

*April 27, 2010*

**Notice of Revisions to Earnings Forecasts of Septeni  
Subsidiary (Axel Mark Inc.)**

Axel Mark Inc., a consolidated subsidiary of Septeni Holdings Co., Ltd., has revised its forecasts for the six months ended March 2010 and for the year ending September 2010. The separate sheets attached to this release replace the previous forecasts released on November 5, 2009.

Septeni also made revisions to its consolidated earnings forecasts for the six months ended March 2010. For details, please see today's press release titled "Notice of Revisions to Consolidated Earnings Forecasts for the Six Months Ended March 2010 and Posting of Extraordinary Loss"

## Notice of Revisions to Earnings Forecasts and Posting of Extraordinary Loss

Septeni Holdings Co., Ltd. has revised its earnings forecasts for the six months ended March 2010 and for the year ending September 2010 due to recent trends in operating results. The forecasts replace the forecasts that were announced on November 5, 2010.

In addition, the Company expects to post extraordinary gains and extraordinary losses for the second quarter.

### 1. Revisions to earnings forecasts

- (1) Revisions to earnings forecasts for the six months ended March 2010  
(October 1, 2009 through March 31, 2010)

(Yen in millions)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecast (A)	700	5	2	2	69.26
Revised forecast (B)	733	33	29	6	207.78
Increase/decrease (B-A)	33	28	27	4	—
Percentage change (%)	4.7	560.0	1350.0	200.0	—

- (2) Revisions to earnings forecasts for the year ending September 2010  
(October 1, 2009 through September 30, 2010)

(Yen in millions)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecast (A)	1,400	10	5	5	173.15
Revised forecast (B)	1,400	40	33	10	346.30
Increase/decrease (B-A)	—	30	28	5	—
Percentage change (%)	—	300.0	560.0	100.0	—
(Reference) Previous results (for the year ending September 30, 2010)	2,759	(46)	(53)	(457)	(15,872.26)

(Note 1) Septeni Holdings used a divestiture to establish a wholly owned subsidiary called Media Grow Co., Ltd. on April 1, 2009 to conduct the media planning business. Due to this divestiture, Septeni Holdings started preparing consolidated financial statements in the third quarter of the fiscal year that ended in September 2009. As a result, the above reference figures for the previous fiscal year are non-consolidated. (In the current fiscal year, Septeni Holdings has returned to preparing non-consolidated financial statements because all shares of Media Grow were sold on September 30, 2009.)

(Note 2) As shown above, Septeni Holdings started announcing segment information in the third quarter of the previous fiscal year. Results of operations that had already been announced for the second quarter of the previous fiscal year include the operations of the media planning business that was subsequently transferred to Media Grow. Consequently, these second quarter figures are not shown because they cannot be used for a meaningful comparison.

### 2. Reasons for forecast revision

In response to rapid changes in market conditions for the mobile content business, Septeni Holdings has been reinforcing its profit structure, closing and reorganizing unprofitable websites, and taking on the challenge of starting new businesses.

#### <Six months ended March 2010>

Sales decreased along with a decline in the number of billings but Septeni Holdings believes that first half sales will match the forecast. Operating income and ordinary income are expected to

be higher than the previous forecast because of extensive measures to cut the cost of sales and review selling, general and administrative expenses associated with website operations. In addition, net income is expected to be higher than the previous forecast. The net income forecast includes the effect of the extraordinary gains and losses that are explained in "3. Posting of extraordinary gains in the second quarter" and "4. Posting of extraordinary losses in the second quarter" below.

#### **<Fiscal year ending in September 2010>**

To increase sales, actions were taken to retain current members and to attract new members by developing new websites. Despite these measures, the previous sales forecast is unchanged based on the outlook for only a small contribution to earnings in the current fiscal year from new websites. Operating income and ordinary income are expected to be higher than the previous forecast due to continuing measures to cut costs and reexamine selling, general and administrative expenses in the third and fourth quarters. Net income is expected to be higher than the previous forecast. This outlook includes the effect of the extraordinary gains and losses that are explained in "3. Posting of extraordinary gains in the second quarter" and "4. Posting of extraordinary losses in the second quarter" below.

#### **3. Posting of extraordinary gains in the second quarter**

(1) Reversal of allowance for doubtful accounts: 19,635 thousand yen

The reasons for this reversal were explained in an August 3, 2009 press release titled "Notice of Receivables at Septeni Subsidiary (Axel Mark Inc.) Where Collection is Impossible or Late" and a November 5, 2009 press release titled "Notice of Receivables at Septeni Subsidiary (Axel Mark Inc.) where Collection is Impossible or Late (Additional Report)". As was explained in these releases, there has been progress in collecting deposits and other amounts due for website operations due from MasterWork, Inc. ("MasterWork"), the joint operator of artist websites.

As one way to collect amounts due, Septeni Holdings has been withholding earnings from website earnings owed to MasterWork for use as repayments from this company. As of November 5, 2009, earnings from these websites exceeded the earnings plan. These higher earnings are expected to enable Septeni Holdings to collect more of the amounts due.

Consequently, in consideration of the current level of earnings, Septeni Holdings has decided to reverse 19,635 thousand yen of its allowance for doubtful accounts and record this reversal as an extraordinary gain.

(2) Gain of reversal of stock acquisition rights: 3,399 thousand yen

Three directors of Septeni Holdings resigned at the end of the annual shareholders meeting that was held on December 16, 2009. These three directors submitted applications to discard their stock acquisition rights. After consultations that included the company's independent accountant, the decision was made to stop posting expenses for these stock acquisition rights and to record a gain of 3,399 thousand yen from the reversal of stock acquisition rights as an extraordinary gain.

#### **4. Posting of extraordinary losses in the second quarter**

(1) Provision for allowance for business losses: 35,341 thousand yen

The Septeni Group is concentrating its resources primarily on content that incorporates moving images. However, due to the slow rate of growth in the market for moving image (video) content for cell phones, Septeni Holdings decided to make a provision for the allowance for business losses in association with some multi-year contracts with companies holding the rights to this content. This action was announced in a November 5, 2009 press release titled "Notice of Differences Between Septeni Subsidiary's (Axel Mark Inc.) Earnings Forecasts and Actual Performance".

Following this action, Septeni Holdings continued to focus on its moving image content business in anticipation of significant growth in the market for cell phone content. However, this market continues to expand more slowly than was expected.

Due to this difficult operating environment, Septeni Holdings decided that there has been an increase in the amount of prepaid expenses that cannot be recovered. These are expenses that

have been paid to holders of content rights for the purpose of obtaining these rights. This decision resulted in a second quarter addition of 35,341 thousand yen to the allowance for business losses that was recorded as an extraordinary loss.

(2) Impairment charge for fixed assets: 2,624 thousand yen

Septeni Holdings has been closing and reorganizing unprofitable websites in order to cut its expenses. As part of these measures, the company has recorded impairment charges of 2,624 thousand yen for software and systems associated with some websites as an extraordinary loss.

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