

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR 1ST QUARTER OF THE FISCAL YEAR ENDING MARCH 2008**

August 10, 2007

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

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

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Amounts are rounded down to the nearest JPY 1 million.

1. Results for the 1st quarter of the year ending March 2008

(April 1, 2007 through June 30, 2007)

(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>Million of yen</i>	%	<i>Million of yen</i>	%	<i>Million of yen</i>	%	<i>Million of yen</i>	%
Q1 of the year ending March 2008	11,469	32.8	561	60.3	406	122.8	971	-
Q1 of the year ended March 2007	8,636	23.3	350	△67.8	254	△77.8	△102	-
(Ref): Year ended March 2007	44,152	-	1060	-	853	-	△1,883	-

	Net Profit per Share	Diluted Net Profit per share
	<i>Yen</i>	<i>Yen</i>
Q1 of the year ending March 2008	816.33	-
Q1 of the year ended March 2007	△86.23	-
(Ref): Year ended March 2007	△1581.81	-

(2) Consolidated financial position

	Total assets	Net Assets	Ratio of Equity Capital	Net Assets per Share
	<i>Million of yen</i>	<i>Million of yen</i>	<i>%</i>	<i>Yen</i>
Q1 of the year ending March 2008	40,973	17,096	39.6	13,617.09
Q1 of the year ended March 2007	42,684	18,869	43.4	15,570.94
(Ref): Year ended March 2007	39,442	15,914	38.6	12,797.62

2. Dividends

No dividends in every Q1.

(Record dates)	Dividends per Share		
	Interim	Year-end	Total(Annual)
	<i>yen</i>	<i>yen</i>	<i>yen</i>
Year Ended March 2007	50	50	100
Year Ended March 2008	-	-	-
Year ending March 2008 (Forecast)	50	50	100

3. Forecasts for the business results for the year ending March 2008

(April 1, 2007 through March 31, 2007)

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 profit		Net profit per share
	<i>Million of yen</i>	<i>%</i>	<i>Million of yen</i>	<i>%</i>	<i>Million of yen</i>	<i>%</i>	<i>Million of yen</i>	<i>%</i>	<i>Yen</i>
Interim results of 2008	23,500	16.4	850	31.9	700	24.2	800	-	672.03
Year ending 2008	50,000	13.2	2,100	98.0	1,700	99.1	1,300	-	1,092.05

4. Others

(1) Changes in the significant subsidiaries

(Accompanying changes in scope of the consolidation): None

(2) Adoption of simplified accounting practices: Applicable

(3) Changes in accounting practices from the recent fiscal year: None

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

* Note: The forecast described above is based on the assumption judged to be reasonable as of the data of issuing this statement and the actual results may substantially differ from the forecast above.

[Qualitative information and financial statements]

1. Qualitative information regarding consolidated operating results

During the 1st quarter of the fiscal year ending March 2008, the domestic ringtone distribution services have continued to shrink as a result of fierce competition in the maturing market. On the other hand, with continuously spreading broadbandization of the Internet and progresses of the mobile phone market's transfer into the third generation communication system, increasing distribution services of highly entertaining music, video and online game, and daily life information including medical services, esthetics and health, and expanding convenient information services via mobile phones have continued to lead expansion of the digital content distribution market.

Ahead of movements of the expanding digital contents distribution market, Faith Group has aggressively promoted acquisitions and the establishment of business tie-up with leading companies, and strived "to create new structures to distribute digital contents". As a part of our activities, Faith Group commenced commercial service for a new content distribution services using Near Field Rights Management[®] (NFRM), a rights authentication technology developed in-house.

In addition, demand for Faith Group's ringtone reproduction technology grew steadily, with the global deployments of the CDMA communication system and semiconductors business promoted by the U.S. company Qualcomm, Incorporated.

Furthermore, in the electronic money business enjoying boosting demand, the settlement amount by WebMoney continued to increase significantly, taking advantages of large market shares in the online game and the music distribution services.

As a result, consolidated net sales for the 1st quarter of FY2007 increased 32.8% compared with the same period of the preceding year to ¥11,469 million, assisted by continued high growth of the electronic money business and steady expansion of the domestic content distribution services due to active business deployments including acquisition and business-tie up. Consolidated operating profit increased 60.3% from the same period a year earlier to ¥561 million and recurring profit rose by 59.9% compared with the same period last year to ¥406 million, thanks to spinning-off of the MVNO business. Net profit for the 1st quarter of fiscal 2007 stood at ¥971 million (1st quarter of fiscal 2006: loss at ¥102 million), due partly to gain on sale of the U.S. content distribution businesses.

Information on each business segment is as follows:

<Content Distribution Business>

On domestic front, the Faith Group implemented the verification test of a new content distribution platform linking mobile phones to PCs using NFRM from March 2007 to June 2007, and successfully completed it. On June 25, 2007, Faith's subsidiary GIGA Networks, Inc. commenced the first commercial service of NFRM in Japan. GIGA Networks, engaged in the mobile content distribution services, acquired MVP, Inc. a producer of cross-media contents for PCs and mobile phones, and Media Complex Co., Ltd. engaged in content services for senior generations. In collaboration with both companies having know-how for production of contents for mobile phones and PCs and distribution rights of entertaining programs including Japanese sit-down comedy and comic dialogues, the Faith Group will make efforts to expand the

NFRM services. In addition, in May 2007, Faith established Faith. Biz, Inc. in order to expand the scale of businesses with construction of a new distribution platform and to centralize management resources related with distribution platform technologies including software development, and construction and operation of network systems. With Faith. Biz in charge of construction and operation of the NFRM services, companies in the Faith Group are now collaborating with each other and striving to spread the new content distribution schemes.

Demand for our ringtone reproduction (sound source) technology installed in various mobile phone units grew favorably, through numerous semiconductor makers.

On overseas front, following the restructuring of business operations carried out in February 2007 aiming for concentration and optimum allocation of management resources, the Company focused on developing new distribution platform technologies and providing licenses in Europe and the U.S.A. In addition, demand for the Faith Group's sound source technology fairly increased mainly in the U.S.A., China, India, and South America in parallel with the global deployment of the CDMA communication standard and semiconductor business promoted by the U.S. firm QUALCOMM, Incorporated.

As a result, despite decrease in overseas sales resulted from business restructuring consolidated net sales of the content distribution business for the 1st quarter of FY2007 increased 18.8% against the same period last year to ¥4,165 million, due to steady expansion related acquisitions of the domestic content distribution business. Operating profit decreased by 40.2% compared with the same period a year earlier to ¥389 million, since gains from the expansion of business scale could not cover adverse effect from a decrease in sales of the ringtone distribution services and negative impact of prior investments.

<Electronic Money Business>

According to the Information and Communications Statistics Database of the Ministry of Internal Affairs and Communications, subscriptions of broadband network exceeded 25 million at the end of March 2007. Demand for online games, main users of electronic payments, as well as demand for digital contents such as music and video distribution continued to increase. Under these circumstances, payment by WebMoney steadily increased, since WebMoney enables "safe" and "convenient" payment within the Internet. Furthermore, merits of using WebMoney, that is "increases in number of users" and "reliable collection of bills," are contributing to an increase in number of member sites.

As a result, consolidated net sales of the electronic money business increased by 45.0% compared with the same period of the preceding year to ¥6,882 million, and operating profit climbed by 38.1% on a year-on-year basis to ¥151 million.

2. Qualitative information regarding consolidated financial positions

Total assets as of the end of the 1st quarter of FY2007 increased by ¥1,531 million from the end of the previous consolidated fiscal year to ¥40,973 million, due to sellout of the U.S. content distribution business and steadily growing of electronic money business. Net assets rose by ¥1,181 million against the end of the preceding consolidated fiscal year to ¥17,096 million. Shareholders' equity ratio advanced by 1.0 percent point from the end of March 2007 to 39.6%.

3. Qualitative information regarding forecast of consolidated financial results

Since operating results for the 1st quarter of FY2007 have advanced as planned compared with forecasts released on May 11, 2007 in the BRIEF STATEMENT OF ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2007 AND FORECASTS FOR THE YEAR ENDING MARCH 2008, the Company has not revised forecasts for consolidated operating results for fiscal 2007.

4. Others

(1) Changes in major subsidiaries during the 1st quarter of FY2007 (Changes in specific subsidiaries causing change in the scope of consolidation): None

Changes in subsidiaries other than specific subsidiaries are as follows:

New consolidation: MVP Co, Inc. and Media Complex Co., Ltd.

Exclusion: None

(2) Adoption of simplified methods in accounting methods

At the presentation of financial statements for the 1st quarter of fiscal 2007, the Company has complied with the accounting standards for interim consolidated financial statements. However, as for items lacking any significant importance in effects, the Company adopts the simplified methods.

(3) Changes in accounting standards: None

5. Consolidated financial Results for the 1st quarter

(1) Consolidated Balance Sheet for the 1st Quarter

(Unit: thousands of yen, %)

Account name	FY 2006 (As of March 31,2007)	FY 2007 Q1 (As of June 30, 2007)	Component		FY 2006 Q1 (As of June 30, 2006)
	Amount	Component percentage	Amount	Component percentage	Amount
(Assets)					
I. Current assets					
1. Cash and deposits	8,217,827	11,833,782	3,615,955		7,054,714
2.Accounts and notes receivable	6,929,263	7,084,889	155,626		5,214,598
3. Marketable securities	347,644	312,607	△35,036		914,201
4. Inventories	636,880	480,371	△156,508		42,518
5. Accrued refund income tax	865,236	867,946	2,710		-
6. Deferred tax assets	1,350,004	1,127,581	△222,423		807,558
7. Others	1,889,891	1,235,164	△654,727		1,240,070
Allowance for doubtful accounts	△206,234	△228,307	△22,073		△88,128
Total current assets	20,030,513	22,714,035	2,683,522	13.2	15,185,532
II. Fixed assets					
1. Tangible fixed assets	1,031,386	856,579	△174,807		1,196,323
2. Intangible fixed assets					
(1) Goodwill	10,293,255	9,824,115	△469,139		14,605,203
(2) Others	887,019	990,679	103,659		1,109,038
Total intangible fixed assets	11,180,274	10,814,794	△365,480		15,714,242
3. Investment and other assets					
(1) Investment securities	5,273,058	5,424,196	△151,138		8,081,816
(2)Long-term loans	180,045	178,374	△1,670		1,520
(3)Deposits with landlords	1,440,442	449,260	△991,182		1,231,641
(4) Deferred tax assets	-	220,400	220,400		-
(5)Others	1,037,395	1,017,188	△20,207		1,393,246
Allowance for doubtful receivable	△739,117	△708,746	30,371		△119,936
Total investments and other assets	7,191,823	6,580,673	△611,149		10,588,287
Total fixed assets	19,403,485	18,252,048	△1,51,436	△5.9	27,498,854
III Deferred charges					
1.Expenditure for stock delivering prescription	8,161	7,196	△965		-
Total deferred charges	8,161	7,196	△965	△11.8	-
Total assets	39,442,160	40,973,280	1,531,120	3.9	42,684,387

Account name	FY 2006 (As of March 31,2007)	FY 2007 Q1 (As of June 30, 2007)	Component		FY 2006 Q1 (As of June 30, 2006)
	Amount	Component percentage	Amount	Component percentage	Amount
(Liabilities)					
I. Current liabilities					
1. Trade Notes and Accounts payable	4,648,274	4,508,835	△139,438		3,585,081
2. Short-term loans	5,215,768	5,064,626	△151,142		5,295,671
3. Income taxes payable	580,242	615,074	34,832		341,829
4. Allowance for costs of card use	2,511,846	2,569,946	58,099		2,246,447
5. Allowance for points	553,247	518,493	△34,753		640,194
6. Allowance for bonus payments	129,177	58,431	△70,746		57,927
7. Others	1,844,707	1,578,309	△266,398		1,836,841
Total current liabilities	15,483,265	14,913,718	△569,547	△3.7	14,003,993
II. Fixed liabilities					
1. Long-term liabilities	6,119,854	6,323,219	203,364		8,000,000
2. Deferred tax liabilities	535,501	661,896	126,395		1,613,014
3. Allowance for retirement benefits	35,535	38,535	3,000		27,569
4. Reserve for guarantee losses	1,298,550	1,355,860	57,310		
5. Others	54,611	583,816	529,204		170,025
Total fixed liabilities	8,044,052	8,963,816	919,275	5.2	9,810,610
Total liabilities	23,527,318	23,877,046	349,727	1.5	23,814,603
(Net assets)					
I. Shareholders equity					
1. Common stock	3,218,000	3,218,000	-		3,218,000
2. Capital surplus	3,708,355	3,708,355	-		3,708,355
3. Accumulated income	7,276,602	8,188,856	912,254		9,207,576
4. Treasury stock	△354,269	△354,269	0		△354,269
Total shareholders' equity	13,848,687	14,760,941	912,254	6.6	15,779,661

II. Unrealized gain and translation					
1. Unrealized gain on available-for-sale securities	1,195,867	1,272,519	76,652		2,506,574
2. Foreign currency translation adjustment account	189,991	176,590	△13,400		249,726
Total unrealized gains and translations	1,385,858	1,449,109	63,251	4.6	2,756,300
III. Share warrant					
1. subscription right	487	487	-		487
Total share warrant	487	487	-	0.0	487
IV. Minority interest	679,808	885,694	205,886	30.3	333,334
Total Net assets	15,914,842	17,096,234	1,181,392	7.4	18,869,784
Total liabilities and net assets	39,442,160	40,973,280	1,531,120	3.9	42,684,387

(2) Consolidated Income Statement for the 1st Quarter

(Unit: thousands of yen, %)

Account name	FY 2006 Q1 (April 1 2006 through June 30,2006)	FY 2007 (April 1 2007 through June 30,2007)	Component		FY 2007 (April 1 2006 through March 31,2007)
	Amount	Amount	Amount	Component percentage	Amount
I Net sales	8,636,562	11,469,500	2,832,938	32.8	44,152,751
II Cost of Sales	6,023,313	8,180,413	2,157,099	35.8	31,215,018
Gross profit	2,613,248	3,289,087	675,838	25.9	12,937,733
III. Selling, general and administrative expenses	2,263,210	2,727,849	464,638	20.5	11,877,157
Operating income	350,038	561,237	211,199	60.3	1,060,576
IV. Other income	22,813	99,038	76,224	334.1	132,383
V. Operating expenses	118,335	253,336	135,000	114.1	339,293
Ordinary profit	254,515	406,939	152,424	59.9	853,667

VI. Extraordinary profit					
1. Gain on disposal of fixed assets	-	228,505	228,505		-
2. Gain on transfer of operation	-	756,195	756,195		-
3. Revisions to profit for previous fiscal year	-	269,915	269,915		139,137
4 Others	9,772	-	△9,772		3,573,987
Total extraordinary profit	9,772	1,254,616	1,244,843	12,738.1.1	3,713,124
VII. Extraordinary loss					
1. Loss from investment securities valuation	-	88,866	88,866		449,273
2. Others	-	178	178		5,828,259
Total extraordinary loss	-	89,044	89,044	-	6,277,532
Income before income taxes and minority interests (minus is loss)	264,288	1,572,511	1,308,223	495.0	△1,710,741
Income taxes and other taxes	374,355	526,403	152,047	40.6	18,938
Minority interests (minus is loss)	△7,416	74,332	81,748	-	153,333
Net profit (minus is loss)	△102,651	971,775	1,074,426	-	△1,883,013

(3) Segmental Information

<1>Industry segments

1st quarter of the previous fiscal year (April 1, 2006 through June 30, 2006)

(Unit: thousands of yen)

	Contents distribution services	Electronic payment solution	MVNO	Others	Total	Eliminations/ Corporate	Consolidated
Net sales							
(1) Sales to customers	3,506,635	4,747,037	-	382,889	8,636,562	-	8,636,562
(2) Intersegment sales	28,200	3,166	-	-	31,366	△31,366	-
Total	3,534,836	4,750,203	-	382,889	8,667,928	△31,366	8,636,562
Operating expenses	2,883,910	4,640,604	361,429	431,946	8,317,890	△31,366	8,286,524
Operating income	650,926	109,598	△361,429	△49,057	350,038	-	350,038

1st quarter of this fiscal year (April 1, 2007 through June 30, 2007)

(Unit: thousands of yen)

	Contents distribution services	Electronic Money solution	Others	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to customers	4,165,175	6,882,532	421,793	11,469,500	-	11,469,500
(2) Intersegment sales	42,950	600	-	43,550	△43,550	-
Total	4,208,126	6,883,132	421,793	11,513,051	△43,550	11,469,500
Operating expenses	3,818,888	6,731,766	397,238	10,947,892	△39,629	10,908,262
Operating income	389,237	151,365	24,555	565,158	△3,920	561,237

Previous consolidated fiscal year (April 1, 2006 through March 31, 2007)

(Unit: thousands of yen)

	Contents distribution services	Electronic payment solution	MVNO	Others	Total	Eliminations/ Corporate	Consolidated
Net sales							
(1) Sales to customers	18,521,680	22,650,535	24,718	2,955,816	44,152,751	-	44,152,751
(2) Intersegment sales	128,385	2,400	-	-	130,785	△130,785	-
Total	18,650,065	22,652,935	24,718	2,955,816	44,283,536	△130,785	44,152,751
Operating expenses	16,040,748	22,179,663	1,857,699	3,133,882	43,211,994	△119,819	43,092,175
Operating income	2,609,317	473,272	△1,832,980	△178,066	1,071,542	△10,966	1,060,576

<2> Geographical segments

1st quarter of the previous fiscal year (April 1, 2006 through June 30, 2006)

(Unit: thousands of yen)

	Japan	Americas	Europe	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to customers	7,518,623	875,508	242,430	8,636,562	-	8,636,562
(2) Intersegment sales	-	143,614	30,822	174,436	△174,436	-
Total	7,518,623	1,019,122	273,252	8,810,998	△174,436	8,636,562
Operating expenses	6,774,219	1,359,057	327,683	8,460,960	△174,436	8,286,524
Operating income	744,403	△339,934	△54,430	350,038	-	350,038

1st quarter of this fiscal year (April 1, 2007 through June 30, 2007)

(Unit: thousands of yen)

	Japan	Americas	Europe	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to customers	10,906,414	551,930	11,155	11,469,500	-	11,469,500
(2) Intersegment sales	-	126,975	30,839	157,814	△157,814	-
Total	10,906,414	678,905	41,994	11,627,315	△157,814	11,469,500
Operating expenses	10,339,396	645,798	80,882	11,066,077	△157,814	10,908,262
Operating income	567,018	33,107	△38,888	561,237	-	561,237

Previous consolidated fiscal year (April 1, 2006 through June 30, 2007)

(Unit: thousands of yen)

	Japan	Americas	Europe	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to customers	39,711,293	3,262,981	1,178,476	44,152,751	-	44,152,751
(2) Intersegment sales	-	762,490	139,444	901,934	△901,934	-
Total	39,711,293	4,025,471	1,317,921	45,054,686	△901,934	44,152,751
Operating expenses	36,457,943	6,025,549	1,510,616	43,994,110	△901,934	43,092,175
Operating income	3,253,349	△2,000,077	△192,695	1,060,576	-	1,060,576

<3>Sales to foreign customers

1st quarter of the previous fiscal year (April 1, 2006 through June 30, 2006)

(Unit: thousands of yen)

	North America	Others	Total
I. Net sales to foreign customers	746,051	410,737	1,156,789
II. Consolidated sales	-	-	8,636,562
III. Ratio of foreign sales to consolidated sales (%)	8.6	4.8	13.4

1st quarter of this fiscal year (April 1, 2007 through June 30, 2007)

(Unit: thousands of yen)

	North America	Others	Total
I. Net sales to foreign customers	694,475	159,862	854,338
II. Consolidated sales	-	-	11,469,500
III. Ratio of foreign sales to consolidated sales	6.1	1.4	7.5

Previous consolidated fiscal year (April 1, 2006 through March 31, 2007)

(Unit: thousand of yen)

	North America	Others	Total
I. Net sales to foreign customers	4,231,936	1,758,619	5,990,555
II. Consolidated sales	-	-	44,152,751
III. Ratio of foreign sales to consolidated sales	9.6	4.0	13.6