

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE 1ST QUARTER OF THE FISCAL YEAR ENDING MARCH 2010**

August 12, 2009

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

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

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Date of Submission of Securities Report: August 13, 2009

Starting Date of the Dividend Payment: -

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the 1st quarter of the year ending March 2010
(From April 1, 2009 to June 30, 2009)

(1) Consolidated financial results

Those figures in “%” show increased/decreased ratio compared with the previous 1st quarter of fiscal term

	Net Sales		Operating Profit		Recurring Profit		Net Profit	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
Q1 of the year ending March 2010	13,230	9.6	425	102.0	411	178.2	38	△73.9
Q1 of the year ended March 2009	12,070	—	210	—	148	—	146	—

	Net Profit per Share	Diluted Net Profit per Share
	<i>Yen</i>	<i>Yen</i>
Q1 of the year ending March 2010	33.41	32.15
Q1 of the year ended March 2009	123.45	122.31

(2) Consolidated financial position

	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>
Q1 of the year ending March 2010	30,843	15,217	45.6	12,245.19
the year ended March 2009	30,496	14,499	43.8	11,634.84

Reference: Equity Capital: the 1st quarter of the fiscal year ending March 2010: 14,058 million yen/ the 1st quarter of the fiscal year ended March 2009: 13,357 million yen

2. Dividends

(Record dates)	Dividends per share				
	1 st Quarter	Interim	3 rd Quarter	Year-end	Total (Annual)
Year ended March 2009	<i>yen</i> —	<i>yen</i> 50.00	<i>yen</i> —	<i>yen</i> 50.00	<i>yen</i> 100.00
Year ending March 2010	—				
Year ending March 2010 (Forecast)		50.00	—	50.00	100.00

3. Forecasts for the consolidated business results for the year ending March 2010 (from April 1, 2009 to March 31, 2010)

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

	Net Sales		Operating Profit		Recurring Profit		Net Income		Net Income per Share
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Million s of yen</i>	%	<i>Yen</i>
Interim results 2010	25,000	△1.2	300	△67.0	200	△73.0	60	△79.1	52.26
Year ending March 2010	54,730	1.4	680	△52.3	510	△48.7	100	—	87.10

Note: Forecasts for the consolidated business results have not modified at the announcement of the financial statements for FY09 1Q.

4. Others

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

Exclusion : 1 subsidiary (Desperado, Inc.)

For details, please see page.5 “Qualitative information and financial statements” 4. Others (1).

- (2) Adoption of simplified accounting practices or specific procedures in preparation of the quarterly consolidated financial reports: Applicable

* Note: For details, please see page.5 “Qualitative information and financial statements” 4. Others (2).

- (3) Changes in accounting policy, procedure, and presentation in preparation of the quarterly consolidated financial reports (Described in the “Changes in preparing for consolidated financial statements and summary of significant accounting polices”)

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

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

- (4) Outstanding shares (common shares)

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

The 1st quarter of the fiscal year ending March 2010: 1,196,000 shares, the fiscal year ended March 2009: 1,196,000 shares

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

The 1st quarter of the fiscal year ending March 2010: 47,950 shares, the fiscal year ended March 2009: 47,950 shares

- (4)- 3. Average number of shares at the interim accounting period

The 1st quarter of the fiscal year ending March 2010: 1,148,050 shares, the fiscal year ended March 2009: 1,190,420 shares

Statement regarding the proper use of financial forecasts and other special remarks

These forecasts are based on the Company’s current assumptions and beliefs in light of the information currently available to it, and involve known and unknown risks and uncertainties. The Company’s actual results may differ materially from those discussed in these forecasts as a result of numerous factors outside of the Company’s control.

[Qualitative information and financial statements]

1. Qualitative information regarding consolidated operating results

During the 1st quarter of the consolidated fiscal year ending March 2010, advanced functions of terminal devices such as smartphone, iPhone®, and game consoles have further diversified, while the network environment for high-capacity content has diversified. At the same time, responding to the growing content needs, a wide range of content including new services which were formerly not available are now covered, and an new era of choosing content from a wide showcase has arrived. As the user needs are expanding and diversifying, variety of content are demanded. The launch of fully-fledged Internet connected TV was another marked event. The overall environment includes network, software and hardware has been improving to allow users to access content more easily.

Faith Group has been making effort to implement ubiquitous content environment that are always converged at its service concept, "multi-content on multi-platform" which enables users to enjoy content at any time. In the fast growing content distribution market and technologies, the Group actively took measures such as developing new services and solutions based on its unique ideas, and alliance with prominent partners of various industries.

The Group has established new business schemes in the video distribution services field, where content can be enjoyed on a wide range of terminal devices such as mobile phones, PCs and digital appliances. In addition, the Group is promoting the creation of new content distribution platforms taking the user needs in advance. For instance, in the music content service business, the Group has started new services tailored for iPhone®. Furthermore, in the medical and health information business, new functions were added on the service related to the electronic medical recording system to improve user convenience.

In the electronic money field, which has been expanding the market, the volume of payment settled in the Group's "WebMoney" showed a strong performance achieving high market share in the online game market. Other factors behind this result were an increase in new partner vendors and the promotions for user expansion.

As a result, consolidated net sales for the 1st quarter of FY2009 increased 9.6% year on year to ¥13,230 million led by the continuous high growth in the electronic money business. Operating profit was ¥425 million, up 102.0% year on year, and recurring profit was ¥411 million, up 178.2 % year on year, due to the cost reduction realized by selection and revision of existing businesses and the realignment of the Group businesses. In spite of these efforts, the Group recorded net profit of ¥38 million, a 73.9% year on year decrease due to the increase in tax expenses.

Information on each business segment is as follows:

<Contents Business>

Faith Group strove to establish new business schemes and expand and strengthen its operating base through activities such as building partnership with other leading companies during the period under review.

The Group also strove to increase users of the video distribution services and improve user environment where content can be enjoyed on a wide range of terminal devices such as mobile phones, PCs and digital appliances. Faith Wonderworks Inc., a wholly owned subsidiary of Faith, Inc., tied up with "Short Shorts Film Festival & Asia" authorized by the Academy Awards in the U.S. and founded "Music Short Creative Award" to launch a related business. This new award invites entries of video works in which music from prominent labels in Japan and the excellent works will be distributed on pay-per-view basis through mobile and PC video content sites including sites operated by Faith Group. The Company newly started a service for SoftBank mobile phones on a mobile video distribution site provided by Asahi Broadcasting Corporation. This service enables video contents delivery to various devices including mobile phones, PCs and internet connected TVs, utilizing Near Field Rights Management® (NFRM™) technology.

Brave, Inc., a subsidiary of Faith, Inc., launched "UTAMO", a Karaoke application service dedicated to iPhone®. It recorded No.1 in terms of the number of application downloaded in the music category of "iTunes® App Store". Brave also strived to further expand the number of users of "KASIMO", an automatic lyric display service for iTunes® users. For this end, Brave added a new download function that

enables the display of lyrics on iPhone® and iPod®. As a result, the total number of displayable lyrics doubled from around 50,000 to 100,000.

In the medical and health information service business, the Company continued collaborating with Apius Co., Ltd., WILLCOM, Inc. along with docokaru.net which is an information digitalization project in a health, medical and welfare fields run by a NPO called Sustainable Community Center Japan (SCCJ). With this joint effort, the Group strived to provide improved "Pocket Karte" service by adding 160,000 medical institutions such as hospitals, clinics and dentists on its search list. "Pocket Karte" is an electronic medical recording system with which users can retrieve their record on their mobile phones. The number of the users exceeded 10,000 in the last fiscal year.

As a result, net sales in the content business for the 1st quarter totaled ¥2,675 million, down 13.4% year on year. This figure resulted from a decline in sales of the ringtone business and the revision of some businesses. Operating profit increased 76.4% year on year to ¥277 million, due to a promotion of an efficient business operation as a result of the Group realignment.

<Electronic Money Business>

According to the Information and Communications Statistics Database issued by Japanese Ministry of Internal Affairs and Communications, the number of broadband subscribers in Japan reached more than 30.33 million at the end of March 2009. Demand for digital contents continued to increase in the field of online game, the main sector in which electronic money used, as well as music and video distribution and SNS. Under the developing market, the settlement amount of WebMoney, which provides easy, secure and convenient solutions, saw a firm increase.

Aiming for the increase in the settlement amount by WebMoney through the stronger ties with the partner vendors, the Group ran tie-up campaigns with some prominent vendors. At the same time, the Group made efforts to gain new partner vendors centered on the mobile content services. Furthermore, two of the programs, "WebMoney Wallet" that enables users to make settlement only by ID and password and "WebMoney Wallet Plus" that provides reward points, succeeded in increasing the member registration by enhancing services with the vendors such as upgrading exclusive gift items that were exchangeable with the reward points.

The Group launched some interpersonal transaction services, in which growing demand is expected. "Petit-Kampa" enables individual users to donate WebMoney to creators or social action works, and "Soku Furi" provides function for interpersonal WebMoney transaction by embedding a settlement cashier on websites or blogs operated by individuals. In addition, the Group launched "ONLINE GAME messe", an information sharing site that distribute online game information and share the feedback among the users

As a result, net sales in the Electronic Money Business increased 18.4% year on year to ¥10,229 million. Operating profit increased by 164.6% year on year to ¥136 million due to an increase in the settlement amount and the launch of new services and other factors.

<Other Businesses>

Revenues from the point-card system business and other businesses led sales in other businesses to ¥325 million, a decrease by 4.7% year on year. Operating profit was ¥23 million, up 323.4% year on year.

2. Qualitative information regarding consolidated financial positions

(1) Assets, Liabilities and Net Assets

Total assets as of the end of the 1st quarter of FY2009 increased by ¥347 million from the end of the previous consolidated fiscal year to ¥30,843 million. This result is mainly due to the decrease in amortization of goodwill caused by write-off, and gain on revaluation of investments in securities.

Total liabilities decreased by ¥370 million against the end of the previous consolidated fiscal year to ¥15,626 million yen, caused by the reduction of trade notes and accounts payable.

Net assets increased by ¥717 million against the end of the preceding consolidated fiscal year to ¥15,217 million due to the increase in foreign currency translation adjustment account driven by revaluation of investments in securities and exchange fluctuations. The main reason for this result is increase of Shareholders' equity ratio advanced by 1.8 percent point to 45.6%.

(2) Cash Flow

Cash and cash equivalents at the end of this 1st quarter ended June 30, 2009 increased by ¥1,110 million from the end of the previous consolidated fiscal year to ¥11,760.

Cash flows from operating activities amounted to an inflow of 1,878 million yen. This is due mainly to the posting of ¥441 million of net income before taxes and other adjustments, ¥557 of amortization of goodwill and ¥1,627 of depreciation of trade receivable, despite the posting of ¥431 million of decrease in accounts payable.

Cash flows from investing activities amounted to an outflow of ¥750 million, due mainly to the expenditure in the amount of ¥2,120 million for payments into time deposits, despite the posting of ¥1,430 million of income from refund of long-term liabilities.

Cash flows from financing activities amounted to an outflow of ¥80 million, mainly because of the expenditure in the amount of ¥44 million for dividend payment and repayment of long-term liabilities.

3. Qualitative information regarding forecast of consolidated financial results

Since operating results for the 1st quarter of FY2009 have advanced as planned compared with forecasts released on May 13, 2009 in the BRIEF STATEMENT OF ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2009 AND FORECASTS FOR THE YEAR ENDING MARCH 2010, the Company has not revised consolidated financial forecasts for the first half ending September 30, 2009 and the year ending March 31, 2010.

4. Others

(1) Changes in major subsidiaries during the 1st quarter of FY2009 (Changes in specific subsidiaries causing change in the scope of consolidation):

Changes in specific subsidiaries is as follows:

Exclusion: Desperado, Inc.

Changes in subsidiaries other than specific subsidiaries are as follows:

Exclusion: Faith.biz, Inc.

(2) Adoption of simplified methods in accounting methods

(Simplified methods in accounting methods):

1. Computation method used for estimating bad debts in general receivables

As the actual percentage of credit losses recorded at the end of the current quarter proved to be not significantly different from what was estimated at the previous fiscal year end, the estimated bad debt is computed based on the actual percentage of credit losses at the previous fiscal year end.

2. Computation method used for estimating amortization of tangible assets

Assets which are applying fixed percentage method are computed on a pro-rata basis from the amount for the consolidated fiscal year ending March 31, 2010.

(Specific procedures in preparation of the quarterly consolidated financial reports)

Tax expenses are calculated by multiplying the amount of quarterly net profit before tax deduction and the estimated effective tax rates, which is estimated as an effective tax rates applied to the tax effect accounting, by the amount of consolidated net profit including the 1st quarter of the financial period and before tax deduction.

5. Consolidated Financial Statement for the 1st quarter

(1) Consolidated Balance Sheet for the 1st quarter

(Unit: thousands of yen)

	The 1st Quarter of FY2009 (As of June 30, 2009) Amount	FY 2008 (As of March 31, 2009) Amount
(Assets)		
Current assets		
Cash and deposits	14,310,028	13,508,778
Accounts and notes receivable	5,391,587	6,963,239
Marketable securities	1,240,059	240,453
Commercial products	230,832	317,125
Products in progress	45,099	41,615
Primary materials and inventory goods	15,057	12,972
Accrued refund income tax	44,685	90,883
Deferred tax assets	460,082	450,388
Others	598,196	657,192
Allowance for doubtful accounts	△255,717	△259,093
Total current assets	22,079,910	22,023,556
Fixed assets		
Total Tangible fixed assets	455,923	437,136
Intangible fixed assets		
Goodwill	4,536,364	5,096,085
Others	827,524	588,927
Total intangible fixed assets	5,163,888	5,685,013
Investment and other assets		
Investment securities	2,495,884	1,707,499
Others	722,474	715,724
Allowance for doubtful receivable	△83,812	△84,370
Total investments and other assets	3,134,546	2,338,854
Total fixed assets	8,784,358	8,461,004
Expenditure for stock delivering prescription	9,703	11,857
Total assets	30,843,972	30,496,418
(Liabilities)		
Current liabilities		
Trade notes and Accounts payable	5,812,980	6,222,787
Short-term loans	2,019,920	2,029,928
Income taxes payable	321,072	12,833
Allowance for costs of card use	3,220,562	3,316,085
Allowance for points	314,203	361,657
Allowance for bonus payments	63,370	95,514
Others	1,070,134	1,393,875
Total current liabilities	12,822,243	13,432,682
Fixed liabilities		
Long-term liabilities	2,038,580	2,054,382
Deferred tax liabilities	641,085	274,161
Allowance for retirement benefits	75,525	73,071
Others	48,965	162,276
Total fixed liabilities	2,804,156	2,563,891
Total liabilities	15,626,400	15,996,574

(Unit: thousands of yen)

	The 1st Quarter of FY2009 (As of June 30, 2009) Amount	FY 2008 (As of March 31, 2009) Amount
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus	3,708,355	3,708,355
Retained earning	7,326,655	7,345,697
Treasury stock	<u>△651,377</u>	<u>△651,377</u>
Total shareholder's equity	<u>13,601,633</u>	<u>13,620,674</u>
Valuation and translation adjustments		
Net unrealized gains on investment securities	943,518	469,900
Foreign currency translation adjustments	<u>△487,062</u>	<u>△733,196</u>
Total valuation and translation adjustments	<u>456,455</u>	<u>△263,295</u>
Minority interests	<u>1,159,483</u>	<u>1,142,464</u>
Total net assets	<u>15,217,572</u>	<u>14,499,844</u>
Total liability and net assets	<u>30,843,972</u>	<u>30,496,418</u>

(2) Consolidated Profit and Loss Statement for the 1st quarter of the fiscal year
(April 1, 2009 through June 30, 2009)

(Thousands of yen)

	the 1st Quarter of FY2008 (As of June 30, 2008)	the 1st Quarter of FY2009 (As of June 30, 2009)
Net sales	12,070,204	13,230,401
Cost of Sales	9,442,678	10,532,111
Gross profit	2,627,526	2,698,290
Selling, general and administrative expenses	2,417,024	2,273,069
Operating profit	210,501	425,220
Non-operating profit		
Interest income	13,906	10,212
Dividend income	15,930	15,778
Interest securities.	1,690	2,637
Foreign exchange gain	26,176	-
Non-operating expense	6,944	7,325
Total non-operating profit	64,648	35,954
Non-operating expenses		
Interest expense	22,109	12,849
Investment profit on equity method	84,371	29,795
Exchange loss	-	834
Miscellaneous expense	20,622	5,776
Total non-operating expenses	127,102	49,254
Recurring profit	148,047	411,920
Extraordinary profit		
Gain on disposal of investment securities	141,606	5,192
Gain on transfer of operation	-	5,000
Reversal of allowance for doubtful accounts	-	32,000
Others	890	-
Total extraordinary profit	142,496	42,192
Extraordinary loss		
Loss from investment securities valuation	60,000	9,161
Gain on transfer of operation	-	3,395
Others	718	38
Total extraordinary loss	61,718	12,595
Quarterly net profit before income taxes	229,826	441,516
Corporate, local, and business taxes	97,027	356,623
Income or Loss on minority shareholders	△14,157	46,533
Quarterly net profit or loss	146,956	38,360

(3) Consolidated Statements of Cash Flows for the 1st quarter of the fiscal year
(April 1, 2009 through June 30, 2009)

(Thousands of yen)

	the 1st Quarter of FY2008 (April 1, 2008 through June 30, 2008)	the 1st Quarter of FY2009 (April 1, 2009 through June 30, 2009)
Cash flow from operating activities		
Quarterly profit before income taxes and minority interests	229,826	441,516
Depreciation and amortization	122,965	87,168
Amortization of goodwill	584,159	557,221
Increase (decrease) in allowance for doubtful accounts	3,088	△4,151
Decrease in reserve for bonus	△33,639	△32,144
Decrease in allowance for cost of card use	△194,832	△95,522
Decrease in allowance for unexercised sales promotion points	△21,584	△47,454
Increase in allowance for retirement benefits	4,421	2,454
Interest and dividends income	△29,837	△25,990
Interest on securities	△1,690	△2,637
Interest expenses	22,109	12,849
Foreign exchange gains	△30,864	△3,795
Gain on sale of investment securities	△141,606	△5,192
Valuation Loss on investment securities	60,000	9,161
Loss from investment in equity method	84,371	29,795
Decrease in accounts and notes receivable-trade	1,128,431	1,627,414
Decrease (increase) in inventories	△8,495	80,724
Decrease in accounts and notes payable-trade	△672,423	△431,118
Increase in consumption taxes receivable	△109,663	-
Increase in consumption taxes payable	-	36,238
Others	△349,048	△395,611
Sub-total	645,686	1,840,926
Interest and dividends received	91,046	28,578
Interest expenses paid	△1,202	△472
Income taxes refunded	-	32,430
Income taxes paid	△127,708	△23,101
Cash flow from operating activities	607,822	1,878,360
Cash flow from investing activities		
Expenditure for deposit of time deposits	△500,000	△2,120,000
Proceeds from withdrawal of time deposits	1,830,000	1,430,096
Expenditures for acquisition of tangible fixed assets	△84,556	△40,130
Income from disposal of tangible fixed assets	-	2,225
Expenditure for acquisition of software	△331,106	△73,741
Expenditure for acquisition of investment securities	△105,000	-
Income from disposal of investment securities	-	5,590
Expenditure for loans receivable	△261,649	-
Income from loans collection	-	50,000
Others	3,505	△4,899
Net cash flow used in investing activities	551,193	△750,858

(Thousands of yen)

	the 1st Quarter of FY2008 (April 1, 2008 through June 30, 2008)	the 1st Quarter of FY2009 (April 1, 2009 through June 30, 2009)
Cash flow from financing activities		
Net increase in short-term loans	△500,000	-
Proceeds from long-term borrowing	△7,482	△25,810
Proceeds from payment from minorities	69,452	-
Payment of dividends	△8,590	△44,466
Expenditure for dividends to minorities	△11,171	△10,004
Net cash flow used in financing activities	△457,791	△80,281
Effect of exchange rate on cash and cash equivalents	△82,756	63,731
Net increase in cash and cash equivalents	618,467	1,110,951
Decrease in cash and cash equivalents result from excluded subsidiaries from consolidation	△67,634	-
Cash and cash equivalents at beginning of year	10,614,234	10,649,135
Cash and cash equivalents at end of year	11,165,066	11,760,087

(4) Explanatory note regarding premise of a going concern

Not applicable

(5) Segment Information

[Business segment information]

1st quarter of the fiscal year 2008 (April 1, 2008 through June 30, 2008)

(Unit: thousands of yen)

	Content distribution services	Electronic Money	Other businesses	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to outside customers	3,090,059	8,637,946	342,198	12,070,204	–	12,070,204
(2) Intersegment sales and transfers	53,605	1,742	–	55,348	△55,348	–
Total	3,143,665	8,639,688	342,198	12,215,552	△55,348	12,070,204
Operating profit	157,497	51,660	5,576	214,734	△4,232	210,501

Notes: 1. Method of businesses segmentation: The Company and its group companies' businesses are classified into four segments based on the similarities of services and nature of businesses.

2. Details of business segments

Business segment	Major business operations
Contents business	Content distribution service using networks, and development and licensing of distribution platform technologies, producing content creation
Electronic Money business	Issuance of electronic money and providing electronic settlement platforms
Other businesses	Point service and other business

1st quarter of the fiscal year 2009 (April 1, 2009 through June 30, 2009)

(Unit: thousands of yen)

	Content distribution services	Electronic Money	Other businesses	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to outside customers	2,675,236	10,229,205	325,959	13,230,401	–	13,230,401
(2) Intersegment sales and transfers	104,925	576	–	105,501	△105,501	–
Total	2,780,162	10,229,781	325,959	13,335,903	△105,501	13,230,401
Operating profit	277,758	136,671	23,612	438,041	△12,820	425,220

Notes: 1. Method of businesses segmentation: The Company and its group companies' businesses are classified into four segments based on the similarities of services and nature of businesses.

2. Details of business segments

Business segment	Major business operations
Contents business	Content distribution service using networks, and development and licensing of distribution platform technologies, producing content creation
Electronic Money business	Issuance of electronic money and providing electronic settlement platforms
Other businesses	Point service and other business

[Geographical segment information]

The 1st quarter of the previous fiscal year ended March 2009 (April 1, 2008 through June 30, 2008) and this fiscal year ending March 2010 (April 1, 2009 through June 30, 2009)

Geographical segment information is omitted since net sales in Japan dominated more than 90% of total sales.

[Overseas sales]

The 1st quarter of the previous fiscal year ended March 2009 (April 1, 2008 through June 30, 2008) and this fiscal year ending March 2010 (April 1, 2009 through June 30, 2009)

Sales result of overseas is omitted from segmental information since consolidated net sales of overseas are less than 10% of total sales.

(6) Note for significant changes in amount of shareholders' equity

Not applicable