

Summary of Business Results for the Fiscal Year September 30, 2011

November 4, 2011

SEPTENI HOLDINGS CO., LTD>

Listed Market: JASDAQ

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

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Anticipated General Annual Shareholder Meeting Date: December 21, 2011

Anticipated Dividend Payment Date: December 6, 2011

Anticipated Financial Reports Filing Date: December 21, 2011

Supplemental Earnings Presentation Materials: Available

Earnings Presentation Meeting: Held for institutional investors, analysts, media

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

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

(1) Consolidated Earnings

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY9/11	34,632	6.1	928	-15.4	980	-4.3	429	-21.4
FY9/10	32,648	-1.2	1,098	83.4	1,024	142.8	545	—

(Note) Comprehensive income: ¥417 million in FY9/11 (-19.1%), ¥516 million in FY9/10 (--%)

	EPS	Full Diluted EPS	ROE	ROA	Operating Margin
	Yen	Yen	%	%	%
FY9/11	3,411.04	3,321.47	7.4	8.0	2.7
FY9/10	4,333.90	4,217.38	10.1	8.4	3.4

(Reference) Minority holding income: ¥72 million in FY9/11, -¥61 million in FY9/10

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million Yen	Million Yen	%	Yen
FY9/11	12,182	6,342	48.6	47,007.81
FY9/10	12,371	6,079	45.3	44,606.39

(Reference) Capital: ¥5,914 million in FY9/11, ¥5,610 million in FY9/10

(3) Consolidated Cash Flow Conditions

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash and Equivalents
	Million Yen	Million Yen	Million Yen	Million Yen
FY9/11	548	-932	-738	4,453
FY9/10	1,195	-58	-280	5,575

2. Dividend Conditions

	Dividends					Total Value of Dividends	Dividend Payout Ratio (Consolidated)	Dividend to NetAsset Ratio (Consolidated)
	End 1Q	End 2Q	End 3Q	End Term	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY9/10	—	—	—	1,000.00	1,000.00	125	23.1	2.3
FY9/11	—	—	—	1,000.00	1,000.00	125	29.3	2.0
FY9/12 Estimate	—	—	—	—	—		—	

(Note) Estimates for dividends in FY9/12 have yet to be determined. Furthermore, for information regarding our dividend policy please refer to “1. Earnings Performance (3) Basic Policy Regarding Distribution of Profits, and Dividends in the Current and Next Terms” carried later in this document.

3. Fiscal Year September 2012 Earnings Estimates (From October 1, 2011 to September 30, 2012)

We have decided to announce earnings estimates for only the first quarter of the coming year in exchange for estimates for the first half and full year earnings in the coming term. For further details of these first quarter estimates, please refer to “1. Earnings Performance (1) Earnings Performance Analysis” carried later in this document.

4. Others

(1) Important changes in our subsidiaries, including changes to the scope of our consolidation: Not applicable

(Note) For further details please refer to “2. Corporate Structure”

(2) Changes in the accounting methods, procedures, presentation methods

Changes accompanying revisions in accounting standards: Applicable

Other changes: Not applicable

(3) Shares issued (Common stock)

Shares issued as of term end (Including treasury stock):

FY9/11	134,749	FY9/10	134,700
FY9/11	8,923	FY9/10	8,923
FY9/11	125,807	FY9/10	125,930

Treasury stock as of term end:

Average share numbers issued during term:

(Reference) Non-Consolidated Earnings Overview

1. Fiscal Year September 2011 Non-Consolidated Earnings (From October 1, 2010 to September 30, 2011)

(1) Non-Consolidated Earnings

	Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY9/11	1,453	23.4	605	58.1	592	54.7	452	48.2
FY9/10	1,177	-7.8	383	-22.8	382	-12.1	305	125.0

	EPS		Fully Diluted EPS	
	Yen		Yen	
FY9/11	3,598.00		3,503.52	
FY9/10	2,425.86		2,360.64	

(2) Non-Consolidated Financial Position

	Total Assets		Net Assets		Net Asset Ratio		Book Value per Share	
	Million Yen		Million Yen		%		Yen	
FY9/11	6,503		6,091		93.1		48,145.83	
FY9/10	6,352		5,779		90.2		45,556.54	

(Reference) Capital: ¥6,057 million in FY9/11, ¥5,729 million in FY9/10

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1. Earnings Performance

(1) Earnings Performance Analysis

(Earnings Performance in Current Term)

During the term under review, the Japanese economy underwent a gradual recovery during the first half on the back of various government stimulus measures and growth in developing economies. However the Great East Japan Earthquake that occurred on March 11, 2011 negatively impacted production activities of companies and consumer spending. Following on the heels of this natural disaster, the sovereign debt crisis in Europe and subsequent instability in the financial markets, continued record high levels of the Yen, and fears over weaker economies around the globe led to a continuation of uncertainties regarding the future.

With regards to the environment surrounding the Internet businesses in which the SEPTENI Group operates, connectivity to the Internet by both personal computers and cellular telephones is quickly becoming a matter of fact. Furthermore the rapid increase in smartphones used as a prominent device to connect to the Internet is leading to an expansion in advertising related services for smartphones. Furthermore marketing tools and social games specifically designed to match the characteristics of social networking services (SNS) and other social media represent new business opportunities.

Against this backdrop, our Group was able to grow sales by 6.1% year-over-year to ¥34,632 million despite the Great East Japan Earthquake. However, the inability to achieve our initial sales estimates due to the Great East Japan Earthquake, and anticipatory investments in human resources and new businesses to raise our competitive standing led to a 15.4% year-over-year decline in operating income to ¥928 million. At the same time income from minority shareholdings contributed to a ¥125 million improvement in non-operating income, and allowed ordinary income to fall by a smaller margin of 4.3% year-over-year to ¥980 million. In addition, costs associated with the impending move of our headquarters in December 2011 led to an extraordinary loss totalling ¥197 million. Consequently net income fell by 21.4% year-over-year to ¥429 million.

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

Furthermore, from the current fiscal year we have implemented “Accounting Standards for Segment Information Display Methods” (Corporate Accounting standard Number 17, March 27, 2009) and “Implementation Policy for the Accounting Standards for Segment Information Display Methods” (Corporate Accounting Standards Implementation Policy Number 20, March 21, 2008).

Of the earnings performance of our various segments mentioned below, we do not provide year-over-year comparisons for our “technology business” and “contents business” because they were newly formed.

Internet Advertising Business

Amidst an expansion in SEPTENI’s Internet advertising business, we conducted marketing activities designed to raise our Group’s share of the market, grow our transaction volumes in mobile advertising for smartphones, and expand our high value added web solutions (including SEO and website creation). In addition, we are endeavoring to develop new businesses in new growth fields by launching marketing support services leveraging various social media including the world’s largest SNS, “Facebook.” SEPTENI is also accelerating its regional business deployment with the opening of three new regional offices in Sendai, Niigata, and Kanazawa. However, weaker display advertising and other forms of advertising resulting from the negative impact of the Great East Japan Earthquake upon the economy caused sales to fall short of estimates. At the same time, we incurred higher selling, general and administrative costs due to investments in human resources to raise our future competitiveness and in new businesses. Consequently sales rose by 7.3% year-over-year to ¥29,377 million, while operating income fell by 17.9% year-over-year to ¥941 million.

Technology Business

The cloud customer relationship management (CRM) services provided by Tricorn Corporation benefitted from growth in web marketing project numbers and increases in pricing per client. At the same time, Cytech, Inc. is in the course of shifting its business focus from consigned system development to social media application development, and failed to achieve profitability. Consequently sales and operating income declined by 2.7% and 27.8% year-over-year to ¥692 and ¥128 million, respectively.

Contents Business

While sales of electronic books and other contents targeting smartphones expanded, existing contents for traditional cellular telephones continued to contract. Consequently sales and operating income fell by 8.3% and 70.4% year-over-year to ¥1,231 and ¥10 million, respectively

Direct Marketing Business

Demand for the main service of consigned direct mailing services remained firm and allowed sales to rise by 3.0% year-over-year to ¥2,310 million. At the same time increases in labor and other costs caused operating income to decline by 16.1% year-over-year to ¥154 million.

Other Business

Commerce related sales saw an end to the decline in sales and progress in efforts to improve the profit structure. Consequently sales rose by 0.4% year-over-year to ¥1,101 million and an operating income improved to ¥22 million from an operating loss of ¥60 million in the previous term.

(Earnings Estimates for the Next Term)

The SEPTENI Group is currently making changes to its services as part of the strategy defined in our Three Year Midterm Business Plan (From FY9/11 to FY9/13) to capture new growth opportunities. In the first year of our plan which ended in fiscal year September 2011 we took aggressive steps to develop new businesses. In the second year of the plan, fiscal year September 2012, we will endeavor to improve profitability as well as continue to promote new business development. Furthermore we will allocate our business resources to new growth fields related to smartphones and social media applications for our existing businesses, and expand our businesses to overseas markets to secure new growth opportunities.

In our Internet Advertising Business, we will promote the expansion of advertising sales targeting smartphones, which are growing rapidly, and cultivate social media related applications to become a cornerstone of our profits. Furthermore we will expand our investments in the ad network business, where demand is growing, and fortify our service lineup.

In the Technology Business we will open regional offices in various parts of Japan and in overseas markets to expand sales channel for cloud services.

With regards to our Contents Business, AXEL MARK and FROUTE were merged with the goals of expanding their realm of businesses and raising their profitability. In addition to the continued fortification of services targeting smartphones, we will also concentrate our efforts upon capturing opportunities to secure profits in the realm of social game development.

(Regarding Changes in the Display Method for Our Earnings Estimates)

Due to the complicated nature of our business structure with the five different business segments that we operate (Internet Advertising, Technology, Contents, Direct Marketing, and Other Businesses), it has become difficult to provide accurate estimates for our earnings. In addition, the rapid diffusion of smart phones and large changes in the operating environment brought on by the broadening usage of social media represent an expansion in new business opportunities and make predicting industry trends more difficult.

For example, the ability to create new hit products in the realms of social games and smart phone applications in our Contents Business will significantly influence earnings. However the success or failure of these types of contents only becomes apparent after the start of their services and making rational estimates at the design stage is extremely difficult. Furthermore, in our main Internet Advertising Business the share of internet advertising of the overall advertising market has risen and become a large factor influencing earnings. At the same time the share of display advertising, which is recorded as sales at the time of order booking, of our total sales continues to fall, while the share of advertising linked to search functions, which is recorded as sales when the project is delivered, of our total sales is on the rise. Consequently it is becoming more difficult to predict our sales trends several months forward and the uncertainties in our existing businesses is on the rise. Moreover, uncertainties are expected to grow along with the increase in the share of new businesses as SEPTENI is currently focused upon creating and cultivating new businesses in its current

Midterm Business Plan.

Taking these changes into consideration, the SEPTENI Group deems that making highly accurate earnings estimates at early stages of the new fiscal year is difficult, and has subsequently decided to release earnings estimates for only the subsequent quarter only at the time of each quarterly earnings announcement effective from the fiscal year September 2012.

First Quarter of Fiscal Year September 2012 Earnings Estimates (From October 1 to December 31, 2011)

Sales:	¥9,200 million
Operating Income:	¥240 million
Ordinary Income:	¥250 million
Net Income:	¥130 million

(2) Financial Position Analysis

Assets, Liabilities, Net Assets (Assets)

Current assets declined by ¥813 million from the end of the previous fiscal year to ¥9,362 million due in part to a ¥1,122 million drop in cash and equivalents.

Fixed assets grew by ¥623 million from the end of the previous term to ¥2,819 million due primarily to ¥428 and ¥378 million increases in marketable securities and deposits, respectively, and despite an ¥87 million decline in buildings and structures.

Consequently total assets fell by ¥189 million from the end of the previous term to ¥12,182 million.

(Liabilities)

Current liabilities declined by ¥378 million from the end of the previous term to ¥5,711 million on the back of reductions in short term debt and portion of long term debt repayable within one year of ¥322 and ¥227 million respectively, which offset a ¥194 million increase in accounts payable.

Fixed liabilities declined by ¥73 million from the end of the previous term to ¥127 million due in part to ¥29 and ¥26 million drops in lease liabilities and long term debt respectively.

Consequently total liabilities fell by ¥452 million from the end of the previous term to ¥5,839 million.

(Net Assets)

With regards to net assets, the recording of ¥429 million in net income helped to offset a ¥125 million drop due to dividend payments and allowed net assets to rise by ¥263 million to ¥6,342 million.

Cash Flow Conditions

During the term under review, cash and equivalents fell by ¥1,122 million from the end of the previous term to ¥4,453 million.

We provide details of our various cash flows for the current fiscal year below.

(Operating Cash Flow)

During the current term, we saw a net inflow of cash from our operating activities of ¥548 million, which compares with an inflow of ¥1,195 million in the previous term. Factors behind this net inflow of cash include ¥356 and ¥404 million increases in receivables and tax payments respectively, ¥223 million increase in payables, and ¥839 million in net income before taxes.

In our investing activities we realized a net outflow of ¥932 million, which compares with a net outflow of ¥58 million in the previous term. This outflow is attributed primarily to the acquisition of securities of affiliated companies and payment for deposits and security deposits of ¥398 and ¥411 million respectively.

During the term under review, we recorded a net outflow of ¥738 million in our financing activities, which compares with an outflow of ¥280 million in the previous term. This outflow is attributed to declines in short and long term debts of ¥322 and ¥253 million respectively, and dividend payments of ¥125 million.

(Reference) Trends in Our Cash Flow Related Indicators

	FY9/07	FY9/08	FY9/09	FY9/10	FY9/11
Net Asset Ratio (%)	47.3	44.6	44.0	45.3	48.6
Capital Adequacy Ratio, Market Capitalization Based (%)	178.1	87.5	53.7	43.6	42.8
Cash Flow to Interest Bearing Debt Ratio (%)	65.3	310.0	531.2	122.0	155.5
Interest Coverage Ratio	96.9	41.1	13.5	66.2	46.5

Net Asset Ratio: $\text{Net Assets} / \text{Total Assets}$

Capital Adequacy Ratio: $\text{Market Capitalization} / \text{Total Assets}$

Cash Flow to Interest Bearing Debt Ratio: $\text{Interest Bearing Debt} / \text{Operating Cash Flow}$

Interest Coverage Ratio: $\text{Operating Cash Flow} / \text{Interest Payments}$

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 Distribution of Profits, and 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 full year dividend target level of 1,000 yen per share, and seek to strike a balance between stability in dividends and appropriate level of profit distribution to allow us to grow our earnings. 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 fiscal year. Furthermore with regards to dividends in the coming term, we expect to implement a dividend in accordance with the above mentioned policy, and will announce a specific value for our dividend estimate at a point in time where we can announce earnings estimates for the full year (Expected to be at the time of the announcement of our third quarter earnings results.).

2. Corporate Structure

As of September 30, 2011 the SEPTENI Group is comprised of the holding company SEPTENI HOLDINGS, 16 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, Technology, Contents, Direct Marketing, and Other Businesses.

Furthermore, from the current fiscal year we have implemented "Accounting Standards for Segment Information Display Methods" (Corporate Accounting standard Number 17, March 27, 2009) and "Implementation Policy for Accounting Standards for Segment Information Display Methods" (Corporate Accounting Standards Implementation Policy Number 20, March 21, 2008).

Below we provide a breakdown of the companies which belong to each of our business segments.

Internet Advertising Business

Internet advertising agency business

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

Internet advertising sales and comprehensive Internet marketing support services

Technology Business

Tricorn Corporation (100% owned consolidated subsidiary)

CRM services provision

Contents Business

AXEL MARK INC. (57.0% owned consolidated subsidiary)

Media and contents planning, development and operations for cellular telephone

Direct Marketing Business

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

Sales promotion direct mail and other paper media mail outsourcing services

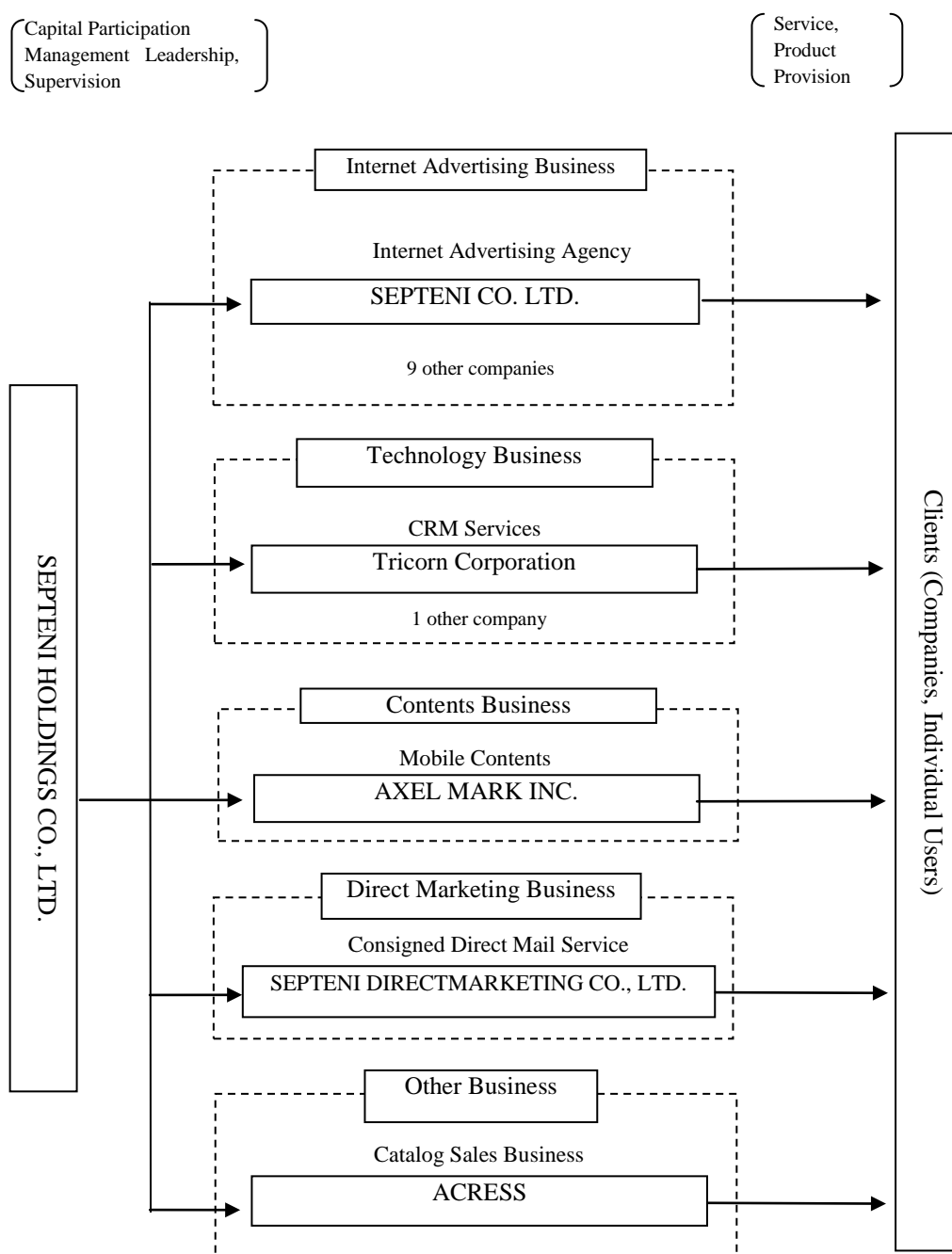
Other Business

Commerce business

ACRESS (100% owned consolidated subsidiary)

Catalog sales services

Diagram of SEPTENI's Corporate Structure



3. Management Policy

(1) Corporate Management Basic Policy

The SEPTENI corporate motto is “Rock your brain and be creative” 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 to Long 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 September 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, for development of in-house services at the core of our businesses. The Plan also calls for 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
- Operating income: ¥3.0 billion

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Units: Thousand Yen)

	Previous Term (September 30, 2010)	Current Term (September 30, 2011)
Assets		
Current assets		
Cash and equivalents	5,575,858	4,453,309
Notes, accounts receivable	4,090,824	4,446,584
Products	40,783	38,795
Unfinished products	29,237	47,601
Stored goods	7,861	6,865
Deferred tax assets	163,661	91,320
Others	273,489	283,513
Doubtful account reserves	-5,505	-5,237
Total current assets	10,176,209	9,362,752
Fixed assets		
Tangible fixed assets		
Buildings, structures (net)	103,063	15,617
Equipment, tools, others (net)	66,108	61,734
Others (net)	2,868	573
Total tangible fixed assets	172,040	77,925
Intangible fixed assets		
Goodwill	248,858	212,815
Software	56,769	38,001
Lease assets	118,118	90,860
Others	4,587	5,931
Total intangible fixed assets	428,333	347,608
Investments, other assets		
Investment securities	1,069,861	1,498,086
Security deposits	551,885	930,606
Deferred tax assets	48,601	64,514
Others	89,194	53,450
Doubtful account reserves	-164,631	-152,927
Total investments, other assets	1,594,911	2,393,730
Total fixed assets	2,195,286	2,819,264
Total assets	12,371,495	12,182,017

(Units: Thousand Yen)

	Previous Term (September 30, 2010)	Current Term (September 30, 2011)
Liabilities		
Current liabilities		
Notes, accounts payable	3,808,991	4,003,889
Short term debt	1,051,002	728,338
Portion of long term debt due within one year	253,350	26,100
Lease liabilities	29,985	29,044
Unpaid accounts	177,907	155,563
Unpaid taxes	184,772	230,552
Bonus reserves	189,033	154,514
Product return adjustment reserves	1,000	822
Business loss reserves	8,262	—
Office moving expense reserves	—	15,772
Others	385,981	366,799
Total current liabilities	6,090,286	5,711,396
Fixed liabilities		
Long term debt	26,100	—
Lease liabilities	98,905	69,860
Others	76,378	57,893
Total fixed liabilities	201,383	127,753
Total liabilities	6,291,670	5,839,150
Net assets		
Shareholders' equity		
Capital	2,006,256	2,007,848
Capital reserves	3,107,190	3,108,781
Retained earnings	992,929	1,296,288
Treasury stock	-485,011	-485,011
Total shareholders' equity	5,621,364	5,927,906
Accumulated other comprehensive income		
Other marketable securities valuation gains	-10,906	-13,100
Total accumulated other comprehensive income	-10,906	-13,100
Stock options	56,274	33,082
Minority interests	413,092	394,979
Total net assets	6,079,825	6,342,866
Total liabilities, net assets	12,371,495	12,182,017

(2) Consolidate Income Statement, Comprehensive Income Statement
(Consolidated Income Statement)

(Units: Thousand Yen)

	Previous Term (From October 1, 2009 to September 30, 2010)	Current Term (From October 1, 2010 to September 30, 2011)
Net Sales	32,648,558	34,632,903
CGS	26,272,389	28,260,465
Gross income	6,376,169	6,372,437
Returned product adjustment reserves reversal	1,177	1,000
Returned product adjustment reserves	1,000	822
Adjusted gross income	6,376,345	6,372,616
SG&A	5,278,247	5,443,877
Operating income	1,098,097	928,738
Non-operating income		
Interest income	2,399	1,782
Dividend income	673	562
Marketable security valuation gains	7,206	—
Minority shareholding income	—	72,346
Others	13,805	21,137
Total non-operating income	24,085	95,829
Non-operating expense		
Interest payment	18,065	11,795
Share listing related expense	14,937	14,873
Marketable securities valuation losses	—	13,238
Minority shareholding investment losses	61,592	—
Others	3,462	4,577
Non-operating expense	98,058	44,485
Ordinary income	1,024,124	980,082
Extraordinary income		
Marketable securities liquidation profit	59,470	10,503
Profit on change in minority shareholdings	—	7,325
Doubtful account reserve reversals	12,808	12,177
Stock options reversal profit	47,303	21,353
Others	8,056	5,301
Total extraordinary income	127,639	56,662
Extraordinary loss		
Fixed asset liquidation loss	6,386	8
Impairment accounting losses	283,347	121,531
Marketable securities liquidation losses	299	—
Marketable securities valuation losses	21,439	53,226
Business loss reserve reversal	8,262	—
Business losses	43,129	—
Others	22,423	22,402
Total extraordinary losses	385,288	197,170
Net income before taxes	766,475	839,574
Corporate, residence, enterprise taxes	266,609	362,082
Corporate tax adjustment	-28,936	57,820
Total taxes	237,673	419,902
Income before minority interests	—	419,671
Minority interests losses	-16,968	-9,463
Net income	545,771	429,135

(Consolidated Comprehensive Income Statement)

(Units: Thousand Yen)

	Previous Term (From October 1, 2009 to September 30, 2010)	Current Term (From October 1, 2010 to September 30, 2011)
Income before minority interests	—	419,671
Other comprehensive income		
Other marketable securities valuation difference	—	-2,194
Total other comprehensive income	—	-2,194
Comprehensive income	—	417,477
(Details)		
Comprehensive income attributable to parent shareholding	—	426,940
Comprehensive income attributable to minority interests	—	-9,463

(3) Changes in Consolidated Shareholders' Equity Statement

(Units: Thousand Yen)

	Previous Term (From October 1, 2009 to September 30, 2010)	Current Term (From October 1, 2010 to September 30, 2011)
Shareholders' equity		
Capital		
Total at previous term end	1,997,978	2,006,256
Change in current term		
New stock issued	8,278	1,591
Total change in current term	8,278	1,591
Total at current term end	2,006,256	2,007,848
Capital reserves		
Total at previous term end	3,099,204	3,107,190
Change in current term		
New stock issued	7,985	1,591
Total change in current term	7,985	1,591
Total at current term end	3,107,190	3,108,781
Retained earnings		
Total at previous term end	561,970	992,929
Change in current term		
Dividends from retained earnings	-114,812	-125,777
Net income	545,771	429,135
Total change in current term	430,958	303,358
Total at current term end	992,929	1,296,288
Treasury stock		
Total at previous term end	-418,093	-485,011
Change in current term		
Treasury stock acquisition	-66,918	—
Total change in current term	-66,918	—
Total at current term end	-485,011	-485,011
Total shareholders' equity		
Total at previous term end	5,241,060	5,621,364
Change in current term		
New stock issued	16,264	3,182
Dividends from retained earnings	-114,812	-125,777
Net income	545,771	429,135
Treasury stock acquisition	-66,918	—
Total change in current term	380,304	306,541
Total at current term end	5,621,364	5,927,906

(Units: Thousand Yen)

	Previous Term (From October 1, 2009 to September 30, 2010)	Current Term (From October 1, 2010 to September 30, 2011)
Accumulated other comprehensive income		
Valuation difference on markeable securities		
Total at previous term end	1,771	-10,906
Change in current term		
Net change in items other than shareholders' equity	-12,678	-2,194
Total change in current term	-12,678	-2,194
Total at current term end	-10,906	-13,100
Total accumulated other comprehensive income		
Total at previous term end	1,771	-10,906
Change in current term		
Net change in items other than shareholders' equity	-12,678	-2,194
Total change in current term	-12,678	-2,194
Total at current term end	-10,906	-13,100
Stock option		
Total at previous term end	80,509	56,274
Change in current term		
Net change in items other than shareholders' equity	-24,235	-23,192
Total change in current term	-24,235	-23,192
Total at current term end	56,274	33,082
Minority interests		
Total at previous term end	447,055	413,092
Change in current term		
Net change in items other than shareholders' equity	-33,962	-18,113
Total change in current term	-33,962	-18,113
Total at current term end	413,092	394,979
Total net assets		
Total at previous term end	5,770,397	6,079,825
Change in current term		
New stock issued	16,264	3,182
Dividends from retained earnings	-114,812	-125,777
Net income	545,771	429,135
Treasury stock acquisition	-66,918	—
Net change in items other than shareholders' equity	-70,876	-43,500
Total change in current term	309,428	263,040
Total at current term end	6,079,825	6,342,866

(4) Consolidated Cash Flow Statement

(Units: Thousand Yen)

	Previous Term (From October 1, 2009 to September 30, 2010)	Current Term (From October 1, 2010 to September 30, 2011)
Cash flow from operating activities		
Net income before taxes	766,475	839,574
Depreciation, amortization	111,572	114,928
Impairment accounting loss	283,347	121,531
Amortization goodwill	64,520	49,761
Doubtful account reserves	-13,622	-11,972
Bonus reserves	27,603	-34,518
Business loss reserves	-92,122	-8,262
Marketable securities valuation losses	14,233	66,465
Marketable securities liquidation losses	-59,170	-10,503
Interest, dividends received	-3,073	-2,345
Interest payment	18,065	11,795
Minority shareholding income	62,892	-69,830
Fixed asset liquidation losses	6,386	8
Change in minority shareholding losses	—	-7,325
Asset impairment obligation accounting standard implementation	—	1,380
Stock compensation expense	29,642	6,294
Stock option reversal	-47,303	-21,353
Change in receivables	7,036	-356,874
Change in inventories	-20,522	-15,379
Change in payables	40,397	223,920
Others	91,830	10,579
Subtotal	1,288,189	907,875
Interest, dividends received	3,088	2,345
Interest paid	-19,672	-11,530
Tax claims payment	125,882	54,015
Corporate, other taxes	-201,578	-404,091
Cash flow from operating activities	1,195,910	548,615
Cash flow from investing activities		
Acquisition of tangible fixed assets	-29,074	-45,305
Acquisition of intangible fixed assets	-34,995	-19,616
Fixed asset liquidation income	3,707	—
Marketable securities acquisition	-58,045	-34,043
Marketable securities liquidation	46,898	15,000
Subsidiary share acquisition	-12,489	-31,798
Subsidiary share liquidation	—	18,205
Affiliate company share acquisition	-30,000	-398,900
Affiliate company share liquidation	19,360	—
Change in loans extended	1,464	-9,487
Deposits, security deposits payment	—	-411,683
Others	34,937	-15,357
Cash flow from investing activities	-58,237	-932,988

(Units: Thousand Yen)

	Previous Term (From October 1, 2009 To September 30, 2010)	Current Term (From October 1, 2010 to September 30, 2011)
Cash flow from financing activities		
Change in short term debt	186,00	-322,664
Long term debt repayment	-272,100	-253,350
Lease liabilities repayment	-19,636	-29,985
New share issuance	9,689	0
Treasury stock acquisition	-66,918	—
Dividend payment	-114,812	-125,777
Dividend payment to minority interests	-3,040	-6,400
Others	-46	—
Cash flow from financing activities	-280,863	-738,175
Cash and equivalents translation gains	—	—
Net change in cash and equivalents	856,809	-1,122,548
Cash and equivalents at term start	4,719,048	5,575,858
Cash and equivalents at term end	5,575,858	4,453,309

(5) Notes Regarding Going Concern Assumptions

Not applicable

【Business Segment Information】

Fiscal Year September 2011 (From October 1, 2010 to September 30, 2011)

1. Reported Business Segment Overview

Our reported business segments are units for which financial information can be derived, and are periodically considered for evaluation and for allocation of business resources during board of director meetings. SEPTENI has categorized its divisions in accordance with these reported business segments in line with market conditions as “Internet Advertising Business”, “Technology Business”, “Contents Business”, “Direct Marketing Business”, and “Other Business.” Furthermore descriptions of our reported business segments are provided below.

Business Segment	Business Description
Internet Advertising	Internet advertising agency, ad network, mobile media rep
Technology	Mail distribution ASP, CRM services, system integration
Contents	Mobile contents provision
Direct Marketing	Consigned direct mail, sales promotional services
Other	Commerce, various new businesses

2. Calculations for our reported business segment sales, income, assets and other items

Income for our reported business segments are operating income. Internal sales between our different segments and transfers are based on market prices.

3. Information Relating to Reported Business Segment Sales, Income, Assets and Other Items
Fiscal Year September 2010 (From October 1, 2009 to September 30, 2010)

(Units: Thousand Yen)

	Reported Business Segments						Adjustments (Notes: 1, 2)	Consolidated Account (Note: 3)
	Internet Advertising	Technology	Contents	Direct Marketing	Other	Total		
Sales								
External sales	27,339,288	645,999	1,342,067	2,226,093	1,095,109	32,648,558	—	32,648,558
Internal sales, transfers	47,733	65,936	50	16,015	2,154	131,889	(131,889)	—
Total	27,387,022	711,935	1,342,117	2,242,109	1,097,263	32,780,448	(131,889)	32,648,558
Operating income	1,146,616	178,056	36,453	184,263	-60,390	1,484,999	(386,901)	1,098,097
Assets	6,817,432	656,485	1,411,532	754,623	496,851	10,136,926	2,234,569	12,371,495
Other items								
Depreciation	45,371	7,289	28,142	1,193	36,554	118,551	(6,979)	111,572
Change in tangible, intangible fixed assets	33,754	3,855	10,498	275	153,946	202,331	(5,628)	196,702

(Note)

1. Within segment operating income, ¥4.408 million of the ¥386.901 million in adjustments was considered to be transactions between reported business segments and ¥391.310 million in expenses which are considered to be company wide. Company wide expenses are considered to be expense for the operation of the holding company.
2. Within assets, 2,234.569 million yen is considered to be cash and equivalents, marketable securities and other assets used by the holding company in company wide operations.
3. Segment income or loss are adjusted from consolidated financial statements.

Fiscal Year September 2011 (From October 1, 2010 to September 30, 2011)

(Units: Thousand Yen)

	Reported Business Segments						Adjustments (Notes: 1, 2)	Consolidated Account (Note: 3)
	Internet Advertising	Technology	Contents	Direct Marketing	Other	Total		
Sales								
External sales	29,355,517	654,769	1,229,361	2,296,392	1,096,226	34,632,267	636	34,632,903
Internal sales, transfers	22,075	38,007	1,800	13,835	5,412	81,132	(81,132)	—
Total	29,377,592	692,777	1,231,161	2,310,228	1,101,639	34,713,399	(80,496)	34,632,903
Operating income	941,685	128,525	10,786	154,511	22,144	1,257,653	(328,914)	928,738
Assets	6,947,399	616,837	1,564,737	638,816	450,330	10,218,121	1,963,895	12,182,017
Other items								
Depreciation	50,976	14,132	16,148	891	39,894	122,043	(7,114)	114,928
Change in tangible, intangible fixed assets	28,408	32,903	669	2,717	1,712	66,411	(60)	66,351

(Note)

1. Within segment operating income, ¥10.279 million of the ¥328.914 million in adjustments was considered to be transactions between reported business segments and ¥636 thousand was considered to be company wide income and ¥339.829 company wide expenses. Company wide expenses are considered to be expense for the operation of the holding company
2. Within assets, 1,963.895 million yen is considered to be cash and equivalents, marketable securities and other assets used by the holding company in company wide operations.
3. Segment income or loss are adjusted from consolidated financial statements.