

Summary of Consolidated Business Results for the Fiscal Year September 30, 2012

November 5, 2012

SEPTENI HOLDINGS CO., LTD

Listed Market: JASDAQ

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

Representative: President and Representative Director, Koki Sato

Contact Person: Managing Director, Kazumi Shimizu, Telephone: +81-3-6863-5623

Anticipated General Annual Shareholder Meeting Date: December 21, 2012

Anticipated Dividend Payment Date: December 6, 2012

Anticipated Financial Reports Filing Date: December 21, 2012

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 2012 Consolidated Earnings (From October 1, 2011 to September 30, 2012)

(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	%
FY9/12	41,358	19.4	1,527	64.5	1,638	67.2	677	57.8
FY9/11	34,632	6.1	928	-15.4	980	-4.3	429	-21.4

(Note) Comprehensive income: ¥767 million in FY9/12 (83.7%), ¥417 million in FY9/11 (-19.1%)

	EPS	Fully Diluted EPS	ROE	ROA	Operating Margin
	Yen	Yen	%	%	%
FY9/12	5,381.15	5,241.33	10.9	12.3	3.7
FY9/11	3,411.04	3,321.47	7.4	8.0	2.7

(Reference) Minority holding income: ¥113 million in FY9/12, ¥72 million in FY9/11

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million Yen	Million Yen	%	Yen
FY9/12	14,362	7,246	45.0	51,369.52
FY9/11	12,182	6,342	48.6	47,007.81

(Reference) Capital: ¥6,467 million in FY9/12, ¥5,914 million in FY9/11

(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
FY9/12	1,183	-401	-242	5,131
FY9/11	548	-932	-738	4,453

2. Dividend Conditions

	Dividends					Total Value of Dividends	Dividend Payout Ratio (Consolidated)	Dividend to Net Asset Ratio (Consolidated)
	End 1Q	End 2Q	End 3Q	End Term	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY9/11	—	—	—	1,000.00	1,000.00	125	29.3	2.0
FY9/12	—	—	—	1,000.00	1,000.00	125	18.6	2.0
FY9/13 Estimate	—	—	—	—	—	—	—	—

(Note) Estimates for dividends in FY9/13 have yet to be decided. Furthermore, for information regarding our dividend policy please refer to the segment "1. Earnings Performance, Financial Conditions Analysis (3) Basic Policy Regarding Distribution of Profits, and Dividends in the Current and Next Terms" carried later in this document.

3. The 1st Quarter of Fiscal Year September 2013 Earnings Estimates (From October 1, 2012 to December 31, 2013)

At the current point in time, we have decided to forgo issuing earnings estimates due to difficulty in arriving at rational estimates. For further details of these first quarter estimates, please refer to "1. Earnings Performance, Financial Conditions Analysis (1) Earnings Performance Analysis" carried later in this document.

※ Annotation

(1) Important changes in our subsidiaries, including changes to the scope of our consolidation: Applicable

1 company excluded: Septeni Alliance Fund Co., Ltd.

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

Changes accompanying revisions in accounting standards: Applicable
 Other changes in accounting methods: Applicable
 Changes in accounting estimates: Applicable
 Redisplay of revisions: Not applicable

(3) Shares issued (Common stock)

Shares issued as of term end (Incl. treasury stock):

FY9/12	134,819	FY9/11	134,749
FY9/12	8,923	FY9/11	8,923
FY9/12	125,843	FY9/11	125,807

Treasury stock as of term end:

Average number of shares outstanding:

(Reference) Non-Consolidated Earnings Overview

1. Fiscal Year September 2012 Non-Consolidated Earnings (From October 1, 2011 to September 30, 2012)

(1) Non-Consolidated Earnings

(% figures represent year-over-year change)

	Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY9/12	1,535	5.7	407	-32.7	384	-35.2	246	-45.6
FY9/11	1,453	23.4	605	58.1	592	54.7	452	48.2

	EPS	Fully Diluted EPS
	Yen	Yen
FY9/12	1,955.39	1,904.58
FY9/11	3,598.00	3,503.52

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Net Asset Ratio	Book Value per Share
	Million Yen	Million Yen	%	Yen
FY9/12	6,989	6,209	88.4	49,090.16
FY9/11	6,503	6,091	93.1	48,145.83

(Reference) Capital: ¥6,180 million in FY9/12, ¥6,057 million in FY9/11

Index

1. Earnings Performance, Financial Conditions Analysis	2
(1) Earnings Performance Analysis	2
(2) Financial Conditions Analysis	4
(3) Basic Policy Regarding Distribution of Profits, and Dividends in the Current and Next Terms	5
2. Corporate Structure	6
3. Management Policy	8
(1) Corporate Management Basic Policy	8
(2) Issues to be Considered in Intermediate to Long Term Corporate Strategy	8
4. Consolidated Financial Statements	9
(1) Consolidated Balance Sheet	9
(2) Consolidated Income Statement, Comprehensive Income Statement	11
(3) Change in Consolidated Shareholders' Equity Statement	13
(4) Consolidated Cash Flow Statement	15
(5) 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)

During the current term, the Japanese economy saw a gradual recovery on the back of the Great East Japan Earthquake disaster relief efforts. However various uncertainties threatened to cause economic weakness and continued to cloud the economic horizon, including the reoccurrence of the sovereign debt crisis in Europe, prolonged earnings weakness of exporting companies due to the record strength of the yen, and slowing in the growth of the Chinese economy and economies of other developing countries.

With regards to the environment surrounding the Internet businesses in which the SEPTENI Group operates, connectivity to the Internet via personal computers has quickly become a matter of fact. At the same time, the rapid diffusion in smartphones used as prominent devices to connect to the Internet is contributing 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 expand the business and raise profitability of our main Internet Marketing and Media Contents Businesses by promoting a business expansion strategy that focused upon the growth areas of “smartphones” and “social media” in accordance with our midterm business plan. In addition, we made aggressive anticipatory investments in human resources for new businesses to strengthen our future competitive strengths. As a result of these efforts, sales and operating income rose by large margins of 19.4% and 64.5% year-over-year to ¥41,358 and ¥1,527 million respectively. Increases in profits from equity accounting method investments led to an increase in non-operating income and allowed ordinary income to rise by 67.2% year-over-year to ¥1,638 million. At the same time, translation losses arising from the staggered acquisition of shares resulting from the merger of subsidiaries and impairment of goodwill associated with the commerce business contributed to the booking of a ¥342 million extraordinary loss. Therefore, net income rose by 57.8% year-over-year to ¥677 million. All of these sales and income figures represent new record highs.

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

Furthermore, we have made revisions to our business segment definitions and now report the two main business segments of “Internet Marketing Business” and “Media Contents Business.” We provide details of the revisions in the definitions of our business segments later in this document. We have also made revisions to previous year’s data to reflect these new business segment definitions.

Internet Marketing Business

In the Internet Marketing Business, we provide comprehensive marketing support services leveraging the Internet to customers. Specifically, we provide Internet advertising and sales services, and other web solutions (Website creation and operations, SEO services), in addition to in-house services including marketing platforms for ad networks and cloud type CRM services and operations.

During the current term, sales of advertising for the growth realm of smartphones grew by a large margin and advertising for personal computers also trended favorably on the back of our aggressive marketing efforts to expand market share and the expansion in the Internet advertising market. In addition, the SEPTENI Group was able to record successful results by leveraging its strengths in the realm of “Facebook” to cultivate growing demand for marketing support services. Furthermore, we fortified our domestic marketing function by opening two new facilities in Yokohama and Takamatsu, as well as launching overseas operations with the establishment of companies in Singapore and San Francisco, USA. As a result of these developments, sales and operating income rose by 12.1% and 36.8% year-over-year to ¥33,599 and ¥1,396 million respectively.

Media Contents Business

In the Media Contents Business, we plan and develop various digital contents including social games, music, publications, streaming video, fortune telling and others for provision to individual users of smartphones and feature phones via SNS, mobile phone carriers and other platforms.

The merger of AXEL MARK and FROUTE at the start of the current term contributed to a large expansion in the breadth of our business. Moreover, SEPTENI focused its management resources in developing new realms that will replace conventional contents (Music and publications) which are on the decline. Consequently, we were able to boost the

number of registered social game users to about 2.80 million at the term end and sales to about ¥2.1 billion on the successful release of “Kingdom Chronicle,” “Legend of Grimoire Maiden Incarnation,” and other game titles. Furthermore, we have conducted aggressive anticipatory investments including M&A to strengthen our development function for social games, and our subsidiary AXEL MARK has implemented a collaborative strategic agreement with DeNA Co., Ltd., which operates the social game platform “Mobage” for overseas business development. As a result of these developments, sales rose by 236.3% year-over-year to ¥4,335 million and operating income improved from a loss of ¥29 million in the previous term to an income of ¥227 million.

(Earnings Estimates for the Coming Term)

The SEPTENI Group is currently implementing a three year midterm business plan (From FY9/11 to FY9/13), which maintains a main goal of revising our business model by fortifying its in-house services to achieve the next stage of growth. And in the second year of this plan of fiscal year September 2012, we were able to achieve record high earnings by growing the composition of in-house services of overall sales in rapidly growing realms such as social games and are successfully converting our earnings structure. In the final year of the plan of fiscal year September 2013, we will promote a further expansion in the breadth of our business and conversion of our business model, maintain growth in our Internet Marketing Business, and aggressively broaden the breadth of our social game business. Also, we will accelerate our efforts to establish new high profitability business models by focusing efforts on development of new businesses outside of our core strength of games.

In addition to raising our competitive standing in the realm of the social advertising market by implementing efforts to expand our Facebook related business in the Internet Marketing Business, we will also accelerate our growth by promoting expanded sales of advertising for smartphones, mainly focused on large-media. Furthermore, we will establish our overseas business model by leveraging our overseas facilities established during fiscal year September 2012 to cultivate cross border Internet advertising.

In the Media Contents Business, SEPTENI will devote efforts to developing large and high quality titles in order to increase our competitive strength and broaden the breadth of our business in the realm of social games. At the same time we will also focus upon the full scale launch of our overseas business operations which were started in the term under review.

(With Regards to Earnings Estimates for the First Quarter)

As of the current fiscal year September 2012, SEPTENI announces earnings estimates for only the quarter immediately following the term which has just ended. And with regards to the first quarter of fiscal year September 2013, the Internet Marketing Business is expected to continue to trend favorably. However in our Media Contents Business, anticipatory investments for new titles suggests that their sales after launch could contribute to large fluctuations in our earnings, particularly in light of the dramatic changes in the environment surrounding social games. Therefore arriving at rational earnings estimates at the current point in time is difficult and we have decided not to release earnings estimates. We will monitor trends in our earnings and disclose information as soon as rational estimates can be established.

(2) Financial Condition Analysis

Assets, Liabilities, Net Asset Conditions

(Assets)

Current assets grew by ¥2,018 million from the end of the previous term to ¥11,381 million at the end of the current term on the back of increases in cash and equivalents, and notes and accounts receivables of ¥678 and ¥1,177 million respectively. Fixed assets also grew by ¥162 million over the same period to ¥2,981 million at the end of the current term due in part to ¥211, ¥315, and ¥95 million increases in buildings and structures, goodwill, and provisional accounts for software respectively, which offset declines of ¥345 and ¥266 million in security and other deposits, and marketable securities respectively. As a result of these changes, total assets rose by ¥2,180 million from the end of the previous term to ¥14,362 million at the end of the current term.

(Liabilities)

Current liabilities rose by ¥1,177 million from the end of the previous term to ¥6,889 million at the end of the current term due in part to ¥428 and ¥200 million increases in accounts payable and unpaid fees. Fixed liabilities also rose by ¥99 million to ¥227 million over the same period on the back of a ¥135 million increase in long term debt. Consequently, total liabilities grew by ¥1,277 million to ¥7,116 million over the same period.

(Net Assets)

Net assets grew by ¥903 million from the end of the previous term to ¥7,246 million due in part to inflow from net income of ¥677 million, which offset the ¥125 million in dividend payment.

Cash Flow Conditions

During the current fiscal year, cash and equivalents grew by ¥678 million from the end of the previous term to ¥5,131 million.

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

(Operating Cash Flow)

During the current fiscal year, we saw a net inflow of ¥1,183 million from operating activities, which compares with ¥548 million inflow in the previous term. Factors contributing to this inflow were an ¥824 million increase in receivables, ¥534 million in payment of corporate taxes, ¥251 million increase in payables, and realization of ¥1,310 million in pretax income.

(Investing Cash Flow)

A net cash outflow of ¥401 million was seen in investing activities and compares with the outflow of ¥932 million in the previous term. Factors contributing to this outflow included ¥361 million in income from the recovery of security and other deposits, ¥351 million payment for acquisition of tangible fixed assets, ¥115 million in payment for acquisition of intangible fixed assets, and ¥120 million in acquisition of subsidiary shares arising from changes in the scope of consolidation.

(Financing Cash Flow)

In the current term, a net cash outflow of ¥242 million was recorded in financing activities, compared with an outflow of ¥738 million in the previous term. This outflow is attributed to decline in short term debt of ¥175 million, ¥220 million repayment of long term debt, and ¥125 million in dividend payment, which offset a increase in long term debt of ¥300 million.

(Reference) Trends in Our Cash Flow Related Indicators

	FY9/08	FY9/09	FY9/10	FY9/11	FY9/12
Net Asset Ratio (%)	44.6	44.0	45.3	48.6	45.0
Capital Adequacy Ratio, Market Capitalization Based (%)	87.5	53.7	43.6	42.8	62.0
Cash Flow to Interest Bearing Debt Ratio (%)	310.0	531.2	122.0	155.5	73.7
Interest Rate Coverage Ratio	41.1	13.5	66.2	46.5	116.6

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 Distributon 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.

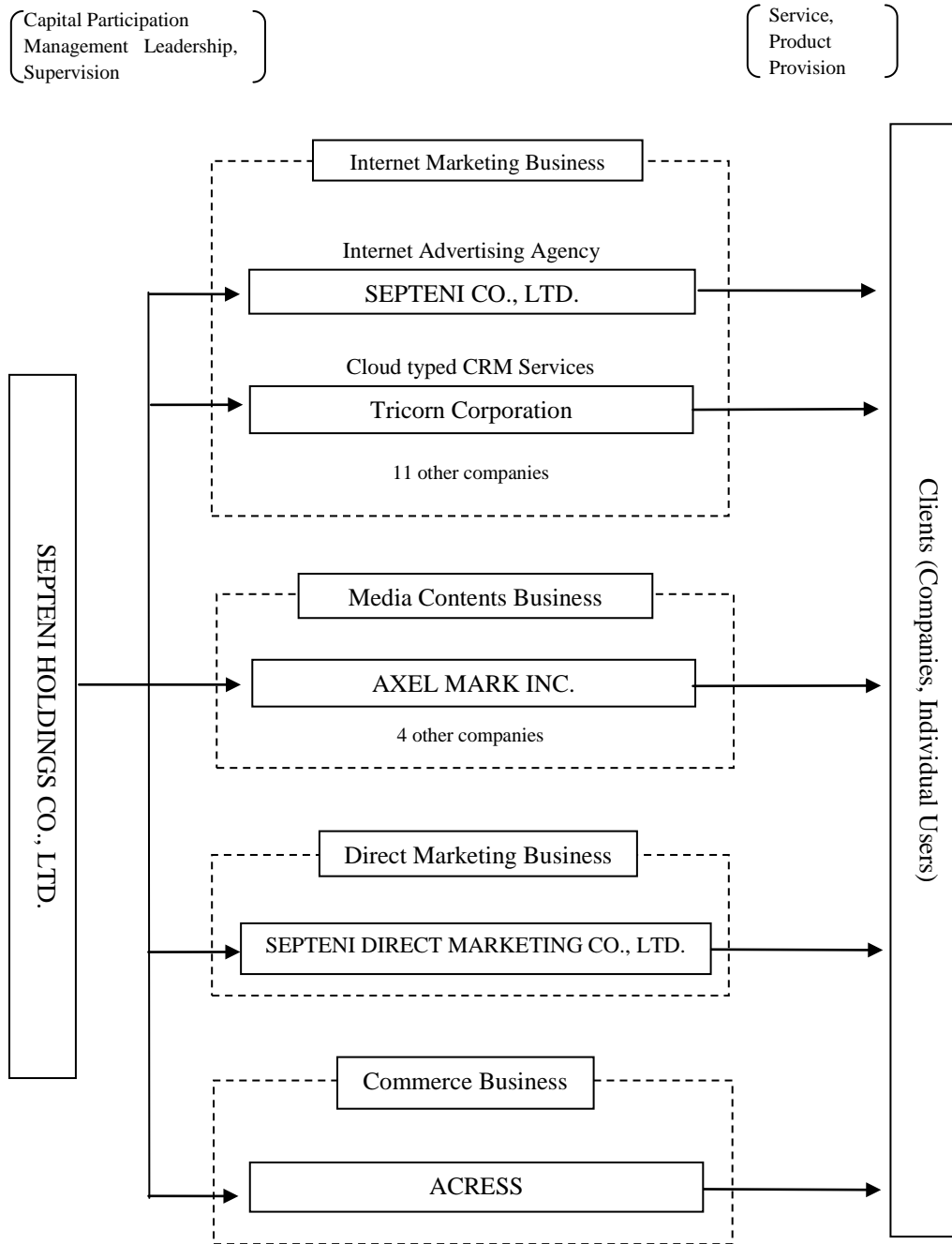
2. Corporate Structure

As of September 30, 2012, the SEPTENI Group is comprised of the holding company SEPTENI HOLDINGS, 20 consolidated subsidiaries, and three equity accounting method held affiliates. The various companies in the SEPTENI group are responsible for undertaking the Internet marketing, media contents, direct marketing, and commerce businesses.

Furthermore, from the current fiscal year, we have implemented changes in the definition of our consolidated business segments and changes in our reports business segments. Below we provide a breakdown of the companies which belong to each of our business segments of our Group.

Business Segment	Business Description	Main Consolidated Subsidiaries
Internet Marketing	Internet advertising sales, web solutions (Website creation, operation, SEO services), marketing platform operations for ad network, cloud typed CRM service provision, Internet marketing support services for corporations	SEPTENI CO., LTD. Tricorn Corporation
Media Contents	Provision of various digital contents for smartphones and conventional cellular telephones (Social games, music, publications, streaming video, fortune telling, others), mobile media operations	AXEL MARK INC.
Direct Marketing	Consigned sales promotion direct mailing, paper media mailing	SEPTENI DIRECT MARKETING CO., LTD.
Commerce	Catalog sales targeting general consumers	ACRESS

Diagram of SEPTENI's Corporate Structure



3. Management Policy

(1) Corporate Management Basic Policy

Because there have been no important revisions made since the announcement of our fiscal year September 2011 earnings released on November 4, 2011, we have omitted our comments here. To view this earlier announcement, please go to our home page at the following url: <http://www.septeni-holdings.co.jp/en/>

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

Because there have been no important revisions made since the announcement of our fiscal year September 2011 earnings released on November 4, 2011, we have omitted our comments here. To view this earlier announcement, please go to our home page at the following url: <http://www.septeni-holdings.co.jp/en/>

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Units: Thousand Yen)

	Previous Term (September 30, 2011)	Current Term (September 30, 2012)
Assets		
Current assets		
Cash and equivalents	4,453,309	5,131,651
Notes, accounts receivable	4,446,584	5,624,447
Products	38,795	50,455
Unfinished products	47,601	21,193
Stored goods	6,865	6,908
Deferred tax assets	91,320	175,692
Others	283,513	388,962
Doubtful account reserves	-5,237	-18,044
Total current assets	9,362,752	11,381,265
Fixed assets		
Tangible fixed assets		
Buildings, structures (net)	15,617	227,072
Equipment, tools, others (net)	61,734	100,294
Others (net)	573	5,180
Total tangible fixed assets	77,925	332,547
Intangible fixed assets		
Goodwill	212,815	527,839
Software	38,001	59,383
Software provisional accounts	—	95,687
Lease assets	90,860	63,602
Others	5,931	5,428
Total intangible fixed assets	347,608	751,940
Investments, other assets		
Investment securities	1,498,086	1,231,692
Security deposits	930,606	585,030
Deferred tax assets	64,514	49,435
Others	53,450	30,840
Doubtful account reserves	-152,927	-94
Total investments, other assets	2,393,730	1,896,905
Total fixed assets	2,819,264	2,981,393
Total assets	12,182,017	14,362,659

(Units: Thousand Yen)

	Previous Term (September 30, 2011)	Current Term (September 30, 2012)
Liabilities		
Current liabilities		
Notes, accounts payable	4,003,889	4,432,307
Short term debt	728,338	553,338
Portion of long term debt due within one year	26,100	110,371
Lease liabilities	29,044	30,783
Unpaid accounts	155,563	355,983
Unpaid taxes	230,552	414,495
Bonus reserves	154,514	275,063
Product return adjustment reserves	822	720
Office moving expense reserves	15,772	23,172
Others	366,799	693,100
Total current liabilities	5,711,396	6,889,336
Fixed liabilities		
Long term debt	—	135,295
Lease liabilities	69,860	42,282
Others	57,893	49,440
Total fixed liabilities	127,753	227,017
Total liabilities	5,839,150	7,116,354
Net assets		
Shareholders' equity		
Capital	2,007,848	2,009,979
Capital reserves	3,108,781	3,110,912
Retained earnings	1,296,288	1,847,644
Treasury stock	-485,011	-485,011
Total shareholders' equity	5,927,906	6,483,525
Accumulated other comprehensive income		
Other marketable security valuation gains	-13,100	-14,626
Foreign exchange adjustment accounts	—	-1,680
Total accumulated other comprehensive income	-13,100	-16,307
Stock options	33,082	28,830
Minority interests	394,979	750,257
Total net assets	6,342,866	7,246,304
Total liabilities, net assets	12,182,017	14,362,659

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

(Units: Thousand Yen)

	Previous Term (From October 1, 2010 to September 30, 2011)	Current Term (From October 1, 2011 to September 30, 2012)
Net Sales	34,632,903	41,358,333
CGS	28,260,465	32,724,980
Gross income	6,372,437	8,633,352
Returned product adjustment reserves reversal	1,000	822
Returned product adjustment reserves	822	720
Adjusted gross income	6,372,616	8,633,454
SG&A	5,443,877	7,105,679
Operating income	928,738	1,527,775
Non-operating income		
Interest income	1,782	1,487
Dividend income	562	1,309
Marketable security valuation gains	—	8,102
Minority shareholding income	72,346	113,524
Others	21,137	22,470
Total non-operating income	95,829	146,894
Non-operating expense		
Interest payment	11,795	10,148
Share listing related expense	14,873	14,559
Marketable securities valuation losses	13,238	—
Limited liability partnership liquidation loss	—	5,031
Others	4,577	6,693
Non-operating expense	44,485	36,433
Ordinary income	980,082	1,638,236
Extraordinary income		
Marketable securities liquidation profit	10,503	9,281
Profit on change in minority shareholdings	7,325	5,873
Doubtful account reserve reversals	12,177	—
Stock options reversal profit	21,353	—
Others	5,301	—
Total extraordinary income	56,662	15,155
Extraordinary loss		
Impairment accounting losses	121,531	137,578
Marketable securities valuation losses	53,226	—
Staggered acquisition loss	—	154,945
Others	22,411	49,930
Total extraordinary losses	197,170	342,454
Net income before taxes	839,574	1,310,936
Corporate, residence, enterprise taxes	362,082	609,900
Corporate tax adjustment	57,820	-69,251
Total taxes	419,902	540,648
Income before minority interests	419,671	770,287
Minority interests losses	-9,463	93,105
Net income	429,135	677,182

(Consolidated Comprehensive Income Statement)

(Units: Thousand Yen)

	Previous Term (From October 1, 2010 to September 30, 2011)	Current Term (From October 1, 2011 to September 30, 2012)
Income before minority interests	419,671	770,287
Other comprehensive income		
Other marketable security valuation gains	-2,194	-1,306
Foreign exchange translation accounts	—	-1,680
Minority shareholdings in affiliates	—	-219
Total other comprehensive income	-2,194	-3,206
Comprehensive income	417,477	767,081
(Details)		
Comprehensive income attributable to parent shareholding	426,940	673,976
Comprehensive income attributable to minority interests	-9,463	93,105

(3) Changes in Consolidated Shareholders' Equity Statement

(Units: Thousand Yen)

	Previous Term (From October 1 2010 to September 30, 2011)	Current Term (From October 1, 2011 to September 30, 2012)
Shareholders' equity		
Capital		
Total at previous term end	2,006,256	2,007,848
Change in current term		
New stock issued	1,591	2,131
Total change in current term	1,591	2,131
Total at current term end	2,007,848	2,009,979
Capital reserves		
Total at previous term end	3,107,190	3,108,781
Change in current term		
New stock issued	1,591	2,131
Total change in current term	1,591	2,131
Total at current term end	3,108,781	3,110,912
Retained earnings		
Total at previous term end	992,929	1,296,288
Change in current term		
Dividends from retained earnings	-125,777	-125,826
Net income	429,135	677,182
Total change in current term	303,358	551,356
Total at current term end	1,296,288	1,847,644
Treasury stock		
Total at previous term end	-485,011	-485,011
Total at current term end	-485,011	-485,011
Total shareholders' equity		
Total at previous term end	5,621,364	5,927,906
Change in current term		
New stock issued	3,182	4,262
Dividends from retained earnings	-125,777	-125,826
Net income	429,135	677,182
Total change in current term	306,541	555,618
Total at current term end	5,927,906	6,483,525
Accumulated other comprehensive income		
Valuation difference on marketable securities		
Total at previous term end	-10,906	-13,100
Change in current term		
Net change in items other than shareholders' equity	-2,194	-1,526
Total change in current term	-2,194	-1,526
Total at current term end	-13,100	-14,626
Forex Translation Adjustment Account		
Total at previous term end	—	—
Change in current term		
Net change in items other than shareholders' equity	—	-1,680
Total change in current term	—	-1,680
Total at current term end	—	-1,680

(Units: Thousand Yen)

	Previous Term (From October 1, 2010 to September 30, 2011)	Current Term (From October 1, 2011 to September 30, 2012)
Accumulated other comprehensive income		
Total at previous term end	-10,906	-13,100
Change in current term		
Net change in items other than shareholders' equity	-2,194	-3,206
Total change in current term	-2,194	-3,206
Total at current term end	-13,100	-16,307
Stock option		
Total at previous term end	56,274	33,082
Change in current term		
Net change in items other than shareholders' equity	-23,192	-4,251
Total change in current term	-23,192	-4,251
Total at current term end	33,082	28,830
Minority interests		
Total at previous term end	413,092	394,979
Change in current term		
Net change in items other than shareholders' equity	-18,113	355,278
Total change in current term	-18,113	355,278
Total at current term end	394,979	750,257
Total net assets		
Total at previous term end	6,079,825	6,342,866
Change in current term		
New stock issued	3,182	4,262
Dividends from retained earnings	-125,777	-125,826
Net income	429,135	677,182
Net change in items other than shareholders' equity	-43,500	347,819
Total change in current term	263,040	903,438
Total at current term end	6,342,866	7,246,304

(4) Consolidated Cash Flow Statement

(Units: Thousand Yen)

	Previous Term (From October 1, 2010 to September 30, 2011)	Current Term (From October 1, 2011 to September 30, 2012)
Cash flow from operating activities		
Net income before taxes	839,574	1,310,936
Depreciation, amortization	114,928	174,318
Impairment accounting loss	121,531	137,578
Amortization goodwill	49,761	114,791
Doubtful account reserves	-11,972	-11,347
Bonus reserves	-34,518	120,548
Business loss reserves	-8,262	-59
Marketable securities valuation losses	66,465	-8,102
Marketable securities liquidation losses	-10,503	-9,281
Interest, dividends received	-2,345	-2,796
Interest payment	11,795	10,148
Minority shareholding income	-69,830	-111,408
Change in minority shareholding income	-7,325	-4,934
Staggered acquisition translation loss	—	154,945
Asset retirement obligation accounting standard implementation	1,380	—
Stock compensation expense	6,294	—
Stock option reversal	-21,353	—
Change in receivables	-356,874	-824,260
Change in inventories	-15,379	17,592
Change in payables	223,920	251,582
Others	10,588	314,198
Subtotal	907,875	1,634,451
Interest, dividends received	2,345	2,796
Interest paid	-11,530	-10,197
Tax claims payment	54,015	90,907
Corporate, other taxes	-404,091	-534,899
Cash flow from operating activities	548,615	1,183,058
Cash flow from investing activities		
Acquisition of tangible fixed assets	-45,305	-351,259
Acquisition of intangible fixed assets	-19,616	-115,902
Marketable securities acquisition	-34,043	-82,900
Marketable securities liquidation	15,000	14,773
Subsidiary share acquisition arising from change in scope of consolidations	—	-120,467
Subsidiary share acquisition	-31,798	-41,590
Subsidiary share liquidation	18,205	—
Affiliate company share acquisition	-398,900	—
Change in loans extended	-9,487	1,436
Deposits, security deposits payment	-411,683	-72,899
Income from redemption of deposits, security deposits	1,807	361,796
Others	-17,164	5,344
Cash flow from investing activities	-932,988	-401,668

(Units: Thousand Yen)

	Previous Term (From October 1, 2010 to September 30, 2011)	Current Term (From October 1, 2011 to September 30, 2012)
Cash flow from financing activities		
Change in short term debt	-322,664	-175,000
Income from long term debt	—	300,000
Long term debt repayment	-253,350	-220,558
Lease liabilities repayment	-29,985	-30,244
New share issuance	0	0
Income from minority shareholdings	—	11,023
Dividend payment	-125,777	-125,826
Dividend payment to minority interests	-6,400	-1,440
Cash flow from financing activities	-738,175	-242,045
Cash and equivalents translation gains	—	-1,680
Net change in cash and equivalents	-1,122,548	537,663
Cash income from merger of subsidiaries	—	140,678
Cash and equivalents at term start	5,575,858	4,453,309
Cash and equivalents at term end	4,453,309	5,131,651

(5) Notes Regarding Going Concern Assumptions

Not applicable

【Business Segment Information】

1. Business Segment Overview

Our Group's reported segments are 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 evaluation of earnings. Furthermore SEPTENI has categorized its business segment divisions in accordance with market categorizations and has determined four business segments including the "Internet Marketing Business," "Media Contents Business," "Direct Marketing Business," and "Other Business". Because of the relative importance in terms of business volume, our reported business segments are divided into two segments, which are "Internet Marketing Business" and "Media Contents Business."

Furthermore 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 network, cloud typed CRM service provision, Internet marketing support services for corporations
Media Contents	Provision of various digital contents for smartphones and conventional cellular telephones (Social games, music, publications, streaming video, fortune telling, others), mobile media operations

Moreover, during the current fiscal year our Group has reorganized our business domains from the five segments previously used, with the "Internet Advertising Business," "Technology Business," and "Contents Business" being consolidated into the two segments of "Internet Marketing Business" and "Media Contents Business" in an effort to expand our business breadth in the main business domain of the Internet. These two new categorizations have also been chosen because of their relative importance in terms of business volume. In addition, information for the previous fiscal year has been adjusted to reflect the new business segment definitions of the current term.

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

The accounting methods used for reported business segments are the same as those mentioned in the section entitled "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 amounts transferred between the business segments are based on actual market pricing.

As a result of a review of management operation methods, a portion of expenses which were not allocated to specific business segments including adjustments have been allocated to each business segment from the current fiscal year.

3. Information Relating to Reported Business Segment Sales, Income, Assets and Other Items
Fiscal Year September 2011 (October 1, 2010 to September 30, 2011)

(Units: Thousand Yen)

	Reported Business Segments			Others (Note 1)	Total	Adjustment (Note 2, 3)	Consolidated Account (Note 4)
	Internet Marketing	Media Contents	Subtotal				
Sales							
External sales	29,961,477	1,278,171	31,239,648	3,392,619	34,632,267	636	34,632,903
Internal sales, transfers	24,492	10,790	35,283	19,248	54,532	-54,532	—
Total	29,985,969	1,288,961	31,274,931	3,411,867	34,686,799	-53,896	34,632,903
Operating income	1,020,623	-29,439	991,183	171,915	1,163,099	-234,360	928,738
Assets	7,535,481	1,611,211	9,146,693	1,089,330	10,236,023	1,945,993	12,182,017
Other items							
Depreciation	66,242	16,853	83,095	40,881	123,977	-9,048	114,928
Change in tangible, intangible fixed assets	61,994	750	62,745	4,475	67,220	-869	66,351

1. "Others" includes Direct Marketing Business and Commerce Businesses which are not included in the reported segments.
2. The operating income in the adjustment category of -¥234.360 million includes ¥10.814 million in intersegment cancelations and ¥0.636 million in companywide income which cannot be allocated to various segments, and -¥245.811 million in companywide expenses. Companywide income is mainly management fees for non-consolidated subsidiaries, while companywide expenses are operating costs for the holding company which cannot be allocated to specific segments.
3. The asset in the adjustment category of ¥1,945.993 million is mainly cash and equivalents, marketable securities, and assets associated with operations of the holding company for group companies.
4. Segment income is based on adjustment of operating income of the consolidated financial statements.

Fiscal Year September 2012 (October 1, 2011 to September 30, 2012)

(Units: Thousand Yen)

	Reported Business Segments			Others (Note 1)	Total	Adjustment (Note 2, 3)	Consolidated Account (Note 4)
	Internet Marketing	Media Contents	Subtotal				
Sales							
External sales	33,552,894	4,333,118	37,886,013	3,471,716	41,357,729	604	41,358,333
Internal sales, transfers	46,817	1,959	48,776	14,717	63,494	-63,494	—
Total	33,599,711	4,335,077	37,934,789	3,486,434	41,421,223	-62,890	41,358,333
Operating income	1,396,226	227,941	1,624,167	154,091	1,778,258	-250,483	1,527,775
Assets	8,996,993	2,182,489	11,179,482	929,514	12,108,997	2,253,662	14,362,659
Other items							
Depreciation	94,853	17,067	111,920	41,259	153,180	21,137	174,318
Change in tangible, intangible fixed assets	323,594	28,760	352,354	21,177	373,532	124,137	497,669

1. "Others" includes Direct Marketing Business and Commerce Businesses which are not included in the reported segments.
2. The operating income in the adjustment category of -¥250.483 million includes ¥8.201 million in intersegment cancelations and ¥0.604 million in companywide income which cannot be allocated to various segments, and -¥259.288 million in companywide expenses. Companywide income is mainly management fees for non-consolidated subsidiaries, while companywide expenses are operating costs for the holding company which cannot be allocated to specific segments.
3. The asset in the adjustment category of ¥2,253.662 million is mainly cash and equivalents, marketable securities, and assets associated with operations of the holding company for group companies.
4. Segment income is based on adjustment of operating income of the consolidated financial statements.
5. Change in depreciation method
Traditionally the SEPTENI Group has adopted a declining balance depreciation schedule for facilities associated with buildings and structures. However from the current fiscal year a straight line method of depreciation has been adopted. In accordance with this change in the depreciation method, the operating income of the Internet Marketing Business segment is ¥38.035 million higher than before when declining balance depreciation method was used.