



Business Results of Second Quarter of Fiscal Year Ending September 2010

May 7, 2010

SEPTENI HOLDINGS CO., LTD.
<http://www.septeni-holdings.co.jp>
Code:4293

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Forecasts, plans and other forward-looking statements contained in this presentation represent the judgment of SEPTENI HOLDINGS as of May 7, 2010. SEPTENI HOLDINGS does not guarantee the accuracy of this information. Actual performance may differ significantly from these forecasts for many reasons.



I . Summary

- ◆ Increase of 3.3% in net sales over the previous quarter and jumped into the 8 billion yen range
- ◆ 300 million yen in operating income, up 69.7% YoY due to improvement in gross margin and cost reduction
- ◆ Considerable improvement in net income resulting in 165 million yen
Treated goodwill related to Commerce business as impaired but resulted in reduced tax expense for posting deferred tax assets

Summary Consolidated Income Statement (Jan.-Mar.)



(unit; Million yen)

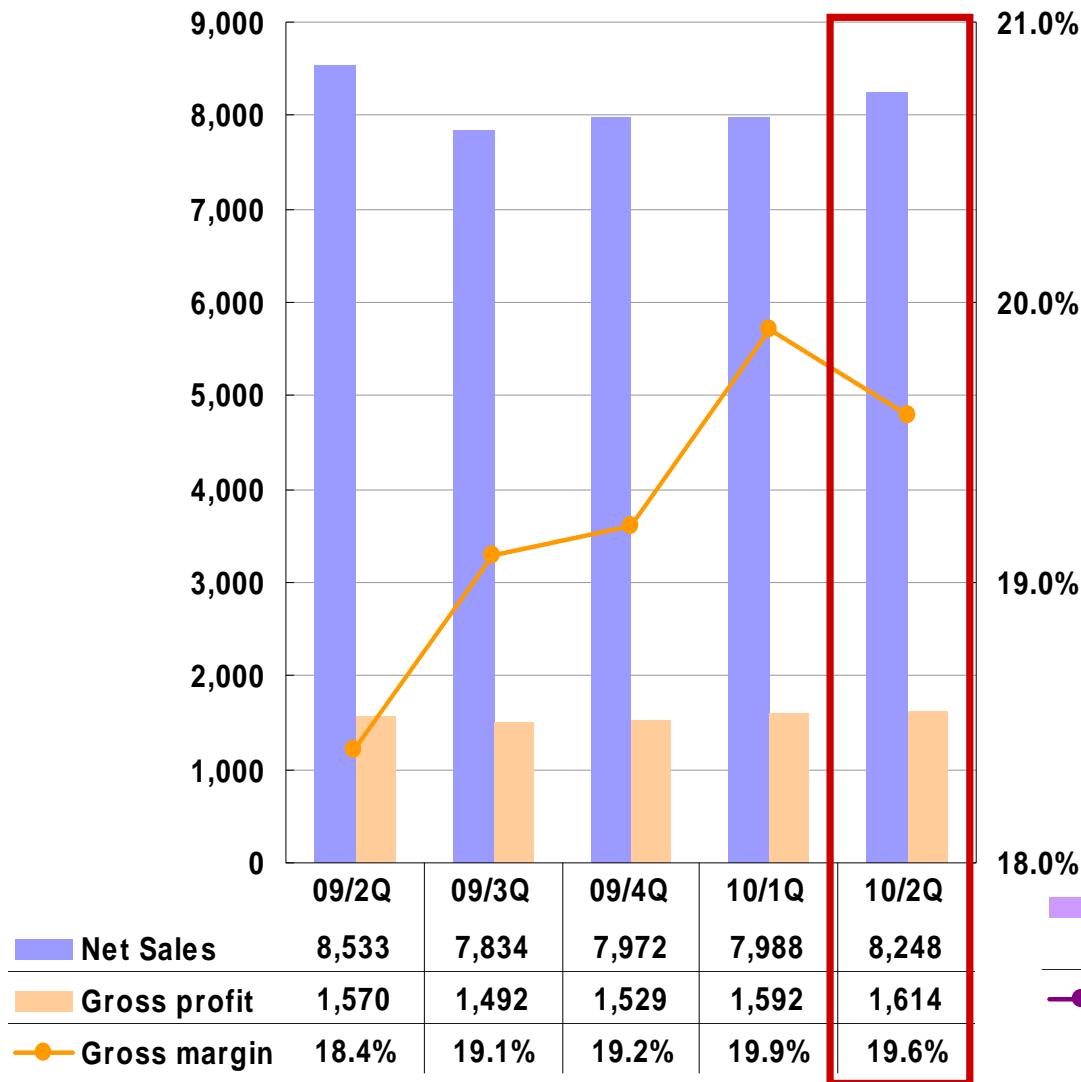
Indicators	Q2 FY September 2010				Q2 FY Sept. 2009 (YoY)		Q1 FY Sept. 2010 (previous quarter)	
	Amount	Share	YoY change	Vs. previous quarter	Amount	Share	Amount	Share
Net sales	8,248	100.0%	-3.3%	+3.3%	8,533	100.0%	7,988	100.0%
Gross income	1,614	19.6%	+2.8%	+1.4%	1,570	18.4%	1,592	19.9%
SG&A	1,314	15.9%	-5.7%	-2.2%	1,393	16.3%	1,343	16.8%
Operating income	300	3.6%	+69.7%	+20.6%	176	2.1%	248	3.1%
Ordinary income	287	3.5%	+106.6%	+32.3%	139	1.6%	217	2.7%
Net income (*)	165	2.0%	(+316)	+151.4%	△151	-1.8%	65	0.8%

[Remarks] *1: Posted 255 million yen on impairment of goodwill related to Commerce business and an extraordinary loss of 293 million yen

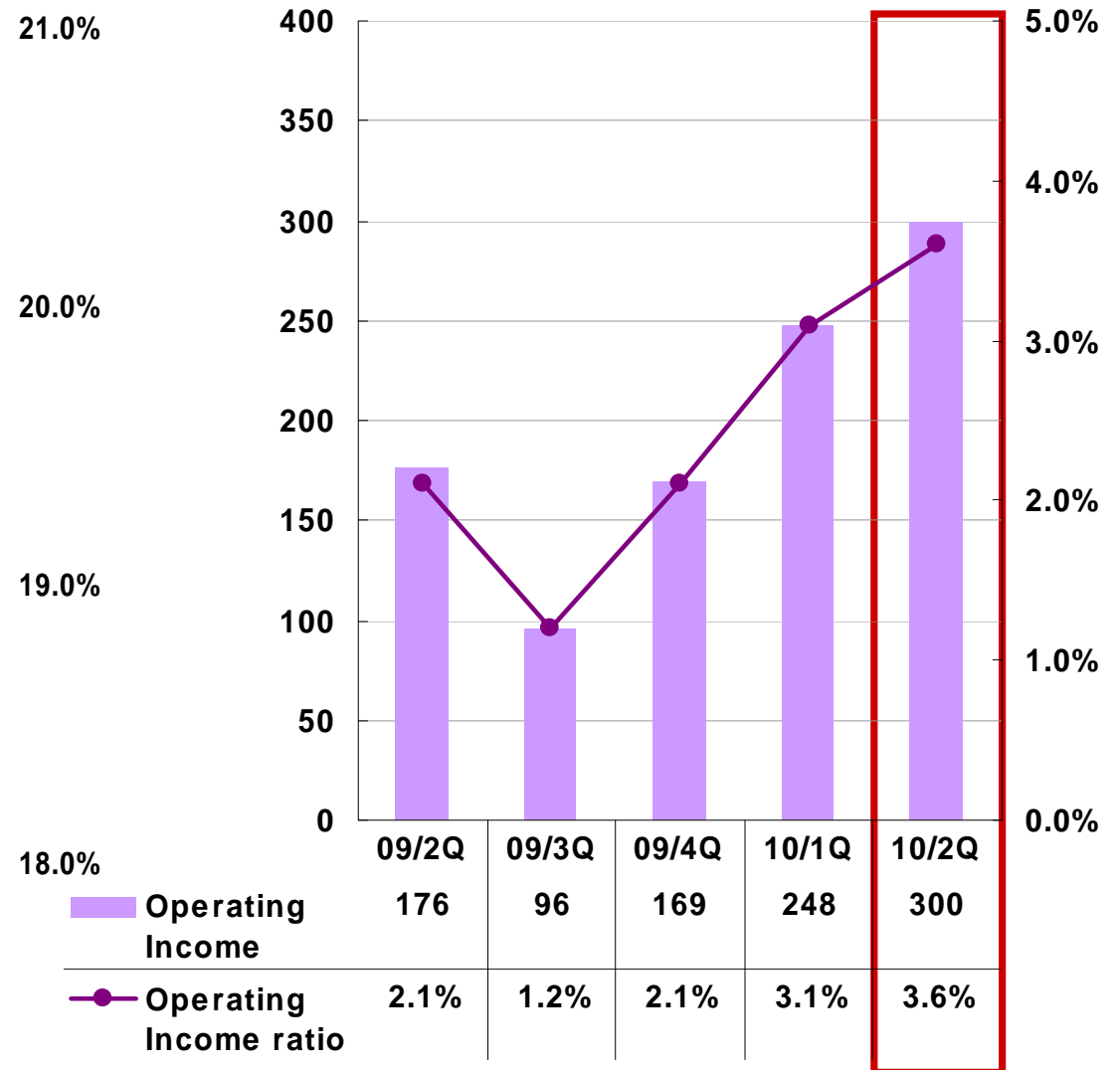
*2: Posted 191 million yen in income taxes-deferred for posting deferred tax assets associated with the adoption of tax effect accounting for tax losses carried forward

Consolidated Quarterly Performance

(unit: Million yen) **【Net sales • Gross profit】**

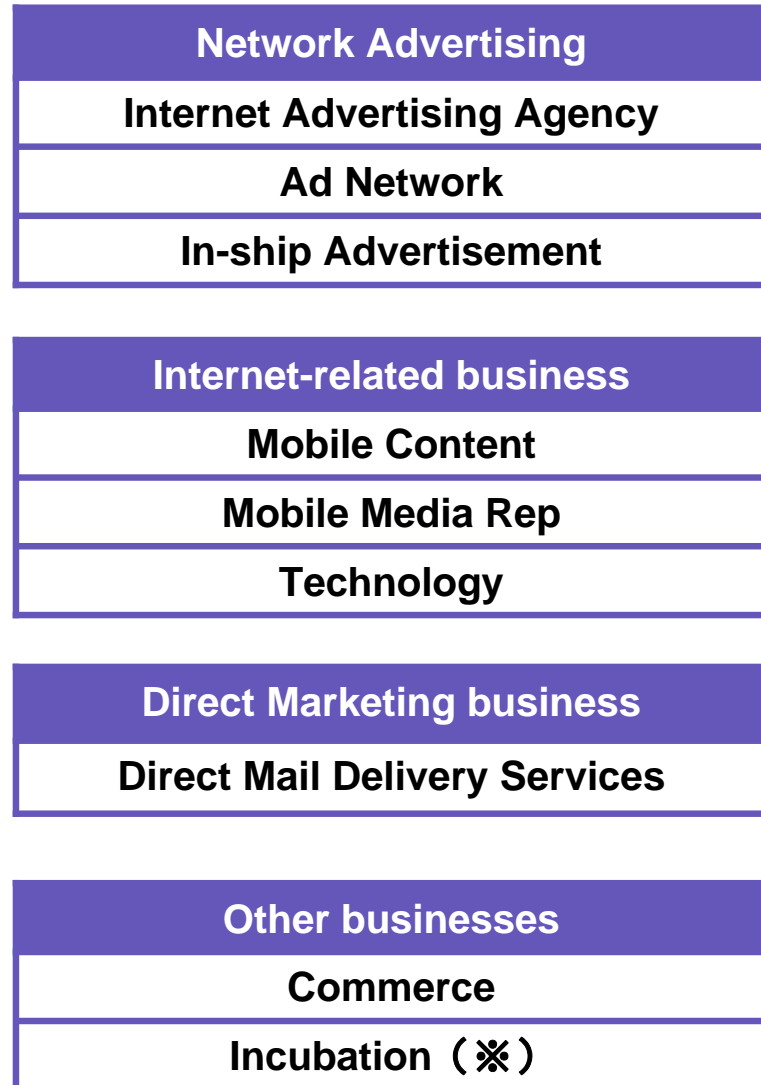


【Operating income】



Changes in Business Segments

【Up to FY9/09】



【From FY9/10 onward】



※Withdrew during Q1 of FY September 2009

Business Segment Sales and Operating Income (Jan.–Mar.)

(unit: Million yen)

Segment	Net sales			Operating income		
	10/Q2	09/Q2	YoY change	10/Q2	09/Q2	YoY change
Network Advertising	6,908	7,026	−1.7%	305	301	+1.4%
Internet-related	526	617	−14.8%	61	Δ3	(+64)
Direct Marketing	598	580	+3.0%	54	47	+16.4%
Others	253	346	−26.7%	Δ33	Δ80	(+47)
<i>Commerce</i>	<i>253</i>	<i>346</i>	<i>−26.7%</i>	<i>Δ33</i>	<i>Δ7</i>	<i>(−25)</i>
Eliminations and corporate	Δ38	Δ38	—	Δ88	Δ87	—
Consolidated total	8,248	8,533	−3.3%	300	176	+69.7%

* Business segment information for FY9/09 has been restated to match the revised business segments.

Summary Consolidated Balance Sheet



(unit: Million yen)

	March 31, 2010	September 30, 2009	Change	Remarks
Assets				
Current assets	9,897	9,494	+403	Cash and deposits+277 Notes and accounts receivable +202
Fixed assets	2,343	2,417	-73	Goodwill -295, Lease assets +135
Total assets	12,241	11,911	+329	
Liabilities				
Current liabilities	6,033	5,769	+263	Accounts payable +219
Long-term liabilities	370	371	-0	Long-term debt -128 Long-term lease obligation +114
Total liabilities	6,403	6,140	+262	
Net assets				
Total net assets	5,837	5,770	+67	Retained earnings +116, Treasury stock -66
Total liabilities and net assets	12,241	11,911	+329	

Consolidated Cash Flow Statement

(unit: Million yen)

	Q2 FY September 2010	Major breakdown	Q2 of FY September 2009
Cash flows from operating activities	643	Net income before income taxes +213 Impairment loss +260 Tax refund +123	177
Cash flows from investing activities	△58	Acquisition of fixed assets △36 Acquisition of investment securities △29	△109
Cash flows from financing activities	△307	Decrease in debts △126 Dividend paid △114 Acquisition of treasury stock △66	86
Net change in cash and cash equivalents	277		155
Cash and cash equivalents at the end of year	4,996		4,862

Summary Consolidated Income Statement (Oct.-Mar.)

(unit: Million yen)

Indicators	Q2 FY September 2010				Results of Same term last year		Initial forecast	
	Amount	Share	YoY change	Vs. initial forecast	Amount	Share	Amount	Share
Net sales	16,237	100.0%	-5.8%	-4.5%	17,240	100.0%	17,000	100.0%
Gross income	3,206	19.8%	-3.2%	—	3,313	19.2%	—	—
SG&A	2,657	16.4%	-10.8%	—	2,980	17.3%	—	—
Operating income	548	3.4%	+64.9%	+37.2%	332	1.9%	400	2.4%
Ordinary income	505	3.1%	+129.3%	+44.5%	220	1.3%	350	2.1%
Net income (*)	231	1.4%	(+361)	+15.6%	△130	-0.8%	200	1.2%

Business Segment Sales and Operating Income (Oct.–Mar.)

(unit: Million yen)

Segment	Net sales			Operating income		
	10/Q2	09/Q2	YoY change	10/Q2	09/Q2	YoY change
Network Advertising	13,507	13,909	−2.9%	568	529	+7.5%
Internet-related	1,083	1,324	−18.2%	100	△12	(+112)
Direct Marketing	1,155	1,236	−6.5%	103	113	−9.0%
Others	559	884	−36.7%	△38	△123	(+84)
<i>Commerce</i>	<i>559</i>	<i>884</i>	<i>−36.7%</i>	<i>△38</i>	<i>△37</i>	<i>(−1)</i>
Eliminations and corporate	△68	△113	—	△184	△174	—
Consolidated total	16,237	17,240	−5.8%	548	332	+64.9%

* Business segment information for FY9/09 has been restated to match the revised business segments.

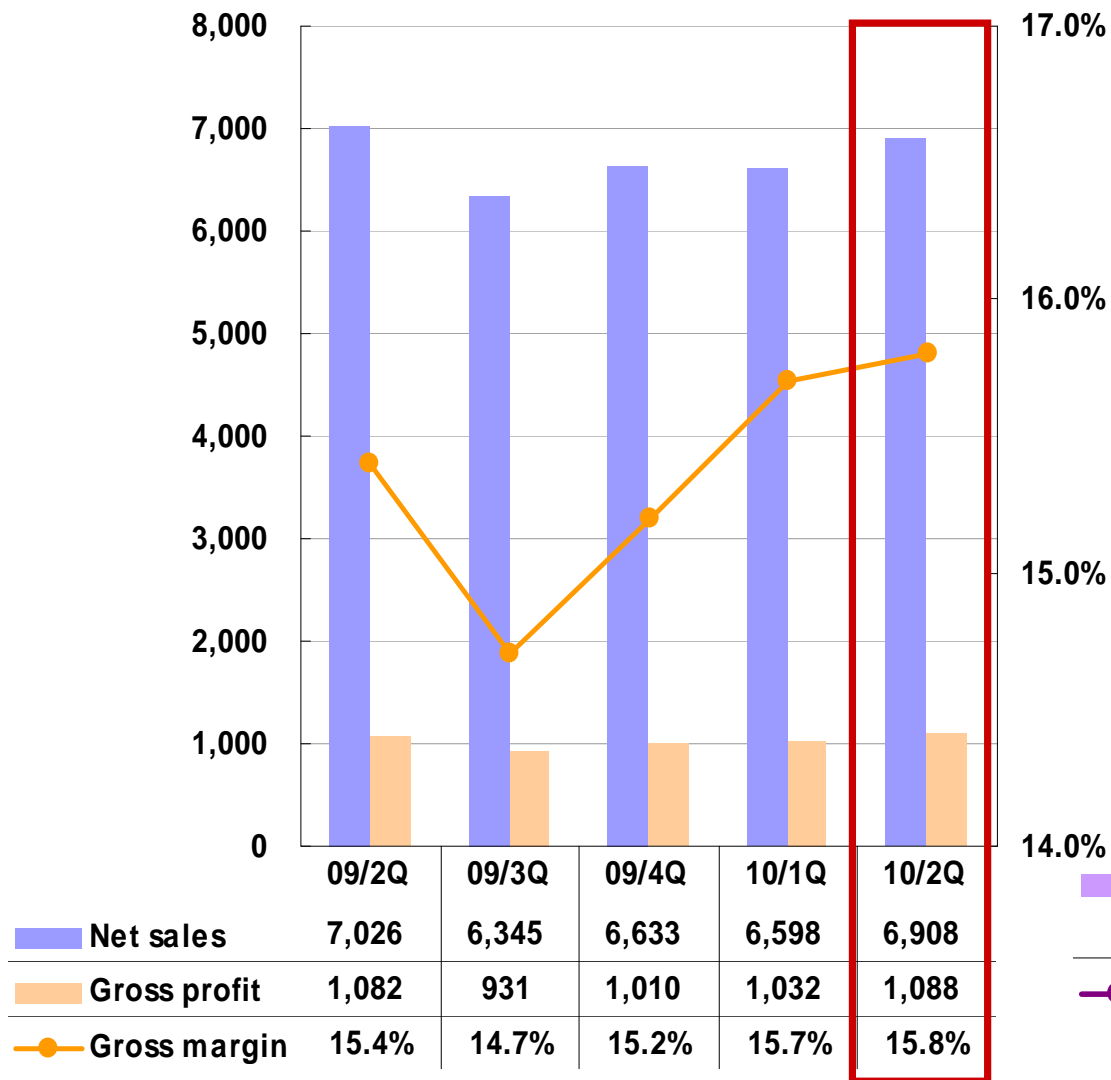


II . Major Business and Progress in Consolidated Operating Results

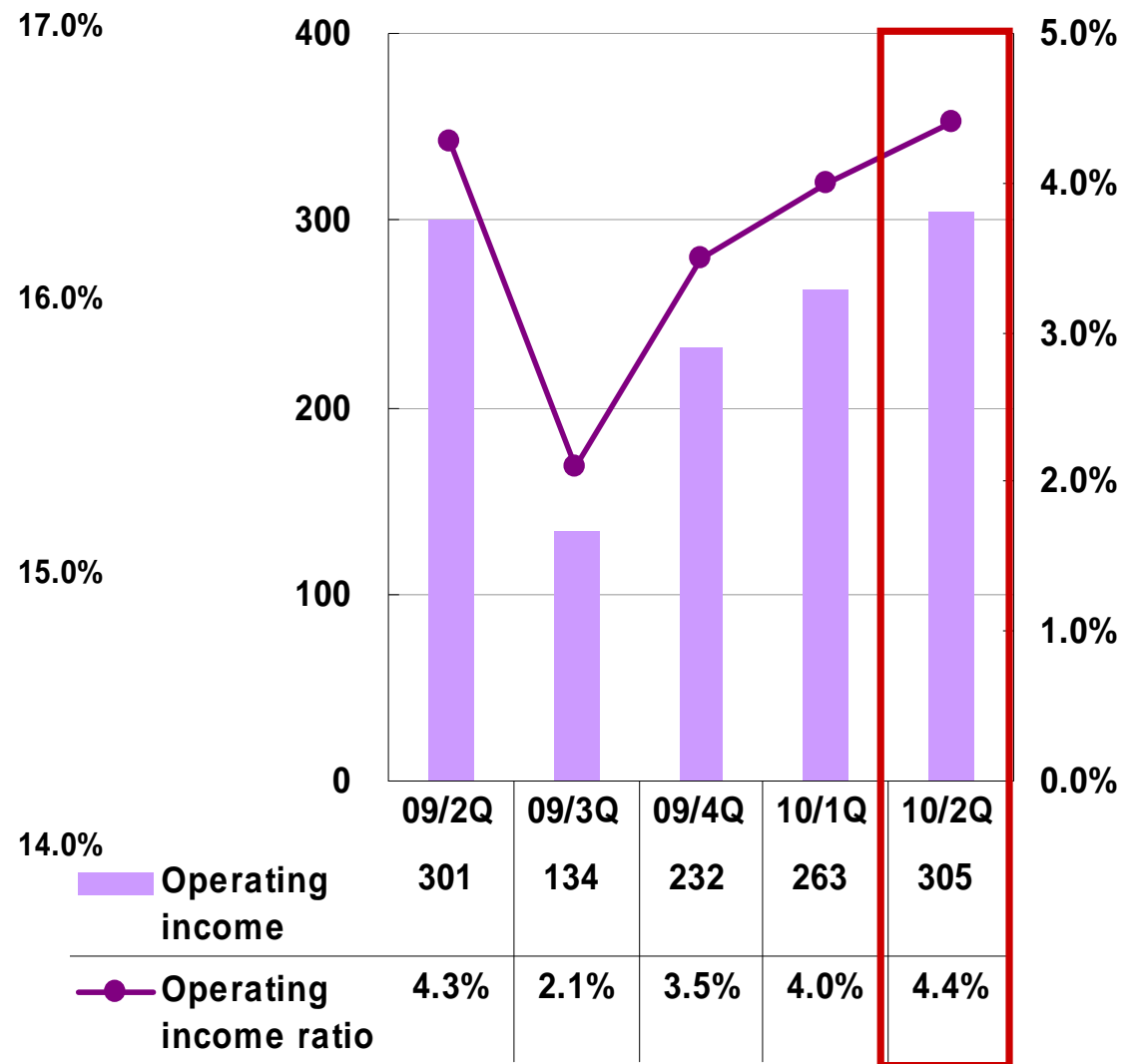
Performance of Network Advertising Business by Quarter

(unit: Million yen)

【Net sales • Gross profit】



【Operating income】



* FY09/2Q through FY09/4Q data have been restated to match the revised business segments.

	YoY change	Vs. previous quarter
Net sales	-1.7%	+4.7%
Operating income	+1.4%	+16.0%

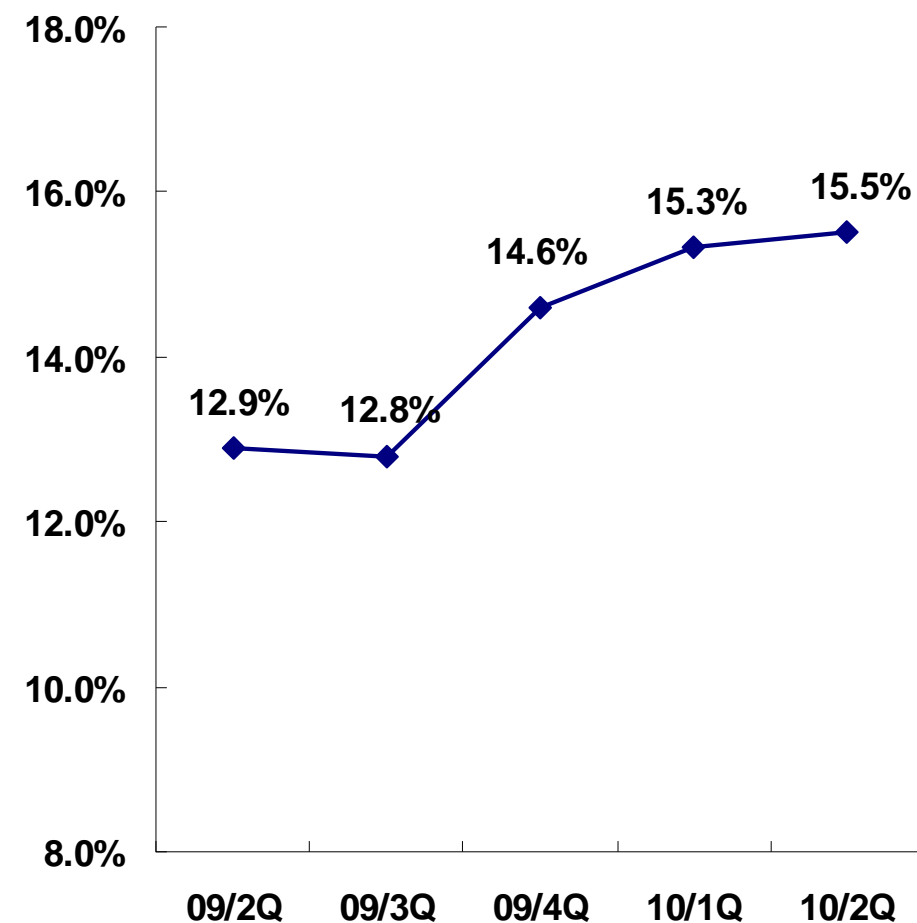
- Recovery in Network Advertising demand raised sales and profits over the previous quarter
- Development of clients in Japan raised cost per customer
- Ratio of mobile ads increased

Network Advertising Business Data by Product

【Changes in sales by product】

商品種別		09/2Q	09/3Q	09/4Q	10/1Q	10/2Q
PC	Portal, etc.	18.3%	18.6%	16.3%	14.8%	13.3%
	CGM	2.1%	2.1%	1.5%	1.8%	1.5%
	Mail	3.2%	2.5%	2.1%	2.1%	2.7%
	Listing	33.1%	33.3%	35.0%	36.1%	34.0%
	Affiliate	10.9%	10.7%	9.7%	7.6%	7.6%
	Targeting	5.3%	5.3%	6.7%	6.8%	7.9%
	Others	0.2%	0.1%	0.6%	0.3%	0.2%
		73.1%	72.8%	72.0%	69.5%	67.2%
Mobile	Portal, etc.	5.0%	4.8%	5.6%	4.7%	7.2%
	CGM	5.3%	5.1%	5.0%	4.4%	4.8%
	Mail	1.7%	2.9%	2.0%	2.4%	3.0%
	Listing	5.1%	6.6%	7.9%	9.8%	10.1%
	Affiliate	5.1%	3.2%	2.2%	3.8%	2.0%
	Others	0.0%	0.1%	0.0%	0.0%	0.1%
		22.3%	22.7%	22.8%	25.1%	27.3%
Web Solutions (Note 2)		4.6%	4.6%	5.3%	5.4%	5.5%
Total		100%	100%	100%	100%	100%

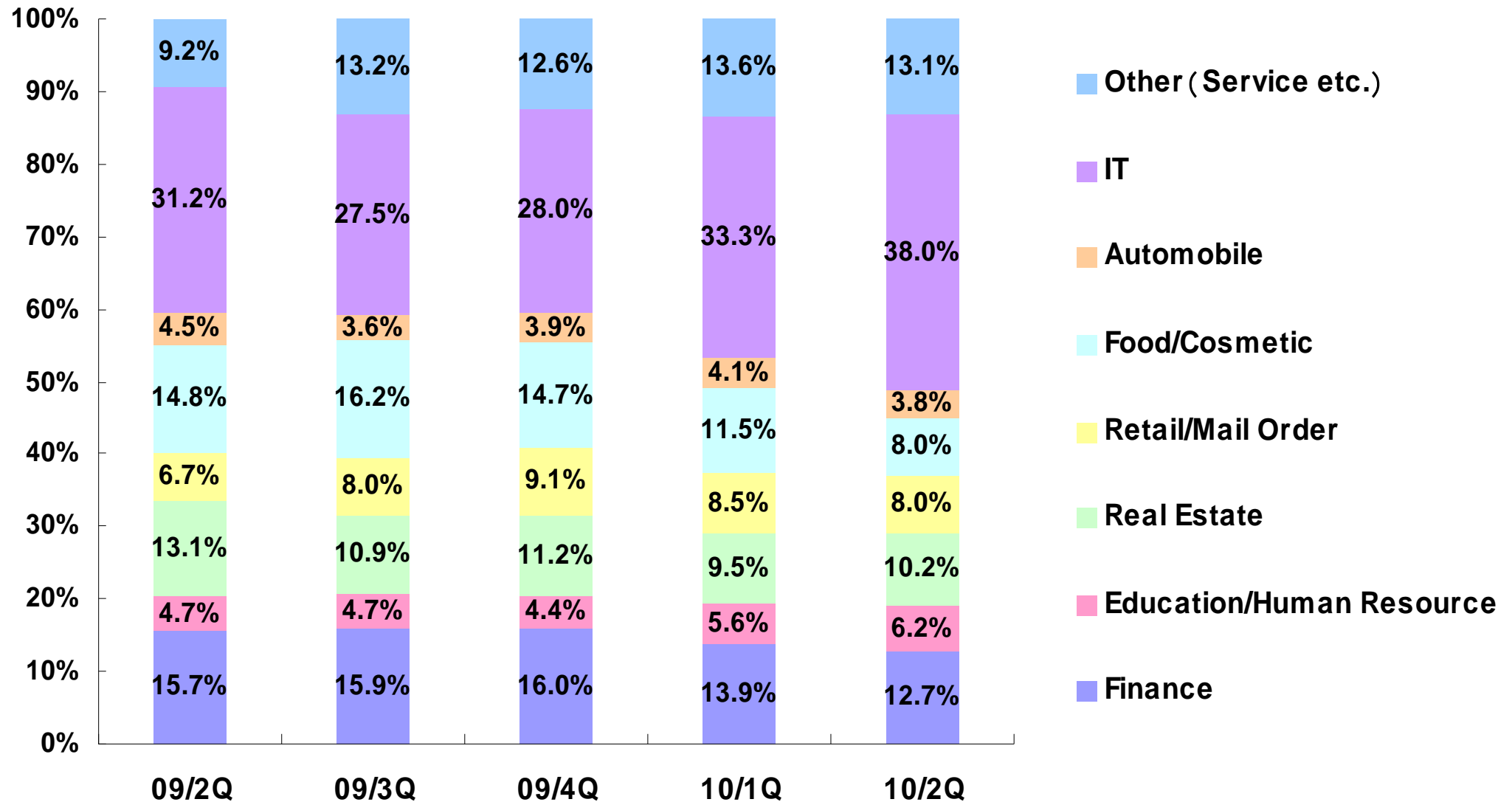
【Proportion of Web solutions field to total gross profit】



(Note 1) FY09/2Q through FY09/4Q data have been restated to match the revised business segments.

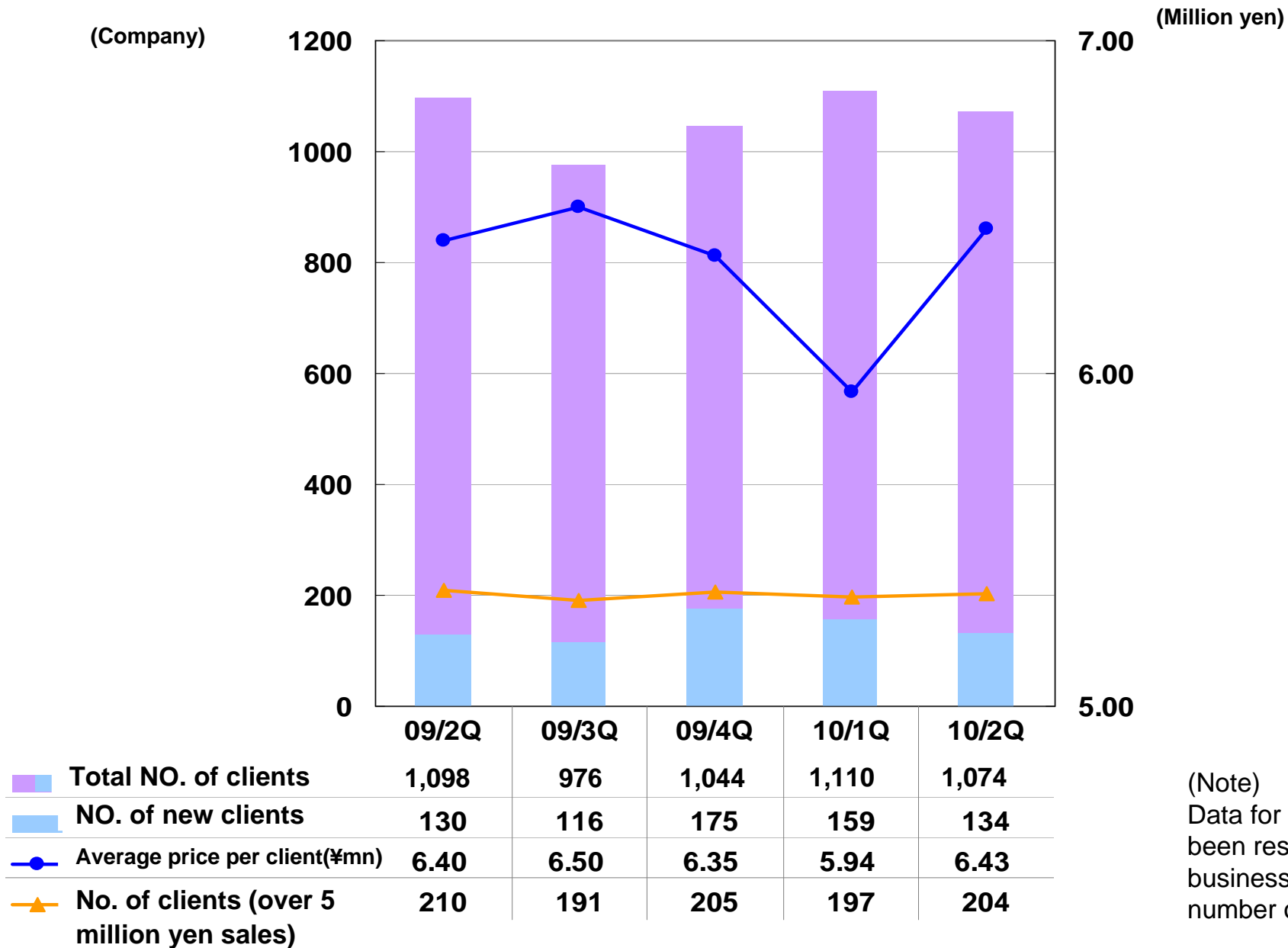
(Note 2) SEO, site construction, etc

Network Advertising Business Data by Customer



* FY09/2Q through FY09/4Q data have been restated to match the revised business segments.

Network Advertising Business Number of Clients



(Note)
Data for 09/2Q through 09/4Q have been restated based on the revised business segments after excluding the number of new client companies.

Topics

Opened Septeni Hiroshima Sales Office

- Covers Chugoku region as our 6th operating base
- Accelerated the development of local network advertising market to expand profit-earning opportunity

Developed a reward ad “amigos” for social application

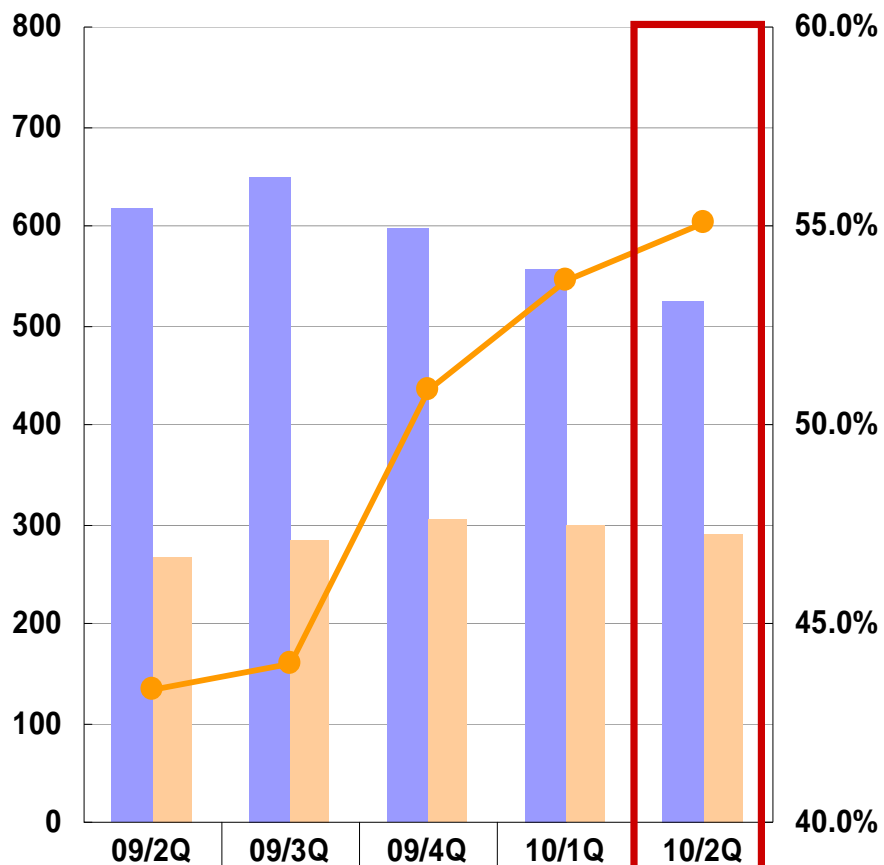
- Developed a fast-growing social application market
- Support SAP* in terms of profit as well as propose new marketing approaches to advertisers

* Social Application Provider

Performance of Internet-related Business by Quarter

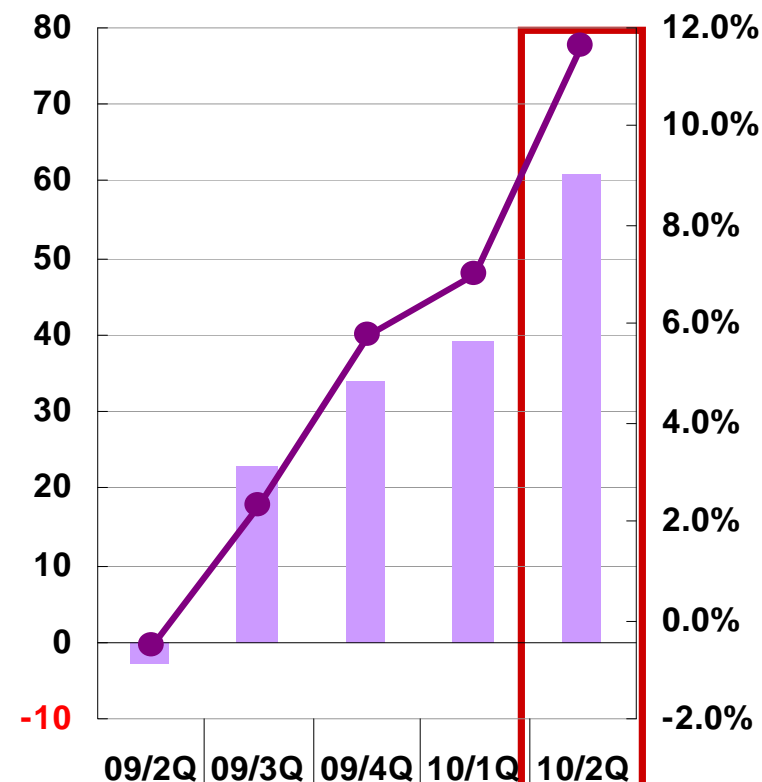
(Million yen)

【Net sales • Gross profit】



Net sales	617	650	596	556	526
Gross profit	267	285	303	298	290
Gross margin	43.3%	44.0%	50.9%	53.6%	55.1%

【Operating income】



Operating income	-3	23	34	39	61
Operating income ratio	-0.5%	2.3%	5.8%	7.0%	11.6%

* FY09/2Q through FY09/4Q data have been restated to match the revised business segments.

	YoY change	Vs. previous quarter
Net sales	-14.8%	-5.5%
Operating income	+64 million yen (turned profitable)	+55.9%

【Content domain】

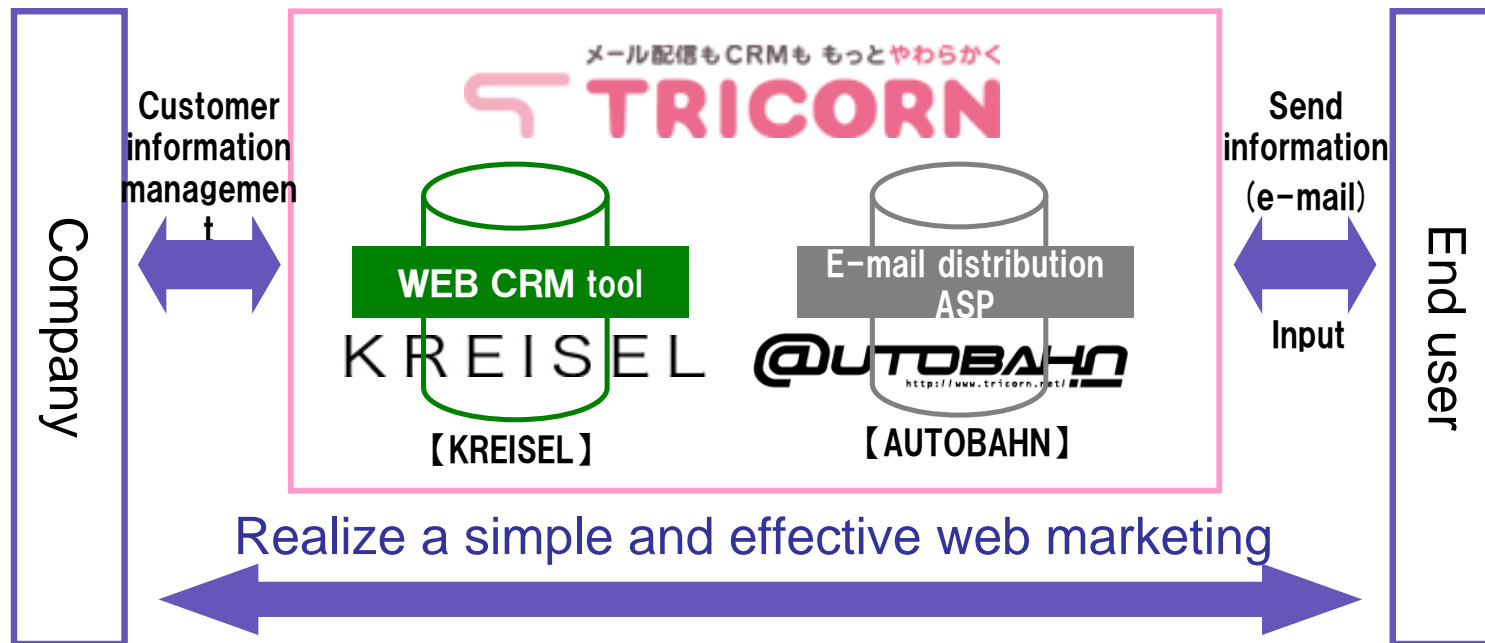
- Despite continued decrease in the number of content billings, remained profitable due to cost revision and cost cutting
- Started providing social application for mixi (mobile)

【Technology domain】

- TRICORN achieved an all-time high in its quarterly performance
Increase in the number of clients and large one-time projects also contributed

About TRICORN's business





Provide Cloud CRM services



Mio Nemoto,
(weather forecaster)
TRICORN's navigator

- Introduced to more than 700 companies centered on large companies and public offices
- Steady revenue stream business mainly for monthly payment. A highly profitable and steady revenue base
- Offered "Autobahn for AppExchange" for Salesforce CRM

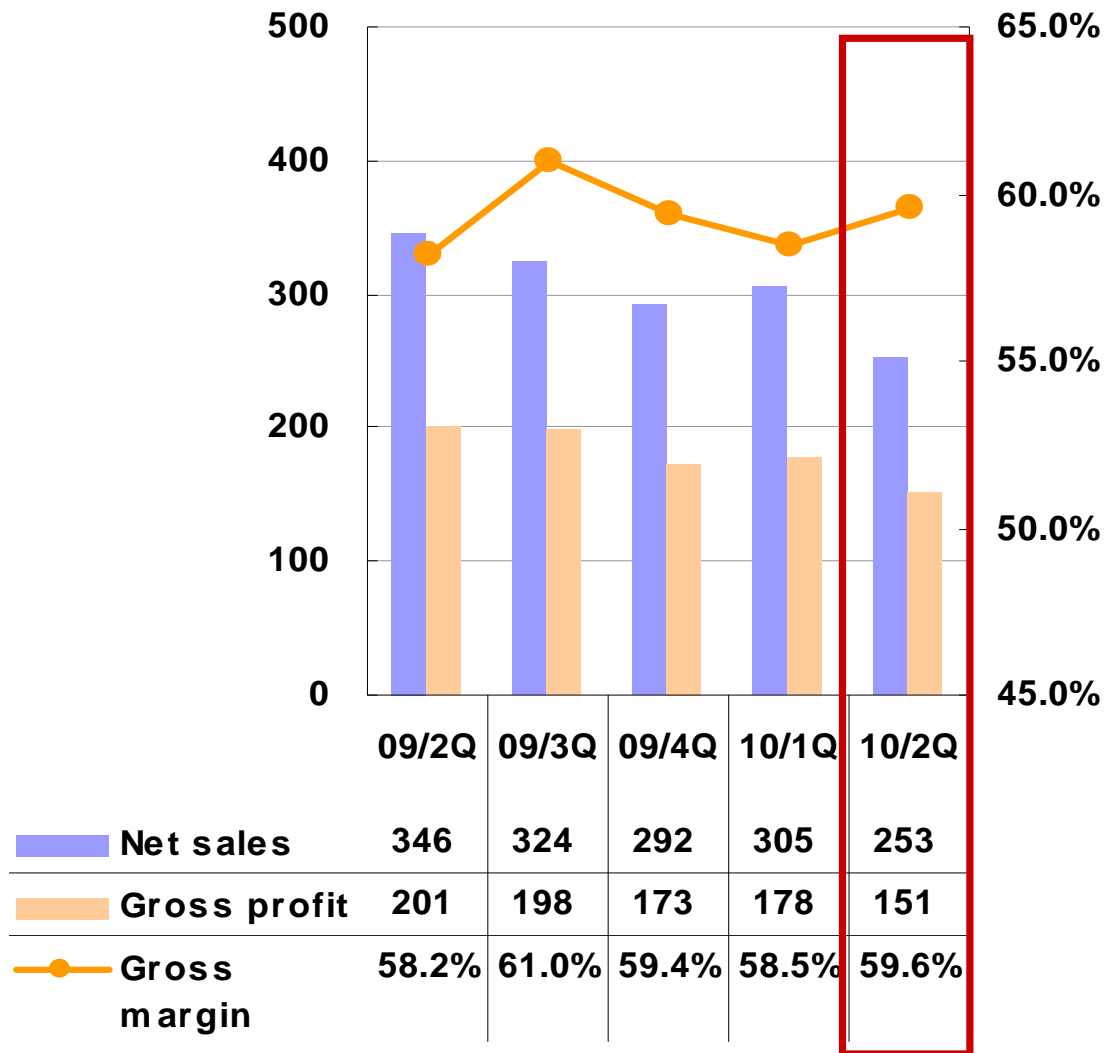
Started providing social application

Provider	AXEL MARK			Cytech
Platform	mixi (mobile)			mixi (PC)
Title	Hyakunin-issu test 	Unmei Yochi 	Kaminoke Shindan 	
Summary	Application to enjoy “Hyakunin-issu” including “proficiency test”, “Karauta” and “Omikuji”	A comprehensive fortune-telling application under the supervision of Kikyō, a popular fortune-teller based on fortunes for today and tomorrow	Application which diagnoses essential nature of users and my-mix by entering “hair” information * Cooperation with HEROZ Inc.	It is a game which the “King of Kinopi” helps human beings to obtain hearts and rescues their peers
enrollment (as of Apr. 30, 2010)	About 22 thousand people	About 11 thousand people	About 177 thousand people	About 35 thousand people

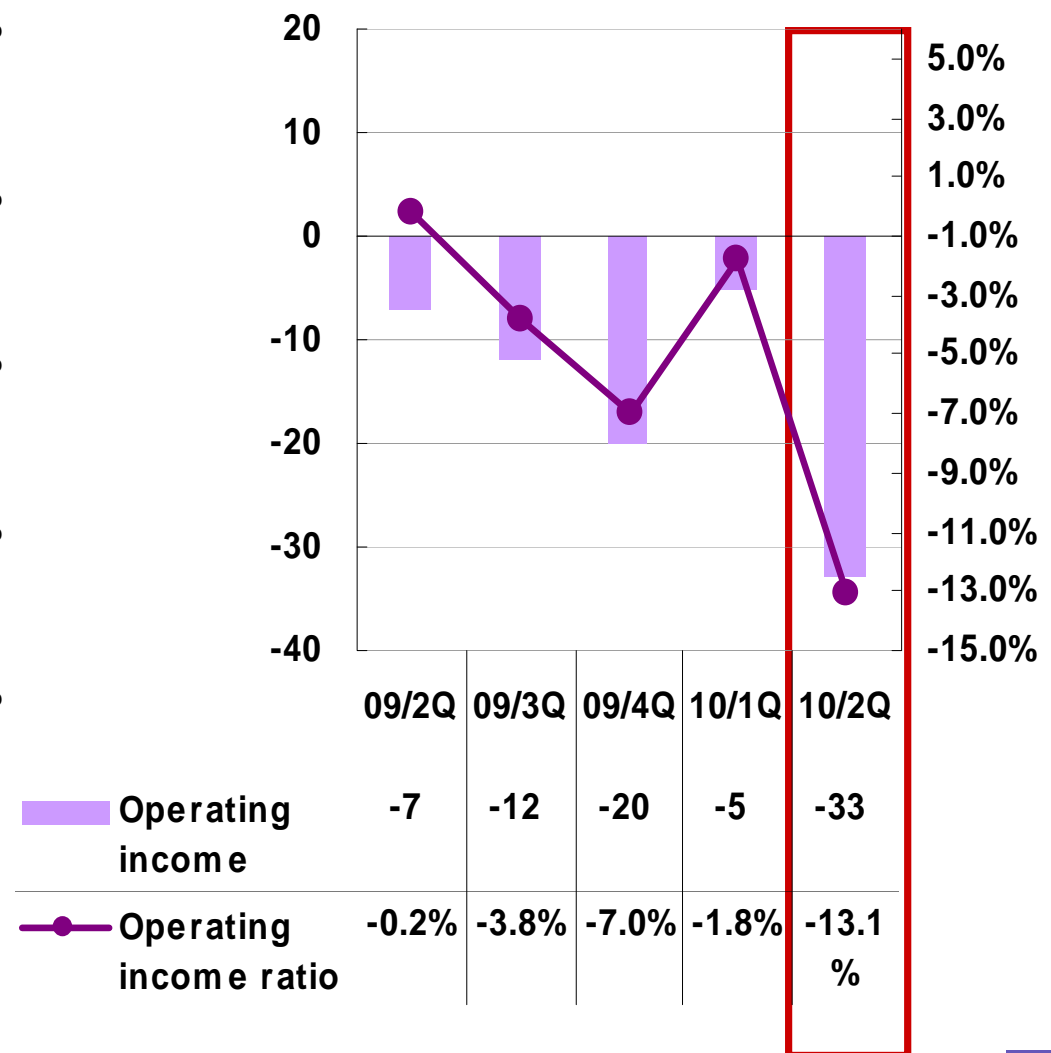
Performance of Commerce Business by Quarter

(Million yen)

【Net sales • Gross profit】



【Operating income】



	YoY change	Vs. previous quarter
Net sales	–26.7%	–16.9%
Operating income	–25 million yen (Increase of deficit)	–27 million yen (Increase of deficit)

➤ Continued to reduce SG&A expenses but decline in sales force led to lower-than-expected net sales. As a result, operating loss increased

➤ Due to poor performance, applied impairment accounting to post 255 million yen of goodwill in 2Q

➤ Business restructuring still continuing

Business Progress of FY September 2010

(unit: Million yen)

Indicator	FY 9/2010 Q2 Results (Oct.-Mar.)	Vs. 4Q forecast progress	FY 9/2010 Forecast
Net sales	16,237	47.8%	34,000
Operating income	548	68.6%	800
Ordinary income	505	72.2%	700
Net income	231	57.8%	400



III. Appendix

As of March 31, 2009

Company name	SEPTENI HOLDINGS CO., LTD.
Representative	Representative director Koki Sato
Head office	24 Daikyo-cho, Shinjuku-ku, Tokyo Septeni Gaien Bldg.
Stock code	4293 (JASDAQ)
Business activity	Management of Group firms, engaged mainly in Internet-related businesses, as a holding company
Establishment	October 29, 1990
Capital	1,997 million yen
Outstanding shares	134,417 shares (Common stock for treasury 8,923 shares)
Number of employees (consolidated)	599(Full-time)、634(Part-time)

As of May 7, 2010

Company name		Business line
SEPTENI HOLDINGS CO., LTD.		Holding company
SEPTENI CO., LTD.	Consolidated subsidiary 100.0%	Internet Ad agency
mume, Inc.	Consolidated subsidiary 100.0% (Indirect investment)	Mobile Ad agency
MANGO, Inc.	Consolidated subsidiary 100.0% (Indirect investment)	SEM operation
SEPTENI CROSSGATE CO., LTD.	Consolidated subsidiary 95.0%	Ad network
ASP CO., LTD.	Consolidated subsidiary 60.0%	e-Marketing Solution
Media Grow CO., LTD.	Consolidated subsidiary 100.0%	Mobile Media Rep
AXEL MARK INC.	Consolidated subsidiary 54.5%	Media contents
Tricorn Corporation	Consolidated subsidiary 100.0%	CRM service
Cytech, Inc.	Consolidated subsidiary 100.0%	System Integration
SEPTENI DIRECT MARKETING CO., LTD.	Consolidated subsidiary 100.0%	Direct marketing
ACRESS	Consolidated subsidiary 100.0%	Mail-order business
PRIME X Co., Ltd.	Equity method affiliate 40.0%	Internet marketing for real estate companies
OPENSIMILE, Inc.	Equity method affiliate 33.3%	Internet media
colab Inc.	Equity method affiliate 44.0%	WEB creator
Power Technology	Equity method affiliate 22.8%	SEO Business

As of May 7, 2010

Holding company

SEPTENI HOLDINGS CO., LTD.

Network advertising business

SEPTENI CO., LTD.

Internet Ad agency

mume, Inc.

Mobile Ad agency

MANGO, Inc.

SEM operation

SEPTENI CROSSGATE CO., LTD.

Ad marketplace

ASP CC., LTD.

e-Marketing Solution

Media Grow CO., LTD.

Mobile Media Rep

Internet related business

AXEL MARK INC.

Media contents

Tricorn Corporation

mail delivery / CRM

Cytech, Inc.

System Integration

Direct marketing business

SEPTENI DIRECT MARKETING CO., LTD.

DM / Inship

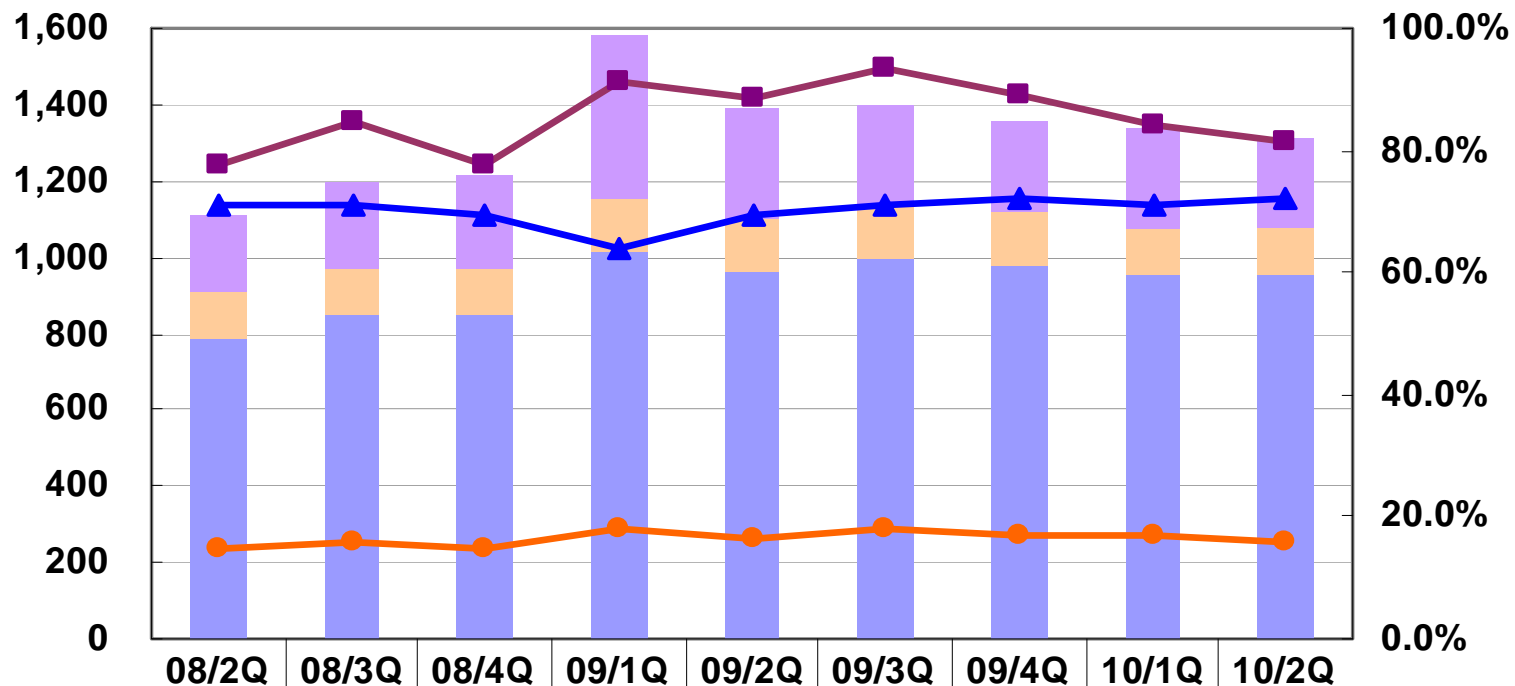
Commerce business

ACRESS

mail order / e-commerce

Consolidated SG&A

(Unit: Million yen)

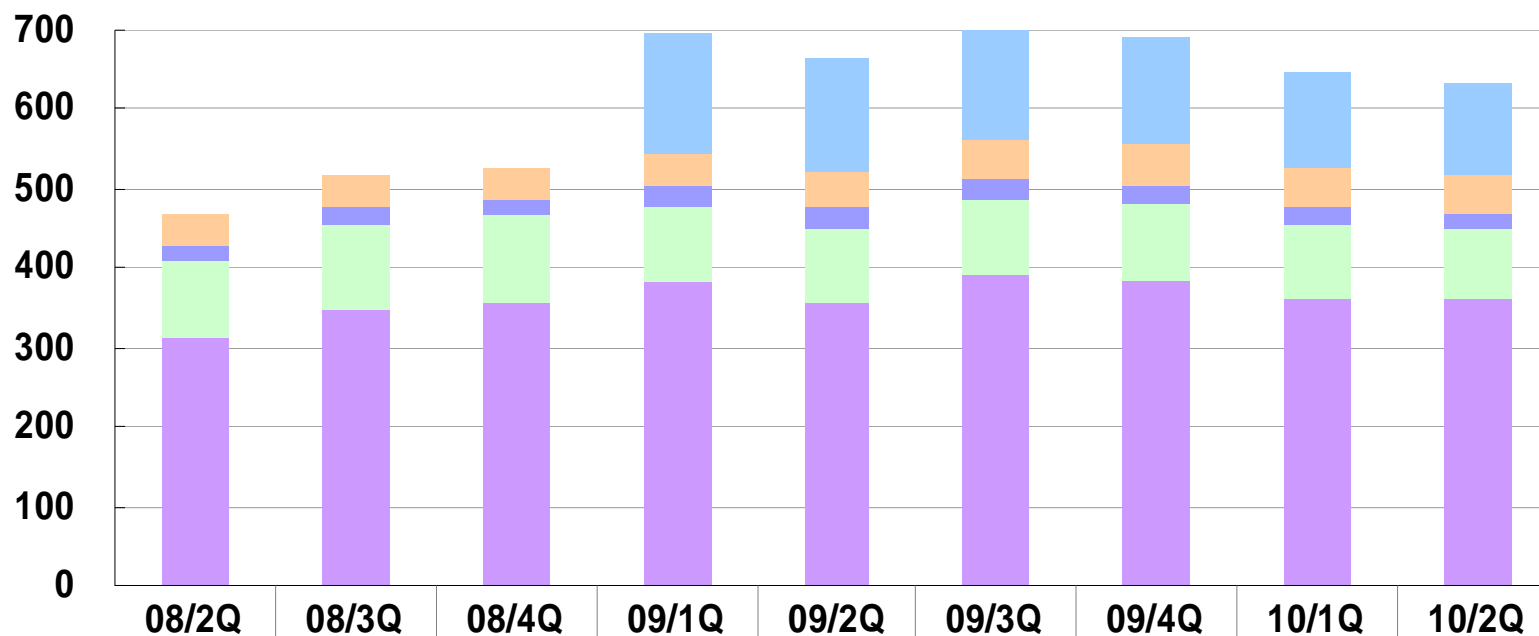


Others	203	226	249	432	287	262	240	265	238
Office expense	117	119	123	140	141	138	135	125	124
Labor cost	789	849	844	1,014	965	995	983	952	950
SG&A ratio to Gros margin	77.5%	84.9%	77.8%	91.1%	88.7%	93.5%	88.9%	84.4%	81.4%
Labor cost ratio to SG&A	71.1%	71.1%	69.3%	63.9%	69.3%	71.3%	72.3%	70.9%	72.4%
SG&A ratio to Net sales	14.7%	15.6%	14.7%	18.2%	16.3%	17.8%	17.1%	16.8%	15.9%
Total SG&A	1,170	1,195	1,217	1,587	1,393	1,396	1,359	1,343	1,314

Septeni Group Number of employees



(Unit; Person)



■ Commerce business

■ Staff others

■ DM business

■ Internet related business

■ Network advertising business

(account executives)

TOTAL

* FY09/1Q through FY09/4Q data have been restated to match the revised business segments.