

Septeni Holdings Co., Ltd.

**Results of Operations
Year ended September 30, 2007**



November 12, 2007

I. Summary	P3~P10
II. Business Segments	P11~P17
III. Fiscal 2007 Strategic Review	P18~P21
IV. Fiscal 2008 Strategic Goals	P22~P26
V. The Rule of 1, 10, 100, 1000	P27~P31

Forecasts, plans and other forward-looking statements contained in this presentation represent the judgments of Septeni as of November 12, 2007. Septeni does not guarantee the accuracy of this information. Actual performance may differ significantly from these forecasts for many reasons.



I . Summary

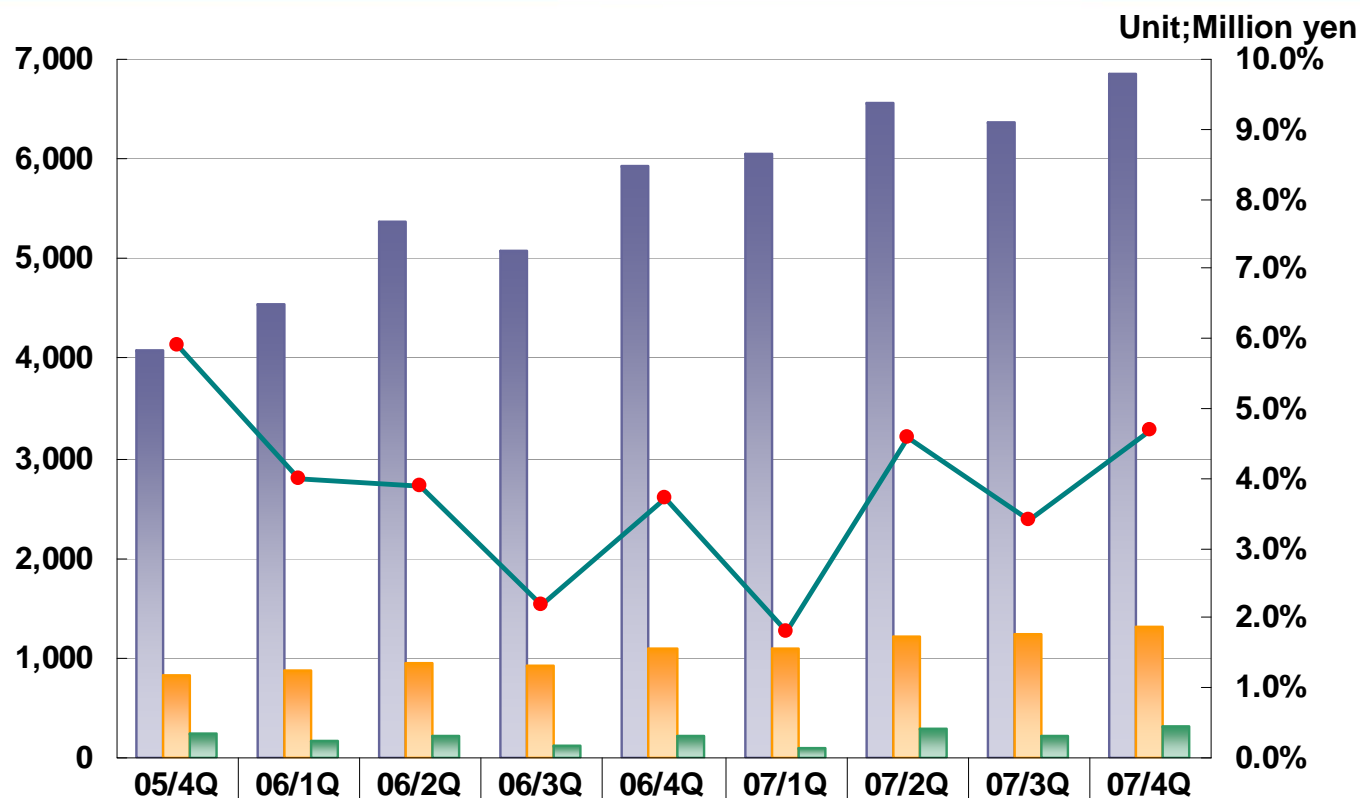
FY07 Summary Consolidated Income Statement

Unit; Million yen

Indicators	FY07			FY06		
	Amount	Share	YoY change	Amount	Share	YoY change
Net sales	25,863	100.0%	+23.7%	20,910	100.0%	+41.4%
Gross income	4,865	18.8%	+26.1%	3,858	18.5%	+27.9%
SG&A	3,919	15.2%	+24.8%	3,140	15.0%	+33.9%
Operating income	946	3.7%	+31.9%	717	3.4%	+6.8%
Ordinary income	1,196	4.6%	+44.3%	829	4.0%	+16.9%
Net income	529	2.0%	+10.2%	480	2.3%	-18.5%

【Highlights】 Operating income was up 32% and the operating margin increased for the first time in three years due in large part to an improvement in the Network Advertising Business earnings starting in 2Q.

Consolidated Quarterly Performance



Net sales	4,078	4,539	5,361	5,078	5,930	6,064	6,557	6,378	6,862
Gross profit	825	876	950	933	1,097	1,100	1,222	1,230	1,311
Ordinary income	241	179	207	110	219	108	298	215	324
Ordinary income ratio	5.9%	4.0%	3.9%	2.2%	3.7%	1.8%	4.6%	3.4%	4.7%

◆ All-time high sales and operating income in 4Q

Measures to Improve Earnings

【 Major Accomplishments 】

① Higher productivity

- Review of profitability . . . Higher gross profit margin

1Q : 18.2% → 2Q : 18.6% → 3Q : 19.3% → 4Q : 19.4% (※)

- Growth in gross profit per employee

FY06/4Q: ¥2.87 mil. → FY07/4Q: ¥2.98 mil. (※)

※Before investment security valuation losses

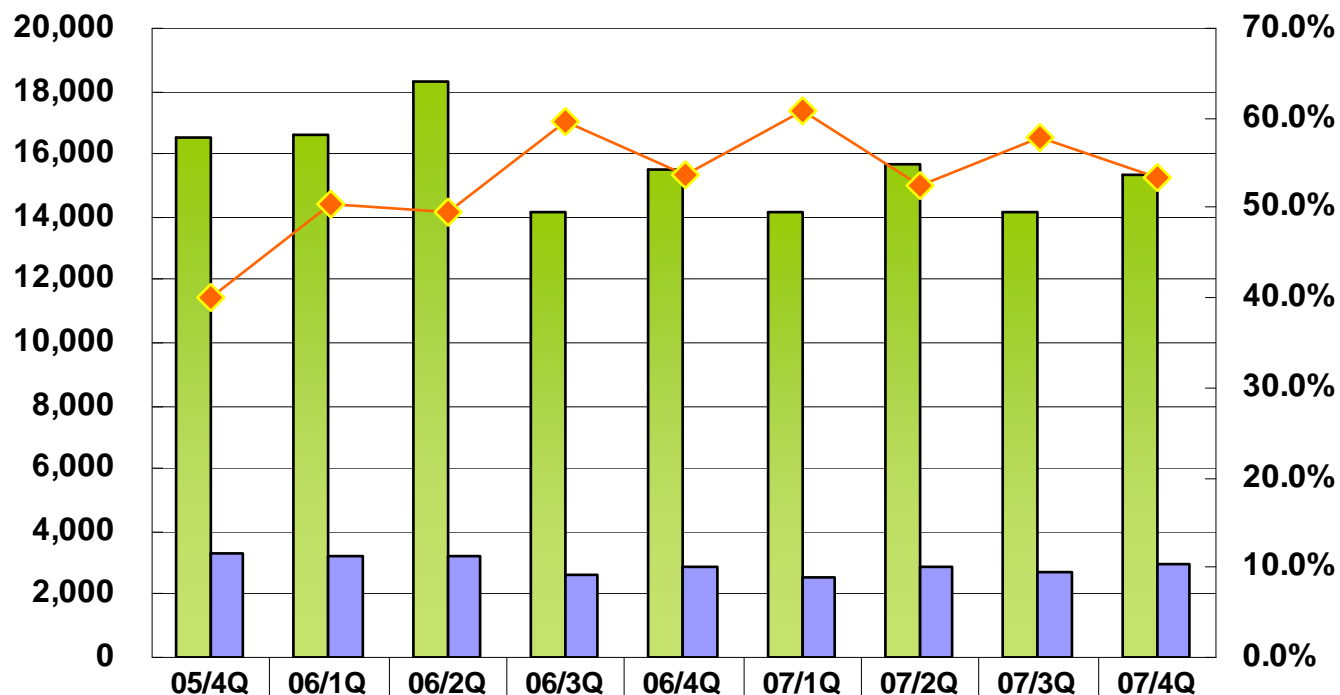
② Reallocation of workforce

- Improved the productive/administrative personnel ratio
- • • Higher pct. of sales personnel in Network Advertising Business

1Q : 33.9% → 2Q : 36.2% → 3Q : 42.0% → 4Q : 41.4%

Productivity Index

Thousand yen



Net sales per employee

16,536 16,584 18,281 14,134 15,499 14,159 15,676 14,135 15,318

Gross margin per employee

3,346 3,204 3,241 2,598 2,868 2,570 2,923 2,728 2,927

Labor costs ratio to gross margin

40.0% 50.4% 49.6% 59.6% 53.7% 60.7% 52.5% 57.9% 53.4%

Consolidated Balance Sheet

Unit: Million yen

	End of FY07	End of FY06	YoY change	Remarks
Assets				
Current assets	7,506	6,155	+1,351	Account receivable +642 Operating investment securities +180
Fixed assets	1,977	2,301	-323	Investment securities -309 Investments -202
Total assets	9,483	8,456	+1,027	
Liabilities				
Current liabilities	4,701	3,894	+806	Account payable +489 Accrued taxes +166
Long-term liabilities	38	166	-128	Convertible bonds -100
Total liabilities	4,739	4,061	+679	
Net assets				
Total net assets	4,743	4,395	+348	Retained earnings +442 Valuation and translation adjustments -89
Total liabilities and net assets	9,483	8,456	+1,027	

Consolidated Cash Flow Statement

Unit; Million yen

	FY07	FY06	Remarks
Cash flows from operating activities	563	697	Net income before income taxes +1,042 Increase in receivables Δ 629
Cash flows from investing activities	Δ204	Δ831	Purchase of property and equipment Δ 141 Purchase of stock in subsidiaries Δ 118
Cash flows from financing activities	Δ136	345	Redemption of convertible bonds Δ 100 Dividends paid Δ 87
Net change in cash and cash equivalents	222	212	
Cash and cash equivalents at the end of year	3,109	2,886	

FY07 Performance vs. Forecasts

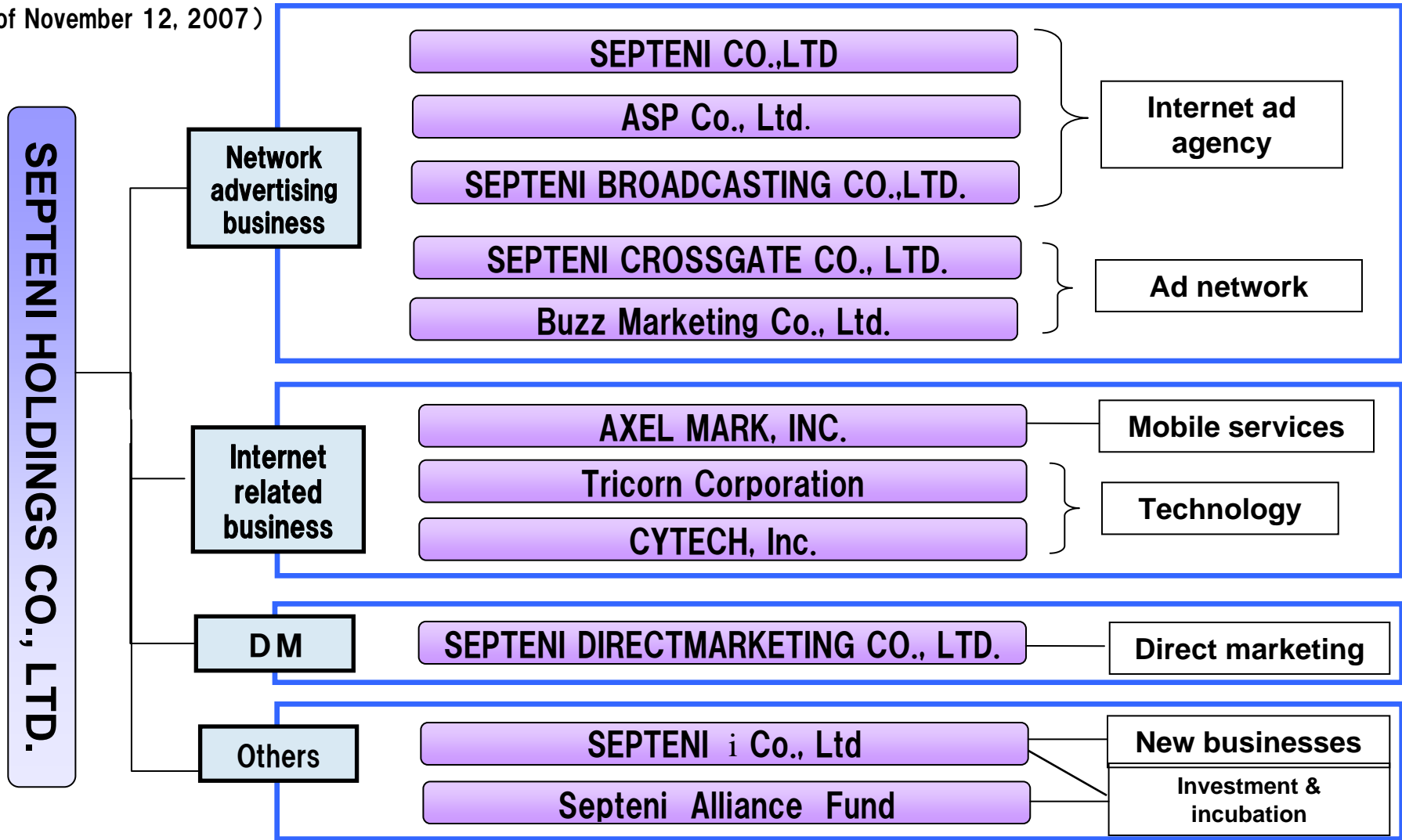
Consolidated	Full-term Result FY 9/2007	Full-term Forecast FY 9/2007	Achievement ratio
Net sales	25,800	27,500	94%
Operating income	9,400	1,100	86%
Ordinary income	1,190	1,100	108%
Net income	520	550	96%



II. Business Segments

Septeni Group

(As of November 12, 2007)

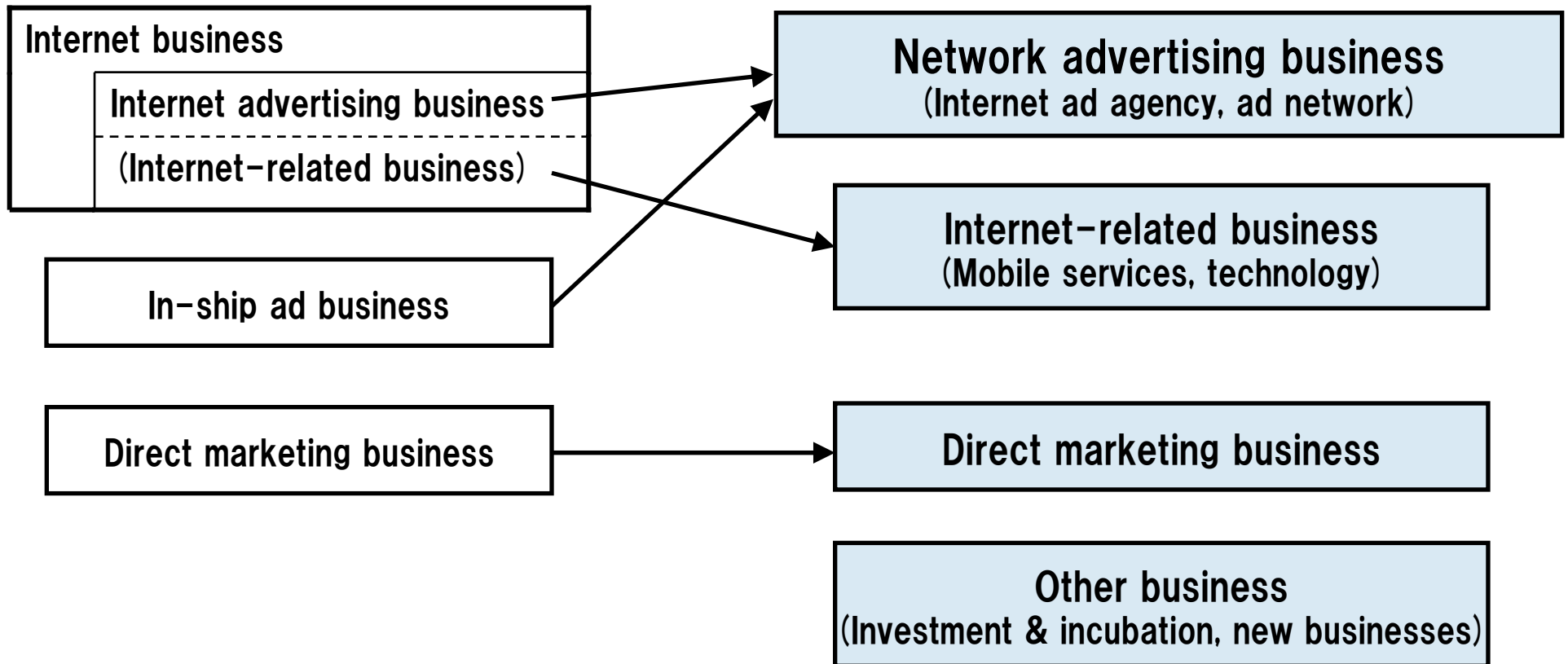


※Affiliates accounted for under the equity method: Prime X Co., Ltd., Open Smile, Inc., colab inc.

Change of Business Segment

【Old segment】

【New segment】



Business Segment Sales and Operating Income

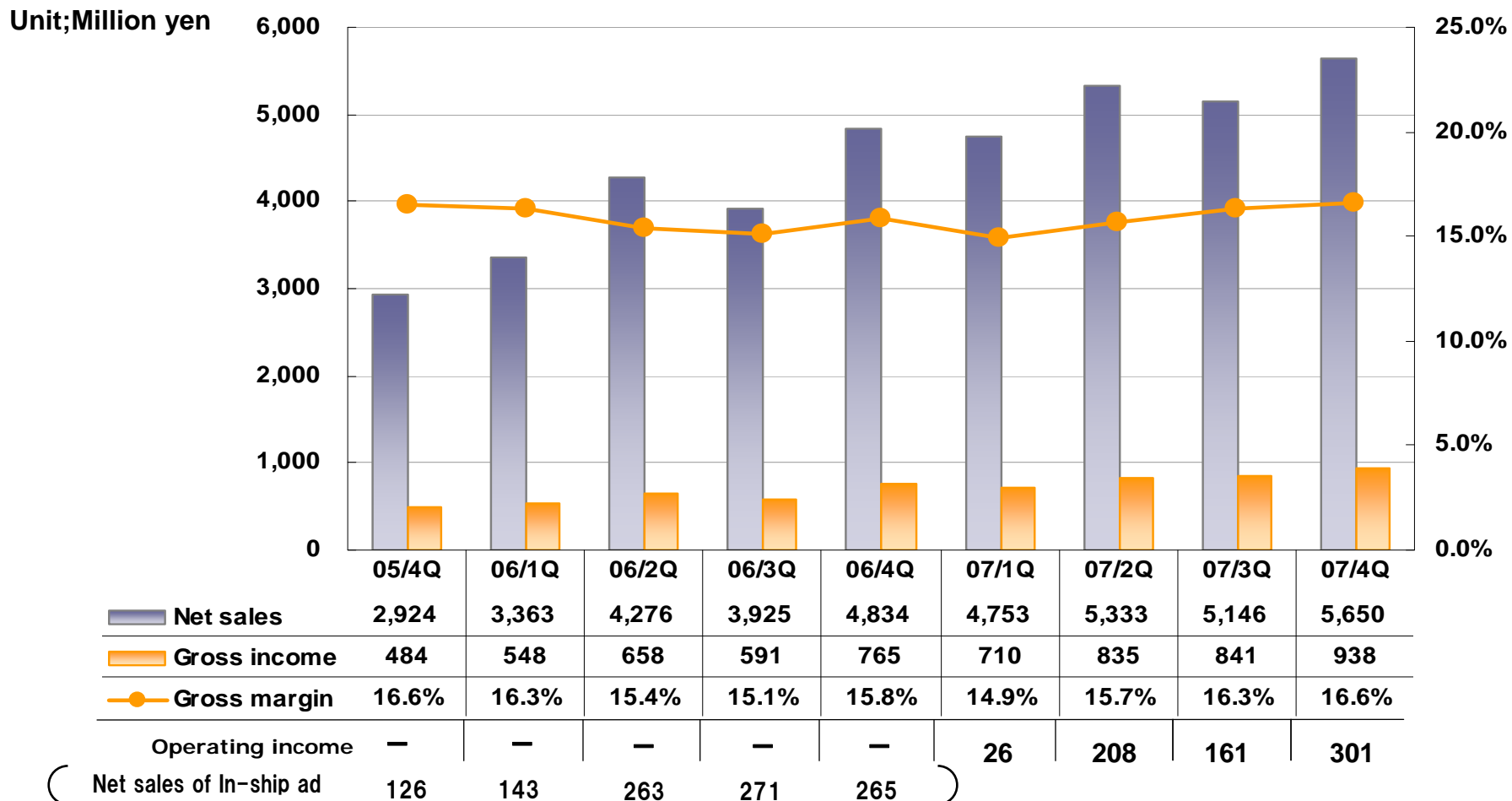
Unit; Million yen

Segment	Net Sales			Operating Income		
	FY07	FY06	YoY change	FY07	FY06	YoY change
Internet Advertising(※)	20,883	16,398	+27.3%	698	506	+37.9%
Internet Businesses	2,573	1,881	+36.8%	259	191	+35.9%
Direct Marketing	2,638	2,856	- 7.6%	303	258	+17.5%
Others	86	—	—	△26	—	—
Eliminations and corporate	△318	△226	—	△288	△238	—
Consolidated	25,863	20,910	+23.7%	946	717	+31.9%

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

- ◆ Rapid recovery in Network Advertising Business operating income starting in 2Q; YoY increase in operating margin in FY07
- ◆ Growth in operations of Internet Businesses, mainly at Axel Mark
- ◆ In Others, posted valuation loss of ¥22 mil. on stock held by the investment and incubation business

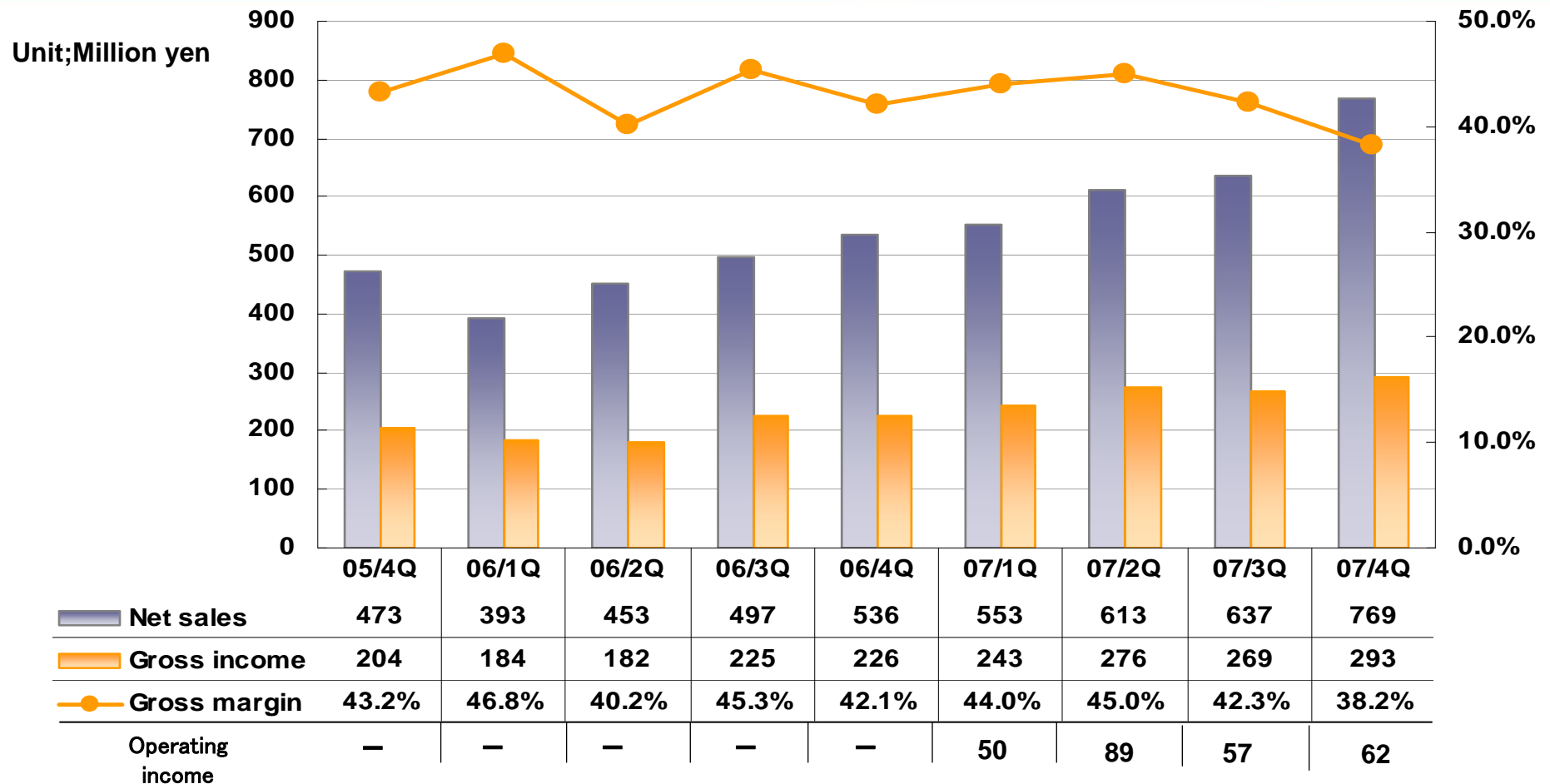
Performance of Network advertising business by Quarter



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

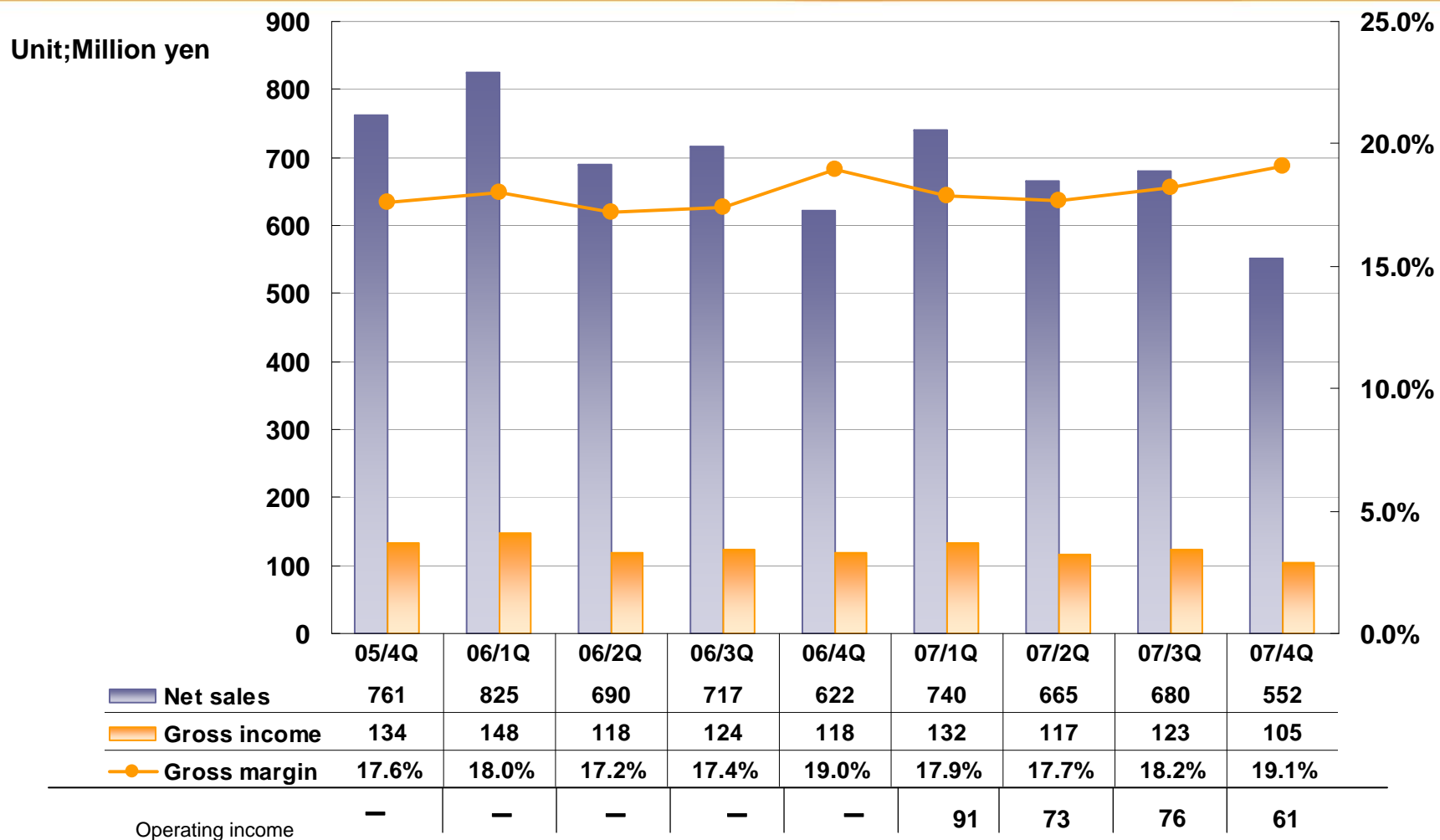
◆ Strong sales growth and consistent improvement in gross margin starting in 3Q

Performance of Internet related business by Quarter



◆ Gross margin down due to higher sales using media of other companies

Performance of Direct marketing business by Quarter



◆ Gross profit improved but sales were down because of seasonal factors and a decline in business volume with a large client



III. Fiscal 2007 Strategic Review

1) Increased market share and gross margin in Internet ad agency business

- **Established separate organizations for each market sector**
 - **Strong sales of cell phone ads and banner ads**
- **Improved or eliminated unprofitable relationships**
- **Expanded SEO and other highly profitable operations**
- **Decline in advertising by financial services companies**
 - **Sales fell short of initial FY plan**

2) Strengthen businesses other than Internet ad agency business

① Ad network

- Build network for cross-media ads using media other than the Internet

② Cell phone service

- Although music content sales increased, mainly for Chaku-uta Full[®] (a ring tone), sales were below plan in the mobile affiliates business due to a decline in advertising by CP and financial services companies

3) Others

- Continued to acquire operational know-how by capturing large contracts involving e-commerce support

- Considered several M&A deals
 - Did not complete any transactions



IV. Fiscal 2008 Strategic Goals

1) Network Advertising Business

① Internet ad agency business

- Increased share of cell phone advertising market
- Continued to develop businesses involving streaming video, consumer-generated media and cross-media
- Reinforced creative and technological activities

② Ad network

- Expanded distribution to media other than the Internet



Captured market share and improved profitability

2) Internet Related Business

① Mobile services

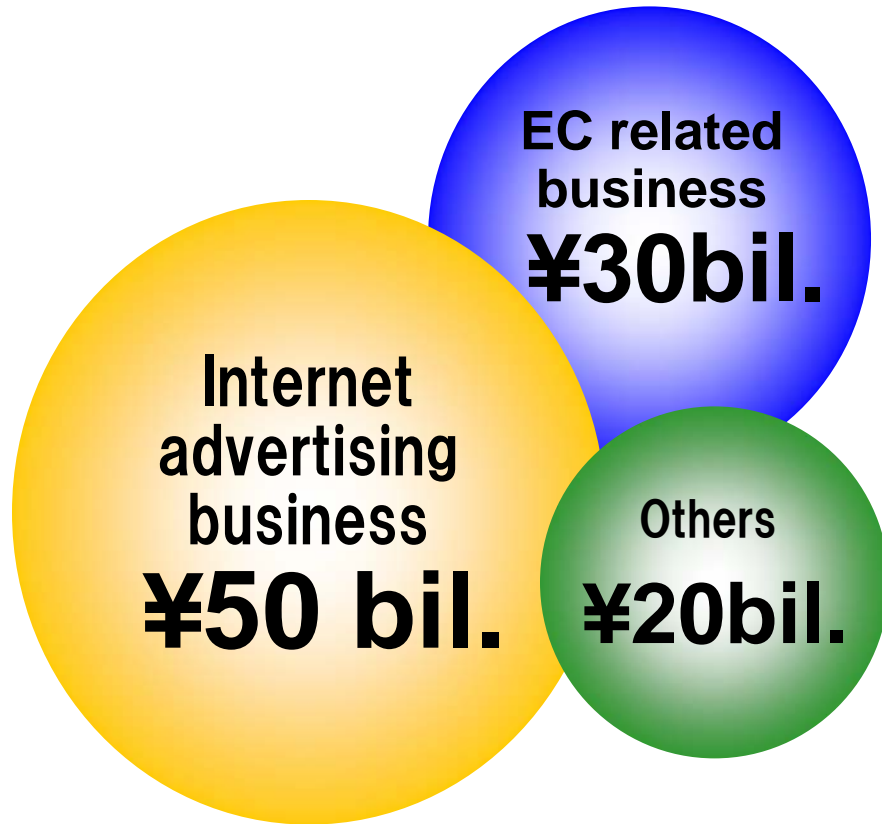
- Speed growth of Chaku-uta Full[®] sales with high-profile advertising and marketing activities

② Technology

- Take on challenge of using collaboration with sales force to establish an SaaS model

FY08 Business Forecast

Consolidated	Full-term Result FY 9/2007	Full-term Forecast FY 9/2008	Forecast growth rate
Net sales	25,800	31,100	20.2 %
Operating income	940	1,200	26.8 %
Ordinary income	1,190	1,300	8.6 %
Net income	520	700	32.1 %



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**



V. The Rule of 1, 10, 100, 1000

100 entrepreneurs

■ By “100,” we mean...

Create 100 entrepreneurs by 2011.

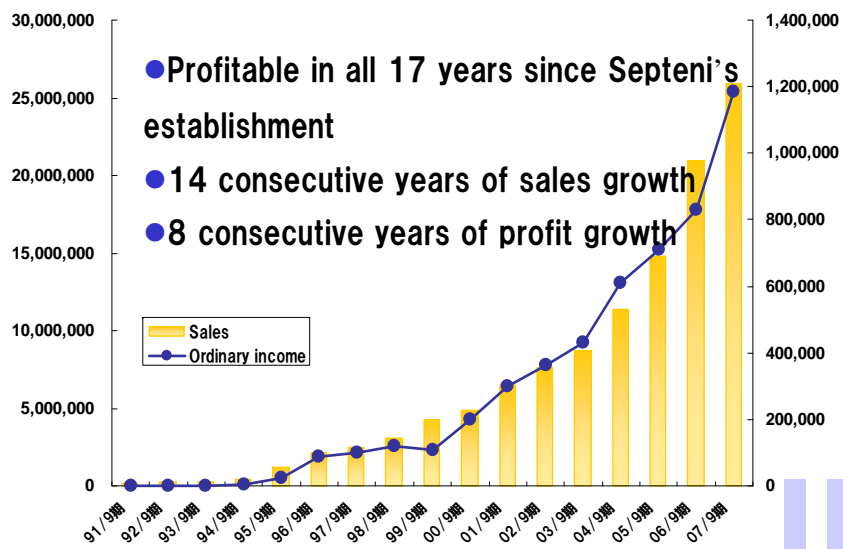
Use these individuals to drive growth of the Septeni Group.

An organization grows when individuals shine brightly.

Always retain the enthusiasm of a small, rapidly growing company, foster a culture that welcomes change, and earn a reputation as a “powerful and highly respected company.”

100 entrepreneurs

Use the Septeni Culture to create new businesses and drive growth



- Profitable in all 17 years since Septeni's establishment
- 14 consecutive years of sales growth
- 8 consecutive years of profit growth

Next One

' 00 ~ Cell phone content business

' 99 ~ Network advertising business

' 99 ~ Re-employment support business

' 98 ~ Motorcycle parcel delivery business

' 97 ~ Direct marketing business

' 93 ~ Service for sending direct-mail materials, catalogs and other promotional materials

' 90 ~ Recruiting consulting business

1990.10
Established

2001.8
Listed on JASDAQ

2006.10
Holding company structure

100 entrepreneurs

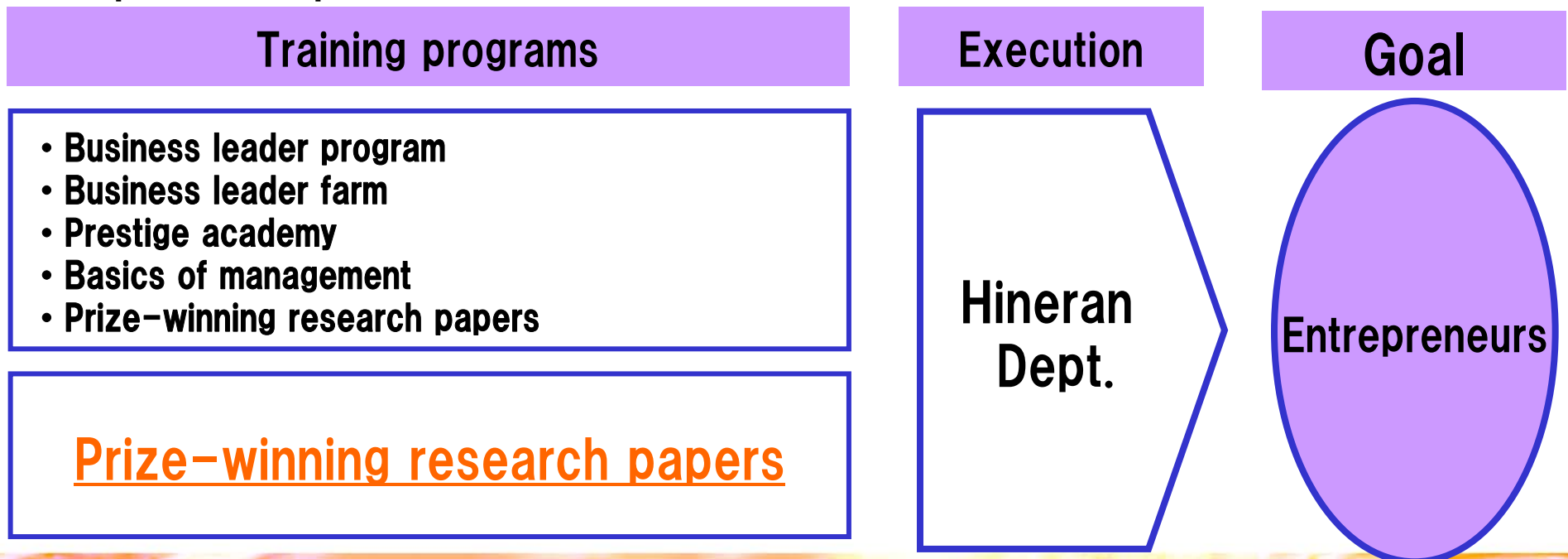
■ Progress report

No.	Date	Business	Entrepreneur
No. 1	1990/10~	Establishment of Septeni	7 innovators
⋮	⋮	⋮	⋮
No. 12	1999/11~	Internet advertising	Koki Sato, Septeni
No. 13	2000/3~	Cell phone content	Yasuhiro Kobayashi, Axel Mark
⋮	⋮	⋮	⋮
No. 17	2004/4~	In-ship advertising	Shintaro Karaki, Septeni CG
No. 19	2005/1~	Affiliate network	Yoshimasa Obata, Septeni CG
⋮	⋮	⋮	⋮
No. 28	2007/4~	Buzz (word-of-mouth) marketing	Kazuhiro Takiguchi, Buzz Marketing
No. 30	(2007/10~)	(feasibility study under way)	Two individuals, Hineran-ka Department

100 entrepreneurs

■ Aiming to become a company that creates talented people by executing the "100 entrepreneurs" plan

- Use Septeni-I to launch new businesses even faster
 - Continue using internal job solicitation program to foster culture of taking on new challenges and not fearing failure
 - Use 「 **Business Contest** 」 on trial basis to solicit ideas from outside the Septeni Group



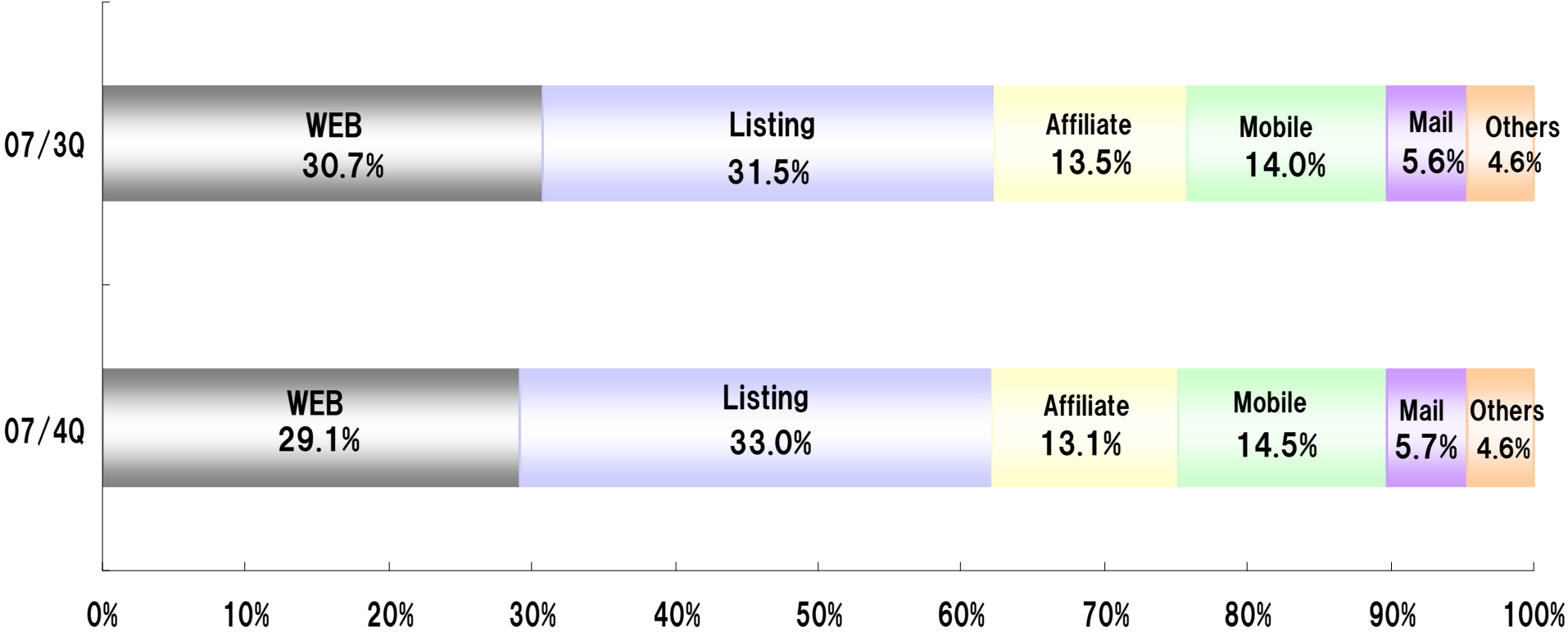


VI. APPENDIX

Company name	Septeni holdings Co., Ltd.
Representative	Representative director & CEO Mamoru Nanamura
Head office	24 Daikyo-cyo, Shinjuku, Tokyo
Stock code	4 2 9 3 (JASDAQ, J-Stock)
Business activity	Management of Group firms, engaged mainly in Internet-related businesses, as a holding company
Establishment	October 29, 1990
Capital	1,476 million yen
Outstanding shares	126,992.8 shares
Number of employees (consolidated)	372(Full-time), 446(including Part-time)

Company name		Business line
SEPTENI HOLDINGS CO., LTD.		Holding company
SEPTENI CO., LTD.	Consolidated subsidiary 100.0%	Internet Ad agency
ASP Co., ltd.	Consolidated subsidiary 60.0%	e-Marketing Solution
SEPTENI BROADCASTING CO., LTD.	Consolidated subsidiary 100.0%	Internet moving ad
SEPTEN CROSSGATE 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 DIRECTMARKETING 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 99.0% (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 44.0%	WEB creator

Network advertising business

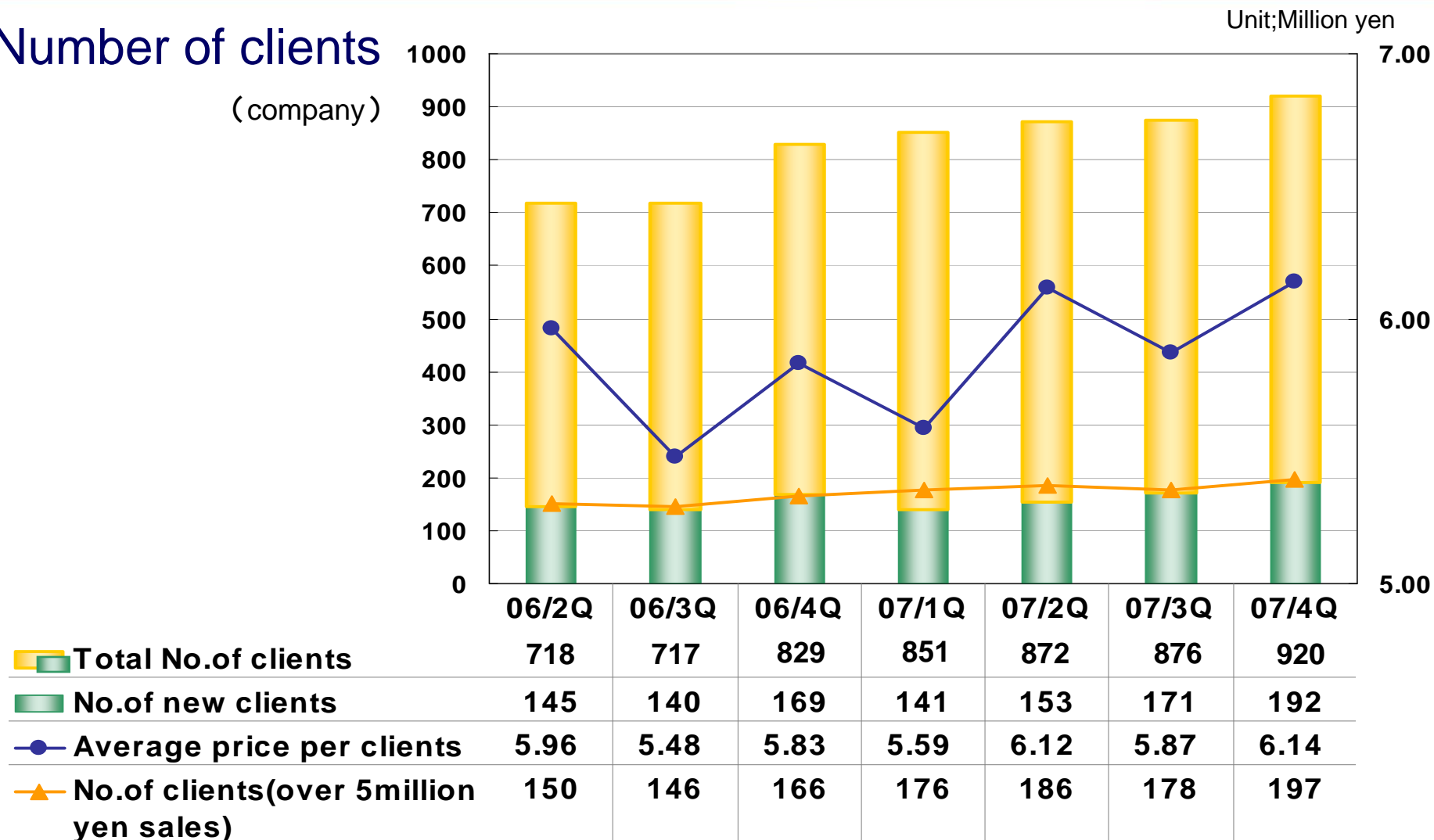


Network advertising business

	<u>07/3Q</u>		<u>07/4Q</u>
Finance	22.0%	➔	18.9%
Education • Human resource	12.3%	➔	12.9%
Retail • Mail- order	7.6%	➔	6.4%
Real estate	12.7%	➔	14.4%
Food • Cosmetic	18.6%	➔	15.2%
Automobile	4.2%	➔	4.3%
Others (IT, Travel etc.)	22.6%	➔	28.0%

Network advertising business

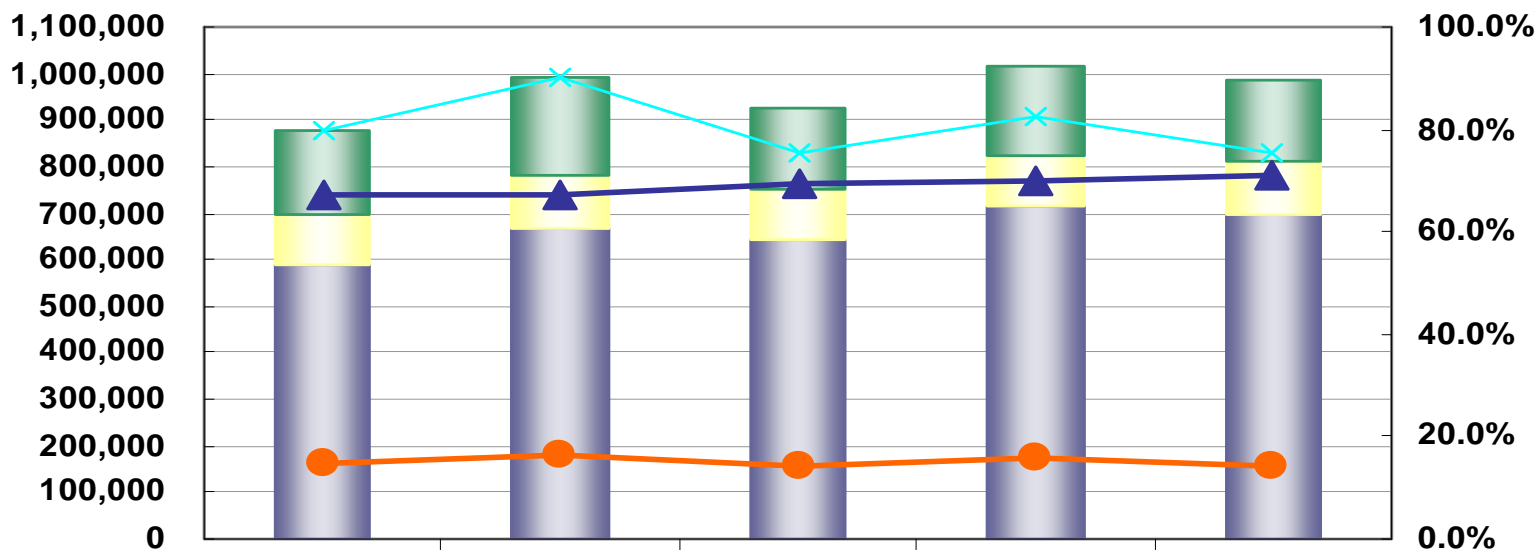
○ Number of clients (company)



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

Consolidated SG&A

units : thousand yen

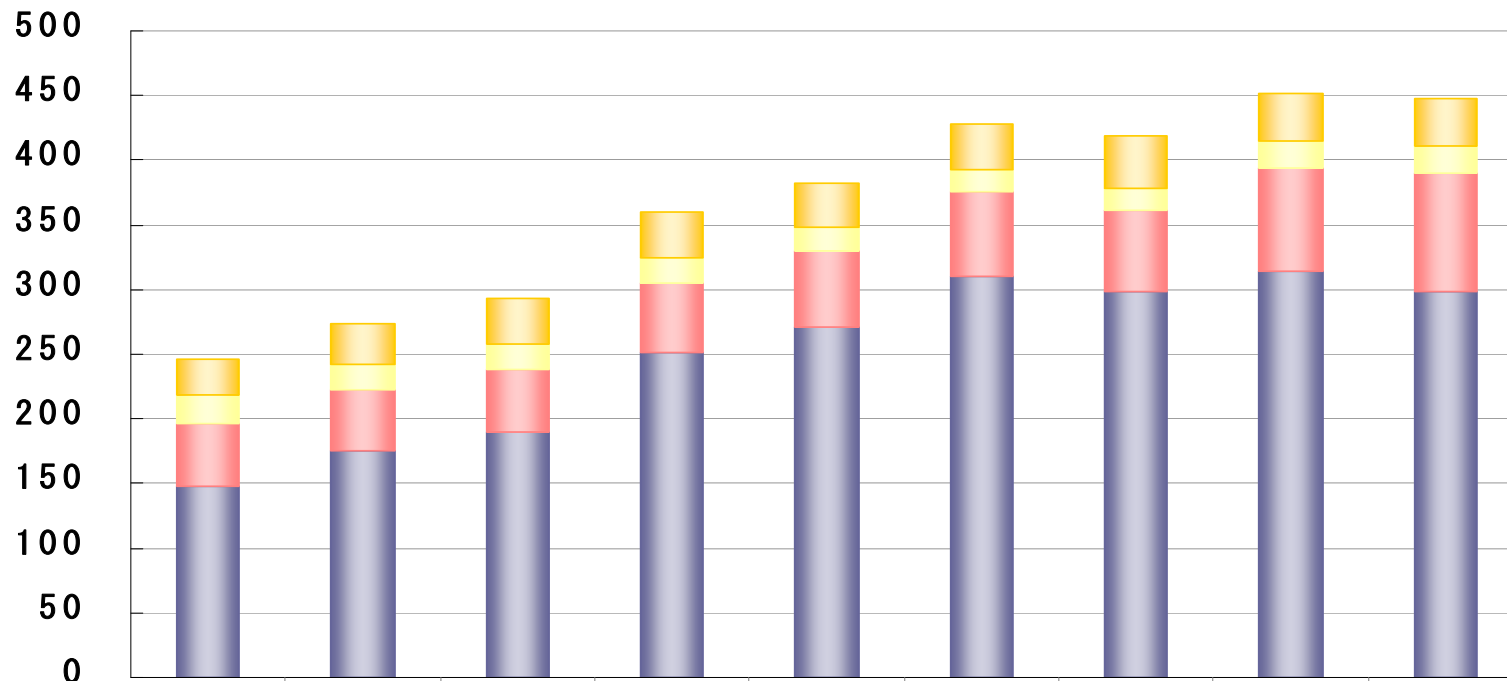


	06/4Q	07/1Q	07/2Q	07/3Q	07/4Q
Others	180,758	210,357	173,844	193,236	173,464
Office expense	107,434	113,949	108,866	109,703	113,727
Labor cost	589,296	668,179	641,430	712,560	699,859
SG&A ratio to Gros margin	80.0%	90.2%	75.6%	82.5%	75.3%
Labor cost ratio to SG&A	67.2%	67.3%	69.4%	70.2%	70.9%
SG&A ratio to Net sales	14.8%	16.4%	14.1%	15.9%	14.4%
Total SG&A	877,488	992,486	924,141	1,015,550	987,050

Septeni Group Number of employees



Unit: person



Staff others	28.0	31.0	35.0	34.3	34.3	35.7	39.7	37.0	37.3
DM business	22.0	20.0	20.7	20.3	18.0	17.0	17.7	21.0	20.3
Internet related business	48.7	46.7	48.0	53.0	60.0	65.0	62.3	79.3	91.7
Network advertising business	148.0	176.0	189.6	251.7	270.3	310.7	298.7	314.0	298.7

(account executive)	(72.3)	(80.7)	(75.0)	(92.0)	(93.0)	(105.7)	(108.0)	(132.0)	(123.7)
Total	246.7	273.7	293.7	359.3	382.7	428.3	418.3	451.3	448.0