

Flash Report for the Fiscal Year Ended December 31, 2015

[Japan GAAP] (on a consolidated basis)

January 29, 2016

Company Name: OPT Holding, Inc.	Stock Exchange Listing: Tokyo
Stock Code: 2389	URL http://www.opt.ne.jp/english/holding/
Representative: Noboru Hachimine, Founder, President and CEO	
Inquiries: Yoshitada Ishibashi, Director and COO	Phone: +81-3-5745-3611
Scheduled date of the ordinary general meeting of shareholders: March 25, 2016	
Scheduled date of commencement of dividend payment: March 28, 2016	
Supplemental materials prepared for 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 Fiscal 2015, the Fiscal Year Ended December 31, 2015 (January 1, 2015 – December 31, 2015)

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

	Revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2015	64,052	(4.4)	1,620	(63.8)	1,191	(70.7)	267	(75.5)
FY2014	66,984	(0.9)	4,471	243.9	4,067	268.1	1,092	79.0

Note: Comprehensive income (loss): FY2015: (199) million yen (—%) FY2014: (3,378) million yen (—%)

	Basic net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income to total assets ratio	Operating income to revenue ratio
	Yen	Yen	%	%	%
FY2015	10.34	—	1.6	3.1	2.5
FY2014	40.68	40.41	5.3	10.3	6.7

(Reference) Equity in earnings (losses) of affiliates: FY2015: (251) million yen FY2014: (362) million yen

(Notes) - Gains (losses) on the sale of operational investment securities in the Investment and Value Creation Business are included in the consolidated results for the fiscal year ended December 31, 2014.

- Diluted net income per share for the fiscal year ended December 31, 2015 is not provided, since there were no shares with dilutive effects.

(2) Consolidated Financial Position

	Total assets	Net assets	Net assets ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2015	37,421	17,609	43.2	625.82
December 31, 2014	39,436	17,703	42.9	655.43

(Reference) Capital: December 31, 2015: 16,171 million yen December 31, 2014: 16,936 million yen

(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	%	Yen
FY2015	(3,507)	1,990	(137)	10,136
FY2014	4,026	(6,183)	3,666	11,585

2. Dividends

	Annual dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	1Q-end (Mar. 31)	2Q-end (Jun. 30)	3Q-end (Sep. 30)	4Q-end (Dec. 31)	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2014	—	0.00	—	13.00	13.00	335	32.0	1.8
FY2015	—	0.00	—	13.00	13.00	335	125.7	2.0
FY2016 (forecasts)	—	0.00	—	—	—		—	

Forecast for the FY2016-end dividend is yet to be determined.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2016 (January 1, 2016 - December 31, 2016)

(% represents year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	—	—	—	—	—	—	—	—	—
Full fiscal year	66,000	3.0	1,350	(16.7)	1,000	(16.1)	270	1.0	10.45

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 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
- (3) Number of shares outstanding (common stock)
(a) Number of shares outstanding as of the end of the period (including treasury stock)
December 31, 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
December 31, 2015: 4,140,000 shares December 31, 2014: 4,140,000 shares
(c) Average number of shares during the period
FY2015: 25,840,000 shares FY2014: 26,868,738 shares

(Reference) Outline of Non-Consolidated Business Results

1. Non-Consolidated Results for Fiscal 2015, the Fiscal Year Ended December 31, 2015

(January 1, 2015 – December 31, 2015)

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

	Revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2015	12,815	(72.3)	339	(91.3)	413	(89.7)	140	(90.0)
FY2014	46,218	(2.5)	3,879	748.5	4,037	536.0	1,402	144.7

	Basic net income per share		Diluted net income per share	
	Yen		Yen	
FY2015	5.44		—	
FY2014	52.20		51.85	

(Notes) - Gains (losses) on the sale of operational investment securities in the Investment and Value Creation Business are included in the non-consolidated results for the fiscal year ended December 31, 2014.

- Earnings in the non-consolidated results for the fiscal year ended December 31, 2015 decreased due to the transition to a holding company on April 1, 2015.

- Diluted net income per share for the fiscal year ended December 31, 2015 is not provided, since there were no shares with dilutive effects.

(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, 2015	22,524		15,033		66.7	581.56		
December 31, 2014	32,748		15,699		47.9	607.29		

(Reference) Capital: December 31, 2015: 15,027 million yen December 31, 2014: 15,692 million yen

2. Non-Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2016

(January 1, 2016 - December 31, 2016)

(% represents year-on-year change)

	Revenue		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Interim	—	—	—	—	—	—	—	—
Full fiscal year	—	—	—	—	—	—	—	—

* 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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2014	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	10,398,180	10,670,933
Notes and accounts receivable—trade	9,750,338	9,910,191
Short-term investment securities	3,996,780	—
Operational investment securities	1,585,459	4,242,530
Inventories	61,528	50,709
Deferred tax assets	154,984	283,768
Other	1,108,738	2,080,958
Allowance for doubtful accounts	(216,157)	(228,683)
Total current assets	<u>26,839,853</u>	<u>27,010,408</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	442,621	400,741
Accumulated depreciation	(175,713)	(201,758)
Buildings and structures, net	<u>266,907</u>	<u>198,982</u>
Lease assets	361,246	370,238
Accumulated depreciation	(116,462)	(175,839)
Lease assets, net	<u>244,784</u>	<u>194,399</u>
Other	709,795	738,524
Accumulated depreciation	(428,832)	(444,457)
Other, net	<u>280,963</u>	<u>294,066</u>
Total property, plant and equipment	<u>792,655</u>	<u>687,447</u>
Intangible assets		
Goodwill	2,326,018	1,837,378
Other	1,272,709	1,302,432
Total intangible assets	<u>3,598,727</u>	<u>3,139,810</u>
Investments and other assets		
Investment securities	7,043,462	5,501,910
Other	1,837,463	1,750,017
Allowance for doubtful accounts	(675,711)	(668,182)
Total investments and other assets	<u>8,205,214</u>	<u>6,583,746</u>
Total noncurrent assets	<u>12,596,597</u>	<u>10,411,004</u>
Total assets	<u>39,436,451</u>	<u>37,421,413</u>

(Thousands of yen)

	As of December 31, 2014	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable—trade	8,408,015	8,051,088
Short-term loans payable	220,000	410,000
Current portion of long-term loans payable	907,553	836,395
Income taxes payable	1,687,236	314,254
Provision for bonuses	434,055	309,137
Other	2,536,486	3,105,877
Total current liabilities	14,193,346	13,026,752
Noncurrent liabilities		
Long-term loans payable	7,006,347	6,336,409
Net defined benefit liability	159,313	155,273
Deferred tax liabilities	35,807	20,947
Asset retirement obligations	128,781	123,527
Other	208,974	149,041
Total noncurrent liabilities	7,539,225	6,785,198
Total liabilities	21,732,571	19,811,951
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	3,275,303
Treasury stock	(3,148,046)	(3,148,046)
Total shareholders' equity	15,728,980	15,513,483
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	487,380	17,482
Foreign currency translation adjustment	719,931	640,280
Total accumulated other comprehensive income	1,207,311	657,762
Subscription rights to shares	6,836	5,824
Minority interests	760,750	1,432,390
Total net assets	17,703,879	17,609,461
Total liabilities and net assets	39,436,451	37,421,413

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

(Thousands of yen)

	FY2014 (From January 1, 2014 to December 31, 2014)	FY2015 (From January 1, 2015 to December 31, 2015)
Revenue	66,984,083	64,052,229
Cost of sales	50,447,313	50,704,241
Gross profit	16,536,769	13,347,987
Selling, general and administrative expenses		
Salaries and allowances	5,670,510	5,784,558
Bonuses	525,523	170,751
Provision for bonuses	431,907	321,197
Legal welfare expenses	773,300	736,356
Depreciation	296,307	283,387
Provision of allowance for doubtful accounts	65,578	28,088
Amortization of goodwill	340,388	433,786
Other	3,961,863	3,969,091
Total selling, general and administrative expenses	12,065,380	11,727,216
Operating income	4,471,389	1,620,770
Non-operating income		
Interest income	26,822	13,761
Commission fees	5,997	2,547
Foreign exchange gains	11,749	—
Other	60,871	69,497
Total non-operating income	105,440	85,806
Non-operating expenses		
Interest expenses	21,909	26,988
Loss on investments in partnership	58,300	168,993
Equity in losses of affiliates	362,008	251,013
Provision of allowance for doubtful accounts	896	—
Other	66,297	67,731
Total non-operating expenses	509,412	514,726
Ordinary income	4,067,417	1,191,850
Extraordinary income		
Gain on sales of non-current assets	—	83,895
Gain on sales of investment securities	114,177	1,157,758
Gain on reversal of subscription rights to shares	21,011	1,012
Other	—	23,798
Total extraordinary income	135,188	1,266,464
Extraordinary loss		
Loss on retirement of noncurrent assets	74,054	35,348
Impairment loss	362,330	307,101
Loss on valuation of investment securities	334,693	813,264
Loss on sales of investment securities	43,444	—
Provision of allowance for doubtful accounts	275,173	—
Other	42,084	44,463
Total extraordinary loss	1,131,782	1,200,178
Income before income taxes	3,070,823	1,258,136
Income taxes-current	2,087,021	827,234
Income taxes-deferred	(174,287)	81,235
Total income taxes	1,912,734	908,470
Income before minority interests	1,158,089	349,666
Minority interests in income	65,187	82,385
Net income	1,092,901	267,280

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	FY2014 (From January 1, 2014 to December 31, 2014)	FY2015 (From January 1, 2015 to December 31, 2015)
Income before minority interests	1,158,089	349,666
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,930,207)	(471,390)
Foreign currency translation adjustment	355,787	(56,194)
Share of other comprehensive income of associates accounted for using equity method	37,445	(21,284)
Total other comprehensive income (loss)	(4,536,974)	(548,869)
Comprehensive income	(3,378,885)	(199,203)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(3,453,927)	(280,798)
Comprehensive income attributable to minority interests	75,042	81,595

(3) Statements of Changes in Net Assets
FY2015 (From January 1, 2015 to December 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	7,645,948	7,740,278	3,490,800	(3,148,046)	15,728,980
Changes of items during the period					
Issuance of new shares					
Dividends from surplus			(335,920)		(335,920)
Net income			267,280		267,280
Acquisition of treasury stock					
Change of scope of consolidation					
Change of scope of equity method			(146,857)		(146,857)
Net change of items other than shareholders' equity					
Total change of items during the period	—	—	(215,497)	—	(215,497)
Balance at the end of current period	7,645,948	7,740,278	3,275,303	(3,148,046)	15,513,483

	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	487,380	719,931	1,207,311	6,836	760,750	17,703,879
Changes of items during the period						
Issuance of new shares						
Dividends from surplus						(335,920)
Net income						267,280
Acquisition of treasury stock						
Change of scope of consolidation						
Change of scope of equity method						(146,857)
Net change of items other than shareholders' equity	(469,898)	(79,650)	(549,548)	(1,012)	671,640	121,079
Total change of items during the period	(469,898)	(79,650)	(549,548)	(1,012)	671,640	(94,417)
Balance at the end of current period	17,482	640,280	657,762	5,824	1,432,390	17,609,461

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY2014 (From January 1, 2014 to December 31, 2014)	FY2015 (From January 1, 2015 to December 31, 2015)
Net cash from operating activities		
Income before income taxes	3,070,823	1,258,136
Depreciation and amortization	693,978	634,791
Amortization of goodwill	340,388	433,786
Increase (decrease) in allowance for doubtful accounts	322,454	14,003
Increase (decrease) in provision for bonuses	182,294	(124,917)
Increase (decrease) in net defined benefit liability	17,800	5,585
Interest and dividends income	(30,166)	(18,309)
Interest expenses	21,909	26,988
Equity in (earnings) losses of affiliates	362,008	251,013
Loss (gain) on investments in partnership	58,300	168,993
Loss (gain) on valuation of investment securities	334,693	813,264
Loss (gain) on sales of investment securities	(70,732)	(1,157,311)
Impairment loss	362,330	307,101
Loss on retirement of noncurrent assets	74,054	35,348
Loss (gain) on sales of noncurrent assets	—	(83,195)
Decrease (increase) in notes and accounts receivable—trade	(707,451)	(282,975)
Decrease (increase) in investment securities for sales	(1,344,020)	(3,265,199)
Increase (decrease) in notes and accounts payable—trade	574,771	(305,985)
Increase (decrease) in accrued consumption taxes	560,829	(101,151)
Other	253,182	313,021
Subtotal	<u>5,077,451</u>	<u>(1,077,010)</u>
Interest and dividends income received	32,583	21,587
Interest expenses paid	(21,909)	(26,867)
Income taxes paid	(1,084,408)	(2,439,986)
Income taxes refund	22,462	15,160
Net cash provided by (used in) operating activities	<u>4,026,179</u>	<u>(3,507,115)</u>

(Thousands of yen)

	FY2014 (From January 1, 2014 to December 31, 2014)	FY2015 (From January 1, 2015 to December 31, 2015)
Net cash from investing activities		
Payments to time deposits	(1,241,434)	(617,673)
Proceeds from withdrawal of time deposits	3,379,885	896,872
Purchase of property, plant and equipment	(266,143)	(95,951)
Purchase of intangible assets	(859,984)	(1,024,303)
Payments for asset retirement obligations	(8,384)	(7,452)
Purchase of securities	(1,997,287)	—
Proceeds from repayment of securities	—	1,997,287
Purchase of investment securities	(3,447,247)	(1,216,846)
Proceeds from sales of investment securities	235,033	1,117,379
Proceeds from repayment of investment securities	211,511	482,591
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,130,050)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	59,674	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(34,239)	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	268,502
Payments for lease and guarantee deposits	(65,793)	(56,412)
Proceeds from collection of lease and guarantee deposits	143,458	102,676
Payments of loans receivable	(162,625)	(169,861)
Collection of loans receivable	18,453	70,924
Other	(18,789)	242,290
Net cash provided by (used in) investing activities	(6,183,963)	1,990,024
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(10,000)	190,000
Proceeds from long-term loans payable	8,020,000	500,000
Repayment of long-term loans payable	(682,659)	(1,026,396)
Proceeds from issuance of common stock	43,942	—
Proceeds from share issuance to minority shareholders	—	620,000
Repayments of finance lease obligations	(55,070)	(59,635)
Purchase of treasury stock	(2,930,400)	—
Cash dividends paid	(686,598)	(343,508)
Cash dividends paid to minority interests	(25,079)	(11,441)
Other	(7,276)	(7,000)
Net cash provided (used in) by financing activities	3,666,856	(137,981)
Effect of exchange rate change on cash and cash equivalents	98,209	(41,363)
Net increase (decrease) in cash and cash equivalents	1,607,282	(1,696,436)
Cash and cash equivalents	10,539,039	11,585,343
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(560,978)	247,725
Cash and cash equivalents	11,585,343	10,136,632

(5) Segment Information

FY2015 (From January 1, 2015 to December 31, 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	61,828,400	1,021,515	1,167,217	64,017,133	35,096	64,052,229	—	64,052,229
Intersegment sales or transfers	—	—	257,693	257,693	243,812	501,506	(501,506)	—
Total	61,828,400	1,021,515	1,424,910	64,274,826	278,909	64,553,735	(501,506)	64,052,229
Segment income (loss)	1,815,938	606,471	(91,338)	2,331,071	(76,858)	2,254,212	(633,441)	1,620,770
Segment assets	22,405,333	5,949,791	5,951,399	34,306,524	405,217	34,711,741	2,709,671	37,421,413
Other items								
Depreciation	442,526	156	14,898	457,581	1,539	459,121	175,670	634,791
Amortization of goodwill	427,858	—	5,928	433,786	—	433,786	—	433,786
Increase of property, plant and equipment and intangible assets	940,009	1,496	43,991	985,498	—	985,498	108,527	1,094,026

Notes:

1. Other is comprised of business segments that are not included in reportable segments and includes the Social & Consumer Business.
2. Adjustments are as follows:
 - (1) The 633,441 thousand yen adjustment to segment income (loss) is attributable to intersegment eliminations and Companywide expenses that are not allocated to each reportable segment.
 - (2) The 2,709,671 thousand yen adjustment to segment assets refers to companywide assets that are not allocated to each reportable segment. The assets are managed mainly by the administrative department.
3. Segment income (loss) refers to operating income (loss) as reported in the consolidated statements of income after adjustment.