

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE 1ST QUARTER OF THE FISCAL YEAR ENDING MARCH 2013
[Japanese Standards]**

August 10, 2012

Faith, Inc. (Stock code 4295, Listed on TSE 1st section)
(URL <http://www.faith.co.jp/>)
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Date of Submission of Securities Report: August 131, 2012
Starting Date of the Dividend Payment: -
Preparation of Supplementary Materials for Quarterly Financial Results: Applicable
Information Meeting for Quarterly Financial Results to be Held: None

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the 1st Quarter of the Year Ending March 2013
(From April 1, 2012 to June 30, 2012)

(1) Consolidated Operating Results

Those figures in “%” show increased/decreased ratio compared with the previous 1st quarter of fiscal term

	Net Sales		Operating Profit		Recurring Profit		Net Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1 of the year ending March 2013	1,669	△94.0	278	△62.7	229	△71.0	184	△57.8
Q1 of the year ending March 2012	27,831	62.5	746	105.1	790	111.3	436	235.9

(Note) Comprehensive income: 1st quarter of the fiscal year ending March 2013: ¥143 million (△73.4%); 1st quarter of the fiscal year ending March 2012: ¥541 million (273.5%)

	Net Profit per Share	Diluted Net Profit per Share
	Yen	Yen
Q1 of the year ending March 2013	160.61	—
Q1 of the year ending March 2012	380.20	377.53

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital	Net Profit Per Share
	Millions of yen	Millions of yen	%	yen
Q1 of the year ending March 2013	22,025	19,705	89.4	17,146.49
Q1 of the year ended March 2012	23,518	19,618	83.3	17,066.74

Reference: Equity Capital: 1st quarter of the fiscal year ending March 2013: 19,685 million yen; the fiscal year ended March 2013: 19,593 million yen

2. Dividends

(Record dates)	Dividends per share				
	1 st Quarter	Interim	3 rd Quarter	Year-end	Total
	yen	yen	yen	yen	yen
Year ending March 2012	—	50.00	—	50.00	100.00
Year ending March 2013	—				
Year ending March 2013 (Forecast)		50.00	—	50.00	100.00

Note: Forecasts for the dividends have not modified at the announcement of the financial statements for FY2012 Q1.

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

The figures in “%” show increased/decreased ratio compared with the previous fiscal year and the previous interim result.

	Net Sales		Operating Profit		Recurring Profit		Net Income		Net Income per Share
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Million s of yen</i>	%	<i>Yen</i>
Interim results 2013	3,500	△88.3	150	△86.2	80	△93.1	60	△99.0	52.26
Year ending March 2013	7,300	△78.2	540	△65.7	490	△72.1	430	△93.5	374.55

Note: Forecasts for the consolidated business results have not been modified at the time of announcement of the financial statements for FY2012 Q1.

※ 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) Adoption of simplified accounting practices or specific procedures in preparation of the quarterly consolidated financial reports: Applicable

* For details, please refer to “2. Summary Information, (2) Adoption of Simplified Accounting Methods in the Preparation of Quarterly Financial Statements” on page 3 of the accompanying material.

- (3) 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: Applicable
 (2)-4. Restatements: None

* Changes are subject to Article 10, Clause 5 of “Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements”. For details, please refer to “2. Summary Information, (3) Changes in Accounting Principles, Procedures, and Disclosure Methods” on page 3 of the accompanying material.

- (4) Outstanding shares (common shares)

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

The 1st quarter of the fiscal year ending March 2013: 1,196,000 shares

The fiscal year ending March 2012: 1,196,000 shares

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

The 1st quarter of the fiscal year ending March 2013: 47,950 shares

The fiscal year ending March 2012: 47,950 shares

- (4)-3. Average number of shares at the interim accounting period

The 1st quarter of the fiscal year ending March 2013: 1,148,050 shares

The 1st quarter of the fiscal year ending March 2012: 1,148,050 shares

* 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. “Qualitative Information regarding Quarterly Performance and Financial Position” on page 2 of the accompanying material.

(To obtain supplemental documents relating to financial results)

Supplemental documents related to the Company's quarterly and other financial results are posted on the company website.

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

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1. Qualitative Information regarding Quarterly Performance and Financial Position

(1) Qualitative Information regarding the Consolidated Operating Results

The mobile phone and smartphone market in Japan has now reached maturity with the number of individual subscriptions exceeding 120 million as of March 2012 (*1). In particular, the demand for smartphones is continuing to increase favorably, and smartphone shipments are expected to account for over half of the 31 million mobile phone and smartphone units forecast to be shipped in FY 2012 (*2). Moreover, in the content 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 services and contents distribution.

(*1) Research by MM Research Institute, (*2) Research by Gartner

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 result of the above factors, and in line with the disposal of the Company's consolidated subsidiary WebMoney Corporation in July 2011, net sales for the first quarter of the fiscal year ending March 2013 decreased by 94.0% compared with the same term of the previous fiscal year to ¥1,669 million, operating profit decreased by 62.7% year on year to ¥278 million, recurring profit decreased by 71.0% year on year to ¥229 million, and net profit decreased by 57.8% year on year to ¥184 million.

Information on each business segment is as follows. In addition, from the current first quarter consolidated accounting period, changes have been made to the composition of the reported segments. Accordingly, regarding year-on-year comparisons, figures for the same period of the previous fiscal year have been changed to reflect the new reported segments and allow comparisons with figures for the present fiscal year.

<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.

Overseas, we are already engaged in new forms of music promotion using social media services such as Facebook, etc., and the Company has also started a full-scale social music app service called viBirth App as the first service of its kind in Japan. With this service, artists and fans can utilize a full range of functions such as music purchase, playback, free movie viewing, photo posting, Twitter, etc., all free of charge. As a result, some well-known artists have begun to adopt the service for use as their own Facebook page. Moreover, in a joint venture with XING INC., we have developed and begun providing a full-scale karaoke service called JOYSOUND.TV that users can enjoy together with a Sony BRAVIA LCD TV, a Blu-ray Disc player, etc.

In line with of the above developments, and mainly due to a decrease in income in the ringtone melody business, the Content Business recorded net sales of ¥1,371 million, a decline of 16.0% year on year. However, factoring in a decrease in the amortization of goodwill, this business recorded an operating profit of ¥253 million, a decline of 0.2% year on year.

<Point Service Business>

In the Point Service Business, sales of point-card systems moved steadily, but due to a decline in the supply of goods associated with the approaching deadline for applications for exchanges of home appliance eco-points, this business recorded net sales of ¥297 million, a decline of 38.2% year on year, and an operating profit of ¥24 million, a decline of 59.1% year on year.

(2) Qualitative Information regarding the Consolidated Financial Position

Total assets as of June 30, 2012 decreased by ¥1,493 million compared to March 31, 2012 to ¥22,025 million. This result was mainly the result of decreases in cash and deposits, and investment securities.

Total liabilities decreased by ¥1,579 million compared to the end of the previous consolidated fiscal year to ¥2,320 million. This result was mainly due to decreases in income taxes payable and long-term loans payable in accordance with repayments.

Total net assets increased by ¥86 million compared to the end of the previous consolidated fiscal year to ¥19,705 million. This was mainly due to the recording of a quarterly net profit, etc., despite payment of dividends. As a result, the equity ratio increased by 6.1 percentage points to 89.4%.

(3) Qualitative Information regarding the Forecast of Consolidated Financial Results

Performance forecasts are made based on information currently available to the Company, but there is a possibility that the actual performance figures will differ significantly from the forecast figures due to a variety of factors. In addition, the current performance forecast for the full financial year is unchanged from the forecast issued on May 11, 2012.

2. Summary Information

(1) Changes in Major Subsidiaries during the 1st Quarter

None

(2) Adoption of Simplified Methods in the Preparation of Quarterly Financial Statements

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after applying tax effect accounting to the amount of quarterly net profit before tax deduction for the consolidated financial year including the current 1st quarter accounting period, and then multiplying the amount of quarterly net profit before tax deduction by the current estimated effective tax rate.

(3) Changes in Accounting Principles, Procedures, and Disclosure Methods

(Changes in Accounting Policy that are Difficult to Distinguish from Changes in Accounting Estimates)
In accordance with the revision of the Corporation Tax Act, from the current 1st quarter consolidated accounting period the Company and its consolidated subsidiaries have changed the method of depreciation based on the revised law and applied the new method to tangible fixed assets obtained on or after April 1, 2012.

The effects of this change on the Company's operating profit, recurring profit and net profit before taxes and other adjustment for the current 1st quarter consolidated accounting period are minimal.

3. Consolidated Financial Statements for the 1st Quarter

(1) Consolidated Balance Sheet for the 1st Quarter

	(Unit: thousands of yen)	
	FY2011	The 1st Quarter of FY2012
	(As of March 31, 2012)	(As of June 30, 2012)
(Assets)		
Current assets		
Cash and deposits	13,712,005	12,538,466
Accounts and notes receivable	1,106,836	1,054,677
Marketable securities	239,790	440,230
Commercial products	2,580	4,298
Products in progress	8,199	13,574
Primary materials and inventory goods	7,817	8,235
Deferred tax assets	28,269	28,269
Others	260,218	173,372
Allowance for doubtful accounts	△29,816	△28,302
Total current assets	15,335,901	14,232,822
Fixed assets		
Tangible fixed assets	3,007,786	2,975,661
Intangible fixed assets		
Goodwill	40,599	34,516
Others	382,135	375,957
Total intangible fixed assets	422,734	410,474
Investment and other assets		
Investment securities	4,644,916	4,331,631
Others	121,294	75,734
Allowance for doubtful receivable	△13,734	△568
Total investments and other assets	4,752,477	4,406,797
Total fixed assets	8,182,998	7,792,933
Total assets	23,518,900	22,025,756
(Liabilities)		
Current liabilities		
Trade notes and Accounts payable	187,933	168,096
Short-term loans	399,984	399,984
Income taxes payable	1,424,393	50,952
Allowance for points	208,142	196,214
Allowance for bonus payments	73,566	54,287
Others	614,625	569,717
Total current liabilities	2,908,644	1,439,252
Fixed liabilities		
Long-term liabilities	733,384	633,388
Deferred tax liabilities	125,729	108,423
Allowance for retirement benefits	109,389	117,404
Others	22,846	21,795
Total fixed liabilities	991,350	881,011
Total liabilities	3,899,995	2,320,264

	(Unit: thousands of yen)	
	FY2011	The 1st Quarter of FY2012
	(As of March 31, 2010)	(As of June 30, 2012)
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus	3,708,355	3,708,355
Retained earnings	13,106,638	13,233,622
Treasury stock	△651,377	△651,377
Total shareholder's equity	19,381,616	19,508,600
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	227,124	195,927
Foreign currency translation adjustments	△15,270	△19,496
Total other accumulated comprehensive income	211,853	176,430
Minority interests	25,435	20,461
Total net assets	19,618,905	19,705,491
Total liabilities and net assets	23,518,900	22,025,756

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the 1st Quarter
(Consolidated Statement of Income)

	(Unit: thousands of yen)	
	The 1st Quarter of FY 2011 (April 1-June 30, 2011)	The 1st Quarter of FY 2012 (April 1-June 30, 2012)
Net sales	27,831,290	1,669,316
Cost of sales	24,781,762	809,958
Gross profit	3,049,528	859,358
Selling, general and administrative expenses	2,303,345	581,083
Operating profit	746,182	278,274
Non-operating profit		
Interest income	1,913	9,820
Dividend income	3,392	3,767
Interest on securities	10,594	965
Investment gain on equity method	35,877	—
Miscellaneous receipts	975	1,348
Total non-operating profit	52,754	15,902
Non-operating expenses		
Interest paid	4,410	2,015
Investment loss on equity method	—	56,994
Exchange losses	4,206	5,568
Miscellaneous expenses	—	103
Total non-operating expenses	8,617	64,681
Recurring profit	790,319	229,494
Extraordinary profit		
Gain on disposal of investment securities	27,995	—
Total extraordinary profit	27,995	—
Extraordinary losses		
Loss on disposal of fixed assets	375	3,460
Loss on valuation of investment securities	—	2,573
Total extraordinary losses	375	6,034
Net income before income taxes	817,939	223,460
Corporate, local, and business taxes	235,555	44,048
Net income before minority interests	582,383	179,412
Minority interests in income	145,899	△4,973
Net profit for the quarter	436,484	184,386

(Consolidated Statement of Comprehensive Income)

	(Unit: thousands of yen)	
	The 1st Quarter of FY 2011 (April 1-June 30, 2011)	The 1st Quarter of FY 2012 (April 1-June 30, 2012)
Net income before minority interests	582,383	179,412
Other comprehensive income		
Valuation difference on other available-for-sale securities	△988	△31,028
Share in comprehensive income of equity method affiliates	△40,075	△4,394
Total other comprehensive income	△41,064	△35,422
Comprehensive income	541,319	143,989
(Details)		
Comprehensive income attributable to shareholders of the parent company	395,419	148,963
Comprehensive income attributable to minority interests	145,899	△4,973

(3) Explanatory Note regarding Premise of a Going Concern

Not applicable

(4) Segment Information

I 1st quarter of the fiscal year 2011 (April 1, 2011 - June 30, 2011)

1. Information on sales and income (loss) by business segment reported

(Unit: thousands of yen)

	Content Business	Electronic Money Business	Point Service Business	Total	Adjustment	Consolidated statement amount
Net sales						
Sales to outside customers	1,632,350	25,717,225	481,714	27,831,290	—	27,831,290
Intersegment sales and transfers	50,962	400	—	51,632	△51,362	—
Total	1,683,313	25,717,625	481,714	27,882,652	△51,362	27,831,290
Segment profit	253,976	430,774	60,627	745,377	805	746,182

Notes: 1. Adjustment of segment profit of ¥805 thousand refers to elimination of intersegment transactions.

2. Segment profit is adjusted with the operating profit in the quarterly consolidated profit and loss statement.

2. Information regarding impairment loss on fixed assets or goodwill by segment reported

This information is omitted since there is no critical impairment loss on fixed assets or significant change in amount of goodwill.

II 1st quarter of the fiscal year 2012 (April 1, 2012 - June 30, 2012)

1. Information on sales and income (loss) by business segment reported

(Unit: thousands of yen)

	Content Business	Point Service Business	Total	Adjustment	Consolidated statement amount
Net sales					
Sales to outside customers	1,371,654	297,661	1,669,316	—	1,669,316
Intersegment sales and transfers	5,248	—	5,248	△5,248	—
Total	1,376,903	297,661	1,674,565	△5,248	1,669,316
Segment profit	253,571	24,780	278,352	△78	278,274

Notes: 1. Adjustment of segment profit of △¥78 thousand refers to elimination of intersegment transactions.

2. Segment profit is adjusted with the operating profit in the quarterly consolidated profit and loss statement.

2. Items concerning changes in reportable segments, etc.

From the current 1st quarter consolidated accounting period, the reportable segments have been changed from the previous two segments of the “Content Business” and “Electronic Money Business” to the two segments of the “Content Business” and the “Point Service Business”. This change was made because the Company’s involvement in the Electronic Money Business ceased following the sale of the Company’s shareholding in its consolidated subsidiary WebMoney Corporation on July 19, 2011, and also in view of the growing importance of the Point Service Business, which was previously included in the “Others” segment.

In addition, segment information relating to the previous year's 1st quarter consolidated accounting period has been produced based on the reportable segments for the current year's 1st quarter consolidated accounting period.

3. Information regarding impairment loss on fixed assets or goodwill by segment reported

That information is omitted since there is no critical impairment loss on fixed assets or significant change in amount of goodwill.

(5) Note for Significant Changes in Amount of Shareholders' Equity

Not applicable