

**Septeni Holdings Co., Ltd.**

**Business Results of  
Q1 FY September 2007**



**February 2007**

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# I . Overview

# Highlight of Consolidated Income Statement Q1 of FY September 2007



Unit; Million yen

Indicators	Q1 of FY September 2007			Q1 of FY September 2006	
	Amount	%	YoY	Amount	%
Net sales	6,064	100.0%	+ 33.6%	4,539	100.0%
Gross income	1,100	18.2%	+ 25.5%	876	19.3%
SG&A	992	16.4%	+ 42.4%	697	15.4%
Operating income	108	1.8%	- 39.7%	179	4.0%
Ordinary income	133	2.2%	- 33.8%	201	4.4%
Net income	90	1.5%	- 23.4%	118	2.6%

【Summary】 Net sales was good, increased 33.6% by YoY.

Operating income decreased due to the increase of SG&A, mainly caused by expansion of human resources in Network advertising business.

# Consolidated Balance Sheet



Unit;Million yen

	Q1 of FY September 2007	Q1 of FY September 2006	Net change	Remarks
<b>Assets</b>				
Current assets	6,217	6,155	+62	Investment securities+196
Fixed assets	2,066	2,301	-235	Investment securities - 312
Total assets	8,283	8,456	-172	
<b>Liabilities</b>				
Current liabilities	3,873	3,894	-21	Unpaid corporate tax - 139
Long - term liabilities	146	166	-19	
Total liabilities	4,019	4,061	-41	
<b>Net assets</b>				
Total net assets	4,263	4,395	-131	Minority interest - 100
Total liabilities and net assets	8,283	8,456	-172	

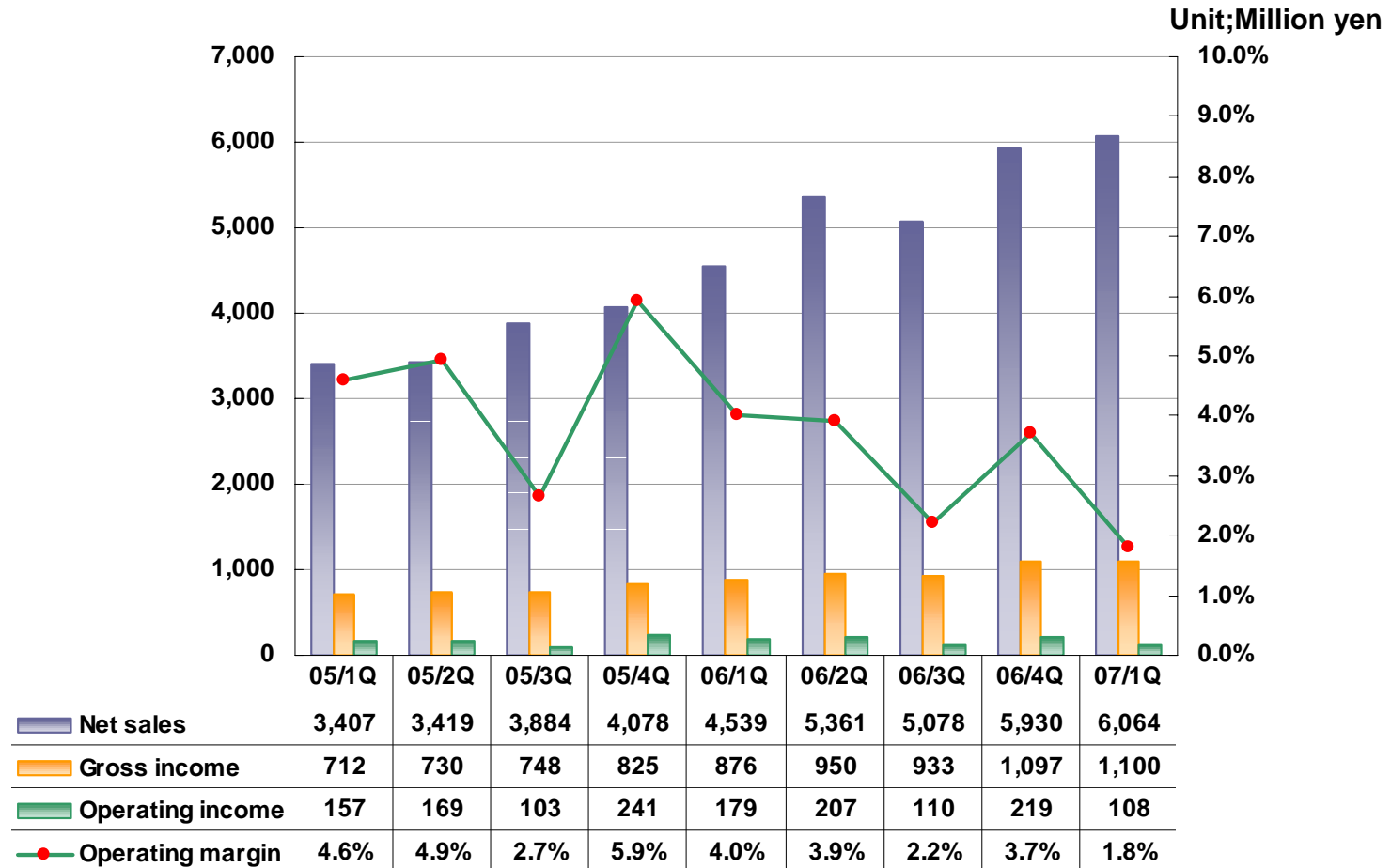
# Consolidated Cash Flow Statement



Unit;Million yen

	Q1 of FY September 2007	Q1 of FY September 2006	Remarks
Cash flows from operating activities	93	100	Income tax paid 229
Cash flows from investing activities	70	29	Additions to additional acquisition of stock in affiliated companies 118
Cash flows from financing activities	1	72	Payment of cash dividends 87
Net change in cash and cash equivalents	166	57	
Cash and cash equivalents at the end of year	2,720	2,732	

# Consolidated performance by quarter



Net sales and Gross income increased slightly compared to the last quarter.  
Operating margin decreased.



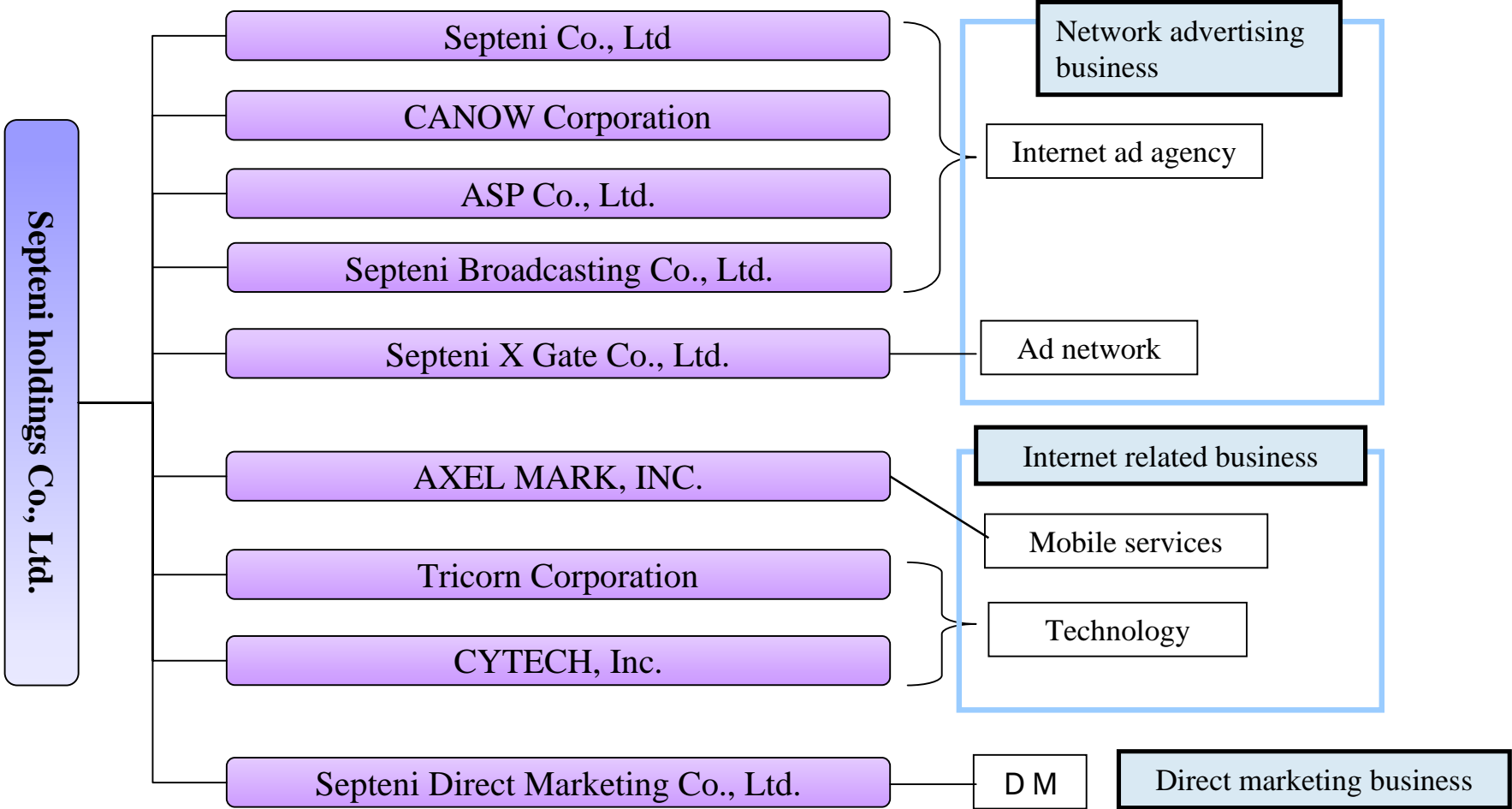
# . Segment information



Holding company

Operating company (subsidiaries)

Business domain and Business segment

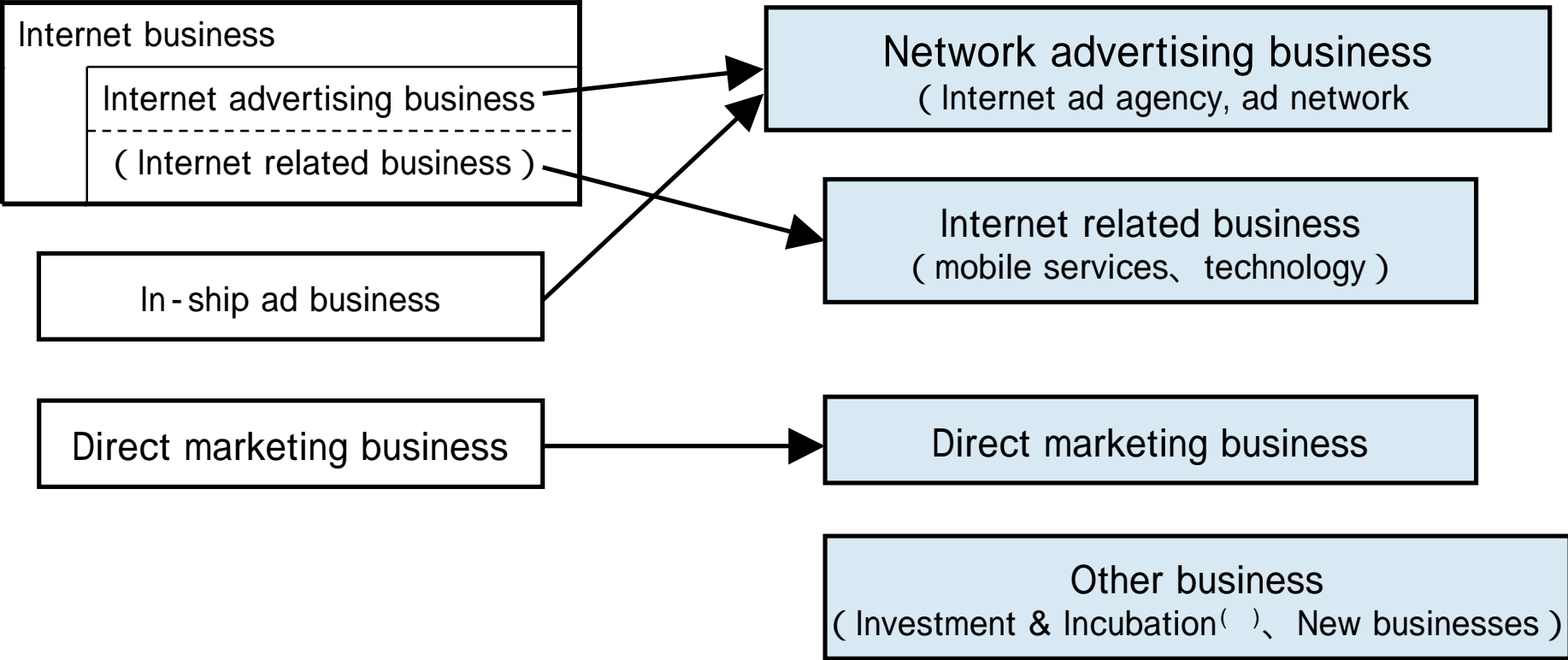


Affiliates accounted for under the equity method ; Prime X Co., Ltd., Open Smile, Inc., colab inc.

# Change of business segment

## 【Old segment】

## 【New segment】



Investment & Incubation – Investment fund “Septeni Alliance Fund”, consolidated from this fiscal year.

# Net sales and operating income by business segment

Unit; Million yen

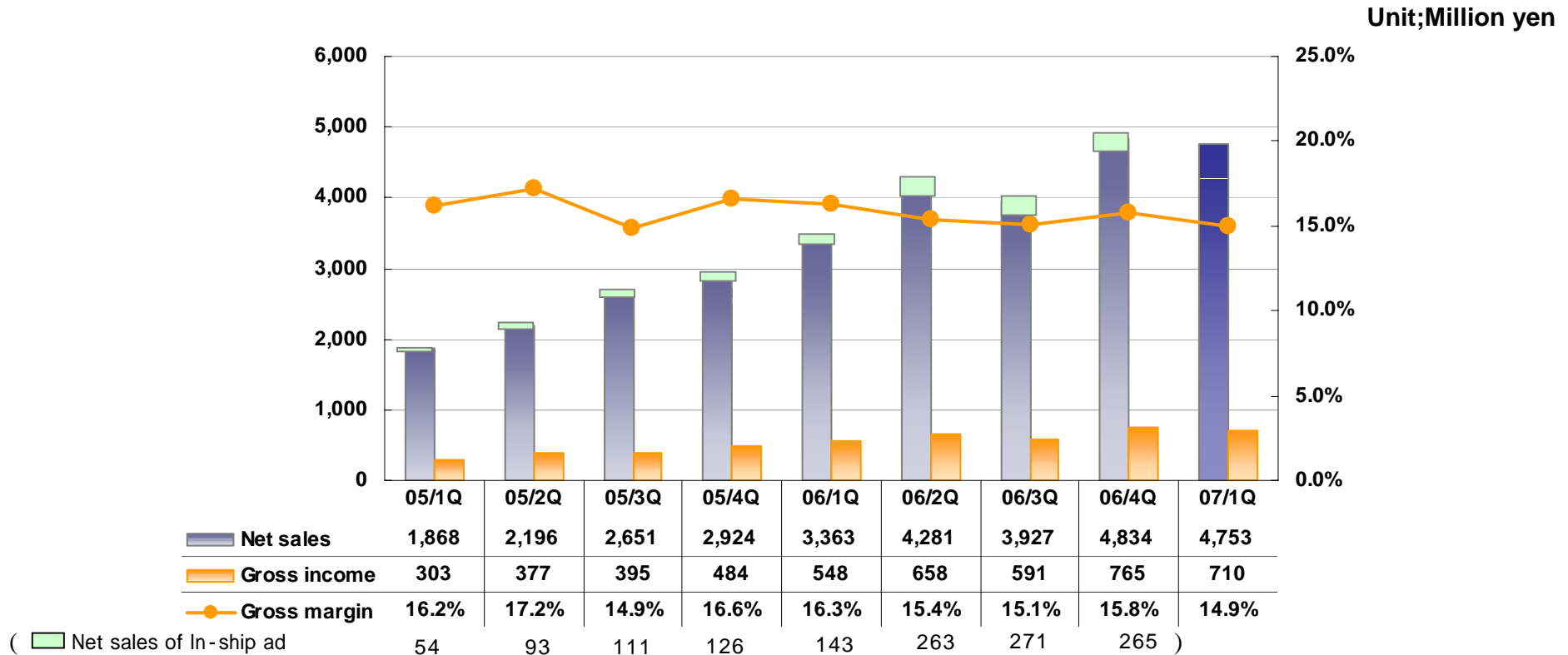
Segment	Net sales			Operating income		
	Q1 FY9/07	Q1 FY9/06	YoY	Q1 FY9/07	Q1 FY9/06	YoY
Network advertising business( )	4,753	3,363	+41.3%	26	120	-78.0%
Internet related business	553	393	+40.7%	50	35	+41.2%
Direct marketing business	740	825	-10.3%	91	76	+19.7%
Others	80	—	—	13	—	—
Internal elimination	62	42	—	73	52	—
Consolidated	6,064	4,539	+33.6%	108	179	-39.7%

About number of Q1 FY9/06 - Internet advertising business + In-ship business

Net sales of both of Network advertising business and internet related business grow highly by 40% YoY.

Operating income of Network advertising business decreased because of increase of SG&A.

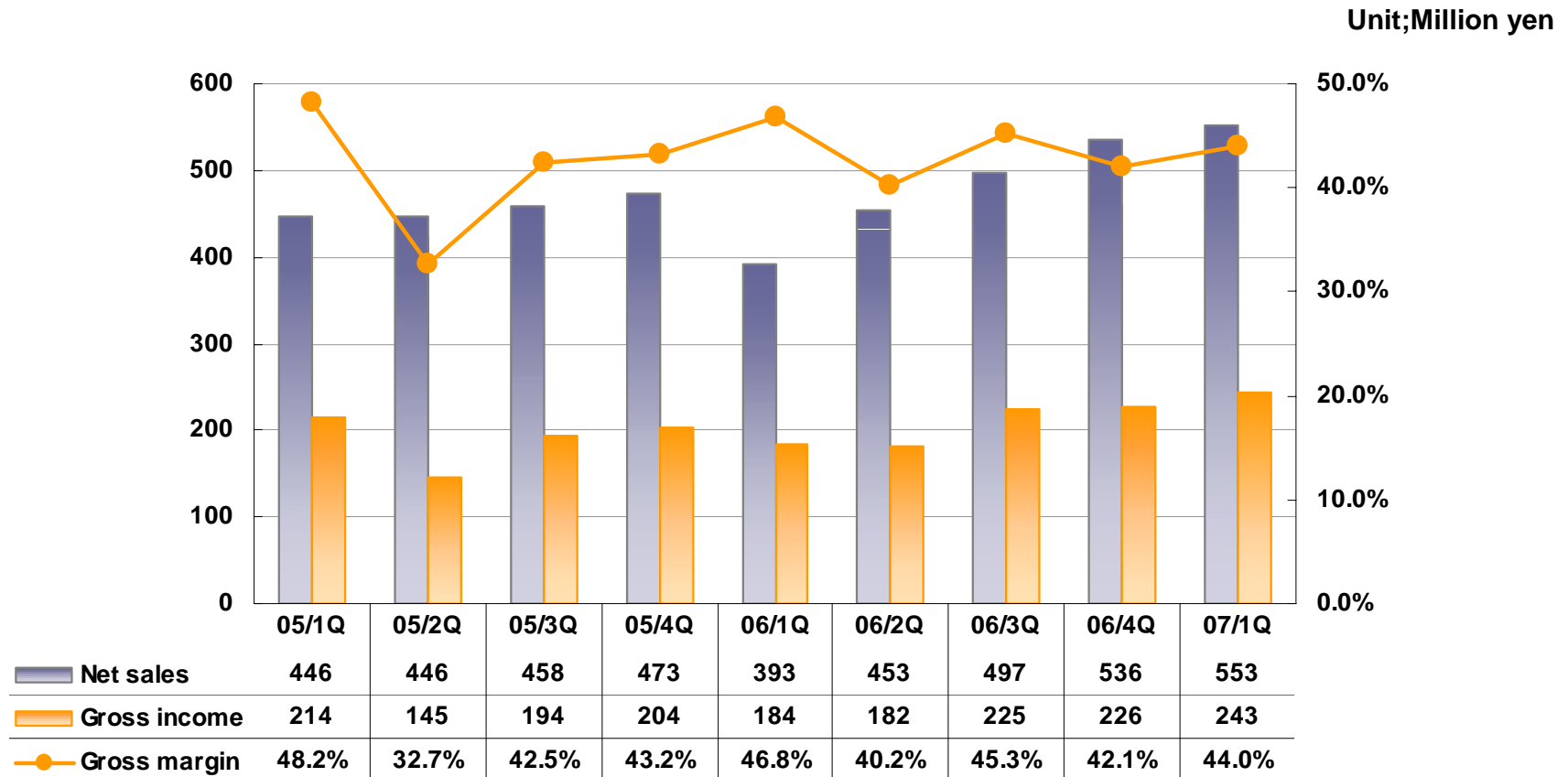
# Performance of Network advertising business by Quarter



「Internet advertising business」 + 「In-ship ad business」 by 4Q FY2006

Net sales achieved a high growth rate, +41.3% YoY, but it went flat compared to the last quarter. Gross margin decreased slightly.

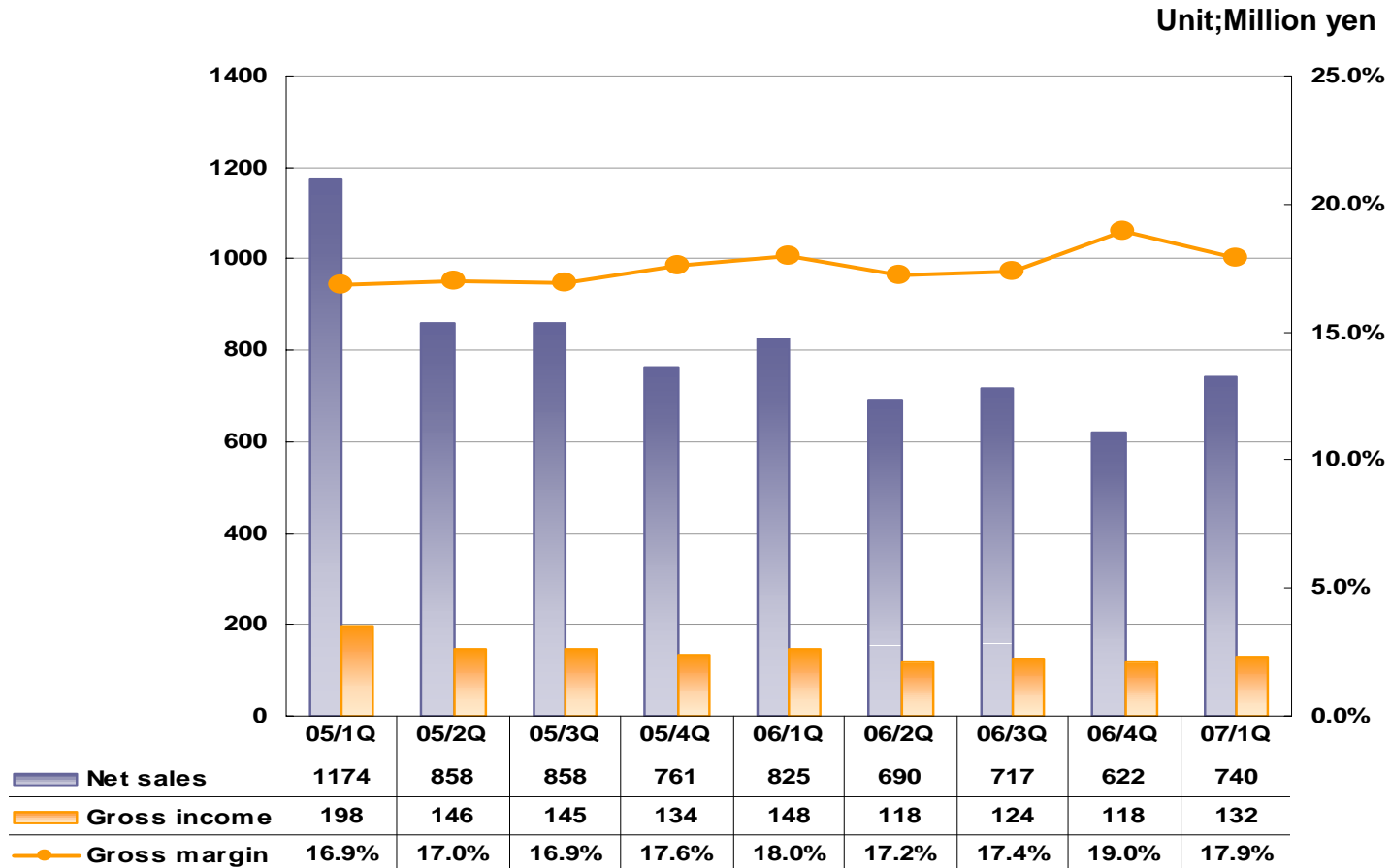
# Performance of Internet related business by Quarter



Net sales achieved a high growth rate, +40.7% YoY.

Net sales and Gross income went steady by quarterly.

# Performance of Direct marketing business by Quarter



Both of Net sales and Gross income went steady.



- Operation Results by Business Sector

## 1 ) Network advertising business

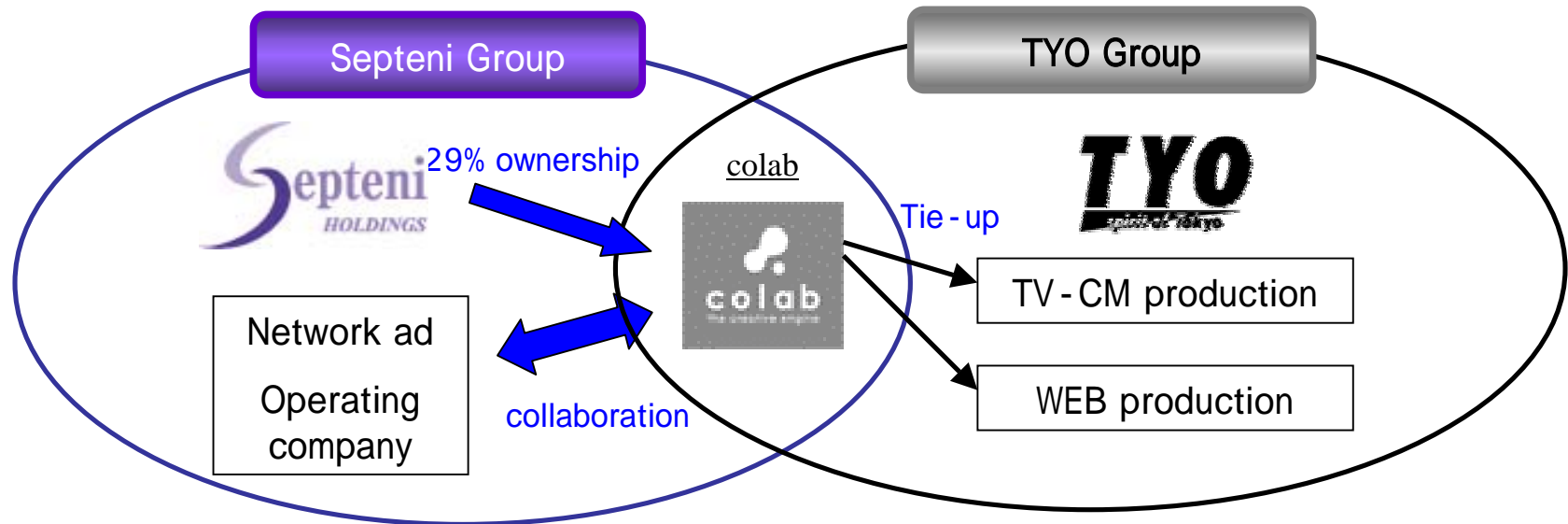
Equity and business alliance with TYO Group company

Establishment Septeni Broadcasting Co., Ltd, a subsidiary specialized in Internet moving ad

Decrease in transaction of affiliate ad, due to pulling back in placing ads in certain industry



## Equity and business alliance with TYO Group company



Utilize high production skill of TYO group for creating high quality WEB sites and moving ads.

Utilize sales and marketing resource for enhancing WEB producing business

## Sales composition ratio by service



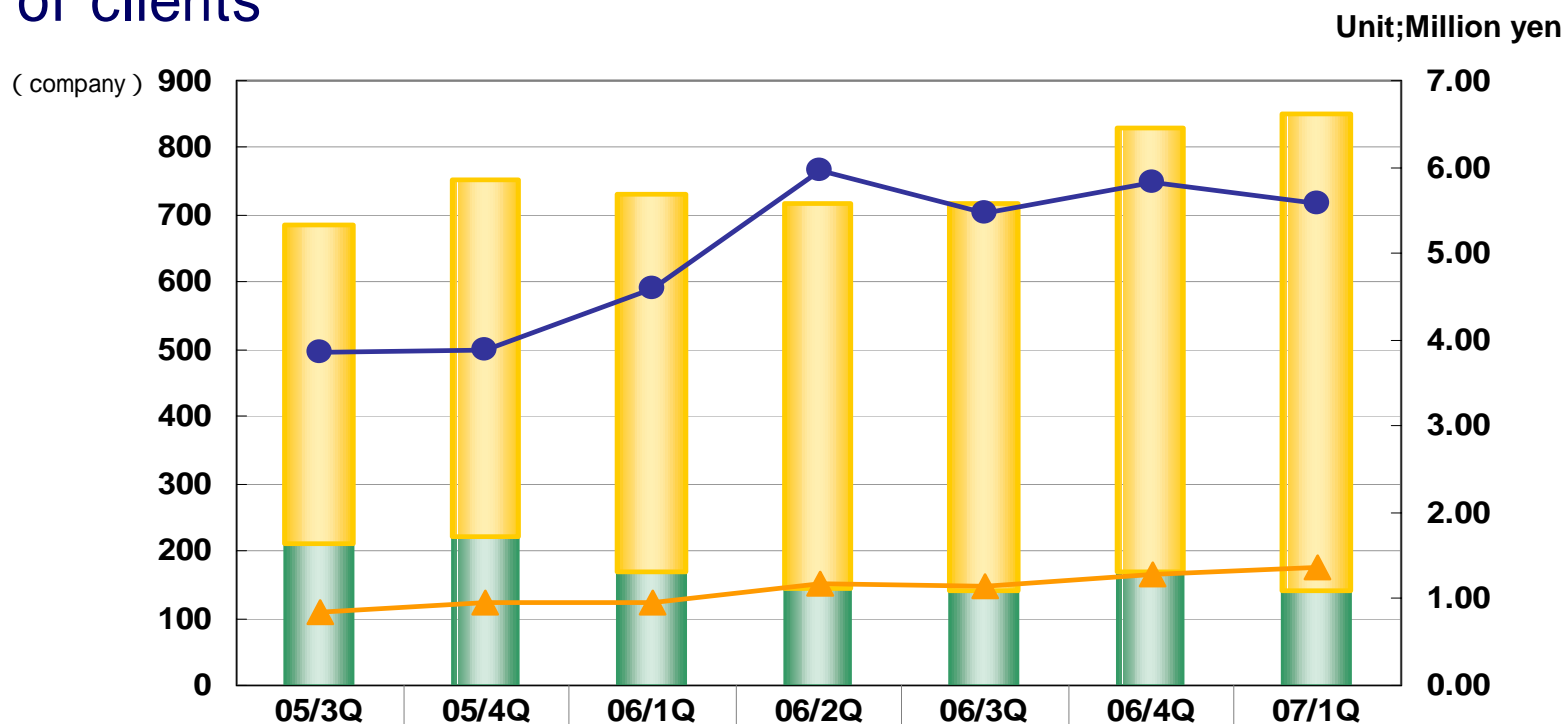
# Network advertising business

## Sales composition ratio by customer's industry

	<u>06/4Q</u>		<u>07/1Q</u>
Finance	32.3%	→	27.9%
Education ・ Human resource	13.0%	→	13.8%
Retail ・ Mail-order	5.6%	→	5.7%
Real estate	11.3%	→	12.2%
Food ・ Cosmetic	10.3%	→	11.0%
Automobile	2.4%	→	3.6%
Others (IT、 Travel etc.)	25.1%	→	25.7%

Ratio of Real estate industry continued to rise. Ratio of Finance industry decreased.

## Number of clients



Total No. of clients

No. of new clients

Average price per clients

No. of clients (over 5 million yen sales)

「Internet advertising business」 + 「In-ship ad business」 by 4Q FY2006

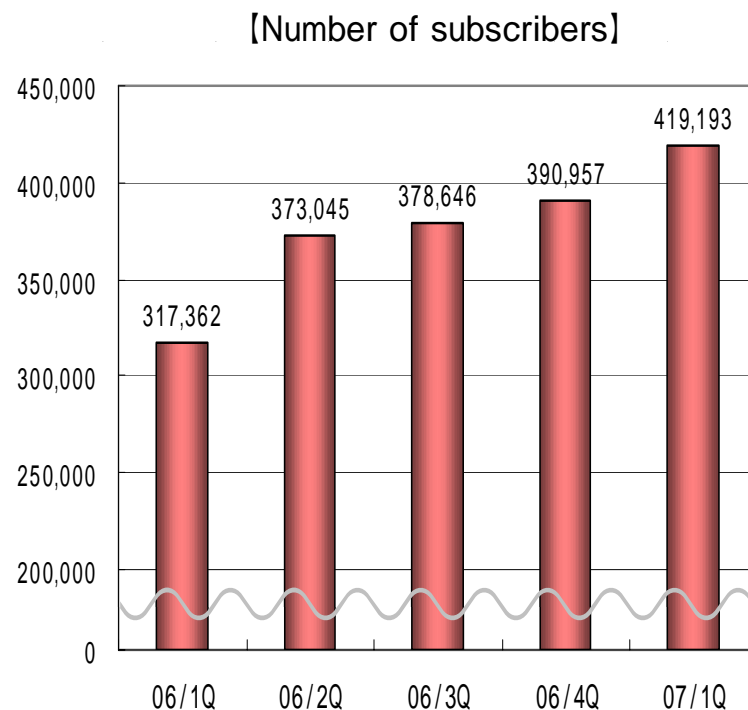
## 2 ) Internet related business

AXEL MARK : Net sales **+8.3%** compared to the last quarter

Subscribers **+7.2%** compared to the last quarter

Content delivery, a main service, was good.  
3G contents including 着うた<sup>®</sup>・着うたフル<sup>®</sup>、  
digital book etc.

Gross margin improved, as repeaters (monthly users) increased.





# . Business Forecast of This Term & Mid-term Plan

# Business forecast of FY September 2007

Unit; Million yen

Consolidated	Q1 Result FY 9/2007	Interim Forecast FY 9/2007	Full - term Forecast FY 9/2007
Net sales	<b>6,000</b>	<b>12,000</b>	<b>27,500</b>
Operating income	<b>100</b>	<b>450</b>	<b>1,100</b>
Ordinary income	<b>130</b>	<b>450</b>	<b>1,100</b>
Net income	<b>90</b>	<b>220</b>	<b>550</b>

## 【 Measures 】

Improvement of productivity

- Review profitability
- Increase gross profit per person

Shift of human resources

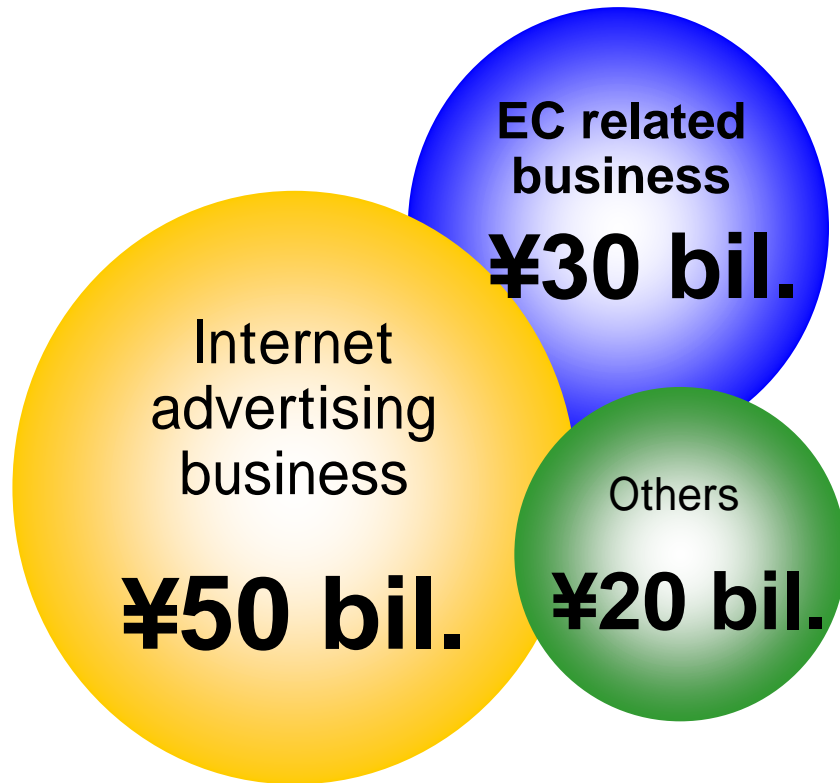
- Improve direct / indirect ratio
- Make personnel relocation in the Group



Improve investment efficiency



# Roadmap to Target of mid-term plan ( By FY September 2011 )



## Our Target Principle “1 · 10 · 100 · 1000 “

- Net sales per employee **¥100 million**
- Operating income ratio **10%**
- The development of merchants **100 people**
- Net sales (consolidated) **¥100 billion**

# Strong Great Company

- **Speed**
- **Stretch**
- **Partnership**
- **Fair&Open**
- **Originality**
- **Passion**
- **Free&Rule**

