

Septeni Holdings Co., Ltd.

**Business Results of
First half of fiscal year
ending September 2007**



May 17, 2007

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I . Overview

Summary Consolidated Income Statement



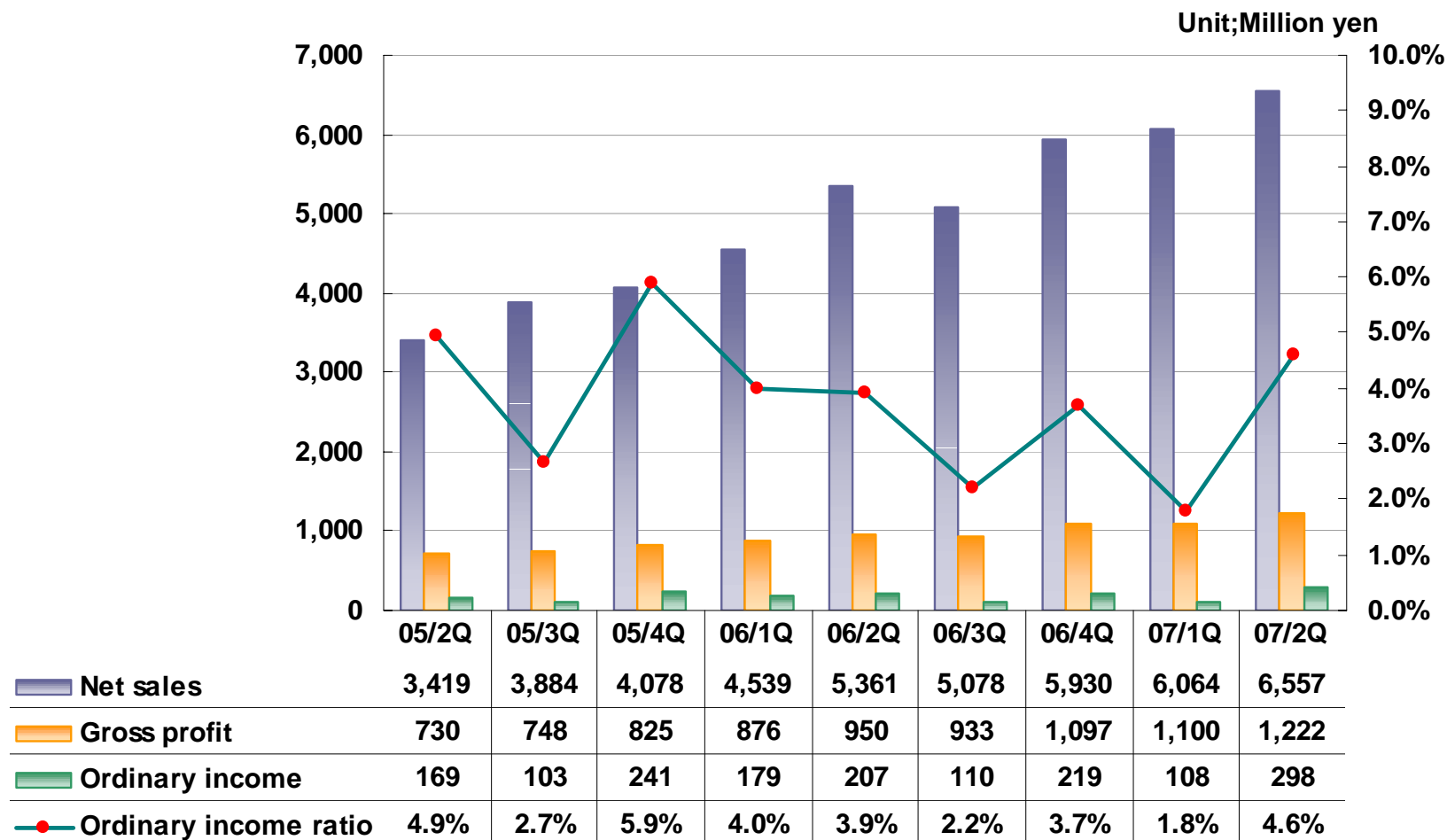
Unit: Million yen

Indicators	FY07 first Half				FY06 first Half		FY07 first Half Plan	
	Amount	Share	YoY change	Change vs.plan	Amount	Share	Amount	Share
Net sales	12,622	100.0%	+ 27.5%	+5.2%	9,900	100.0%	12,000	100.0%
Gross income	2,323	18.4%	+ 27.1%	-	1,827	18.5%	-	-
SG&A	1,916	15.2%	+ 33.1%	-	1,439	14.5%	-	-
Operating income	407	3.2%	+ 5.0%	-9.5%	387	3.9%	450	3.8%
Ordinary income	465	3.7%	+ 6.5%	+3.4%	437	4.4%	450	3.8%
Net income	253	2.0%	- 8.0%	+12.5%	275	2.8%	225	1.9%

【Highlights】 Strong 2Q offset weakness in 1Q, raising sales, ordinary income and net income to above the company's forecasts.

New records for three-month and six-month sales, operating income and ordinary income.

Consolidated Quarterly Performance



2Q operating income was about 170% higher than in the 1Q and increased 43.8% year on year. The operating margin rose to 4.6%.

【 Major themes 】

Improve productivity

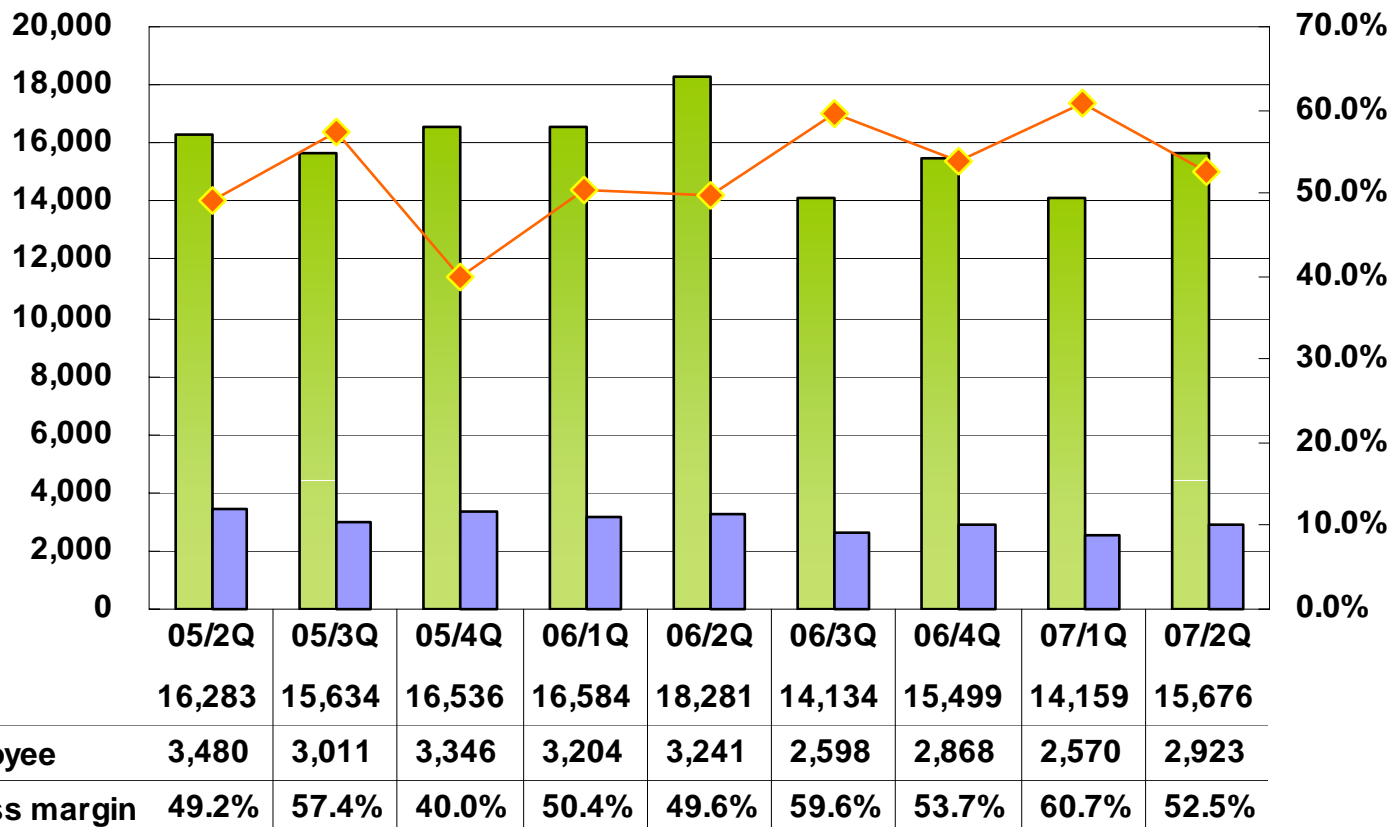
- Reviewed profitability . . . Higher gross margin
18.2% in 1Q to 18.6% in 2Q
- Higher gross profit per employee
. . . ¥257 million in 1Q to ¥292 million in 2Q

Reallocate workforce

- Improved pct. of front-line workers . . . Pct. of sales personnel in
network advertising workforce
33.9% in 1Q to 36.2% in 2Q
- Reassignment of employees to other group companies
. . . 10 individuals during 2Q

Productivity Index

Thousand yen



Consolidated Balance Sheet



Unit; Million yen

	FY07 First Half	End of FY06	YoY change	Remarks
Assets				
Current assets	6,924	6,155	+768	Account receivable+456 Investment securities+264
Fixed assets	2,116	2,301	- 184	Investment securities - 255
Total assets	9,040	8,456	+584	
Liabilities				
Current liabilities	4,582	3,894	+687	Account payable+510
Long - term liabilities	42	166	- 123	
Total liabilities	4,625	4,061	+564	
Net assets				
Total net assets	4,415	4,395	+19	Retained earnings+166 Minority equity - 91
Total liabilities and net assets	9,040	8,456	+584	

Consolidated Cash Flow Statement



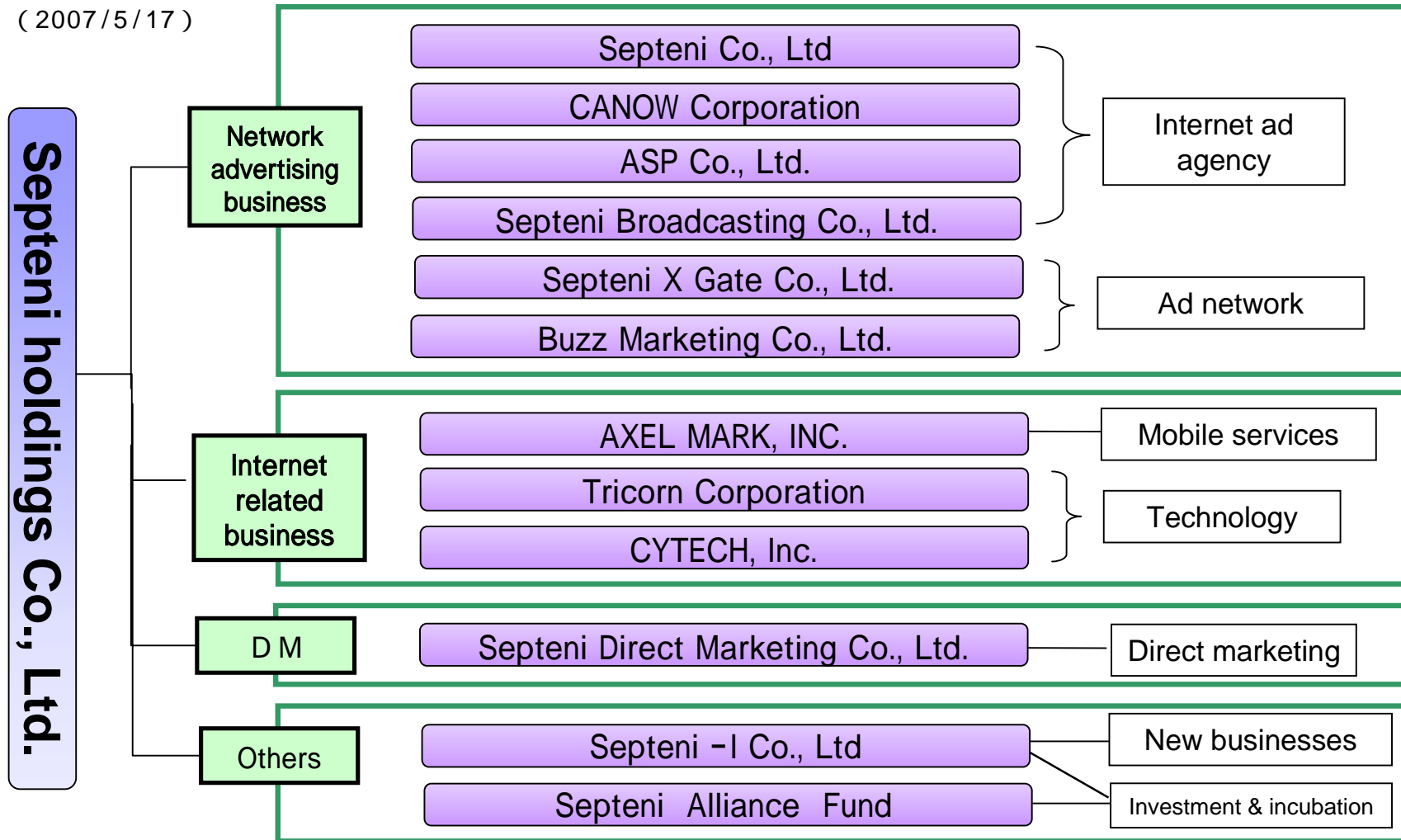
Unit; Million yen

	FY 07 First Half	FY06 First Half	Remarks
Cash flows from operating activities	237	459	Net income before income taxes+465 Income tax payments 234
Cash flows from investing activities	276	323	Purchase of investment securities 141 Purchase of stock in subsidiaries 118
Cash flows from financing activities	64	78	Dividends paid 87
Net change in cash and cash equivalents	102	214	
Cash and cash equivalents at the end of year	2,783	2,888	



Segment Information

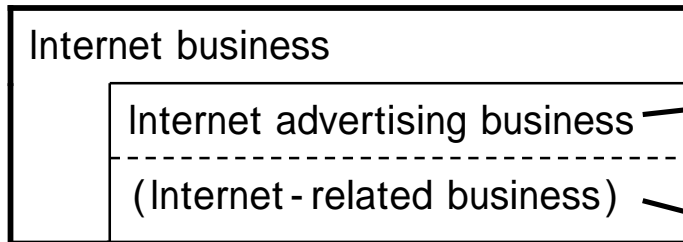
(2007/5/17)



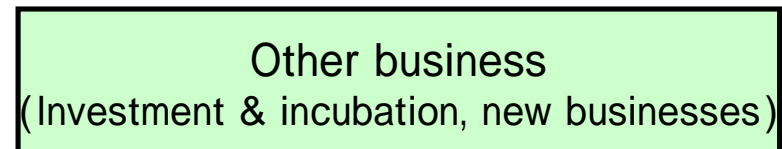
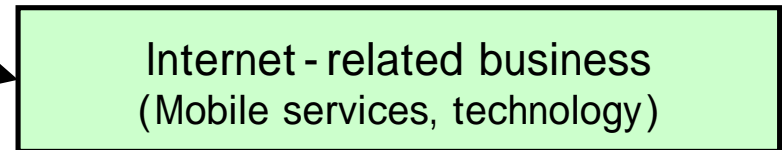
Affiliates accounted for under the equity method: Prime X Co., Ltd., Open Smile, Inc., colab inc.

Change of Business Segment

【 Old segment 】



【 New segment 】



Business Segment Sales and Operating Income

Unit; Million yen

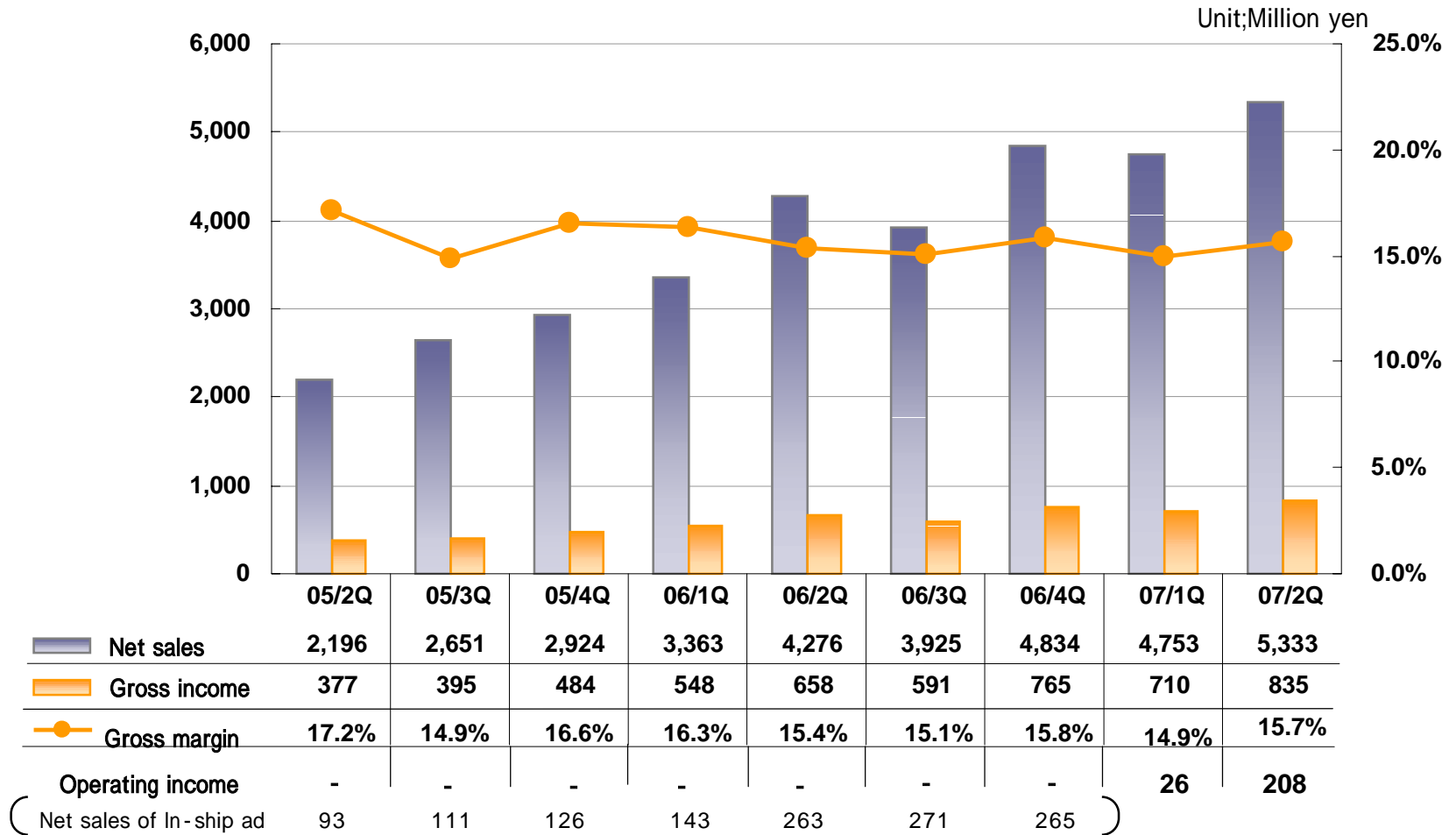
Segment	Net Sales			Operating Income		
	FY07 First Half	FY06 First Half	YoY change	FY07 First Half	FY06 First Half	YoY change
Internet Advertising ()	10,086	7,639	+32.0%	234	311	-24.6%
Internet Businesses	1,166	847	+37.7%	139	58	+139.0%
Direct Marketing	1,405	1,515	- 7.3%	165	133	+23.9%
Others	86	—	—	7	—	—
Eliminations and corporate	122	101	—	139	115	—
Consolidated	12,622	9,900	+27.5%	407	387	+5.0%

Sum of Internet Advertising Business and In-Shipments Advertising Business in first half of FY06.

Internet advertising sales continue to grow. Improvement in gross margin and control of SG&A expenses produced a sharp increase in 2Q operating income (¥26 mil. in 1Q to ¥208 mil. in 2Q).

Big increase in Internet Businesses operating income due to strong performance by Axel Mark.

Performance of Network advertising business by Quarter

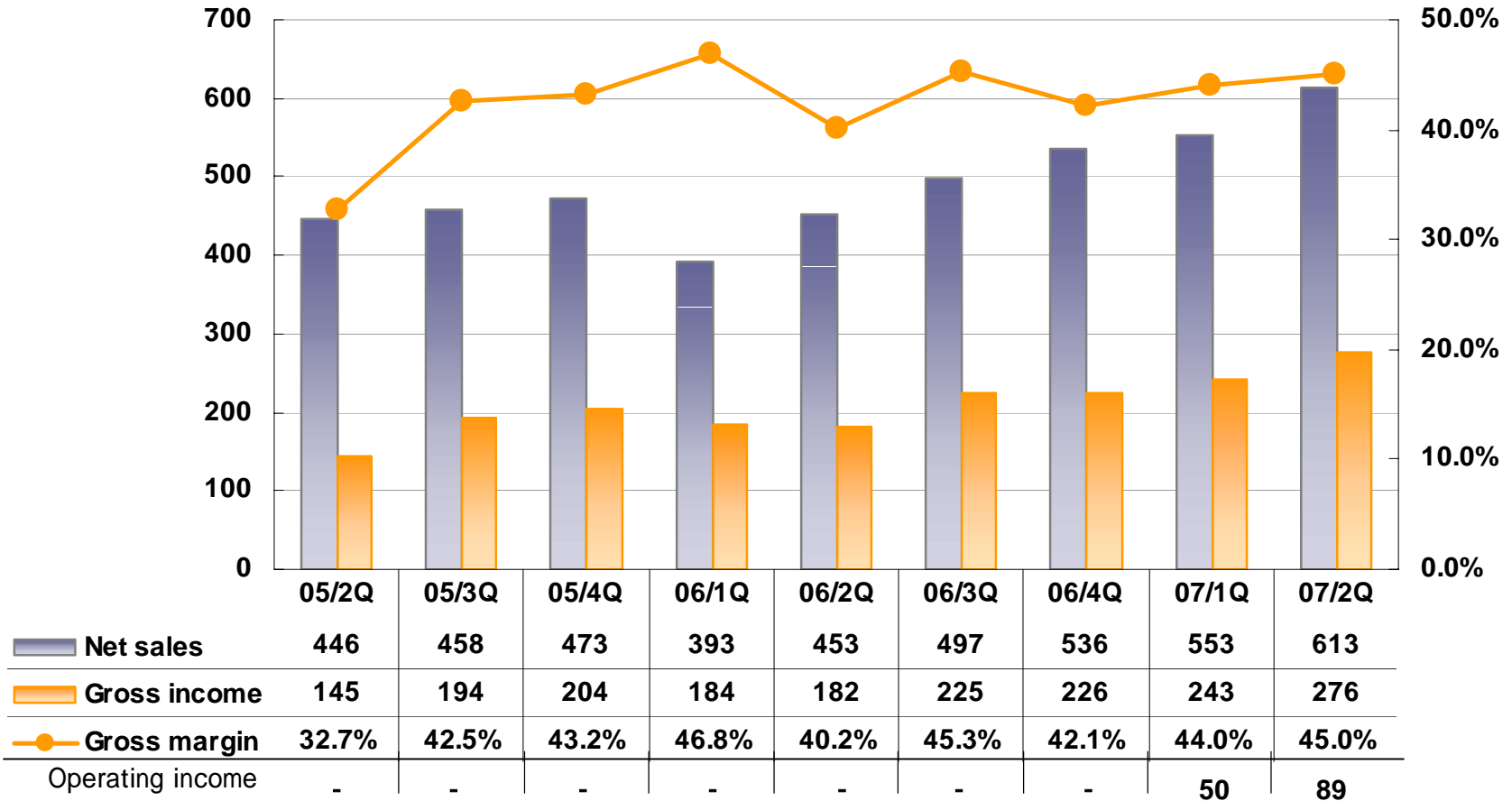


Sum of Internet Advertising Business and In-Shipments Advertising Business through FY06/4Q

Sales increasing steadily. 2Q sales 12.2% higher than in 1Q. Gross margin improved 0.8 pct. point.

Performance of Internet related business by Quarter

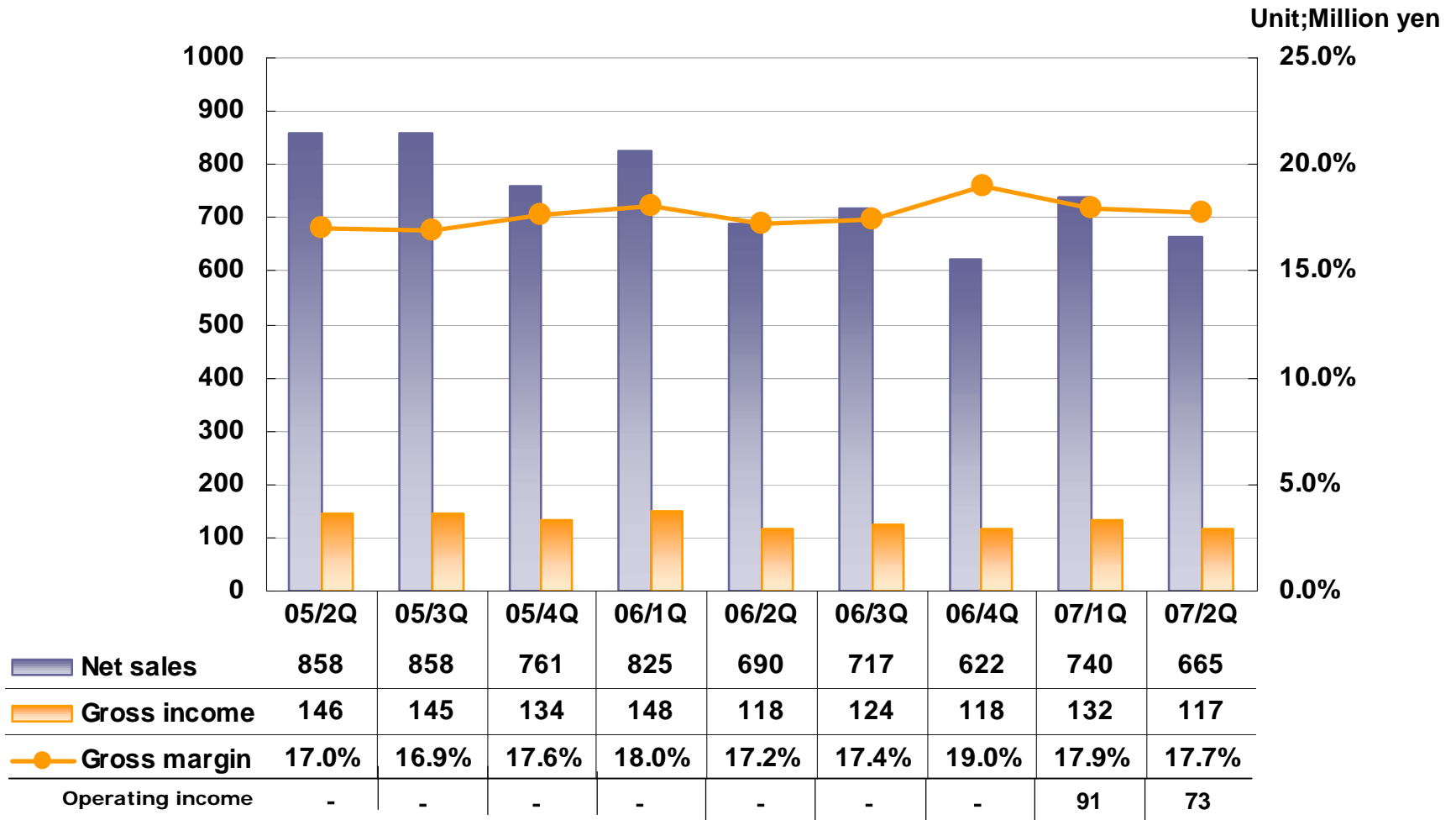
Unit; Million yen



Axel Mark is performing very well.

Strong sales growth: 2Q sales 10.7% higher than in 1Q. Gross profit is also increasing.

Performance of Direct marketing business by Quarter



Both net sales and gross income went steady



. Operation Results by Business Sector and Full Year Business Forecasts

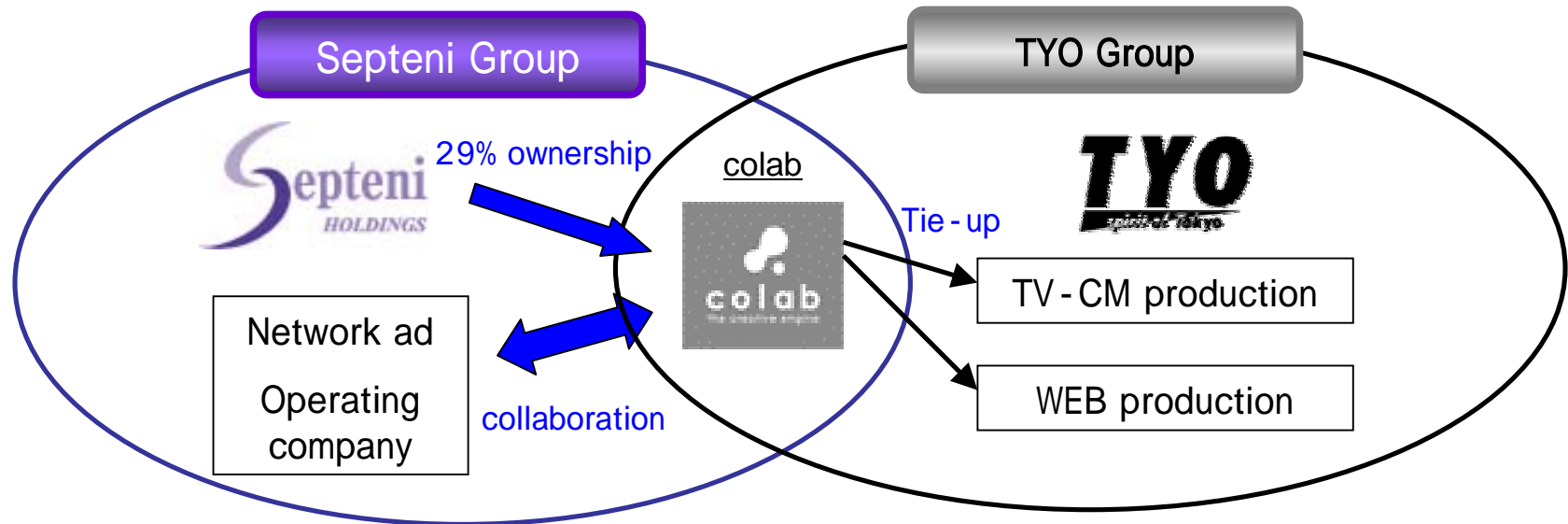
1) Internet Advertising Business

Moving quickly to target new growth opportunities (streaming video, consumer - generated media, etc.)

- Equity investment in TYO Group company and collaboration
- Established Septeni Broadcasting as a specialist in Internet streaming video advertisements
- Established Buzz Marketing to handle word - of - mouth marketing

Financial services companies continue to cut down on advertising, but growth in other industries is offsetting this weakness. There was also monetary growth in the handling of affiliates.

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

Network advertising business

Established specialist word-of-mouth marketing company (joint venture)



Expertise in Internet advertising sales

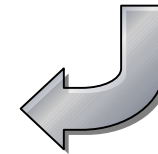
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allied architects

アライドアーキテクト株式会社

Expertise in blog aggregation technology



50.3% investment

(consolidated subsidiary)



Buzz Marketing Co., Ltd.

49%

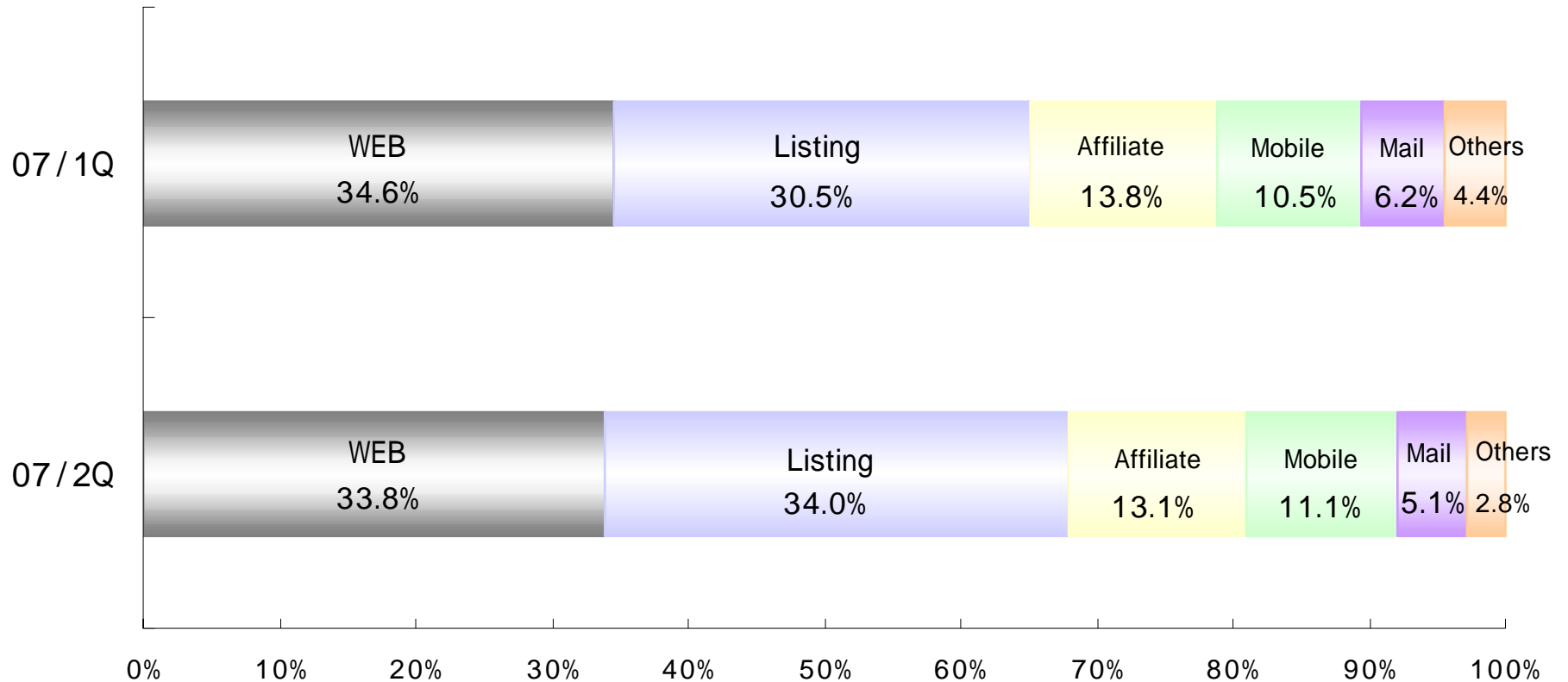
investment

(Established April 23, 2007)

Assists in marketing and promotional activities that use word-of-mouth on the Internet
Facilitates the formation of blogger networks to create new types of relationships between consumers and companies
Aims to become a blogger personnel introduction company

• Goal is to establish a leading position in the word-of-mouth marketing sector, which has significant growth potential, thus enabling the Internet Advertising Business to offer clients even better proposals.

Sales composition ratio by service



Network advertising business

Sales composition ratio by customer's industry

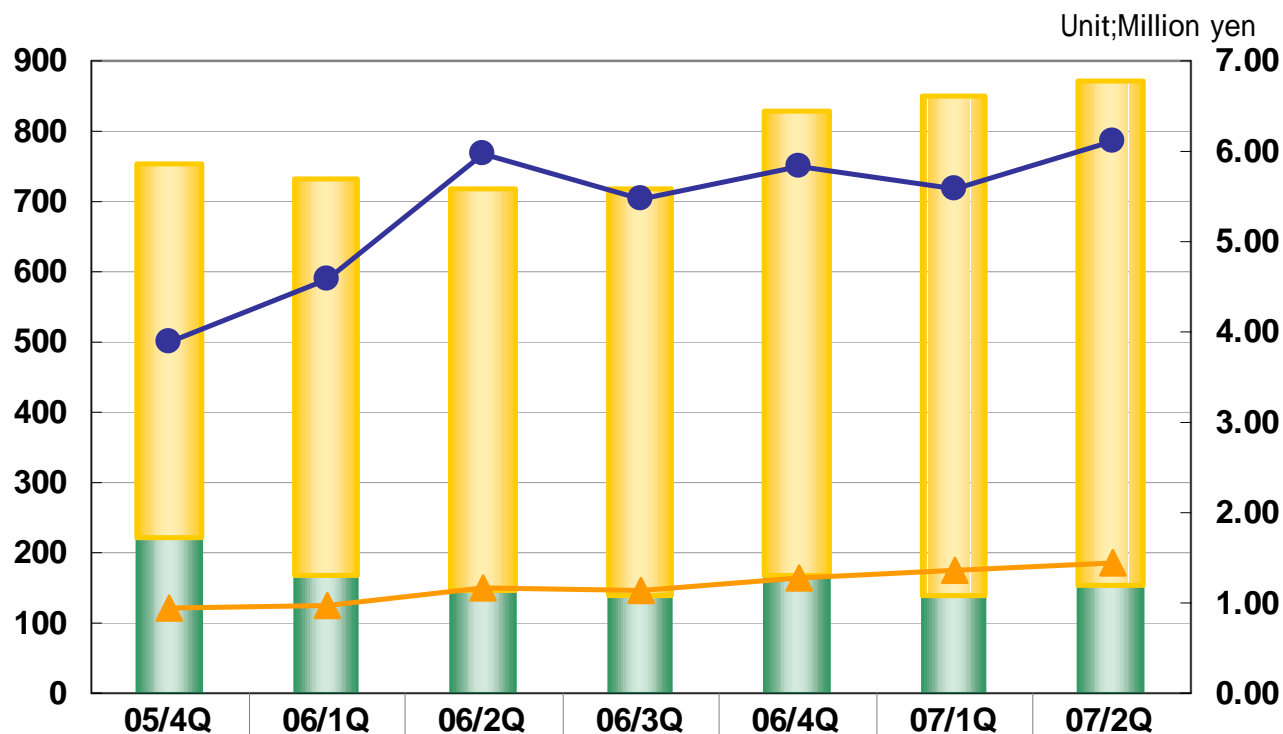
	<u>07/1Q</u>		<u>07/2Q</u>
Finance	27.9%	➔	19.1%
Education ・ Human resource	13.8%	➔	15.2%
Retail ・ Mail- order	5.7%	➔	6.8%
Real estate	12.2%	➔	16.1%
Food ・ Cosmetic	11.0%	➔	16.2%
Automobile	3.6%	➔	3.8%
Others (IT、Travel etc.)	25.7%	➔	22.8%

Ratio of finance industry continued to decrease. Ratio of real estate, food and cosmetics industry rose.

Network advertising business

Number of clients

(company)



Total No. of clients	753	732	718	717	829	851	872
No. of new clients	221	169	145	140	169	141	153
Average price per clients	3.88	4.59	5.96	5.48	5.83	5.59	6.12
No. of clients (over 5 million yen sales)	122	124	150	146	166	176	186

Sum of Internet Advertising Business and In-Shipment Advertising Business through FY06/4Q

2) Internet related business

AXEL MARK : 2Q sales were 10.8% higher than in 1Q

2.4% decrease in content customers billed in 2Q

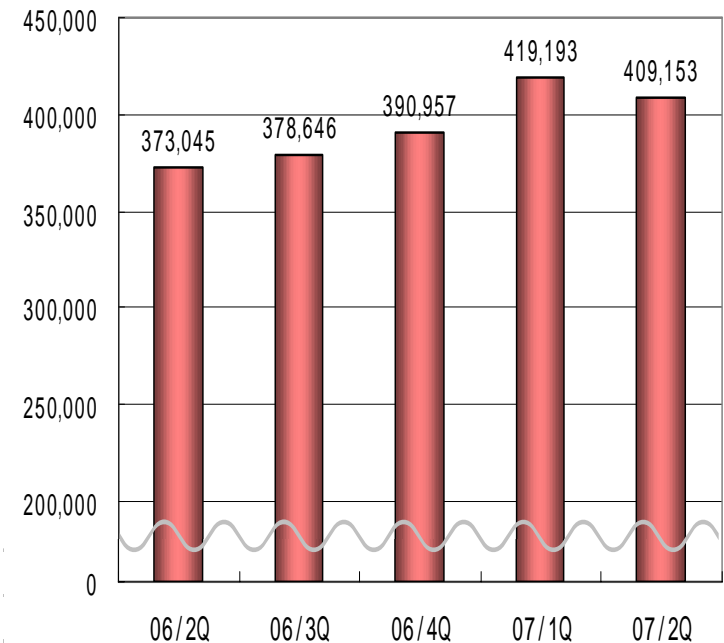
Closed 4 sites of 2G content, having 10,000 members, because of focusing to 3G content.

Changed the fee system from pay-as-you-go system to monthly charging system.

Launched distributing a charged long moving content by seeing a stage of 4G mobile-phone.



[Number of subscribers]



Business Forecast of FY September 2007

Unit; Million yen

Consolidated	Interim Forecast FY 9/2007	Interim Result FY 9/2007	Interim achievement ratio	Full - term Forecast FY 9/2007	Progress
Net sales	12,000	12,600	105%	27,500	46%
Operating income	450	400	91%	1,100	37%
Ordinary income	450	460	103%	1,100	42%
Net income	220	250	113%	550	46%

【 Making new recruits productive faster 】

Improvements in fiscal 2007

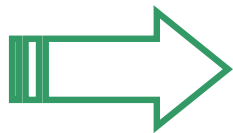
Switched from customer - specific to product - specific sales organization

- Makes sales personnel specialists in their fields

Lower “beginner ratio”

- New recruits vs. existing employees (as of April)

FY06: 214 existing vs. 56 new FY07: 325 existing vs. 59 new



Shorter time needed for training
Speeds creation of an
efficient organization

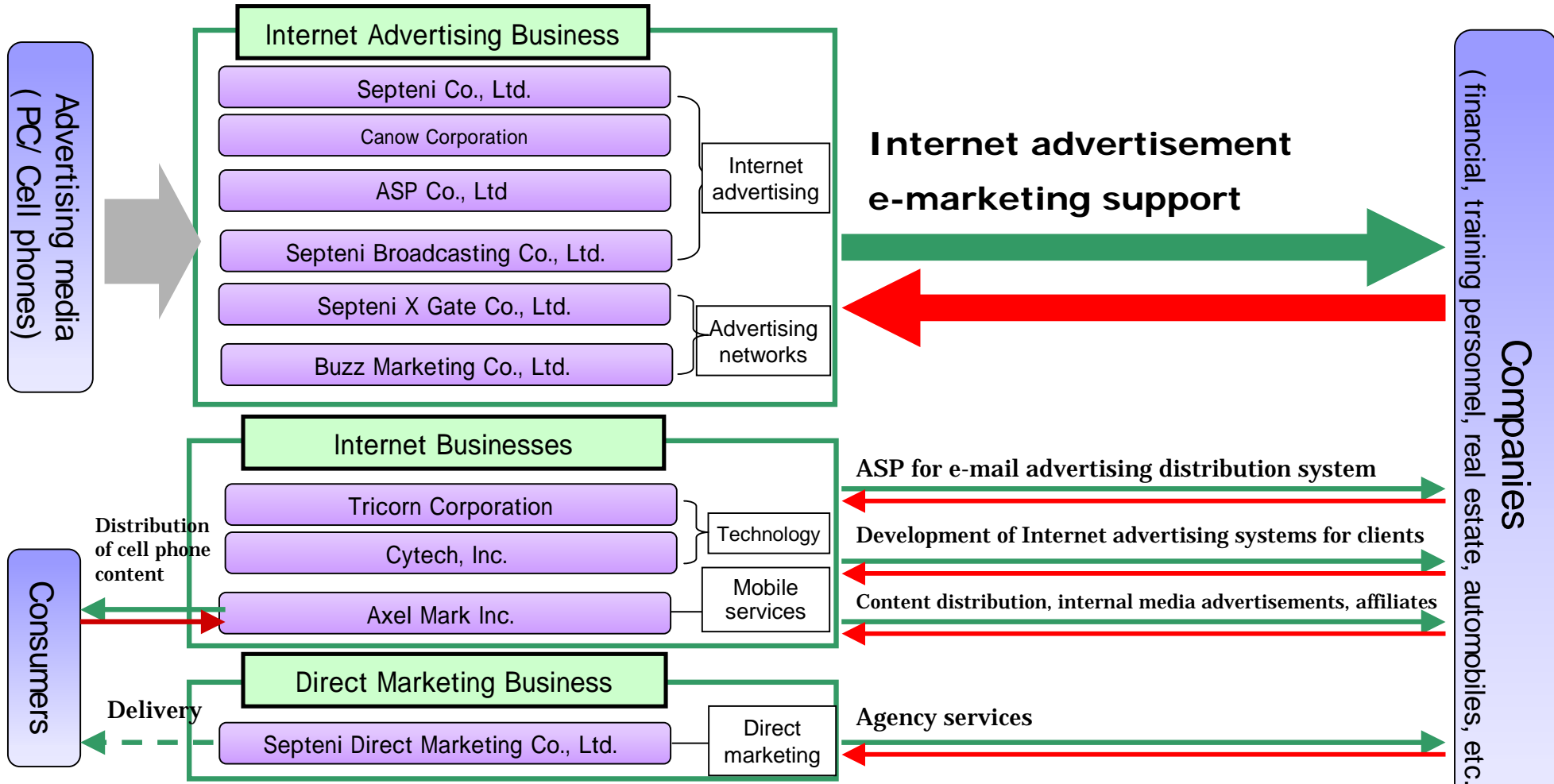


. Mid-term Business Strategy

The Septeni Group Business Model



• • • Multi-faceted support for sales promotional activities

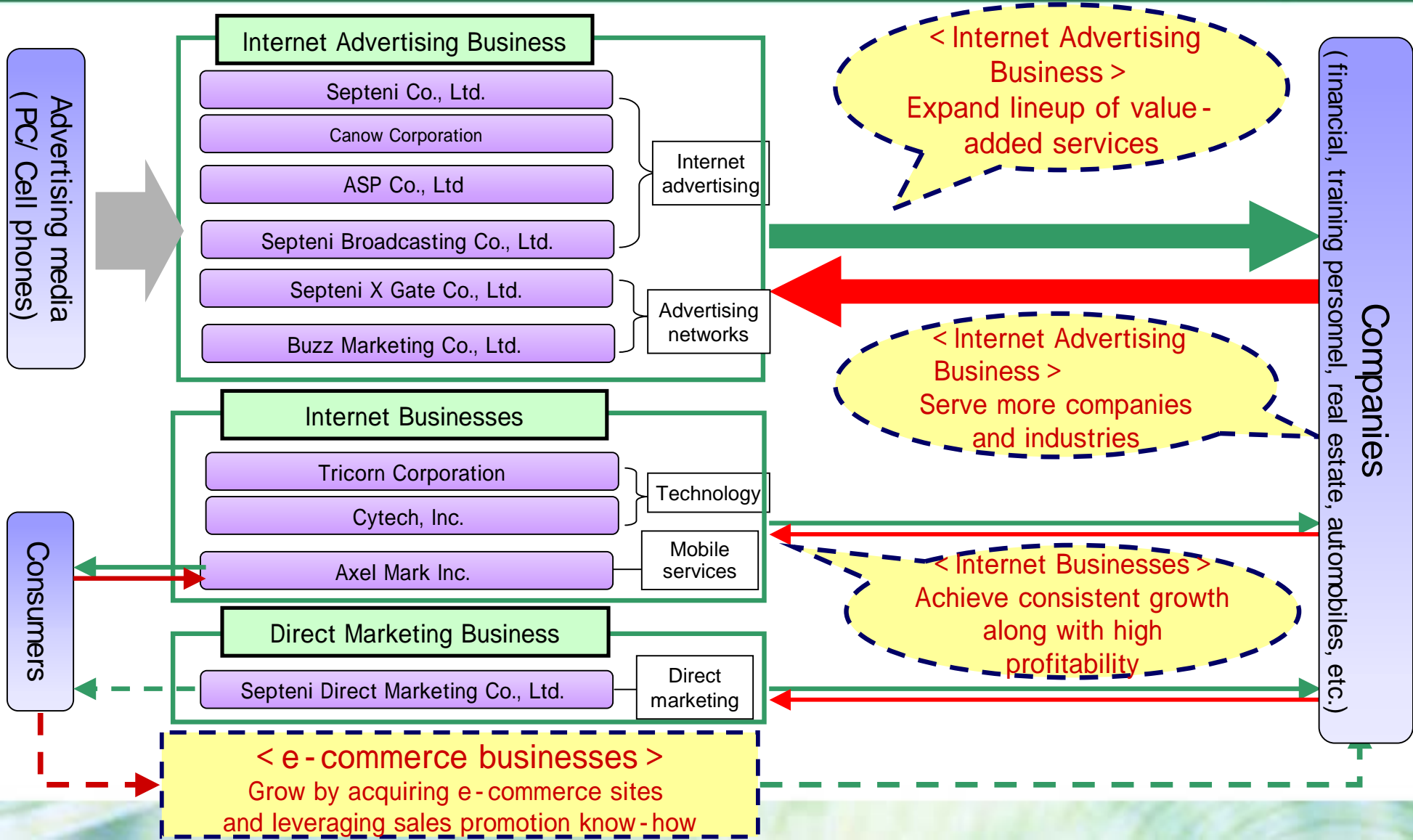


Prime X Co., Ltd. (joint venture with Nomura Real Estate) • • • Real estate Internet marketing
 Open Smile Inc. • • • Internet media
 colab inc. • • • Production of Web and streaming video

→ Services
 → Revenue

Group Strategy Point

• • Aiming to No.1 company of internet Marketing



Growth Strategy Highlights

■ Increase earnings in Internet Advertising Business

- ✓ Expand lineup of highly profitable products and services

Reinforce search engine marketing (SEM), streaming video ad production and other activities

- ✓ Upgrade specialist skills in specific categories

- Reinforce technological superiority (produce engines internally)
- Switch from customer - specific to product - specific organization

- ✓ Strengthen sales capabilities (people)

Makes sales people productive faster by shortening training period

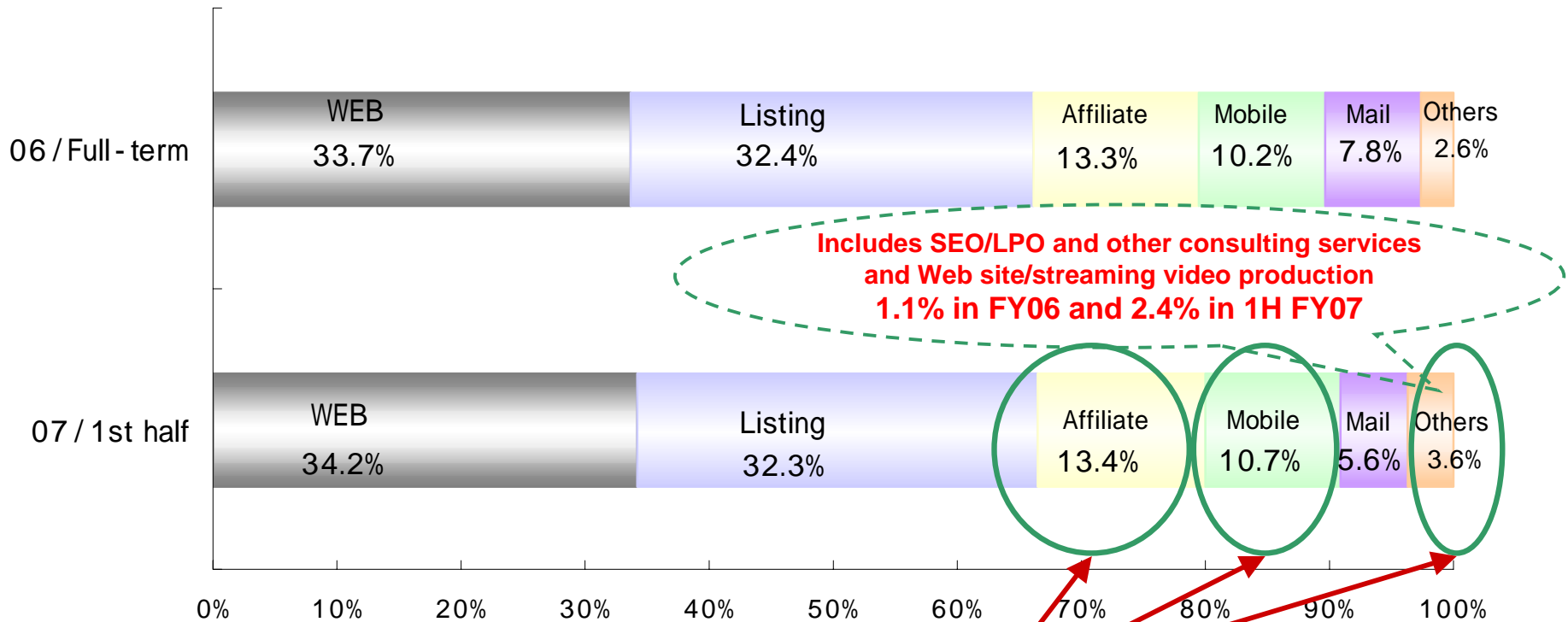
■ Internet Advertising Business sales growth

- ✓ Use a broader service lineup to capture a greater share of business of each client
- ✓ Enlarge sales channels through alliances with large corporate groups

■ Growth of highly profitable Internet businesses

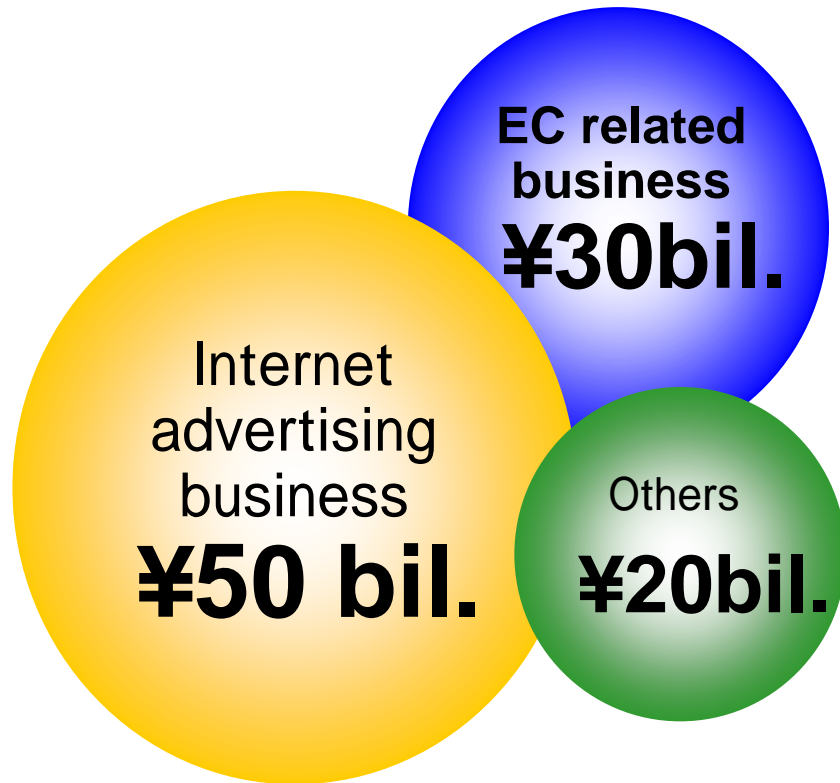
■ Start businesses in the e-commerce field

< Internet Advertising Business > More Value-added Products and Services



Value - added products and services = Septeni targets for growth

Roadmap to Target Mid-term Plan (By FY September 2007)



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**



A dynamic company whose staff of creative thinkers consistently wins the clients' respect, bringing organic growth and profit to each side



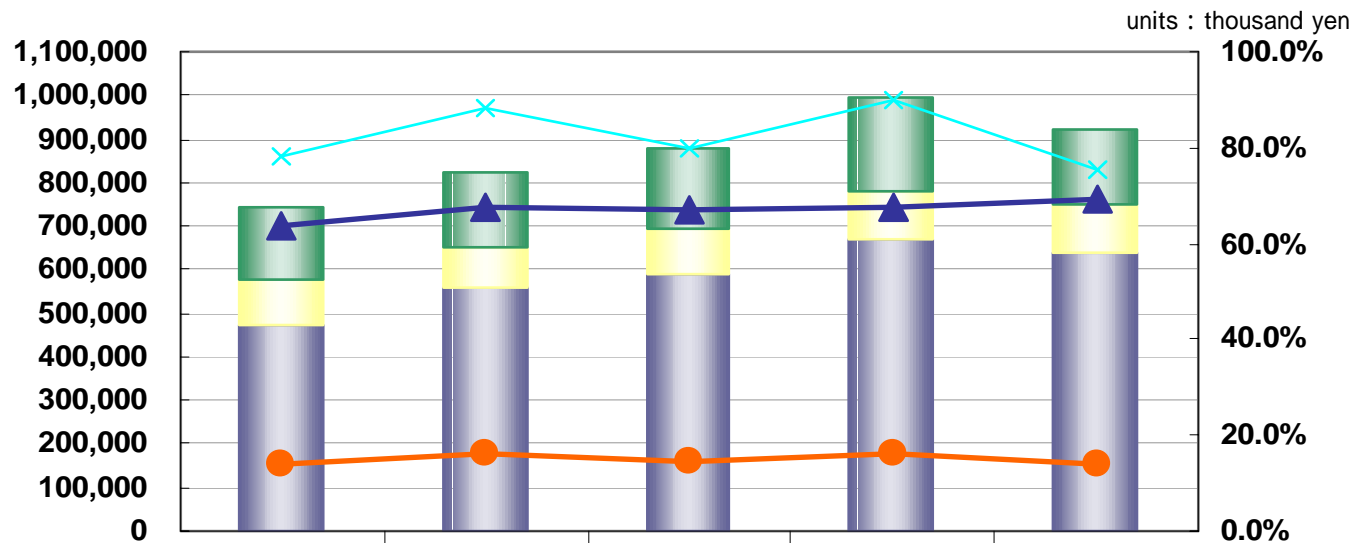
. Support Documentation

As of March 31, 2007

Company name	Septeni holdings Co., Ltd.
Representative	Representative director & CEO Mamoru Nanamura
Head office	6-8-1 Nishi-shinjuku, Shinjuku, Tokyo
Stock code	4293 (JASDAQ, J-Stock)
Business activity	Comprehensive support for web-based and conventional marketing programs
Establishment	October 29, 1990
Capital	1,466 million yen
Outstanding shares	126,562.8 shares
Number of employees (consolidated)	315 (Full-time), 411 (Part-time)

Company name		Business line
Septeni holdings Co., Ltd.		Holding company
Septeni Co., Ltd.	Consolidated subsidiary 100.0%	Internet Ad agency
CANOW Corporation	Consolidated subsidiary 100.0%	Internet marketing for financial companies
ASP Co., Ltd.	Consolidated subsidiary 60.0%	e - Marketing Solution
Septeni Broadcasting Co., Ltd.	Consolidated subsidiary 100.0%	Internet moving ad
Septeni X Gate co., Ltd.	Consolidated subsidiary 95.0%	Ad network
Buzz Marketing Co., Ltd.	Consolidated subsidiary 50.3%	Buzz marketing
AXEL MARK, INC.	Consolidated subsidiary 71.3%	Media contents
Tricorn corporation	Consolidated subsidiary 100.0%	Mail marketing
CYTECH, Inc.	Consolidated subsidiary 63.6%	System Integration
Septeni Direct Marketing Co., Ltd.	Consolidated subsidiary 100.0%	Direct marketing
Septeni -I Co., Ltd.	Consolidated subsidiary 100.0%	Incubation, Development of new business
Septeni Alliance Fund	Consolidated subsidiary 100.0% (Indirect investment)	Incubation
Prime X co., Ltd.	Equity method affiliate 40.0%	Internet marketing for real estate companies
(Open Smile, Inc.	Equity method affiliate 33.3%	Internet media
colab inc.	Equity method affiliate 29.0%	WEB creator

Consolidated SG&A

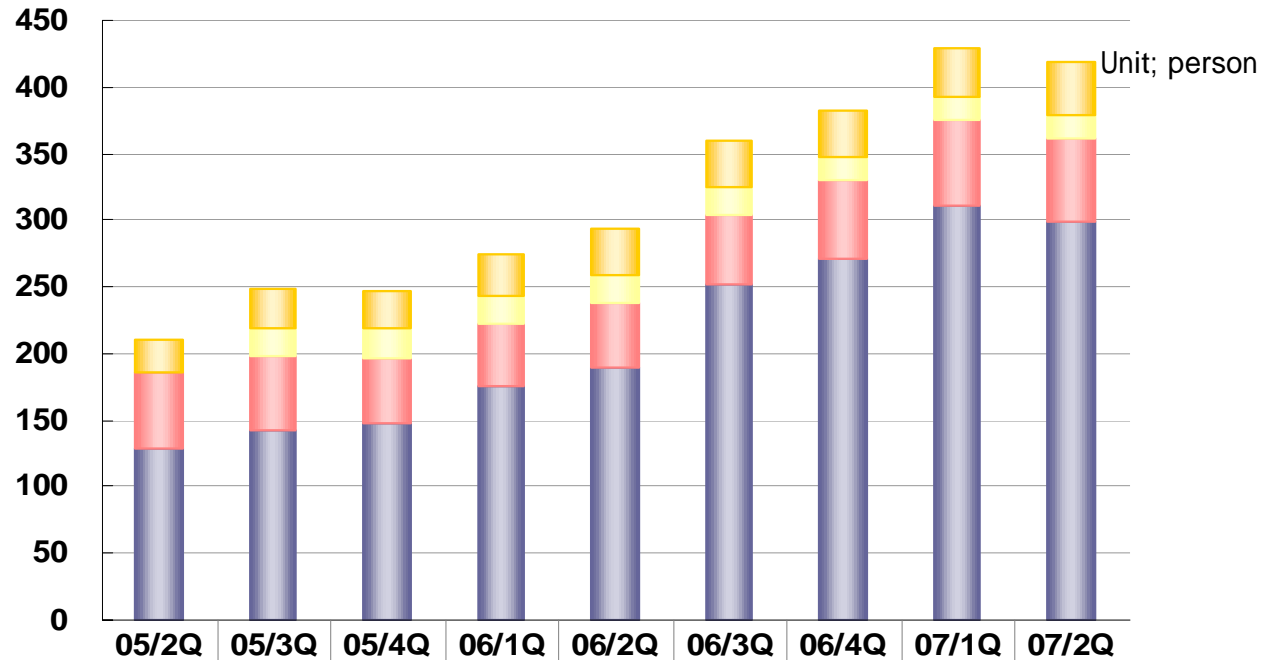


Others	165,808	168,891	180,758	210,357	173,844
Office expense	105,847	98,150	107,434	113,949	108,866
Labor cost	471,288	556,270	589,296	668,179	641,430
SG&A ratio to Gros margin	78.1%	88.2%	80.0%	90.2%	75.6%
Labor cost ratio to SG&A	63.4%	67.6%	67.2%	67.3%	69.4%
SG&A ratio to Net sales	13.9%	16.2%	14.8%	16.4%	14.1%

Total SG&A

742,943 823,311 877,488 992,486 924,141

Septeni Group Number of employees



	05/2Q	05/3Q	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q	07/1Q	07/2Q
Stass others	24.0	29.8	28.0	31.0	35.0	34.3	34.3	35.7	39.7
DM business	0.0	20.7	22.0	20.0	20.7	20.3	18.0	17.0	17.7
Internet related business	57.0	54.7	48.7	46.7	48.0	53.0	60.0	65.0	62.3
Network advertising business	129.0	143.3	148.0	176.0	189.6	251.7	270.3	310.7	298.7
(account executives)	(76.3)	(79.3)	(72.3)	(80.7)	(75.0)	(92.0)	(93.0)	(105.7)	(108.0)
TOTAL	210.0	248.4	246.7	273.7	293.3	359.3	382.7	428.3	418.3