



Consolidated Financial and Business Results for FY March 2006

Faith Inc.
May 23, 2006

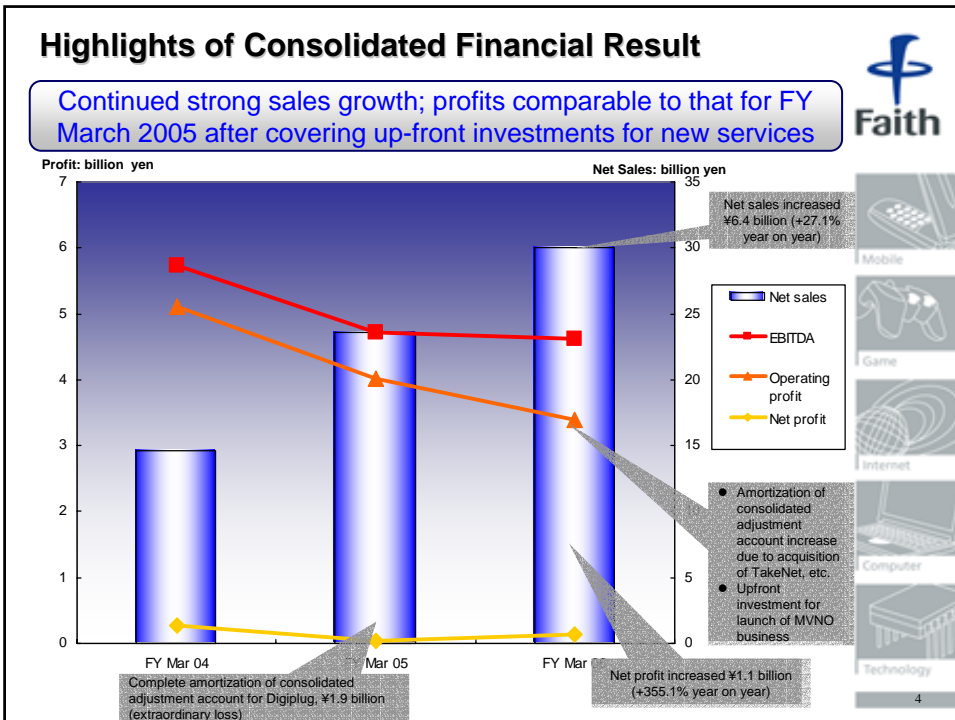


Note:

This document and its supporting documents contain forecasts of our company's future performance. These are estimates by the management of Faith based on currently available information. There are potential risks and uncertainties that may affect the results. Please be advised that actual performance may differ significantly from the forecast.



FY March 2006 Financial Result



FY March 2006 Financial Result (by segment)



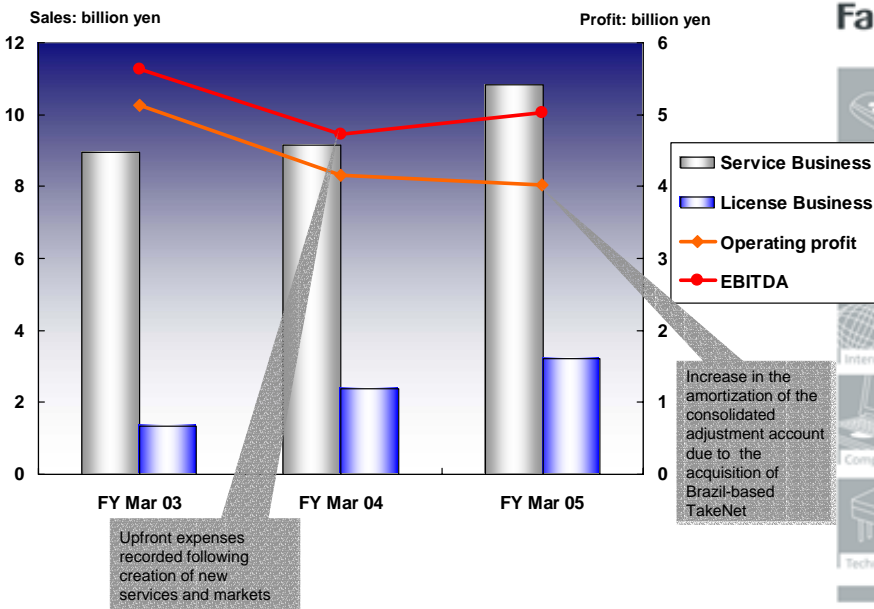
Electronic Payment Business recorded positive operating profit;
License Business grows, particularly overseas, contributing to Group growth

(million yen)

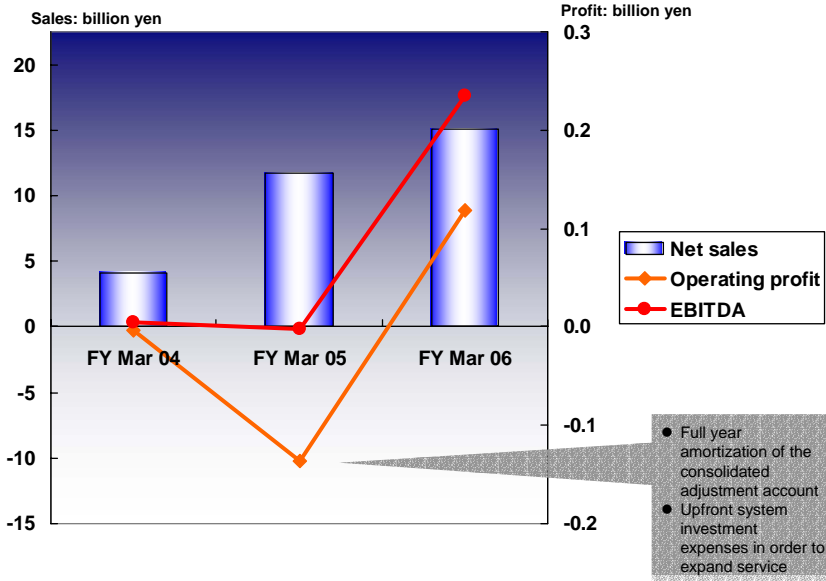
	FY Mar 2004	FY Mar 2005	Year-on-year change (amount)	Year-on-year change (%)	FY Mar 2006	Year-on-year change (amount)	Year-on-year change (%)
Net sales	14,671	23,628	8,957	61.1%	30,040	6,412	27.1%
Content-distribution Services	10,299	11,550	1,251	12.1%	14,040	2,490	21.6%
Service Business	8,951	9,166	215	2.4%	10,832	1,666	18.2%
License Business	1,348	2,384	1,036	76.9%	3,207	823	34.5%
Electronic Payment Business	4,084	11,724	7,640	187.1%	15,106	3,382	28.8%
MVNO Business	-	-	-	-	-	-	-
EBITDA	5,728	4,712	-1,016	-17.7%	4,630	-82	-1.7%
Content-distribution Services	5,628	4,719	-909	-16.1%	5,033	314	6.6%
Electronic Payment Business	43	-19	-62	-145.7%	235	255	-
MVNO business	-	-	-	-	-622	-	-
Operating profit	5,115	4,017	-1,098	-21.5%	3,391	-626	-15.6%
Content-distribution Services	5,133	4,152	-981	-19.1%	4,029	-123	-3.0%
Electronic Payment Business	-30	-136	-106	353.3%	119	255	-
MVNO Business	-	-	-	-	-706	-	-



FY March 2006 Earnings for the Content-distribution Service



FY March 2006 Financial Result for the Electronic Payment Business



Growth Strategy



Highlights of Business Development during FY March 2006



Services

- Founded joint venture with the Yoshimoto Kogyo Group and U.S.-based Intel for next generation video distribution
- Officially launched the for-pay site for online games
- Acquired Goody Point **Ltd.**, a major point card system provider targeting real stores, turned into a subsidiary
- Expanded into the field of medical and health information provider using mobile phones (Medical Communication **Ltd.** established)
- France-based Digiplug tie-up with Warner Music, one of the four top global music companies, following alliances with Universal Music in the field of mobile content distribution

License

- Increased demand, particularly in the U.S. and China, accompanying the global expansion of CDMA communication system
- Developed demand for mobile phone handset test services from mobile phone manufacturers and mobile phone carriers

Electronic Payment

- Recorded positive operating profit having amortized the consolidated adjustment account
- Developed WebMoney's payment service "keitai wallet" for use with mobile phones

MVNO

- Entered the mobile phone carrier business MVNO in the U.S.



Progress since April 2006



Services

- Reached agreement to purchase business rights for Giga Networks for ¥12 billion
- Established a joint venture with Taito and Square Enix for producing and digitally distributing music and video content

License

- Announced entertainment content distribution technology (digital rights management technology) for Intel® Viiv™ technology (patent has been submitted)

Electronic Payment

- Launched WebMoney sales at Seven Eleven (bill receipt at convenience stores)

MVNO

- Launched the MVNO business "Voce" service in the U.S.



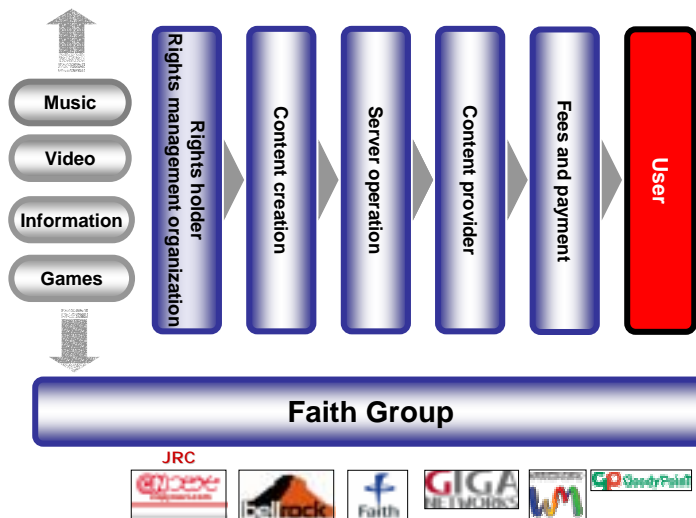
Subjects to be solved for further growth



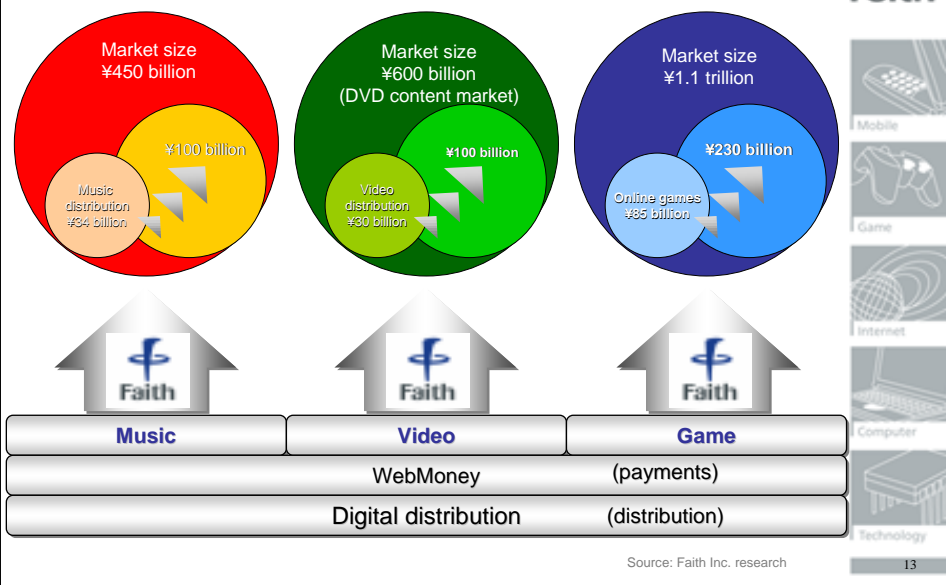
<p>Service</p>	<p>Existing business</p> <ul style="list-style-type: none"> Improving number of users and average revenue per unit by developing high-added-value next generation services Reducing running costs <p><i>Acquisition of Giga Networks</i></p>
	<p>Creating new markets</p> <ul style="list-style-type: none"> Increasing efforts related to music distribution, online games, video distribution, and medical and health information services, through alliances with major companies on all fronts <p><i>Establishment of a Joint venture with Taito and Square Enix.</i></p> <ul style="list-style-type: none"> Expanding business taking into account growth in the mobile internet market and diversified media for digital contents
<p>License</p>	<p>Developing mechanisms and technology through alliance with major competitive companies</p> <p><i>Content distribution technology for Viiv™, the core technology of the digital home concept promoted by Intel®</i></p>
<p>Electronic Payment</p>	<p>Strengthening ties with other payment methods</p> <p>Realizing group synergies with point card system</p>
<p>MVNO</p>	<p>Capturing new subscribers with the goal of quickly and smoothly launching "Voce", a service targeting the wealthy</p>



Business within Japan – Digital Distribution



Service Business within Japan – Expansion of the New Service Market –



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Service Business within Japan – Acquisition of Giga Networks (1)



In FY March 2007, even before group synergies will be realized, major contributions will be made to Faith Group profit growth

Summary of acquisition

- Target **Giga Networks Company within San-ai**
- Purchasing company Giga Networks Co., Ltd. (a wholly-owned subsidiary of Faith)
- Date of transfer May 31, 2006
- Purchase amount ¥12 billion (¥11.5 billion of goodwill will be amortized over 5 years, which will affect taxes)
- Breakdown of funding ¥2 billion from internal reserves and ¥10 billion from bank loans

Projection of contributions to FY06 earnings

- Net sales ¥4.7 billion (¥5.6 billion if converted to 12 months)
- EBITDA ¥2.4 billion (¥2.9 billion if converted to 12 months)

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Services Business within Japan – Acquisition of Giga Networks (2)



Giga Networks at present : mobile media with 4 million paying subscribers

着信メロディGIGA100_200
 ● *Chakushin Melody* (ringtone) service is number two in i-mode (number of subscribers)

GIGA MUSIC
 ● From the development of *Chaku Uta* (songtone) services to music distribution, *Chaku Uta Full*.

吉本笑ROOM
 ● Provides entertainment voices of popular Yoshimoto Kogyo celebrities

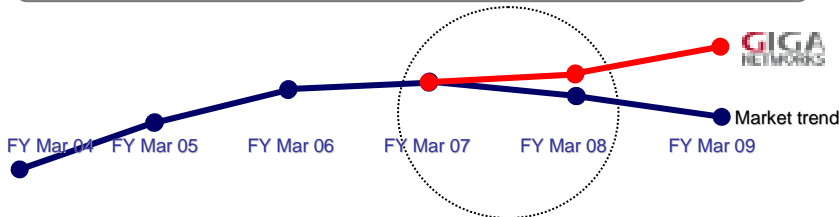


In addition, operation of numerous other services such as lyrics, games, movies, and videos featuring celebrities

Services Business within Japan – Acquisition of Giga Networks (3)



Fiercer competition for ringtone services Downward trend in the average revenue per unit and number of members



FY Mar 07 Transition from saturated and selection/integration period to a new development phase

Tie-up with Faith's alliance services

Synergies with Faith Group companies

- Cost reductions from improved efficiency
- Movement to large-scale media through alliances
- Aggressive expansion into new markets



Service Business within Japan – Acquisition of Giga Networks (4)



FY Mar 2006: Promotion of a gradual realization of group synergies



Linked to the technology business



Participating in the Faith Group's new distribution platform development
PC, home electronic appliances, digital broadcasting, car navigation
super distribution

Linked to the development of the Faith Group's technology license business
Movement towards new handsets such as those for new carriers, MVNO,
PHS, PDA



Service Business within Japan – Game Solution



**Launching fee service in August 2005
and capturing a total of 330 thousand members**

FY March 2006 Earnings (R.O.S.E Online)

- Expanded into the online game operation business and built up customer-attracting promotion and operational know-how in the first year
- Achieved more than 330,000 registered members although game updates were delayed
- Lively communities through sales of attractive game-equipment related items
- Alliance with the major Internet cafes throughout Japan and introduction to 700 stores, which surpasses the 500 store target for the end of March 2006



FY March 2007 Plan (R.O.S.E Online Evolution and game solution)

- Since May 1, 2006, transition to system of free basic play but fee for items with the goal of increasing the number of members
- In June 2006, official service of new-version of R.O.S.E Online Evolution was launched
- Aiming for 500,000 registered members
- Planning to provide game solution development for game operating companies as the next step

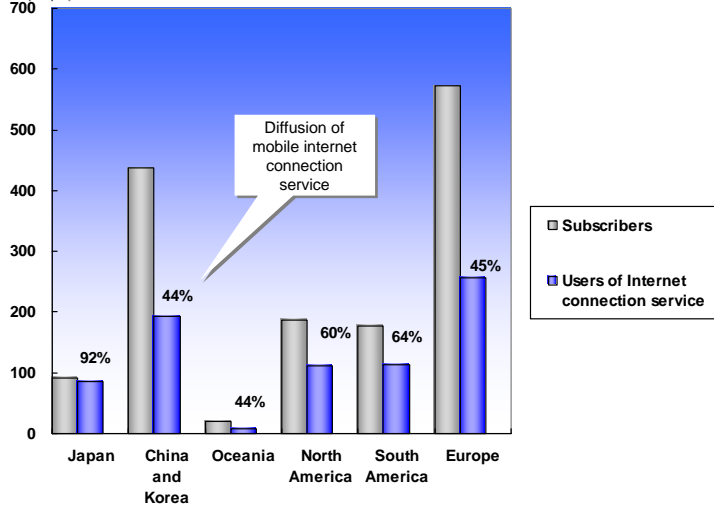


Overseas Service Business – Potential of the Overseas Market



Diffusion of mobile internet will lead to further growth

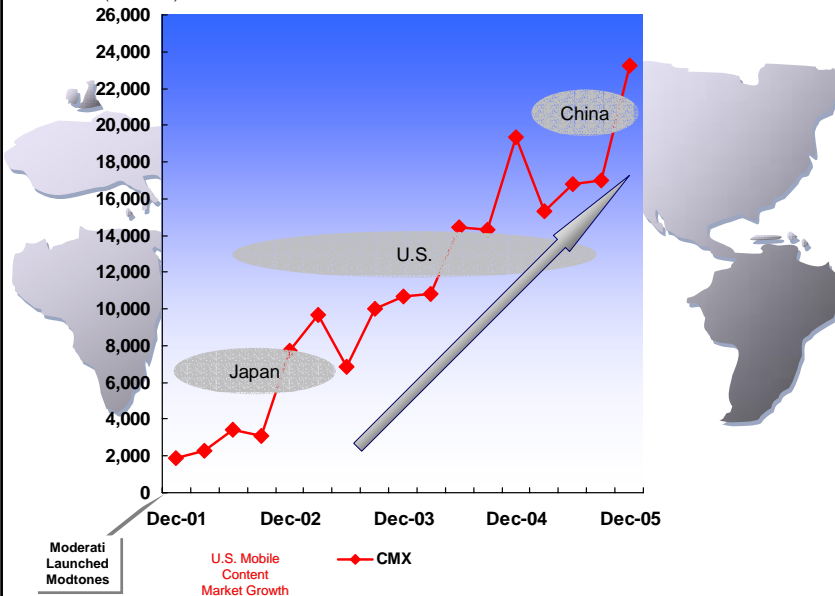
(Million people) **Diffusion of mobile internet connection service** (based on Faith Inc. research)



License Business – Volume of Shipments of Semiconductors for Mobile Using CMX



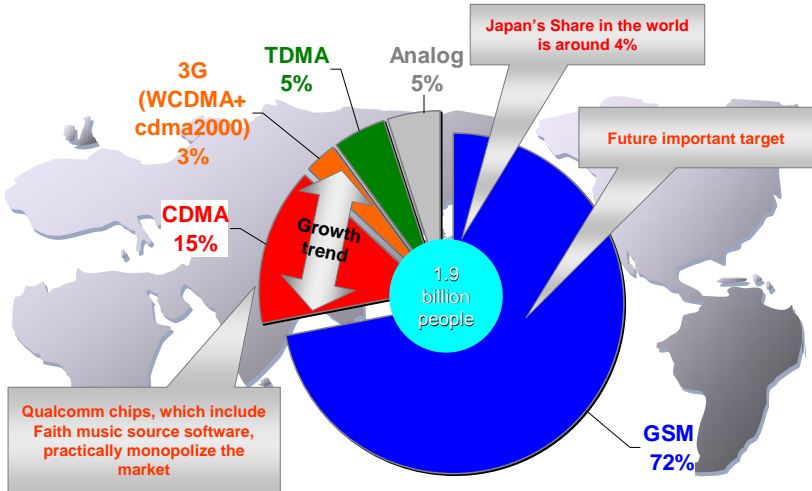
Index (Dec-01=100)



License Business – Mobile Users Throughout the World



Around 1.9 billion mobile users



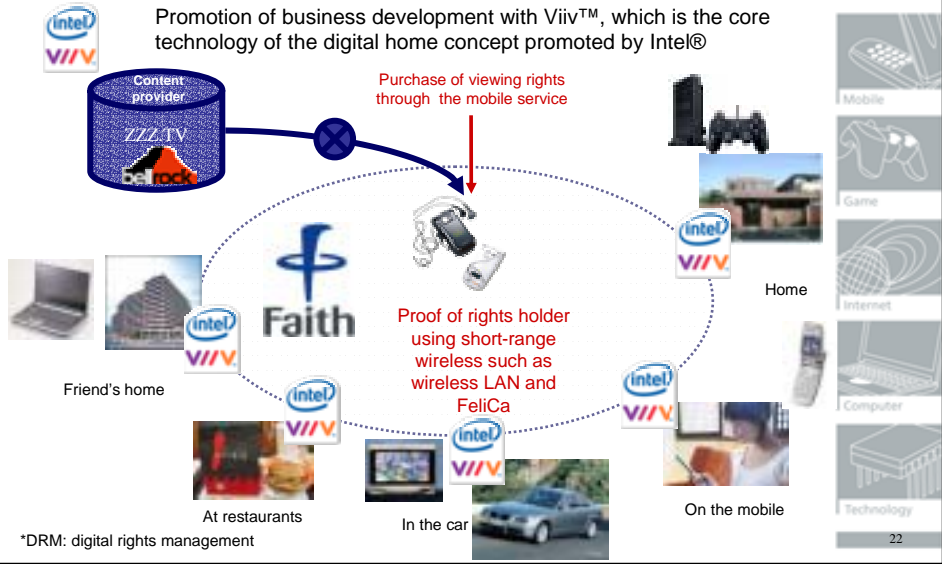
Source: Faith Inc. research



License Business – DRM* technology Which Supports Content Distribution



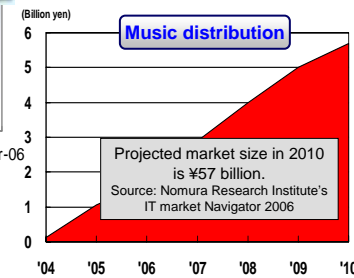
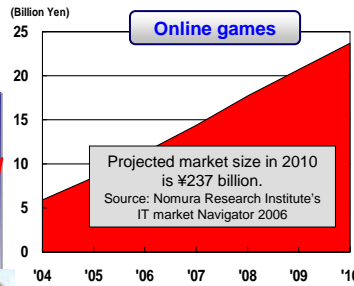
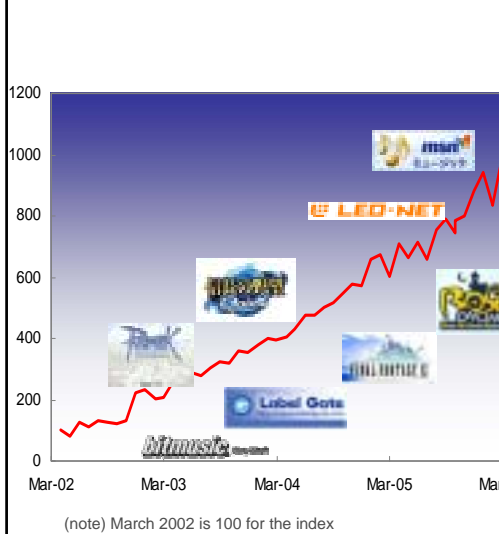
Entertainment content distribution technology for Viiv™ technology by Intel®



*DRM: digital rights management



Electronic Payment Business – Trend in the Monthly Settlement Volume



MVNO Business – Present MVNO Market Conditions

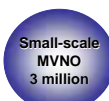
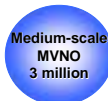
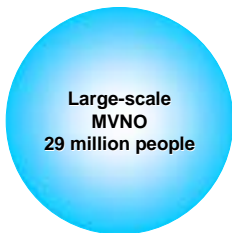


	Number of mobile phone subscribers in 2005		
		Of which were MVNO subscribers	MVNO market size
Global	1.9 billion people	63 million people (+25% year-on-year)	–
U.S.	0.19 billion people (diffusion rate of 60%)	14 million people	US\$ 1.9 billion

MVNO subscribers are expected to reach 100 million globally in 2010 (Source: Pyramid Research, Diamondcluster)

Projections for US MVNO market in 2010

- Subscribers to reach between 30 and 35 million, and a market size of 11 billion US dollars.
- Of which between 25 and 29 million will be large-scale MVNO, and both medium and small MVNOs are expected to capture 2.5 to 3.0 million.



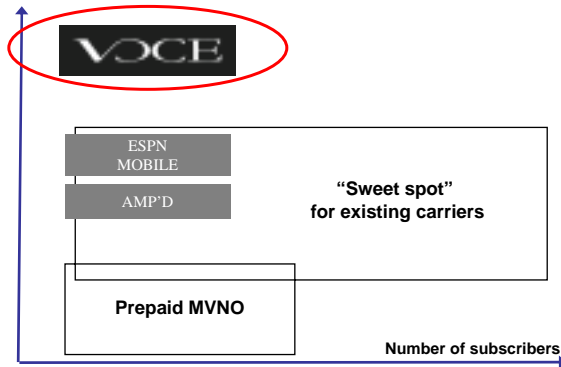
(Source: Diamondcluster)



MVNO Business – Target Market for VOICE



CUSTOMER VALUE (ARPU)
Average revenue per user



MVNO business – Business Development of VOICE



Aiming to quickly launch the business through optimal investments and the industry's first MVNO business for the wealth

Service content

- Fixed-rate (membership fee of \$1,000 and \$400 usage fee a month)
- Unlimited domestic calling and attractive international calling rates
- 24-hours-a-day call center service
- Visits by assistants (emergency response for damage, losses, and thefts)
- Travel services such as airport drop-off and pick-up service and use of special lounge
- Concierge service that suggests life-style choices that meet the needs of customers

Timeline of business expansion

- May 2006 Launch service in areas in Los Angeles
- Fall 2006 Launch service in New York and San Francisco
- 2007 Expand coverage to major U.S. cities, including Chicago, Miami, and Washington D.C.
- 2008 Business turns a profit

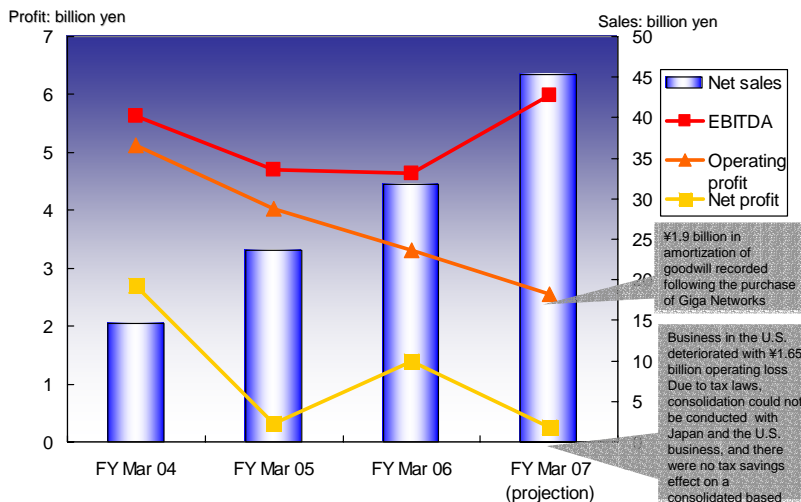


FY March 2007 Financial Projections



Sales & Earnings Projections

Increase net sales by acquiring Giga Networks and expanding electronic payment business substantially and dramatically increase profit and cover upfront investment for the MVNO business



FY March 2007 Financial Projections by Segment

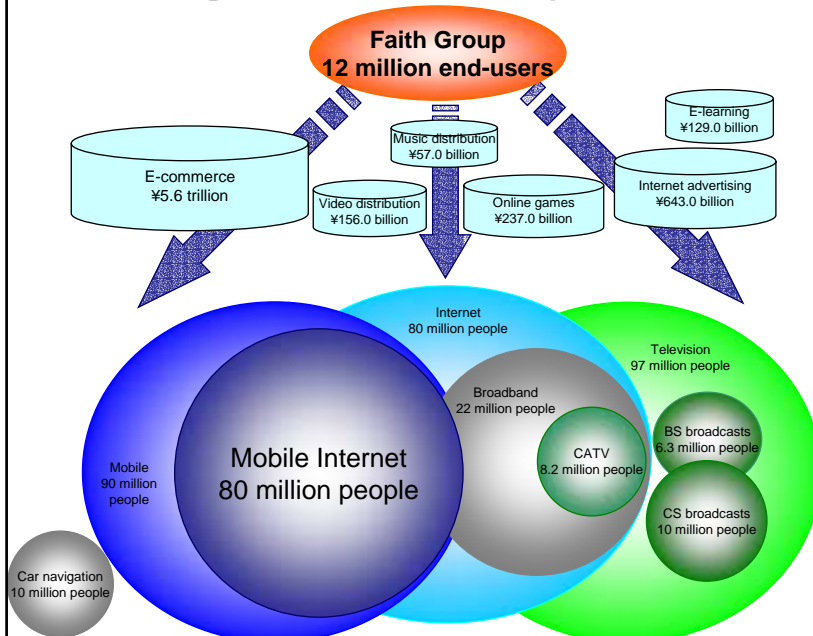


(million yen)

	FY Mar 2004	FY Mar 2005	FY Mar 2006	FY Mar 2007	Year-on-year change (amount)	Year-on-year change (%)
Net sales	14,671	23,628	30,040	45,443	15,403	51.3%
Content-distribution Business	10,299	11,550	14,040	21,158	7,118	50.7%
Service business	8,951	9,166	10,832	17,935	7,103	65.6%
License business	1,348	2,384	3,207	3,223	16	0.5%
Electronic Payment Business	4,084	11,724	15,106	21,017	5,911	39.1%
MVNO business	-	-	-	1,067	-	-
EBITDA	5,728	4,712	4,630	5,997	1,367	29.5%
Content-distribution Business	5,628	4,729	5,033	7,494	2,461	48.9%
Electronic Payment Business	43	-19	235	614	379	161.1%
MVNO business	-	-	-622	-2,252	-1,630	-
Operating profit	5,115	4,017	3,391	2,557	-834	-24.6%
Content-distribution Business	5,133	4,152	4,029	4,550	521	12.9%
Electronic Payment Business	-30	-136	119	492	373	313.4%
MVNO business	-	-	-706	-2,482	-1,776	-



Growth targets for the Faith Group



User numbers are based on Faith Inc. research; Projection of market size in 2010 is based on Nomura Research Institute's IT Market Navigator 2006

Appendix



FY March 2006 Financial Result for Each Major Consolidated Company

(million yen)

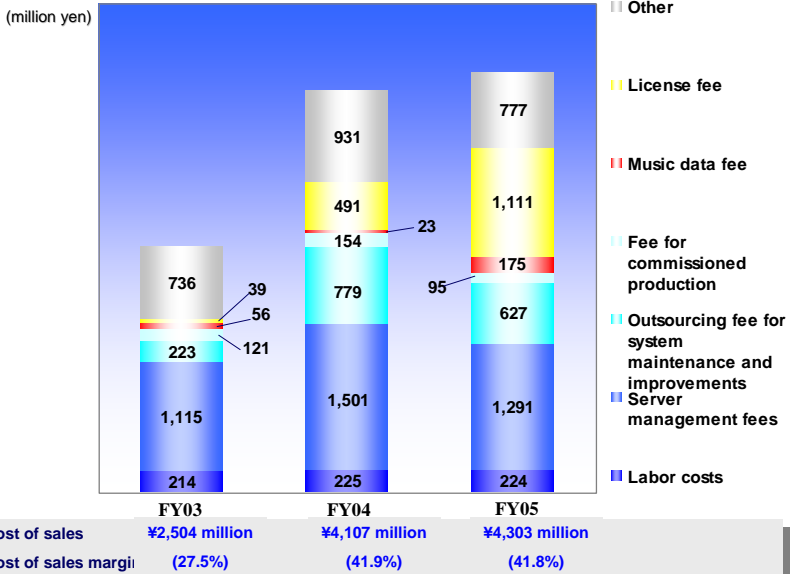
	Faith (consolidated)	Faith Inc.	Moderati	TakeNet	Digiplug	Faith Technologies	Faith Communications	WebMoney
Net sales	30,040	10,293	2,625	1,431	564	224	-	15,108
(year-on-year change)	27.1%	5.0%	52.6%	-	-15.1%	-25.1%	-	28.9%
Service Business	10,832	7,024	1,886	1,431	564	-	-	-
	18.1%	-4.3%	42.8%	-	10.4%	-	-	-
License Business	3,207	3,100	739	-	-	224	-	-
	34.5%	46.7%	84.5%	-	-	-25.1%	-	-
Electronic Payment Business	15,106	-	-	-	-	-	-	15,108
	28.8%	-	-	-	-	-	-	28.9%
Other Businesses	893	168	-	-	-	-	-	-
	152.9%	-52.4%	-	-	-	-	-	-
EBITDA	4,630	4,496	586	202	-210	-44	-622	235
(year-on-year changes)	-1.5%	5.4%	4.4%	-	-	-	-	-
Operating profit	3,391	4,177	576	144	-251	-52	-643	201
	-15.6%	4.4%	4.3%	-	-	-	-	-

- Only major consolidated subsidiaries are listed
- Amortization of the consolidated adjustment account totaled ¥715 million (for a breakdown see page 35)



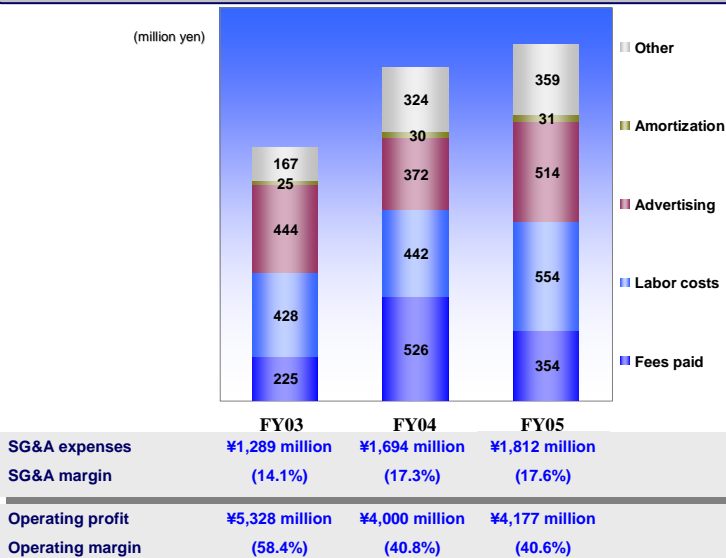
Composition of Cost of Sales (parent company)

Increase in payment of license fees to overseas consolidated subsidiaries



Sales, general, and administrative expenses, operating profit, operating margin (parent company)

Increase in advertising and labor expenses accompanying business expansion



Amortization of Consolidated Adjustment Account and Goodwill



(million yen)

	FY03	FY04	FY05	FY06 (projection)
WebMoney	51	82	82	82
Digiplug	221	239	-	-
TakeNet	-	-	531	531
Faith Communications	-	-	63	126
Goody Point	-	-	39	77
Giga Networks	-	-	-	1,917
Total	272	322	715	2,734

For Digiplug, the ¥1,936 million balance was amortized in FY04 (recorded as extraordinary loss)



Overseas Service & License Business - Moderati

MODERATI



Mobile phone content distribution business

- Moderati provides mobile content distribution services, including Modtones (ringtone service), ModtonesDJ (songtone service) to the major mobile phone carriers in the U.S such as Verizon Wireless

Technology license business

- Provides multimedia software CMX for MSM chip sets manufactured by U.S.-based Qualcomm. In addition, provides CMX support to carriers and handset manufacturers in North America, South America, and China, who are developing services for CDMA networks.
 - Expanding "BREW"-based services to CDMA markets* throughout the world.
- * Australia, Thailand, China, South America, etc.



Overseas Service Business – Takenet



Providing value-added services

- Takenet is a content provider that has developed services in Latin America, particularly in Brazil.
- Takenet provides innovative and value-added products such as MBLOG* and holds more than a 75% market share of the ringtone market in Brazil.

* MBLOG – Vivo 2005 Best Brew Application

Latin America market and its potential

- Takenet provides value-added services and products to the quickest growing market in the world (There are 86 million mobile phone users in Brazil, and for the whole Latin America market, the number is around 176 million).
- Takenet is quickly growing, is often used, and has expanded into a market that has extremely high potential and low diffusion rate.



Overseas Service Business - Digiplug



Music distribution service

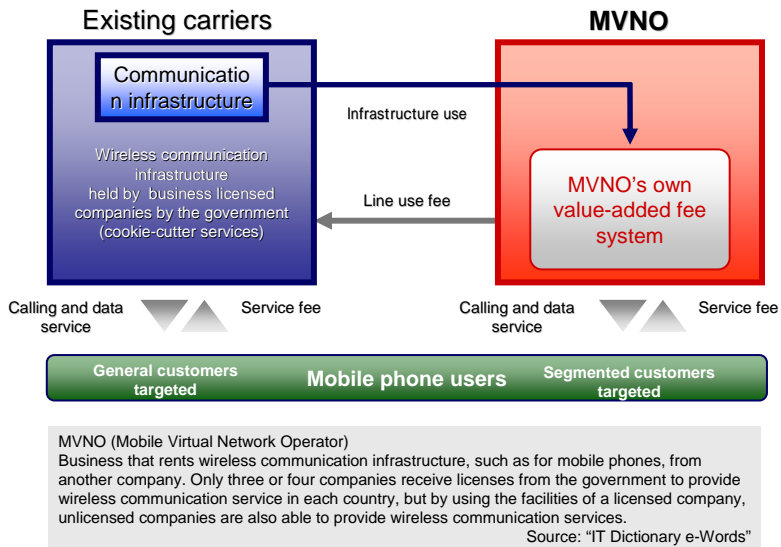
- In cooperation with Universal Mobile International, Warner Music International, Sony-BMG France, and other local record label companies, Digiplug has captured more than 50% of the global music mobile content distribution market through the distribution of their music mobile contents.

Service for mobile phone carriers and handset manufacturers

- Digiplug provides mobile music content distribution services to major mobile carriers and handset manufacturers in the E.U.
 - Digiplug provides content distribution services to 60 companies in more than 30 countries*
- * All EU Countries, Scandinavia, South Africa, Australia, New Zealand, Brazil, Mexico, Argentina



MVNO Business – What is MVNO?



MVNO Business – MVNO in the U.S. (1) Tracfone



<http://www.tracfone.com>

Launch of service	May 1999
Number of subscribers	4.8 million (as of March 2005)
Host MNO	Cingular
Fee system	Prepaid
Calling rate	Handset price, which includes calling time, run between \$19.99 and \$99.99 (valid for 60 days)
Handsets	Nokia (mainly monochrome bar types)
Target	Not specifically decided (around 23% of users are seniors over 65)

- The sales network includes major retail chain stores. At present around 60,000 stores, including Wal-Mart, K-mart, and Safeway, throughout the U.S.
- The marketing strategy is the simple one-size-fits-all for fees, handsets, and services.



MVNO Business – MVNO in the U.S. (2) Virgin Mobile USA

<http://www.virginmobileusa.com/home.do>

Launch of service	May 2002
Number of subscribers	3 million (as of March 2005)
Host MNO	Sprint Nextel (since August 2005)
Fee system	Prepaid
Calling rate	Handset price, which includes calling time, run between \$19.99 and \$199.00
Handsets	Kyocera, Nokia, etc. (including monochrome and color models)
Target	15-30 year olds

- Joint venture with British Virgin Group and the mobile phone carrier Sprint (presently Sprint Nextel) each hold a 50% share of but is now a wholly-owned subsidiary of Sprint Nextel
- Virgin Mobile USA is following the business model used in United Kingdom, but is making effort to penetrate its brand image by partnering with companies popular among young people by, for example, conducting sales of prepaid handsets and pre-installs content from the music channel MTV.



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MVNO Business – MVNO in the U.S. (3) Boost Mobile

<http://www.boostmobile.com/>

Launch of service	Autumn 2002
Number of subscribers	1.7 million (as of June 2005)
Host MNO	Sprint Nextel
Fee system	Prepaid
Calling rate	\$0.1-\$0.2 dollar/minute (restrictions on time and days, etc.)
Handsets and	Motorola (models with numerous features including color, camera/video, MP3) run between \$79.99 and \$399.99
Target	12-24 year olds; expanded throughout the country starting in Nevada and California

- Joint venture which Nextel, a host carrier, had a 60% share in and the Australia-based Boost had a 40% share in.
- As of 2003, became a 100% subsidiary of Sprint Nextel, and is a sub-brand product of the company.
- Provides Boost Talkie-Talkie, a push-to-talk service, with a flat-rate fee of \$1/day.
- Since this is a niche service that meets certain needs, it is a success model that has been able to steadily capture subscribers in a relatively short time.



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MVNO Business – MVNO in the U.S. (4) Amp'd Mobile

<http://get.ampd.com/>

Launch of service	December 2005
Number of subscribers	30 million (as of March 2006)
Host MNO	Verizon Wireless
Fee system	post-paid
Calling rate	\$114-\$150/month, 18-month contract, rates with and without conditions on calling rate, such as \$99/month or 3,000 minutes/month, and transmission rates, \$15/month for video programs
Handsets	Kyocera (costs \$49, after purchase, the amount of the handset is paid-backed as calling costs)
Target	18-35 year olds

- First MVNO with Verizon Wireless as host
- Targets "youth, young professional and early adopters," and provides content-oriented service
- Since August 2005, provides wide range of music content and video clips from major shareholder Universal Music through Amp'd Live Video Channels



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MVNO Business – MVNO in the U.S. (5) Helio

<http://www.helio.com>

Launch of service	April 2006
Number of subscribers	N/A
Host MNO	N/A
Fee system	post-paid
Calling rate	Conditioned on 18-month contract with calling rate of between \$40 and \$135 (500 and 2,500 minutes per month)
Handsets	Pantek (\$250 or \$275)
Target	18-30 year olds

- Joint venture U.S.-based ISP EarthLink with SK-Telecom, a major Korea-based carrier
- Only ISP users are the target and the aim is to capture users who favor mobile data transmission



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Thank you very much.

