



# Business Results of First Quarter of Fiscal Year Ending September 2010

February 5, 2010

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 February 5, 2010. Septeni does not guarantee the accuracy of this information. Actual performance may differ significantly from these forecasts for many reasons.



# I . Summary

- ◆ Sales decreased 8.3% year-on-year but earnings remained high
- ◆ Continued to reduce SG&A expenses. Operating income increased substantially resulting in ¥248 million, up 59.6% Year-on-year
- ◆ Non-operating expenses and extraordinary loss decreased

# Summary Consolidated Income Statement

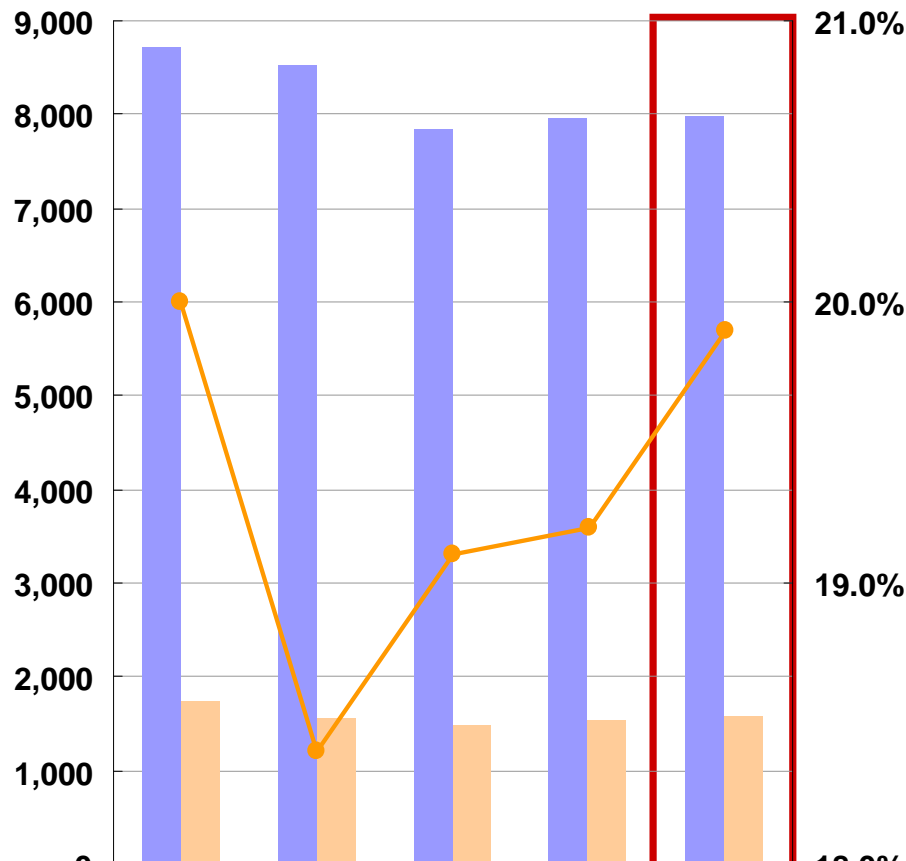


(unit; Million yen)

Indicators	Q1 FY September 2010				Q1 FY Sept. 2009 (YoY)		Q4 FY Sept. 2009 (YoY)	
	Amount	Share	YoY change	Vs. previous quarter	Amount	Share	Amount	Share
Net sales	<b>7,988</b>	100.0%	-8.3%	+0.2%	8,707	100.0%	7,972	100.0%
Gross income	<b>1,592</b>	19.9%	-8.6%	+4.1%	1,742	20.0%	1,529	19.2%
SG&A	<b>1,343</b>	16.8%	-15.3%	-1.2%	1,587	18.2%	1,359	17.1%
Operating income	<b>248</b>	3.1%	+59.6%	+46.8%	155	1.8%	169	2.1%
Ordinary income	<b>217</b>	2.7%	+168.4%	+60.3%	81	0.9%	135	1.7%
Net income	<b>65</b>	0.8%	+214.2%	—	20	0.2%	△113	△1.4%

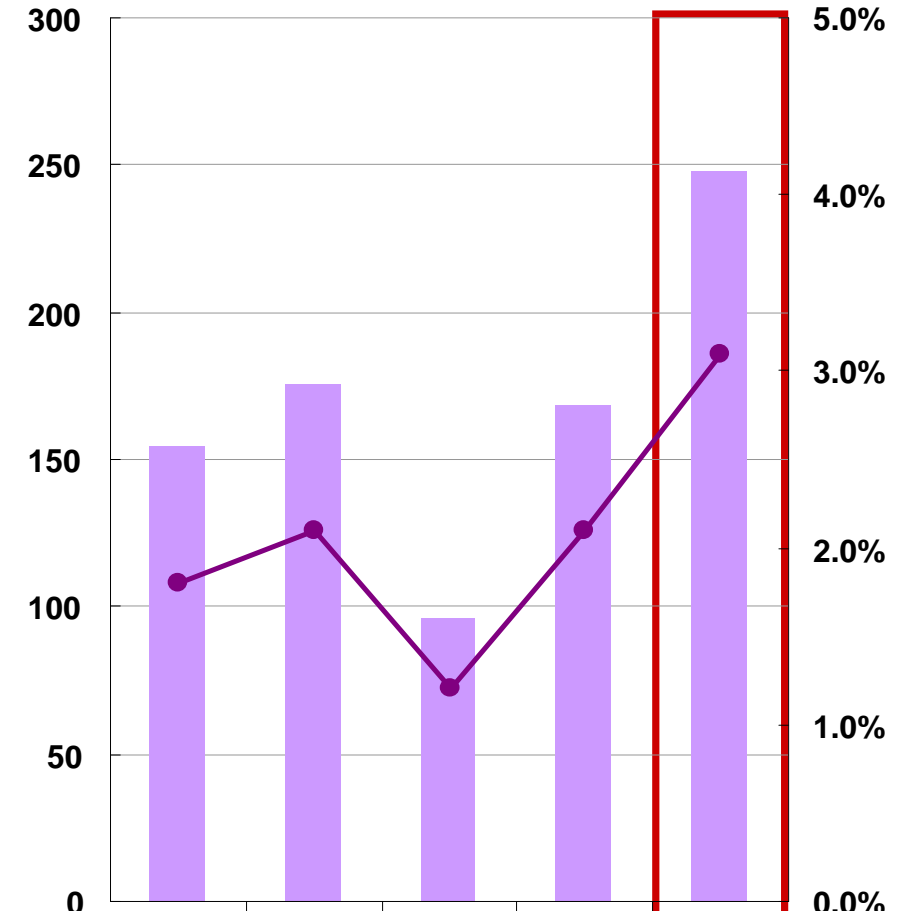
# Consolidated Quarterly Performance

(unit: Million yen) **【Net sales • Gross profit】**



Net sales	8,707	8,533	7,834	7,972	7,988
Gross profit	1,742	1,570	1,492	1,529	1,592
Gross margin	20.0%	18.4%	19.1%	19.2%	19.9%

**【Operating income】**



Operating income	155	176	96	169	248
Operating income ratio	1.8%	2.1%	1.2%	2.1%	3.1%

# Summary Consolidated Balance Sheet



(unit: Million yen)

	December 31, 2009	September 30, 2009	Change	Remarks
<b>Assets</b>				
Current assets	9,405	9,494	-89	Cash and deposits +94 Notes and accounts receivable -49 Trade investment securities -152
Fixed assets	2,510	2,417	+93	Investment securities +137
<b>Total assets</b>	<b>11,915</b>	<b>11,911</b>	<b>+4</b>	
<b>Liabilities</b>				
Current liabilities	5,934	5,769	+165	Short-term debt +195
Long-term liabilities	320	371	-51	Long-term debt -66
<b>Total liabilities</b>	<b>6,254</b>	<b>6,140</b>	<b>+114</b>	
<b>Net assets</b>				
Total net assets	5,660	5,770	-110	Retained earnings-49 Treasury stock -67
<b>Total liabilities and net assets</b>	<b>11,915</b>	<b>11,911</b>	<b>+4</b>	

# Consolidated Cash Flow Statement

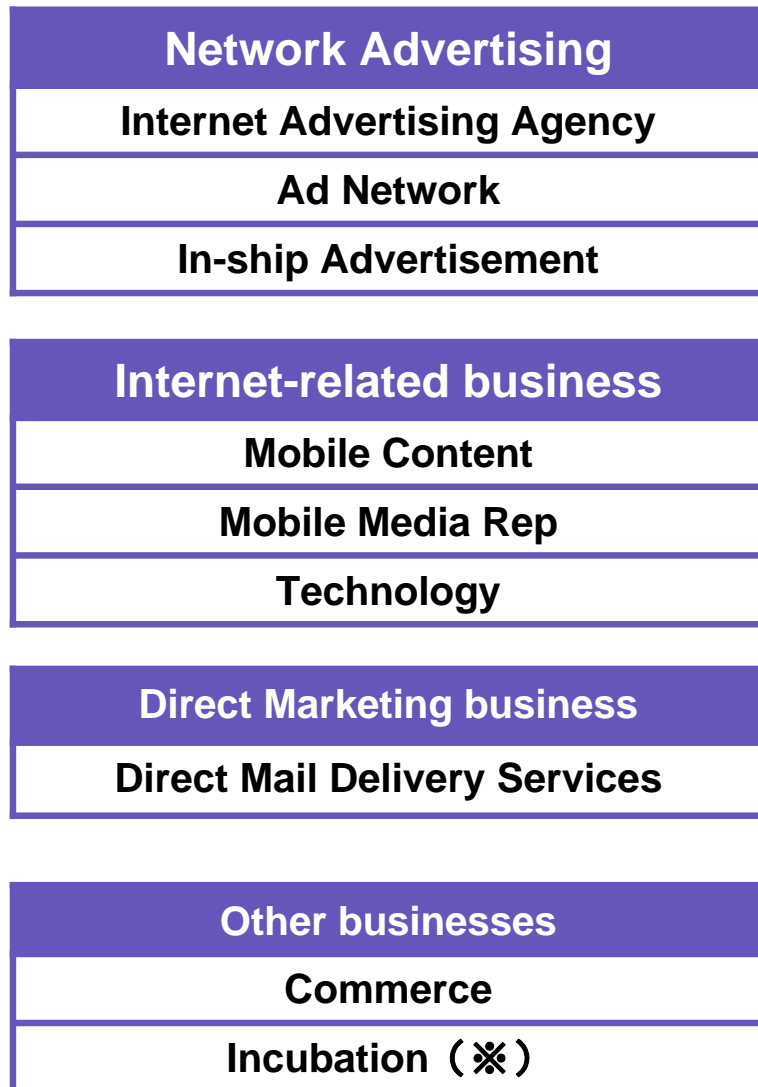
(unit: Million yen)

	Q1 FY September 2010	Major breakdown	Q1 of FY September 2009
Cash flows from operating activities	<b>209</b>	Net income before income taxes +196 Depreciation & amortization of goodwill +42 Payments for corporate taxes Δ65	Δ369
Cash flows from investing activities	Δ60	Acquisition of fixed assets Δ24 Acquisition of investment securities Δ29	Δ202
Cash flows from financing activities	Δ54	Increase in debt +126 Acquisition of treasury stock Δ66 Dividends paid Δ114	Δ260
Net change in cash and cash equivalents	<b>94</b>		Δ832
Cash and cash equivalents at the end of year	<b>4,813</b>		3,875

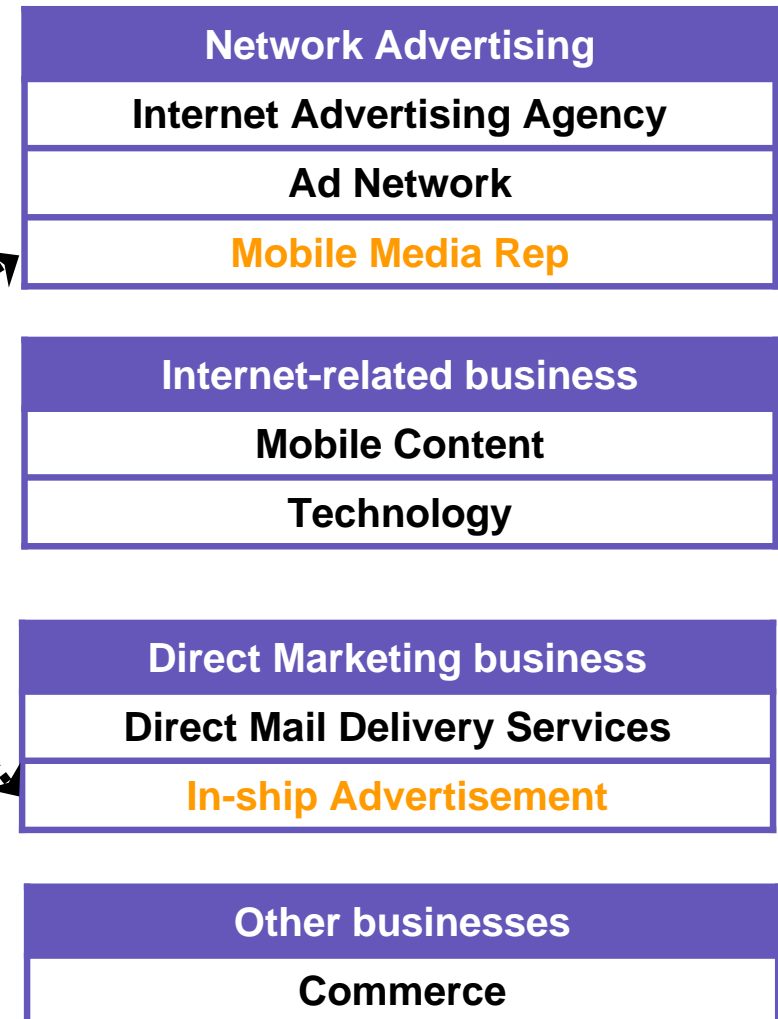


# Changes in Business Segments

## 【Up to FY9/09】



## 【From FY9/10 onward】



※Withdrew during Q1 of FY September 2009

# Business Segment Sales and Operating Income



(unit: Million yen)

Segment	Net sales			Operating income		
	10/1Q	09/1Q	YoY change	10/1Q	09/1Q	YoY change
<b>Network Advertising</b>	<b>6,598</b>	6,881	-4.1%	<b>263</b>	228	+15.4%
<b>Internet-related</b>	<b>556</b>	706	-21.2%	<b>39</b>	Δ9	(+48 million yen)
<b>Direct Marketing</b>	<b>557</b>	655	-14.9%	<b>48</b>	66	-26.9%
<b>Others</b>	<b>305</b>	537	-43.1%	<b>Δ5</b>	Δ42	(+37 million yen)
<i>Commerce</i>	305	537	-43.1%	Δ5	Δ29	(+24 million yen)
<b>Eliminations and corporate</b>	<b>Δ30</b>	Δ74	-	<b>Δ96</b>	Δ86	-
<b>Consolidated total</b>	<b>7,988</b>	8,707	-8.3%	<b>248</b>	155	+59.6%

\* Business segment information for FY9/09 has been restated to match the revised business segments.

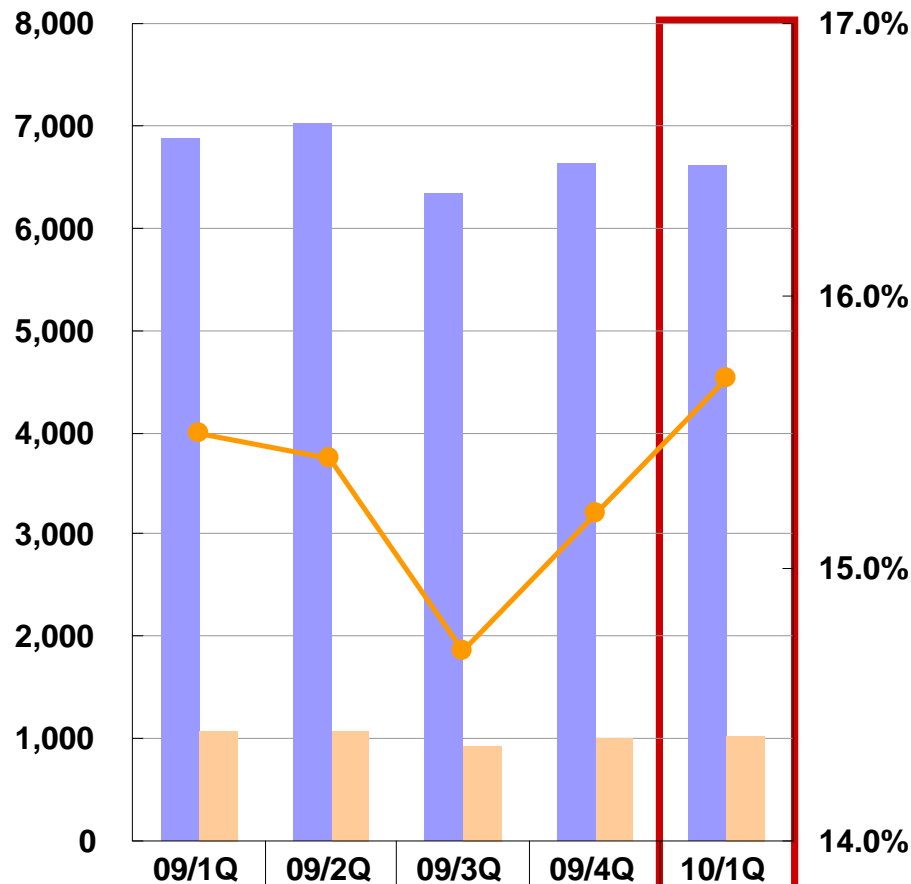


## II . Major Business and Progress in Consolidated Operating Results

# Performance of Network Advertising Business by Quarter

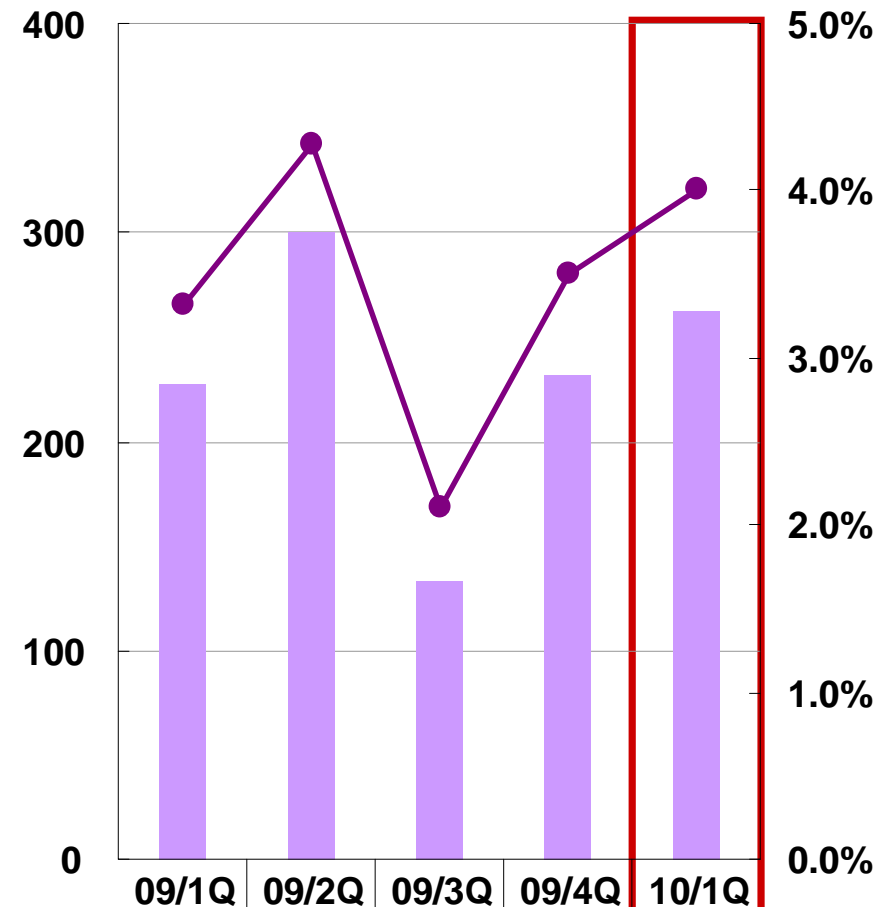
(unit: Million yen)

## 【Net sales • Gross profit】



Net sales	6,881	7,026	6,345	6,633	6,598
Gross profit	1,067	1,082	931	1,010	1,032
Gross margin	15.5%	15.4%	14.7%	15.2%	15.7%

## 【Operating income】



Operating income	228	301	134	232	263
Operating income ratio	3.3%	4.3%	2.1%	3.5%	4.0%

\* FY09/1Q through FY09/4Q data have been restated to match the revised business segments.

	YoY change	Vs. previous quarter
Net sales	-4.1%	-0.5%
Operating income	+15.4%	+13.5%

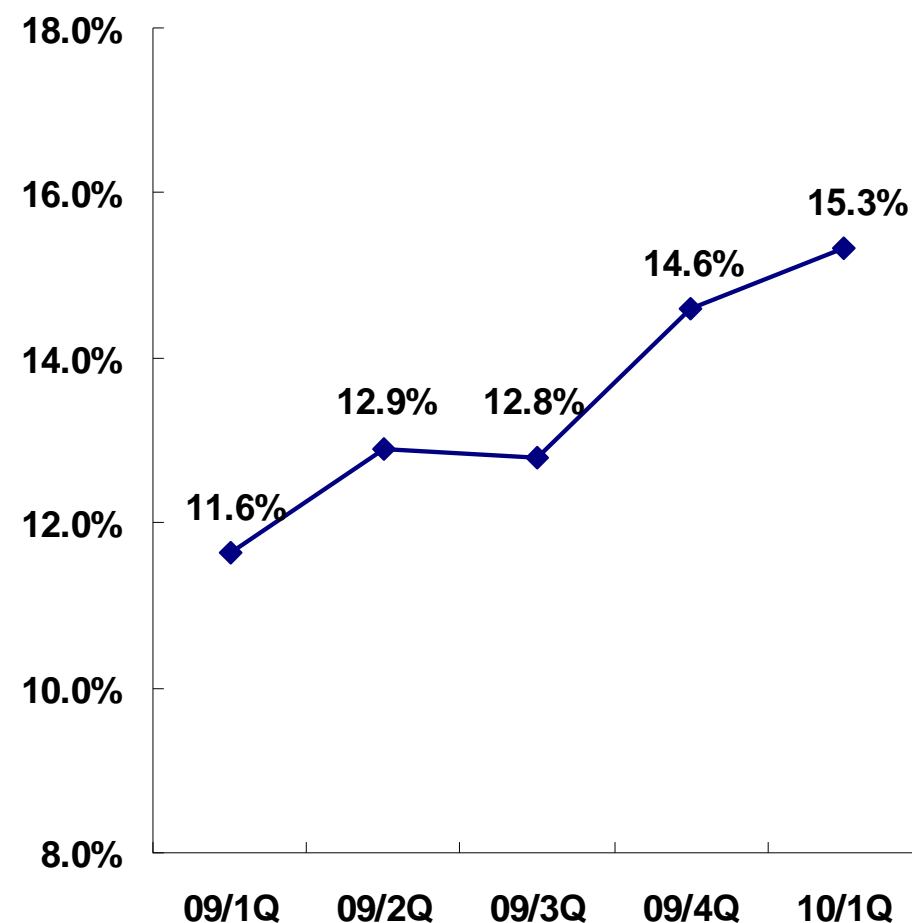
- In the Network Advertising business, demand is recovering slowly; the goal is to achieve top line growth accompanied by earnings
- Making progress in improving profitability by conducting sales activities that place priority on earnings
- Subsidiaries in the mobile ads field are doing well; increase in mobile ratio due to a stronger group structure
- Growth in the Web solutions field (SEO, site construction, etc.) contributed to an improvement in profitability
- An ad technology department was established to develop products that target growing markets

# Network Advertising Business Data by Product

## 【Changes in sales by product】

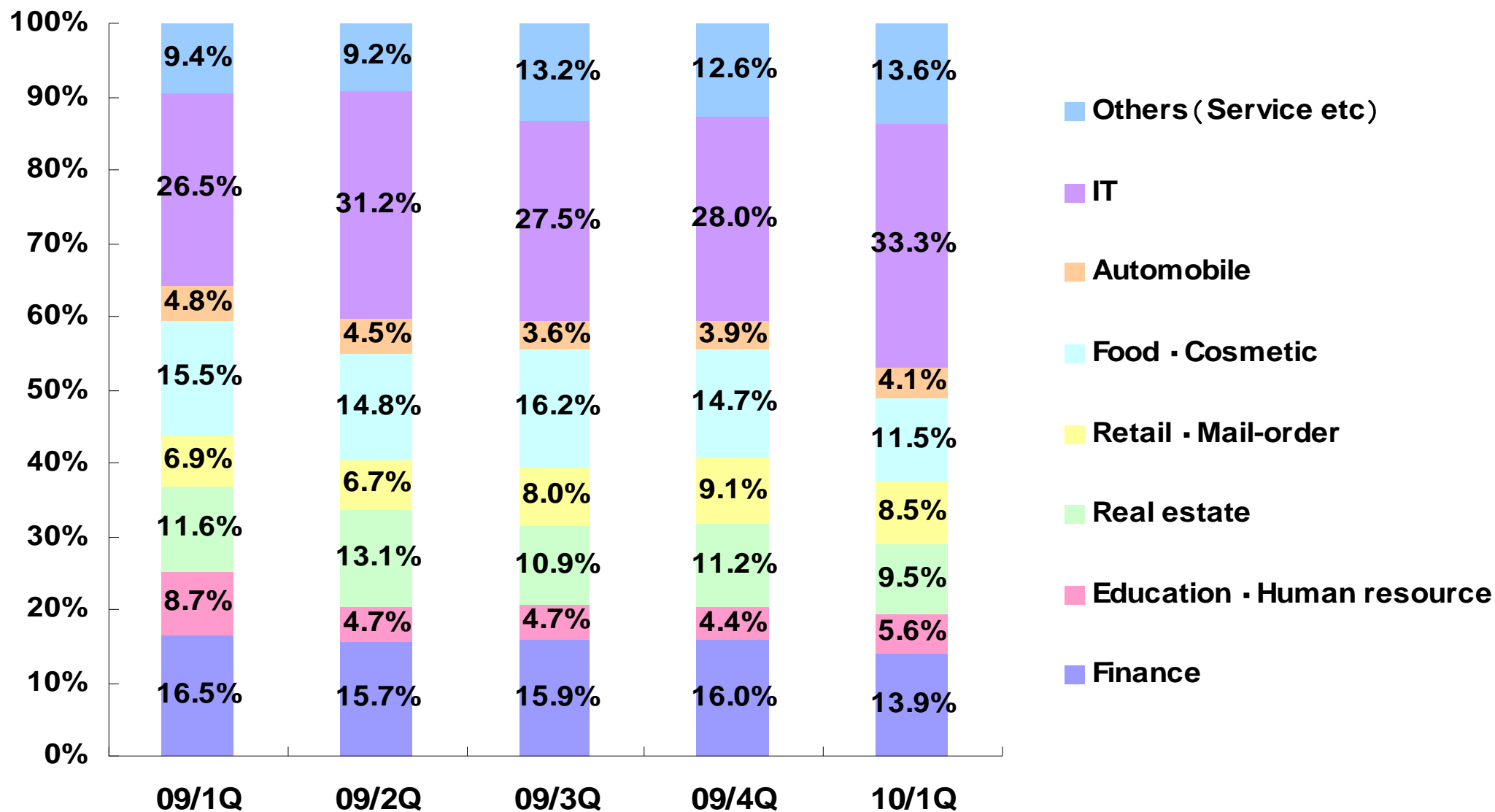
Type of products		09/1Q	09/2Q	09/3Q	09/4Q	10/1Q
PC	Portal, etc.	19.1%	18.3%	18.6%	16.3%	14.8%
	CGM	2.0%	2.1%	2.1%	1.5%	1.8%
	Mail	2.5%	3.2%	2.5%	2.1%	2.1%
	Listing	34.9%	33.1%	33.3%	35.0%	36.1%
	Affiliate	9.9%	10.9%	10.7%	9.7%	7.6%
	Targeting	5.0%	5.3%	5.3%	6.7%	6.8%
	Others	0.6%	0.2%	0.1%	0.6%	0.3%
		74.0%	73.1%	72.8%	72.0%	69.5%
Mobile	Portal, etc.	4.9%	5.0%	4.8%	5.6%	4.7%
	CGM	6.1%	5.3%	5.1%	5.0%	4.4%
	Mail	2.0%	1.7%	2.9%	2.0%	2.4%
	Listing	3.9%	5.1%	6.6%	7.9%	9.8%
	Affiliate	4.6%	5.1%	3.2%	2.2%	3.8%
	Others	0.0%	0.0%	0.1%	0.0%	0.0%
		21.6%	22.3%	22.7%	22.8%	25.1%
Web Solutions (Note 2)		4.4%	4.6%	4.6%	5.3%	5.4%
Total		100%	100%	100%	100%	100%

## 【Proportion of Web solutions field to total gross profit】



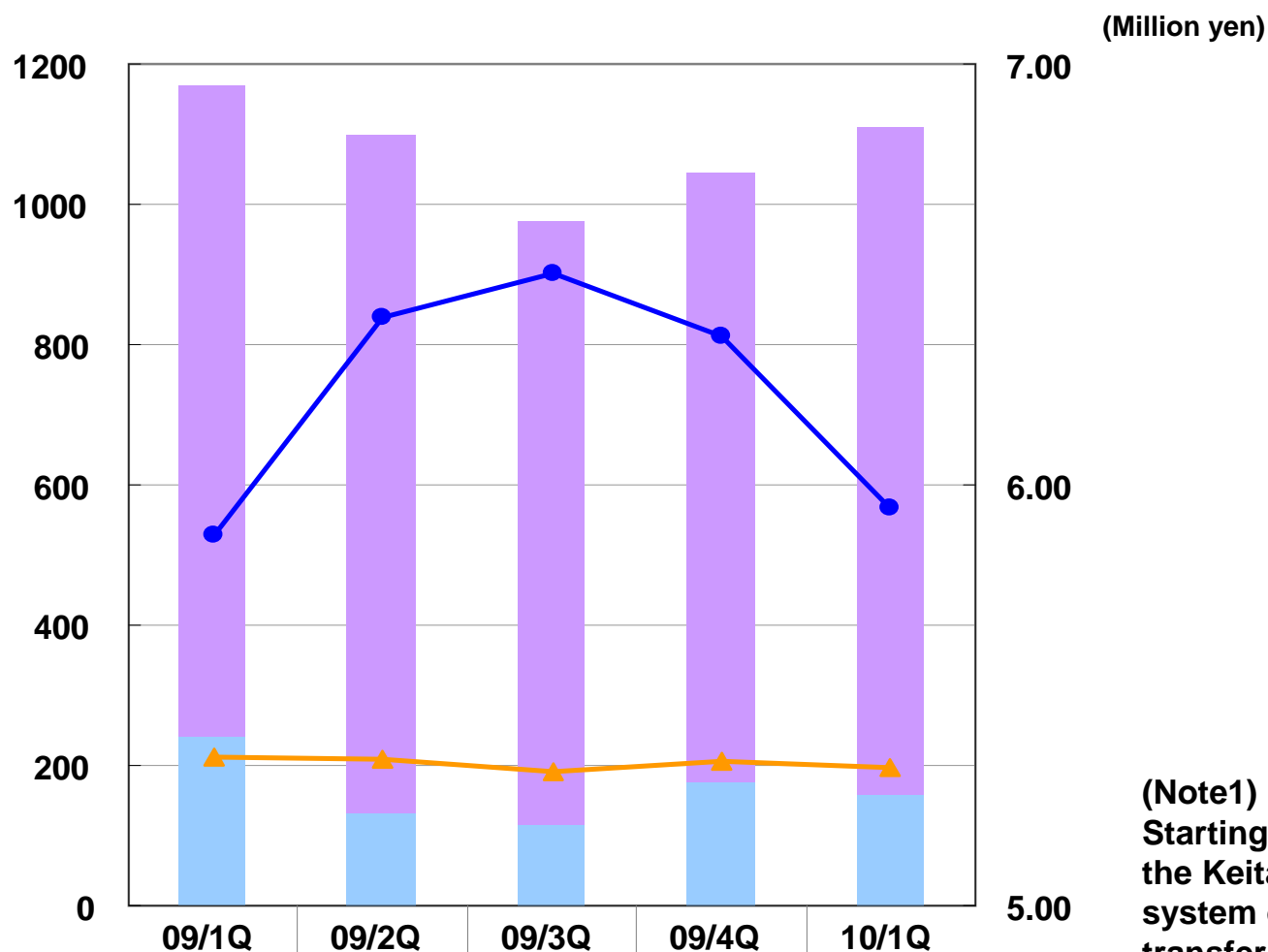
\* FY09/1Q through FY09/4Q data have been restated to match the revised business segments.  
(Note 2) SEO, site construction, etc

# Network Advertising Business Data by Customer



\* FY09/1Q through FY09/4Q data have been restated to match the revised business segments.

# Network Advertising Business Number of Clients



	Total no. of clients	1,170	1,098	976	1,044	1,110
	No. of new clients	243	130	116	175	159
	Average price per client (¥mn)	5.88	6.40	6.50	6.35	5.94
	No. of clients (over 5 million yen sales)	213	210	191	205	197

(Note1)

Starting in 09/1Q, figures include the Keitai MAX mobile affiliate system operations due to the transfer of this business

(Note 2)

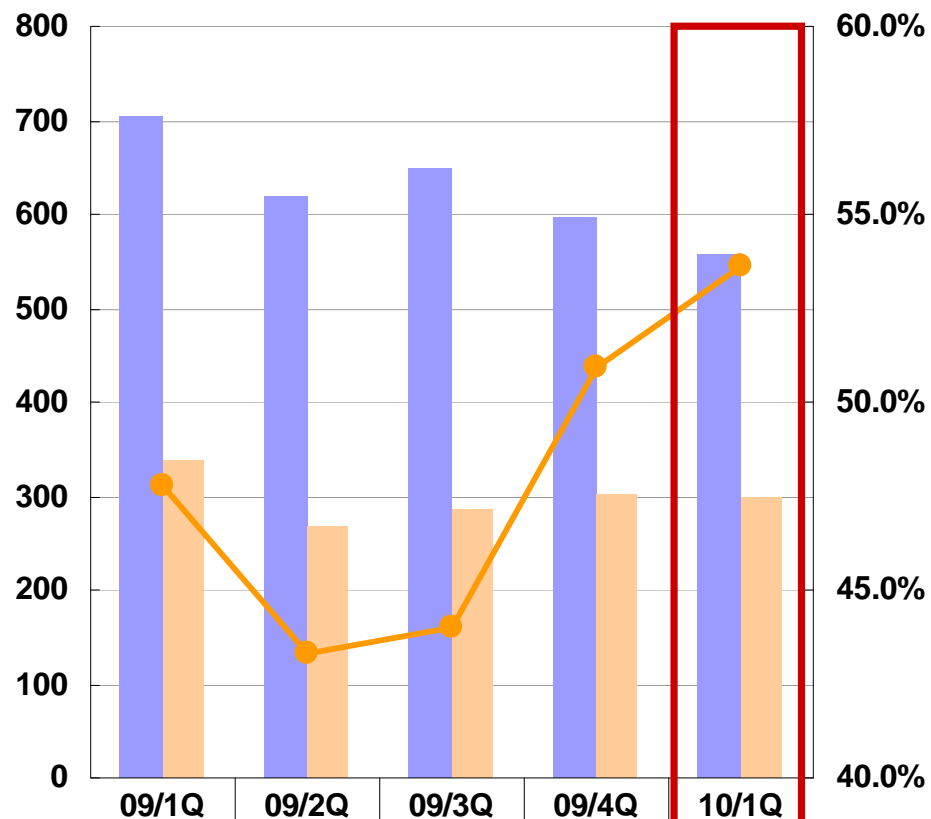
Data for 09/1Q through 09/4Q have been restated based on the revised business segments after excluding the number of new client companies.



# Performance of Internet-related Business by Quarter

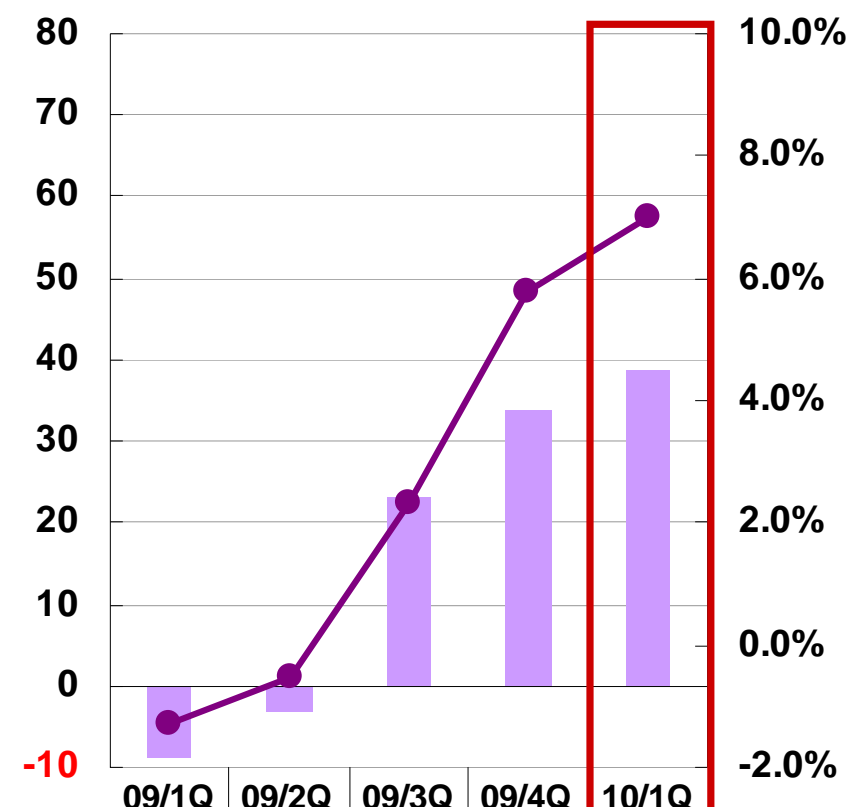
(Million yen)

## 【Net sales • Gross profit】



Net sales	706	617	650	596	556
Gross profit	337	267	285	303	298
Gross margin	47.8%	43.3%	44.0%	50.9%	53.6%

## 【Operating income】



Ordinary income	-9	-3	23	34	39
Ordinary income ratio	-1.3%	-0.5%	2.3%	5.8%	7.0%

\* FY09/1Q through FY09/4Q data have been restated to match the revised business segments.

	YoY change	Vs. previous quarter
Net sales	-21.2%	-6.6%
Operating income	+¥48 million (turned profitable)	+12.2%

## 【 Content domain (Axel Mark) 】

- Although sales were down along with the number of content billings, earnings continued to increase because of an improvement in the gross profit margin and cost cutting
- au raised the share of sales from video content by opening “Best Hits Hollywood+” and “Best Hits Anime.”

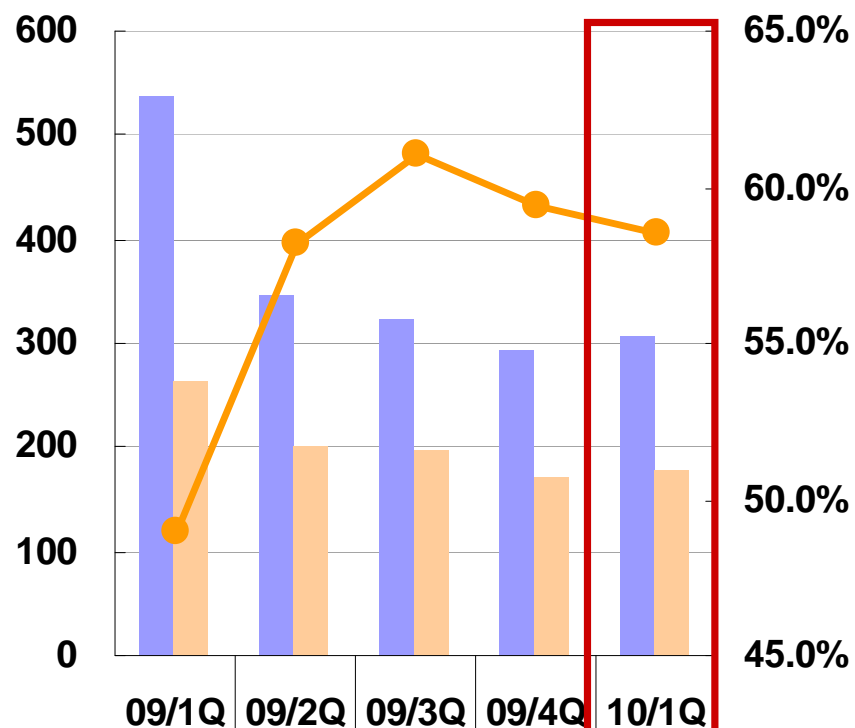
## 【 Technology domain (Tricorn) 】

- Performing well as the shift from an e-mail distribution ASP to a CRM service moves forward

# Performance of Commerce Business by Quarter

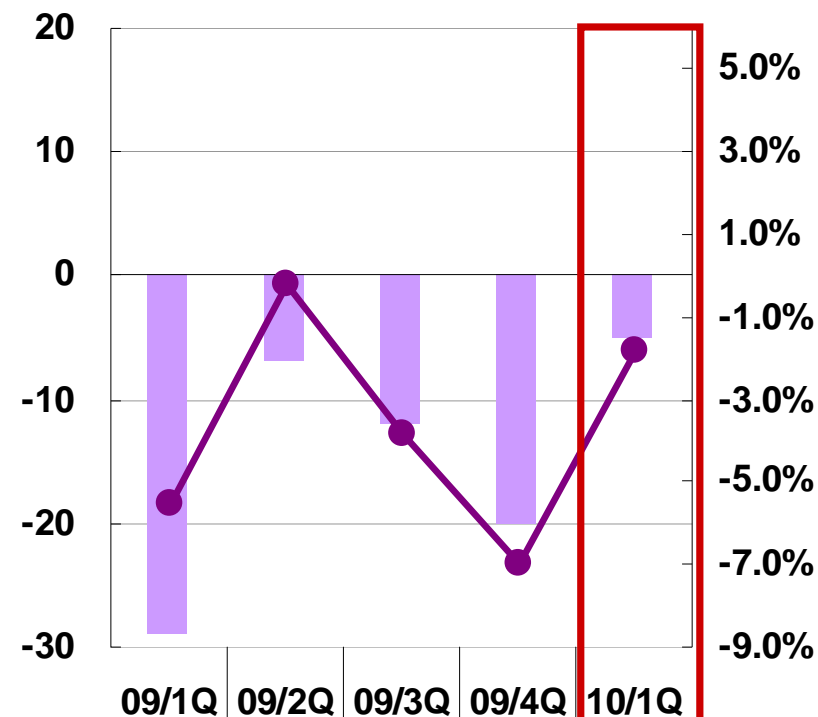
(Million yen)

## 【Net sales • Gross profit】



Net sales	537	346	324	292	305
Gross profit	263	201	198	173	178
Gross margin	49.0%	58.2%	61.0%	59.4%	58.5%

## 【Operating income】



Ordinary income	-29	-7	-12	-20	-5
Ordinary income ratio	-5.5%	-0.2%	-3.8%	-7.0%	-1.8%

	YoY change	Vs. previous quarter
Net sales	-43.1%	+4.6%
Operating income	+¥24 million (Reduction of deficit)	+¥15 million (Reduction of deficit)

➤ Cut SG&A expenses such as by achieving the optimum size for the group's organization to reduce operating loss

➤ Renewed EC website with stronger community functions

# Business Forecast of FY September 2010

(Million yen)

	1Q Results FY 9/2010	Vs.2Q Progress	Interim forecast FY 9/2010	Vs.4Q Progress	Full-term Forecast FY 9/2010
Net sales	<b>7,988</b>	<b>47.0%</b>	17,000	<b>23.5%</b>	34,000
Operating income	<b>248</b>	<b>62.2%</b>	400	<b>31.1%</b>	800
Ordinary income	<b>217</b>	<b>62.2%</b>	350	<b>31.1%</b>	700
Net income	<b>65</b>	<b>32.9%</b>	200	<b>16.4%</b>	400

# Thank you for Today

## **Contact Us**

Septeni Holdings Co., Ltd.

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

## **PR • IR Office**

TEL : 81-3-5363-7336 E-mail : [ir@septeni-holdings.co.jp](mailto:ir@septeni-holdings.co.jp)



## III. Appendix

As of December 31, 2009

Company name	SEPTENI HOLDINGS CO., LTD.
Representative	Representative director Koki Sato
Head office	24 Daikyo-cyo, Shinjuku, Tokyo SEPTENI Gaien bldg.
Stock code	4293 (JASDAQ)
Business activity	Management of Group firms, engaged mainly in Internet-related businesses, as a holding company
Establishment	October 29, 1990
Capital	1,997 million yen
Outstanding shares	134,417 shares (Common stock for treasury 8,923 shares )
Number of employees (consolidated)	614(Full-time)、646(Part-time)



As of February 5, 2010

Company name		Business line
Septeni holdings Co., Ltd.		Holding company
Septeni Co., Ltd.	Consolidated subsidiary 100.0%	Internet Ad agency
mume, Inc.	Consolidated subsidiary 100.0% (Indirect investment)	Mobile Ad agency
MANGO Inc.	Consolidated subsidiary 100.0% (Indirect investment)	SEM operation
Septeni X Gate co., Ltd.	Consolidated subsidiary 95.0%	Ad network
ASP Co., ltd.	Consolidated subsidiary 60.0%	e-Marketing Solution
Media Grow co., Ltd.	Consolidated subsidiary 100.0%	Mobile Media Rep
AXEL MARK, INC.	Consolidated subsidiary 54.5%	Media contents
Tricorn corporation	Consolidated subsidiary 100.0%	CRM service
CYTECH, Inc.	Consolidated subsidiary 100.0%	System Integration
Septeni Direct Marketing Co., Ltd.	Consolidated subsidiary 100.0%	Direct marketing
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

As of February 5, 2010

## Holding company

**Septeni holdings Co., Ltd.**

### Network advertising business

Septeni Co., Ltd  
 mume, Inc.  
 MANGO Inc.  
 Septeni X Gate co., Ltd.  
 ASP Co., Ltd.  
 Media Grow co., Ltd.

Internet Ad agency

Mobile Ad agency

SEM operation

Ad marketplace

e-Marketing Solution

Mobile Media Rep

### Internet related business

AXEL MARK, INC.  
 Tricorn corporation  
 CYTECH, Inc.

Media contents

mail delivery /CRM

System Integration

### Direct marketing business

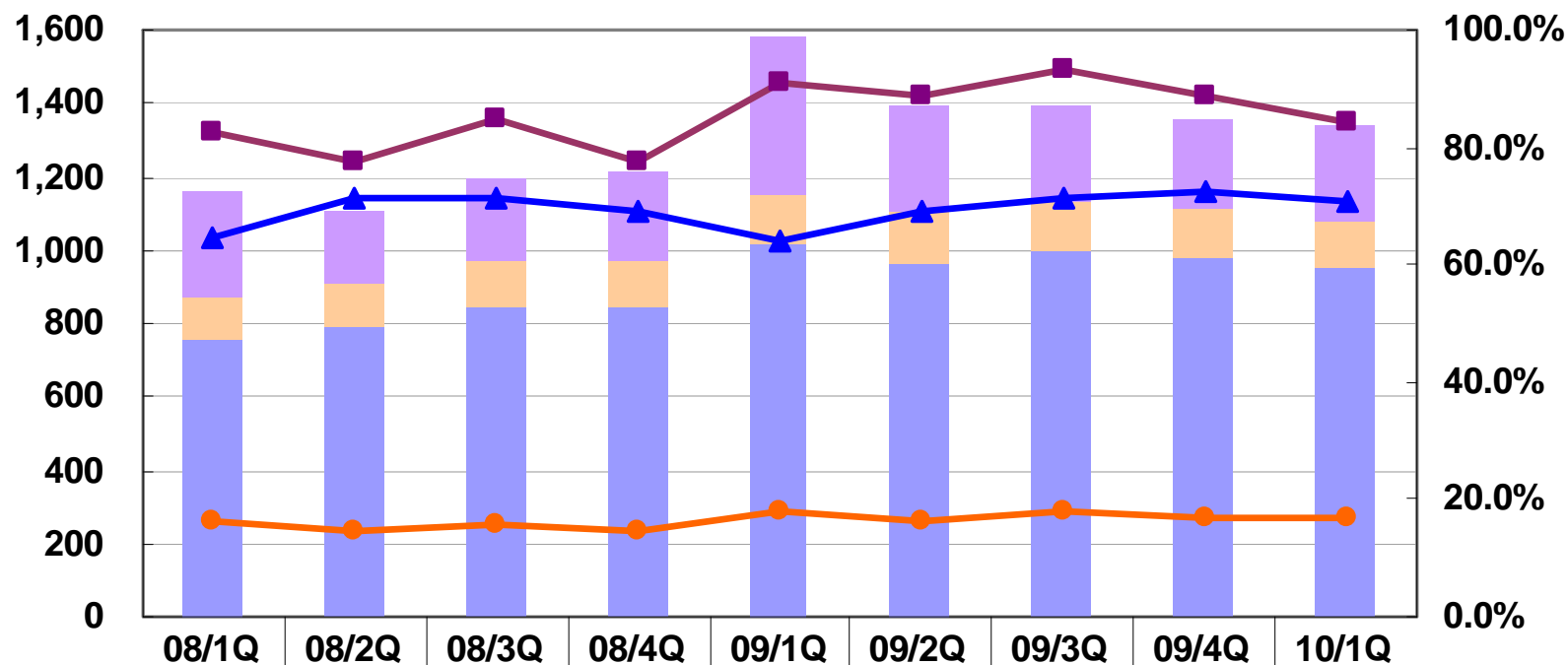
Septeni Direct Marketing Co., Ltd. DM/Inship

### Commerce business

ACRESS mail order • e-commerce

# Consolidated SG&A

(Million yen)

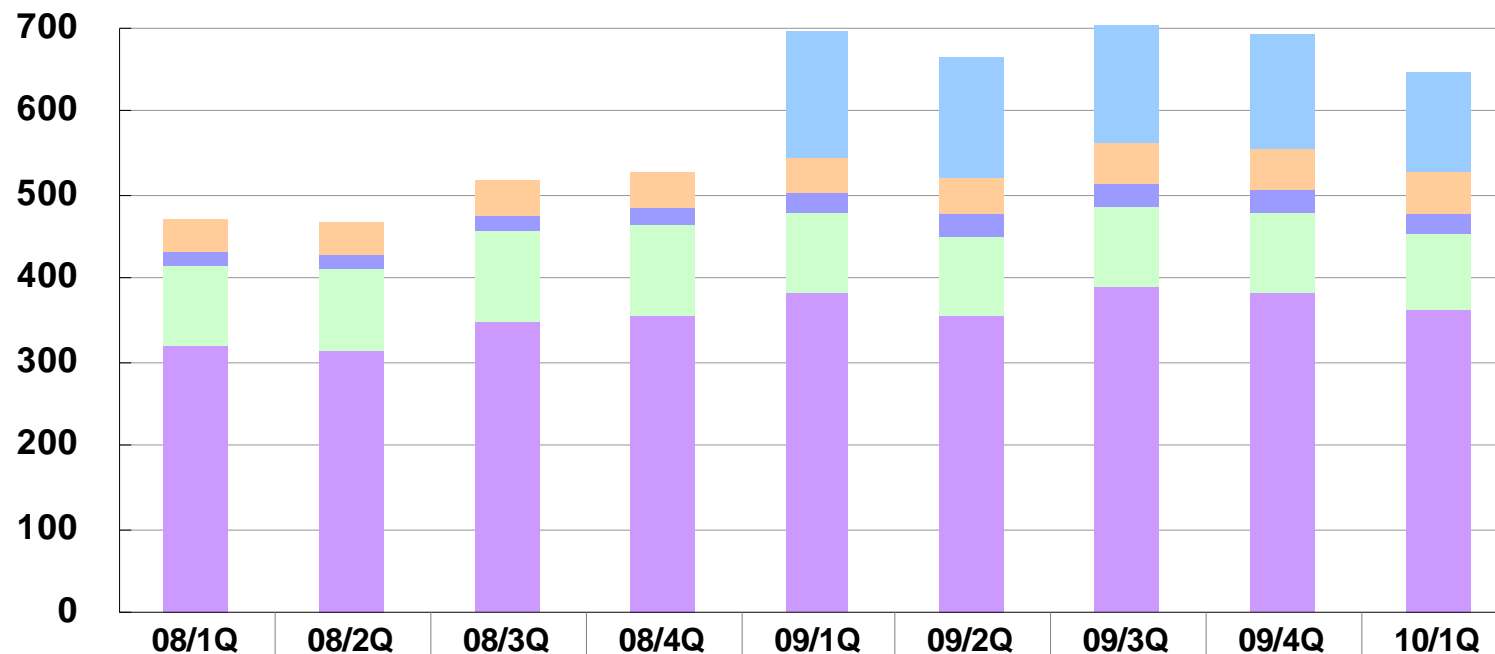


Others	288	203	226	249	432	287	262	240	265
Office expense	118	117	119	123	140	141	138	135	125
Labor cost	751	789	849	844	1,014	965	995	983	952
SG&A ratio to Gros margin	82.6%	77.5%	84.9%	77.8%	91.1%	88.7%	93.5%	88.9%	84.4%
Labor cost ratio to SG&A	64.8%	71.1%	71.1%	69.3%	63.9%	69.3%	71.3%	72.3%	70.9%
SG&A ratio to Net sales	16.1%	14.7%	15.6%	14.7%	18.2%	16.3%	17.8%	17.1%	16.8%
<b>Total SG&amp;A</b>	<b>1,158</b>	<b>1,170</b>	<b>1,195</b>	<b>1,217</b>	<b>1,587</b>	<b>1,393</b>	<b>1,396</b>	<b>1,359</b>	<b>1,343</b>

# Septeni Group Number of employees



(Unit;Person)



Segment	08/1Q	08/2Q	08/3Q	08/4Q	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q
Commerce business	0	0	0	0	152	144	140	136	118
Staff others	40	39	41	43	41	42	50	50	51
DM business	17	19	19	19	24	26	26	26	22
Internet related business	94	99	109	110	96	95	95	97	94
Network advertising business	321	312	348	356	383	357	391	383	361
(account executives)	(148)	(130)	(152)	(148)	(149)	(139)	(176)	(167)	(145)
<b>TOTAL</b>	<b>472</b>	<b>469</b>	<b>517</b>	<b>528</b>	<b>696</b>	<b>664</b>	<b>702</b>	<b>692</b>	<b>646</b>

\* FY09/1Q through FY09/4Q data have been restated to match the revised business segments.