BRIEF STATEMENT OF ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2013 AND FORECASTS FOR THE YEAR ENDING MARCH 2014

May 14, 2013

Faith, Inc. (Stock code 4295, Listed on TSE 1st section)
(URL http://www.faith.co.jp/)
Representative; Hajime Hirasawa, CEO/President
Contact; Jiro Saeki, CFO/Director Tel: +81-03-5464-7633
Date of General Meeting of Shareholders: June 27, 2013
Date of Submission of Annual Security Report: June 28, 2013
Starting Date of the Dividend Payment: June 28, 2013
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 2013 (From April 1, 2012 to March 31, 2013)

(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 2013	6,732	△79.9	1,013	△35.7	1,119	△36.4	1,111	△83.3
March 2012	33,415	△60.3	1,576	△26.0	1,758	△20.5	6,665	464.0

(Note) Comprehensive income: fiscal year ending March 2013: ¥1,148 million (△83.5%); fiscal year ending March 2012: ¥6,949 million (319.7%)

	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 2013	969.54	—	5.5	4.9	15.1
March 2012	5,805.70	5,803.03	41.0	6.3	4.7

(Reference) Equity in earnings of associated companies: fiscal year ending March 2013: ¥52 million/fiscal year ending March 2012: ¥152 million

(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 2013	22,611	20,552	90.9	18,038.91
March 2012	23,518	19,618	83.3	17,066.74

(Reference) Equity capital: fiscal year ending March 2013: ¥20,552 million/fiscal year ending March 2012: ¥19,593 million

(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 2013	△644	△1,569	△608	6,125
March 2012	3,267	△4,117	△507	8,961

2. Dividends

(Record dates)	Dividends per Share: 1st Quarter	Interim	3rd Quarter	Year-end	Total (Annual)	Total Dividend Payment (Annual)	Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
Year ending	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Millions of yen*	%	%
March 2013	—	50.00	—	50.00	100.00	114	1.7	0.7
March 2012	—	50.00	—	50.00	100.00	114	10.3	0.6
March 2014 (Forecast)	—	50.00	—	50.00	100.00		57.0	

3. Forecast for the Consolidated Results for the Year Ending March 2014 (from April 1, 2013 to March 31, 2014)

(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*
First half (cumulative)	3,100	△9.2	10	△98.2	△100	–	△150	–	△131.65
Full year	7,000	4.0	300	△70.4	250	△77.7	200	△82.0	175.54

※ Notes

(1) Changes in significant subsidiaries (accompanying changes in scope of consolidation): None

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

(Note) These items correspond to the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, Article 14-7 (In cases where there are difficulties in distinguishing changes in accounting policies from changes in accounting estimates). Regarding the details, please refer to 4. Consolidated Financial Statements, (5) **Notes Concerning the Consolidated Financial Statements, (Segment Information, etc.) on page 20 of the accompanying material.**

(3) Outstanding shares (common shares)
- (3)-1. Outstanding shares at the end of the fiscal years (including treasury shares):
  - The fiscal year ending March 2013: 1,196,000 shares
  - The fiscal year ending March 2012: 1,196,000 shares
- (3)-2. Treasury shares at the end of the fiscal year:
  - The fiscal year ending March 2013: 56,657 shares
  - The fiscal year ending March 2012: 47,950 shares
- (3)-3. Average number of shares at the interim accounting period
  - The fiscal year ending March 2012: 1,146,599 shares
  - The fiscal year ending March 2011: 1,148,050 shares

(Reference) Overview of Non-Consolidated Results
Results for the Fiscal Year Ending March 2013 (From April 1, 2012 to March 31, 2013)

(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 2013	3,185	△15.2	△19	—	25	△49.2	△136	—
March 2012	3,755	△17.1	3	△99.0	50	△83.8	6,369	1,364.3

	Net Profit per Share	Diluted Net Profit per Share
Year ending	*Yen*	*Yen*
March 2013	△119.36	—
March 2012	5,548,26	—

(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 2013	20,953	19,560	93.4	17,168.47
March 2012	23,220	19,858	85.5	17,297.30

(Reference) Equity capital: fiscal year ending March 2013: ¥19,560 million/fiscal year ending March 2012: ¥19,858 million

* 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 to 1. (1) Analysis of Operating Results 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)

Accompanying Material Contents

1. Operating Results

(1) Analysis of Operating Results

In Japan, the number of individual mobile phone and smartphone subscriptions reached 136,810,000 (*1) as of the end of March 2013, with smartphones accounting for 77.9% of the total. Moreover, the shipment volume of tablet devices during 2012 totaled 4,620,000 units, an increase of 91.3% compared with the previous year (*2). The market is expanding rapidly as low-priced tablet devices spread to personal users, and the demand for such devices is expected to continue to remain robust in future.

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

In the background of the ongoing popularization of smartphones and tablet devices are the increasing diversification and complexity of communication platforms such as Twitter and Facebook, SNS (social networking services) such as free communication/free mail (messenger), apps that cater to various hobbies and preferences, and of various means of information distribution, as well as the demand for the creation of new services and contents distribution systems to meet user needs.

In this 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 high value-added contents and establishing a new system for delivering these contents to users.

During the fiscal year under review, the Company expanded its services for smartphones and started up a number of new services that hold out the promise of future growth, such as a new music distribution service using streaming, etc.

In line with the disposal of the Company's consolidated subsidiary WebMoney Corporation in July 2011, the Electronic Money Business is no longer included in the Faith Group's consolidated financial results, which now comprise the Content Business and the Points Business. Accordingly, net sales for the fiscal year ending March 2012 decreased by 79.9% compared with the same term of the previous fiscal year to ¥6,732 million. Regarding profitability, although the profit generated by the Electronic Money Business in previous years is no longer included in the consolidated financial results, thanks to the contribution made by of the entire Faith Group to reducing costs, operating profit decreased by 35.7% year on year to ¥1,013 million, and recurring profit decreased by 36.4% year on year to ¥1,119 million. Moreover, taking into account the Company's booking of an extraordinary profit of ¥6,892 million from the sale of its shareholding in WebMoney Corporation during the previous fiscal year, the Group recorded a net profit for the fiscal year under review of ¥1,111 million, an decrease of 83.3% year on year.

In addition, the Faith conducted a stock repurchase as a means of returning a portion of its profit to the shareholders. Acting in the market through a trust bank, the Company purchased a total of 8,707 shares of common stock (at a total cost of ¥99 million) on the Tokyo Stock Market between February 13 and 19, 2013.

Information on each business segment is as follows. In addition, from the consolidated fiscal year under review, 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 current fiscal year.

<Content Business>

In the ringtone melody field, which is included in the Content Business, in keeping with the shift in the mobile phone market toward smartphones, the Faith Group has been seeking to expand its smartphone-use services. However, the expansion of ringtone melody sales for smartphone-use services during the fiscal year under review was even more modest than that for the overall market, with the result that the Group's sales in this business declined. Under these circumstances, in order to respond to the successive appearance of new information devices and the ongoing diversification and segmentation of user needs, the Group continued its efforts to create a new framework for content distribution and construct a new business operations base.

In the music and video distribution field, the Group launched Japan's first social music application, viBirth App, a free-of-charge platform that gives artists and fans alike the opportunity to make use of a wide range of functions including music purchasing, playback, video viewing, photo posting, Twitter access, etc. The Group also started up FaRao TM, an internet-based radio service that provides music tailored to individual listeners' tastes by automatically analyzing their favorite programs as well as analyzing artist and music attributes classified under several hundred categories. In addition, the Group launched FaRao TVTM, an application that makes viewing recommendations matching individual tastes from a wide range of movie trailers and promotional videos and helps boost video awareness. The 25th Tokyo International Film Festival employed FaRao TVTM as an authorized app.

In the app content field, gamebooks are fictional works in which readers can make choices that change the way the story develops. During the consolidated fiscal year under review, the Faith Group launched the world's first gamebook app exclusive portal site iGameBook, and also released Japan's premier adventure gamebook "Pictures at an Exhibition" in an English language version. Moreover, the Group began marketing a series of intellectual training apps for infants and children called "Suku Suku Rhythmic! Sawatte Asobo! Wonder Rhythm", which allows children to play with the familiar melodies of nursery rhymes, etc.

In order to improve the synergies between its member companies and develop new business models based on original ideas, the Faith Group carried out investment in peripheral business during the consolidated fiscal year under review. In addition to investing in Lync-Entertainments, which is involved in artist discovery, cultivation and management, the Group acquired a 100% shareholding in ENTERMEDIA INC., which produces and operates mobile phone and smartphone-use official fan club websites for many major artists and talents together with an e-commerce business handling product sales of artist goods, CDs and DVDs, etc., and made this company into a consolidated subsidiary.

As a result of the above, the Group recorded net sales in the Content Business for the fiscal year ending March 2013 of ¥5,303 million, a decrease of 16.8% compared with the previous fiscal year, in line with declining sales mainly in the ringtone business. Meanwhile, as a result of cost cutting in respect of server expenses, outsourcing costs, etc., operating profit decreased by 14.8% year on year to ¥843 million, while the profit margin improved by 0.4 points to 15.9%.

<Point Service Business>
In the Point Service Business, the issuing of points remained strong due to sales promotions by existing member stores and to a rising demand for Reconstruction Assistance Housing Eco-Points, with the result that this business recorded net sales of ¥1,429 million, an increase of 7.8% year on year, and an operating profit of ¥169 million, an increase of 11.5% year on year.

The business performance forecasts for next fiscal year (FY2014) are as follows. As a consequence of its purchase of a 100% shareholding in ENTERMEDIA INC., acquiring this company as a consolidated subsidiary, etc., the Faith Group is currently forecasting net sales of ¥7,000 million (up 4% year-on-year). Also, in accordance with the decline in income in the Content Business, the Group is forecasting an operating profit of ¥300 million (down 70.4% year-on-year), a recurring profit of ¥250 million (down 77.7% year-on-year), and a net profit of ¥200 million (down 82.0% compared with FY2013).

(Unit: millions of yen)

	FY2012 (Result) (a)	FY2013 (Forecast) (b)	Change (b)-(a)
Net sales	6,732	7,000	267
Operating profit	1,013	300	△713
Recurring profit	1,119	250	△869
Net profit	1,111	200	△911

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 the 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 complex market environment, the Faith Group is proceeding with the development of its “multi-content & multi-platform strategy”, including by constructing new systems for distributing guaranteed-quality contents. In addition, the Group is 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 contents on the market, and Faith also is working to provide users with highly convenient services including new services for users of smartphones in line with the accelerating popularity of these devices.

By contrast, from an early stage, the Group has considered that its business would naturally shift from CD sales to artist-centered entertainment-related sales such as performance fees, merchandising fees, live event income, the character goods business, etc. Based on this outlook, Faith is proceeding with the construction of new business models by setting out a New 360° Strategy to provide excellent contents using a wide variety of methods. This approach is meeting with gradual success as systems for delivering various kinds of copyrighted work via the internet are becoming better understood. In order to embody the New 360° Strategy and globally develop each of these services beginning with FaRao ™, the Group will actively pursue further preparatory investments including M&A activities.

(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, 2013 decreased by ¥907 million from the end of the previous consolidated fiscal year to ¥22,611 million. This result was mainly due to a decrease in cash and deposits due to the payment of corporation tax, etc.

Total liabilities decreased by ¥1,841 million compared with the end of the previous consolidated fiscal year to ¥2,058 million yen. This result was mainly due to a decrease in unpaid corporation tax, etc., and to a decrease in long-term debt in line with repayment. .

Net assets increased by ¥933 million compared with the end of the previous consolidated fiscal year to ¥20,552 million. This was mainly the result of an increase in retained earnings in line with the net profit recorded for the current fiscal year, despite dividend payments and the acquisition of treasury stock. With this, the Group’s capital adequacy ratio increased by 7.6 percentage points to 90.9%.

② Cash Flow

Cash and cash equivalents at the end of the consolidated fiscal year ended March 31, 2013 decreased by ¥2,836 million (a 31.7% reduction) from the end of the previous consolidated fiscal year to ¥6,125 million.

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

(Cash flow from operating activities)

Cash flow from operating activities amounted to an outflow of ¥644 million, compared with an inflow of ¥3,267 million during the previous fiscal year. This was due mainly to deductions in depreciation expenses of ¥291 million and in trade receivables of ¥178 million from the Group’s net profit before taxes and to other adjustments of ¥1,038 million, and also to the addition of ¥93 million in respect of impairment losses and the elimination of ¥2,067 million in respect of corporation tax payment.

(Cash flow from investing activities)

Cash flow from investing activities amounted to an outflow of ¥1,569 million (a decrease of 61.9% compared with the previous fiscal year), due mainly to the posting of ¥6,392 million in expenditure in respect of opening new term deposits, despite ¥5,190 million in income from withdrawals of existing term deposits.

(Cash flow from financing activities)

Cash flow from financing activities amounted to an outflow of ¥608 million (an increase of 19.8% compared with 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 2011	FY 2012	FY 2013
Capital-to-asset ratio (%)	39.4	83.3	90.9
Market value-based capital-to-asset ratio (%)	38.1	48.9	53.6
Ratio of interest on interest-bearing debt to cash flow (years)	0.31	0.35	△1.18
Interest coverage ratio (multiple)	148.9	202.1	△90.4

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 (the Company and its associated companies) consists of Faith, Inc. (the Company), 5 subsidiaries and 6 affiliates, and is engaged mainly in the Content Business and the Point Service Business.
The Faith Group’s businesses and the relationship between the Company and the other group companies with regard to business operations are as follows. In addition, the following business segments are the same as the segments referred to in 4. Consolidated Financial Statements, (5) Notes Concerning the Consolidated Financial Statements, (Segment Information, etc.). The Group has changed its reportable segment classification with effect from the fiscal year under review. The details are given in 4. Consolidated Financial Statements, (5) Notes Concerning the Consolidated Financial Statements, (Segment Information, etc.) on page 18.

(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 subsidiaries and affiliates.

In addition, on April 1, 2013, the Company purchased a 100% shareholding in ENTERMEDIA INC., making this company a consolidated subsidiary.

(2) Point Service Business
The Group is engaged in the Point Service Business, which conducted by GoodyPoint Inc. and aimed at the retail industry.

[Business System Diagram]

The following diagram shows the Faith Group’s business system as described above.

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

Content Business	
Japan	The Company (Faith, Inc.) Faith Wonderworks, Inc. Rightsscale, Inc. Future RECORDS, Inc. *4. ENTERMEDIA INC. *2. Nippon Columbia Co., Ltd. *2. Catch Media Japan, Inc. *2. Japan Rights Clearance Inc. *2. Lync-Entertainments *3. 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

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

Other Business	
Japan	Goody Point CO.,LTD

Our customers

(Notes)
No mark: Consolidated subsidiaries
*1: Non-consolidated subsidiary to which the equity method is not applied
*2: Affiliates to which the equity method is applied
*3: Affiliates to which the equity method is not applied
*4: Newly consolidated subsidiary (acquired as of April 1, 2013)

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

(2) Medium- and Long-Term Business Strategy
The Faith Group will continue to construct new markets by creating a broad range of services that meet the user demands of today and tomorrow. The Group will make efforts to actualize next-generation services that are attractive to users, including the production and distribution of entertainment contents such as music, video and games, as well as various types of services utilizing information devices, based on proposals for unique business solutions and through business partnerships with prominent companies in many fields. Moreover, in today’s increasingly diversified and complex market

environment, the Group is giving consideration to accurately grasping user needs, promoting its "multi-content on multi-platform strategy" (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 shareholder profit. Accordingly, the Group places emphasis on the equity capital ratio and the operating profit as management indexes.

(3) Challenges the Faith Group Should Address

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

① Content Business

A vigorous 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, in line with the increasing diversification of the content-usage environment due to ongoing technological renovation, the construction of new content distribution systems has become an ongoing 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 devices 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 Point Service Business

In the Point Service Business in the retail industry, recent years have witnessed an increase in partnerships encompassing the mutual use of points across multiple retail operations while competition between point services has also been growing. The Faith Group recognizes the need to improve the level of satisfaction experienced by its point service member stores by reducing operational costs and improving convenience for these customers, and by enhancing the proposal power of its CRM Solution Service (making proposals for store strategies leading to an expansion of the store's earnings based on analysis of customer purchasing behavior), etc. In addition, the Group will adopt a strategic approach in tackling the tasks it needs to address.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	FY2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
(Assets)		
Current assets		
Cash and deposits	13,712,005	12,076,535
Accounts and notes receivable	1,106,836	930,681
Marketable securities	239,790	540,780
Commercial products	2,580	4,464
Products in progress	8,199	5,633
Primary materials and inventory goods	7,817	7,004
Corporation tax refund receivable, etc.	—	696,298
Deferred tax assets	28,269	224,075
Others	260,218	117,874
Allowance for doubtful accounts	△29,816	△21,627
Total current assets	15,335,901	14,581,719
Fixed assets		
Tangible fixed assets		
Buildings and structures	1,519,215	1,525,948
Depreciation amount	△176,203	△257,859
Buildings and structures (net base)	1,343,011	1,268,089
Machinery and delivery equipment	24,095	15,222
Depreciation amount	△18,299	△11,699
Machinery and delivery equipment (net base)	5,795	3,522
Tools, devices and equipment	835,959	829,738
Depreciation amount	△677,874	△731,848
Tools, devices and equipment (net base)	158,084	97,890
Land	1,500,895	1,500,895
Total tangible fixed assets	3,007,786	2,870,397
Intangible fixed assets		
Goodwill	40,599	16,269
Software	319,356	282,269
Leased assets	20,253	15,913
Others	42,525	19,621
Total intangible fixed assets	422,734	334,074
Investment and other assets		
Investment securities	* 4,644,916	* 4,761,282
Others	121,294	63,890
Allowance for doubtful receivable	△13,734	△225
Total investments and other assets	4,752,477	4,824,948
Total fixed assets	8,182,998	8,029,420
Total assets	23,518,900	22,611,140

(Unit: thousands of yen)

	FY2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
(Liabilities)		
Current liabilities		
Trade notes and Accounts payable	187,933	203,006
Short-term loans	399,984	409,884
Lease obligations	4,308	4,453
Income taxes payable	1,424,393	145,492
Allowance for points	208,142	175,091
Allowance for bonus payments	73,566	73,914
Others	610,316	411,137
Total current liabilities	2,908,644	1,422,978
Fixed liabilities		
Long-term liabilities	733,384	333,400
Lease obligations	17,483	13,030
Deferred tax liabilities	125,729	156,077
Allowance for retirement benefits	109,389	127,394
Others	5,363	5,755
Total fixed liabilities	991,350	635,657
Total liabilities	3,899,995	2,058,636
(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	14,103,509
Treasury stock	△651,377	△751,372
Total shareholder's equity	19,381,616	20,278,491
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	227,124	283,308
Foreign currency translation adjustments	△15,270	△9,296
Total other accumulated comprehensive income	211,853	274,012
Minority interests	25,435	—
Total net assets	19,618,905	20,552,504
Total liability and net assets	23,518,900	22,611,140

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

(Unit: thousands of yen)

	FY 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Net sales	33,415,989	6,732,576
Cost of sales	*2 27,290,091	*2 *6 3,420,425
Gross profit	6,125,898	3,312,151
Selling, general and administrative expenses	*1, *2 4,549,456	*1, *2 2,298,665
Operating profit	1,576,442	1,013,458
Non-operating profit		
Interest income	26,635	30,217
Dividend income	5,560	6,395
Interest on securities	13,826	4,157
Exchange gain	—	18,069
Investment gain on equity method	152,888	52,114
Miscellaneous receipts	7,469	7,121
Total non-operating profit	206,380	118,075
Non-operating expenses		
Interest paid	16,204	7,119
Exchange loss	1,967	—
Investment partnership losses	5,000	3,809
Miscellaneous expenses	1,012	1,464
Total non-operating expenses	24,184	12,392
Recurring profit	1,758,637	1,119,168
Extraordinary profit		
Gain on disposal of fixed assets	—	*3 316
Gain on disposal of investment securities	28,795	51,400
Gain on sale of shares of affiliated company	6,899,538	—
Others	77,865	—
Total extraordinary profit	7,006,199	51,716
Extraordinary losses		
Loss on disposal of fixed assets	*4 23,489	*4 23,856
Loss due to amortization	*5 45,598	*5 93,428
Loss on valuation of investment securities	936	2,573
Loss on sale of shares of affiliated company	79,565	—
Overseas tax practice-related loss	—	11,892
Others	6,141	351
Total extraordinary losses	155,730	132,102
Net income before income taxes	8,609,106	1,038,782
Corporate, local, and business taxes	1,565,313	158,665
Income taxes - deferred	240,226	△206,124
Total corporate, local, and business taxes	1,805,540	△47,458
Net income before minority interests	6,803,566	1,086,240
Minority interests in income	138,335	△25,435
Net profit for the current fiscal year	6,665,231	1,111,676

(Consolidated Statement of Comprehensive Income)

(Unit: thousands of yen)

	FY 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Net income before minority interests	6,803,566	1,086,240
Other comprehensive income		
Valuation difference on other available-for-sale securities	△40,691	55,623
Foreign currency translation adjustments	186,227	6,535
Total other comprehensive income	145,535	62,159
Comprehensive income	* 6,949,102	* 1,148,399
(Details)		
Comprehensive income attributable to shareholders of the parent company	6,810,767	1,173,835
Comprehensive income attributable to minority interests	138,335	△25,435

(3) Consolidated Statement of Changes in Shareholders' Equity

(Unit: thousands of yen)

	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
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	6,556,212	13,106,638
Changes of items during the accounting period		
Cash dividend paid	△114,805	△114,805
Net gain or loss	6,665,231	1,111,676
Total changes of items during the accounting period	6,550,426	996,871
Balance at the end of the accounting period	13,106,638	14,103,509
Treasury stock		
Balance at the start of the accounting period	△651,377	△651,377
Changes of items during the accounting period		
Acquisition of treasury stock	—	△99,995
Total changes of items during the accounting period	—	△99,995
Balance at the end of the accounting period	△651,377	△751,372
Total shareholders' equity		
Balance at the start of the accounting period	12,831,189	19,381,616
Changes of items during the accounting period		
Cash dividend paid	△114,805	△114,805
Net gain or loss	6,665,231	1,111,676
Acquisition of treasury stock	―	△99,995
Total changes of items during the accounting period	6,550,426	896,875
Balance at the end of the accounting period	19,381,616	20,278,491

(Unit: thousands of yen)

	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on other available-for-sale securities		
Balance at the start of the accounting period	268,011	227,124
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	△40,887	56,184
Total changes of items during the accounting period	△40,887	56,184
Balance at the end of the accounting period	227,124	283,308
Foreign currency translation adjustments		
Balance at the start of the accounting period	△201,693	△15,270
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	186,422	5,974
Total changes of items during the accounting period	186,422	5,974
Balance at the end of the accounting period	△15,270	△9,296
Total accumulated other comprehensive income		
Balance at the start of the accounting period	66,317	211,853
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	145,535	62,159
Total changes of items during the accounting period	145,535	62,159
Balance at the end of the accounting period	211,853	274,012
Minority interests		
Balance at the start of the accounting period	1,647,118	25,435
Changes of items during the accounting period		
Net changes of items other than shareholders' equity	△1,621,682	△25,435
Total changes of items during the accounting period	△1,621,682	△25,435
Balance at the end of the accounting period	25,435	—
Total net assets		
Balance at the start of the accounting period	14,544,625	19,618,905
Changes of items during the accounting period		
Cash dividend paid	△114,805	△114,805
Net gain or loss	6,665,231	1,111,676
Acquisition of treasury stock	—	△99,995
Net changes of items other than shareholders' equity	△1,476,146	36,723
Total changes of items during the accounting period	5,074,279	933,598
Balance at the end of the accounting period	19,618,905	20,552,504

(4) Consolidated Statement of Cash Flows

(Unit: thousands of yen)

	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
Cash flow from operating activities		
Income before income taxes and minority interests	8,609,106	1,038,782
Depreciation and amortization	307,580	291,850
Amortization of goodwill	45,598	93,428
Amortization loss on goodwill	196,646	24,330
Gain or loss on equity method investments (△ = gain)	△152,888	△52,114
Increase/decrease in allowance for doubtful accounts	△107,103	△8,248
Increase/decrease in reserve for bonus	△4,041	348
Increase/decrease in allowance for utilized costs	405,173	—
Increase/decrease in allowance for unexercised sales promotion points	△22,837	△33,050
Increase/decrease in allowance for retirement benefits	17,565	18,004
Interest and dividends income	△32,196	△36,613
Interest on securities	△13,826	△4,157
Interest paid	15,297	7,119
Gain or loss on foreign exchange (△ = gain)	1,532	△14,648
Gain or loss on sale of investment securities (△ = gain)	△28,795	△51,400
Gain or loss on sale of shares in affiliates (△ = gain)	△6,819,973	—
Gain or loss on valuation of investment securities (△ = gain)	936	2,573
Gain or loss on sale of fixed assets (△ = gain)	—	△316
Gain or loss on disposal of fixed assets (△ = gain)	23,489	23,856
Increase/decrease in trade receivables (△ = increase)	△1,169,057	178,646
Increase/decrease in inventory assets (△ = increase)	△7,115	1,495
Increase/decrease in trade payables	2,577,833	15,169
Increase/decrease in consumption tax receivable (△ = increase)	–	10,929
Increase/decrease in consumption tax payable	△73,831	6,734
Others	△136,993	△126,190
Sub-total	3,632,101	1,386,527
Interest and dividends received	26,640	42,987
Interest paid	△16,168	△7,129
Income tax refunded	4,167	541
Income tax paid	△379,321	△2,067,534
Cash flow from operating activities	3,267,419	△644,607

(Unit: thousands of yen)

	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
Cash flow from investing activities		
Expenditure for opening of term deposits	△8,740,000	△6,392,145
Proceeds from withdrawal of term deposits	4,670,000	5,190,000
Expenditure for acquisition of marketable securities	△199,590	—
Income from sale of marketable securities	300,000	—
Expenditure for acquisition of tangible fixed assets	△333,957	△39,289
Income from sale of tangible fixed assets	—	71
Expenditure for acquisition of software	△213,180	△176,866
Expenditure for acquisition of investment securities	△202,000	△286,637
Proceeds from sale of investment securities	29,636	61,400
Expenditure for acquisition of shares of affiliates	△79,997	△4,900
Proceeds from sale of shares of affiliates	197,000	—
Proceeds from sale of shares of subsidiaries in line with changes in scope of consolidation	*2 414,654	—
Proceeds from liquidation of subsidiaries	—	28,318
Expenditure for loans receivable	△3,109	—
Proceeds from collection of loans receivable	120	3,705
Expenditure for security deposits	△21,108	△315
Proceeds from collection of security deposits	8,834	40,189
Others	54,856	6,539
Net cash flow from investing activities	△4,117,841	△1,569,929
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	—	9,900
Expenditure for repayment of lease obligations	△992	△4,308
Expenditure for repayment of long-term borrowing	△399,984	△399,984
Proceeds from payment from minorities	33,000	—
Expenditure for acquisition of treasury stock	—	△99,995
Payment of dividends	△113,727	△113,804
Dividends paid to minority interests	△25,801	—
Net cash flow from financing activities	△507,506	△608,192
Effect of exchange rate on cash and cash equivalents	△1,877	14,473
Net increase (decrease) in cash and cash equivalents	△1,359,805	△2,808,256
Cash and cash equivalents at beginning of year	10,321,601	8,961,796
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	△28,338
Cash and cash equivalents at end of year	*1 8,961,796	*1 6,125,200

(5) Notes Concerning the Consolidated Financial Statements

(Notes Concerning the Premise of a Going Concern)

Not applicable

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

1. Items Concerning the Scope of Consolidation

(1) Number of consolidated subsidiaries

Previous fiscal year: 5 companies, current fiscal year: 4 companies

Names of major consolidated companies:

• Faith Wonderworks, Inc.
• Goody Point CO., LTD
• Future RECORDS Inc.

In accordance with the completion of the liquidation of the Company's subsidiary Sybase Inc. 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 this non-consolidated subsidiary is a small company, the sum totals of it 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: 4 companies

Names of major consolidated companies:

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

Among the aforementioned companies, Lync-Entertainments, for which the Company newly acquired a controlling shareholding during the current consolidated fiscal year, has been included within the scope of application of equity method accounting.

(2) Non-consolidated companies to which the equity method is not applied (Rightsscale USA, Inc.) and 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. has a settlement date of February 28 as its 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 28 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).

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 declining balance method is employed to calculated depreciation expenses for these assets. (However, the company employs the straight-line method for buildings (apart from attached facilities) acquired since April 1, 1998.) The useful lifetimes of the main types of tangible fixed assets are as follows.

Buildings and structures: 5 – 50 years
Machinery and delivery equipment: 2 – 12 years
Tools, devices and equipment: 2 – 15 years

2) Intangible fixed assets (excepts lease assets)

The straight-line method is employed. In the case of in-house-use software, this is based on the useable period in-house (up to 5 years).

3) 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.

(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. The tax exclusion method is adopted for consumption tax and local consumption tax. Nondeductible consumption tax and local consumption tax is processed as an expense for the current consolidated fiscal year.

(Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates)

Following the revision of the Corporation Tax Act, from the current consolidated fiscal year, the Company and its subsidiaries have changed their depreciation methods in accordance with the revised Corporation Tax Act for tangible fixed assets acquired after April 1, 2012. These changes did not have a significant impact on the Group’s operating profit, recurring profit or net profit before taxes and other adjustments for the consolidated fiscal year under review.

(Changes in Presentation Methods)

Not applicable

(Additional Information)

Not applicable

(Consolidated Balance Sheet Related)

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

(Unit: thousands of yen)

	FY 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Investment securities (shares)	3,615,636	3,679,186

(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 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Executive compensation	168,092	158,185
Salaries and allowances	744,345	580,699
Provision of allowance for bonuses	54,348	53,350
Retirement benefit expenses	27,674	24,406
Commission paid	1,847,227	457,609
Advertising expenses	573,009	362,940
Provision of allowance for doubtful accounts	23,950	2,576
Amortization of goodwill	196,646	24,330

*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 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
	39,675	41,813

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

(Unit: thousands of yen)

	FY 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Machinery, equipment and vehicles	—	316

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

(Unit: thousands of yen)

	FY 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Buildings and structures	2,259	1,223
Tools, devices and equipment	1,046	331
Software	20,183	22,301
Total	23,489	23,856

*5 Impairment losses

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

Previous 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. 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.

Current consolidated fiscal year (FY 2012 ending March 31, 2013)

Location	Intended purpose	Type
Minato Ward, Tokyo	Content distribution system	Software, etc.
Minato Ward, Tokyo	Unutilized assets	Long-term prepaid expenses (including those which shall be expenses within a year)

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 content distribution system is recorded as an impairment loss of ¥80,928 thousand. In addition, in consideration of prospective future earnings and future cash flow, the book value of the unutilized assets is recorded as an impairment loss of ¥12,500 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 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
—	640,000

(Consolidated Statement of Comprehensive Income Related)

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

(Unit: thousands of yen)

	FY 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Valuation differences on other available-for-sale securities:		
Amount accrued in the current term	△73,754	85,614
Reclassification adjustment amount	△23,985	—
Before tax effect adjustment	△97,739	85,614
Tax effect amount	57,047	△29,991
Total valuation difference on other available-for-sale securities	△40,691	55,623
Share of comprehensive income of equity method affiliates:		
Amount accrued in the current term	186,227	6,535
Total other comprehensive income	145,535	62,159

(Consolidated Statements of Changes in Shareholders' Equity Related)

Previous 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 12, 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

Current consolidated fiscal year (FY 2012 ending March 31, 2013)

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	8,707	—	56,657
Total	47,950	8,707	—	56,570

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 28, 2012	Common stock	57,402	50	March 31, 2012	June 29, 2012
Board of Directors' meeting held on November 13, 2012	Common stock	57,402	50	September 30, 2012	December 10, 2012

(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 27, 2013	Common stock	56,967	Retained earnings	50	March 31, 2013	June 28, 2013

(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 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Cash and deposit accounts	13,712,005	12,076,535
Securities accounts	239,790	540,780
Term deposits with deposit terms of over 3 months	△4,990,000	△6,192,145
Securities other than cash equivalents	—	△299,970
Cash and cash equivalents	8,961,796	6,125,200

*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 previous 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 Content Business, which provides one-stop contents encompassing everything from planning and production of contents to design and construction of platforms and delivering these things to users, and the Point Service Business. Accordingly, the Faith Group categorizes the Content Business and the Point Service Business as its two reportable segments.

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

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

   In addition, in line with the sale in July 2011 of the Company's entire shareholding in WebMoney Corporation, which was 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.

   Following the revision of the Corporation Tax Act, from the current consolidated fiscal year, the Company and its consolidated subsidiaries have changed their depreciation methods in accordance with the revised Corporation Tax Act for tangible fixed assets acquired after April 1, 2012. These changes did not have a significant impact on the profit figures for each segment for the consolidated fiscal year under review.

3. Information on sales, profit or loss, assets, liabilities and other items by reportable segment
Previous consolidated fiscal year (FY 2011 ending March 31, 2012)

(Unit: thousands of yen)

	Reportable segment				Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Content	Electronic Money	Point	Total		
Sales						
Sales to external customers	6,372,121	25,717,225	1,326,642	33,415,989	—	33,415,989
Inter-segment sales or transfer amount	60,948	400	—	61,348	△61,348	—
Total	6,433,070	25,717,625	1,326,642	33,477,337	△61,348	33,415,989
Segment profit	990,493	430,774	151,979	1,573,247	3,194	1,576,442
Segment assets	23,270,446	—	295,576	23,566,022	△47,122	23,518,900
Other items						
Depreciation expenses	278,678	12,137	19,359	310,174	△2,594	307,580
Amortization of goodwill	176,337	20,309	—	196,646	—	196,646
Investment in equity-method affiliates	3,615,142	—	—	3,615,142	—	3,615,142
Increase in tangible and intangible fixed assets	523,538	23,599	—	547,138	—	547,138

Note 1. The segment profit adjustment amount of 3,194 thousand yen and the depreciation expenses adjustment amount of △2,594 thousand yen for this consolidated fiscal year are calculated by eliminating intersegment transactions.
Note 2. Segment profit is adjusted with operating profit in the consolidated financial statements.

Current consolidated fiscal year (FY 2012 ending March 31, 2013)

(Unit: thousands of yen)

	Reportable segment			Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Content	Point	Total		
Sales					
Sales to external customers	5,303,090	1,429,486	6,732,576	—	6,732,576
Inter-segment sales or transfer amount	15,698	—	15,698	△15,698	—
Total	5,318,788	1,429,486	6,748,275	△15,698	6,732,576
Segment profit	843,513	169,414	1,012,927	558	1,013,485
Segment assets	22,165,434	466,678	22,632,113	△20,972	22,611,140
Other items					
Depreciation expenses	283,899	7,998	291,898	△48	291,850
Amortization of goodwill	24,330	—	24,330	—	24,330
Investment in equity-method affiliates	3,678,692	—	3,678,692	—	3,678,692
Increase in tangible and intangible fixed assets	207,396	11,181	218,578	△2,422	216,156

Note 1. The segment profit adjustment amount of 558 thousand yen, the depreciation expenses adjustment amount of △48 thousand yen and the increase in tangible and intangible fixed assets amount of △2,422 thousand yen for this consolidated fiscal year are calculated by eliminating intersegment transactions.
Note 2. Segment profit is adjusted with operating profit in the consolidated financial statements.

b. Related Information
I. Previous 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

II. Current consolidated fiscal year (FY 2012 ending March 31, 2013)

1. Information by product and service

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

2. Information by region

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

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

3. Information on major customers

(Unit: thousands of yen)

Customer name	Sales amount	Related segment name
NTT DoCoMo, Inc.	2,138,957	Content Business
XING INC.	1,723,874	Content Business
Kirindo Co., Ltd.	703,939	Point Service Business

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

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

(Unit: thousands of yen)

	Content	Electronic Money	Point Service	Total	Company-wide/ elimination	Total
Impairment loss	—	—	54,647	54,647	△9,049	45,598

Current consolidated fiscal year (FY 2012 ending March 31, 2013)

(Unit: thousands of yen)

	Content	Point Service	Total	Company-wide/ elimination	Total
Impairment loss	93,428	—	93,428	—	93,428

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

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

(Unit: thousands of yen)

	Content	Electronic Money	Point Service	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

Current consolidated fiscal year (FY 2012 ending March 31, 2013)

(Unit: thousands of yen)

	Content	Point Service	Total	Company-wide/ elimination	Total
Current term amortization	24,330	—	24,330	—	24,330
Year-end balance	16,269	—	16,269	—	16,269

e. Information on Gains on Negative Goodwill by Reportable Segment
Previous consolidated fiscal year (FY 2011 ending March 31, 2012)
Not applicable

Current consolidated fiscal year (FY 2012 ending March 31, 2013)
Not applicable

(Per Share Information)

(Unit: yen)

Previous consolidated fiscal year (FY 2011 ending March 31, 2012)		Current consolidated fiscal year (FY 2012 ending March 31, 2013)	
Net assets per share	17,066.74	Net assets per share	16,038.91
Net income per share	5,805.70	Net income per share	969.54
Net income per share fully diluted	5,803.03	Net income per share fully diluted	—

(Note 1) The amount of net income per share fully diluted during the current consolidated fiscal year is not recorded because there are no dilutive shares at this time.

(Note 2) 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 2011 ending March 31, 2012)	Current consolidated fiscal year (FY 2012 ending March 31, 2013)
Net income per share		
Net income (thousand yen)	6,665,231	1,111,676
Amount not attributable to ordinary shareholders (thousand yen)	—	—
Net income applicable to common stock (thousand yen)	6,665,231	1,111,676
Average number of shares outstanding during the period (shares)	1,148,050	1,146,599
Net income per share fully diluted (thousand yen)		
Net income adjustment amount	△3,065	—
(Adjustment amount of diluted shares in consolidated subsidiaries)	(△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	———	Stock options on 1,099 shares issued by Catch Media Japan, Inc, (an affiliate accounted for by the equity-method) based on the resolution of the extraordinary meeting of shareholders held on February 22, 2013

(Note 3) The basis of the calculation of net assets per share is as follows.

	Previous consolidated fiscal year (FY 2011 ending March 31, 2012)	Current consolidated fiscal year (FY 2012 ending March 31, 2013)
Total amount of net assets (thousand yen) (thousand yen)	19,618,905	20,552,504
Amount deducted from total amount of net assets (thousand yen)	25,435	—
(Minority interests)	(25,435)	(—)
Year-end net assets applicable to common stock (thousand yen)	19,593,469	20,552,504
Term-end number of shares of common stock used in calculating net assets per share (shares)	1,148,050	1,139,343

(Significant Subsequent Events)

Acquisition of a Company by Means of a Stock Acquisition

After resolving to acquire a 100% stockholding in ENTERMEDIA INC., the Company successfully completed the acquisition of 100% of this company's stock with effect from April 1, 2013.

(1) Outline of business combination

1) Name and business of acquired company

Company name: ENTERMEDIA INC.

Business description: Mobile public fan club member business and product sales business

2) Reason for business combination

ENTERMEDIA INC. is engaged in the production and operation of mobile phone and smartphone-use public fan club websites for many major artists and entertainment production companies, and in the e-commerce business handling product sales of artist goods, CDs and DVDs, etc. Based on its excellent partnerships with the artists and entertainment production companies that are its customers, the fan club sites ENTERMEDIA operates currently boast over 200,000 members, and the scale of this business is expected to increase steadily in future.

In welcoming ENTERMEDIA into the Faith Group, the Company anticipates that the two companies will mutually develop each other's customer bases, which can be expected to generate numerous business synergies.

3) Date of business combination

April 1, 2013

4) Legal form of business combination

Stock acquisition

5) Company name after business combination

Unchanged

6) Ratio of acquired voting rights

100%

7) Main reason for deciding to acquire company's stock

In order for the Company to obtain 100% of ENTERMEDIA's voting rights through the acquisition of this company's stock in exchange for cash

(2) Cost of acquisition of acquired company and its breakdown

(Unit: thousands of yen)

Price of acquisition	Cash and deposits	42,250
Costs directly related to acquisition	Due diligence costs, etc.	1,000
Cost of acquisition		43,250

(3) Acquisition funding method

Lump sum payment from the Company's own funds

(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.