

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE 2nd QUARTER OF THE FISCAL YEAR ENDING MARCH 2015**

This is an English translation of summarized consolidated financial results prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

November 11, 2014

Company name: 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: November 14, 2014

Starting Date of the Dividend Payment: December 10, 2014

Preparation of Supplementary Materials for Quarterly Financial Results: Applicable

Information Meeting for Quarterly Financial Results to be Held: Applicable (for Institutional Investors and Analysts)

Amounts are rounded down to the nearest JPY 1 million.

1. Consolidated Results for the 2nd Quarter of the Fiscal Year Ending March 2015

(From April 1, 2014 to September 30, 2014)

(1) Consolidated Operating Results

Percentages indicate changes compared with the 2nd quarter of the previous fiscal year

Q2 of the year ending	Net Sales		Operating Income		Ordinary Income		Net Income	
	<i>Millions of yen</i>	%						
March 2015	9,082	186.3	△830	—	△791	—	△697	—
March 2014	3,172	△7.1	309	△45.0	342	△39.8	332	△34.8

(Note) Comprehensive income: 2nd quarter of fiscal year ending March 2015: △¥1,135 million (—%); 2nd quarter of fiscal year ending March 2014: ¥543 million (△19.2%)

Q2 of the year ending	Net Income per Share	Diluted Net Income per Share
	<i>Yen</i>	<i>Yen</i>
March 2015	△61.20	—
March 2014	29.17	29.17

(Note) With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share. For this reason, the quarterly Net Income per share and the quarterly diluted Net Income per share are calculated under the supposition that the stock split had taken place at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

Q2 of the year ending	Total Assets	Net Assets	Ratio of Equity Capital	Net Income Per Share
	<i>Millions of yen</i>	<i>Millions of yen</i>	%	<i>yen</i>
March 2015	28,382	21,117	70.7	1,762.92
Year ending March 2014	29,887	22,340	69.6	1,825.44

(Reference) Equity Capital: 1st quarter of fiscal year ending March 2015: ¥20,079 million; fiscal year ended March 2014: ¥20,792 million

2. Dividends

(Record dates)	Dividends per share				
	1st Quarter	Interim	3rd Quarter	Year-end	Total
Year ending March 2014	<i>yen</i> —	<i>yen</i> 50.00	<i>yen</i> —	<i>yen</i> 5.00	<i>yen</i> —
Year ending March 2015	—	5.00			
Year ending March 2015 (Forecast)			—	5.00	10.00

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

With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share.

3. Forecast for the Consolidated Business Results for the Year Ending March 2015 (from April 1, 2014 to March 31, 2015)

(Percentages indicate changes compared with the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year ending March 2015	18,200	187.1	△810	—	△770	—	△920	—	△80.77

(Notes) Forecasts for business results have not been modified since the time of the most recently announced business forecast.

※ 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 5 of the accompanying material.

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

(i) Changes accompanying revisions of accounting standards, etc.: Applicable

(ii) Changes other than the above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

* For details, please refer to "2. Summary Information, (3) Changes in Accounting Principles, Procedures, and Disclosure Methods" on page 5 of the accompanying material.

(4) Outstanding shares (common shares)

(i) Outstanding shares at the end of the fiscal periods (including treasury shares):

The 2nd quarter of the fiscal year ending March 2015: 11,960,000 shares

The fiscal year ending March 2014: 11,960,000 shares

(ii) Treasury shares at the end of the fiscal periods:

The 2nd quarter of the fiscal year ending March 2015: 570,130 shares

The fiscal year ending March 2014: 569,670 shares

(iii) Average number of shares at the interim accounting period

The 2nd quarter of the fiscal year ending March 2015: 11,390,115 shares

The 2nd quarter of the fiscal year ending March 2014: 11,393,430 shares

(Note) With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share. For this reason, the numbers of shares listed above are calculated under the supposition that the stock split had taken place at the beginning of the previous consolidated fiscal year.

* 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 "1. (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc." on page 4 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

Information and communications technology (ICT) is spreading rapidly on a global scale, and in keeping with the development of the Internet infrastructure, high-performance mobile devices such as smartphones and tablets have become widespread throughout the world. According to the 2014 Information and Telecommunications White Paper, while the smartphone ownership ratio in Japan is 50%, the corresponding ratios in other major industrialized countries such as the US, UK and France are around 60%, and the ratios in South Korea and Singapore are over 80%, so the Japanese ratio can be expected to rise further in future. (*1)

Changes in lifestyle brought about by the spread of the Internet and smartphones are strongly influencing people's consumption behavior. For instance, Internet shopping is becoming mainstream, as illustrated by the fact that more CDs and DVDs are now purchased at online stores than at real brick-and-mortar stores. Also, in the contents distribution field including video and music, the importance of smartphones and other mobile devices is increasing in line with the growth of the Internet. For example, 66% of smartphone users watch video and 39% listen to music on their smartphone. In keeping with these lifestyle changes, in the Japanese music market, paid music distribution sales during the January-June 2014 period stood at 103% of their level during the same period in 2013, reflecting favorable sales of subscription distribution services. However, in the package products market, which forms a major part of the music market, sales of music software including music videos during the January-September 2014 period fell to 94% of the previous year's level, and the overall declining trend in the Japanese music market is continuing. (*2)

(*1) From the 2014 Information and Telecommunications White Paper

(*2) Research by the Recording Industry Association of Japan

In this market environment, the Faith Group is continuing to move ahead with 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 while providing compatibility with today's increasingly popular smart devices. We have made unceasing efforts to strengthen the functions of our platforms that gather relevant information from the mass that floods the Internet, sort it into categories, increase its added value, and provide it to users, as well as to develop new services in response to the changing market environment. In the music market, Faith is focusing primarily on music service platform construction, which does not depend on packaged products, by making effective use of the business synergies between the companies within the Group, and also on the subscription-based music distribution business, for which there is an expanding market.

However, in line with the increasing popularization of smartphones, there has been a decline in sales of feature phone-use services, which form a major pillar of Faith's business, and sales of music CDs and digital distribution titles have fallen below their planned levels, with the result that the Group's business performance has remained sluggish.

In keeping with the change of status of Nippon Columbia, Co., Ltd. from an equity-method affiliate to a fully consolidated subsidiary in April 2014, this company's sales and business performance have been included in the Faith Group's consolidated financial results since the start of current fiscal year. For the current 2nd quarter, the Faith Group with the inclusion of the Columbia Business Segment recorded net sales of ¥9,082 million (an increase of 186.3% compared with the same period of the previous fiscal year), an operating loss of ¥830 million (compared with an operating income of ¥309 million for the same period of the previous year), and an ordinary loss of ¥791 million (compared with an ordinary income of ¥342 million for the same period of the previous year). Moreover, due to the reporting of an extraordinary loss of ¥150 million in connection with the organizational reform of a consolidated subsidiary, and of a minority interest loss of ¥515 million, the Group recorded a net loss for the current quarter of ¥697 million (compared with a net income of ¥332 million for the same period of the previous year).

Information on each business segment is as follows.

Content Business

In the Content Business, Faith is actively engaged in new business development and is continuing to promote the introduction of high value-added services to match the changing lifestyles of consumers in response to the popularization of smartphones, etc.

Under a strategy that calls for expanding and commercializing the contact points between artists and fans, the Faith Group is making use of its diversified music and artist-related service functions, and in this context has begun to partially provide Fans™, which is a platform for connecting artists directly with fans. By making use of the Fans™ platform, artists can construct their own websites and send out activity information to their fan bases. Moreover, the platform makes possible sales of e-tickets for live performances, CDs, DVDs and merchandise, music and video distribution, live performance relay broadcasts, fan club site operation, linkage with social media, web promotion, and global development through the use of multiple language sites. Fans™ is a highly-usable service that allows artists to manage and operate a wide variety of functions via a dedicated user interface without having to learn special knowledge, while for fans too, it provides a wealth of contact points with their favorite artists. Color-code is a female vocal unit discovered through the POP ICON PROJECT TOKYO, an artist raising and development approach featuring Nicola Formichetti as a producer. Using Fans, this group made its major debut in September 2014 from Nippon Columbia Co, Ltd. and is starting to develop as an iconic pop group sending out Japanese culture to the wider world.

In order to expand recognition of its services while continuing to promote a multi-device approach, the internet-based radio service FaRao® carried out a present campaign in July 2014 with D&M Holdings Inc. in which it offered its premium service free of charge to purchasers of Denon's Envaya DSB-200 Bluetooth® Speaker System who applied using the 30-day free use coupon accompanying the purchase. In future, FaRao® will not limit itself to targeting ordinary users but will also seek to develop a business-use BGM service aimed at restaurants and retail stores.

In the lifestyle field apart from music, in March 2014, Faith launched a photo communication app called SmileLog®, together with a new service that allows users of this app to create photo book compilations of newly shared photos. Thanks to this additional function, SmileLog® combines in a single app a photo book service and photo decoration (both of which are becoming popular among families with small children), allowing users to decorate photos with a choice of over 500 kinds of stamps. Furthermore, Kidzapplanet®, a worldwide intellectual training application brand for pre-school children that was launched in February 2013, released a child rearing app called BabySmile, which was planned and developed by a father and mother team while they were raising their own children, and another app called Akubi Girl no Mushimegane Tanken, which features the popular anime character Akubi Girl. Child rearing services for smartphone users are a field for which there is a considerable need and national and local governments are also considering making use of these apps. Faith is planning to launch further new services in this field in future.

As a result of the abovementioned developments, taking into account the active ongoing deployment of new services in response to the changing market environment and the decline in sales of services to feature phone users, the Content Business recorded net sales of ¥2,266 million (a decline of 10.0% year on year). Also, due to increasing costs in connection with the start up of new services, etc., in addition to the abovementioned decline in sales, this business recorded an operating income of ¥45 million (a decline of 83.2% year on year).

Point Service Business

In the Point Service Business, sales of points increased in line the opening of new point member stores and positive point sales promotion, with the result that this business recorded net sales of ¥1,169 million (an increase of 78.9% year on year). However, although we worked to control sales-related expenses and general management expenses, the business experienced a profit ratio decline due to redemptions of former points in line with the shift to server-based management and to an increase in initial costs in line with the startup of new businesses, resulting in an operating income of ¥2 million (a decrease of 93.9% year on year).

Columbia Business

Amid the severe environment facing the music and video-related industry in line with the continuing shrinking of the music market, the Columbia Business experienced an overall decline in sales of music CDs, digital distribution titles, and products supplied to mail order companies. Also, due to declines in sales of high-margin titles released in past years and in transactions utilizing high-margin sound sources, this business reported net sales for the 2nd quarter of FY 2014 of ¥5,647 and an operating loss of ¥883 million. Moreover, as the Columbia Business has been included in the Faith Group's business performance only since the start of the current fiscal year, no comparisons with the 2nd quarter of the previous fiscal year are given here.

(2) Explanation Concerning the Financial Position

(Analysis of Financial Position)

Total assets as of September 30, 2014 decreased by ¥1,504 million compared to March 31, 2014 to ¥28,382 million. This result was mainly due to decreases in cash and deposits and accounts and notes receivable.

Total liabilities decreased by ¥281 million compared to the end of the previous consolidated fiscal year to ¥7,265 million. This result was mainly due to decreases in accounts and notes payable.

Total net assets decreased by ¥1,222 million compared to the end of the previous consolidated fiscal year to ¥21,117 million. This was mainly due to a decrease in retained earnings in accordance with the payment of dividends and the recording of a quarterly net loss, as well as to a decrease in minority interests.

As a result of the above, the equity ratio increased by 1.1 percentage points to 70.7%.

(Cash Flow Situation)

Cash and cash equivalents for the consolidated cumulative 2nd quarter of the current fiscal year decreased by ¥1,659 million from the end of the previous consolidated fiscal year to ¥9,755 million.

Details of cash flow for the consolidated cumulative 2nd quarter and its contributory factors are as follows:

(Cash flow from operating activities)

Cash flow from operating activities amounted to an outflow of ¥123 million (compared with an inflow of ¥1,308 million for the same period of the previous fiscal year), due to due to the addition of a decrease of ¥765 million yen in notes and accounts receivable to a net loss before taxes for the previous quarter of ¥943 million.

(Cash flow from investing activities)

Cash flow from investing activities amounted to an outflow of ¥1,381 million (compared with an inflow of ¥1,173 million for the same period of the previous fiscal year), due mainly to income of ¥3,023 million in respect of reimbursement of fixed-term deposits, despite outgoings of ¥4,144 million in respect of making fixed-term deposits.

(Cash flow from financing activities)

Cash flow from financing activities amounted to an outflow of ¥161 million (a decline of 37.7% compared the same period of the previous fiscal year), due mainly to outgoings of ¥300 million in respect of a net decrease in short term loans payable, ¥236 million in respect of repayment of long-term loans, and ¥57 million in respect of dividend payments, despite income of ¥500 million from long-term loans payable.

(3) Qualitative Information Regarding the Forecast of Consolidated Financial Results

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 revised forecast issued on October 28, 2014.

2. Summary Information

(1) Changes in Major Subsidiaries during the 2nd Quarter

None

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

Tax expenses for the Company and a portion of its consolidated subsidiaries are calculated by making a reasonable estimate of the effective tax rate after applying tax effect accounting to the amount of quarterly Net Income before tax deduction for the consolidated financial year including the current 2nd quarter accounting period, and then multiplying the amount of quarterly Net Income before tax deduction by the current estimated effective tax rate.

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

(Changes in Accounting Principles)

For certain consolidated subsidiaries, with effect from the beginning of the first quarter of the current consolidated fiscal year, we have applied the regulations stipulated in the main texts of Item 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and Item 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) in revising the retirement benefit obligations and the service cost calculation method.

These changes will have no material impact on the Group's retained earnings or profitability for the current 2nd quarter accounting period.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(Unit: thousands of yen)	
	FY 2013	2nd Quarter of FY 2014
	(As of March 31, 2014)	(As of Sept. 30, 2014)
(Assets)		
Current assets		
Cash and deposits	14,196,991	13,658,407
Accounts and notes receivable	3,238,570	2,452,187
Marketable securities	241,587	242,125
Commercial products	464,387	557,530
Products in progress	440,603	424,815
Primary materials and inventory goods	63,564	70,234
Corporation tax refund receivable, etc.	67,118	—
Deferred tax assets	286,638	178,484
Others	774,474	759,836
Allowance for doubtful accounts	△74,763	△65,257
Total current assets	19,699,173	18,278,365
Fixed assets		
Tangible fixed assets	3,062,848	3,012,845
Intangible fixed assets		
Goodwill	4,247,061	4,134,058
Others	871,886	922,559
Total intangible fixed assets	5,118,948	5,056,617
Investment and other assets		
Investment securities	1,679,127	1,700,739
Others	623,900	633,312
Allowance for doubtful accounts	△296,727	△298,915
Total investments and other assets	2,006,300	2,035,137
Total fixed assets	10,188,097	10,104,600
Total assets	29,887,271	28,382,965
(Liabilities)		
Current liabilities		
Accounts and notes payable	1,243,213	1,015,143
Short-term loans payable	906,520	506,528
Lease obligations	51,491	30,882
Accrued expenses payable	2,062,945	2,267,381
Income taxes payable	73,763	167,074
Reserve for bonuses	70,403	82,550
Reserve for point card certificates	191,510	21,776
Reserve for sales returns	148,890	109,713
Allowance for organizational reform	—	150,000
Others	1,399,389	1,202,416
Total current liabilities	6,148,127	5,553,467
Fixed liabilities		
Long-term loans payable	105,400	469,100
Net defined retirement benefits	996,110	954,268
Lease obligations	41,915	33,043
Deferred tax liabilities	209,823	211,888
Others	45,628	43,428
Total fixed liabilities	1,398,877	1,711,729
Total liabilities	7,547,004	7,265,196

	(Unit: thousands of yen)	
	FY 2013	2nd Quarter of FY 2014
	(As of March 31, 2014)	(As of Sept. 30, 2014)
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus	3,708,355	3,708,355
Retained earnings	14,393,333	13,639,272
Treasury stock	△754,679	△755,634
Total shareholder's equity	20,565,008	19,809,992
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	227,400	234,256
Foreign currency translation adjustments	—	4,023
Cumulative adjustment for retirement benefit obligations	—	31,156
Total other accumulated comprehensive income	227,400	269,437
Stock acquisition rights	61,949	59,543
Minority interests	1,485,909	978,796
Total net assets	22,340,267	21,117,769
Total liabilities and net assets	29,887,271	28,382,965

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

	(Unit: thousands of yen)	
	2nd Quarter of FY 2013 (April 1-Sept. 30, 2013)	2nd. Quarter of FY 2014 (April 1-Sept. 30, 2014)
Net sales	3,172,633	9,082,895
Cost of sales	1,757,326	5,998,116
Gross profit	1,415,307	3,084,779
Selling, general and administrative expenses	1,105,334	3,915,230
Operating income or loss (△)	309,973	△830,451
Non-operating income		
Interest income	9,708	5,311
Dividend income	4,407	4,058
Interest on securities	1,525	72
Investment gain on equity method	—	4,765
Investment partnership operation gain	4,909	11,412
Foreign exchange gain	1,861	1,574
Interest on refund	18,669	—
Gain on disposal of unpaid royalties	—	10,301
Miscellaneous receipts	6,344	13,725
Total non-operating income	47,426	51,222
Non-operating expenses		
Interest paid	3,077	5,713
Investment loss on equity method	11,558	—
Investment partnership operation loss	—	6,244
Miscellaneous expenses	—	523
Total non-operating expenses	14,636	12,480
Ordinary income or loss (△)	342,762	△791,709
Extraordinary income		
Gain on sale of investment securities	25,220	—
Gain on change in equity	3,759	—
Gain on transfer of business	28,320	—
Gain on reversal of subscription rights to shares	—	2,406
Total extraordinary income	57,300	2,406
Extraordinary losses		
Loss on disposal of fixed assets	8,983	4,308
Overseas tax-related loss	7,491	—
Organizational reform-related loss	—	150,000
Relocation expenses	2,314	—
Total extraordinary losses	18,790	154,308
Net income or net loss before income taxes (△)	381,272	△943,611
Corporate, local, and business taxes	45,862	162,149
Corporate tax adjustment amount	3,037	106,040
Net income or net loss before minority interests (△)	332,372	△1,211,801
Minority interests in loss (△)	—	△514,720
Net income or loss for the current quarter (△)	332,372	△697,080

(Consolidated Statement of Comprehensive Income)

(Unit: thousands of yen)

	2nd Quarter of FY 2013 (April 1-Sept. 30, 2013)	2nd. Quarter of FY 2014 (April 1-Sept. 30, 2014)
Net income or net loss before minority interests (Δ)	332,372	Δ 1,211,801
Other comprehensive income		
Valuation difference on other available-for-sale securities	208,264	7,539
Foreign currency translation adjustment	—	7,896
Retirement benefit adjustments	—	61,140
Share in comprehensive income of equity method affiliates	2,509	—
Total other comprehensive income	210,773	76,575
Comprehensive income	543,146	Δ 1,135,225
(Details)		
Comprehensive income attributable to shareholders of the parent company	543,146	Δ 655,044
Comprehensive income attributable to minority interests	—	Δ 480,181

(3) Consolidated Statement of Cash Flows

(Unit: thousands of yen)

	2nd Quarter of FY 2013 (April 1-Sept. 30, 2013)	2nd Quarter of FY 2014 (April 1-Sept. 30, 2014)
Cash flow from operating activities		
Income before income taxes and minority interests	381,272	△943,611
Depreciation and amortization	121,835	176,622
Amortization of goodwill	15,336	129,278
Increase/decrease in allowance for doubtful accounts (△ = decrease)	△1,826	△7,318
Increase/decrease in reserve for bonus (△ = decrease)	20,598	12,147
Increase/decrease in allowance for unexercised sales promotion points (△ = decrease)	1,918	△169,733
Increase/decrease in allowance for retirement benefits (△ = decrease)	△6,296	—
Increase/decrease in liabilities for retirement benefits (△ = decrease)	—	19,298
Increase/decrease in allowance for organizational reform (△ = decrease)	—	150,000
Interest and dividends income	△14,116	△9,370
Interest on securities	△1,525	△72
Interest paid	3,077	5,713
Gain or loss on foreign exchange (△ = gain)	△1,861	△6,119
Gain or loss on sale of investment securities (△ = gain)	△25,220	—
Gain or loss on sale of shares in affiliates (△ = gain)	11,558	△4,765
Gain or loss on equity method (△ = gain)	△3,759	—
Gain or loss on disposal of fixed assets (△ = gain)	8,983	4,308
Gain or loss on transfer of business (△ = gain)	△28,320	—
Increase/decrease in trade receivables (△ = increase)	116,020	765,388
Increase/decrease in inventory assets (△ = increase)	△5,623	△84,023
Increase/decrease in trade payables (△ = decrease)	△69,308	△252,429
Others	△83,488	76,691
Sub-total	439,254	△137,995
Interest and dividends received	326,312	13,551
Interest paid	△3,144	△5,897
Income tax refunded	698,805	67,776
Income tax paid	△152,946	△61,011
Cash flow from operating activities	1,308,281	△123,577

	(Unit: thousands of yen)	
	2nd Quarter of FY 2013 (April 1-Sept. 30, 2013)	2nd Quarter of FY 2014 (April 1-Sept. 30, 2014)
Cash flow from investing activities		
Expenditure for opening of term deposits	△4,023,238	△4,144,075
Proceeds from withdrawal of term deposits	5,192,145	3,023,242
Proceeds from withdrawal marketable securities	200,000	—
Expenditure for acquisition of tangible fixed assets	△26,495	△49,134
Expenditure for acquisition of software	△103,115	△198,338
Expenditure for acquisition of investment securities	△50,000	—
Proceeds from sale of investment securities	26,220	—
Expenditure for acquisition of shares of affiliates	△30,000	△0
Proceeds from transfer of business	28,571	—
Expenditure for acquisition of goodwill	△5,000	△15,600
Expenditure for acquisition of shares of subsidiaries resulting from changes in scope of consolidation	△35,926	—
Expenditure for loans receivable	—	△15,000
Proceeds from collection of loans receivable	40	6,186
Expenditure for guaranteeing security deposits	△5,082	△462
Proceeds from collection of security deposits	5,082	849
Others	—	11,071
Net cash flow from investing activities	<u>1,173,199</u>	<u>△1,381,261</u>
Cash flow from financing activities		
Net increase/decrease in short-term loans payable (△ = decrease)	—	△300,000
Expenditure for repayment of financing and lease obligations	△2,255	△31,055
Proceeds from long-term loans payable	—	500,000
Expenditure for repayment of long-term borrowing	△199,992	△236,292
Payment of dividends	△56,418	△57,349
Payment of dividends to minority shareholders	—	△25,521
Others	—	△10,826
Net cash flow from financing activities	<u>△258,665</u>	<u>△161,044</u>
Effect of exchange rate on cash and cash equivalents	<u>1,861</u>	<u>6,119</u>
Net increase/decrease in cash and cash equivalents (△ = decrease)	<u>2,224,677</u>	<u>△1,659,764</u>
Cash and cash equivalents at beginning of year	<u>6,125,200</u>	<u>11,415,340</u>
Cash and cash equivalents at end of the quarter	<u>8,349,878</u>	<u>9,755,576</u>

(4) Notes Concerning the Consolidated Financial Statements

(Note Concerning the Premise of a Going Concern)

Not applicable

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

Not applicable

(Segment Information)

I 2nd quarter of the previous consolidated fiscal year/FY 2013 (April 1, 2013 through Sept. 30, 2013)

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

(Unit: thousands of yen)

	Content	Point Service	Columbia	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales						
Sales to external customers	2,519,306	653,326	—	3,172,633	—	3,172,633
Intersegment sales or transfer amount	7,152	112	—	7,264	△7,264	—
Total	2,526,459	653,438	—	3,179,898	△7,264	3,172,633
Segment income/loss	272,971	36,497	—	309,469	504	309,973

Notes: 1. The segment income adjustment amount of ¥504 thousand is calculated by eliminating intersegment transactions.

2. Segment income/loss is adjusted with operating income 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 2nd quarter of the current consolidated fiscal year/FY 2014 (April 1, 2014 through Sept. 30, 2014)

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

(Unit: thousands of yen)

	Content	Point Service	Columbia	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales						
Sales to external customers	2,266,130	1,169,082	5,647,682	9,082,895	—	9,082,895
Intersegment sales or transfer amount	73,980	312	11,325	85,618	△85,618	—
Total	2,340,111	1,169,394	5,659,008	9,168,514	△85,618	9,082,895
Segment income/loss	45,730	2,235	△883,810	△835,845	5,394	△830,451

Notes: 1. The segment loss adjustment amount of ¥5,394 thousand is calculated by eliminating intersegment transactions.

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

2. Note concerning changes in reportable segments, etc.

As a result of the acquisition of additional shares of stock in Nippon Columbia Co., Ltd., by means of a public tender offer that took place in March 2014, Nippon Columbia Co., Ltd. and its subsidiaries have been included as consolidated subsidiaries of Faith, Inc. from the end of the previous consolidated fiscal year. Accordingly, the Company has reorganized its business segment classification method so that the existing classification into two segments of the Content Business and the Point Service Business has been changed to a classification into the three segments of the Content Business, the Point Service Business, and the Columbia Business. Moreover, in keeping with this change, segment information for the previous consolidated 2nd quarter presented as comparison information with the 2nd quarter of the current consolidated first quarter is reproduced based on the revised reportable segment classification.

3. 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.