

Summary of Business Results for the Year Ended September 30, 2010

November 4, 2010

Company Name: SEPTENI HOLDINGS CO., LTD.

Listed Market: JASDAQ

Stock Code: 4293 URL: <http://www.septeni-holdings.co.jp/english/>

Representative: Title President Name: Koki Sato

Contact Person: Title Managing Director Name: Kazumi Shimizu Tel: +81-3-5363-7340

Anticipated General Shareholders Meeting Date: December 21, 2010 Anticipated Dividend Payment Date: December 22, 2010

Anticipated Financial Filing Date: December 21, 2010

(All figures of less than one million yen are rounded down to the nearest digit)

1. Fiscal Year September 2010 Consolidated Earnings (From October 1, 2009 to September 30, 2010)

(1) Consolidated Earnings

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY9/10	32,648	-1.2	1,098	83.4	1,024	142.8	545	—
FY9/09	33,046	7.6	598	-46.8	421	-58.2	-585	—

	EPS	Fully Diluted EPS	ROE	Ordinary Income to Total Asset Ratio	Operating Margin
	Yen	Yen	%	%	%
FY9/10	4,333.90	4,217.38	10.1	8.4	3.4
FY9/09	-4,507.28	—	-10.4	3.3	1.8

(Reference) Equity accounting method income: -61 million yen in FY9/10, -90 million yen in FY9/09

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million Yen	Million Yen	%	Yen
FY9/10	12,371	6,079	45.3	44,606.39
FY9/09	11,911	5,770	44.0	41,098.01

(Reference) Capital: 5,610 million yen in FY9/10, 5,242 million yen in FY9/09

(3) Consolidated Cash Flow Conditions

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash and Equivalents at Term End
	Million yen	Million yen	Million yen	Million yen
FY9/10	1,195	-58	-280	5,575
FY9/09	266	-165	-89	4,719

2. Dividend Conditions

	Dividends per Share					Total Dividend Payment (Annual)	Dividend Payout Ratio (Consolidated)	Dividend to Net Asset Ratio (Consolidated)
	End 1Q	End 2Q	End 3Q	End Year	Full Year			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY9/09	—	—	—	900	900	114	—	2.1
FY9/10	—	—	—	1,000.00	1,000.00	125	23.1	2.3
FY9/11 (Projected)	—	—	—	1,000.00	1,000.00		18.0	

3. Fiscal Year September 2011 Consolidated Earnings Estimates (October 1, 2010 to September 30, 2011)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Million Yen	%yy	Yen
First Half	17,000	4.7	600	9.3	550	8.8	300	29.8	2,385.17
Full Year	35,000	7.2	1,200	9.3	1,150	12.3	700	28.3	5,565.41

4. Others

- (1) Important changes in our subsidiaries, including changes to the scope of our consolidation: None
- (2) Changes in the accounting methods, procedures, display methods used in the preparation of our consolidated financial statements during the most recent quarter:
 - ① Changes accompanying revisions in accounting standards: Yes
 - ② Other changes: None
- (3) Shares issued (Common stock)
 - ① Shares issued as of term end (including treasury stock): 134,700 at end FY9/10, 134,417 at end FY9/09
 - ② Treasury stock as of term end: 8,923 at end FY9/10, 6,848 at end FY9/09

(Reference) Parent Earnings Results

1. Fiscal Year September 2010 Parent Earnings (From October 1, 2009 to September 30, 2010)

(1) Parent Earnings

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%yy	Million yen	%yy	Million yen	%yy	Million yen	%yy
FY9/10	1,177	-7.8	383	-22.8	382	-12.1	305	125.0
FY9/09	1,277	1	496	-2.6	435	4.1	135	—
	EPS		Fully Diluted EPS					
	Yen		Yen					
FY9/10	2,425.86		2,360.64					
FY9/09	1,045.64		1,017.55					

(2) Parent Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million yen	Million yen	%	Yen
FY9/10	6,352	5,779	90.2	45,556.54
FY9/09	6,461	5,676	86.7	43,907.65

(Reference) Capital: 5,729 million yen in FY9/10, 5,601 million in FY9/09

- Notes and explanations regarding the appropriate uses of our earnings estimates:

All estimates and forward looking projections provided within this document are based on the most accurate information available at the time of this writing. However our actual results may differ from our projections due to various unforeseen reasons.

1. Earnings Performance

(1) Earnings Performance Analysis

During the current fiscal year, corporate earnings recovered against the backdrop of economic stimulus measures and recoveries in developing and other economies around the world. However employment conditions remained weak and the rapid strengthening of the yen contributed to fears surrounding the potential for weaker corporate earnings and subsequent weaker economies.

Against the backdrop of the growing use of smart phones with advanced features that enable them to access the Internet and the already established user base accessing the Internet from personal computers, the Septeni Group is expanding its business realms to include mobile handset applications to leverage opportunities in a wider range of Internet applications. Moreover the Company is focusing upon creating new business opportunities for advertising and applications in social networking services (SNS) and other related fields.

Against this backdrop, the Septeni Group was able to achieve growth in earnings of its Internet advertising segment due to strong demand, but weaker earnings in the Internet related business and commerce segments offset this strength and contributed to a 1.2% year-over-year decline in sales to 32.648 billion yen. With regards to profits, higher gross margins and restrained selling, general and administrative expenses led to improvements in profitability in Internet advertising and the Internet related business segments, allowing operating income to rise by a large 83.4% year-over-year to 1.098 billion yen. In addition to the increased operating income, declines in non-operating expenses contributed to a large 142.8% year-over-year rise in ordinary income to 1.024 billion yen. At the same time, the weaker earnings of the commerce segment led to an impairment loss on goodwill of 283 million yen and contributed to total extraordinary losses of 385 million yen. Subsequent to these developments, net income improved from a loss of 585 million yen in the previous term to a net income of 545 million yen during the term under review.

We discuss our business performance in each of our business segments below.

During the term under review, we have made changes to our business segment categories. In the following discussions, all year-over-year comparisons with the previous term's business results have been adjusted to reflect these changes. For details of the changes in our business segments, please refer to the segment information provided later in this document.

1) Internet Advertising

While the trend of weak demand for Internet advertising seen during the previous term continued into the current term, we observed a bottoming in the weak market conditions along with the weak recovery in the overall economy. Against this backdrop, our Group implemented marketing strategies designed to raise the profitability of our businesses, and expand the breadth of our high value added web solutions (SEO, website creation). Furthermore, we will fortify our Group to be able to capture opportunities and grow our business in the high growth market of the mobile advertising market. At the same time, we have begun to provide services in the realm of social applications and to aggressively develop other new high growth business realms. Consequently we saw growth in sales and operating profits of 1.9% and 28.1% year-over-year to 27.387 and 1.146 billion yen respectively.

2) Internet Related Business

In the area of contents, Septeni is developing applications for education and qualification testing to help cultivate a new category of users. In addition, we are developing and have launched various new applications for the iPhone and iPad, including social applications for the major social networking services (SNS), and have created charge system revenue models for new contents platforms. However from a cost effectiveness standpoint, restrained advertisement expenses have led to declines in both the number of members and the sales of existing contents areas. At the same time the restraint exercised in various expenses has contributed to an improvement in profitability. In the realm of technology, the shift from our traditional mail distribution ASP services to our new focus of customer relationship management (CRM) services is progressing smoothly. As a result of these

factors, we saw sales of this segment decline by 20.1% year-over-year to 2.054 billion yen, while operating income rose by 261.0% year-over-year to 166 million yen.

3) Direct Marketing

While the market conditions for the direct marketing business segment remains severe with sharp contractions in demand, “in-ship” advertising trended strongly. Consequently this segment recorded 2.7% and 5.1% year-over-year declines in sales and operating income to 2.242 billion yen and 184 million yen respectively.

4) Other Business

In the commerce services within our other business segment, we restrained the amount of advertisements placed and adjusted the scale of our organization supporting this business to help reduce costs. However stagnant sales caused income to remain negative. Therefore sales fell by 26.9% year-over-year to 1.097 billion yen and we incurred an operating loss of 60 million yen, which compares with an operating loss of 210 million yen in the previous year.

Earnings Forecasts for the Next Term

The Septeni Group has recently created a Three Year Midterm Business Plan (Covering the fiscal year September 2011 to fiscal year September 2013) that focuses upon raising the amount of in-house services to capture new growth opportunities. And with regards to the first year of this Business Plan in fiscal year September 2011, we will aggressively develop new businesses and cultivate new markets for existing businesses.

In our Internet advertising segment, we will continue to focus upon mobile advertising, which is an area of particular strength for our Group. We will also invest in developing business opportunities in the high growth realm of social media. Furthermore we will cultivate new markets and expand our customer base by fortifying our regional network and leveraging our new companies.

In our contents business we will respond to the needs of diversifying platforms by fortifying our content application distribution capability to tablet PCs and smart phones.

Moreover we expect to see losses of between 100 to 200 million yen on the anticipatory investments for new businesses that we expect to make in the coming fiscal year.

As a result of these factors, we estimate that sales and operating, ordinary, and net incomes will rise by 7.2%, 9.3%, 12.3% and 28.3% to 35, 1.2, 1.15, and 0.7 billion yen respectively.

(2) Financial Position Analysis

1) Assets, Liabilities, and Net Asset Conditions

(Assets)

Current assets rose by 682 million yen from the end of the previous term to 10.176 billion due in part to an increase in cash and equivalents of 856 million yen and despite a decline in marketable securities of 152 million yen arising from the retreat from the investment and incubation business.

Fixed assets declined by 221 million yen year-over-year to 2.195 billion yen on the back of a 120 million yen increase in acquired lease assets, and despite declines of 320 million yen from impairment accounting losses on goodwill and 34 million yen in software.

Consequently total assets rose by 460 million yen from the end of the previous term to 12.371 billion yen.

(Liabilities)

Current liabilities rose by 320 million yen from the end of the previous fiscal year to 6.09 billion yen due to increases of 186 million yen in short term debt and 119 million yen in unpaid corporate taxes.

Fixed liabilities declined by 169 million yen year-over-year to 201 million yen on the back of a 98 million yen increase in lease liabilities and a 253 million yen decline in long term debt.

Consequently total liabilities rose by 150 million yen from the end of the previous year to 6.291 billion yen.

(Net Assets)

Net assets grew by 309 million yen from the end of the previous term to 6.079 billion yen on the back of the realization of 545 million yen of net income and despite the payment of 114 million yen in dividends.

2) Cash Flow Conditions

During the current year under review, consolidated cash and equivalents increased by 856 million yen to 5.575 billion yen.

We describe the details of our consolidated cash flow below.

(Operating Cash Flow)

During the term under review, we saw a net inflow of 1.195 billion yen in our operating activities, which compares with a net inflow of 266 million yen in the previous year. We attribute this increase in operating cash flow to the realization of 766 million yen in net income before taxes which was slightly offset by 283 million yen resulting from impairment accounting losses.

(Investing Cash Flow)

In our investing activities we realized a net cash outflow of 58 million yen, which compares with a net outflow of 165 million yen recorded during the previous fiscal year. This outflow can be explained by the liquidation of marketable securities which yielded 46 million yen and liquidation of equities in affiliated companies which produced 19 million yen, along with the acquisition of 29 and 34 million yen in tangible and intangible fixed assets respectively, and the acquisition of 58 and 30 million yen in marketable securities and shares of affiliated companies respectively.

(Financing Cash Flow)

During the term under review, we saw a net cash outflow of 280 million yen in our financing activities, compared with the 89 million yen net cash outflow recorded during the previous fiscal year. This outflow can be attributed in part to a 272 million yen repayment of long term debt, 66 million yen acquisition of treasury stock, and 114 million yen paid out for dividends, which offset the 186 million yen inflow resulting from increased short term debt.

(Reference) Trends in Our Cash Flow Indicators

	FY9/06	FY9/07	FY9/08	FY9/09	FY9/10
Net Asset Ratio (%)	48.6	47.3	44.6	44.0	45.3
Capital Adequacy Ratio, Market Capitalization Based (%)	217.6	178.1	87.5	53.7	43.6
Cash Flow to Interest Bearing Debt Ratio (%)	52.1	65.3	310.0	531.2	122.0
Interest Rate Coverage Ratio	233.3	96.9	41.1	13.5	66.2

Net Asset Ratio: Net Assets / Total Assets

Capital Adequacy Ratio: Market Capitalization / Total Assets

Cash Flow to Interest Bearing Debt Ratio: Interest Bearing Debt / Operating Cash Flow

Interest Coverage Ratio: Operating Cash Flow / Interest Payments

1. Each indicator is based on consolidated financial data.
2. Market capitalization is based on shares outstanding excluding treasury stock.
3. Cash flow is based on our operating cash flow.
4. Interest bearing debt includes all of the liabilities which bear interest payments on our consolidated balance sheet.

3) Basic Policy Regarding Dividends in the Current and Next Terms

We recognize the return of profits to our shareholders as a key management issue, and will flexibly implement the policy outlined below regarding the appropriate distribution of profits.

With regards to the distribution of retained earnings, we will consider our consolidated earnings performance, need to fortify our financial position, and forward looking group business strategy while at the same time endeavoring to maintain a dividend payout ratio of around 15%. Furthermore we have established a minimum dividend target level of 1,000 yen, and seek to strike a balance between stability in dividends and appropriate level of profit distribution. In addition, we endeavor to utilize retained earnings for investments in training of personnel, optimizing and reinvigorating our existing businesses, and capturing new businesses which hold the potential for high growth and profitability. Based on these policies, we expect to pay a 1,000 dividend during the current and coming fiscal years.

2. Corporate Structure

As of September 30, 2010 the Septeni Group is comprised of the holding company Septeni Holdings, 13 consolidated subsidiaries (Including one union), and three equity accounting method held affiliates. The various companies in the Septeni Group are responsible for undertaking Internet advertising, Internet related businesses, direct marketing, and other businesses.

Moreover because of the growing profound connection of “inship” advertising, which had been included as a part of the Internet advertising business segment, with the direct marketing business, we have decided to shift this business to the direct marketing segment effective as of the current fiscal year.

Furthermore we have also taken steps to retreat from the investment and incubation business during the current term. Below we provide a breakdown of the companies which belong to each of our business segments.

Internet Advertising Segment

Internet advertising agency business

SEPTENI CO., LTD. (100% owned consolidated subsidiary)

Internet advertising sales and comprehensive Internet marketing support services

Internet Related Business Segment

Mobile contents business

AXEL MARK INC. (55.6% owned consolidated subsidiary)

Media and contents planning, development and operation for cellular telephone

Technology business

Tricorn Corporation (100% owned consolidated subsidiary)

CRM services provision

Direct Marketing Segment

SEPTENI DIRECT MARKETING CO., LTD (100% owned consolidated subsidiary)

Sales promotion direct mail and other paper media mail outsourcing services

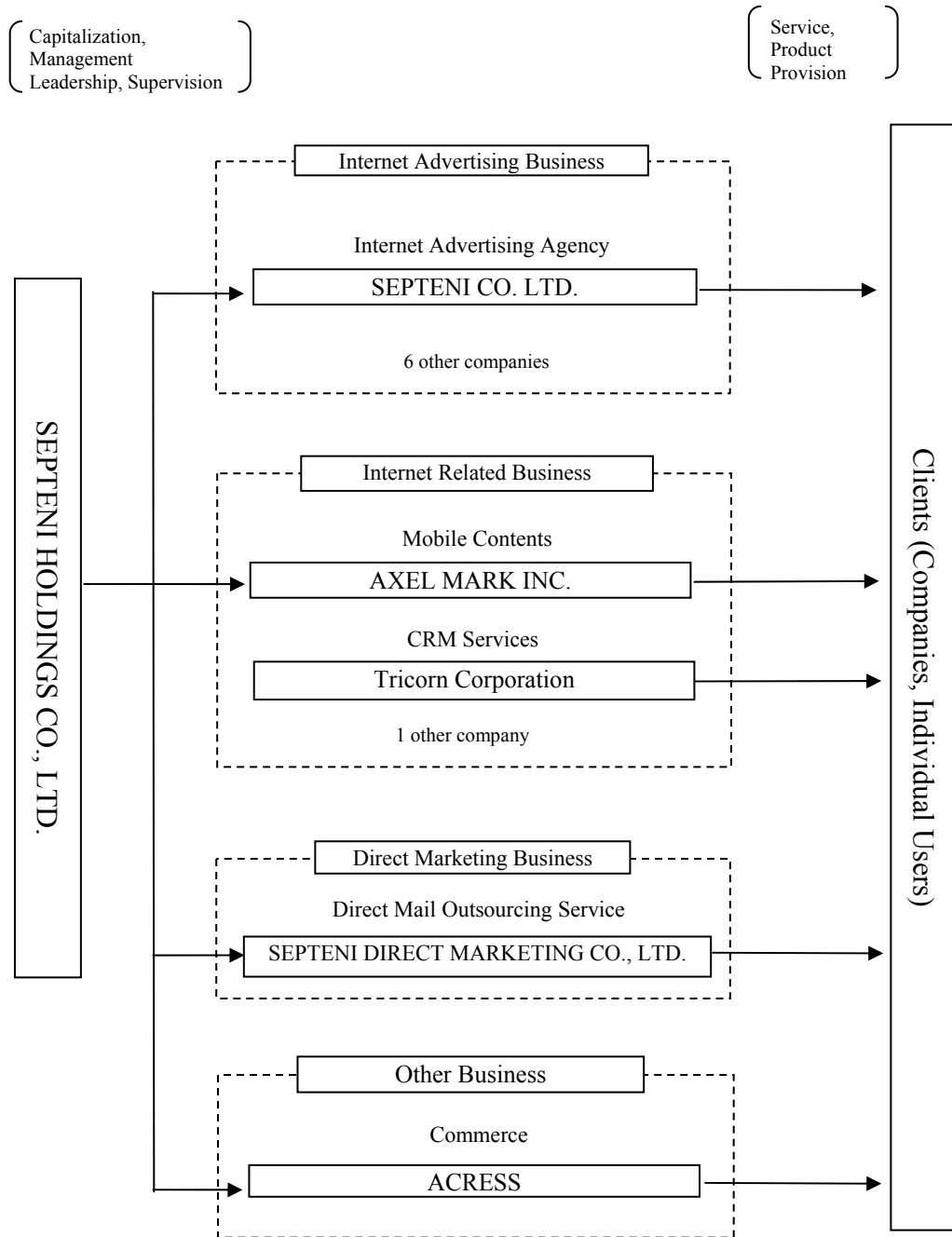
Other Business Segment

Commerce business

ACRESS (100% owned consolidated subsidiary)

Catalog sales services

Diagram of Our Corporate Structure



3. Management Policy

(1) Corporate Management Basic Policy

The Septeni corporate motto is “Think and Work Outside of the Box” to realize a “strong and grand company. As part of its corporate motto, Septeni identifies the following seven items as guiding principles of the management of our Company.

- **Speed** : “Rough and ready” is superior to “clever and slow”. “Speed” is our first priority.
- **Stretch** :Nurturing innovation with high goal
- **Partnership** :Nourishing management awareness and a sense of ownership among all the employee
- **Fair and Open** :Fair perspective and open mind
- **Originality** :Best business
- **Passion** :Good performance with high motivation
- **Free and Rule** :Balancing between freedom and rules with a strict belief and pleasure of work

(2) Issues to be Considered in the Intermediate Term Corporate Strategy

The Septeni Group has been able to achieve strong earnings growth as an Internet advertising agency operating in the Internet advertising market during the past ten years. And while the businesses that we operate are still in a growth phase, the operating environment surrounding Internet businesses is changing rapidly with media and devices undergoing large changes. These changes are contributing to opportunities to create new high growth and high profitability businesses.

Against this backdrop, the Septeni Group has created a Three Year Midterm Business Plan (From fiscal year Spetember 2011 to September 2013) as part of its endeavors to raise corporate value by creating and cultivating new growth businesses. The current Midterm Business Plan is based on the concept of “Septeni Original” and has called for aggressive investments in growth fields focused by developing in-house services at the core of our businesses, and as part of our efforts to create a high growth, and high profitability business model. Specifically we have identified the areas of “mobile,” “social,” and “platforms” as key areas to create and develop new businesses that will enable us to achieve high growth and profitability.

- Financial targets in the final year of our Midterm Business Plan (Fiscal year September 2013)
 - Sales: 50.0 billion yen
 - Operating income: 3.0 billion yen

4. Consolidated Financial Statement

(Units: Thousand Yen)

(1) Consolidated Balance Sheet	Previous Term (September 30, 2009)	Current Term (September 30, 2010)
Assets		
Current assets		
Cash and equivalents	4,719,048	5,575,858
Notes, accounts receivable	4,098,688	4,090,824
Operating marketable securities	152,014	—
Products	42,165	40,783
Unfinished products	4,828	29,237
Stored goods	10,365	7,861
Deferred tax assets	105,291	163,661
Others	376,499	273,489
Doubtful account reserves	-14,834	-5,505
Total current assets	9,494,068	10,176,209
Fixed assets		
Tangible fixed assets		
Building structures (net amount)	119,917	103,063
Equipment, tools, others (net amount)	80,778	66,108
Others (net amount)	—	2,868
Total tangible fixed assets	200,696	172,040
Intangible fixed assets		
Goodwill	569,348	248,858
Software	90,865	56,769
Software, provisional accounts	5,400	—
Lease assets	—	118,118
Others	5,785	4,587
Total intangible fixed assets	671,399	428,333
Investments, other assets		
Investment securities	934,455	1,069,861
Security deposits	621,147	551,885
Deferred tax assets	70,274	48,601
Others	159,981	89,194
Doubtful account reserves	-240,924	-164,631
Total investments, other assets	1,544,933	1,594,911
Total fixed assets	2,417,029	2,195,286
Total assets	11,911,097	12,371,495

(Units: Thousand Yen)

	Previous Term (September 30, 2009)	Current Term (September 30, 2010)
Liabilities		
Current liabilities		
Notes, accounts payable	3,802,024	3,808,991
Short term debt	865,002	1,051,002
Portion of long term debt due within one year	272,100	253,350
Lease liabilities	—	29,985
Unpaid accounts	179,468	177,907
Unpaid taxes	65,059	184,772
Bonus reserves	161,429	189,033
Product return adjustment reserves	1,177	1,000
Business loss reserves	100,385	8,262
Office moving expense reserves	10,389	—
Others	312,644	385,981
Total current liabilities	5,769,681	6,090,286
Fixed liabilities		
Long term debt	279,450	26,100
Lease liabilities	—	98,905
Others	91,568	76,378
Total fixed liabilities	371,018	201,383
Total liabilities	6,140,699	6,291,670
Net assets		
Shareholders' equity		
Capital	1,997,978	2,006,256
Capital reserves	3,099,204	3,107,190
Retained earnings	561,970	992,929
Treasury stock	-418,093	-485,011
Total shareholders' equity	5,241,060	5,621,364
Valuation, translation gains		
Other marketable security valuation gains	1,771	-10,906
Total valuation, translation gains	1,771	-10,906
Stock options	80,509	56,274
Minority interests	447,055	413,092
Total net assets	5,770,397	6,079,825
Total liabilities, net assets	11,911,097	12,371,495

(2) Consolidated Income Statement

(Units: Thousand Yen)

	Previous Term FY9/09 (October 1, 2008 to September 30, 2009)	Current Term FY9/10 (October 1, 2009 to September 30, 2010)
Net sales	33,046,916	32,648,558
CGS	26,712,044	26,272,389
Gross income	6,334,871	6,376,169
Returned product adjustment reserves reversal	1,908	1,177
Returned product adjustment reserves	1,177	1,000
Adjusted gross income	6,335,603	6,376,345
SG&A	5,736,852	5,278,247
Operating income	598,750	1,098,097
Non-operating income		
Interest income	8,530	2,399
Dividend income	9,553	673
Marketable securities valuation gains	2,813	7,206
Others	6,268	13,805
Total non-operating income	27,166	24,085
Non-operating expense		
Interest payment	19,718	18,065
Listing related expense	25,213	14,937
Marketable securities valuation losses	64,721	—
Minority shareholding investment losses	90,649	61,592
Others	3,795	3,462
Non-operating expense	204,098	98,058
Ordinary income	421,818	1,024,124
Extraordinary income		
Marketable securities liquidation profit	—	59,470
Doubtful account reserve reversals	—	12,808
Unpaid tax claim reversals	13,065	—
Stock option reversal profits	27,930	47,303
Others	87	8,056
Total extraordinary income	41,082	127,639
Extraordinary loss		
Fixed asset liquidation loss	66,951	6,386
Impairment accounting losses	138,453	283,347
Marketable securities liquidation losses	116,607	299
Marketable securities valuation losses	87,142	21,439
Advertisement accident resolution fees	150,000	—
Business losses reserve	100,385	8,262
Business losses	—	43,129
Doubtful account reserves	173,371	—
Others	54,763	22,423
Total extraordinary losses	887,674	385,288
Net income before taxes	-424,773	766,475
Corporate, residence, enterprise taxes	220,170	266,609
Corporate tax adjustment	142,053	-28,936
Total taxes	362,224	237,673
Minority interest income	-201,868	-16,968
Net income	-585,128	545,771

(3) Changes in Consolidated Shareholders' Equity

(Units: Thousand Yen)

	Previous Term FY9/09 (October 1, 2008 to September 30, 2009)	Current Term FY9/10 (October 1, 2009 to September 30, 2010)
Shareholders' equity		
Capital		
Total at previous term end	1,992,360	1,997,978
Change in current term		
New stock issued	5,617	8,278
Total change in current term	5,617	8,278
Total at current term end	1,997,978	2,006,256
Capital reserves		
Total at previous term end	3,093,675	3,099,204
Change in current term		
New stock issued	5,617	7,985
Elimination of treasury stock	-88	—
Total change in current term	5,529	7,985
Total at current term end	3,099,204	3,107,190
Retained earnings		
Total at previous term end	1,252,783	561,970
Change in current term		
Dividends from retained earnings	-105,683	-114,812
Net income	-585,128	545,771
Total change in current term	-690,812	430,958
Total at current term end	561,970	992,929
Treasury stock		
Total at previous term end	-258,897	-418,093
Change in current term		
Treasury stock acquisition	-159,279	-66,918
Treasury stock elimination	83	—
Total change in current term	-159,195	-66,918
Total at current term end	-418,093	-485,011
Total shareholders' equity		
Total at previous term end	6,079,921	5,241,060
Change in current term		
New stock issued	11,235	16,264
Dividends from retained earnings	-105,683	-114,812
Net income	-585,128	545,771
Treasury stock acquisition	-159,279	-66,918
Treasury stock elimination	-5	—
Total change in current term	-838,861	380,304
Total at current term end	5,241,060	5,621,364

(Units: Thousand Yen)

	Previous Term FY9/09 (October 1, 2008 to September 30, 2009)	Current Term FY9/10 (October 1, 2009 to September 30, 2010)
Valuation, translation adjustments		
Valuation gains on other marketable securities		
Total at previous term end	-65,369	1,771
Change in current term		
Net change in items other than shareholders' equity	67,141	-12,678
Total change in current term	67,141	-12,678
Total at current term end	1,771	-10,906
Total valuation, translation gains		
Total at previous term end	-65,369	1,771
Change in current term		
Net change in items other than shareholders' equity	67,141	-12,678
Total change in current term	67,141	-12,678
Total at current term end	1,771	-10,906
Stock option		
Total at previous term end	62,879	80,509
Change in current term		
Net change in items other than shareholders' equity	17,630	-24,235
Total change in current term	17,630	-24,235
Total at current term end	80,509	56,274
Minority interests		
Total at previous term end	711,178	447,055
Change in current term		
Net change in items other than shareholders' equity	-264,123	-33,962
Total change in current term	-264,123	-33,962
Total at current term end	447,055	413,092
Total net assets		
Total at previous term end	6,788,609	5,770,397
Change in current term		
New stock issued	11,235	16,264
Dividends from retained earnings	-105,683	-114,812
Net income	-585,128	545,771
Treasury stock acquisition	-159,279	-66,918
Treasury stock elimination	-5	—
Net change in items other than shareholders' equity	-179,350	-70,876
Total change in current term	-1,018,211	309,428
Total at current term end	5,770,397	6,079,825

(4) Consolidated Cash Flow Statement

(Units: Thousand Yen)

	Previous Term FY9/09 (October 1, 2008 to September 30, 2009)	Current Term FY9/10 (October 1, 2009 to September 30, 2010)
Cash flow from operating activities		
Net income before taxes	-424,773	766,475
Depreciation, amortization	140,024	111,572
Impairment accounting loss	138,453	283,347
Amortization of goodwill	82,718	64,520
Doubtful account reserves	163,290	-13,622
Bonus reserves	-10,712	27,603
Business loss reserves	100,385	-92,122
Tax claims, and tax claim reversals	-13,065	—
Advertisement accident resolution fees	150,000	—
Marketable securities valuation losses	149,050	14,233
Marketable securities liquidation losses	116,607	-59,170
Interest, dividends received	-18,084	-3,073
Interest payment	19,718	18,065
Minority shareholding income	96,441	62,892
Fixed asset liquidation losses	66,951	6,386
Stock compensation expense	56,795	29,642
Stock option reversal	-27,930	-47,303
Change in receivables	389,290	7,036
Change in operating marketable securities	90,485	—
Change in inventories	-5,528	-20,522
Change in payables	-560,980	40,397
Others	100,442	91,830
Subtotal	799,583	1,288,189
Interest, dividends received	21,286	3,088
Interest paid	-19,718	-19,672
Tax claims payment	-5,100	—
Advertising accident resolution fee	-36,912	—
Corporate, other tax refund	48,155	125,882
Corporate, other tax payment	-540,601	-201,578
Cash flow from operating activities	266,691	1,195,910

	Previous Term FY9/09 (October 1, 2008 to September 30, 2009)	Current Term FY9/10 (October 1, 2009 to September 30, 2010)
Cash flow from investing activities		
Acquisition of goodwill	-135,000	—
Fixed asset acquisition	-56,503	-29,074
Intangible fixed asset acquisition	-111,275	-34,995
Fixed asset liquidation income	—	3,707
Marketable securities acquisition	-8,477	-58,045
Marketable securities liquidation income	254,481	46,898
Subsidiary share acquisition	-46,835	-12,489
Affiliated company share acquisition	-50,000	-30,000
Affiliated company share liquidation income	—	19,360
Change in loans extended	2,339	1,464
Business sale income	8,000	—
Others	-22,079	34,937
Cash flow from investing activities	-165,350	-58,237
Cash flow from financing activities		
Short term debt	-349,998	186,000
Long term debt	795,000	—
Long term debt repayment	-251,820	-272,100
Lease liabilities repayment	—	-19,636
New share issuance	0	9,689
Treasury stock acquisition	-159,284	-66,918
Dividend payment	-105,683	-114,812
Dividend payment to minority shareholders	-17,509	-3,040
Others	-657	-46
Cash flow from financing activities	-89,951	-280,863
Cash and equivalents translation gains	—	—
Net change in cash and equivalents	11,388	856,809
Cash and equivalents at term start	4,707,660	4,719,048
Cash and equivalents at term end	4,719,048	5,575,858

(4) Assumptions Regarding Going Concern
Not applicable

Business Segment Information
(Information for Our Various Business Segments)
Fiscal Year September 2009 (From October 1, 2008 to September 30, 2009)

(Units: Thousand Yen)

	Internet Advertising	Internet Related Business	Direct Marketing	Other Business	Total	Eliminations	Consolidated
I Sales, operating income							
(1) External sales	26,639,537	2,827,952	2,080,004	1,499,421	33,046,916	—	33,046,916
(2) Internal sales	67,208	1,750,276	20,539	1,703	1,839,727	(1,839,727)	—
Total	26,706,745	4,578,228	2,100,543	1,501,124	34,886,643	(1,839,727)	33,046,916
Operating expense	25,798,576	4,515,320	1,926,949	1,711,289	33,952,134	(1,503,968)	32,448,165
Operating income	908,169	62,908	173,594	-210,164	934,509	(335,758)	598,750
II Assets, depreciation, impairment loss, capital expenditure							
Assets	6,451,735	2,402,807	590,090	1,010,371	10,455,004	1,456,092	11,911,097
Depreciation	57,785	49,239	1,603	38,154	146,782	(6,758)	140,024
Impairment loss	16,282	120,852	—	1,317	138,453	—	138,453
Capital expenditure	81,070	48,632	2,323	16,701	148,728	(10,108)	138,619

(Note)

1. Business segment definition method

Our business segments are determined in line with the market conditions.

2. Businesses associated with each business segment

Business Segment	Business Description
Internet Advertising	Internet advertising agency, ad network
Internet Related Business	Mobile service (Media operations, contents service), technology (Mail distribution, ASP, system integration)
Direct Marketing	Direct mail other sales promotion mail outsourcing service
Other Business	Investment and incubation business, various new businesses, commerce business

3. Within operating expenses, 1,503.968 million yen is the operating expense of the holding company and intersegment transactions, and is therefore included in the eliminations category.

4. Within assets, 1,456.092 million yen is considered to be cash and equivalents, marketable securities and other assets used by the holding company in company wide operations.

Fiscal Year September 2010 (From October 1, 2009 to September 30, 2010)

(Units: Thousand Yen)

	Internet Advertising	Internet Related Business	Direct Marketing	Other Business	Total	Eliminations	Consolidated
I Sales, operating income							
(1) External sales	27,339,288	1,988,066	2,226,093	1,095,109	32,648,558	—	32,648,558
(2) Internal sales	47,733	65,986	16,015	2,154	131,889	(131,889)	—
Total	27,387,022	2,054,053	2,242,109	1,097,263	32,780,448	(131,889)	32,648,558
Operating expense	26,240,406	1,887,221	2,057,845	1,157,654	31,343,127	207,333	31,550,461
Operating income	1,146,616	166,831	184,263	-60,390	1,437,320	(339,222)	1,098,097
II Assets, depreciation, impairment loss, capital expenditure							
Assets	6,817,432	2,074,534	754,623	496,851	10,143,442	2,228,053	12,371,495
Depreciation	45,371	36,450	1,193	36,554	119,569	(7,997)	111,572
Impairment loss	—	25,470	—	257,876	283,347	—	283,347
Capital expenditure	33,754	14,905	275	153,946	202,882	(6,180)	196,702

(Note)

1. Business segment definition method

Our business segments are determined in line with the market conditions.

2. Businesses associated with each business segment

Business Segment	Business Description
Internet Advertising	Internet advertising agency, ad network, mobile media rep
Internet Related Business	Mobile service (Media operations, contents service), technology (Mail distribution, ASP, system integration)
Direct Marketing	Direct mail other sales promotion mail outsourcing service
Other Business	Various new businesses, commerce business

During the current term, we retreated from the investment and incubation business.

3. Within operating expenses, 207.333 million yen is the operating expense of the holding company and intersegment transactions, and is therefore included in the eliminations category.

4. Within assets, 2,228.053million yen is considered to be cash and equivalents, marketable securities and other assets used by the holding company in company wide operations.

5. Changes in business segments

Due to the increasing relevance of the Internet related business including mobile media rep to the Internet advertising business, Septeni acquired all of the shares of Media Grow Co., Ltd. from AXEL MARK INC. as of September 2009 and shifted this business to the Internet advertising business segment.

Furthermore, we have shifted “inship advertising” to the direct marketing business segment due to its growing relevance to this segment from the current fiscal year.

Consequently we provide restated data for the new definitions of our business segment below.

Fiscal Year September 2009 (From October 1, 2008 to September 30, 2009)

(Units: Thousand Yen)

	Internet Advertising	Internet Related Business	Direct Marketing	Other Business	Total	Eliminations	Consolidated
I Sales, operating income							
(1) External sales	26,821,548	2,442,318	2,283,627	1,499,421	33,046,916	—	33,046,916
(2) Internal sales	65,312	128,486	20,539	1,703	216,040	(216,040)	—
Total	26,886,860	2,570,804	2,304,166	1,501,124	33,262,957	(216,040)	33,046,916
Operating expense	25,991,530	2,524,588	2,110,040	1,711,289	32,337,447	110,717	32,448,165
Operating income	895,330	46,216	194,126	-210,164	925,509	(326,758)	598,750
II Assets, depreciation, impairment loss, capital expenditure							
Assets	6,534,189	2,105,587	590,090	1,010,371	10,240,238	1,670,858	11,911,097
Depreciation	59,412	47,611	1,603	38,154	146,782	(6,758)	140,024
Impairment loss	16,282	120,852	—	1,317	138,453	—	138,453
Capital expenditure	83,038	46,664	2,323	16,701	148,728	(10,108)	138,619

b. Regional Sales Information

During the previous fiscal year (From October 1, 2008 to September 30, 2009) and the current fiscal year (From October 1, 2009 to September 30, 2010)

We did not have any overseas subsidiaries or offices and therefore we do not report any regional sales information.

c. Overseas Sales

During the previous fiscal year (From October 1, 2008 to September 30, 2009) and the current fiscal year (From October 1, 2009 to September 30, 2010)

We did not have any overseas sales.