STATEMENT OF ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2015 AND FORECASTS FOR THE YEAR ENDING MARCH 2016

This is an English translation of summarized consolidated financial results prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

May 15, 2015

Faith, Inc. (Stock code 4295, Listed on TSE 1st section)
(URL http://www.faith.co.jp/)
Representative; Hajime Hirasawa, President and CEO,
Contact; Jiro Saeki, Director and CFO Tel: +81-03-5464-7633
Date of General Meeting of Shareholders: June 26, 2015
Date of Submission of Annual Security Report: June 29, 2015
Starting Date of the Dividend Payment: June 29, 2015
Preparation of Supplementary Materials for Financial Results: Applicable
Information Meeting for Financial Results to be Held: Applicable (for Institutional Investors and Analysts)

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the Fiscal Year Ending March 2015 (From April 1, 2014 to March 31, 2015)

(1) Consolidated Operating Results

(Percentages indicate changes compared with the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year ending	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%
March 2015	19,597	209.1	△891	—	862	—	3,340	—
March 2014	6,340	△5.8	508	△49.8	586	△47.6	403	△63.7

(Note) Comprehensive income: fiscal year ending March 2015: ¥3,981 million (—%); fiscal year ending March 2015: ¥357 million (△68.9%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity Capital	Ordinary Income on Total Assets	Operating Income on Net Sales
Year ending	*Yen*	*Yen*	%	%	%
March 2015	△295.46	—	△17.7	△3.1	△4.6
March 2014	35.44	—	2.0	2.2	8.0

(Reference) Equity in earnings of associated companies: fiscal year ending March 2015: ¥56 million/fiscal year ending March 2014: ¥15 million

(Note) With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share. For this reason, the net income per share is calculated under the supposition that the stock split had taken place at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital	Net Assets per Share
Year ending	*Millions of yen*	*Millions of yen*	%	*Yen*
March 2015	25,835	17,723	65.5	1,540.23
March 2014	29,887	22,340	69.6	1,825.44

(Reference) Equity capital: fiscal year ending March 2015: ¥16,918 million; fiscal year ending March 2014: ¥20,792 million

(3) Consolidated Cash Flow Results

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at Year End
Year ending	*Millions of yen*	*Millions of yen*	*Millions of yen*	*Millions of yen*
March 2015	9	△1,456	△634	9,346
March 2014	1,715	4,093	△521	11,415

2. Dividends

(Record dates)	Dividends per Share 1st Quarter	Interim	3rd Quarter	Year-end	Total (Annual)	Total Dividend Payment (Annual)	Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
Year ending	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Millions of yen*	%	%
March 2014	—	50.00	—	5.00	—	113	28.2	0.6
March 2015	—	5.00	—	5.00	10.00	113	—	0.6
March 2016 (Forecast)	—	5.00	—	5.00	10.00		73.2	

(Note) With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share.

3. Forecast for the Consolidated Results for the Year Ending March 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate changes compared with the previous fiscal year and the previous interim result.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Yen*
First half (cumulative)	9,000	△0.9	△100	—	△110	—	△185	—	△16.84
Full year	20,000	2.1	400	—	380	—	150	—	13.66

※ Notes

(1) Changes in significant subsidiaries (accompanying changes in scope of consolidation): None
Newly added subsidiaries: 0 companies (subsidiary's name:)
Removed subsidiaries: 0 companies (subsidiary's name:)

(2) Changes in accounting policy, changes in accounting estimates, and restatements
(2)-1. Changes accompanying revisions of accounting standards, etc.: Applicable
(2)-2. Changes other than the above: None
(2)-3. Changes in accounting estimates: None
(2)-4. Restatements: None
* For details, please refer to "5. Consolidated Financial Statements, (5) A Notes Concerning the Consolidated Financial Statements (Changes in Accounting Policy" on page 21 of the accompanying material.

(3) Outstanding shares (common shares)
(3)-1. Outstanding shares at the end of the fiscal years (including treasury stock):
The fiscal year ending March 2015: 11,960,000 shares
The fiscal year ending March 2014: 11,960,000 shares
(3)-2. Treasury stock at the end of the fiscal year:
The fiscal year ending March 2015: 975,480 shares
The fiscal year ending March 2014: 569,670 shares
(3)-3. Average number of shares at the accounting period
The fiscal year ending March 2015: 11,305,901 shares
The fiscal year ending March 2014: 11,392,053 shares

(Note) With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share. For this reason, the numbers of shares listed above are calculated under the supposition that the stock split had taken place at the beginning of the previous consolidated fiscal year.

(Reference) Overview of Non-Consolidated Results
Results for the Fiscal Year Ending March 2015 (From April 1, 2014 to March 31, 2015)

(1) Non-Consolidated Operating Results

(Percentages indicate changes compared with the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year ending	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%
March 2015	2,433	△7.2	△586	—	△444	—	△3,022	—
March 2014	2,622	△17.7	△335	—	△223	—	△466	—

	Net Income per Share	Diluted Net Income per Share
Year ending	*Yen*	*Yen*
March 2015	△267.35	—
March 2014	△40.91	—

(Note) With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share. For this reason, the net income per share is calculated under the supposition that the stock split had taken place at the beginning of the previous business fiscal year.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital	Net Assets per Share
Year ending	*Millions of yen*	*Millions of yen*	%	*Yen*
March 2015	15,889	15,272	96.1	1,390.38
March 2014	19,985	18,921	94.7	1,661.22

(Reference) Equity capital: fiscal year ending March 2015: ¥15,272 million; fiscal year ending March 2014: ¥18,921 million

* Indication of auditing procedures implementation status

This financial results report is exempt from review procedures under Japan’s Financial Instruments and Exchange Law. As of the time of disclosure of this report, the auditing procedure based on the Financial Instruments and Exchange Law has not been completed.

* Statement regarding the proper use of financial forecasts and other special remarks

(Notice regarding statements concerning the future)

Statements concerning the future, such as performance forecasts, etc., described in the present material are based on information currently available to the Company and on certain assumptions judged as reasonable by the Company. The Company’s actual performance may differ substantially from these forecasts as a result of various factors beyond the Company’s control. For details of cautions, etc., employed in making performance forecasts and the assumptions underlying performance forecasts, please refer to 1. Analysis of Operating Results and Financial Position, (1) Analysis of Operating Results on page 2 of the accompanying material.

(To obtain supplemental documents relating to financial results)

Supplemental Materials for Financial Results were posted on the company website on May 22, 2015.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

In 2014, as high-performance mobile devices such as smartphones and tablets are beoaming increasingly widespread throughout the world in keeping with the development of the Internet infrastructure, in the Japanese domestic information communication field, the ratio of smartphone contracts among contracts for all mobile phone devices exceeded 50% for the first time (*1). Moreover, the smartphone popularization trend is forecast to continue in future in line with the launch of a wide range of more affordable models and service plans such as MVNO.

In accordance with the rapid popularization of smartphones and tablet devices and the continuing progress of mobile device performance and communication infrastructure development, in the music contents market, the market environment and distribution structure are witnessing a steady shift from CDs to digital distribution, from PCs to mobile devices, and from downloading to streaming. On a global basis, 2014 marked the first time that the annual sales volume of digitally distributed music titles exceeded that of conventional software such as CDs and vinyl discs. Also, services such as streaming, where music is reproduced through the reception of a constant stream of data, and subscription, which makes available unlimited music listening for a fixed monthly payment, have expanded significantly (*2). Under these circumstances, the live performance business, live streaming (which sends out live performance data in realtime), and copyright management in line with the ongoing diversification of contact points between music and listeners are all fields of growth that are attracting interest.

The Japanese music contents market is lagging behind in terms of achieving progress into new fields of growth. But it is expected that the shift in services toward the era of digitalization will accelerate in future, and that the development of services that meet the needs of the changing environment will rapidly become increasingly important.

(*1) From the Ministry of Internal Affairs and Communications' 2014 Information and Telecommunications White Paper
(*2) From the International Federation of Phonogram and Videogram Producers' (IFPI) Digital Music Report 2015

In this environment, the Faith Group is continuing to forge ahead with its "Multi-Content and Multi-Platform Strategy of creating an environment that allows people to enjoy a wide diversity of contents whenever and wherever they choose", and is working to develop new services in response to the changing market environment such as the development of platforms that collect and organize the information flooding the Internet and then provide this to users after increasing its added value. In the music business, by making use of our group business synergies, we have taken an early initiative and maintained a focus on constructing platforms for music services and developing the music distribution business including subscription services.

Regarding the business performance of the Faith Group for the fiscal year ending March 2015, although sales of smartphone-use services expanded strongly, distribution services for feature phone use—the Group's largest sales category—declined, while sales of high-profit-margin package products launched in previous years by Nippon Columbia Co., Ltd.—whose performance as a consolidated subsidiary is included in the Group's financial results from the beginning of the consolidated fiscal year under review—also declined sharply year on year. With the inclusion of the sales and operating losses of the Columbia Business segment in its operating results for the first time, the Faith Group's net sales for the fiscal year ending March 2015 increased by 209.1% compared with the previous fiscal year to ¥19,597 million while the Group recorded an operating loss of ¥891 million (compared with an operating income of ¥508 million for the previous fiscal year), and an ordinary loss of ¥862 million (compared with an ordinary income of ¥586 million for the previous fiscal year).

Also, the Group recorded extraordinary losses in respect of impairment losses on goodwill of ¥2,062 million as the return to profitability of several subsidiaries are taking longer than planned at the time of their acquisition, and organizational reform-related losses of ¥434 million on the sales and operating losses of Nippon Columbia Co., Ltd. As a result, the Group posted a net loss for the fiscal year under review of ¥3,340 million (compared with a net income of ¥403 million for the previous fiscal year).
Information on each business segment is as follows.

Content Business
In the Content Business, the Faith Group is actively promoting new product development in response to the market environment including the ongoing popularization of the smartphone, changing lifestyles. We are also linking different services and installing them onto platforms with a view to obtaining diversified earnings, performing validation of the results of service contents and marketability including of our existing businesses, and promoting measures aimed at increasing added value such as improving functions and combining services. These efforts are not limited to Japan but are also focused on developing our business globally including in the Asian region where high rates of future growth are expected. In this way, we are continuously striving to harness opportunities for new growth.

Moreover, from November 2014, we newly began sales of FaRao Pro, a store-use solution service for restaurants and retailers, which is equipped with BGM functions as well as essential functions for in-store operations such as sales promotion. We are currently attempting to expand this service's scale of introduction with a focus on as-yet undeveloped small stores and shops in addition to chain stores by providing customized channels to meet the demands of individual stores by means of an exclusive tablet tuner that we introduced in March 2015. In future, in consideration of overseas development, we will continue to target the creation of new BGM markets both overseas and in Japan.

Fans™, a one-stop system that supports a full range of artist activities from fan club operation to sales of e-tickets for live performances , began full-scale operations in April 2015 as a music business integration platform that makes use of the Faith Group's diverse music- and artist-related service functions, and is currently working to expand its user base by adding functions necessary for exchanges between artists and fans. For example, it is enhancing its functions in cooperation with Japan's largest social media service for band musicians "with9", which began operating as part of the Faith Group in June 2014.

Moreover, beginning with POP ICON PROJECT TOKYO, an artist cultivation and development effort, we have begun using Fans as part of a global development effort to send out Japanese culture to the wider world through pop icons, such as a the girl vocal unit color-code, who made their major debut from Nippon Columbia Co., Ltd. in September 2014.

In the educational communication field apart from music, Faith has released five titles beginning with the child rearing app called BabySmile from the worldwide intellectual training application brand for pre-school children Kidzapplanet®, which was planned and developed by a father and mother team while they were raising their own children. Child rearing services for smartphone users is a field for which there is a considerable need and national and local governments are also considering making use of these apps. Faith is planning to launch further new services in this field in future.

As a result of the above, the Group recorded net sales in the Content Business for the fiscal year ending March 2015 of ¥4,550 million, an decrease of 9.1% compared with the previous fiscal year, in line with declining sales to feature phone users, despite actively making progress in developing new services in accordance with changes in the market environment. Meanwhile, operating income decreased by 64.0% year on year to ¥168 million in line with lower sales as well as increased costs in relation to starting up new services.

Point Service Business
In the Point Service Business, there was an increase in the number of new points issued in line with the entry of new participating stores as well as with the Group's active promotion of point sales. As a result, this business recorded net sales of ¥2,454 million, an increase of 84.2% compared with the previous fiscal year. However, despite a successful effort to hold down sales promotion expenses and general management expenses, due to an increase in temporary recalls of old points in accordance with the transfer to server management-based operation, operating income for this business declined by 35.6% year on year to ¥26 million.

Columbia Business
Amid the difficult environment facing the music and video-related industry in line with the continuing contracting of the music market, the Columbia Business experienced an overall decline in sales of music

CDs, digital distribution titles, and products supplied to mail order companies. Declines in sales of high-margin titles released in past years were a major factor in holding down profitability. As a result, this business reported net sales of ¥12,591 million and an operating loss of ¥1,104 million for the fiscal year under review. Against this backdrop, this business is currently proceeding with a series of organizational reforms. Moreover, as the Columbia Business has been included in the Faith Group's business performance only since the start of the current fiscal year, no comparisons with the previous fiscal year are given here.

*The product and service names appearing in this document are trademarks or registered trademarks of Faith Inc. either in Japan or in other countries.

The Faith Group's business performance forecasts for next consolidated fiscal year (FY 2015) are as follows. Although the declining trend in sales of feature phones is continuing, in line with the expansion of new services in the Content Business and the effect on the Group's performance of the inclusion of a newly consolidated subsidiary, the Group is currently forecasting net sales of ¥20,000 million (up 2.1% year-on-year). Regarding the profit and loss forecast, with the anticipated return to profitability of the Columbia Business following its structural reforms and of revenue from new services, the Group is forecasting an operating income of ¥400 million, a ordinary income of ¥380 million, and a net income of ¥150 million.

(Unit: millions of yen)

	FY2014 (Result) (a)	FY2015 (Forecast) (b)	Change (b) - (a)
Net sales	19,597	20,000	402
Operating income	△891	400	1,291
Ordinary income	△862	380	1,242
Net income	△3,340	150	3,490

(2) Analysis of Financial Position

① Assets, Liabilities and Net Assets

Total assets as of the end of the consolidated fiscal year ended March 31, 2015 decreased by ¥4,052 million from the end of the previous consolidated fiscal year to ¥25,835 million. This result was mainly due to decreases in goodwill in line with impairment losses, and decreases in cash and deposits, and in notes and accounts receivable.

Total liabilities increased by ¥564 million compared with the end of the previous consolidated fiscal year to ¥8,111 million. This result was mainly due to an increase in long-term debt.

Net assets decreased by ¥4,617 million compared with the end of the previous consolidated fiscal year to ¥17,723 million. This was mainly the result of a reduction in retained earnings due to the payment of dividends, the recording of a net loss for the current fiscal year, the acquisition of treasury stock, etc. Also, the Faith Group's capital adequacy ratio decreased by 4.1 percentage points compared with the end of the previous consolidated fiscal year to 65.5%.

② Cash Flow

Cash and cash equivalents at the end of the consolidated fiscal year ended March 31, 2015 decreased by ¥2,069 million (an 18.1% decrease) from the end of the previous consolidated fiscal year to ¥9,346 million.

Details of cash flow during this fiscal year and its main contributory factors were as follows:

(Cash flow from operating activities)

Cash flow from operating activities amounted to an inflow of ¥9 million (a decrease of 99.4% compared with the previous consolidated fiscal year), due mainly to the addition of impairment losses on goodwill of ¥2,062 million, organizational reform-related losses of ¥434 million, depreciation expenses of ¥368 million, a decrease in notes and accounts receivable of ¥363 million, amortization of goodwill of ¥266 million, losses on the liquidation of an overseas business of 143 million, and impairment losses of ¥116 million to the Group’s net income before taxes and other adjustments of ¥3,701 million.

(Cash flow from investing activities)
Cash flow from investing activities amounted to an outflow of ¥1,456 million (compared with an inflow of ¥4,093 during the previous consolidated fiscal year), due mainly to the posting of ¥5,034 million in expenditure in respect of opening new term deposits, and ¥373 million in expenditure to obtain software, despite the posting of despite receiving ¥4,036 million in income in proceeds from withdrawals of existing term deposits.

(Cash flow from financing activities)
Cash flow from financing activities amounted to an outflow of ¥634 million (an increase of 21.6% compared with the previous consolidated fiscal year), due mainly to ¥501 million in expenditure in respect of acquisition of treasury stock, ¥456 million in expenditure in respect of repayment of long-term loans, ¥270 million in expenditure in respect of a net decrease of short-term loans repayable, and ¥114 million in respect of dividend payments, etc., despite receiving income of ¥1,000 million in proceeds from long-term loans payable.

(Reference) Movements in Cash Flow Associated Indicators

	FY 2012	FY 2013	FY 2014
Capital-to-asset ratio (%)	90.9	69.6	65.5
Market value-based capital-to-asset ratio (%)	53.6	40.2	55.2
Ratio of interest on interest-bearing debt to cash flow (years)	△1.18	0.65	137.08
Interest coverage ratio (multiple)	△90.4	336.0	0.8

Capital-to-asset ratio: Equity capital/total assets
Market value-based capital-to-asset ratio: Market capitalization/total assets
Ratio of interest on interest-bearing debt to cash flow: interest-bearing debt/cash flow from operating activities
Interest coverage ratio: Cash flow from operating activities/interest payment
(Note 1) All the above ratios are calculated based on the consolidated financial figures.
(Note 2) Market capitalization is calculated based on the number of shares issued excluding treasury stock.
(Note 3) Interest-bearing debt includes all debt on which interest is being paid among the liabilities reported in the Consolidated Balance Sheet.
(Note 4) For cash flow from operating activities and interest payment, the figures for “cash flow from operating activities” and “interest amount paid” reported in the Consolidated Statement of Cash Flows are used.

(3) Basic Policy on Profit Allocation and Current Term/Next Term Dividend Distribution

The Company continues its policy of giving priority to securing the funds necessary for strengthening its business structure and making aggressive business investments. At the same time, 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 position.

Based on its fundamental policy of paying continued stable dividends, the Company plans to pay a dividend of ¥10 per share, including an interim dividend of ¥5, in the next fiscal year.

2. Overview of the Faith Group

The Faith Group (the Company and its associated companies) consists of Faith, Inc. (the Company), 17 subsidiaries and 7 affiliates, and is engaged mainly in the Content Business, the Point Service Business, and the Columbia Business.

The Faith Group’s businesses and the relationship between the Company and the other group companies with regard to business operations are as follows. In addition, the following business segments are the same as the segments referred to in 5. Consolidated Financial Statements, (5) Notes Concerning the

Consolidated Financial Statements, (Segment Information, etc.). The Group changed its reportable segment classification with effect from the previous fiscal year. The details are given in 5. Consolidated Financial Statements, (5) Notes Concerning the Consolidated Financial Statements, (Segment Information, etc.) on page 26.

(1) Content Business
In the diversifying content market, the Group is promoting multi-platform-compatible multi-content distribution to users regardless of the network or terminal device used with the aim of creating a new content distribution framework for the emerging new market. As a comprehensive service provider, the Group is promoting one-stop solutions ranging from the construction of distribution systems and operation of services for end-users to the planning and production of digital contents. This business is conducted by Faith, Inc., Faith Wonderworks, Inc., and 15 other affiliates.

(2) Point Service Business
The Group is engaged in the Point Service Business, which is aimed at the retail industry. This business is conducted by GoodyPoint Co., Ltd.

(3) Columbia Business
The Columbia Business encompasses the sound source, video, etc., planning, production and sales business, the music rights acquisition and management business, the contracted production and sales business, etc. The businesses in question are conducted by Nippon Columbia Co., Ltd., Columbia Marketing Co., Ltd., Columbia Songs, Inc., Omagatoki Co., Ltd., C2 design Inc., and two other affiliated companies.

[Business System Diagram]
The following diagram shows the Faith Group’s business system as described above.

The Faith Group (Faith Inc. and its group companies)

Content Business

Japan	The Company (Faith, Inc.) Faith Wonderworks, Inc. Rightsscale, Inc. Future RECORDS, Inc. ENTERMEDIA INC. OK LIFE, Inc. GLOBAL PLUS, INC. Plus 1 other company *2. Japan Rights Clearance Inc. *2. Lync-Entertainments *2. FlyingPenguins Inc. *2, Plus 1 other company
Overseas	*1. Rightsscale USA, Inc. *1, *3. Plus 2 other companies

Content distribution service provision
==================>
Distribution platform development
Content production services

Point Service Business

Japan	GoodyPoint Co., Ltd.

Point service provision
===================>

Columbia Business

Japan	Nippon Columbia Co., Ltd. Columbia Marketing Co., Ltd. Columbia Songs, Inc. Omagatoki Co., Ltd. C2 design Inc.
Overseas	CME, Inc. (USA) SLG, LLC. (USA)

===================>
Production, advertising and sales of audio, video and game software, etc., and music artist management

Our customers and clients

(Notes) No mark: Consolidated subsidiaries
*1: Non-consolidated subsidiary to which the equity method is not applied
*2: Affiliates to which the equity method is applied
*3: Affiliates to which the equity method is not applied

3. Management Policies

(1) The Faith Group's Basic Management Policy

The basic policy of Faith Group is to create mechanisms and services to distribute digital contents to users. In future as well, the Group will attempt to accurately grasp changes in society and in people's lifestyles, and create diverse services that closely match the using environments of feature phone, smartphone, PC, and TV users. In addition, while producing and procuring contents suitable for these services, the Company and its affiliated group companies will strive to develop the methods, technologies and know-how to realize these services and aim to become a higher value-added corporate group through business partnerships with outside companies in addition to providing their own services independently.

(2) Medium- and Long-Term Business Strategy

The Faith Group will continue to construct new markets by creating a broad range of services that meet the user demands of today and tomorrow. The Group will make efforts to actualize next-generation services that are attractive to users, including the production and distribution of entertainment contents such as music, video and games, as well as various types of services utilizing information devices, based on proposals for unique business solutions and through business partnerships with prominent companies in many fields. Moreover, in today's increasingly diversified and complex market environment, the Group is giving consideration to accurately grasping user needs, promoting its "multi-content on multi-platform strategy", and improving its equity capital and profitability, which are operating resources that are linked to increasing corporate value and shareholder profit. Accordingly, the Group places emphasis on the equity capital ratio and the operating income as management indexes.

(3) Challenges the Faith Group Should Address

The domestic content industry is continuing to grow by making innovative use of technology and information transfer methods based on a succession of newly appearing ideas. Consequently, user needs are becoming more diversified and complex at an accelerating pace, and a flood of various kinds of contents including free distribution items has been sweeping into the market. The Faith Group will continue its pursuit of intra-group synergies and conduct effective operations on a group-wide basis. At the same time, with the aim of being able to provide excellent high-value-added contents in a diversifying usage environment and market to all users regardless of the type of network and information terminals they use, the Group intends to carry out the following measures.

① Content Business

The Faith Group will create new markets by developing distribution systems that bring benefits to content rights holders, distributors and users alike based on the technology and know-how accumulated by the Group up to now as well as by providing its own business solutions through partnerships with prominent companies in a range of business fields. In order to realize this goal, the Group will make every effort to reinforce its in-house content production activities, while also engaging in production tie-ups with content rights holders and attempting to expand its user reach in order to strengthen its contact points with users.

Ever since its establishment, the Faith Group has endeavored to build up its content distribution business by making use of various information devices as a major pillar of its business. From now on too, the Group will continue to develop new service systems that are useful for content rights holders, distributors and users, commercialize the necessary technology such as embedded terminal technology, distribution system technology, etc., and construct new content distribution systems.

② Point Service Business

Up to now, point services have been centered on the retail industry, and in recent years there has been an increase in partnerships encompassing the mutual use of points across multiple retail operations while competition between point services has also been growing. In this situation, the Faith Group is creating an unprecedented Point Service Business that includes O2O services. To this end, the Group recognizes the need to improve the level of satisfaction experienced by its point service customers by reducing operational costs and improving convenience, and by enhancing its service proposal power, etc. In addition, the Group will adopt a strategic approach in tackling the tasks it needs to address.

③ Columbia Business

Regarding the Columbia Business, under circumstances in which the music and video-related industries are facing a difficult business environment, Nippon Columbia Co., Ltd.'s Sales/Digital Distribution Business, which is mainly engaged in sales of products based on contents such as planned and produced sound sources, video, will increase its profitability through improved business efficiency by rounding out its artist lineup, nurturing hit artists and creating hit products, and by making use of its rich catalogue of sound sources and concentrating its management resources in order to expand into new fields in the entertainment business.

In the Direct Sales Business, which sells contents that make secondary use of in-house produced sound sources and images, in the special sales area, Nippon Columbia will continue to reinforce its relationships with existing business partners while proceeding with the opening up of new sales channels and new business partners. In addition, Nippon Columbia will endeavor to achieve multiple business deployment of sound sources by improving its planned products including products for the senior/baby boomer generation while making effective use of its rich store of contents.

In the Direct Sales Business, Nippon Columbia is developing its business efficiently using a "fulfillment system" that conducts mail order operations such as "order receipt", "payment acceptance" and "product delivery" consistently and efficiently. Moreover, by entering into business cooperation with other record companies in using this system, Nippon Columbia has successfully gained new sales channels and obtained new income sources such as operation management fees. In order to expand business cooperation to more other companies in the same industry and also to companies in different business fields, Nippon Columbia will continue to make approaches to the planning and production of CD and DVD products jointly with partner companies and to product planning of household items (such as lifestyle goods and daily sundries) that take customer needs into account.

4. Basic Philosophy on Selection of Accounting Standards

For the present, the Faith Group is following a policy of producing its consolidated financial statements under Japanese standards in the interest of maintaining comparability between the financial statements of its constituent companies. Furthermore, concerning the future application of the International Financial Reporting Standards (IFRS), we intend to respond appropriately based on the movements of other companies, etc.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	FY 2013 (As of March 31, 2014)	FY 2014 (As of March 31, 2015)
(Assets)		
Current assets		
Cash and deposits	14,196,991	13,135,625
Accounts and notes receivable	3,238,570	2,868,673
Marketable securities	241,587	242,969
Commercial products	464,387	536,992
Products in progress	440,603	314,114
Primary materials and inventory goods	63,564	74,824
Corporation tax refund receivable, etc.	67,118	55,378
Deferred tax assets	286,638	21,503
Others	774,474	986,469
Allowance for doubtful accounts	△74,763	△49,909
Total current assets	19,699,173	18,186,640
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,016,966	2,075,199
Accumulated depreciation	△693,217	△780,392
Buildings and structures (net base)	*2 1,323,748	1,294,807
Machinery and delivery equipment	27,342	647,957
Accumulated depreciation	△4,172	△617,022
Machinery and delivery equipment (net base)	23,170	30,934
Tools, devices and equipment	797,288	1,057,980
Accumulated depreciation	△667,463	△925,823
Tools, devices and equipment (net base)	129,824	132,157
Land	1,501,684	1,501,684
Lease assets	914,368	49,726
Accumulated depreciation	△829,947	△26,171
Lease assets (net base)	84,420	23,554
Total tangible fixed assets	3,062,848	2,983,139
Intangible fixed assets		
Software	442,145	499,691
Goodwill	4,247,061	1,940,390
Leased assets	22,807	15,165
Others	406,934	279,055
Total intangible fixed assets	5,118,948	2,734,302
Investment and other assets		
Investment securities	*1 1,679,127	*1 1,571,280
Others	623,900	631,994
Allowance for doubtful receivable	△296,727	△272,217
Total investments and other assets	2,006,300	1,931,057
Total fixed assets	10,188,097	7,648,498
Total assets	29,887,271	25,835,139

(Unit: thousands of yen)

	FY 2013 (As of March 31, 2014)	FY 2014 (As of March 31, 2015)
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	1,243,213	1,133,715
Short-term loans	906,520	546,120
Lease obligations	51,491	17,730
Accounts payable-other	969,029	1,423,333
Accrued expenses payable	2,062,945	2,431,769
Income taxes payable	73,763	124,473
Reserve for bonuses	70,403	64,309
Provision for point card certificates	191,510	39,828
Reserve for sales returns	148,890	160,593
Others	430,360	544,117
Total current liabilities	6,148,127	6,485,992
Fixed liabilities		
Long-term liabilities	105,400	739,020
Net defined retirement liabilities	996,110	645,695
Lease obligations	41,915	23,793
Deferred tax liabilities	209,823	182,465
Others	45,628	35,003
Total fixed liabilities	1,398,877	1,625,977
Total liabilities	7,547,004	8,111,969
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus	3,708,355	3,708,355
Retained earnings	14,393,333	10,938,929
Treasury stock	△754,679	△1,254,787
Total shareholder's equity	20,565,008	16,610,496
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	227,400	215,116
Foreign currency translation adjustments	—	5,399
Accumulated adjustment amount concerning retirement benefits	—	87,627
Total other accumulated comprehensive income	227,400	308,143
Stock acquisition rights	61,949	58,591
Minority interests	1,485,909	745,938
Total net assets	22,340,267	17,723,169
Total liabilities and net assets	29,887,271	25,835,139

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
Net sales	6,340,217	19,597,063
Cost of sales	*2 *9 3,657,383	*2 *9 12,805,550
Gross profit	2,682,833	6,791,513
Selling, general and administrative expenses	*1 2,174,105	*1 7,683,493
Operating income or operating loss (△)	508,728	△891,979
Non-operating income		
Interest income	16,838	9,993
Dividend income	7,096	6,101
Interest on securities	2,096	144
Exchange gain	3,501	3,430
Equity method investment gains	15,303	—
Gains on investment partnership management	3,257	22,663
Interest on refund	18,837	—
Gains on liquidation of unpaid royalties	—	34,270
Miscellaneous receipts	16,362	24,264
Total non-operating Income	83,292	100,868
Non-operating expenses		
Interest paid	5,044	11,482
Investment partnership losses	—	2,240
Equity method investment losses	—	56,364
Miscellaneous expenses	737	1,436
Total non-operating expenses	5,782	71,523
Ordinary income or ordinary losses (△)	586,239	△862,635
Extraordinary income		
Gains on disposal of fixed assets	*3 2,833	—
Gain on disposal of investment securities	25,220	—
Gains on transfer of business	28,320	—
Gains on step acquisitions	164,191	—
Gains on reversal of subscription rights to shares	—	3,357
Others	3,759	—
Total extraordinary income	224,325	3,357
Extraordinary losses		
Losses on disposal of fixed assets	*4 32,390	*4 50,955
Losses related to organizational reform	—	*5 434,052
Losses due to amortization	—	*6 116,534
Losses on valuation of investment securities	205,211	29,804
Impairment losses on goodwill	—	*7 2,062,591
Overseas tax practice-related losses	7,491	—
Losses on liquidation of overseas business	—	*8 143,034
Others	27,683	5,000
Total extraordinary losses	272,776	2,841,972
Net income or net loss before income taxes (△)	537,788	△3,701,250
Corporate, local, and business taxes	84,586	181,197
Income taxes - deferred	49,416	269,363
Total corporate, local, and business taxes	134,002	450,560
Net income or net loss before minority interests (△)	403,785	△4,151,811
Minority interests in loss (△)	—	△811,331

Net income or net loss for the current fiscal year (△)	403,785	△3,340,479

(Consolidated Statement of Comprehensive Income)

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
Net income before minority interests	403,785	△4,151,811
Other comprehensive income		
Valuation difference on other available-for-sale securities	△55,790	△12,094
Foreign currency translation adjustment	—	10,639
Adjustments for retirement benefit obligations	—	171,949
Foreign currency translation adjustments	9,179	—
Total other comprehensive income	* △46,611	* 170,494
Comprehensive income	357,174	△3,981,317
(Details)		
Comprehensive income attributable to shareholders of the parent company	357,174	△3,259,736
Comprehensive income attributable to minority interests	—	△721,580

(3) Consolidated Statement of Changes in Shareholders' Equity
FY 2013 (April 1, 2013 ~ March 31, 2014)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	3,218,000	3,708,355	14,103,509	△751,372	20,278,491
Changes of items during the accounting period					
Cash dividend paid			△113,934		△113,934
Net gain or loss			403,785		403,785
Acquisition of treasury stock				△3,492	△3,492
Disposal of treasury stock			△28	185	157
Net changes in non-equity items during the accounting period					
Total changes of items during the accounting period			289,823	△3,307	286,516
Balance at the end of the year	3,218,000	3,708,355	14,393,333	△754,679	20,565,008

	Accumulated other comprehensive income			Share acquisition rights	Minority Interests	Total net assets
	Valuation difference on other available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at the beginning of the year	283,308	△9,296	274,012	—	—	20,552,504
Changes of items during the accounting period						
Cash dividend paid						△113,934
Net gain or loss						403,785
Acquisition of treasury stock						△3,492
Disposal of treasury stock						157
Net changes in non-equity items during the accounting period	△55,907	9,296	△46,611	61,949	1,485,909	1,501,246
Total changes of items during the accounting period	△55,907	9,296	△46,611	61,949	1,485,909	1,787,762
Balance at the end of the year	227,400	—	227,400	61,949	1,485,909	22,340,267

FY 2014 (April 1, 2014 ~ March 31, 2015)

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	3,218,000	3,708,355	14,393,333	△754,679	20,565,008
Changes of items during the accounting period					
Cash dividend paid			△113,901		△113,901
Net gain or loss			△3,340,479		△3,340,479
Acquisition of treasury stock				△500,251	△500,251
Disposal of treasury stock			△23	143	120
Net changes in non-equity items during the accounting period					
Total changes of items during the accounting period	—	—	△3,454,403	△500,107	△3,954,511
Balance at the end of the year	3,218,000	3,708,355	10,938,929	△1,254,787	16,610,496

	Accumulated other comprehensive income				Share acquisition rights	Minority Interests	Total net assets
	Valuation difference on other available-for-sale securities	Foreign currency translation adjustments	Cumulative adjustments for retirement benefit obligations	Total accumulated other comp-rehensive income			
Balance at the beginning of the year	227,400	—	—	227,400	61,949	1,485,909	22,340,267
Changes of items during the accounting period							
Cash dividend paid							△113,901
Net gain or loss							△3,340,479
Acquisition of treasury stock							△500,251
Disposal of treasury stock							120
Net changes in non-equity items during the accounting period	△12,284	5,399	87,627	80,742	△3,357	△739,970	△662,587
Total changes of items during the accounting period	△12,284	5,399	87,627	80,742	△3,357	△739,970	△4,617,098
Balance at the end of the year	215,116	5,399	87,627	308,143	58,591	745,938	17,723,169

(4) Consolidated Statement of Cash Flows

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
Cash flow from operating activities		
Income before income taxes and minority interests	537,788	△3,701,250
Depreciation and amortization	244,922	368,188
Impairment loss	—	116,534
Amortization losses on goodwill	49,463	266,192
Impairment losses on goodwill	—	2,062,591
Increase/decrease in allowance for doubtful accounts	△3,306	△49,953
Increase/decrease in reserve for bonus	△3,510	△6,094
Increase/decrease in allowance for unexercised sales promotion points	16,418	△151,681
Increase/decrease in net defined retirement liabilities	△8,662	△178,465
Interest and dividends income	△23,935	△16,094
Interest on securities	△2,096	△144
Interest paid	5,044	11,482
Gain or loss on foreign exchange (△ = gain)	△3,156	△12,554
Gain or loss on equity method investments (△ = gain)	△15,303	56,364
Gain or loss on investment partnership management (△ = gain)	△3,257	△20,423
Gain or loss on sale of investment securities (△ = gain)	△25,220	—
Gain or loss on valuation of investment securities (△ = gain)	205,211	29,804
Losses related to organizational reform	—	434,052
Losses on liquidation of overseas business	—	143,034
Gain or loss on sale of fixed assets (△ = gain)	△2,833	—
Gain or loss on disposal of fixed assets (△ = gain)	32,390	50,955
Gain or loss on step acquisitions (△ = gain)	△164,191	—
Gain or loss on transfer of business (△ = gain)	△28,320	—
Increase/decrease in trade receivables (△ = increase)	166,746	363,740
Increase/decrease in inventory assets (△ = increase)	△32,969	43,465
Increase/decrease in trade payables	△12,959	△140,124
Increase/decrease in consumption tax receivable (△ = increase)	△8,061	△4,266
Increase/decrease in consumption tax payable	△10,190	54,140
Others	1,479	383,386
Sub-total	911,489	102,879
Interest and dividends received	336,250	7,730
Interest paid	△5,071	△11,604
Income tax refunded	698,957	68,384
Income tax paid	△226,162	△157,712
Cash flow from operating activities	1,715,463	9,678

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
Cash flow from investing activities		
Expenditure for opening of term deposits	△4,023,238	△5,034,975
Income from withdrawal of term deposits	7,192,145	4,036,105
Income from redemption of marketable securities	300,000	—
Expenditure for acquisition of tangible fixed assets	△72,530	△101,100
Income from sale of tangible fixed assets	5,000	—
Expenditure for acquisition of software	△190,701	△373,592
Expenditure for acquisition of investment securities	△682,697	—
Income from sale of investment securities	26,220	6,783
Expenditure for acquisition of shares of affiliates	△79,000	△0
Expenditure for acquisition of shares of subsidiaries in line with changes in scope of consolidation	△207,822	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,913,528	*2 104,951
Expenditure for loans receivable	△3,120	△15,000
Income from collection of loans receivable	3,240	6,246
Expenditure for security deposits	△5,087	△956
Income from collection of security deposits	5,087	3,494
Income from transfer of business	28,571	—
Others	△116,197	△88,622
Net cash flow from investing activities	4,093,397	△1,456,667
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	—	△270,000
Expenditure for repayment of lease obligations	△5,723	△53,457
Income from long-term loans payable	—	1,000,000
Expenditure for repayment of long-term borrowing	△399,984	△456,780
Increase/decrease in money held in trust for acquisition of treasury stock (△ = increase)	—	△201,673
Expenditure for acquisition of treasury stock	△3,492	△501,251
Income from sale of treasury stock	157	128
Payment of dividends	△112,834	△114,882
Payment of dividends to minority shareholders	—	△27,307
Others	—	△9,396
Net cash flow from financing activities	△521,878	△634,620
Effect of exchange rate on cash and cash equivalents	3,156	12,554
Net increase (decrease) in cash and cash equivalents	5,290,140	△2,069,055
Cash and cash equivalents at the beginning of the year	6,125,200	11,415,340
Cash and cash equivalents at the end of the year	*1 11,415,340	*1 9,346,285

(5) Notes Concerning the Consolidated Financial Statements

(Notes Concerning the Premise of a Going Concern)

Not applicable

(Significant Matters That Constitute the Basis for Preparation of the Consolidated Financial Statements)

1. Items Concerning the Scope of Consolidation

(1) Number of consolidated subsidiaries

Previous fiscal year: 14 companies, current fiscal year: 15 companies

Names of major consolidated companies:

- Faith Wonderworks, Inc.
- GoodyPoint Co., Ltd.
- Future RECORDS Inc.
- ENTERMEDIA INC.
- OK LIFE, Inc.
- Nippon Columbia Co., Ltd.
- Columbia Marketing Co., Ltd.
- Columbia Songs, Inc.
- SLG, LCC
- GLOBAL PLUS, INC.

GLOBAL PLUS, INC., for which the Company newly acquired a controlling shareholding during the current consolidated fiscal year, has been included within the scope of consolidation.

(2) Names of major non-consolidated subsidiaries, etc.

Name of major non-consolidated company:

- Rightsscale USA, Inc.

(Reason for exclusion from scope of consolidation)

Because this non-consolidated subsidiary is a small company, the sum totals of it gross assets, sales, and net income or loss (amount corresponding to equity), etc., do not have a significant influence on the Consolidated Balance Sheet.

2. Items Concerning the Application of the Equity Method

(1) Number of equity method affiliates

Previous fiscal year: 4 companies, current fiscal year: 6 companies

Names of major consolidated companies:

- Japan Rights Clearance Inc.
- Lync-Entertainments
- FlyingPenguins Inc.
- TOYBOX Inc.
- nana music, inc.

TOYBOX INC. and nana music, inc., for which the Company newly acquired a controlling shareholding during the current consolidated fiscal year, have been included within the scope of application of equity method accounting.

(2) Non-consolidated companies to which the equity method is not applied (Rightsscale USA, Inc. and others) and affiliated companies (Asian Entertainment and Communications Co., Ltd.) have been excluded from the scope of application of equity method accounting because, in view of their net income or loss (amount corresponding to equity) and retained earnings (amount corresponding to equity), etc., excluding them from the scope of application of equity method accounting has only a minor influence on the Consolidated Balance Sheet and is of no overall significance.

3. Items Concerning the Accounting Periods of the Consolidated Subsidiaries

All the consolidated subsidiaries in the Faith Group have the same consolidated balance sheet closing date.

From the current fiscal year, GoodyPoint Co., Ltd. has changed its settlement date from February 28 to March 31, and consequently this company’s accounting year totaled 13 months during the current fiscal year. Moreover, in the past, among the consolidated subsidiaries, OK LIFE, Inc. has had a settlement date of November 30, and in producing the Consolidated Balance Sheet, the Company has used financial statements based on a provisional statement of account dated February 28. However, from the current fiscal year, OK LIFE, Inc. has changed its settlement date to March 31, and consequently this company's accounting year totaled 13 months during the current fiscal year.

4. Items Concerning the Accounting Standards
(1) Significant evaluation standards and methods
1) Marketable securities
Other securities:
—Available-for-sale securities with a fair market value
Stated at fair value based on market values applicable on the date of consolidated settlement of accounts (in which all differences between the carrying amounts and the fair values are reported as a separate component of net assets, while the cost of securities sold is calculated by the moving average method)
—Available-for-sale securities without a fair market value: stated at cost determined by the moving average method. For investment equities in investment partnerships, a method based on the most recent balance sheet available at the balance sheet reporting date provided in the partnership contract is employed, taking an amount equivalent to the equity value.
2) Inventories
The evaluation standard is the cost method employing the specific cost method (balance sheet values calculated by devaluing the book values based on declining profitability).
a. Commercial products and merchandise: For the Company and some of its consolidated subsidiaries, mainly stated under the gross average method; for the other consolidated subsidiaries the first-in-first out method.
b. Products in progress: For the Company and some of its consolidated subsidiaries, stated under the specific identification method; for the other consolidated subsidiaries, mainly stated under the gross average method.
c. Raw materials and supplies: Stated mainly under the gross average method.
(2) Significant depreciable assets and depreciation methods
1) Tangible fixed assets (excepts lease assets)
The declining balance method is mainly employed to calculated depreciation expenses for these assets. (However, the company employs the straight-line method for buildings (apart from attached facilities) acquired since April 1, 1998.) The useful lifetimes of the main types of tangible fixed assets are as follows.
Buildings and structures: 5 – 50 years
Machinery and delivery equipment: 2 – 12 years
Tools, devices and equipment: 2 – 15 years
2) Intangible fixed assets (excepts lease assets)
The straight-line method is employed. In the case of in-house-use software, this is based on the useable period in-house (up to 5 years).
3) Lease assets
a. Lease assets pertaining to finance lease transactions involving the transfer of ownership
The straight-line method is employed. The useful lifetimes of the main types of intangible fixed assets are between 5 and 12 years.
b. Lease assets pertaining to finance lease transactions not involving the transfer of ownership
The method to calculate depreciation for such assets is the straight-line method with their residual values being zero over their leased periods used as the number of years of useful life. Among the financial lease transactions outside of transfer of ownership, in cases where the lease transaction start date was on or before March 31, 2008, account processing is conducted in accordance with the ordinary lease transaction method.
(3) Standards for recording significant allowances
1) Allowance for doubtful accounts
In order to prepare for losses due to doubtful accounts receivable, the estimated unrecoverable amounts in consideration of the actual ratio of bad debts for general accounts receivable and individual collectability for special bonds such as doubtful accounts receivable, etc., are recorded.
2) Reserve for point card certificates
In order to prepare for the cost burden of point utilization, for the balance of yet to be exchanged issued points, the required amount expected to be utilized in future is recorded based on the point collection performance ratio.

3) Reserve for bonuses
In order to prepare for employee bonus payments, among the estimated future payment amount, the Company and some of its consolidated subsidiaries record the current consolidated fiscal year's share of these expenses.

4) Reserve for losses due to sales returns
In order to prepare for future losses due to sales returns, anticipated losses accompanying future returns of merchandise are recorded based on actual past return rates with respect to total sales.

(4) Accounting Standard for Retirement Benefits
In the calculation of retirement benefit liabilities and expenses, for the Company and certain subsidiaries apply the simplified method in calculating the provision for retirement benefits, which assumes all employees voluntarily terminate their employment at the end of the year. The other consolidated subsidiaries apply the following methods.

1) Attribution of expected retirement benefit payments
When calculating retirement benefit obligations, straight-line attribution is used to allocate expected retirement benefit payments in the period until the end of the fiscal year.

2) Actuarial gains and losses and prior service cost
Transition obligation for the retirement benefit liabilities is amortized equally over 15 years.
Prior service costs are amortized as incurred by the straight-line method over certain periods (3 years), which are within the average remaining years of service of the employees at the time the service cost is generated.
Actuarial gains and losses are amortized on a straight-line basis over certain periods (5 years), which are within the average remaining years of service of the employees at the time the amounts are generated in each fiscal year, allocated proportionately starting from the year following the respective fiscal year of occurrence.

(5) Important standards for revenue and cost recognition
Standards for recording income and expenditure related to software production orders

a. Software produced to order for which certainty of achievement with respect to sections progressing up to the end of the current consolidated fiscal year is recognized: Progress-based (rate of progress of the work estimated using the cost-to-cost method)
b. Other software produced to order: Completed contract method

(6) Standards for conversion of significant foreign currency-denominated assets and liabilities into Japanese yen
Receivables and payables denominated in foreign currencies are processed by being translated into Japanese yen at the consolidated fiscal year-end spot exchange rates. Meanwhile, the assets and liabilities of overseas subsidiaries are converted into yen based on the spot exchange rate on the day of consolidated settlement of accounts, revenue and expenses are converted into yen using the average market price during the period, and exchange differences are included in Foreign currency translation adjustments under Net assets on the Consolidated Balance Sheet.

(7) Goodwill amortization method and amortization period
The amortization of goodwill is carried out using the straight-line method over a period of 5 years or 20 years. Also, regarding the balance between investment and capital (goodwill equivalent amount) in the case of companies accounted for by the equity method, amortization is conducted over 5 years or less using the straight-line method. However, in cases where the amount of goodwill is insignificant, one-time amortization is conducted for the fiscal term in which the relevant account case occurred.

(8) Scope of cash and cash equivalents reported in the Statement of Cash Flows
This item consists of cash on hand, demand deposits and short-term investments that are highly liquid, easily realizable, bearing only insignificant risk of changing in value, and with a maturity date that comes within 3 months of the acquisition date.

(9) Other important items necessary to produce the Consolidated Financial Statements

1) Accounting method for consumption tax: The tax exclusion method is adopted for consumption tax and local consumption tax. Nondeductible consumption tax is processed as an expense for the current consolidated fiscal year.
2) Adoption of the consolidated tax payment system: Some of the Company's consolidated subsidiaries have adopted the consolidated tax payment system.

(Accounting Standards Issued But Not Yet Applied)

- Accounting Standard for Business Combinations (ASBJ Statement No. 21, issued on September 13, 2013)
- Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on September 13, 2013)
- Accounting Standard for Business Divestitures (ASBJ Statement No. 7, issued on September 13, 2013)
- Accounting Standard for Earnings Per Share (ASBJ Statement No. 2, issued on September 13, 2013)
- Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, issued on September 13, 2013)
- Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, issued on September 13, 2013)

(1) Summary

These accounting standards have been revised centered on the following points: ① Treatment of changes in ownership interests as equity transactions where control continues through the purchase of additional shares of subsidiary companies; ② treatment of expenses at the time of acquisition; ③ presentation of net income for the current term and changes from minority interests to non-controlling interests; and ④ provisional accounting treatment.

(2) Effective date

The adoption of these accounting standards is scheduled for the start of the fiscal year ending March 2016. Also, the schedule calls for provisional accounting treatment to be applied from business combinations carried out from the beginning of the fiscal year ending March 2016.

(3) Impact of adoption

As of the time of the preparation of these consolidated financial statements, the impact of the adoption of these accounting standards is under evaluation.

(Changes in Accounting Policy)

(Consolidated Balance Sheet)

The Company has adopted the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Statement No. 26, issued on May 17, 2012; hereinafter, the “Accounting Standard for Retirement Benefits”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on March 26, 2015; hereinafter, the “Guidance on Accounting Standard for Retirement Benefits”) to the stipulations prescribed in Paragraph 25 the Accounting Standard for Retirement benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits from the end of the current consolidated fiscal year, and has reviewed the method of calculating retirement benefits obligations and the current servicing costs.

In addition, the above change had no effect on the Company’s retained earnings or profit and loss at the start of the current consolidated fiscal year.

(Changes in Presentation Methods)

(Consolidated Balance Sheet)

In the previous consolidated fiscal year, the Company reported the “Accounts payable-other” in “Other” under current liabilities. The Company has reported this item separately for the current consolidated fiscal year because the amount exceeded 5% of total liabilities. To reflect this change in reporting method, the Company has made certain reclassifications to its consolidated financial statements for the previous consolidated fiscal year.

As a result, ¥1,399,389 thousand that was reported in “Other” under current liabilities in the Consolidated Balance Sheet in the previous consolidated fiscal year has been reclassified, with ¥969,029 thousand reported in “Accounts payable-other” and ¥430,360 thousand reported in “Other.”

(Additional Information)

Not applicable

(Consolidated Balance Sheet Related)

*1. The following were held by the Company's non-consolidated subsidiaries and affiliates.

(Unit: thousands of yen)

	FY 2013 (As of March 31, 2014)	FY 2014 (As of March 31, 2015)
Investment securities (shares)	125,425	118,042

*2. Assets including title retention

(Unit: thousands of yen)

	FY 2013 (As of March 31, 2014)	FY 2014 (As of March 31, 2015)
Internal facilities at subsidiary's headquarters (Buildings and structures)	37,224	—

(Consolidated Statement of Income Related)

*1 In the breakdown of cost of sales and selling, general and administrative expenses, the main items and amounts were as follows.

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
Salaries and allowances	595,883	2,104,469
Provision of allowance for bonuses	64,347	49,666
Retirement benefit expenses	19,617	175,889
Advertising expenses	331,173	2,353,953
Provision of allowance for doubtful accounts	△291	△4,216

*2 Total research and development costs included in current term manufacturing costs were as follows.

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
	47,184	49,830

*3 Details of gains on the disposal of fixed assets were as follows.

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
Machinery, equipment and vehicles	2,833	—

*4 Details of losses on the disposal of fixed assets were as follows.

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
Buildings and structures	128	5,543
Machinery and transportation equipment	—	1,081
Tools, devices and equipment	3,040	129
Software	29,221	38,752
Other intangible fixed assets	—	4,448
Total	32,390	50,955

*5 Losses related to organizational reform

With a view to its future entry into and rapid development of new fields of business, the Company has decided to work on organizational reform. Expenses already incurred and expected future expenses in accordance with the career change support measures for organizational reform have been recorded as losses related to organizational reform.

*6 Impairment losses

Previous consolidated fiscal year/FY 2013 (April 1, 2013 ~ March 31, 2014)

Not applicable

Current consolidated fiscal year/FY 2014 (April 1 2014 ~ March 31, 2015)

The Faith Group recorded impairment losses concerning the following asset groups.

Location	Segment	Type
Minato Ward, Tokyo	Content Business	Software
Minato Ward, Tokyo	Columbia Business	Other intangible fixed assets

In the impairment loss calculation, the Faith Group has made a grouping based on segments and regarding unutilized assets has made a judgment as to the impairment loss on each asset.

For the current consolidated fiscal year, in consideration of prospective future earnings and future cash flow, the book value of unutilized assets is recorded as an impairment loss (¥116,534 thousand). The details are ¥106,534 thousand for software and ¥10,000 thousand for other intangible fixed assets (master use rights). Moreover, in the calculation of recoverable value, the impairment loss is measured while making the utility value zero.

*7 Impairment losses on goodwill

Previous consolidated fiscal year/FY 2013 (April 1, 2013 ~ March 31, 2014)

Not applicable

Current consolidated fiscal year/FY 2014 (April 1 2014 ~ March 31, 2015)

The Faith Group recorded the following impairment losses on goodwill.

Location	Segment	Type
Minato Ward, Tokyo	Content Business	Goodwill
Minato Ward, Tokyo	Columbia Business	Goodwill

With regard to the Company's subsidiaries, as a result of reconsidering profitability and future business plans, within the unamortized balance, the Company has recorded impairment losses of ¥2,062,591 thousand (Contents ¥245,140 thousand, Columbia ¥1,817,450 thousand).

*8 Losses on liquidation of overseas business

Previous consolidated fiscal year/FY 2013 (April 1, 2013 ~ March 31, 2014)

Not applicable

Current consolidated fiscal year/FY 2014 (April 1 2014 ~ March 31, 2015)

In view of the severe business environment surrounding the music industry in recent years, in order to concentrate its management resources into the Japanese domestic market, the Company decided to transfer through sale the entire equity interest held by its wholly-owned US consolidated subsidiary, resulting in the generation of losses that are recorded as losses on overseas business liquidation.

Location	Segment	Type
U.S.A	Columbia Business	Other intangible fixed assets
U.S.A.	Columbia Business	Tools, devices and equipment

These losses on liquidation of an overseas business are inclusive of impairment losses. Because it was decided to transfer the entire equity interest in this US consolidated subsidiary, independent asset groups were established and grouped into the minimum-sized cash flow-producing units. Based on the US Accounting Standard, concerning the other intangible fixed assets (master use rights) ¥77,461 thousand, and tools, devices and equipment ¥960 thousand of the aforementioned US consolidated subsidiary, for which the probability of the Company's recuperating the book value was judged to be low, the book value has been reduced to the net sale value. Moreover, the projected sale value has been used in setting the net sale value.

*9 The term-end inventory amount is the amount remaining after a book value write-down in accordance with a decline in earnings. The following inventory asset appraised losses were in included in the cost of sales.

(Unit: thousands of yen)

FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
1,539	△11,036

(Consolidated Statement of Comprehensive Income Related)

*Reclassification adjustment amount and tax effect amount of other comprehensive income

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
Valuation differences on other available-for-sale securities:		
Amount accrued in the current term	△79,635	△35,270
Reclassification adjustment amount	△6,927	6
Before tax effect adjustment	△86,562	△35,264
Tax effect amount	30,771	23,170
Total valuation difference on other available-for-sale securities	△55,790	△12,094
Foreign currency translation adjustments:		
Amount accrued in the current term	—	10,639
Adjustments for retirement benefit obligations:		
Amount accrued in the current term	—	34,381
Reclassification adjustment amount	—	137,568
Adjustments for retirement benefit obligations	—	171,949
Share of comprehensive income of equity method affiliates:		
Amount accrued in the current term	3,937	—
Reclassification adjustment amount	5,241	—
Share of comprehensive income of equity method affiliates	9,178	—
Total other comprehensive income	△46,611	170,494

(Consolidated Statements of Changes in Shareholders' Equity Related)

Previous consolidated fiscal year/FY 2013 (April 1, 2013 ~ March 31, 2014)

1. Matters Related to Class and Total Numbers of Shares Issued and Shares of Treasury Stock

	Start of current fiscal year	Increase during current fiscal year	Decrease during current fiscal year	End of current fiscal year
Number of shares issued				
Common stock	1,196,000	—	—	1,196,000
Total	1,196,000	—	—	1,196,000
Treasury stock				
Common stock	56,657	513,153	140	569,670
Total	56,657	513,153	140	569,670

(Notes)

1. The increase of 10,764,000 shares in the total number of shares of common stock issued is in accordance with the Company's stock split at a ratio of 10 ordinary shares for each ordinary share.
2. The increase of 513,153 shares in the total amount of treasury stock represents the increase of 509,913 shares due to the stock split of ordinary shares plus the increase of 3,240 shares due to the acquisition of an odd lot.
3. The decrease of 140 shares in the total amount of treasury stock is due to a request to purchase an odd lot.

2. Matters Related to Equity Warrants

Segment	Details	Class of shares	Number of shares				Balance at end of current fiscal year (thousands of yen)
			Start of current fiscal year	Increase	Decrease	End of current fiscal year	
Consolidated subsidiaries	Equity warrants as 2006 stock options	–	–	–	–	–	1,135
	Equity warrants as 2007 stock options	–	–	–	–	–	46,397
	Equity warrants as 2009 stock options	–	–	–	–	–	14,415

Total	—	—	—	—	61,948

3. Matters Related to Dividend Distribution

(1) Amounts of dividends paid

(Resolution)	Class of shares	Total amount of dividends (thousands of yen)	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders held on June 27, 2013	Common stock	56,967	50	March 31, 2013	June 28, 2013
Board of Directors' Meeting held on November 12, 2013	Common stock	56,967	50	September 30, 2013	December 9, 2013

(2) Of dividends whose record date belongs to the current consolidated fiscal year, those whose effective date of dividend falls on the following consolidated fiscal year

(Resolution)	Class of shares	Total amount of dividends (thousands of yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders held on June 27, 2014	Common stock	56,951	Retained earnings	5	March 31, 2014	June 30, 2014

Note: With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share, and in conjunction with this, the share trading unit in which the Company's stock can be traded on the stock exchange was changed to 100 shares. Concerning the dividend per share announced at the General Meeting of Shareholders, the amount reported reflects the result of the share split.

Current consolidated fiscal year/FY 2014 (April 1 2014 ~ March 31, 2015)

1. Matters Related to Class and Total Numbers of Shares Issued and Shares of Treasury Stock

	Start of current fiscal year	Increase during current fiscal year	Decrease during current fiscal year	End of current fiscal year
Number of shares issued				
Common stock	1,196,000	—	—	11,960,000
Total	1,196,000	—	—	11,960,000
Treasury stock				
Common stock	569,670	405,920	110	975,480
Total	569,670	405,920	110	975,480

(Notes)

1. The increase of 405,920 shares in the total amount of treasury stock represents the increase of 404,200 shares due to the purchase of treasury stock with money held in trust approved by a resolution of the Board of Directors, plus the increase of 720 shares due to the acquisition of an odd lot.
2. The decrease of 110 shares in the total amount of treasury stock is due to a request to purchase an odd lot.

2. Matters Related to Equity Warrants

Segment	Details	Class of shares	Number of shares				Balance at end of current fiscal year (thousands of yen)
			Start of current fiscal year	Increase	Decrease	End of current fiscal year	
Consolidated subsidiaries	Equity warrants as 2006 stock options	–	–	–	–	–	1,135
	Equity warrants as 2007 stock options	–	–	–	–	–	43,040
	Equity warrants as 2009 stock options	–	–	–	–	–	14,415
Total			–	–	–	–	58,591

3. Matters Related to Dividend Distribution

(1) Amounts of dividends paid

(Resolution)	Class of shares	Total amount of dividends (thousands of yen)	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders held on June 27, 2014	Common stock	56,951	5	March 31, 2014	June 30, 2014
Board of Directors' Meeting held on November 11, 2014	Common stock	56,949	5	September 30, 2014	December 12, 2014

Note: With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share, and in conjunction with this, the share trading unit in which the Company's stock can be traded on the stock exchange was changed to 100 shares. Concerning the dividend per share announced at the General Meeting of Shareholders, the amount reported reflects the result of the share split.

(2) Of dividends whose record date belongs to the current consolidated fiscal year, those whose effective date of dividend falls on the following consolidated fiscal year

(Resolution)	Class of shares	Total amount of dividends (thousands of yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders held on June 26, 2015	Common stock	54,922	Retained earnings	5	March 31, 2015	June 29, 2015

(Consolidated Statement of Cash Flows Related)

*1 The relation of the end-of-term balance of cash and cash equivalents and the amounts of the items listed on the Consolidated Balance Sheet

(Unit: thousands of yen)

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1, 2014 ~ March 31, 2015)
Cash and deposit accounts	14,196,991	13,135,625
Securities accounts	241,587	242,969
Term deposits with deposit terms of over 3 months	△3,023,238	△4,032,309
Cash and cash equivalents	11,415,340	9,346,285

*2 Breakdown of main assets and liabilities of companies that are newly consolidated subsidiaries of the Faith Group due to acquisition of their shares during the current consolidated fiscal year

(GLOBAL PLUS, INC.)

The following is a breakdown of the assets and liabilities of GLOBAL PLUS, INC. at the time of its incorporation as a newly consolidated subsidy of the Faith Group by means of a share acquisition, as well as the acquisition value of the company's shares, and the income resulting from the acquisition.

(Unit: thousands of yen)

Current assets	219,031
Fixed assets	6,377
Goodwill	5,785
Current liabilities	△ 192,178
Fixed liabilities	△15,000
Minority interests	△8,936
Acquisition cost of shares in GLOBAL PLUS, INC.	15,080
Value of cash and cash equivalents of GLOBAL PLUS, INC.	△120,031
Deduction: Income resulting from the acquisition (net amount)	104,951

(Business Combination Related)

Not applicable

(Segment Information, etc.)

[a. Segment Information]

1. Outline of reportable segments

The Company's reportable segments provide separate financial information among its various structural units and also serve as objects of study when the Board of Directors periodically decide on the allocation of business resources and make performance appraisals.

The Company and a number of its subsidiaries are engaged in the Content Business, which provides one-stop contents encompassing everything from planning and production of contents to design and construction of platforms and delivering these things to users. GoodyPoint Co., Ltd. is engaged in the Point Service Business, which provides points services. Nippon Columbia Co., Ltd. and its subsidiaries are engaged in the Columbia Business, which involves processing planned and produced contents including sound sources, videos, etc., into various products and sale of these products.

Accordingly, the Faith Group categorizes the Content Business, the Point Service Business, and the Columbia Business as its three reportable segments.

The Content Business involves contents delivery, delivery platform technology development, contents production, etc.

The Point Service Business involves sales of point systems, planning of promotions, planning, production and sales of sales promotion tools, etc.

The Columbia Business involves the processing of planned and produced contents including sound sources, videos, etc., into various products and the appropriate sale of these products.

2. Calculation method for sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting method for reportable business segments is largely the same as the method for preparing consolidated financial statements.

For profit of reportable segments, the operating income base figure is used. Inter-segment sales and transfer amounts are decided in consideration of the market price and other factors.

3. Information on sales, profit or loss, assets, liabilities and other items by reportable segment

Previous consolidated fiscal year/FY 2013 (April 1, 2013 ~ March 31, 2014)

(Unit: thousands of yen)

	Reportable segment				Adjustment amount (1)	Amount recorded in Consolidated Financial Statements (2)
	Content	Point Service	Columbia	Total		
Sales						
Sales to external customers	5,007,656	1,332,560	―	6,340,217	―	6,340,217
Inter-segment sales or transfer amount	18,258	368	―	18,627	△18,627	―
Total	5,025,915	1,332,929	―	6,358,844	△18,627	6,340,217
Segment profit	467,151	40,546	―	507,697	1,030	508,728
Segment assets	16,540,801	463,782	12,929,827	29,934,410	△47,138	29,887,271
Other items						
Depreciation expenses	237,328	7,641	―	244,970	△48	244,922
Amortization of goodwill	24,095	―	―	24,095	―	24,095
Investment in equity-method affiliates	124,931	―	―	124,931	―	124,931
Increase in tangible and intangible fixed assets	262,813	417	―	263,231	―	263,231

Note 1. The segment profit adjustment amount of ¥1,030 thousand and the depreciation expenses adjustment amount of △¥48 thousand for this consolidated fiscal year are calculated by eliminating intersegment transactions.

Note 2. Segment profit is adjusted with operating income in the consolidated financial statements.

Current consolidated fiscal year/FY 2014 (April 1 2014 ~ March 31, 2015)

(Unit: thousands of yen)

	Reportable segment				Adjustment amount (1)	Amount recorded in Consolidated Financial Statements (2)
	Content	Point Service	Columbia	Total		
Sales						
Sales to external customers	4,550,295	2,454,853	12,591,914	19,597,063	—	19,597,063
Inter-segment sales or transfer amount	157,113	948	37,881	195,943	△195,943	—
Total	4,707,408	2,455,802	12,629,796	19,793,006	△195,943	19,597,063
Segment profit Segment profit or loss (△)	168,112	26,093	△1,104,790	△910,585	18,605	△891,979
Segment assets	15,217,471	751,391	9,926,875	25,895,737	△60,598	25,835,139
Other items						
Depreciation expenses	255,024	12,896	100,315	368,236	△48	368,188
Amortization of goodwill	64,903	—	201,288	266,192	—	266,192
Investment in equity-method affiliates	117,548	—	—	117,548	—	117,548
Increase in tangible and intangible fixed assets	381,969	29,861	62,862	474,693	—	474,693

Note 1. The segment profit adjustment amount of ¥1,8,605 thousand and the depreciation expenses adjustment amount of △¥48 thousand for this consolidated fiscal year are calculated by eliminating intersegment transactions.

Note 2. Segment profit is adjusted with operating income in the consolidated financial statements.

[b. Related Information]

Previous consolidated fiscal year/FY 2013 (April 1, 2013 ~ March 31, 2014)

1. Information by product and service

   Information by product and service is omitted because similar information is disclosed in the segment information.

2. Information by region

(1) Sales: Information on sales by region is omitted because the amount of sales to external customers in Japan accounts for over 90% of the amount of sales reported on the consolidated balance sheet.

(2) Tangible fixed assets: Information on tangible fixed assets by region is omitted because the amount of fixed assets in Japan accounts for over 90% of the amount of fixed assets reported on the consolidated balance sheet.

3. Information on major customers

(Unit: thousands of yen)

Customer name	Sales amount	Related segment name
NTT DoCoMo, Inc.	1,904,000	Content Business
XING INC.	1,461,967	Content Business
Kirindo Co., Ltd.	749,954	Point Service Business

Current consolidated fiscal year/FY 2014 (April 1 2014 ~ March 31, 2015)

1. Information by product and service

   Information by product and service is omitted because similar information is disclosed in the segment information.

2. Information by region

(1) Sales: Information on sales by region is omitted because the amount of sales to external customers in Japan accounts for over 90% of the amount of sales reported on the consolidated balance sheet.

(2) Tangible fixed assets: Information on tangible fixed assets by region is omitted because the amount of fixed assets in Japan accounts for over 90% of the amount of fixed assets reported on the consolidated balance sheet.

3. Information on major customers

Information on major customers is omitted because since there were no sales to a single external customer accounting for 10% or more of net sales on the consolidated statement of income.

[c. Information on Impairment Losses on Fixed Assets by Reportable Segment]

Previous consolidated fiscal year/FY 2013 (April 1, 2013 ~ March 31, 2014)

Not applicable

Current consolidated fiscal year/FY 2014 (April 1 2014 ~ March 31, 2015)

(Unit: thousands of yen)

	Content	Point Service	Columbia	Total	Company-wide/ elimination	Total
Impairment losses	106,534	—	10,000	116,534	—	116,534
Impairment losses on goodwill	245,140	—	1,817,450	2,062,591	—	2,062,591

[d. Information on Amortization of Goodwill and Unamortized Balance for Each Reportable Segment]

Previous consolidated fiscal year /FY 2013 (April 1, 2013 ~ March 31, 2014)

(Unit: thousands of yen)

	Content	Point Service	Columbia	Total	Company-wide/ elimination	Total
Year-end balance	292,784	—	3,954,2767	4,247,061	—	4,247,061

(Note)

The amount of amortization of goodwill is not recorded because the same information is shown in [a. Segment Information].

Current consolidated fiscal year/FY 2014 (April 1 2014 ~ March 31, 2015)

(Unit: thousands of yen)

	Content	Point Service	Columbia	Total	Company-wide/ elimination	Total
Year-end balance	4,301	—	1,936,089	1,940,390	—	1,940,390

(Note)

The amount of amortization of goodwill is not recorded because the same information is shown in [a. Segment Information].

[e. Information on Gains on Negative Goodwill by Reportable Segment]

Previous consolidated fiscal year/FY 2013 (April 1, 2013 ~ March 31, 2014)

Not applicable

Current consolidated fiscal year/FY 2014 (April 1 2014 ~ March 31, 2015)

Not applicable

(Per Share Information)

(Unit: yen)

FY 2013 (April 1, 2013 ~ March 31, 2014)		FY 2014 (April 1 2014 ~ March 31, 2015)	
Net assets per share	1,825.44	Net assets per share	1,540.233
Net income per share	35.44	Net loss per share (△)	△295.46

(Notes)

1. The amount of net income per share fully diluted during the current consolidated fiscal year is not recorded because there was a net loss per share and because there are no dilutive shares at this time.
2. With effect from October 1, 2013, the Company carried out a stock split of its common shares at a ratio of 10 shares per share. For this reason, the net asset value per share is calculated under the supposition that the stock split had taken place at the beginning of the previous consolidated fiscal year.
3. The basis of the calculation of net income per share and net income for share fully diluted is as follows.

	FY 2013 (April 1, 2013 ~ March 31, 2014)	FY 2014 (April 1 2014 ~ March 31, 2015)
Net income or net loss (△) per share		
Net income or net loss (△) (thousands of yen)	403,785	△3,340,479
Amount not attributable to ordinary shareholders (thousands of yen)	—	—
Net income or net loss (△) applicable to common stock (thousands of yen)	403,785	△3,340,479
Average number of shares outstanding during the period (shares)	11,392,053	11,305,901
Net income per share fully diluted (thousands of yen)		
Net income adjustment amount	—	—
(Adjustment amount of diluted shares in consolidated subsidiaries)	(—)	(—)
Increase in common stock (shares)	—	—
Summary of dilutive potential shares that are not included in the calculation of net income per share after adjustment of dilutive potential shares because of no dilution effect	Stock options on 135,000 ordinary shares (13 kinds, 2,700 units) issued by Nippon Columbia Co., Ltd. (a consolidated subsidiary)	Stock options on 121,500 ordinary shares (10 kinds, 2,430 units) issued by Nippon Columbia Co., Ltd. (a consolidated subsidiary)

(Note 4) The basis of the calculation of net assets per share is as follows.

	FY 2013 (as of March 31, 2014)	FY 2014 (as of March 31, 2015)
Total amount of net assets (thousands of yen)	22,340,267	17,723,169
Amount deducted from total amount of net assets (thousands of yen)	1,547,858	804,529
(Minority interests)	(1,485,909)	(745,938)
Year-end net assets applicable to common stock (thousands of yen)	20,792,409	16,918,640
Term-end number of shares of common stock used in calculating net assets per share (shares)	11,390,330	10,984,520

(Significant Subsequent Events)

Not applicable

(Omission of Disclosure)

No notes are presented concerning information on lease transactions, financial instruments, marketable securities, derivative transactions, retirement benefits, stock options, etc., tax effective accounting, rental property and related parties because their amounts are considered too small and insignificant for presentation in the Brief Statement of Financial Results.