

Summary of Consolidated Business Results for the Fiscal Year Ended September 30, 2014

November 4, 2014
Listed Market: TSE

SEPTENI HOLDINGS CO., LTD.

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

Representative: President and Representative Director Koki Sato

Contact Person: IR and PR division Manager Eiichi Sou, Telephone: +81-3-6857-7258

Anticipated General Annual Shareholder Meeting Date: December 19, 2014

Anticipated Dividend Payment Date: December 3, 2014

Anticipated Financial Report Filing Date: December 19, 2014

Supplemental Earnings Presentation Materials: Available

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

(All figures of less than 1 million yen are rounded down to the nearest digit)

1. Consolidated Earnings for the Fiscal Year Ended September 2014 (October 1, 2013 – September 30, 2014)

(1) Consolidated Earnings (% figures represent year-over-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY9/14	54,345	18.2	2,259	41.8	2,362	34.8	1,549	28.3
FY9/13	45,982	11.2	1,593	4.3	1,752	7.0	1,207	78.3

(Note) Comprehensive income: ¥1,738million in FY9/14 (38.9%); ¥1,251million in FY9/13 (63.1%)

	EPS	Fully Diluted EPS	ROE	ROA	Operating Margin
	Yen	Yen	%	%	%
FY9/14	61.22	59.54	18.5	12.6	4.2
FY9/13	47.90	46.56	17.2	11.5	3.5

(Reference) Minority shareholding income: ¥66 million in FY9/14; ¥100 million in FY9/13

(Note) The Company implemented a 200-for-1 stock split for its common stock on October 1, 2013. EPS and fully diluted EPS in FY9/13 are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million Yen	Million Yen	%	Yen
FY9/14	21,625	10,203	42.4	361.85
FY9/13	16,023	8,380	47.3	300.26

(Reference) Capital: ¥9,177 million in FY9/14; ¥7,574 million in FY9/13

(Note) The Company implemented a 200-for-1 stock split for its common stock on October 1, 2013. Book value per share in FY9/13 is calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(3) Consolidated Cash Flow Conditions

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and Equivalents
	Million Yen	Million Yen	Million Yen	Million Yen
FY9/14	2,830	-913	178	8,687
FY9/13	1,094	417	-85	6,570

2. Dividend Conditions

	Dividends					Total Value of Dividends	Dividend Payout Ratio (Consolidated)	Dividend to Net Asset Ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Term-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY9/13	—	—	—	1,400.00	1,400.00	176	14.6	2.5
FY9/14	—	—	—	9.00	9.00	228	14.7	2.7
FY9/15 Estimate	—	—	—	—	—	—	—	—

(Note) 1. Estimates for dividends in the fiscal year ending September 30, 2015 have yet to be decided. For the dividend policy, please refer to “1. Earnings Performance, Financial Conditions Analysis, (3) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms.”

2. The Company implemented a 200-for-1 stock split for its common stock on October 1, 2013. The figures for the fiscal year ended September 30, 2013 are stated based on the number of shares before the stock split.

3. Earnings Estimates for the First Quarter of the Fiscal Year Ending September 30, 2015 (October 1, 2014 – December 31, 2014)

(% figures represent year-over-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
1 st quarter (cumulative)	14,000	11.7	300	-56.1	300	-59.3	1,000	142.0	39.43

(Note) Instead of full-year earnings estimates, the Company discloses its earnings estimates for the next quarter. For details, please refer to “1. Earnings Performance, Financial Conditions Analysis, (1) Earnings Performance Analysis” in this document.

* Annotation

(1) Important changes in subsidiaries, including changes in the scope of consolidation: None

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

Changes accompanying revisions in accounting standards: None

Other changes in accounting methods: None

Changes in accounting estimates: None

Redisplay of revisions: None

(3) Shares issued (common stock)

Shares issued as of term-end (incl. Treasury stock):	FY9/14	27,147,000	FY9/13	27,011,200
Treasury stock as of term-end:	FY9/14	1,784,600	FY9/13	1,784,600
Average number of shares outstanding:	FY9/14	25,305,333	FY9/13	25,201,633

(Note) The Company implemented a 200-for-1 stock split for its common stock on October 1, 2013. Shares issued as of term-end, treasury stock as of term-end and average number of shares outstanding in FY9/13 were calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(Reference) Non-Consolidated Earnings Overview

1. Non-Consolidated Earnings for the Fiscal Year Ended September 2014 (October 1, 2013 – September 30, 2014)

(1) Non-Consolidated Earnings (% figures represent year-over-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY9/14	2,521	32.1	1,105	67.6	1,163	67.6	1,267	826.0
FY9/13	1,908	24.3	659	61.8	694	80.8	136	- 44.4

	EPS	Fully Diluted EPS
	Yen	Yen
FY9/14	50.10	48.72
FY9/13	5.43	5.28

(Note) The Company implemented a 200-for-1 stock split for its common stock on October 1, 2013. EPS and fully diluted EPS in FY9/13 are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million Yen	Million Yen	%	Yen
FY9/14	8,165	7,406	90.3	290.84
FY9/13	6,983	6,267	89.0	246.53

(Reference) Capital: ¥ 7,376 million in FY9/14; ¥ 6,219 million in FY9/13

(Note) The Company implemented a 200-for-1 stock split for its common stock on October 1, 2013. Book value per share in FY9/13 is calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

Index

1. Earnings Performance, Financial Conditions Analysis	2
(1) Earnings Performance Analysis	2
(2) Financial Conditions Analysis	3
(3) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms	5
2. Corporate Structure	6
3. Management Policy	7
(1) Basic Corporate Management Policy	7
(2) Medium- to Long-Term Corporate Strategy and Issues to Be Addressed	7
4. Consolidated Financial Statements	8
(1) Consolidated Balance Sheet	8
(2) Consolidated Income Statement, Comprehensive Income Statement	10
(3) Change in Consolidated Shareholders' Equity Statement	12
(4) Consolidated Cash Flow Statement	14
(5) Notes to Consolidated Financial Statements	16
(Notes Regarding Going Concern Assumptions)	16
[Business Segment Information]	16

1. Earnings Performance, Financial Conditions Analysis

(1) Earnings Performance Analysis

(Earnings Performance in the Current Term)

Looking at the Internet business environment in which the SEPTENI Group operates, the rapid proliferation of smartphones has continued, with the number of domestic contracts as of the end of September 2014 totaling 62.48 million, which makes up 50.3% of the total number of mobile phone contracts (source: MM Research Institute). As such, smartphones are about to become a mainstream device for accessing the Internet and the market for smartphone advertising and various services and content is expanding. In addition, the power of social media, led by SNS (social networking services), has increased still further, and this is consequently prompting greater demand for marketing support that makes use of the characteristics of social media. These changes in the operating environment have led to the Group promoting the global expansion of its Internet business, with overseas business opportunities on the rise.

In this environment, the Group was able to expand its operations and increase profitability in its mainstay Internet Marketing Business by promoting business operations with key businesses focused on “Mobile,” “Social,” and “Global.” In addition, it proactively made upfront investments in human resources and new businesses, etc. to strengthen its future competitiveness. As a result, sales and all profit categories set record highs for the third consecutive fiscal year, with net sales increasing to ¥54,345 million (up 18.2% year on year), operating income rising to ¥2,259 million (up 41.8% year on year), ordinary income advancing to ¥2,362 million (up 34.8% year on year) and net income climbing to ¥1,549 million (up 28.3% year on year) on a consolidated basis.

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

Internet Marketing Business

In the Internet Marketing Business, we provide comprehensive marketing support services to customers by leveraging the power of the Internet. Specifically, we engage in sales of Internet advertising and provision of Web solutions (website creation and operation, SEO services) in addition to in-house services including marketing platform operations for ad networks and cloud-based CRM services.

During the current term, the segment was able to steadily expand its operations along with improving its profitability as a result of success achieved by key businesses focused on “Mobile,” “Social,” and “Global.” Strong growth continued in smartphone advertising, with an upswing in sales by around 2.1 times year on year, as a result of stronger demand and diversification of advertising products. In addition, the number of transactions handled by Group’s Social Media Business, which centers on the Group’s strongpoint of marketing support services using Facebook, expanded substantially by a factor of around 2.9, mainly as a result of an increase in the number of users and greater use of smartphones. Meanwhile, overseas business started to develop in earnest beginning this fiscal year, with operations expanding significantly, centered on the base in North America. The Group pushed forward with establishing a business foundation toward exploring new markets, such as by newly setting up two overseas bases (London, Seoul) as well as creating a subsidiary from a South Korean Internet advertising company (consolidated as of September 30, 2014).

As a result of these developments, net sales and operating income rose by 22.3% and 35.9% year on year, to ¥48,271 million and ¥2,740 million, respectively.

Media Content Business

The Media Content Business plans and develops digital content, including social games, primarily for smartphones, and provides it to users through SNS, the application market, and other platforms. The business also develops and produces Manga artists and distributes Manga works, aiming to plan and develop our own intellectual property.

During the current term, existing titles such as the browser game *Legion of the Sky* and the native application game *Traitorous Ciel Ark*, which falls under the mobile game business operated by AXEL MARK INC., continued at a firm pace, but sales for this business declined year on year as a result of new titles being limited to one browser game. In addition, as an upfront investment toward business expansion going forward, we proactively promoted the development of a native application game that is scheduled to be released in or after the fiscal year ending September 30, 2015.

Meanwhile, we began our full-fledged business expansion this fiscal year in the Manga Content Business, such as starting *GANMA!*, an online distribution service for new serial Manga, in December last year, by proactively making upfront investments in both cultivating Manga Artists and expanding the distribution service.

As a result of the above, net sales came to ¥3,458 million (down 6.9% year on year) and operating loss ended at ¥277 million (compared with operating loss of ¥219 million in the previous term).

(Earnings Estimates for the Next Term)

For the term ending September 30, 2015, the Group aims to achieve growth in both sales and profits through sustainable growth in the Internet Marketing Business while continuing to make active investments aimed at creating highly profitable businesses in the future.

With respect to the Internet Marketing Business, we will seek to expand operations and improve profitability with key businesses focused on “Mobile,” “Social,” and “Global.”

Regarding the Mobile Game Business in the Media Content Business, we are aiming for improved profitability by creating hit titles in native applications. As for the Manga Content Business, we plan to continue making active investments toward expanding the scale of our platform.

(First Quarter Earnings Estimates)

The Company publishes its earnings estimates for the next quarter when it announces its quarterly results.

For the first quarter of the term ending September 30, 2015, we expect sales to increase, given that the business performance of our mainstay Internet Marketing Business remains firm, but operating income is expected to decline in part due to a reaction to the temporary increase in gross income in the same period the previous fiscal year.

In the Media Content Business, although sales are expected to rise as a result of the release of new mobile game titles, greater operating loss is anticipated on a year-on-year basis due to aggressive advance investments centered on game development.

Meanwhile, all shares of a direct marketing subsidiary (in the “Other” business category) were transferred as of October 1 of this year and was excluded from consolidation starting in the first quarter. This transfer will be a factor behind a decline in sales as well as operating income in the fiscal year ending September 30, 2015, while extraordinary income of ¥1,098 million is expected to be posted as a gain on sales of the subsidiary’s stocks in the first quarter.

Given these circumstances, today the Company announced its earnings estimates for the first quarter of the fiscal year ending September 30, 2015, as follows:

Earnings Estimates for the First Quarter of the Fiscal Year Ending September 30, 2015 (October 1, 2014 – December 31, 2014)

Net Sales	¥14,000 million
Operating Income	¥300 million
Ordinary Income	¥300 million
Net Income	¥1,000 million

The estimates stated above are our forecasts based on the information currently available, and contain uncertain elements to a large extent. Actual earnings may differ from the above estimates due to various factors.

(2) Financial Condition Analysis

Assets, Liabilities, Net Asset Conditions

(Assets)

Current assets grew by ¥4,612 million from the end of the previous term, to ¥18,115 million at the end of the current term due to increases in cash and deposits and notes and accounts receivable-trade of ¥2,623 million and ¥1,828 million, respectively.

Non-current assets increased by ¥989 million from the end of the previous term, to ¥3,510 million, mainly attributable to a ¥194 million rise in goodwill and an increase of ¥177 million in investment securities.

As a result of these changes, total assets rose by ¥5,602 million from the end of the previous term, to ¥21,625 million at the end of the current term.

(Liabilities)

Current liabilities rose by ¥3,479 million from the end of the previous term, to ¥11,069 million at the end of the current term, partly due to a ¥2,499 million and ¥516 million increase in accounts payable-trade and unpaid taxes, respectively.

Non-current liabilities rose by ¥300 million from the end of the previous term, to ¥352 million, primarily attributable to a ¥297 million increase in long-term loans payable.

Consequently, total liabilities grew by ¥3,779 million, to ¥11,422 million over the same period.

(Net Assets)

Net assets grew by ¥1,822 million from the end of the previous term, to ¥10,203 million, partly due to inflow from net income of ¥1,549 million, which offset ¥176 million in dividend payments.

Cash Flow Conditions

During the current fiscal year, cash and equivalents grew by ¥2,117 million from the end of the previous term, to ¥8,687 million.

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

(Cash Flow from Operating Activities)

During the current fiscal year, we saw a net inflow of ¥2,830 million from operating activities, compared with a ¥1,094 million inflow in the previous term.

Factors contributing to this inflow included a ¥885 million increase in receivables, ¥980 million in corporate tax payments, a ¥1,659 million increase in payables, and the realization of ¥2,316 million in net income before taxes.

(Cash Flow from Investing Activities)

A net cash outflow of ¥913 million was seen in investing activities, compared with an inflow of ¥417 million in the previous term.

The main factors contributing to this net outflow included a ¥1,218 million outflow in the form of payments into time deposits, an outflow of ¥258 million associated with acquiring shares of a subsidiary related to a change in the scope of consolidation, which offset an inflow of ¥712 million from time deposits as well as proceeds of ¥190 million from the sale of investment securities.

(Cash Flow from Financing Activities)

In the current term, a net cash inflow of ¥178 million was recorded in financing activities, compared with an outflow of ¥85 million in the previous term.

This inflow is attributed to income of ¥500 million from long-term loans payable, even though we incurred a repayment of ¥127 million for long-term loans payable and a dividend payment of ¥176 million.

(Reference) Trends in Cash Flow-Related Indicators

	FY9/10	FY9/11	FY9/12	FY9/13	FY9/14
Net Asset Ratio (%)	45.3	48.6	45.0	47.3	42.4
Capital Adequacy Ratio, Market Capitalization Based (%)	43.6	42.8	62.0	139.5	149.3
Cash Flow to Interest-Bearing Debt Ratio (%)	122.0	155.5	73.7	77.9	42.8
Interest Coverage Ratio	66.2	46.5	116.6	180.0	557.6

Net Asset Ratio: Net Assets / Total Assets

Capital Adequacy Ratio: Market Capitalization / Total Assets

Cash Flow to Interest-Bearing Debt Ratio: Interest-Bearing Debt / Cash Flow from Operating Activities

Interest Coverage Ratio: Cash Flow from Operating Activities / Interest Payments

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

(3) Basic Policy Regarding the Distribution of Profits, and Dividends in the Current and Next Terms

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

With regard to the distribution of retained earnings, we will consider our consolidated earnings performance, the need to fortify our financial position, and the Group's forward-looking 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 ¥5 per share, and seek to strike a balance between stable dividends and an appropriate level of profit distribution to allow us to grow our earnings. In addition, we will endeavor to utilize our retained earnings for investments in training personnel, optimizing and reinvigorating our existing businesses, and capturing new business areas that have the potential for high growth and profitability.

Based on these policies, we expect to pay a ¥9 dividend per share during the current fiscal year.

Furthermore, with regard to dividends in the next term, we expect to implement a dividend in accordance with the abovementioned policy, and will announce the specific value for our dividend estimate as soon as we announce earnings estimates for the full year.

2. Corporate Structure

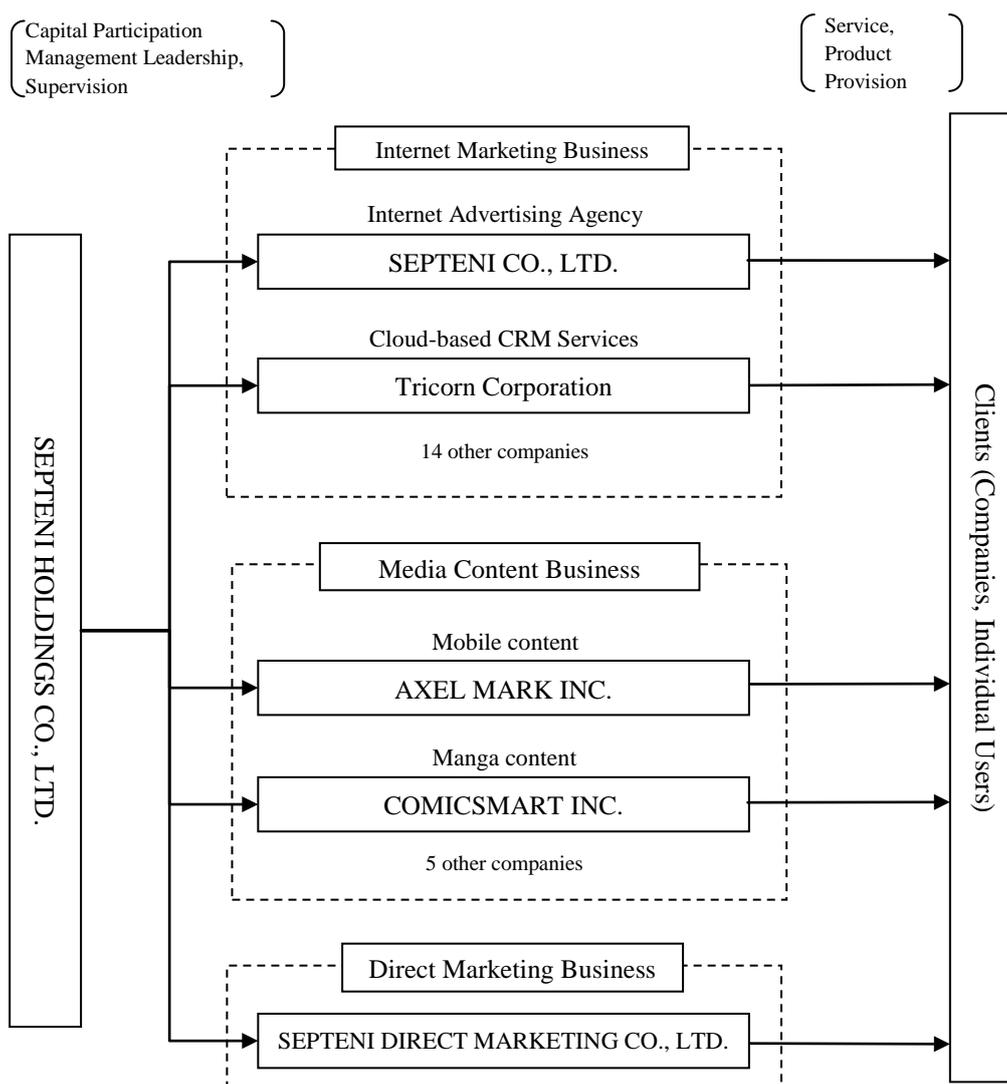
As of September 30, 2014, the SEPTENI Group comprises the holding company SEPTENI HOLDINGS, 24 consolidated subsidiaries, and two equity accounting method held affiliates and is engaged in Internet marketing, media content, and direct marketing businesses.

Below is description of businesses and a breakdown of the companies that belong to each of the Group's business segments.

Business Segment	Business Description	Main Consolidated Subsidiaries
Internet Marketing	Internet advertising sales, Web solutions (website creation, operation, SEO services), marketing platform operations for ad networks, cloud-based CRM services, Internet marketing support services for corporations	SEPTENI CO., LTD. Tricorn Corporation
Media Content	Provision of digital content for smartphones centered on games and cultivating and producing Manga Artists aimed at planning and developing our own IP (intellectual property) as well as operating a Manga distribution service, etc.	AXEL MARK INC. COMICSMART INC.
Direct Marketing	Consigned sales promotion direct mailing, paper media mailings	SEPTENI DIRECT MARKETING CO., LTD. (Note)

(Note) We transferred all our shareholdings and withdrew from the direct marketing business as of October 1, 2014.

SEPTENI's Corporate Structure



3. Management Policy

(1) Basic Corporate Management Policy

As no important revisions have been made since the announcement of earnings for the fiscal year ended September 30, 2011, released on November 4, 2011, we have omitted our comments here. To review the earlier announcement, please visit our home page: <http://www.septeni-holdings.co.jp/en/>.

(2) Medium- to Long-Term Corporate Strategy and Issues to be addressed

The Group intends to continue to accelerate its profit growth going forward, and has established a concept of “double profits” in the midterm business policies that it has formulated in November 2013. The aim of these midterm business policies is to further increase profits and improve the corporate value of the Group by creating a second mainstay business along with Internet advertising, as well as by increasing the share of highly profitable businesses, whether these are existing or new businesses. To that end, it regards “Mobile,” “Social,” and “Global” as its three business focuses, and will work to further expand the Group’s operations and improve its profitability by strengthening its existing businesses and promoting the development of new businesses mainly in these areas.

4. Consolidated Financial Statements
 (1) Consolidated Balance Sheet

(Unit: Thousand Yen)

	Previous Term (Ended September 30, 2013)	Current Term (Ended September 30, 2014)
Assets		
Current assets		
Cash and deposits	6,670,715	9,293,965
Notes and accounts receivable-trade	6,370,263	8,199,190
Unfinished products	16,933	67,324
Stored goods	5,436	4,050
Deferred tax assets	135,495	197,171
Other	324,375	380,977
Doubtful account reserves	-20,769	-27,480
Total current assets	13,502,450	18,115,200
Non-current assets		
Property, plant and equipment		
Buildings, structures (net)	156,720	112,284
Tools, furniture and fixtures (net)	99,317	93,934
Other (net)	1,631	1,855
Total property, plant and equipment	257,670	208,074
Intangible assets		
Goodwill	406,243	601,206
Software	47,660	269,780
Software in progress	222,413	25,113
Other	1,335	1,335
Total intangible assets	677,652	897,435
Investments and other assets		
Investment securities	964,609	1,141,908
Deposits and security deposits	569,625	646,850
Deferred tax assets	20,283	547,413
Other	31,316	70,822
Doubtful account reserves	-278	-1,918
Total investments and other assets	1,585,556	2,405,076
Total non-current assets	2,520,879	3,510,586
Total assets	16,023,329	21,625,786

(Unit: Thousand Yen)

	Previous Term (Ended September 30, 2013)	Current Term (Ended September 30, 2014)
Liabilities		
Current liabilities		
Accounts payable-trade	5,069,836	7,569,396
Short-term loans payable	742,588	730,002
Portion of long-term loans payable due within one year	99,996	175,001
Lease liabilities	1,488	245
Accounts payable-other	244,563	343,499
Unpaid taxes	413,355	930,006
Bonus reserves	305,737	330,620
Other	712,835	991,070
Total current liabilities	7,590,401	11,069,841
Non-current liabilities		
Long-term loans payable	8,345	305,568
Lease liabilities	245	—
Other	44,026	47,113
Total non-current liabilities	52,617	352,681
Total liabilities	7,643,019	11,422,523
Net assets		
Shareholders' equity		
Capital	2,025,310	2,053,010
Capital reserves	3,120,395	3,148,095
Retained earnings	2,911,589	4,284,190
Treasury stock	-485,011	-485,011
Total shareholders' equity	7,572,284	9,000,284
Accumulated other comprehensive income		
Valuation difference on marketable securities	-10,875	119,979
Foreign currency translation adjustment	13,208	57,036
Total accumulated other comprehensive income	2,332	177,016
Stock options	48,614	29,746
Minority interests	757,078	996,215
Total net assets	8,380,310	10,203,263
Total liabilities and net assets	16,023,329	21,625,786

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

(Unit: Thousand Yen)

	Previous Term (October 1, 2012– September 30, 2013)	Current Term (October 1, 2013– September 30, 2014)
Net Sales	45,982,078	54,345,580
CGS	37,107,091	44,203,614
Gross income	8,874,986	10,141,965
SG&A	7,281,685	7,882,012
Operating income	1,593,301	2,259,953
Non-operating income		
Interest income	5,841	5,099
Dividend income	1,704	1,686
Gain on valuation of investment securities	52,658	38,355
Minority shareholding income	100,428	66,317
Other	40,304	14,447
Total non-operating income	200,936	125,907
Non-operating expenses		
Interest payment	6,077	5,076
Share listing related expenses	13,354	13,629
Other	22,152	4,267
Total non-operating expenses	41,584	22,973
Ordinary income	1,752,653	2,362,887
Extraordinary income		
Gain on sales of subsidiaries' stocks	103,197	8,476
Gain on sales of investment securities	209,879	—
Total extraordinary income	313,076	8,476
Extraordinary loss		
Impairment accounting losses	8,747	14,026
Loss on sales of investment securities	—	10,000
Loss on valuation of investment securities	9,758	25,245
Other	48,027	5,989
Total extraordinary losses	66,534	55,260
Net income before taxes	1,999,195	2,316,104
Corporate, residence, enterprise taxes	705,296	1,404,134
Corporate tax adjustment	61,370	-651,617
Total taxes	766,667	752,516
Income before minority interests	1,232,528	1,563,587
Minority interest losses	25,332	14,400
Net income	1,207,196	1,549,187

(Consolidated Comprehensive Income Statement)

(Unit: Thousand Yen)

	Previous Term (October 1, 2012– September 30, 2013)	Current Term (October 1, 2013– September 30, 2014)
Income before minority interests	1,232,528	1,563,587
Other comprehensive income		
Valuation difference on marketable securities	3,532	130,855
Foreign currency translation adjustment	14,889	43,828
Minority shareholdings in affiliates	219	–
Total other comprehensive income	18,640	174,683
Comprehensive income	1,251,168	1,738,271
(Details)		
Comprehensive income attributable to parent shareholding	1,225,836	1,723,871
Comprehensive income attributable to minority interests	25,332	14,400

(3) Changes in Consolidated Shareholders' Equity Statement

Fiscal Year Ended September 30, 2013 (October 1, 2012 – September 30, 2013)

(Unit: Thousand Yen)

	Shareholders' equity				
	Capital	Capital reserves	Retained earnings	Treasury stock	Total shareholders' equity
Total at previous term end	2,009,979	3,110,912	1,847,644	-485,011	6,483,525
Change in current term					
New stock issued	15,331	9,482			24,814
Dividends from retained earnings			-125,896		-125,896
Net income			1,207,196		1,207,196
Change in scope of consolidation			-17,355		-17,355
Net change in items other than shareholders' equity					
Total change in current term	15,331	9,482	1,063,945	-	1,088,759
Total at current term end	2,025,310	3,120,395	2,911,589	-485,011	7,572,284

	Accumulated other comprehensive income			Stock option	Minority interests	Total net assets
	Valuation difference on marketable securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Total at previous term end	-14,626	-1,680	-16,307	28,830	750,257	7,246,304
Change in current term						
New stock issued						24,814
Dividends from retained earnings						-125,896
Net income						1,207,196
Change in scope of consolidation						-17,355
Net change in items other than shareholders' equity	3,751	14,889	18,640	19,784	6,821	45,246
Total change in current term	3,751	14,889	18,640	19,784	6,821	1,134,005
Total at current term end	-10,875	13,208	2,332	48,614	757,078	8,380,310

Fiscal Year Ended September 30, 2014 (October 1, 2013 – September 30, 2014)

(Unit: Thousand Yen)

	Shareholders' equity				
	Capital	Capital reserves	Retained earnings	Treasury stock	Total shareholders' equity
Total at previous term end	2,025,310	3,120,395	2,911,589	-485,011	7,572,284
Change in current term					
New stock issued	27,699	27,699			55,399
Dividends from retained earnings			-176,586		-176,586
Net income			1,549,187		1,549,187
Net change in items other than shareholders' equity					-
Total change in current term	27,699	27,699	1,372,601	-	1,428,000
Total at current term end	2,053,010	3,148,095	4,284,190	-485,011	9,000,284

	Accumulated other comprehensive income			Stock option	Minority interests	Total net assets
	Valuation difference on marketable securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Total at previous term end	-10,875	13,208	2,332	48,614	757,078	8,380,310
Change in current term						
New stock issued						55,399
Dividends from retained earnings						-176,586
Net income						1,549,187
Net change in items other than shareholders' equity	130,855	43,828	174,683	-18,867	239,137	394,953
Total change in current term	130,855	43,828	174,683	-18,867	239,137	1,822,953
Total at current term end	119,979	57,036	177,016	29,746	996,215	10,203,263

(4) Consolidated Cash Flow Statement

(Unit: Thousand Yen)

	Previous Term (October 1, 2012– September 30, 2013)	Current Term (October 1, 2013– September 30, 2014)
Cash flow from operating activities		
Net income before taxes	1,999,195	2,316,104
Depreciation and amortization	149,920	180,160
Impairment accounting loss	8,747	14,026
Amortization of goodwill	150,500	126,477
Increase (decrease) in doubtful account reserves	2,909	8,349
Increase (decrease) in bonus reserves	30,674	26,356
Gain (loss) on valuation of investment securities (gain)	-42,899	-13,110
Gain (loss) on sales of investment securities (-: gain)	-209,879	10,000
Interest and dividends income	-7,545	-6,786
Interest payment	6,077	5,076
Gain (loss) on minority shareholding	-97,741	-43,138
Gain (loss) on sales of subsidiaries' stocks	-103,197	-8,476
Increase (decrease) in receivables	-753,507	-885,827
Increase (decrease) in inventories	-643	-49,005
Increase (decrease) in payables	688,782	1,659,743
Other	25,566	338,417
Subtotal	1,846,960	3,678,367
Interest and dividends received	7,545	6,786
Interest paid	-5,809	-4,980
Tax claims payment	95,838	130,960
Corporate and other taxes	-850,409	-980,432
Net cash provided by operating activities	1,094,125	2,830,700
Cash flow from investing activities		
Payments into time deposits	-100,000	-1,218,000
Repayments from time deposit	–	712,000
Purchase of property, plant and equipment	-59,773	-65,612
Purchase of intangible assets	-160,092	-96,506
Purchase of investment securities	-30,049	-171,102
Proceeds from sale of investment securities	617,500	190,000
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	-258,505
Payments for the sale of investments in subsidiaries resulting in a change in the scope of consolidation	-30,614	-32,926
Collection of loans receivable	207,090	52,331
Deposits and security deposits payment	-63,187	-86,112
Income from the collection of deposits and security deposits	43,870	20,474
Other	-7,227	40,211
Net cash provided by (used in) investing activities	417,514	-913,748

(Unit: Thousand Yen)

	Previous Term (October 1, 2012– September 30, 2013)	Current Term (October 1, 2013– September 30, 2014)
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	189,250	-12,586
Income from long-term loans payable	–	500,000
Repayment of long-term loans payable	-137,325	-127,772
Cash dividends paid	-125,896	-176,586
Cash dividends paid to minority shareholders	-3,280	-4,160
Other	-8,711	-553
Net cash used in financing activities	-85,962	178,342
Effect of exchange rate change on cash and cash equivalents	14,889	21,954
Net increase (decrease) in cash and equivalents	1,440,567	2,117,249
Increase in cash and cash equivalents resulting from mergers with unconsolidated subsidiaries	2,444	–
Decrease in cash and cash equivalents resulting from the exclusion of subsidiaries from consolidation	-3,946	–
Cash and equivalents at term start	5,131,651	6,570,715
Cash and equivalents at term end	6,570,715	8,687,965

(5) Notes to Consolidated Financial Statements
(Notes Regarding Going Concern Assumptions)

Not applicable

(Related to the Consolidated Cash Flow Statement)

* Relationship with cash and equivalents at term end and the value of the items posted in the consolidated balance sheet

(Unit: Thousand Yen)

	Previous Term (October 1, 2012–September 30, 2013)	Current Term (October 1, 2013–September 30, 2014)
Cash and deposits balance	6,670,715	9,293,965
Time deposits with a term of over 3 months	-100,000	-606,000
Cash and cash equivalents	6,570,715	8,687,965

(Business Segment Information)

[Business Segment Information]

1. Business Segment Overview

Our Group's reported segments are the individual units for which independent financial information can be derived, and are considered on a regular basis by our Board of Directors for the purpose of determining the allocation of management resources and the evaluation of earnings.

Furthermore, the Group has categorized its business segments in accordance with market categorizations, and has determined three business segments, namely the "Internet Marketing Business," "Media Content Business," and "Direct Marketing Business." Because of their relative importance in terms of business volume, we have divided our reported business segments into two, which are the "Internet Marketing Business" and the "Media Content Business."

Further descriptions of our reported business segments are provided below.

Business Segment	Business Description
Internet Marketing	Internet advertising sales, Web solutions (website creation, operation, SEO services), marketing platform operations for ad networks, cloud-based CRM services, Internet marketing support services for corporations
Media Content	Provision of digital content for smartphones centered on games and cultivating and producing Manga Artists aimed at planning and developing our own IP (intellectual property) as well as operating a Manga distribution service, etc.

2. Method of Calculation Relating to Reported Business Segment Sales, Income, Assets, and Other Items

The accounting methods used for our reported business segments are the same as those mentioned in the section titled "Important basic items used in the creation of consolidated financial statements."

Income in the reported business segment information is based on operating income.

Internal earnings and the amounts transferred between business segments are based on actual market pricing.

3. Information Relating to Reported Business Segment Sales, Income, Assets, and Other Items
Fiscal Year Ended September 30, 2013 (October 1, 2012 – September 30, 2013)

(Unit: Thousand Yen)

	Reported Business Segments			Other (Note 1)	Total	Adjustment (Note 2, 3)	Consolidated Account (Note 4)
	Internet Marketing	Media Content	Subtotal				
Sales							
External sales	39,354,580	3,708,890	43,063,471	2,917,956	45,981,428	650	45,982,078
Internal sales, transfers	104,123	5,286	109,410	5,037	114,447	-114,447	–
Total	39,458,704	3,714,176	43,172,881	2,922,994	46,095,875	-113,797	45,982,078
Operating income/loss	2,016,919	-219,469	1,797,449	160,552	1,958,001	-364,700	1,593,301
Assets	10,203,427	2,229,501	12,432,929	728,555	13,161,485	2,861,844	16,023,329
Other items							
Depreciation	91,615	17,987	109,603	13,883	123,486	26,433	149,920
Change in property, plant and equipment and intangible assets	142,615	16,588	159,203	5,909	165,113	49,568	214,681

1. "Other" includes the Direct Marketing Business and other businesses, which are not included in the reported segments.
2. The operating income/loss in the adjustment category of - ¥364,700 thousand includes ¥7,025 thousand in intersegment cancellations and ¥650 thousand in companywide income that cannot be allocated to each segment, and - ¥372,376 thousand in companywide expenses. Companywide income mainly consists of management fees for non-consolidated subsidiaries, while companywide expenses include the operating costs for the holding company that cannot be allocated to specific segments.
3. The assets in the adjustment category of ¥2,861,844 thousand mainly consist of cash and deposits, investment securities, and assets associated with operations of the holding company.
4. Segment income/loss is based on an adjustment of operating income in the consolidated financial statements.

Fiscal Year Ended September 30, 2014 (October 1, 2013 – September 30, 2014)

(Unit: Thousand Yen)

	Reported Business Segments			Other (Note 1)	Total	Adjustment (Note 2, 3)	Consolidated Account (Note 4)
	Internet Marketing	Media Content	Subtotal				
Sales							
External sales	48,033,166	3,447,438	51,480,604	2,863,676	54,344,280	1,300	54,345,580
Internal sales, transfers	238,798	10,587	249,385	3,511	252,897	-252,897	–
Total	48,271,964	3,458,025	51,729,990	2,867,187	54,597,177	-251,597	54,345,580
Operating income/loss	2,740,554	-277,411	2,463,142	186,994	2,650,136	-390,183	2,259,953
Assets	14,901,690	2,191,237	17,092,927	651,095	17,744,022	3,881,763	21,625,786
Other items							
Depreciation	123,844	11,994	135,839	7,269	143,108	37,051	180,160
Change in property, plant and equipment and intangible assets	119,030	16,588	125,658	4,817	130,476	22,407	152,884

1. "Other" includes the Direct Marketing Business and other businesses, which are not included in the reported segments.
2. The operating income/loss in the adjustment category of - ¥390,183 thousand includes ¥10,033 thousand in intersegment cancellations and ¥1,300 thousand in companywide income that cannot be allocated to each segment, and - ¥401,516 thousand in companywide expenses. Companywide income mainly consists of management fees for non-consolidated subsidiaries, while companywide expenses include the operating costs for the holding company that cannot be allocated to specific segments.
3. The assets in the adjustment category of ¥3,881,763 thousand mainly consist of cash and deposits, investment securities, and assets associated with operations of the holding company.
4. Segment income/loss is based on an adjustment of operating income in the consolidated financial statements.

[Information Relating to Reported Business Segment Impairment Accounting Losses on Non-current Assets]
Fiscal Year Ended September 30, 2013 (October 1, 2012 – September 30, 2013)

(Unit: Thousand Yen)

	Reported Business Segments			Other	Total	Companywide/ Eliminations	Total
	Internet Marketing	Media Content	Subtotal				
Impairment accounting losses	4,582	4,165	8,747	–	8,747	–	8,747

Fiscal Year Ended September 30, 2014 (October 1, 2013 – September 30, 2014)

(Unit: Thousand Yen)

	Reported Business Segments			Other	Total	Companywide/ Eliminations	Total
	Internet Marketing	Media Content	Subtotal				
Impairment accounting losses	–	11,250	11,250	–	11,250	2,776	14,026

[Information Relating to Reported Business Segment Amortization of Goodwill and Unamortized Balance]
Fiscal Year Ended September 30, 2013 (October 1, 2012 – September 30, 2013)

(Unit: Thousand Yen)

	Reported Business Segments			Other	Total	Companywide/ Eliminations	Total
	Internet Marketing	Media Content	Subtotal				
Total amortization	–	150,500	150,500	–	150,500	–	150,500
Balance as of term end	–	406,243	406,243	–	406,243	–	406,243

Fiscal Year Ended September 30, 2014 (October 1, 2013 – September 30, 2014)

(Unit: Thousand Yen)

	Reported Business Segments			Other	Total	Companywide/ Eliminations	Total
	Internet Marketing	Media Content	Subtotal				
Total amortization	–	126,477	126,477	–	126,477	–	126,477
Balance as of term end	332,690	268,515	601,206	–	601,206	–	601,206

[Information Relating to Reported Business Segment Gains on Negative Goodwill]

Fiscal Year Ended September 30, 2013 (October 1, 2012 – September 30, 2013) and Fiscal Year Ended September 30,
2014 (October 1, 2013 – September 30, 2014)

Not applicable

(Per-share information)

(Unit: Yen)

Item	Previous Term (October 1, 2012–September 30, 2013)	Current Term (October 1, 2013–September 30, 2014)
Book Value per Share	300.26	361.85
EPS	47.90	61.22
Fully Diluted EPS	46.56	59.54

(Notes) 1. The Company implemented a 200-for-1 stock split for its common stock on October 1, 2013. Book value per share, EPS and fully diluted EPS in FY9/13 are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

2. The base for calculating EPS as well as fully diluted EPS is as follows.

Item	Previous Term (October 1, 2012– September 30, 2013)	Current Term (October 1, 2013– September 30, 2014)
EPS		
Net income (¥1,000)	1,207,196	1,549,187
Amount not attributed to common shareholders (¥1,000)	–	–
Net income associated with common shares (¥1,000)	1,207,196	1,549,187
Average number of shares outstanding during the term	25,201,633.33	25,305,333.33
Fully Diluted EPS		
Adjusted net income (¥1,000)	–	–
Increase in the number of common shares	727,111.54	715,062.19
Of which, stock options (number of shares)	727,111.54	715,062.19
Overview of dilutive shares not included in the calculation of fully diluted net income per share due to absence of impact from dilution	–	–

(Material subsequent events)

The Board of Directors passed a resolution at a meeting held on September 16, 2014 to transfer all shares of the Group's consolidated subsidiary SEPTENI DIRECT MARKETING CO., LTD., which handles direct marketing, to ZENRIN CO., LTD. in an effort to concentrate management resources on the Group's core businesses, namely Internet Marketing Business and the Media Content Business. The shares were transferred on October 1, 2014. In association with the transfer of shares, the Company plans to post a gain of ¥1,098 million as extraordinary income from the sale of shares in the subsidiary in the first quarter of the fiscal year ending September 30, 2015.

5. Other

Changes in Directors (scheduled for December 19, 2014)

Candidate for a newly appointed director

Tatsuya Kimura (currently professor at the Graduate School of Commerce, Waseda University)

He is a candidate for External Director as established by the Article 2, Paragraph 3, Item 7 of the Companies Act.

[Reference]

Details that have been already announced in the “Notice regarding changes to representative directors and directors” dated October 2, 2014.

Name	New Title	Current Title
Mamoru Nanamura	Honorary Chairman	Chairman of the Board and Representative Director
Muneyoshi Nomura	Internal Auditor	Vice-chairman of the Board