



# Business Results For Full Year and 4Q Fiscal Year Ended September 2010

November 5, 2010

SEPTENI HOLDINGS CO., LTD.

<http://www.septeni-holdings.co.jp>

Securities Code: 4293

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All forward looking forecasts, opinions, and plans presented in this document are based on the best information available at the time of its creation on November 5, 2010, and their accuracy cannot be guaranteed. Our earnings may diverge from the estimates and projections denoted in this document due to risks arising from changes in global market conditions and various other unforeseen factors.



## I. Earnings Overview (4Q and Full Year)

- ◆ Sales growth seen in 3Q continued in 4Q, Internet advertising demand remains strong
- ◆ Operating income rises 70.4% yoy to ¥288 million on back of higher gross income resulting from higher sales, and rigorous cost controls
- ◆ Net income in 4Q improved by ¥342 million to ¥229 million on back of large growth in ordinary income and reduced extraordinary losses

# 4Q Consolidated Income Statement (July to September)

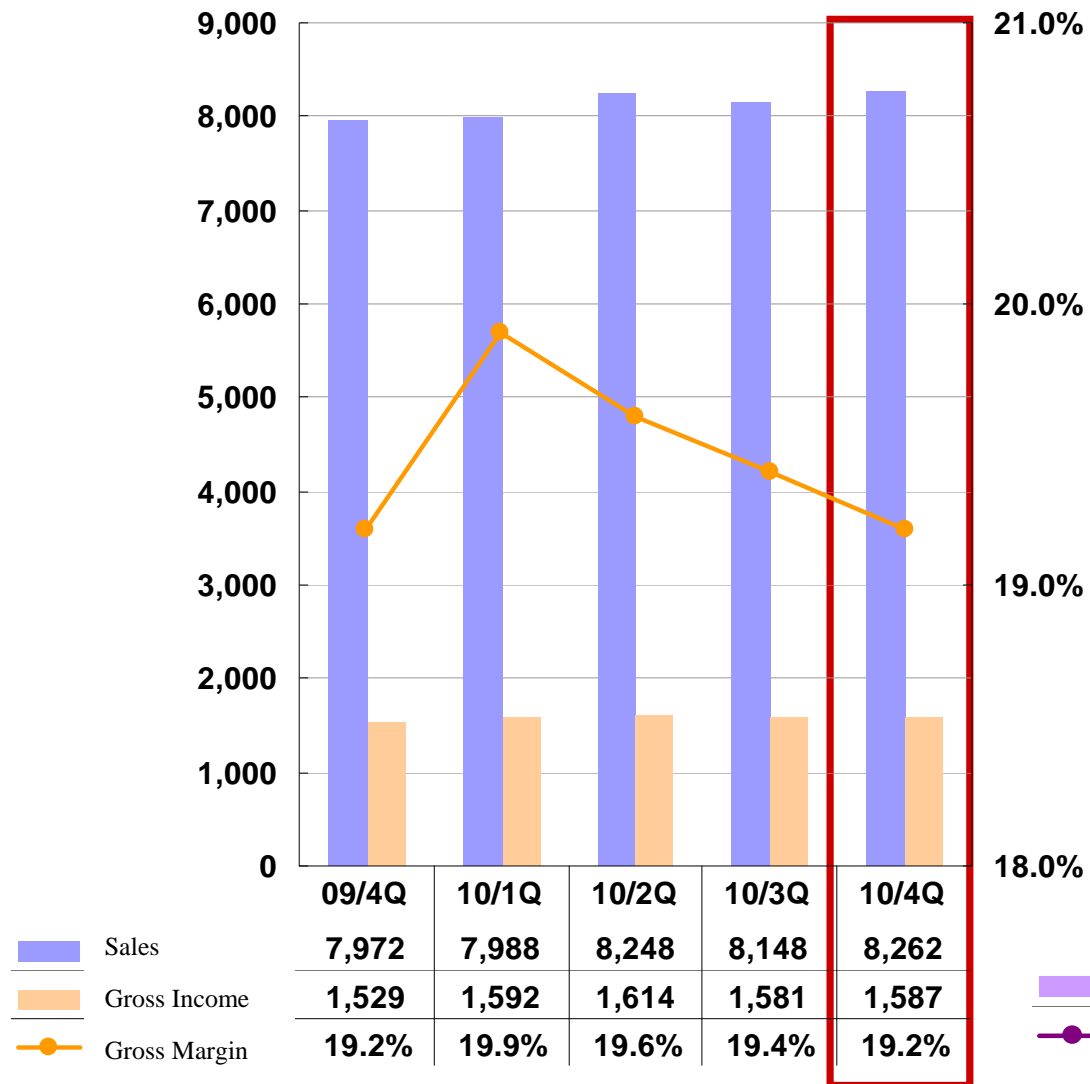
(Units: Million Yen)

Income Statement	4Q-FY9/10				4Q-FY9/09		3Q-FY9/10	
	Value	Share	YoY Change	QoQ Change	Value	Share	Value	Share
Net Sales	<b>8,262</b>	100.0%	+3.6%	+1.4%	7,972	100.0%	8,148	100.0%
Gross Income	<b>1,587</b>	19.2%	+3.8%	+0.4%	1,529	19.2%	1,581	19.4%
SG&A	<b>1,299</b>	15.7%	-4.5%	-1.7%	1,359	17.1%	1,321	16.2%
Operating Income	<b>288</b>	3.5%	+70.4%	+10.8%	169	2.1%	260	3.2%
Ordinary Income	<b>285</b>	3.5%	+110.6%	+23.0%	135	1.7%	232	2.9%
Net Income	<b>229</b>	2.8%	(+342)	+169.8%	-113	-1.4%	85	1.0%

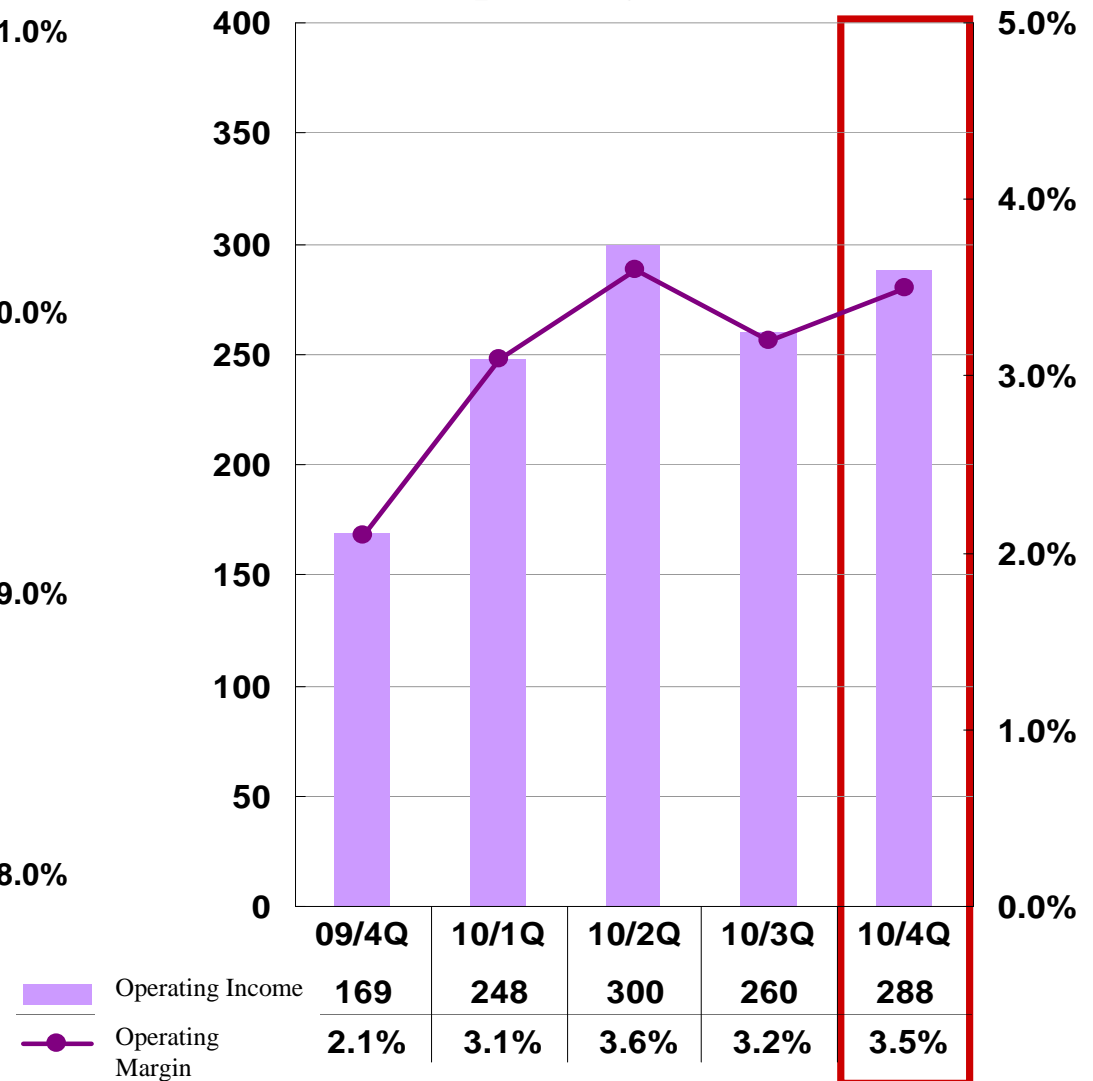
# Trends in Quarterly Consolidated Earnings

(Units: Million Yen)

## 【Sales, Gross Income】



## 【Operating Income】



# Changes in Business Segments

## 【Until FY9/09】



## 【From FY9/10】



※ Retreated from this business in 1Q of FY9/10

# Main Business Segment Earnings (July to September)

(Units: Million Yen)

Business Segments	Net Sales			Operating Income		
	4Q-FY9/10	4Q-FY9/09	YoY Change	4Q-FY9/10	4Q-FY9/09	YoY Change
Internet Advertising	<b>7,009</b>	6,633	+5.7%	<b>303</b>	232	+30.7%
Internet Related Business	<b>483</b>	596	-18.8%	<b>34</b>	34	-0.4%
Direct Marketing	<b>524</b>	486	+7.8%	<b>36</b>	33	+6.4%
Other Business	<b>277</b>	292	-5.1%	<b>-13</b>	-61	(+47)
<i>Commerce</i>	277	292	-5.1%	$\Delta$ 13	-20	(+6)
Segment Eliminations	<b>-33</b>	-36	-	<b>-71</b>	-69	-
Consolidated Account	<b>8,262</b>	7,972	+3.6%	<b>288</b>	169	+70.4%

※ FY9/09 business segment earnings adjusted to reflect new business division definitions.



# Consolidated Balance Sheet

(Units: Million Yen)

	End FY9/10	End FY9/09	YoY Change	Main Changes in 4Q (July to September)
<b>Assets</b>				
Current Assets	<b>10,176</b>	9,494	<b>+682</b>	Cash and Equivalents: +537
Fixed Assets	<b>2,195</b>	2,417	<b>-222</b>	
Total Assets	<b>12,371</b>	11,911	<b>+460</b>	
<b>Liabilities</b>				
Current Liabilities	<b>6,090</b>	5,769	<b>+321</b>	Short Term Debt: +97
Fixed Liabilities	<b>201</b>	371	<b>-170</b>	Long Term Debt: -62
Total Liabilities	<b>6,291</b>	6,140	<b>+151</b>	
<b>Net Assets</b>				
Total Net Assets	<b>6,079</b>	5,770	<b>+309</b>	Retained Earnings: +229
Total Liabilities and Net Assets	<b>12,371</b>	11,911	<b>+460</b>	

# Consolidated Cash Flow

(Units: Million Yen)

	FY9/10	Main Changes in 4Q (July to September)	FY9/09
Cash Flow from Operating Activities	<b>1,195</b>	Net Income Before Taxes: +354 Various Reserves: +64	266
Cash Flow from Investing Activities	<b>-58</b>	Liquidation of Marketable Securities: +46 Acquisition of Affiliated Companies' Securities: -30	-165
Cash Flow from Financing Activities	<b>-280</b>		-89
Change in Cash and Equivalents	<b>856</b>		11
Cash and Equivalents at Term End	<b>5,575</b>		4,719

- ◆ Net sales fell by 1.2% year-over-year to ¥32.648 billion, higher Internet advertising sales were not adequate to offset declines in Internet related business and commerce related sales
- ◆ Operating income rose by 83.4% year-over-year to ¥1.098 billion  
Internet advertising profitability improved and effective cost controls of the Septeni Group contributed to the v-shaped recovery in income
- ◆ Net income improved by ¥1.13 billion from the loss in the previous term to a profit of ¥545 million on the back of increased ordinary income and reductions in extraordinary income

# Full Year Consolidated Income Statement



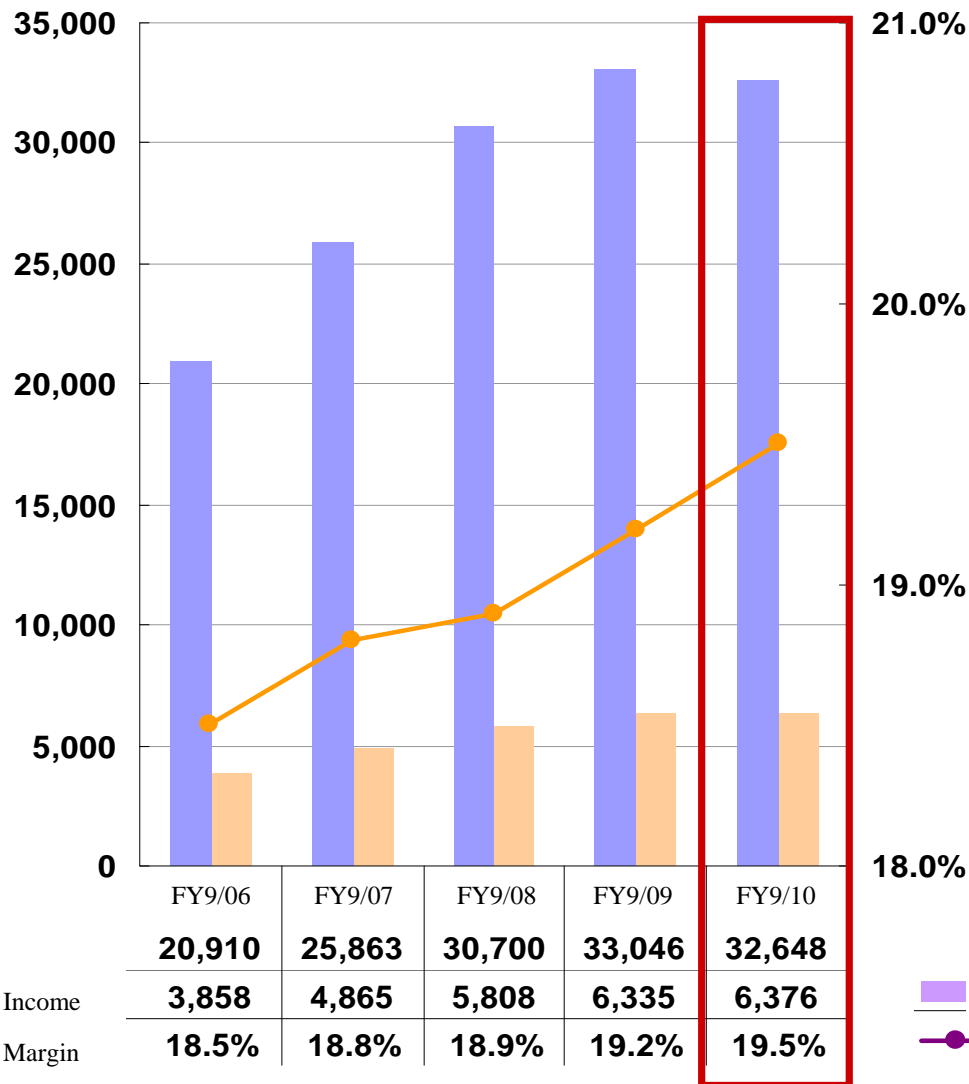
(Units: Million Yen)

Income Statement	Full Year FY9/10				FY9/09		Recent Estimate
	Value	Share	YoY Change	Divergence from Estimate	Value	Share	Value
Net Sales	<b>32,648</b>	100.0%	-1.2%	+0.5%	33,046	100.0%	32,500
Gross Income	<b>6,376</b>	19.5%	+0.6%	-	6,335	19.2%	-
SG&A	<b>5,278</b>	16.2%	-8.0%	-	5,736	17.4%	-
Operating Income	<b>1,098</b>	3.4%	+83.4%	+9.8%	598	1.8%	1,000
Ordinary Income	<b>1,024</b>	3.1%	+142.8%	+13.8%	421	1.3%	900
Net Income	<b>545</b>	1.7%	(+1,130)	+21.3%	-585	-1.8%	450

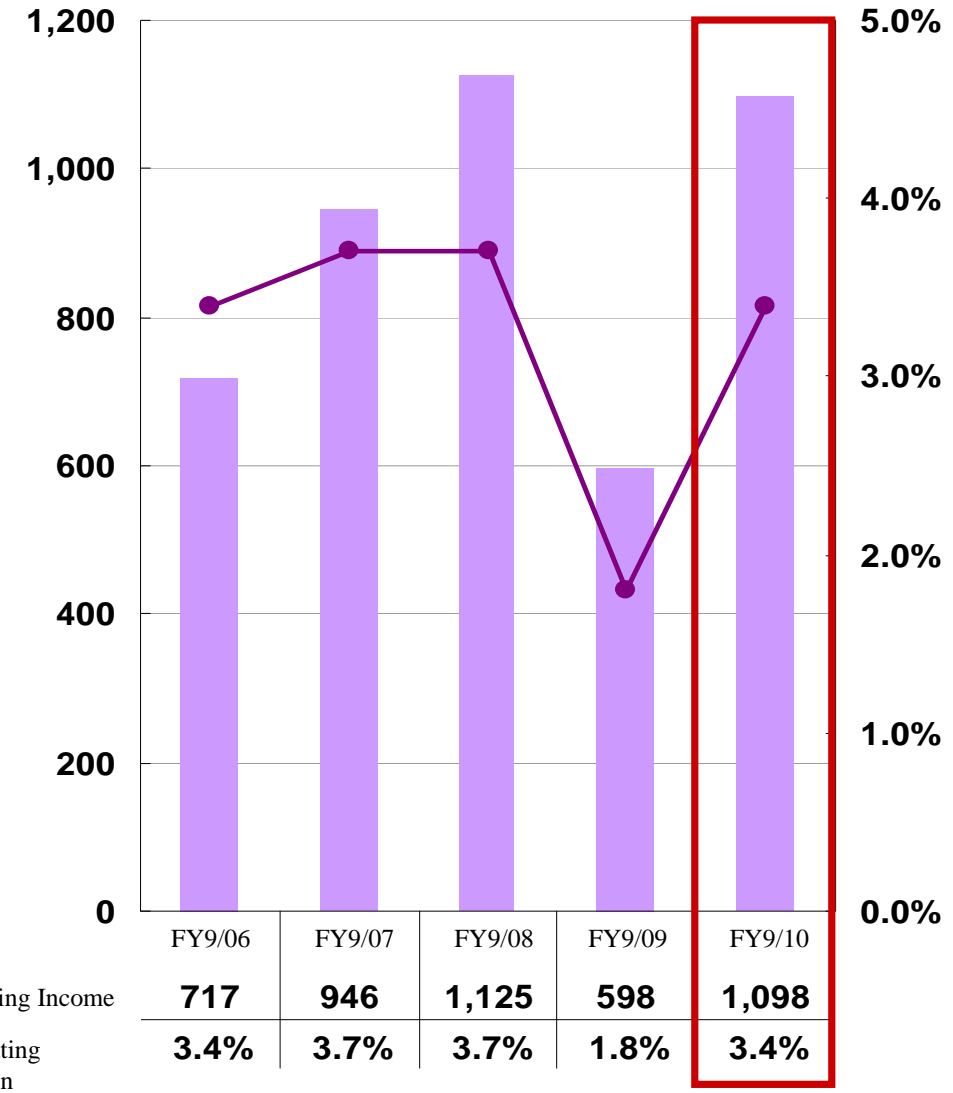
# Consolidated Earnings Trend

(Units: Million Yen)

## 【Sales , Gross Income】



## 【Operating Income】



# Business Segment Earnings (Full Year)

(Units: Million Yen)

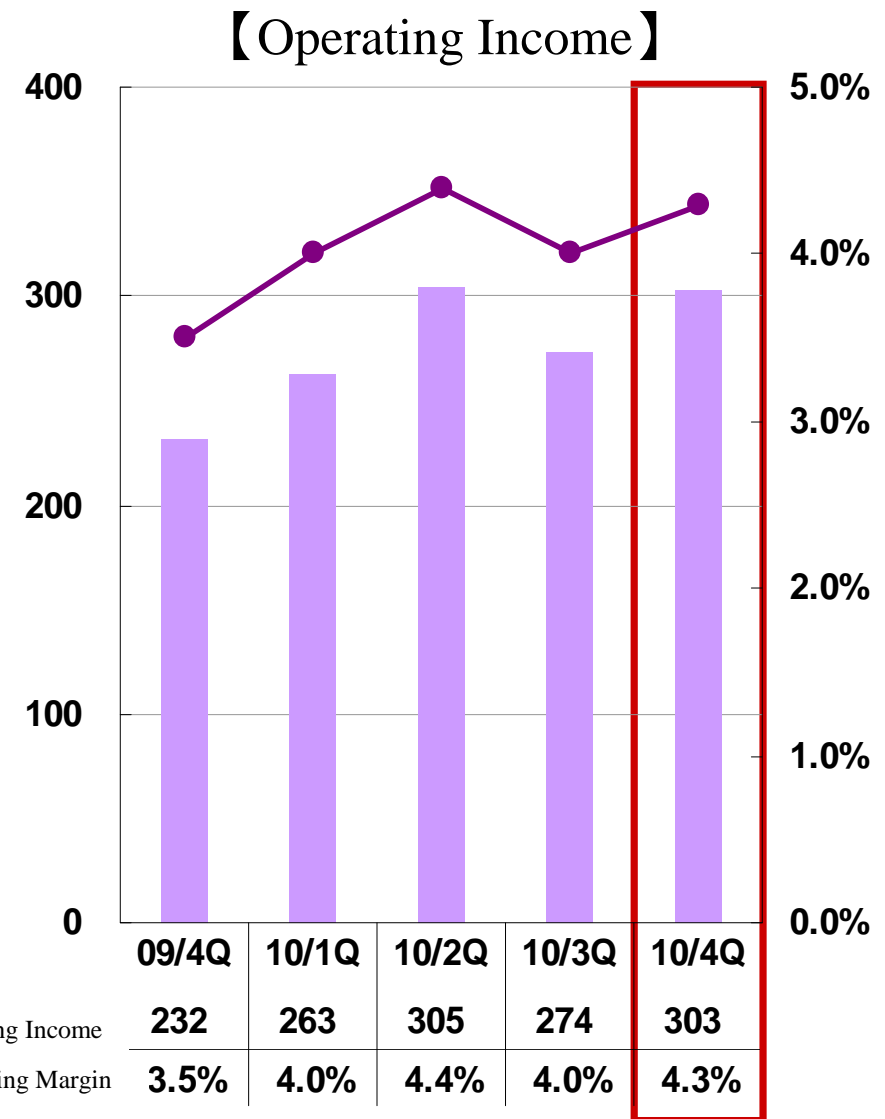
Business Segments	Net Sales			Operating Income		
	FY9/10	FY9/09	YoY Change	FY9/10	FY9/09	YoY Change
Internet Advertising	<b>27,387</b>	26,886	+ 1.9%	<b>1,146</b>	895	+ 28.1%
Internet Related Business	<b>2,054</b>	2,570	- 20.1%	<b>166</b>	46	+ 261.0%
Direct Marketing	<b>2,242</b>	2,304	- 2.7%	<b>184</b>	194	- 5.1%
Other Business	<b>1,097</b>	1,501	- 26.9%	<b>-60</b>	-210	(+ 149)
<i>Commerce</i>	<i>1,097</i>	<i>1,501</i>	<i>-26.9%</i>	<i>-60</i>	<i>-70</i>	<i>(+10)</i>
Segment Eliminations	<b>-131</b>	-216	—	<b>-339</b>	-326	—
Consolidated Accounts	<b>32,648</b>	33,046	- 1.2%	<b>1,098</b>	598	+ 83.4%

※ FY9/09 business segment earnings adjusted to reflect new business division definitions.



## II. Main Business Segment Overview(4Q)

# Internet Advertising Quarterly Earnings Trend



※ 4Q FY9/09 business segment earnings adjusted to reflect new business division definitions.



	YoY Change	QoQ Change
Sales	+5.7%	+2.0%
Operating Income	+30.7%	+10.5%

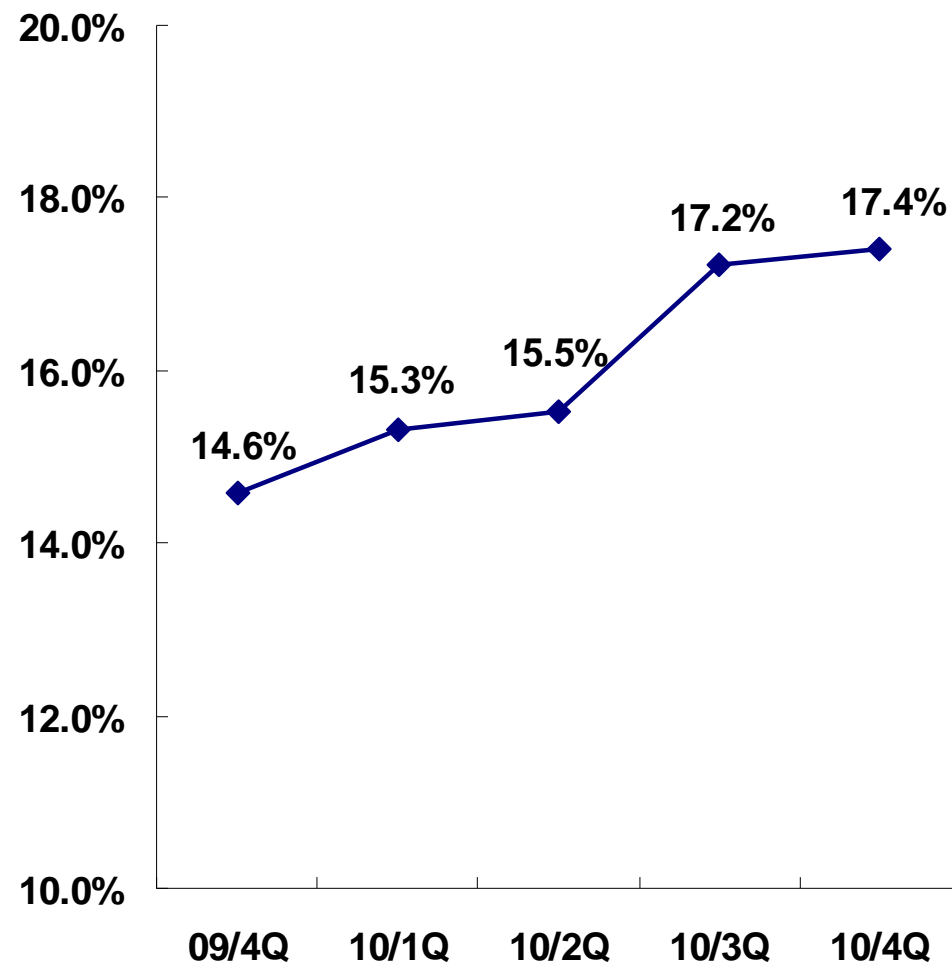
- Achieved increases in both sales and operating income in both year-over-year and quarter-over-quarter terms
- Advertising from human resources service and social media related services increased
- Introduced in-house developed services into solutions, Ad Network realms

# Internet Advertising Business Product Data

【Sales Trend by Product】

Products		09/4Q	10/1Q	10/2Q	10/3Q	10/4Q
PC	Portal, Others	16.3%	14.8%	13.3%	14.1%	12.6%
	CGM	1.5%	1.8%	1.5%	1.6%	1.3%
	Mail	2.1%	2.1%	2.7%	2.5%	2.4%
	Listings	35.0%	36.1%	34.0%	35.3%	35.7%
	Affiliates	9.7%	7.6%	7.6%	5.1%	7.2%
	Targeting	6.7%	6.8%	7.9%	9.5%	9.2%
	Others	0.6%	0.3%	0.2%	0.2%	0.2%
		72.0%	69.5%	67.2%	68.2%	68.6%
Mobile	Portals, Others	5.6%	4.7%	7.2%	5.9%	7.6%
	CGM	5.0%	4.4%	4.8%	4.1%	3.8%
	Mail	2.0%	2.4%	3.0%	4.6%	2.6%
	Listings	7.9%	9.8%	10.1%	8.4%	9.1%
	Affiliate	2.2%	3.8%	2.0%	2.9%	2.6%
	Others	0.0%	0.0%	0.1%	0.0%	0.0%
		22.8%	25.1%	27.3%	26.0%	25.8%
Web Solutions (2)		5.3%	5.4%	5.5%	5.8%	5.6%
Total		100%	100%	100%	100%	100%

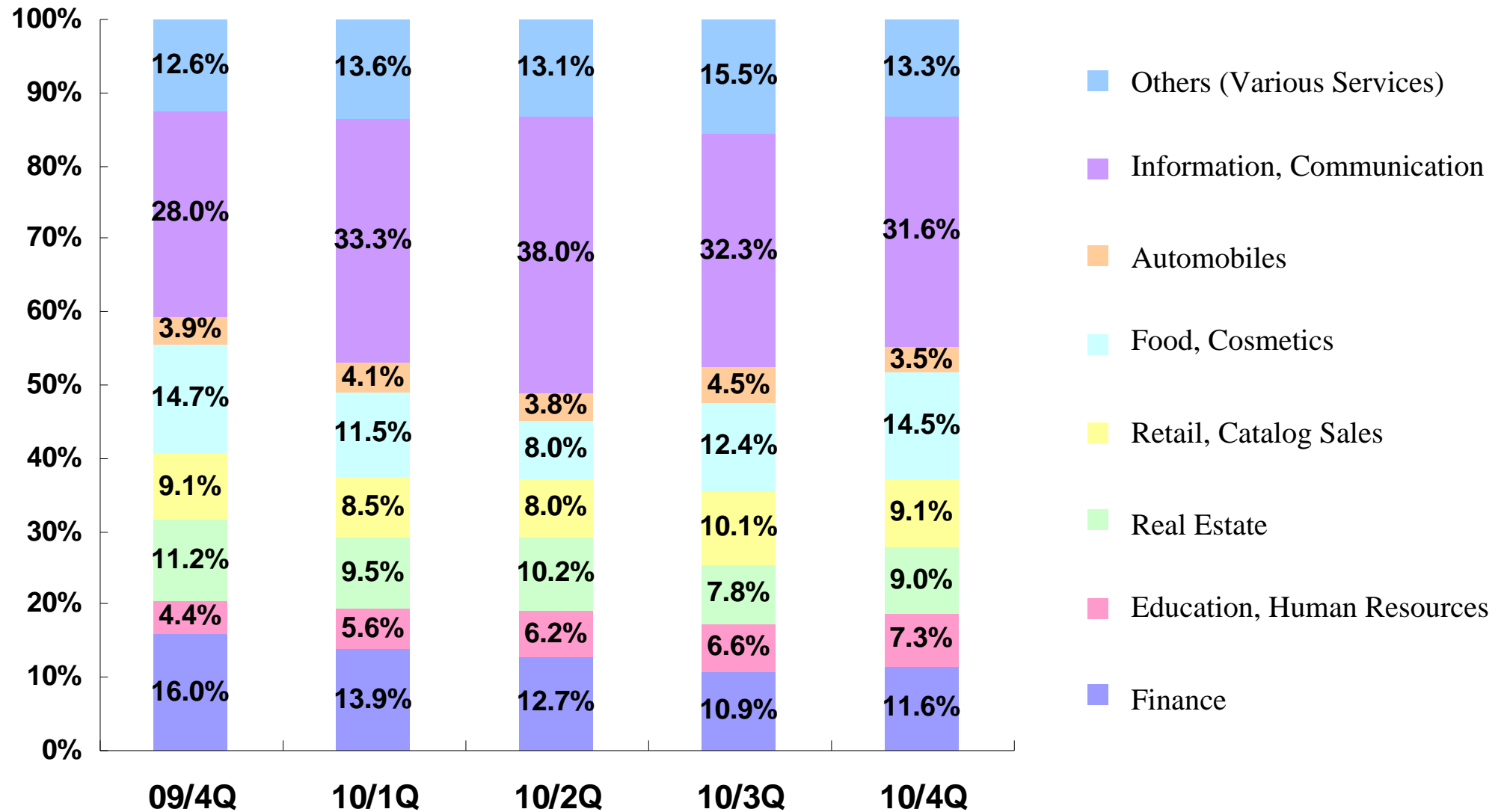
【Web Solutions Share of Total Gross Income】



(1) 4Q FY9/09 business segment data adjusted to reflect new business division definitions.

(2) SEO, creation, site operation support

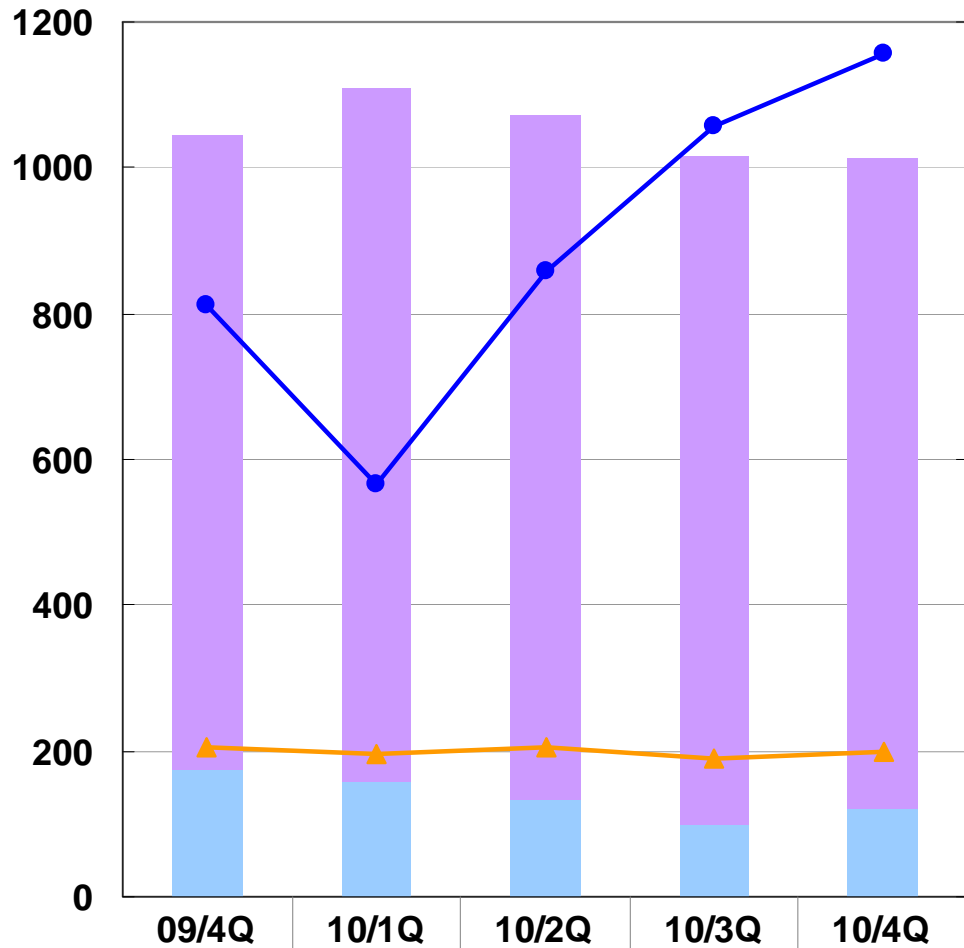
# Internet Advertising Business Client Data



※ 4Q FY9/09 business segment data adjusted to reflect new business division definitions.

# Internet Advertising Business Client Number Data

(Companies)



7.00

(Million Yen)

6.00

5.00

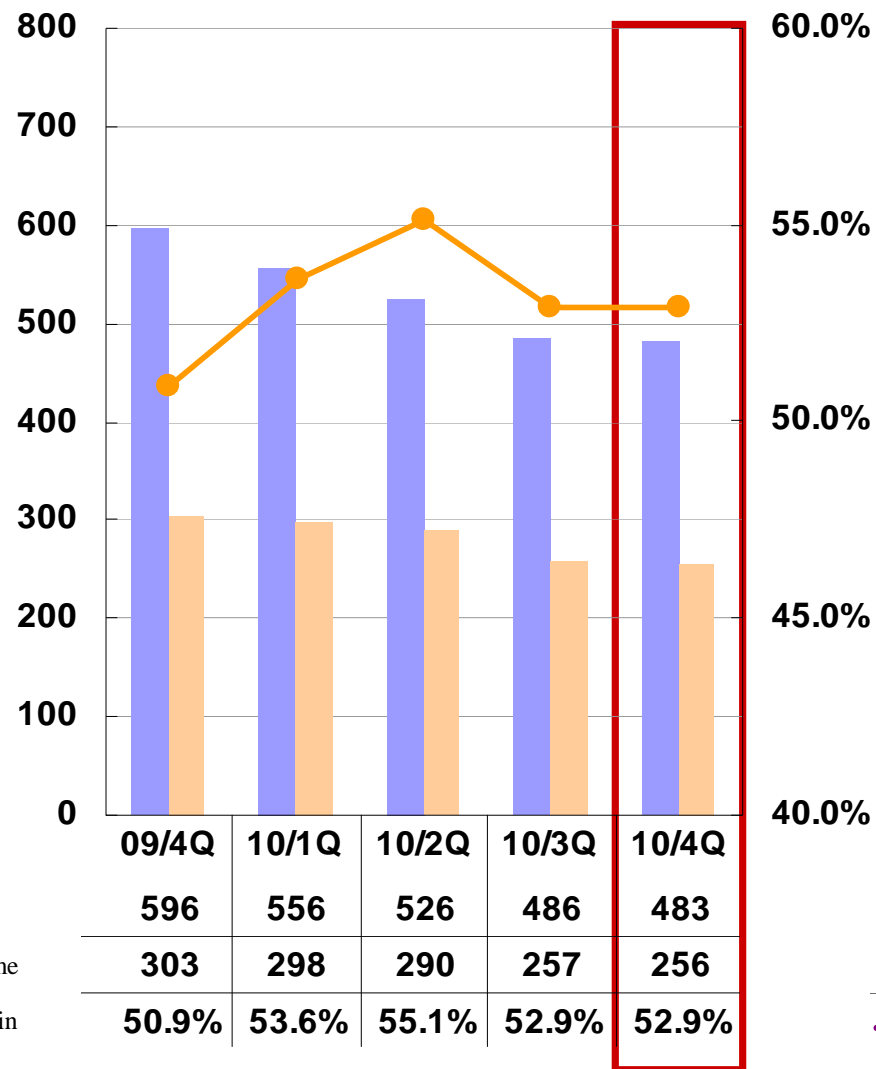
- Total Clients
- New Clients
- Pricing Per Client
- Clients Purchasing Over ¥5mn

4Q FY9/09 excludes new client business, business segment data adjusted to reflect new business division definitions.

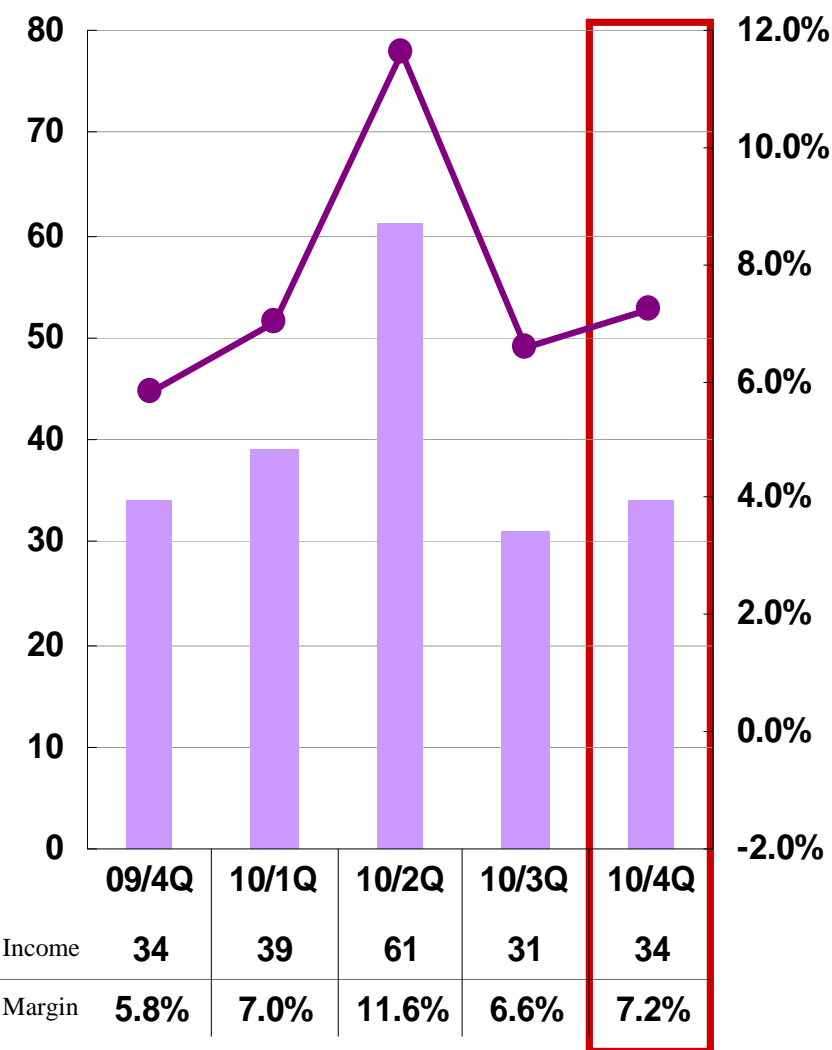
# Internet Advertising Business Full Year Earnings Trend

(Units: Million Yen)

## 【Sales, Gross Income】



## 【Operating Income】



※ 4Q FY9/09 business segment earnings adjusted to reflect new business division definitions.

	YoY Change	QoQ Change
Sales	-18.8%	-0.6%
Operating Income	-0.4%	+8.6%

## 【Contents Realm】

- Decline in Charge Volume Slows, Quarter-Over-Quarter Sales Nearly Flat
- Began Providing Applications for iPhone/iPad for Digital Books

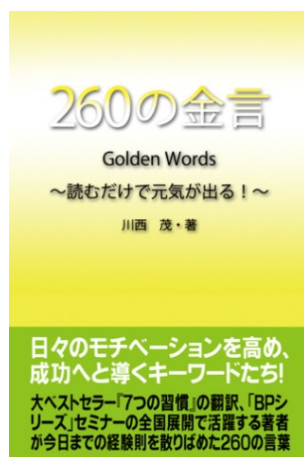
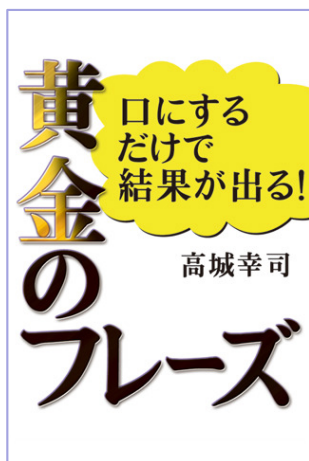
## 【Technology Realm】

- Tricorn Corporation Sees Higher Sales, Income as CRM Services Increases

## Begin to Provide Applications for iPhone/iPad

Company Provider	Title	Category	Device
AXEL MARK INC.	Work out even the mention!, “Golden Phrase” (※)	Books	iPhone/iPad
	Wise Saying 260 – Reading It Makes You Happy!		
	50 Psychological Counseling for Love		
	Step Up Intellectual Training “Select the Number”	Education	iPad
Cytech, Inc.	idea mapper for iPad(※)	Work Optimization	

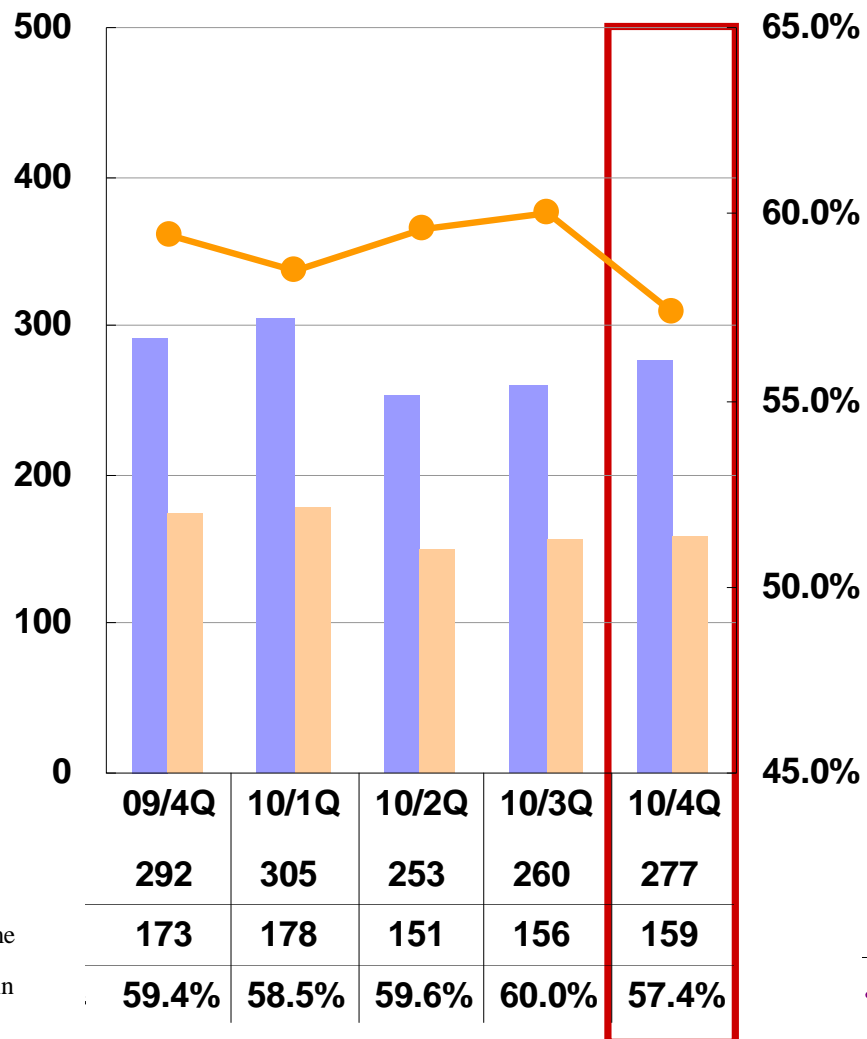
※ Acquired Number 1 App Store Sales Ranking



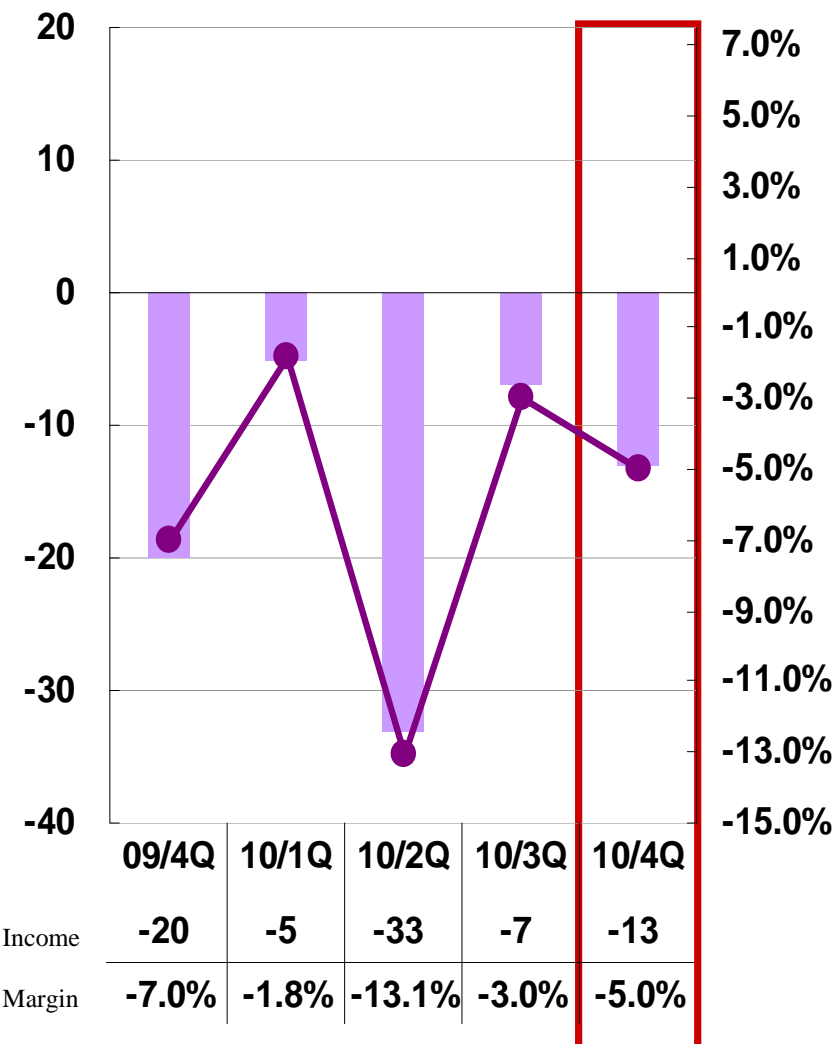
# Commerce Business Full Year Earnings Trend

(Units: Million Yen)

## 【Sales, Gross Income】



## 【Operating Income】





	YoY Change	QoQ Change
Sales	-5.1%	+6.4%
Operating Income	+¥6 million (Margin of Loss Contracts)	-¥5 million (Margin of Loss Expands)

➤ Sales and Income Growth from 3Q Continues, Recovery in Sales Continues

➤ EC Transactions Continue to Grow



## III. Review of FY9/10

## Realize V-Shaped Recovery

- ① Growth in Internet Advertising Sales and Income
- ② Achieve Profitability at AXEL MARK, ACRESS
- ③ Plant Seeds for New Businesses

## Internet Advertising Business

- Focus Upon Mobile Advertising  
Acquire position of leadership in the mobile Internet market
- Fortify Our Web Solutions  
Expand earnings opportunities in site creation, SEO, operational support
- Invest in ad technology realm  
Improve media marketing ROI for advertisers

## Internet Related Business

- Renew organization, human resources to create new structure to fortify earnings foundations
- Fortify lineup of artists, animation to raise customer satisfaction, promote differentiation with competitors

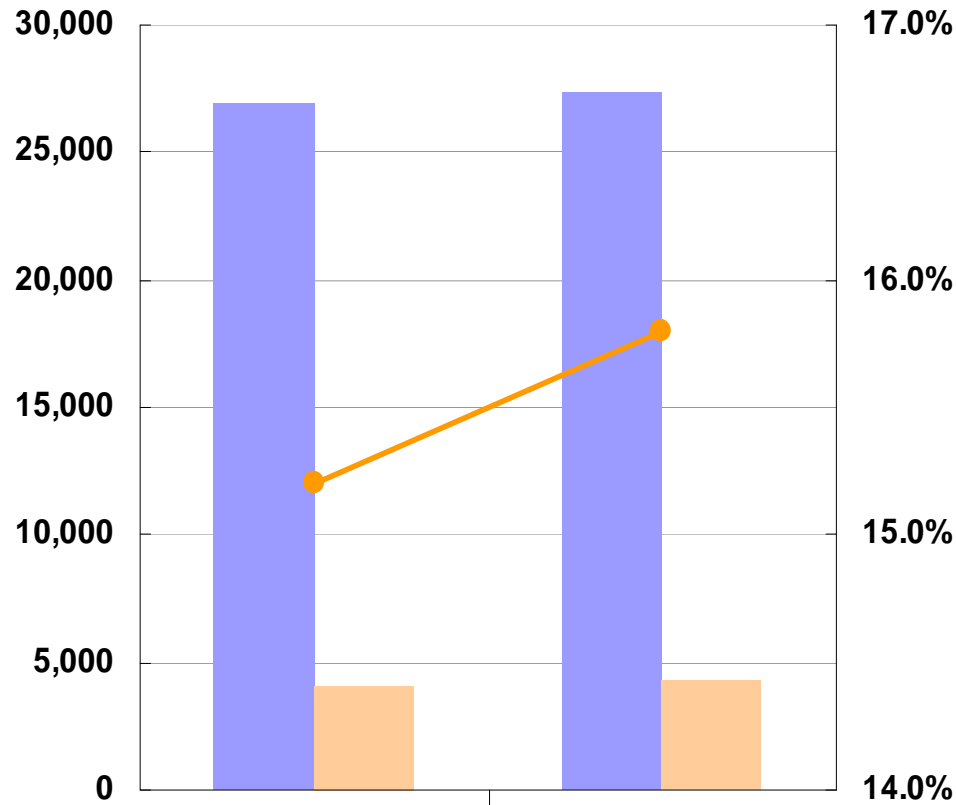
## Commerce Business

- Aggressively introduce new unique products
- Full scale launch of EC

# Internet Advertising Business Full Year Earnings Trend

(Units: Million Yen)

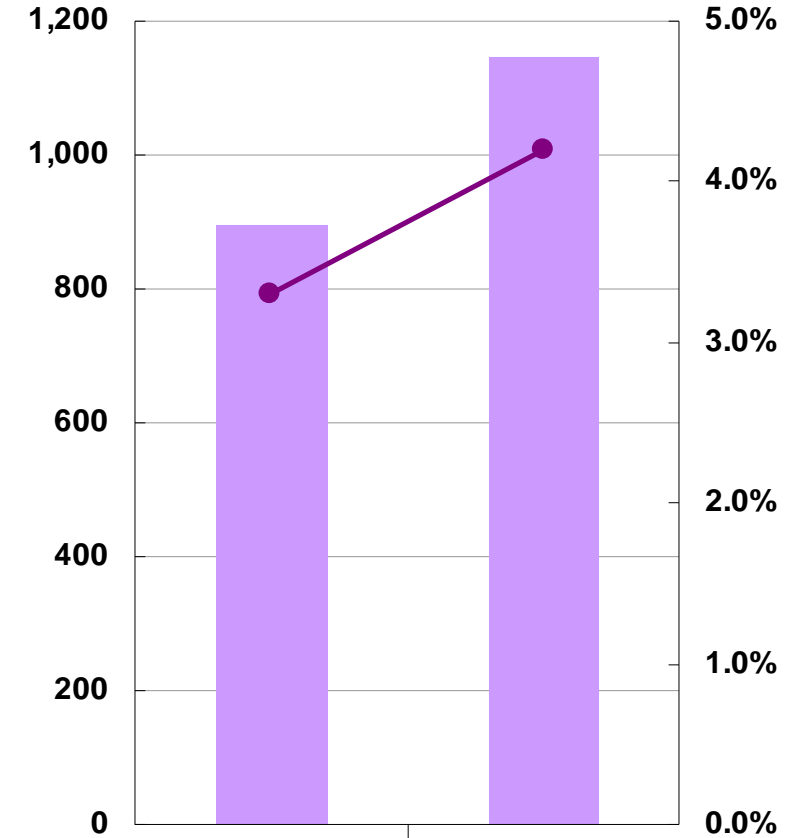
## 【Sales, Gross Income】



- Sales
- Gross Income
- Gross Margin

	FY9/09	FY9/10
Sales	<b>26,886</b>	<b>27,387</b>
Gross Income	<b>4,091</b>	<b>4,312</b>
Gross Margin	<b>15.2%</b>	<b>15.8%</b>

## 【Operating Income】



- Operating Income
- Operating Margin

	FY9/09	FY9/10
Operating Income	<b>895</b>	<b>1,146</b>
Operating Margin	<b>3.3%</b>	<b>4.2%</b>

※ FY9/09 business segment earnings adjusted to reflect new business division definitions.

## Internet Advertising Business

(Sales, Operating Income Rise 1.9% and 28.1%)

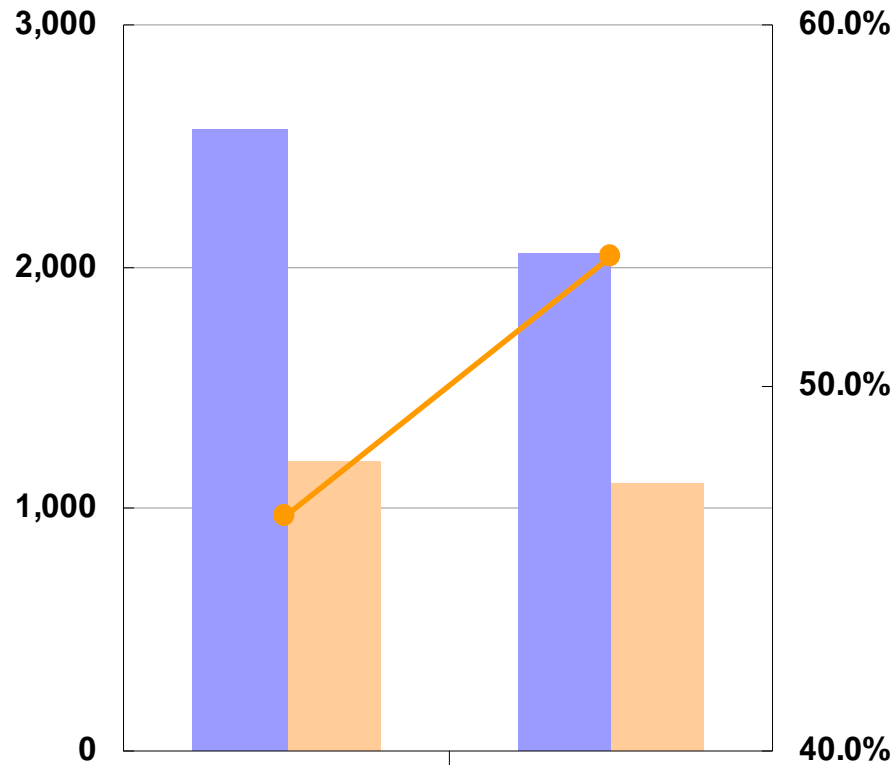
- Achieved sales, income growth in full year
- Gross margin improved on focus upon profitability in marketing, and development of growth sectors
- Aggressive investment in and fortification of mobile advertising realm  
Share of sales rises to 26.1% from 22.3%
- Web solutions expand, contribute to improved earnings  
Gross margins rise from 13.0% to 16.4%
- Promote new business development for social network related applications  
Support SAP for portal sites and reward advertisements

※ Social application provider

# Internet Related Business Full Year Earnings Trend

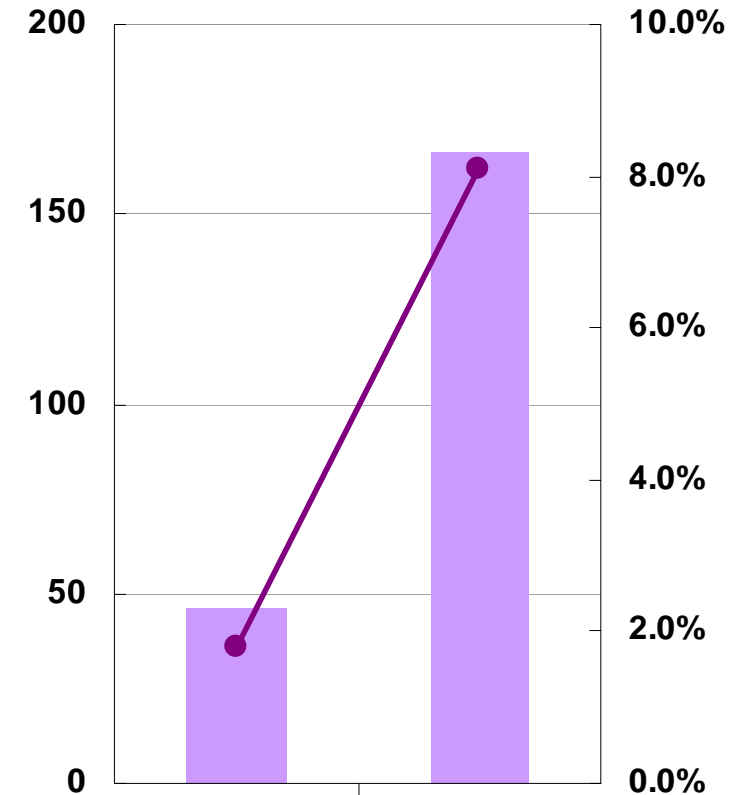
(Units: Million Yen)

## 【Sales, Gross Income】



■ Sales  
■ Gross Income  
●— Gross Margin

## 【Operating Income】



■ Operating Income  
●— Operating Margin

※ FY9/09 business segment earnings adjusted to reflect new business division definitions.

## Internet Related Business

(Sales Fall 20.1%, Operating Income Rise 261%)

### 【Contents Realm】

- Review costs, eliminate expenses to achieve operating profitability
- Restrained membership promotions from the perspective of cost and effect, charge volumes on existing contents declined
- Start contents provision for new platforms including social network applications and iPhone/iPad applications

### 【Technology Realm】

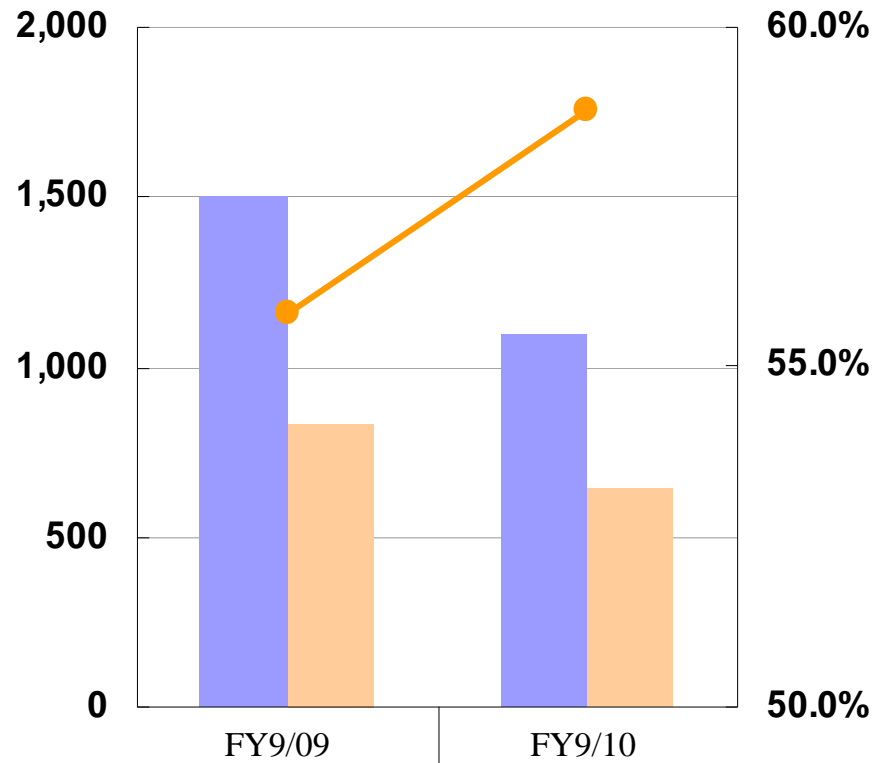
- Shift to CRM services continues, growing steadily



# Commerce Business Full Year Earnings Trend

(Units: Million Yen)

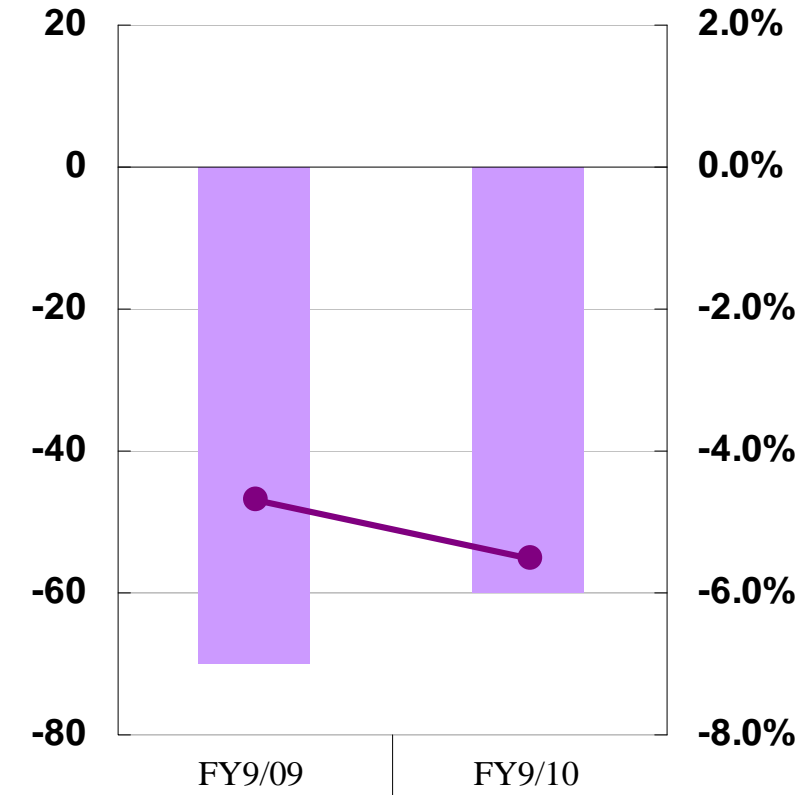
## 【Sales, Gross Income】



- Sales
- Gross Income
- Gross Margin

	FY9/09	FY9/10
<b>Sales</b>	<b>1,501</b>	<b>1,097</b>
<b>Gross Income</b>	<b>836</b>	<b>645</b>
<b>Gross Margin</b>	<b>55.8%</b>	<b>58.8%</b>

## 【Operating Income】



- Operating Income
- Operating Margin

	FY9/09	FY9/10
<b>Operating Income</b>	<b>-70</b>	<b>-60</b>
<b>Operating Margin</b>	<b>-4.7%</b>	<b>-5.5%</b>

## Commerce Business

(Sales Fall 26.9%, Operating Loss Declines by ¥10 Million)

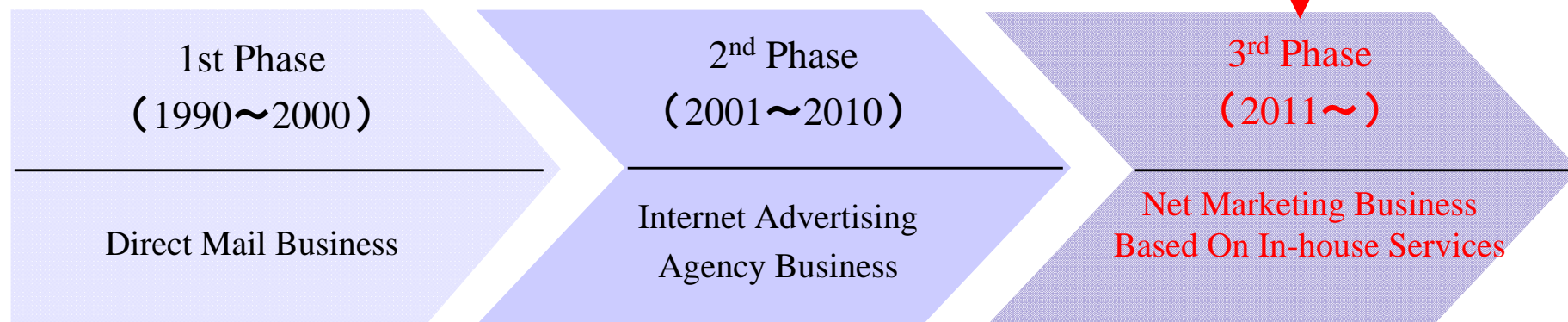
- Business restructuring continued, but failed to bring about profitability
- Weak earnings led to impairment of goodwill at end of 2<sup>nd</sup> quarter
- EC site renewal, fortify product lineup



## IV. Intermediate Term Business Plan (From FY9/11 to FY9/13)

Amidst Large Changes and Developments in the Internet Business Environment, We Seek to Take On New Growth Opportunities

Seeking to Aggressively Make In-house Products, Services Into  
**High Growth Drivers, High Profit Models**



Concept

Septeni Original

## Septeni Original

Converting **in-house services** into new businesses through aggressive investments in growth fields

Create **high growth, high profitability** business models

## Septeni Original

Business Focus

Mobile  
Social Network  
Platform

# Main Business Segments

Business Segments		Operating Companies
Internet Advertising	PC	
	Mobile	
	Solutions	
Technology		
Contents		
Direct Marketing		
Other Business (Commerce)		



## Business Development Strategy

**New Businesses:** Promote entrepreneurial spirit within Septeni (Start small, grow large)

**Existing Businesses:** Develop new business realms (Clients, products, regions)

**M&A:** Enabling good companies to grow stronger (Focus upon over medium-scale projects)

**Liquidation:** Validate earnings, synergies, and restructure

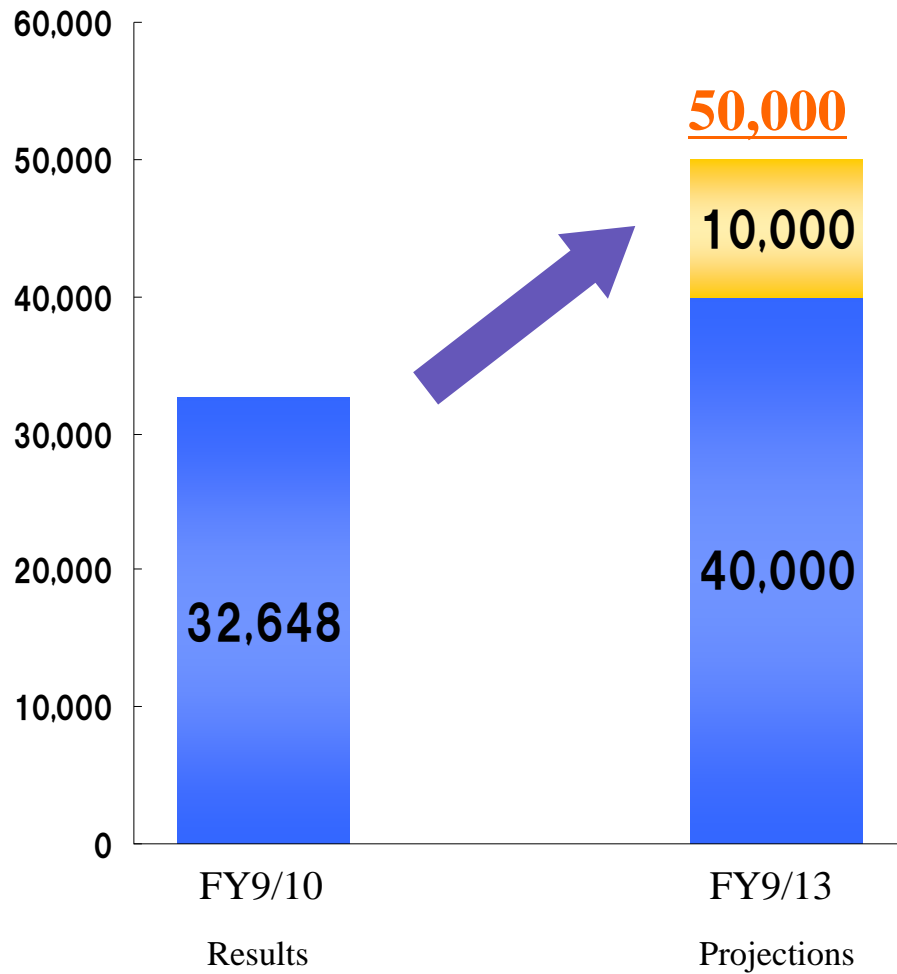
# Earnings Targets

(Units: Million Yen)

Income Statement	FY9/10	FY9/13 Projections
Net Sales	32,648	50,000
Operating Income	1,098	3,000
Operating Margin	3.4%	6.0%
Earnings Structure (New Businesses' Share of Operating Income)	0%	33%
Productivity (Gross Income per Employee per Year)	10	15

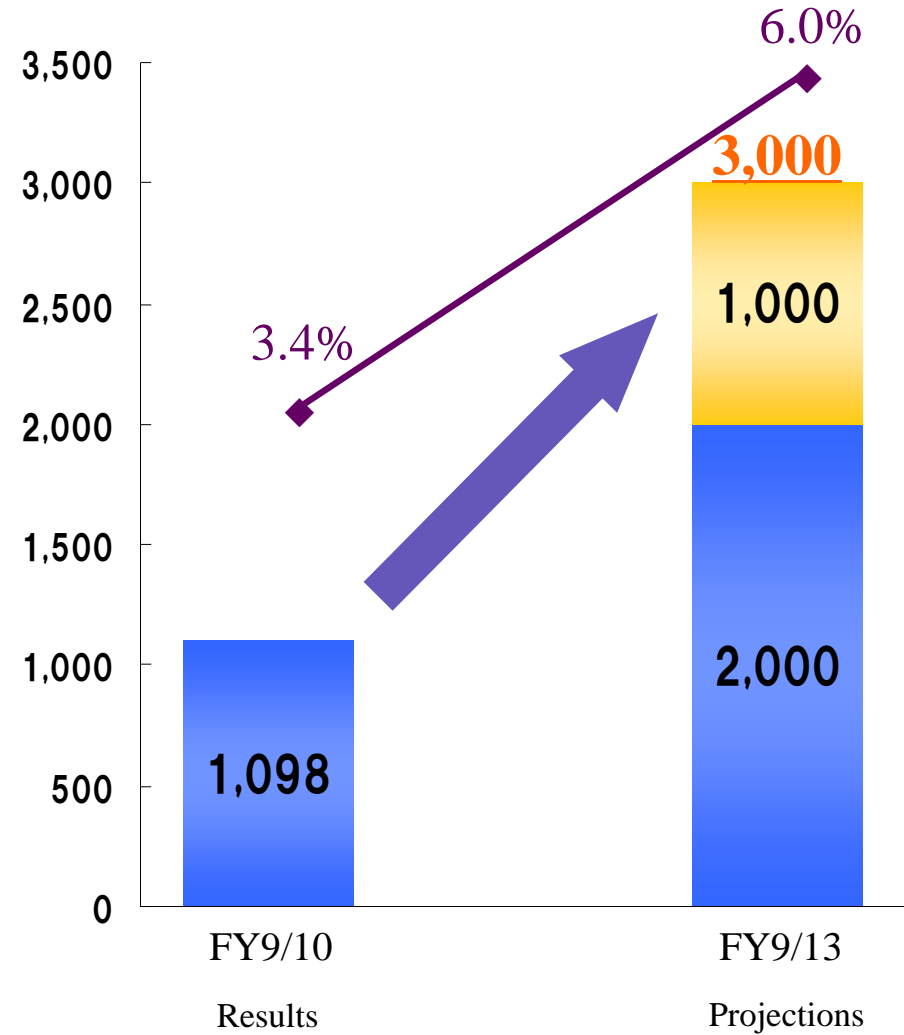
## 【Net Sales】

(Units: Million Yen)



■ Existing Business   
 ■ New Business

## 【Operating Income】



◆ Consolidated Operating Margin



## V. Policies in FY9/11

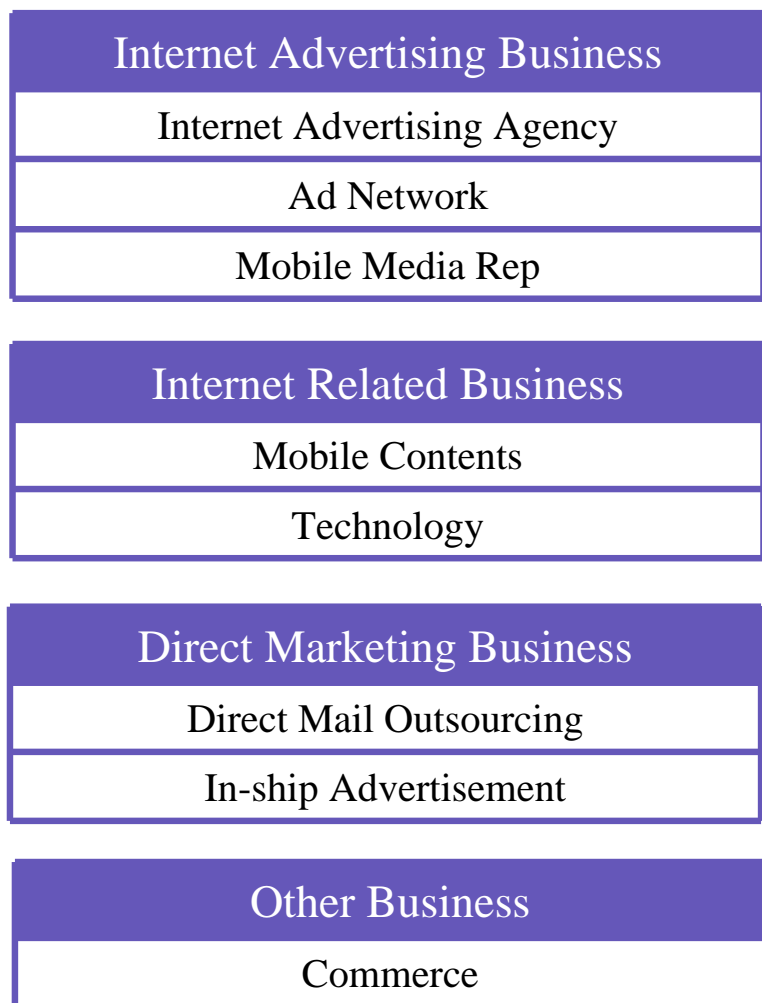
## FY9/11 Theme: Developing New Opportunities

- ◆ Volume production of new businesses, developing new realms
- ◆ Achieve organic growth (Growth in Sales, Income)
- ◆ Raising technology levels of the Septeni Group

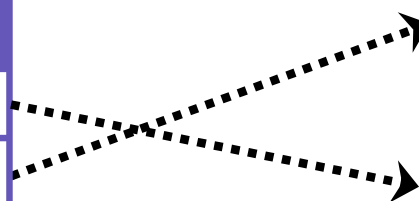
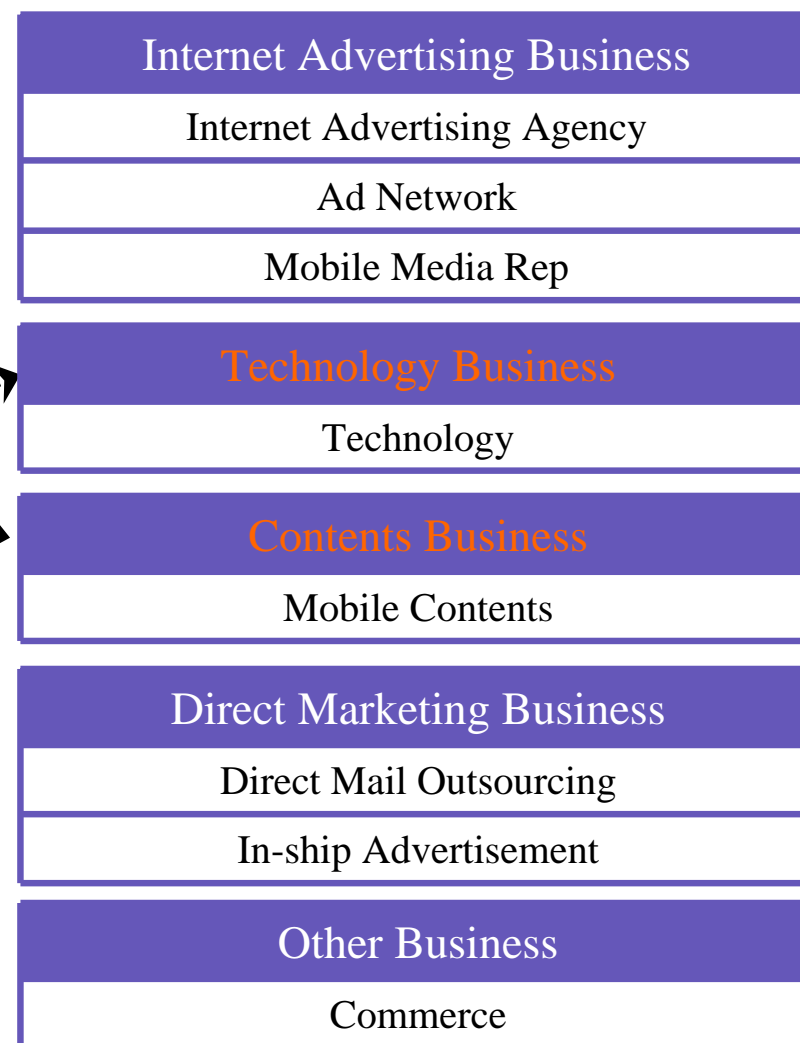
# Business Segment Changes

Divided Internet Related Business Segment Into Technology and Contents Business Segments

【FY9/10】



【From FY9/11】



## Internet Advertising Business

- Fortify mobile advertising business structure, increase speed of growth
- Expand scale of investments in social media realm
- Develop market for medium to small companies through regional offices, new companies

## Technology Business

- Fortify web marketing realm

## Contents Business

- Promote fortification of applications for multiple platforms for distribution to smart phones, tablet PCs

## Established a Internet marketing support company for medium to small companies

- ◆ The new business development division “Hineranka” was turned into a company led by a 26 year old representative only four years out of college
- ◆ Cultivate large latent demand from medium to small companies

Company Name	HighScore,Inc.
Business Realm	Internet marketing support business
Capitalization	¥30 million
Shareholder	SEPTENI CO., LTD. (100%)
Representative	Hiroyuki Higo
Established	November 1, 2010





# FY9/11 Consolidated Earnings Estimates

(Units: Million Yen)

Income Statement	FY9/10	FY9/11 Estimate	YoY Growth
Net Sales	32,648	<b>35,000</b>	<b>+7.2%</b>
Operating Income	1,098	<b>1,200</b>	<b>+9.3%</b>
Ordinary Income	1,024	<b>1,150</b>	<b>+12.3%</b>
Net Income	545	<b>700</b>	<b>+28.3%</b>

## 【Assumptions】

- Estimates include ¥100 to ¥200 million in losses arising from investments in new businesses



## VI. Supplemental Information

# Company Overview



As of September 30, 2010

Company Name	SEPTENI HOLDINGS CO., LTD.
Representative	President and Representative Director: Koki Sato
Headquarters	Septeni Gaien Building, 24 Daikyo-cho, Shinjuku-ku, Tokyo
Stock Code	4293 (JASDAQ)
Business Realm	The holding company for a group of companies conducting Internet advertising and other Internet related services
Established	October 29, 1990
Capitalization	¥2,006 million
Shared Issued	134,700 shares (Including treasury stock of 8,923 shares)
Consolidated Workforce	621 Full time employees, 662 Full time and contracted employees

# Main Companies of Septeni Group

As of November 5, 2010

Company Name	Status, Ownership	Business Description
SEPTENI HOLDINGS CO., LTD.		Holding company
SEPTENI CO., LTD.	Consolidated, 100%	Internet advertising
mume Inc.	Consolidated, 100%	Mobile advertising
MANGO Inc.	Consolidated, 100%	SEM operation
Vasara Inc.	Consolidated, 100%	Internet advertising
HighScore, Inc.	Consolidated, 100%	Small business support
SEPTENI CROSSGATE CO., LTD.	Consolidated, 95%	Ad network
ASP CO., LTD.	Consolidated, 60%	e-Commerce marketing solutions
Media Grow CO., LTD.	Consolidated, 100%	Mobile media rep
AXEL MARK INC.	Consolidated, 54.5%	Mobile service
Tricorn Corporation	Consolidated, 100%	CRM service
Cytech, Inc.	Consolidated, 100%	System integration
SEPTENI DIRECT MARKETING CO., LTD.	Consolidated, 100%	Direct marketing
ACRESS	Consolidated, 100%	Catalog sales
PRIME X Co., Ltd.	Equity Accounting Affiliate, 40.0%	Real estate Internet market
OPENSIMILE Inc.	Equity Accounting Affiliate, 33.3%	Internet media
Power Technology	Equity Accounting Affiliate, 22.8%	SEO

# Main Group Companies by Business Segment

As of November 5, 2010

## Holding Company

SEPTENI HOLDINGS CO., LTD.

### Internet Advertising Business

SEPTENI CO., LTD.

Internet Advertising

mume, Inc.

Mobile Advertising

MANGO, Inc.

SEM Operation

Vasara Inc.

Internet Advertising

HighScore, Inc.

Small Business Support

SETPENI CROSSGATE CO., LTD.

Ad Market Place

ASP CO., LTD.

e-Marketing Solutions

Media Grow CO., LTD.

Mobile Media Rep

### Technology Business

Tricorn Corporation

Mail Distribution • CRM

Cytech, Inc.

System Integration

### Contents Business

AXEL MARK INC.

Mobile Contents

### Direct Marketing Business

SEPTENI DIRECT MARKETING CO., LTD.

Mailing Outsourcing,  
In-ship

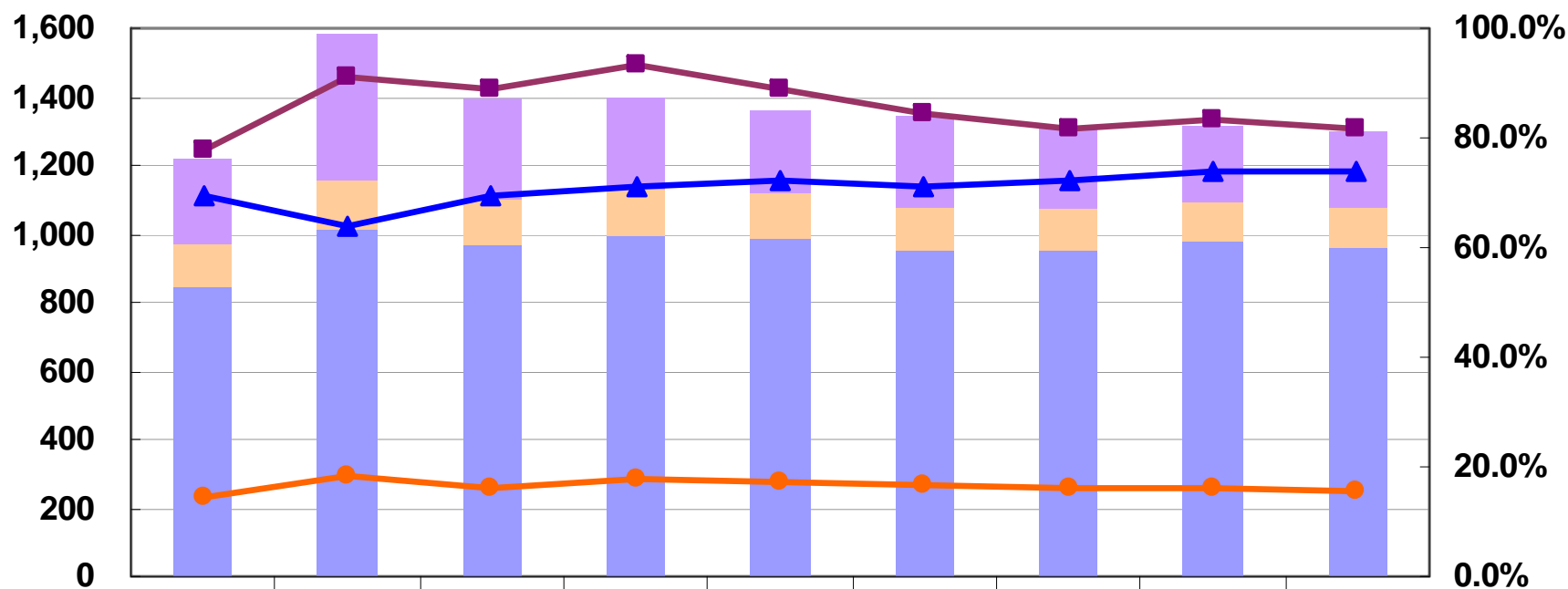
### Other Business (Commerce)

ACRESS

Catalog Sales • e-Commerce

# Consolidated SG&A Expense Trend

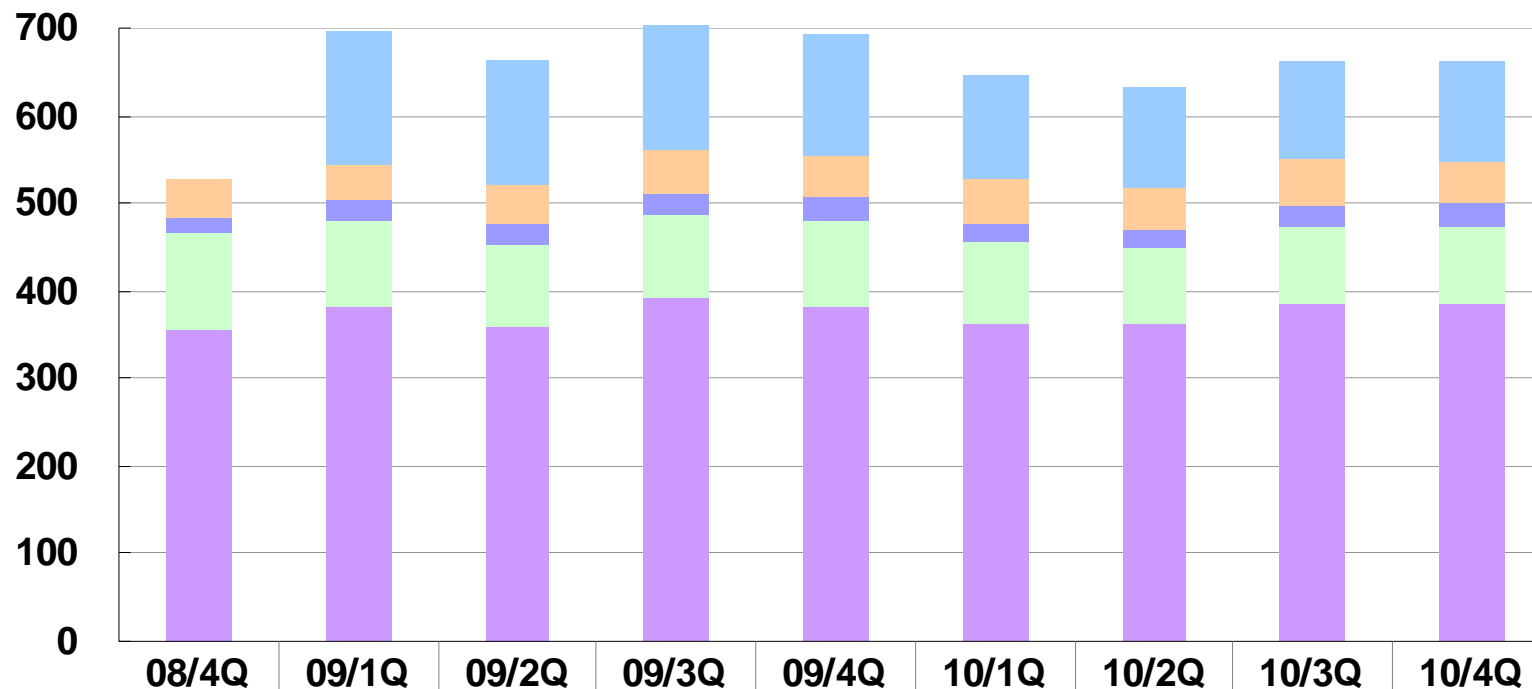
(Units: Million Yen)



	08/4Q	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q
Others (Incl. advertising)	249	432	287	262	240	265	238	222	219
Office related	123	140	141	138	135	125	124	122	121
Labor	844	1,014	965	995	983	952	950	975	957
Gross income to SG&A	77.8%	91.1%	88.7%	93.5%	88.9%	84.4%	81.4%	83.6%	81.9%
Labor margin	69.3%	63.9%	69.3%	71.3%	72.3%	70.9%	72.4%	73.9%	73.7%
SG&A margin	14.7%	18.2%	16.3%	17.8%	17.1%	16.8%	15.9%	16.2%	15.7%
<b>Total SG&amp;A</b>	<b>1,217</b>	<b>1,587</b>	<b>1,393</b>	<b>1,396</b>	<b>1,359</b>	<b>1,343</b>	<b>1,314</b>	<b>1,321</b>	<b>1,299</b>

# Septeni Group Work Force Number Trend

(Units: Persons)



※ 1Q FY9/09 to 4Q FY9/09 business division data adjusted to reflect new business division definitions.