

Septeni Holdings Co., Ltd.

**Business Results of
First half of fiscal year
ending September 2008**

May 9, 2008



Septeni Holdings Co., Ltd.
<http://www.septeni-holdings.co.jp>
Code:4293

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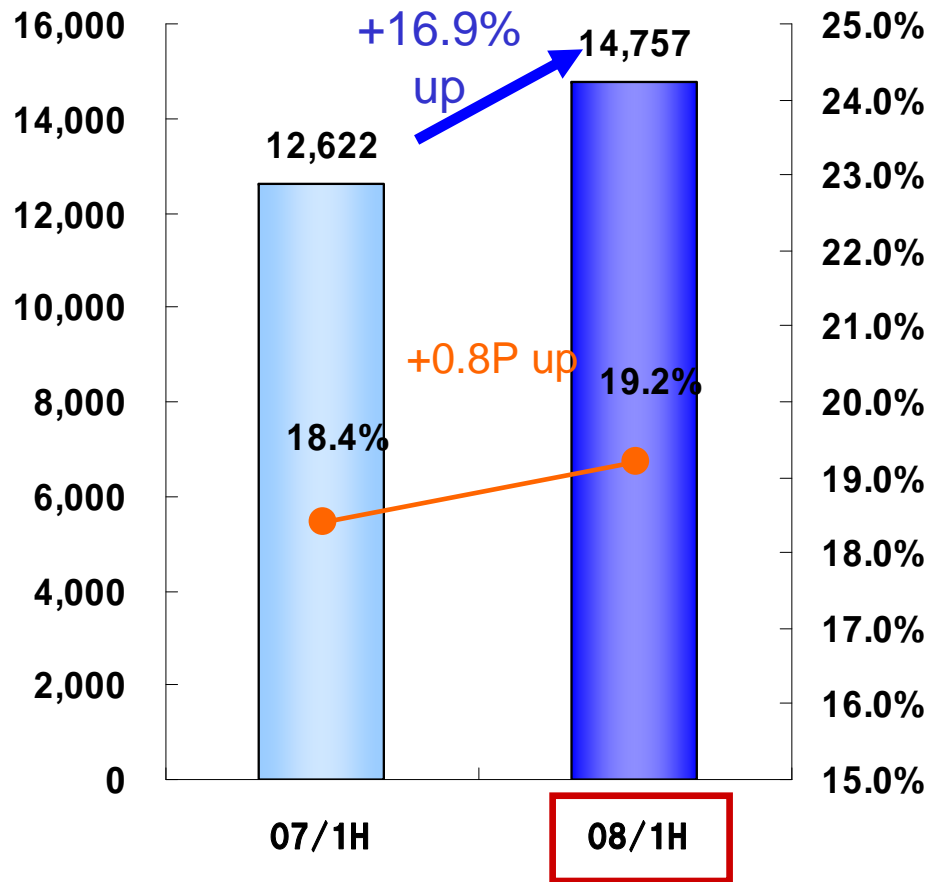
I . Overview

- ◆ Solid sales increase backed by growth of the network advertising business and the Internet-related business. Operating income increased 39.1% YoY, 13.3% higher than the 1st half forecast.
- ◆ Extraordinary losses due to several items were offset by a gain on sales of stock in subsidiaries and a gain from the change in ownership resulting from the initial public offering of a subsidiary. The result was a 72.5% increase in net income.

Highlight of Business Results of 1H ②

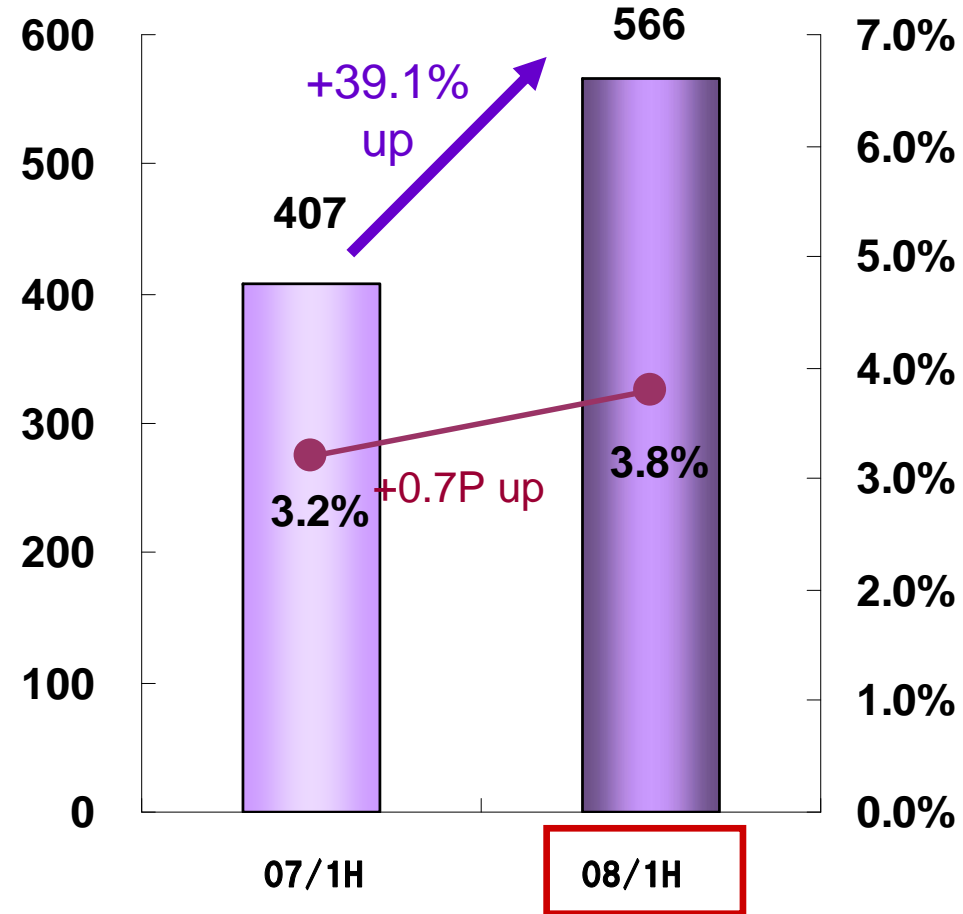
**Net sales ·
Gross margin**

(Million yen)



**Ordinary income ·
Ordinary income ratio**

(Million yen)



Summary Consolidated Income Statement

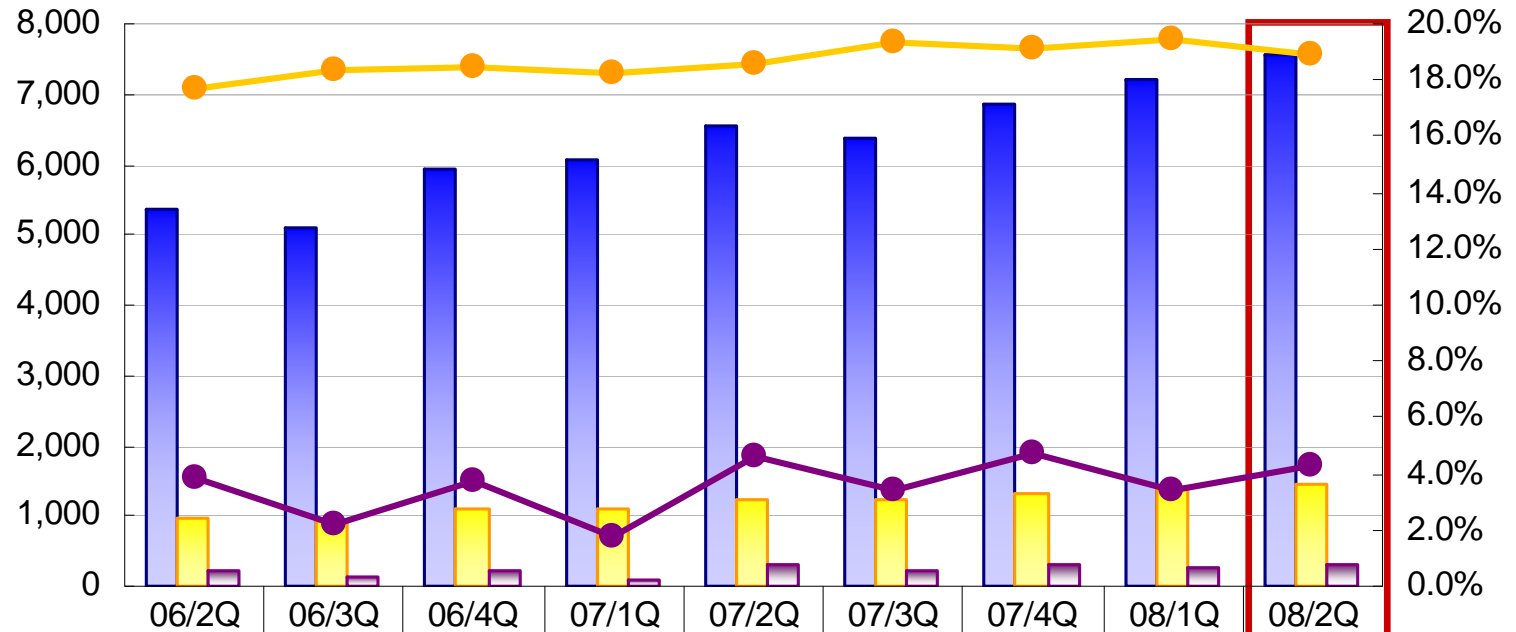


(Million yen)

Indicators	FY08 first Half				FY07 first Half		FY08 first Half Plan	
	Amount	Share	YoY change	Change vs.plan	Amount	Share	Amount	Share
Net sales	14,757	100.0%	+16.9%	+1.8%	12,622	100.0%	14,500	100.0%
Gross income	2,835	19.2%	+22.0%	-	2,323	18.4%	-	-
SG&A	2,269	15.4%	+18.4%	-	1,916	15.2%	-	-
Operating income	566	3.8%	+39.1%	+13.3%	407	3.2%	500	3.4%
Ordinary income	495	3.4%	+6.4%	-0.9%	465	3.7%	500	3.4%
Net income	436	3.0%	+72.5%	+56.0%	253	2.0%	280	1.9%

Consolidated Quarterly Performance

(Million yen)



	Net sales	5,361	5,078	5,930	6,064	6,557	6,378	6,862	7,195	7,562
	Gross profit	950	933	1,097	1,100	1,222	1,230	1,311	1,402	1,432
	Ordinary income	207	110	219	108	298	215	324	243	322
	Gross margin	17.7%	18.4%	18.5%	18.2%	18.6%	19.3%	19.1%	19.5%	18.9%
	Ordinary income ratio	3.9%	2.2%	3.7%	1.8%	4.6%	3.4%	4.7%	3.4%	4.3%

◆ Sales rose to an all-time high and the operating margin recovered to the 4% level.

Consolidated Balance Sheet

	FY08 First Half	End of FY07	YoY change	Remarks
Assets				
Current assets	9,145	7,506	+1,639	Cash and deposits +692 Investment securities +580
Fixed assets	2,108	1,977	+130	
Total assets	11,253	9,483	+1,769	
Liabilities				
Current liabilities	5,538	4,701	+836	Account payable +427 Short-term debt +348
Long-term liabilities	66	38	+27	
Total liabilities	5,604	4,739	+864	
Net assets				
Total net assets	5,649	4,743	+905	Retained earnings +349 Minority equity +446
Total liabilities and net assets	11,253	9,483	+1,769	

Consolidated Cash Flow Statement

(Unit; Million yen)

	FY 08 First Half	FY 07 First Half	Remarks
Cash flows from operating activities	14	237	Net income before income taxes +528 Increase of trade investment securities Δ 123 Income tax payments Δ 402
Cash flows from investing activities	-393	-276	Sale of investment securities +231 Purchase of investment securities Δ 362 Increase of loan Δ 179
Cash flows from financing activities	1,071	-64	Capital increase in Axel Mark +825 Increase of debt +340
Net change in cash and cash equivalents	692	-102	
Cash and cash equivalents at the end of year	3,801	2,783	

Business Segment Results

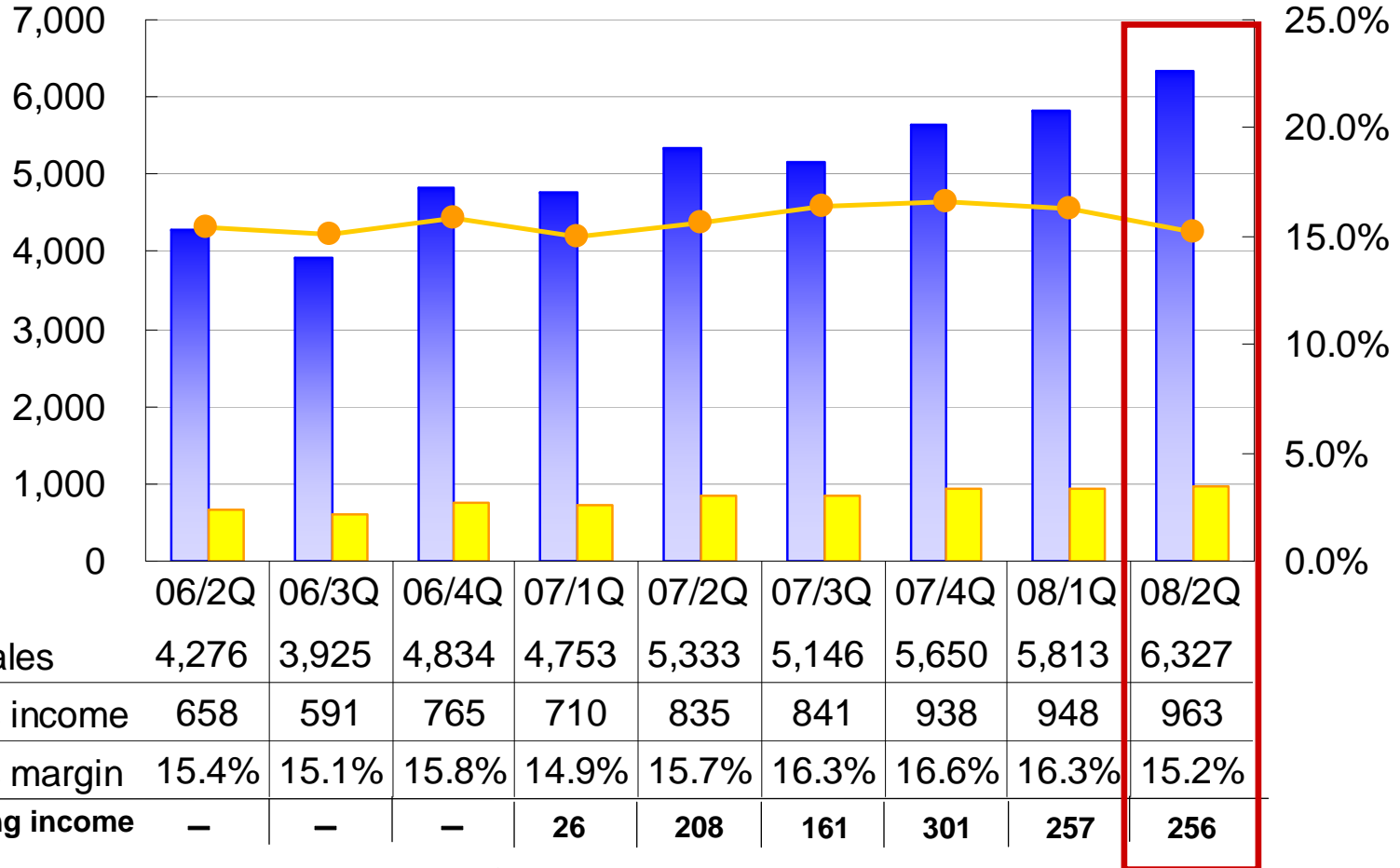
(Unit; Million yen)

Segment	Net Sales			Operating Income		
	FY08 First Half	FY07 First Half	YoY change	FY08 First Half	FY07 First Half	YoY change
Internet Advertising	12,140	10,086	+20.4%	513	234	+118.7%
Internet Businesses	1,938	1,166	+66.2%	92	139	-34.1%
Direct Marketing	1,158	1,405	-17.6%	134	165	-18.6%
Others	18	86	-78.2%	△7	7	—
Eliminations and corporate	-498	-122	—	-166	-139	—
Consolidated	14,757	12,622	+16.9%	566	407	+39.1%

- ◆ In the network advertising business, there was solid growth in sales and operating income.
- ◆ In the Internet-related business, sales were much higher than one year ago, but operating income declined due to expenses in the first quarter for increasing the number of mobile content members.

Performance of Network advertising business by Quarter

(Unit; Million yen)



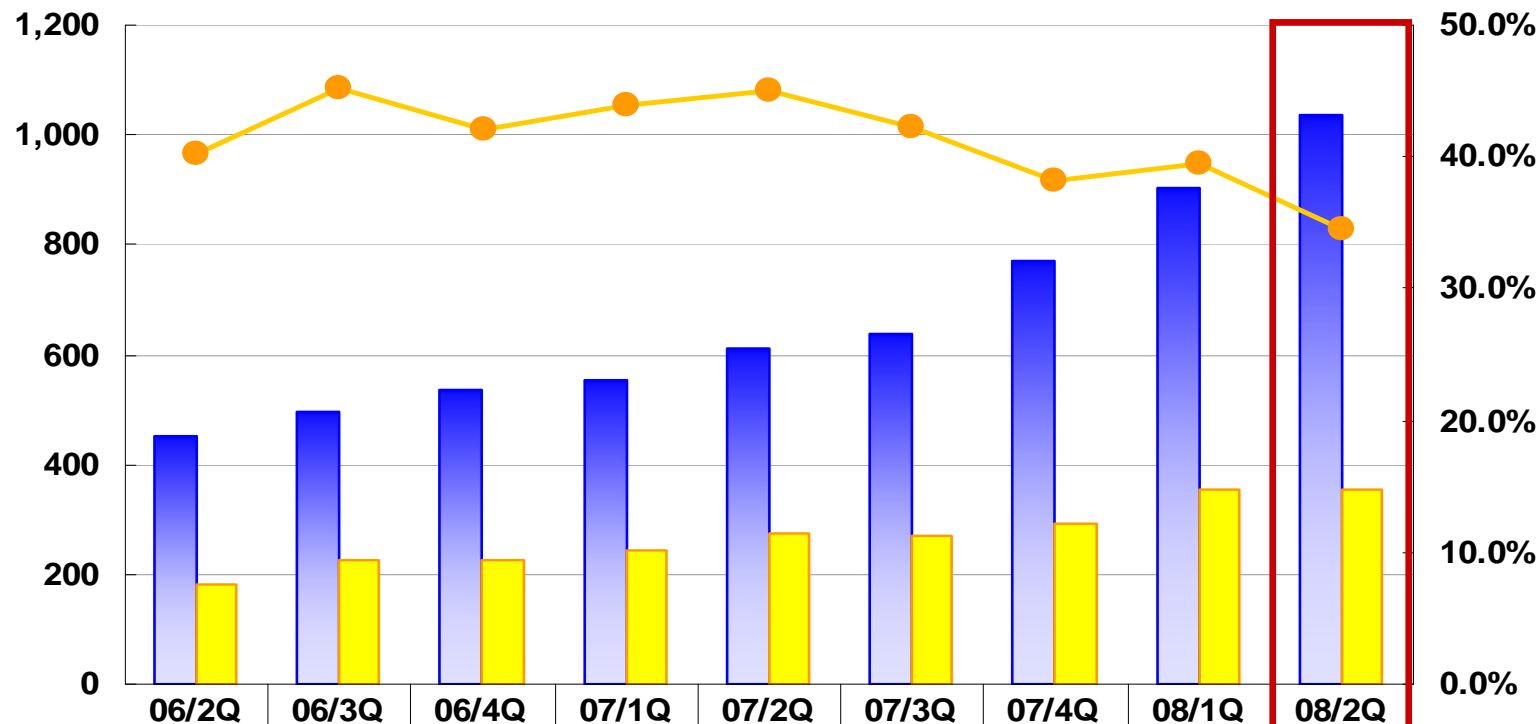
(Net sales of In-ship ad 263 271 265)

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

◆ Sales climbed to another record high and exceeded 6 billion yen

Performance of Internet related business by Quarter

(Unit; Million yen)

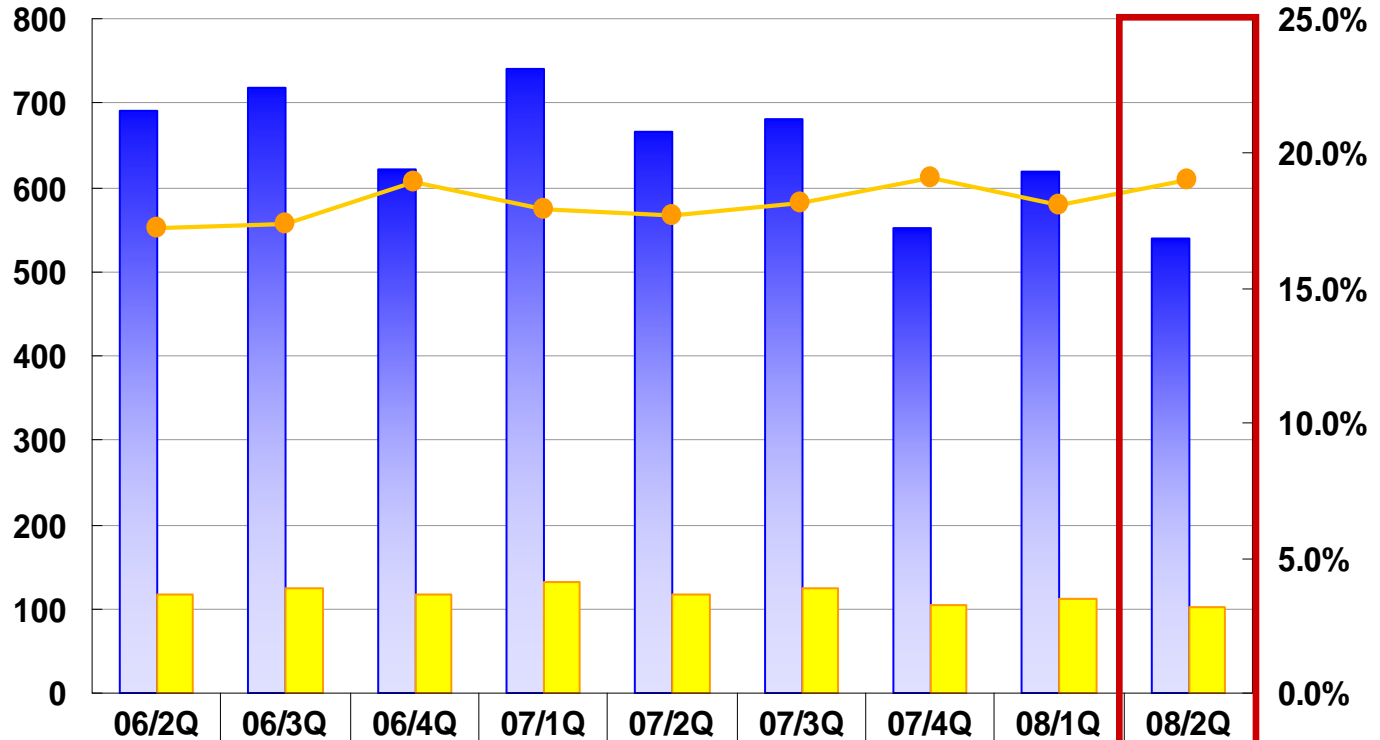


Net sales	453	497	536	553	613	637	769	904	1,034
Gross income	182	225	226	243	276	269	293	356	356
Gross margin	40.2%	45.3%	42.1%	44.0%	45.0%	42.3%	38.2%	39.4%	34.5%
Operating income	-	-	-	50	89	57	62	19	73

◆ The mobile rep business posted another big increase in sales. Operating income recovered as expenses for attracting more mobile content members were reduced.

Performance of Direct marketing business by Quarter

(Unit; Million yen)



Net sales	690	717	622	740	665	680	552	618	540
Gross income	118	124	118	132	117	123	105	111	102
Gross margin	17.2%	17.4%	19.0%	17.9%	17.7%	18.2%	19.1%	18.1%	19.0%
Operating income	—	—	—	91	73	76	61	72	62

◆ Sales declined but the gross profit margin increased to a record high.

Business Forecast of FY September 2008

(unit: Million yen)

Consolidated	Interim Result FY 9/2008	Progress	Full-term Forecast FY 9/2008
Net sales	14,700	47.5%	31,100
Operating income	560	47.2%	1,200
Ordinary income	490	38.1%	1,300
Net income	430	62.4%	700

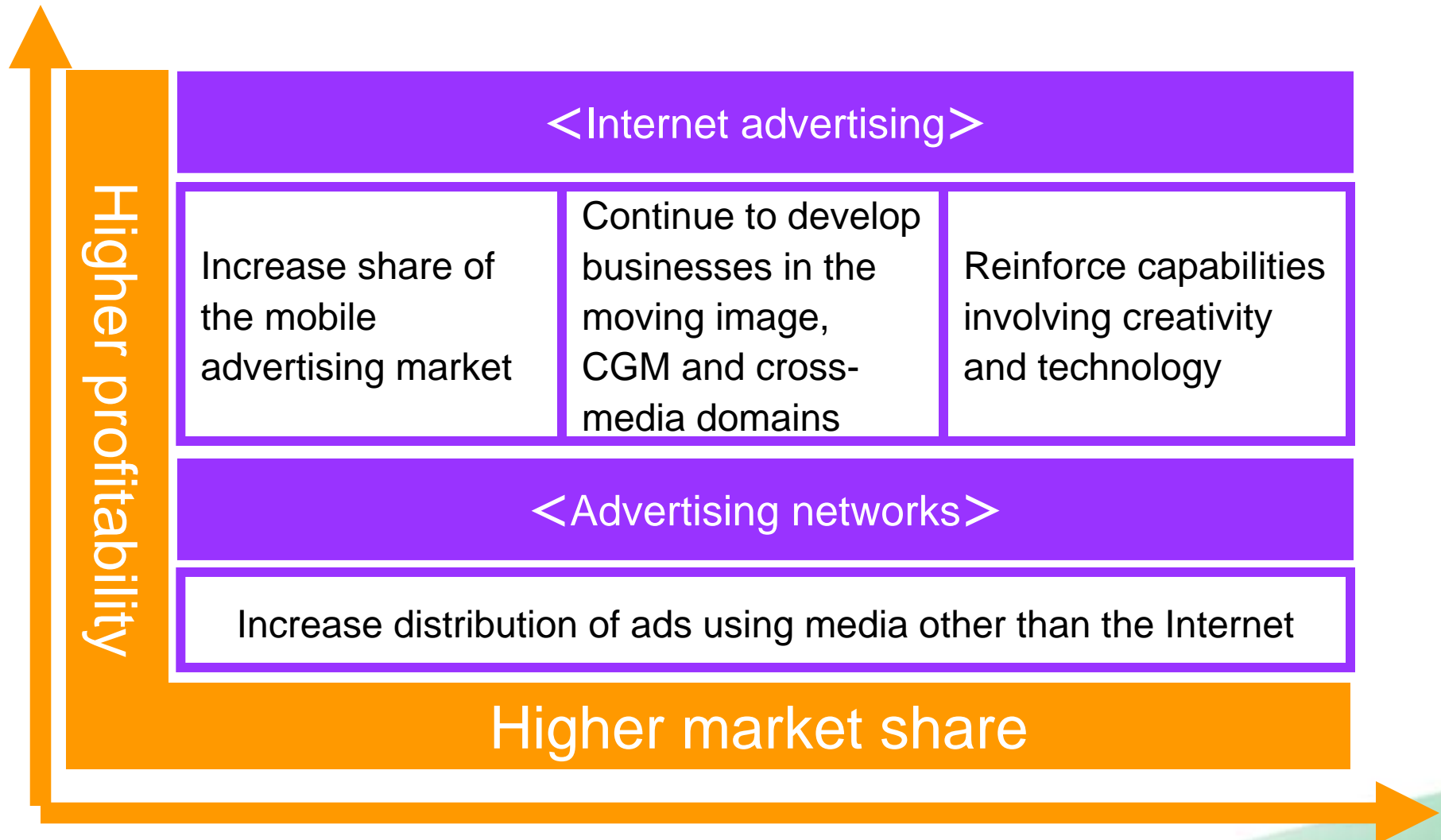


II . Major Business Units

Business Unit Highlights

~ Network advertising business

■ Business strategy for fiscal 2008

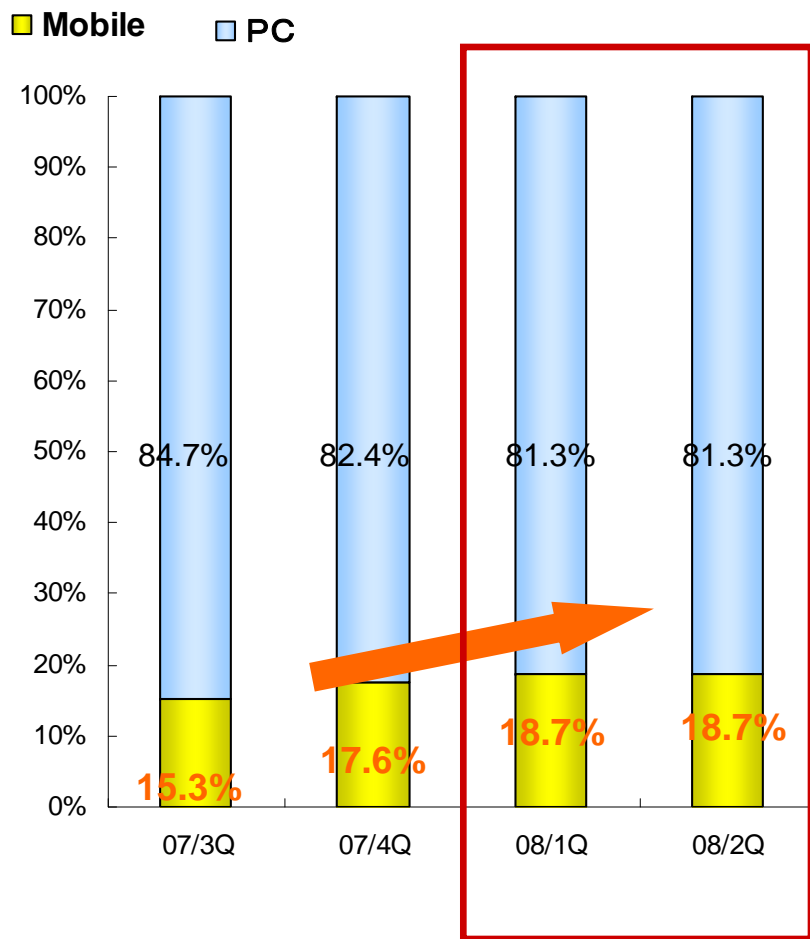


Business Unit Highlights

~Network advertising business

(1) changes in sales by product

【Changes in sales of mobile and PC ads】



breakdown



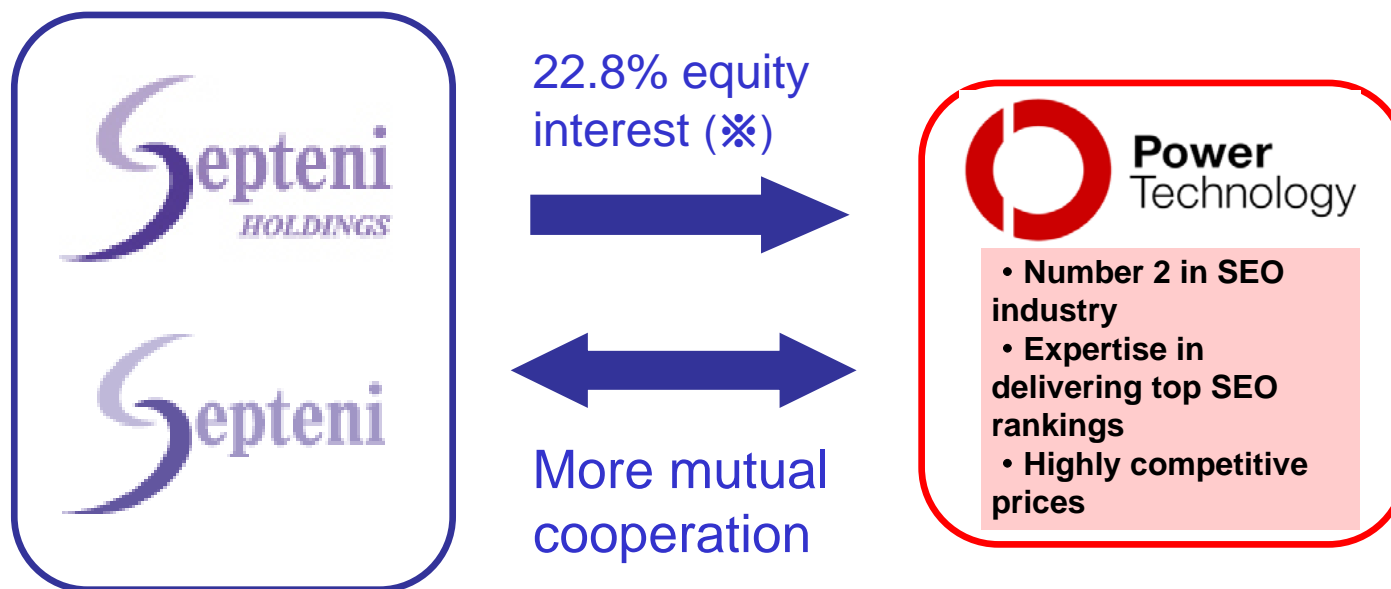
By service		08/1Q	08/2Q
PC	Portal etc	26.7%	25.8%
	CGM	2.8%	3.0%
	Mail	5.0%	4.4%
	Listing	31.4%	32.2%
	Affiliate	10.0%	10.0%
	SEO	2.3%	2.3%
	Production/ others	3.0%	3.7%
		81.3%	81.3%
Mobile	Portal etc	4.1%	3.9%
	CGM	2.4%	3.5%
	Mail	2.6%	3.0%
	Listing	4.5%	4.0%
	Affiliate	4.9%	4.1%
	SEO	0.2%	0.2%
		18.7%	18.7%
Total		100.0%	100.0%

Business Unit Highlights

~Network advertising business

(2) Reinforce presence in technology field

Power Technology, a major search engine optimization (SEO) firm, became an equity-method affiliate (2008/4/10)



Aim to further improve profitability by capturing a larger share of the SEO market.

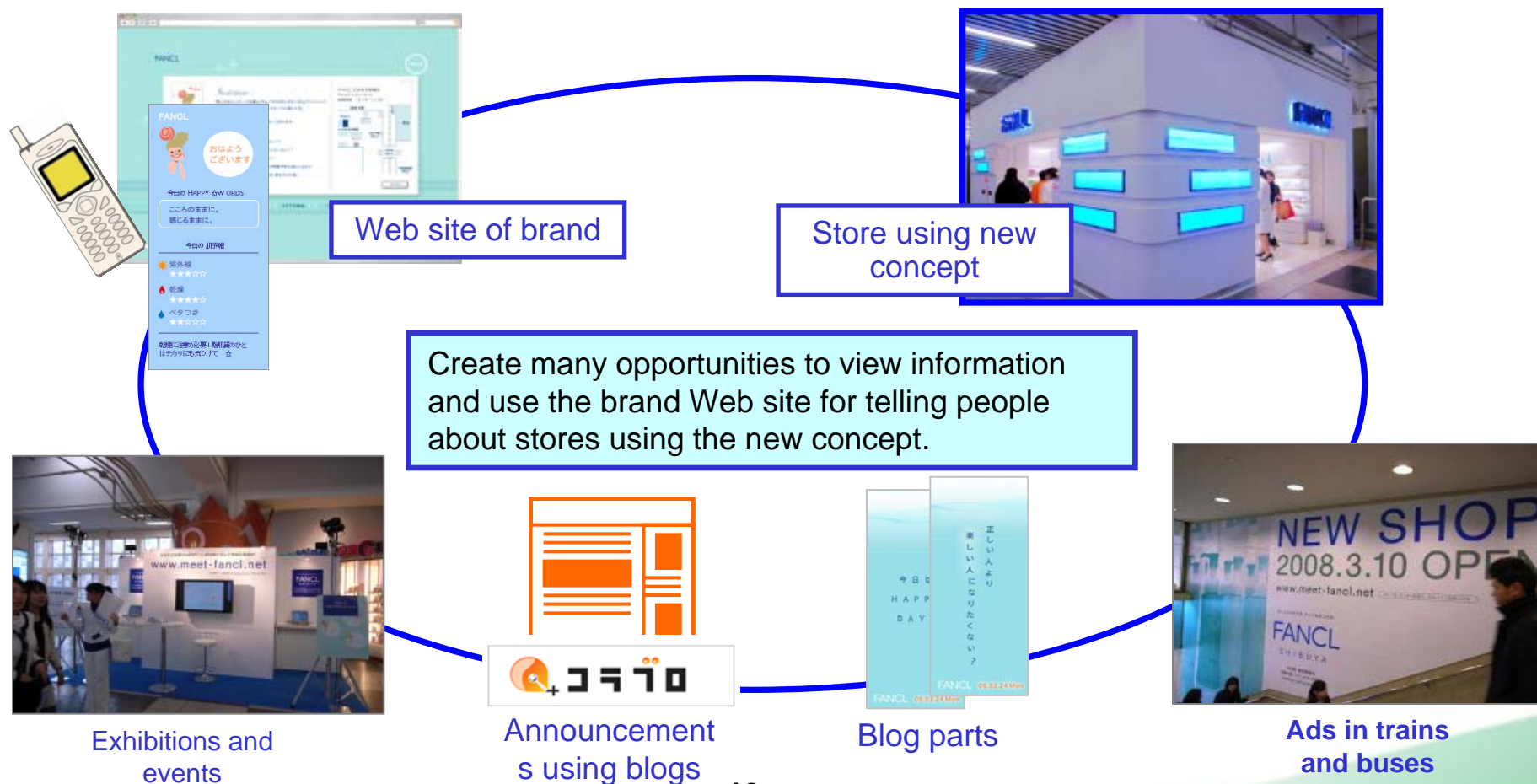
* Septeni Alliance Fund included.

Business Unit Highlights

~Network advertising business

(3) Example of activities in (CGM) field

Word-of-mouth campaign using “buzz marketing”




Business Unit Highlights

~Network advertising business

【Sales composition ratio by customer's industry】

	08/1Q	08/2Q
Finance	16.9%	17.4%
Education • Human resource	13.2%	13.7%
Retail • Mail-order	7.2%	7.6%
Real estate	12.6%	13.0%
Food • Cosmetic	14.8%	14.4%
Automobile	4.6%	5.7%
IT	22.4%	22.0%
Others (Variety of services etc.)	8.3%	6.2%

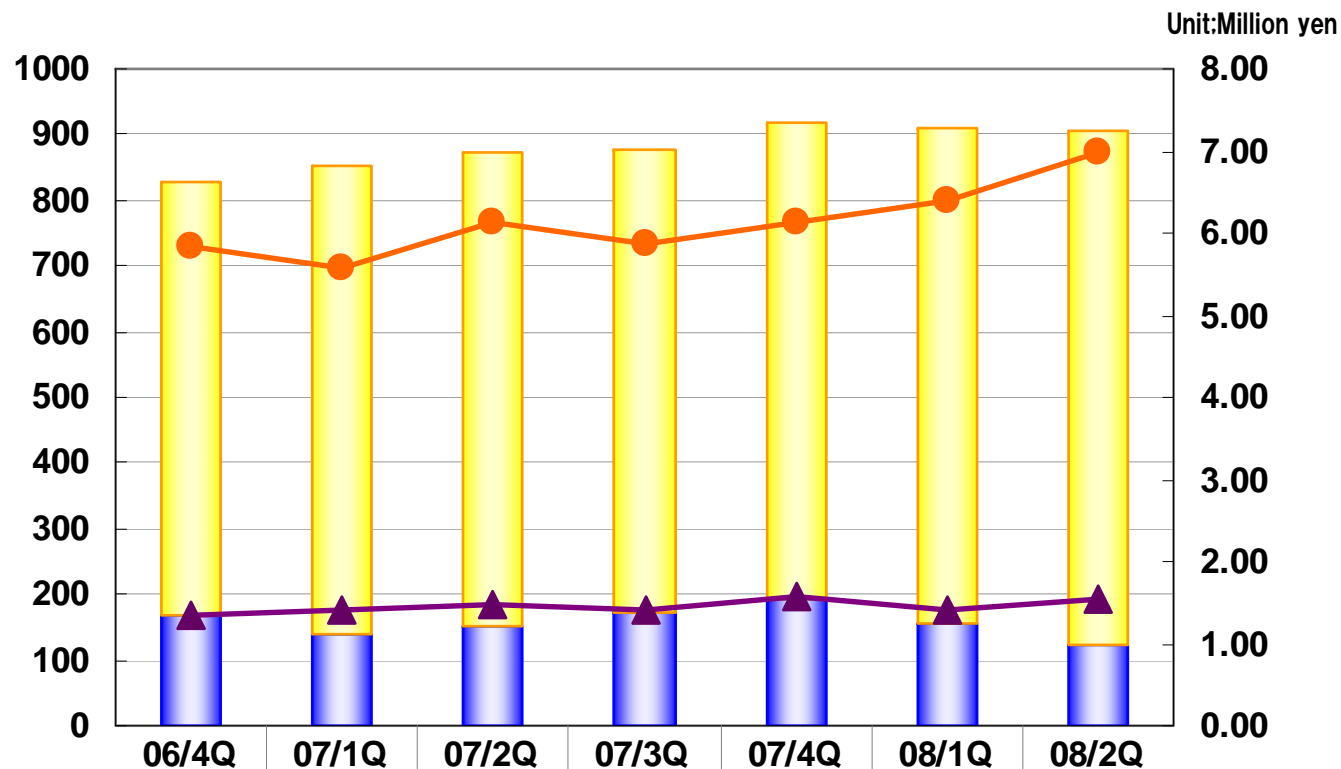


Business Unit Highlights

~Network advertising business

【Number of clients】

(company)



	Total No. of clients	829	851	872	876	920	911	905
	No. of new clients	169	141	153	171	192	154	122
	Average price per clients	5.83	5.59	6.12	5.87	6.14	6.38	6.99
	No. of clients (over 5 million yen sales)	166	176	186	178	197	176	192

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

Mobile services



- ◆ **Axel Mark** was listed on the TSE Mothers market (Mar. 18,, 2008/stock code: 3624)
- ◆ 2nd quarter performance proved the effectiveness of promotions to attract more mobile content members
- ◆ Steadily enlarged the selection of highly appealing content, such as by adding “**Brain Exercises**” (streaming video) and “**Harlequin**”^{*} (books)

^{*}Harlequin is offered through a site operated jointly with SoftBank Creative Corp.



III. For Medium- to Long-term Growth

■ Results of 「2008 Entrepreneur Creation Project」

- To speed up the 「100 Entrepreneurs Plan」 Septeni held Japan's first full-scale business contest that was open to the public.

■ January : entries 215 entries were submitted.



■ February : First phase of selection process

Written test and interviews to determine each applicant's business skills



■ March : Second phase of selection process

Applicants presented their business plans for the judges.

(Panel of judges includes analysts, fund managers and media professionals from outside the Septeni Group.)



■ April : Third phase of selection process (Location: Shanghai, China)

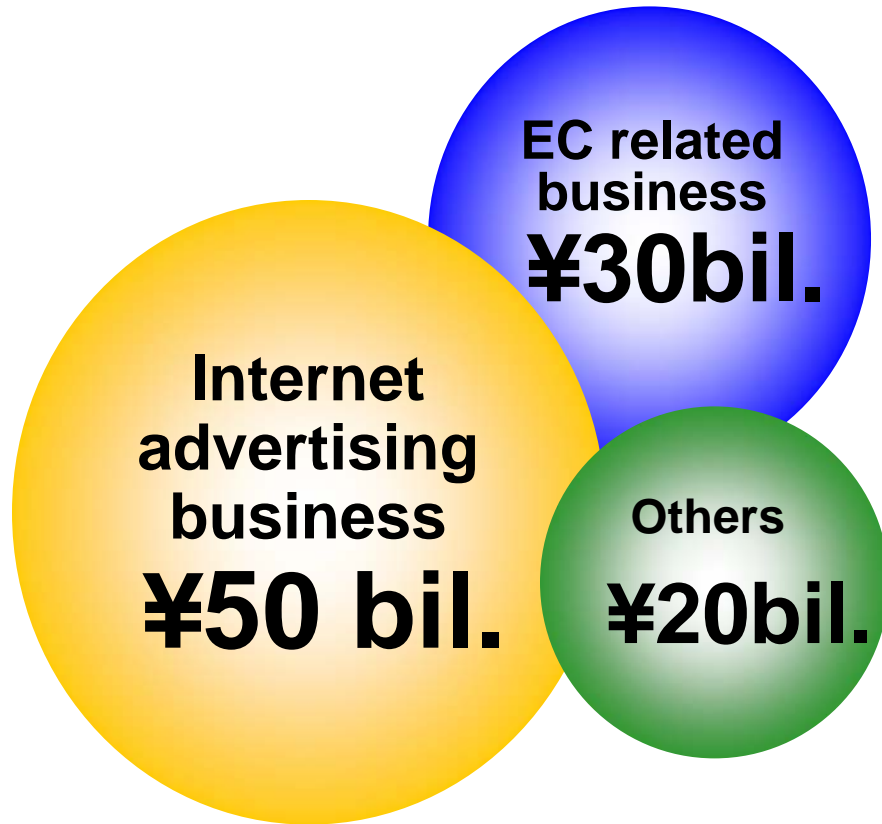
Judging process that used a three-day stay at an overseas location

Aggressive creation of new businesses and recruiting of core personnel

■ Three Winners Selected by 「2008 Entrepreneur Creation Project」



- The first place, second place and special award winners (three business plans) were announced.
- The winning business plans included a “healthcare-related business”, “shopping on the Internet”, etc.
- Plans to provide funding and other business start-up assistance to the winners.



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**



IV. Appendix

As of March 31, 2008

C o m p a n y n a m e	Septeni holdings Co., Ltd.
Representative	Representative director & COO Muneyoshi Nomura
Head office	24 Daikyouchou, Shinjuku, Tokyo
Stock code	4293 (JASDAQ、J-Stock)
B u s i n e s s a c t i v i t y	Comprehensive support for web-based and conventional marketing programs
Establishment	October 29, 1990
C a p i t a l	1,485 million yen
Outstanding s h a r e s	127,047.8 shares
Number of e m p l o y e e s (consolidated)	383(Full-time)、469(Part-time)

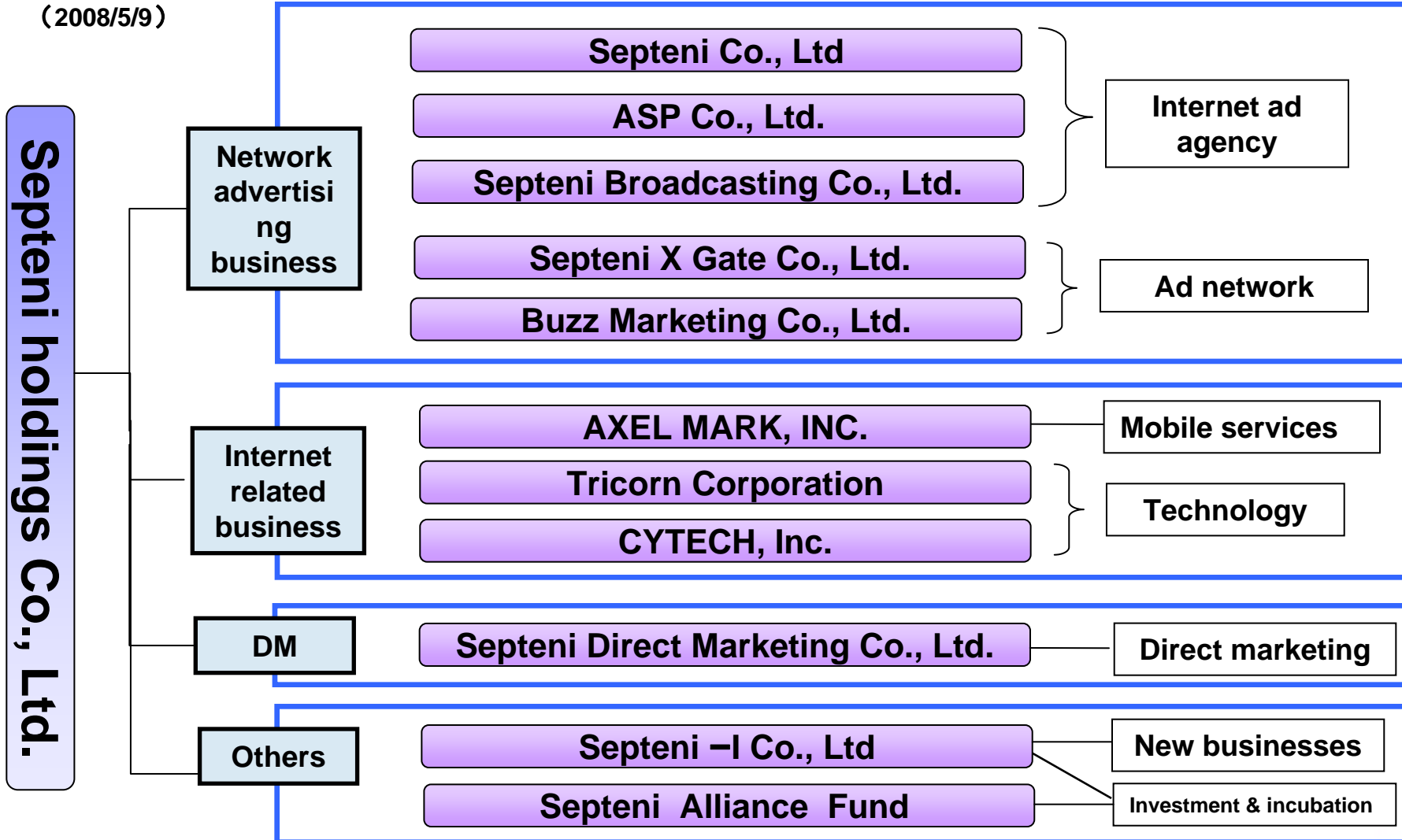
As of May 9, 2008

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 70.0%	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 55.0%	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 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
Power Technology, Inc	Equity method affiliate 22.8%	SEO Business

The Septeni Group



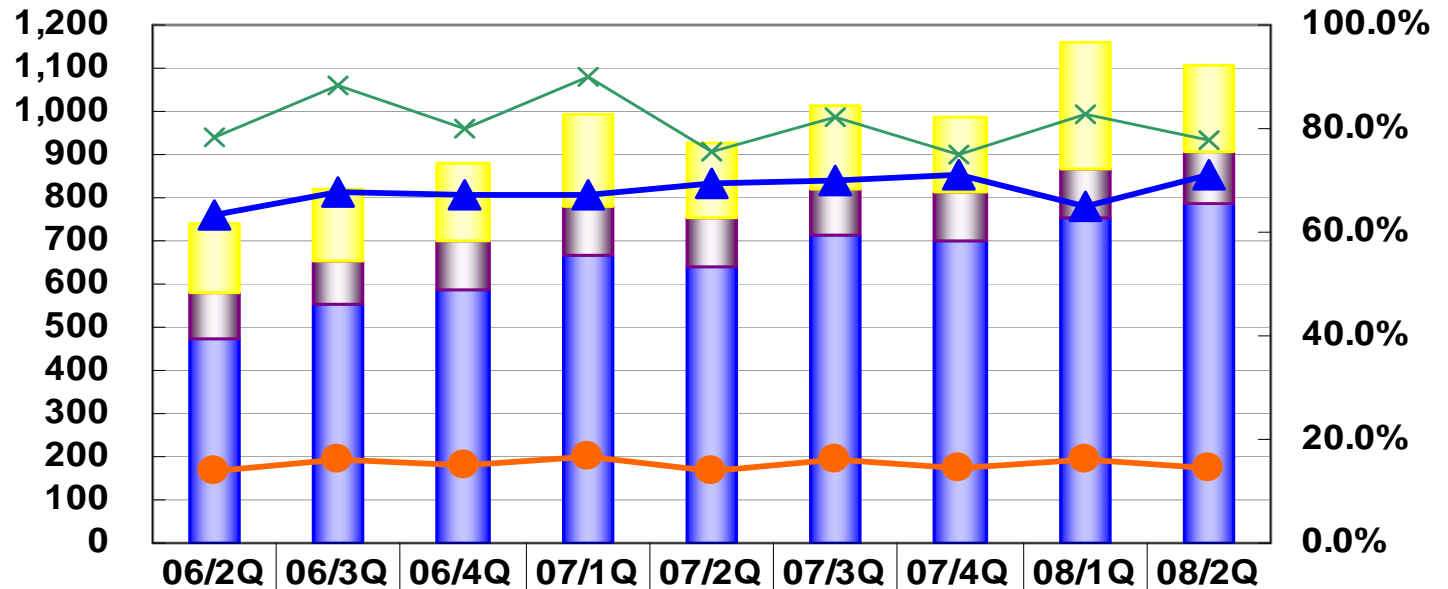
(2008/5/9)



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

Consolidated SG&A

Unit; Million yen

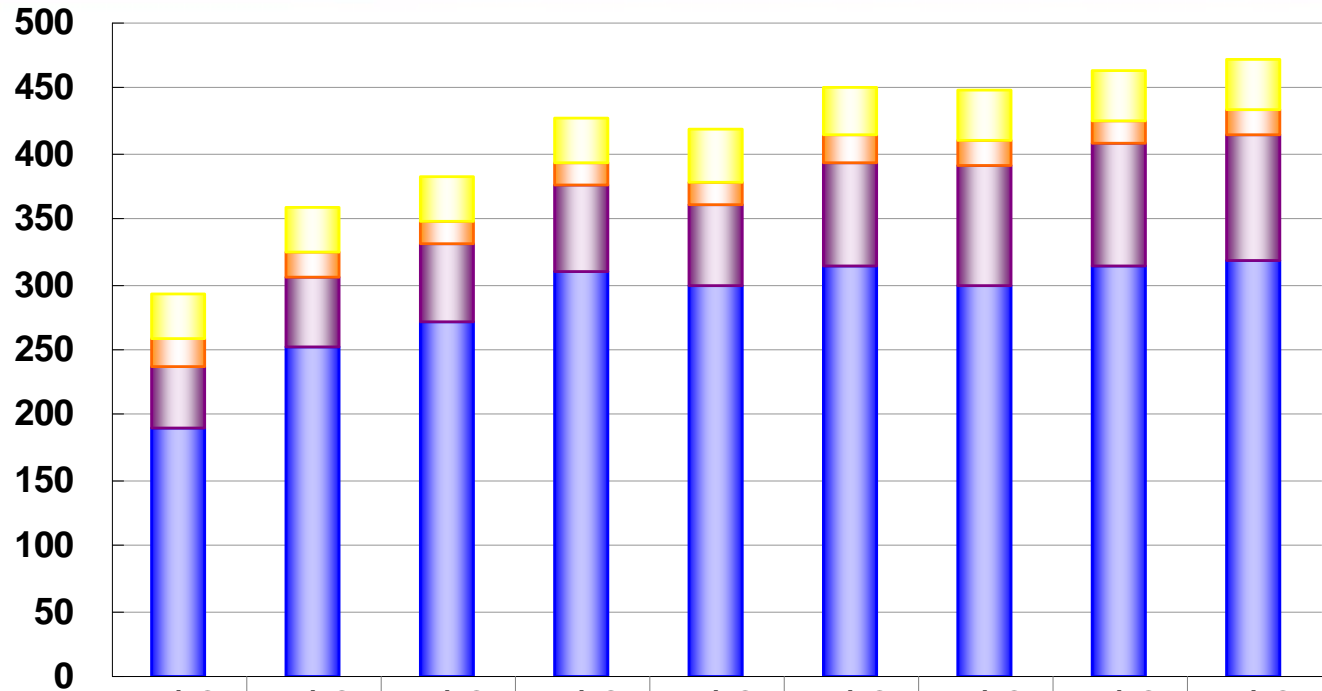


Others	166	169	181	210	174	193	173	288	203
Office expnese	106	98	107	114	109	110	114	118	117
Labor cost	471	556	589	668	641	713	700	751	789
SG&A ratio to Gros margin	78.1%	88.2%	80.0%	90.2%	75.6%	82.5%	75.3%	82.6%	77.5%
Labor cost ratio to SG&A	63.4%	67.6%	67.2%	67.3%	69.4%	70.2%	70.9%	64.8%	71.1%
SG&A ratio to Net sales	13.9%	16.2%	14.8%	16.4%	14.1%	15.9%	14.4%	16.1%	14.7%
Total SG&A	743	823	877	992	924	1,015	986	1,158	1,110

Septeni Group Number of employees



(Unit;Person)



■ Stass others	35.0	34.3	34.3	35.7	39.7	37.0	37.3	40.0	38.7
■ DM business	20.7	20.3	18.0	17.0	17.7	21.0	20.3	16.3	18.0
■ Internet related business	48.0	53.0	60.0	65.0	62.3	79.3	91.7	93.7	97.3
■ Network advertising business	189.6	251.7	270.3	310.7	298.7	314.0	298.7	314.3	318.0
(account exsectives)	(75.0)	(92.0)	(93.0)	(105.7)	(108.0)	(132.0)	(123.7)	(138.0)	(137.7)
TOTAL	293.7	359.3	382.7	428.3	418.3	451.3	448.0	464.3	472.0

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