

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS  
FOR THE 2<sup>nd</sup> QUARTER OF THE FISCAL YEAR ENDING MARCH 2013  
[Japanese Standards]**

November 13, 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: November 14, 2012  
Starting Date of the Dividend Payment: December 10, 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 2nd Quarter of the Year Ending March 2013  
(From April 1, 2012 to September 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 | %     |
| Q2 of the year ending March 2013 | 3,413           | △88.5 | 564              | △48.0 | 569              | △50.7 | 509             | △91.7 |
| Q2 of the year ending March 2012 | 29,787          | △21.8 | 1,084            | 6.6   | 1,154            | 6.6   | 6,148           | 985.1 |

(Note) Comprehensive income: 2nd quarter of the fiscal year ending March 2013: ¥455 million (△92.9%); 2nd quarter of the fiscal year ending March 2012: ¥6,442 million (872.3%)

|                                  | Net Profit per Share | Diluted Net Profit per Share |
|----------------------------------|----------------------|------------------------------|
|                                  | Yen                  | Yen                          |
| Q2 of the year ending March 2013 | 443.82               | —                            |
| Q2 of the year ending March 2012 | 5,355.72             | 5,353.05                     |

**(2) Consolidated Financial Position**

|                                  | Total Assets    | Net Assets      | Ratio of Equity Capital | Net Profit Per Share |
|----------------------------------|-----------------|-----------------|-------------------------|----------------------|
|                                  | Millions of yen | Millions of yen | %                       | yen                  |
| Q2 of the year ending March 2013 | 22,180          | 20,017          | 90.2                    | 17,426.09            |
| 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: 20,006 million yen; the fiscal year ended March 2012: 19,593 million yen

**2. Dividends**

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

Note: Forecasts for the dividends have not modified at the announcement of the financial statements for FY2012 Q2.

### 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 the increase/decrease ratio compared with the previous fiscal year.

|                           | Net Sales          |       | Operating Profit   |       | Recurring Profit   |       | Net Income         |       | Net Income<br>per Share |
|---------------------------|--------------------|-------|--------------------|-------|--------------------|-------|--------------------|-------|-------------------------|
|                           | Millions<br>of yen | %     | Millions<br>of yen | %     | Millions<br>of yen | %     | Millions<br>of yen | %     | Yen                     |
| Year ending<br>March 2013 | 6,800              | △79.7 | 600                | △61.9 | 610                | △65.3 | 550                | △91.7 | 479.07                  |

Note: Forecasts for the consolidated business results have not been modified at the time of announcement of the financial statements for FY2012 Q2.

#### ※ 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 4 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 Policy, Changes in Accounting Estimates, and Restatements” on page 4 of the accompanying material.

(4) Outstanding shares (common shares)

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

The 2nd 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 2nd 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 2nd quarter of the fiscal year ending March 2013: 1,148,050 shares

The 2nd 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. (3) “Qualitative Information regarding the Forecast of Consolidated Financial Results” on page 3 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/index.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 (\*1). Smartphone shipments are continuing at a high level, totaling approximately 28 million units and accounting for 64.5% of total mobile phone shipments in FY 2012 (\*2). Worldwide, in line with the rapid proliferation of smartphone and tablet devices, increasing data communication compatibility, and the accelerated growth of LTE services, the mobile phone and smartphone market now encompasses more than 6 billion subscribers (\*2), and the development of new services and content distribution systems to meet evolving user needs is becoming more essential than ever.

(\*1) Research by the Telecommunications Carriers Association, (\*2) Research by IDC Japan

Against the background of this highly diversified market environment, 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 and consolidating high-quality 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 2nd quarter of the fiscal year ending March 2013 decreased by 88.5% compared with the same term of the previous fiscal year to ¥3,413 million, operating profit decreased by 48.0% year on year to ¥564 million, recurring profit decreased by 50.7% year on year to ¥569 million, and net profit decreased by 91.7% year on year to ¥509 million.

Information on each business segment is as follows. In addition, from the current 1st 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.

Among the most noteworthy developments, Catch Media Japan, Inc.—a joint venture between Faith, Inc. and the US company Catch Media, Inc.—was established as the exclusive provider of the cloud-type content distribution solution Play Anywhere® in Japan, and began its distribution business using this solution on April 2, 2012. Also, a DVD of episodes of the TV show YONPARA (broadcast on TBS between October 2011 and March 2012 and featuring Not Yet, a subunit of the all-female Japanese pop group AKB48) was released and became a popular topic of conversation. Not Yet is a unit on which Faith has worked together with Nippon Columbia, Ltd. New artists making their debuts from Future RECORDS, Inc., a company jointly established by Faith and Nippon Columbia, included reico, whose single “Shining” is used as an image song for Shiseido’s “WHITE LUCENT” brightening skincare products, and PafeOke, whose debut single “Asian Breeze” is a power play song of Nippon Television Network’s “Happy Music” program. In addition, the mobile video application service FaRao TV, which is equipped with a function that allows users to recommend their favorite videos from among a huge store of contents, started operation on October 20, 2012. Faith realized the FaRao TV concept by making use of its own in-house developed recommendation engine, the first engine of its kind in Japan. With this service, users can enjoy viewing a wide range of movie trailers and short versions, etc., including science fiction, action, drama, horror, suspense and other genres provided by both Japanese and international distributors and production companies free of charge. FaRao TV was employed as an official application at the 25th Tokyo International Film Festival.

In line with of the above developments and due to a decrease in income in the ringtone melody business, the Content Business recorded net sales of ¥2,756 million, a decline of 15.8% year on year, and an operating profit of ¥495 million, a decline of 11.0% 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 ¥656 million, a decline of 17.5% year on year, and an operating profit of ¥68 million, a decline of 27.9% year on year.

## (2) Qualitative Information regarding the Consolidated Financial Position

### (Analysis of Financial Position)

As of the end of the 2nd quarter of FY 2012 (September 30, 2012) the Faith Group's total assets decreased by ¥1,338 million compared to the end of the previous consolidated fiscal year to ¥22,180 million. This result was mainly the result of decreases in cash and deposits, and investment securities.

Total liabilities decreased by ¥1,736 million compared to the end of the previous consolidated fiscal year to ¥2,163 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 ¥398 million compared to the end of the previous consolidated fiscal year to ¥20,017million. This result was mainly due to the recording of a quarterly net profit, etc., despite payment of dividends. As a result, the equity ratio increased by 6.9 percentage points to 90.2%.

### (Cash Flow Situation)

Cash and cash equivalents for the consolidated cumulative 2nd quarter of the current fiscal year increased by ¥9 million from the end of the previous consolidated fiscal year to ¥8,971 million.

Details of cash flow for the consolidated cumulative 2nd quarter and its contributory factors are as follows:

#### (Cash flow from operating activities)

Cash flow from operating activities amounted to an outflow of ¥668 million (compared with an inflow of ¥2,450 million for the same period of the previous fiscal year), due mainly to outgoings of ¥141 million in respect of depreciation and amortization expenses in addition to ¥601 million in net income before income taxes, and of the elimination of ¥1,376 million in income taxes, etc., paid.

#### (Cash flow from investing activities)

Cash flow from investing activities amounted to an inflow of ¥976 million (compared with an outflow of ¥5,956 million for the same period of the previous fiscal year), due mainly to outgoings of ¥3,532 million in respect of making fixed-term deposits, despite income of ¥4,490 million in respect of reimbursement of fixed-term deposits.

#### (Cash flow from financing activities)

Cash flow from financing activities amounted to an outflow of ¥259 million (compared with an outflow of ¥282 million for the same period of the previous fiscal year), due mainly to outgoings of ¥199 million in respect of repayment of long-term loans and ¥56 million in respect of dividend payments.

## (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 revised forecast issued on November 2, 2012.

## 2. Summary Information

### (1) Changes in Major Subsidiaries during the 2nd 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 2nd 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 Policy, Changes in Accounting Estimates, and Restatements

(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 2nd quarter consolidated accounting period are minimal.

3. Consolidated Financial Statements for the 2nd Quarter  
 (1) Consolidated Balance Sheet for the 2nd Quarter

|   | (Unit: thousands of yen) |                        |
|---|--------------------------|------------------------|
|   | FY2011                   | 2nd Quarter of FY2012  |
|   | (As of March 31, 2012)   | (As of Sept. 30, 2012) |
| <b>(Assets)</b>                           |                          |                        |
| <b>Current assets</b>                     |                          |                        |
| Cash and deposits                         | 13,712,005               | 12,763,829             |
| Accounts and notes receivable             | 1,106,836                | 1,070,690              |
| Marketable securities                     | 239,790                  | 439,665                |
| Commercial products                       | 2,580                    | 14,479                 |
| Products in progress                      | 8,199                    | 5,698                  |
| Primary materials and inventory goods     | 7,817                    | 6,499                  |
| Deferred tax assets                       | 28,269                   | 28,269                 |
| Others                                    | 260,218                  | 100,269                |
| Allowance for doubtful accounts           | △29,816                  | △28,037                |
| <b>Total current assets</b>               | <b>15,335,901</b>        | <b>14,401,366</b>      |
| <b>Fixed assets</b>                       |                          |                        |
| Tangible fixed assets                     | 3,007,786                | 2,938,943              |
| <b>Intangible fixed assets</b>            |                          |                        |
| Goodwill                                  | 40,599                   | 28,434                 |
| Others                                    | 382,135                  | 372,552                |
| <b>Total intangible fixed assets</b>      | <b>422,734</b>           | <b>400,987</b>         |
| <b>Investment and other assets</b>        |                          |                        |
| Investment securities                     | 4,644,916                | 4,366,308              |
| Others                                    | 121,294                  | 73,726                 |
| Allowance for doubtful receivable         | △13,734                  | △548                   |
| <b>Total investments and other assets</b> | <b>4,752,477</b>         | <b>4,439,486</b>       |
| <b>Total fixed assets</b>                 | <b>8,182,998</b>         | <b>7,779,417</b>       |
| <b>Total assets</b>                       | <b>23,518,900</b>        | <b>22,180,783</b>      |
| <b>(Liabilities)</b>                      |                          |                        |
| <b>Current liabilities</b>                |                          |                        |
| Trade notes and Accounts payable          | 187,933                  | 185,272                |
| Short-term loans                          | 399,984                  | 399,984                |
| Income taxes payable                      | 1,424,393                | 116,667                |
| Allowance for points                      | 208,142                  | 192,376                |
| Allowance for bonus payments              | 73,566                   | 93,824                 |
| Others                                    | 614,625                  | 394,491                |
| <b>Total current liabilities</b>          | <b>2,908,644</b>         | <b>1,382,617</b>       |
| <b>Fixed liabilities</b>                  |                          |                        |
| Long-term liabilities                     | 733,384                  | 533,392                |
| Deferred tax liabilities                  | 125,729                  | 107,857                |
| Allowance for retirement benefits         | 109,389                  | 119,110                |
| Others                                    | 22,846                   | 20,686                 |
| <b>Total fixed liabilities</b>            | <b>991,350</b>           | <b>781,046</b>         |
| <b>Total liabilities</b>                  | <b>3,899,995</b>         | <b>2,163,664</b>       |

|   | (Unit: thousands of yen) |                        |
|---|--------------------------|------------------------|
|   | FY2011                   | 2nd Quarter of FY2012  |
|   | (As of March 31, 2012)   | (As of Sept. 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               | 13,558,762             |
| Treasury stock  | △651,377                 | △651,377               |
| Total shareholder's equity                            | 19,381,616               | 19,833,740             |
| Other accumulated comprehensive income                |                          |                        |
| Valuation difference on available-for-sale securities | 227,124                  | 194,048                |
| Foreign currency translation adjustments              | △15,270                  | △21,766                |
| Total other accumulated comprehensive income          | 211,853                  | 172,282                |
| Minority interests                                    | 25,435                   | 11,096                 |
| Total net assets                                      | 19,618,905               | 20,017,119             |
| Total liabilities and net assets                      | 23,518,900               | 22,180,783             |



**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
(Statement of Income for the Consolidated Cumulative 2nd Quarter)

|  | (Unit: thousands of yen)                           |  |
|--|--|--|
|  | 2nd Quarter of FY 2011<br>(April 1-Sept. 30, 2011) | 2nd Quarter of FY 2012<br>(April 1-Sept. 30, 2012) |
| Net sales                                    | 29,787,892   | 3,413,657  |
| Cost of sales                                | 25,645,715   | 1,675,952  |
| Gross profit                                 | 4,142,176  | 1,737,705  |
| Selling, general and administrative expenses | * 3,057,951  | * 1,173,614  |
| Operating profit                             | 1,084,225  | 564,090  |
| Non-operating profit                         |  |  |
| Interest income                              | 7,878  | 17,013   |
| Dividend income                              | 3,392  | 3,767  |
| Interest on securities                       | 11,565   | 1,729  |
| Investment gain on equity method             | 65,997   | —  |
| Miscellaneous receipts                       | 3,495  | 2,062  |
| Total non-operating profit                   | 92,329   | 24,573   |
| Non-operating expenses                       |  |  |
| Interest paid                                | 8,573  | 3,888  |
| Investment loss on equity method             | —  | 3,094  |
| Investment partnership losses                | —  | 4,165  |
| Exchange losses                              | 12,186   | 8,393  |
| Miscellaneous expenses                       | 1,472  | 103  |
| Total non-operating expenses                 | 22,232   | 19,646   |
| Recurring profit                             | 1,154,322  | 569,017  |
| Extraordinary profit                         |  |  |
| Gain on disposal of fixed assets             | —  | 316  |
| Gain on disposal of investment securities    | 28,795   | 51,400   |
| Gain on sale of shares of affiliated company | 6,899,538  | —  |
| Others                                       | 63,000   | —  |
| Total extraordinary profit                   | 6,991,334  | 51,716   |
| Extraordinary losses                         |  |  |
| Loss on disposal of fixed assets             | 1,059  | 5,015  |
| Loss on valuation of investment securities   | —  | 2,573  |
| Loss on sale of shares of affiliated company | 79,565   | —  |
| Oversees tax-related losses                  | —  | 11,892   |
| Total extraordinary losses                   | 80,625   | 19,481   |
| Net income before income taxes               | 8,065,031  | 601,251  |
| Corporate, local, and business taxes         | 1,771,504  | 106,064  |
| Net income before minority interests         | 6,293,527  | 495,187  |
| Minority interests in income (△)             | 144,895  | △14,339  |
| Net profit for the quarter                   | 6,148,632  | 509,526  |

(Statement of Comprehensive Income for the Consolidated Cumulative 2nd Quarter)

(Unit: thousands of yen)

|   | 2nd Quarter of FY 2011<br>(April 1-Sept. 30, 2011) | 2nd Quarter of FY 2012<br>(April 1-Sept. 30, 2012) |
|---|--|--|
| Net income before minority interests                                    | 6,293,527  | 495,187  |
| Other comprehensive income  |  |  |
| Valuation difference on other available-for-sale securities             | △28,418  | △32,933  |
| Share in comprehensive income of equity method affiliates               | 177,619  | △6,636   |
| Total other comprehensive income  | 149,204  | △39,570  |
| Comprehensive income  | 6,442,731  | 455,616  |
| (Details)   |  |  |
| Comprehensive income attributable to shareholders of the parent company | 6,297,836  | 469,955  |
| Comprehensive income attributable to minority interests                 | 144,895  | △14,339  |

## (3) Consolidated Statement of Cash Flows for the 2nd Quarter

(Unit: thousands of yen)

|  | 2nd Quarter of FY 2011<br>(April 1-Sept. 30, 2011) | 2nd Quarter of FY 2012<br>(April 1-Sept. 30, 2012) |
|--|--|--|
| Cash flow from operating activities  |  |  |
| Income before income taxes and minority interests  | 8,065,031  | 601,251  |
| Depreciation and amortization  | 136,857  | 141,486  |
| Amortization of goodwill   | 184,481  | 12,165   |
| Increase/decrease in allowance for doubtful accounts ( $\Delta$ = decrease)                  | $\Delta$ 32,472                                    | $\Delta$ 1,809                                     |
| Increase/decrease in reserve for bonus ( $\Delta$ = decrease)                                | 20,242   | 20,258   |
| Increase/decrease in allowance for utilized costs ( $\Delta$ = decrease)                     | 405,173  | —  |
| Increase/decrease in allowance for unexercised sales promotion points ( $\Delta$ = decrease) | $\Delta$ 9,536                                     | $\Delta$ 15,765                                    |
| Increase/decrease in allowance for retirement benefits ( $\Delta$ = decrease)                | 10,672   | 9,721  |
| Interest and dividends income  | $\Delta$ 11,271                                    | $\Delta$ 20,780                                    |
| Interest on securities   | $\Delta$ 11,565                                    | $\Delta$ 1,729                                     |
| Interest paid  | 8,573  | 3,888  |
| Gain or loss on foreign exchange ( $\Delta$ = gain)  | 11,933   | 10,903   |
| Gain or loss on sale of investment securities ( $\Delta$ = gain)                             | $\Delta$ 28,795                                    | $\Delta$ 51,400                                    |
| Gain or loss on valuation of investment securities ( $\Delta$ = gain)                        | —  | 2,573  |
| Gain or loss on sale of shares in affiliates ( $\Delta$ = gain)                              | $\Delta$ 6,819,973                                 | —  |
| Gain or loss on equity method ( $\Delta$ = gain)   | $\Delta$ 65,997                                    | 3,094  |
| Gain or loss on sale of fixed assets ( $\Delta$ = gain)                                      | —  | $\Delta$ 316                                       |
| Gain or loss on disposal of fixed assets ( $\Delta$ = gain)                                  | 1,059  | 5,015  |
| Increase/decrease in trade receivables ( $\Delta$ = increase)                                | $\Delta$ 1,236,134                                 | 39,539   |
| Increase/decrease in inventory assets ( $\Delta$ = increase)                                 | $\Delta$ 33  | $\Delta$ 8,081                                     |
| Increase/decrease in trade payables ( $\Delta$ = decrease)                                   | 2,490,926  | $\Delta$ 2,668                                     |
| Increase/decrease in consumption tax payable ( $\Delta$ = decrease)                          | $\Delta$ 73,278                                    | 27,990   |
| Others   | $\Delta$ 229,874                                   | $\Delta$ 97,518                                    |
| Sub-total  | 2,816,020  | 677,819  |
| Interest and dividends received  | 17,003   | 33,387   |
| Interest paid  | $\Delta$ 8,573                                     | $\Delta$ 3,890                                     |
| Income tax refunded  | 3,881  | 537  |
| Income tax paid  | $\Delta$ 377,558                                   | $\Delta$ 1,376,739                                 |
| Cash flow from operating activities  | 2,450,772  | $\Delta$ 668,885                                   |

|  | (Unit: thousands of yen)                           |  |
|--|--|--|
|  | 2nd Quarter of FY 2011<br>(April 1-Sept. 30, 2011) | 2nd Quarter of FY 2012<br>(April 1-Sept. 30, 2012) |
| <b>Cash flow from investing activities</b>   |  |  |
| Expenditure for opening of term deposits   | △7,260,000   | △3,532,145   |
| Proceeds from withdrawal of term deposits  | 1,270,000  | 4,490,000  |
| Expenditure for acquisition of marketable securities   | △199,590   | —  |
| Expenditure for acquisition of tangible fixed assets   | △293,494   | △26,385  |
| Expenditure for acquisition of software  | △92,519  | △78,946  |
| Proceeds from sale of investment securities  | 29,636   | 61,400   |
| Expenditure for acquisition of shares of affiliates  | △79,997  | —  |
| Proceeds from sale of shares of affiliates   | 197,000  | —  |
| Proceeds from sale of shares of subsidiaries in line with changes in scope of consolidation    | 414,654  | —  |
| Proceeds from liquidation of subsidiaries  | —  | 28,318   |
| Proceeds from collection of loans receivable   | 60   | 60   |
| Proceeds from collection of security deposits  | 2,984  | 29,225   |
| Others   | 54,853   | 4,787  |
| Net cash flow from investing activities  | <u>△5,956,412</u>                                  | <u>976,313</u>                                     |
| <b>Cash flow from financing activities</b>   |  |  |
| Expenditure for repayment of lease obligations   | —  | △2,136   |
| Expenditure for repayment of long-term borrowing   | △199,992   | △199,992   |
| Payment of dividends   | △56,788  | △56,944  |
| Dividends paid to minority interests   | △25,801  | —  |
| Net cash flow from financing activities  | <u>△282,582</u>                                    | <u>△259,073</u>                                    |
| Effect of exchange rate on cash and cash equivalents   | <u>△11,933</u>                                     | <u>△10,596</u>                                     |
| Net increase/decrease in cash and cash equivalents (△ = decrease)                              | <u>△3,800,156</u>                                  | <u>37,757</u>                                      |
| Cash and cash equivalents at beginning of year   | 10,321,601   | 8,961,796  |
| Decrease in cash and cash equivalents in accordance with exclusion from scope of consolidation | —  | △28,338  |
| Cash and cash equivalents at end of year   | <u>* 6,521,445</u>                                 | <u>* 8,971,215</u>                                 |

(4) Explanatory Note regarding Premise of a Going Concern

Not applicable

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

Not applicable

(6) Segment Information

I 2nd quarter of the fiscal year 2011 (April 1, 2011 - Sept. 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       | 3,274,731        | 25,717,225                | 795,935                | 29,787,892 | —          | 29,787,892                    |
| Intersegment sales and transfers | 54,291           | 400                       | —                      | 54,691     | △54,691    | —                             |
| Total                            | 3,329,022        | 25,717,625                | 795,935                | 29,842,583 | △54,691    | 29,787,892                    |
| Segment profit                   | 557,347          | 430,774                   | 94,502                 | 1,082,623  | 1,601      | 1,084,225                     |

Notes: 1. The segment profit adjustment of ¥1,601 thousand refers to the 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 2nd quarter of the fiscal year 2012 (April 1, 2012 - Sept. 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       | 2,756,986        | 656,671                | 3,413,657 | —          | 3,413,657                     |
| Intersegment sales and transfers | 9,041            | —                      | 9,041     | △9,041     | —                             |
| Total                            | 2,766,027        | 656,671                | 3,422,699 | △9,041     | 3,413,657                     |
| Segment profit                   | 495,912          | 68,094                 | 564,006   | 84         | 564,090                       |

Notes: 1. The segment profit adjustment of ¥84 thousand refers to the 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 2nd quarter consolidated accounting period has been produced based on the reportable segments for the current year's 2nd 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.