



Septeni Holdings Co., Ltd.
Business Results of Third Quarter of
Fiscal Year Ending September 2009

August 4, 2009

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 judgment of Septeni as of August 4, 2009. Septeni does not guarantee the accuracy of this information. Actual performance may differ significantly from these forecasts for many reasons.



. Summary

Slump in the core Network Advertising business in 3Q. Consolidated net sales grew at a sluggish pace, posting 11.9% growth YoY.

Vigorously pushed forward cost reduction. Reduced selling, general and administrative expenses for 3Q (April – June) when 85 new employees joined the Company to almost the same level as 2Q.

Additionally posted a total of ¥394 million as extraordinary losses related to Network Advertising business and Internet-related business. Overall deficit expanded.

Summary Consolidated Income Statement

(Million yen)

Indicators	Q3 FY September 2009			Q3 FY Sep. 2008	
	Amount	Share	YoY change	Amount	Share
Net sales	25,074	100.0%	+ 11.9%	22,414	100.0%
Gross income	4,806	19.2%	+ 13.3%	4,243	18.9%
SG&A	4,377	17.5%	+ 26.3%	3,464	15.5%
Operating income	429	1.7%	-44.8%	778	3.5%
Ordinary income	286	1.1%	-61.2%	737	3.3%
Extraordinary income	13	0.1%	-97.4%	510	2.3%
Extraordinary loss	644	2.6%	+ 36.5%	472	2.1%
Tax expense	258	1.0%	+ 22.9%	210	0.9%
Net income	- 471	-1.9%	-	569	2.5%

Description of Extraordinary Loss

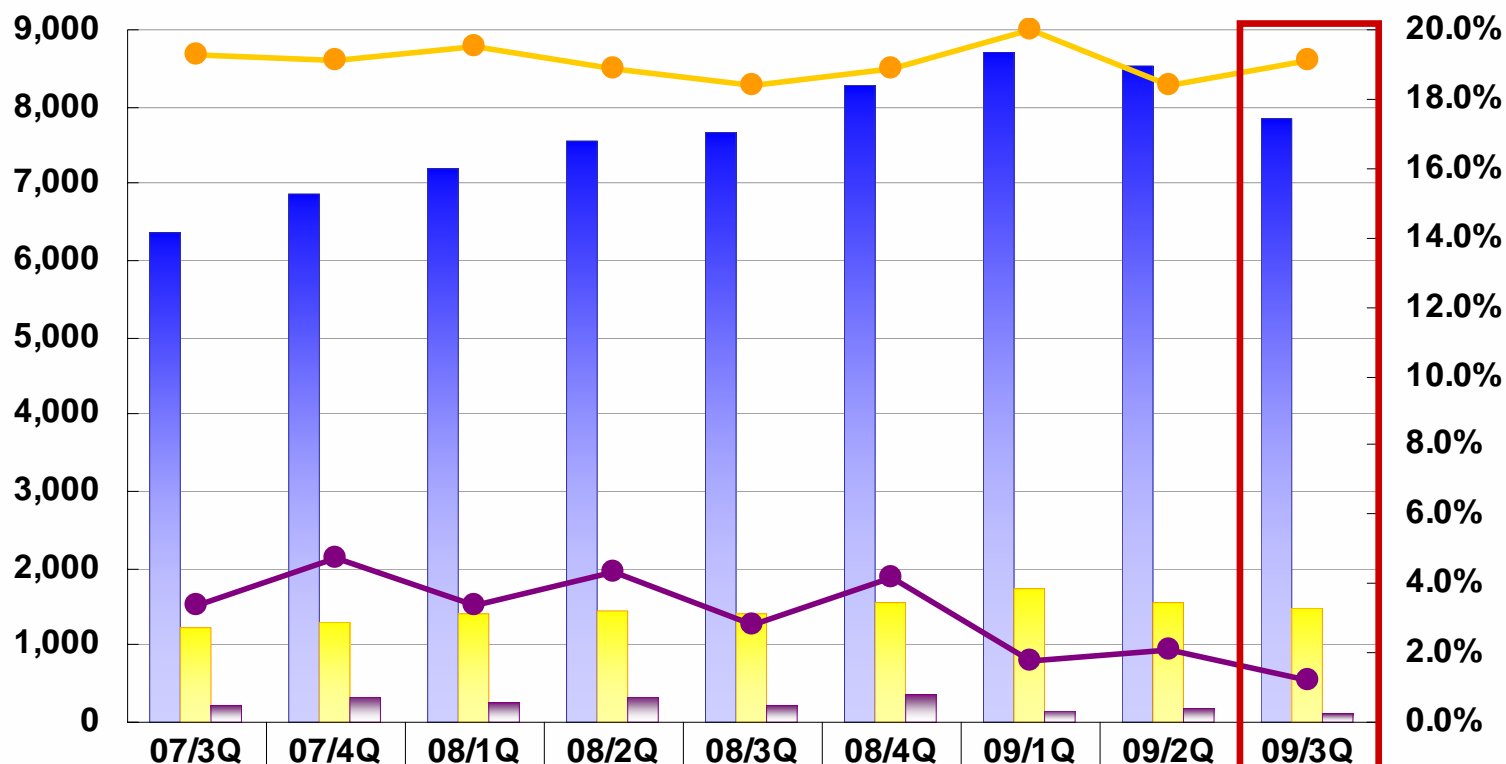
Additional extraordinary losses posted in 3Q

(million yen)

	Amount	Segment	Description
Advertising accident settlement money	150	Network Advertising	Settlement money paid to an advertiser regarding advertising accident which occurred by placing inappropriate advertisements in a certain media.
Provision of allowance for doubtful accounts	140	Internet-related (Content)	Posted provision of allowance for doubtful accounts due to delay in repayment of deposits (¥200 million) paid to a rights-holder regarding the operation of artist website.
Impairment loss	103	Internet-related (Content)	Applied impairment accounting to post prepaid expenses (contract money and MG) related to the purchasing of rights to artist website and video streaming (movie) website and software related to own media operation.

Consolidated Quarterly Performance

(Million yen)



Net sales	6,378	6,862	7,195	7,562	7,657	8,286	8,707	8,533	7,834
Gross profit	1,230	1,311	1,402	1,432	1,407	1,564	1,742	1,570	1,492
Ordinary income	215	324	243	322	212	347	155	176	96
Gross margin	19.3%	19.1%	19.5%	18.9%	18.4%	18.9%	20.0%	18.4%	19.1%
Ordinary income ratio	3.4%	4.7%	3.4%	4.3%	2.8%	4.2%	1.8%	2.1%	1.2%

Posted a ¥66mn write-down of operational investment securities associated with Investment Incubation business at cost in FY09/2Q.

Consolidated Balance Sheet

(million yen)

	Q3 of FY September 2009	FY September 2008	Change	Remarks
Assets				
Current assets	9,425	10,090	-664	Notes and accounts receivable - 410
Fixed assets	2,549	3,392	-843	Investment securities - 441 Deferred tax asset -173
Total assets	11,975	13,482	-1,507	
Liabilities				
Current liabilities	5,524	6,620	-1,096	Account payable - 568 Accrued income tax - 249
Long-term liabilities	439	73	+366	Long-term debt +347
Total liabilities	5,963	6,694	-730	
Net assets				
Total net assets	6,011	6,788	-777	Retained earnings - 577 Common stock for treasury -159
Total liabilities and net assets	11,975	13,482	-1,507	

Consolidated Cash Flow Statement

(Unit; Million yen)

	Q3 of FY September 2009	Q3 of FY September 2008	Remarks
Cash flows from operating activities	-148	-37	Net income before income taxes -345 Increase in reserve for possible loan losses +133 Depreciation +103
Cash flows from investing activities	-38	-1,050	Acquisition of goodwill -135 Acquisition of intangible fixed assets -96 Sale of investment securities +254
Cash flows from financing activities	-75	1,505	Increase of debt +208 Acquisition of treasury stock -159 Dividends paid -105
Net change in cash and cash equivalents	-262	417	
Cash and cash equivalents at the end of year	4,445	3,525	

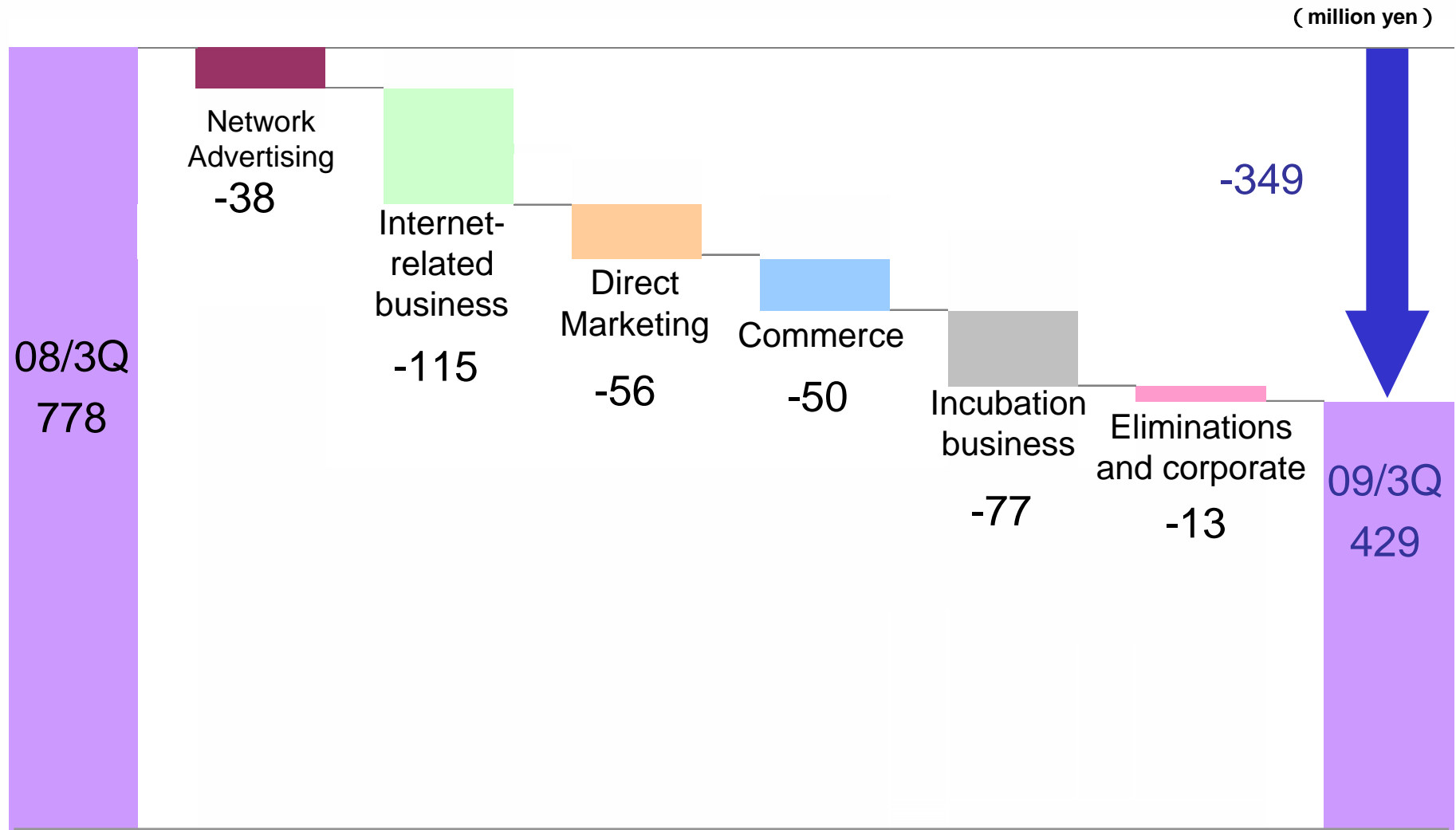
Business Segment Results



(million yen)

Segment	Net Sales			Operating Income		
	3Q FY9/09	3Q FY9/08	YoY change	3Q FY9/09	3Q FY9/08	YoY change
Network Advertising	20,136	18,430	+9.3%	685	723	-5.2%
Internet-related business	3,371	3,050	+10.5%	12	127	-90.2%
Direct Marketing	1,639	1,744	-6.0%	141	196	-28.2%
Others	1,208	18	Approx. 64times	-148	-21	—
<i>Commerce business</i>	<i>1,208</i>	<i>—</i>	<i>—</i>	<i>-49</i>	<i>—</i>	<i>—</i>
<i>Incubation business</i>	<i>—</i>	<i>18</i>	<i>—</i>	<i>-98</i>	<i>-21</i>	<i>—</i>
Eliminations and corporate	-1,282	-829	—	-261	-248	—
Consolidated	25,074	22,414	+11.9%	429	778	-44.8%

Changing Factor for Consolidated Operating Income



Network Advertising business

- Severely affected by the worsening economy in 3Q (April – June) that sales decreased for the first time resulting in 0.3% decrease YoY. Operating income decreased despite the efforts of reducing selling, general and administrative expenses.

Internet-related business

- In the content domain, decrease in sales resulting from cutting back on advertising activity and pressure on earnings due to prior investment continues.
- Turned profitable in 3Q backed by relatively strong technology domain in terms of profit.

DM business

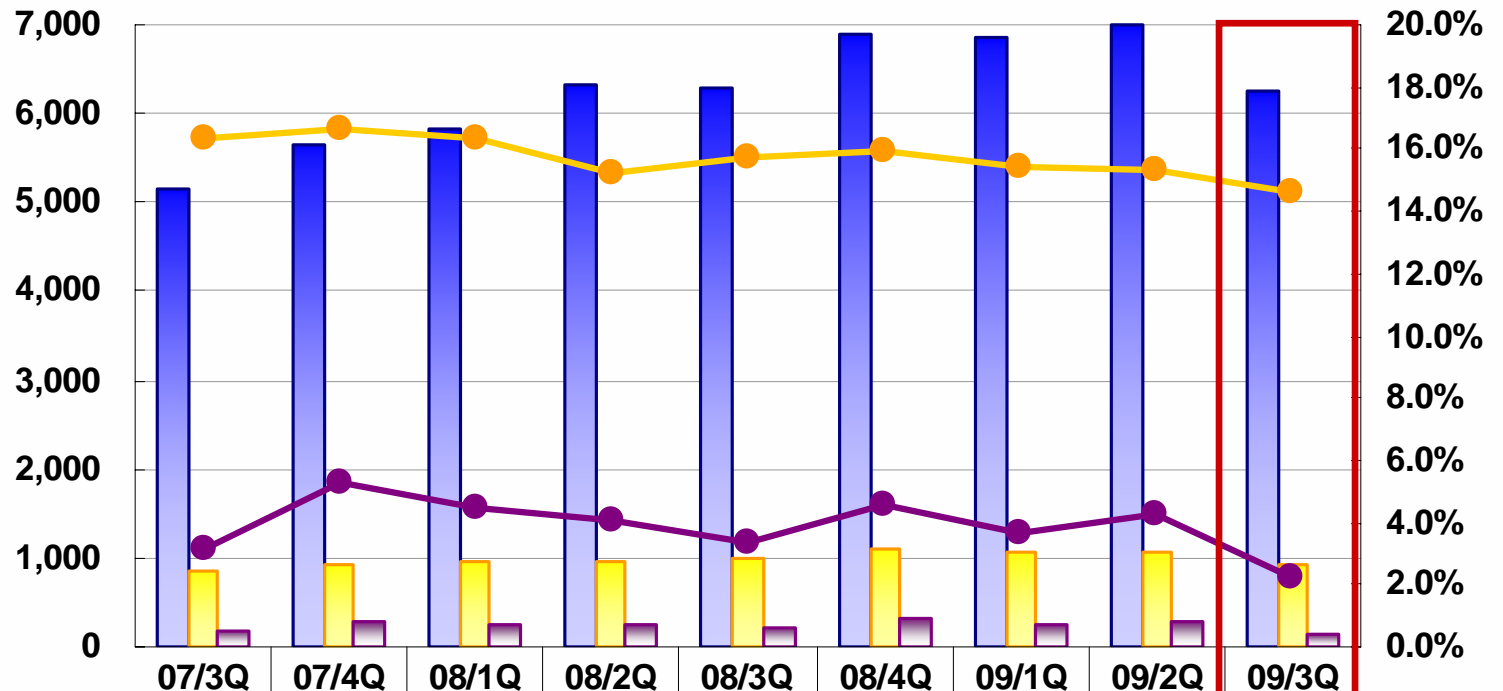
- Profit margin improved over the previous quarter.

Commerce business

- Unable to restore profitability because although gross margin continued to rise, net sales remained sluggish.

Performance of Network advertising business by Quarter

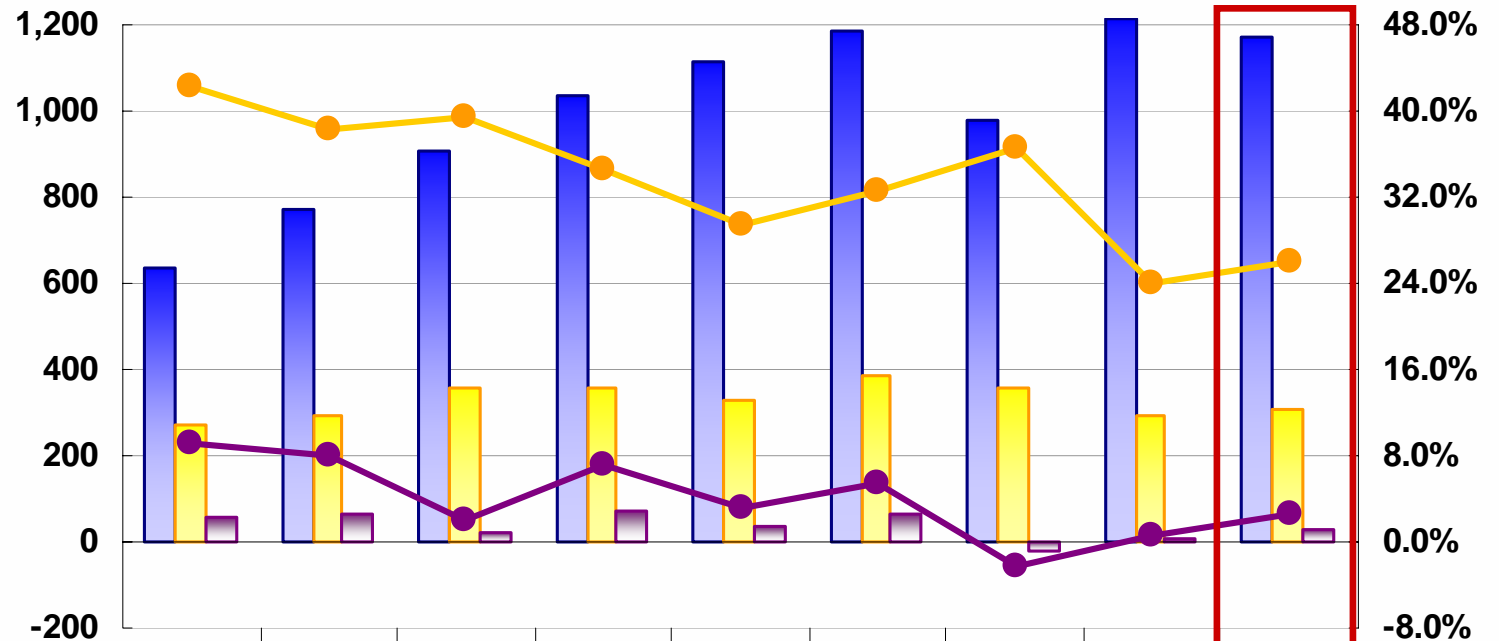
(Million yen)



Net sales	5,146	5,650	5,813	6,327	6,290	6,900	6,875	6,989	6,271
Gross profit	841	938	948	963	987	1,099	1,059	1,070	918
Ordinary income	161	301	257	256	209	314	250	299	135
Gross margin	16.3%	16.6%	16.3%	15.2%	15.7%	15.9%	15.4%	15.3%	14.6%
Ordinary income ratio	3.1%	5.3%	4.5%	4.1%	3.3%	4.6%	3.6%	4.3%	2.2%

Performance of Internet related business by Quarter

(Million yen)

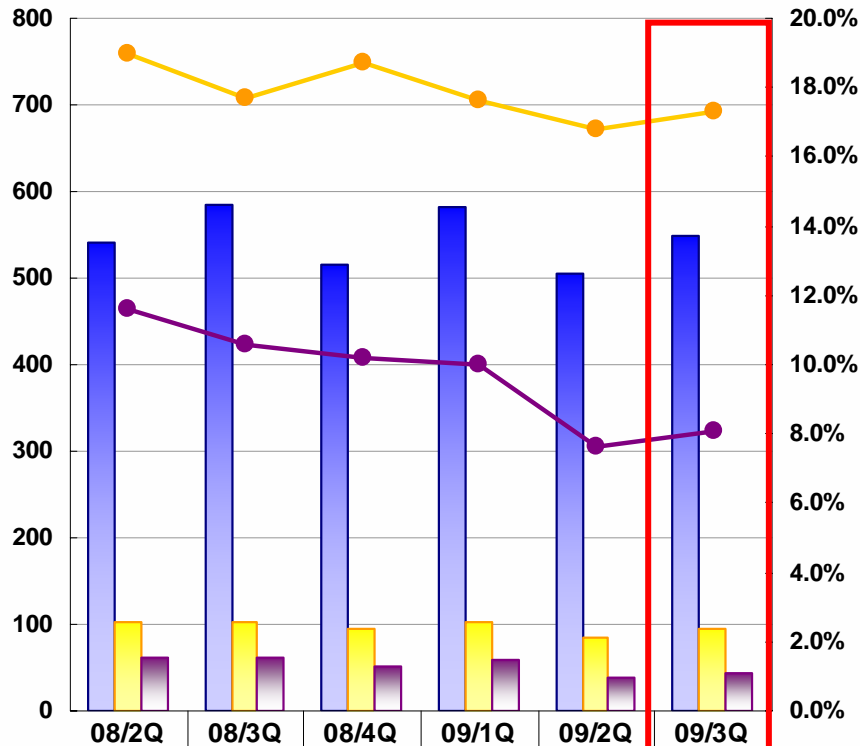


	07/3Q	07/4Q	08/1Q	08/2Q	08/3Q	08/4Q	09/1Q	09/2Q	09/3Q
Net sales	637	769	904	1,034	1,111	1,183	980	1,216	1,174
Gross profit	269	293	356	356	327	386	357	291	305
Ordinary income	57	62	19	73	35	64	-23	7	28
Gross margin	42.3%	38.2%	39.4%	34.5%	29.4%	32.6%	36.4%	24.0%	26.0%
Ordinary income ratio	9.1%	8.1%	2.1%	7.1%	3.2%	5.4%	-2.4%	0.6%	2.5%

Performance of Direct marketing business and Commerce Business by Quarter

【 Direct marketing 】

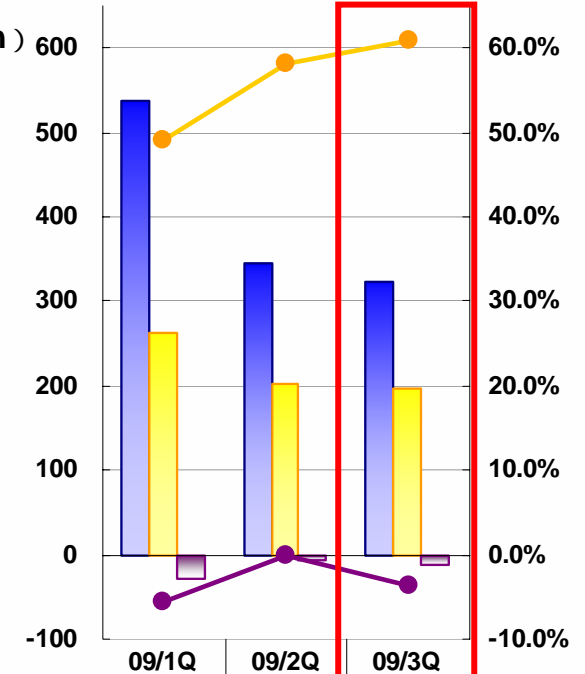
(Million yen)



Net sales	540	585	515	582	506	550
Gross profit	102	103	96	102	85	95
Ordinary income	62	62	52	58	38	44
Gross margin	19.0%	17.7%	18.7%	17.6%	16.8%	17.3%
Ordinary income ratio	11.6%	10.6%	10.2%	10.0%	7.6%	8.1%

【 Commerce 】

(Million yen)



Net sales	537	346	324
Gross profit	263	201	198
Ordinary income	-29	-7	-12
Gross margin	49.0%	58.2%	61.0%
Ordinary income ratio	-5.5%	-0.2%	-3.8%



. Major Business Units

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

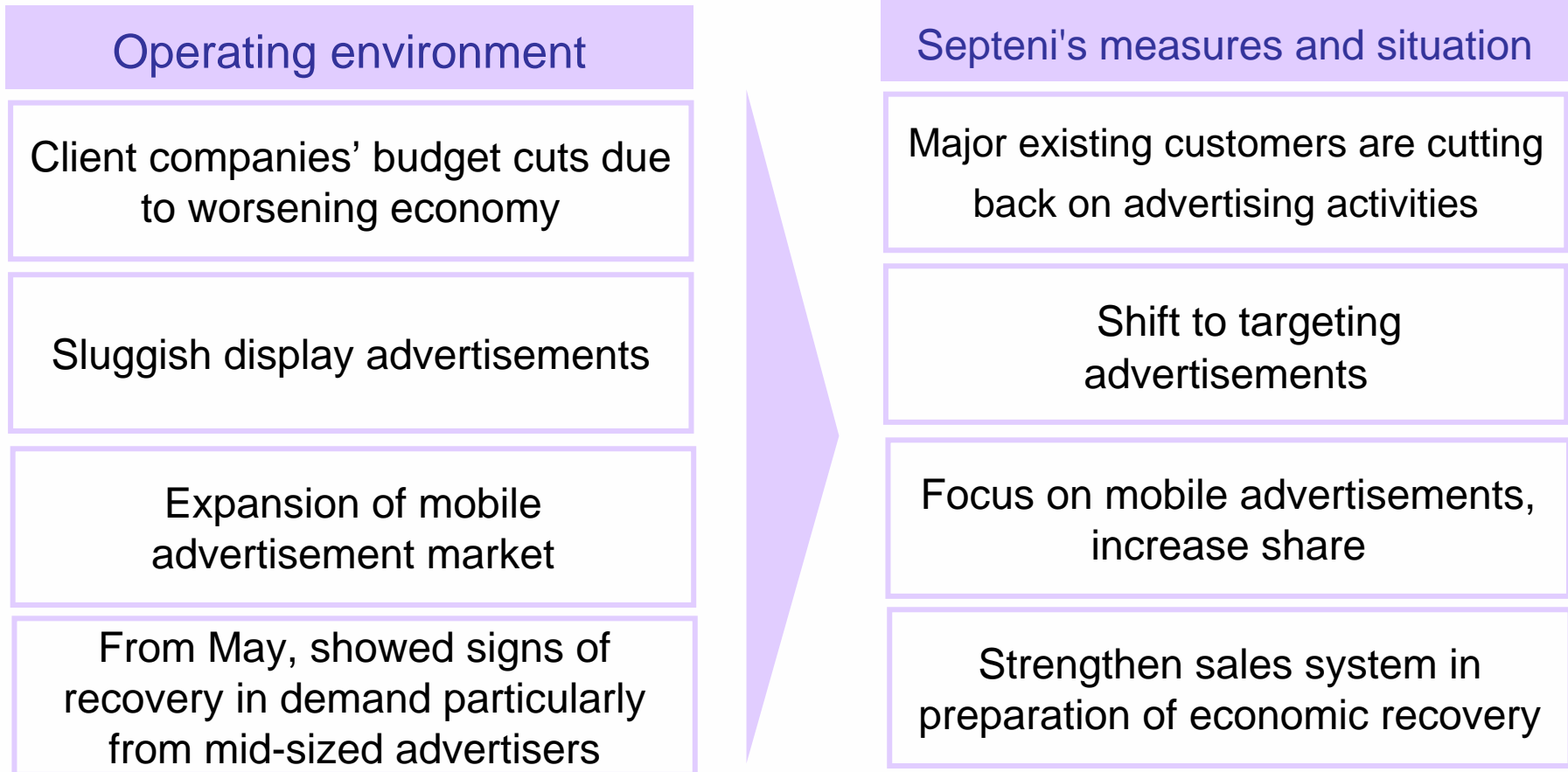
Strengthen relationship with powerful media

Continue aggressive investment in mobile advertising

Increase productivity by strengthening operations

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

Business Unit Review -Network advertising business

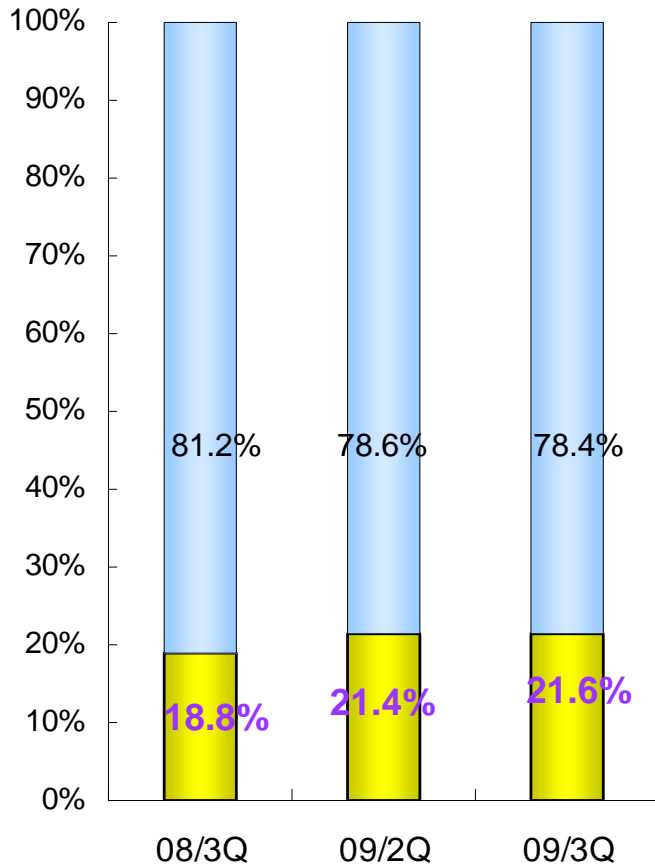


Aim to continue expanding market share by responding to changes in operating environment

Business Unit Review - Network advertising business

【Changes in sales by product】

■ Mobile ■ PC



breakdown



商品種別		08/3Q	09/2Q	09/3Q
PC	Portal etc	22.2%	18.6%	18.9%
	CGM	2.9%	2.1%	2.1%
	Mail	4.5%	3.2%	2.5%
	Listing	33.1%	33.6%	33.8%
	Affiliate	9.3%	11.0%	10.9%
	Targeting()	3.8%	5.3%	5.3%
	SEO	2.5%	2.1%	2.2%
	Production/ others	2.9%	2.7%	2.6%
		81.2%	78.6%	78.4%
Mobile	Portal etc	3.7%	5.0%	4.6%
	CGM	4.2%	4.4%	4.3%
	Mail	2.7%	1.6%	2.6%
	Listing	4.2%	5.2%	6.6%
	Affiliate	4.0%	5.2%	3.2%
	Production/ others	0.1%	0.1%	0.1%
		18.8%	21.4%	21.6%
Total		100.0%	100.0%	100.0%

Behavior targeting、Interest-match etc.

Business Unit Review - Network advertising business

【 Sales composition ratio by customer's industry 】

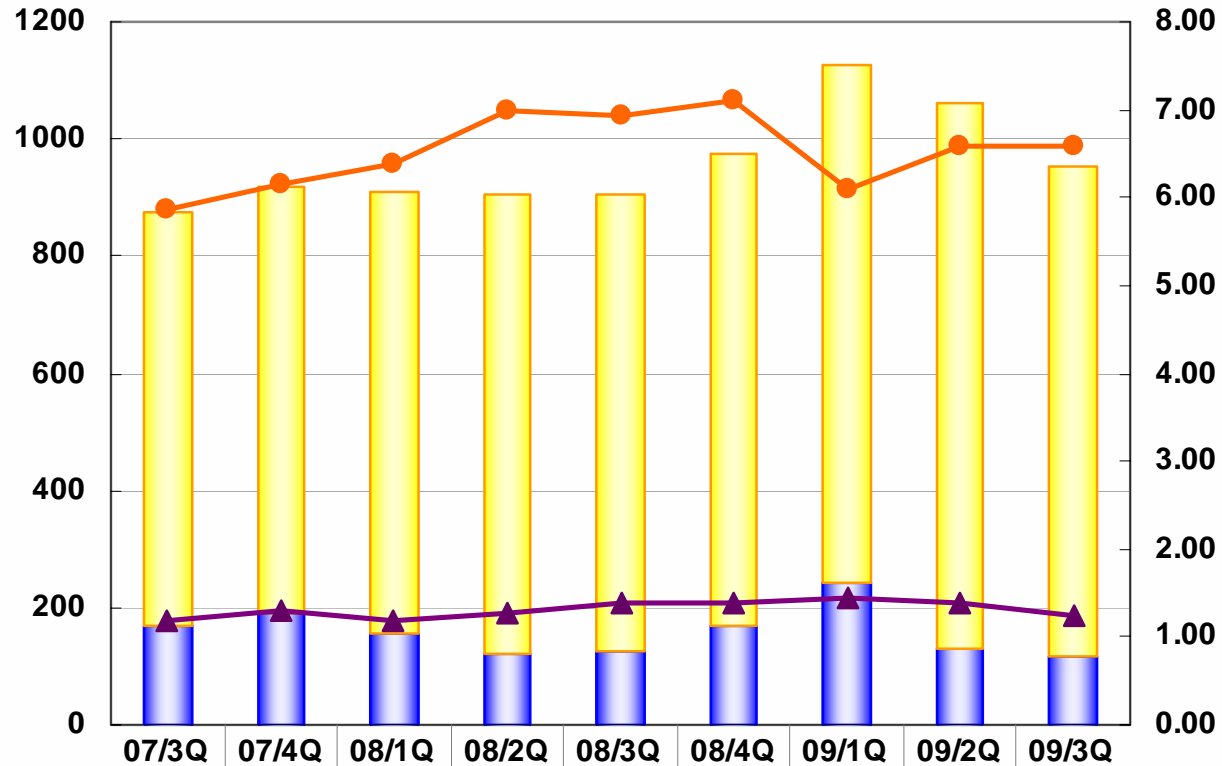
	08/3Q	09/2Q	09/3Q
Finance	14.7%	15.2%	15.9%
Education ・ Human resource	10.3%	5.0%	4.8%
Retail ・ Mail-order	6.3%	7.3%	8.0%
Real estate	12.5%	13.3%	11.0%
Food ・ Cosmetic	18.8%	14.9%	16.4%
Automobile	5.6%	4.6%	3.7%
IT	21.7%	30.5%	27.1%
Others (Service etc)	10.0%	9.3%	13.1%

Business Unit Review - Network advertising business

【Number of clients】

(Company)

(Million yen)



	Total No. of clients	876	920	911	905	906	973	1,127	1,063	952
	No. of new clients	171	192	154	122	127	170	243	130	116
	Average price per clients	5.87	6.14	6.38	6.99	6.94	7.09	6.10	6.57	6.59
	No. of clients (over 5 million yen sales)	178	197	176	192	208	210	215	209	188

(note) Figure of “Mobile MAX” business, mobile affiliate system, was accounted from 09/1Q, due to the transfer of business.

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

Content domain



Initiatives to obtain members and increase retention rate

- Listing advertisements, attract more customers through carrier search
- Launched initial sales of “Miliyah Kato/MILIYAH” live tickets

Improvement in profit structure

- Of the contract money and MG related to the purchasing of artist website and video streaming (movie) website, an impairment loss of ¥84 million was posted at the end of 3Q.

From 4Q, lower the cost of sales by about ¥6 million per month

Commerce business

Establishment of basis and strategic move toward EC

Obtain a new customer through an aggressive advertisement

Establishment of EC Department



Sales promotion activities

- House list activation
- Cultivate new customers through introduction campaign



EC website

- Now under review toward a full-scale operation starting next fiscal year





. Revisions to Business Forecasts and Measures for 4Q

Revisions to Consolidated Business Forecasts (announced on Aug. 3, 2009)

Description of revisions to full year forecasts

(million yen)

Items	Previous forecast	Revised forecast	Amount revised (pct. change)	Breakdown of revised amount by segment (estimate)
Net sales	35,000	32,500	-2,500 (-7.1%)	Network Advertising: -2,000 Commerce: -230
Operating income	770	500	-270 (-35.1%)	Network Advertising: -170 Internet-related: +30 Commerce: -70
Ordinary income	700	320	-380 (-54.3%)	
Net income	130	-470	-600	

Major factors for revisions

- Slump in the Network Advertising business from 3Q
- Additionally posted extraordinary losses (¥394 million) in 3Q

The entire group will continue to take drastic cost-cutting measures

**Network Advertising
business**

Shift to a profit-oriented sales system

Internet-related business

Promote a differentiation strategy in the content domain

Commerce business

Strengthen sales capabilities by shifting personnel to a call center

Gain a foothold in 4Q to make at leap forward in the next fiscal year.

Generate steady profits even in a severe environment to grow into a powerful corporate group.

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SEPTENI X GATE



Septeni Direct Marketing 



. APPENDIX

As of June 30, 2009

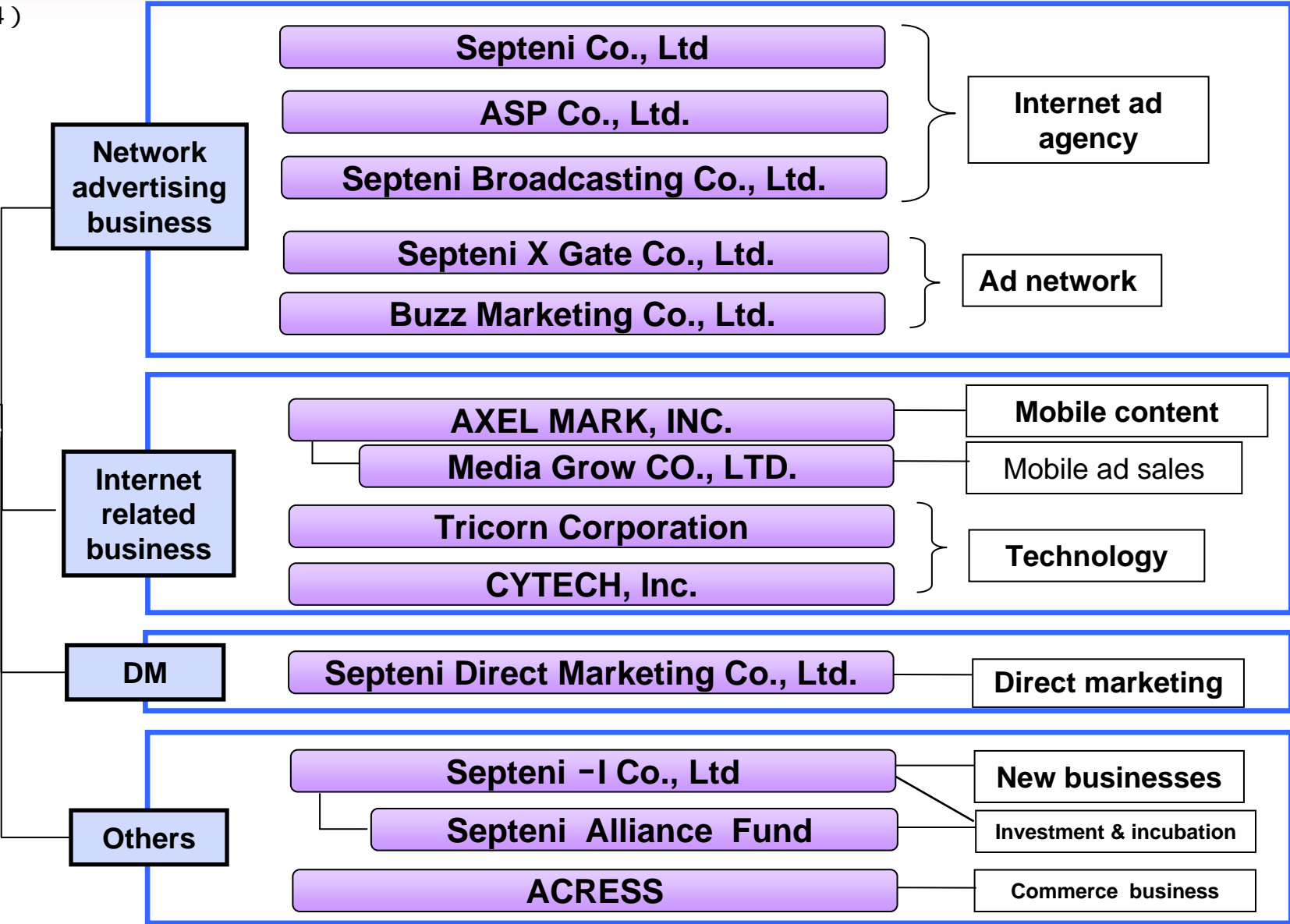
Company name	SEPTENI HOLDINGS CO., LTD.
Representative	Representative director Muneyoshi Nomura
Head office	24 Daikyo-cyo, Shinjuku, Tokyo
Stock code	4293 (JASDAQ、 J-Stock)
Business activity	Management of Group firms, engaged mainly in Internet-related businesses, as a holding company
Establishment	October 29, 1990
Capital	1,992 million yen
Outstanding shares	134,347 shares (Common stock for treasury 6,848 shares)
Number of employees (consolidated)	634 (Full-time) 、 702 (Part-time)

As of August 4, 2009

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
Media Grow CO., LTD.	Consolidated subsidiary 54.6% (Indirect investment)	Mobile ad business
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

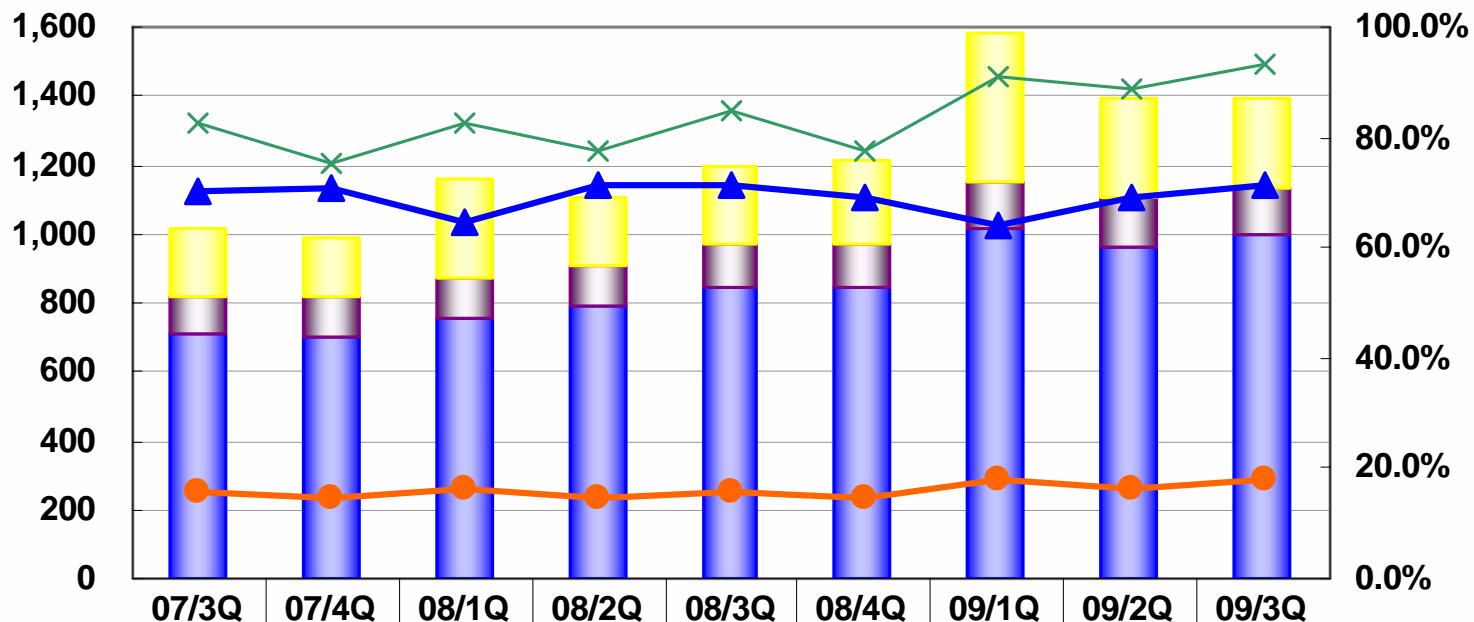
(2009/8/4)

Septeni holdings Co., Ltd.



Consolidated SG&A

(Million yen)

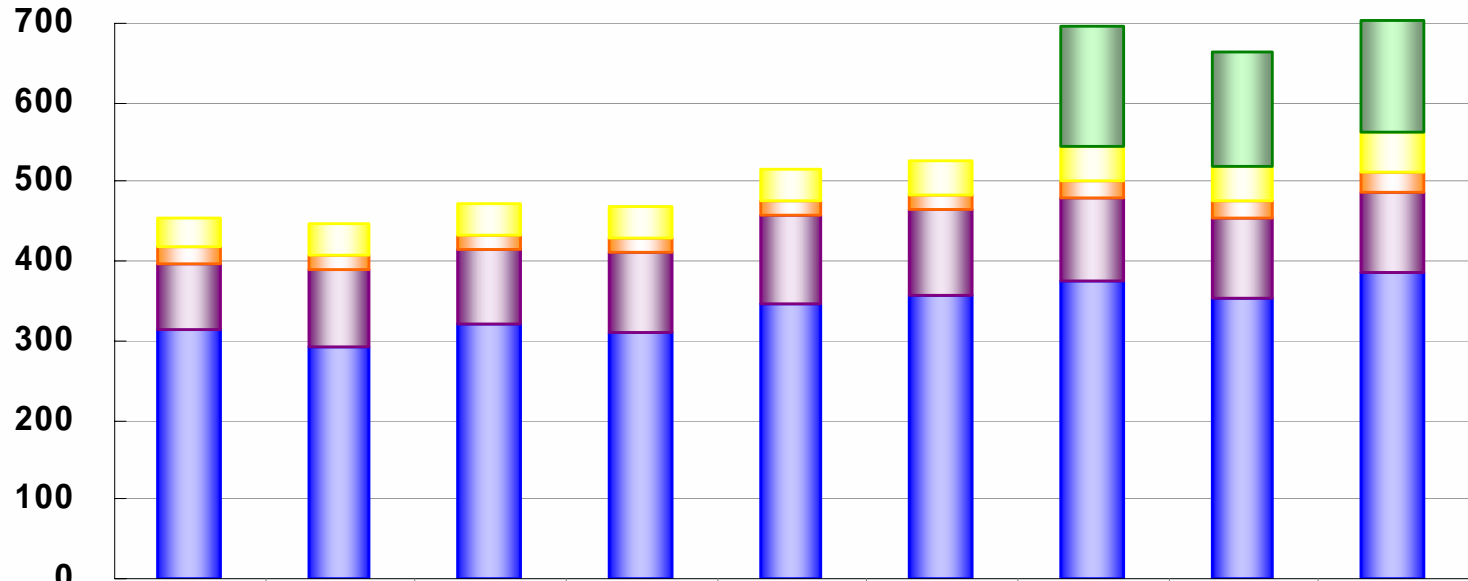


Others	193	173	288	203	226	249	432	287	262
Office expense	110	114	118	117	119	123	140	141	138
Labor cost	713	700	751	789	849	844	1,014	965	995
SG&A ratio to Gros margin	82.5%	75.3%	82.6%	77.5%	84.9%	77.8%	91.1%	88.7%	93.5%
Labor cost ratio to SG&A	70.2%	70.9%	64.8%	71.1%	71.1%	69.3%	63.9%	69.3%	71.3%
SG&A ratio to Net sales	15.9%	14.4%	16.1%	14.7%	15.6%	14.7%	18.2%	16.3%	17.8%
Total SG & A	1,025	986	1,158	1,110	1,195	1,217	1,587	1,393	1,396

Septeni Group Number of employees



(Unit;Person)



	07/3Q	07/4Q	08/1Q	08/2Q	08/3Q	08/4Q	09/1Q	09/2Q	09/3Q
Commerce business	0	0	0	0	0	0	152	144	140
Staff others	37	38	40	39	41	43	41	42	50
DM business	21	19	17	19	19	19	22	24	24
Internet related business	85	95	94	99	109	110	107	102	101
Network advertising business	313	294	321	312	348	356	374	352	387

(account executives)	(132)	(122)	(148)	(130)	(152)	(148)	(144)	(137)	(174)
TOTAL	456	446	472	469	517	528	696	664	702