

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE 1ST QUARTER OF THE FISCAL YEAR ENDING MARCH 2014
[Japanese Standards]**

August 9, 2013

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 12, 2013

Starting Date of the Dividend Payment: -

Preparation of Supplementary Materials for Quarterly Financial Results: Applicable

Information Meeting for Quarterly Financial Results to be Held: None

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the 1st Quarter of the Fiscal Year Ending March 2014

(From April 1, 2013 to June 30, 2013)

(1) Consolidated Operating Results

(Percentages indicate changes compared with the 1st quarter of the previous fiscal year.)

Q1 of the year ending	Net Sales		Operating Profit		Recurring Profit		Net Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 2014	1,639	△1.8	179	△35.5	179	△21.6	181	△1.8
March 2013	1,669	△94.0	278	△62.7	229	△71.0	184	△57.8

Note: Comprehensive income: 1st quarter of the fiscal year ending March 2014: ¥194 million (35.3%); 1st quarter of the fiscal year ending March 2013: ¥143 million (△73.4%)

	Net Profit per Share	Diluted Net Profit per Share
Q1 of the year ending	<i>Yen</i>	<i>Yen</i>
March 2014	158.89	158.89
March 2013	160.61	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital	Net Profit Per Share
Q1 of the year ending	<i>Millions of yen</i>	<i>Millions of yen</i>	%	<i>yen</i>
March 2014	22,586	20,690	91.6	18,159.94
Year ending March 2013	22,611	20,552	90.9	18,038.91

Reference: Equity Capital: 1st quarter of fiscal year ending March 2014: ¥20,690 million; fiscal year ending March 2013: ¥20,552 million

2. Dividends

(Record dates)	Dividends per share				
	1 st Quarter	Interim	3 rd Quarter	Year-end	Total
Year ending March 2013	<i>yen</i>	<i>yen</i>	<i>yen</i>	<i>yen</i>	<i>yen</i>
Year ending March 2013	—	50.00	—	50.00	100.00
Year ending March 2014 (Forecast)	—	50.00	—	5.00	—

Notes: Forecasts for dividends have not been modified since the time of the most recently announced business forecast.

At the Board of Directors meeting held on May 28, 2013, it was resolved to implement a stock split of the Company's common shares at a ratio of 10 shares per share with effect from October 1, 2013. The size of the dividend for the year ending March 2014 (Forecast) is being considered in view of the implementation of this stock split.

3. Forecasts for the Consolidated Business Results for the Year Ending March 2014 (from April 1, 2013 to March 31, 2014)

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>
First half (cumulative)	3,100	△9.2	10	△98.2	△100	—	△150	—	△131.65
Full year	7,000	4.0	300	△70.4	250	△77.7	200	△82.0	17.55

Notes: Forecasts for dividends have not been modified since the time of the most recently announced business forecast.

At the Board of Directors meeting held on May 28, 2013, it was resolved to implement a stock split of the Company’s common shares at a ratio of 10 shares per share with effect from October 1, 2013. The size of the net profit per share in the consolidated business forecast (full year) is being considered in view of the implementation of this stock split.

※ Notes

(1) Changes in significant subsidiaries (accompanying changes in scope of consolidation): None

Newly added subsidiaries: 0 companies (subsidiary’s name:)

Removed subsidiaries: 0 companies (subsidiary’s name:)

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

* For details, please refer to “2. Summary Information, (2) Adoption of Simplified Accounting Methods in the Preparation of Quarterly Financial Statements” on page 3 of the accompanying material.

(3) Changes in accounting policy, changes in accounting estimates, and restatements

(2)-1. Changes accompanying revisions of accounting standards, etc.: None

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

(2)-3. Changes in accounting estimates: None

(2)-4. Restatements: 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 2014: 1,196,000 shares

The fiscal year ending March 2013: 1,196,000 shares

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

The 1st quarter of the fiscal year ending March 2014: 56,657 shares

The fiscal year ending March 2013: 56,657 shares

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

The 1st quarter of the fiscal year ending March 2014: 1,139,343 shares

The 1st quarter of the fiscal year ending March 2013: 1,148,050 shares

* Indication of auditing procedures implementation status

This financial results report is exempt from quarterly review procedures under Japan’s Financial Instruments and Exchange Law. As of the time of disclosure of this report, the auditing procedure based on the Financial Instruments and Exchange Law has not been completed.

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

(Notice regarding statements concerning the future)

Statements concerning the future, such as performance forecasts, etc., described in the present material are based on information currently available to the Company and on certain assumptions judged as reasonable by the Company. The Company’s actual performance may differ substantially from these forecasts as a result of various factors beyond the Company’s control. For details of cautions, etc., employed in making performance forecasts and the assumptions underlying performance forecasts, please refer to “Qualitative Information Concerning the Quarterly Performance and Financial Position” on page 3 of the accompanying material.

(To obtain supplemental documents relating to financial results)

Supplemental documents related to the Company’s quarterly and other financial results are posted on the company website.

(URL: <http://www.faith-inc.com/ir/library.html>)

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1. Qualitative Information Concerning the Settlement of Accounts for the 1st Quarter

(1) Explanation Concerning the Operating Results

In Japan, the number of individual mobile phone and smartphone subscriptions reached 138,490,000 at the end June 2013 ^(*1) and the market is continuing to expand. In particular, the demand for smartphones continues to increase favorably. During the 12 months from March 2012, smartphone shipments totaled 29,720,000 units ^(*2), accounting for over 70% of total mobile phone/smartphone shipments of 41,810,000 units ^(*2) over that period. In line with the spread of high-performance and highly functional smartphones and tablet devices, the market centered on services such as social networking services (SNS), mobile social games, video-sharing sites, etc, is expanding, which is in turn fueling the demand for the creation of new services and contents distribution to satisfy user needs.

(*1) Research by the Telecommunications Carriers Association, (*2) Research by MM Research Institute

In this market environment, in order to be able to distribute guaranteed-quality contents, the Faith Group is developing its Multi-Content and Multi-Platform Strategy of creating an environment that allows people to enjoy a wide diversity of contents whenever and wherever they choose. Also, in order to be able to bring excellent high-value-added contents to the market promptly, we are moving ahead with the production of new contents including music and video. At the same time, we are proceeding with the provision of highly convenient services including new services for users of smartphones, for which popularization is accelerating.

The Group's net sales for the first quarter of the fiscal year ending March 2014 decreased by 1.8% compared with the same term of the previous fiscal year to ¥1,639 million, operating profit decreased by 35.5% year on year to ¥179 million, recurring profit decreased by 21.6% year on year to ¥179 million, and net profit decreased by 1.8% year on year to ¥181 million.

Information on each business segment is as follows.

<Content Business>

In the ringtone melody field, which is a part of the Content Business, sales are declining in line with the ongoing shift from conventional mobile phones to smartphones, but we are currently implementing measures to obtain smartphone users as customers, such as reinforcing the distribution of applications aimed at the continually expanding mobile market. From February 2013, we unveiled the KidzaplanetTM service worldwide as an intellectual training application brand for pre-school children. So far the series consists of seven titles including *Suku Suku Rhythmic! Sawatte Asobo! Wonder Rhythm, Tanoshiku Ugoku! Rhythm Stamp, and Kirei-ni Seiton! Okatazuke Shiyo*". So far, aggregate sales of these titles have reached over 400,000 downloads, and the series has proved extremely popular overseas with the Southeast Asian nations of Thailand, Malaysia and Singapore accounting for over half of all downloads. Also, FaRaoTM, Japan's first internet-based radio service equipped with a recommendation function, which entered into service in January 2013, became standard equipped with HIKARI BOX+ in June. Provided by NTT West Corporation, this function makes it possible for listeners to gain easy access to a wide range of music information via a home TV set. In addition, in June 2013, in the Pic Mix Letter service (an original video letter production service), we began newly offering a set menu of *Kitty Chan no Nuigurumi* limited-edition gift card and book services.

In line with of the above developments, and mainly due to a decrease in income in the ringtone melody business, the Content Business recorded net sales of ¥1,287 million, a decline of 6.2% year on year. However, factoring in a decrease in the amortization of goodwill, this business recorded an operating profit of ¥153 million, a decline of 39.6% year on year.

<Point Service Business>

In the Point Service Business, the issuing of points remained strong due to sales promotions by existing member stores and to a rising demand for Reconstruction Assistance Housing Eco-Points, with the result that this business recorded net sales of ¥352 million, an increase of 18.5% year on year, and an operating profit of ¥26 million, an increase of 5.0% year on year.

(2) Explanation Concerning the Financial Position

Total assets as of June 30, 2013 decreased by ¥24 million compared to March 31, 2013 to ¥22,586 million. This result was mainly the result of decreases in marketable securities and investment securities.

Total liabilities decreased by ¥162 million compared to the end of the previous consolidated fiscal year to ¥1,896 million. This result was mainly due to decreases in income taxes payable and trade notes and accounts payable.

Total net assets increased by ¥137 million compared to the end of the previous consolidated fiscal year to ¥20,690 million. This was mainly due to the recording of a quarterly net profit, etc., despite payment of dividends. As a result, the equity ratio increased by 0.7 percentage points to 91.6%.

(3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc.

Performance forecasts are made based on information currently available to the Company, but there is a possibility that the actual performance figures will differ significantly from the forecast figures due to a variety of factors. In addition, the current performance forecast for the full financial year is unchanged from the forecast issued on May 14, 2013.

2. Summary Information

(1) Changes in Major Subsidiaries during the 1st Quarter

Not applicable

In addition, although this does not correspond with any change of specified subsidiaries, because the Faith Group acquired a 100% shareholding in ENTERMEDIA INC., this company is included within the Group's scope of consolidation from the current consolidated cumulative 1st quarter.

(2) Adoption of Simplified Methods in the Preparation of the Quarterly Financial Statements

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after applying tax effect accounting to the amount of quarterly net profit before tax deduction for the consolidated financial year including the current 1st quarter accounting period, and then multiplying the amount of quarterly net profit before tax deduction by the current estimated effective tax rate.

(3) Changes in Accounting Principles, Procedures, and Disclosure Methods

Not applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet for the 1st Quarter

	(Unit: thousands of yen)	
	FY2012	The 1st Quarter of FY2013
	(As of March 31, 2013)	(As of June 30, 2013)
(Assets)		
Current assets		
Cash and deposits	12,076,535	12,342,373
Accounts and notes receivable	930,681	962,682
Marketable securities	540,780	341,226
Commercial products	4,464	10,209
Products in progress	5,633	15,033
Primary materials and inventory goods	7,004	7,286
Corporation tax refund receivable, etc.	696,298	699,069
Deferred tax assets	224,075	220,808
Others	117,874	155,159
Allowance for doubtful accounts	△21,627	△21,237
Total current assets	14,581,719	14,732,612
Fixed assets		
Tangible fixed assets	2,870,397	2,866,377
Intangible fixed assets		
Goodwill	16,269	40,312
Others	317,804	323,578
Total intangible fixed assets	334,074	363,890
Investment and other assets		
Investment securities	4,761,282	4,549,288
Others	63,890	74,517
Allowance for doubtful receivable	△225	△215
Total investments and other assets	4,824,948	4,623,590
Total fixed assets	8,029,420	7,853,859
Total assets	22,611,140	22,586,471
(Liabilities)		
Current liabilities		
Trade notes and Accounts payable	203,006	171,594
Short-term loans	409,884	409,884
Income taxes payable	4,453	5,273
Allowance for points	145,492	23,942
Allowance for bonus payments	175,091	176,394
Others	73,914	54,373
Others	411,137	506,736
Total current liabilities	1,422,978	1,348,198
Fixed liabilities		
Long-term liabilities	333,400	233,404
Lease obligations	13,030	19,613
Deferred tax liabilities	156,077	162,805
Allowance for retirement benefits	127,394	126,145
Others	5,755	5,907
Total fixed liabilities	635,657	547,875
Total liabilities	2,058,636	1,896,074

	(Unit: thousands of yen)	
	FY2012	The 1st Quarter of FY2013
	(As of March 31, 2013)	(As of June 30, 2013)
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus	3,708,355	3,708,355
Retained earnings	14,103,509	14,227,571
Treasury stock	△751,372	△751,372
Total shareholder's equity	20,278,491	20,402,553
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	283,308	295,160
Foreign currency translation adjustments	△9,296	△7,316
Total other accumulated comprehensive income	274,012	287,843
Total net assets	20,552,504	20,690,396
Total liabilities and net assets	22,611,140	22,586,471

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income for the 1st Quarter)

	(Unit: thousands of yen)	
	The 1st Quarter of FY 2012	The 1st Quarter of FY 2013
	(April 1-June 30, 2012)	(April 1-June 30, 2013)
Net sales	1,669,316	1,639,776
Cost of sales	809,958	898,188
Gross profit	859,358	741,588
Selling, general and administrative expenses	581,083	562,081
Operating profit	278,274	179,506
Non-operating profit		
Interest income	9,820	5,957
Dividend income	3,767	4,407
Interest on securities	965	642
Investment gain on equity method	—	1,795
Miscellaneous receipts	1,348	1,709
Total non-operating profit	15,902	14,511
Non-operating expenses		
Interest paid	2,015	1,815
Investment loss on equity method	56,994	12,024
Exchange losses	5,568	—
Miscellaneous expenses	103	222
Total non-operating expenses	64,681	14,062
Recurring profit	229,494	179,956
Extraordinary profit		
Gain on disposal of investment securities	—	28,320
Total extraordinary profit	—	28,320
Extraordinary losses		
Loss on disposal of fixed assets	3,460	41
Loss on valuation of investment securities	2,573	—
Total extraordinary losses	6,034	2,295
Net income before income taxes	223,460	205,981
Corporate, local, and business taxes	44,048	24,952
Net income before minority interests	179,412	181,028
Minority interests in income	△4,973	—
Net profit for the quarter	184,386	181,028

(Consolidated Statement of Comprehensive Income for the 1st Quarter)

	(Unit: thousands of yen)	
	The 1st Quarter of FY 2012 (April 1-June 30, 2012)	The 1st Quarter of FY 2013 (April 1-June 30, 2013)
Net income before minority interests	179,412	181,028
Other comprehensive income		
Valuation difference on other available-for-sale securities	△31,028	12,032
Share in comprehensive income of equity method affiliates	△4,394	1,798
Total other comprehensive income	△35,422	13,831
Comprehensive income	143,989	194,859
(Details)		
Comprehensive income attributable to shareholders of the parent company	148,963	194,859
Comprehensive income attributable to minority interests	△4,973	—

(3) Notes Concerning the Consolidated Financial Statements

(Notes Concerning the Premise of a Going Concern)

Not applicable

(Notes in the Case of Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Segment Information)

I 1st quarter of the previous consolidated fiscal year (FY 2012, April 1, 2012 - June 30, 2012)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Reportable segment			Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Content	Point	Total		
Net sales					
Sales to external customers	1,371,654	297,661	1,669,316	—	1,669,316
Intersegment sales or transfer amount	5,248	—	5,248	△5,248	—
Total	1,376,903	297,661	1,674,565	△5,248	1,669,316
Segment profit	253,571	24,780	278,352	△78	278,274

Notes: 1. Adjustment of segment profit of ¥78 thousand refers to elimination of intersegment transactions.

2. Segment profit is adjusted with the operating profit in the quarterly consolidated profit and loss statement.

2. Information regarding impairment loss on fixed assets or goodwill by segment reported

This information is omitted since there is no critical impairment loss on fixed assets or significant change in amount of goodwill.

II 1st quarter of the current consolidated fiscal year (FY 2013, April 1, 2013 - June 30, 2013)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Reportable segment			Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Content	Point	Total		
Net sales					
Sales to external customers	1,287,044	352,731	1,639,776	—	1,639,776
Intersegment sales or transfer amount	3,376	50	3,427	△3,427	—
Total	1,290,421	352,782	1,643,203	△3,427	1,639,776
Segment profit	153,244	26,010	179,254	252	179,506

Notes: 1. Adjustment of segment profit of ¥252 thousand refers to elimination of intersegment transactions.

2. Segment profit is adjusted with the operating profit in the quarterly consolidated profit and loss statement.

2. Information regarding impairment loss on fixed assets or goodwill by segment reported

That information is omitted since there is no critical impairment loss on fixed assets or significant change in amount of goodwill.