



Consolidated Financial and Business Results FY09 (Ended March 2010)

Faith, Inc.
May 14, 2010



Mobile



Game



Internet



Computer



Technology

Agenda



1. Consolidated Financial Results for the FY09
(Ended 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 FY10
(Ending March 2011)

3. Business Strategies

- Faith Group's Business Realignment
- Creation of New Contents Distribution



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Consolidated Financial Results for the FY09 (Ended March 2010)



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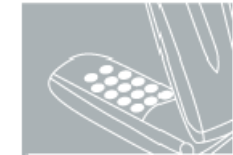
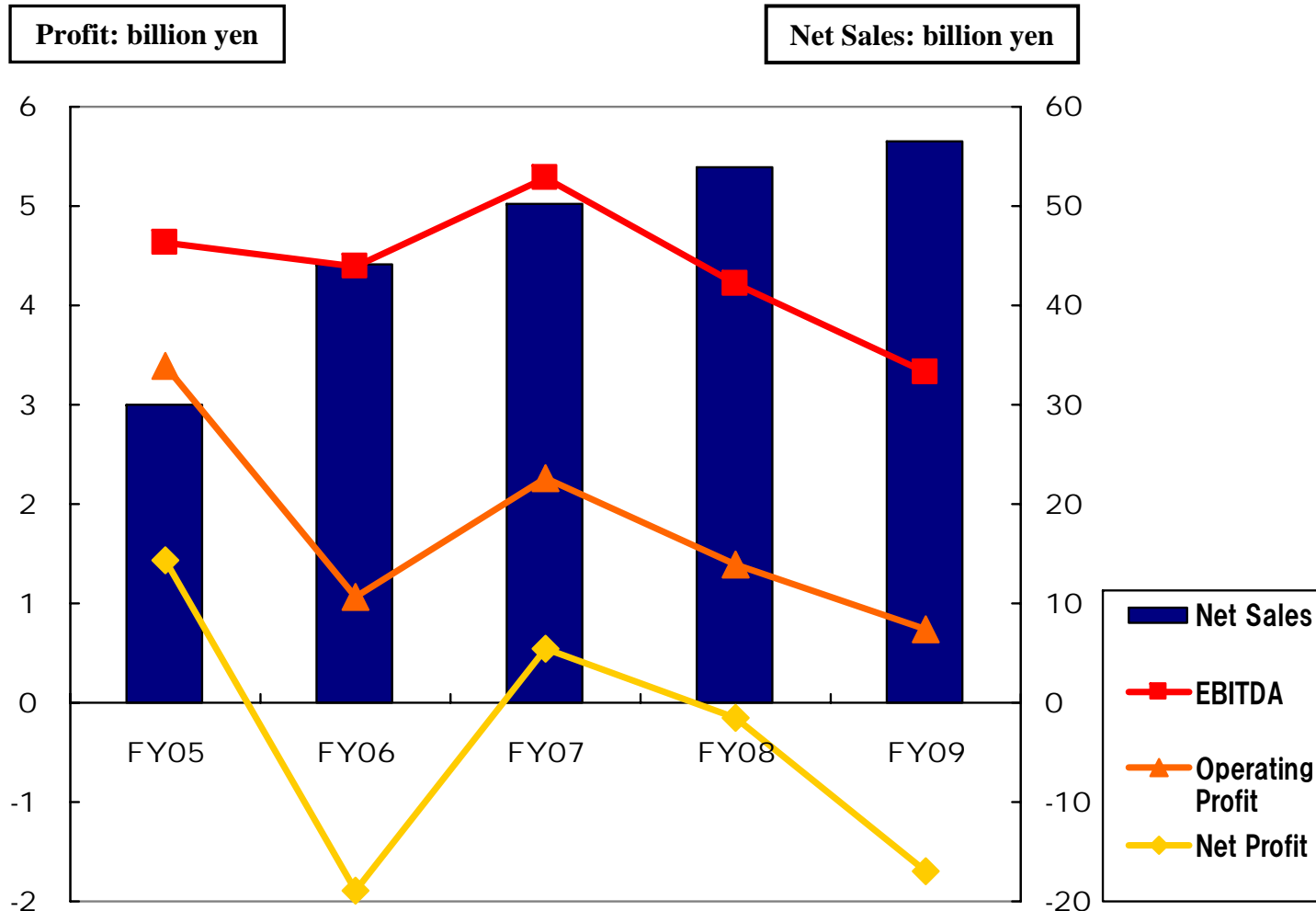


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Highlights of Consolidated Financial Results



Achieved continuous growth in net sales due to the expansion of the Electronic Money business. Operating profit and recurring profit decreased, and net loss posted extraordinary loss related to the reversal of foreign currency translation adjustment account caused by the exclusion of foreign subsidiaries from consolidation.



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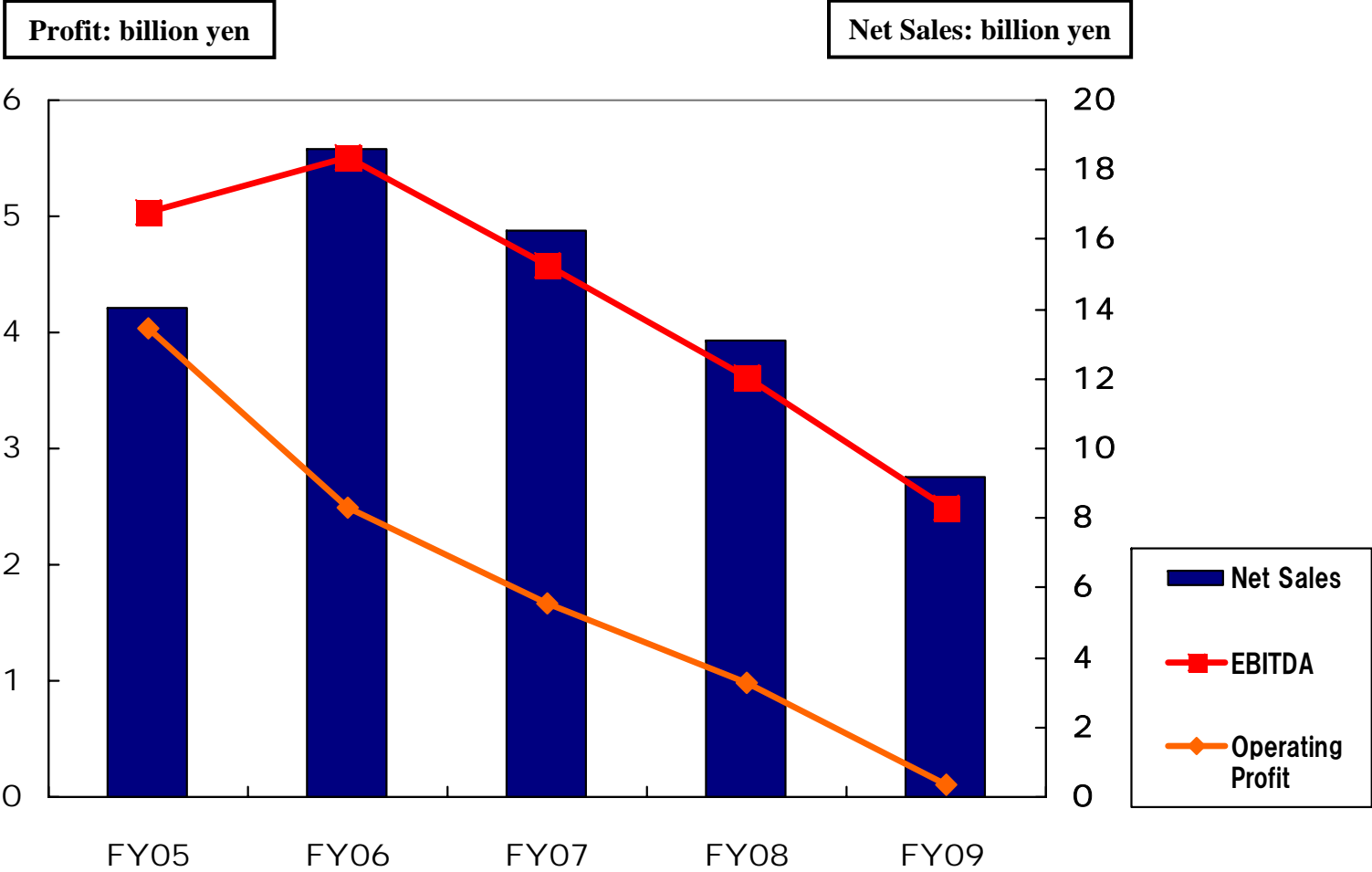


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Results of the Contents Business during FY09



Net sales decreased due to the decline of ringtone business revenue and the business realignment. Profits also decreased due to the upfront investments on the platform for the new contents distribution.



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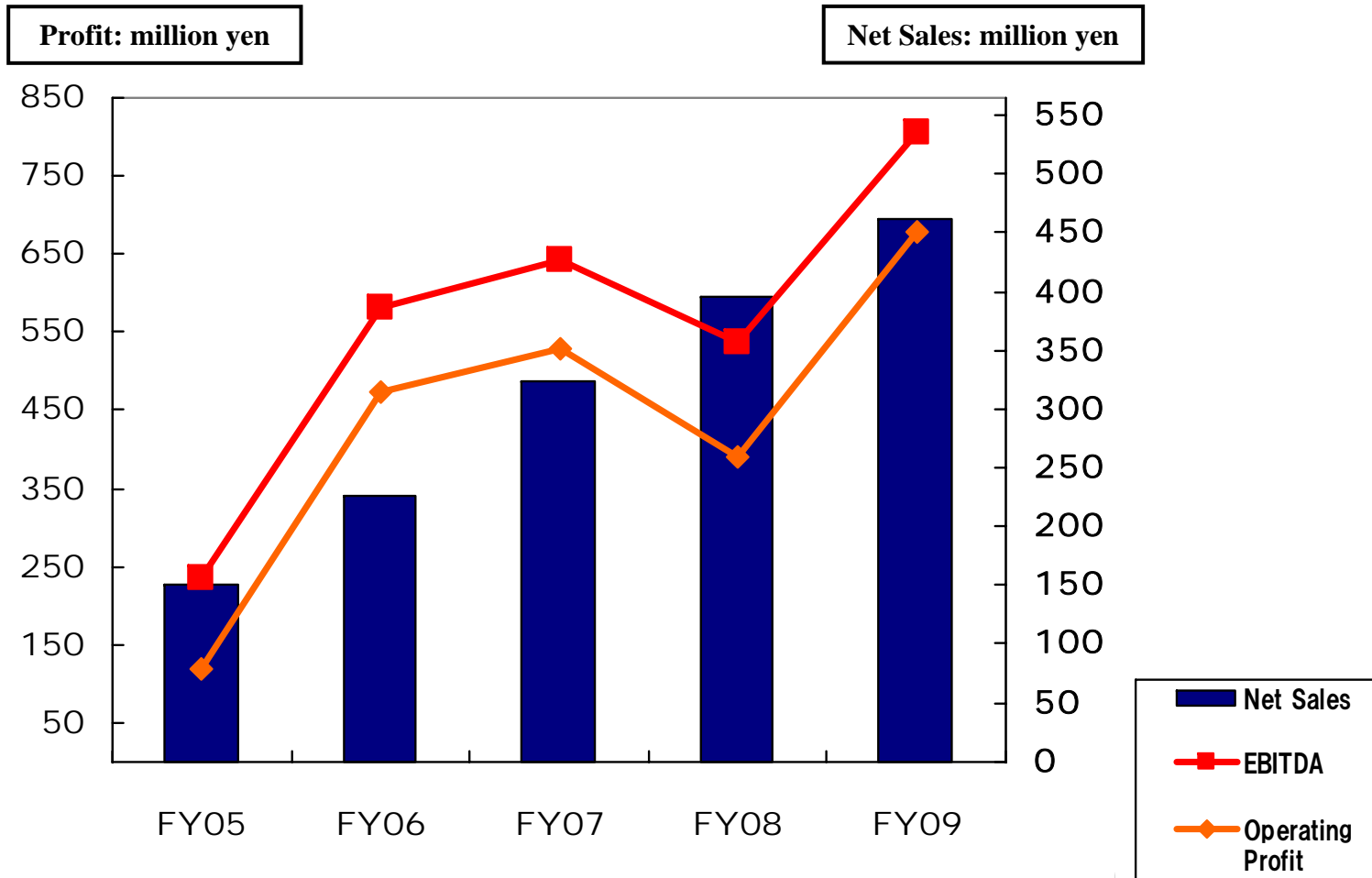


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Results of the Electronic Money Business during FY09



Net sales and profit achieved continuous high growth driven by the increase in the total value of settlement mainly in the online game category.



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**Highlights of Business Development
during the FY09**



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Highlights of Business Development during FY09



Content Distribution Business - 1

- Launched “UTAMO”, a Karaoke application service for iPhone.
- Improved “KASIMO”, an automatic lyric display service for iTunes users, by adding a new download function, and enabling users to enjoy hundred thousand lyrics on iPhone® and iPod®
- Launched “COOK” Publisher, the application for iPhone / iPod touch to support digital book publishing and linkage to other communication tools including “Twitter” and “Facebook”.
- Launched a film production of “Kokuhaku” after a big hit of “Paco and the Magical Book” which Tetsuya Nakajima directed.
- Expanded the NFRM™ service for SoftBank mobile in addition to NTT DOCOMO on the video distribution site provided by Asahi Broadcasting Corporation.



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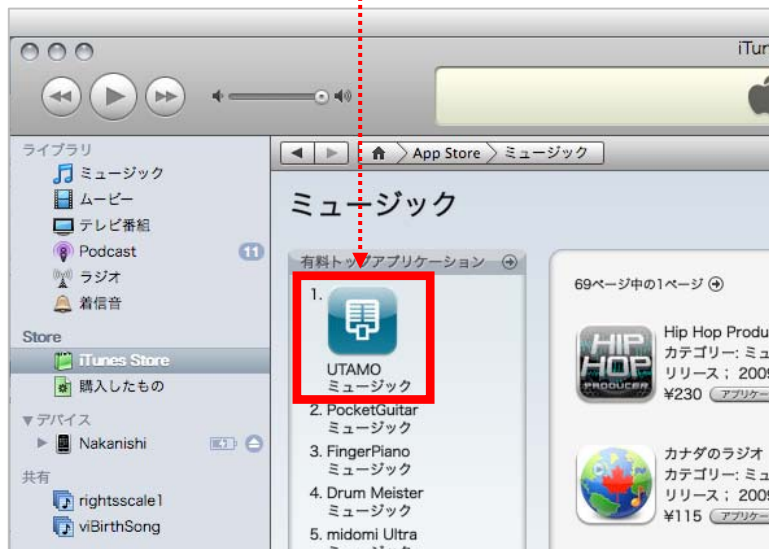
Technology

BtoC service for iPhone

Karaoke application for iPhone

UTAMO 

- Recorded the top sales in the music category at App Store
- Selected one of the top seller application during 2009 at iTunes



Automatic lyric display service for iTunes users

KASIMO

- Reached 79,000 Download



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Technology

BtoB service for iPhone

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

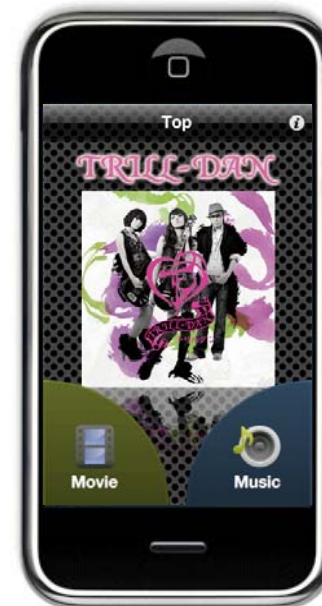


“COOK” Publisher

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

“COOK” Promotion

Promotional support for world-wide distribution of music and video



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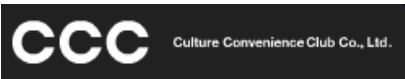
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Film “Kokuhaku”

Launched a film production of a bestseller book "Kokuhaku," written by Kanae Minato, with a consortium including Toho Co.,Ltd. and major entertainment companies. This film is the latest work produced by Tetsuya Nakajima, the director, and Yuji Ishida, the producer and the vice president of Faith Wonderworks, Inc., the same pair who had produced a big hit "Paco and the Magical Book" in 2008.



©“Kokuhaku” Film Partners



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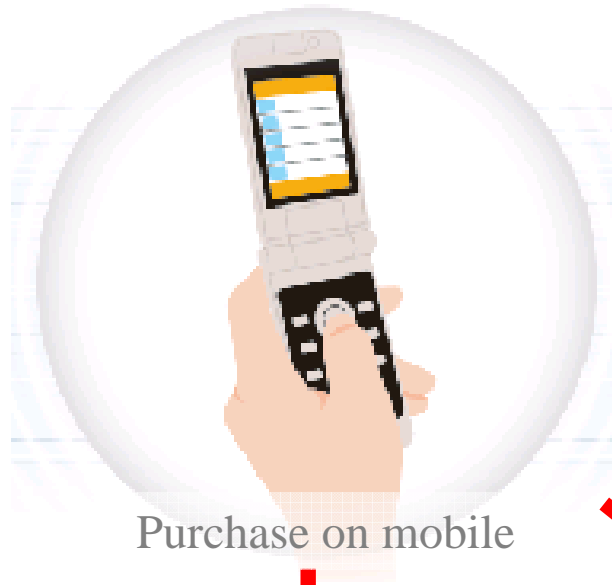


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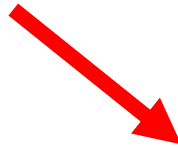
NFRM™ Service



Purchase on mobile



View on mobile



View on PC



View on TV



Mobile



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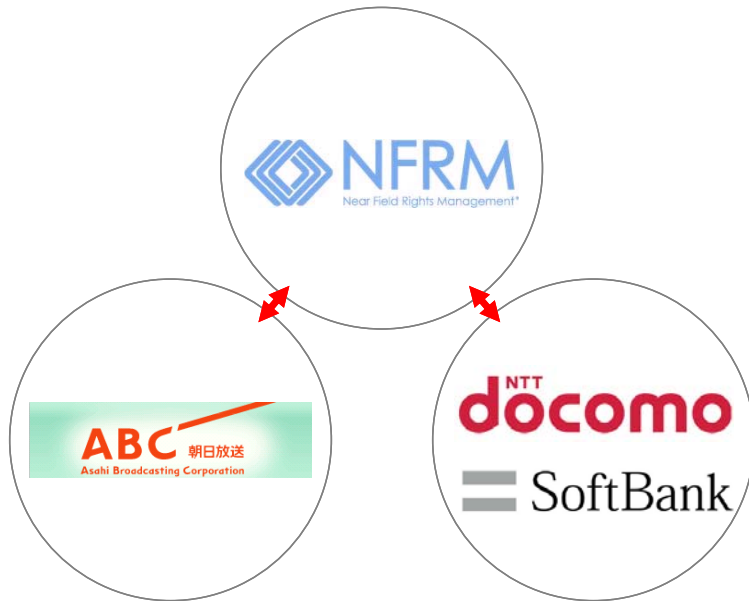
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NFRM™ Service

Expanded the service for
SoftBank mobile



Launched service via NTT
Smartconnect Corporation



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Highlights of Business Development during FY09



Content Distribution Business - 2

- Launched cooperative program with “Short Shorts Film Festival & Asia” to expand the distribution business of new contents created by integration of music and short film.
- Cooperated with TBS to launch “MusicBirth+”, a TV program, created by integration of TV, Internet and mobile.
- Improved “Pocket Karte”, a personal medical recording system, by adding search function of 160,000 medical institutions such as hospitals, clinics and dentists.
- Started demonstration experiment of digital receipt service which helps the paperwork for the medical expense deduction. The service adopted for "ICT International Competitiveness Enhancement Program ("Ubiquitous special zones" business)" of the Ministry of Internal Affairs and Communications.
- Acquires shares in Columbia Music Entertainment and welcomes CME to the Group to establish strategic partnership.



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Creation of New Contents Distribution (SSFF)

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

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



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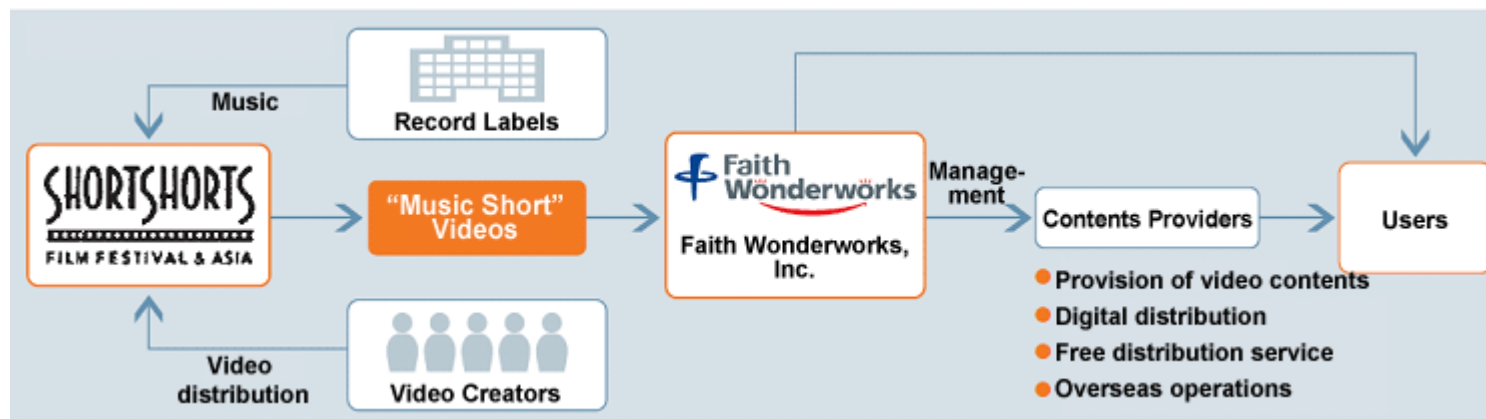


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Creation of New Contents Distribution (SSFF)



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	ハミュダ★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	坂上弘	種ともこ	Hermin(ホ・ミン)
ウスベラーズ	笹川美和	千田真友美	マルカート
佑多田三斗	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	Lii'
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
カザリンチュ	SHUUBI	西脇唯	
カラーボトル	シュリスベイロフ	野宮真貴	
木内健	JYONGRI	PAITITI	



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Creation of New Contents Distribution (MusicBirth+)

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.



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Creation of New Contents Distribution (Pocket Karte)



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.



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Creation of New Contents Distribution (Digital Receipt)



Service transition

①



Medical institutions or drugstores issue receipts

②



Read the receipt data on mobile phone and access the site

③

日付	タイトル	詳細	削除
01.01.01	〇〇病院	詳細	削除
02.01.01	〇〇薬局	詳細	削除
03.01.01	〇〇クリニック	詳細	削除
04.01.01	〇〇病院	詳細	削除

Linkage with Pocket Karte enables users to register records and information

④



Simplifies paperwork for the medical expense deduction



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Technology

Creation of New Contents Distribution (Partnership with CME)



Acquires shares in Columbia Music Entertainment and welcomes CME to the Group to establish strategic partnership

Evolve around music-related business...

- Contents business mainly of film or short film
- Online game business
- Artist promotion utilizing mobile and internet



Create new business proceeding utilization of extensive music resources in addition to artists branding and promotion.



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Highlights of Business Development during FY09



Electronic Money Business

- WebMoney launched interpersonal transaction services of electronic money, “Petit-Kampa” and “Soku-Furi”.
- WebMoney started CM distribution widget, “manna”, in cooperation with AIDIA Inc.
- WebMoney held an event, “ONLINE GAME messe. 2009”, one of the largest live event of online games in Japan.



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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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Further Expansion of Online Game Market

Held “ONLINE GAME messe. 2009” as a place of communication for game fans, creators and operating companies



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Enhancement of Users' Environment

The Online Game market expands and settlement through mobile site including “Mobage-Town” and “GREE” increased.



The image displays two mobile website screenshots. The top screenshot is for Mobage-Town, a DeNA site, featuring a navigation bar with 'PCからもMobage-Townをご利用いただけます' and various game banners. The bottom screenshot is for GREE, showing a '無料登録' (Free Registration) banner, a login form with fields for email and password, and a sidebar with community features like 'ブログ&コミュニティ' and '無料ミニゲーム'.



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**Full-Year Forecast of Consolidated
Financial Results for the FY10**



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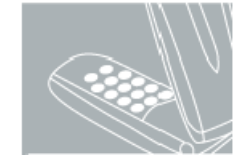
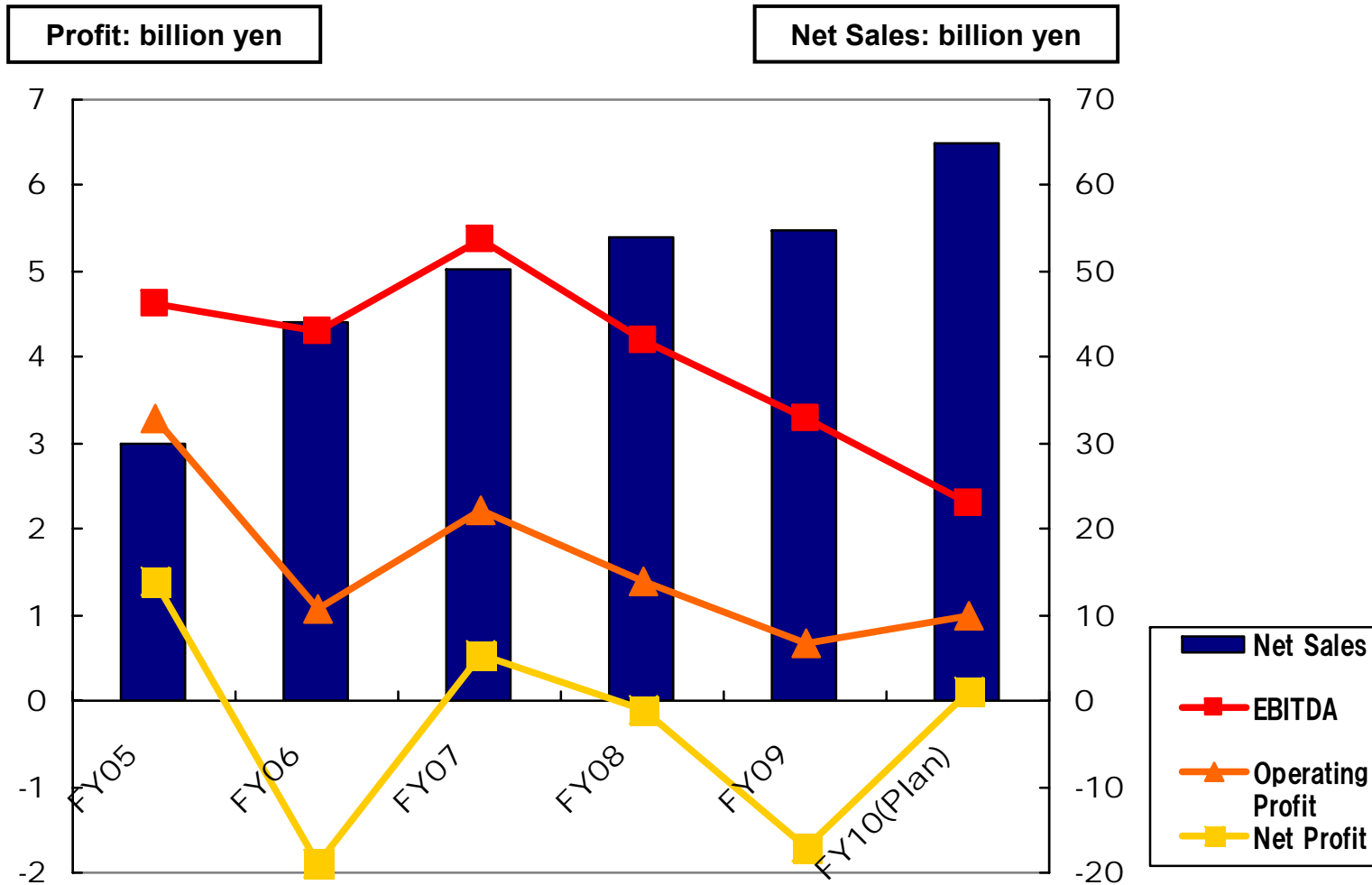


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FY10 Financial Forecast for the Business Results



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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FY10 Consolidated Financial Forecasts by Segment



(million yen)

	FY09	FY10 (Plan)	Year-on-year change (amount)	Year-on-year change (%)
Net Sales	56,634	65,000	8,366	14.8%
Content Business	9,269	8,200	▲ 1,069	-11.5%
Electronic Money	46,237	55,500	9,263	20.0%
Others	1,128	1,300	172	15.2%
EBITDA	3,326	2,300	▲ 1,026	-30.8%
Content Business	2,485	1,480	▲ 1,005	-40.4%
Electronic Money	805	800	▲ 5	-0.6%
Others	57	20	▲ 37	-64.9%
Operating Profit	735	1,000	265	36.0%
Content Business	11	240	229	2081.8%
Electronic Money	679	680	1	0.1%
Others	45	80	35	77.8%
Recurring Profit	627	850	223	35.4%
Net Sales	▲1,755	100	1,855	-



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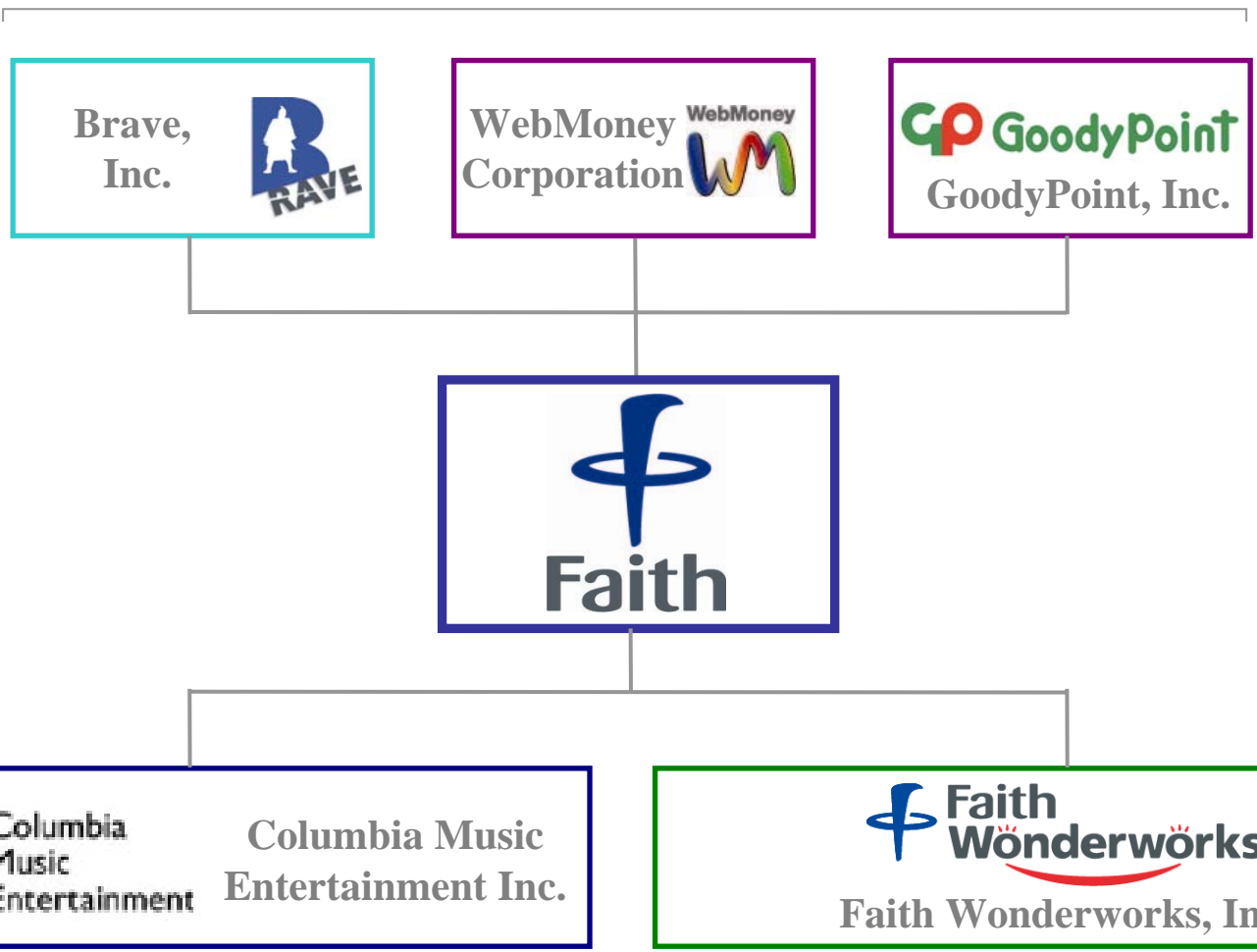


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Growth Strategy

Faith Group Realignment

Post-realignment



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Market Environment<1> Evolution of hardware, network and contents



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Market Environment<2> Advent of New Media



The collage features three overlapping digital media interfaces:

- Ustream (top left):** A live streaming platform interface. It shows a video player with a speedometer-themed video frame, a chat window on the right, and navigation tabs for 'All Live', 'Music', 'Sports', etc. The video title is 'Superbike, Cycling and Snooker Live'.
- Twitter (top right):** A user profile for 'Weezer'. The profile includes a bio, location (Los Angeles), and a list of tweets. One tweet reads: '04/26 Edmonton Sonic Boom /all: ...folks, here's another ng summer weezer show fo... bit.ly/9Cyou9 from =w= ace.' There is also a promotional banner for '極上のロールケーキ' (Premium Roll Cake).
- YouTube (bottom):** A video player for a channel named 'ウェブマネー' (WebMoney). The video title is '『第1弾-オープニング編』ウェブマネー主催 ONLINE GAME messe.2009'. The video shows a stage event with a large screen displaying a character. The interface includes video controls and a list of related videos on the right.



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Game



Internet



Computer

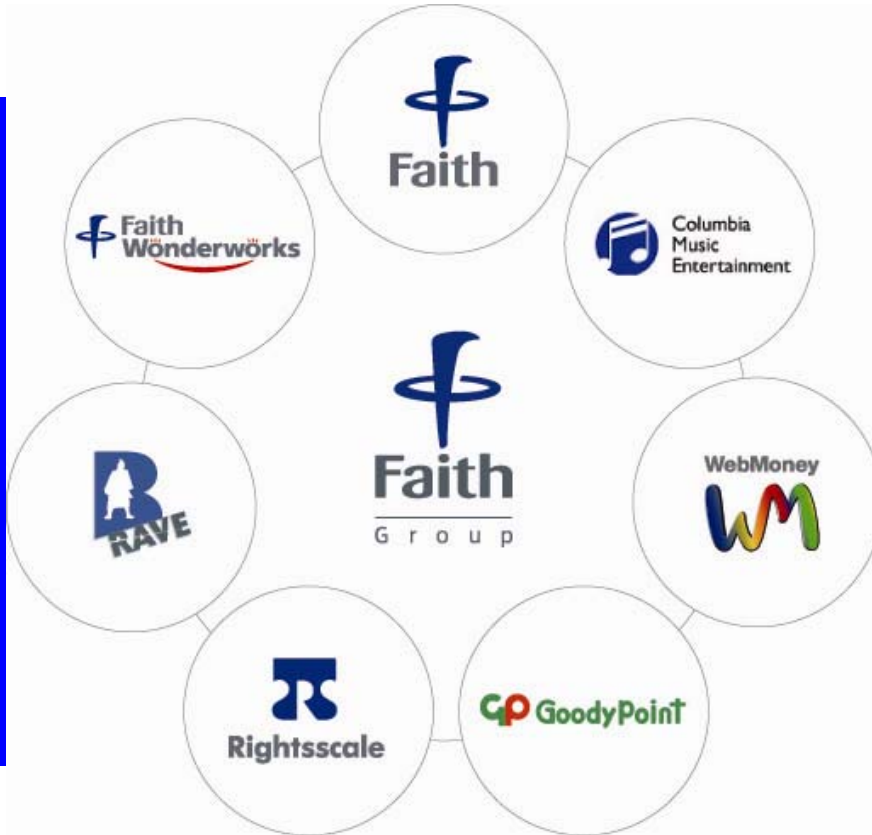


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Faith Group Companies



Various contents



Users



Mobile



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Internet



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Creation of New Contents Distribution



■ New structure of video content distribution

⇒ **Short Shorts Film Festival & Asia**

■ New structure of music content distribution

⇒ **MusicBirth+**

■ New Structure of music content distribution

⇒ **Establishment of strategic partnership with
Columbia Music Entertainment**



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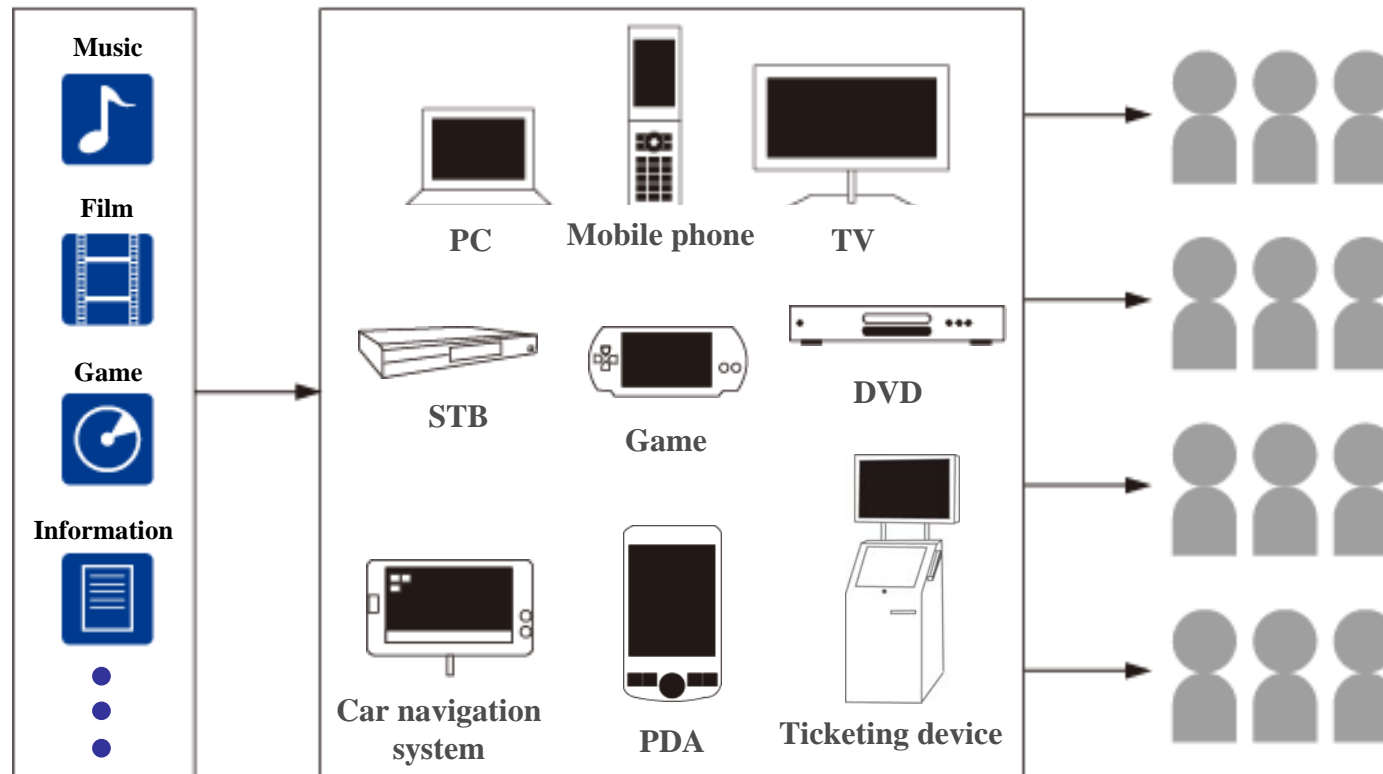
Multi-Platform and Multi-Content Strategies



Multi-Content

Multi-Platform

User



Mobile



Game



Internet



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



Mobile



Game



Internet



Computer



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Appendix

Consolidated Financial Results by Segment (year-on-year change)



(million yen)

	FY08	FY09	Year-on-year change (amount)	Year-on-year change (%)
Net Sales	53,957	56,634	2,677	5.0%
Content Business	13,105	9,269	▲ 3,836	-29.3%
Electronic Money Business	39,472	46,237	6,765	17.1%
Others	1,378	1,128	▲ 250	-18.1%
EBITDA	4,208	3,326	▲ 882	-21.0%
Content Business	3,608	2,464	▲ 1,144	-31.7%
Electronic Money Business	537	805	268	49.9%
Others	77	57	▲ 20	-26.0%
Operating Profit	1,425	735	▲ 690	-48.4%
Content Business	990	11	▲ 979	-98.9%
Electronic Money Business	388	679	291	75.0%
Others	46	45	▲ 1	-2.2%
Recurring Profit	994	627	▲ 367	-36.9%
Net Sales	▲ 149	▲ 1,755	▲ 1,606	-



Mobile



Game



Internet



Computer



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Consolidated Balance Sheet (year-on-year change)



■ End of March
2009

■ End of March
2010

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		
Accounts and notes receivable 6.9 billion	Long-term loans 2 billion	
	Fixed liabilities 2.5 billion	
Current assets 22 billion		
Tangible fixed assets 0.4 billion	Capital stock 3.2 billion	Total assets 30.5 billion yen
Intangible fixed assets 5.6 billion	Capital surplus 3.7 billion	
Investment securities 1.7 billion	Accumulated profit 7.3 billion	
Fixed assets 8.4 billion	Net assets 14.4 billion	

Cash equivalent 9 billion	Short-term loans 2.4 billion	Total liabilities 16.9 billion includes Liability with interest 3.9 billion
	Trade notes and accounts payable 7.1 billion	
Current liabilities 15.1 billion		
Accounts and notes receivable 6.3 billion	Long-term loans 1.5 billion	
	Fixed liabilities 1.8 billion	
Current assets 17.2 billion		
Tangible fixed assets 2.9 billion	Capital stock 3.2 billion	Total assets 29.9 billion yen
Intangible fixed assets 1.8 billion	Capital surplus 3.7 billion	
Investment securities 7.4 billion	Accumulated profit 5.4 billion	
Fixed assets 12.7 billion	Net assets 12.9 billion	



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Amortization of Goodwill



(million yen)

	FY09	FY10 (Plan)	FY11 (Plan)	FY12 (Plan)	FY13 (Plan)	FY14 (Plan)
WebMoney	77	83	83	77	45	8
Faith Wonderworks	3,566	938	178	26	20	-
Others	15	-2	-2	-2	-2	-1
Total	3,658	1,019	259	101	63	7

※Posted 1,420 million yen of Extraordinary loss from amortization of goodwill during FY09.



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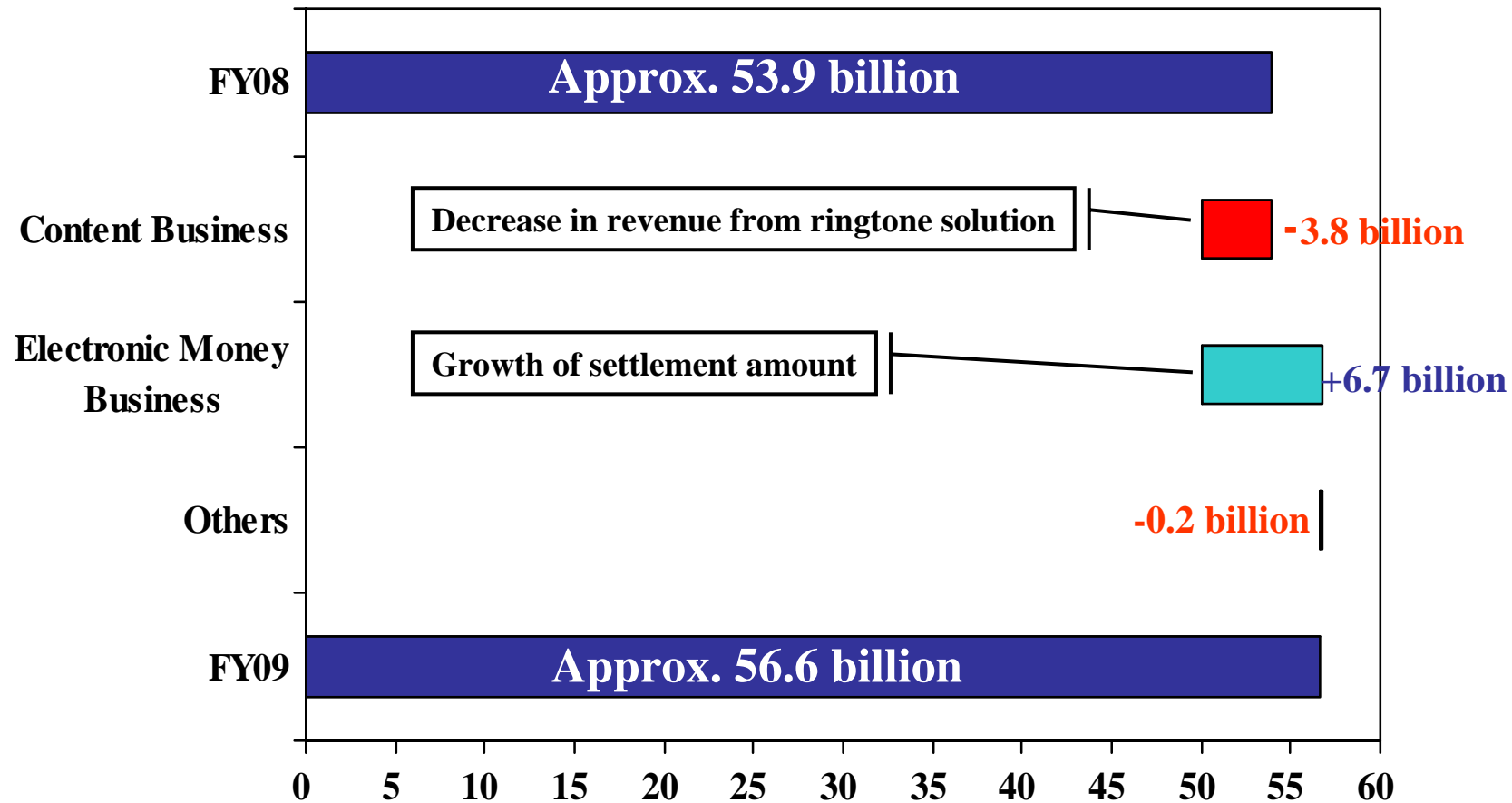


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FY09 Consolidated Net Sales (year-on-year basis)



(billion yen)



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FY09 Operating Profit (year-on-year basis)



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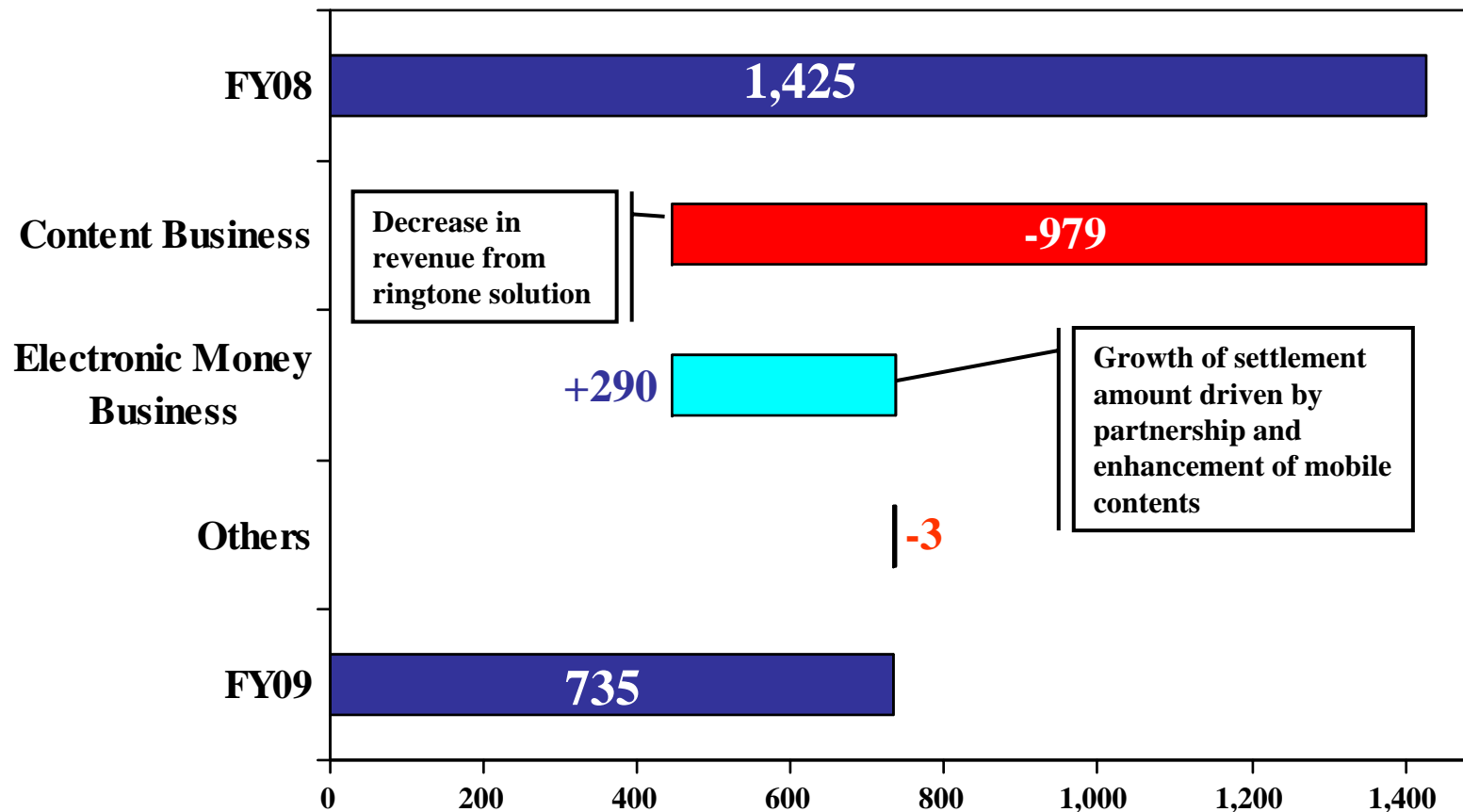


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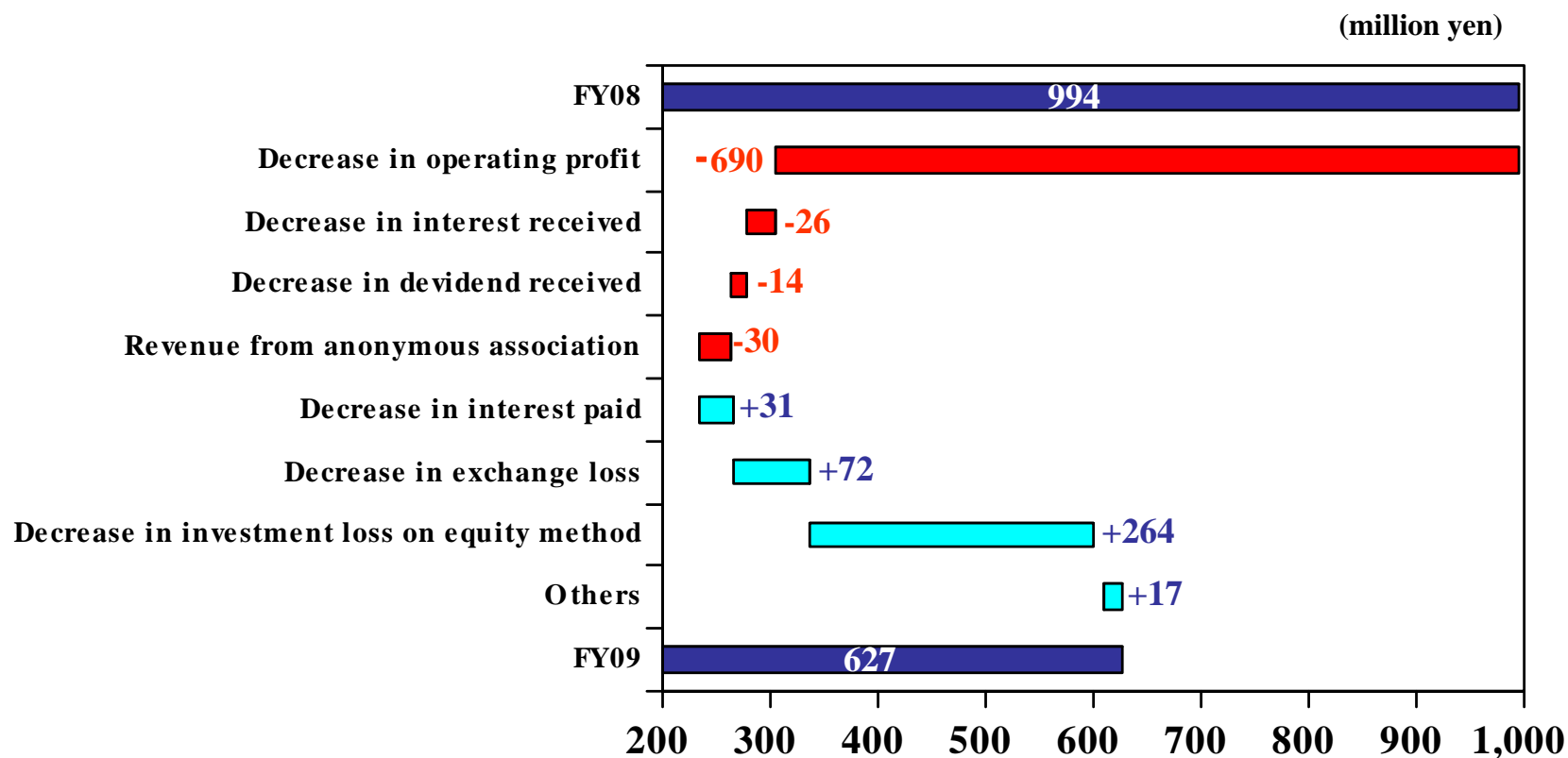


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(million yen)



FY09 Recurring Profit (year-on-year basis)



Mobile



Game



Internet



Computer

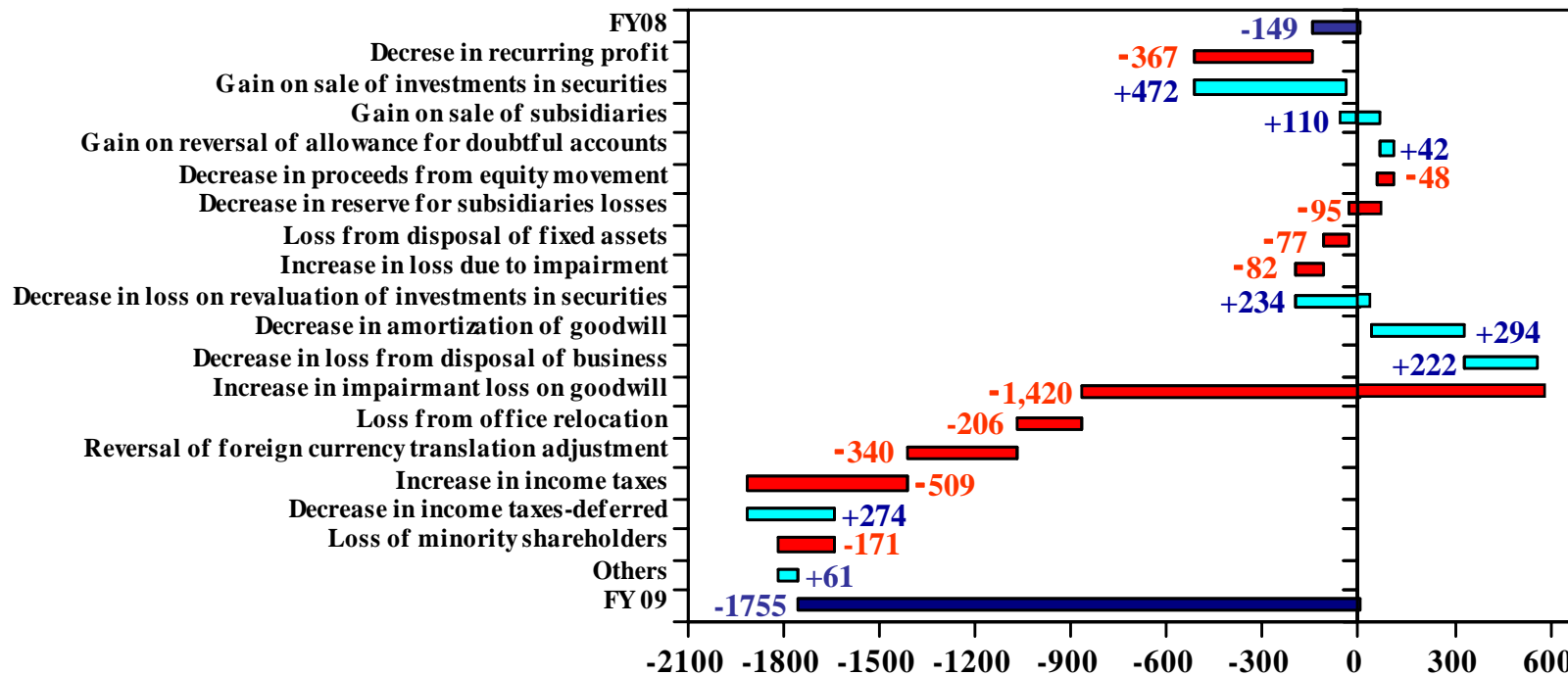


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FY09 Net Profit (year-on-year basis)



(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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