



Business Results of Second Quarter of Fiscal Year September 2011

May 6, 2011

SEPTENI HOLDINGS CO., LTD.

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

Securities Code: 4293

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All forward looking forecasts, opinions, and plans presented in this document are based on the best information available at the time of its creation on May 6, 2011, and their accuracy cannot be guaranteed. Our earnings may diverge from the estimates and projections denoted in this document due to risks arising from changes in global market conditions and various other unforeseen factors.



I. Quarterly Earnings Overview

2Q (Jan. to Mar.) Consolidated Earnings Highlights

- ◆ **Following on the heels of the record high first quarter earnings, another record high was achieved during the second quarter**
- ◆ **While the Internet Advertising Business was impacted by the Eastern Japan Earthquake, were able to maintain sales growth**
- ◆ **Increased sales allowed operating income to grow**

Consolidated Income Statement (Jan. to Mar.)

(Units: Million Yen)

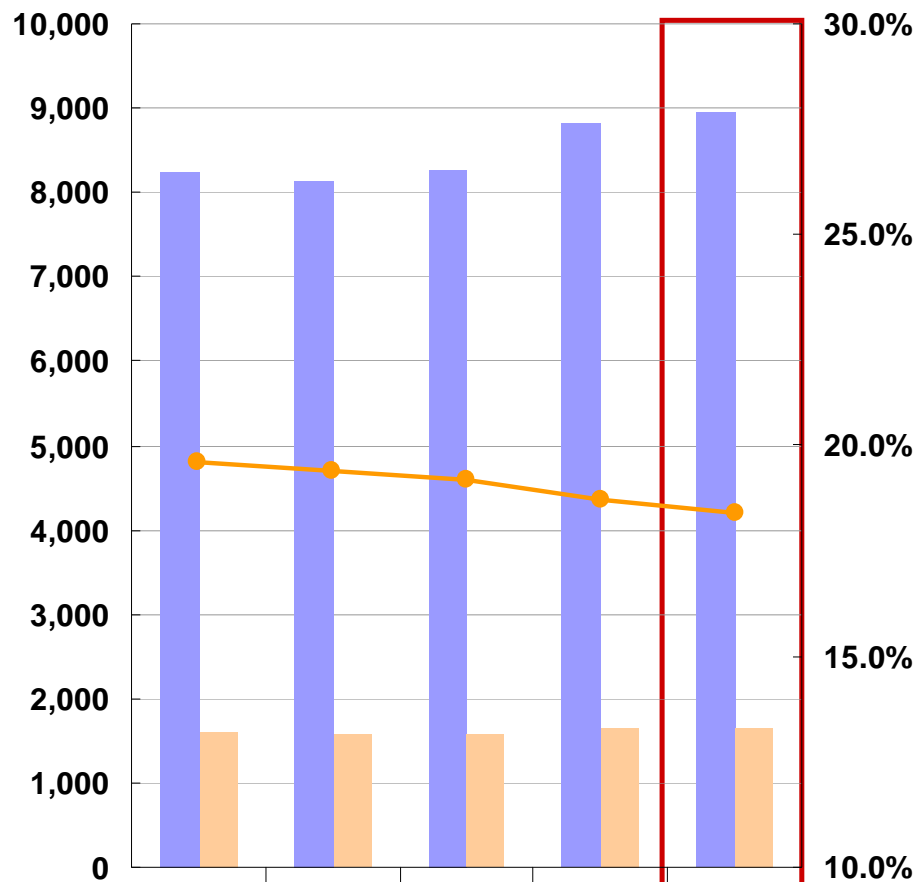
Income Statement	2Q FY9/11				2Q FY9/10		1Q FY9/11	
	Value	Share	YoY Change	QoQ Change	Value	Share	Value	Share
Net Sales	8,953	100.0%	+8.5%	+1.4%	8,248	100.0%	8,832	100.0%
Gross Income	1,643	18.4%	+1.9%	-0.5%	1,614	19.6%	1,651	18.7%
SG&A	1,335	14.9%	+1.6%	-3.0%	1,314	15.9%	1,376	15.6%
Operating Income	308	3.5%	+2.9%	+12.0%	300	3.6%	275	3.1%
Ordinary Income	297	3.3%	+3.4%	+12.0%	287	3.5%	265	3.0%
Net Income	166	1.9%	+0.6%	+30.6%	165	2.0%	127	1.4%

- ◆ Earthquake impacted primarily Internet Advertising and Direct Marketing Businesses, and sales of ¥220mn and gross income of ¥50mn are expected to have been lost in these two segments
- ◆ Sales growth enabled SG&A costs to fall below 15% of sales for the first time in two and a half years
- ◆ Achieved growth in all levels of income below the operating level

Trends in Quarterly Consolidated Earnings

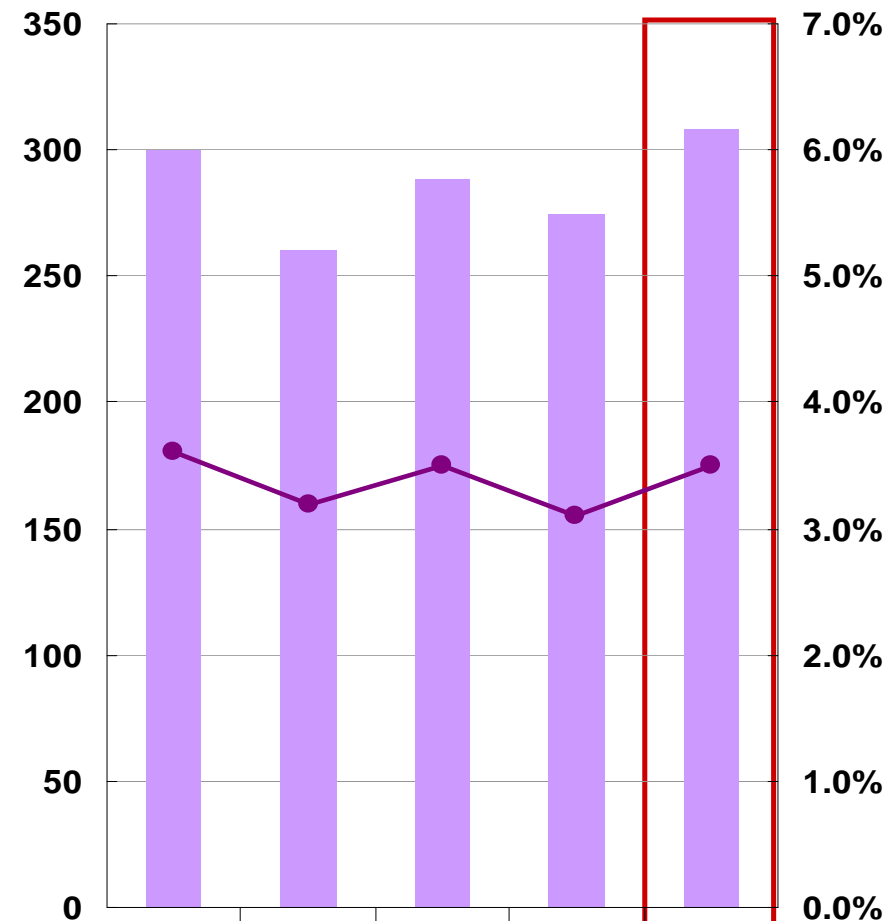
(Units: Million Yen)

【Sales, Gross Income】



	Sales	8,248	8,148	8,262	8,832	8,953
	Gross Income	1,614	1,581	1,587	1,651	1,643
	Gross Margin	19.6%	19.4%	19.2%	18.7%	18.4%

【Operating Income】



	Operating Income	300	260	288	275	308
	Operating Margin	3.6%	3.2%	3.5%	3.1%	3.5%

Internet Related Business Split Into Technology and Contents Business Segments

【 FY9/10 】

Internet Advertising
Internet Advertising Agency
Ad Network
Mobile Media Rep

Internet Related Business
Technology
Mobile Contents

Direct Marketing
Direct Mail Outsourcing Services
In-Ship Advertising

Other Business
Commerce

【 From FY9/11 】

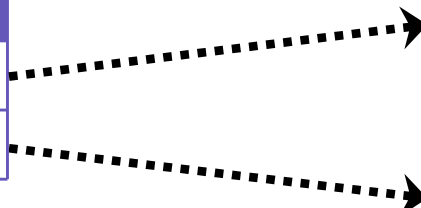
Internet Advertising
Internet Advertising Agency
Ad Network
Mobile Media Rep

Technology Business
Technology

Contents Business
Mobile Contents

Direct Marketing
Direct Mail Outsourcing Services
In-Ship Advertising

Other Business
Commerce



Main Business Segment Earnings (Jan. to Mar.)

(Units: Million Yen)

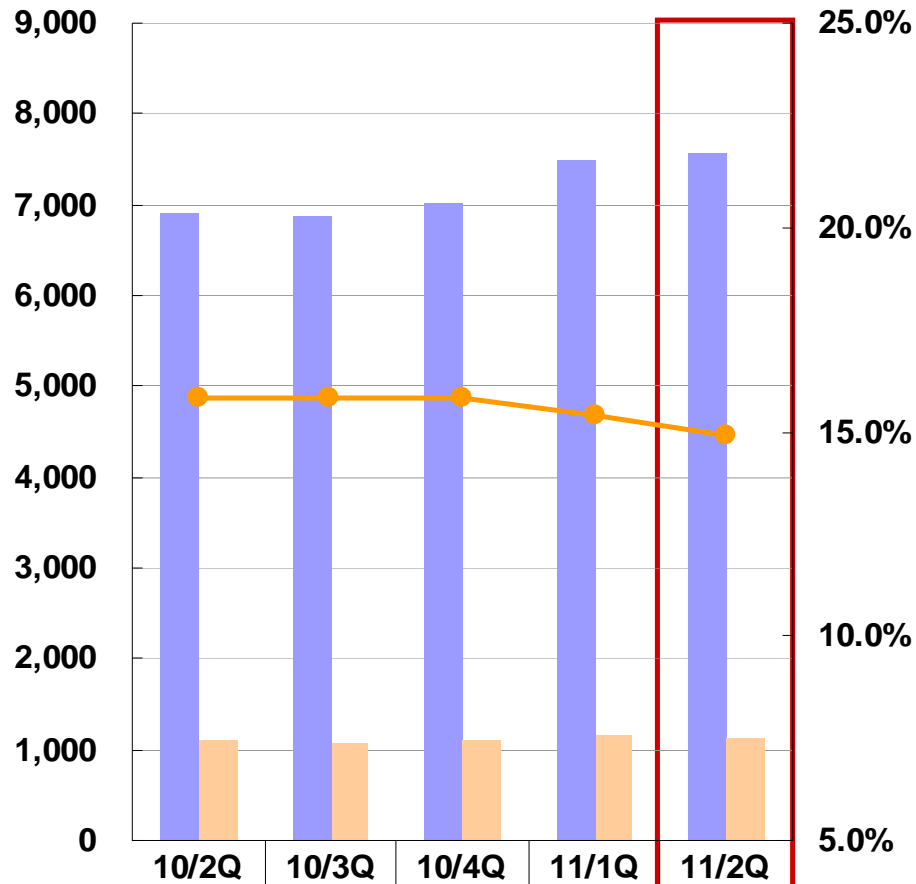
Business Segments	Net Sales			Operating Income		
	2Q FY9/11	2Q FY9/10	YoY Change	2Q FY9/11	2Q FY9/10	YoY Change
Internet Advertising	7,582	6,908	+9.7%	276	305	-9.4%
Technology	182	188	-2.9%	36	58	-37.6%
Contents	332	338	-1.6%	32	14	+119.0%
Direct Marketing	611	598	+2.2%	45	54	-17.8%
Other Business (Commerce)	261	253	+3.1%	-1	-33	(+31)
Segment Eliminations	-17	-38	-	-80	-100	-
Consolidated Accounts	8,953	8,248	+8.5%	308	300	+2.9%

※ FY9/10 business segment earnings adjusted to reflect new business segment definitions.

Internet Advertising Quarterly Earnings Trend

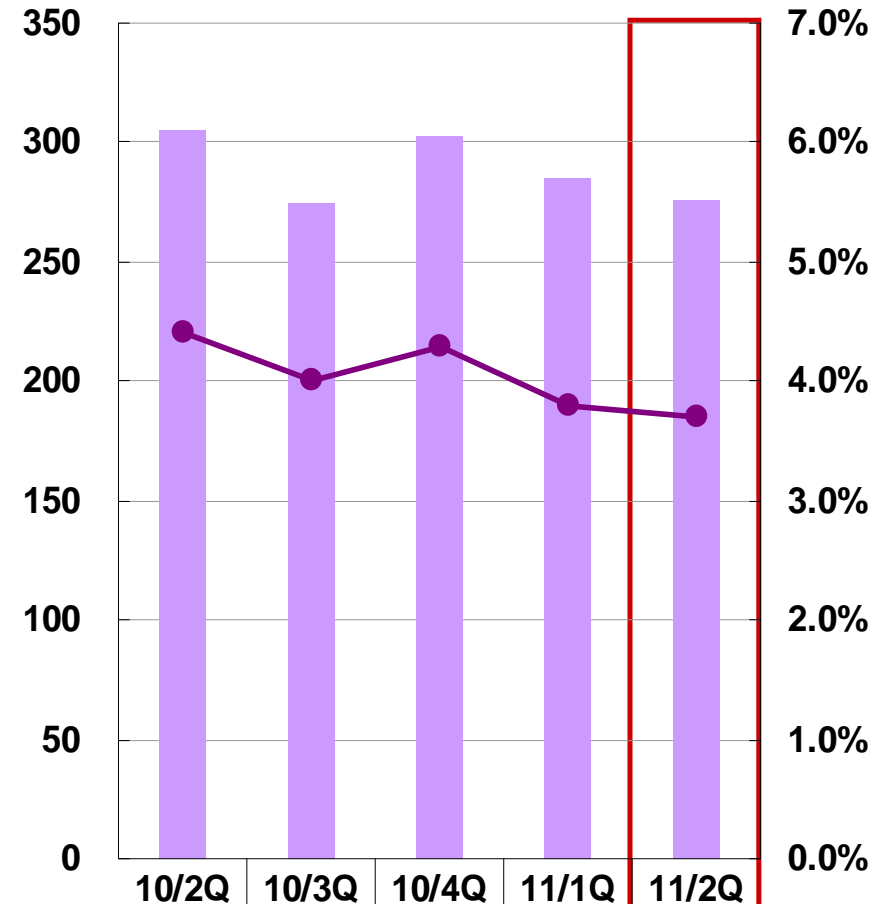
(Million Yen)

【Sales, Gross Income】



	Sales	6,908	6,869	7,009	7,496	7,582
	Gross Income	1,088	1,086	1,104	1,152	1,129
	Gross Margin	15.8%	15.8%	15.8%	15.4%	14.9%

【Operating Income】



	Operating Income	305	274	303	285	276
	Operating Margin	4.4%	4.0%	4.3%	3.8%	3.7%

Internet Advertising Business Overview

2Q FY9/11

	Value	YoY Change	QoQ Change
Sales	7,582	+9.7%	+1.1%
Gross Income	1,129	+3.8%	-2.0%
Gross Margin	14.9%	-0.9pt	-0.5pt
SG&A	852	+8.9%	-1.6%
Operating Income	276	-9.4%	-3.0%
Operating Margin	3.7%	-0.7pt	-0.1pt

Overview

- ◆ Achieved growth in sales in terms of both YoY and QoQ, and new record high sales, exceeding record high seen in 1Q
- ◆ Some cancellations of advertisements due to restraint in the light of the Eastern Japan Earthquake, cancellations are estimated to have reduced sales and gross income by ¥180mn and ¥40mn respectively
- ◆ There were no disaster related injuries to personnel at our Sendai Office, and impact of curtailment of marketing activities was negligible
- ◆ Web solutions trended favorably, successful capture of year end demand allowed sales to rise by 23% YoY

Social Media

- ◆ Started providing operational support packaged services, page creation for Facebook, off to a brisk start on strong demand

Smart Phones

- ◆ High growth in sales of advertising for smart phones of about 10 times YoY
- ◆ “Smart Phone Business Promotion Project” started, task force formed to develop businesses in the smart phone realm and fortify competitive standing by crossing various business departments

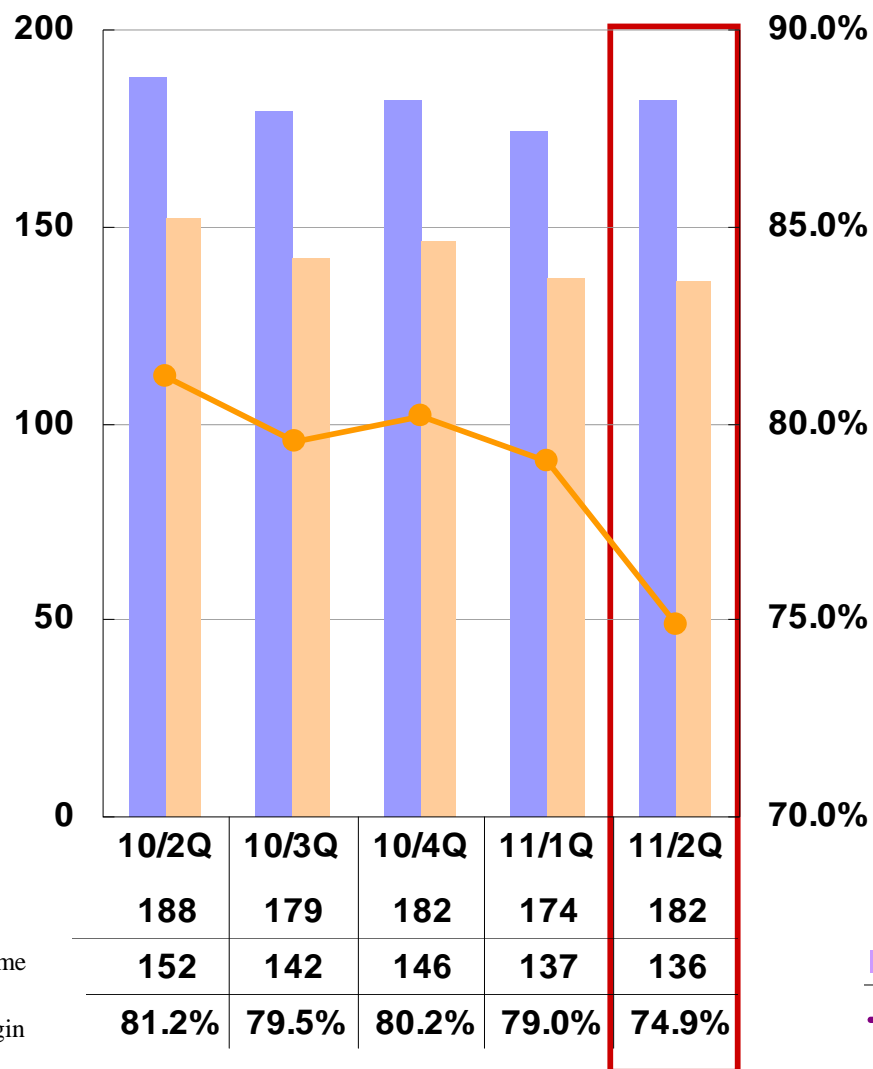
Local

- ◆ Signed a sales partnership contract with E-CLASSIS Inc. to sell a cloud-type wholesale sales site creation system called “Raku Raku Oroshi” (Literal translation: easy wholesale) to small to medium sized local companies

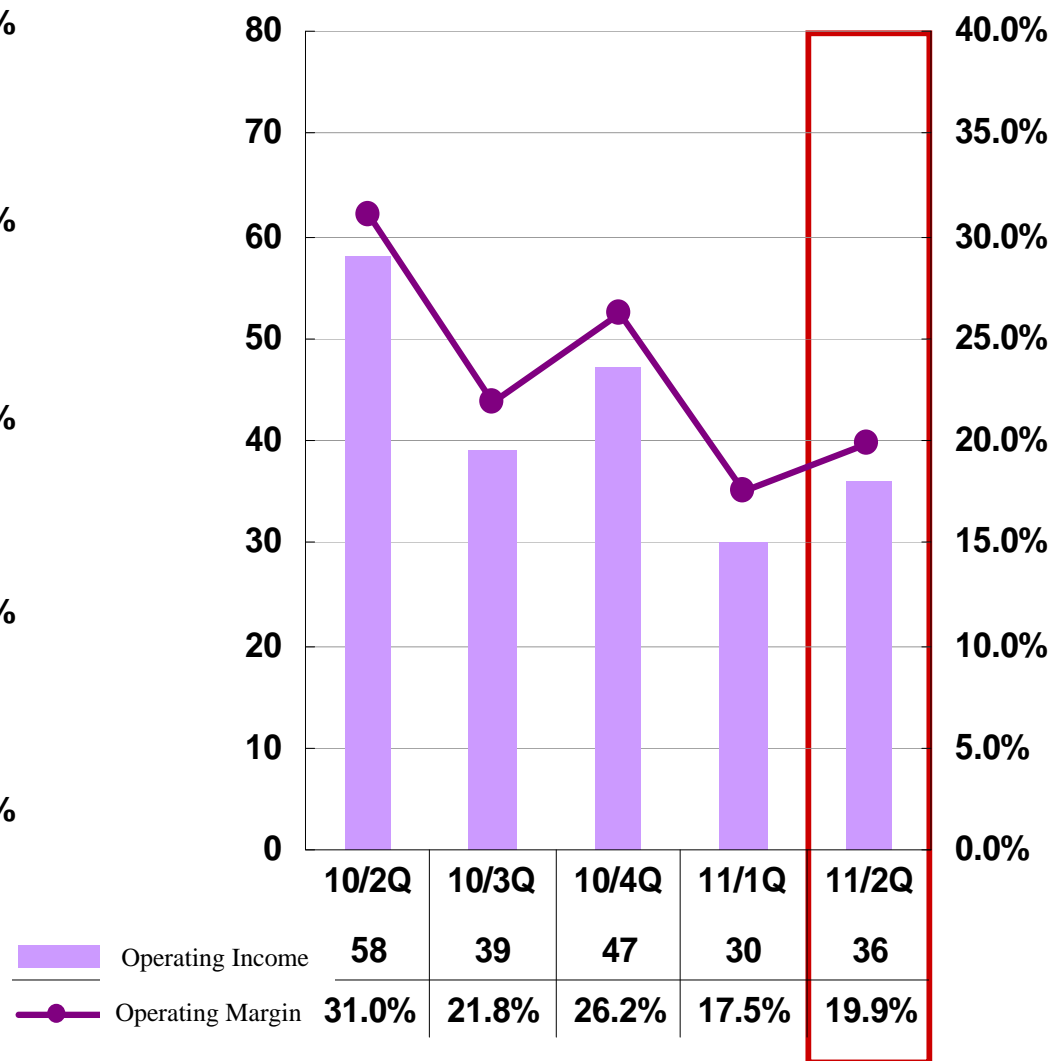
Technology Business Quarterly Earnings Trends

(Units: Million Yen)

【 Sales, Gross Income 】



【 Operating Income 】



※ 2Q to 4Q FY9/10 earnings data adjusted to reflect new business segment definitions

Technology Business Overview

2Q FY9/11 Earnings

	Value	YoY Change	QoQ Change
Sales	182	-2.9%	+4.8%
Gross Income	136	-10.4%	-0.7%
Gross Margin	74.9%	-6.3pt	-4.1pt
SG&A	100	+6.3%	-6.4%
Operating Income	36	-37.6%	+19.2%
Operating Margin	19.9%	-11.1pt	+2.4pt

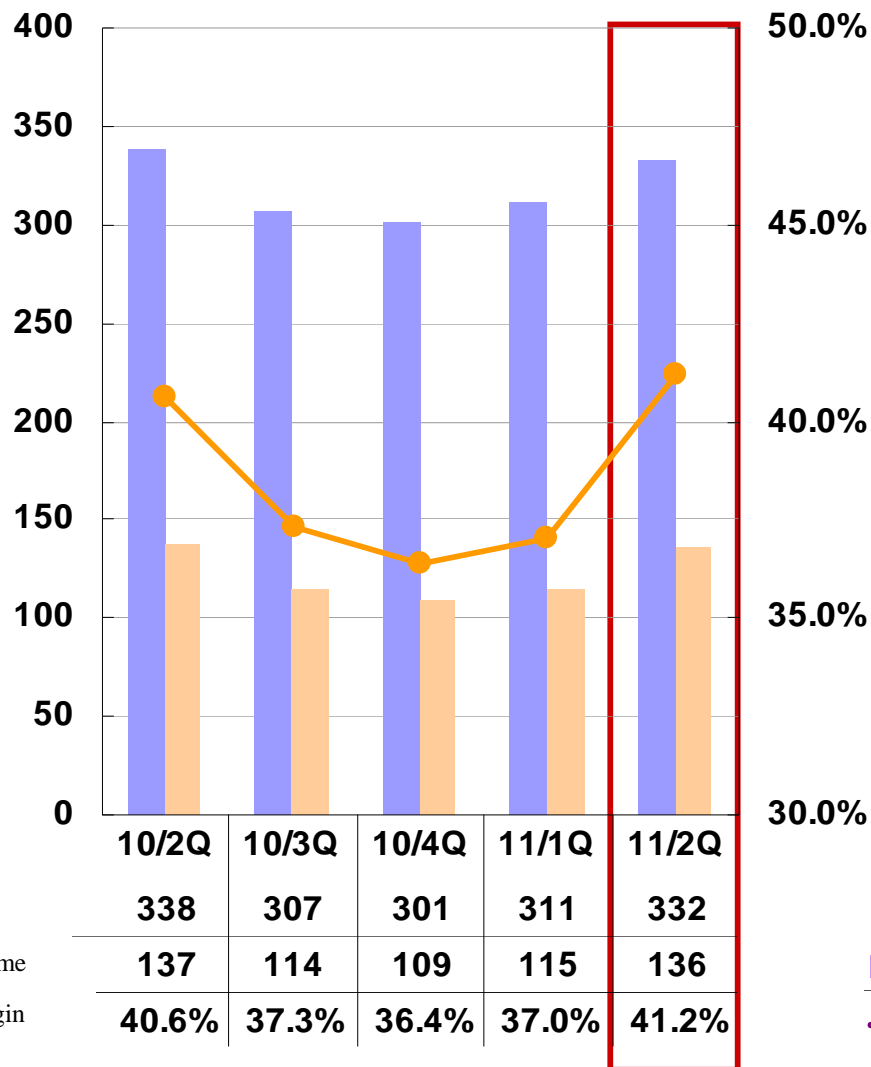
Overview

- ◆ Tricorn Cloud CRM service trending favorably
- ◆ Implement investments for systems to deal with the growing number of active accounts
- ◆ Cytech, Inc. is turning system outsourcing into in-house services (social games)
- ◆ Develop new social games and begin providing them sequentially to Mobage and GREE from May

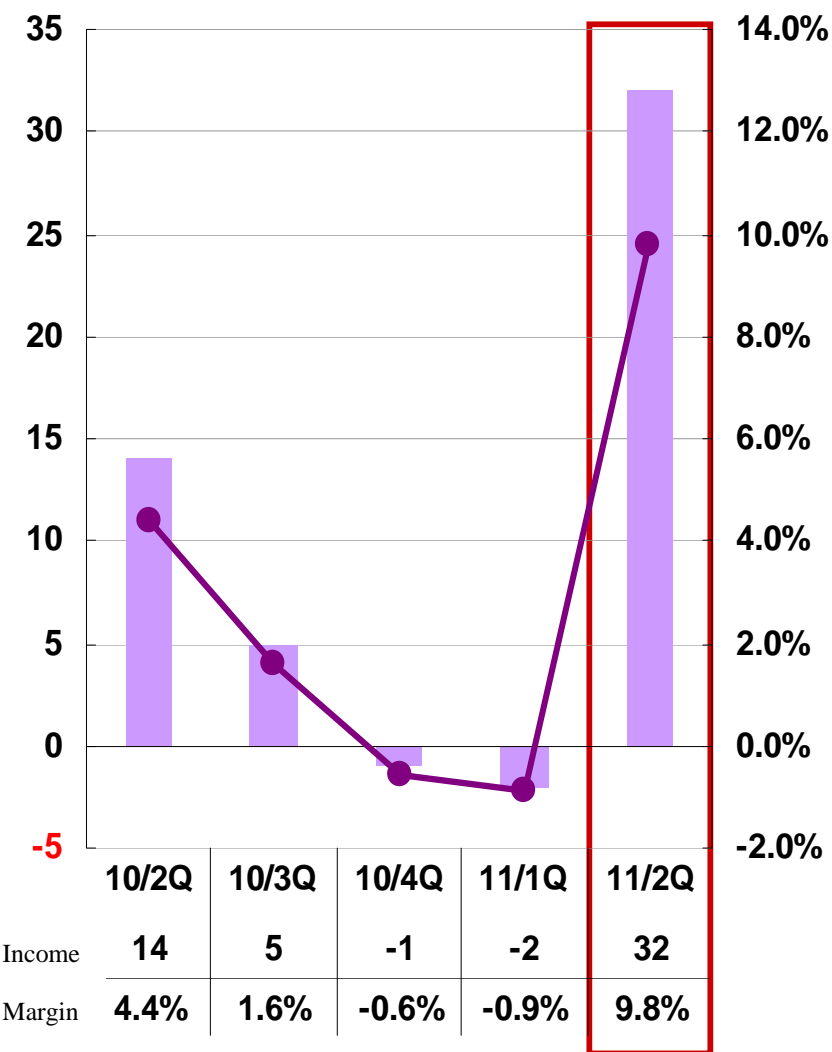
Contents Business Quarterly Earnings Trends

(Units: Million Yen)

【 Sales, Gross Income 】



【 Operating Income 】



※ 2Q to 4Q FY9/10 earnings data adjusted to reflect new business segment definitions

2Q FY9/11 Earnings

	Value	YoY Change	QoQ Change
Sales	332	-1.6%	+6.8%
Gross Income	136	-0.2%	+18.7%
Gross Margin	41.2%	+0.6pt	+4.2pt
SG&A	104	-14.7%	-11.6%
Operating Income	32	+119.0%	(+35)
Operating Margin	9.8%	+5.4pt	+10.7pt

Overview

- ◆ Will jointly operate the existing J-POP music distribution site with SOFTBANK Creative Corp. to begin distribution of K-POP music in May
- ◆ Expansion in revenues from collaborative partners and restrained advertising and personnel costs contribute to large increase in profits
- ◆ The number of E-Book downloads to smart phones, tablet terminals exceeded 150,000, sales to “au one Market,” “TSUTAYA GALAPAGOS” and a total of 6 new platforms have begun



II. First Half Earnings and Progress in Achieving Consolidated Earnings

Consolidated Income Statement (Oct.-Mar.)

(Units: Million Yen)

Income Statement	1 st Half FY9/11				YoY Change		Initial Estimates	
	Value	Share	YoY Change	Change from Estimate	Value	Share	Value	Share
Net Sales	17,786	100.0%	+9.5%	+4.6%	16,237	100.0%	17,000	100.0%
Gross Income	3,295	18.5%	+2.8%	—	3,206	19.8%	—	—
SG&A	2,711	15.2%	+2.0%	—	2,657	16.4%	—	—
Operating Income	584	3.3%	+6.5%	-2.6%	548	3.4%	600	3.5%
Ordinary Income	563	3.2%	+11.5%	+2.5%	505	3.1%	550	3.2%
Net Income	293	1.7%	+27.0%	-2.1%	231	1.4%	300	1.8%

- ◆ Double digit growth in Internet Advertising Business contributed to ability to exceed sales estimates
- ◆ Secured growth in operating income, but impact of earthquake led operating income to fall below estimates

Main Business Segment Earnings (Oct. to Mar.)

(Units: Million Yen)

Business Segments	Net Sales			Operating Income		
	1H FY9/11	1H FY9/10	YoY Change	1H FY9/11	1H FY9/10	YoY Change
Internet Advertising	15,078	13,507	+11.6%	562	568	-1.2%
Technology	357	350	+2.0%	66	91	-26.5%
Contents	644	733	-12.2%	29	33	-10.2%
Direct Marketing	1,188	1,155	+2.8%	82	103	-20.6%
Other Business (Commerce)	561	559	+0.3%	8	-38	(+47)
Segment Eliminations	-43	-68	—	-164	-208	—
Consolidated Accounts	17,786	16,237	+9.5%	584	548	+6.5%

※ FY9/10 business segment earnings adjusted to reflect new business segment definitions

Progress in Achieving Full Year FY9/11 Consolidated Earnings Estimates

(Units: Million Yen)

Income Statement	1H FY9/11	Attainment Rates of Full Year Estimates	Full Year FY9/11 Estimates
Net Sales	17,786	50.8%	35,000
Operating Income	584	48.7%	1,200
Ordinary Income	563	49.0%	1,150
Net Income	293	42.0%	700



III. Endeavors to Develop New Businesses, New Realms

Establish New Television Advertising Company “GRP”

- ◆ The second new business to become a company during the current term
- ◆ Leveraging our Internet marketing knowhow to provide new promotions using triple screens ※
 - ※ Employs 3 types of devices that are capable of connecting to the Internet, including PC, mobile and television

Name	GRP Co., Ltd.
Business	Television advertising
Capitalization	¥50 million
Shareholder	SEPTENI HOLDINGS CO., LTD. (100%)
Representative	Yusuke Fukuhara
Established	February 9, 2011



Concept

SEPTENI Original

Converting **in-house services** into new businesses through aggressive investments in growth fields

Create **high growth, high profitability** business models

Business Focus

Mobile

Social Network

Platform



IV. Appendix

Company Overview

As of March 31, 2011

Company Name	SEPTENI HOLDINGS CO., LTD.
Representative	President and Representative Director: Koki Sato
Headquarters	Septeni Gaien Building, 24 Daikyo-cho, Shinjuku-ku, Tokyo
Stock Code	4293 (JASDAQ)
Business Realm	The holding company for a group of companies conducting Internet advertising and other Internet related services
Established	October 29, 1990
Capitalization	¥2,007 million
Shares Issued	134,745 shares (Including treasury stock of 8,923 shares)
Consolidated Workforce	612 Full time employees, 668 Full time and contracted employees

Main Companies of SEPTENI Group

As of May 6, 2011

Company Name		Business Description
SEPTENI HOLDINGS CO., LTD.		Holding company
SEPTENI CO., LTD.	Consolidated, 100%	Internet advertising
mume Inc.	Consolidated, 100%	Mobile advertising
MANGO Inc.	Consolidated, 100%	SEM operation
Vasara Inc.	Consolidated, 100%	Internet advertising
HighScore, Inc.	Consolidated, 100%	Small business support
GRP Co., Ltd.	Consolidated, 100%	Television advertising
SEPTENI CROSSGATE CO., LTD.	Consolidated, 95%	Ad network
ASP CO., LTD.	Consolidated, 60%	e-Commerce marketing solutions
Media Grow CO., LTD.	Consolidated, 100%	Mobile media rep
AXEL MARK INC.	Consolidated, 55.0%	Mobile service
Tricorn Corporation	Consolidated, 100%	CRM service
Cytech, Inc.	Consolidated, 100%	System integration
SEPTENI DIRECTMARKETING CO., LTD.	Consolidated, 100%	Direct mail
ACRESS	Consolidated, 100%	Catalog sales
PRIME X Co., Ltd.	Equity Accounting Affiliate, 40.0%	Real estate Internet marketing
OPENSIMILE Inc.	Equity Accounting Affiliate, 33.3%	Internet media
Power Technology	Equity Accounting Affiliate, 22.8%	SEO

As of May 6, 2011

Holding Company

SEPTENI HOLDINGS CO., LTD.

Internet Advertising Business

SEPTENI CO., LTD.

Internet Advertising

mume, Inc.

Mobile Advertising

MANGO, Inc.

SEM Operation

Vasara Inc.

Internet Advertising

HighScore, Inc.

Small Business Support

GRP Co., Ltd.

Television Advertising

SETPENI CROSSGATE CO., LTD.

Ad Market Place

ASP CO., LTD.

e-Marketing Solutions

Media Grow CO., LTD.

Mobile Media Rep

Technology Business

Tricorn Corporation

Mail Distribution • CRM

Cytech, Inc.

System Integration

Contents Business

AXEL MARK INC.

Mobile Contents

Direct Marketing Business

SEPTENI DIRECTMARKETING CO., LTD.

Mailing Outsourcing, Inship

Other Business (Commerce)

ACRESS

Catalog Sales • e-Commerce

Consolidated Balance Sheet

(Units: Million Yen)

	End 2Q FY9/11	End 1Q FY9/11	Change	Main Changes
Current Assets	9,782	10,020	-238	Cash and Equivalents: -339 Notes, Accounts Receivable: +199
Fixed Assets	2,330	2,124	+205	Deposits, Security Deposits: +194
Total Assets	12,112	12,145	-33	
Current Liabilities	5,697	5,909	-211	Accounts Payable: -16, Debt: -167
Fixed Liabilities	145	152	-6	
Total Liabilities	5,843	6,061	-218	
Net Assets	6,269	6,083	+185	Retained Earnings: +166
Total Liabilities and Net Assets	12,112	12,145	-33	

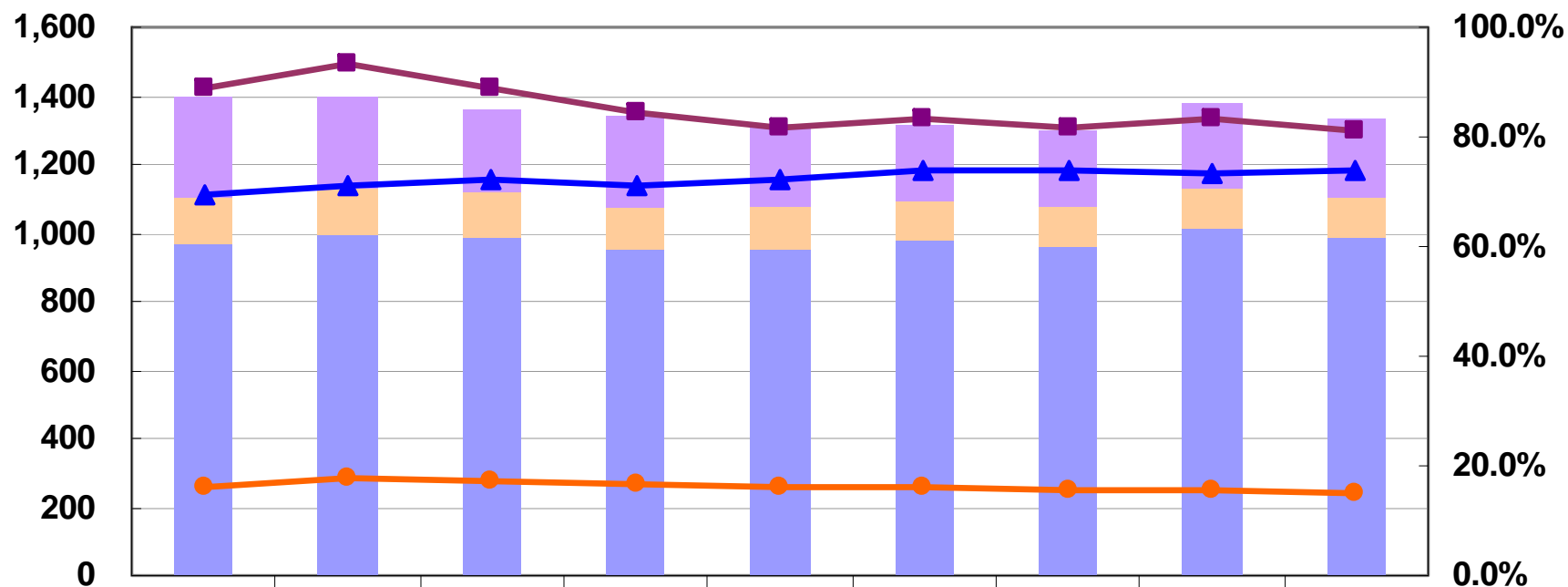
Consolidated Cash Flow

(Units: Million Yen)

	2Q FY9/11 (Jan.-Mar.)	Main Changes	2Q FY9/10 (Jan.-Mar.)
Cash Flow from Operating Activities	88	Income before taxes: +309 Decline in receivables: -201	433
Cash Flow from Investing Activities	-252	Deposits, security deposits: -204 Fixed asset acquisition: -36	2
Cash Flow from Financing Activities	-175	Decline in debt: -167	-253
Change in Cash and Equivalents	-339		183
Cash and Equivalents at Term End	4,772		4,996

Consolidated SG&A Expense Trend

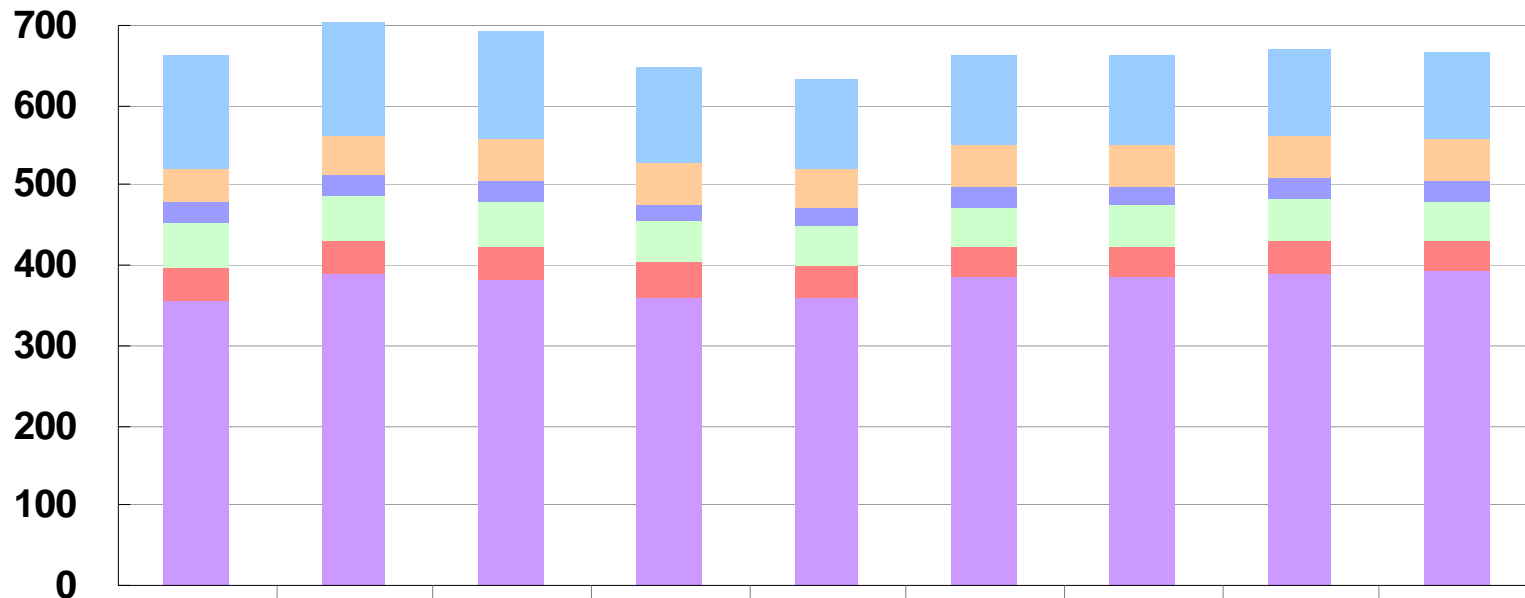
(Units: Million Yen)



	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q
Others (Incl. advertising)	287	262	240	265	238	222	219	247	227
Office related	141	138	135	125	124	122	121	118	119
Labor	965	995	983	952	950	975	957	1,009	987
Gross income to SG&A	88.7%	93.5%	88.9%	84.4%	81.4%	83.6%	81.9%	83.3%	81.2%
Labor margin	69.3%	71.3%	72.3%	70.9%	72.4%	73.9%	73.7%	73.3%	74.0%
SG&A margin	16.3%	17.8%	17.1%	16.8%	15.9%	16.2%	15.7%	15.6%	14.9%
Total SG&A	1,393	1,396	1,359	1,343	1,314	1,321	1,299	1,376	1,335

SEPTENI Group Work Force Number Trend

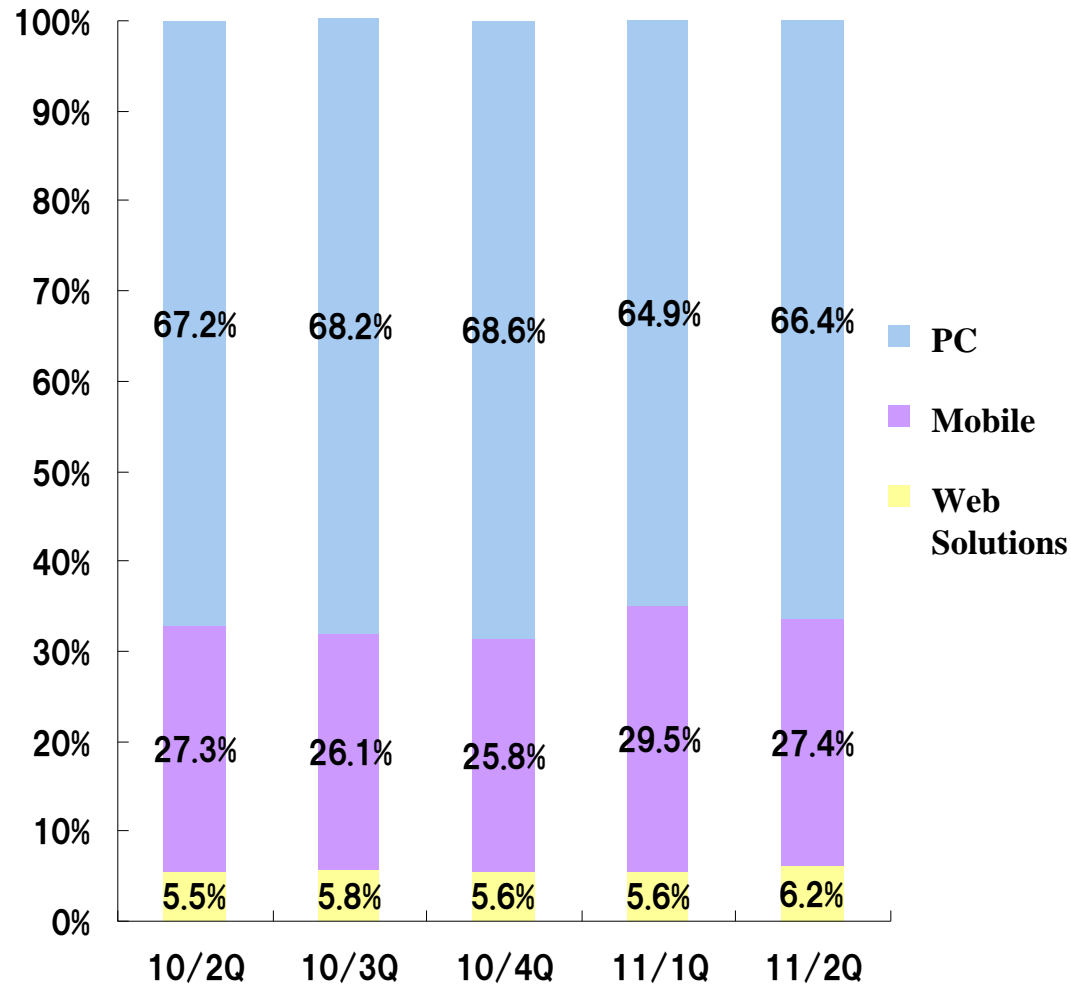
(Units: Employees)



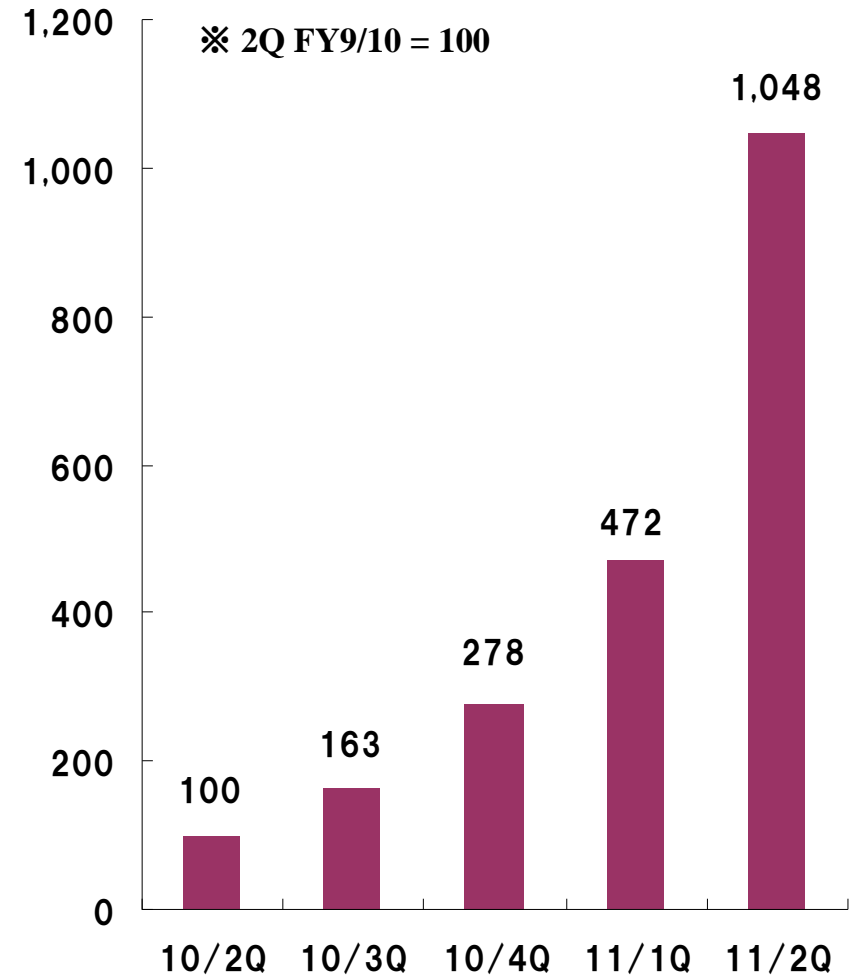
	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q
Commerce	144	140	136	118	115	113	113	108	109
Staff, Others	42	50	50	51	49	53	50	53	55
Direct Marketing	26	26	26	22	21	24	24	24	23
Contents	55	55	56	52	47	49	52	53	50
Technology	40	40	41	42	41	39	38	42	39
Internet Advertising	357	391	383	361	361	385	385	389	392
Total Workforce	664	702	692	646	634	663	662	669	668

※ 2Q FY9/09 to 4Q FY9/10 business division data adjusted to reflect new business division definitions.

【Sales Trend by Product】

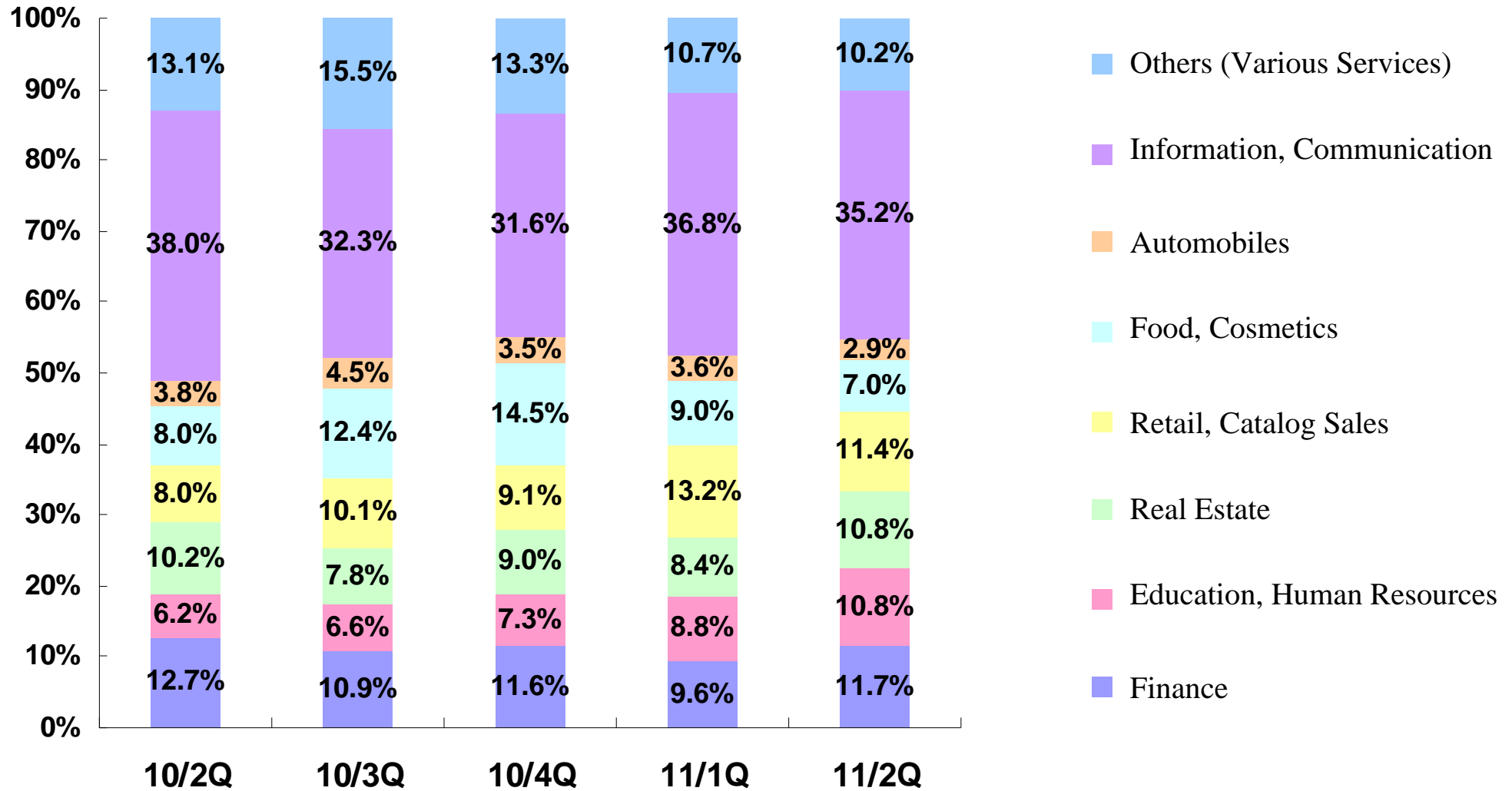


Smart Phone Advertising Sales Trend



※ Web Solutions: SEO, website creation, site operation support, others

Internet Advertising Business Client Data



Internet Advertising Business Client Number Data

