

## Flash Report for the 1<sup>st</sup> Quarter of Fiscal Year ended December 31, 2014 [Japan GAAP] (on a consolidated basis)

April 25, 2014

Stock exchange listing: Tokyo

Company Name: OPT, Inc.

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

Representative: Noboru Hachimine, Founder, President and CEO

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Scheduled date of commencement of dividend payment: —

Supplemental materials for the quarterly financial results: Yes

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

### 1. Consolidated Results for the 1<sup>st</sup> Quarter of Fiscal 2014 (January 1, 2014 –March 31, 2014)

(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	%
1 <sup>st</sup> Quarter of FY2014	19,602	(12.2)	4,388	830.9	4,303	843.7	2,498	—
1 <sup>st</sup> Quarter of FY2013	22,329	17.5	471	50.0	456	42.3	195	(45.0)

Note: Comprehensive income: March 31, 2014: (2,234) million yen (—%); March 31, 2013: 378million yen (down 2.4%)

	Basic net income per share	Diluted net income per share
	Yen	Yen
1 <sup>st</sup> Quarter of FY2014	84.77	83.94
1 <sup>st</sup> Quarter of FY2013	6.64	6.50

(2) Consolidated Financial Position

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1 <sup>st</sup> Quarter of FY2014	38,362	22,090	54.7	712.24
December 31, 2013	39,656	25,166	60.4	812.12

(Reference) Capital: March 31, 2014: 21,001 million yen ; December 31, 2013: 23,936 million yen

### 2. Dividends

	Dividend per share				
	End of 1 <sup>st</sup> quarter (Mar. 31)	End of 2 <sup>nd</sup> quarter (Jun. 30)	End of 3 <sup>rd</sup> quarter (Sep. 30)	Fiscal year-end (Dec. 31)	Annual
	Yen	Yen	Yen	Yen	Yen
FY2013	—	0.00	—	23.50	23.50
FY2014	—	—	—	—	—
FY2015 (forecasts)	—	0.00	—	—	—

Revisions of the forecasts of consolidated results since the latest announcement: None

Breakdown for dividends of FY2013: commemorative dividend 15yen; common dividend 8.5yen

### 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

Revisions of the forecasts of consolidated results since the latest announcement: None

**Notes:**

(1) Changes in major subsidiaries during the fiscal year  
 (changes in specified subsidiaries resulting from changes in the scope of consolidation): None  
 Inclusion: None  
 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.: None  
 (b) Changes in accounting policy other than those noted in (a) above: None  
 (c) Changes in accounting estimates: None  
 (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)

FY2014 1Q (As of March 31, 2014)	29,927,000 shares	FY2013 (As of December 31, 2013)	29,914,000 shares
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(b) Number of shares of treasury stock  
 at the end of the period

FY2014 1Q (As of March 31, 2014)	440,000 shares	FY2013 (As of December 31, 2013)	440,000 shares
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(c) Average number of shares during period

FY2014 1Q (As of March 31, 2014)	29,480,166 shares	FY2013 1Q (As of December 31, 2012)	29,436,876 shares
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**\*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.

**Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Thousands of yen)

	2013 (As of December 31, 2013)	1 <sup>st</sup> Quarter of FY2014 (As of March 31, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	¥ 11,494,000	¥ 11,733,381
Notes and accounts receivable—trade	8,929,372	10,006,618
Short-term investment securities	1,999,461	3,499,321
Operational investment securities	9,142,620	2,206,704
Inventories	71,852	35,711
Deferred tax assets	69,029	47,774
Other	887,287	755,993
Allowance for doubtful accounts	(162,753)	(156,745)
Total current assets	32,430,870	28,128,759
Noncurrent assets		
Total property, plant and equipment	638,241	731,543
Intangible assets		
Goodwill	212,306	2,416,304
Other	1,019,419	1,298,075
Total intangible assets	1,231,726	3,714,379
Investments and other assets		
Investment securities	3,635,776	4,161,208
Other	2,108,424	2,021,788
Allowance for doubtful accounts	(388,772)	(383,890)
Total investments and other assets	5,355,429	5,788,106
Total noncurrent assets	7,225,397	10,234,029
Total assets	¥ 39,656,268	¥ 38,362,789

(Thousands of yen)

	<b>2013</b>	<b>1<sup>st</sup> Quarter of FY2014</b>
	(As of December 31, 2013)	(As of March 31, 2014)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	¥7,668,648	¥8,428,927
Short-term loans payable	200,000	180,000
Income taxes payable	681,528	1,824,391
Deferred tax liabilities	3,142,150	178,053
Provision for bonuses	259,215	296,433
Other	1,946,981	2,630,319
Total current liabilities	<u>13,898,523</u>	<u>13,538,125</u>
Noncurrent liabilities		
Long-term loans payable	55,552	2,180,175
Provision for retirement benefits	127,819	135,815
Deferred tax liabilities	39,963	28,826
Asset retirement obligations	127,815	131,143
Other	240,171	258,228
Total noncurrent liabilities	<u>591,322</u>	<u>2,734,189</u>
Total liabilities	<u>14,489,845</u>	<u>16,272,314</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,617,986	7,623,705
Capital surplus	7,712,346	7,718,060
Retained earnings	3,072,641	4,897,811
Treasury stock	(217,646)	(217,646)
Total shareholders' equity	<u>18,185,328</u>	<u>20,021,930</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,417,587	740,901
Foreign currency translation adjustment	333,517	238,848
Total accumulated other comprehensive income	<u>5,751,105</u>	<u>979,749</u>
Subscription rights to shares	39,798	35,169
Minority interests	1,190,189	1,053,624
Total net assets	<u>25,166,422</u>	<u>22,090,474</u>
Total liabilities and net assets	<u>¥39,656,268</u>	<u>¥38,362,789</u>

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

(Thousands of yen)

	1 <sup>st</sup> Quarter of FY2013	1 <sup>st</sup> Quarter of FY2014
	(From January 1, 2013 to March 31, 2013)	(From January 1, 2014 to March 31, 2014)
Net sales	¥ 22,329,841	¥ 19,602,088
Cost of sales	19,254,150	12,289,825
Gross profit	3,075,690	7,312,262
Total selling, general and administrative expenses	2,604,272	2,924,008
Operating income	471,417	4,388,253
Non-operating income		
Interest income	6,771	7,779
Gain on investments in partnership	49,699	—
Other	12,999	12,261
Total non-operating income	69,470	20,040
Non-operating expenses		
Interest expenses	3,792	3,123
Equity in losses of affiliates	53,943	52,349
Other	27,084	48,842
Total non-operating expenses	84,821	104,315
Ordinary income	456,067	4,303,978
Extraordinary income		
Gain on sales of investment securities	17,590	10,198
Other	31,126	1,876
Total extraordinary income	48,716	1,2074
Extraordinary loss		
Loss on retirement of noncurrent assets	2,235	61,520
Impairment loss	23,026	11,140
Loss on valuation of investment securities	1,969	—
Other	5,054	1,413
Total extraordinary loss	32,286	74,073
Income before income taxes	472,497	4,241,979
Income taxes-current	156,320	1,694,108
Income taxes-deferred	67,200	8,446
Total income taxes	223,521	1,702,554
Income before minority interests	248,975	2,539,424
Minority interests in income	53,525	40,454
Net income	¥ 195,450	¥ 2,498,970

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

(Thousands of yen)

	1 <sup>st</sup> Quarter of FY2013 (From January 1, 2013 to March 31, 2013)	1 <sup>st</sup> Quarter of FY2014 (From January 1, 2014 to March 31, 2014)
Income before minority interests	¥248,975	¥ 2,539,424
Other comprehensive income		
Valuation difference on available-for-sale securities	81,835	(4,676,686)
Foreign currency translation adjustment	15,640	(89,853)
Share of other comprehensive income of associates accounted for using equity method	32,357	(6,889)
Total other comprehensive income	129,833	(4,773,429)
Comprehensive income	378,809	(2,234,005)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	319,386	(2,272,358)
Comprehensive income attributable to minority interests	59,422	(38,380)

### (3) Segment Information

First Quarter of FY2014 (January 1, 2014 – March 31, 2014)

#### 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	<b>13,608,573</b>	<b>472,704</b>	<b>579,593</b>	<b>286,457</b>	<b>4,654,759</b>	<b>19,602,088</b>	—	<b>19,602,088</b>
Intersegment sales or transfers	—	<b>103,161</b>	<b>9,200</b>	<b>63,294</b>	—	<b>175,655</b>	<b>(175,655)</b>	—
Total	<b>13,608,573</b>	<b>575,866</b>	<b>588,794</b>	<b>349,751</b>	<b>4,654,759</b>	<b>19,777,744</b>	<b>(175,655)</b>	<b>19,602,088</b>
Segment income (loss)	<b>(117,557)</b>	<b>40,081</b>	<b>29,920</b>	<b>(46,789)</b>	<b>4,482,574</b>	<b>4,388,230</b>	<b>23</b>	<b>4,388,253</b>

Notes:

1. The 23 thousand yen adjustment to segment income (loss) is attributable to intersegment eliminations.
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 the 2<sup>nd</sup> Quarter of 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.

#### 3. Information Concerning Loss on Impairment of Noncurrent Assets and Goodwill by Reporting Segment

(Significant loss on impairment of noncurrent assets)

Not applicable

(Significant changes in amount of goodwill)

In the Internet Advertising & Solution Business, OPT, Inc. acquired SkillUp Video Technologies Corporation and included it in the scope of consolidation. As a result of this event, goodwill increased in the amount of 2,012,184 thousand yen during the first quarter of the fiscal year ending December 31, 2014. Moreover, due to the additional acquisition of crossfinity Inc., goodwill increased in the amount of 210,777 thousand yen during the fiscal year ending December 31, 2014.

(Significant gain on negative goodwill)

Not applicable