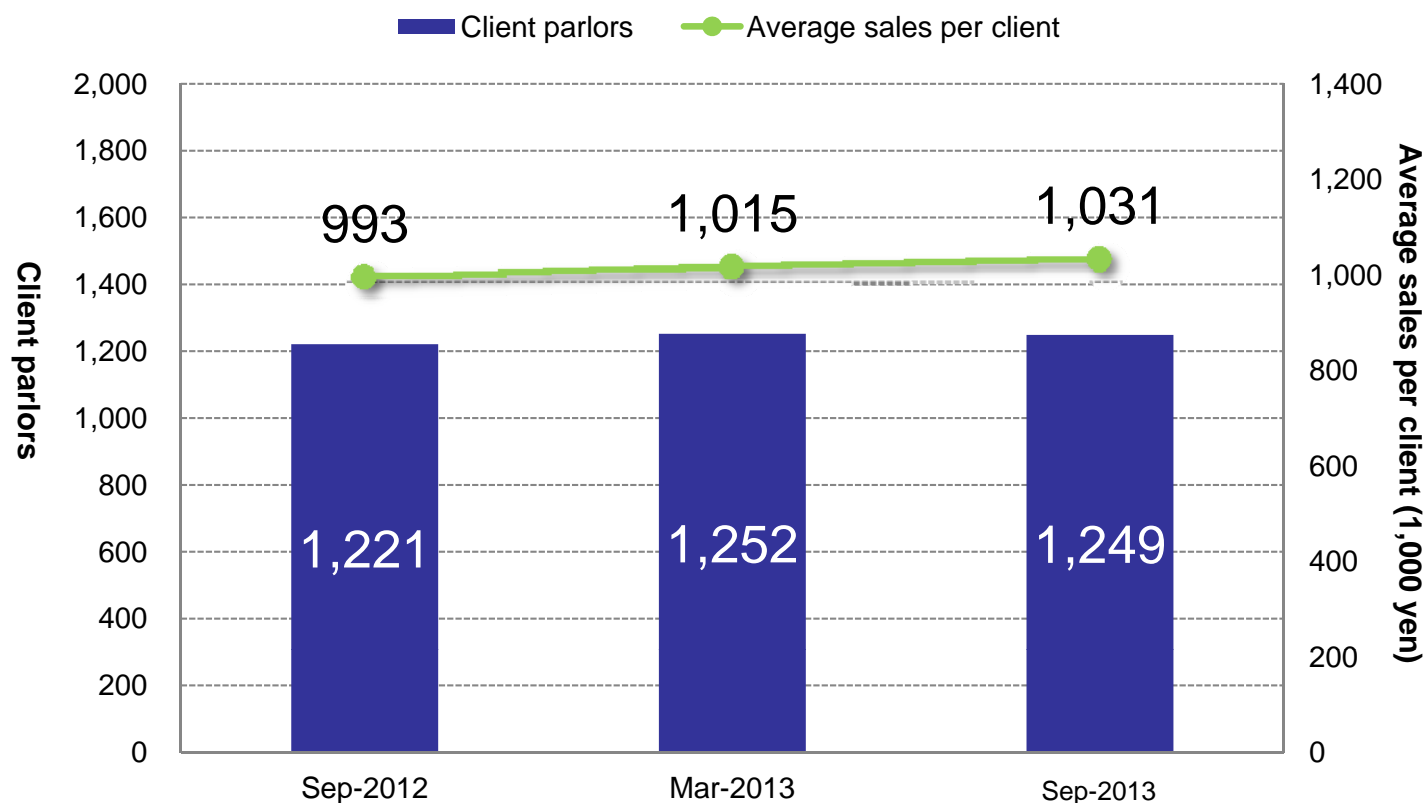
Clients (Advertising)

Average sales per client and number of client parlors

◆ Despite the continued impact of event advertising restrictions, there was an increase in the average sales per client (up ¥38,000) and in the number of client parlors (up 28) over September 2012 levels, partly due to new orders for advertisements promoting new parlors.

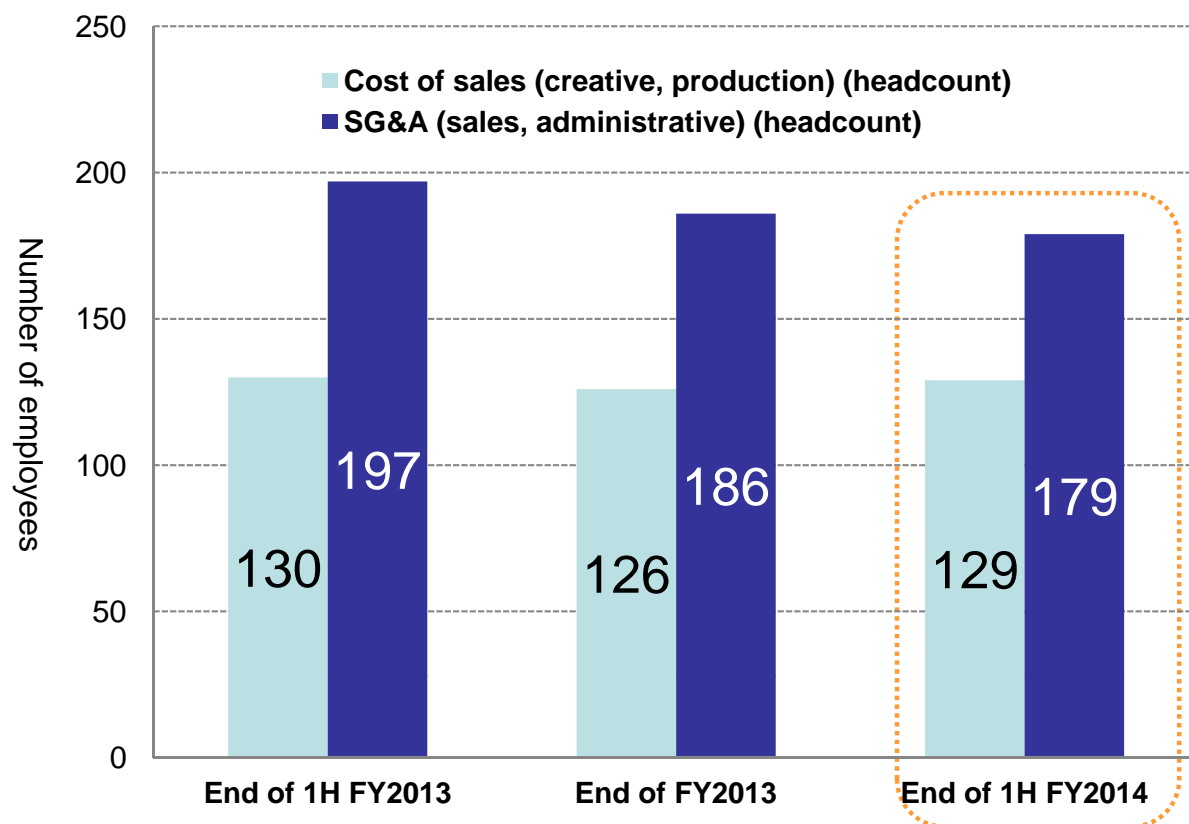
Active clients	Sep-2012	Mar-2013	Sep-2013
Average sales per client (1,000 yen)* ¹	993	1,015	1,031
Client parlors* ²	1,221	1,252	1,249

*1 Figures are on a single-month basis *2 Client parlors refer to customers with more than 50,000 yen in monthly transactions



Employees (Advertising)

	End of 1H FY2013	End of FY2013	End of 1H FY2014
Cost of sales (creative, production) (headcount)	130	126	129
SG&A (sales, administration) (headcount)	197	186	179
Subtotal for advertising (headcount)	327	312	308



- The number of employees has declined by four compared with the end of FY2013.

Real Estate Business

1H FY2014 Income Statement (Real Estate)

(millions of yen)

Real Estate Business	1H FY2014	1H FY2013	YoY comparison
Net sales	99	72	136.4%
Operating expense	65	43	151.2%
Segment income	34	29	120.3%

- In the first half, four new leasing brokerage agreements (¥26 million) were added to the two existing, ongoing lease contracts.

As a result, net sales totaled ¥99 million, up 36.4% from the same period of the previous fiscal year, and segment income amounted to ¥34 million, up 20.3% year on year.

1H FY2014 Balance Sheet (Consolidated)

(millions of yen)

	End of FY2013 (B)	End of 2Q FY2014 (A)	Change (B)-(A)
Cash and cash equivalents	4,012	3,815	(196)
Notes and accounts receivables	2,094	2,042	(51)
Other current assets	133	176	43
Tangible fixed assets	861	866	5
Intangible fixed assets	69	43	(26)
Investment and other assets	720	869	149
Total assets	7,891	7,814	(77)
Notes and accounts payables	1,146	1,218	72
Short-term borrowings	100	100	0
Long-term borrowings due within a year	368	290	(78)
Accrued income taxes	558	335	(222)
Other current liabilities	239	170	(69)
Long-term borrowings	426	330	(96)
Other fixed liabilities	28	26	(2)
Total liabilities	2,868	2,472	(395)
Shareholders' equity	5,001	5,320	319
Other	(0)	1	1
Minority interests	22	19	(2)
Total net assets	5,023	5,341	318
Total liabilities and net assets	7,891	7,814	(77)

... (1) Decline in cash and cash equivalents due to payment of taxes and dividends

... (2) Decline in long-term borrowings

... (3) Decline in accrued income taxes

... (2) Decline in long-term borrowings

... (4) Increase of ¥318 million year on year

Main factors

+¥551 million in net income

-¥232 million yen in dividend payments

1H FY2014 Cash Flow Statement (Consolidated)

(millions of yen)

	1H
Net income before income taxes	890
Depreciation and amortization	34
Changes in allowance for doubtful accounts	(0)
Interest and dividends received	(1)
Interest expenses	4
Exchange gain or loss	(2)
Change in accounts receivable	51
Change in inventories	(5)
Change in accounts payable	72
Other	(34)
Subtotal	1,008
Income taxes paid	(553)
Interest expenses paid	(4)
Cash flow from operations	451
Payment for purchase of tangible/intangible fixed assets	(34)
Proceeds from sale of tangible/intangible fixed assets	1
Payment for purchase of investment securities	(204)
Deposits and guarantee money paid	(0)
Proceeds from collection of lease and guarantee deposits	11
Other	20
Cash flow from investing activities	(205)
Repayment of long-term borrowings	(174)
Payment for purchase of treasury stock	-
Dividends paid	(232)
Cash flow from financing activities	(406)
Translation adjustments related to cash and cash equivalents	2
Change in cash and cash equivalents	(157)
Cash and cash equivalents at beginning of the period	3,981
Cash and cash equivalents at end of the period	3,823

•••(1) ¥553 million in payment of income taxes on earnings in the previous fiscal year

•••(2) ¥204 million in payment for purchase of investment securities

•••(3) ¥174 million in repayment of long-term borrowings

•••(4) ¥232 million in payment of year-end dividend for earnings in the previous fiscal year

Revision of FY2014 Consolidated Earnings Forecast

(millions of yen)

	1H FY2014 results	FY2014 full-year forecast (A) *Announced on April 12, 2013	Percent achieved	FY2014 revised full-year forecast (B)	Percent achieved	Change (B-A)	Change (%)
Net sales	8,569	16,350	52.4%	16,850	50.9%	500	3.1%
Operating income	887	1,530	58.0%	1,670	53.1%	140	9.2%
Ordinary income	889	1,530	58.1%	1,670	53.2%	140	9.2%
Net income	551	910	60.5%	1,010	54.6%	100	11.0%

[Reasons behind the revision]

In the first half, advertising demand in the pachinko parlor advertising market was weaker compared with the previous year due to the impact of event advertising restrictions. Nevertheless, net sales exceeded the initial forecast reflecting successful efforts aimed at acquiring large-scale projects, as the Group won more orders for advertisements promoting new parlors and halls that underwent major refurbishment than had been anticipated at the beginning of the fiscal year. It also won new orders from some pachinko machine manufacturers. The Group revised its earnings forecast for the first half as announced on September 25, 2013 in the “Notification on Revision to Earnings Forecast for the First Half of the Fiscal Year Ending March 31, 2014.”

The earnings forecast for the second half is under review, but results are expected to be in line with the forecast announced at the beginning of the fiscal year, and as a result, full-year net sales are expected to exceed the previous forecast by 500 million yen.

Operating income, ordinary income and net income, are also expected to exceed the previous forecast, after reflecting the total of expected cost and selling and general administrative expenses in the second half (-40 million yen in total) against positive factors such as an increase in operating margin from the prospect of net sales exceeding the previous forecast as well as in-house design cost reductions (+180 million in total).

These materials, which contain earnings forecasts and other forward-looking statements, are based on information available to the Company at the time of preparation and on certain other information the Company believes to be reasonable. Actual business results may differ materially from those expressed or implied herein due to a range of factors.

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