

**BRIEF STATEMENT OF ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED
MARCH 2007 AND FORECASTS FOR THE YEAR ENDING MARCH 2008**

May 11, 2007

Faith, Inc. (Stock code 4295, Listed on TSE 1st section)

(URL <http://www.faith.co.jp/>)

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Date of General Meeting of Shareholders: June 28, 2007

Date of Submission of Securities Report: June 29, 2007

Starting date of the dividend payment: June 29, 2007

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the fiscal year (From April 1, 2006 to March 31, 2007)

(1) Consolidated financial results

Those figures in “%” show increased/decreased ratio compared with the previous fiscal term

Year ended	Net Sales		Operating Income		Recurring Profit		Net Income	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
March 2007	44,152	47.0	1,060	△68.7	853	△75.3	△1,883	—
March 2006	30,040	27.1	3,391	△15.6	3,455	△14.6	1,438	355.1

Years ended	Net Income per Share		Diluted Net Income per Share		Return on Equity Capital		Recurring Profit on Total Assets		Operating Income on Net Sales	
	<i>Yen</i>	%	<i>Yen</i>	%	%	%	%	%		
March 2007	△1,581	81	—	—	△10.8	2.4	2.4	2.4		
March 2006	1,174	67	1,174	53	8.3	12.8	11.3	11.3		

Reference: Equity in earnings of associated companies: the fiscal year ended March 2007: 136million yen/ the fiscal year ended March 2006: 140 million yen

(2) Consolidated financial position

Year ended	Total Assets		Net Assets		Ratio of Equity Capital		Net Assets per Share	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	%	<i>Yen</i>	%	
March 2007	39,442	38.6	15,914	62.1	38.6	12,797	62	
March 2006	31,595	62.1	19,625	62.1	62.1	16,453	84	

Reference: Equity Capital: the fiscal year ended March 2007: 15,234million yen/ the fiscal year ended March 2006: 19,625million yen.

(3) Cash flow results

Year ended	Cash Flow from Operating Activities		Cash Flow from Investing Activities		Cash Flow from Financing Activities		Cash and Cash Equivalents, End of the year	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
March 2007	1,371	△13,978	12,739	8,065	8,065	8,065	8,065	
March 2006	2,970	△2,041	△236	7,679	7,679	7,679	7,679	

2. Dividends

(Record dates)				Total Dividend Payment (Annual)	Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
	Interim	Year-end	Total(Annual)			
Year ended	<i>yen</i>		<i>yen</i>	<i>yen</i>	<i>Millions of yen</i>	%
March 2006	50 00	50 00	100 00	119	8.5	0.7
March 2007	50 00	50 00	100 00	119	-	0.7
Year ending March 2008 (Forecast)	50 00	50 00	100 00	-	9.2	-

3. Forecasts for the business results for the year ending March 2008 (from April 1, 2007 to March 31, 2008)

The figures in “%” show increased/decreased ratio compared with the previous fiscal year and the previous interim result.

	Net Sales		Operating Income		Recurring Profit		Net Income		Net Income per Share	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Yen</i>	
Interim results 2008	23,500	16.4	850	31.9	700	24.2	800	—	672	03
Year ending March 2008	50,000	13.2	2,100	98.0	1,700	99.1	1,300	—	1,092	05

4. Others

(1) Changes in the significant subsidiaries (Accompanying changes in scope of the consolidation): Applicable

(2) Changes in accounting policy, procedure, and presentation in preparation of the consolidated financial reports: (Described in the “Basis of consolidated financial statements and summary of significant accounting polices”)

(2)-1. Changes accompanying revisions of accounting standards, etc.:Applicable

(2)-2. Changes other than the above: None

(3)Outstanding shares (common shares)

(3)-1. Outstanding shares at the end of the fiscal years (including treasury shares):

The fiscal year ended March 2007: 1,196,000 shares, the fiscal year ended March 2006: 1,196,000shares

(3)-2. Treasury shares at the end of the fiscal years:

The fiscal year ended March 2007: 5,580 shares, the fiscal year ended March 2006: 5,580 shares

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	Note	FY2005 (As of March 31, 2006)		FY 2006 (As of March 31, 2007)		
		Amount	Component percentage	Amount	Component percentage	
(Assets)						
I. Current assets						
1. Cash and deposits		7,534,815		8,217,827		
2. Accounts and notes receivable		4,768,010		6,929,263		
3. Marketable securities		364,619		347,644		
4. Inventories		39,905		636,880		
5. Accrued refund income tax		—		865,236		
6. Deferred tax assets		808,951		1,350,004		
7. Others		571,683		1,889,891		
Allowance for doubtful accounts		△82,229		△206,234		
Total current assets		14,005,756	44.3	20,030,513	50.8	
II. Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures		256,659		243,861		
Accumulated depreciation		44,618	212,041	24,307	219,553	
(2) Machinery, equipment and vehicles		33,403		26,305		
Accumulated depreciation		20,083	13,319	7,848	18,457	
(3) Tools		1,917,608		1,747,897		
Accumulated depreciation		1,131,299	786,209	1,171,123	576,773	
(4) Land			216,510		216,602	
Total tangible fixed assets			1,228,080		1,031,386	2.6
2. Intangible fixed assets						
(1) Consolidated adjustment account			3,656,824		—	
(2) Goodwill			—		10,293,255	
(3) Soft ware			457,318		781,620	
(4) Others			483,401		105,399	
Total intangible fixed assets			4,597,545	14.6	11,180,274	28.4
3. Investment and other assets						
(1) Investment securities		*1	9,560,144		5,273,058	
(2) Long-term loans			1,560		180,045	
(3) Deposits with landlords			1,144,546		1,440,442	
(4) Others			1,178,102		1,037,395	
Allowance for doubtful receivable			△119,956		△719,823	
Total investments and other assets			11,764,397	37.2	7,047,700	18.2
Total fixed assets			17,590,023	55.7	19,403,485	49.2
III Deferred charges						
1. Expenditure for stock delivering prescription			—		8,161	
Total deferred charges			—		8,161	0.0
Total assets			31,595,780	100.0	39,442,160	100.0

		FY2005 (As of March 31, 2006)		FY2006 (As of March 31, 2007)	
Account name	note	Amount	Component percentage	Amount	Component percentage
(Liabilities)					
I. Current liabilities					
1. Trade notes and Accounts payable		3,349,235		4,648,274	
2. Short-term loans		86,969		5,215,768	
3. Income taxes payable		826,587		580,242	
4. Allowance for costs of card use		2,323,140		2,511,846	
5. Allowance for points		697,582		553,247	
6. Allowance for bonus payments		77,316		129,177	
7. Others		1,844,745		1,844,707	
Total current liabilities		9,205,576	29.1	15,483,265	39.3
II. Fixed liabilities					
1. Long-term liabilities		-		6,119,854	
2. Deferred tax liabilities		2,235,777		535,501	
3. Allowance for retirement benefits		27,252		35,535	
4. Allowance for directors and statutory auditors retirement bonus		121,134		-	
5. Reserve for guarantee losses		-		1,298,550	
6. Others		37,532		54,611	
Total fixed liabilities		2,421,697	7.7	8,044,052	20.4
Total liabilities		11,627,274	36.8	23,527,318	59.7
(Minority interests)					
Minority interests		342,525	1.1	-	-
(Shareholders' equity)					
I. Capital stock	*2	3,218,000	10.2	-	-
II. Additional paid-in capital		3,708,355	11.7	-	-
III. Retained earnings		9,408,748	29.8	-	-
IV. Unrealized gain on available-for-sale securities		3,401,193	10.7	-	-
V. Foreign currency translation adjustments		243,952	0.8	-	-
VI. Treasury stock	*3	△354,269	△1.1	-	-
Total shareholders' equity		19,625,979	62.1	-	-
Total liabilities, minority interests and shareholders' equity		31,595,780	100.0	-	-

Account name	note	FY2005 (As of March 31, 2006)		FY2006 (As of March 31, 2007)	
		Amount	Component percentage	Amount	Component percentage
(Net assets)					
I. Shareholder's equity			-		
1. Common stock	*2		-	3,218,000	8.2
2. Capital surplus			-	3,708,355	9.4
3. Retained earning			-	7,276,602	18.4
4. Treasury stock	*3		-	△354,269	△0.9
Total shareholder's equity				13,848,687	35.1
<input type="checkbox"/> Valuation and translation adjustments					
1. Net unrealized gains on investment securities			-	1,195,867	3.0
2. Foreign currency translation adjustments			-	189,991	0.5
			-	1,385,858	3.5
<input type="checkbox"/> Share warrant					
1. subscription right			-	487	0.0
Total share warrant			-	487	0.0
<input type="checkbox"/> Minority interests			-	679,808	1.7
Total net assets			-	15,914,842	40.3
Total liability and net assets			-	39,442,160	100.0

(2) Consolidated Income statement

(Thousands of yen)

Account name	note	FY2005 (As of March 31, 2006)			FY2006 (As of March 31, 2007)		
		Amount		Component percentage	Amount		Component percentage
I Net sales			30,040,166	100.0		44,152,751	100.0
II Cost of Sales	*2		20,308,957	67.6		31,215,018	70.7
Gross profit			9,731,209	32.4		12,937,733	29.3
III. Selling, general and administrative expenses	*1,2		6,339,781	21.1		11,877,157	26.9
Operating income			3,391,428	11.3		1,060,576	2.4
IV. Other income							
1. Dividend income		38,292			41,070		
2. Interest income		43,736			42,575		
3. Foreign exchange gain		116,908			7,886		
4. Miscellaneous income		22,498	221,436	0.7	40,851	132,383	0.3
V. Operating expenses							
1. Interest expense		9,146			191,407		
2. Investment profit on equity method		140,794			136,624		
3. Miscellaneous expense		7,865	157,805	0.5	11,260	339,293	0.8
Ordinary profit			3,455,058	11.5		853,667	1.9
VI. Extraordinary profit							
1. Gain on disposal of investment securities		220,271			31,854		
2. Gain on liquidation of allowance for cost of card use		-			3,380,630		
3. Accrued retirement benefits directors and statutory auditors		-			151,150		
4. Others		14,332	234,603	0.8	149,488	3,713,124	8.4
Total extraordinary profit							
VII. Extraordinary loss							
1. Loss on disposal of fixed assets	*3	108,555			363,862		
2. Loss from investment securities valuation		-			449,273		
3. Provision for loan losses		-			622,063		
4. Loans charged off		63,268			-		
5. Amortization of goodwill	*4	-			2,989,387		
6. Guaranty of liabilities loss provision		-			1,298,550		
7. Others		8,095	179,919	0.6	554,395	6,277,532	14.2
Income before income taxes and minority interests			3,509,742	11.7		△1,710,741	△3.9
Income taxes and business taxes		2,132,141			752,730		
Income taxes and other taxes		33,938	2,166,080	7.2	△733,791	18,938	0.0
Minority interests			△94,631	△0.3		153,333	0.4
Net income or loss			1,438,293	4.8		△1,883,013	△4.3

(3) Consolidated statement of capital surplus and changes in net assets

Consolidated statement of capital surplus
(Thousands of yen)

		FY2006 (From April 1, 2006 to March 31, 2007)	
Account name	Note	Amount	
(Additional paid-in capital)			
I. Beginning balance			3,708,355
II. Ending balance			3,708,355
(Accumulated income)			
I Beginning balance			8,128,670
II. Increase of accumulated income			
1. Net income		1,438,293	1,438,293
III. Decrease of accumulated income			
1. Dividends		119,215	
2. Bonuses to directors and statutory auditors		39,000	158,215
IV Ending balance			9,408,748

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2007

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	3,218,000	3,708,355	9,408,748	△354,269	15,980,834
Changes of items during the accounting period					
Cash dividend paid *			△59,521		△59,521
Cash dividend paid			△59,521		△59,521
Bonuses to directors and corporate auditors			△39,000		△39,000
Net loss			△1,883,013		△1,883,013
Decrease for change in accounting procedure of controlled foreign company			△91,091		△91,091
Net changes of items other than shareholders' equity					
Total changes of items during the accounting period	-	-	△2,132,146	-	△2,132,146
Balance as of March 31, 2007	3,218,000	3,708,355	7,276,602	△354,269	13,848,687

	Valuation and translation adjustments			Share warrant	Minority interests	Total net assets
	Net unrealized gains on investment securities	Foreign currency translation adjustments	Total valuation and translation adjustments	subscription right		
Balance as of Mrch 31, 2006	3,401,193	243,952	3,645,145	487	342,525	19,968,992
Changes of items during the accounting period						
Cash divided paid						
Bonuses to directors and corporate auditors						
Net loss						
Decrease for change in accounting procedure of controlled foreign company						
Net changes of items other than shareholders' equity	△2,205,326	△53,960	△2,259,287		337,282	△1,922,004
Total changes of items during the accounting period	△2,205,326	△53,960	△2,259,287	-	337,282	△4,054,151
Balance as of March 31, 2007	1,195,867	189,991	1,385,858	487	679,808	15,914,842

*

(4) Consolidated Statements of Cash Flows

		FY2005 (From April 1, 2005 to March 31, 2006)	FY2006 (From April 1, 2006 to March 31, 2007)
Item	Note	Amount, thousand of yen	Amount, thousand of yen
I. Cash flow from operating activities			
Income before income taxes and minority interests		3,509,742	△1,710,741
Depreciation and amortization		520,755	625,384
Impairment loss		-	72,435
Amortization of consolidation difference		715,371	-
Amortization of goodwill		-	5,604,258
Loss from investment in equity method		140,794	136,624
Increase in allowance for doubtful accounts		71,641	735,361
Increase (decrease) in reserve for bonus		△20,821	51,861
Increase (decrease) in allowance for cost of card use		△80,861	188,706
Decrease in allowance for unexercised sales promotion points		△114,426	△144,334
Increase in allowance for retirement benefits		7,470	8,282
Increase (decrease) in allowance for directors and statutory auditors' retirement bonus		3,568	△121,134
Gain from guaranty of liabilities loss provision		-	1,298,550
Gains on sale of investment securities		△220,271	△31,854
Gain on sale of corporate share on affiliated company		-	△3,380,630
Valuation loss on investment securities		-	449,273
Gain from anonymous association		△771	△615
Proceeds from equity movement		-	△139,137
Interest and dividends income		△40,478	△43,510
Interest on securities		△43,736	△42,575
Interest expenses		9,146	191,407
Foreign exchange gains		△132,560	△9,976
Losses from disposal of fixed assets		108,555	363,862
Decrease (increase) in accounts and notes receivable-trade		4,922	△1,057,870
Decrease (increase) in inventories		△12,555	△689,984
Increase in accounts and notes payable-trade		717,771	1,491,274
Decrease (increase) in consumption taxes receivable		27,702	△266,735
Payment of directors and statutory auditors' bonus		△39,000	△39,000

		FY2005 (From April 1, 2005 to March 31, 2006)	FY2006 (From April 1, 2006 to March 31, 2007)
Item	Note	Amount, thousand of yen	Amount, thousand of yen
Others		73,968	△41,562
Sub-total		5,206,927	3,497,621
Interest and dividends received		56,541	41,996
Interest expenses paid		△8,591	△173,947
Income taxes paid		△2,283,218	△1,993,905
Net cash provided by operating activities		2,970,659	1,371,764

		FY2005 (From April 1, 2005 to March 31, 2006)	FY2006 (From April 1, 2006 to March 31, 2007)
Item	Note	Amount, thousand of yen	Amount, thousand of yen
II. Cash flow from investing activities			
Expenditure for deposit of time deposits		△200,000	△1,850,052
Proceeds from withdrawal of time deposits		400,000	1,550,052
Expenditures for acquisition of tangible fixed assets		△427,664	△579,359
Proceeds from sale of tangible fixed assets		12,206	8,755
Expenditure for acquisition of software		△322,909	△605,288
Expenditure for acquisition of other intangible fixed assets		△44,037	△11,109
Expenditure for acquisition of investment securities		△2,344,873	△1,608,239
Expenditure for acquisition of investment securities from minority		-	△40,800
Proceeds from sale of investment securities		758,255	109,280
Proceeds from redemption of securities		256,140	-
Expenditures for acquisition of subsidiary's shares causing a change in scope of consolidation	*2	△58,896	-
Proceeds for acquisition of subsidiary's shares causing a change in scope of consolidation		-	41,341
Proceeds for sale of subsidiary's shares causing a change in scope of consolidation	*3	-	1,871,039
Expenditure for sale of subsidiary's shares causing a change in scope of consolidation	*3		△52,284
Expenditure for depositing long-term guaranty deposit		△3,563	△1,678
Expenditure for loans receivable		-	△430,011
Proceeds from collection of loans receivable		9,944	39,883
Expenditure for assigning management of business		-	△12,036,313
Others		△76,349	△383,855
Net cash used in investing activities		△2,041,748	△13,978,639
III. Cash flow from financing activities			
Net increase in short-term loans		86,969	4,397,167
Proceeds from long-term borrowing		-	10,131,509
Expenditure for repayment of long-term borrowing		-	△2,008,315
Proceeds from repayment of bonds		-	351,000
Expenditure for refund of bond		-	△1,145

Expenditure for acquisition of treasury stocks		△20,4056	-
Payment of dividends		△119,105	△117,659
		FY2005 (From April 1, 2005 to March 31, 2006)	FY2006 (From April 1, 2006 to March 31, 2007)
Item	Note	Amount, thousand of yen	Amount, thousand of yen
Others		-	△12,591
Net cash flow used in financing activities		△236,192	12,739,964
IV. Effect of exchange rate on cash and cash equivalents		216,450	59,799
V. Net increase in cash and cash equivalents		909,168	192,889
VI. Cash and cash equivalents at beginning of year		6,770,266	7,679,435
VII. Cash and cash equivalents of newly consolidated subsidiaries at beginning of year		-	193,146
VII. Cash and cash equivalents at end of year	*1	7,679,435	8,065,471