BRIEF STATEMENT OF ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2012 AND FORECASTS FOR THE YEAR ENDING MARCH 2013

May 11, 2012

Faith, Inc. (Stock code 4295, Listed on TSE 1st section)
(URL http://www.faith-inc.com/)
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Date of General Meeting of Shareholders: June 28, 2012
Date of Submission of Annual Security Report: June 28, 2012
Starting Date of the Dividend Payment: June 29, 2012
Preparation of Supplementary Materials for Quarterly Financial Results: Applicable
Information Meeting for Quarterly 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 2012 (From April 1, 2011 to March 31, 2012)

(1) Consolidated Operating Results

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

	Net Sales		Operating Profit		Recurring Profit		Net Profit	
Year ending	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%
March 2012	33,415	△60.3	1,576	△26.0	1,758	△20.5	6,665	464.0
March 2011	84,191	48.7	2,129	189.7	2,213	252.6	1,181	—

(Note) Comprehensive income: fiscal year ending March 2012: ¥6,949 million (319.7%); fiscal year ending March 2011: ¥1,655 million (—%)

	Net Profit per Share	Diluted Net Profit per Share	Return on Equity Capital	Recurring Profit on Total Assets	Operating Profit on Net Sales
Year ending	*Yen*	*Yen*	%	%	%
March 2012	5,805.70	5,803.03	41.0	6.3	4.7
March 2011	1,029.46	1,019.26	9.5	7.1	2.5

(Reference) Equity in earnings of associated companies: fiscal year ending March 2012: 152 million yen/fiscal year ending March 2011: 130 million yen

(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 2012	23,518	19,618	83.3	17,066.74
March 2011	32,726	14,544	39.4	11,234.27

(Reference) Equity Capital: fiscal year ending March 2012: 19,593 million yen/fiscal year ending March 2011: 12,897 million yen.

(3) 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 2012	3,267	△4,117	△507	8,961
March 2011	5,010	△459	△2,543	10,321

2. Dividends

	Dividends per Share					Total Dividend Payment (Annual)	Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
(Record dates)	1st Quarter	Interim	3rd Quarter	Year-end	Total (Annual)			
Year ending	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Millions of yen*	%	%
March 2012	—	50.00	—	50.00	100.00	114	9.7	0.9
March 2011	—	50.00	—	50.00	100.00	114	1.7	0.7
Year ending March 2013 (Forecast)	—	50.00	—	50.00	100.00		26.7	

3. Forecast for the Consolidated Results for the Year Ending March 2013 （from April 1，2012 to March 31，2013）

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

	Net Sales		Operating Profit		Recurring Profit		Net Income		Net Income per Share
	Millions of yen	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Yen*
Interim results	3,500	△88.3	150	△86.2	80	△93.1	60	△99.0	52.26
Year ending March 2012	7,300	△78.2	540	△65.7	490	△72.1	430	△93.5	374.55

※ Notes

(1) Changes in significant subsidiaries (accompanying changes in scope of consolidation): Applicable
Newly added subsidiaries: -
Removed subsidiaries: 1 company (subsidiary’s name: WebMoney Corporation)
For details, please refer to 4. (6) “Significant Matters That Constitute the Basis for Preparation of the Consolidated Financial Statements” on page.19 of the accompanying material.

(2) Changes in accounting policy, changes in accounting estimates, and restatements
(2)-1. Changes accompanying revisions of accounting standards, etc.: None
(2)-2. Changes other than the above: None
(2)-3. Changes in accounting estimates: None
(2)-4. Restatements: None

(3) Outstanding shares (common shares)
(3)-1. Outstanding shares at the end of the fiscal years (including treasury shares):
The fiscal year ending March 2012: 1,196,000 shares
The fiscal year ending March 2011: 1,196,000 shares
(3)-2. Treasury shares at the end of the fiscal year:
The fiscal year ending March 2012: 47,950 shares
The fiscal year ending March 2011: 47,950 shares
(3)- 3. Average number of shares at the interim accounting period
The fiscal year ending March 2012: 1,148,050 shares
The fiscal year ending March 2011: 1,148,050 shares

(Reference) Overview of Non-Consolidated Results
Results for the Fiscal Year Ending March 2012 (From April 1, 2011 to March 31, 2012)

(1) Non-Consolidated Operating Results

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

	Net Sales		Operating Profit		Recurring Profit		Net Profit	
Year ending	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%
March 2012	3,755	△17.1	3	△99.0	50	△83.8	6,369	1,364.3
March 2011	4,531	△6.6	353	△45.4	313	△50.4	435	△69.8

	Net Profit per Share	Diluted Net Profit per Share
Year ending	*Yen*	*Yen*
March 2012	5,548.26	—
March 2011	378.91	—

(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 2012	23,220	19,858	85.5	17,297.30
March 2011	16,338	13,642	83.5	11,883.40

(Reference) Equity Capital: fiscal year ending March 2012: 19,858 million yen/fiscal year ending March 2011: 13,642 million yen.

* Indication of auditing procedures implementation status

This financial results report is exempt from quarterly 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 1. (1) "Analysis of Operating Results" on page 5 of the accompanying material.

(To obtain supplemental documents relating to financial results)

Supplemental documents related to the Company's quarterly is posted on the company website.

(URL: http://www.faith-inc.com/ir/library.html)

Contents

1. Operating Results

(1) Analysis of Operating Results

The mobile phone and smartphone market in Japan has now reached maturity with the number of individual subscriptions exceeding 120 million in 2011. In line with the progress of new smartphone product launches and the further development of the smartphone-use environment, annual shipments of smartphone units exceeded 20 million units in FY 2011, accounting for over half of all mobile terminals sold during that period, and that the demand for smartphones will continue to increase in future. Moreover, in the contents market, the popularity of social networking services (SNS), mobile social games, video-sharing sites, etc, that require a wide range of mobile terminal functions, is leading to an acceleration in the diversification and complexity of user needs, and this in turn is driving demand for the creation of new contents distribution.

Against this background, based on 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, the Faith Group has been pouring its energies into creating high value-added contents and establishing a new system for delivering them to users. As a part of this effort, we have established the Future SEVEN facility as well as a new company in order to deliver music to users in an unprecedented new style.

As a result of the above factors, and in line with the elimination of the Company's consolidated subsidiary WebMoney Corporation from the Group's consolidated financial results, net sales for the fiscal year ending March 2012 decreased by 60.3% compared with the same term of the previous fiscal year to ¥33,415 million, operating profit decreased by 26.0% year on year to ¥1,576 million, and recurring profit decreased by 20.5% year on year to ¥1,758 million. Moreover, as a result of extraordinary profits totaling ¥7,006 million from the sale of the Company's shareholding in WebMoney Corporation, etc., the Group recorded a net profit of ¥6,665 million, an increase of 464.0% year on year.

Information on each business segment is as follows:

<Content Business>

During the period under review, the Faith Group continued its efforts to establish a new framework for content distribution and expand and strengthen its new business operations base.

In July 2011, Faith sold its entire shareholding in its consolidated subsidiary WebMoney Corporation. By making strategic use of the capital obtained from the sale in undertaking a variety of measures, the Company is proceeding with the development of contents and concentrating its management resources on content distribution.

As a part of this effort, in August 2011, on the first floor of the Company's Minami Aoyama Office in Tokyo, we opened the showroom Future SEVEN as a real-world space for announcing and showcasing work by excellent artists and creators and for cultivating their talents, and for focusing on the various solutions possessed by the Faith Group.

Moreover, the Company established Future RECORDS, Inc., in a joint venture with Nippon Columbia Co., Inc. This new company is engaged in creating new forms of music distribution by making maximum use of the facilities of Future SEVEN in planning and producing music and visual works, producing and operating fan clubs, planning and producing live events, etc.

In the continuously expanding smartphone market, the Company has substantially updated the "pick☆mix" app, which makes it possible to produce photo movies simply by combining music and photos. In addition to conventional functions, the latest edition offers improved convenience for users of all ages as a new kind of communication tool that allows people to upload self-produced photo movies to Facebook, twitter, mixi, etc., in order to share them with friends and family.

The current fiscal year also saw the grand opening of an epoch-making new app introduction portal service named aivie, which is dedicated to improving user convenience and solving the problems of a wide range of users from smartphone beginners to application developers by creating a new communication forum by utilizing apps. This provides additional ways for smartphone users to make use of Twitter-linked functions and message board functions for enhanced communication between users.

Not Yet, a sub-unit of the popular all-female pop group AKB48, made a lively recording debut with the single “Shumatsu Not Yet”, released its third single, “Perapera Perao”, in November 2011, which has been employed as the ending theme song of a popular TV program. Faith is producing a steady stream of synergy with Nippon Columbia Co., Ltd. in promoting new music distribution, etc. For example, in first limited edition single stemming from this collaboration, the Company enclosed a connecting card that served as an entry ticket to an event and as a tool enabling users to view privilege images.

As a result of the above, the Group recorded net sales in the Content Business for the fiscal year ending March 2012 of ¥6,372 million, a decrease of 13.8% compared with the previous fiscal year, in line with declining sales mainly in the ringtone business. Meanwhile, due to contributions from cost cutting, etc., operating profit increased by 53.0% year on year to ¥990 million.

<Electronic Money Business>

The Electronic Money Business saw a continuing expansion of the online game market, a major sector in which electronic money is used, as well as a steady increase in the settlement amount of WebMoney.

Moreover, in line with the sale of the Company’s shareholding in its consolidated subsidiary WebMoney Corporation, which is engaged in the Electronic Money Business, the company in question was excluded from the Faith Group’s consolidated financial results from the second quarter consolidated accounting period, so its business performance as recorded in the results for the current third quarter remains at the level recorded for the first quarter consolidated accounting period.

As a result of the above factors, net sales in the Electronic Money Business totaled ¥25,717 million, a decrease of 65.8% compared with the same period of the previous fiscal year, and operating profit in this business decreased by 66.8% year on year to ¥430 million.

<Other Businesses>

Revenues from other businesses including the Point-Card System Business resulted in sales of ¥1,326 million, an decrease of 18.6% compared with the same period of the previous fiscal year, and an operating profit of ¥151 million, an decrease of 18.9% year on year.

The business performance forecasts for next fiscal year (FY2013) are as follows. In accordance with the selloff of the Electronic Money Business and the decline in earnings in the Contents Business, the Faith Group is forecasting net sales of ¥7,300 million, a decrease of 78.2 % year-on-year, an operating profit of ¥540 million, a decrease of 65.7% year-on-year, a recurring profit of ¥490 million, a decrease of 72.1% year-on-year, and a net profit of ¥430 million, down 93.5% compared with FY2012.

(Unit: millions of yen)

	FY2012 (Result) (a)	FY2013 (Forecast) (b)	Change (b)-(a)
Net sales	33,415	7,300	△26,115
Operating profit	1,576	540	△1,036
Recurring profit	1,785	490	△1,268
Net profit	6,665	430	△6,235

Currently, in the Japanese content market, the PC, mobile phone and smartphone-use content market is exhibiting favorable growth. In the content viewing environment, the progressive improvement of information terminals such as PCs, mobile phones and smartphones is allowing people to enjoy a wider variety of contents. On the other hand, with appearance of a succession of new services that make use of these information terminals, the diversification and segmentation of both information transmission means and user needs are accelerating.

In this complicated market environment, the Faith Group is proceeding with the development of its “multi-content & multi-platform strategy”, including by constructing a new system for distributing guaranteed-quality contents based on the almost 10 million users that are within the direct reach of the Group's services. Faith is also continuously promoting content production in fields such as music and video, etc., in order to bolster its ability to rapidly launch excellent high value-added content on the market. In addition, Faith considers the provision of medical and health information as important content that should be accessible regardless of the user's hardware and location, and the Group is working to provide users with highly convenient services based on this recognition.

(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, 2012 decreased by ¥9,207 million from the end of the previous consolidated fiscal year to ¥23,518 million. This result was mainly due to a decrease in goodwill greater than the amount of goodwill amortization booked, and to decreases in accounts and notes receivable and in investment securities in line with the exclusion of the Company's consolidated subsidiary WebMoney Corporation from the Faith Group's consolidated financial results.

Total liabilities decreased by ¥14,282 million compared with the end of the previous consolidated fiscal year to ¥3,899 million yen. This was mainly the result of the exclusion of the Company's consolidated subsidiary WebMoney Corporation from the Faith Group's consolidated financial results and to decreases in the amounts of trade notes and accounts payable and the allowance for utilized costs, despite an increase in income taxes payable, etc. .

Net assets increased by ¥5,074 million compared with the end of the previous consolidated fiscal year to ¥19,618 million. This was mainly the result of an increase in retained earnings in line with the substantial net profit recorded for the current fiscal year, despite dividend payments and a decrease in minority interests and the elimination of the Company's consolidated subsidiary WebMoney Corporation from the Group's consolidated financial results. With this, the Group's capital adequacy ratio increased by 43.9 percentage points to 83.3%.

② Cash Flow

Cash and cash equivalents at the end of the consolidated fiscal year ended March 31, 2012 decreased by ¥1,359 million, a 13.2% reduction) from the end of the previous consolidated fiscal year to ¥8,961 million.

Details of cash flow of this fiscal year ended March 31, 2012 and its factor are as follows:

(Cash flow from operating activities)

Cash flow from operating activities amounted to an inflow of ¥3,267 million, a decrease of 34.8% compared with the previous fiscal year. This was due mainly to the deduction of the profit on the sale of an affiliated company's shareholding of ¥6,819 million from the Group's net profit before taxes of ¥8,609 million and to other adjustments, and also to the addition of ¥2,577 million in respect of an increase in trade payables and the deduction of ¥1,169 million in respect of an increase in trade receivables.

(Cash flow from investing activities)

Cash flow from investing activities amounted to an outflow of ¥4,117 million (compared with an outflow of ¥459 million in the previous fiscal year), due mainly to the posting of ¥8,740 million in expenditure in respect of opening new term deposits, despite ¥4,670 million in income from the withdrawal of existing term deposits.

(Cash flow from financing activities)

Cash flow from financing activities amounted to an outflow of ¥507 million (compared with an outflow of ¥2,543 million in the previous fiscal year), due mainly to posting of ¥399 million in expenditure in respect of repayment of long-term debt and of ¥113 million in respect of dividend payments.

(Reference) Movements in Cash Flow Associated Indicators

	FY 2010	FY 2011	FY 2012
Capital-to-asset ratio (%)	39.6	39.4	83.3
Market value-based capital-to-asset ratio (%)	42.3	38.1	48.9
Ratio of interest on interest-bearing debt to cash flow (years)	0.90	0.31	0.35
Interest coverage ratio (multiple)	92.2	148.9	202.1

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 shares.
(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 Appropriation of Profit and Dividend Payment

The Company continues its policy of giving priority to securing the funds necessary for strengthening its business structure and making aggressive business investments. 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 positions.

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

2. Overview of the Faith Group

The Faith Group consists of Faith, Inc. (the Company), 7 subsidiaries and 5 affiliates, and is engaged mainly in the Content 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.

(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 9 other affiliates.

(2) Other Business

The Group is engaged in the Point Service Business and other businesses, which are conducted by GoodyPoint Inc. and one other affiliate company.

In line with the sale in July 2011 of the Company’s entire shareholding in its former consolidated subsidiary WebMoney Corporation, which is engaged in the Electronic Money Business, the company in question has been removed the Faith Group’s consolidated financial results.

[Business System Diagram]

The following diagram shows the Faith Group’s business system as described above (as of March 31, 2012).

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

Content Business	
Japan	The Company (Faith, Inc.) Faith Wonderworks, Inc. Rightsscale. Inc. Future RECORDS.Inc. *2. Nippon Columbia Co., Ltd. *2. Catch Media Japan, Inc. *2. Japan Rights Clearance Inc. *1. Plus 1 other company
Overseas	*1. Rightsscale USA, Inc. *3. Plus 1 other company

Content distribution service provision
==================>
Development of content platform technology
Content production services

Other Business	
Japan	GoodyPoint Corp. *3. Plus 1 other company

Provision of point services
===================>

Our customers

(Notes)
No mark: Consolidated subsidiaries
*1: Non-consolidated subsidiaries to which the equity method is not applied
*2: Affiliates to which the equity method is not 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 schemes to distribute digital contents to users. The Faith Group accurately grasps changes in society and in people’s lifestyles, and continues to create various kinds of services in harmony with the users’ usage environment in easier-to-use methods. The Company and its affiliated group companies will strive to develop the methods, technologies and know-how to realize the Group’s management goals, and aim to be a higher value added company through business partnerships with other companies in addition to supplying its 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 demanded by users. The Group will make efforts to actualize services including the production and distribution of music and video contents, the provision of online games and e-commerce services, etc., as well as various types of corporate support services utilizing information devices, based on proposals for unique business solutions and through business partnerships with prominent companies in many fields. Through this, the Group will provide users with attractive and high value-added next-generation services. 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” (for creating an environment in which people can enjoy a wide variety of contents when and where they desire), and improving its equity capital and profitability, which are operating resources that are linked to increasing corporate value and shareholders’ profit. Accordingly, the Group places emphasis on the equity capital ratio and the operating profit as management indexes.

(3) Challenges the Company Should Address

① Content Business

A demand exists for the creation of new content services. To satisfy this demand, 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 on 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.

Also, now that the content using environment has become increasingly diversified due to technological renovation, the construction of new content distribution systems is a constant requirement. Against this background, ever since its establishment, the Faith Group has endeavored to "build up its content distribution business by making use of various information terminals" as a major pillar of its business. In the future, the Group will develop new service systems that are useful for content rights holders, distributors and users, and will commercialize the necessary technology such as embedded terminal technology, distribution system technology, etc.

② Electronic Money Business

In line with the sale in July 2011 of the Company's entire shareholding in its consolidated subsidiary WebMoney Corporation, which is engaged in the Electronic Money Business, the company in question is no longer a consolidated subsidiary of the Faith Group.

With this, as of March 31, 2012, the Faith Group is no longer engaged in the Electronic Money Business, and there are no outstanding issues that the Company needs to address.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
(Assets)		
Current assets		
Cash and deposits	12,001,893	13,712,005
Accounts and notes receivable	8,356,029	1,106,836
Marketable securities	359,676	239,790
Commercial products	3,110	2,580
Products in progress	1,038	8,199
Primary materials and inventory goods	8,892	7,817
Deferred tax assets	344,125	28,269
Others	368,465	260,218
Allowance for doubtful accounts	△49,258	△29,816
Total current assets	21,373,972	15,335,901
Fixed assets		
Tangible fixed assets		
Buildings and structures	1,362,445	1,519,215
Depreciation amount	△108,565	△176,203
Buildings and structures (net base)	1,253,880	1,343,011
Machinery and delivery equipment	24,095	24,095
Depreciation amount	△14,402	△18,299
Machinery and delivery equipment (net base)	9,692	5,795
Tools, devices and equipment	879,584	835,959
Depreciation amount	△750,836	△677,874
Tools, devices and equipment (net base)	128,747	158,084
Land	1,500,895	1,500,895
Total tangible fixed assets	2,893,215	3,007,786
Intangible fixed assets		
Goodwill	435,363	40,599
Software	323,996	319,356
Leased assets	—	20,253
Others	47,491	42,525
Total intangible fixed assets	806,851	422,734
Investment and other assets		
Investment securities	*1, *2 7,405,341	*1 4,644,916
Others	396,115	121,294
Allowance for doubtful receivable	△148,792	△13,734
Total investments and other assets	7,652,664	4,752,477
Total fixed assets	11,352,731	8,182,998
Total assets	32,726,703	23,518,900

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
(Liabilities)		
Current liabilities		
Trade notes and Accounts payable	9,948,110	187,933
Short-term loans	399,984	399,984
Lease obligations	—	4,308
Income taxes payable	390,631	1,424,393
Allowance for utilized costs	4,835,100	—
Allowance for points	230,979	208,142
Allowance for bonus payments	77,608	73,566
Others	882,358	610,316
Total current liabilities	16,764,771	2,908,644
Fixed liabilities		
Long-term liabilities	1,133,368	733,384
Lease obligations	—	17,483
Deferred tax liabilities	183,204	125,729
Allowance for retirement benefits	91,824	109,389
Others	8,909	5,363
Total fixed liabilities	1,417,306	991,350
Total liabilities	18,182,078	3,899,995
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus	3,708,355	3,708,355
Retained earnings	6,556,212	13,106,638
Treasury stock	△651,377	△651,377
Total shareholder's equity	12,831,189	19,381,616
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	268,011	227,124
Foreign currency translation adjustments	△201,693	△15,270
Total other accumulated comprehensive income	66,317	211,853
Minority interests	1,647,118	25,435
Total net assets	14,544,625	19,618,905
Total liability and net assets	32,726,703	23,518,900

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

(Unit: thousands of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Net sales	84,191,290	33,415,989
Cost of cales	*2, *6 73,335,511	*2 27,290,091
Gross profit	10,855,779	6,125,898
Selling, general and administrative expenses	*1, *2 8,726,016	*1, *2 4,549,456
Operating profit	2,129,762	1,576,442
Non-operating profit		
Interest income	6,962	26,635
Dividend income	4,701	5,560
Interest on securities	45,027	13,826
Investment gain on equity method	130,485	152,888
Miscellaneous receipts	7,073	7,469
Total non-operating profit	194,250	206,380
Non-operating expenses		
Interest paid	33,655	16,204
Exchange losses	40,232	1,967
Provision of allowance for doubtful accounts	30,018	—
Investment partnership losses	1,200	5,000
Miscellaneous expenses	5,696	1,012
Total non-operating expenses	110,803	24,184
Recurring profit	2,213,209	1,758,637
Extraordinary profit		
Gain on disposal of fixed assets	*3 1,061	—
Gain on disposal of investment securities	19,479	28,795
Gain on sale of shares of affiliated company	2,528	6,899,538
Reversal of allowance for doubtful accounts	3,117	—
Others	—	77,865
Total extraordinary profit	26,186	7,006,199
Extraordinary losses		
Loss on disposal of fixed assets	*4 14,543	*4 23,489
Loss due to amortization	*5 34,295	*5 45,598
Loss on valuation of investment securities	16,450	936
Loss on sale of shares of affiliated company	—	79,565
Loss due to changes in equity	11,537	—
Financial impact of adopting the accounting standard for asset retirement obligations	17,253	—
Others	37	6,141
Total extraordinary losses	94,118	155,730
Net income before income taxes	2,145,277	8,609,106
Corporate, local, and business taxes	563,775	1,565,313
Income taxes - deferred	△100,132	240,226
Total corporate, local, and business taxes	463,643	1,805,540
Net income before minority interests	1,681,633	6,803,566
Minority interests in income	499,763	138,335
Net profit for the current fiscal year	1,181,870	6,665,231

(Consolidated Statement of Comprehensive Income)

(Unit: thousands of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Net income before minority interests	1,681,633	6,803,566
Other comprehensive income		
Valuation difference on other available-for-sale securities	△24,178	△40,691
Foreign currency translation adjustments	△1,548	186,227
Total other comprehensive income	△25,727	145,535
Comprehensive income	1,655,906	* 6,949,102
(Details)		
Comprehensive income attributable to shareholders of the parent company	1,156,142	6,810,767
Comprehensive income attributable to minority interests	499,763	138,335

(3) Consolidated Statement of Changes in Net Assets

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
Shareholders' equity		
Common stock		
Balance at the start of the accounting period	3,218,000	3,218,000
Changes of items during the accounting period		
Total changes of items during the accounting period	—	—
Balance at the end of the accounting period	3,218,000	3,218,000
Capital surplus		
Balance at the start of the accounting period	3,708,355	3,708,355
Changes of items during the accounting period		
Total changes of items during the accounting period	—	—
Balance at the end of the accounting period	3,708,355	3,708,355
Retained earnings		
Balance at the start of the accounting period	5,489,146	6,556,212
Changes of items during the accounting period		
Cash dividend paid	△114,805	△114,805
Net gain or loss	1,181,870	6,665,231
Total changes of items during the accounting period	1,067,065	6,550,426
Balance at the end of the accounting period	6,556,212	13,106,638
Treasury stock		
Balance at the start of the accounting period	△651,377	△651,377
Changes of items during the accounting period		
Total changes of items during the accounting period	—	—
Balance at the end of the accounting period	△651,377	△651,377
Total shareholders' equity		
Balance at the start of the accounting period	11,764,124	12,831,189
Changes of items during the accounting period		
Cash dividend paid	△114,805	△114,805
Net gain or loss	1,181,870	6,665,231
Total changes of items during the accounting period	1,067,065	6,550,426
Balance at the end of the accounting period	12,831,189	19,381,616

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities		
Balance at the start of the accounting period	292,095	268,011
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	△24,083	△40,887
Total changes of items during the accounting period	△24,083	△40,887
Balance at the end of the accounting period	268,011	227,124
Foreign currency translation adjustments		
Balance at the start of the accounting period	△200,050	△201,693
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	△1,643	186,422
Total changes of items during the accounting period	△1,643	186,422
Balance at the end of the accounting period	△201,693	△15,270
Total accumulated other comprehensive income		
Balance at the start of the accounting period	92,044	66,317
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	△25,727	145,535
Total changes of items during the accounting period	△25,727	145,535
Balance at the end of the accounting period	66,317	211,853
Minority interests		
Balance at the start of the accounting period	1,129,455	1,647,118
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	517,662	△1,621,682
Total changes of items during the accounting period	517,662	△1,621,682
Balance at the end of the accounting period	1,647,118	25,435
Total net assets		
Balance at the start of the accounting period	12,985,625	14,544,625
Changes of items during the accounting period		
Cash dividend paid	△114,805	△114,805
Net gain or loss	1,181,870	6,665,231
Net changes of items other than shareholders' equity	491,934	△1,476,146
Total changes of items during the accounting period	1,558,999	5,074,279
Balance at the end of the accounting period	14,544,625	19,618,905

(4) Consolidated Statement of Cash Flows

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
Cash flow from operating activities		
Income before income taxes and minority interests	2,145,277	8,609,106
Depreciation and amortization	290,786	307,580
Amortization of goodwill	34,295	45,598
Amortization loss on goodwill	1,017,611	196,646
Gain or loss on equity method investments (△ = gain)	△130,485	△152,888
Gain or loss on equity movement (△ = gain)	11,537	—
Increase/decrease in allowance for doubtful accounts	△5,480	△107,103
Increase/decrease in reserve for bonus	7,400	△4,041
Increase/decrease in allowance for utilized costs	1,264,060	405,173
Increase/decrease in allowance for unexercised sales promotion points	△39,499	△22,837
Increase/decrease in allowance for retirement benefits	8,749	17,565
Increase/decrease in allowance for office relocation	△205,720	—
Interest and dividends income	△11,663	△32,196
Interest on securities	△45,027	△13,826
Interest paid	33,655	15,297
Gain or loss on foreign exchange (△ = gain)	39,147	1,532
Gain or loss on sale of investment securities (△ = gain)	△19,479	△28,795
Gain or loss on sale of shares in affiliates (△ = gain)	△2,528	△6,819,973
Gain or loss on valuation of investment securities (△ = gain)	16,450	936
Gain or loss on sale of fixed assets (△ = gain)	△1,061	—
Gain or loss on disposal of fixed assets (△ = gain)	14,543	23,489
Financial impact of adopting the accounting standard for asset retirement obligations	17,253	—
Increase/decrease in trade receivables (△ = increase)	△2,069,337	△1,169,057
Increase/decrease in inventory assets (△ = increase)	74,080	△7,115
Increase/decrease in trade payables	2,755,614	2,577,833
Increase/decrease in consumption tax receivable (△ = increase)	45,594	–
Increase/decrease in consumption tax payable	83,916	△73,831
Others	212,766	△136,993
Sub-total	5,542,458	3,632,101
Interest and dividends received	56,625	26,640
Interest paid	△33,655	△16,168
Income tax refunded	20,583	4,167
Income tax paid	△575,792	△379,321
Cash flow from operating activities	5,010,219	3,267,419

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
Cash flow from investing activities		
Expenditure for opening of term deposits	△3,360,000	△8,740,000
Proceeds from withdrawal of term deposits	2,890,000	4,670,000
Expenditure for acquisition of marketable securities	—	△199,590
Income from sale of marketable securities	—	300,000
Expenditure for acquisition of tangible fixed assets	△269,683	△333,957
Income from sale of tangible fixed assets	5,510	—
Expenditure for acquisition of software	△84,884	△213,180
Expenditure for acquisition of investment securities	—	△202,000
Proceeds from sale of investment securities	27,226	29,636
Expenditure for acquisition of shares of affiliates	—	△79,997
Proceeds from sale of shares of affiliates	114,042	197,000
Proceeds from sale of shares of subsidiaries in line with changes in scope of consolidation	—	*2 414,654
Expenditure for loans receivable	—	△3,109
Proceeds from collection of loans receivable	399	120
Expenditure for security deposits	—	△21,108
Proceeds from collection of security deposits	217,440	8,834
Others	△15	54,856
Net cash flow from investing activities	△459,964	△4,117,841
Cash flow from financing activities		
Expenditure for repayment of lease obligations	—	△992
Expenditure for repayment of long-term borrowing	△2,443,544	△399,984
Proceeds from payment from minorities	43,031	33,000
Payment of dividends	△113,691	△113,727
Dividends paid to minority interests	△29,538	△25,801
Net cash flow from financing activities	△2,543,742	△507,506
Effect of exchange rate on cash and cash equivalents	△25,545	△1,877
Net increase/decrease in cash and cash equivalents	1,980,966	△1,359,805
Cash and cash equivalents at beginning of year	8,340,635	10,321,601
Cash and cash equivalents at end of year	*1 10,321,601	*1 8,961,796

(5) Notes Concerning the Premise of a Going Concern

Not applicable

(6) 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: 5 companies, current fiscal year: 5 companies

Names of major consolidated companies:

• Faith Wonderworks, Inc.
• GoodyPoint Corp.
• Future RECORDS Inc.

Among the aforementioned companies, Future RECORDS Inc., which has been newly established, has been included within the scope of consolidation. Also, in accordance with the sale of the Company's shareholding in its subsidiary WebMoney Corporation during the previous fiscal year, this company has been removed from 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 all the non-consolidated subsidiaries are small companies, the sum totals of their gross assets, sales, and net profit 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: 3 companies, current fiscal year: 3 companies

Names of major consolidated companies:

• Nippon Columbia Co., Ltd.
• Catch Media Japan, Inc.
• Japan Rights Clearance Inc.

Among the aforementioned companies, Catch Media Japan, Inc., which has been newly established in the current consolidated fiscal year, has been included within the scope of application of equity method accounting.

Also, in accordance with the sale during the previous fiscal year of the Company's shareholding in Bellrock Media, Inc., an affiliated company accounted for by the equity method, this company has been removed from 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 (Dragon Eye Inc. and others) have been excluded from the scope of application of equity method accounting because, in view of their net profit 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

Of the consolidated subsidiaries, GoodyPoint Corp. and Cyberplus Co., Ltd. have a settlement date of February 29 as their balance sheet closing date. In producing the Consolidated Balance Sheet, each company's balance sheet as of their respective balance sheet closing dates is used. However, necessary adjustments for consolidation are made concerning important transactions that occurred between February 29 and the consolidated settlement date of March 31.

4. Items Concerning the Accounting Standards

(1) Significant evaluation standards and methods

1) Marketable securities

a. Securities held to maturity: Stated under the amortized cost method (straight line method)

b. 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

a. Commercial products and merchandise: Stated mainly under the cost method employing the specific cost method (balance sheet values calculated by devaluing the book values based on declining profitability). However, in the case of sound source data files, fixed installment amortization of the acquisition price is conducted over two years, which is the usable period in-house.

b. Manufactured products and products in progress: Stated mainly under the cost method employing the specific cost method (balance sheet values calculated by devaluing the book values based on declining profitability). Regarding the acquisition cost of each product, amortization is conducted as a lump sum at the time of obtaining revenue from the product.

(2) Significant depreciable assets and depreciation methods

1) Tangible fixed assets (excepts lease assets)

The Company and its consolidated subsidiaries employ the declining balance method 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: 3 – 50 years
Machinery and delivery equipment: 6 – 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) Leased assets

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.

4) Long-term prepaid expenses

The straight-line method is employed.

(3) Standards for recording significant allowances

1) Allowance for doubtful accounts

In order to prepare for losses due to doubtful accounts receivable, the Company and its consolidated subsidiaries record 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.

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 retirement benefits
In order to prepare for employee retirement benefit payments, the Company and some of its consolidated subsidiaries record an amount based on the retirement benefit obligations at the end of the current consolidated fiscal year. Because the Company and some of its consolidated subsidiaries are classed as small businesses with less than 300 employees, a simple method based on the "Code of Practice Concerning Retirement Benefit Accounting" (Interim Report) (Japan Institute of Certified Public Accountants Report No. 13) is employed.

(4) 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

(5) 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.

(6) Goodwill amortization method and amortization period
The amortization of goodwill is carried out using the straight-line method over a period of 5 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 20 years 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.

(7) 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.

(8) Other important items necessary to produce the Consolidated Financial Statements
1) Accounting method for consumption tax: Accounting for consumption tax, etc., is carried out using the tax exclusion method.

(7) Changes in Presentation Methods

(Consolidated Statement of Income)
For the previous consolidated fiscal year, "investment partnership losses" were included among "miscellaneous expenses" under non-operating expenses. However, because this item has increased to more than ten-hundredths (10/100) of total no-operating expenses, it is presented separately for the current consolidated fiscal year. In order to reflect this change of presentation method, the figures from the previous consolidated fiscal year's Consolidated Financial Statements have been rearranged. As a result, in the Consolidated Statement of Income, the for the previous consolidated fiscal year, the entry of ¥6,896 thousand of "miscellaneous expenses" has been changed to ¥1,200 thousand of "investment partnership losses" and ¥5,696 thousand of "miscellaneous expenses".

(8) Additional Information

(Application of the accounting standards of changes in accounting policies and errors)
In accordance with accounting changes and amendments of past errors conducted after the start of the current consolidated fiscal year, the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 of December 4, 2009) and the "Guidance on the Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 of December 4,

2009) are applied.

(9) Notes to Consolidated Financial Statements

(Consolidated Balance Sheet Related)

*1 The following were held by non-consolidated subsidiaries and affiliates.

(Unit: thousands of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Investment securities (shares)	3,466,088	3,615,636

*2 Pledged assets

Assets in the following amounts were pledged as collateral.

(Unit: thousands of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Investment securities	1,497,179	—

In the previous consolidated fiscal year, “investment securities” were deposited as security deposits based on Article 14, Paragraph 1 of the Act on Settlement of Funds.

(Consolidated Statement of Income Related)

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

(Unit: thousands of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Executive compensation	216,035	168,092
Salaries and allowances	1,059,329	744,345
Provision of allowance for bonuses	56,562	54,348
Retirement benefit expenses	27,065	27,674
Commission paid	4,135,015	1,847,227
Advertising expenses	1,056,457	573,009
Provision of allowance for doubtful accounts	32,698	23,950
Amortization of goodwill	1,017,611	196,646

*2 The following were the total amount of research and development costs included in general and administrative expenses and in current term manufacturing costs.

(Unit: thousands of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
	37,264	39,675

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

(Unit: thousands of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Machinery and delivery equipment	1,061	—

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

(Unit: thousands of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Buildings and structures	38	2,259
Tools, devices and equipment	9,032	1,046

Software	5,473	20,183
Total	14,543	23,489

*5 Impairment losses

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

Previous consolidated fiscal year (FY 2010 ending March 31, 2011)

Location	Intended purpose	Type
Minato Ward, Tokyo	Site operating asset	Software

In the impairment loss calculation, the Faith Group conducts capital grouping in the smallest possible units that generate a cash flow that is mostly independent of other assets or asset group cash flows. In consideration of prospective future earnings and future cash flow, the book value of site operation-use assets is recorded as an impairment loss of ¥34,295 thousand. Moreover, in the calculation of recoverable value, the impairment loss is measured while making the utility value zero.

Current consolidated fiscal year (FY 2011 ending March 31, 2012)

Location	Intended purpose	Type
Kyoto City, Kyoto	Point management system	Software

In the impairment loss calculation, the Faith Group conducts capital grouping in the smallest possible units that generate a cash flow that is mostly independent of other assets or asset group cash flows. For the current consolidated fiscal year, in consideration of prospective future earnings and future cash flow, the book value of the point management-use system is recorded as an impairment loss of ¥45,598 thousand. Moreover, in the calculation of recoverable value, the impairment loss is measured while making the utility value zero.

*6 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 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
	42,724	—

(Consolidated Statement of Comprehensive Income Related)

Current consolidated fiscal year (FY 2011 ending March 31, 2012)

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

Valuation differences on other available-for-sale securities:

(Unit: thousands of yen)

Amount accrued in the current term	△73,754
Reclassification adjustment amount	△23,985
Before tax effect adjustment	△97,739
Tax effect amount	57,047
Total valuation difference on other available-for-sale securities	△40,691

Share of comprehensive income of equity method affiliates:

(Unit: thousands of yen)

Amount accrued in the current term	186,227
Total other comprehensive income	145,535

(Consolidated Statements of Changes in Net Assets Related)

Previous consolidated fiscal year (FY 2010 ending March 31, 2011)

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

	Start of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	End of current consolidated fiscal year
Number of shares issued				
Common stock	1,196,000	—	—	1,196,000
Total	1,196,000	—	—	1,196,000
Treasury shares				
Common stock	47,950	—	—	47,950
Total	47,950	—	—	47,950

2. Matters Related to Equity Warrants

Not applicable

3. Matters Related to Dividend Distribution

(1) Amounts of dividends paid

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on June 29, 2010	Common stock	57,402	50	March 31, 2010	June 30, 2010
Board of Directors' meeting held on November 10, 2010	Common stock	57,402	50	September 30, 2010	December 10, 2010

(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 (million yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on June 29, 2011	Common stock	57,402	Retained earnings	50	March 31, 2011	June 30, 2011

Current consolidated fiscal year (FY 2011 ending March 31, 2012)

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

	Start of current consolidated fiscal year	Increase during current consolidated fiscal year	Decrease during current consolidated fiscal year	End of current consolidated fiscal year
Number of shares issued				
Common stock	1,196,000	—	—	1,196,000
Total	1,196,000	—	—	1,196,000
Treasury shares				
Common stock	47,950	—	—	47,950
Total	47,950	—	—	47,950

2. Matters Related to Equity Warrants

Not applicable

3. Matters Related to Dividend Distribution

(1) Amounts of dividends paid

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on June 29, 2011	Common stock	57,402	50	March 31, 2011	June 30, 2011
Board of Directors' meeting held on November 10, 2011	Common stock	57,402	50	September 30, 2011	December 10, 2011

(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 (million yen)	Source of funds for dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting held on June 28, 2012	Common stock	57,402	Retained earnings	50	March 31, 2012	June 29, 2012

(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 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Cash and deposit accounts	12,001,893	13,712,005
Securities accounts	339,676	239,790
Term deposits with deposit terms of over 3 months	△1,920,000	△4,990,000
Securities other than cash equivalents	△99,968	—
Cash and cash equivalents	10,321,601	8,961,796

*2 Breakdown of main assets and liabilities of companies that are no longer consolidated subsidiaries of the faith Group as a result of the sale of their shares during the current consolidated fiscal year

The following is a breakdown of the assets and liabilities of WebMoney Corporation at the time of its sale, as a result of which it ceased to be a consolidated subsidiary of the Faith Group, the sale value of the company's shares, and the profit generated by the sale.

(Unit: thousands of yen)

Current assets	17,842,694
Fixed assets	3,247,749
Goodwill	188,116
Current liabilities	△17,815,860
Minority interests	△1,761,715
Unrealized profit adjustments	△5,492
Profit from sales of stocks	6,892,538
Sale charges	207,943
Sale value of shares in WebMoney Corporation	8,795,973
Value of WebMoney Corporation' cash and cash equivalents	△8,381,318
Deduction: Income from the sale	414,654

(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 Faith Group conducts services centered on developing the contents business, which provide one-stop contents encompassing everything from planning and production of contents to design and construction of platforms and delivering these things to users, and the electronic money business, which provides electronic settlement systems. Accordingly, the Faith Group categorizes the contents business and the electronic money business as its two reportable segments.

The contents business involves contents delivery, delivery platform technology development, contents production, etc.

The electronic money business involves issuing and sales of electronic money, provision of electronic money settlement systems, etc.

In addition, in line with the sale in July 2011 of the Company's entire shareholding in WebMoney Corporation, which is engaged in the electronic money business, the company in question is no longer a consolidated subsidiary of the Faith Group.

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 profit 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 2010 ending March 31, 2011)

(Unit: thousands of yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustment amount (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Contents	Electronic money	Total				
Sales							
Sales to external customers	7,395,224	75,165,842	82,561,067	1,630,223	84,191,290	—	84,191,290
Inter-segment sales or transfer amount	227,654	2,400	280,054	—	280,054	△280,054	—
Total	7,672,879	75,168,242	82,841,121	1,630,223	84,471,344	△280,054	84,191,290
Segment profit	647,190	1,298,726	1,945,971	187,376	2,133,293	△3,531	2,129,762
Segment assets	15,208,443	18,161,901	33,370,345	558,986	33,929,331	△1,202,627	32,726,703
Other items							
Depreciation expenses	236,578	45,014	281,593	10,522	292,115	△1,328	290,786
Amortization of goodwill	936,373	81,238	1,017,611	—	1,017,611	—	1,017,611
Investment in equity-method affiliates	3,465,594	—	3,465,594	—	3,465,594	—	3,465,594
Increase in tangible and intangible fixed assets	319,954	32,975	352,929	1,638	354,567	—	354,567

Note 1. The “Other items” division includes business segments not included in the reportable segments, such as the point service provision business, etc.

Note 2. The segment profit adjustment amount of △3,531 thousand yen and the depreciation expenses adjustment amount of △1,328 for this consolidated fiscal year are calculated by eliminating intersegment transactions.

Note 3. Segment profit is adjusted with operating profit in the consolidated financial statements.

Current consolidated fiscal year (FY 2011 ending March 31, 2012)

(Unit: thousands of yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustment amount (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Contents	Electronic money	Total				
Sales							
Sales to external customers	6,327,121	25,717,225	32,089,347	1,326,642	33,415,989	—	33,415,989
Inter-segment sales or transfer amount	60,948	400	61,348	—	61,348	△61,348	—
Total	6,433,070	25,717,625	32,150,695	1,326,642	33,477,337	△61,348	33,415,989
Segment profit	990,493	430,774	1,421,267	151,979	1,573,247	3,194	1,576,442
Segment assets	23,270,446	—	23,270,446	295,576	23,566,022	△47,122	23,518,900
Other items							
Depreciation expenses	278,678	12,137	290,815	19,359	310,174	△2,594	307,580
Amortization of goodwill	176,337	20,309	196,646	—	196,646	—	196,646
Investment in equity-method affiliates	3,615,142	—	3,615,142	—	3,615,142	—	3,615,142
Increase in tangible and intangible fixed assets	523,538	23,599	547,138	—	547,138	—	547,138

Note 1. The “Other items” division includes business segments not included in the reportable segments, such as the point service provision business, etc.

Note 2. The segment profit adjustment amount of △61,348 thousand yen and the depreciation expenses adjustment amount of △2,594 for this consolidated fiscal year are calculated by eliminating intersegment transactions.

Note 3. Segment profit is adjusted with operating profit in the consolidated financial statements.

b. Related Information

I. Previous consolidated fiscal year (FY 2010 ending March 31, 2011)

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
T-Gaia Corporation	38,678,431	Electronic money business
Famina.com Co., Ltd.	16,618,643	Electronic money business
Wellnet Corporation	11,741,914	Electronic money business

II. Current consolidated fiscal year (FY 2011 ending March 31, 2012)

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
T-Gaia Corporation	13,689,100	Electronic money business
Famina.com Co., Ltd.	5,724,979	Electronic money business
Wellnet Corporation	4,018,117	Electronic money business

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

Previous consolidated fiscal year (FY 2010 ending March 31, 2011)

(Unit: thousands of yen)

	Contents	Electronic money	Others	Total	Company-wide/elimination	Total
Impairment loss	34,295	—	—	34,295	—	34,295

Current consolidated fiscal year (FY 2011 ending March 31, 2012)

(Unit: thousands of yen)

	Contents	Electronic money	Others	Total	Company-wide/elimination	Total
Impairment loss	—	—	54,647	54,647	△9,049	45,598

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

Previous consolidated fiscal year (FY 2010 ending March 31, 2011)

(Unit: thousands of yen)

	Contents	Electronic money	Others	Total	Company-wide/elimination	Total
Current term amortization	936,373	81,238	—	1,017,611	—	1,017,611
Year-end balance	226,936	208,426	—	435,363	—	435,363

Current consolidated fiscal year (FY 2011 ending March 31, 2012)

(Unit: thousands of yen)

	Contents	Electronic money	Others	Total	Company-wide/elimination	Total
Current term amortization	176,337	20,309	—	196,646	—	196,646
Year-end balance	40,599	—	—	40,599	—	40,599

e. Information on Gains on Negative Goodwill by Reportable Segment

Previous consolidated fiscal year (FY 2010 ending March 31, 2011)

Not applicable

Current consolidated fiscal year (FY 2011 ending March 31, 2012)

Not applicable

(Per Share Information)

(Unit: yen)

Previous consolidated fiscal year (FY 2010 ending March 31, 2011)		Current consolidated fiscal year (FY 2011 ending March 31, 2012)	
Net assets per share	11,234.27	Net assets per share	17,066.74
Net income per share	1,029.46	Net income per share	5,805.70
Net income per share fully diluted	1,019.26	Net income per share fully diluted	5,803.03

(Note 1) The basis of the calculation of net income per share and net income for share fully diluted is as follows.

	Previous consolidated fiscal year (FY 2010 ending March 31, 2011)	Current consolidated fiscal year (FY 2011 ending March 31, 2012)
Net income per share		
Net income (thousand yen)	1,181,870	6,665,231
Amount not attributable to ordinary shareholders (thousand yen)	—	—
Net income applicable to common stock (thousand yen)	1,181,070	6,665,231
Average number of shares outstanding during the period (shares)	1,148,050	1,148,050
Net income per share fully diluted (thousand yen)		
Net income adjustment amount	△11,708	△3,065
(Adjustment amount of diluted shares in consolidated subsidiaries)	(△11,708)	(△3,065
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	――――――	――――――

(Note 2) The basis of the calculation of net assets per share is as follows.

	Previous consolidated fiscal year (FY 2010 ending March 31, 2011)	Current consolidated fiscal year (FY 2011 ending March 31, 2012)
Total amount of net assets (thousand yen) (thousand yen)	14,544,625	19,618,905
Amount deducted from total amount of net assets (thousand yen)	1,647,118	25,435
(Minority interests)	(1,647,118)	(25,435)
Year-end net assets applicable to common stock (thousand yen)	12,897,507	19,593,469
Term-end number of shares of common stock used in calculating net assets per share (shares)	1,148,050	1,148,050

(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.

5. Non-Consolidated Financial Statements

(1) Balance Sheet

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
(Assets)		
Current assets		
Cash and deposits	2,820,697	11,268,109
Notes receivable - trade	—	1,207
Accounts receivable - trade	510,921	365,405
Marketable securities	339,676	239,790
Commercial products	932	1,987
Advance payments	106,956	96
Prepaid expenses	51,445	60,670
Short-term loans receivable	200,000	—
Notes receivable - other	162,765	158,792
Consumption taxes receivable	—	16,764
Deferred tax assets	278,781	24,662
Others	7,336	18,501
Allowance for doubtful accounts	△26,904	△22,402
Total current assets	4,452,608	12,133,585
Fixed assets		
Tangible fixed assets		
Buildings	1,336,736	1,510,722
Depreciation amount	△92,852	△168,400
Buildings (net base)	1,243,884	1,342,322
Structures	1,429	1,429
Depreciation amount	△1,146	△1,186
Structures (net base)	283	243
Motor vehicles and transport equipment	22,895	22,895
Depreciation amount	△13,482	△17,330
Motor vehicles and transport equipment (net base)	9,412	5,564
Tools, devices and equipment	649,345	794,816
Depreciation amount	△567,669	△642,490
Tools, devices and equipment (net base)	81,675	152,326
Land	1,500,895	1,500,895
Total tangible fixed assets	2,836,150	3,001,351
Intangible fixed assets		
Goodwill	44,563	33,868
Trademarks	5,366	2,566
Software	130,935	171,244
Telephone subscription rights	1,224	1,224
Others	18,839	35,583
Total intangible fixed assets	200,930	244,487

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Investment and other assets		
Investment securities	949,620	845,398
Shares in affiliates	7,813,284	6,916,705
Long-term prepaid expenses	37,625	14,831
Security deposits	42,775	55,527
Others	34,830	8,142
Allowance for doubtful accounts	△29,778	△0
Total investments and other assets	8,848,357	7,840,605
Total fixed assets	11,885,438	11,086,444
Total assets	16,338,047	23,220,209
(Liabilities)		
Current liabilities		
Accounts payable -trade	239,753	168,712
Short-term loans	399,984	399,984
Accounts payable - other	298,595	335,609
Accrued expenses payable	45,161	12,906
Income taxes payable	12,298	1,412,222
Consumption taxes payable	31,635	—
Advances received	76,387	10,679
Deposits received	27,304	20,333
Deferred income	10,024	589
Allowance for bonus payments	56,725	53,252
Total current liabilities	1,197,871	2,414,290
Fixed liabilities		
Long-term debt	1,133,368	733,384
Deferred tax liabilities	183,204	126,157
Allowance for retirement benefits	68,523	82,666
Provision for loss of subsidiaries and affiliates	106,847	—
Others	5,498	5,363
Total fixed liabilities	1,497,440	947,570
Total liabilities	2,695,311	3,361,860
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus		
Capital surplus reserve	3,708,355	3,708,355
Total capital surplus	3,708,355	3,708,355

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Retained earnings		
Earned surplus reserve	1,500	1,500
Other retained earnings		
General reserve	4,500,000	4,500,000
Retained earnings carried forward	2,597,997	8,852,876
Total retained earnings	7,099,497	13,354,376
Treasury stock	△651,377	△651,377
Total shareholder's equity	13,374,475	19,629,353
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	268,260	228,815
Total valuation and translation adjustments	268,260	228,815
Total net assets	13,642,735	19,858,168
Total liability and net assets	16,338,047	23,220,029

(2) Statement of Income

(Unit: thousands of yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Net sales	4,531,001	3,755,152
Cost of Sales	2,470,825	2,091,717
Gross profit	2,060,175	1,663,435
Selling, general and administrative expenses		
Executive compensation	131,350	135,290
Salaries and allowances	404,008	364,206
Bonuses	83,860	64,318
Provision of allowance for bonuses	35,495	34,034
Retirement benefit expenses	11,963	18,867
Welfare expenses	92,732	78,063
Travel and transportation expenses	40,406	39,036
Communication expenses	24,181	24,980
Entertainment expenses	29,539	24,089
Depreciation expenses	76,543	145,799
Rental expenses	75,595	47,404
Supplies expenses	18,241	40,930
Taxes and dues	37,571	96,444
Commission paid	175,743	226,291
Advertising expenses	387,625	252,747
Provision of allowance for doubtful accounts	3,720	△4,442
Others	78,311	71,819
Total selling, general and administrative expenses	1,706,890	1,659,881
Operating profit	353,285	3,554
Non-operating profit		
Interest income	7,873	23,362
Dividend income	4,246	2,799
Interest on securities	30,771	31,889
Commission received	5,212	8,088
Miscellaneous receipts	2,933	4,041
Total non-operating profit	51,037	70,180
Non-operating expenses		
Interest paid	21,047	15,968
Exchange losses	38,424	1,911
Investment partnership losses	1,344	5,000
Provision of allowance for doubtful accounts	30,018	—
Miscellaneous expenses	—	2
Total non-operating expenses	90,834	22,882
Recurring profit	313,487	50,852

Extraordinary profit		
Gain on disposal of fixed assets	1,061	—
Gain on disposal of investment securities	11,979	28,795
Gain on sale of shares of affiliated company	2,528	7,742,824
Reversal of allowance for doubtful accounts of affiliated company	184,717	106,847
Gain on liquidation of affiliated company	5,787	—
Others	—	76,665
Total extraordinary profit	206,074	7,995,131
Extraordinary losses		
Loss on disposal of fixed assets	13,925	8,377
Loss on valuation of investment securities	14,191	936
Loss on sale of shares of affiliated company	77,258	1,370
Financial impact of adopting the accounting standard for asset retirement obligations	7,809	—
Others	37	—
Total extraordinary losses	113,222	10,685
Net income before income taxes	406,339	7,995,299
Corporate, local, and business taxes	5,168	1,371,496
Income taxes - deferred	△33,834	254,119
Total corporate, local, and business taxes	△28,665	1,625,615
Net profit for the current fiscal year	435,004	6,369,683

(3) Statement of Changes in Net Assets

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
Shareholders' equity		
Common stock		
Balance at the start of the accounting period	3,218,000	3,218,000
Changes of items during the accounting period		
Total changes of items during the accounting period	—	—
Balance at the end of the accounting period	3,218,000	3,218,000
Capital surplus		
Capital surplus reserve		
Balance at the start of the accounting period	3,708,355	3,708,355
Changes of items during the accounting period		
Total changes of items during the accounting period	—	—
Balance at the end of the accounting period	3,708,355	3,708,355
Total capital surplus		
Balance at the start of the accounting period	3,708,355	3,708,355
Changes of items during the accounting period		
Total changes of items during the accounting period	—	—
Balance at the end of the accounting period	3,708,355	3,708,355
Retained earnings		
Retained earnings reserve		
Balance at the start of the accounting period	1,500	1,500
Changes of items during the accounting period		
Total changes of items during the accounting period	–	–
Balance at the end of the accounting period	1,500	1,500
Other retained earnings		
Special reserve fund		
Balance at the start of the accounting period	4,500,000	4,500,000
Changes of items during the accounting period		
Total changes of items during the accounting period	—	—
Balance at the end of the accounting period	4,500,000	4,500,000
Retained earnings carried forward		
Balance at the start of the accounting period	2,277,797	2,597,997
Changes of items during the accounting period		
Payment of dividends of surplus	△114,805	△114,805
Current net earnings	435,004	6,369,683
Total changes of items during the accounting period	320,199	6,254,878
Balance at the end of the accounting period	2,597,997	8,852,876
Total retained earnings carried forward		
Balance at the start of the accounting period	6,779,297	7,099,497
Changes of items during the accounting period		
Payment of dividends of surplus	△114,805	△114,805
Current net earnings	435,004	6,369,683
Total changes of items during the accounting period	320,199	6,254,878
Balance at the end of the accounting period	7,099,497	13,354,376

(Unit: thousands of yen)

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
Treasury stock		
Balance at the start of the accounting period	△651,377	△651,377
Changes of items during the accounting period		
Total changes of items during the accounting period	—	—
Balance at the end of the accounting period	△651,377	△651,377
Total shareholders' equity		
Balance at the start of the accounting period	13,054,275	13,374,475
Changes of items during the accounting period		
Cash dividend paid	△114,805	△114,805
Net gain or loss	435,004	6,369,683
Total changes of items during the accounting period	320,199	6,254,878
Balance at the end of the accounting period	13,374,475	19,629,353
Valuation and translation adjustments		
Valuation difference on other available-for-sale securities		
Balance at the start of the accounting period	292,439	268,260
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	△24,178	△39,444
Total changes of items during the accounting period	△24,178	△39,444
Balance at the end of the accounting period	268,260	228,815
Total valuation and translation adjustments		
Balance at the start of the accounting period	△292,439	268,260
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	△24,178	△39,444
Total changes of items during the accounting period	△24,178	△39,444
Balance at the end of the accounting period	268,260	228,815
Total net assets		
Balance at the start of the accounting period	13,346,714	13,642,735
Changes of items during the accounting period		
Cash dividend paid	△114,805	△114,805
Net gain or loss	435,004	6,369,683
Net changes of items other than shareholders' equity	△24,178	△39,444
Total changes of items during the accounting period	296,020	6,215,433
Balance at the end of the accounting period	13,642,735	19,858,168

(4) Notes Concerning the Premise of a Going Concern

Not applicable