



# Consolidated Financial and Business Results for the 1st Half of FY09 (Ending March 2010)

**Faith, Inc.**

**Nov 13, 2009**



Mobile



Game



Internet



Computer



Technology

# Agenda



1. Consolidated Financial Results for the 1st Half of FY2009  
(Ending March 2010)
  - Highlights of Consolidated Financial Results
  - Results of the Contents Business
  - Results of the Electronic Money Business
2. Full-Year Forecast of Consolidated Financial Results for the FY2009  
(Ending March 2010)
3. Business Strategies
  - Faith's Business Concept
  - Creation of New Contents Distribution <1>-<6>



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## Consolidated Financial Results

for the 1<sup>st</sup> Half of FY09 (Ending March 2010)

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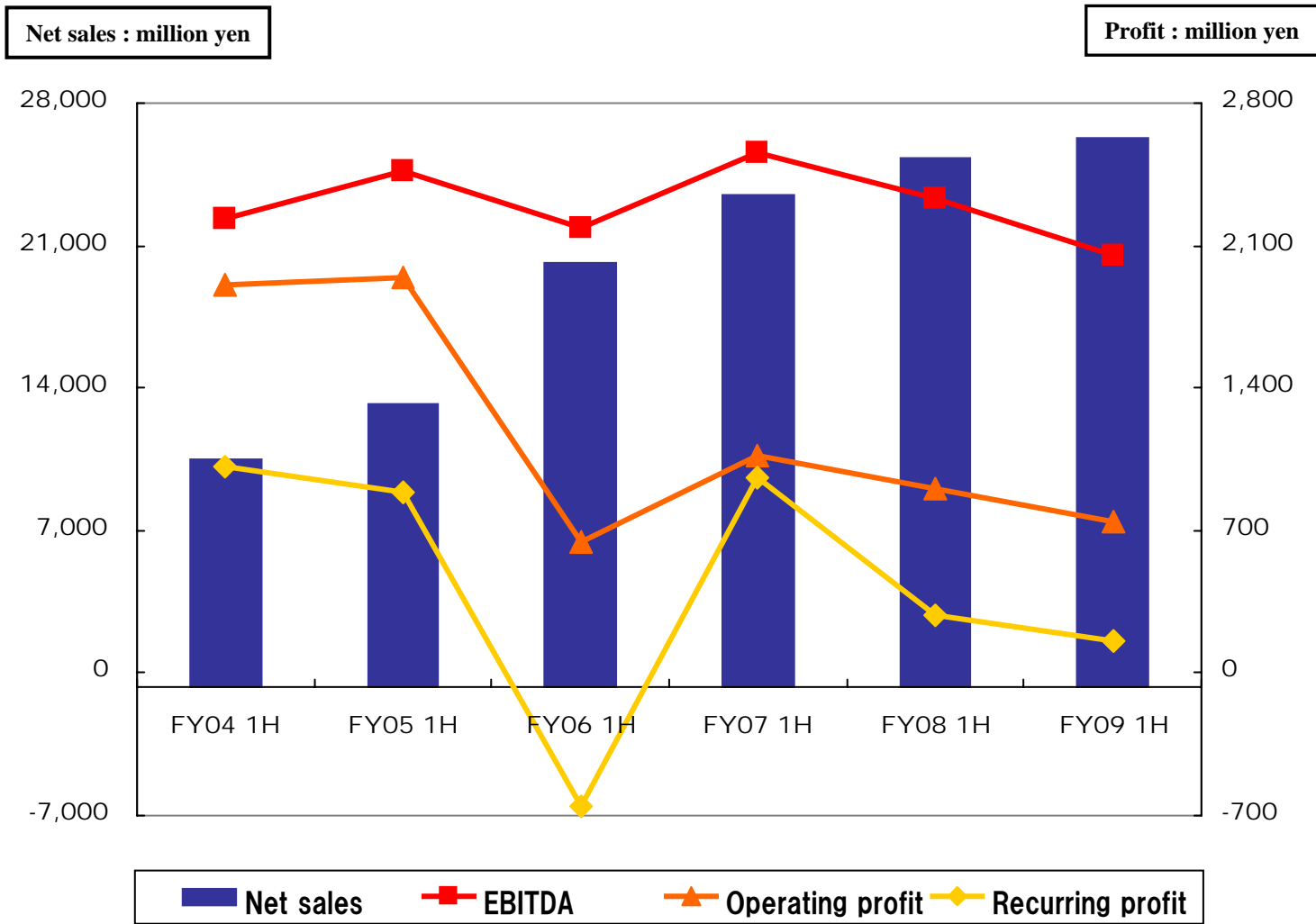


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# 1H Highlights of Consolidated Financial Results



Consolidated net sales for the 1H of FY09 increased 4.1% year on year to ¥26,322 million led by the continuous growth in the electronic money business. Operating profit was ¥747 million, down 17.7% year on year, recurring profit was ¥690 million, down 6.9% year on year, and net profit of ¥157 million, 45.1% year on year decrease due to the decline in sales of the ringtone business.



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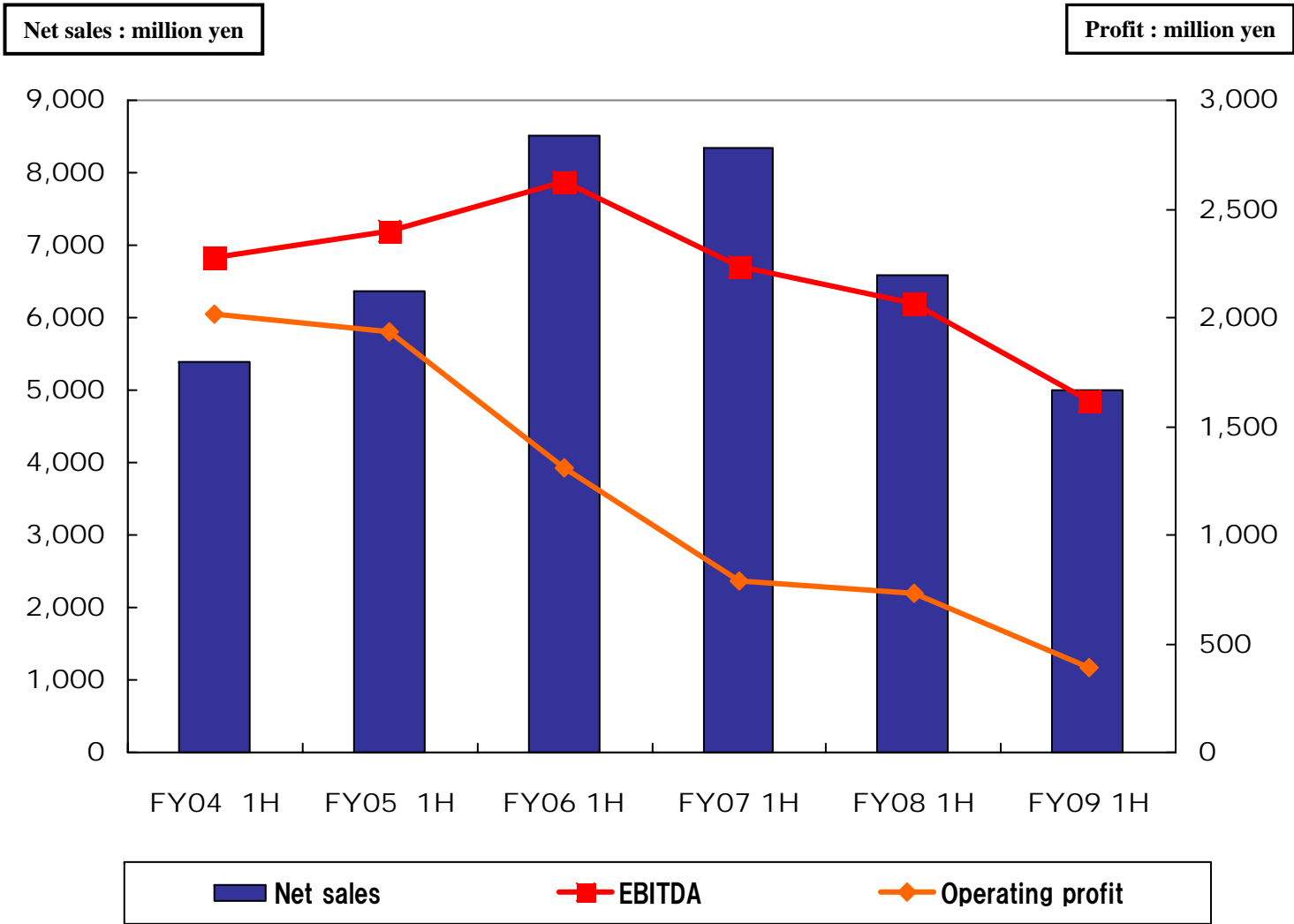


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# Results of the Contents Business during FY2009 1H



Net sales in the content business totaled ¥5,004 million, down 24.1% year on year, and operating profit decreased 47.1% year on year to ¥387 million due to the decline in sales of the ringtone business and other factors.



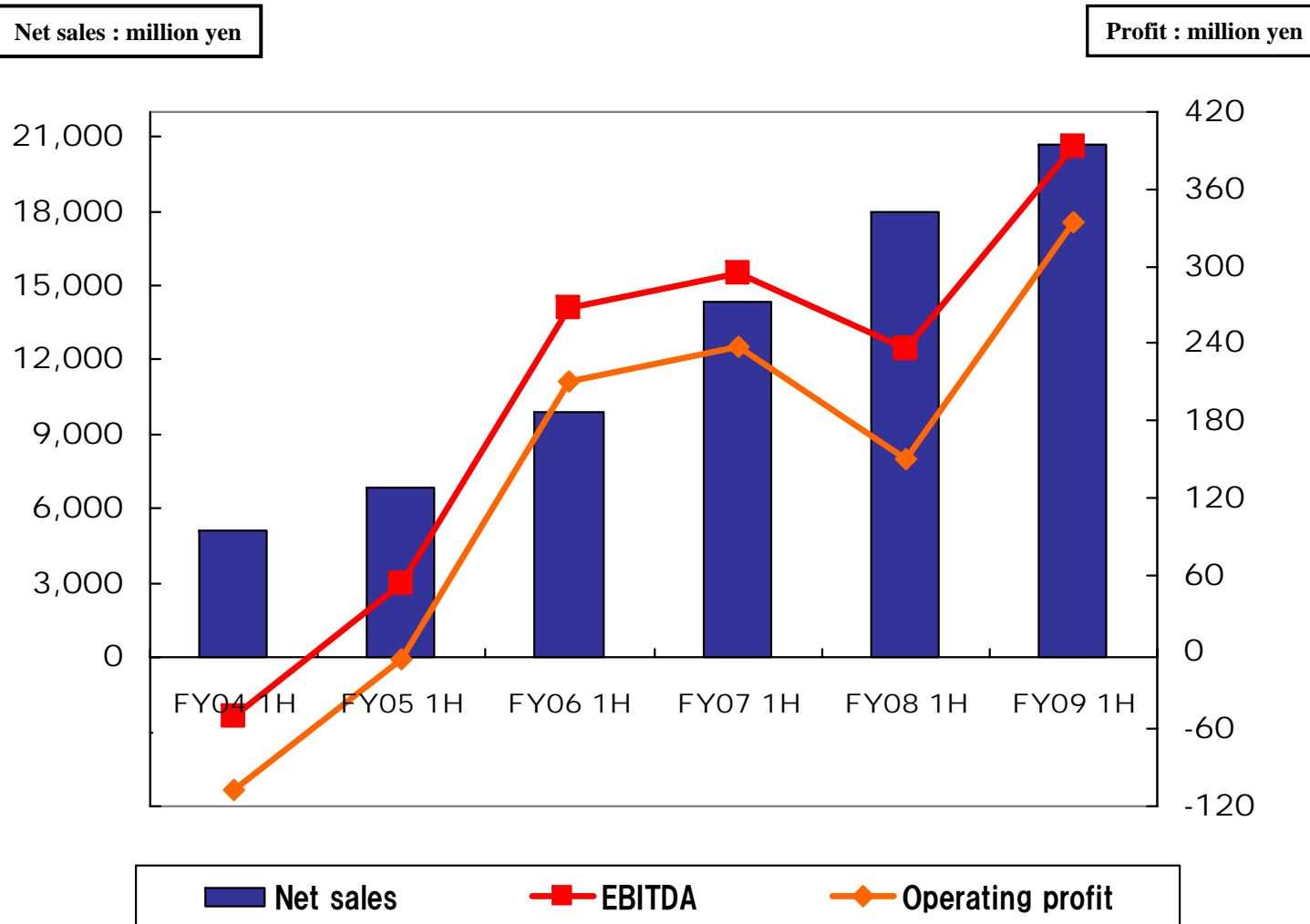
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-  Internet
-  Computer
-  Technology

5

# Results of the Electronic Money Business during FY2009 1H



Net sales achieved continuous growth driven by the increase in settlement amount mainly in the online game category. Net sales in the Electronic Money Business increased 15.0% year on year to ¥20,701 million. Operating profit increased by 122.8% year on year to ¥334 million due to an increase in the settlement amount and other factors.



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# Consolidated Balance Sheet (year-on-year change)



Reduced ¥1 billion of liability with interest and increased equity capital by ¥1.1 billions

**Improve capital ratio by 3.7 points (from 43.8% to 47.5%)**



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## ■ End of March 2009

Cash equivalent 13.5 billion	Short-term loans 2 billion	Total liabilities 15.9 billion includes Liability with interest 4.1 billion
	Trade notes and accounts payable 6.2 billion	
Current liabilities 13.4 billion	Long-term loans 2 billion	
Accounts and notes receivable 6.9 billion	Fixed liabilities 2.5 billion	
Current assets 22 billion	Capital stock 3.2 billion	
Tangible fixed assets 0.4 billion	Capital surplus 3.7 billion	
Intangible fixed assets 5.6 billion	Accumulated profit 7.3 billion	
Investment securities 1.7 billion	Net assets 14.4 billion	
Fixed assets 8.4 billion		

Total assets 30.5 billion yen

## ■ End of September 2009

Cash equivalent 15.6 billion	Short-term loans 2 billion	Total liabilities 14.6 billion Includes liability with interest 3.1 billion
	Trade notes and accounts payable 5.5 billion	
Current liabilities 12.7 billion	Long-term loans 1 billion	
Accounts and notes receivable 4.8 billion	Fixed liabilities 1.9 billion	
Current assets 21.8 billion	Capital stock 3.2 billion	
Tangible fixed assets 0.4 billion	Capital surplus 3.7 billion	
Intangible fixed assets 4.5 billion	Accumulated profit 7.4 billion	
Investment securities 2.9 billion		
Fixed assets 8.4 billion	Total assets 15.6 billion	

Total assets 30.3 billion yen



**Highlights of Business Development  
during the First Half of FY09**



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# Highlights of Business Development during FY2009 1H



- Launched cooperative program with “Short Shorts Film Festival & Asia” authorized by the Academy Awards to expand the distribution business of new contents created by integration of music and short film.
- Expanded the video distribution service utilizing NFRM™ for SoftBank mobile in addition to NTT DOCOMO. (Near Field Rights Management®)
- Tied-up with WILLCOM Inc. to develop home information devices equipped with “XGP”, a high-speed mobile data transmission technology, and regional revitalization services utilizing the device.
- Launched the first application development system in Japan for iPhone / iPod touch under the brand of “COOK”.



Mobile



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# Highlights of Business Development during FY2009 1H



- Brave started download sales of the high-vision 3D-CG materials at “Creators Lab”, the creators support package.
- Improved “Pocket Karte”, a personal medical recording system, by adding search function of 160,000 medical institutions such as hospitals, clinics and dentists.
- Launched “UTAMO”, a Karaoke application service for iPhone.
- Improved “KASIMO”, an automatic lyric display service for iTunes users, by adding a new download function.
- Organized a world-wide audition of Presley songs on “viBirth” in celebration with the 55 anniversary of Elvis Presley and the first anniversary of “KORG DS-10”.
- Released original DVD package containing one and only birthday song by popular TV characters, “Gachapin and Mook”.
- Developed various popular characters including “Sento-kun” and “Hikone-no-Yoi-Nyanko”, regional PR characters and “QP” dressed in 47 costumes representing prefectures, both on mobile and PC.



Mobile



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# Highlights of Business Development during FY2009 1H



## Electronic Money Business

- WebMoney launched interpersonal transaction services of electronic money, “Petit-Kampa” and “Soku-Furi”.
- WebMoney held an event, “Natsu messe. 2009” for online game users.
- WebMoney started CM distribution widget, “manna”, in cooperation with AIDIA Inc.



Mobile



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Internet



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# Launch of interpersonal WebMoney Transaction Services



"Petit-Kampa" enables individual users to donate in WebMoney to creators or social action works.

<Suitable users>

- Creators who distribute their own music or CG design
- Bloggers who post news and events
- People who works on social activity programs



"Soku-Furi" provides function for interpersonal WebMoney transaction by embedding a settlement cashier on individual website or blog.

<Suitable usage>

- Payment on e-mail newsletters, weblog, Podcast, or variety of pay services and purchase on Internet auction



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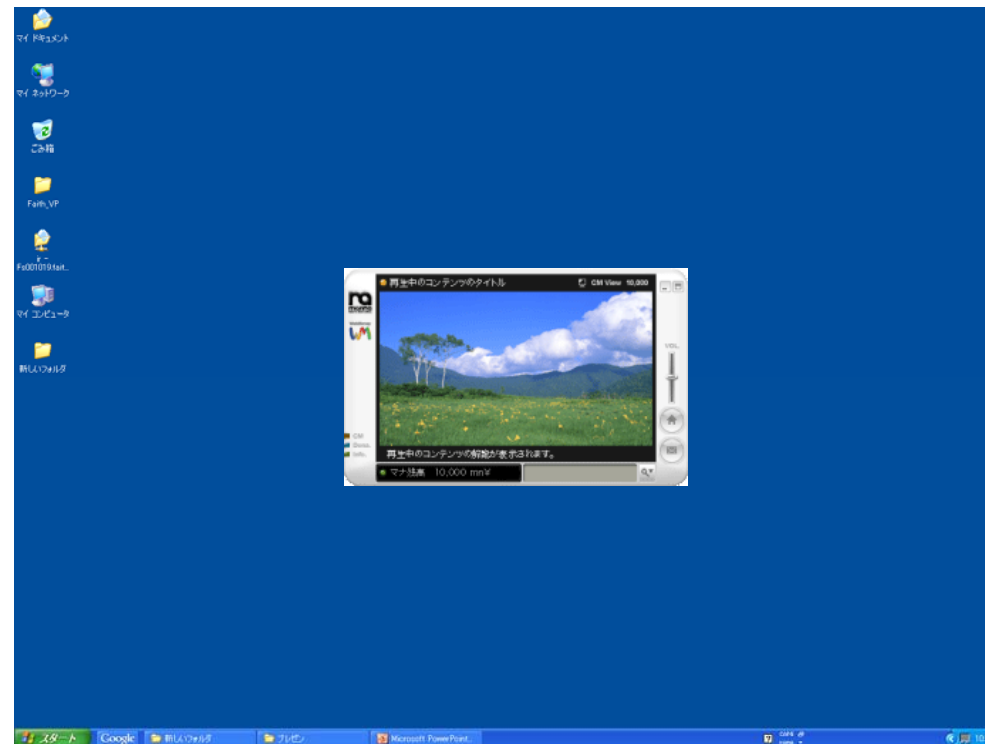
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# Development of New Advertisement Media



Launched the service of beta version of commercial film distribution widget, “manna”, which enables viewers to save WebMoney according to the playback.

▼ manna player



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**Full-Year Forecast of Consolidated  
Financial Results for the FY2009**



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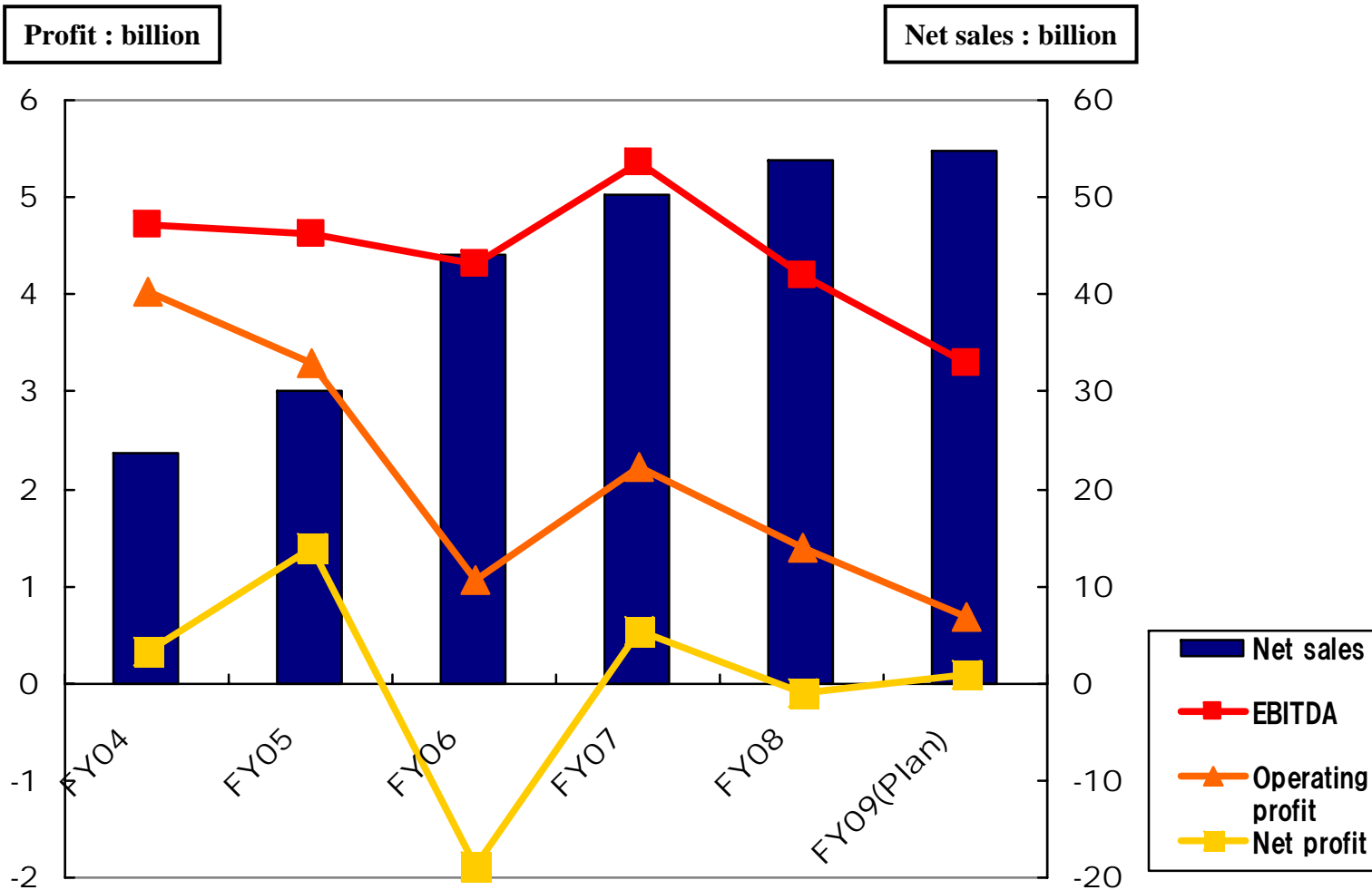


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# FY09 Financial Forecast for the Business Results



Fractional increase is expected in net sales due to the expansion of the Electronic Money business covering the expected decrease in ringtone business. Profits are expected to decrease due to the fall in revenue from ringtone business and the cost for ongoing investments on the system construction, the production and the procurement of contents.



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# FY09 Consolidated Financial Forecasts by Segment



(million yen)

	FY08	FY09 (Plan)	Year-on-year change (amount)	Year-on-year change (%)	Reasons for year-on-year change
Net sales	53,957	54,730	773	1.4%	
Content business	13,105	10,360	▲ 2,745	-20.9%	Decrease in revenue from ringtone solution and license of ringtone playback technology
Electronic Money business	39,472	43,000	3,528	8.9%	Increase in amount of settlement led by growing demand for digital contents, including online game
Others	1,378	1,370	▲ 8	-0.6%	
EBITDA	4,208	3,323	▲ 885	-21.0%	
Content business	3,608	2,584	▲ 1,024	-28.4%	Increase in cost for development of distribution platform, content production, procurement, etc.
Electronic Money business	537	629	92	17.1%	Increased revenue effect
Others	77	110	33	42.9%	
Operating profit	1,425	680	▲ 745	-52.3%	
Content business	990	165	▲ 825	-83.3%	Increase in cost for development of distribution platform, content production, procurement, etc.
Electronic Money business	388	425	37	9.5%	Increased revenue effect
Others	60	90	30	50.0%	
Recurring profit	994	510	▲ 484	-48.7%	Decrease in operating profit
Net profit	▲ 149	100	249	-	



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# Faith's Business Concept



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Internet

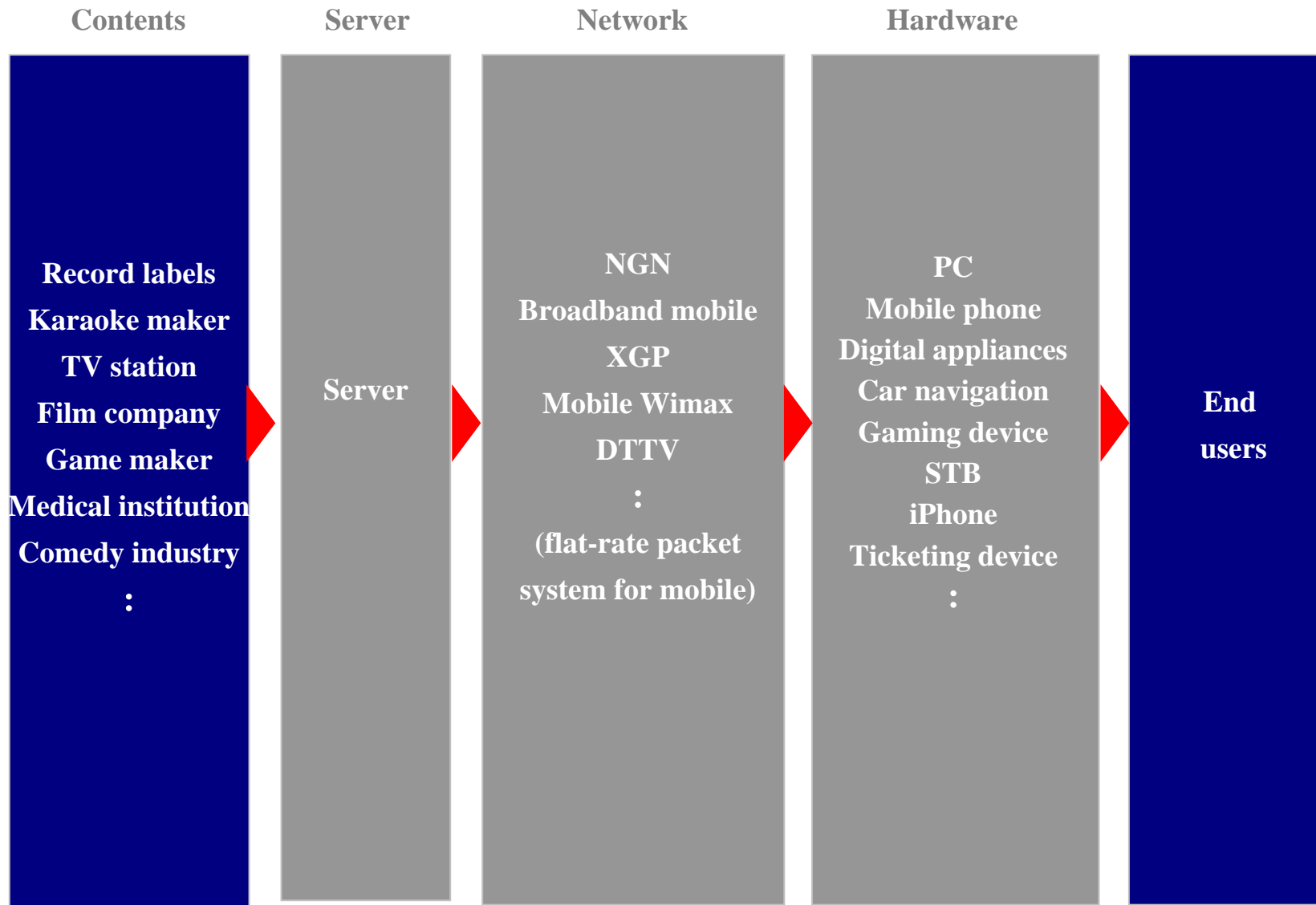


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# Business Concept



Mobile



Game



Internet



Computer



Technology

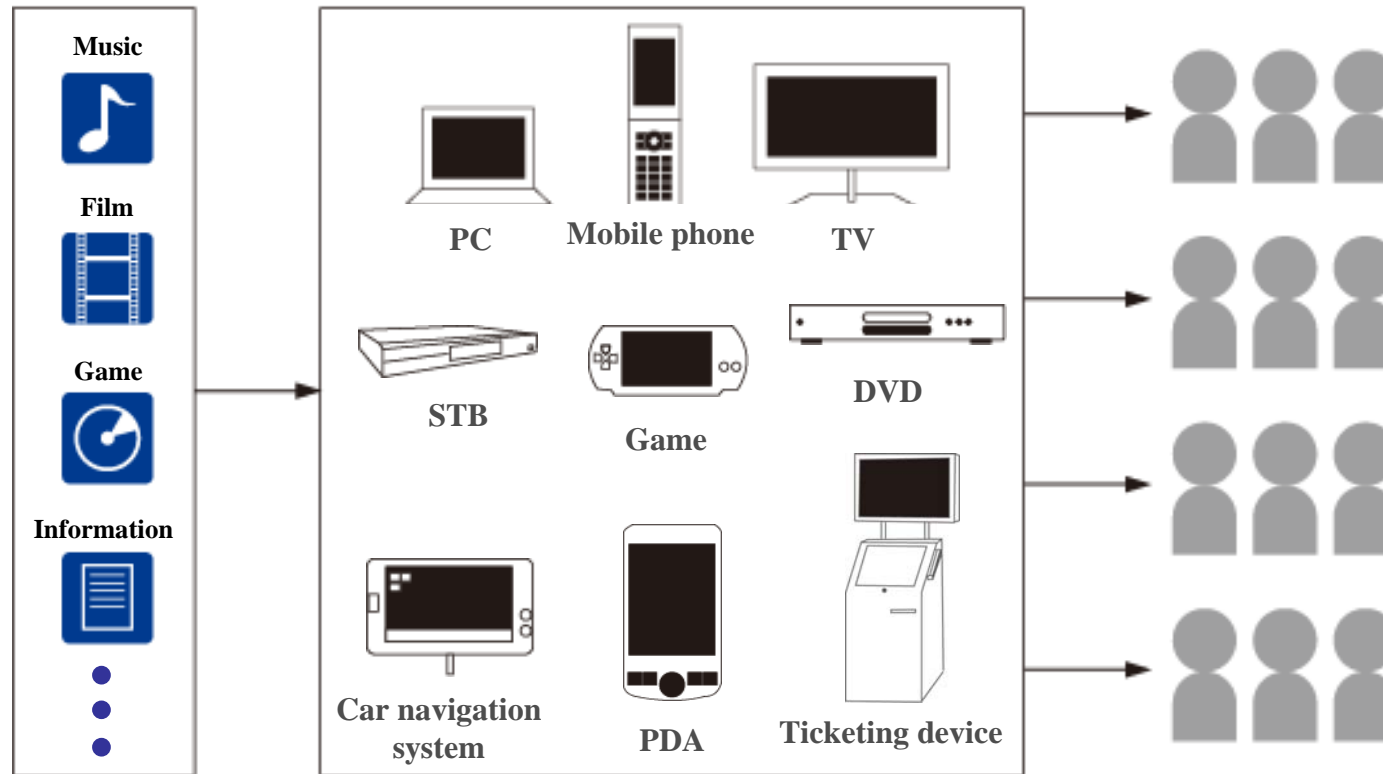
# Multi-Platform and Multi-Content Strategies



Multi-Content

Multi-Platform

User



Mobile



Game



Internet



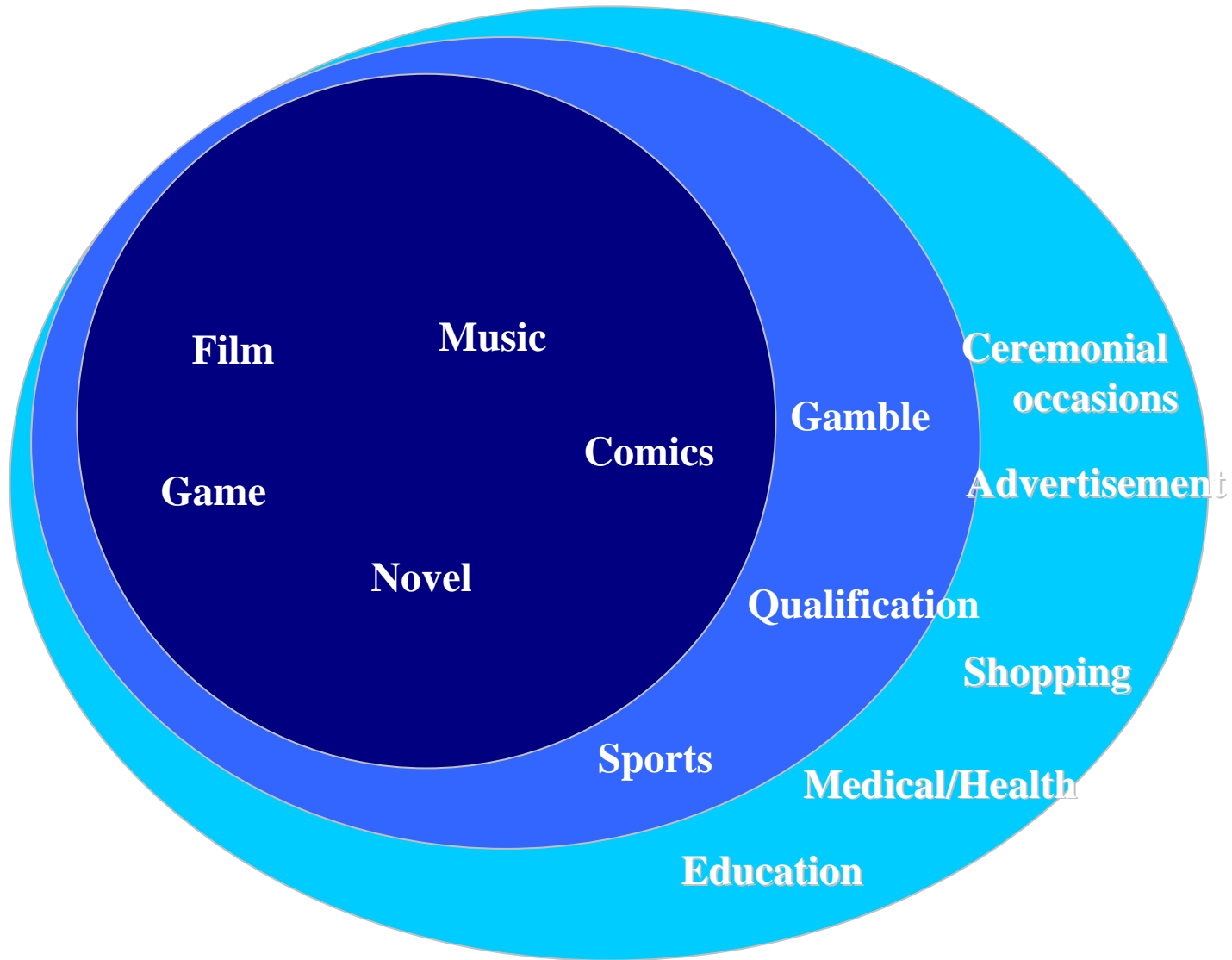
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Technology

Meet the market needs instantly and deliver contents through any network or devices to users

# Expansion of Digital Contents Business Domain



Mobile



Game



Internet



Computer



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## Creation of New Contents Distribution



Mobile



Game



Internet



Computer



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## Distribution Platform



Mobile



Game



Internet



Computer



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# Creation of New Contents Distribution <1>

Tied-up with WILLCOM and developed home information device equipped with “XGP”, high-speed data transmission, and regional revitalization program utilizing the device.



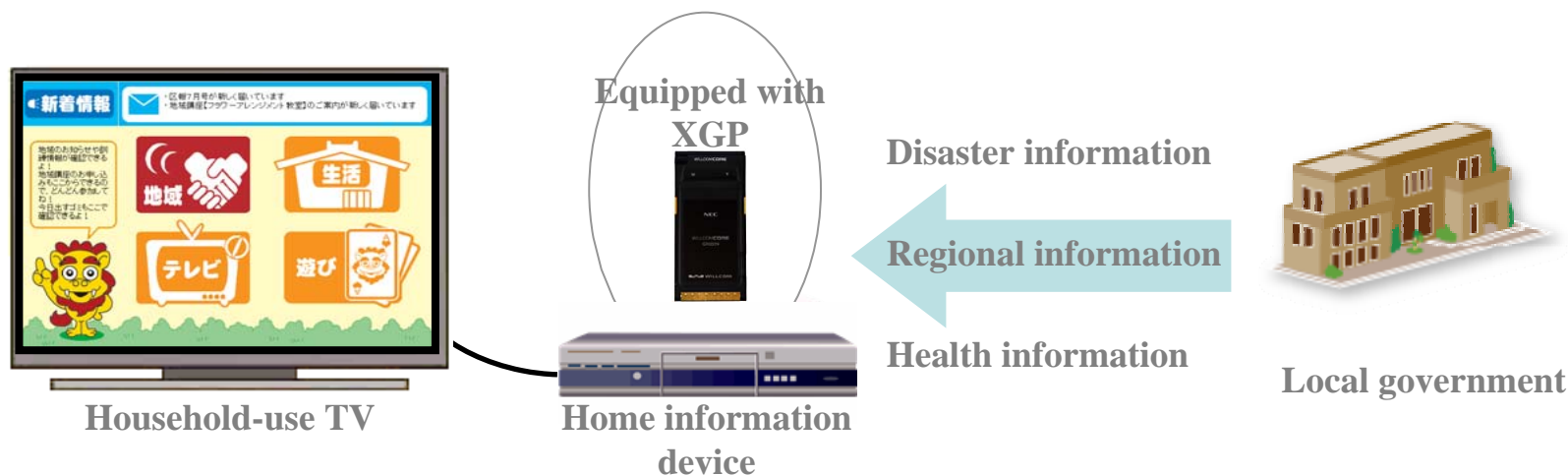
- Home information device equipped with “XGP”:

Set-top box type device which provides TV screen with various information regarding regional information for daily living.

- Regional revitalization services:

Through XGP base station, deliver various information and entertaining contents including contingency plan, regional information, medical information to each home. Other services, such as delivering local community publications, broadcasting local assembly, accepting application for public courses and provision of services tied-up with schools and hospitals are also included.

Concluded with WILLCOM, Inc. and WILLCOM OKINAWA, Inc. on comprehensive collaboration agreement for regional revitalization, to improve the life of Kin-cho of Okinawa prefecture.



Mobile



Game



Internet



Computer



Technology



# Medical/Health Information



Mobile



Game



Internet



Computer



Technology



# Creation of New Contents Distribution <2>

Equipped with additional function to search approximately 160,000 of hospitals, clinics and dental offices on "Pocket Karte", an electronic medical recording service.

- Enables users to search medical institutions at an outside location.
- Refine users' search by location, nearest transportation and department to visit.
- One click transition to retrieval screen of medical institutions just after confirmation of the own health information.

\*The number of "Pocket Karte" users reached 10,000.



Mobile



Game



Internet



Computer



Technology



# iPhone



Mobile



Game



Internet



Computer



Technology

# Creation of New Contents Distribution <3>

Application delivery for “iPhone and iPod touch”



Recorded the top sales  
in the music category at App Store



Mobile



Game



Internet



Computer



Technology

# Creation of New Contents Distribution <4>

Series of application Development and support for “iPhone and iPod touch” under the brand of “COOK”.



## “COOK” publisher

Support for magazine publisher to publish electronic books for “iPhone/iPod touch”

<Advantages>

- Acquire world-wide subscribers
- Interactive linkage with various online services such as Twitter and Facebook
- Risk-free on inventory and logistics

## “COOK” promotion

Promotional support for world-wide distribution of music and video

<Advantage>

“COOK” promotion enables direct promotion to world-wide users free from inventory and logistics.



Mobile



Game



Internet



Computer



Technology



Mobile



Game



Internet



Computer



Technology

## Music + Video



# Creation of New Contents Distribution <5>

Established a new award category, “Music Short Creative Award”, at “Short Short Film Festival & Asia”

Tied-up with “Short Short Film Festival & Asia”, the film festival authorized by Academy Award and established “Music Short Creative Award”. Launched completely new program of creating video clips.



Mobile



Game



Internet



Computer



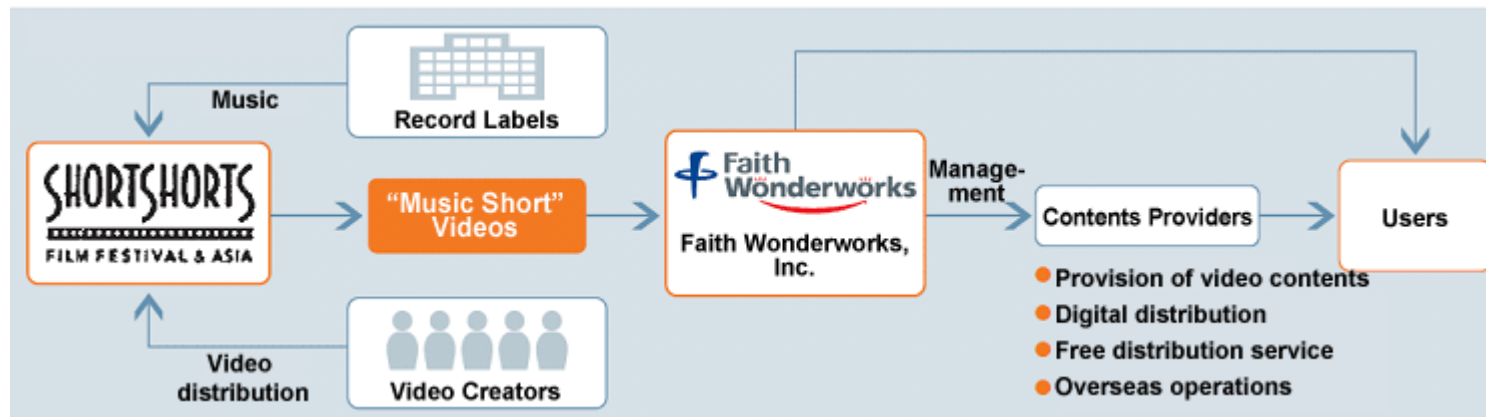
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# Creation of New Contents Distribution <5>



Established a new award category, “Music Short Creative Award”, at “Short Short Film Festival & Asia”

## Business Scheme



## List of Musical Artists

青山伸也	区 麗情	SLY TRIBES	浜野絵美
Lee Sang Eun (イ・サンウン)	元気ロケッツ	外間隆史	ハミュータ★バガボンド
泉谷しげる	KONISHIKI	タカオカアツシ	Floor on the Intelligence
INORAN	Saitone	竹内電気	細川ひとみ
IWAO	板上弘	種ともし	Hermin(ホ・ミン)
ウスベラーズ	笹川美和	千田真友美	マルカート
佐多田三斗	sun's market	着 MO	山本浩司
wooderd chiarie	THE JETZEJOHNSON	つしまみれ	LOVE PSYCHEDELICO
ウミネコサウンズ	THE JIZZ MONKS	つじあやの	Lil'
8bit Project	THE BACK HORN	トベタ・バジュン	梁 邦彦
大黒摩季	柴田淳	2+1 (Two plus One)	LAZYgunsBRISKY
ORIGA	JaccaPop	ナオミール	渡邊奈央
オトナモード	JAM Project	Nerddelic Studio Works	渡辺等
カサリンチュ	SHUUBI	西脇唯	
カラーボトル	シュリスペイロフ	野宮真貴	
木内健	JYONGRI	PAITITI	



Mobile



Game



Internet



Computer



Technology



# TV + Internet + Mobile Phone



Mobile



Game



Internet



Computer



Technology



# Creation of New Contents Distribution <6>

Launched a media integrated TV program, “MusicBirth+”



“MusicBirth+”, a TV program, created by integration of TV, Internet and mobile

Nonconventional music program realized by one-stop service, including training and management of artists, distribution and promotion of their music, and providing direction for viewers to the website.



Mobile



Game



Internet



Computer



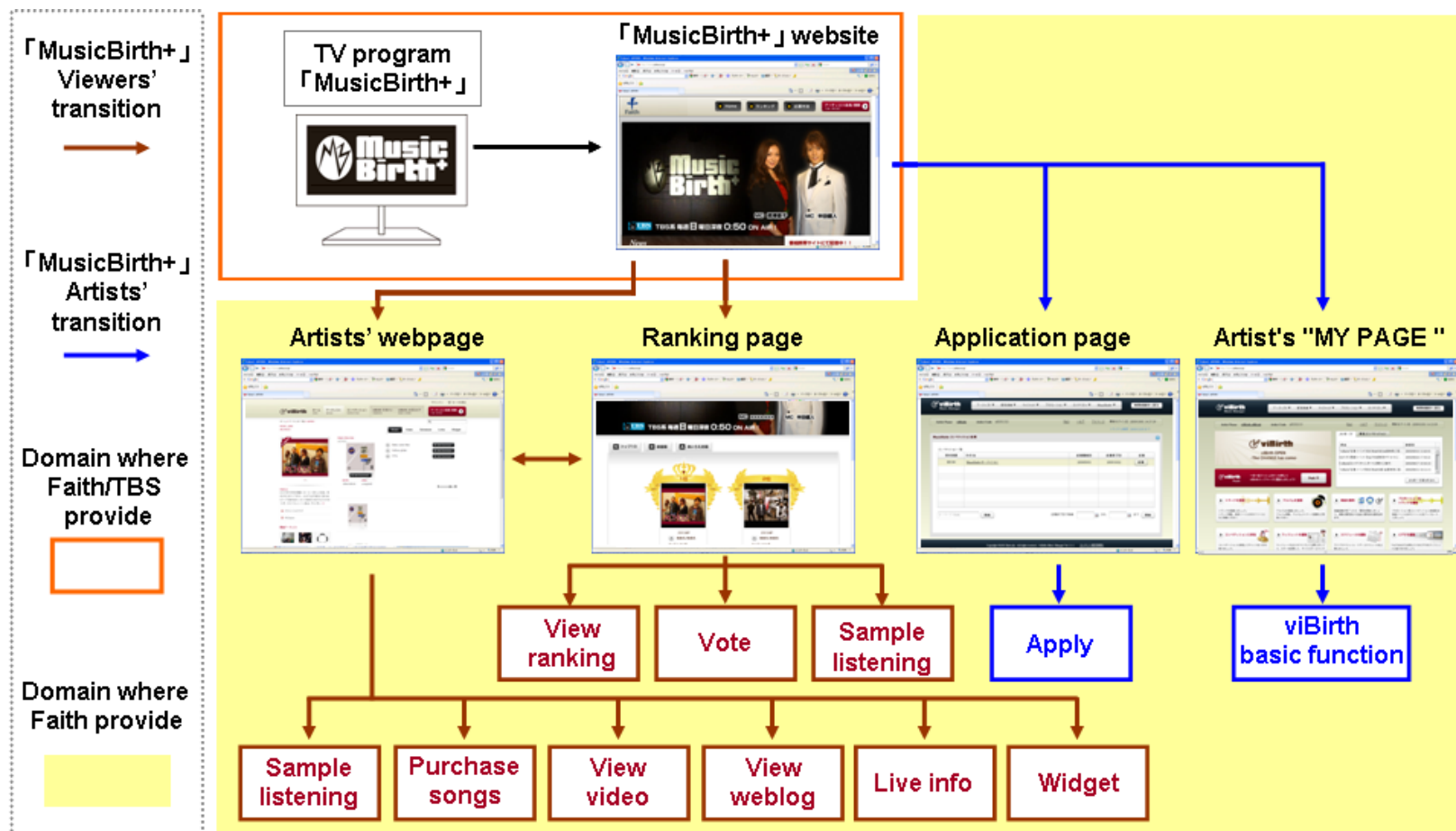
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# Creation of New Contents Distribution <6>

Launched a media integrated TV program, "MusicBirth+"



## Linkage of TV and Internet at "MusicBirth+"





# Summary



Mobile



Game



Internet



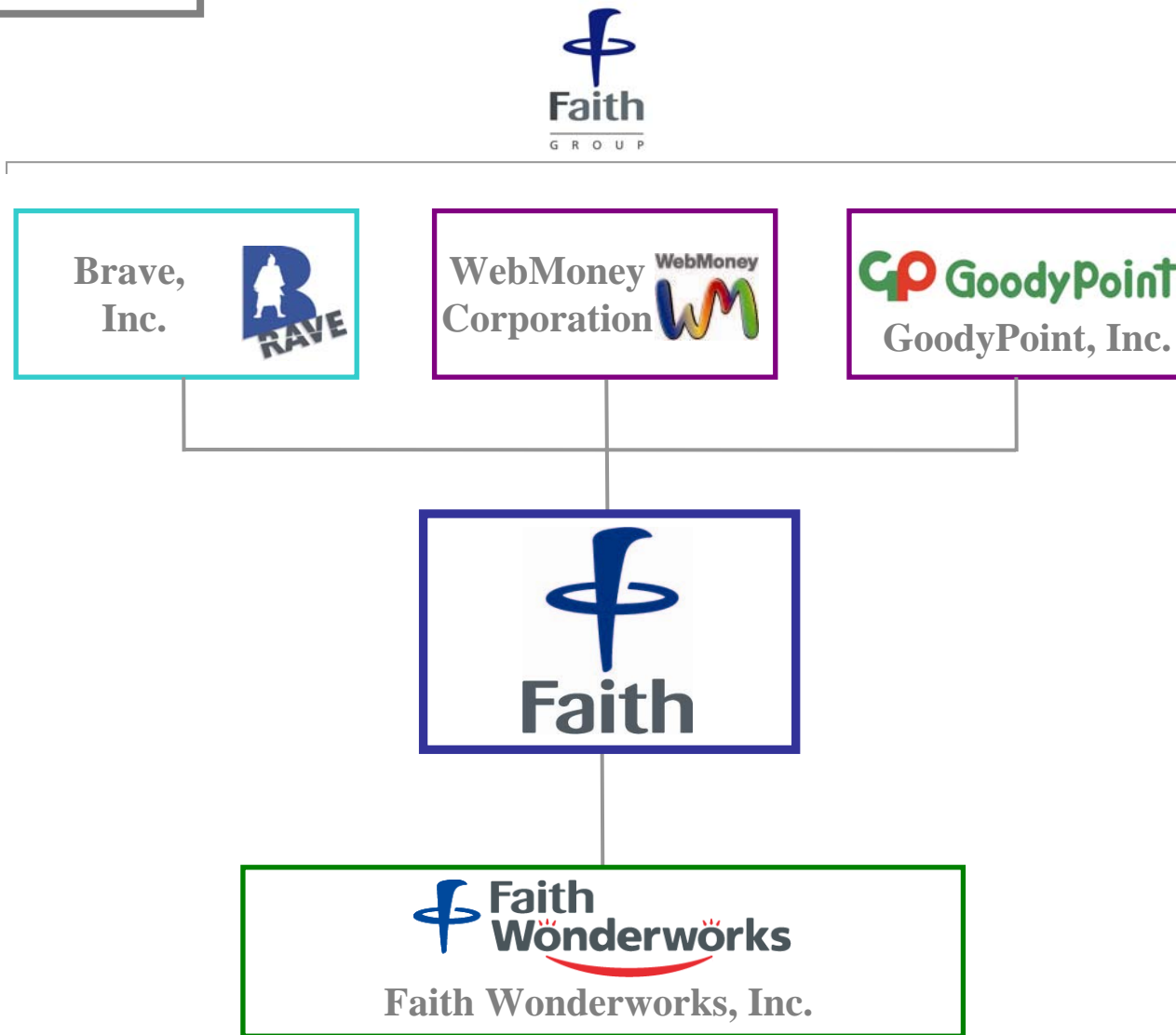
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# Faith Group Realignment

Post-realignment



Mobile



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Internet



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# Creation of New Content Distribution System



Various contents



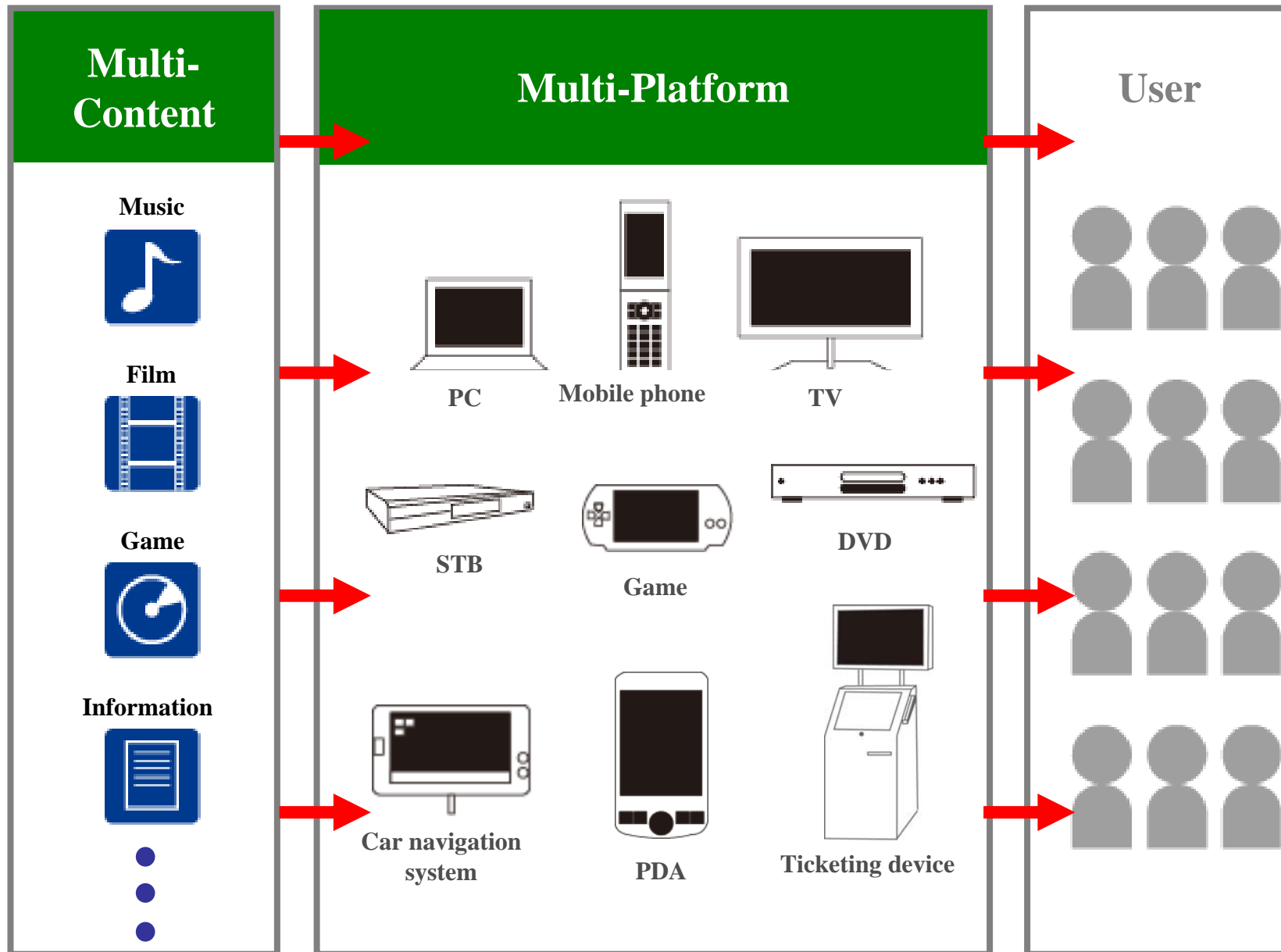
Users

-  Mobile
  -  Game
  -  Internet
  -  Computer
  -  Technology
- 37

# Creation of New Content Distribution System



Faith



Mobile



Game



Internet



Computer



Technology



Mobile



Game



Internet



Computer



Technology

# Appendix

# 1H Consolidated Financial Results by Segment



(million yen)

	FY05 2Q			FY06 2Q			FY07 2Q			FY08 2Q			FY09 2Q		
	Year-on- year change (amount)	Year-on- year change (%)		Year-on- year change (amount)	Year-on- year change (%)		Year-on- year change (amount)	Year-on- year change (%)		Year-on- year change (amount)	Year-on- year change (%)		Year-on- year change (amount)	Year-on- year change (%)	
Net sales	13,249	2,727	25.9%	20,193	6,944	52.4%	23,452	3,258	16.1%	25,291	1,838	7.8%	26,322	1,031	4.1%
Content business	6,373	983	18.2%	8,542	2,169	34.0%	8,345	▲ 196	-2.3%	6,592	▲ 1,752	-21.0%	5,004	▲ 1,588	-24.1%
Electronic Money business	6,854	1,726	33.6%	9,891	3,037	44.3%	14,300	4,409	44.6%	17,998	3,697	25.9%	20,701	2,703	15.0%
MVNO business	-	-	-	1	-	-	-	▲ 1	-	-	-	-	-	-	-
Others	21	18	544.1%	1,758	1,736	8055.5%	805	▲ 952	-54.2%	700	▲ 105	-13.1%	617	▲ 83	-11.8%
Operating profit	1,940	30	1.6%	644	▲ 1296	-66.7%	1,066	422	65.6%	907	▲ 158	-14.9%	747	▲ 160	-17.7%
Content business	1,931	▲ 85	-4.2%	1,285	▲ 646	-33.4%	785	▲ 500	-38.9%	732	▲ 52	-6.7%	387	▲ 345	-47.1%
Electronic Money business	▲ 5	101	-	210	215	-	236	26	12.4%	150	▲ 86	-36.5%	334	184	122.8%
MVNO business	-	-	-	▲ 825	-	-	-	825	-	-	-	-	-	-	-
Others	14	-	-	▲ 26	▲ 40	-	45	71	-268.1%	25	▲ 19	-43.5%	25	0	0.0%
Recurring profit	2,027	88	4.5%	563	▲ 1,464	-72.2%	884	321	57.0%	741	▲ 143	-16.2%	690	▲ 51	-6.9%
Net profit	889	▲ 124	-12.2%	▲ 653	▲ 1,542	-	960	1,613	-	287	▲ 673	-70.1%	157	▲ 130	-45.1%



Mobile



Game



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# FY09 Consolidated Financial Forecasts by Segment



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Net profit	▲ 149	100	249	-	



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**\*Either of forecasts for net sales, operating profit, recurring profit or net sales have not modified at the announcement of the financial statements for FY09 1H.**

# Amortization of Goodwill



(million yen)

	FY08		FY09		FY10 (Plan)	FY11 (Plan)	FY12 (Plan)	FY13 (Plan)
	2Q	Full year	2Q	Full year (Plan)				
WebMoney	36	73	36	73	73	73	67	34
Faith Wonderworks	1,062	2,131	1,076	2,151	2,151	380	26	20
Brave	1	3	1	3	3	3	-	-
MVP	2	4	-	-	-	-	-	-
Media Complex	7	11	-	-	-	-	-	-
Others	60	69	9	9	-	-	-	-
<b>Total</b>	<b>1,168</b>	<b>2,291</b>	<b>1,122</b>	<b>2,236</b>	<b>2,227</b>	<b>456</b>	<b>93</b>	<b>54</b>



Mobile



Game



Internet

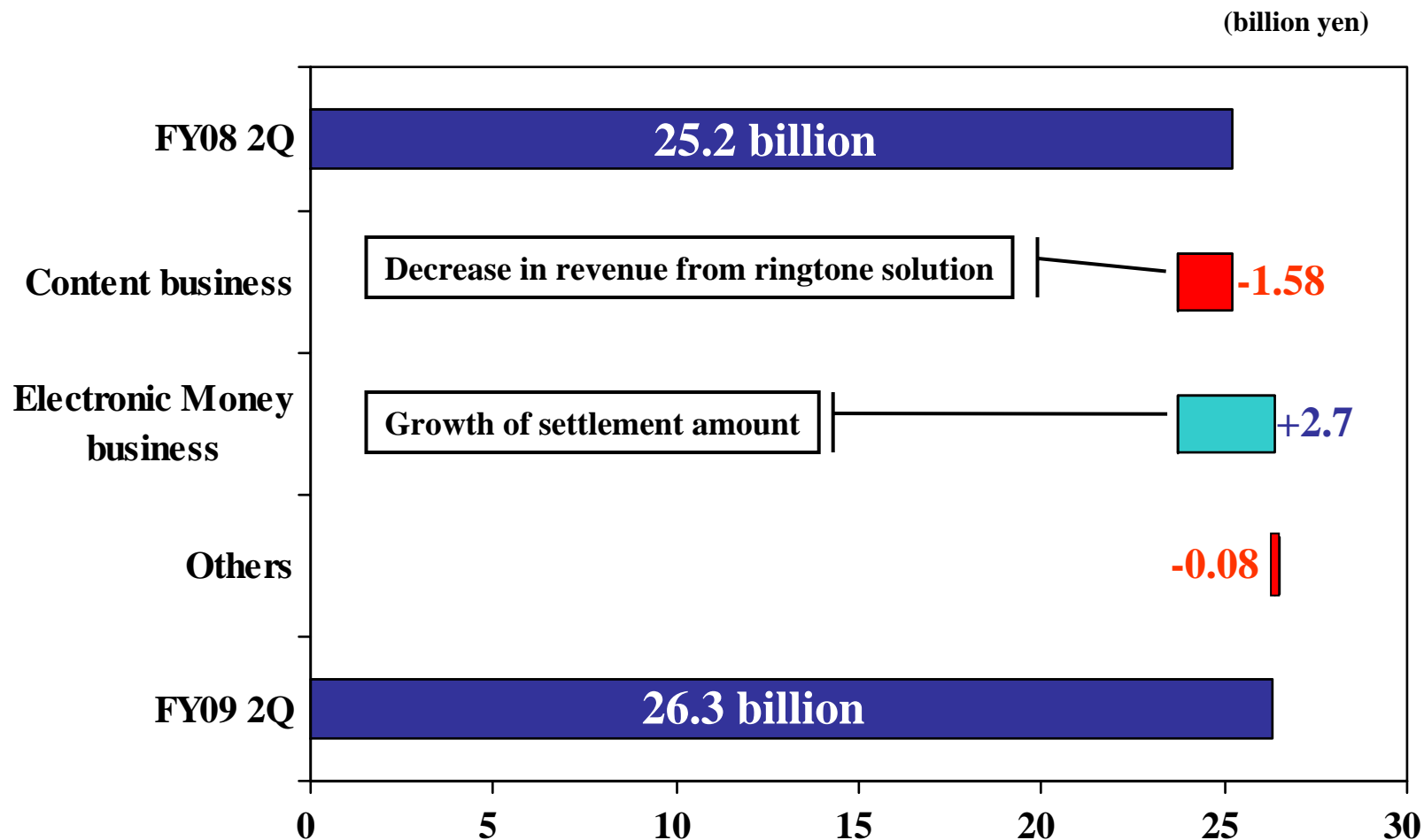


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# FY09 1H Consolidated Net Sales (year-on-year basis)



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# FY09 1H Operating Profit (year-on-year basis)



Mobile



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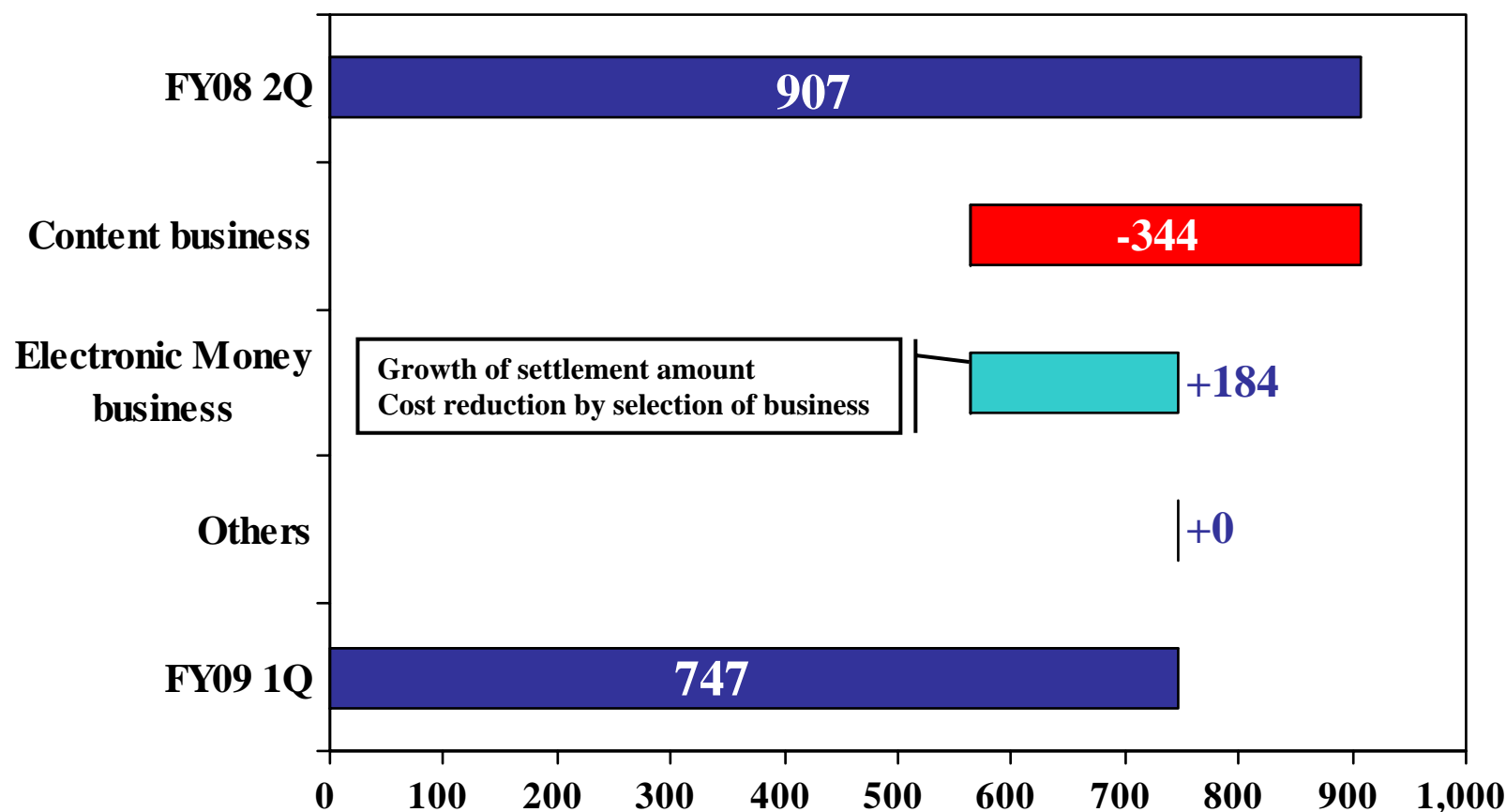


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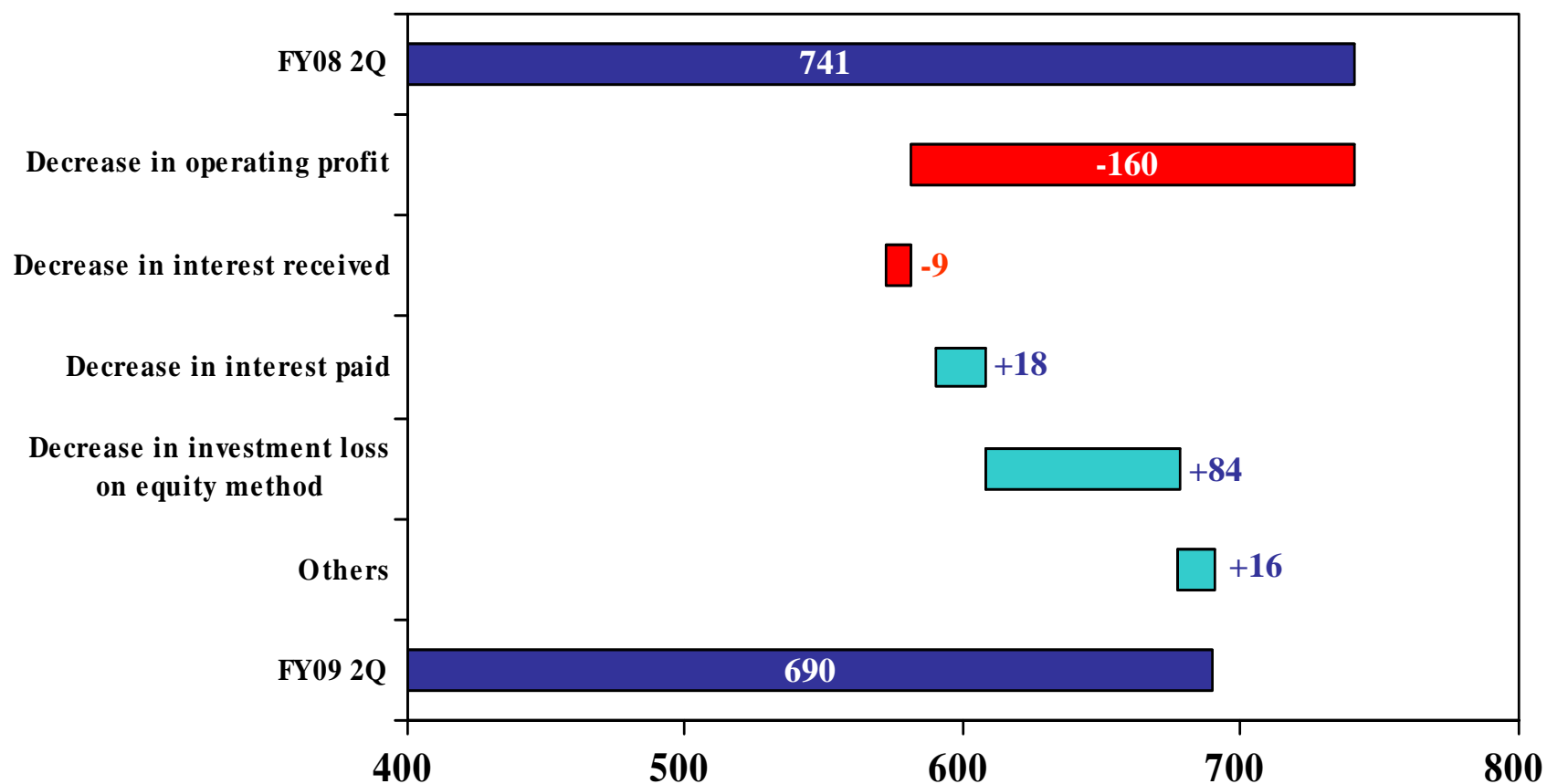
(million yen)



# FY09 1H Recurring Profit (year-on-year basis)



(million yen)



mobile



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internet



computer

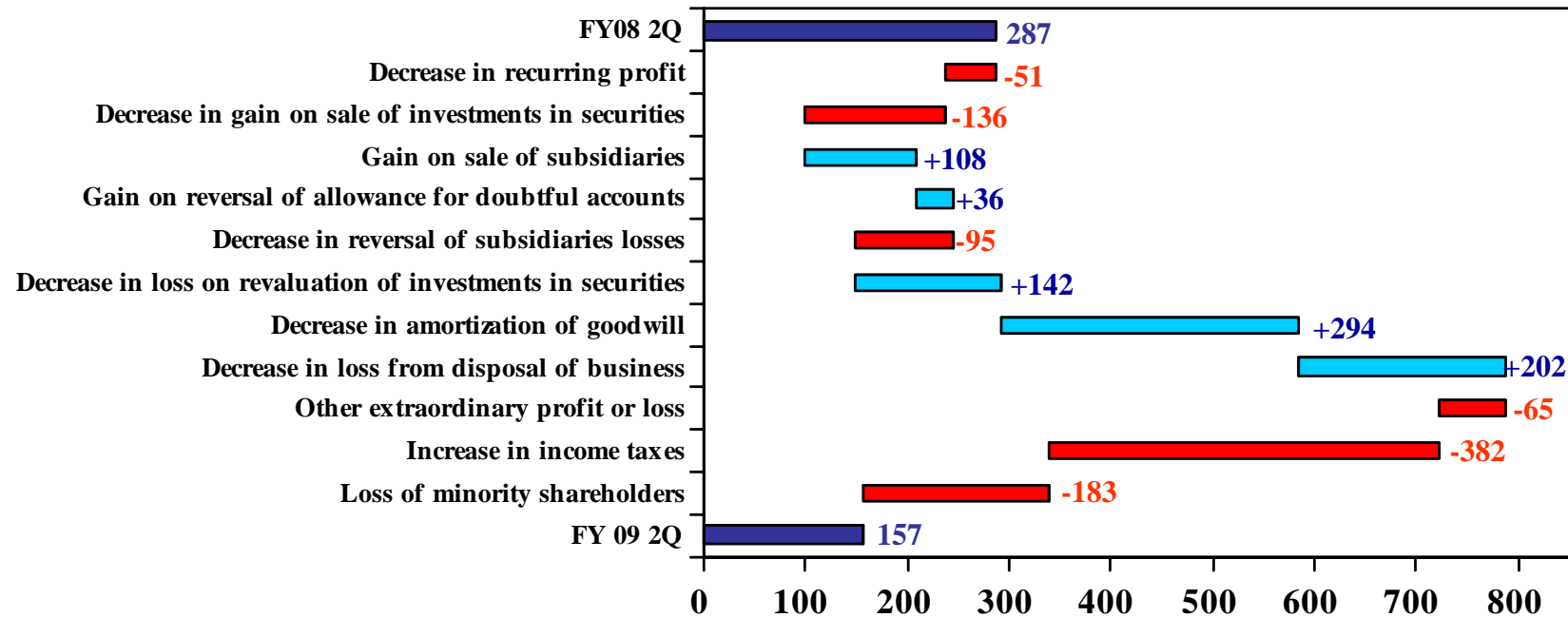


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# FY09 1H Net Profit (year-on-year basis)



(million yen)



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## Notice

**This document and its supporting documents contain 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.**



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