

Septeni Holdings Co., Ltd.

**Results of Operations
Year ended September 30, 2008**

November 7, 2008



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

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Forecasts, plans and other forward-looking statements contained in this presentation represent the judgments of Septeni as of November 7, 2008. Septeni does not guarantee the accuracy of this information. Actual performance may differ significantly from these forecasts for many reasons.



I . Summary

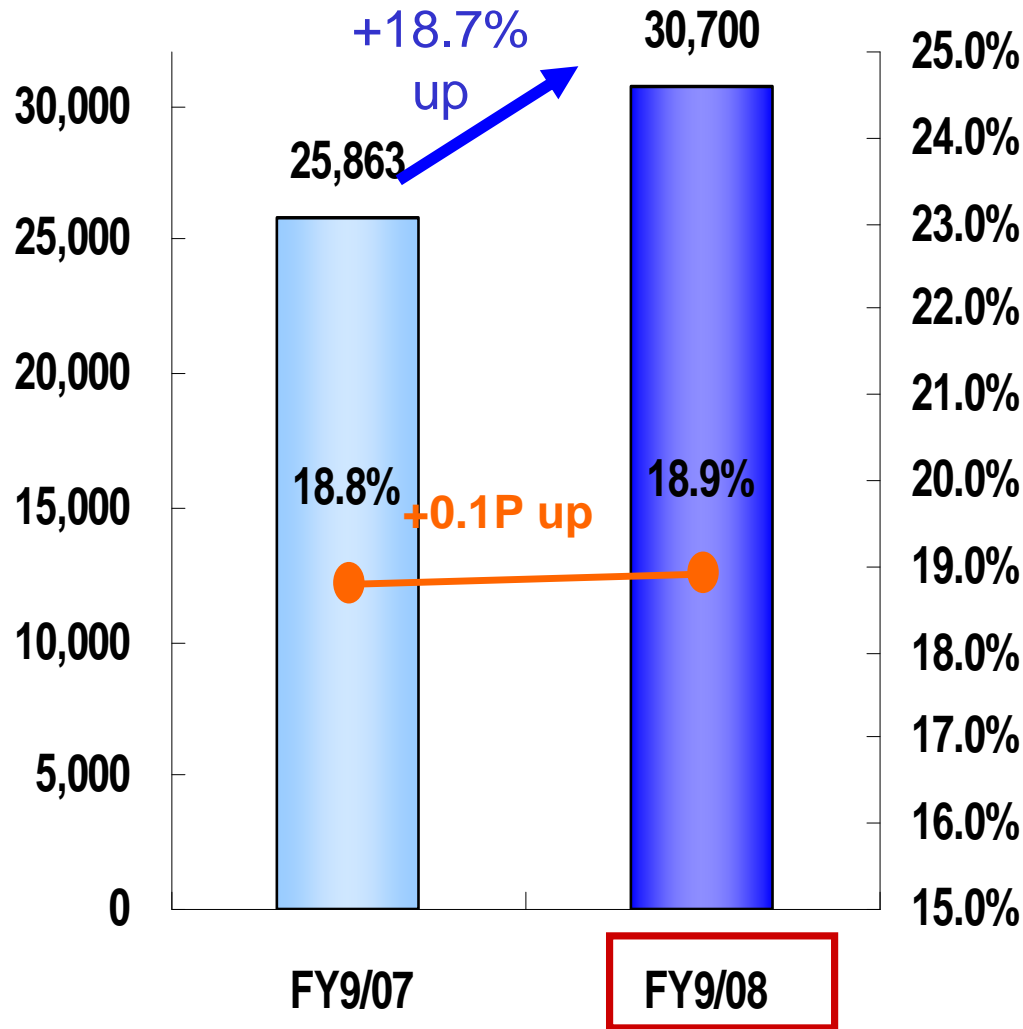
Highlights of Full-Year Consolidated Results ①

- ◆ Sales increased 18.7% year-on-year reaching a 30 billion yen mark.
- ◆ Poor performance in the Internet-related Business was backed by relatively favorable Network Advertising Business. As a result, operating income increased 18.9% and operating margin remained unchanged from the previous period.
- ◆ Non-operating income and expenses declined due to the effect of turmoil in the financial market, resulting in a decline in ordinary income for the first time since the listing.

Highlights of Full-Year Consolidated Results ②

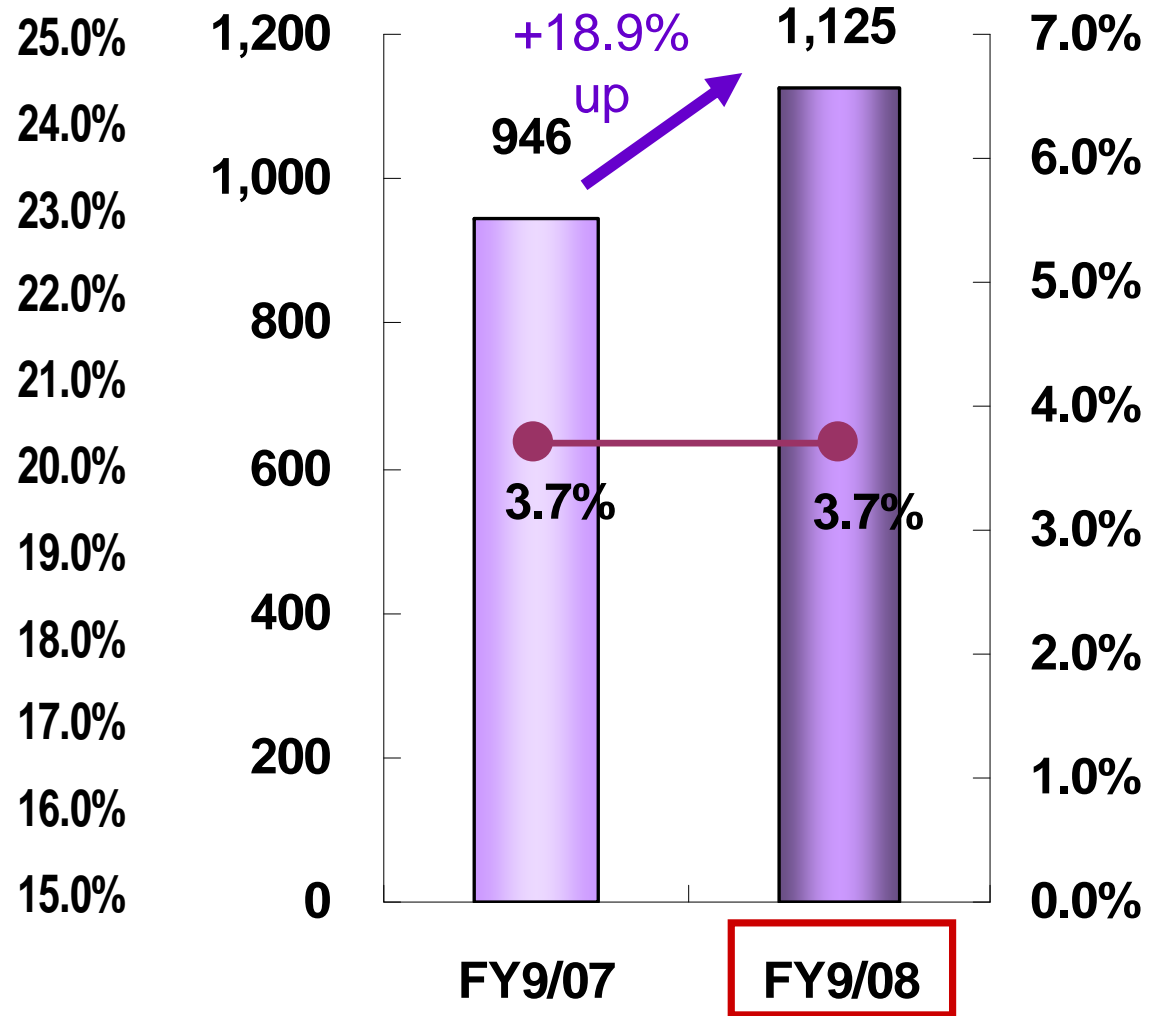
Net sales • Gross margin

(Million yen)



Ordinary income • Ordinary income ratio

(Million yen)

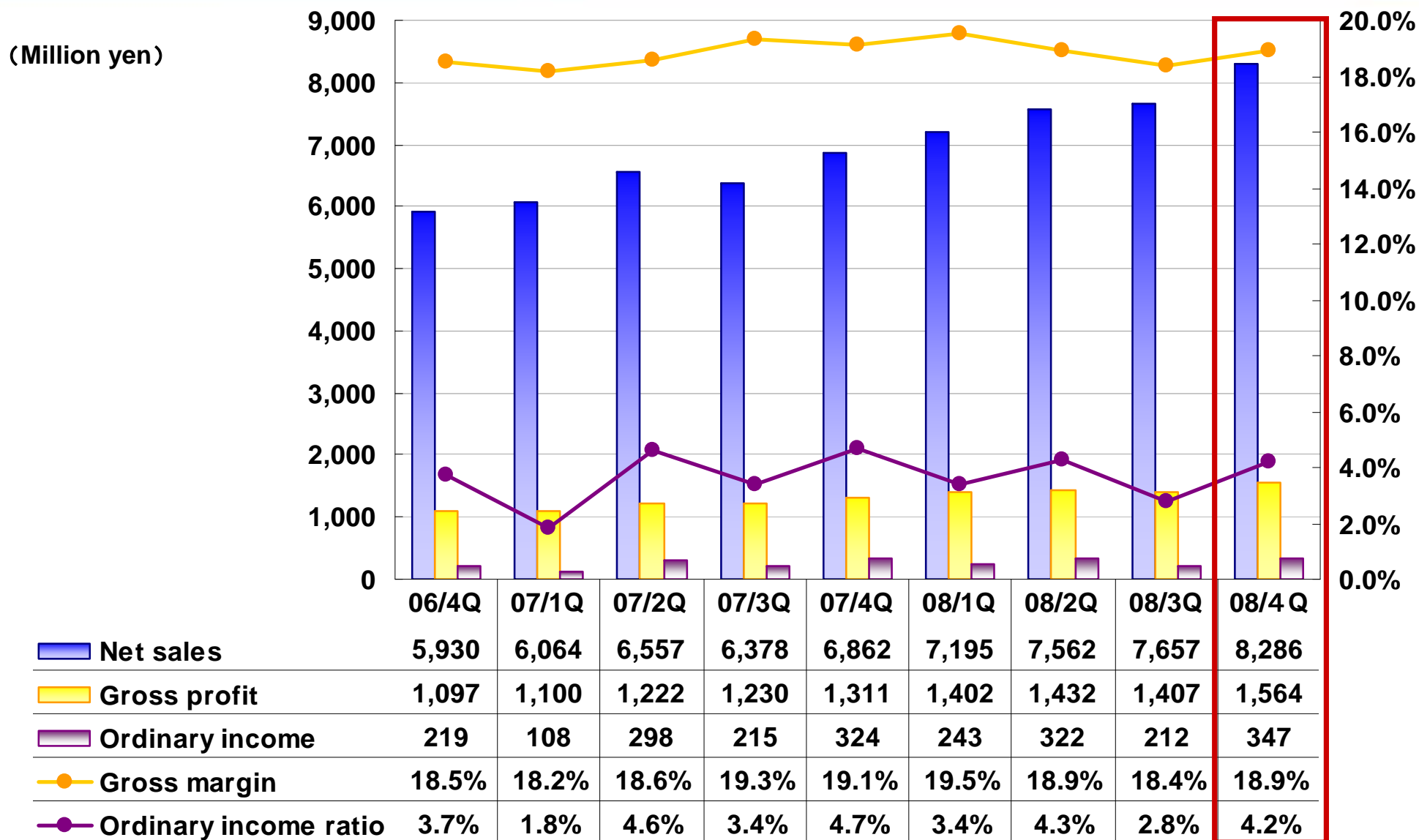


Consolidated Income Statement

(Million yen)

Indicators	FY9/2008			FY9/2007	
	Amount	Share	YoY change	Amount	Share
Net sales	30,700	100.0%	+18.7%	25,863	100.0%
Gross income	5,808	18.9%	+19.4%	4,865	18.8%
SG&A	4,682	15.3%	+19.5%	3,919	15.2%
Operating income	1,125	3.7%	+18.9%	946	3.7%
Ordinary income	1,010	3.3%	-15.6%	1,196	4.6%
Net income	563	1.8%	+6.4%	529	2.0%

Consolidated Quarterly Performance



◆ Both sales and profits rose to an all-time high on quarterly basis.

Consolidated Balance Sheet

	FY9/2008	FY9/2007	Change	Remarks
Assets				
Current assets	10,090	7,506	+2,583	Cash and deposits +1,598 Account receivable +846
Fixed assets	3,392	1,977	+1,414	Investment securities +270, Goodwill +486 Deposit +261
Total assets	13,482	9,483	+3,998	
Liabilities				
Current liabilities	6,620	4,701	+1,919	Account payable +929, Short-term debt +875
Long-term liabilities	73	38	+35	
Total liabilities	6,694	4,739	+1,954	
Net assets				
Total net assets	6,788	4,743	+2,044	Capital +515, Capital reserve +497, Retained earnings +476 Minority equity +476
Total liabilities and net assets	13,482	9,483	+3,998	

Consolidated Cash Flow Statement

(Million yen)

	FY9/2008	FY9/2007	Remarks
Cash flows from operating activities	394	563	Net income before income taxes +917 Increase of trade investment securities -173 Income tax payments -648
Cash flows from investing activities	-1,183	-204	Purchase of investment securities -549 Purchase of investment in subsidiaries and affiliates -513
Cash flows from financing activities	2,387	-136	Capital increase in Septeni HD +986 Capital increase in Axel Mark +841 Increase of debt +655
Net change in cash and cash equivalents	1,598	222	
Cash and cash equivalents at the end of year	4,707	3,109	

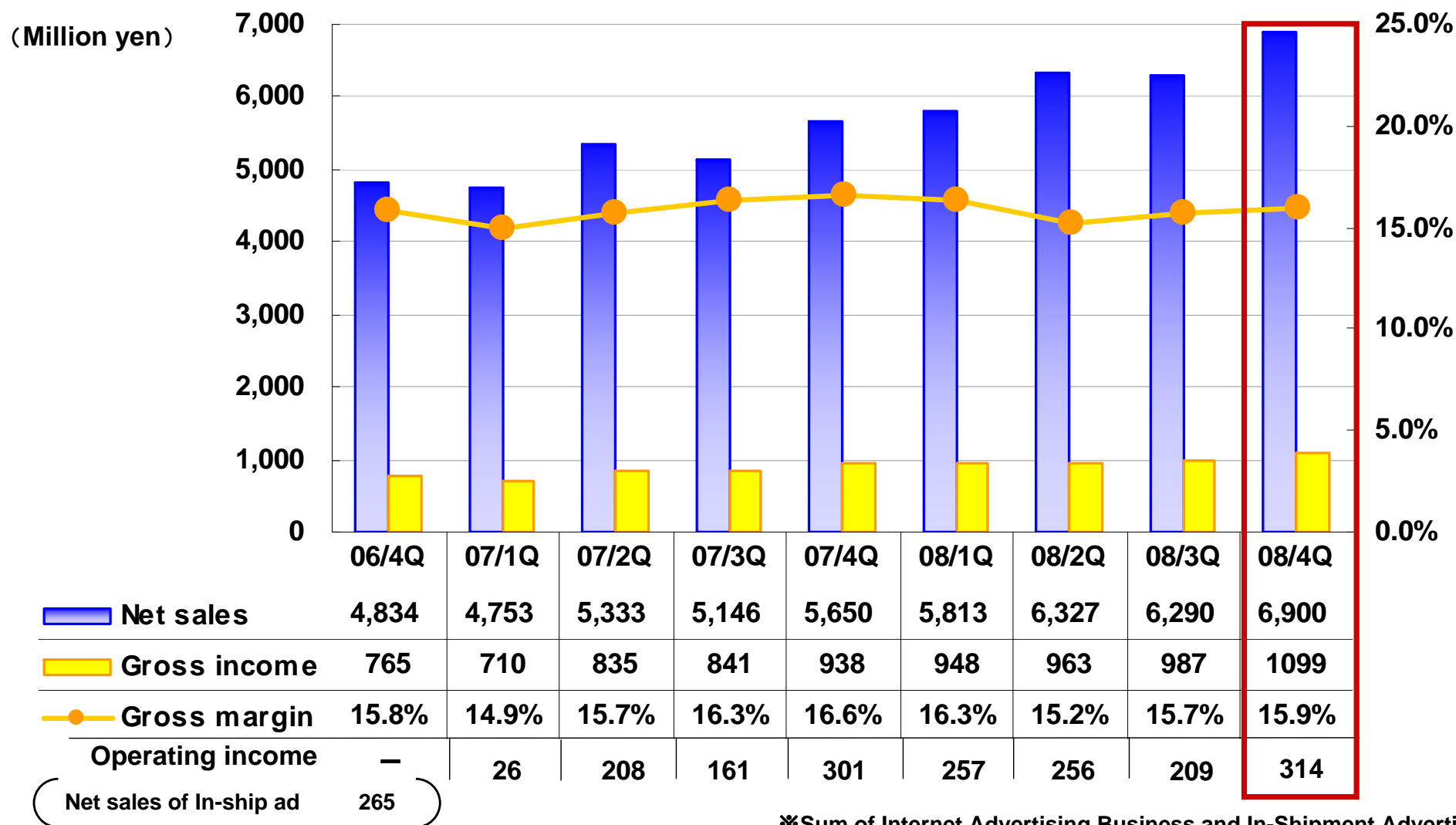
Business Segment Results

(Million yen)

Segment	Net Sales			Operating Income		
	FY9/08	FY9/07	YonY change	FY9/08	FY9/07	YonY change
Internet Advertising	25,330	20,883	+21.3%	1,037	698	+48.6%
Internet Businesses	4,233	2,573	+64.5%	191	259	-26.1%
Direct Marketing	2,259	2,638	-14.3%	249	303	-17.8%
Others	49	86	-43.3%	-34	-26	—
Eliminations and corporate	-1,172	-318	—	-319	-288	—
Consolidated	30,700	25,863	+18.7%	1,125	946	+18.9%

- ◆ High growth and improvement in profitability in the Network Advertising Business contributed to the entire growth.
- ◆ In the Internet-related Business, sales increased substantially, but operating income declined due to poor performance in the Mobile Content Business.

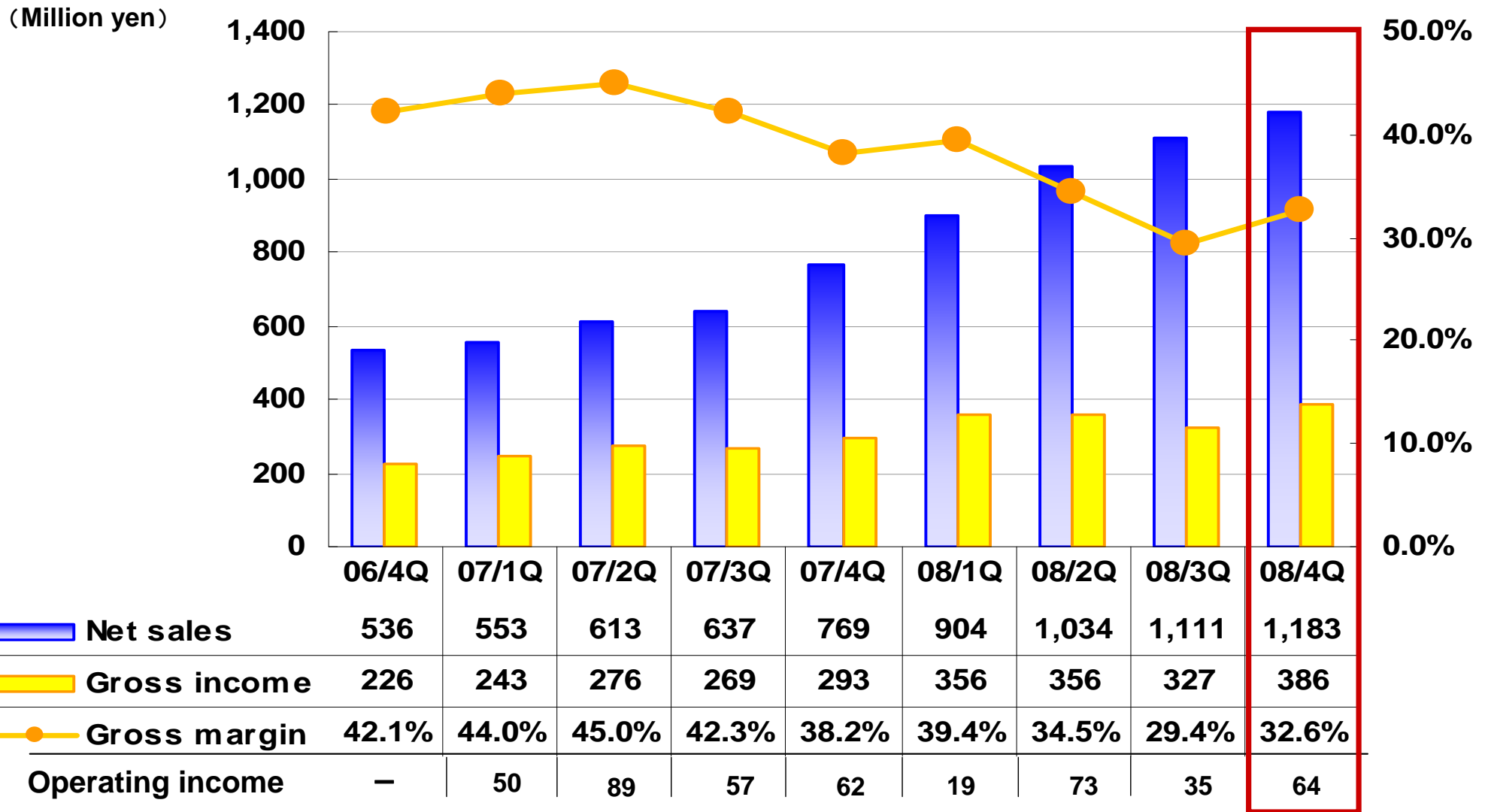
Performance of Network advertising business by Quarter



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

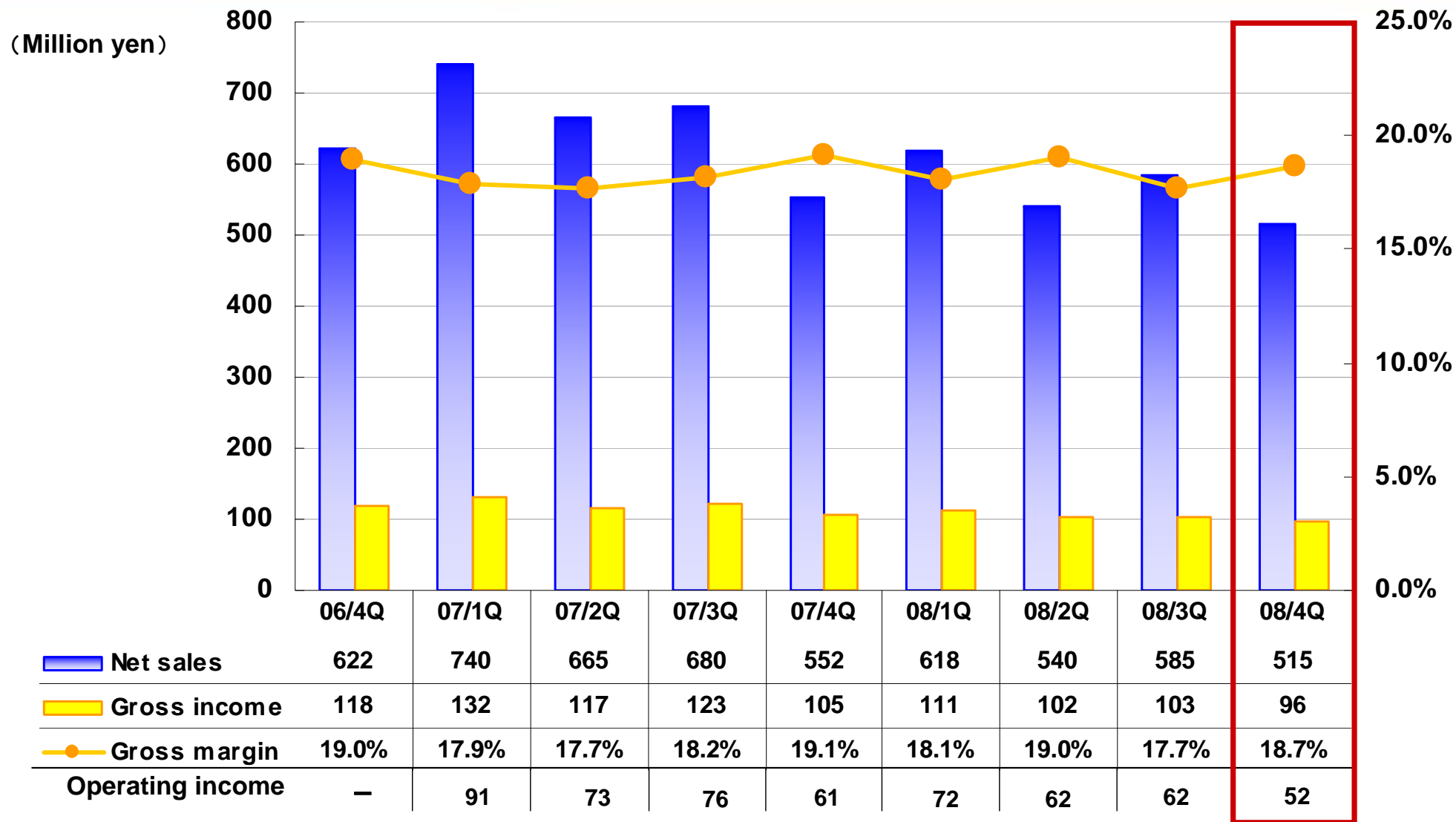
◆ Sales were strong, increasing 22.1% year-on-year

Performance of Internet related business by Quarter



◆ Profit margin improved due to a recovery in sales in the Mobile Content Business.

Performance of Direct marketing business by Quarter



◆ Although gross profit margin improved compared with the previous quarter, revenue is on a declining trend.

FY08 Performance vs. Forecasts

(Million yen)

Consolidated	Full-term Result FY 9/2008	Achievement ratio	Full-term Forecast FY 9/2008
Net sales	30,700	98.7%	31,100
Operating income	1,120	93.8%	1,200
Ordinary income	1,010	77.7%	1,300
Net income	560	80.6%	700

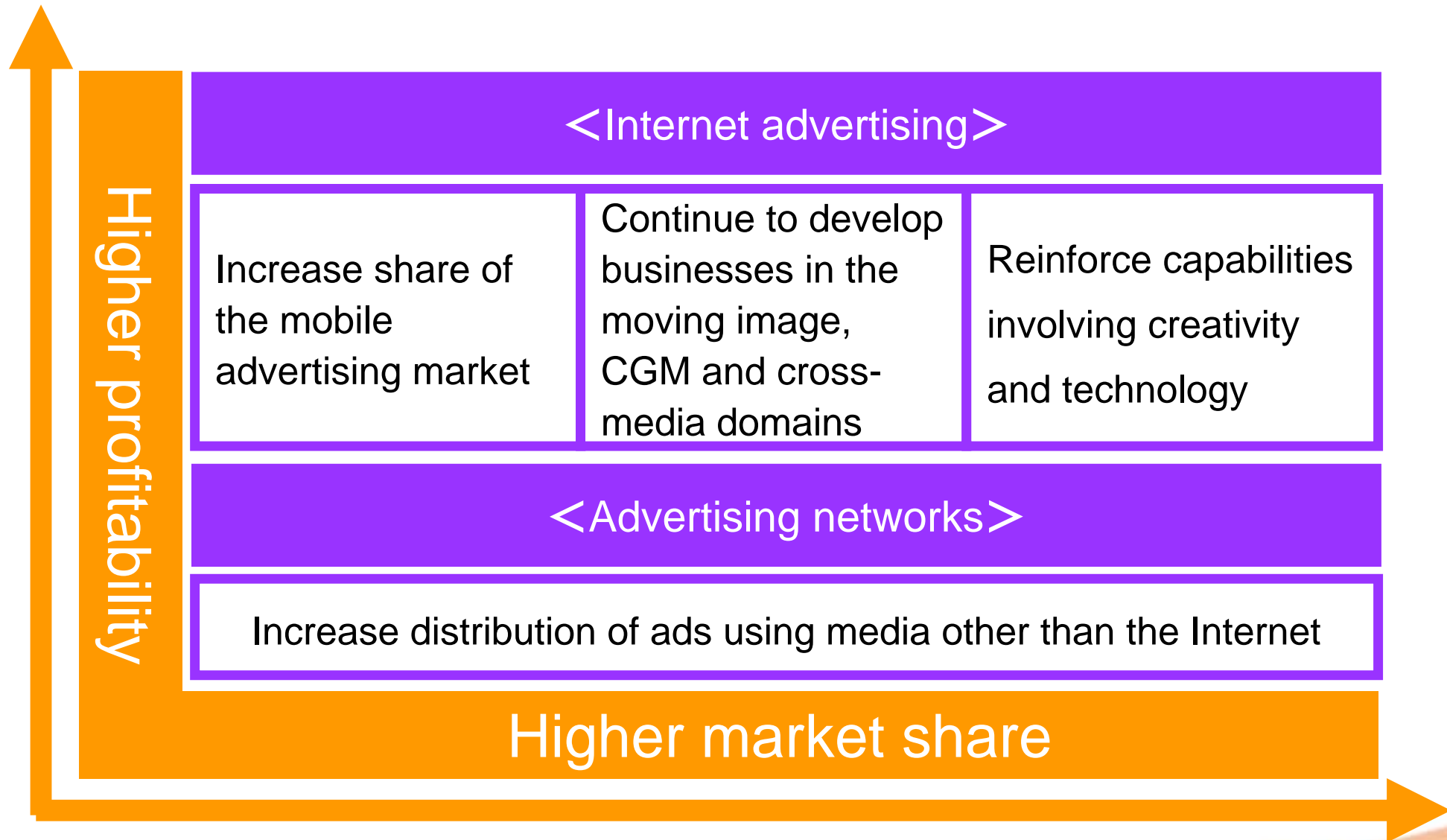


II . Fiscal 2008 Strategic Review

Fiscal 2008 Strategic Review

~ Network advertising business

■ Business strategy for fiscal 2008



(1) Internet advertising

① Higher market share in the mobile advertising market

➤ Mobile ratio FY07: 14.4% → FY08: 18.9%

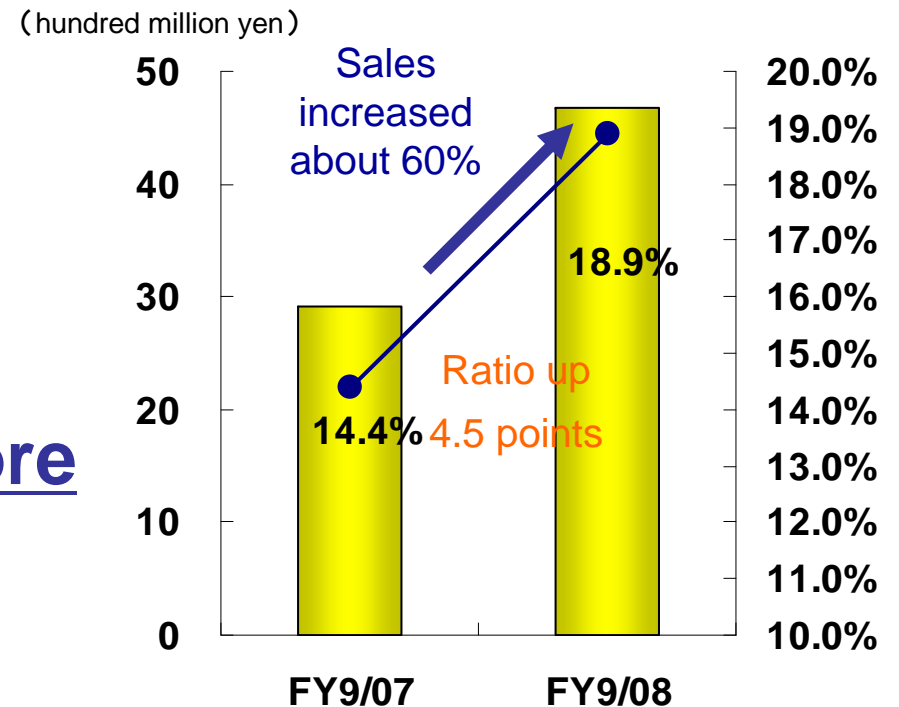
Reinforce the organization specializing in mobile



Hold the largest share of the core network advertising agencies

(FY 2008, MIC Research Institute's research)

【Mobile advertising sales and ratio】



(1) Internet advertising

- ② Continued to develop businesses involving streaming video, CGM and cross-media
 - Although subsidiaries operated in each of the streaming video, CGM and cross-media domains, they failed to generate revenues individually
 - Sales volume of mass media for existing network advertising clients increased

(1) Internet advertising

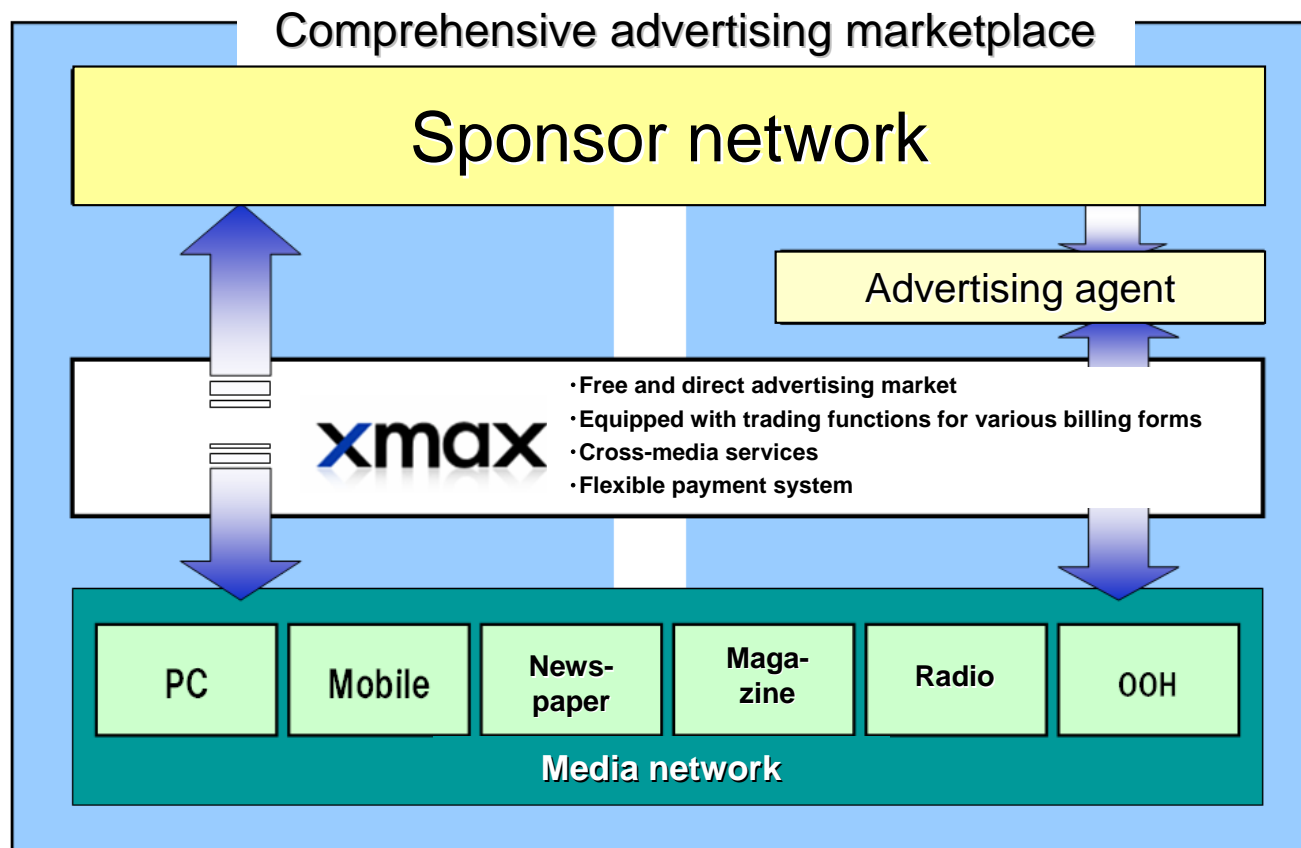
③ Reinforced creative and technological activities

- Promoted an in-house production in the creative field and improved sales ratio
 - Number of employees at end of period: About 1.7 times YoY
 - Net sales: About 2.4 times YoY

- Power Technology, a major search engine optimization (SEO) firm, became an affiliate
 - Monetary growth in the handling of SEO to about two times

(2) Advertising network

- ◆ Increase distribution of advertising media other than the Internet
 - Develop “xmax”, a comprehensive advertising marketplace



(1) Mobile services

- Conducted an aggressive advertising activity aimed at increasing content billings. However, the member persistency rate was lower than expected that content sales fell well below the initial plan by 24%
- Mobile Rep Business grew unexpectedly backed by expanding demand for mobile advertising

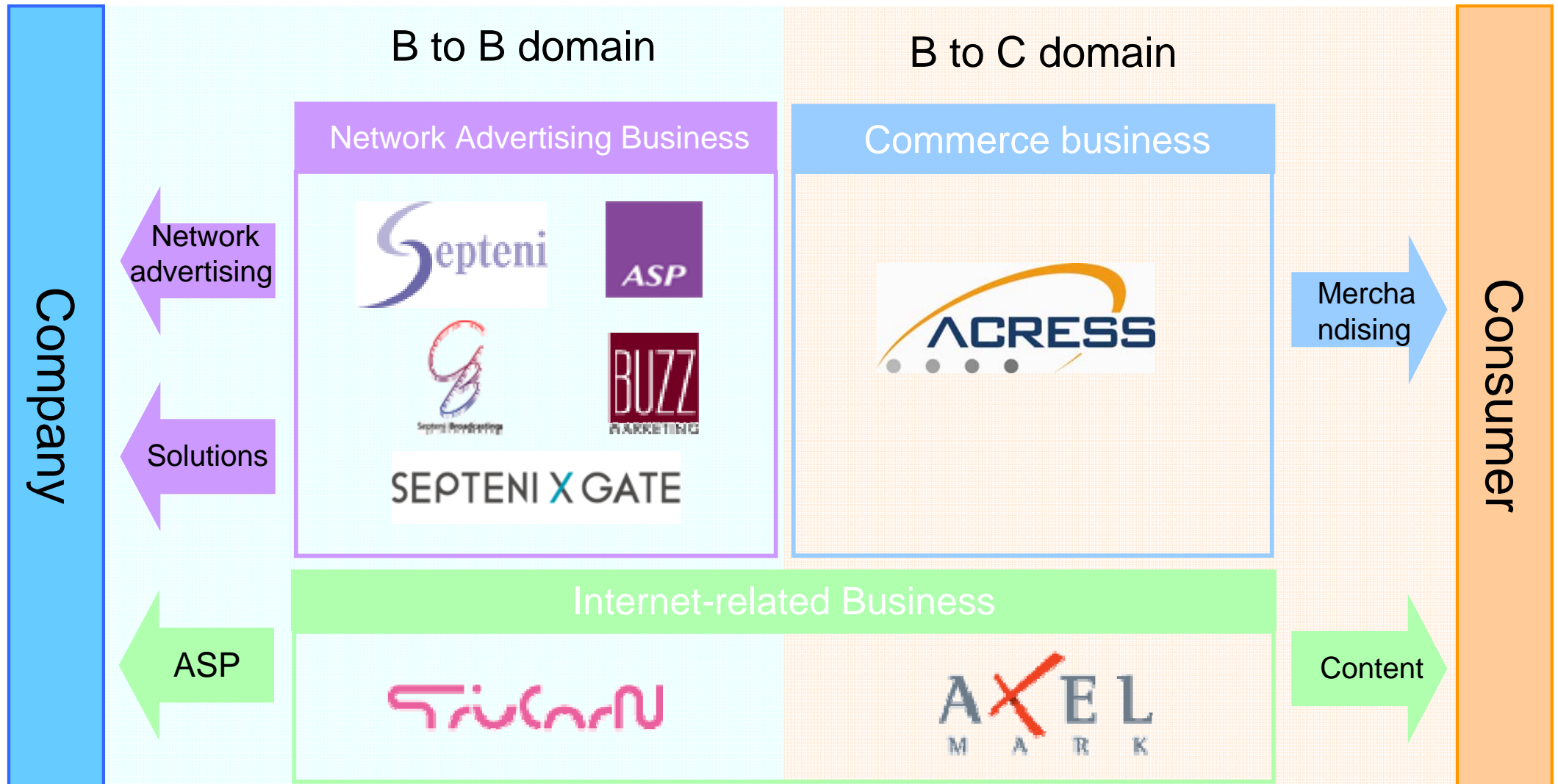
(2) Technology

- Expand services including SaaS model for e-mail distribution system, WEB marketing customer management system and outsourcing



III. Fiscal 2009 Strategic Goals

Septeni Group's Major Corporate Structure



Fiscal 2009 Strategic Goals

Network advertising business	Focus on expanding share
Internet related business	Promotion of content and technology domains
Commerce business	Establishment of basis and strategic move toward EC

Network advertising business

Focus on expanding share

Promotion of account sales system

Strengthen relationship with powerful media

Continue aggressive investment in mobile advertising

Increase productivity by strengthening operations

Development of small-and-medium sized network advertising market through the advertising marketplace

Internet related business

Promotion of content and technology domains

【Content domain】

Promote differentiation strategy by enhancing content including popular artist websites and streaming video services

【Technology domain】

Strengthen WEB marketing function

Develop from e-mail distribution ASP to CRM tool

Commerce business

Establishment of basis and strategic move toward EC

Obtain a new customer through an aggressive advertisement

Establishment of EC

FY08 Business Forecast

(Million yen)

Consolidated	Full-term Result FY 9/2008	Full-term Forecast FY 9/2009	Forecast growth rate
Net sales	30,700	38,000	23.8 %
Operating income	1,120	1,500	33.3 %
Ordinary income	1,010	1,500	48.5 %
Net income	560	800	41.9 %



IV. Current State of Medium-term Management Plan

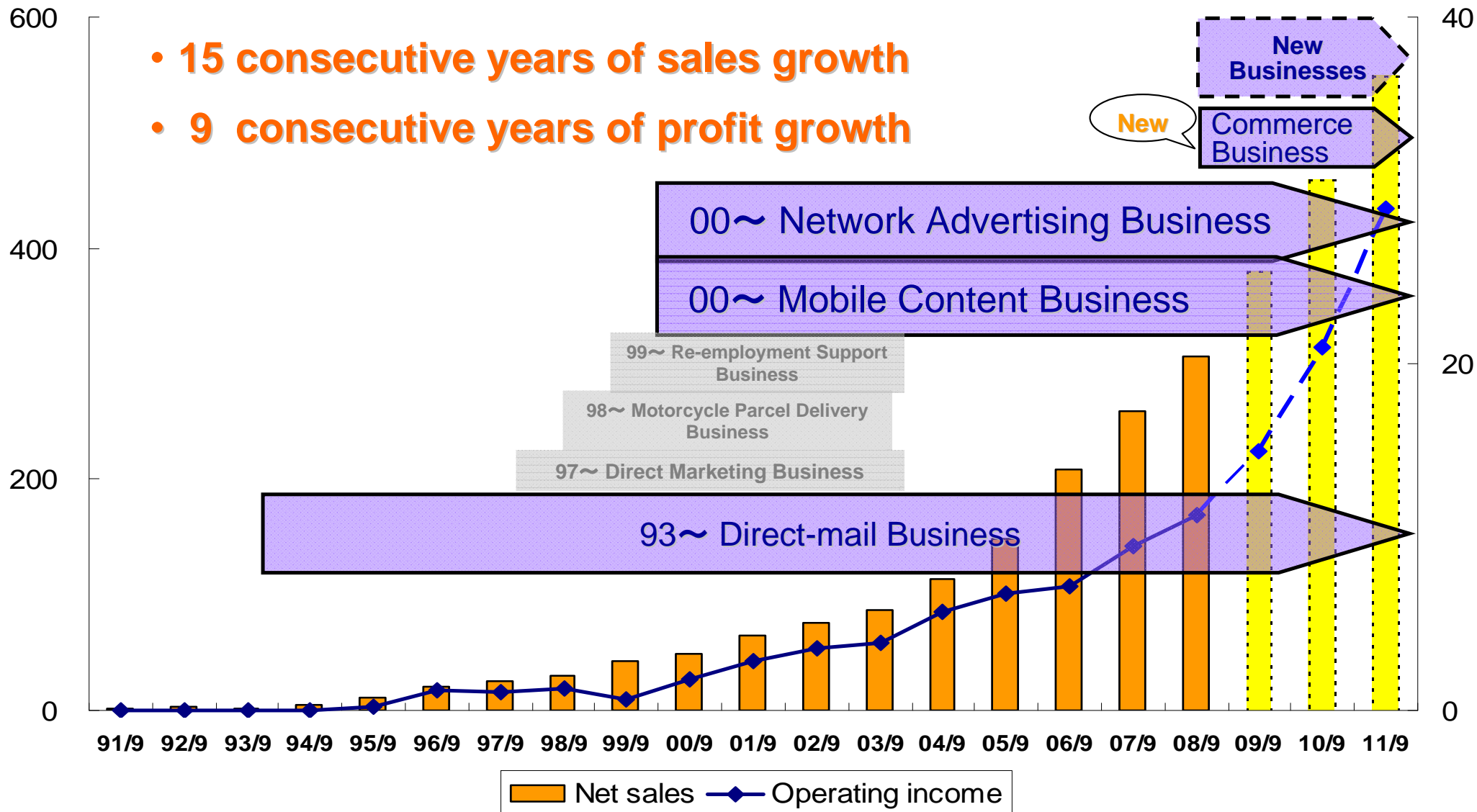
Medium-term Management Plan (FY September 2011)

History

(hundred million yen)

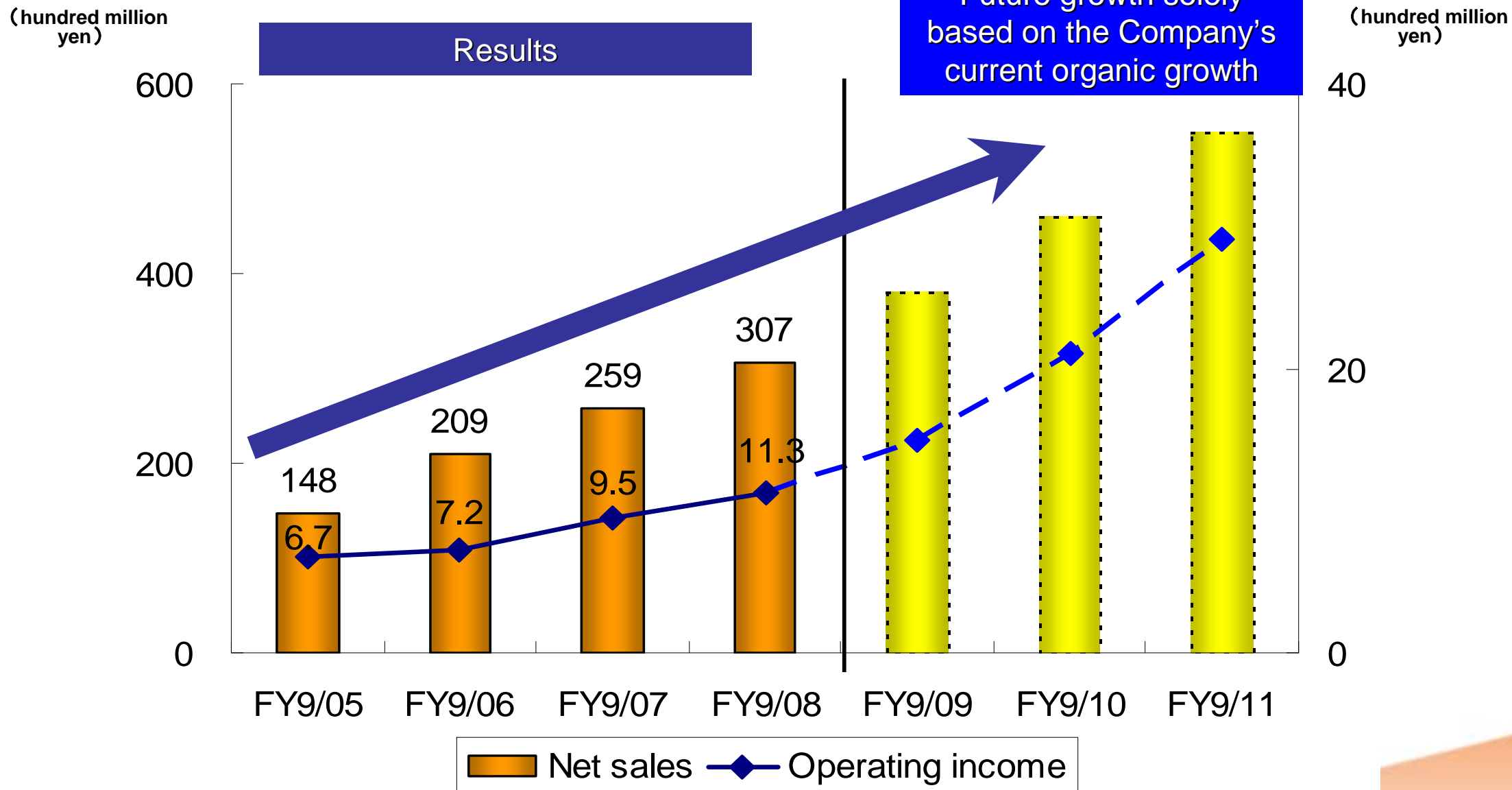
(hundred million yen)

- 15 consecutive years of sales growth
- 9 consecutive years of profit growth



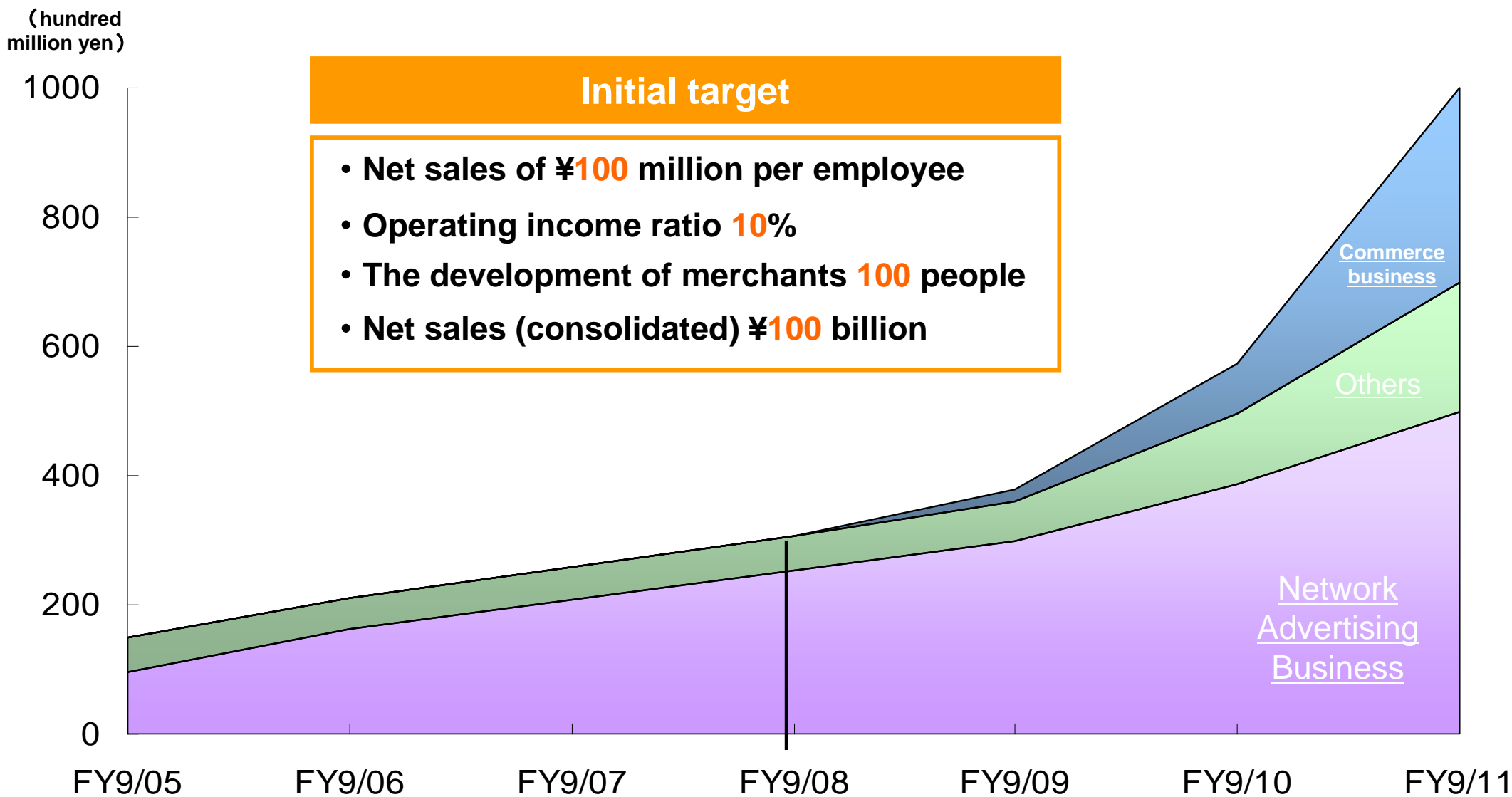
Medium-term Management Plan (FY September 2011)

■ Four-year Results and Outlook



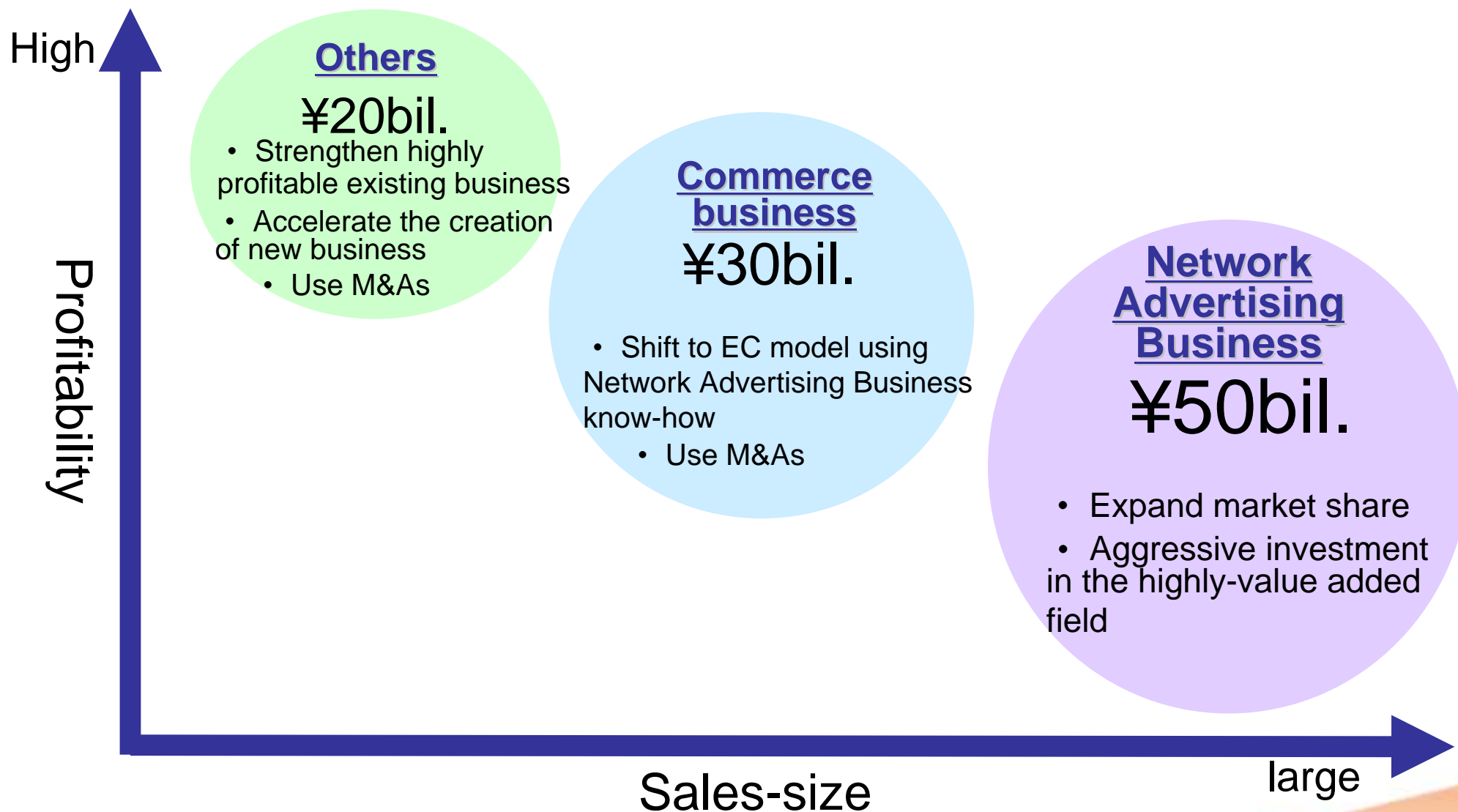
Medium-term Management Plan (FY September 2011)

Business growth toward initial target (net sales)



Medium-term Management Plan (FY September 2011)

Business portfolio and directions





V . APPENDIX

As of September 30, 2008

Company name	Septeni holdings Co., Ltd.
Representative	Representative director & CEO Mamoru Nanamura
Head office	24 Daikyo-cyo, Shinjuku, Tokyo
Stock code	4293 (JASDAQ、J-Stock)
Business activity	Management of Group firms, engaged mainly in Internet-related businesses, as a holding company
Establishment	October 29, 1990
Capital	1,992 million yen
Outstanding shares	134,347.8 shares
Number of employees (consolidated)	572(Full-time)、687(Part-time)

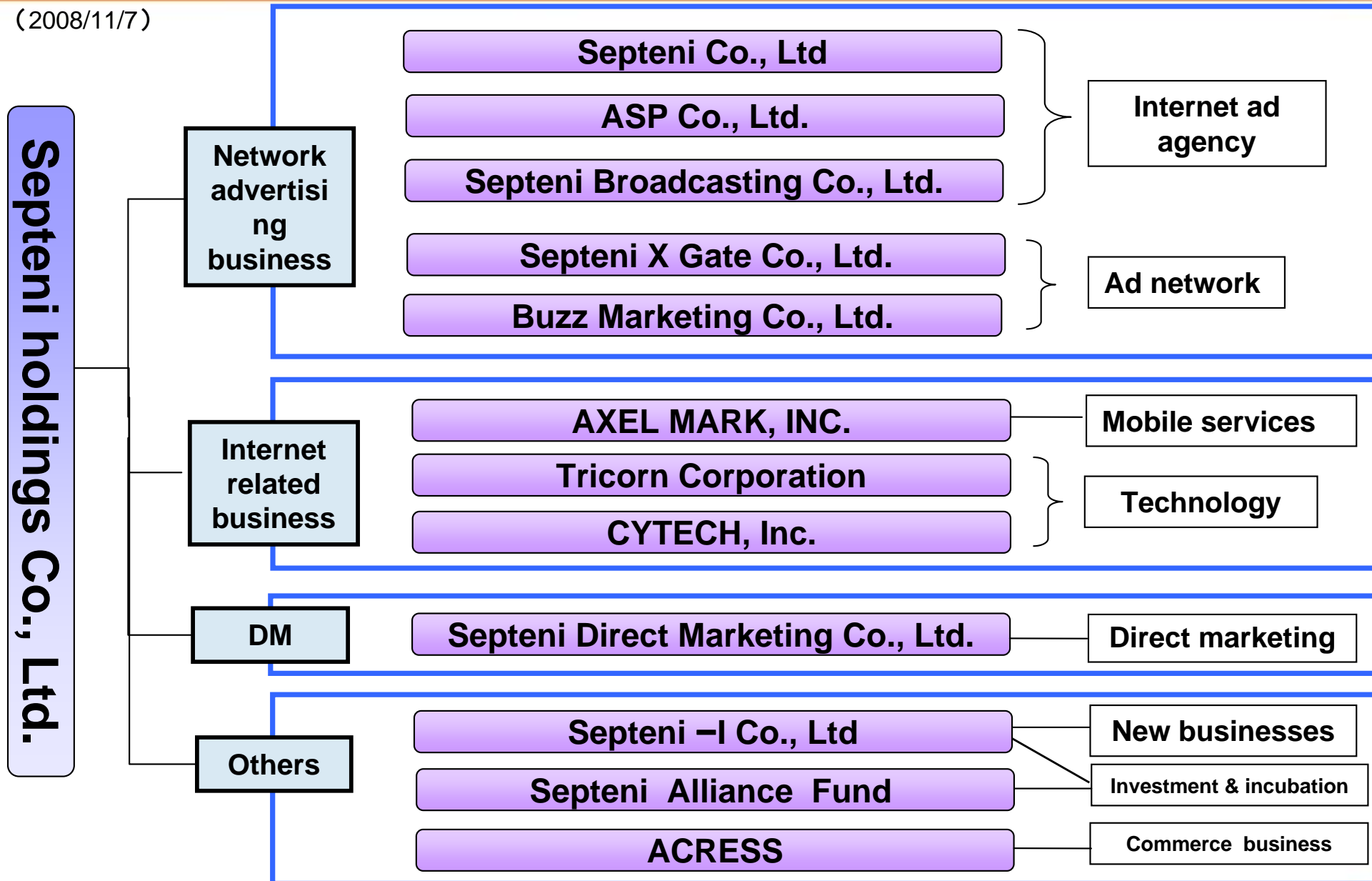
As of November 7, 2008

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



(2008/11/7)



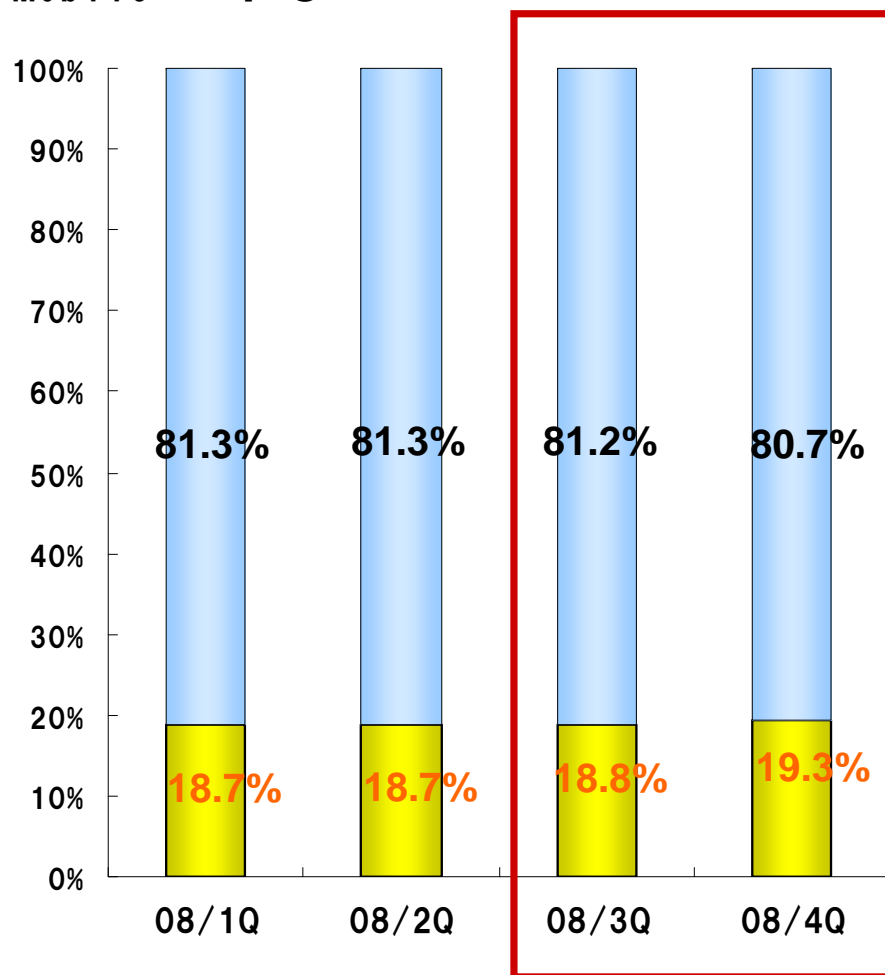
※Affiliates accounted for under the equity method: Prime X Co., Ltd., Open Smile, Inc., colab inc., Power Technology, Inc.

Network advertising business

Changes in sales by product

【 Changes in sales of mobile and PC ads 】

■ Mobile ■ P C



breakdown



By service		08/3Q	08/4Q
PC	Portal etc	25.8%	24.9%
	CGM	2.9%	2.3%
	Mail	4.5%	3.8%
	Listing	33.4%	34.6%
	Affiliate	9.3%	9.9%
	SEO	2.5%	2.2%
	Production / others	2.9%	3.0%
		81.2%	80.7%
Mobile	Portal etc	3.7%	5.1%
	CGM	4.2%	4.3%
	Mail	2.7%	2.5%
	Listing	4.2%	4.2%
	Affiliate	4.0%	3.2%
	SEO	0.1%	0.1%
		18.8%	19.3%
Total		100.0%	100.0%

Network advertising business

Sales composition ratio by customer's industry

【Sales composition ratio by customer's industry】

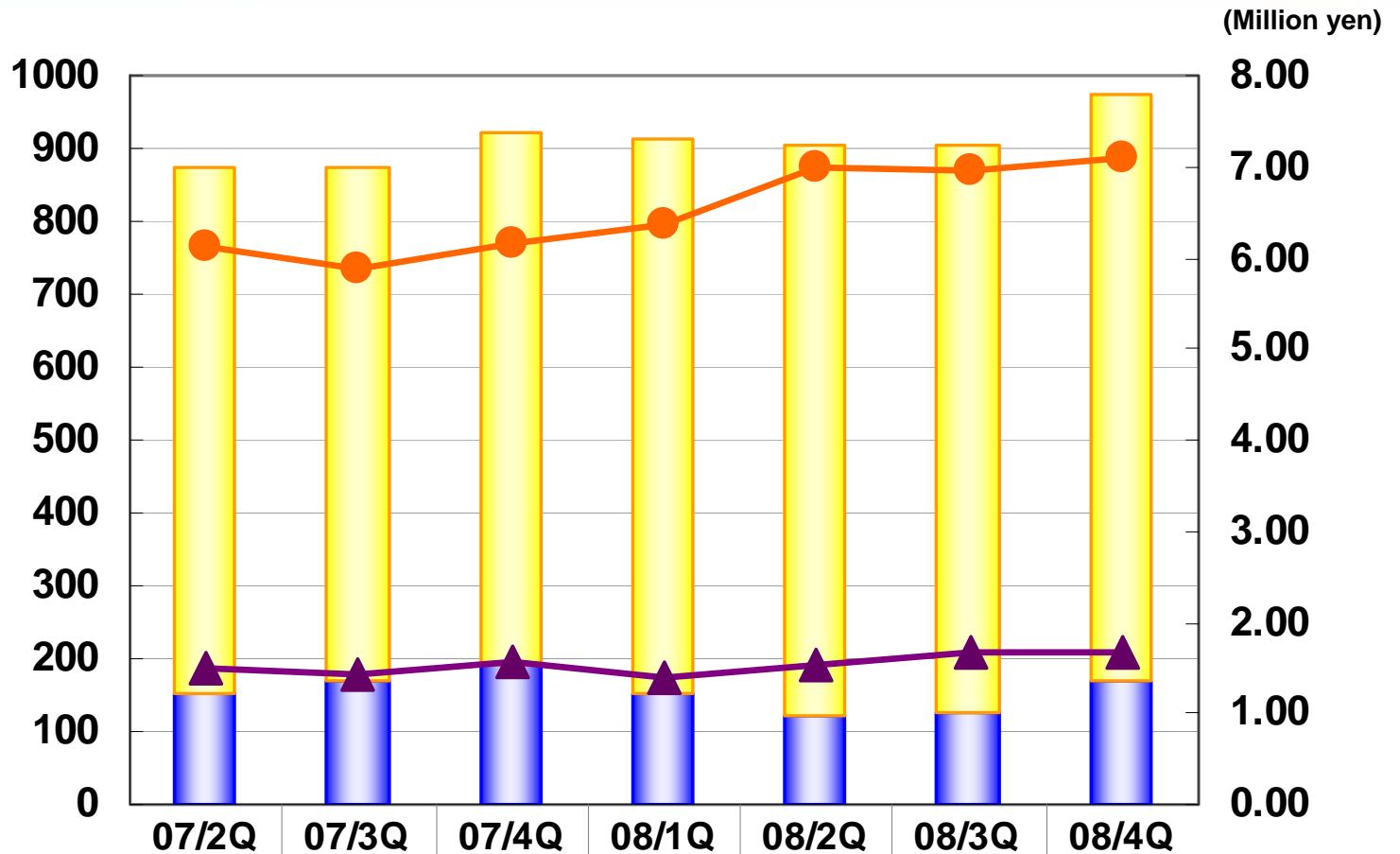
	08/3Q	08/4Q
Finance	14.7%	13.7%
Education • Human resource	10.3%	8.8%
Retail • Mail-order	6.3%	7.2%
Real estate	12.5%	13.1%
Food • Cosmetic	18.8%	18.3%
Automobile	5.6%	4.9%
IT	21.7%	24.3%
Others (Variety of services etc.)	10.0%	9.7%

Network advertising business

Number of clients

【Number of clients】

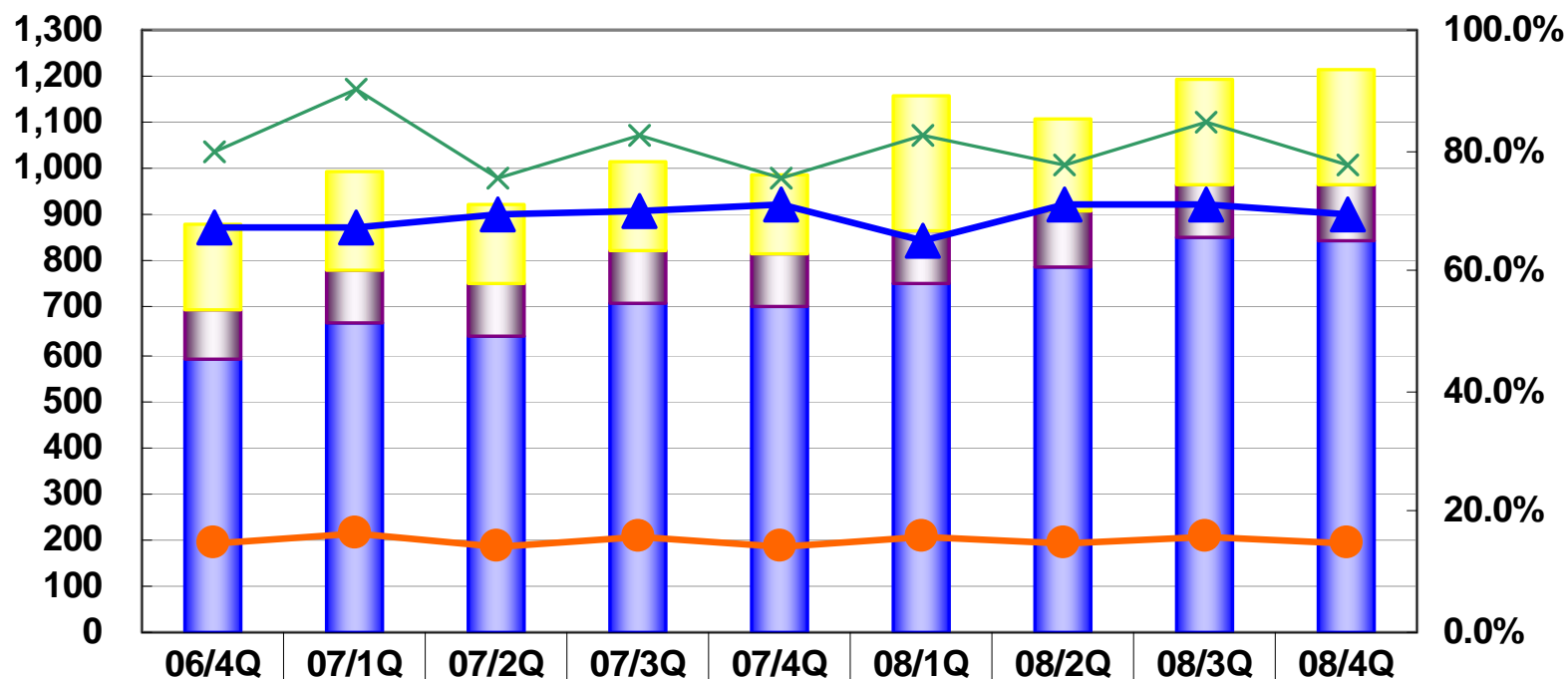
(Company)



	Total No. of clients	872	876	920	911	905	906	973
	No. of new clients	153	171	192	154	122	127	170
	Average price per clients	6.12	5.87	6.14	6.38	6.99	6.94	7.09
	No. of clients (over 5 million yen sales)	186	178	197	176	192	208	210

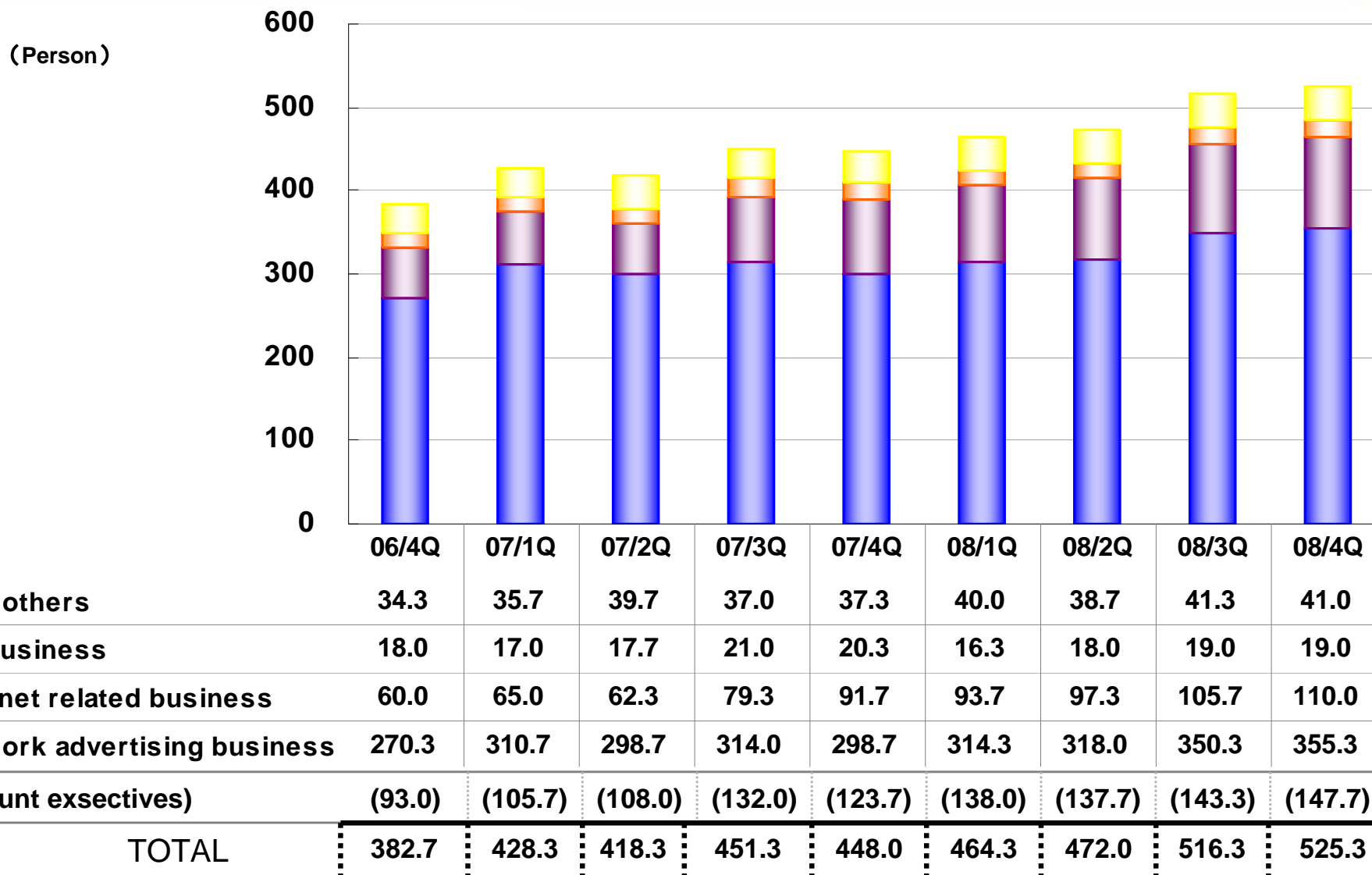
Consolidated SG&A

(Million yen)



Others	181	210	174	193	173	288	203	226	249
Office expense	107	114	109	110	114	118	117	119	123
Labor cost	589	668	641	713	700	751	789	849	844
SG&A ratio to Gros margin	80.0%	90.2%	75.6%	82.5%	75.3%	82.6%	77.5%	84.9%	77.8%
Labor cost ratio to SG&A	67.2%	67.3%	69.4%	70.2%	70.9%	64.8%	71.1%	71.1%	69.3%
SG&A ratio to Net sales	14.8%	16.4%	14.1%	15.9%	14.4%	16.1%	14.7%	15.6%	14.7%
Total SG&A	877	992	924	1,015	986	1,158	1,110	1,195	1,217

Septeni Group Number of employees



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

※ACRESS is not included FY08/4Q of above graph, because the deemed acquisition date was September 30, 2008.