



## press release

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### PRESS CONTACT:

Shigeyoshi Fujiwara  
Corporate Communication,  
Faith Inc.  
[mail\\_to\\_ir@faith.co.jp](mailto:mail_to_ir@faith.co.jp)  
TEL: +81-(0)3-5776-6255  
FAX: +81-(0)3-5776-6256

### **Faith establishes Faith.biz, a new distribution platform that will pioneer the market and expand business**

**– Concentrating Group technology and establishing a new company –**

**Tokyo-March 15, 2007**---Faith, Inc. (hereinafter referred to as Faith) passed a resolution at the board of directors meeting held today to transfer operations (corporate split) within Faith Group related to items such as distribution platform technology for developing software and constructing and operating network systems to a newly established company in order to concentrate business resources related to these operations with the goal of expanding business by constructing a new distribution platform.

#### Press Release Summary

- **Expanding business and constructing a new distribution platform through the new company Faith Biz**
  - Content authentication technology
  - Video distribution
  - EC (e-commerce)
  - Image and voice recognition
  
- **Optimally allocating resources with the goal of efficient group management**
  - Clarifying business and improving mobility by concentrating knowledge resources and proven technology
  - Developing innovation-type technology business

Faith decided to newly establish Faith.biz (referred to below as the new company). With the expected further expansion of Faith Group's business, building a more flexible group system will become increasingly important. Transferring technology and resources related to developing software and developing and operating network systems, which Faith has extensive experience in, to the new company will clarify business responsibilities within the group and make it possible to strive to maximize synergies and establish a new business segment.

Based on the know-how built up by the Faith Group, the new company will work to provide technical platforms for items such as music distribution technology, video distribution systems, EC solutions, and image and sound recognition technology to both companies in and outside of the Group and to plan and develop its own services using these technologies.

As for video distribution, the new company will provide the system for NFRM service\* when the service is commercialized. At the present time, the NFRM service is undergoing a verification test that is being conducted with Intel Corporation and Yoshimoto Kogyo Co., Ltd. In addition, the new company will provide a distribution platform for viewing videos, the demand for which will grow as communication speeds for devices such as mobile phones increase.

Regarding e-commerce, while moving forward with the planning and provision of platforms for closed markets, such as member services, corporate sales, and point exchange services, which are mainly B2B services, the new company will also make use of its superiority in product development based on specialization in closed markets and will distribute digital content, such as music and video promoted by the Group.

The new company will also develop image and voice recognition business by providing systems to third parties such as content providers while promoting new service planning and operations that utilize this technology.

In addition, at the same time that it works to further expand its commissioned work from outside the Group including that for existing systems and service planning and making use of its acquired know-how and assets, the company is expanding its incubation-type business, including corporate tie-ups and planning.

Faith Group has worked to provide distribution platform technology and content distribution services including those for the ring tones. At this time, the Group will further increase its business efficiency by concentrating management resources related to the development, construction, and operation of software, systems, and networks in the new company. This transfer will also establish a procurement function for the whole group based on stronger internal controls.

In addition, after the transfer, Faith will manage the Group to integrate the overall group strategy and to maximize synergies while continuing to incubate new businesses and to conduct work related to planning, development, and marketing new mechanisms of content distribution.

#### \* NFRM service

This is a new content distribution service that ties mobile phones to PCs and uses the rights management technology Near Field Rights Management™ (NFRM), which was developed by Faith. At the present time, a four-month verification test that started March 6, 2007, and will run to the end of June is underway. Based on the results of the verification test, the company is aiming to fully launch paid distribution services within the year.

For more information, visit <http://www.nfrm.jp/>

## About Faith Inc.

Faith was the first company in the world to design and apply “ring tones” for mobile telephones and expanded its business activities not only within Japan, but also into 21 countries throughout the world including North America, Europe, the Asia-Pacific region and South America. Moreover, the company provides electronic money service used for settlement of accounts for on-line games, music distribution and e-commerce. In the future, Faith further aims to be a high added-value service company through the creation on a global scale of “a new scheme for the distribution of digital contents” in various environments such as mobile telephones and PCs.

For more information, visit <http://www.faith.co.jp/>.

## [Details]

1. Objective of the corporate split
  - (1) To pioneer the market and expand business through the new company's development of a new distribution platform
  - (2) To strengthen technology business, such as SI solution
2. Outline of the corporate split
  - (1) Schedule of the corporate split:

Board of directors meeting	March 15, 2007
Expected split	May 1, 2007 (expected)
New company registration (dates becomes effective)	May 1, 2007 (expected)
  - (2) Method for the corporate split

The new company will be established by transferring the parent company's operations related to operating, constructing, and developing items such as software, systems, and networks related to the parent company's provision of content distribution services and distribution platform technology.

The transfer is being made without the approval of the shareholders based on rules stipulated in article 805 of the Company Law.
  - (3) Number of shares to be allotted

The new company will issue 1,000 common shares, all of which will be allotted to the parent company.
  - (4) Decrease in capital due to transfer

No effect
  - (5) Treatment of parent company's equity warrants and warrant bonds

There are no plans to issue equity warrants for the parties involved in the corporate split to holders of parent company equity warrants.

Warrant bonds have not been issued.
  - (6) Rights and obligations inherited by the new company

The new company will assume all rights and obligations related to operating, constructing, and developing items such as software, systems, and networks related to the parent company's provision of content distribution services and distribution platform technology. However all liabilities assumed by the new company from the parent company will remain joint and several.
  - (7) Expectations for repayment of liabilities

There will be no problems related to repayment of liabilities assumed by the new company from the parent company since all such liabilities will remain joint and several.

3.	Outline of parties to the corporate split	
(1)	Name of the company	Faith Inc.
(2)	Core business	Provision of content distribution service Provision of distribution platform technology Provision of technology license Electronic payment
(3)	Date of establishment	October 9, 1992
(4)	Head office	Imon-Meiji-Yasuda Bldg. 4F 566-1 Karasumaoike-Sagaru Toraya-cho, Nakagyo-ku Kyoto
(5)	Representative	C.E.O./President Hajime Hirasawa
(6)	Capital stock	3,218 million yen
(7)	Issued shares	1,196,000 shares (parent company)
(8)	Net assets	19,625 million yen (consolidated, as of March 31, 2006)
(9)	Total assets	31,595 million yen (consolidated, as of March 31, 2006)
(10)	End of the fiscal year	March 31
(11)	Major shareholder	Hajime Hirasawa (39.14%)

#### 4. Summary of division to be split off

##### (1) Business content of the division to be split

Operation, construction, and development of items such as software, systems, and networks related to Faith's and the Faith Group's provision of content distribution services and distribution platform technology, and the commission work from outside the Group.

##### (2) Earnings for the business to be split off (as of end of March 2006)

Sales: 1,435 million yen

\* However, since the majority of the above sales are within the Group before the split, the effect on Faith Inc.'s sales following the split will be minor.

##### (3) Assets and liabilities of the division to be split off (as of Dec. 31, 2006)

	Division to be split off
Current assets (million yen)	472
Fixed assets (million yen)	248
Current liabilities (million yen)	117
Long-term liabilities (million yen)	-

#### 5. Summary of new company

##### (1) Name of the company

Faith.biz.

##### (2) Core business

Operation, construction, and development of items such as software, systems, and networks related to provision of content distribution services and distribution platform technology

##### (3) Date of establishment

May 1, 2007 (expected)

##### (4) Headquarters

Toranomon, Minato-ku, Tokyo

##### (5) Representative

Representative director/president Masaru Koshimizu

##### (6) Capital stock

80 million yen

##### (7) Fiscal year

Ends March 31

6. Listed company after the transfer

(1) Name of the company	Faith, Inc.
(2) Core business	Provision of content distribution service Provision of distribution platform technology Provision of technology license Electronic payment
(3) Head office	Imon-Meiji-Yasuda Bldg. 4F 566-1 Karasumaoike-Sagaru Toraya-cho, Nakagyo-ku, Kyoto
(4) Representative	C.E.O./President Hajime Hirasawa
(5) Capital stock	3,218 million yen
(6) Fiscal year	Ends March 31
(7) Effect on Faith earnings after stock split	The new company will be wholly owned subsidiary of Faith, and since the company will be within the scope of consolidation, it will not affect earnings of the Faith Group. However it will have a light effect on parent company earnings. FY3/08 consolidated earnings projections for the Faith Group are being created at the present time. An announcement will be made soon as projections have been confirmed.