



Consolidated Financial and Business Results FY 06 (Ended March 2007)

Faith, Inc.

May 15, 2007



Mobile



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Internet



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Notice

This document and its supporting documents contain forecasts 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.



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Agenda



1. Consolidated Financial Results ended FY 06

- ◆ Highlights of Consolidated Financial Results
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- ◆ Creation of New Market for Video Distribution
 - Provision of NFRM, a new platform to be adopted by computers and mobile phones
- ◆ Acceleration of New Market Creation for Contents Distribution
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Consolidated Financial Results FY 06



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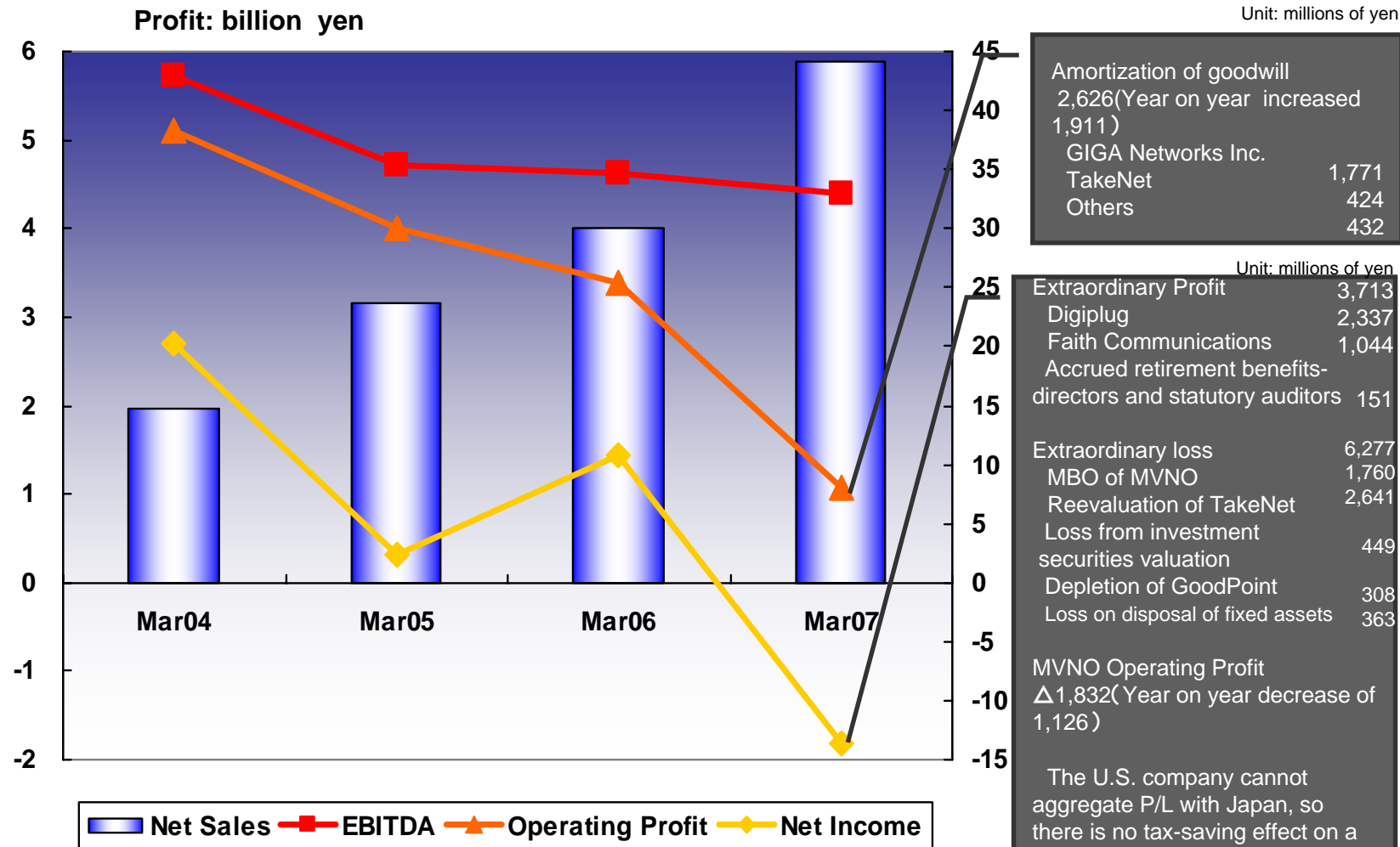


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Highlights of Consolidated Financial Result



- Achieved continued high growth in net sales with the growth of the group companies through tie-ups and acquisitions.
- EBITDA and operating profit decreased due to up-front investment and decline in sales of ringtone distribution solution.
- Net profit/loss is in the red due to depletion and amortization of goodwill to achieve the reorganization of overseas business, loss from the valuation of investment securities, and registration of extraordinary loss to prepare for more profitable growth.



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Highlights of Business Development during FY 06①

Content Distribution Service (Domestic)

- Acquired business rights of Giga Networks, No. 2 company in i-Mode ringtones with roughly 3 million paying members, at 12 billion yen.
- Strengthened alliance with Yoshimoto Kogyo. Giga Network increases capital through third-party distribution. Shareholder composition after capital increase:
Faith: 95.4% Yoshimoto Kogyo: 4.6%
- Established Brave Inc., a joint-investment company by Faith Group, Taito, and Square Enix, involved in production & digital distribution of audio/visual software.
- Brave acquired Rightsscale, Inc., involved in digital distribution of music to PC/mobile content providers including iTunes.
- Established Desperado Inc., a joint venture with Amuse Group, etc., involved in production & digital distribution of movies.
- Reached agreement with CROSSWARP Inc., and moved into the performance-based marketing business for online games market.
- Formed alliance with Voice-Bank, Inc., top provider of audio blogs in high-growth field of game & blogs.
- Experienced losses in both sales and profit (non-consolidated) due to decline in demand for ringtones distribution solutions.



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Highlights of Business Development during FY 06 ②



Content Distribution Service (Overseas)

- Sold off content distribution service business of Moderati (US) to Bellrock Media Group.
- Sold off Digiplug (France).
- One-time amortization of goodwill for TakeNET (Brazil).
- Promoted collaboration in content distribution service in China with Yoshimoto Kogyo through capital and business tie-up with ROJAM.

Distribution Platform Technology and License

- Technology Development Prize awarded by the Acoustical Society of Japan.
- Formed alliance with InterVideo, Inc. and launched collaborative marketing for the provision of licenses and related solutions in Japan and Europe.
- Launched eKartoon, a mobile electronic book business, in cooperation with Sharp Corporation. Pioneered in the mobile comic market in US and Europe.
- Established Faith.biz, which will develop a new distribution platform, aiming to pioneer the market and expand business (May 1).
- Launched demonstration testing of the new content distribution service using Near Field Rights Management™ (NFRM) authentication technology in cooperation with Intel Corporation and Yoshimoto Kogyo.



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Highlights of Business Development during FY 06 ③



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Electronic Payment

- Launched WebMoney sales at 7-Eleven (bill receipt at convenience stores).
- Launched exchange service with Rakuten Super Point.
- Provided electronic money issuance and settlement system to HMV Japan.
- Collaborated with Family Mart, famima.com, and Label Gate in launching sales of “WebMoney for mora”, a prepaid e-money settlement service exclusively for the mora music download service.

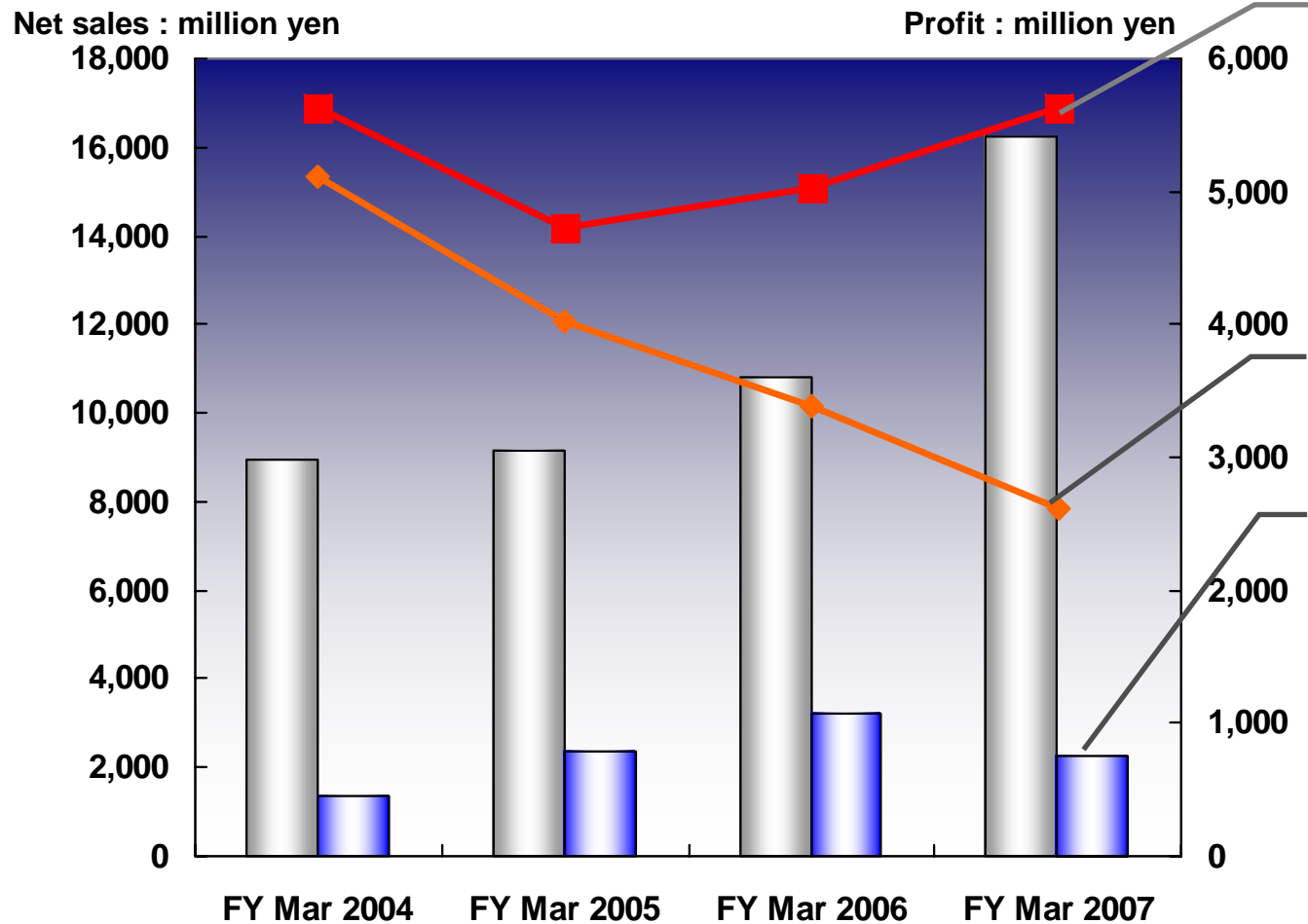
MVNO

- Launched trial operation in the Los Angeles area (USA) for “Voce.”
- Expanded trial operations to the San Francisco and Las Vegas areas.
- Spun off MVNO business through a management buy-out.

FY 06 Financial Result for the Content Distribution Service



Operating profit decrease due to decline of ringtone distribution solution.
Net sales and EBITDA increase with the purchase of GIGA Networks, Inc.
Recorded increase in profit for two consecutive years in real terms.



Acquisition of GIGA Networks, Inc. EBITDA 2,618 million yen

Decrease in profit of the polyphonic ringtone solution on a non-consolidated basis. About 10 billion yen

GIGA Networks, Inc. Amortization of goodwill 1,771 million yen

Net Sales in license Business 2,277(Δ930)million yen

Putting priority on the highly-profitable royalty type contracts among the technology licensing business (Decrease in the low profitable development contracts.)



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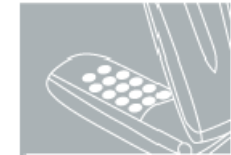
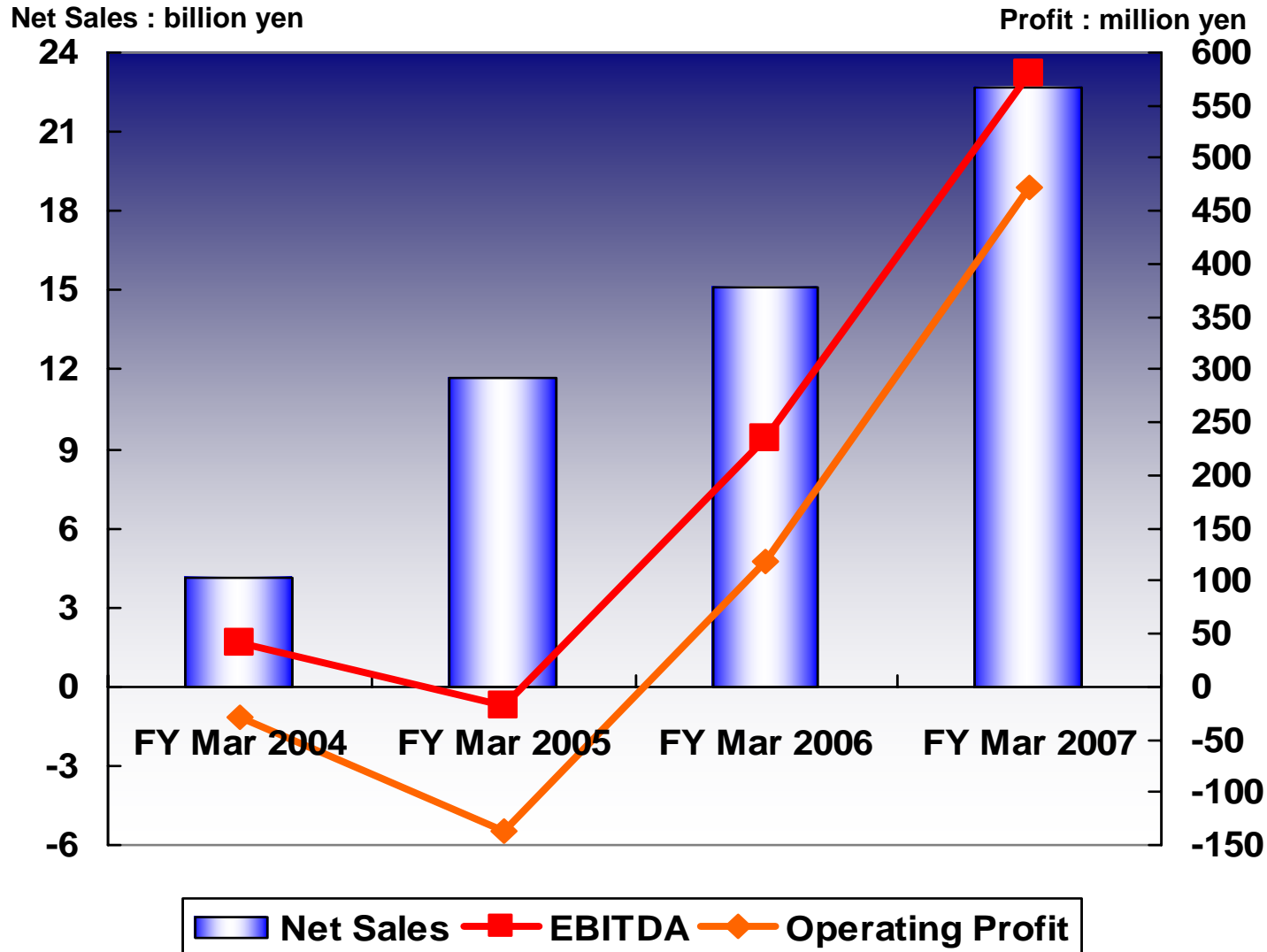


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Service Business License Buisness EBITDA Operating Profit

FY 06 Financial Result for the Electronic Payment Business

Along with the expansion in the online game market, a high share in electronic money payment was maintained and resulted in increase of the amount of settlement, leading to significant increase of net sales and net profit.



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FY 06 Financial Result (by segment)

All of segments except licensing business contributed to an increase in sales.
EBITDA except MVNO business was the second largest increase.



(Unit : Million)

	FY Mar 2004	FY Mar 2005	Year-on-year change	Year-on-year change	FY Mar 2006	Year-on-year change	Year-on-year change	FY Mar 2007	Year-on-year change	Year-on-year change
Net Sales	14,671	23,628	8,957	61.0%	30,040	6,412	27.1%	44,152	14,112	46.9%
Content-distribution Services	10,299	11,550	1,251	12.1%	14,040	2,490	21.5%	18,521	4,481	31.9%
Service Business	8,951	9,166	215	2.4%	10,832	1,666	18.1%	16,243	5,411	49.9%
License Business	1,348	2,384	1,036	76.8%	3,207	823	34.5%	2,277	▲ 930	-29.0%
Electronic Payment Business	4,084	11,724	7,640	187.0%	15,106	3,382	28.8%	22,650	7,544	49.9%
MVNO Business	—	—	—	—	0	—	—	24	24	—
EBITDA	5,728	4,712	▲ 1,015	-17.8%	4,630	▲ 82	-1.8%	4,395	▲ 235	-12.7%
Content-distribution Services	5,628	4,729	▲ 899	-16.0%	5,033	304	6.4%	5,630	597	2294.1%
Electronic Payment Business	42	▲ 19	▲ 62	-145.6%	235	254	—	581	345	-193.3%
MVNO Business	—	—	—	—	▲ 622	—	—	▲ 1,687	▲ 1,065	—
Operating Profit	5,115	4,017	▲ 1,098	-21.5%	3,391	▲ 626	-15.6%	1,060	▲ 2,331	-68.8%
Content-distribution Services	5,133	4,152	▲ 981	-19.2%	4,029	▲ 123	-3.0%	2,609	▲ 1,420	-35.3%
Electronic Payment Business	▲ 30	▲ 136	▲ 106	—	119	255	—	473	354	295.3%
MVNO Business	—	—	—	—	▲ 706	—	—	▲ 1,832	▲ 1,126	—
Recurring profit	5,013	4,047	▲ 966	-19.3%	3,455	▲ 592	-14.7%	853	▲ 2,602	-75.3%
Net Income	2,700	316	▲ 2,384	-88.3%	1,438	1,122	355.1%	▲ 1,883	▲ 3,321	—



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Challenges for Growth

- Reinforcement of expressions of group synergy through the promotion of group management
- Realization of continued high growth in profits in addition to sales
 - Accelerate the development of multiple revenue streams to cover the contraction and profit declines in highly profitable ringtone-related business
- Development of the pillar for next-generation of distribution platform technology to supplement reduced contribution to earnings growth from synthesizer technology
- Execution of investments with high returns utilizing improved financial flexibility
 - Reinforcement and promotion of partnerships with leading partners in each field
 - Investments focused on growth fields in which the Faith Group can leverage its strengths



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Growth Strategy of Faith Group



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Promotion of group management

Putting Faith in the center, which creates new solution, the group evolves around it to realize a stream from content creation to consumer service. Demonstrating new business among the group companies, then expanding the result to the strategic alliances with partners outside the group.



Content Creation
Expansion of its contents though creation and production by itself or collaboration with Faith group

Distribution Platform

Development and provision of new distribution technology or solution

Expansion of user reach
(Numbers of direct/ indirect end users: now exceeds 10 million)



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Intensive and Optimum Distribution of Resources in the Growing Field for Group Management



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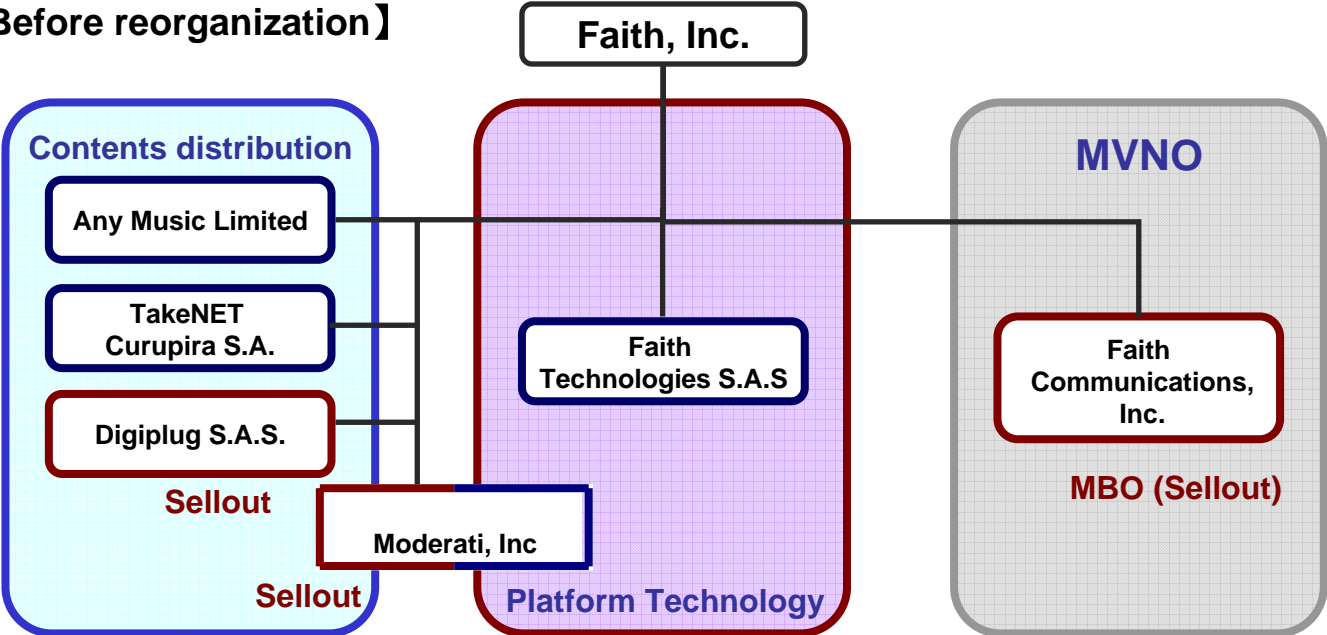


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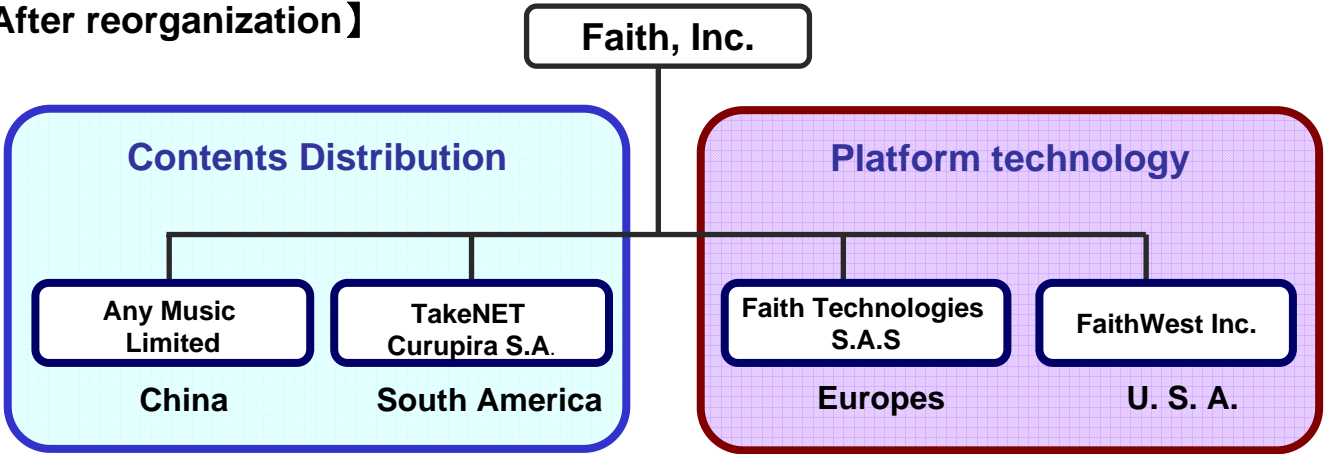
Restructuring Overseas Business ①



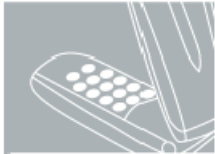
【Before reorganization】



【After reorganization】



*Focus on development and provision of distribution platform technology



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Restructuring Overseas Business ②

Restructuring overseas business in aiming for a “V-shaped recovery” in business performance



(billion yen)

Sale of Contents Distribution Businesses in U.S.A. and Europe

- Transfer of the contents distribution business division of U.S.A. subsidiary to Bellrock Media Group
Business transfer of the contents distribution services division of the U.S.A. subsidiary Moderati, Inc. to a corporation under the umbrella of the Bellrock Media, Inc.
- Sale of European contents distribution solutions business subsidiary to outside the Faith group
Sale of the European contents distribution solutions business subsidiary Digiplug, outside of the group

➔	Mar 08	Net Sales	Δ2.5
		Special profit	+10
➔	Mar 07	Special profit	+2.3
	Mar 08	Net Sales	Δ1.1



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(billion yen)

Segregation and independence through MBO of MVNO business*

* An operating loss of 1.8 billion yen in March 2007

MBO of MVNO subsidiary Faith Communications, Inc., by Masato Nakanishi, CEO of Faith Communications, Inc., and Former Senior Managing Director of Faith. (sale and unconsolidation of all stock held)

➔	Mar 07	Special loss	Δ0.7
	Mar 08	Operating profit	+1.8



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Note: A special loss of 2.6 billion yen was posted for Mar 07 due to a business reassessment of the South American content distribution subsidiary TakeNET. Operation profit recover 0.4 billion yen due to expired of amortization of goodwill.

By having converged technology resources as a group company, the group strengthens the function of establishing the distribution platform -Establishment of FaithBiz, and the acceleration of the market development-



Goals for the Newly-Established Company

- Facilitation of distribution platform development and its commercialization
- Enhancing the efficiency of the group management by convergence of technology resources

From technology development to design and commercialization

Main Business of Faith.Biz

- Development of new distribution platform technologies
- NFRM authentication system
- Video distribution system
- EC system
- Image & voice recognition system
- Provision of the solutions to the group companies and other companies

Business Expansion Perspective

- Creation of group synergy
- Planning and proposals of the new products and businesses
- Commercialization of distribution platform business

Faith.Biz, Inc.
Spin-off company which specializes the business and recourse of development technology within the Faith Group.



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Creation of new Video Distribution Market -Provision of distribution platform integrating the PC and mobile phone through NFRM-



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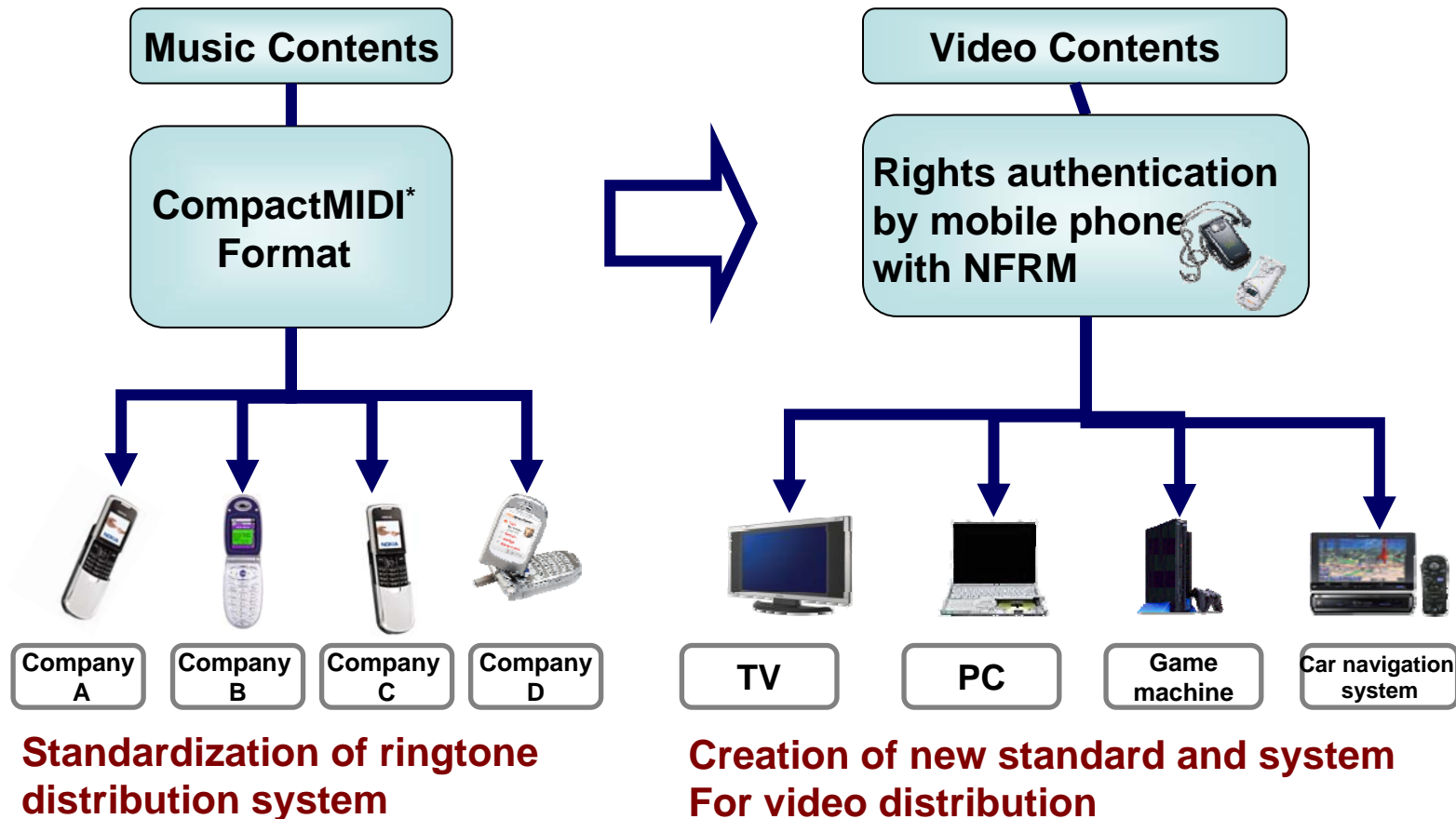
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Creation of a new video distribution system

-Independent distribution service which can cooperate with all types of infrastructure and terminal equipment -



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Distribution platform involving terminal software, server, and content's copyrights and rights business model as same as ring tone distribution.

*CompactMIDI: Music data (MIDI) format invented by Faith for network distribution for mobile phone and other equipment.

A New Video Distribution System: NFRM



Search video contents through mobile phone

A photograph showing a young man and woman sitting at a restaurant table. The man is in the foreground, looking down at his smartphone. The woman is behind him, also looking at her phone. There are plates of food and glasses on the table.

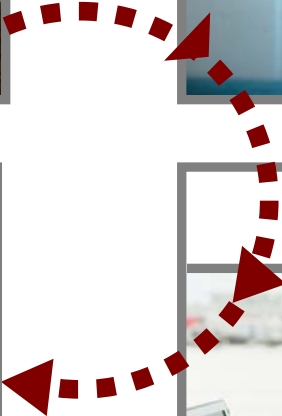
Purchase viewing rights through mobile phone

A close-up photograph of a young woman with long brown hair, smiling broadly. She is holding a black smartphone in her hand, looking towards the camera.

Watch the video on the big-screen

A photograph of a young woman sitting at a desk in what appears to be a cafe or office setting. She is smiling and looking towards the camera. A laptop is open in front of her, and a window is visible in the background.

Hold your mobile phone over PC or TV

A photograph showing a hand holding a smartphone over a laptop. The laptop is on a table, and a coffee cup is next to it. In the background, an airport tarmac with planes and ground service equipment is visible.

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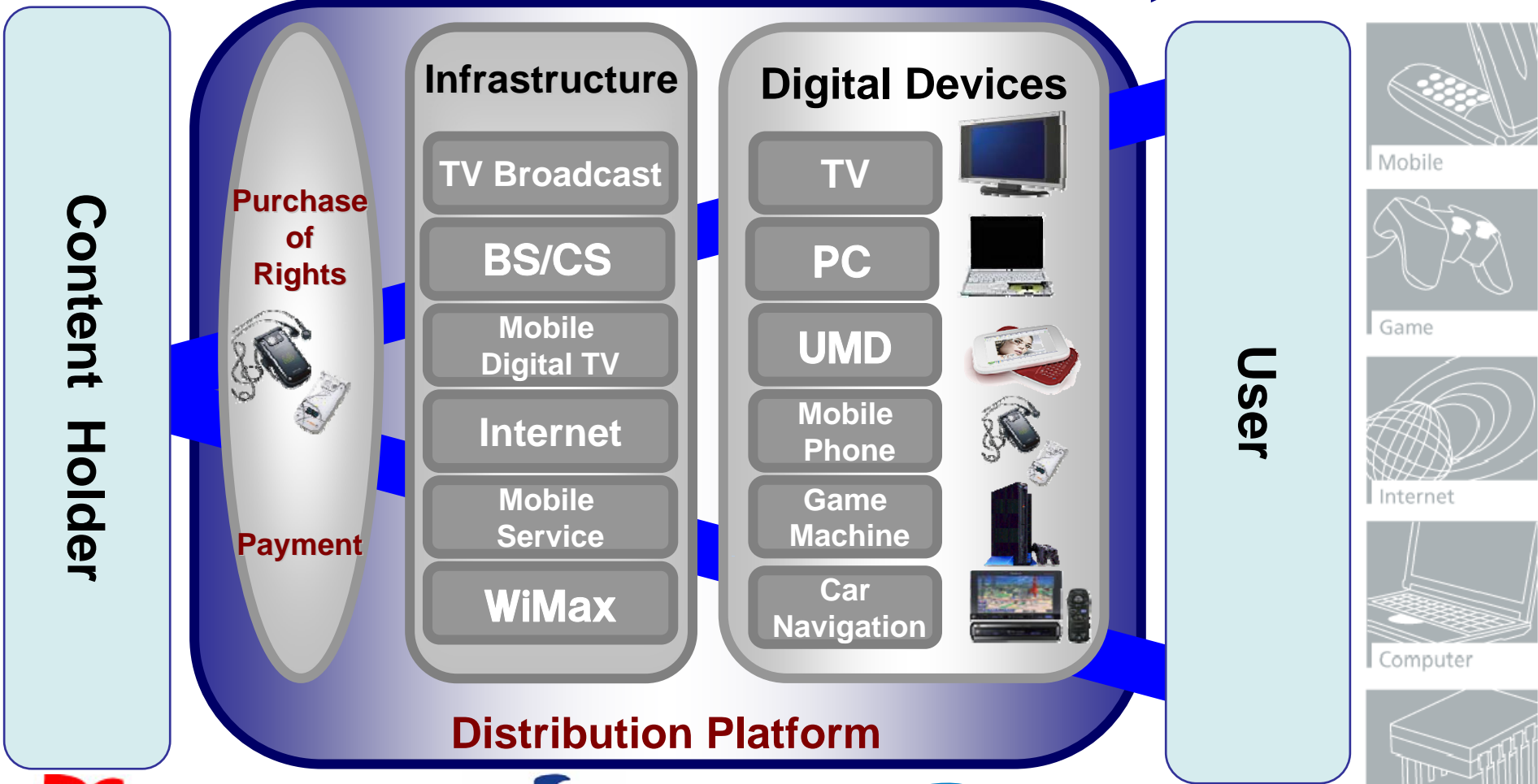


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New unified rule of video distribution connects user and digital contents



Flow of Digital Content



Participants of “NFRM” testing service (As of March, 2007)



NFRM Distribution Platform Provision

PC Platform Provision

Video contents Distribution infrastructure Provision

Mobile site Operation

Contents Provider



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Contents providers have been increasing

Acceleration of Market Creation for New Contents Distribution

- Collaboration with Leading Partners**
- Realization of Group Synergy through
the Group Management**



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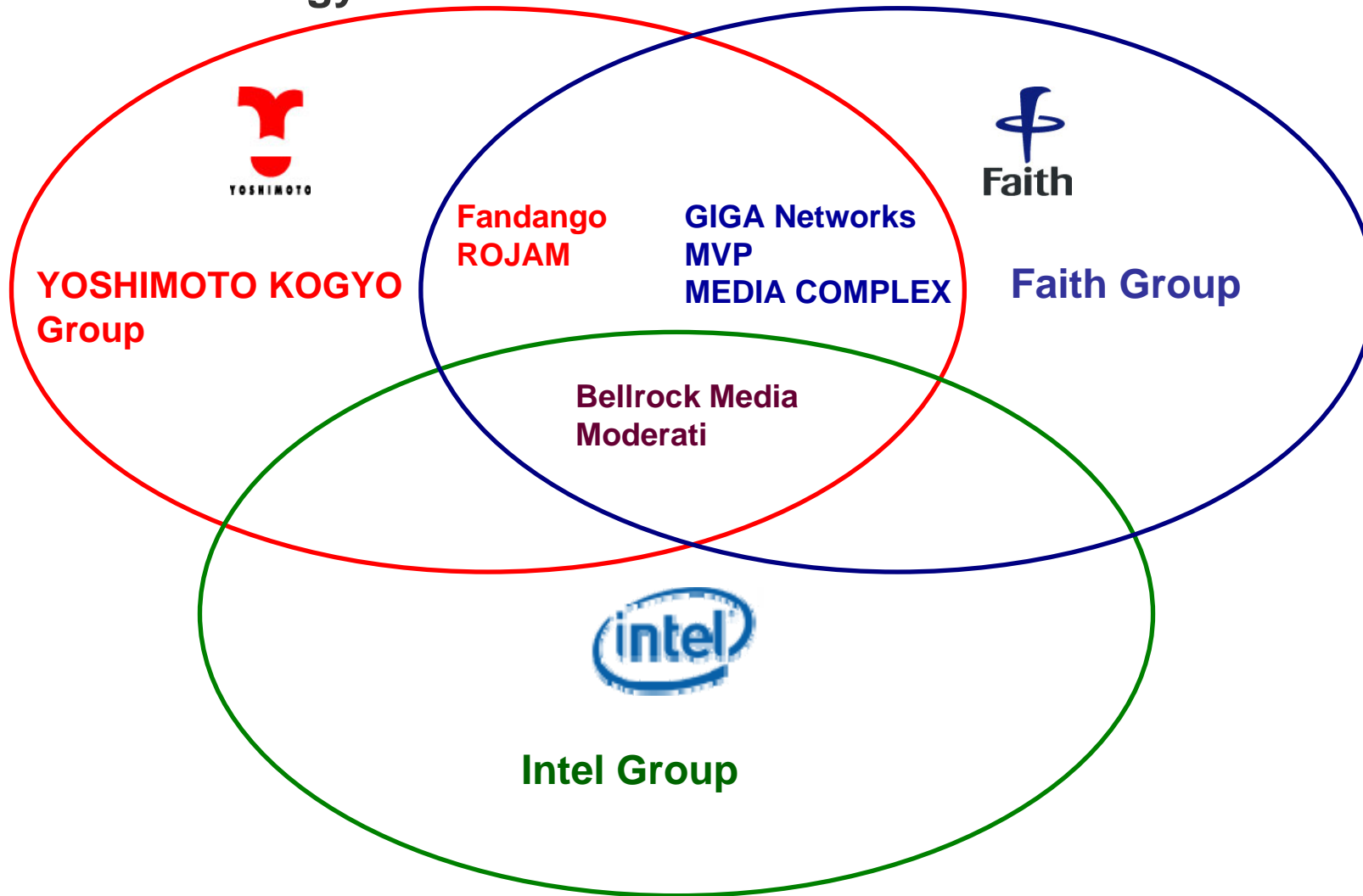
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Acceleration of market creation through collaboration with leading partners

– Strengthen relationships through capital tie-ups with Intel and Yoshimoto Kogyo -



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Producing Next-Generation Music Business -Setup of Brave and Buyout of Rightsscale-



Music Content
Creation and Production

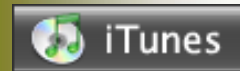


From Creation and Production
of Music to Distribution

Digital Distribution
For PC
For
Mobile Phone



- 270 labels
- 15,000 songs



Planning and promotion of
New Distribution Strategy

- Promotion using mobile phones
- Tie-up with other services such as EC
- New distribution model such as NFRM



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Brave, Inc:

Joint venture by Taito Corp.
and Square Enix Co., Ltd.

Rightsscale USA, Inc.:

Subsidized prominent aggregator



Exploration of New Distribution Market for Video Contents

-Production and Digital Distribution of Video Contents by Desperado-



Film and Video Business

- Film production
- Advertisement and distribution of films
- New distribution strategies
- TV distribution
- Music video creation

Advertisement:

“ABDUCTION The Megumi Yokota Story”

“The Last King of Scotland”

Advertisement and distribution:
“LOVEDEATH”

Production and investment:
“Little DJ”

Rental:

“My Date With Drew”

From Video Content Creation and Production to Distribution

Content Investment Business

- Commission charge for administrative underwriting
- Profit sharing

Planning and Promotion of New Video Distribution Strategies

- Distribution and promotion using mobile phones
- Tie-up with other services such as EC
- Developing new distribution model using NFRM

Desperado, Inc. :
Joint venture with Amuse Group



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Acceleration of Market Development by Expansion of User Reach

-Buyout of Giga Networks-



Purpose of the Buyout

- Acquisition of its 3 million paying members and the new approach to them
- Expansion of scale merit and reinforcement of competitive standing

From Ringtone Distribution to Video Distribution

Business and Capital Strategy

- Reinforcement of the partnership with Yoshimoto Kogyo (holds 4.6% of shares)
- Reinforcement of video distribution business through the partnership in and out of the group
- Acquiring MVP and MC
- Mutual enclosure of the subscribers with a company under SNS

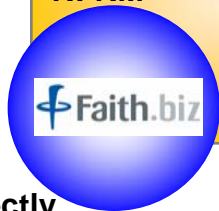


MVP, Inc.:
Video creation for broadcasting and distribution, and procurement of distribution rights

Media Complex Co. Ltd.
Video distribution service for PC targeting senior

Direction of business expansion

- To be a "Mega-site" for total entertainment content
- Concentration on the reinforcement of charged video distribution service
- Development of distribution to PC and other consumer electronics using NFRM



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Expansion and Acceleration of PC-Paid service Market through the Provision of Payment Platform



Features of WebMoney

- Convenience
- Anonymity
- Usable in small amount
- Prepaid, meaning no risk of outstanding balance

From Issuance of Electronic Money of Its Own Brand to the Provision of Settlement Platform on B2B Basis

Improvement of Market Share and Convenience

- High share in online game market contribute to the significantly increase of electronic settlement
- Significant increase of the WebMoney member stores and distributors



Business Expansion Perspective

- Expansion of the share of WebMoney settlement to the wider audience other than the online game market
- Acceleration of the provision of settlement platform on B2B basis



WebMoney Corporation:
Users' approval rating No.1*



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*The best recognized electronic money for online use in 2006 in the survey by MyVoice Communications, Inc. Ref. P43 & P44 for more info about WebMoney.



FY 2007 Financial Projections



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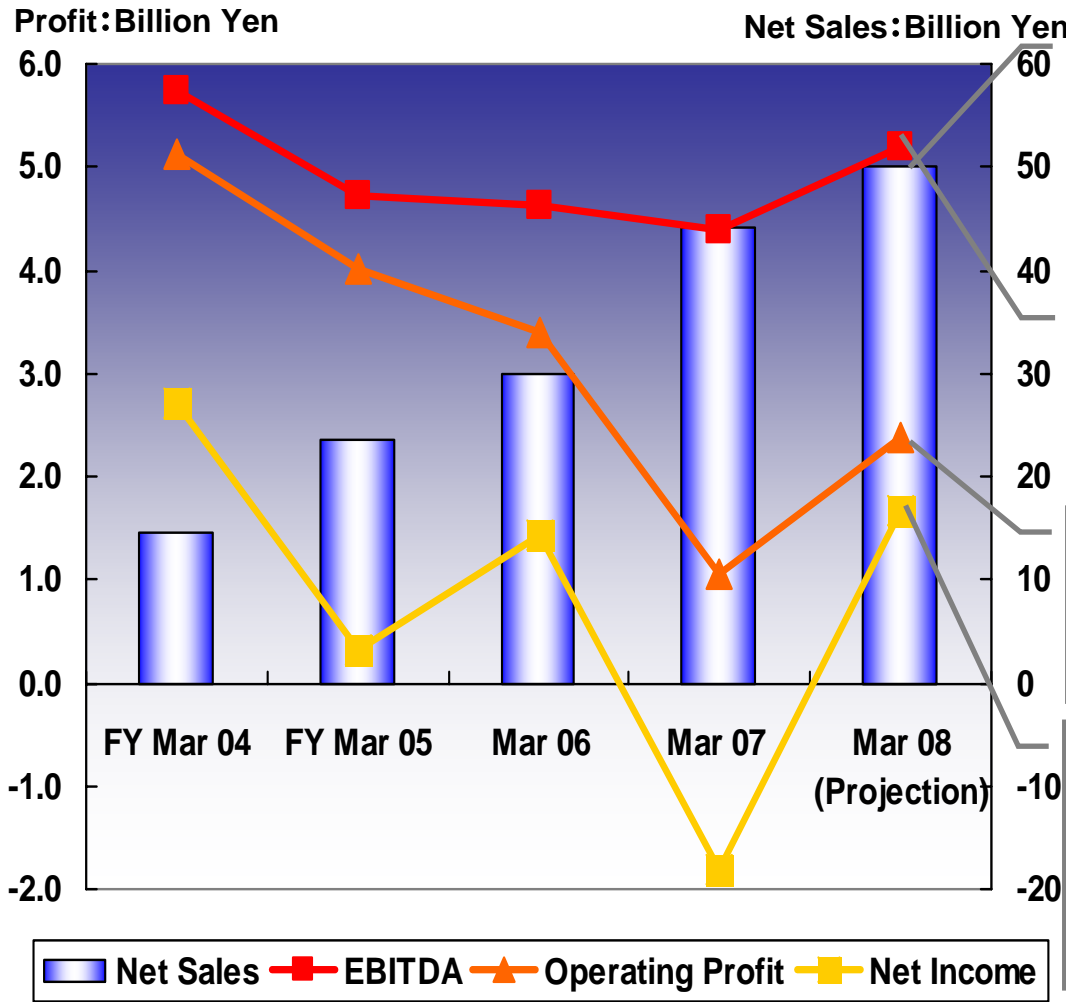


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Sales & Earnings Projections



Net sales continue to increase widely. Electric money and other group company's business expansions cover shrinkage of ringtone business and overseas reorganization. Profit also drastically increase through MBO of MVNO and expansion of group business



Net Profit	500	(Year-year Change +58)
Electric Payment Business		
Desperado	+82	
GIGA Networks	+10	
Overseas reorganization	+4	
Ringtone relation	Δ36	
	Δ10	

EBITDA	52	(Year-year Change +8)
MBO of MVNO Business	+16	
Electric Payment Business	+1	
Ringtone relation	Δ10	

Operating Profit	21	(Year-year Change +10)
Separation of MVNO business	+18	
Electronic payment business	+1	
Ring tone relations	Δ10	

Profit of the year 13	(Year-year change +31)
Profit from sellout of USA contents distribution business	+10
Special loss from overseas reorganization of previous year	+33
Profit from sell-off of Digiplug	Δ23



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FY 07 Financial Projections by Segment

Sales and profit of contents distribution business will decrease due to shrinkage of ringtone and up-front investment for new market development even though we make strategic moves for market creation.

Electronic money business continuously increase its sales and profit to a large extent.

MBO of MVNO business contribute to increase in group profit.



(million yen)

	FY Mar 2003	FY Mar 2004	FY Mar 2005	FY Mar 2006	FY Mar 2007	Year-on-year change	Year-on-year change
Net Sales	14,671	23,628	30,040	44,152	50,000	5,847	13.2%
Content-distribution Services	10,299	11,550	14,040	18,521	16,100	▲ 2,421	-13.1%
Service Business	8,951	9,166	10,832	16,243	14,100	▲ 2,143	-13.2%
License Business	1,348	2,384	3,207	2,277	2,000	▲ 277	-12.2%
Electronic Payment Business	4,084	11,724	15,106	22,650	30,900	8,249	36.4%
MVNO Business	—	—	0	24	—	▲ 24	-100.0%
EBITDA	5,728	4,712	4,630	4,395	5,200	805	18.3%
Content-distribution Services	5,628	4,729	5,033	5,630	4,400	▲ 1,230	-21.9%
Electronic Payment Business	42	▲ 19	235	581	700	119	20.4%
MVNO Business	—	—	▲ 622	▲ 1,687	0	1,687	—
Operating Profit	5,115	4,017	3,391	1,060	2,100	1,039	98.0%
Content-distribution Services	5,133	4,152	4,029	2,609	1,400	▲ 1,209	-46.4%
Electronic Payment Business	▲ 30	▲ 136	119	473	600	126	26.7%
MVNO Business	—	—	▲ 706	▲ 1,832	0	1,832	—
Recurring profit	5,013	4,047	3,455	853	1,700	846	99.1%
Net Income	2,700	316	1,438	▲ 1,883	1,300	3,183	—



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Aim for sustained high growth having balance of sales and profit through group synergy



Investment sector to be emphasized :

Business development of distribution platform

Contents creation, production and distribution service in Japan

Development of contents and needs for user by producing music and video creation

Improvement of convenience for user and content holder by stepping up distribution platform

Increased support of charging system by users and service providers

Enhancement of distribution channel, expansion of user-reach

**Expansion of all group companies
Increase of group synergy**

= Total growth of group



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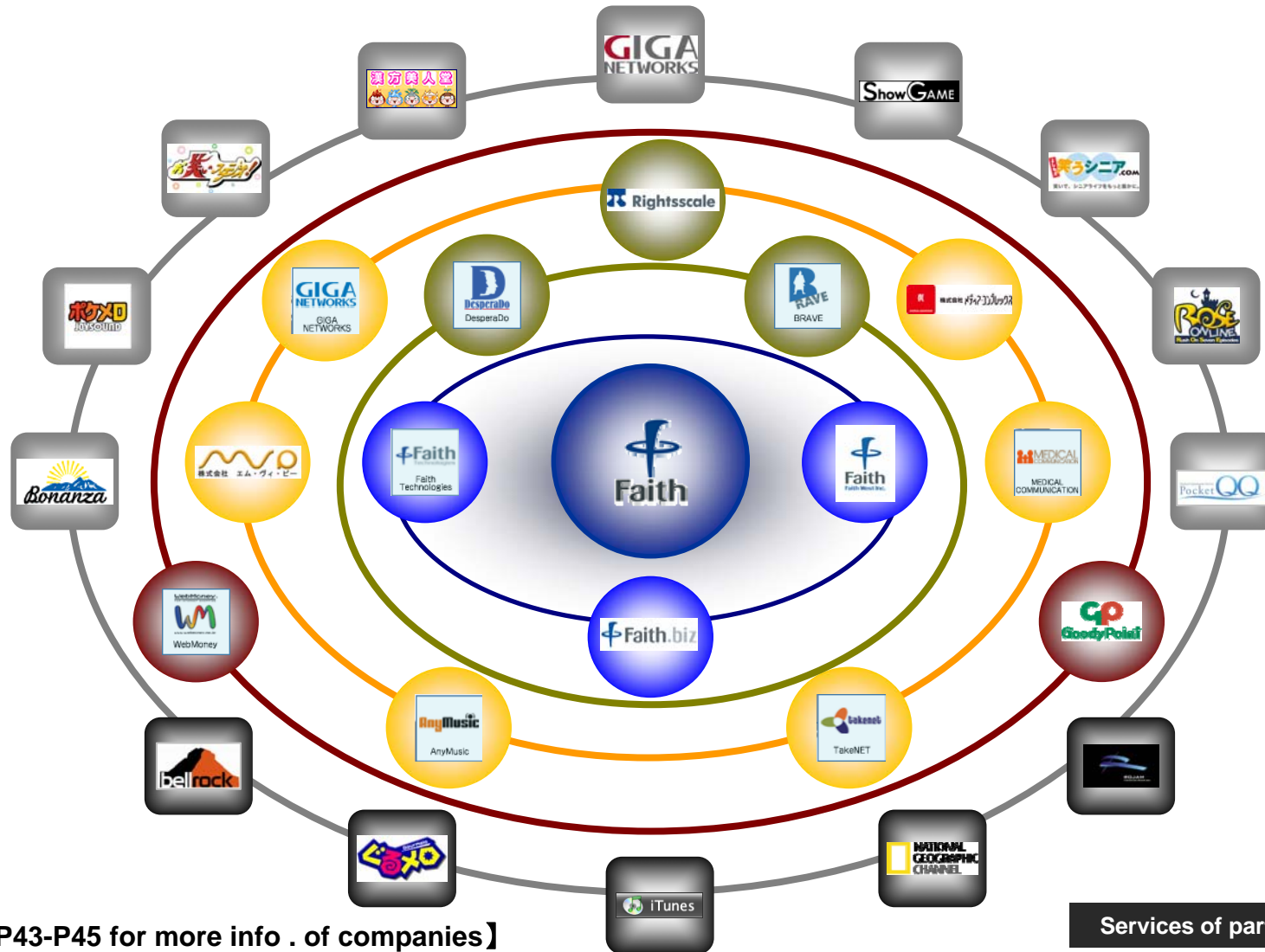
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Acceleration of growth with closer linkage with business partners

Putting distribution platform of Faith group in the core, accelerate business expansion and profit growth through creation and distribution of contents.



【Ref. P43-P45 for more info . of companies】

Contents creation	Distribution Platform	Contents Distribution	Electronic Payment	Web Site Operation
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- Mobile
- Game
- Internet
- Computer
- Technology