

**BRIEF STATEMENT OF ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED
MARCH 2008 AND FORECASTS FOR THE YEAR ENDING MARCH 2009**

May 14, 2008

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

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

Place of headquarters; Kyoto Pref.

Representative; Hajime Hirasawa, CEO/President

Contacts; Shigeyoshi Fujiwara, Director/General Manager, Investor & Public Relations,
Tel: +81-3-5776-6255

Date of General Meeting of Shareholders: June 27, 2008

Date of Submission of Securities Report: June 27, 2008

Starting date of the dividend payment: June 30, 2008

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the fiscal year (From April 1, 2007 to March 31, 2008)

(1) Consolidated financial results

Those figures in “%” show increased/decreased ratio compared with the previous fiscal term

Year ended	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>	%
March 2008	50,192	13.7	2,266	113.7	1,909	123.7	537	—
March 2007	44,152	47.0	1,060	△68.7	853	△75.3	△1,883	—

Years ended	Net Assets per Share	Diluted Net Income per Share	Return on Equity Capital	Recurring Profit on Total Assets	Operating Income on Net Sales		
	<i>Yen</i>	<i>Yen</i>	%	%	%		
March 2008	451	38	430	05	3.6	5.1	4.5
March 2007	△1,581	81	—	—	△10.8	2.4	2.4

Reference: Equity in earnings of associated companies: the fiscal year ended March 2008: 511million yen/ the fiscal year ended March 2007: 136 million yen

(2) Consolidated financial position

Year ended	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>
March 2008	36,174	16,545	41.5	12,612
March 2007	39,442	15,914	38.6	12,797

Reference: Equity Capital: the fiscal year ended March 2008: 15,013million yen/ the fiscal year ended March 2007: 15,234million yen.

(3) Cash flow results

Year ended	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents, End of the year
	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>	<i>Millions of yen</i>
March 2008	6,112	344	△3,944	10,614
March 2007	1,371	△13,978	12,739	8,065

2. Dividends

(Record dates)				Total Dividend Payment (Annual)	Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
	Interim	Year-end	Total(Annual)			
Year ended	<i>yen</i>		<i>yen</i>	<i>Millions of yen</i>	%	%
March 2007	50 00	50 00	100 00	119	-	0.7
March 2008	50 00	50 00	100 00	119	22.2	0.8
Year ending March 2009 (Forecast)	50 00	50 00	100 00	-	119.0	-

3. Forecasts for the 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 Income		Recurring Profit		Net Income		Net Income per Share	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Yen</i>	
Interim results 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

4. Others

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

(2) Changes in accounting policy, procedure, and presentation in preparation of the consolidated financial reports: (Described in the “Basis of consolidated financial statements and summary of significant accounting polices”)

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

(2)-2. Changes other than the above: None

(3)Outstanding shares (common shares)

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

The fiscal year ended March 2008: 1,196,000 shares, the fiscal year ended March 2007: 1,196,000shares

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

The fiscal year ended March 2008: 5,580 shares, the fiscal year ended March 2007: 5,580 shares

1. Operating Results

(1) Analysis on Operating Results

During the consolidated fiscal year under review, the digital content distribution market expanded continuously. Behind this growth, accessibility of broadband Internet diversified more opportunities to utilize various services, and a shift toward third-generation (3G) mobile communication system made progress in the mobile phone market. At the same time, the volume of content distribution on lifestyle-related information such as medical services, beauty, and health increased, in addition to high-quality and highly entertaining services which provide with music, video, and online game. The highly convenient information services accessible via mobile phones also increased.

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.

The Group started new commercial content distribution services using NFRM, Near Filed Rights Management TM, an authentication technology developed in-house to achieve the creation of new platform-agnostic, multi-content market. That is, the group aims to realize the distribution of wide range of content in any forms, through any networks to any terminals. At the same time, the Group took initiative to build and develop new platforms required to stimulate new content needs, and other activities such as authentication, medical information distribution, 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 areas.

As a result, consolidated net sales for the fiscal year under review increased 13.7% year on year to ¥50,192 million. This increase was aided by continued strong growth in the electronic money business and steady expansion of the content distribution business in Japan through aggressive efforts including acquisitions and partnership. Operating profit was ¥2,266 million, up 113.7% year on year, due to factors such as realignment of overseas business. Recurring profit was ¥1,909 million, up 123.7% year on year. Net profit sharply increased to ¥537 million due mainly to the increase in recurring profit. In fiscal 2006, net loss of ¥1,883 million was recorded due to the posting of huge extraordinary loss caused by realignment of overseas business.

<Contents Business>

Faith Group strived to expand and reinforce its operating base through activities including acquisitions and building partnership with other leading companies, and concentration of management resources by business realignment during the period under review.

1) Following the launch of the commercial services of NFRM in June 2007, the Group strived to promote prevalence of NFRM services by introducing the technologies in wider range of terminals and content. The use of NFRM had been limited to short distance authentication utilizing FeliCa technology. In October 2007, this condition was improved and NFRM was applied to infrared ray communication and demonstration of authentication were held using Internet AQUOS, a PC-TV of Sharp Corporation. In November, the operation of KAZAS Channel, a total portal site for mobile phones launched as one of the official i-mode sites to distribute NFRM corresponding video content. Furthermore, GIGA Networks Inc., the first company who introduced the commercial service of NFRM, started to take initiative of the video distribution service business cooperating with other content providers both in and out of the Group.

2) Medical Communication, Inc., a consolidated subsidiary, expanded its medical and health information business mainly by providing new services for mobile phones. In July 2007, it launched "PocketQQ," a corporate-use medical information service, and in December 2007, "Makasete Romu," a new personnel management information service.

3) Brave, Inc., a consolidated subsidiary, launched "viBirth.com" business in November 2007. It provides with marketing network structure through which creators of music and video are able to deliver their works directly to the consumers.

4) In November 2007, Faith.biz, Inc..., a consolidated subsidiary, developed a high-definition video player for mobile phones which enables full-screen viewing, and started provision of the products. The company was established in May 2007 aiming to streamline the Group business by integrating the Group's IT resources and expand the Group business by developing new solutions.

5) In cooperation with Credit Saison Co., Ltd. in the field of content distribution services, provision of "Eikyufumetsu Contents (Everlasting Contents)," a mobile content distribution site commenced in February 2008, which allows eternal reward points to users.

6) The Group developed a new user authentication platform utilizing NFRM function, and launched a trial service of "GPass," a password manager for online games in February 2008.

7) Brave, Inc. and Faith.biz, Inc... expanded their operations of EC platform development and management mainly in cooperation with leading companies in the credit card industry and the distributive industry.

8) The Group completed the realignment of the overseas content distribution business to realize convergence and reallocation of management resources by selling Any Music Limited, a content distribution service subsidiary in China, in November 2007, and Curupira S.A., a content distribution service subsidiary and commonly known as TakeNET, in South America in February 2008.

As a result, sales in the content business totaled ¥16,264 million, down 12.4% year on year. This figure resulted from a decline in revenues from overseas content distribution businesses, despite steady growth in the content distribution business in Japan due to aggressive business cooperation and acquisitions, and other developments. Operating profit fell by 32.6% year on year, to ¥1,674 million, due to increases in royalties on distribution of audio and video content and continued upfront investment on new businesses.

<Electronic Money Business>

According to the Information and Communications Statistics Database issued by Japan's Ministry of Internal Affairs and Communications, subscriptions to broadband services in Japan exceeded 28 million at the end of December 2007. 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, the volume of online payment settled in the Faith Group's WebMoney sharply increased, since it provided secure and convenient solutions.

To improve convenience for the users, the Group thoroughly renewed "WebMoney Wallet," an online wallet function for WebMoney. Not only enhancing security and other functional aspects, further improvement was made to provide safer and more convenient services. In addition, the improvement of online purchase function allows users to charge WebMoney in their WebMoney Wallet and settle online using credit card, or online banking. Also, Users can deposit and withdraw cash for WebMoney settlement at banking facilities across Japan.

As a result, sales in the electronic money business totaled ¥32,389 million, up 43.0% year on year, and operating profit was ¥527 million, an increase of 11.5% year on year.

<Other Businesses>

Factors such as revenues from the point-card system business led sales in other businesses to decrease by 47.1% year on year, to ¥1,538 million. Operating profit was ¥81 million compared with an operating loss of ¥53 million in fiscal 2006.

Projections for full-year business performance are summarized below.

	(millions of yen)		
	FY2007 (Result) (a)	FY2008 (Forecast) (b)	Change (a)-(b)
Net sales	50,192	57,000	6,808
Operating profit	2,266	1,200	△1,066
Recurring profit	1,909	1,000	△909
Net profit(△Net loss)	537	100	△437

Currently, in the content distribution market in Japan, demand for music and videos are showing steady growth. At the same time, demands for other content such as games, novels, graphics, and texts (education, home life, hobbies.) are showing remarkably strong growth, and these newly developing categories make up almost half of the volume distributed in Japan. Along with the diversifying content distributed in the market, terminals connected to the distribution networks has been diversifying from mobile phone, PC, digital TV, to set-top box. Payment settlement methods are diversified as well. Due to the aforementioned factors and other factors, the user environment has been increasingly complex.

To provide with solutions for this complicated user environment and diversifying content, Faith Group takes initiative to design and develop platforms which allow users to download content on various terminals, and introduce these technologies to the companies both in and out of the Group. At the same time, the Group takes part in the production of video, music and other content. Furthermore, the Group organizes comprehensive content distribution business, from building distribution structure, operating services, to producing content creation. The new models of content distribution business will be immediately adopted in the Group, and then will be introduced to other partner companies.

NFRM authentication technology was developed by Faith, commercialized in fiscal 2007 as NFRM service utilizing mobile phone. In future, the Group aims to increase the content which corresponds to NFRM service, and promote further prevalence of compatible devices such as PC and digital TV. At the same time, the Group takes active initiative to develop the technology applicable to a user authentication method. Further expansion of EC platform is planned in cooperation with leading companies. In addition, development of a platform for provision of medical and health information service will actively continue, as well as the issuance of the electronic money which occupies high share of the online payment settlement market.

In the overseas business, a series of realignment has been completed. The Group will continue expanding the sales of its distribution platform technologies together with partner companies, mobile phone carriers, handset manufacturers, and content providers.

As a result, Faith Group sales for the full fiscal year are projected to rise 13.6% year on year, to ¥57,000 million. Two factors are projected to lead to year on year decrease of 47.1% in operating profit to ¥1,200 million. The first factor is the continued upfront investment to design, develop, and built multi-content distribution services on multi-platform. The other factor is the expenses to produce creation of rich content targeting various terminal devices, as well as purchasing such content. Recurring profit is projected to decrease by 47.6% year on year to ¥1,000 million. Net profit is projected to decrease by 81.4% year on year to ¥100 million.

(2) Basic Policy on Appropriation of Profit and Dividend Payment

The Company continues its policy of giving priority to securing the funds necessary for strengthening its business structure and making aggressive business investments, but it also recognizes return of profit to shareholders to be an important management issue. For this reason, the Company will consider payment of dividends, taking into account its operating results and financial positions.

Based on its fundamental policy of paying continued stable dividends, the Company plans to pay dividends of ¥100 per share, including interim dividends of ¥50, in the next fiscal year.

2. Overview of Faith Group

Faith Group consists of Faith, Inc (the Company), 18 subsidiaries and 11 affiliates and mainly conducts content distribution business (content distribution services and licensing of distribution platform technologies) and electronic payment business.

The Faith Group's businesses and relationship between the Company and other group companies in business operations are as follows:

(1) Businesses of affiliate companies

Businesses	Main operations	Companies concerned
Contents business	Content distribution services, using computer networks Development and licensing of distribution platform technologies Production of contents	Faith, Inc., GIGA Networks Co., Ltd, Desperado, Inc., BRAVE Inc., Rightsscale, Inc., Faith West Inc. and 14 other companies
Electronic Money business	Issuance of electronic money and providing electronic payment platforms	WebMoney Corporation
Other businesses	Point service and other business	Faith, GoodyPoint Corp. and 8 other companies

Note: Prior "Contents distribution business" is changed its name to "Contents business" and the film production business previously sectioned to "Other businesses" is changed to "Contents business" from this fiscal year.

3. Management Policies

(1) Faith Group's basic management policy

This information is omitted as no substantial changes have been made since it was disclosed in the Brief Statement of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 2008 issued on November 14, 2007.

The document mentioned above is available online.

Faith Homepage

http://www.faith-inc.com/ir/library/FY2007_Interim_E_0121final.pdf

Tokyo Stock Exchange Homepage (Listed Company Information)

<http://www.tse.or.jp/english/index.html>

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	Note	FY2006 (As of March 31, 2007)		FY 2007 (As of March 31, 2008)	
		Amount	Component percentage	Amount	Component percentage
(Assets)					
I. Current assets					
1. Cash and deposits	*2	8,217,827		13,424,006	
2. Accounts and notes receivable		6,929,263		6,861,259	
3. Marketable securities		347,644		250,227	
4. Inventories		636,880		488,727	
5. Accrued refund income tax		865,236		516,982	
6. Deferred tax assets		1,350,004		763,972	
7. Others		1,889,891		588,379	
Allowance for doubtful accounts		△206,234		△209,568	
Total current assets		20,030,513	50.8	22,683,987	62.7
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings and structures		243,861		276,308	
Accumulated depreciation		24,307	219,553	55,556	220,751
(2) Machinery, equipment and vehicles		26,305		26,305	
Accumulated depreciation		7,848	18,457	13,648	12,656
(3) Tools		1,747,897		1,737,612	
Accumulated depreciation		1,171,123	576,773	1,310,708	426,903
(4) Land			216,602	—	—
Total tangible fixed assets			1,031,386	660,312	1.8
2. Intangible fixed assets					
(1) Consolidated adjustment account			—		
(2) Goodwill			10,293,255	7,607,662	
(3) Soft ware			781,620	866,564	
(4) Others			105,399	56,151	
Total intangible fixed assets			11,180,274	8,530,378	23.6
3. Investment and other assets					
(1) Investment securities	*1	5,273,058		3,490,977	
(2) Long-term loans		180,045		—	
(3) Deposits with landlords		1,440,442		—	
(4) Others		1,037,395		920,572	
Allowance for doubtful receivable		△739,117		△134,516	
Total investments and other assets		7,191,823	18.2	4,277,033	11.8
Total fixed assets		19,403,485	49.2	13,467,724	37.2
III. Deferred charges					
1. Expenditure for stock delivering prescription		8,161	—	22,567	
Total deferred charges		8,161	0.0	22,567	0.1
Total assets		39,442,160	100.0	36,174,279	100.0

Account name	note	FY2006 (As of March 31, 2007)		FY2007 (As of March 31, 2008)	
		Amount	Component percentage	Amount	Component percentage
(Liabilities)					
I. Current liabilities					
1. Trade notes and Accounts payable		4,648,274		5,922,813	
2. Short-term loans	*2	5,215,768		2,529,928	
3. Income taxes payable		580,242		136,221	
4. Allowance for costs of card use		2,511,846		2,873,200	
5. Allowance for points		553,247		468,391	
6. Allowance for bonus payments		129,177		87,445	
7. Others		1,844,707		1,973,507	
Total current liabilities		15,483,265	39.3	13,991,508	38.7
II. Fixed liabilities					
1. Long-term liabilities	*2	6,119,854		4,083,472	
2. Deferred tax liabilities		535,501		522,858	
3. Allowance for retirement benefits		35,535		49,229	
4. Reserve for guarantee losses		1,298,550		-	
5. Reserve for subsidiaries losses		-		300,561	
6. Others		54,611		681,599	
Total fixed liabilities		8,044,052	20.4	5,637,720	15.6
Total liabilities		23,527,318	59.7	19,629,228	54.3

Account name	note	FY2006 (As of March 31, 2007)		FY2007 (As of March 31, 2008)	
		Amount	Component percentage	Amount	Component percentage
(Net assets)					
I. Shareholder's equity		-	-		
1. Common stock		3,218,000	8.2	3,218,000	8.9
2. Capital surplus		3,708,355	9.4	3,708,355	10.2
3. Retained earning		7,276,602	18.4	7,694,895	21.3
4. Treasury stock		△354,269	△0.9	△354,269	△1.0
Total shareholder's equity		13,848,687	35.1	14,266,980	39.4
II Valuation and translation adjustments					
1. Net unrealized gains on investment securities		1,195,867	3.0	799,398	2.2
2. Foreign currency translation adjustments		189,991	0.5	△52,807	△0.1
		1,385,858	3.5	746,591	2.1
III Share warrant					
1. subscription right		487	0.0	-	-
Total share warrant		487	0.0	-	-
IV. Minority interests		679,808	1.7	1,531,478	4.2
Total net assets		15,914,842	40.3	16,545,050	45.7
Total liability and net assets		39,442,160	100.0	36,174,279	100.0

(2) Consolidated Profit and Loss Statement

(Thousands of yen)

Account name	note	FY2006 (As of March 31, 2007)		FY2007 (As of March 31, 2008)		
		Amount	Component percentage	Amount	Component percentage	
I Net sales			44,152,751	100.0	50,192,701	100.0
II Cost of Sales	*2		31,215,018	70.7	37,087,481	73.9
Gross profit			12,937,733	29.3	13,105,220	26.1
III. Selling, general and administrative expenses	*1,2		11,877,157	26.9	10,838,540	21.6
Operating profit			1,060,576	2.4	2,266,680	4.5
IV. Non-operating income						
1. Dividend income		41,070			127,299	
2. Interest income		-			44,180	
3. Interest securities.		42,575			26,634	
4. Foreign exchange gain		7,886			121,000	
5. Non-operating expense		40,851	132,383	0.3	64,314	383,429
V. Operating expenses						
1. Interest expense		191,407			183,041	
2. Investment profit on equity method		136,624			511,161	
3. Miscellaneous expense		11,260	339,293	0.8	46,388	740,591
Ordinary profit			853,667	1.9		19,090,519
VI. Extraordinary profit						
1. Gain on disposal of fixed assets	*3	-			228,505	
2. Gain on transfer of operation		-			826,627	
3. Gain on disposal of investment securities		31,854			-	
4. Gain on liquidation of allowance for cost of card use		3,380,630			271,550	
5. Accrued retirement benefits directors and statutory auditors		151,150			-	
6. Change of scope of equity method		139,137			416,091	
7. Others		10,351	3,713,124	8.4	5,707	1,748,481
VII. Extraordinary loss						
1. Loss on disposal of fixed assets	*4	363,862			171,427	
2. Loss due to impairment		72,435			270,506	
3. Loss from investment securities valuation		449,273			135,701	
4. Loss from entrusted development		-			160,000	
5. Provision for loan losses		622,063			128,706	
6. Amortization of goodwill	*5	2,989,387			298,385	
7. Guaranty of liabilities loss provision		1,298,550			-	
8. Reserve for subsidiaries losses provision		-			300,561	
9. Others		481,960	6,277,532	14.2	74,237	1,539,526
Income before income taxes and minority interests			△1,710,741	△3.9		2,118,474
						4.2

Account name	note	FY2006 (As of March 31, 2007)			FY2007 (As of March 31, 2008)		
		Amount		Component percentage	Amount		Component percentage
Corporate, local, and business taxes		723,478			533,584		
Prior corporate, local, and business taxes		29,251			-		
Adjustment for income taxes, etc.		△733,791	18,938	0.0	754,971	1,308,555	2.6
Income or Loss on minority shareholders			153,333	0.4		272,584	0.5
Net profit or loss			△1,883,013	△4.3		537,334	1.1

(3) Consolidated statement of capital surplus and changes in net assets

FY2006 (As of March 31, 2007)

For the year ended March 31, 2007

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	3,218,000	3,708,355	9,408,748	△354,269	15,980,834
Changes of items during the accounting period					
Cash dividend paid *			△59,521		△59,521
Cash dividend paid			△59,521		△59,521
Bonuses to directors and corporate auditors*			△39,000		△39,000
Net loss			△1,883,013		△1,883,013
Decrease for change in accounting procedure of controlled foreign company			△91,091		△91,091
Net changes of items other than shareholders' equity					
Total changes of items during the accounting period	-	-	△2,132,146	-	△2,132,146
Balance as of March 31, 2007	3,218,000	3,708,355	7,276,602	△354,269	13,848,687

	Valuation and translation adjustments			Share warrant	Minority interests	Total net assets
	Net unrealized gains on investment securities	Foreign currency translation adjustments	Total valuation and translation adjustments	subscription right		
Balance as of March 31, 2006	3,401,193	243,952	3,645,145	487	342,525	19,968,993
Changes of items during the accounting period						
Cash divided paid*						△59,521
Cash divided paid						△59,521
Bonuses to directors and corporate auditors*						△39,000
Net loss						△1,883,013
Decrease for change in accounting procedure of controlled foreign company						△91,091
Net changes of items other than shareholders' equity	△2,205,326	△53,960	△2,259,287	-	337,282	△1,922,004
Total changes of items during the accounting period	△2,205,326	△53,960	△2,259,287	-	337,282	△4,054,151
Balance as of March 31, 2007	1,195,867	189,991	1,385,858	487	679,808	15,914,842

*Appropriations of income for annual meeting of shareholders in June 2006.

FY2007 (As of March 31, 2008)

For the year ended March 31, 2008

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	3,218,000	3,708,355	7,276,602	△354,269	13,848,687
Changes of items during the accounting period					
Cash dividend paid			△119,042		△119,042
Net profit			537,334		537,334
Net changes of items other than shareholders' equity					
Total changes of items during the accounting period	-	-	418,292	-	418,292
Balance as of March 31, 2008	3,218,000	3,708,355	7,694,895	△354,269	14,266,980

	Valuation and translation adjustments			Share warrant	Minority interests	Total net assets
	Net unrealized gains on investment securities	Foreign currency translation adjustments	Total valuation and translation adjustments	subscription right		
Balance as of March 31, 2007	1,195,867	189,991	1,385,858	487	679,808	15,914,842
Changes of items during the accounting period						
Cash dividend paid						△119,042
Net profit						537,334
Net changes of items other than shareholders' equity	△396,468	△242,798	△639,267	△487	851,670	211,915
Total changes of items during the accounting period	△396,468	△242,798	△639,267	△487	851,670	630,208
Balance as of March 31, 2008	799,398	△52,807	746,591	-	1,531,478	16,545,050

(4) Consolidated Statements of Cash Flows

		FY2006 (From April 1, 2006 to March 31, 2007)	FY2007 (From April 1, 2007 to March 31, 2008)
Item	Note	Amount, thousand of yen	Amount, thousand of yen
I. Cash flow from operating activities			
Income before income taxes and minority interests		△1,710,741	2,118,474
Depreciation and amortization		625,384	574,121
Impairment loss		72,435	270,506
Amortization of goodwill		5,604,258	2,742,576
Loss from investment in equity method		136,624	511,161
Proceeds from equity movement		△139,137	△416,091
Increase in allowance for doubtful accounts		735,361	△503,533
Increase (decrease) in reserve for bonus		51,861	△34,621
Increase (decrease) in allowance for cost of card use		188,706	361,353
Decrease in allowance for unexercised sales promotion points		△144,334	△84,856
Increase in allowance for retirement benefits		8,282	13,694
Increase (decrease) in allowance for directors and statutory auditors' retirement bonus		△121,134	-
Gain from guaranty of liabilities loss provision		1,298,550	-
Reserve for subsidiaries losses		-	300,561
Gain from anonymous association		△615	-
Interest and dividends income		△43,510	△171,480
Interest on securities		△42,575	△26,634
Interest expenses		191,407	183,041
Foreign exchange gains		△9,976	△70,523
Gains on sale of investment securities		△31,854	-
Gain on sale of corporate share on affiliated company		△3,380,630	△271,550
Valuation loss on investment securities		449,273	135,701
		-	△228,505
Losses from disposal of fixed assets		363,862	171,427
Gain on transfer of operation		-	△826,627
Decrease (increase) in accounts and notes receivable-trade		△1,057,870	△976,843
Decrease (increase) in inventories		△689,984	148,564
Increase in accounts and notes payable-trade		1,491,274	1,731,016

		FY2006 (From April 1, 2006 to March 31, 2007)	FY2007 (From April 1, 2007 to March 31, 2008)
Item	Note	Amount, thousand of yen	Amount, thousand of yen
Decrease (increase) in consumption taxes receivable		△266,735	644,931
Payment of directors and statutory auditors' bonus		△39,000	-
Others		△41,562	515,692
Sub-total		3,497,621	6,768,658
Interest and dividends received		41,996	1,368,840
Interest expenses paid		△173,947	△174,210
Expenditures for execution of debt guarantee		-	△1,255,650
Income taxes paid		△1,993,905	△595,411
Net cash provided by operating activities		1,371,764	6,112,226

		FY2006 (From April 1, 2006 to March 31, 2007)	FY2007 (From April 1, 2007 to March 31, 2008)
Item	Note	Amount, thousand of yen	Amount, thousand of yen
II. Cash flow from investing activities			
Expenditure for deposit of time deposits		△1,850,052	△3,981,260
Proceeds from withdrawal of time deposits		1,550,052	1,454,900
Expenditures for acquisition of tangible fixed assets		△579,359	△368,592
Proceeds from sale of tangible fixed assets		8,755	587,247
Expenditure for acquisition of software		△605,288	△362,013
Expenditure for acquisition of other intangible fixed assets		△11,109	△55,032
Expenditure for acquisition of investment securities		△1,608,239	△600,857
Expenditure for acquisition of investment securities from minority		△40,800	-
Proceeds from sale of investment securities		109,280	700,000
Expenditures for acquisition of subsidiary's shares causing a change in scope of consolidation		-	△39,980
Proceeds for acquisition of subsidiary's shares causing a change in scope of consolidation		41,341	-
Proceeds for sale of subsidiary's shares causing a change in scope of consolidation	*2	1,871,039	467,294
Expenditure for sale of subsidiary's shares causing a change in scope of consolidation	*2	△52,284	-
Proceeds for transfer of operation	*3	-	1,144,319
Expenditure for assigning management of business	*4	△12,036,313	-
Expenditure for depositing long-term guaranty deposit		△1,678	△3,997
Expenditure for loans receivable		△430,011	△424,290
Proceeds from collection of loans receivable		39,883	652,638
Others		△383,855	1,173,880
Net cash used in investing activities		△13,978,639	344,254

		FY2006 (From April 1, 2006 to March 31, 2007)	FY2007 (From April 1, 2007 to March 31, 2008)
Item	Note	Amount, thousand of yen	Amount, thousand of yen
III. Cash flow from financing activities			
Net increase in short-term loans		4,397,167	△2,718,102
Proceeds from long-term borrowing		10,131,509	6,292,286
Expenditure for repayment of long-term borrowing		△2,008,315	△8,071,605
Proceeds from issue of bonds		-	100,000
Expenditure for issue of bonds		-	△16,000
Proceeds from payment from minorities		351,000	598,503
Expenditure for refund to minorities		△1,145	-
Payment of dividends		△117,659	△118,055
Others		△12,591	△11,228
Net cash flow used in financing activities		12,739,964	△3,944,200
IV. Effect of exchange rate on cash and cash equivalents		59,799	36,482
V. Net increase in cash and cash equivalents		192,889	2,548,762
VI. Cash and cash equivalents at beginning of year		7,679,435	8,065,471
VII. Cash and cash equivalents of newly consolidated subsidiaries at beginning of year		193,146	-
VII. Cash and cash equivalents at end of year	*1	8,065,471	10,614,234