

Septeni Holdings Co., Ltd.

Results of Operations Nine months ended June 30, 2008

August 5, 2008



Septeni Holdings Co., Ltd.
<http://www.septeni-holdings.co.jp>
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Forecasts, plans and other forward-looking statements contained in this presentation represent the judgments of Septeni as of August 5, 2008. Septeni does not guarantee the accuracy of this information. Actual performance may differ significantly from these forecasts for many reasons.



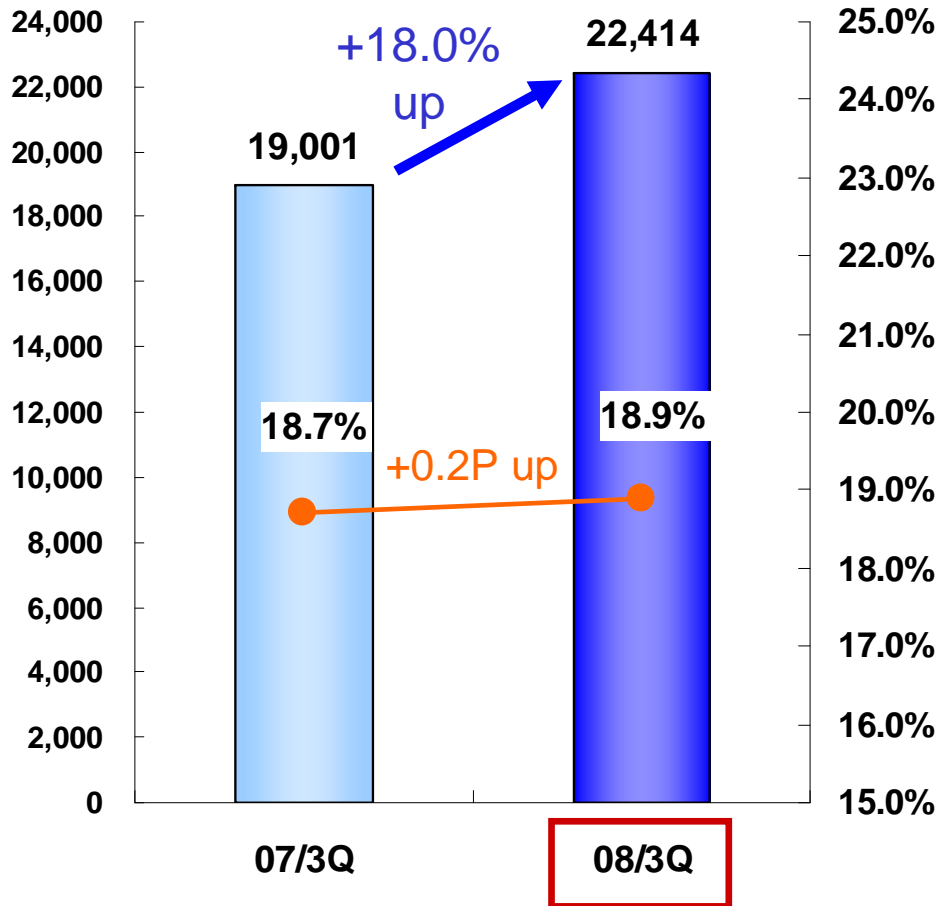
I . Overview

- ◆ 3Q sales forged ahead, rising 18.0% YoY, to top ¥20 billion for the first time
- ◆ With the strong performance of the network advertising business taking up the slack in Internet-related business, operating income also increased steadily, rising 25.0% YoY.
- ◆ Consolidated subsidiary Axel Mark scaled back its business forecast.

Highlight of Business Results of Q3 ②

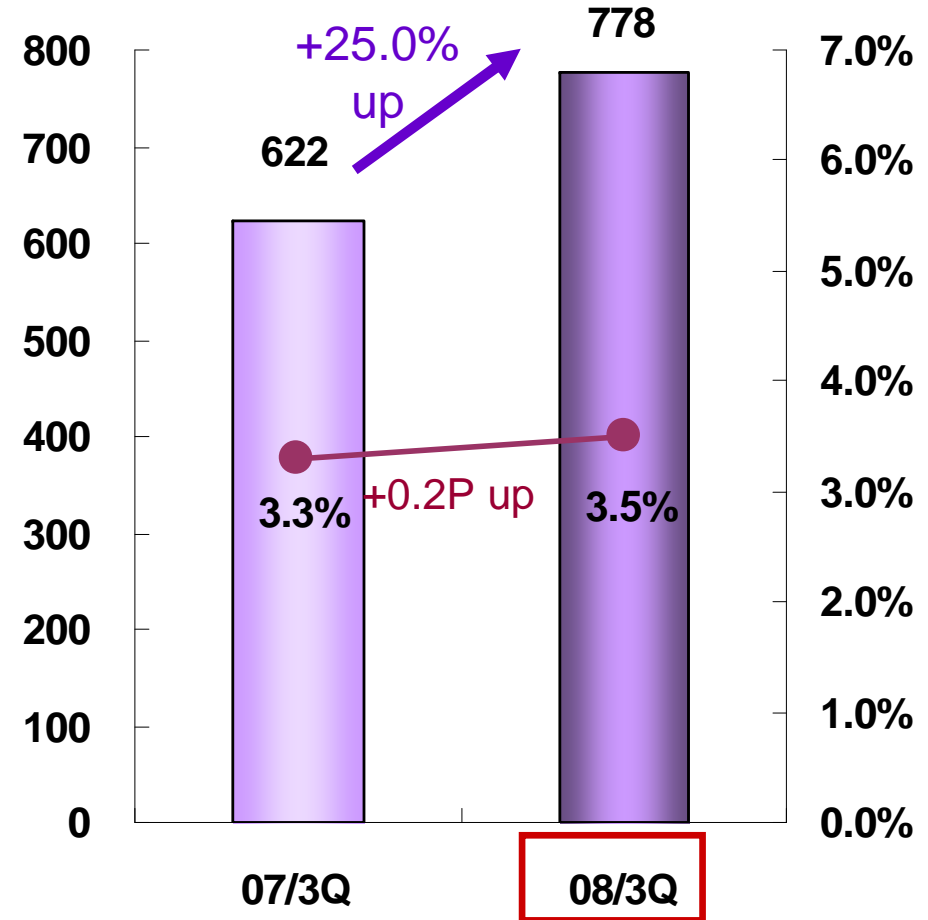
Net sales •
Gross margin

(Million yen)



Ordinary income •
Ordinary income ratio

(Million yen)



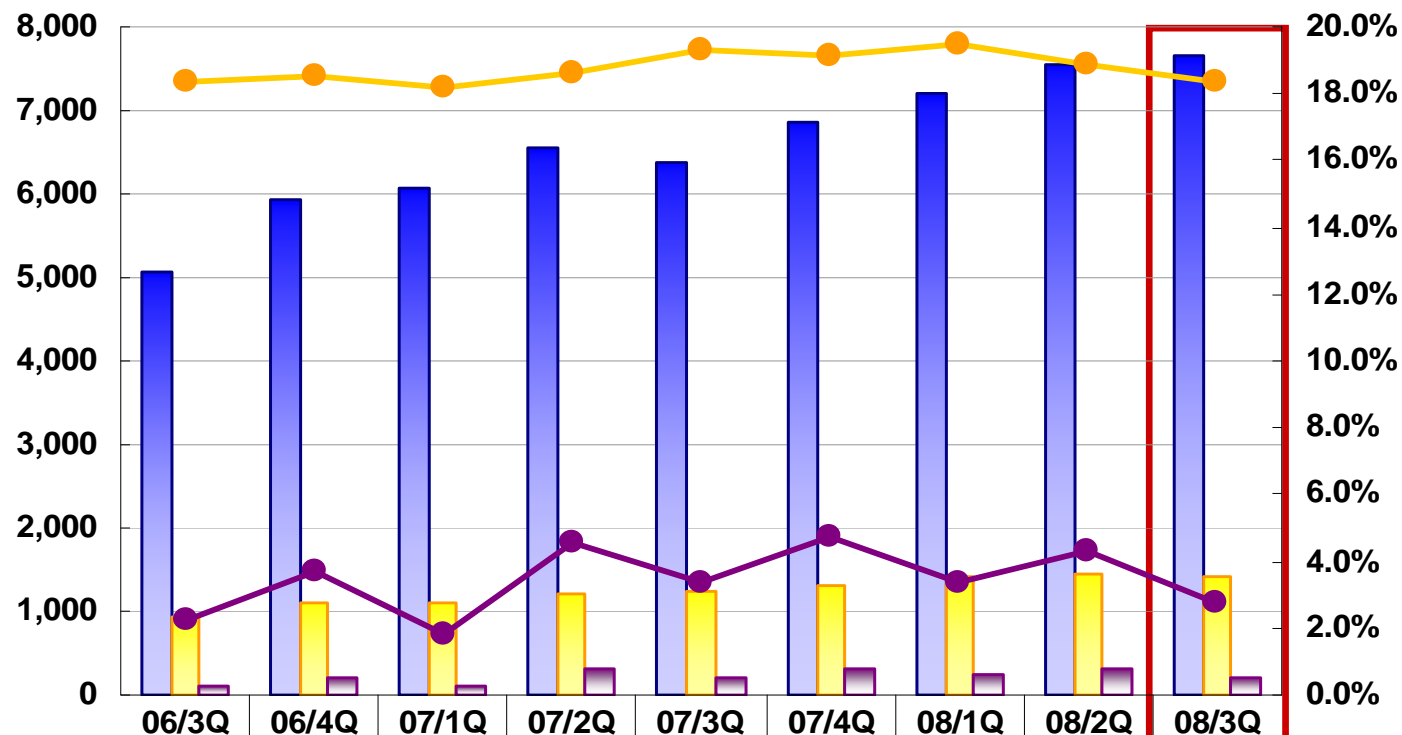
Summary Consolidated Income Statement

(Million yen)

Indicators	Q3 FY September 2008			Q3 FY September 2007	
	Amount	Share	YoY change	Amount	Share
Net sales	22,414	100.0%	+18.0%	19,001	100.0%
Gross income	4,243	18.9%	+19.4%	3,554	18.7%
SG&A	3,464	15.5%	+18.2%	2,932	15.4%
Operating income	778	3.5%	+25.0%	622	3.3%
Ordinary income	737	3.3%	+5.9%	696	3.7%
Net income	569	2.5%	+59.7%	356	1.9%

Consolidated Quarterly Performance

(Million yen)



Net sales	5,078	5,930	6,064	6,557	6,378	6,862	7,195	7,562	7,657
Gross profit	933	1,097	1,100	1,222	1,230	1,311	1,402	1,432	1,407
Ordinary income	110	219	108	298	215	324	243	322	212
Gross margin	18.4%	18.5%	18.2%	18.6%	19.3%	19.1%	19.5%	18.9%	18.4%
Ordinary income ratio	2.2%	3.7%	1.8%	4.6%	3.4%	4.7%	3.4%	4.3%	2.8%

◆ First 3Q quarter-on-quarter sales growth in three years

Consolidated Balance Sheet

	Q1 of FY September 2008	FY September 2007	Change	Remarks
Assets				
Current assets	8,906	7,506	+1,400	Cash and deposits +417 Account receivable +580
Fixed assets	2,944	1,977	+967	Investment securities+603
Total assets	11,851	9,483	+2,367	
Liabilities				
Current liabilities	5,992	4,701	+1,290	Account payable +547 Short-term debt +780
Long-term liabilities	59	38	+21	
Total liabilities	6,052	4,739	+1,312	
Net assets				
Total net assets	5,799	4,743	+1,055	Retained earnings +482 Minority equity +461
Total liabilities and net assets	11,851	9,483	+2,367	

Consolidated Cash Flow Statement

(Unit; Million yen)

	Q1 of FY September 2008	Q1 of FY September 2007	Remarks
Cash flows from operating activities	-37	221	Net income before income taxes +776 Increase of trade investment securities Δ 168 Income tax payments Δ 629
Cash flows from investing activities	Δ 1,050	Δ 432	Sale of investment securities +425 Purchase of investment securities Δ 614 Purchase of investment in subsidiaries and affiliates Δ 513
Cash flows from financing activities	1,505	96	Capital increase in Axel Mark +847 Increase of debt +752
Net change in cash and cash equivalents	417	Δ 114	
Cash and cash equivalents at the end of year	3,526	2,771	

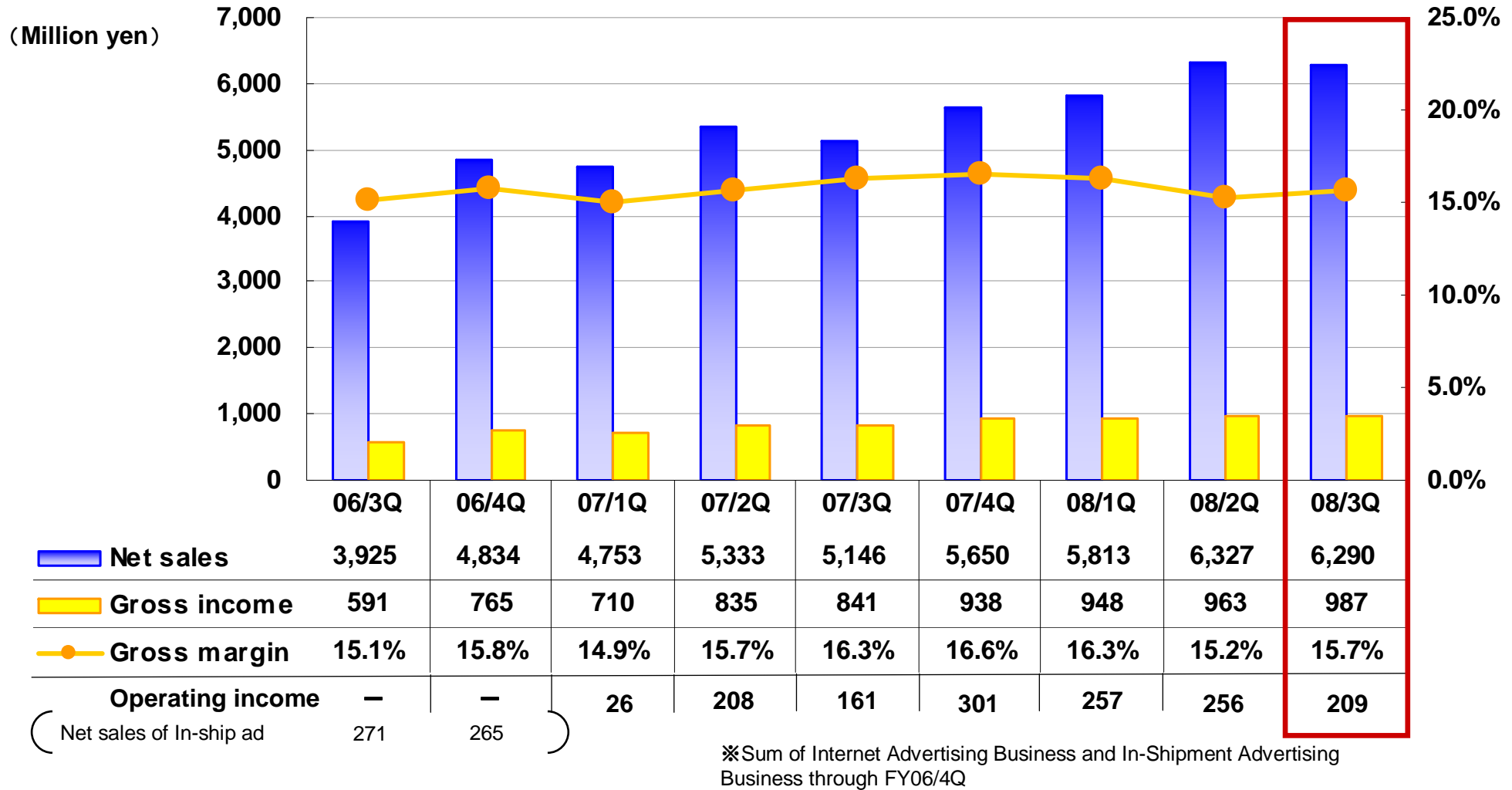
Business Segment Results

(Unit; Million yen)

Segment	Net Sales			Operating Income		
	Q3 FY9/08	Q3 FY9/07	YonY change	Q3 FY9/08	Q3 FY9/07	YonY change
Internet Advertising	18,430	15,232	+21.0%	723	396	+82.4%
Internet Businesses	3,050	1,803	+69.1%	127	197	-35.4%
Direct Marketing	1,744	2,085	-16.4%	196	241	-18.6%
Others	18	86	-78.2%	-21	1	—
Eliminations and corporate	-829	-207	—	-248	-215	—
Consolidated	22,414	19,001	+18.0%	778	622	+25.0%

- ◆ The network advertising business posted steady sales and operating income growth.
- ◆ Operating income was lower in the Internet-related business, as a sluggish mobile-content business wiped out the benefits of strong sales growth.

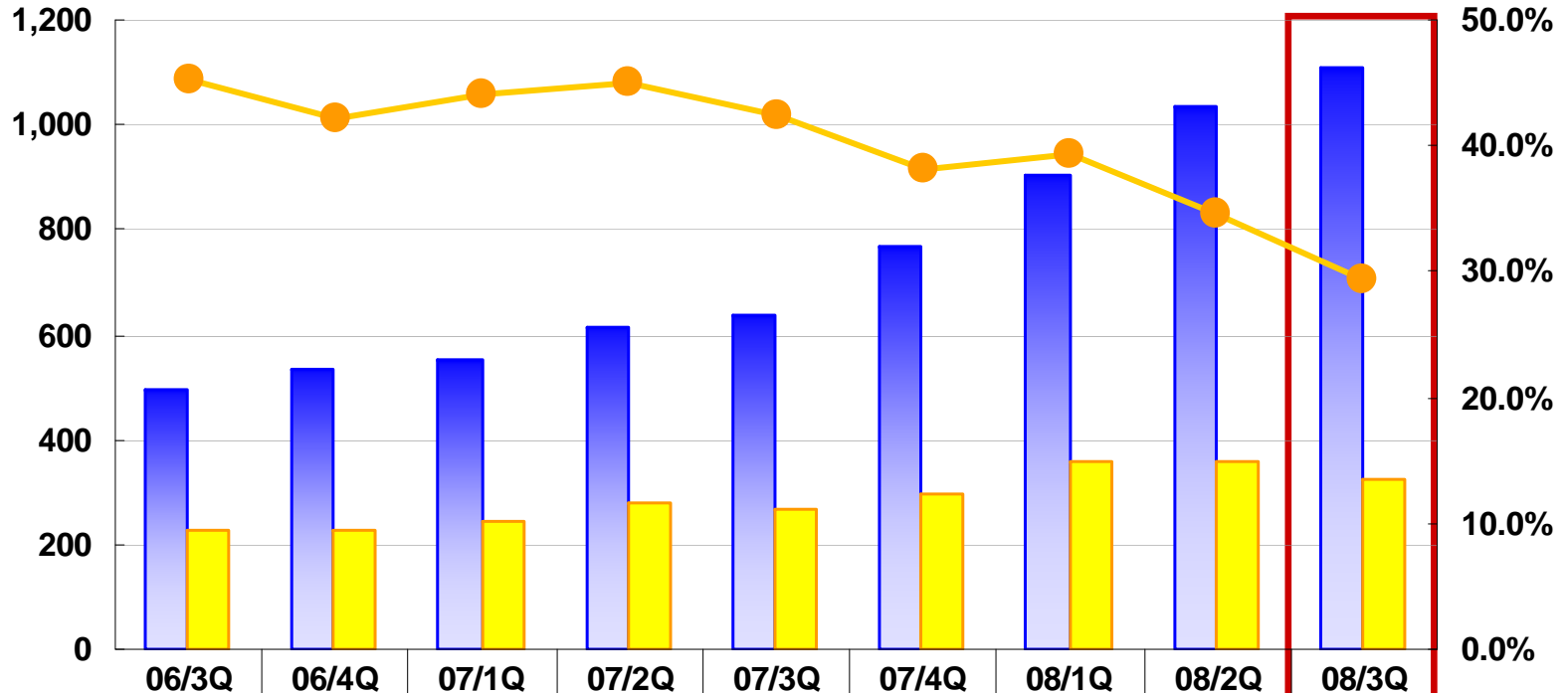
Performance of Network advertising business by Quarter



◆ The operating margin rose, despite higher personnel expenses due to the hire of new graduates.

Performance of Internet related business by Quarter

(Million yen)

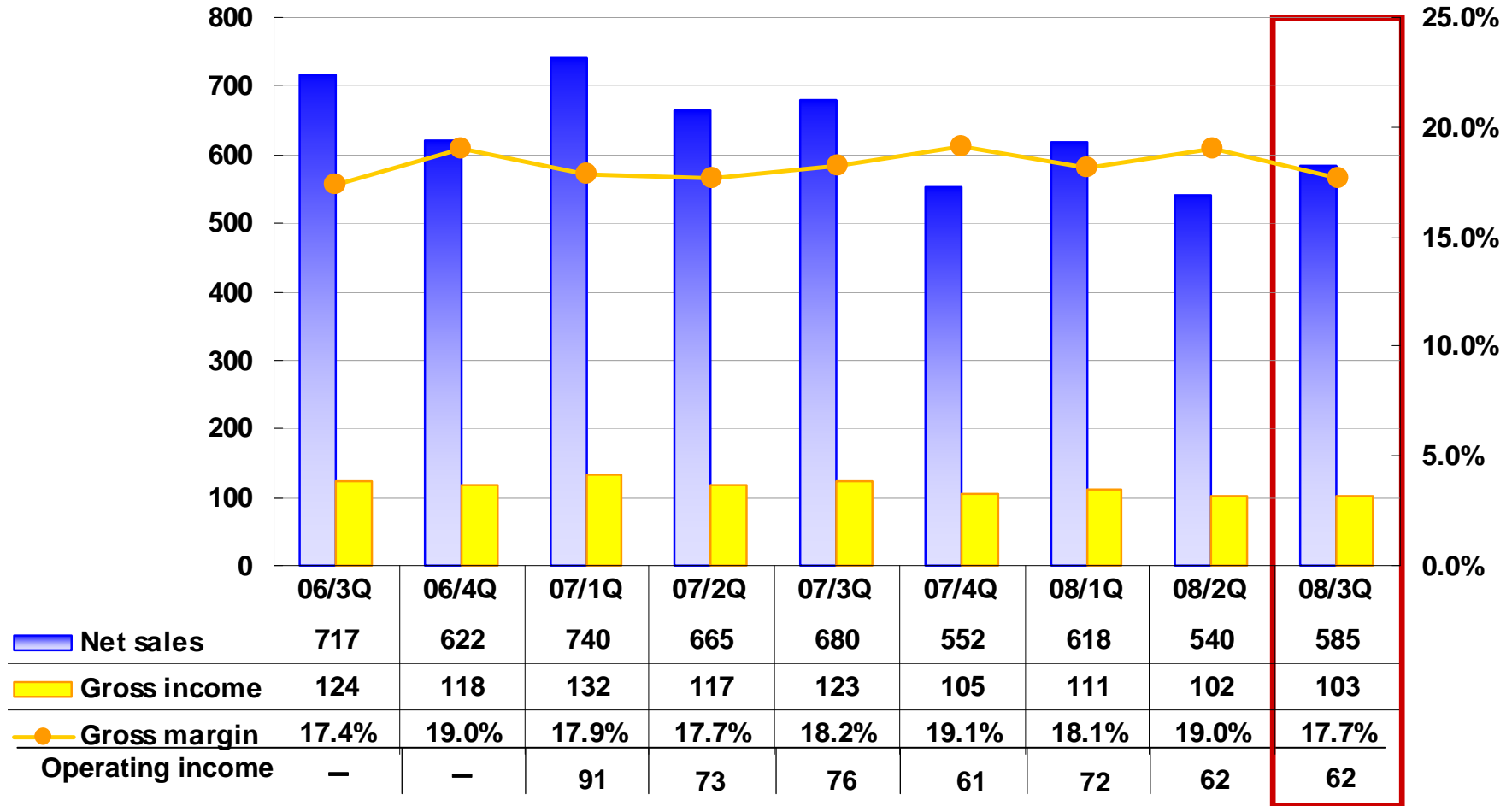


Net sales	497	536	553	613	637	769	904	1,034	1,111
Gross income	225	226	243	276	269	293	356	356	327
Gross margin	45.3%	42.1%	44.0%	45.0%	42.3%	38.2%	39.4%	34.5%	29.4%
Operating income	—	—	50	89	57	62	19	73	35

◆ While mobile rep segment sales continued to rise, profit was squeezed as the weight of mobile content in total sales declined

Performance of Direct marketing business by Quarter

(Million yen)



◆ Profit was flat, despite rising sales.

Business Forecast of FY September 2008

Consolidated (million yen)	Q3 Results FY 9/2008	Progress	Full-term Forecast FY 9/2008
Net sales	22,400	72.3%	31,100
Operating income	770	64.9%	1,200
Ordinary income	730	56.7%	1,300
Net income	560	81.4%	700

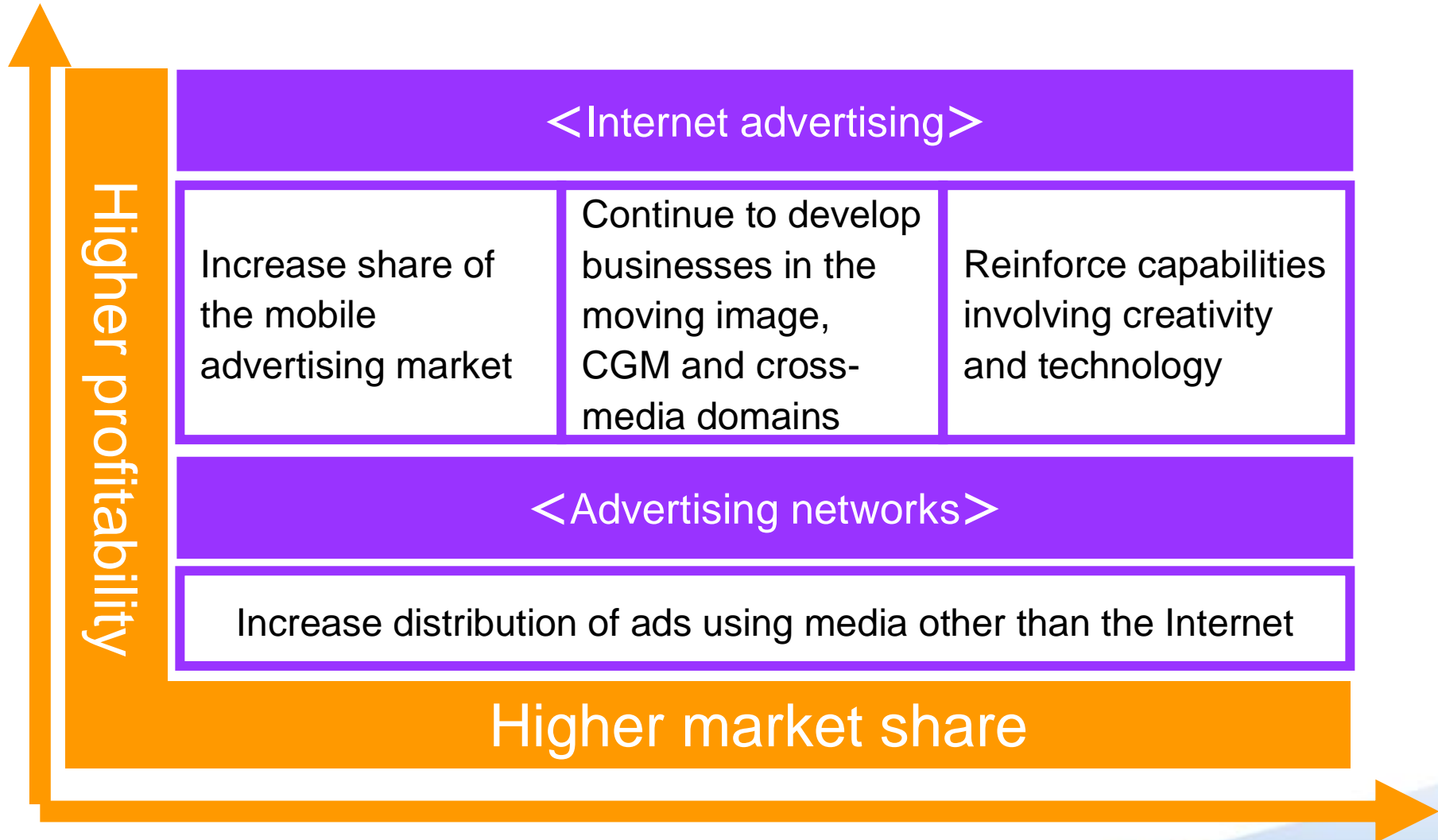


II . Major Business Units

Business Unit Highlights

~ Network advertising business

■ Business strategy for fiscal 2008

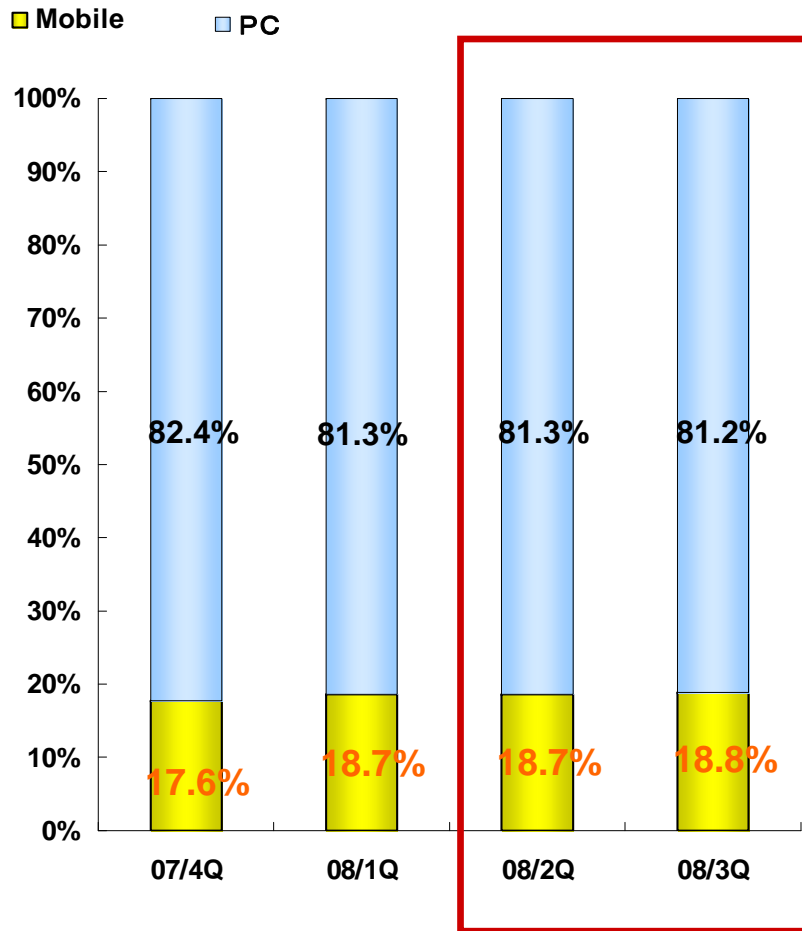


Business Unit Highlights

~ Network advertising business

(1) changes in sales by product

【Changes in sales of mobile and PC ads】



breakdown



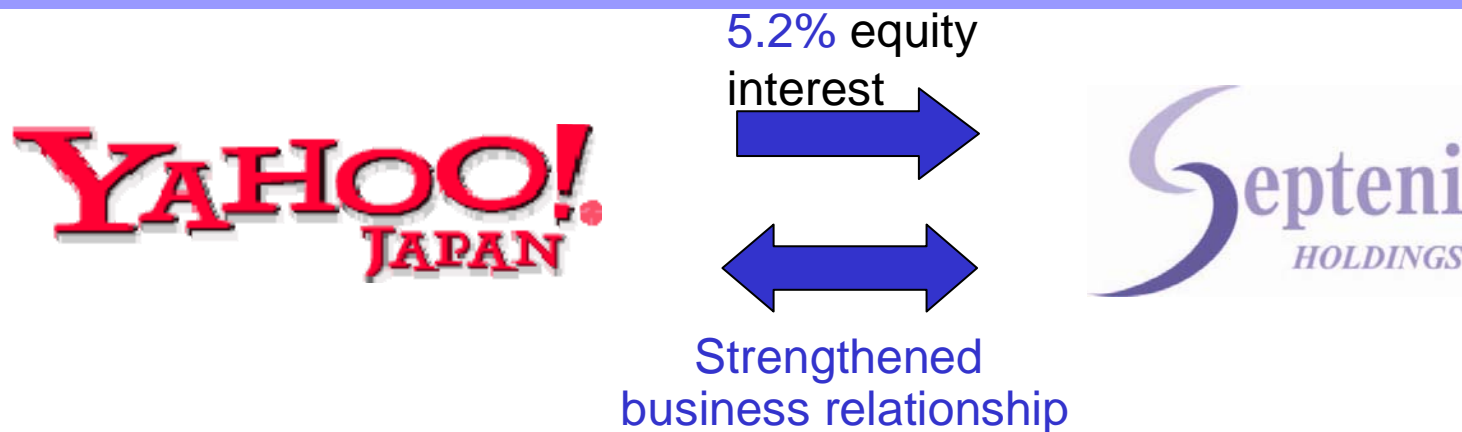
By service		08/2Q	08/3Q
PC	Portal etc	25.8%	25.8%
	CGM	3.0%	2.9%
	Mail	4.4%	4.5%
	Listing	32.2%	33.4%
	Affiliate	10.0%	9.3%
	SEO	2.3%	2.5%
	Production / others	3.7%	2.9%
		81.3%	81.2%
Mobile	Portal etc	3.9%	3.7%
	CGM	3.5%	4.2%
	Mail	3.0%	2.7%
	Listing	4.0%	4.2%
	Affiliate	4.1%	4.0%
	SEO	0.2%	0.1%
		18.7%	18.8%
Total		100.0%	100.0%

Business Unit Highlights

~Network advertising business

(2) Strengthening relationship with major media

Allocated shares to **Yahoo Japan Corporation** through a private placement. (July 14, 2008)



- ◆ Funds (¥100 million) raised through recent financing were used for strategic investments, including M&A, employee training and system development.
- ◆ The above initiatives will help develop services using advertising technology, including development of new services, and achieve new synergies particularly in the network advertising business.

Business Unit Highlights

~Network advertising business

(3) Septeni opens new sales offices (July 7, 2008)

◆ Sapporo sales office

The fourth regional sales office. It will be responsible for marketing in Hokkaido, an area with large potential demand.



◆ SEM Headquarters - Miyazaki office


We aim to improve the quality and productivity of the SEM service by raising the efficiency of in-house operations.

Business Unit Highlights

~Network advertising business

【Sales composition ratio by customer's industry】

	08/2Q	08/3Q
Finance	17.4%	14.7%
Education • Human resource	13.7%	10.3%
Retail • Mail-order	7.6%	6.3%
Real estate	13.0%	12.5%
Food • Cosmetic	14.4%	18.8%
Automobile	5.7%	5.6%
IT	22.0%	21.7%
Others (Variety of services etc.)	6.2%	10.0%



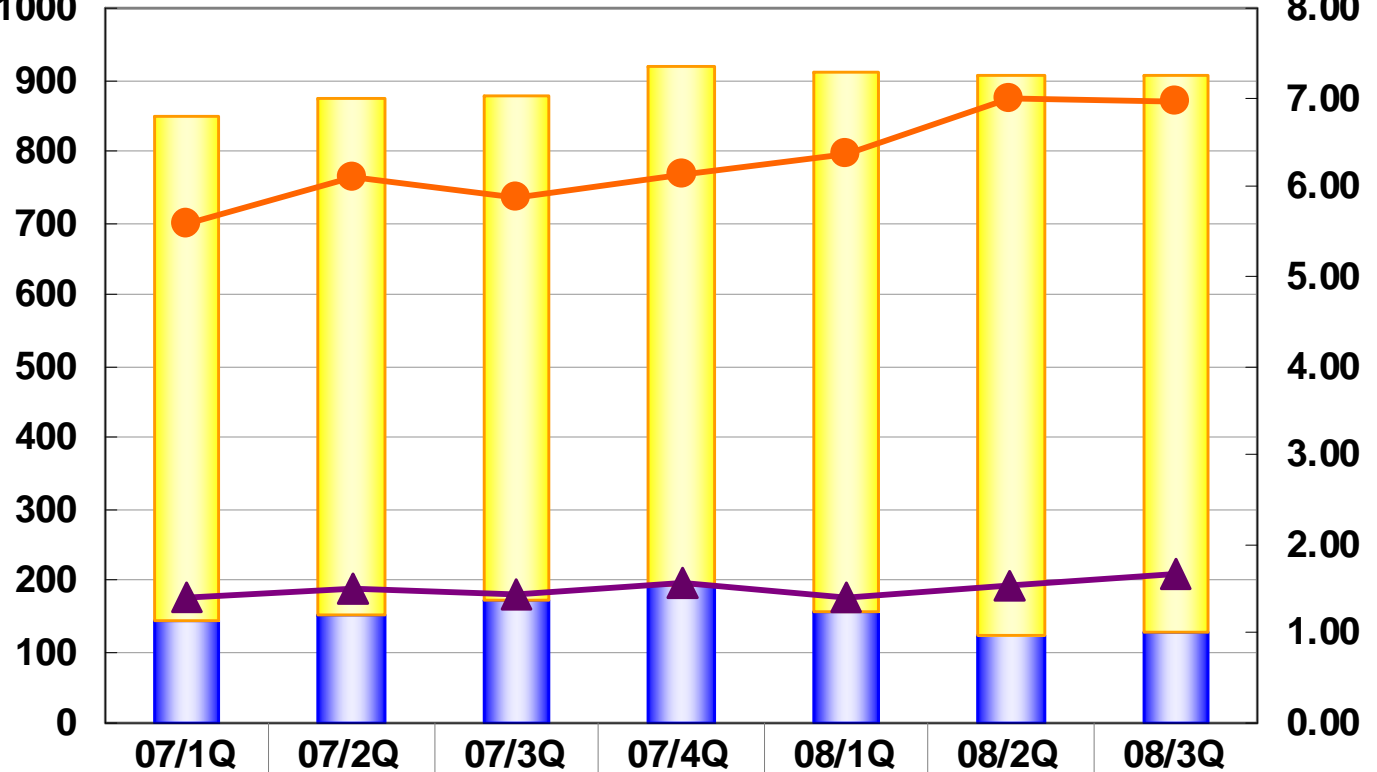
Business Unit Highlights

~Network advertising business

【Number of clients】

(Company) 1000

(Million yen)



Total No. of clients	851	872	876	920	911	905	906
No. of new clients	141	153	171	192	154	122	127
Average price per clients	5.59	6.12	5.87	6.14	6.38	6.99	6.94
No. of clients (over 5 million yen sales)	176	186	178	197	176	192	208

■ Mobile services



- ◆ Axel Mark revises business forecasts downward
- ◆ Number of subscribers (420,000) and ARPU (¥353) rose from the 2Q.
- ◆ Expanded the range of video content
 - Added three popular titles, including “**Angel Haeart**”, “**DoCoMo’s to Best Hit Animation**”
 - Provided 100 titles to DoCoMo’s video campaign
- ◆ Pre-opening of **X JAPAN.TV**
 - Official mobile phone network broadcasting station of X JAPAN. TV, a TV station hugely popular in Japan and overseas plans to **exclusively distribute ringer tones, videos, images, etc.**



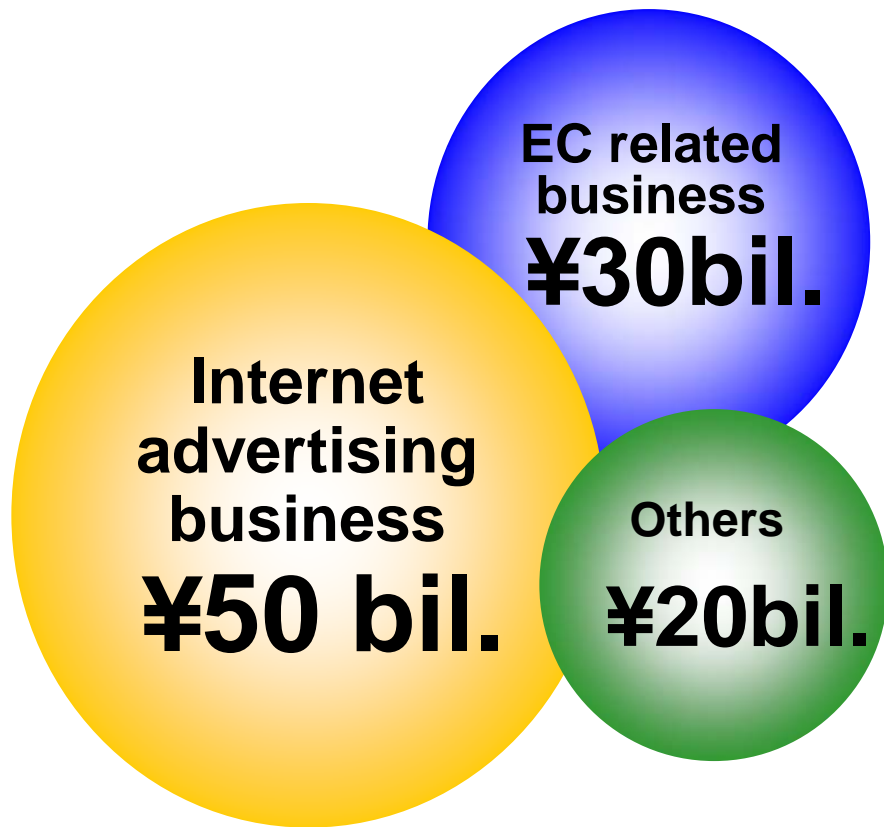


III. For Medium- to Long-term Growth

■ ACRESS became a consolidated subsidiary (July 18, 2008)



- ◆ Currently engaged in conventional mail-order marketing, using channels other than the Internet
- ◆ Plan to diversify into **EC** using Septeni Group's Internet marketing know-how.



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**

Thank you for today.

Septeni Holdings Co., Ltd.

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

Public relations • IR

TEL : +81-3-5363-7336 E-mail : ir@septeni-holdings.co.jp



IV. Appendix

As of June 30, 2008

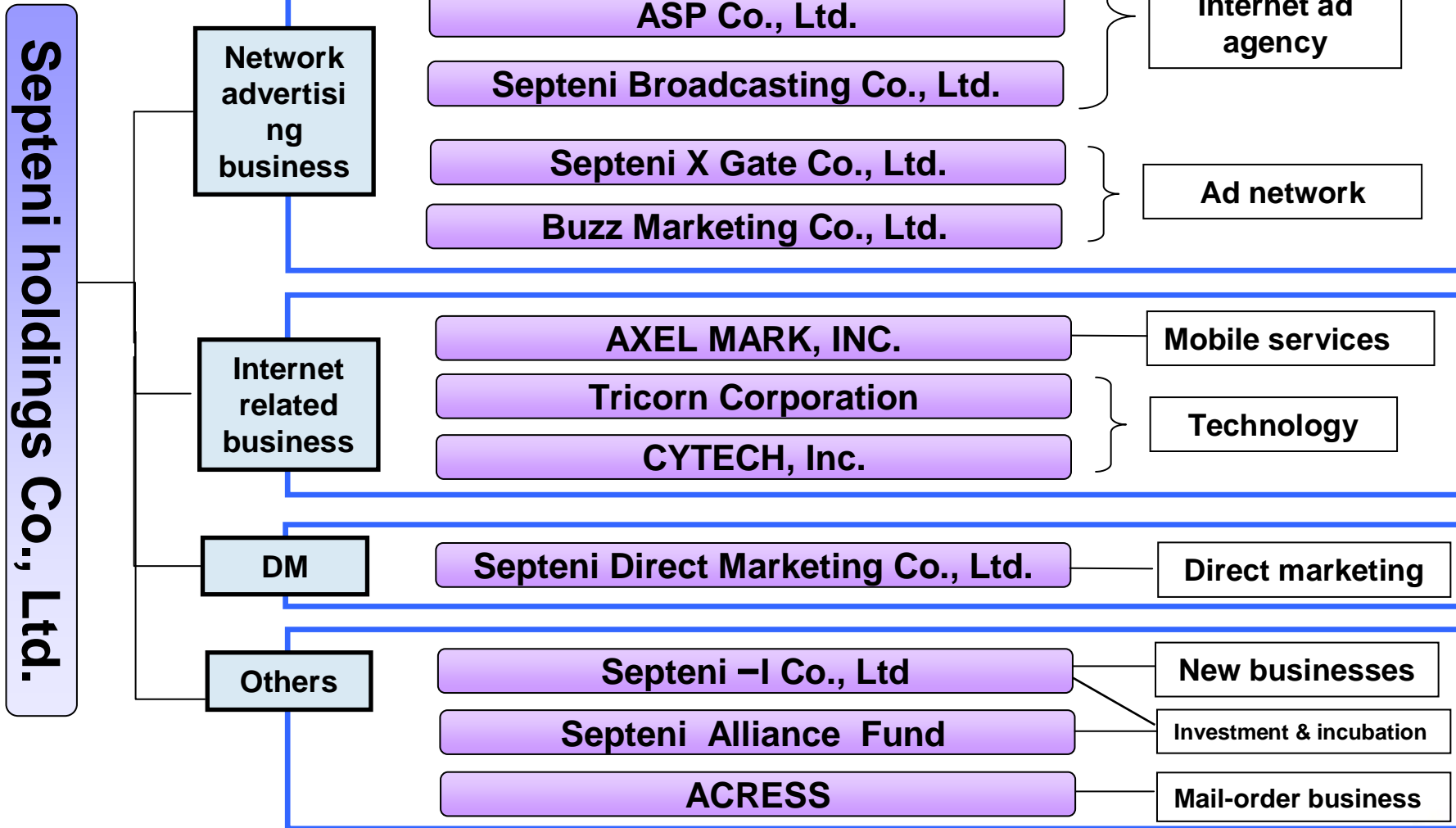
C o m p a n y n a m e	Septeni holdings Co., Ltd.
Representative	Representative director & COO Muneyoshi Nomura
Head office	24 Daikyouchou, Shinjuku, Tokyo
Stock code	4293 (JASDAQ、J-Stock)
B u s i n e s s a c t i v i t y	Comprehensive support for web-based and conventional marketing programs
Establishment	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)	451(Full-time)、517(Part-time)

As of August 5, 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
ACRESS	Consolidated subsidiary 100.0%	Mail-order business
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

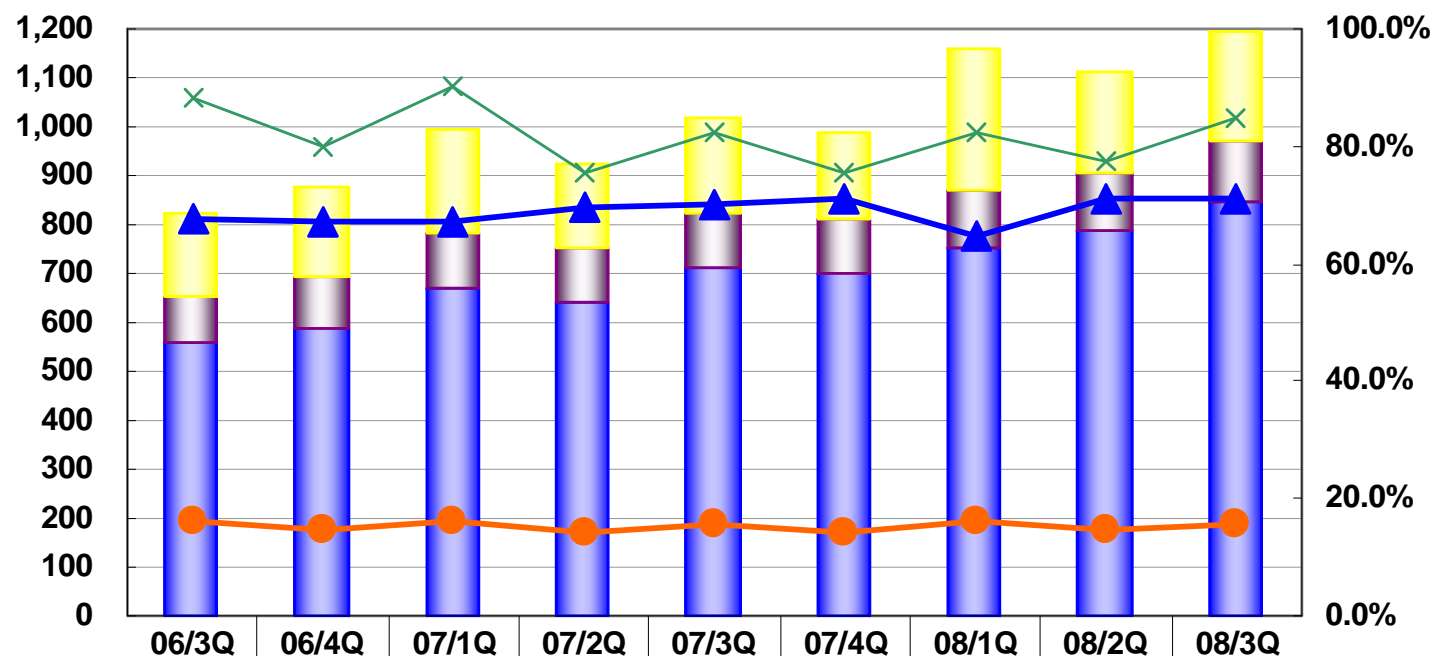
(2008/8/5)



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

Consolidated SG&A

(Million yen)

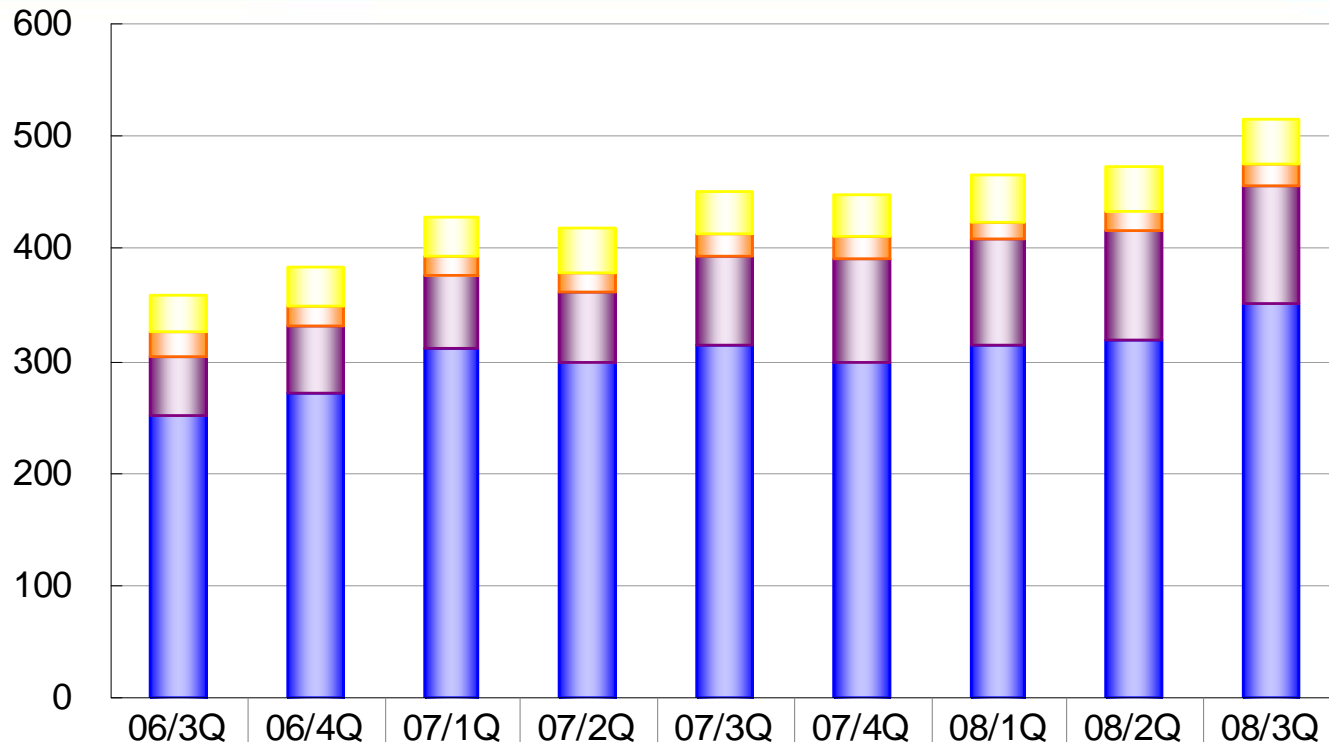


Others	169	181	210	174	193	173	288	203	226
Office expnese	98	107	114	109	110	114	118	117	119
Labor cost	556	589	668	641	713	700	751	789	849
SG&A ratio to Gros margin	88.2%	80.0%	90.2%	75.6%	82.5%	75.3%	82.6%	77.5%	84.9%
Labor cost ratio to SG&A	67.6%	67.2%	67.3%	69.4%	70.2%	70.9%	64.8%	71.1%	71.1%
SG&A ratio to Net sales	16.2%	14.8%	16.4%	14.1%	15.9%	14.4%	16.1%	14.7%	15.6%
Total SG&A	823	877	992	924	1,015	986	1,158	1,110	1,195

Septeni Group Number of employees



(Unit;Person)



Stass others	34.3	34.3	35.7	39.7	37.0	37.3	40.0	38.7	41.3
DM business	20.3	18.0	17.0	17.7	21.0	20.3	16.3	18.0	19.0
Internet related business	53.0	60.0	65.0	62.3	79.3	91.7	93.7	97.3	105.7
Network advertising business	251.7	270.3	310.7	298.7	314.0	298.7	314.3	318.0	350.3
(account executives)	(92.0)	(93.0)	(105.7)	(108.0)	(132.0)	(123.7)	(138.0)	(137.7)	(143.3)

TOTAL **359.3** **382.7** **428.3** **418.3** **451.3** **448.0** **464.3** **472.0** **516.3**

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