



# Consolidated Financial and Business Results for the 1st Half of FY10 (April to September 2010)

**Faith, Inc.**

**Nov 12, 2010**



Mobile



Game



Internet



Computer



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# Agenda



1. Consolidated Financial Results for the 1st Half of FY10  
(April to September 2010)
  - Highlights of Consolidated Financial Results
  - Results of the Contents Business
  - Results of the Electronic Money Business
2. Full-Year Forecast of Consolidated Financial Results for the FY10  
(Ending March 2011)
3. Business Strategies
  - Creation of New Content Distribution Systems



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## Consolidated Financial Results

for the 1<sup>st</sup> Half of FY10 (April to September 2010)

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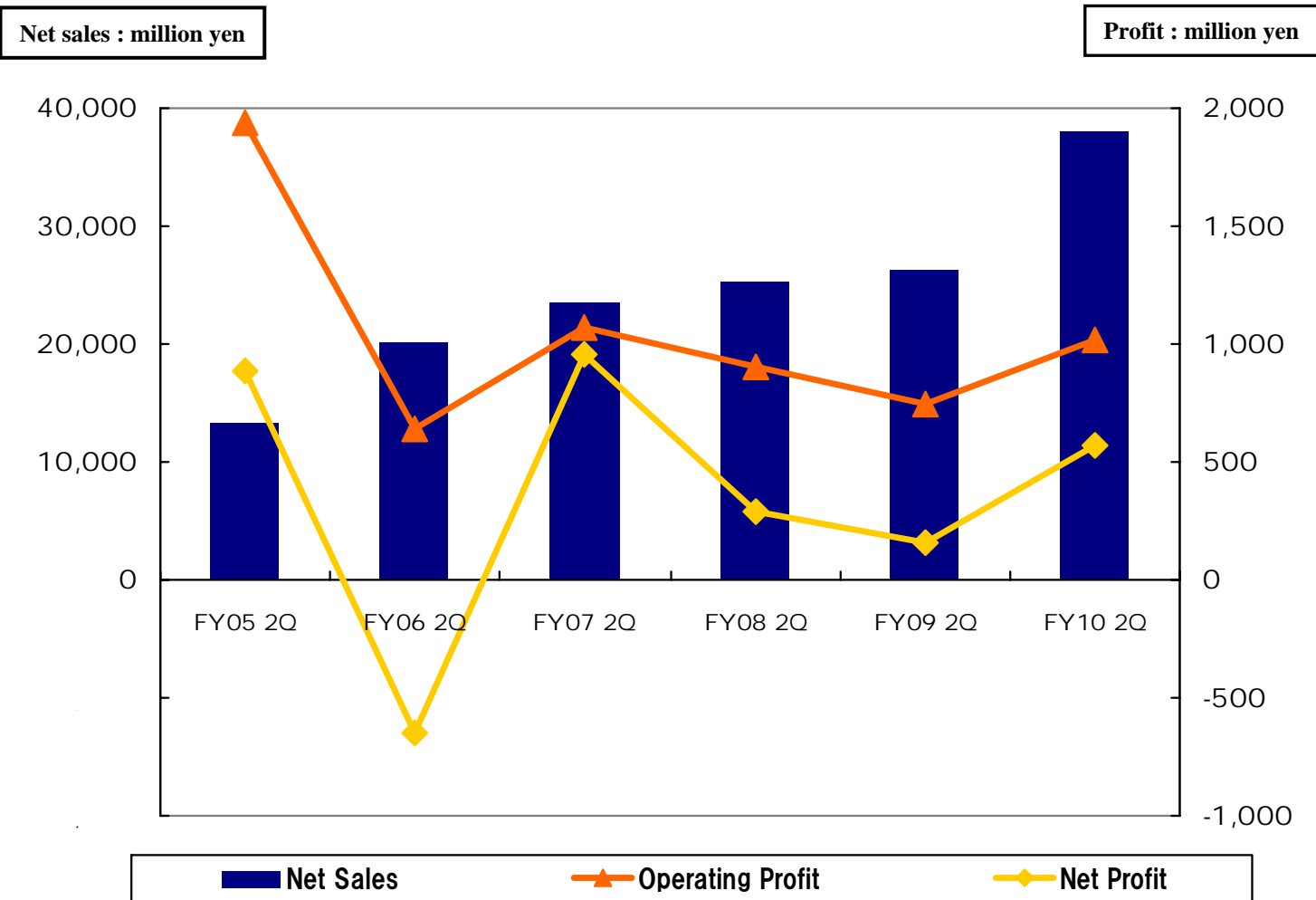


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# 1H Highlights of Consolidated Financial Results



Consolidated net sales for the first half of fiscal 2010 increased 44.7% year on year to ¥38,081 million led by the continuous high growth in the electronic money business. Operating profit was ¥1,016 million, up 36.0% year on year, and recurring profit was ¥1,082 million, up 56.9 % year on year because of the growth of the electronic money business and a group-wide cost reduction. The Group recorded net profit of ¥566 million, a 258.9% year on year increase.



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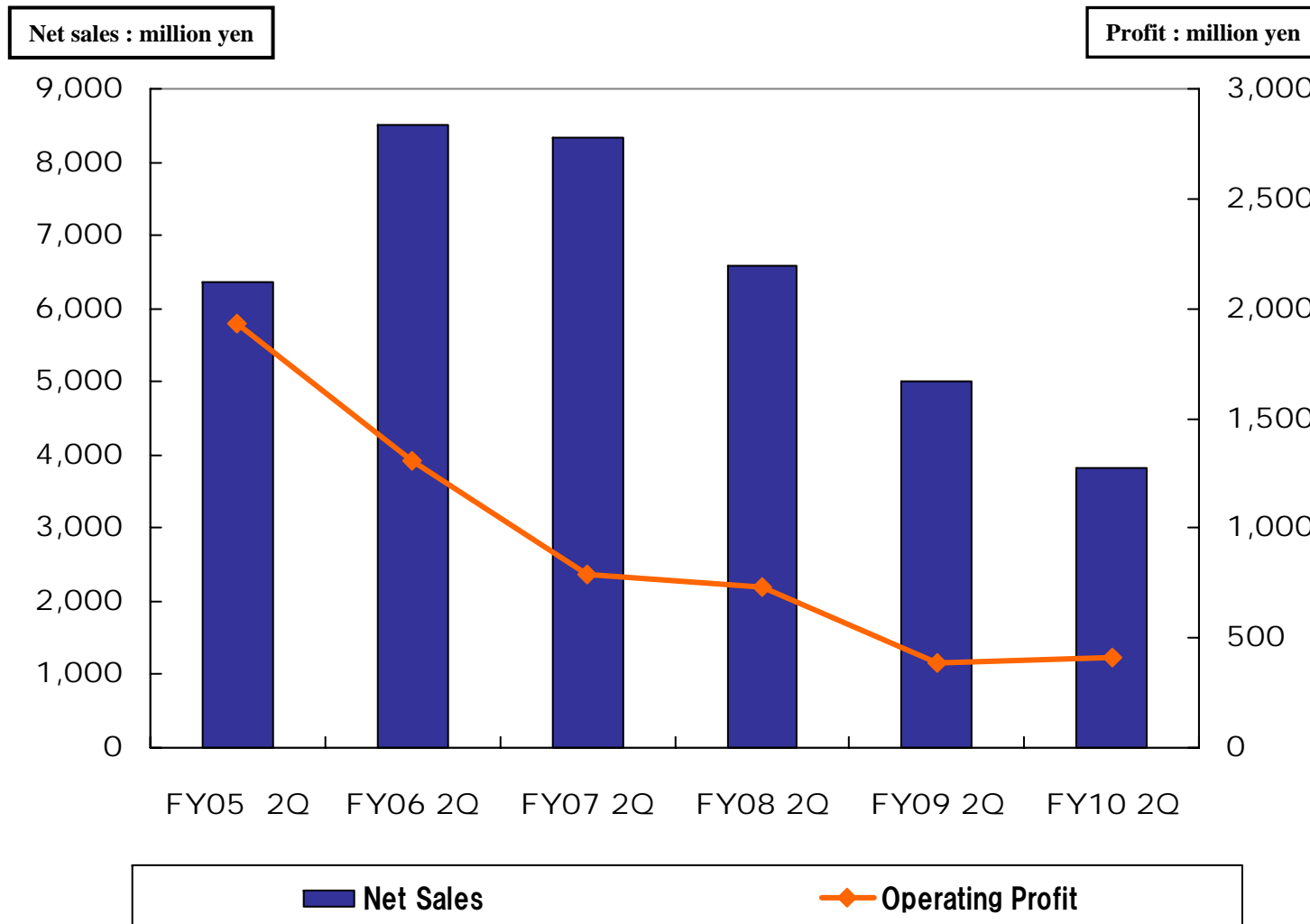


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# Results of the Content Business during FY10 1H



Net sales in the content business decreased due to the decline in sales of the ringtone business, while operating profit slightly increased as a result of the Group business realignment.



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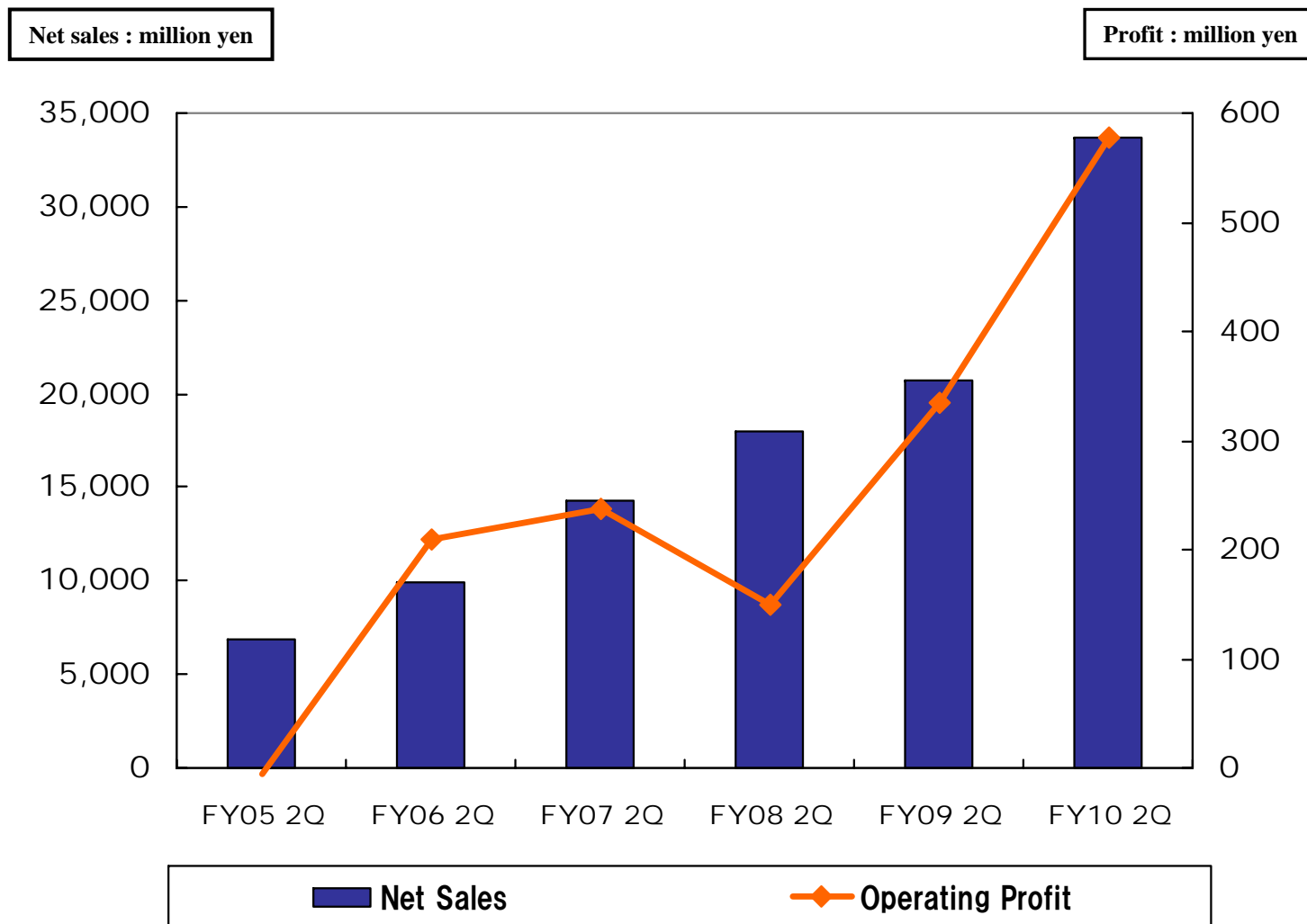


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# Results of the Electronic Money Business during FY10 1H



Net sales in the Electronic Money Business showed continuous growth driven by the increase in the settlement amount of social games. Operating profit also increased led by the growth of online games.



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**Highlights of Business Development  
during the First Half of FY10**



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# Highlights of Business Development during FY10 1H



Content Distribution Business - 1

- A song released by MusicBirth+ band recorded the second place in the club music category of a ringtone distribution ranking site.
- Tying up with “Short Shorts Film Festival” authorized by the Academy Awards in the U.S., the Group launched the online project of the “Music Short Creative Award”.
- A Toho film “Kokuhaku” that sold more than 2.9 million tickets was chosen as an entry film from Japan for the best foreign film category of the Academy Awards.
- The Group established a new music label named “Future” to launch “Connecting Card”, a series of functional collectors’ item that provides easy access to download site for songs and artists information.
- Faith Wonderworks “GIGAtch” integral entertainment site introduced WebMoney settlement.



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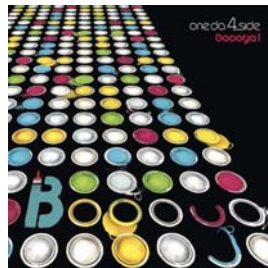


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# New Music Contents Distribution “MusicBirth+”

“MusicBirth+”, an integral media program came up with hit.

MusicBirth+ band, one da 4side, recorded the second place in the club music category of a ringtone distribution ranking site and its CD, “Boooya!”, was released.



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# New Video Contents Distribution “SSFF”



Tying up with “Short Shorts Film Festival” authorized by the Academy Awards in the U.S., the Group launched the online project of the “Music Short Creative Award”.

Launched “Short Shorts Film Festival Online Project”

This new distribution system is open for online entry for video works all the year around, and distributes award winning works on the site. In addition, it equipped interactive service between creators and viewers.



The image shows a screenshot of the 'Short Shorts Online Project' website. A callout box highlights a collaboration with the band 'clammbon (クラムボン)'. The callout text reads: 'clammbon (クラムボン) ミュージック Short・プロジェクト' and 'メンバーによるセレクトを通過した作品はDVDに収録!!'. Below this, there is a photo of the band members and the text '対象楽曲はアルバム「2010」収録の全曲' and 'OCCP-36181'. The website background shows a grid of video thumbnails and navigation links like '監督インタビュー' and 'オリジナル楽曲のエントリー方法'.

**Collaboration with a popular band, “clammbon”**



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# A Film, “Kokuhaku”

Faith Wonderworks produced a film of bestselling book, “Kokuhaku” with a consortium including Toho Co., Ltd. and other major entertainment companies and recorded number-one hit at the box-office for four weekends in a row after the theatrical opening

Since the theatrical opening in June 2010,

- sold more than 2.9 millions tickets
- established a box-office record of over 3.7 billion yen
- chosen as an entry film from Japan for the best foreign film category of the 83<sup>rd</sup> Academy Awards



(c)映画「告白」フィルムパートナーズ



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# New Video Content Distribution “Future”

**Launched music distribution, production and sales by new label**

Promoting “360-degree strategy”  
to provide multifaceted music-  
related opportunities



New label “Future”



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# New Video Content Distribution “Connecting card”



Launched a sale of “Connecting card”, a functional collectors items that provides easy access to download site for song or artists information and to settlement.

1) Read QR or enter 16 digit PIN number printed on the back side



2) Access to the download site



3) Download music or information and make settlement



4) Promote a push-style marketing based on customers’ purchase records



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# Highlights of Business Development during FY10 1H



## Electronic Money Business

- WebMoney added new functions to an advertisement distribution widget, “manna”.
- “WebMoney” was accepted as a settlement method at mobile official sites “GIGAtch” and “GREE” as the first method other than the conventional charging on carriers method.



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# More Opportunities to Use WebMoney with “manna”

Added other new functions such as a search function and an online donation program to social action groups.



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## More Opportunities to Use WebMoney with “manna”

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**the membership  
reached 190,000**



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# More Opportunities to Use WebMoney at Official Sites

“WebMoney” was accepted as a settlement method at mobile official sites



**GREE**  
21 million members



**GIGAtch**  
3 million members



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## Full-Year Forecast of Consolidated Financial Results for the FY10



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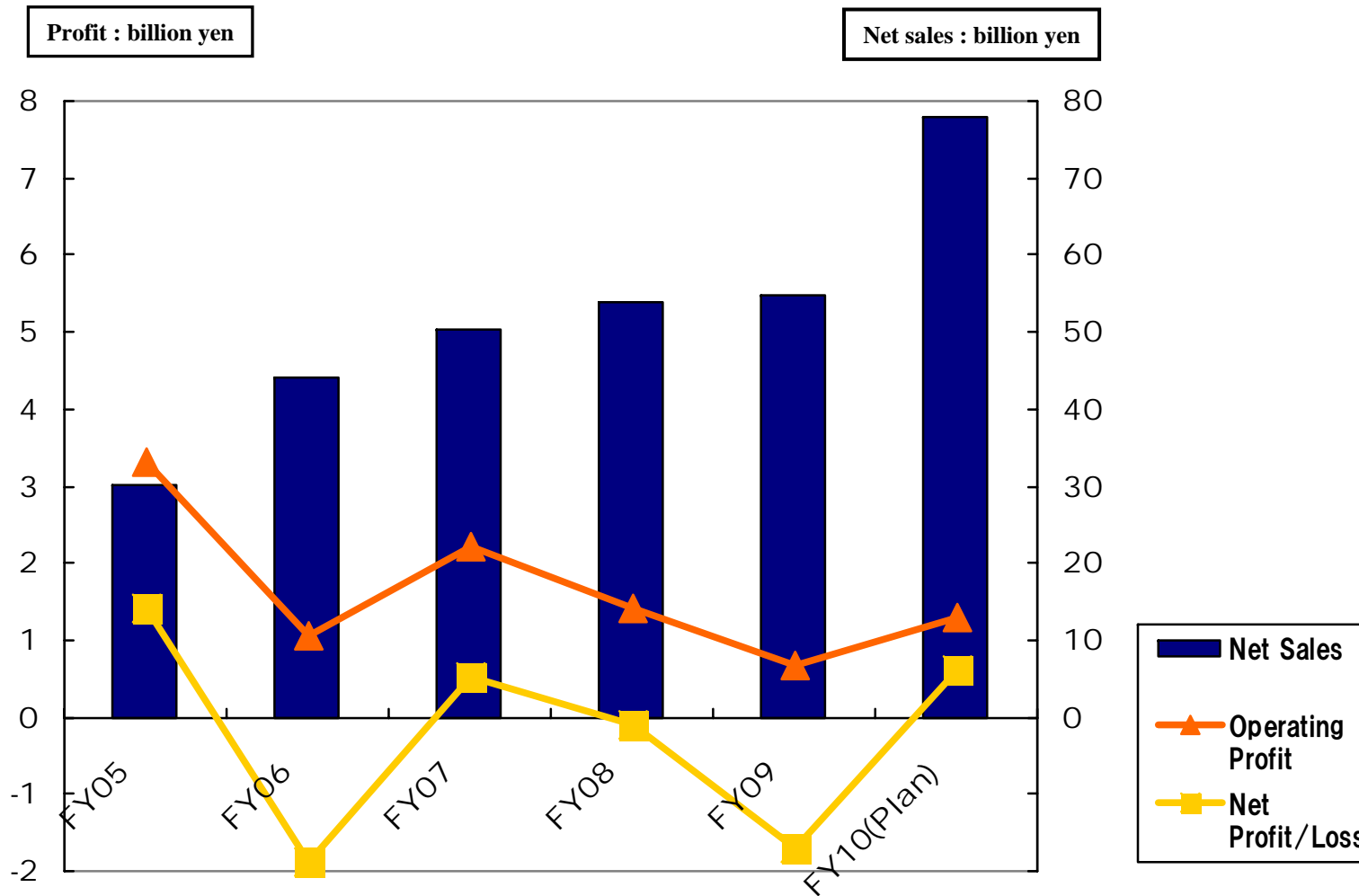


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# FY10 Financial Forecast for the Business Results



Further growth is expected in net sales due to the expansion of the Electronic Money business. Profit are also expected to increase due to the business expansion and the group-wide cost deduction.



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# FY10 Consolidated Financial Forecasts by Segment



(million yen)

	FY09	FY10 (Plan)	Year-on-year change (amount)	Year-on-year change (%)
<b>Net sales</b>	<b>56,634</b>	<b>78,000</b>	<b>21,366</b>	<b>37.7%</b>
Content business	9,269	8,100	? 1,169	-12.6%
Electronic Money business	46,237	68,700	22,463	48.6%
Others	1,128	1,200	72	6.4%
<b>Operating profit</b>	<b>735</b>	<b>1,300</b>	<b>565</b>	<b>76.9%</b>
Content business	11	420	409	3718.2%
Electronic Money business	679	840	161	23.7%
Others	45	40	? 5	-11.1%
<b>Recurring profit</b>	<b>627</b>	<b>1,360</b>	<b>733</b>	<b>116.9%</b>
<b>Net profit</b>	<b>▲1,755</b>	<b>600</b>	<b>2,355</b>	<b>-</b>



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\*FY10(Plan) on sales and profits are modified on 4 November 2010.



# Faith's Business Strategy



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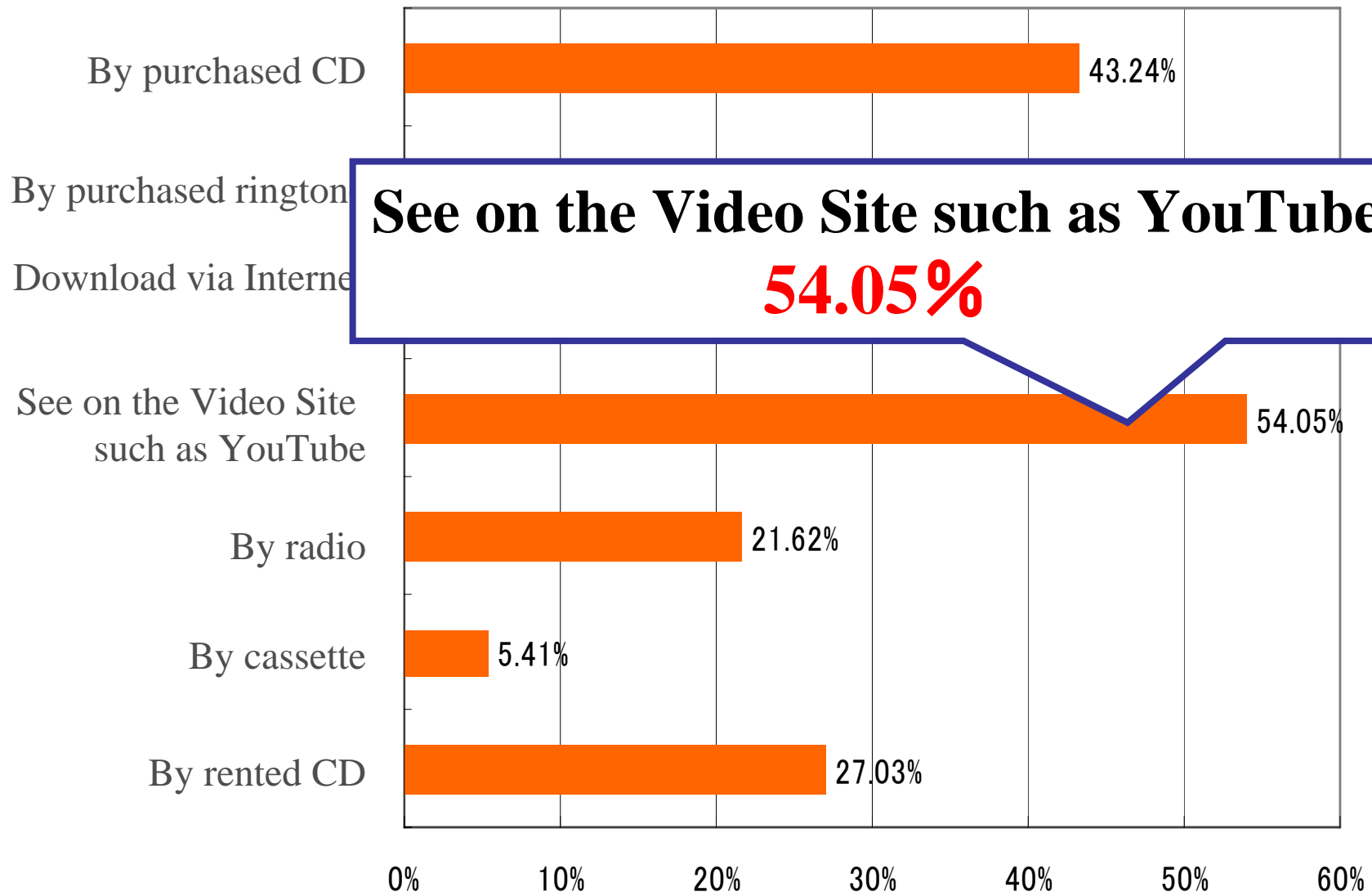


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# The Way to Enjoy Music

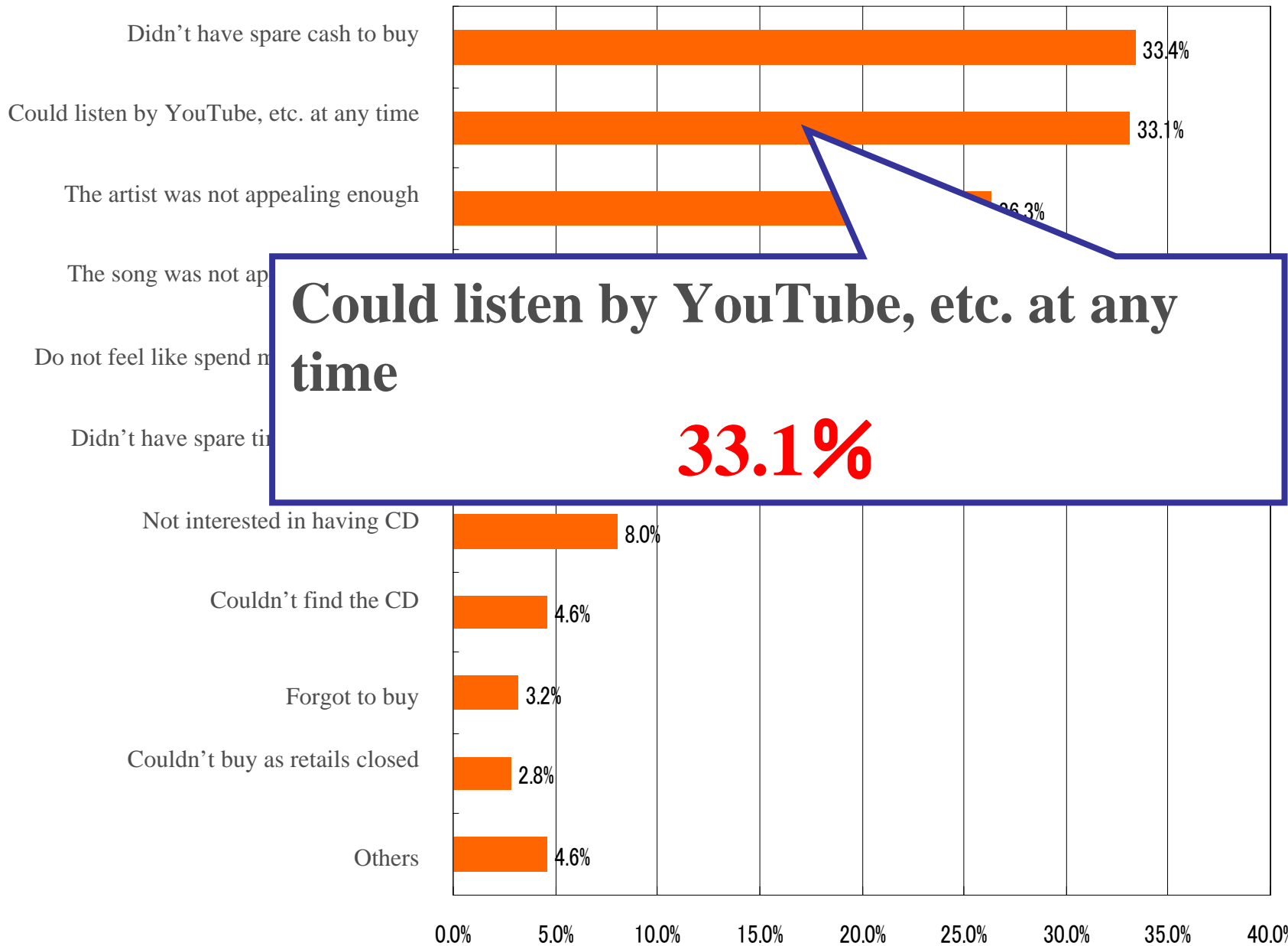


**See on the Video Site such as YouTube**  
**54.05%**



According to research on the actual situation by The Recording Industry Association of Japan (RIAJ)

# The Reason for not Purchasing CD



**Could listen by YouTube, etc. at any time**  
**33.1%**



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# Distribution of Information



<Existing model>

**The Paper** ⇒ **Contents + Printing Plant  
+ Distributor + Dealer**

**TV** ⇒ **Contents + Broadcast License  
+ Broadcast Receiver**

**Music** ⇒ **Contents + CD Press  
+ Distributor + Retail + Player**

**Only large capital  
could distribute information**



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# Distribution of Information



<Near future>



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# Licensing Business surrounding Digital works

## Film, Book, Music and Game



**POSSIBLE** to copy the works,  
but **IMPOSSIBLE** to copy the creators



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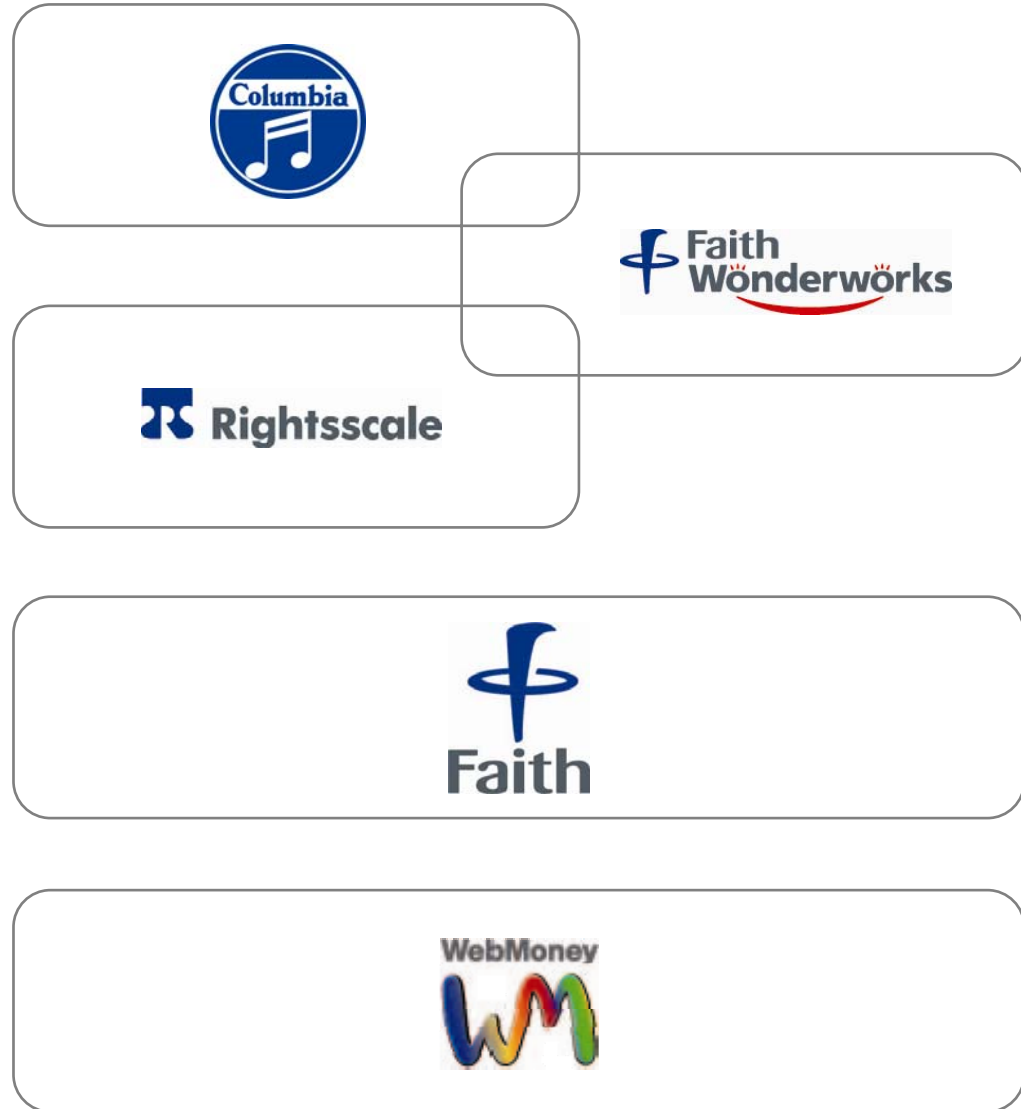


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# Content Distribution by Faith Group



■ Training and Management of Artists  
■ Production of Contents

Creation of Framework for Content Distribution



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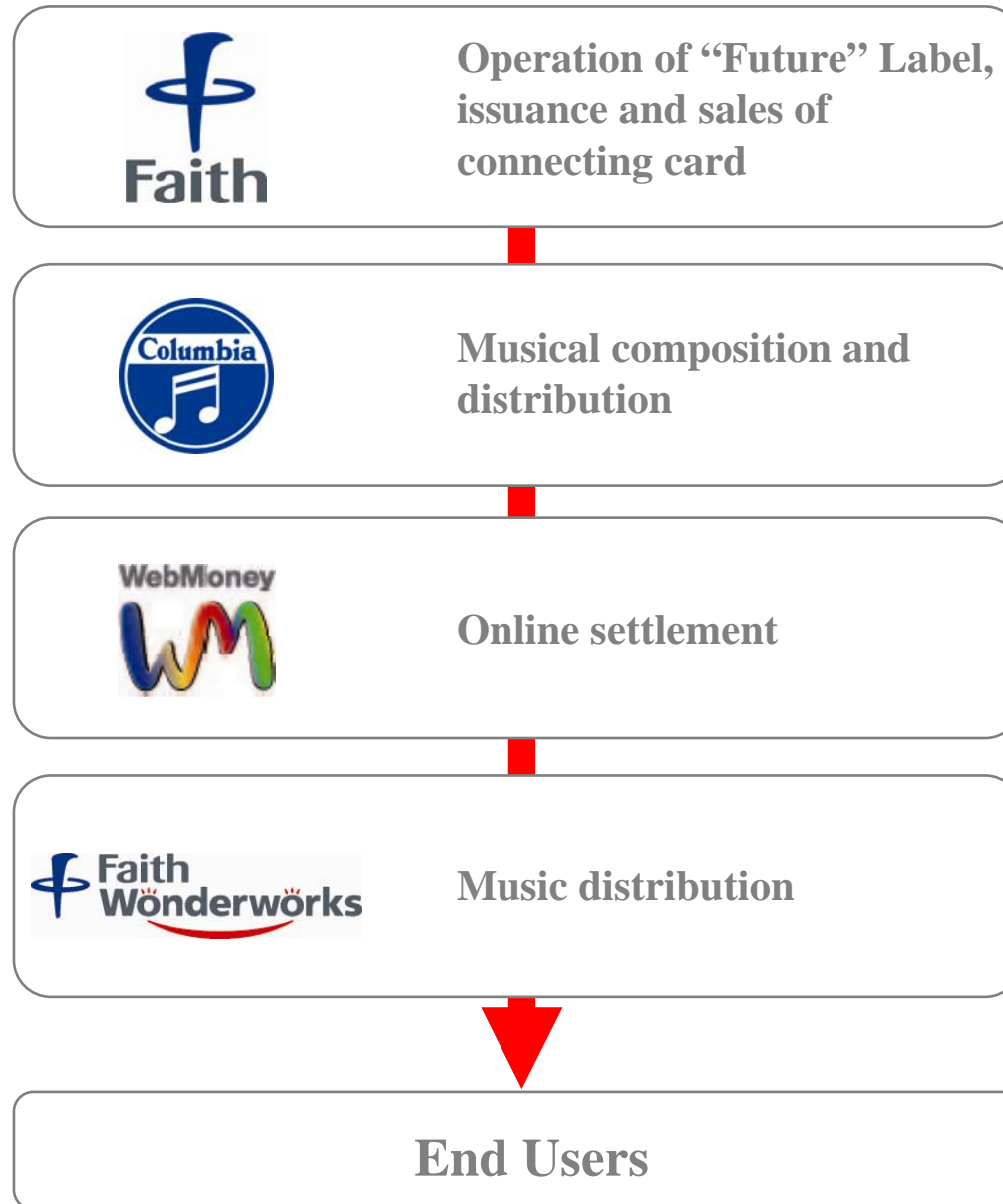


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# Group Synergy Realized with Connecting Card



Creation of a new framework of content distribution



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# Appendix

# 1H Consolidated Financial Results by Segment



(million yen)

	FY09 2Q	FY10 2Q	Year-on- year change (amount)	Year-on- year change (%)	Full year forecast	Progress rate
<b>Net Sales</b>	<b>26,322</b>	<b>38,081</b>	<b>11,759</b>	<b>44.7%</b>	<b>78,000</b>	<b>48.8%</b>
Content business	5,004	3,811	▲ 1,193	-23.8%	8,100	47.0%
Electronic Money business	20,701	33,677	12,976	62.7%	68,700	49.0%
Others	617	593	▲ 24	-3.9%	1,200	49.4%
<b>Operating Profit</b>	<b>747</b>	<b>1,016</b>	<b>269</b>	<b>36.0%</b>	<b>1,300</b>	<b>78.2%</b>
Content business	387	407	20	5.2%	420	96.9%
Electronic Money business	334	577	243	72.6%	840	68.7%
Others	26	32	6	23.1%	40	80.0%
<b>Recurring Profit</b>	<b>690</b>	<b>1,082</b>	<b>392</b>	<b>56.9%</b>	<b>1,360</b>	<b>79.6%</b>
<b>Net Profit</b>	<b>157</b>	<b>566</b>	<b>409</b>	<b>258.9%</b>	<b>600</b>	<b>94.3%</b>



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\*FY10(Plan) on sales and profits are modified on 4 November 2010.

# Amortization of Goodwill



(million yen)

	FY09		FY10		FY11 (Plan)	FY12 (Plan)	FY13 (Plan)	FY14 (Plan)
	2Q	Full year	2Q	Full year (Plan)				
WebMoney	36	77	40	82	81	75	44	8
Faith Wonderworks	1,076	3,566	470	938	178	26	20	-
Others	10	15	-1	-2	-2	-2	-2	-1
<b>Total</b>	<b>1,122</b>	<b>3,658</b>	<b>509</b>	<b>1,018</b>	<b>257</b>	<b>99</b>	<b>62</b>	<b>7</b>

\*1,420 million yen are posted as an extraordinary loss out of amortization of goodwill in FY09 Full year.



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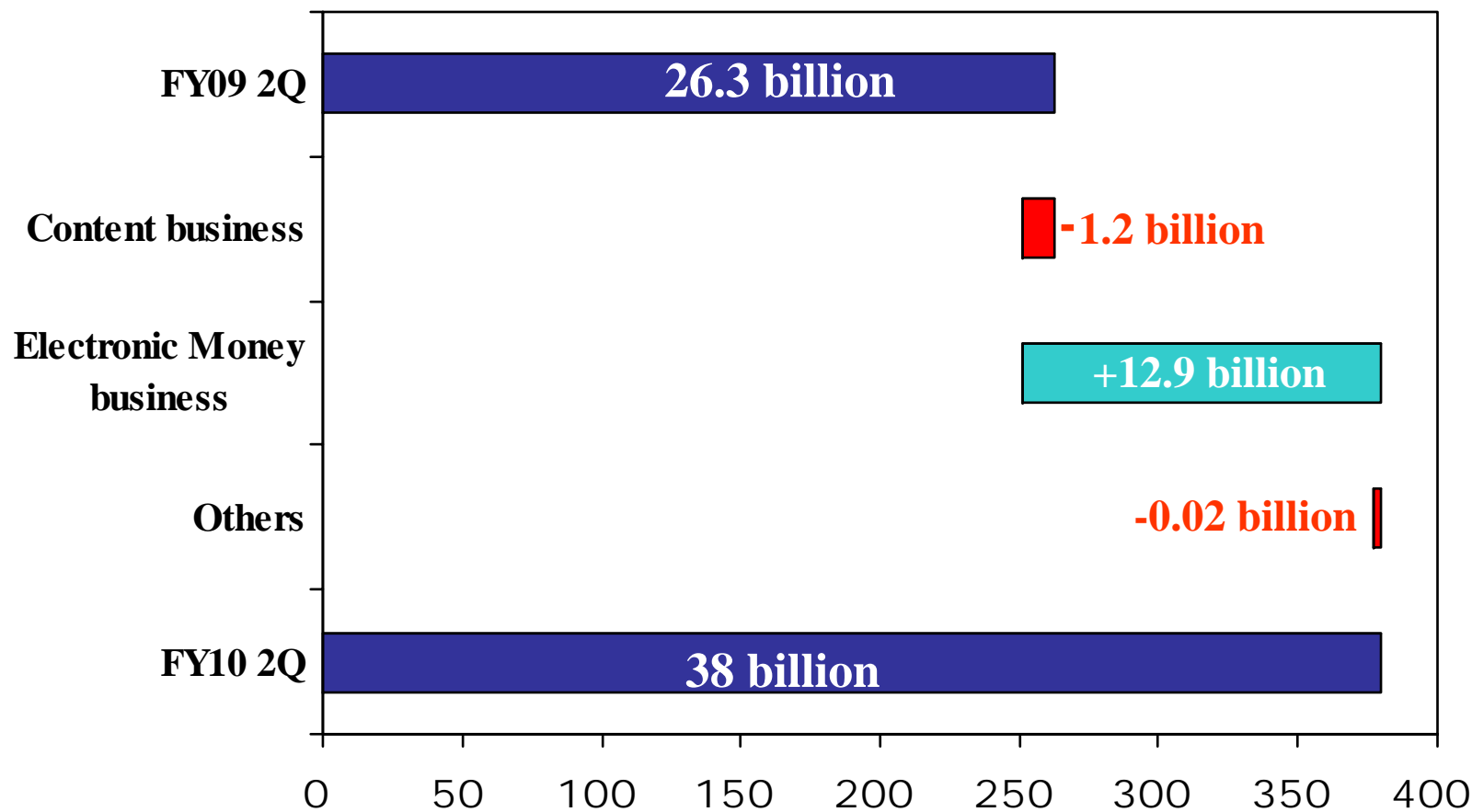


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# FY10 1H Consolidated Net Sales (year-on-year basis)



(billion yen)



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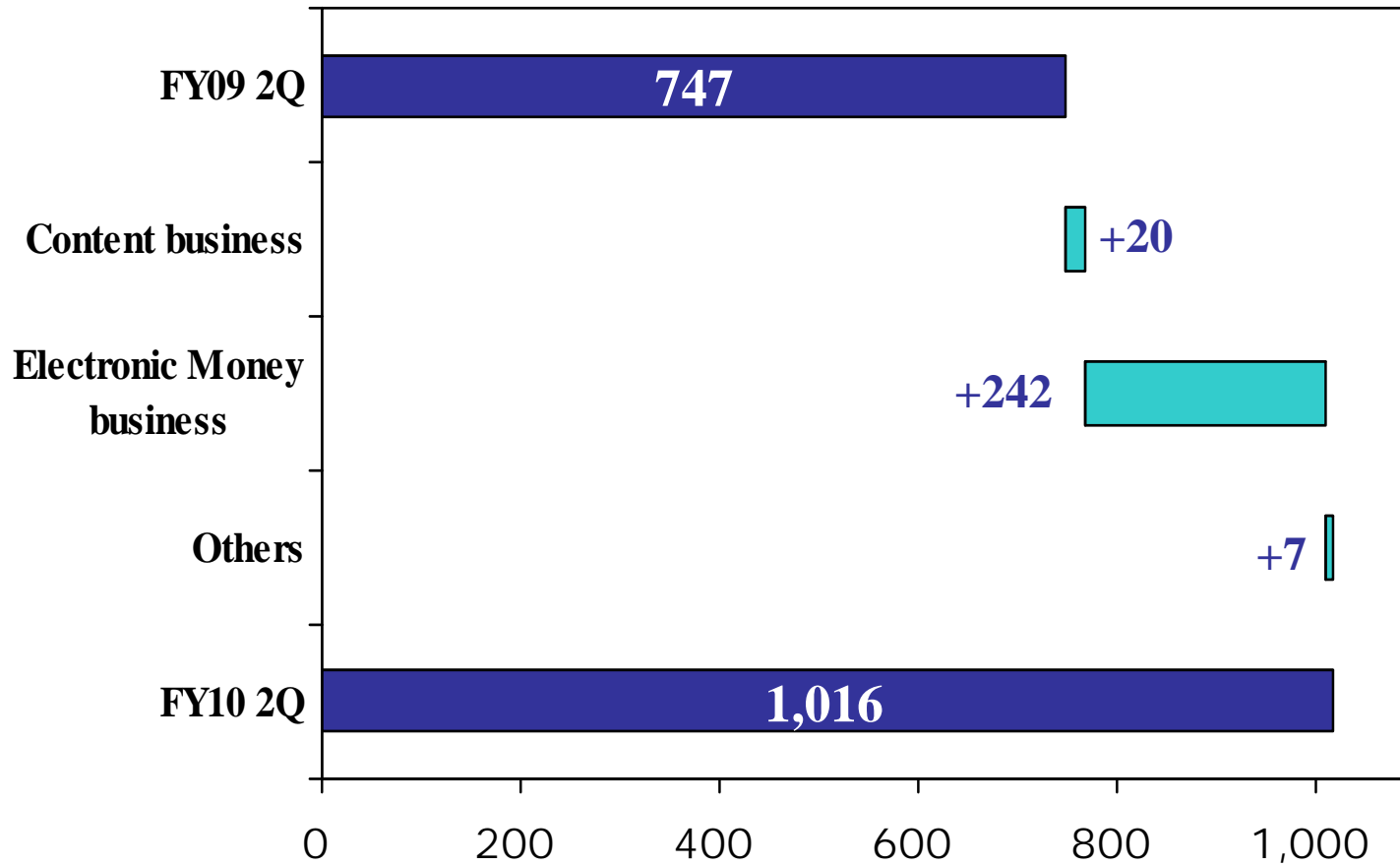


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# FY10 1H Operating Profit (year-on-year basis)



(million yen)



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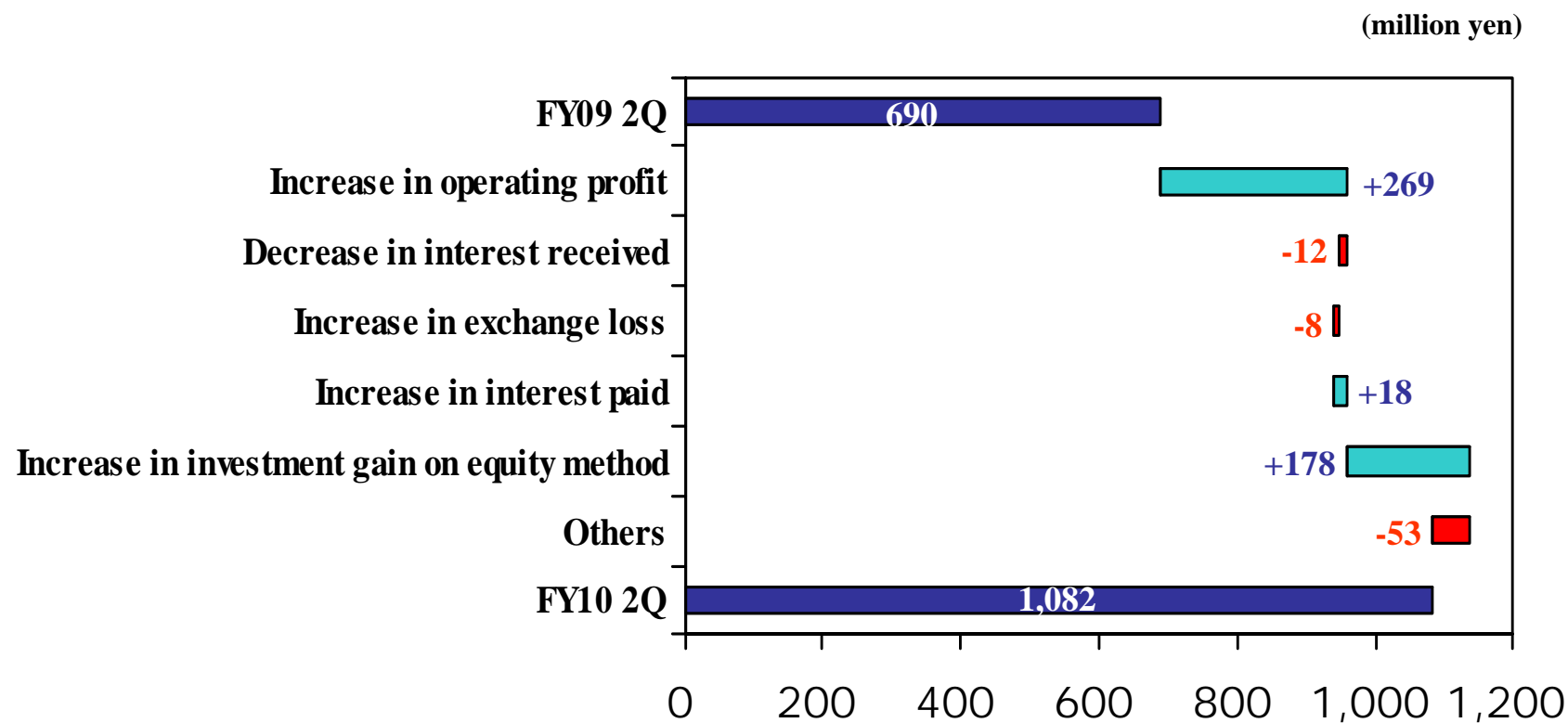


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# FY10 1H Recurring Profit (year-on-year basis)



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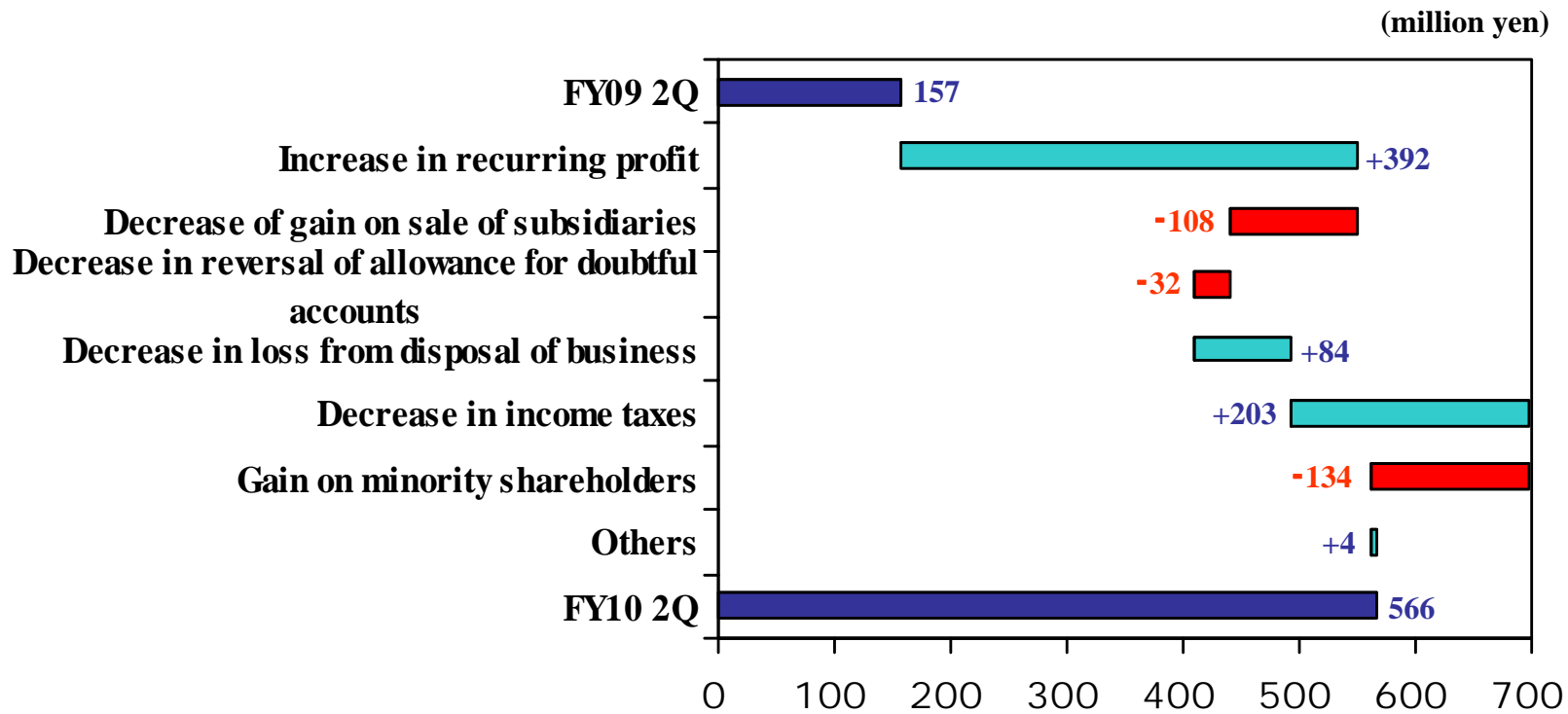


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# FY10 1H Net Profit (year-on-year basis)



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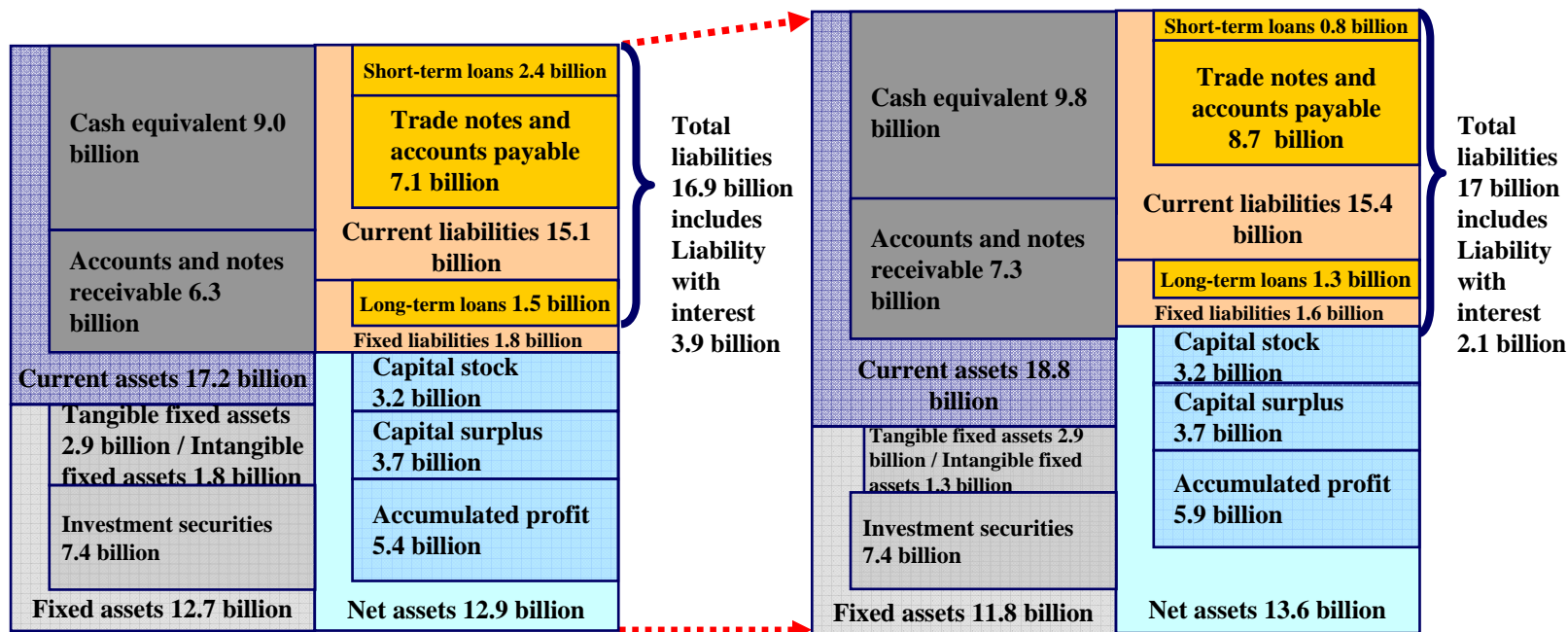
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# Consolidated Balance Sheet (year-on-year change)



■ End of March 2010

■ End of September 2010



**Total assets 29.9 billion yen**

**Total assets 30.6 billion yen**



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## Notice

**This document and its supporting documents contain projections 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.**



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