

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS  
FOR THE 1<sup>ST</sup> QUARTER OF THE FISCAL YEAR ENDING MARCH 2009**

August 12, 2008

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 2009  
(April 1, 2008 through June 30, 2008)

(1) Consolidated financial results

Those figures in “%” show increased/decreased ratio compared with the previous 1<sup>st</sup> 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 2009	12,070	—	210	—	148	—	146	—
Q1 of the year ended March 2008	11,469	32.8	561	60.3	406	59.9	971	—

	Net Profit per Share	Diluted Net Profit per share
	<i>Yen</i>	<i>Yen</i>
Q1 of the year ending March 2009	123.45	122.31
Q1 of the year ended March 2008	816.33	-

(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 2009	33,591	16,168	43.5	12,278 81
the year ended March 2008	36,174	16,545	41.5	12,612 00

Reference: Equity Capital: the 1<sup>st</sup> quarter of the fiscal year ending March 2009: 14,616 million yen/ the 1<sup>st</sup> quarter of the fiscal year ended March 2008: 15,013 million yen.

## 2. Dividends

(Record dates)	Dividends per share				
	1 <sup>st</sup> Quarter	Interim	3 <sup>rd</sup> Quarter	Year-end	Total(Annual)
Year Ended March 2008	- yen	50 yen 00	- yen	50 yen 00	100 yen 00
Year Ending March 2009	-	- 00	-	-	-
Year ending March 2009 (Forecast)		50 00	-	50 00	100 00

Note: Forecasts for dividends have not modified at the announcement of the financial statements for FY08 1Q.

## 3. Forecasts for the consolidated business results for the year ending March 2009 (from April 1, 2008 to March 31, 2009)

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Interim forecasts 2009	25,700	9.6	400	△62.5	300	△66.1	40	△95.8	33	60
Year ending March 2009	57,000	13.6	1,200	△47.1	1,000	△47.6	100	△81.4	84	00

Note: Forecasts for the consolidated business results have not modified at the announcement of the financial statements for FY08 1Q.

## 4. Others

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

(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”) : Applicable

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

(3)-2. Changes other than the above: Applicable

(4)Outstanding shares (common shares)

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

The 1<sup>st</sup> quarter of the fiscal year ending March 2009: 1,196,000 shares, the fiscal year ended March 2008: 1,196,000shares

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

The 1<sup>st</sup> quarter of the fiscal year ending March 2009: 5,580 shares, the fiscal year ended March 2008: 5,580 shares

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

The 1st quarter of the fiscal year ending March 2009: 1,190,420 shares, the fiscal year ended March 2008: 1,190,420 shares

\*Note for utilizing business forecasts, and other special instruction

(1) This document contains projections of our company’s future performance. These are estimates by the management of Faith based on currently available information. There are potential risks and uncertainties that may affect the results. Please be advised that actual performance may differ significantly from the forecast. Please refer to page. 5 “3. Qualitative information regarding forecast of consolidated financial results” when utilize business forecasts.

(2) Effective from the fiscal year under review, new accounting standards (12<sup>th</sup> edition) and its implementation guidance (16<sup>th</sup> edition) have applied. The quarterly consolidated financial statement is based on the quarterly consolidated financial standards.

## [Qualitative information and financial statements]

### 1. Qualitative information regarding consolidated operating results

During the 1st quarter of the consolidated fiscal year ending March 2009, the digital content distribution market expanded continuously driven by the increase of highly convenient information services with mobile phone. Behind this growth, the percentage of users of third-generation (3G) mobile communication system has exceeded 80% of whole of the mobile communication service users, and the commercial services of the Next Generation Network (NGN) has started. These have made network environment more diverse and more complex. At the same time, users' content needs have diversified from high-quality and highly entertaining music, video, and online game, to lifestyle-related information such as medical, beauty, and health.

In anticipation of these trends in the growing Japanese digital content distribution market, Faith Group has actively taken part in creating a new content distribution structure through acquisitions and building partnership with other leading companies.

During this fiscal period, the Group strived to promote diffusion of content distribution services using NFRM™, Near Filed Rights Management®. NFRM™ is the proprietary personal authentication technology utilizing mobile phone, which was commercialized during the previous fiscal year to achieve the creation of new platform-agnostic, multi-content market. The group aims to realize the distribution of wider range of contents in various forms, through any networks to any terminals. At the same time, the Group took initiative to build and develop new platforms to stimulate new content needs, and other activities such as authentication, medical information, electronic payment, and electronic commerce in the growing content market. Furthermore, in the electronic money field, which is seeing increasing demand, the amount of payments settled using WebMoney continued to grow substantially, with its strength including high market shares in online game and other services, and the improvement of users' convenience.

As a result, consolidated net sales for the 1st quarter of FY2008 increased 5.2% year on year to ¥12,070 million. This increase was aided by continuous high growth in the electronic money business and steady expansion of the content distribution business in Japan through aggressive strategies such as forming partnerships with other leading companies. Operating profit was ¥210 million, down 62.5% year on year, due to the upfront investments on the creation of new multi-content distribution markets on the multi-platforms and other factors. Recurring profit was ¥148 million, down 63.6% year on year because of the decrease in nonoperating losses such as the decrease in interest bearing debt. Net profit decreased to ¥146 million, down 84.9% compared with the same period last year when the huge extraordinary profit was posted due to the realignment of overseas business.

Information on each business segment is as follows:

#### <Contents Business>

Faith Group strived to expand and enhance its operating base through activities such as building partnership with other leading companies during the period under review.

1) Following the launch of the commercial services of NFRM™ in June 2007, the Group promoted prevalence of NFRM™ services by introducing the technologies in even wider ranges of devices and content. In April 2008, GIGA Networks, a consolidated subsidiary, launched a content distribution site called "GIGA Miranca" with a lineup of over 1,000 titles. In May, the distribution of a drama series produced for mobile phone titled "Koisuru Ketsuekigata," love stories based on blood type, has started. Another new distribution started in May is a series of entry films of Short Shorts Film Festival & Asia, which is recognized by Academy Awards

2) In June 2008, Medical Communication, Inc., a consolidated subsidiary, started a test service of "Pocket Karte" in cooperation with Willcom and other companies. In response to the health care system reform implemented by Health, Labour and Welfare Ministry of Japan in April 2008, Pocket Karte provides individual medical check results in electronic form and an easy access to these data.

3) In June 2008, "Eikyufumetsu Contents (Eternal Contents)" has expanded its service to PC alongside the existing mobile phone distribution. Faith provides this content distribution service in cooperation with

Credit Saison Co., Ltd. and users are able to earn eternal reward points by purchasing the service.

As a result, net sales in the content business totaled ¥3,090 million, down 25.8% year on year. This figure resulted from a decline in revenues due to the sales of overseas content distribution businesses, despite steady growth in the content distribution business in Japan led by the aggressive business expansion through partnerships with other companies and other measures. Operating profit fell by 59.5% year on year, to ¥157 million, due to continued upfront investments on the planning and development of new multi-content distribution services on the multi-platforms and the increase of production and procurement costs of rich content for a wide range of information devices.

#### <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 28.7 million at the end of March 2008. Demand for electronic money continued to increase for the purchase of online game, the mainstay of the electronic money business, as well as mobile content and other digital content such as music and video. Against the backdrop of growing demands, the volume of online payment settled in the Faith Group's "WebMoney" continuously increased, since it provided secure and convenient solutions.

The group implemented effectual measures to enhance convenience for users. In April 2008, the Group started the sale of "WebMoney" through multi-functional copiers introduced to Seven-Eleven stores across Japan operated by a convenience store chain giant, Seven-Eleven Japan Co., Ltd. Furthermore in the same month, WebMoney launched "Debit@", direct debit transaction service, in cooperation with Suruga Bank.

To expand the sales channels, in June 2008, it launched the service of "WebMoney Point Park" through a joint effort with Adways Co., Ltd., an Internet advertising business. At "WebMoney Point Park", members are able to earn "WebMoney" free of charge by registering to adverting campaigns via website.

As a result, net sales in the electronic money business totaled ¥8,637 million, up 25.5% year on year, and operating profit was ¥51 million, an increase of 65.9% year on year.

## 2. Qualitative information regarding consolidated financial positions

Total assets as of the end of the 1st quarter of FY2008 decreased by ¥2,582 million from the end of the previous consolidated fiscal year to ¥33,591 million, due to the decrease in amortization of goodwill caused by write-off, and in trade notes and account receivable.

Net assets decreased by ¥376 million against the end of the preceding consolidated fiscal year to ¥16,168 million. Shareholders' equity ratio advanced by 2.0 percent point from the end of March 2008 to 43.5%.

## 3. Qualitative information regarding forecast of consolidated financial results

Since operating results for the 1st quarter of FY2008 have advanced as planned compared with forecasts released on May 14, 2008 in the BRIEF STATEMENT OF ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2008 AND FORECASTS FOR THE YEAR ENDING MARCH 2009, the Company has not revised forecasts for consolidated operating results for fiscal 2008.

## 4. Others

(1) Changes in major subsidiaries during the 1st quarter of FY2008 (Changes in specific subsidiaries causing change in the scope of consolidation): None

Changes in subsidiaries other than specific subsidiaries are as follows:

Exclusion: Faith Technologies S.A.S.

(2) Adoption of simplified methods in accounting methods

(Simplified methods in accounting methods):None

(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 1<sup>st</sup> quarter of the financial period and before tax deduction.

(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") : Applicable

(3)-1. Effective from the fiscal year under review, new accounting standards (12<sup>th</sup> edition) and its implementation guidance (16<sup>th</sup> edition) have applied. The quarterly consolidated financial statement is based on the quarterly consolidated financial standards.

1. [Consolidated financial Results for the 1<sup>st</sup> quarter]

(1) Consolidated Balance Sheet for the 1st Quarter

(Unit: thousands of yen)

	the 1st Quarter of FY2008 (As of June 30, 2008)	FY 2007 (As of March 31, 2008)
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	11,654,671	13,424,006
Accounts and notes receivable	5,637,139	6,861,259
Marketable securities	1,240,395	250,227
Commercial products	379,024	202,489
Products in progress	107,379	269,123
Primary materials and inventory goods	19,819	17,113
Accrued refund income tax	453,487	516,982
Deferred tax assets	734,903	763,972
Others	1,095,575	588,379
Allowance for doubtful accounts	△290,065	△209,568
Total current assets	21,023,329	22,683,987
Fixed assets		
Tangible fixed assets	612,466	660,312
Intangible fixed assets		
Goodwill	7,015,422	7,607,662
Others	945,426	922,715
Total intangible fixed assets	7,960,849	8,530,378
Investment and other assets		
Investment securities	3,182,950	3,490,977
Others	926,468	920,572
Allowance for doubtful receivable	△134,426	△134,516
Total investments and other assets	3,974,992	4,277,033
Total fixed assets	12,548,308	13,467,724
Expenditure for stock delivering prescription	19,890	22,567
Total assets	33,591,527	36,174,279
(Liabilities)		
Current liabilities		
Trade notes and Accounts payable	5,253,707	5,922,813
Short-term loans	2,029,928	2,529,928
Income taxes payable	87,925	136,221
Allowance for costs of card use	2,678,368	2,873,200
Allowance for points	446,807	468,391
Allowance for bonus payments	53,806	87,445
Provision for loss on liquidation of affiliated companies	319,333	
Others	1,299,452	1,973,507
Total current liabilities	12,169,328	13,991,508
Fixed liabilities		
Long-term liabilities	4,075,990	4,083,472
Deferred tax liabilities	455,070	522,858
Allowance for retirement benefits	53,651	49,229
Reserve for subsidiaries losses	-	300,561
Others	669,348	681,599
Total fixed liabilities	5,254,060	5,637,720
Total liabilities	17,423,388	19,629,228

	the 1st Quarter of FY2008 (As of June 30, 2008)	FY2007 (As of March 31, 2008)
	Amount	Amount
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus	3,708,355	3,708,355
Retained earning	7,702,289	7,694,895
Treasury stock	△354,269	△354,269
Total shareholder's equity	<u>14,274,373</u>	<u>14,266,980</u>
Valuation and translation adjustments		
Net unrealized gains on investment securities	728,981	799,398
Foreign currency translation adjustments	△386,418	△52,807
Total valuation and translation adjustments	<u>342,562</u>	<u>746,591</u>
Minority interests	<u>1,551,201</u>	<u>1,531,478</u>
Total net assets	<u>16,168,139</u>	<u>16,545,050</u>
Total liability and net assets	<u>33,591,527</u>	<u>36,174,279</u>

(2) Consolidated Profit and Loss Statement for the 1st Quarter  
1st quarter of this fiscal year (April 1, 2008 through June 30, 2008)

(Thousands of yen)

	the 1st Quarter of FY2008 (As of June 30, 2008)
Net sales	12,070,204
Cost of Sales	9,442,678
Gross profit	2,627,526
Selling, general and administrative expenses	2,417,024
Operating profit	210,501
Non-operating profit	
Interest income	13,906
Dividend income	15,930
Interest securities.	1,690
Foreign exchange gain	26,176
Non-operating expense	6,944
Total non-operating profit	64,648
Non-operating expenses	
1. Interest expense	22,109
2. Investment profit on equity method	84,371
3. Miscellaneous expense	20,622
Total non-operating expenses	127,102
Recurring profit	148,047
Extraordinary profit	
Gain on disposal of investment securities	141,606
Others	890
Total extraordinary profit	142,496
Extraordinary loss	
Loss from investment securities valuation	60,000
Others	718
Total extraordinary loss	61,718
Quarterly net profit before income taxes	229,826
Corporate, local, and business taxes	97,027
Income or Loss on minority shareholders	△14,157
Quarterly net profit or loss	146,956

### (3) Consolidated Statements of Cash Flows

the 1st Quarter of FY2008 (April 1, 2008 through June 30, 2008)	
Item	Amount, thousand of yen
Cash flow from operating activities	
Quarterly profit before income taxes and minority interests	229,826
Depreciation and amortization	122,965
Amortization of goodwill	584,159
Increase in allowance for doubtful accounts	3,088
Decrease in reserve for bonus	△33,639
Decrease in allowance for cost of card use	△194,832
Decrease in allowance for unexercised sales promotion points	△21,584
Increase in allowance for retirement benefits	4,421
Interest and dividends income	△29,837
Interest on securities	△1,690
Interest expenses	22,109
Foreign exchange gains	△30,864
Gains on sale of investment securities	△141,606
Valuation loss on investment securities	60,000
Loss from investment in equity method	84,371
Decrease (increase) in accounts and notes receivable-trade	1,128,431
Decrease (increase) in inventories	△8,495
Increase in accounts and notes payable-trade	△672,423
Decrease (increase) in consumption taxes receivable	△109,663
Others	△349,048
Sub-total	645,686
Interest and dividends received	91,046
Interest expenses paid	△1,202
Income taxes paid	△127,708
Cash flow from operating activities	607,822
Cash flow from investing activities	
Expenditure for deposit of time deposits	△500,000
Proceeds from withdrawal of time deposits	1,830,000
Expenditures for acquisition of tangible fixed assets	△84,556
Expenditure for acquisition of software	△331,106
Expenditure for acquisition of investment securities	△105,000
Expenditure for loans receivable	△261,649
Others	3,505
Net cash flow used in investing activities	551,193
Cash flow from financing activities	
Net increase in short-term loans	△500,000
Proceeds from long-term borrowing	△7,482
Proceeds from payment from minorities	69,452
Payment of dividends	△8,590
Expenditure for dividends to minorities	△11,171
Net cash flow used in financing activities	△457,791
Effect of exchange rate on cash and cash equivalents	△82,756
Net increase in cash and cash equivalents	618,467
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
Cash and cash equivalents at end of year	11,165,066

(4) Explanatory note regarding premise of a going concern  
Not applicable

(5) Segment Information

a. 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						
Sales to outside customers	3,090,059	8,637,946	342,198	12,070,204	-	12,070,204
Inter-group 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

b. Geographical segment information

The 1st quarter of this fiscal year ending March 2009 (April 1, 2008 through June 30, 2008)

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

c. Overseas sales

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

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

[Reference]

Consolidated financial Results for the 1<sup>st</sup> quarter of the previous fiscal year

(1) <Summary> Consolidated profit and loss for the 1<sup>st</sup> quarter of previous fiscal year

(Thousands of yen)

	the 1st Quarter of FY2007 (As of June 30, 2007)
I. Net sales	11,469,500
II. Cost of Sales	8,180,413
Gross profit	3,289,087
III. Selling, general and administrative expenses	2,727,849
Operating profit	561,237
IV. Non-operating profit	99,038
V. Non-operating expenses	253,336
Recurring profit	406,939
VI. Extraordinary profit	
1. Gain on disposal of fixed assets	228,505
2. Gain on transfer of operation	756,195
3. Change of scope of equity method	269,915
Total extraordinary profit	1,254,616
VII. Extraordinary loss	
1. Loss from investment securities valuation	88,866
2. Others	178
Total extraordinary loss	89,044
Quarterly net profit before income taxes	1,572,511
Corporate, local, and business taxes	526,403
Income or Loss on minority shareholders	74,332
Quarterly net profit or loss	971,775

## (2) Segment Information

### a. Business segment information

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

(Unit: thousands of yen)

	Content distribution services	Electronic Money	Other businesses	Total	Eliminations /Corporate	Consolidated
Net sales						
Sales to outside customers	4,165,175	6,882,532	421,793	11,446,950	-	11,469,500
Inter-group sales and transfers	42,950	600	-	43,550	△43,550	-
Total	4,208,126	6883,132	421,793	11,513,051	△43,550	11,469,500
Operating profit	389,237	151,365	24,555	565,158	△3,920	561,237

### b. Geographical segment information

The 1st quarter of the previous fiscal year (the 1st Quarter of FY2007)

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

### c. Overseas sales

The 1st quarter of the previous fiscal year (the 1st Quarter of FY2007)

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