

**Flash Report for the Fiscal Year ended December 31, 2013 [Japan GAAP]
(on a consolidated basis)**

Company Name: OPT, Inc.

Stock Code: 2389 URL <http://www.opt.ne.jp/>

Representative: Noboru Hachimine, Founder, President and CEO

For inquiries: Masamichi Kudou, Executive Officer and CFO

Scheduled date of ordinary general meeting of shareholders: March 27, 2014

Scheduled date of commencement of dividend payment: March 28, 2014

Scheduled date of filing securities report: March 28, 2014

Supplemental materials for the quarterly financial results: Yes

January 31, 2014
Stock exchange listing: Tokyo

Phone: +81-3-5745-3611

(Amounts of less than one million yen are rounded down and percentages are rounded to the first decimal place)

1. Consolidated Results for Fiscal Year ended December 31, 2013 (January 1, 2013 – December 31, 2013)

(1) Consolidated Business Results

(% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	67,624	(14.3)	1,300	(13.7)	1,105	(18.5)	610	(26.5)
FY2012	78,909	26.7	1,506	36.1	1,355	4.7	830	38.3

Note: Comprehensive income: December 31, 2013: 6,365 million yen (up 492.4%); December 31, 2012: 1,074 million yen (up 154.8%)

	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
FY2013	20.73	20.29	2.9	2.9	1.9
FY2012	28.23	28.02	4.6	4.0	1.9

(Reference) Equity in earnings (losses) of affiliates:

Fiscal year ended December 31, 2013: (132) million yen Fiscal year ended December 31, 2012: (156) million yen

Note: On January 1, 2013, the Company conducted a 200-for-1 stock split for shareholders as of December 31, 2012. In addition, basic net income per share and diluted net income per share for the fiscal year ended December 31, 2012 were calculated assuming that said stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2013	39,656	25,166	60.4	812.12
December 31, 2012	36,838	19,618	49.6	620.67

(Reference) Capital: December 31, 2013: 23,936 million yen December 31, 2012: 18,269 million yen

Note: On January 1, 2013, the Company conducted a 200-for-1 stock split for shareholders as of December 31, 2012. In addition, net assets per share for fiscal years ended December 31, 2012 were calculated assuming that said stock split was conducted at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2013	609	(5,432)	(839)	8,539
FY2012	1,797	(5)	398	14,256

2. Dividends

	Dividend per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	End of 1 st quarter (Mar. 31)	End of 2 nd quarter (Jun. 30)	End of 3 rd quarter (Sep. 30)	Fiscal year-end (Dec. 31)	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2012	—	0.00	—	3,700.00	3,700.00	544	65.5	3.0
FY2013	—	0.00	—	23.50	23.50	692	113.3	3.3
FY2014 (forecasts)	—	0.00	—	—	—		—	

Notes:

- Breakdown of dividend for the fiscal year ended December 31, 2012: Commemorative dividend: 2,000 yen Full-year dividend: 1,700 yen
On January 1, 2013, the Company conducted a 200-for-1 stock split for shareholders as of December 31, 2012. The above figures for FY2012 are based on actual dividend paid before the stock split.
- Breakdown of dividend for the fiscal year ended December 31, 2013: Commemorative dividend: 15 yen Full-year dividend: 8.5 yen

3. Consolidated Earnings Forecasts for Fiscal Year ending December 31, 2014 (January 1, 2014 - December 31, 2014)

(% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	—	—	—	—	—	—	—	—	—
Full-year	67,000	(0.9)	5,100	292.2	4,950	347.9	2,700	342.1	91.61

Notes:

(1) Changes in major subsidiaries during the fiscal year

(changes in specified subsidiaries resulting from changes in the scope of consolidation): Yes

Inclusion: Yes

New: 1 company (Company name) OPT America, Inc.

Exclusion: None

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatements

(a) Changes in accounting policy arising from revision of accounting standards etc.: Yes

(b) Changes in accounting policy other than those noted in (a) above: None

(c) Changes in accounting estimates: Yes

(d) Retrospective restatements: None

(3) Number of shares outstanding (common stock)

(a) Number of shares outstanding
at the end of the period
(including treasury stock)

FY2013 (As of December 31, 2013)	29,914,000 shares	FY2012 (As of December 31, 2012)	29,875,600 shares
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(b) Number of shares of treasury stock
at the end of the period

FY2013 (As of December 31, 2013)	440,000 shares	FY2012 (As of December 31, 2012)	440,000 shares
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(c) Average number of shares during period

FY2013 (As of December 31, 2013)	29,456,990 shares	FY2012 (As of December 31, 2012)	29,425,900 shares
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Note: On January 1, 2013, the Company conducted a 200-for-1 stock split for shareholders as of December 31, 2012. The number of shares outstanding at year-end, the number of shares of treasury stock at year-end, and the average number of shares were calculated assuming that said stock split was conducted at the beginning of the previous fiscal year.

(Reference) Outline of Non-Consolidated Business Results

1. Non-Consolidated Results for Fiscal Year ended December 31, 2013 (January 1, 2013 – December 31, 2013)

(1) Non-Consolidated Business Results

(% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	47,417	(24.5)	457	(22.1)	634	(3.8)	573	16.1
FY2012	62,775	17.7	586	5.3	659	(20.1)	493	34.9

	Basic net income per share	Diluted net income per share
	Yen	Yen
FY2013	19.46	19.22
FY2012	16.78	—

Note: On January 1, 2013, the Company conducted a 200-for-1 stock split for shareholders as of December 31, 2012. In addition, basic net income per share for the FY2013 and FY2012 was calculated assuming that said stock split was conducted at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2013	33,552	22,826	67.9	773.13
December 31, 2012	30,574	17,487	57.0	591.91

(Reference) Capital: December 31, 2013: 22,787 million yen December 31, 2012: 17,423 million yen

Note: On January 1, 2013, the Company conducted a 200-for-1 stock split for shareholders as of December 31, 2012. In addition, net assets per share for fiscal year ended December 31, 2012 was calculated assuming that said stock split was conducted at the beginning of the previous fiscal year.

2. Non-Consolidated Earnings Forecasts for Fiscal Year ending December 31, 2014 (January 1, 2014 - December 31, 2014)

(% represents year-on-year change)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	—	—	—	—	—	—	—
Full-year	—	—	—	—	—	—	—

***Indication of audit procedure implementation**

This financial report is outside the scope of audit procedures based on the Financial Instruments and Exchange Act, and audit procedures for financial statements based on the Financial Instruments and Exchange Act have not been completed at the time of the disclosure.

*** Explanations about the proper use of earnings forecasts and other specific matters**

Forward-looking statements including earnings forecasts and other specific matters in this document are based on information currently available to management and certain assumptions considered by management to be reasonable. A variety of factors could cause actual results and events to differ significantly from those projected. For information about the earnings forecast, please refer to “Earnings Forecast for Fiscal Year ending December 31, 2014” separately announced today (January 31, 2014).

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of yen)

	2012	2013
	(As of December 31, 2012)	(As of December 31, 2013)
Assets		
Current assets		
Cash and deposits	¥ 14,303,768	¥ 11,494,000
Notes and accounts receivable—trade	12,869,988	8,929,372
Short-term investment securities	500,000	1,999,461
Operational investment securities	—	9,142,620
Inventories	15,540	71,852
Deferred tax assets	177,223	69,029
Other	866,335	887,287
Allowance for doubtful accounts	(179,197)	(162,753)
Total current assets	28,553,658	32,430,870
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	401,971	417,926
Accumulated depreciation	(101,681)	(133,361)
Buildings and structures, net	300,289	284,564
Lease assets	333,999	320,525
Accumulated depreciation	(12,608)	(59,600)
Lease assets, net	321,391	260,924
Other	505,277	310,294
Accumulated depreciation	(376,844)	(217,542)
Other, net	128,432	92,751
Total property, plant and equipment	750,113	638,241
Intangible assets		
Goodwill	680,896	212,306
Other	952,931	1,019,419
Total intangible assets	1,633,827	1,231,726
Investments and other assets		
Investment securities	4,510,724	3,635,776
Other	1,439,454	2,108,424
Allowance for doubtful accounts	(49,458)	(388,772)
Total investments and other assets	5,900,720	5,355,429
Total noncurrent assets	8,284,662	7,225,397
Total assets	¥ 36,838,321	¥ 39,656,268

(Thousands of yen)

	2012	2013
	(As of December 31, 2012)	(As of December 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	¥12,358,980	¥7,668,648
Short-term loans payable	459,528	200,000
Income taxes payable	260,411	681,528
Deferred tax liabilities	—	3,142,150
Provision for bonuses	268,684	259,215
Other	3,117,290	1,946,981
Total current liabilities	<u>16,464,895</u>	<u>13,898,523</u>
Noncurrent liabilities		
Long-term loans payable	62,957	55,552
Provision for retirement benefits	126,200	127,819
Deferred tax liabilities	121,156	39,963
Asset retirement obligations	132,555	127,815
Other	312,015	240,171
Total noncurrent liabilities	<u>754,885</u>	<u>591,322</u>
Total liabilities	<u>17,219,781</u>	<u>14,489,845</u>
Net assets		
Shareholders' equity		
Capital stock	7,600,567	7,617,986
Capital surplus	7,694,938	7,712,346
Retained earnings	3,030,216	3,072,641
Treasury stock	(217,646)	(217,646)
Total shareholders' equity	<u>18,108,076</u>	<u>18,185,328</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	117,127	5,417,587
Foreign currency translation adjustment	44,572	333,517
Total accumulated other comprehensive income	<u>161,700</u>	<u>5,751,105</u>
Subscription rights to shares	64,124	39,798
Minority interests	1,284,638	1,190,189
Total net assets	<u>19,618,539</u>	<u>25,166,422</u>
Total liabilities and net assets	<u>¥36,838,321</u>	<u>¥39,656,268</u>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Consolidated Statements of Income**

(Thousands of yen)

	2012 <small>(Fiscal year ended December 31, 2012)</small>	2013 <small>(Fiscal year ended December 31, 2013)</small>
Net sales	¥ 78,909,290	¥ 67,624,291
Cost of sales	67,941,410	55,687,050
Gross profit	10,967,880	11,937,240
Selling, general and administrative expenses		
Salaries and allowance	4,196,996	4,868,607
Bonuses	206,336	234,473
Provision for bonuses	239,118	275,170
Legal welfare expenses	549,185	598,637
Depreciation	377,186	281,779
Provision of allowance for doubtful accounts	(7,215)	(9,619)
Amortization of goodwill	97,939	164,515
Other	3,801,939	4,223,357
Total selling, general and administrative expenses	9,461,485	10,636,921
Operating income	1,506,394	1,300,319
Non-operating income		
Interest income	99,465	34,249
Commission fee	13,704	20,960
Gain on investments in partnership	—	31,519
Other	24,261	15,046
Total non-operating income	137,431	101,775
Non-operating expenses		
Interest expenses	7,070	13,783
Loss on investments in partnership	90,166	—
Equity in losses of affiliates	156,726	132,623
Provision of allowance for doubtful accounts	17,075	60,388
Other	16,894	90,181
Total non-operating expenses	287,932	296,977
Ordinary income	1,355,893	1,105,117
Extraordinary income		
Gain on change in equity	42,301	136,308
Gain on sales of investment securities	359,250	1,043,778
Gain on negative goodwill	109,083	—
Other	0	22,228
Total extraordinary income	510,634	1,202,315
Extraordinary loss		
Loss on retirement of noncurrent assets	29,354	63,114
Loss on sales of noncurrent assets	2,060	27,297
Impairment loss	139,605	39,277
Loss on valuation of investment securities	59,223	121,194
Loss on sales of investment securities	—	129,370
Head office transfer cost	68,296	—
Provision of allowance for doubtful accounts	—	278,810
Other	10,519	19,933
Total extraordinary loss	309,060	679,027
Income before income taxes	1,557,467	1,628,405
Income taxes-current	547,104	1,014,327
Income taxes-deferred	9,574	(175,234)
Total income taxes	556,679	839,092
Income before minority interests	1,000,787	789,312
Minority interests in income	170,081	178,586
Net income	¥ 830,705	¥ 610,726

(2) Consolidated Statements of Comprehensive Income

(Thousands of yen)

	2012	2013
	(Fiscal year ended December 31, 2012)	(Fiscal year ended December 31, 2013)
Income before minority interests	¥1,000,787	¥ 789,312
Other comprehensive income		
Valuation difference on available-for-sale securities	(74,603)	5,300,537
Foreign currency translation adjustment	96,155	125,290
Share of other comprehensive income of associates accounted for using equity method	52,162	150,383
Total other comprehensive income	73,713	5,576,210
Comprehensive income	1,074,501	6,365,523
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	880,052	6,201,905
Comprehensive income attributable to minority interests	194,449	163,617

(3) Statements of changes in net assets**Fiscal 2013 (January 1, 2013 – December 31, 2013)**

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	7,600,567	7,694,938	3,030,216	(217,646)	18,108,076
Changes of items during the period					
Issuance of new shares	17,419	17,407			34,827
Dividends from surplus			(544,558)		(544,558)
Net income			610,726		610,726
Change of scope of consolidation			(30,807)		(30,807)
Change of scope of equity method			7,064		7,064
Net changes of items other than shareholders' equity					
Total changes of items during the period	17,419	17,407	42,424	—	77,251
Balance at the end of current period	7,617,986	7,712,346	3,072,641	(217,646)	18,185,328

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of current period	117,127	44,572	161,700	64,124	1,284,638	19,618,539
Changes of items during the period						
Issuance of new shares						34,827
Dividends from surplus						(544,558)
Net income						610,726
Change of scope of consolidation						(30,807)
Change of scope of equity method						7,064
Net changes of items other than shareholders' equity	5,300,460	288,944	5,589,405	(24,325)	(94,448)	5,470,630
Total changes of items during the period	5,300,460	288,944	5,589,405	(24,325)	(94,448)	5,547,882
Balance at the end of current period	5,417,587	333,517	5,751,105	39,798	1,190,189	25,166,422

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	2012 (Fiscal year ended December 31, 2012)	2013 (Fiscal year ended December 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	¥1,557,467	¥ 1,628,405
Depreciation and amortization	693,108	622,120
Amortization of goodwill	97,939	164,515
Increase (decrease) in allowance for doubtful accounts	(71,503)	328,135
Increase (decrease) in provision for bonuses	73,888	8,546
Increase (decrease) in provision for retirement benefits	(4,933)	16,828
Interest and dividends income	(103,013)	(34,291)
Interest expenses	7,070	13,783
Equity in (earnings) losses of affiliates	156,726	132,623
Loss (gain) on investments in partnership	90,166	(31,519)
Loss (gain) on valuation of investment securities	59,223	121,194
Loss (gain) on sales of investment securities	(359,250)	(914,408)
Impairment loss	139,605	39,277
Loss on retirement of noncurrent assets	29,354	63,144
Loss (gain) on sales of noncurrent assets	2,060	27,297
Decrease (increase) in notes and accounts receivable-trade	(1,647,747)	3,581,224
Decrease (increase) in investment securities for sale	—	105,457
Increase (decrease) in notes and accounts payable-trade	1,580,055	(4,229,524)
Increase (decrease) in accrued consumption taxes	123,641	(199,137)
Other	97,454	(336,013)
Subtotal	2,521,315	1,107,662
Interest and dividends income received	107,412	39,507
Interest expenses paid	(7,444)	(13,274)
Income taxes paid	(856,102)	(569,643)
Income taxes refund	32,440	45,701
Net cash provided by (used in) operating activities	1,797,620	609,954
Net cash provided by (used in) investing activities		
Payments into time deposits	(244,347)	(3,021,268)
Proceeds from withdrawal of time deposits	42,540	623,010
Purchase of property, plant and equipment	(488,614)	(151,105)
Proceeds from sales of property, plant and equipment	308,047	23
Purchase of intangible assets	(625,013)	(701,491)
Payments for asset retirement obligations	(131,161)	(24,420)
Purchase of securities	—	(3,998,539)
Proceeds from redemption of securities	—	1,999,077
Purchase of investment securities	(2,813,181)	(3,708,435)
Proceeds from sales of investment securities	634,739	652,491
Proceeds from repayment of investment securities	3,472,908	2,058,713
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(355,710)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	29,340	24,945
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	7,039	1,061,386
Payments for lease and guarantee deposits	(152,188)	(209,318)
Proceeds from collection of lease and guarantee deposits	370,640	61,053
Payments of loans receivable	(101,675)	(79,416)
Collection of loans receivable	113,015	2,789
Other	(71,697)	(22,459)
Net cash provided by (used in) investing activities	(5,316)	(5,432,963)

(Thousands of yen)

	2012	2013
	(Fiscal year ended December 31, 2012)	(Fiscal year ended December 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	438,387	(259,528)
Proceeds from long-term loans payable	70,000	100,000
Repayment of long-term loans payable	(30,823)	(89,057)
Proceeds from issuance of common stock	6,750	25,695
Proceeds from stock issuance to minority shareholders	102,241	—
Repayments of finance lease obligations	(12,397)	(51,272)
Cash dividends paid	(176,030)	(540,342)
Cash dividends paid to minority shareholders	—	(26,273)
Other	—	1,552
Net cash provided by (used in) financing activities	398,128	(839,226)
Effect of exchange rate change on cash and cash equivalents	67,605	146,405
Net increase (decrease) in cash and cash equivalents	2,258,038	(5,515,830)
Cash and cash equivalents	11,906,226	14,256,038
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	91,773	(200,630)
Cash and cash equivalents	¥14,256,038	¥ 8,539,577

(5) Segment Information

Fiscal year ended December 31, 2013 (January 1, 2013 – December 30, 2013)

1. Information on Net Sales, Income (Loss), Assets, and Other Amounts by Reporting Segment

(Thousands of yen)

	Reportable Segment						Adjustments (Note 1)	Amounts recorded in consolidated financial statements (Note 2)
	Internet Advertising & Solution Business	Database Business	Social & Consumer Business	Overseas Business	Investment and Value Creation Business	Total		
Net sales								
Sales, external	58,412,322	2,802,329	2,323,715	3,486,740	599,182	67,624,291	—	67,624,291
Intersegment sales or transfers	1,945	330,038	41,604	2,098	—	375,687	(375,687)	—
Total	58,414,268	3,132,368	2,365,320	3,488,838	599,182	67,999,979	(375,687)	67,624,291
Segment income (loss)	706,203	453,104	29,380	(165,144)	273,043	1,296,586	3,733	1,300,319
Segment assets	14,165,029	2,033,862	1,502,626	5,485,308	9,228,972	32,415,798	7,240,469	39,656,268
Other items								
Depreciation	207,985	220,140	159,446	33,964	1,049	622,585	(465)	622,120
Amortization of goodwill	49,103	60,459	21,017	33,935	—	164,515	—	164,515
Increases of property, plant and equipment and intangible assets	227,961	425,918	192,952	16,483	426	863,742	697	864,440

Notes:

1. Adjustments are as follows:

- (1) The 3,733 thousand yen adjustment to segment income (loss) is attributable to intersegment eliminations.
- (2) The 7,240,469 thousand yen adjustment to segment assets includes 7,361,492 thousand yen in assets of the entire Company that are not allocated to each reportable segment. Assets of the entire Company are primarily cash and deposits.
- (3) The 697 thousand yen increases in property, plant and equipment and intangible assets are not allocated to each reportable segment.

2. Segment income (loss) refers to operating income (loss) as reported in the consolidated statements of income, after adjustment.

2. Changes to reporting segment

From FY2013, the Investment and Value Creation Business has been added as a reportable segment following the Company's establishment of a special department to accelerate the growth of Internet-related venture companies.