

Flash Report for the 2nd Quarter of the Fiscal Year Ending December 31, 2015 [Japan GAAP] (on a consolidated basis)

July 30, 2015

Stock Exchange Listing: Tokyo

Company Name: OPT Holding, Inc.

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

Representative: Noboru Hachimine, Founder, President and CEO

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Scheduled date of quarterly financial report filing: August 14, 2015

Scheduled date of commencement of dividend payment: —

Supplemental materials prepared for 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 2nd Quarter of Fiscal 2015 (January 1, 2015 – June 30, 2015)

(1) Consolidated Business Results (Cumulative) (% represents year-on-year change)

	Revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q FY2015	32,675	(6.0)	818	(80.8)	665	(83.7)	173	(91.1)
2Q FY2014	34,760	(9.1)	4,264	353.1	4,091	360.3	1,948	524.3

Note: Comprehensive income (loss): 2Q FY2015: 271 million yen (—%) 2Q FY2014: (2,564) million yen (—%)

	Basic net income per share		Diluted net income per share	
	Yen		Yen	
2Q FY2015	6.71		—	
2Q FY2014	69.79		69.22	

(Notes)

- Gains (losses) on the sale of operational investment securities relating to the Investment and Value Creation Business are included in the consolidated results for the fiscal year ended December 31, 2014.
- There were no issued and outstanding shares with dilutive effect as of the end of the second quarter of the fiscal year under review. Accordingly, diluted net income per share data is not presented.

(2) Consolidated Financial Position

	Total assets		Net assets		Net assets ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
June 30, 2015	38,962		17,476		42.8		645.08	
December 31, 2014	39,436		17,703		42.9		655.43	

(Reference) Capital: June 30, 2015: 16,668 million yen

December 31, 2014: 16,936 million yen

2. Dividends

	Dividend per share				
	End of 1st quarter (Mar. 31)	End of 2nd quarter (Jun. 30)	End of 3rd quarter (Sep. 30)	Fiscal year-end (Dec. 31)	Annual
	Yen				
FY2014	—	0.00	—	13.00	13.00
FY2015	—	0.00			
FY2015 (forecasts)			—	—	—

(Notes)

- Revisions to the most recently announced dividend forecast: None
- Forecast for the FY2015-end dividend is yet to be determined.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2015 (January 1, 2015 - December 31, 2015)

(% represents year-on-year change)

	Revenue		Operating income		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full fiscal year	70,000	4.5	1,500	(66.5)	900	(77.9)	300	(72.6)	11.61	

(Note) Revisions to the most recently announced consolidated earnings forecast: Yes

Notes:

(1) Changes in major subsidiaries during the period
(changes in specified subsidiaries resulting from changes in the scope of consolidation): None
Inclusion: None Exclusion: None

(2) Application of special accounting practices in the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
(a) Changes in accounting policies arising from the revision of accounting standards, etc.: None
(b) Changes in accounting policies other than those noted in above (a): None
(c) Changes in accounting estimates: None
(d) Retrospective restatements: None

(4) Number of shares outstanding (common stock)

(a) Number of shares outstanding as of the end of the period (including treasury stock)	June 30, 2015	29,980,000 shares	December 31, 2014	29,980,000 shares
(b) Number of shares of treasury stock as of the end of the period	June 30, 2015	4,140,000 shares	December 31, 2014	4,140,000 shares
(c) Average number of shares during the period	2Q FY2015	25,840,000 shares	2Q FY2014	27,920,714 shares

* Regarding the status of audit procedure implementation

This flash report is outside the scope of audit procedures as prescribed under the Financial Instruments and Exchange Act of Japan. Audit procedures for financial statements as prescribed under the Act have not been completed at the time of 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)

	As of December 31, 2014	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	10,398,180	11,569,310
Notes and accounts receivable—trade	9,750,338	10,188,038
Short-term investment securities	3,996,780	—
Operational investment securities	1,585,459	4,581,893
Inventories	61,528	170,335
Deferred tax assets	154,984	196,933
Other	1,108,738	834,707
Allowance for doubtful accounts	(216,157)	(211,442)
Total current assets	<u>26,839,853</u>	<u>27,329,776</u>
Noncurrent assets		
Property, plant and equipment	792,655	697,881
Intangible assets		
Goodwill	2,326,018	2,114,280
Other	1,272,709	1,268,470
Total intangible assets	<u>3,598,727</u>	<u>3,382,751</u>
Investments and other assets		
Investment securities	7,043,462	6,414,323
Other	1,837,463	1,808,686
Allowance for doubtful accounts	(675,711)	(670,453)
Total investments and other assets	<u>8,205,214</u>	<u>7,552,555</u>
Total noncurrent assets	<u>12,596,597</u>	<u>11,633,188</u>
Total assets	<u>39,436,451</u>	<u>38,962,965</u>
Liabilities		
Current liabilities		
Notes and accounts payable—trade	8,408,015	8,879,973
Short-term loans payable	220,000	1,230,000
Current portion of long-term loans payable	907,553	933,531
Income taxes payable	1,687,236	587,523
Deferred tax liabilities	—	111,164
Provision for bonuses	434,055	286,377
Other	2,536,486	2,149,415
Total current liabilities	<u>14,193,346</u>	<u>14,177,986</u>
Noncurrent liabilities		
Long-term loans payable	7,006,347	6,798,257
Net defined benefit liability	159,313	166,123
Deferred tax liabilities	35,807	38,378
Asset retirement obligations	128,781	122,860
Other	208,974	183,048
Total noncurrent liabilities	<u>7,539,225</u>	<u>7,308,667</u>
Total liabilities	<u>21,732,571</u>	<u>21,486,653</u>

(Thousands of yen)

	As of December 31, 2014	As of June 30, 2015
Net assets		
Shareholders' equity		
Capital stock	7,645,948	7,645,948
Capital surplus	7,740,278	7,740,278
Retained earnings	3,490,800	3,184,587
Treasury stock	(3,148,046)	(3,148,046)
Total shareholders' equity	15,728,980	15,422,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	487,380	496,919
Foreign currency translation adjustment	719,931	749,155
Total accumulated other comprehensive income	1,207,311	1,246,075
Subscription rights to shares	6,836	6,836
Minority interests	760,750	800,632
Total net assets	17,703,879	17,476,311
Total liabilities and net assets	39,436,451	38,962,965

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

(Thousands of yen)

	2Q FY2014	2Q FY2015
	(From January 1, 2014	(From January 1, 2015
	to June 30, 2014)	to June, 2015)
Revenue	34,760,981	32,675,773
Cost of sales	24,554,236	26,034,155
Gross profit	10,206,744	6,641,617
Selling, general and administrative expenses	5,941,853	5,823,069
Operating income	4,264,890	818,548
Non-operating income		
Interest income	13,275	9,469
Dividends income	42	4,547
Other	29,387	46,099
Total non-operating income	42,705	60,117
Non-operating expenses		
Interest expenses	8,102	13,792
Loss on investments in partnership	47,925	78,407
Equity in losses of affiliates	123,698	84,903
Other	36,724	36,126
Total non-operating expenses	216,450	213,229
Ordinary income	4,091,146	665,435
Extraordinary income		
Gain on change in equity	55,292	—
Gain on sales of investment securities	57,590	587,533
Gain on reversal of subscription rights to shares	21,011	—
Other	—	3,528
Total extraordinary income	133,893	591,062
Extraordinary loss		
Loss on retirement of noncurrent assets	70,625	17,133
Impairment loss	24,051	189,046
Loss on valuation of investment securities	114,869	237,847
Provision of allowance for doubtful accounts	276,212	—
Other	18,687	16,918
Total extraordinary loss	504,446	460,946
Income before income taxes	3,720,593	795,551
Income taxes	1,710,201	563,655
Income before minority interests	2,010,392	231,895
Minority interests in income	61,853	58,621
Net income	1,948,538	173,274

(2) Consolidated Statements of Comprehensive Income

(Thousands of yen)

	2Q FY2014 (From January 1, 2014 to June 30, 2014)	2Q FY2015 (From January 1, 2015 to June, 2015)
Income before minority interests	2,010,392	231,895
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,464,955)	9,459
Foreign currency translation adjustment	(114,348)	39,013
Share of other comprehensive income of associates accounted for using equity method	4,850	(8,938)
Total other comprehensive income (loss)	(4,574,453)	39,534
Comprehensive income (loss)	(2,564,061)	271,430
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(2,624,948)	212,038
Comprehensive income attributable to minority interests	60,887	59,392

(3) Segment Information

2Q FY2015 (From January 1, 2015 to June 30, 2015)

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

(Thousands of yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Amounts Recorded in Consolidated Financial Statements (Note 3)
	Marketing Business	Investment and Value Creation Business	Overseas Business	Total				
Revenue								
Sales, external	31,707,752	392,253	550,132	32,650,138	25,635	32,675,773	—	32,675,773
Intersegment sales or transfers	—	—	118,497	118,497	85,679	204,176	(204,176)	—
Total	31,707,752	392,253	668,629	32,768,635	111,314	32,879,950	(204,176)	32,675,773
Segment income (loss)	974,183	255,399	(39,996)	1,189,586	(28,130)	1,161,455	(342,907)	818,548

Notes:

1. Other is comprised of business segments that are not included in reportable segments and includes the Social & Consumer Business.
2. The 342,907 thousand yen adjustment to segment income (loss) is attributable to intersegment eliminations and Companywide expenses that are not allocated to each reportable segment.
3. Segment income (loss) refers to operating income (loss) as reported in the consolidated statements of income after adjustment.

2. Information concerning Loss on Impairment of Noncurrent Assets and Goodwill by Reporting Segment

(Significant loss on impairment of noncurrent assets)

An impairment loss on software has been recorded in the Marketing Business. The amount of impairment loss recorded for the cumulative second quarter period of the fiscal year ending December 31, 2015 was 189,046 thousand.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

3. Matters concerning Changes in Reportable Segments

Effective April 1, 2015, the OPT Group transitioned to a holding company structure. As a result, steps were taken to reorganize the structure of business operations. Reportable segments, which were previously classified into the Internet Advertising & Solution, Database, Social & Consumer, Overseas, and Investment and Value Creation businesses have been classified into the Marketing, Investment and Value Creation, and Overseas business from the second quarter of the fiscal year ending December 31, 2015.

Reportable segment information for the second quarter of the fiscal year ended December 31, 2014 has been adjusted to match this newly adopted reportable segment classification.

(Significant subsequent events)

Not applicable.