



Business Results of Third Quarter of Fiscal Year Ending September 2010

August 3, 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 HOLDINGS as of August 3, 2010. SEPTENI HOLDINGS does not guarantee the accuracy of this information. Actual performance may differ significantly from these forecasts for many reasons.



I . Summary

- ◆ Net sales increased by 4.0% YoY in a year
Recovery in the Network Advertising business contributed to the performance
- ◆ 260 million yen in operating income, up about 2.7 times YoY
Rose to an all-time high in 3Q as a result of increase in gross profit due to higher sales and cost reduction
- ◆ Net income was 85 million yen, up 426 million yen YoY
Ordinary income increased substantially and extraordinary loss decreased

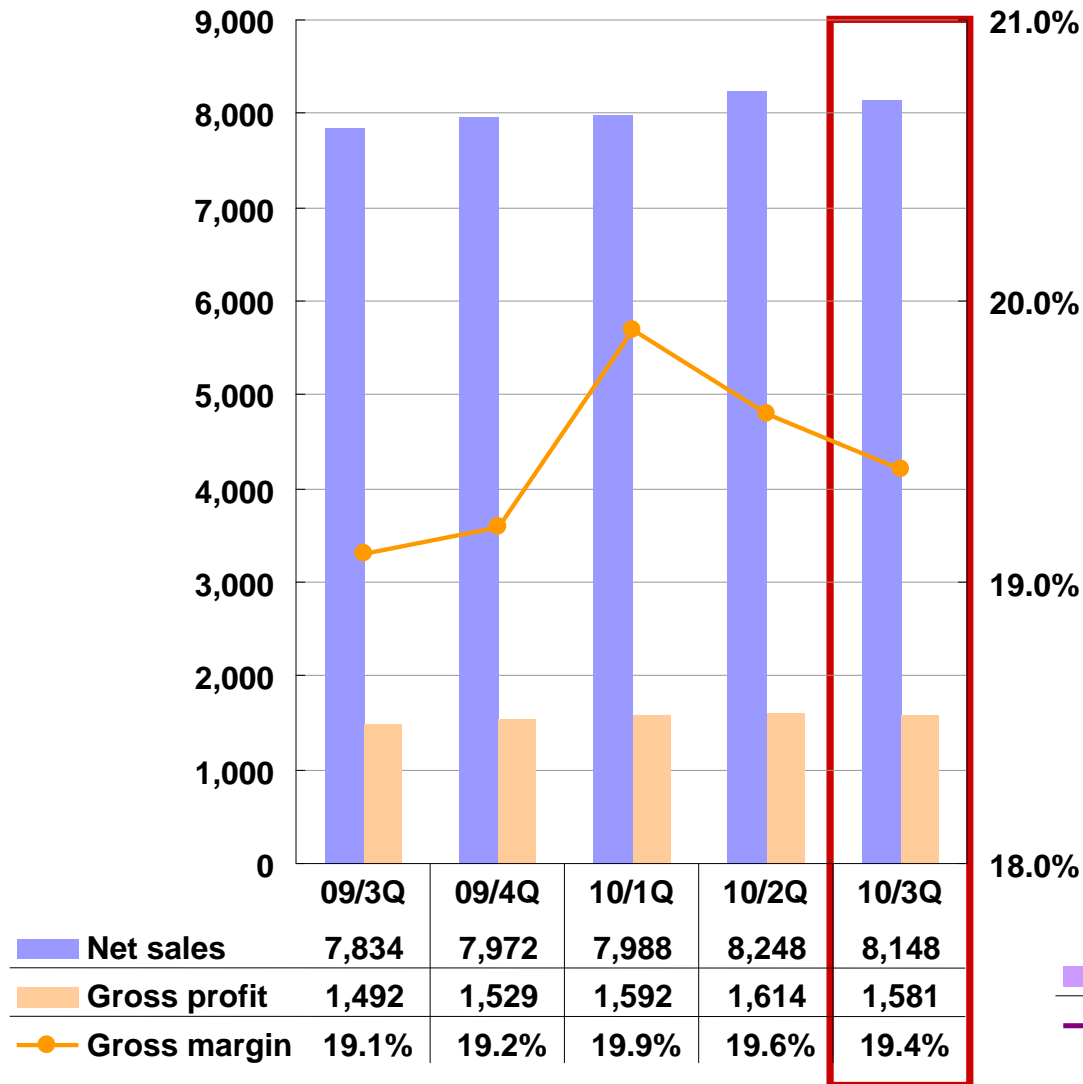
Summary Consolidated Income Statement (Apr.-Jun.)

(unit; Million yen)

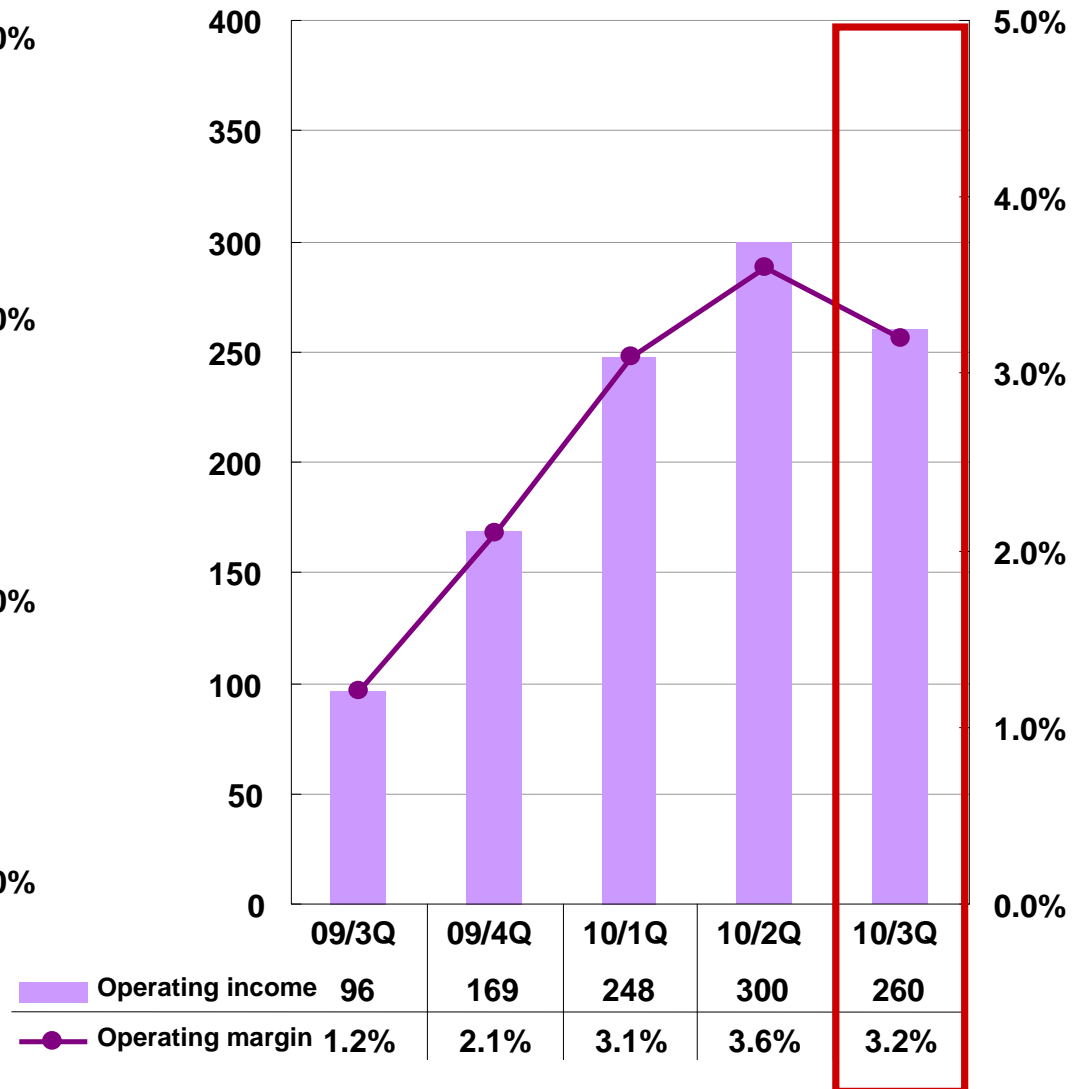
Indicators	Q3 FY September 2010				Q2 FY Sept. 2009 (YoY)		Q2 FY Sept. 2010 (previous quarter)	
	Amount	Share	YoY change	Vs. previous quarter	Amount	Share	Amount	Share
Net sales	8,148	100.0%	+4.0%	-1.2%	7,834	100.0%	8,248	100.0%
Gross profit	1,581	19.4%	+6.0%	-2.0%	1,492	19.1%	1,614	19.6%
SG&A	1,321	16.2%	-5.4%	+0.6%	1,396	17.8%	1,314	15.9%
Operating income	260	3.2%	+169.8%	-13.2%	96	1.2%	300	3.6%
Ordinary income	232	2.9%	+255.0%	-19.3%	65	0.8%	287	3.5%
Net income	85	1.0%	(+426)	-48.6%	-341	-4.4%	165	2.0%

Consolidated Quarterly Performance

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

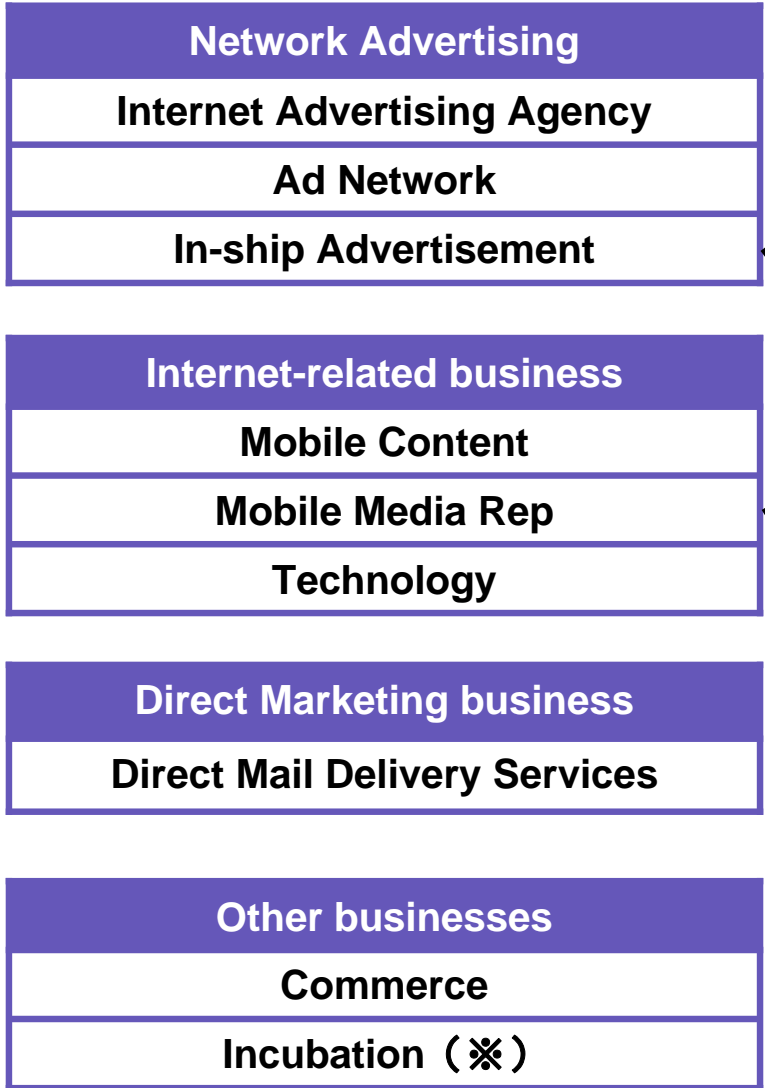


【 Operating income 】

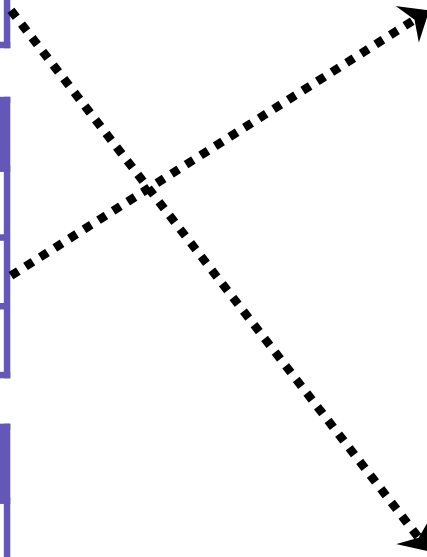


Changes in Business Segments

【 Up to FY9/09 】



【 From FY9/10 onward 】



※ Withdrew during Q1 of FY September 2009

Business Segment Sales and Operating Income (Apr.–Jun.)

(unit: Million yen)

Segment	Net sales			Operating income		
	10/Q3	09/Q3	YoY change	10/Q3	09/Q3	YoY change
Network Advertising	6,869	6,345	+8.3%	274	134	+104.8%
Internet-related	486	650	-25.1%	31	23	+34.6%
Direct Marketing	561	581	-3.4%	44	46	-4.0%
Others	260	324	-19.8%	-7	-25	(+17)
<i>Commerce</i>	260	324	-19.8%	-7	-12	(+4)
Eliminations and corporate	- 30	- 67	-	-82	-82	-
Consolidated total	8,148	7,834	+4.0%	260	96	+169.8%

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

Summary Consolidated Balance Sheet

(unit: Million yen)

	June 30, 2010	September 30, 2009	Change	Major changes in 3Q (Apr.-Jun.)
Assets				
Current assets	9,791	9,494	+297	Cash and deposits +41 Notes and accounts receivable -166
Fixed assets	2,266	2,417	-150	
Total assets	12,057	11,911	+146	
Liabilities				
Current liabilities	5,860	5,769	+90	Accounts receivable -169, Short-term debt+79
Fixed liabilities	255	371	-115	Long-term debt -62
Total liabilities	6,115	6,140	-24	
Net assets				
Total net assets	5,941	5,770	+171	Retained earnings+85
Total liabilities and net assets	12,057	11,911	+146	

Consolidated Cash Flow Statement

(unit: Million yen)

	Q3 FY September 2010	Major breakdown in 3Q (Apr.- Jun.)	Q3 of FY September 2009
Cash flows from operating activities	685	Net income before income taxes+198 Tax paid -135	-148
Cash flows from investing activities	-76	Acquisition of fixed assets -21	-38
Cash flows from financing activities	-290	Increase in debts +10	-75
Net change in cash and cash equivalents	319		-262
Cash and cash equivalents at the end of year	5,038		4,445

Summary Consolidated Income Statement (Oct.-Jun.)

(unit: Million yen)

Indicators	Q3 FY September 2010			Same period last year	
	Amount	Share	YoY change	Amount	Share
Net sales	24,386	100.0%	-2.7%	25,074	100.0%
Gross profit	4,788	19.6%	-0.4%	4,806	19.2%
SG&A	3,979	16.3%	-9.1%	4,377	17.5%
Operating income	809	3.3%	+88.5%	429	1.7%
Ordinary income	738	3.0%	+158.1%	286	1.1%
Net income	316	1.3%	(+787)	-471	-1.9%

Business Segment Sales and Operating Income (Oct.–Jun.)

(unit: Million yen)

Segment	Net sales			Operating income		
	10/Q3	09/Q3	YoY change	10/Q3	09/Q3	YoY change
Network Advertising	20,377	20,253	+0.6%	843	663	+27.1%
Internet-related	1,570	1,974	-20.5%	132	11	About12x
Direct Marketing	1,717	1,817	-5.5%	148	160	-7.5%
Others	820	1,208	-32.2%	-46	-148	(+101)
<i>Commerce</i>	820	1,208	-32.2%	-46	-49	(+3)
Eliminations and corporate	-98	-179	-	-267	-257	-
Consolidated total	24,386	25,074	-2.7%	809	429	+88.5%

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

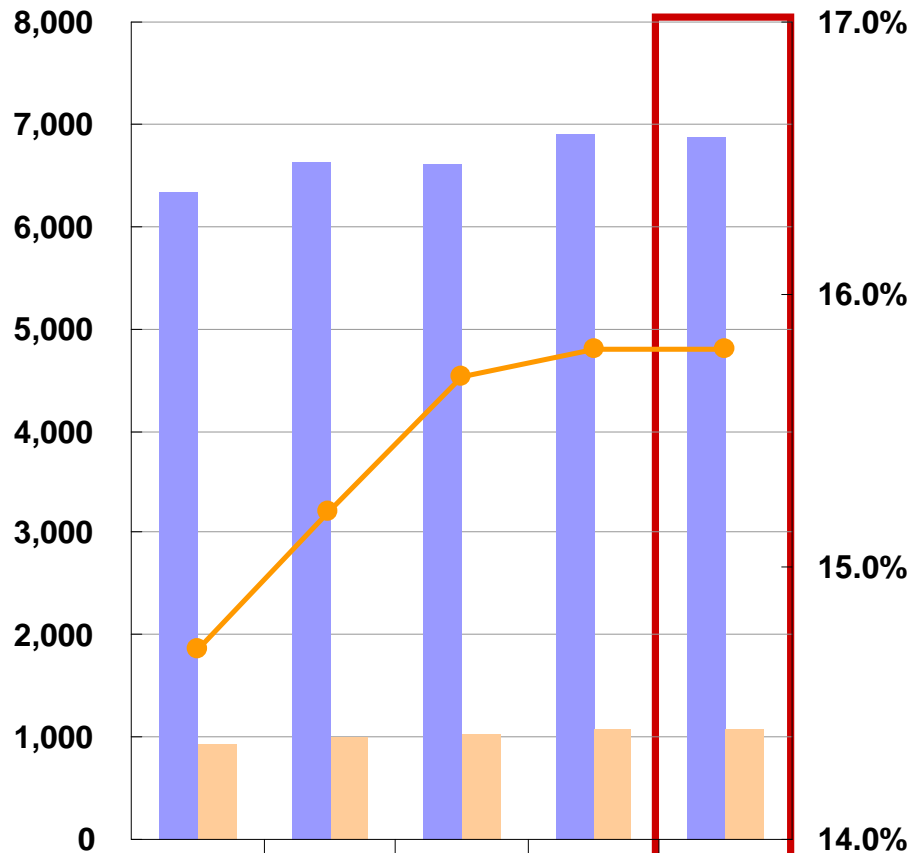


II .Major Business and Consolidated Earnings Forecasts

Performance of Network Advertising Business by Quarter

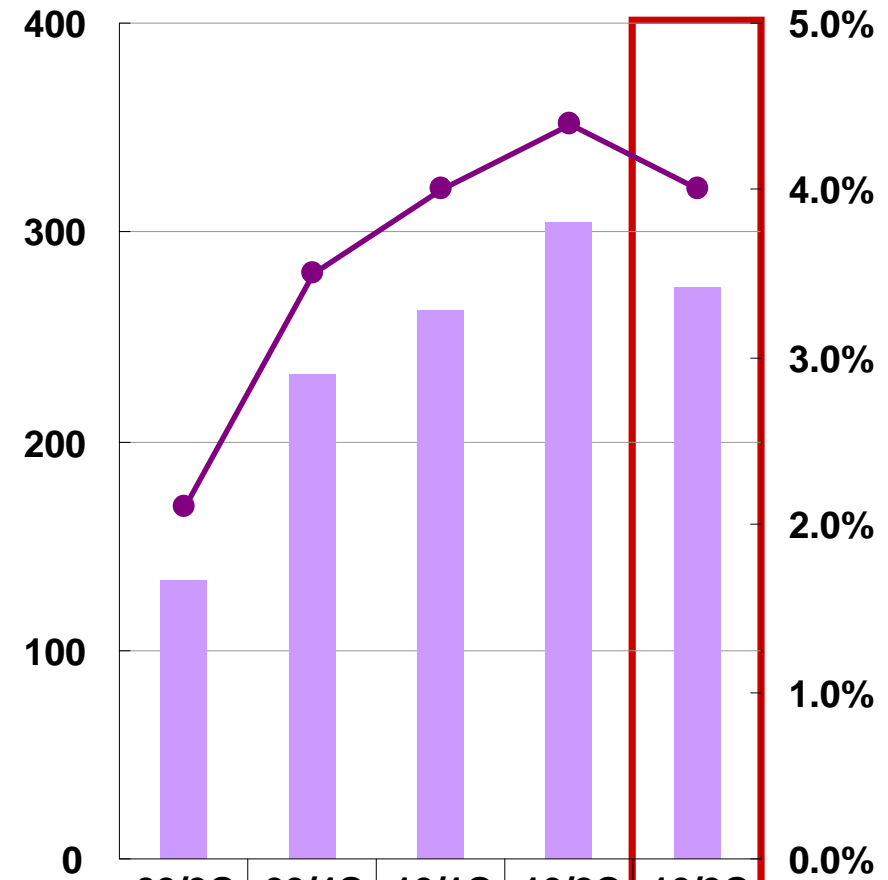
(unit: Million yen)

【 Net sales・Gross profit 】



Net sales	6,345	6,633	6,598	6,908	6,869
Gross profit	931	1,010	1,032	1,088	1,086
Gross margin	14.7%	15.2%	15.7%	15.8%	15.8%

【 Operating income 】



Operating income	134	232	263	305	274
Operating margin	2.1%	3.5%	4.0%	4.4%	4.0%

※ FY09/3Q through FY09/4Q data have been restated to match the revised business segments.

	YoY change	Vs. previous quarter
Net sales	+8.3%	-0.6%
Operating income	+104.8%	-10.1%

- Recovered steadily; Achieved increase in sales and earnings YoY in 15 months
- Web solutions sector expanded by obtaining large projects
- Started operating “Apli Daisuki!”, a social application portal site
Expanded the system of support for SAP*

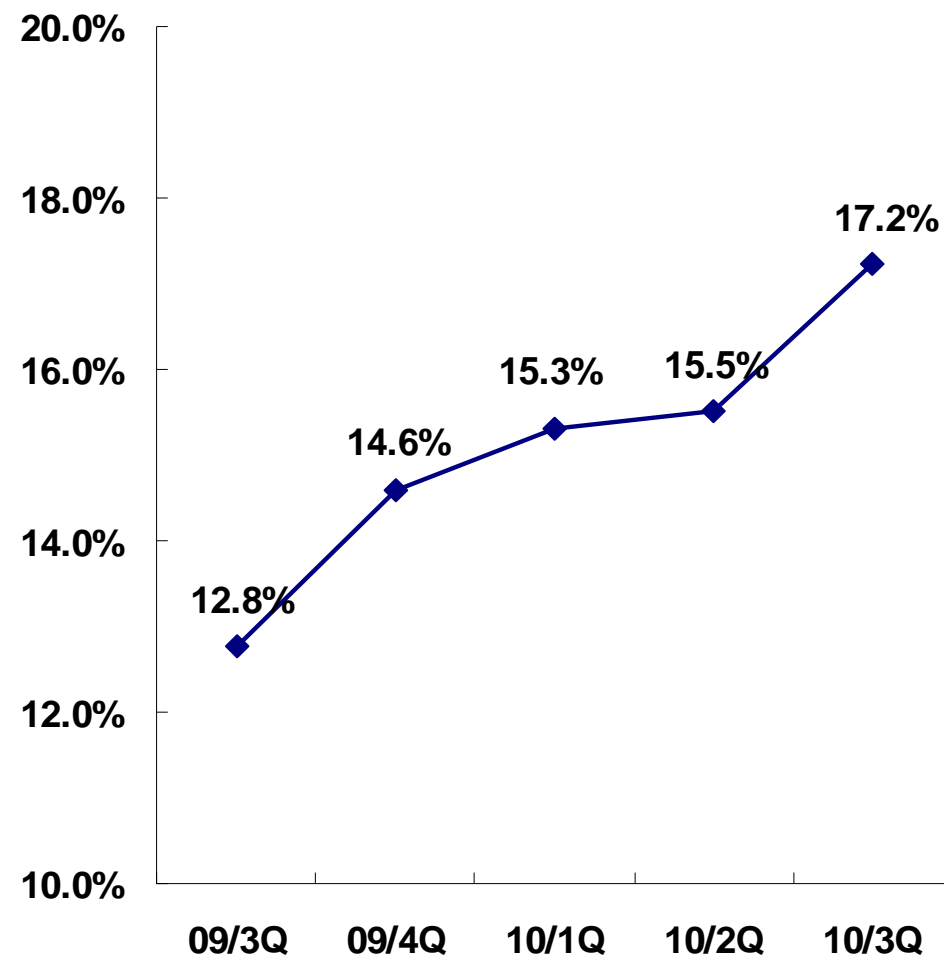
※Social Application Provider

Network Advertising Business Data by Product

【 Changes in sales by product 】

Products		09/3Q	09/4Q	10/1Q	10/2Q	10/3Q
PC	Portal, etc.	18.6%	16.3%	14.8%	13.3%	14.1%
	CGM	2.1%	1.5%	1.8%	1.5%	1.6%
	Mail	2.5%	2.1%	2.1%	2.7%	2.5%
	Listing	33.3%	35.0%	36.1%	34.0%	35.3%
	Affiliate	10.7%	9.7%	7.6%	7.6%	5.1%
	Targeting	5.3%	6.7%	6.8%	7.9%	9.5%
	Others	0.1%	0.6%	0.3%	0.2%	0.2%
		72.8%	72.0%	69.5%	67.2%	68.2%
Mobile	Portal, etc.	4.8%	5.6%	4.7%	7.2%	5.9%
	CGM	5.1%	5.0%	4.4%	4.8%	4.1%
	Mail	2.9%	2.0%	2.4%	3.0%	4.6%
	Listing	6.6%	7.9%	9.8%	10.1%	8.4%
	Affiliate	3.2%	2.2%	3.8%	2.0%	2.9%
	Others	0.1%	0.0%	0.0%	0.1%	0.0%
		22.7%	22.8%	25.1%	27.3%	26.0%
Web Solutions (Note 2)		4.6%	5.3%	5.4%	5.5%	5.8%
Total		100%	100%	100%	100%	100%

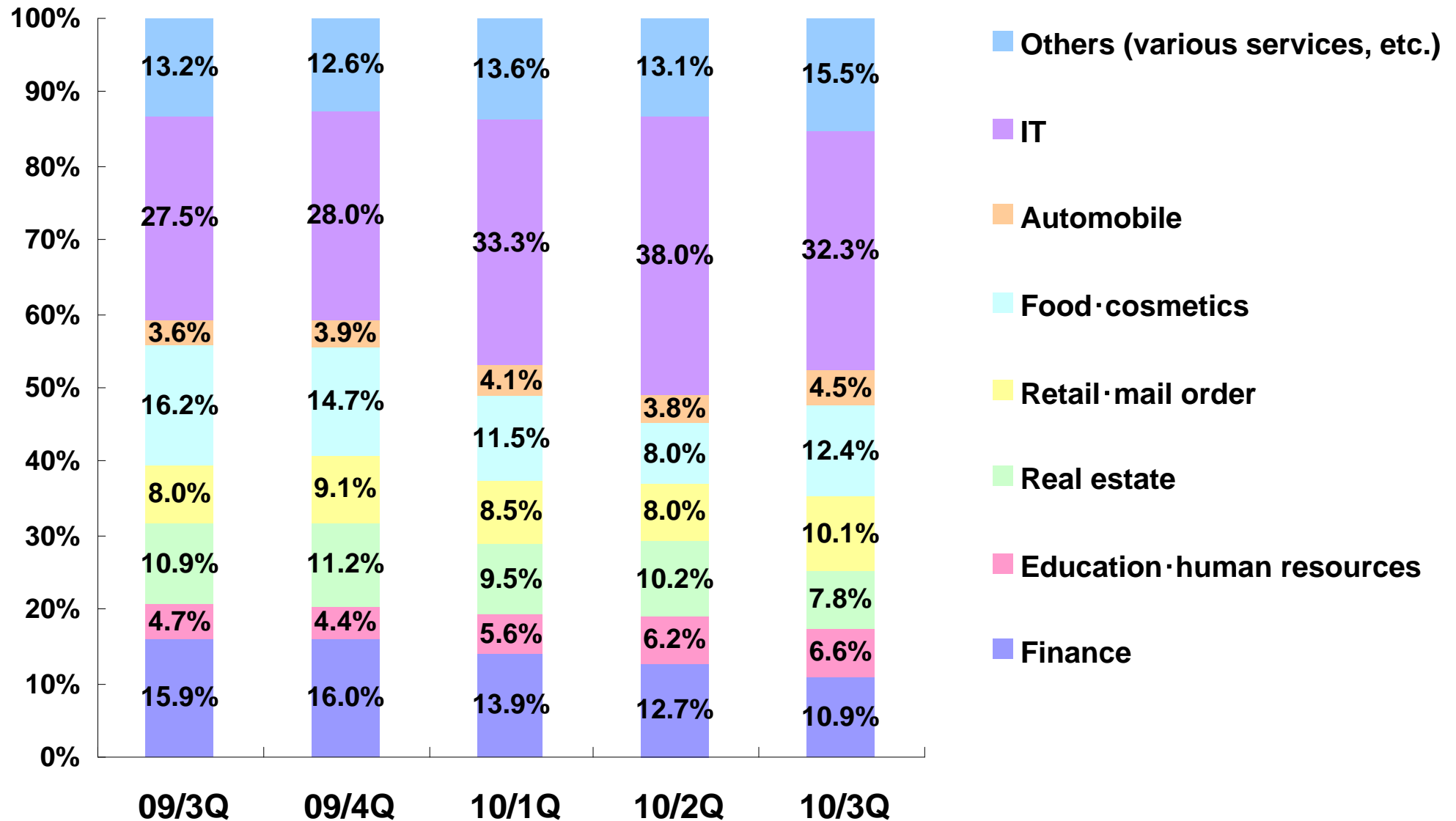
【 Proportion of Web solutions field to total gross profit 】



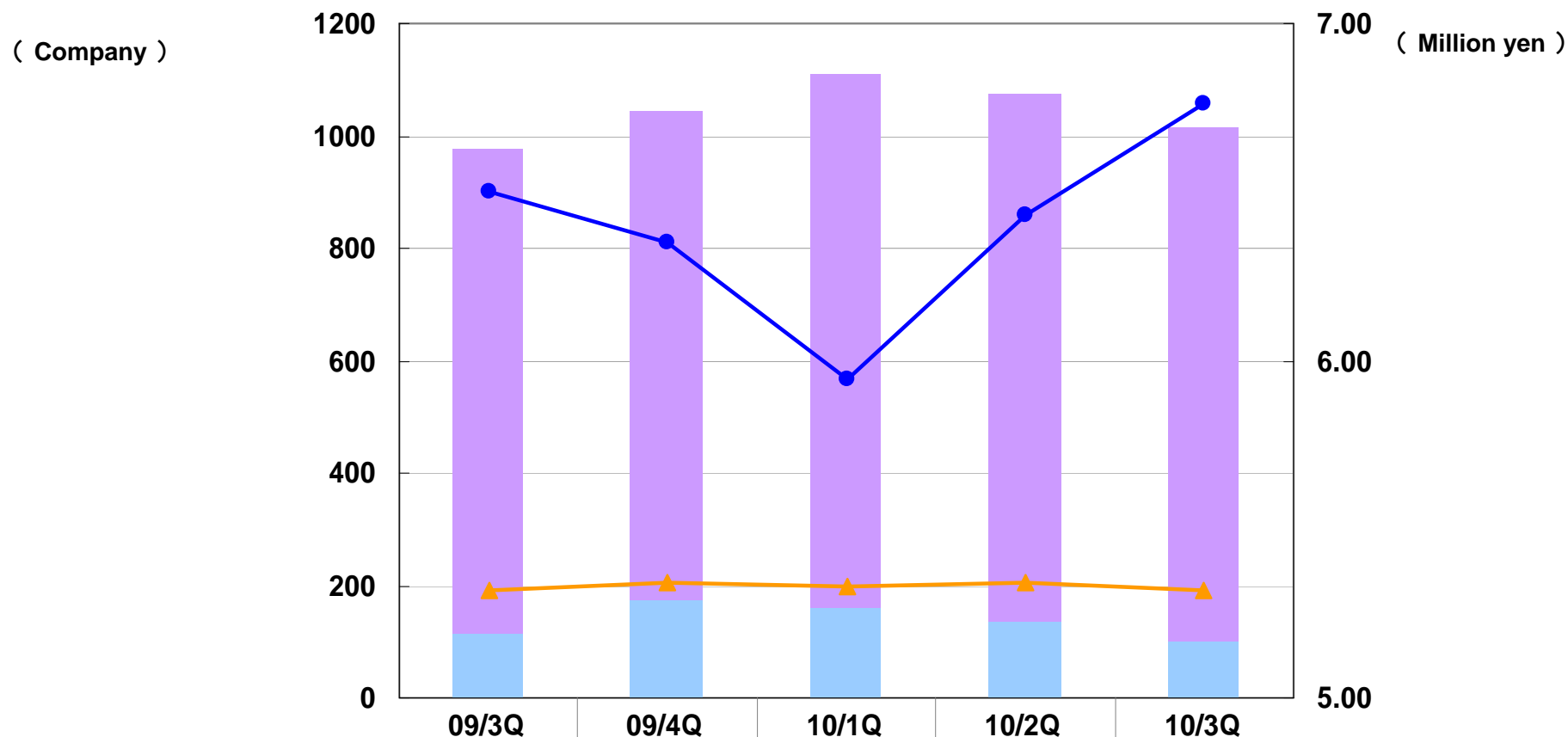
(Note 1) FY09/3Q through FY09/4Q data have been restated to match the revised business segments.

(Note 2) SEO, production, support for site operation, etc.

Network Advertising Business Data by Customer



Network Advertising Business Number of Clients



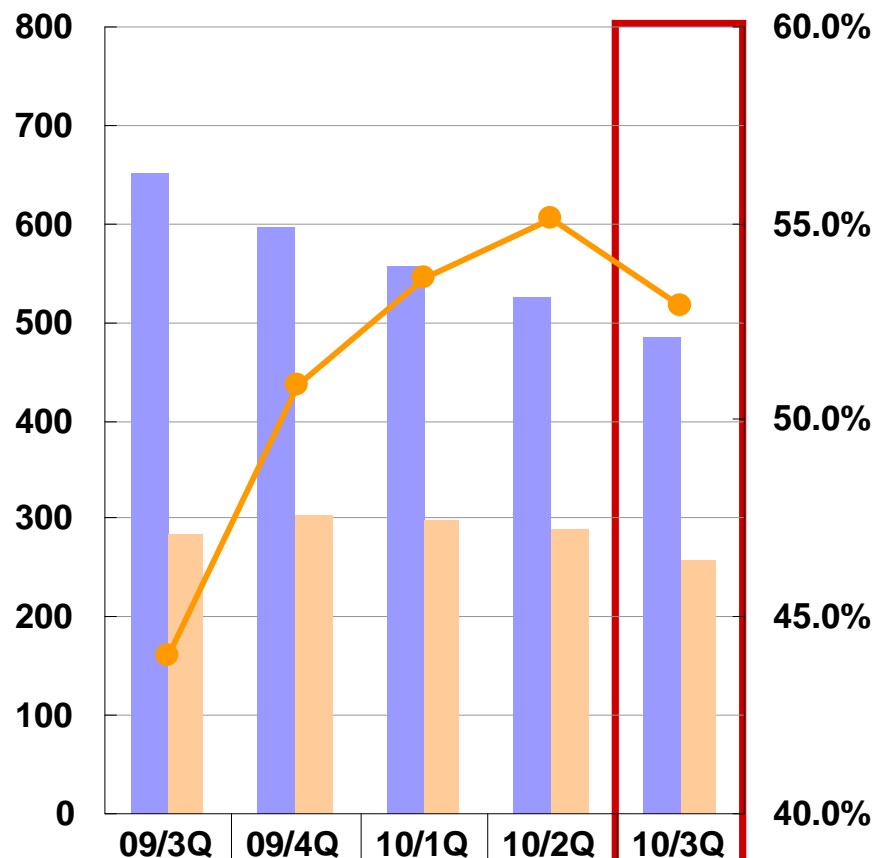
Total NO. of clients	976	1,044	1,110	1,074	1,016
NO. of new clients	116	175	159	134	100
Average price per client (million yen)	6.50	6.35	5.94	6.43	6.76
No. of clients (over 5 million yen sales)	191	205	197	204	191

(Note)
Data for FY09/3Q through FY09/4Q have been restated based on the revised business segments after excluding the number of new client companies.

Performance of Internet-related Business by Quarter

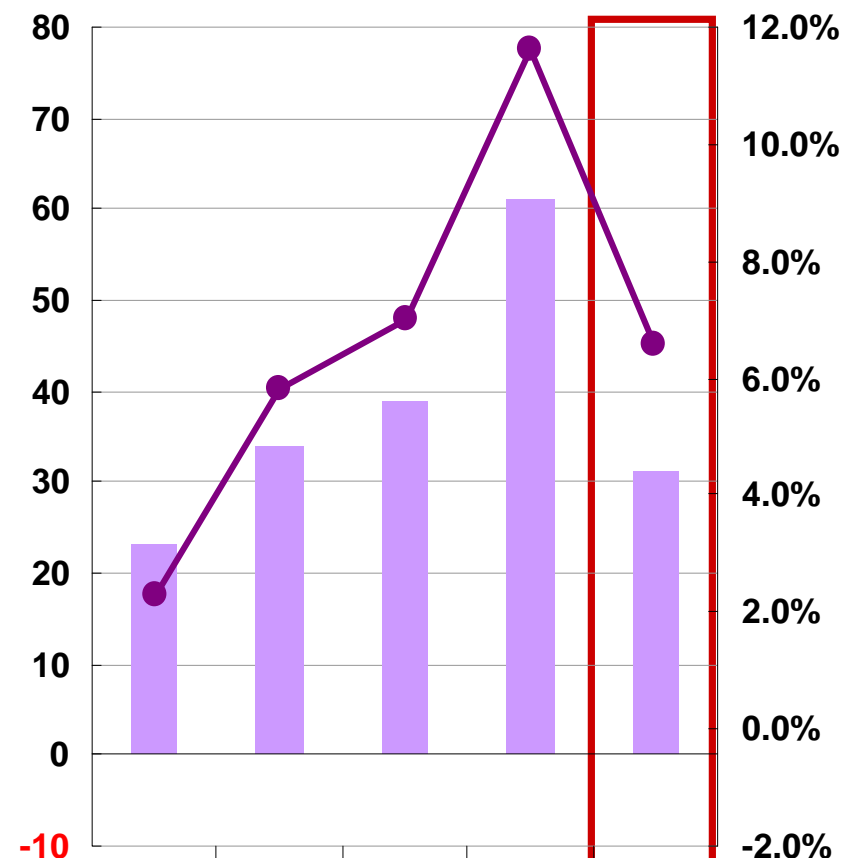
(Million yen)

【 Net sales・Gross profit 】



	Net sales	650	596	556	526	486
	Gross profit	285	303	298	290	257
	Gross margin	44.0%	50.9%	53.6%	55.1%	52.9%

【 Operating income 】



	Operating income	23	34	39	61	31
	Operating margin	2.3%	5.8%	7.0%	11.6%	6.6%

※ FY09/3Q through FY09/4Q data have been restated to match the revised business segments.

	YoY change	Vs. previous quarter
Net sales	-25.1%	-7.5%
Operating income	+34.6%	-47.6%

【Content domain】

- Achieved operating profit despite continued decrease in the number of content billings due mainly to the transfer of unprofitable website
- Started providing social application for Mobage-town

【Technology domain】

- CRM service sales exceeded the e-mail distribution ASP on a quarterly basis for the first time

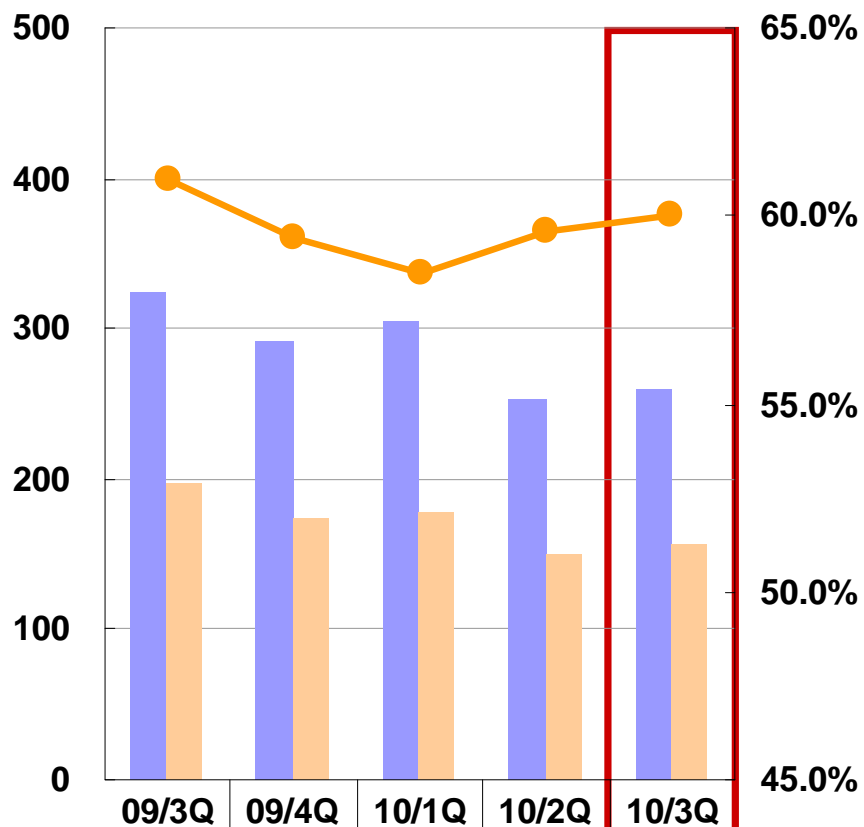
Major social applications released after April

Provider	AXEL MARK	Cytech
Platform	Mobage-town	mixi (mobile)
Title	<p>Futsal King!</p> 	<p>Seishun Band Gakuen</p> 
Summary	<p>A sports simulation game in which a user aims to win the title of Futsal King while training the players to build the most powerful futsal team.</p>	<p>A simulation game in which a user as the main character joins the light music club and aims to make a major debut in 3 years through various activities.</p>
Enrollment (as of Jul. 31, 2010)	About 100 thousand people	About 28 thousand people

Performance of Commerce Business by Quarter

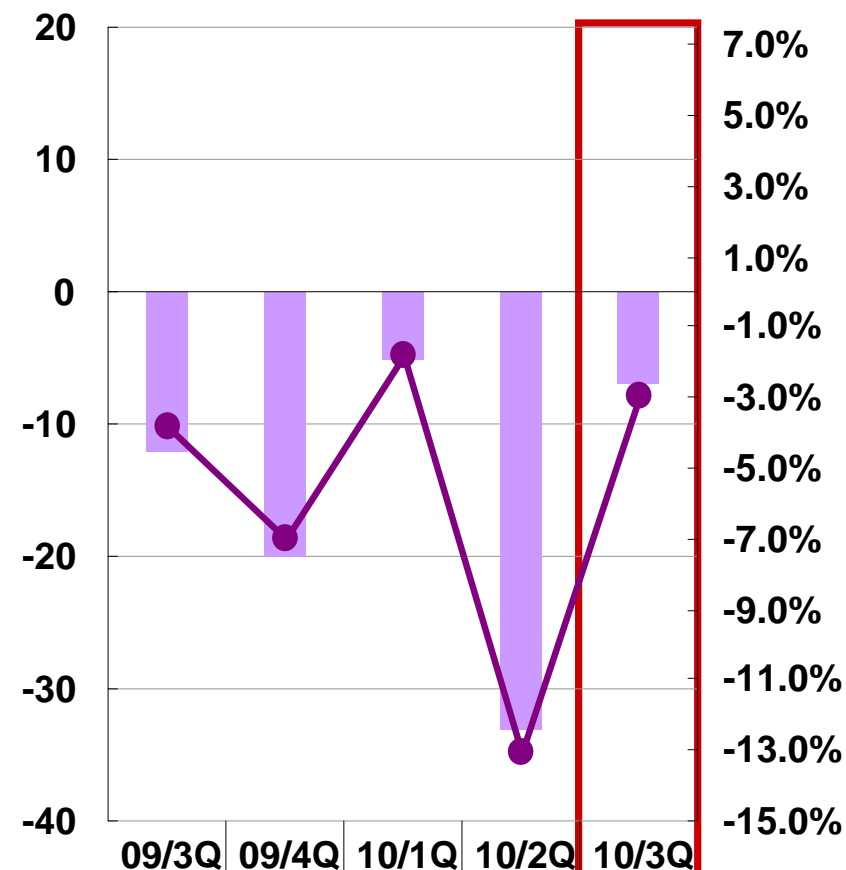
(Million yen)

【 Net sales・Gross profit 】



Net sales	324	292	305	253	260
Gross profit	198	173	178	151	156
Gross margin	61.0%	59.4%	58.5%	59.6%	60.0%

【 Operating income 】



Operating income	-12	-20	-5	-33	-7
Operating margin	-3.8%	-7.0%	-1.8%	-13.1%	-3.0%

	YoY change	Vs. previous quarter
Net sales	-19.8%	+2.5%
Operating income	+4 million yen (Reduced loss)	+25 million yen (Reduced loss)

- Reduced operating loss as a result of higher sales compared with the previous quarter and controlling SG&A expenses
- The volume of EC handled increased

FY September 2010 Revisions to Consolidated Earnings Forecast

(unit: Million yen)

Indicator	Initial forecast	Revised forecast	Amount revised (Pct.)	Q3	
				Actual	Progress rate
Net sales	34,000	32,500	-1,500 (-4.4%)	24,386	75.0%
Operating income	800	1,000	+200 (+25.0%)	809	80.9%
Ordinary income	700	900	+200 (+28.6%)	738	82.0%
Net income	400	450	+50 (+12.5%)	316	70.3%

【Background】

- **Steady improvement in the profitability of Network Advertising and Internet-related businesses**
- **Increase in Network Advertising business sales will be smaller than initially expected**



III. Appendix

As of June 30, 2010

Company name	SEPTENI HOLDINGS CO., LTD.
Representative	Representative director Koki Sato
Head office	24 Daikyo-cho, 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	2,002 million yen
Outstanding shares	134,657 shares (8,923 shares of treasury stock)
Number of employees (consolidated)	626 (Full-time) , 663 (Part-time)

As of Aug 3, 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
Vasara Inc.	Consolidated subsidiary 100.0% (Indirect investment)	Internet Ad agency
SEPTENI CROSSGATE 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
OPENSILE, Inc.	Equity method affiliate 33.3%	Internet media
Power Technology	Equity method affiliate 22.8%	SEO Business

As of Aug 3, 2010

Holding company

SEPTENI HOLDINGS CO., LTD.

Network advertising business

SEPTENI CO., LTD.

Internet Ad agency

mume Inc.

Mobile Ad agency

MANGO Inc.

SEM operation

Vasara Inc.

Internet Ad agency

SEPTENI CROSSGATE CO., LTD.

Ad marketplace

ASP CO., LTD.

e-Marketing Solution

Media Grow CO., LTD.

Mobile Media Rep

Internet related business

AXEL MARK INC.

Media contents

Tricorn Corporation

mail delivery /CRM

Cytech, Inc.

System Integration

Direct marketing business

SEPTENI DIRECT MARKETING CO., LTD.

DM/Inship

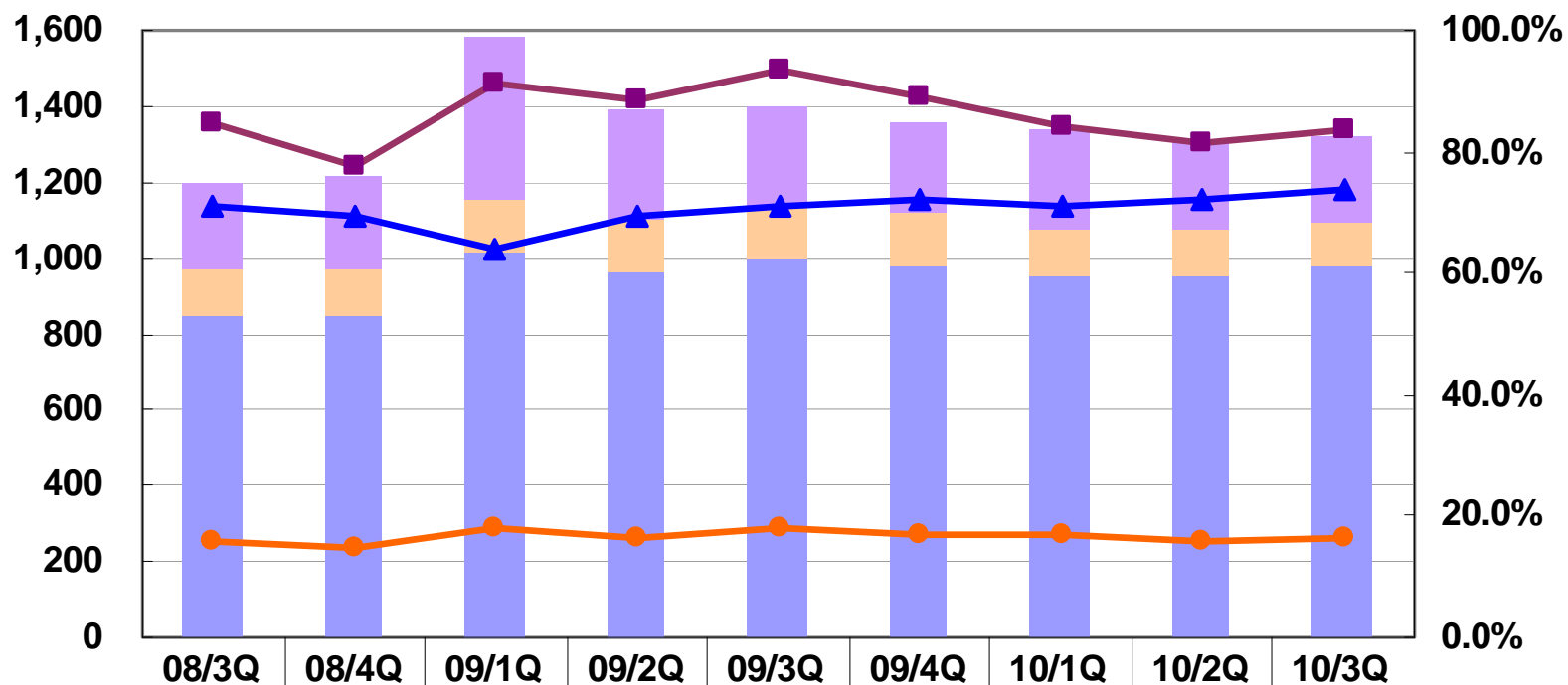
Commerce business

ACRESS

mail order • e-commerce

Consolidated SG&A

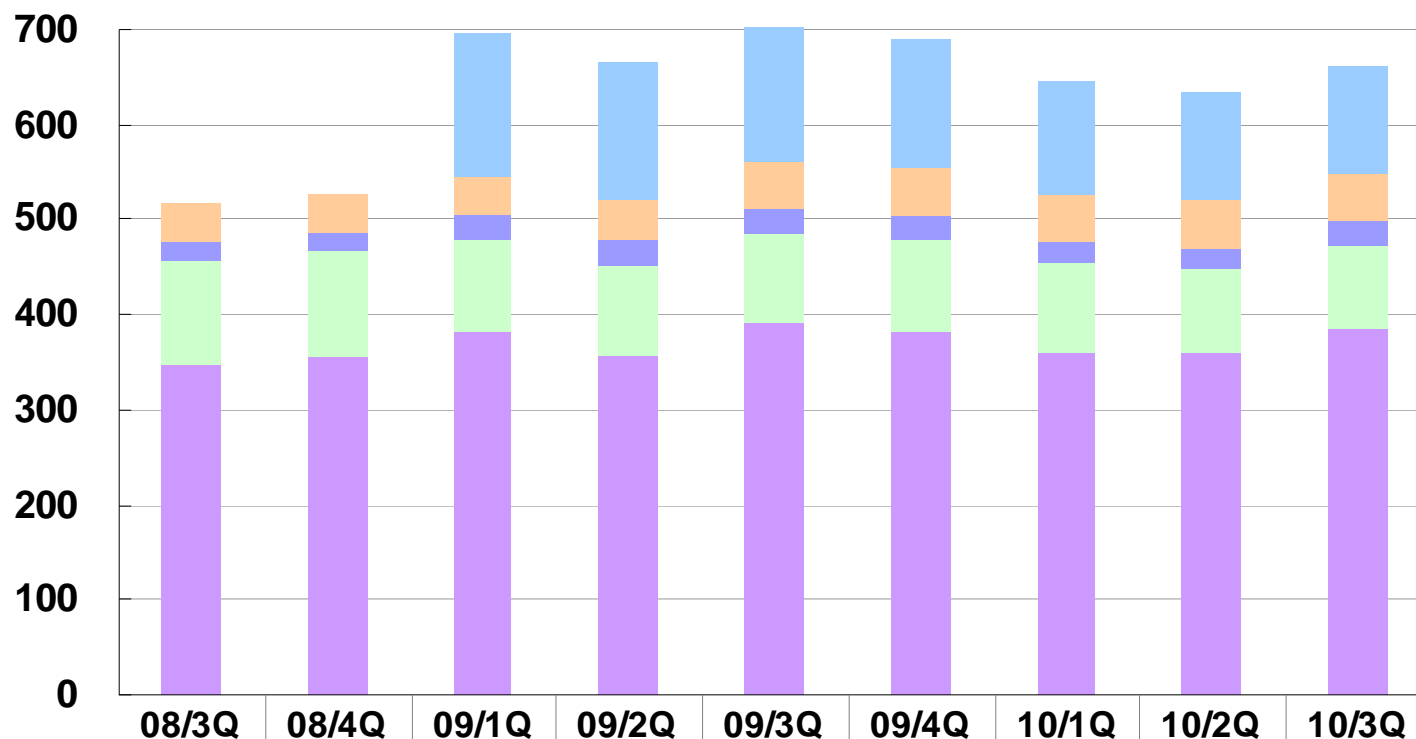
(Unit: Million yen)



Others	226	249	432	287	262	240	265	238	222
Office expense	119	123	140	141	138	135	125	124	122
Labor cost	849	844	1,014	965	995	983	952	950	975
SG&A ratio to Gros margin	84.9%	77.8%	91.1%	88.7%	93.5%	88.9%	84.4%	81.4%	83.6%
Labor cost ratio to SG&A	71.1%	69.3%	63.9%	69.3%	71.3%	72.3%	70.9%	72.4%	73.9%
SG&A ratio to Net sales	15.6%	14.7%	18.2%	16.3%	17.8%	17.1%	16.8%	15.9%	16.2%
Total SG&A	1,195	1,217	1,587	1,393	1,396	1,359	1,343	1,314	1,321

Septeni Group Number of employees

(Unit; Person)



Commerce business	0	0	152	144	140	136	118	115	113
Staff others	41	43	41	42	50	50	51	49	53
DM business	19	19	24	26	26	26	22	21	24
Internet related business	109	110	96	95	95	97	94	88	88
Network advertising business	348	356	383	357	391	383	361	361	385
(account executives)	(152)	(148)	(149)	(139)	(176)	(167)	(145)	(141)	(137)
TOTAL	517	528	696	664	702	692	646	634	663

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