



Pachinko Parlor Advertising Market

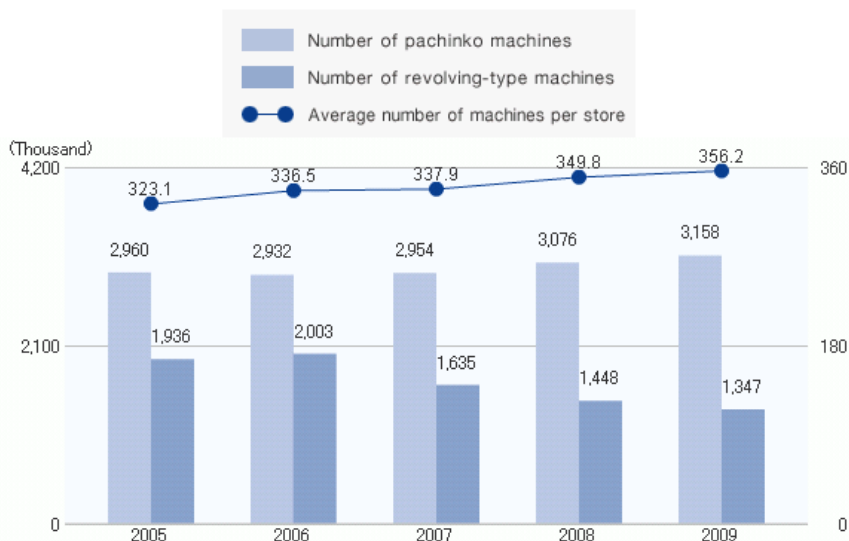
The pachinko parlor advertising market peaked at 168.1 billion yen in advertising revenues in 2005, when hugely successful pachinko machines hit the market, but has been in moderate decline since. New parlor openings plummeted in response to the combined impact of various factors, notably the mandatory introduction of No. 5 pachislo machines in 2007, which weighed heavily on pachinko parlor operators' earnings, caused some to collapse, and increased their capital spending requirements, as well as tightening of lending criteria by financial institutions. This reduced demand for grand-opening advertising and spurred advertising budget cuts as part of efforts to reduce overheads.

However, pachinko parlors' operating environment appears to have regained relative stability of late in response to increased uptake of low-stakes machines, ongoing new parlor openings by major industry players, and other developments. Consequently, although total spending on advertising and promotion remains in decline, spending on advertising and promotion is edging up on per-parlor basis.

Developments in market size



Developments in numbers of entertainment machines in pachinko parlor

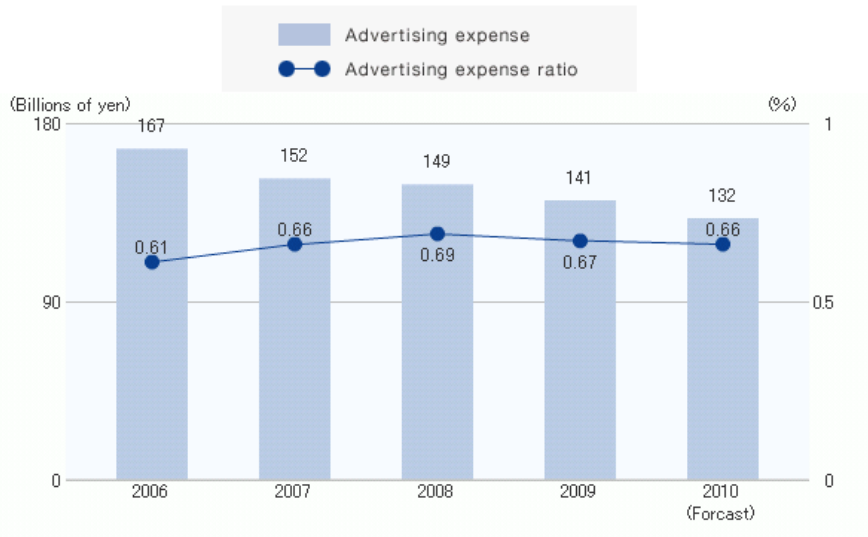


The size of the market for pachinko parlor-related advertising activities is in a gentle decline and stood at around 150.0 billion yen in fiscal 2007.

Numbers of new parlor openings are increasing gradually, led chiefly by the larger operators in the industry, and promotional activities are on the rise.



Pachinko-parlor-related advertising: market size and future projections



We held an 11.6% share of the market for pachinko parlor advertising and promotion in the year ended March 31, 2008. Our net sales led the industry at 17.5 billion yen (non-consolidated), far ahead of our closest competitor. The Gendai Agency Group is working toward a net sales target of 19.7 billion yen for the year ending March 31, 2009.

Taken from Research on the Scale of Advertising Spending by Pachinko Parlors, Yano Research Institute (commissioned by Gendai Agency)

Market size: Figures for years up to and including fiscal 2008 taken from the Japan Productivity Center for Socio-economic Development's 2009 white paper on leisure activities. Yano Research Institute's projections used for fiscal 2009