Summary of Business Results for the Year Ended September 30, 2009

November 5, 2009

Company name: Septeni Holdings Co., Ltd. JASDAQ (Code 4293)
URL: http://www.septeni-holdings.co.jp
Representative: Muneyoshi Nomura, Representative Director and President
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Expected date of annual shareholders' meeting: December 18, 2009
Expected starting date of dividend payment: December 21, 2009
Expected date of filing of annual securities report: December 18, 2009

(Rounded down to million yen)

１. Consolidated business results for the year ended September 2009
(October 1, 2008 through September 30, 2009)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Sept. 2009	33,046	7.6	598	(46.8)	421	(58.2)	(585)	—
Year ended Sept. 2008	30,700	18.7	1,125	18.9	1,010	(15.6)	563	6.4

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Sept. 2009	(4,507.28)	—	(10.4)	3.3	1.8
Year ended Sept. 2008	4,454.13	4,326.58	10.7	8.8	3.7

(Reference) Investment earnings/loss on equity-method:
Year ended September 2009: (90) million yen
Year ended September 2008: (14) million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sept. 2009	11,911	5,770	44.0	41,098.01
As of Sept. 2008	13,482	6,788	44.6	45,528.87

(Reference) Shareholders' equity:
As of September 2009: 5,242 million yen
As of September 2008: 6,014 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Sept. 2009	266	(165)	(89)	4,719
Year ended Sept. 2008	394	(1,183)	2,387	4,707

2. Dividends

	Dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
(Record date)	End of 1Q	End of interim	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Sept. 2008	—	—	—	800.00	800.00	105	18.0	2.1
Year ended Sept. 2009	—	—	—	900.00	900.00	114	—	2.1
Year ending Sept. 2010 (forecast)	—	—	—	1,000.00	1,000.00		31.9	

3. Forecast of consolidated business results for the year ending September 2010

(October 1, 2009 through September 30, 2010) (% change from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Mar. 2010	17,000	(1.4)	400	20.2	350	58.7	200	—	1,567.78
Year ending Sept. 2010	34,000	2.9	800	33.6	700	65.9	400	—	3,135.56

4. Others

(1) Changes in significant subsidiary during the period (changes in specified subsidiary accompanying changes in the scope of consolidation): None

(2) Changes in rules, procedures and indication methods of accounting process concerning the preparation of consolidated financial results (Changes to important items that form the basis for preparing consolidated financial statements)

① Changes due to revision of accounting standards: Yes

② Changes other than ①: None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included):

As of September 2009: 134,417 shares

As of September 2008: 134,347 shares

② Treasury stock at the end of period:

As of September 2009: 6,848 shares

As of September 2008: 2,243 shares

(Reference) Summary of non-consolidated business results

２. 1. Non-consolidated business results for the year ended September 2009

(October 1, 2008 through September 30, 2009)

(1) Non-consolidated results of operations (% change from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Sept. 2009	1,277	1.0	496	(2.6)	435	4.1	135	—
Year ended Sept. 2008	1,264	39.7	510	111.9	418	(8.8)	(35)	—

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Sept. 2009	1,045.64	1,017.55
Year ended Sept. 2008	(280.68)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sept. 2009	6,461	5,676	86.7	43,907.65
As of Sept. 2008	6,708	5,714	84.3	42,785.20

(Reference) Shareholders' equity:

As of September 2009: 5,601 million yen

As of September 2008: 5,652 million yen

* **Explanation regarding appropriate use of business forecasts and other special instructions**

Forecasts regarding future performance in these materials are based on information and assumptions at the time this report was prepared. Therefore, actual results may differ significantly from the forecasts due to various factors.

(Difference from previous non-consolidated business results)

Net income has been recorded due to improvement in gains and losses but this is mainly because there was a substantial decrease in extraordinary loss compared with the previous fiscal year.

We do not disclose non-consolidated business forecasts.

1. Results of Operations

(1) Analysis of results of operations

(Results of operations for the year ended September 2009)

In the fiscal year under review, the Japanese economy plunged into an unprecedented economic recession as the effects of the global financial crisis that was triggered by the failure of major US financial institutions spread to the real economy. In the first half of the year there were signs that earnings were improving at some companies and in some industries thanks to the economic stimulus packages implemented by various governments. Nevertheless, there is still uncertainty about the future as consumer spending remains weak in the absence of an improvement in jobs and wages.

Looking at the environment surrounding Internet business, the Septeni Group's core business domain, using the Internet through a PC has become part of people's everyday lives, while the mobile market continues to expand as mobile handsets establish a solid foothold as devices used to access the Internet as 3G handsets become widespread and as mobile websites improve.

Under this set of circumstances, the Septeni Group's net sales rose just to 33,046 million yen (up 7.6% year-on-year) after revenues in our core Internet Advertising segment turned downwards in the third quarter due to the effects of the recession. Although we endeavored to reduce group-wide overhead costs to secure profits, profitability fell sharply in our Internet Businesses segment, while the Commerce segment and Investment and Business Incubation segment posted losses. As a result, operating income was 598 million yen (down 46.8% year-on-year). Ordinary income was 421 million yen (down 58.2% year-on-year) as the balance of non-operating income and expenses deteriorated due to unrealized losses on investment securities in connection with the market value of financial instruments and investment losses on equity-method holdings.

Furthermore, extraordinary losses totaled 887 million yen, including 203 million yen in losses on the sale of investment securities and write-downs on the disposal of a variety of investment securities, which was aimed at strengthening the Company's financial position; 150 million yen for the settlement of an advertising incident in the Internet Advertising segment, 173 million yen for an allowance for doubtful accounts in the Internet Businesses segment, and 138 million yen for various impairment losses.

As a result of the foregoing, the Company posted a net loss of 585 million yen (profit of 563 million yen in the prior year).

The results for each business segment are presented below.

①Internet Advertising segment

In the year under review we worked to expand market share by increasing sales in the rapidly expanding mobile advertising market and by targeting a wider range of customer segments by strengthening our sales organization. We also worked to improve productivity by taking steps such as relocating some of our listing advertising functions to regional locals. Although the business climate steadily worsened from the beginning of the year onwards due to a series of financial and economic crises, the segment's performance was relatively solid in the first half of the year, as evidenced by the growth in both revenue and profits for the first six months.

However, beginning in the third quarter, quarterly revenue and profits started coming up short of the prior year's results as client companies slashed advertising budgets due to the economic slump and major advertisers cut back on ad placements. Therefore, we took steps to address the dramatically changing environment, such as cutting overhead costs and pursuing sales initiatives focused on profitability.

As a result, net sales were 26,706 million yen (up 5.4% year-on-year) and operating income was 908 million yen (down 12.5% year-on-year) .

② Internet Businesses segment

Consolidated subsidiary Axel Mark Inc. operates in the content domain, and it has made upfront investments to acquire the rights to major content, such as video. However, this content is not yet profitable. After examining costs versus benefits, in the second quarter, we began cutting back on the advertising placement aimed at winning subscribers. As a result, sales and gross profit on sales fell short of the initial forecasts.

However, sales rose sharply in the wholesale mobile advertising business area, thanks to an increase in demand.

In the technology domain, in addition to the core e-mail distribution ASP services, the customer management system that was introduced last fiscal year also did well.

As a result, net sales were 4,578 million yen (up 8.1% year-on-year) and operating income was 62 million yen (down 67.2% year-on-year).

③ Direct Marketing segment

In a challenging business climate where demand was shrinking we focused our efforts on cultivating new customers, but the amount of existing business declined, and as a result sales were 2,100 million yen (down 7.1% year-on-year) and operating income was 173 million yen (down 30.5% year-on-year).

④ Other Businesses

The newly created Commerce segment posted sales of 1,501 million yen (roughly 30-fold increase from a year earlier). However, selling, general and administrative expenses remained at a high level. These expenses including the advertising and promotional expenses associated with the first quarter customer acquisition campaign. Additionally, a 101 million yen unrealized loss on operational investment securities was booked as a cost of sales in the Investment and Business Incubation segment. As a result, there was an operating loss of 210 million yen on other businesses (loss of 34 million yen in the prior year).

(Forecast for the year ending September 2010)

Looking at the climate surrounding the core Internet Advertising segment, demand for Internet advertising has been declining due to the economic slump, but there are signs that it is bottoming out. As the economy enters a recovery phase, we expect companies -- especially major corporations -- in various sectors to increasingly shift their budgets from conventional mass media to the Internet. With the aim of becoming even more competitive in the Internet Advertising segment, the Septeni Group is focusing its efforts in three areas: the growing mobile advertising market; web-based solutions, such as site creation and operating support; and "ad technology" which helps companies optimize advertising results using technology.

In the Internet Businesses segment (content) we will generally focus our efforts on offering content with a high level of user satisfaction with making upfront investments, and we will work to make existing sites more effective as we strive to re-build a foundation for earnings.

We will be striving to bring the Commerce segment into the black by proactively introducing highly unique new products while also seeking to lift the general level of earnings by making the EC department fully operational.

Thanks to these efforts, we expect 34,000 million yen in net sales (up 2.9% year-on-year), 800 million yen in operating income (up 33.6% year-on-year), 700 million yen in ordinary income (up 65.9% year-on-year), and 400 million yen in net income (loss of 585 million yen in the prior year).

(2) Analysis of financial position

①Assets, liabilities and net assets

(Assets)

Current assets decreased 596 million yen from the prior year end to 9,494 million yen due to a 491 million yen decrease in trade notes and accounts receivable and a 90 million decrease in operational investment securities arising from a write-down.

Fixed assets decreased 975 million yen from the prior year end to 2,417 million yen due to a 451 million yen decrease in investment securities arising from the sale of shares and write-downs, a 131 million yen decrease in long-term pre-paid expenses arising from the posting of impairment losses, a 191 million yen decrease in deferred tax assets, and a 155 million yen increase in the allowance for doubtful accounts.

As a result of the foregoing, total assets decreased 1,571 million yen from the prior year end to 11,911 million yen.

(Liabilities)

Current liabilities decreased 851 million yen from the prior year end to 5,769 million yen due to a 561 million yen decrease in trade payables and a 207 million yen decrease in accrued income taxes.

Fixed liabilities increased 297 million yen from the prior year end to 371 million yen due to a 279 million yen increase in long-term borrowing.

As a result of the foregoing, total liabilities decreased 553 million yen from the prior year end to 6,140 million yen.

(Net Assets)

Net assets decreased 1,018 million yen from the prior year end to 5,770 million yen due to a 690 million yen decrease in retained earnings arising from dividend payments and the net loss for the year under review, 159 million yen for the acquisition of treasury stock, and a 264 million yen decrease in minority interests.

②**Cash flow**

Cash and cash equivalents (hereafter referred to as "cash") increased 11 million yen from the prior year end to 4,719 million yen.

The various cash flows for the fiscal year under review and the main factors are presented below.

(Cash flow from operating activities)

Cash flow from operating activities totaled 266 million yen (down 127 million yen from the prior year).

Although there was a 424 million yen net loss before taxes and other adjustments, a 560 million yen decrease in trade payables, a 540 million yen corporate tax payment, there was also a 389 million yen decrease in trade receivables, 140 million yen in depreciation and amortization expenses, 138 million yen in impairment losses, a 163 million yen increase in the allowance for doubtful accounts, 116 million yen in losses on the sale of investment securities, 149 million yen in unrealized losses on investment securities, and a 150 million yen settlement for an advertising incident.

(Cash flow from investing activities)

Cash flow from investing activities totaled 165 million yen (down 1,018 million yen from the prior year).

Although there was 254 million yen in proceeds from the sale of investment securities, there was also 135 million yen in outflows for the acquisition of goodwill, 111 million yen in outflows for the acquisition of intangible fixed assets, 46 million yen in outflows for the acquisition of subsidiary shares, and 50 million yen in outflows for the acquisition of affiliate shares.

(Cash flow from financing activities)

Cash flow used financing activities totaled 89 million yen (obtained 2,387 million yen in the prior year) from financing activities.

Although there was 795 million yen in proceeds from long-term borrowing (including borrowing to be repaid within one year), there was also a 349 million yen decrease in short-term borrowing, 251 million yen in outflows for the repayment of long-term borrowing, 159 million yen in outflows for the acquisition of treasury stock, and 105 million yen in dividend payments.

(Reference) Cash flow indicators

	Year ended Sept. 2005	Year ended Sept. 2006	Year ended Sept. 2007	Year ended Sept. 2008	Year ended Sept. 2009
Shareholders' equity ratio (%)	52.7	48.6	47.3	44.6	44.0
Market value basis shareholders' equity ratio (%)	338.9	217.6	178.1	87.5	53.7
Cash flow to interest-bearing debt (%)	51.8	52.1	65.3	310.0	531.2
Interest coverage ratio (x)	192.8	233.3	96.9	41.1	13.5

Shareholders' equity ratio: shareholders' equity ÷ total assets

Market value basis equity ratio: market capitalization ÷ total assets

Cash flow to interest-bearing debt (%): interest-bearing liabilities ÷ cash flow

Interest coverage ratio: cash flow ÷ interest paid

Notes: 1. All figures calculated using consolidated-basis financial data

2. Market capitalization calculated based on number of outstanding shares after deducting treasury stock.

3. Operating cash flow used for cash flow.

4. Interest-bearing liabilities include all liabilities shown on the consolidated Statement of Financial Condition on which interest is paid.

(3) Basic policy concerning the distribution of profits, and dividend distributions for the year ending September 2010

Septeni regards returning profits to shareholders as a paramount issue for management. Dividends from surplus

Septeni has adopted a policy of returning profits to shareholders to the extent possible, aiming for dividend payout ratio of approximately 15% of consolidated net income for the year, while taking into consideration the consolidated-basis results each fiscal year, as well as the need to strengthen the Company's financial position and provide for future business strategies.

Because the Company has posted a consolidated net loss for the year under review, dividend payment should be suspended in accordance with the above policy. Nevertheless, in light of the peculiar characteristics of the consolidated-basis results for the year under review and the level of unconsolidated-basis earnings, the Company intends to distribute the initially planned dividend of 900 yen per share in appreciation of the continuing support of our shareholders.

Going forward, while aiming for the same 15% consolidated-basis dividend payout ratio, we have established 1,000 yen per share as the minimum dividend, in principle. With the appropriate distribution of profits commensurate with earnings expansion as the underlying principle, the Company will also consider the need to maintain a steady dividend into consideration. The Company will use internal reserves to invest in growing, highly profitable business areas, to invest in making existing businesses more efficient and productive and to invest in education to develop our human resources.

Based on this new basic policy, the Company intends to distribute a year-end dividend of 1,000 yen per share for the year ending September 2010.

2. The Septeni company group

There have been no material changes in the information that was presented in Organizational Chart and the Affiliates sections of our most recent annual securities report (submitted December 19, 2008). Therefore, this information is not presented here.

3. Management policies

(1) There have been no material changes in the Company's basic policies for management, the Company's medium to

longer term business strategy, performance indicators used to set objectives, and the status and operation of internal control systems as presented in the Summary of Business Results for the Year Ended September 2008 (released November 6, 2008). Therefore, this information is not presented here.

To see the relevant Summary of Business Results, please go to the following URL:

(Septeni website) http://www.septeni-holdings.co.jp

Jasdaq Securities Exchange website (JDS search function) http://jds.jasdaq.co.jp/tekiji/

(2) Issues requiring attention

The Septeni Group's business results sharply deteriorated in the year ended September 2009 due to dramatic changes in the external environment and a variety of internal factors. The issues that should be promptly addressed by the Septeni Group in order to restore earnings and continuously enhance the value of the company are presented below.

①Expand Internet Advertising segment profits

There are signs that the decline in demand for Internet advertising that has been caused by the economic slump is bottoming out. As the economy enters a recovery phase, we expect companies -- especially major corporations -- in various sectors to increasingly shift their budgets from conventional mass media to the Internet.We recognize that in order to keep expanding profits in the future, it is critical for the Septeni Group to precisely address the evolving needs of our customers and provide high value-added Internet marketing services. With the aim of becoming even more competitive in the Internet Advertising segment, we are focusing our efforts in three areas: the growing mobile advertising market; web-based solutions, such as site creation and operating support; and "ad technology" which helps companies optimize advertising results using technology.

②Turning around the Internet Businesses segment and Commerce segment

In the year ended September 2009, profits in the Internet Businesses segment fell sharply due to the poor results in the content domain, while the Commerce segment posted an operating loss. Therefore, improving the profitability of both of these business segments is a pressing issue for restoring the consolidated-basis earnings of the Septeni Group. Both of these segments are steadily forging ahead to improve their businesses by implementing measures such as cutting overhead costs, closing down unprofitable operations, and right-sizing staffing levels.

Going forward, Septeni's management team will participate even more deeply in the management of these segments and be directly involved in rebuilding the foundations of their businesses, with the aim of achieving a quick restructuring of these segments.

③Reinforcing and improving group governance and internal control systems

The Septeni Group has grown to encompass 13 consolidated subsidiaries and approximately 700 employees. In order to continuously enhance the enterprise value of the Group, we must reinforce and improve the holding company's group governance and internal control systems. With respect to governance, while fundamentally respecting the independence of the group companies, in light of the business downturn experienced in the year just ended, we will reinforce the business oversight function and support the sound growth of each of the companies. Furthermore as the business expands in size, issues are emerging in connection with our internal control systems. Along with seeking to raise the level of awareness among our employees, we will also endeavor to reinforce and improve monitoring functions and risk control systems.

④Aggressively creating new businesses

The Septeni Group has started up a variety of new businesses within the Group. One of these is the Internet Advertising segment which has now become our core business. Going forward, in order to respond to the changing business environment and continue to expand the value of the enterprise, the Septeni Group will continue to aggressively develop new businesses by fostering and creating a climate for "internal entrepreneurs" and by nurturing new growth drivers.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Units: Thousand yen)

	Prior Consolidated Fiscal Year (September 30, 2008)	Current Consolidated Fiscal Year (September 30, 2009)
Assets		
Current assets		
Cash and deposits	4,707,660	4,719,048
Notes receivable/trade receivables	4,590,404	4,098,688
Operational investment securities	242,500	152,014
Inventory	52,061	-
Merchandise	-	42,165
Work in process	-	4,828
Supplies	-	10,365
Deferred tax assets	100,856	105,291
Other	403,454	376,499
Allowance for doubtful accounts	(6,754)	(14,834)
Total current assets	10,090,183	9,494,068
Fixed assets		
Tangible fixed assets		
Buildings (net amount)	137,364	119,917
Tools, furniture and fixtures (net amount)	133,532	80,778
Total tangible fixed assets	270,896	200,696
Intangible fixed assets		
Goodwill	496,078	569,348
Software	113,999	90,865
Software suspense account	38,565	5,400
Other intangible fixed assets	1,305	5,785
Total intangible fixed assets	649,949	671,399
Investments and other assets		
Investment securities	1,385,621	934,455
Lease and guarantee deposits	600,947	621,147
Deferred tax assets	261,557	70,274
Other	309,191	159,981
Allowance for doubtful accounts	(85,715)	(240,924)
Total investments and other assets	2,471,602	1,544,933
Total fixed assets	3,392,448	2,417,029
Total assets	13,482,632	11,911,097

(Units: Thousand yen)

	Prior Consolidated Fiscal Year (September 30, 2008)	Current Consolidated Fiscal Year (September 30, 2009)
Liabilities		
Current liabilities		
Trade payables	4,364,015	3,802,024
Short-term debt	1,215,000	865,002
Current portion of long-term debt	8,370	272,100
Accounts payable	251,635	179,468
Accrued corporate income and other taxes	272,205	65,059
Allowance for bonuses	172,142	161,429
Allowance for product returns	1,908	1,177
Allowance for business losses	-	100,385
Allowance for office relocation	-	10,389
Other	335,454	312,644
Total current liabilities	6,620,731	5,769,681
Fixed liabilities		
Long-term debt	-	279,450
Other	73,291	91,568
Total fixed liabilities	73,291	371,018
Total liabilities	6,694,023	6,140,699
Net asset		
Shareholders' equity		
Common stock	1,992,360	1,977,978
Capital surplus	3,093,675	3,099,204
Retained earnings	1,252,783	561,970
Treasury stock	(258,897)	(418,093)
Total shareholders' equity	6,079,921	5,241,060
Valuation/exchange adjustments		
Unrealized gain (loss) on available-for-sale securities	(65,369)	1,771
Total valuation/exchange adjustments	(65,369)	1,771
Stock acquisition rights	62,879	80,509
Minority interests	711,178	447,055
Total net assets	6,788,609	5,770,397
Total liabilities and net assets	13,482,632	11,911,097

(2) Consolidated Statement of Income

(Units: Thousand yen)

	Prior Consolidated Fiscal Year (From October 1, 2007 to September 30, 2008)	Current Consolidated Fiscal Year (From October 1, 2008 to September 30, 2009)
Net sales	30,700,996	33,046,916
Cost of sales	24,892,938	26,712,044
Gross profit	5,808,057	6,334,871
Reversal of allowance for product returns	-	1,908
Transfer to allowance for product returns	-	1,177
Adjusted gross profit on sales	5,808,057	6,335,603
Selling, general and administrative expenses	4,682,592	5,736,852
Operating income	1,125,465	598,750
Non-operating income		
Interest income	27,997	8,530
Dividend income	15,644	9,553
Unrealized gain on investment securities	44,480	2,813
Amortization of negative goodwill	11,920	-
Other	9,566	6,268
Total non-operating income	109,609	27,166
Non-operating expenses		
Interest expense	9,592	19,718
Stock offering expense	14,933	-
Stock listing expense	35,773	25,213
Unrealized loss on investment securities	149,314	64,721
Investment loss on equity-method holdings	14,538	90,649
Other	662	3,795
Total non-operating expenses	224,814	204,098
Ordinary income	1,010,260	421,818
Extraordinary income		
Gain on sale of investment securities	47,409	-
Gain on change in subsidiary ownership	399,750	-
Gain on sale of subsidiary shares	54,886	-
Reversal of allowance for doubtful accounts	8,518	-
Reversal of accrued tax revision amount	-	13,065
Gain on reversal of stock acquisition rights	-	27,930
Other	601	87
Total extraordinary income	511,166	41,082
Extraordinary losses		
Loss on retirement of fixed assets	8,609	66,951
Impairment loss	8,250	138,453
Loss on sale of investment securities	2,176	116,607
Unrealized loss on investment securities	345,222	87,142
Tax revision amount	206,940	-
Settlement for advertising incident	-	150,000
Transfer to allowance for business losses	-	100,385
Transfer to allowance for doubtful accounts	-	173,371
Other	33,053	54,763
Total extraordinary losses	604,252	887,674
Net income (loss) before taxes and other adjustments	917,174	(424,773)

(Units: Thousand yen)

	Prior Consolidated Fiscal Year (From October 1, 2007 to September 30, 2008)	Current Consolidated Fiscal Year (From October 1, 2008 to September 30, 2009)
Corporation taxes, local residence taxes, and business taxes	520,263	220,170
Refunds of corporate and other taxes	(67,767)	-
Adjustment of corporate and other taxes	(110,820)	142,053
Total corporate income and other taxes	341,675	362,224
Minority interest income (loss)	11,558	(201,868)
Net income (loss)	563,940	(585,128)

(3) Consolidated Statement of Changes in Shareholders' Equity

(Units: Thousand yen)

	Prior Consolidated Fiscal Year (From October 1, 2007 to September 30, 2008)	Current Consolidated Fiscal Year (From October 1, 2008 to September 30, 2009)
Shareholders' equity		
Common stock		
Balance at end of previous period	1,476,981	1,992,360
Changes in the current period		
New stock issued	515,378	5,617
Total changes in the current period	515,378	5,617
Balance at end of current period	1,992,360	1,997,978
Capital surplus		
Balance at end of previous period	2,596,574	3,093,675
Changes in the current period		
New stock issued	497,100	5,617
Disposition of treasury stock	-	(88)
Total changes in the current period	497,100	5,529
Balance at end of current period	3,093,675	3,099,204
Retained earnings		
Balance at end of previous period	776,167	1,252,783
Changes in the current period		
Dividends from surplus	(87,324)	(105,683)
Net income (loss)	563,940	(585,128)
Total changes in the current period	476,616	(690,812)
Balance at end of current period	1,252,783	561,970
Treasury stock		
Balance at end of previous period	(258,894)	(258,897)
Changes in the current period		
Acquisition of treasury stock	(3)	(159,279)
Disposition of treasury stock	-	83
Total changes in the current period	(3)	(159,195)
Balance at end of current period	(258,897)	(418,093)
Total shareholders' equity		
Balance at end of previous period	4,590,829	6,079,921
Changes in the current period		
New stock issued	1,012,479	11,235
Dividends from surplus	(87,324)	(105,683)
Net income (loss)	563,940	(585,128)
Acquisition of treasury stock	(3)	(159,279)
Disposition of treasury stock	-	(5)
Total changes in the current period	1,489,092	(838,861)
Balance at end of current period	6,079,921	5,241,060

(Units: Thousand yen)

	Prior Consolidated Fiscal Year (From October 1, 2007 to September 30, 2008)	Current Consolidated Fiscal Year (From October 1, 2008 to September 30, 2009)
Valuation/exchange adjustments		
Unrealized gain (loss) on available-for-sale securities		
Balance at end of previous period	(109,018)	(65,369)
Changes in the current period		
Net changes in items other than shareholders' equity	43,648	67,141
Total changes in the current period	43,648	67,141
Balance at end of current period	(65,369)	1,771
Valuation/exchange adjustments		
Balance at end of previous period	(109,018)	(65,369)
Changes in the current period		
Net changes in items other than shareholders' equity	43,648	67,141
Total changes in the current period	43,648	67,141
Balance at end of current period	(65,369)	1,771
Stock acquisition rights		
Balance at end of previous period	27,091	62,879
Changes in the current period		
Net changes in items other than shareholders' equity	35,787	17,630
Total changes in the current period	35,787	17,630
Balance at end of current period	62,879	80,509
Minority interests		
Balance at end of previous period	234,875	711,178
Changes in the current period		
Net changes in items other than shareholders' equity	476,301	(264,123)
Total changes in the current period	476,301	(264,123)
Balance at end of current period	711,178	447,055
Total net assets		
Balance at end of previous period	4,743,779	6,788,609
Changes in the current period		
New stock issued	1,012,479	11,235
Dividends from surplus	(87,324)	(105,683)
Net income (loss)	563,940	(585,128)
Acquisition of treasury stock	(3)	(159,279)
Disposition of treasury stock	-	(5)
Net changes in items other than shareholders' equity	555,737	(179,350)
Total changes in the current period	2,044,830	(1,018,211)
Balance at end of current period	6,788,609	5,770,397

(4) Consolidated Cash Flow Statement

(Units: Thousand yen)

	Prior Consolidated Fiscal Year (From October 1, 2007 to September 30, 2008)	Current Consolidated Fiscal Year (From October 1, 2008 to September 30, 2009)
Cash flow from operating activities		
Net income (loss) before taxes and other adjustments	917,174	(424,773)
Depreciation & amortization expenses	92,282	140,024
Impairment loss	8,250	138,453
Amortization of negative goodwill	(1,829)	-
Amortization of goodwill	-	82,718
Increase (decrease) in allowance for doubtful accounts	2,032	163,290
Increase (decrease) in allowance for bonuses	44,870	(10,712)
Increase (decrease) in allowance for business losses	-	100,385
Tax revision amount or reversal of accrued tax revision amount	206,940	(13,065)
Settlement for advertising incident	-	150,000
Unrealized loss (gain) on investment securities	450,057	149,050
Loss (gain) on sale of investment securities	(45,346)	116,607
Interest income and dividend income	(43,642)	(18,084)
Interest expense	9,592	19,718
Investment loss (gain) on equity-method holdings	35,550	96,441
Loss (gain) on change in subsidiary ownership	(399,750)	-
Loss (gain) on sale of subsidiary shares	(54,886)	-
Loss on retirement of fixed assets	8,609	66,951
Stock-based compensation expense	54,065	56,795
Gain on reversal of stock acquisition rights	-	(27,930)
Decrease (increase) in trade receivables	(836,238)	389,290
Decrease (Increase) in operational investment securities	(173,961)	90,485
Decrease (increase) in inventory	9,404	(5,528)
Increase (decrease) in trade payables	885,285	(560,980)
Other	(14,939)	100,442
Subtotal	1,153,521	799,583
Interest and dividend income	42,906	21,286
Interest paid	(9,592)	(19,718)
Amount paid for tax revision	(188,774)	(5,100)
Amount paid for settlement for advertising incident	-	(36,912)
Refund of corporate or other taxes	44,823	48,155
Amount of corporate and other taxes paid	(648,283)	(540,601)
Cash flow from operating activities	394,601	266,691

(Units: Thousand yen)

	Prior Consolidated Fiscal Year (From October 1, 2007 to September 30, 2008)	Current Consolidated Fiscal Year (From October 1, 2008 to September 30, 2009)
Cash flow from investing activities		
Payment for the acquisition of securities	(101,186)	-
Proceeds from the sale of securities	101,299	-
Payment for the acquisition of goodwill	-	(135,000)
Payment for the acquisition of tangible fixed assets	(67,469)	(56,503)
Payment for the acquisition of intangible fixed assets	(78,199)	(111,275)
Payment for the acquisition of investment securities	(448,295)	(8,477)
Proceeds from the sale of investment securities	324,069	254,481
Payment for the acquisition of subsidiary shares in connection a change in scope of consolidation	(133,951)	-
Payment for the acquisition of subsidiary shares	-	(46,835)
Proceeds from the sale of subsidiary shares	78,200	-
Payment for the acquisition of affiliate shares	(513,800)	(50,000)
Decrease (increase) in loans receivable	(126,784)	2,339
Proceeds from business transfer	-	8,000
Other	(217,837)	(22,079)
Cash flow from investing activities	(1,183,956)	(165,350)
Cash flows from financing activities		
Increase (decrease) in short-term debt	675,000	(349,998)
Proceeds from long-term debt	-	795,000
Payment for repayment of long-term debt	(19,992)	(251,820)
Proceeds from issue of common stock	986,772	0
Payment for the acquisition of treasury stock	(3)	(159,284)
Proceeds from payments by minority shareholders	841,839	-
Amount of dividends paid	(87,324)	(105,683)
Amount of dividends paid to minority shareholders	(8,375)	(17,509)
Other	-	(657)
Cash flow from financing activities	2,387,916	(89,951)
Exchange adjustment in connection with cash and cash equivalents	-	-
Increase (decrease) in cash and cash equivalents	1,598,562	11,388
Beginning cash and cash equivalents	3,109,097	4,707,660
Ending cash and cash equivalents	4,707,660	4,719,048

Segment information

a. Segment information by business category

Previous consolidated fiscal year (from October 1, 2007 to September 30, 2008)

(Units: Thousand yen)

	Network Advertising business	Internet-related business	Direct Mail business	Other businesses	Total	Eliminations or corporate	Consolidated
Ⅰ Net sales and operating income							
(1) Sales to external customer	25,192,988	3,216,963	2,241,933	49,110	30,700,996	-	30,700,996
(2) Inter-segment sales and transfers	137,924	1,016,965	18,009	-	1,172,899	(1,172,899)	-
Total	25,330,913	4,233,929	2,259,943	49,110	31,873,895	(1,172,899)	30,700,996
Operating expenses	24,293,062	4,042,005	2,010,366	83,586	30,428,990	(853,459)	29,575,531
Operating income	1,037,851	191,923	249,606	(34,476)	1,444,905	(319,439)	1,125,465
Ⅱ Assets, depreciation expense and capital expense							
Assets	7,132,502	2,601,056	625,214	1,265,388	11,624,161	1,858,471	13,482,632
Depreciation expense	50,795	46,887	1,017	224	98,924	(6,641)	92,282
Impairment loss	-	8,250	-	-	8,250	-	8,250
Capital expense	113,715	84,017	187	59	197,980	(22,067)	175,912

(Note) 1. Method for determination of business segments

Businesses are categorized based on similarities of markets served.

2. Descriptions of business segments

Business segment	Description of business
Network Advertising business	Internet advertising agency, ad network
Internet-related business	Mobile services (operation of media, distribution of content), Thechnology (e-mail distribution, ASP, system integration)
Direct Mail business	Outsourcing services for direct mail and distribution of other sales promotion materials
Other businesses	Investment and incumbation, new businesses, e-commerce business

3. Eliminations company-wide include operating expenses of 853,459 thousand yen, and includes fees for holding company operations, amount of purchase or transfer amount.

4. Eliminations company-wide include 1,858,471 thousnad yen, and includes cash and deposits and investment securities at a company and assets, etc. related to holding company operations.

5. Depreciation expenses and capital expense include long-term prepaid expenses and related depreciation cost.

Current consolidated fiscal year (from October 1, 2008 to September 30, 2009)

(Thousand yen)

	Network Advertising business	Internet-related business	Direct Mail business	Other businesses	Total	Eliminations or corporate	Consolidated
Ⅰ Net sales and operating income							
(3) Sales to external customer	26,639,537	2,827,952	2,080,004	1,499,421	33,046,916	-	33,046,916
(4) Inter-segment sales and transfers	67,208	1,750,275	20,539	1,703	1,839,727	(1,839,727)	-
Total	26,706,745	4,578,228	2,100,543	1,501,124	34,886,643	(1,839,727)	33,046,916
Operating expenses	25,798,576	4,515,320	1,926,949	1,711,289	33,952,134	(1,503,968)	32,448,165
Operating income	908,169	62,908	173,594	(210,164)	934,509	(335,758)	598,750
Ⅱ Assets, depreciation expense and capital expense							
Assets	6,451,735	2,402,807	590,090	1,010,371	10,455,004	1,456,092	11,911,097
Depreciation expense	57,785	49,239	1,603	38,154	146,782	(6,758)	140,024
Impairment loss	16,282	120,852	-	1,317	138,453	-	139,453
Capital expense	81,070	48,632	2,323	16,701	148,728	(10,108)	138,619

(Note) 1. Method for determination of business segments

Businesses are categorized based on similarities of markets served.

2. Descriptions of business segments

Business segment	Description of business
Network Advertising business	Internet advertising agency, ad network
Internet-related business	Mobile services (operation of media, distribution of content), Thechnology (e-mail distribution, ASP, system integration)
Direct Mail business	Outsourcing services for direct mail and distribution of other sales promotion materials
Other businesses	Investment and incumbation, new businesses, e-commerce business

3. Eliminations company-wide include operating expenses of 1,503,968 thousand yen, and includes fees for holding company operations, amount of purchase or transfer amount.

4. Eliminations company-wide include 1,456,092 thousnad yen, and includes cash and deposits and investment securities at a company and assets, etc. related to holding company operations.

b. Regional segment information

Previous consolidated fiscal year (from October 1, 2007 to September 30, 2008) and current consolidated fiscal year (from October 1, 2008 to September 30, 2009)

No information provided as we have no consolidated subsidiaries or branch offices other than Japan.

c. Overseas sales

Previous consolidated fiscal year (from October 1, 2007 to September 30, 2008) and current consolidated fiscal year (from October 1, 2008 to September 30, 2009)

No information provided as there are no overseas sales.

(Information on related party)

No information provided as we consider unnecessary to disclose financial results.