BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE 1st QUARTER OF THE FISCAL YEAR ENDING MARCH 2016

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

August 12, 2015

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: +81-3-5464-7633
Date of Submission of Securities Report: August 14, 2015
Starting Date of the Dividend Payment: -
Preparation of Supplementary Materials for Quarterly Financial Results: Applicable
Information Meeting for Quarterly Financial Results to be Held: None

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the 1st Quarter of the Fiscal Year Ending March 2016 (From April 1, 2015 to June 30, 2015)

(1) Consolidated Operating Results

(Percentages indicate changes compared with the 1st quarter of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Q1 of the year ending	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%
March 2016	4,695	5.6	164	—	168	—	55	—
March 2015	4,445	171.1	(391)	—	(386)	—	(293)	—

(Note) Comprehensive income: 1st quarter of the fiscal year ending March 2016: ¥58 million (—%); 1st quarter of the fiscal year ending March 2015: -¥433 million (—%)

	Net Income per Share	Diluted Net Income per Share
Q1 of the year ending	*Yen*	*Yen*
March 2016	5.15	—
March 2015	(25.77)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital	Net Assets Per Share
	Millions of yen	*Millions of yen*	%	*Yen*
Q1 of the year ending March 2016	24,483	17,513	68.1	1,536.41
Year ending March 2015	25,835	17,723	65.5	1,540.23

(Reference) Equity capital: 1st quarter of fiscal year ending March 2016: ¥16,679 million; fiscal year ending March 2015: ¥16,918 million

2. Dividends

	Dividends per Share				
(Record dates)	1st Quarter	Interim	3rd Quarter	Year-end	Total
	yen	*yen*	*yen*	*yen*	*yen*
Year ending March 2015	—	5.00	—	5.00	10.00
Year ending March 2016	—				
Year ending March 2016 (Forecast)		5.00	—	5.00	10.00

(Notes) Forecasts for dividends have not been modified since the time of the most recently announced business forecast.

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

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

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

(Notes) Forecasts for business results have not been modified since the time of the most recently announced business forecast.

※ 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
(i) Changes accompanying revisions of accounting standards, etc.: Applicable
(ii) Changes other than the above: None
(iii) Changes in accounting estimates: None
(iv) Restatements: None
* For details, please refer to "2. Summary Information, (3) Changes in Accounting Principles, Procedures, and Disclosure Methods" on page 4 of the accompanying material.

(4) Outstanding shares (common shares)
(i) Outstanding shares at the end of the fiscal years (including treasury shares):
The 1st quarter of the fiscal year ending March 2016: 11,960,000 shares
The fiscal year ending March 2015: 11,960,000 shares
(ii) Treasury shares at the end of the fiscal years:
The 1st quarter of the fiscal year ending March 2016: 1,103,930 shares
The fiscal year ending March 2015: 975,480 shares
(iii) Average number of shares at the interim accounting period
The 1st quarter of the fiscal year ending March 2016: 10,856,263 shares
The 1st quarter of the fiscal year ending March 2015: 11,390,270 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 to 1. (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc." on page 4 of the accompanying material.

(To obtain supplemental documents relating to financial results)
Supplemental materials related to the Company's quarterly and other financial results are posted on the company website.

Contents

1. Qualitative Information On 1st Quarter Consolidated Results

(1) Explanation of Operating Results

With high-performance mobile devices such as smartphones and tablets becoming increasingly widespread throughout the world in tandem with the development of the Internet infrastructure, in the Japanese domestic information communication field, the ratio of smartphone contracts currently exceeds 60% of all contracts for mobile phone devices and the ongoing shift from feature phones to smartphones is continuing apace. Meanwhile, between 2012 and 2014, the average daily Internet use time from mobile devices increased by 34% compared to 50.5 minutes (*1).

(*1) From the Ministry of Internal Affairs and Communications (MIC Communications Usage Trend Survey 2014

In the music contents market as well, there have been changes in the market environment, the music distribution system, and the content-using consciousness of listeners, an example being the growth of subscription-type music distribution services that allow subscribers to listen to as much music as they like for a fixed monthly charge.

In future, a further switch to services that are in keeping with the digital era is expected against the background of the firm establishment of the Internet and the smartphone and the availability of higher functionality. Accordingly, it is becoming even more important to promptly deploy services that match the changing environment and marketplace.

In the current environment, the Faith Group is continuing to utilize the results of the efforts it has been pouring into content digital distribution ever since its establishment, and is forging ahead with its Multi-Content and Multi-Platform Strategy of creating an environment that allows people to enjoy a wide diversity of contents whenever and wherever they choose. The Group is also working to develop new services in response to the changing market environment such as the platforms that collect and organize the information flooding the Internet and then provide this to users after increasing its added value. Moreover, in the Contents Business, by making use of its inter-group business synergies, Faith is continuing to focus on constructing platforms for music services and expanding and strengthening the music distribution business including subscription services.

Regarding the Faith Group business performance for the first quarter of the fiscal year ending March 2016, although sales of distribution services for feature phone use—the Group’s largest sales category—continued to decrease, because sales of smartphone-use services expanded steadily and the Company’s 100% consolidated subsidiary Nippon Columbia Co., Ltd. returned to profitability, net sales increased by 5.6% compared with the same quarter of the previous fiscal year to ¥4,695 million while the Group recorded an operating income of ¥164 million (compared with an operating loss of ¥391 million for the same quarter of the previous fiscal year), an ordinary income of ¥168 million (compared with an ordinary loss of ¥386 million for the same quarter of the previous fiscal year), and net income attributable to the shareholders of the parent company for the first quarter under review of ¥55 million (compared with a net loss attributable to the shareholders of the parent company of ¥293 million for the same period of previous fiscal year).

Information on each business segment is as follows.

Content Business

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

FaRao Pro is a store-use solution service for restaurants and retailers equipped with BGM functions in addition to essential functions for in-store operations such as sales promotion. In partnership with sales agencies, we are currently attempting to expand this service's scale of introduction through sales, acoustic construction, and securing a maintenance network with a focus on as-yet undeveloped small stores and shops in addition to chain stores. In future, in consideration of overseas development, we will continue to target the creation of new BGM markets both overseas and in Japan.

Fans', a one-stop system that supports a full range of artist activities from fan club operation to sales of e-tickets for live performances, etc., began full-scale operations in April 2015 as a music business integration platform that makes use of the Faith Group's diverse music and artist-related service functions. In future too, we plan to continue adding functions necessary for promoting exchanges between artists and fans in order to further expand the number of users of this system.

In the education communication field, the Faith Group has worked on the development of a system that combines a contact notebook function for child-rearing facilities and parents or guardians together with a lost child prevention function. We will introduce this system on a trial basis at a child-rearing facility as a service for watching children from a variety of angles in August 2015. A growing need exists for smartphone-based services designed to support education and the introduction of such services is being considered at both national and local government level. We are aiming to launch one such system at child-rearing facilities nationwide on a gradual basis while making use of the Group's rich store of accumulated contents digital distribution knowhow.

As a result of the above developments, taking into account the decline in sales of services to feature phone users and the ongoing positive deployment of new services in line with the changing market environment, the Content Business recorded net sales of ¥1,125 million (an increase of 3.0% year on year). Moreover, as a result of reductions in subcontracting costs and in advertising and promotional expenses, operating income increased by ¥32 million year on year to ¥33 million (previous fiscal year operating income: ¥0).

Point Service Business

In the Point Service Business, although there was an increase in the number of new points issued by participating stores, sales of eco-points decreased following the end of the government-administered reconstruction support home appliance eco-point system. As a result, this business recorded net sales of ¥571 million, a decrease of 2.4% compared with the same period of the previous fiscal year. Furthermore, due to an decrease in the recovery of old points in accordance with the transfer to server management-based operation and a revision of procurement costs, operating income for this business increased by 165.8% year on year to ¥53 million.

Columbia Business

Amid the severe environment facing the music and video-related industry in line with the continuing shrinking of the music market, the Columbia Business proceeded with its strategy of strengthening new future-oriented businesses in order to overcome the present situation in which it remains dependent on sales of package products for which the market remains sluggish.

Regarding the performance of this business segment, due mainly to improved sales of animation-related titles in the Sales/Digital Distribution Business and to a general increase in sales of products in the Direct Sales Business, overall sales by the Columbia Business totaled ¥2,998 million, an increase of 8.4% compared with the same quarter of the previous fiscal year. As for the profit and loss situation, due to the increase in sales together with a steep decline in overall fixed costs stemming from the implementation of career change support measures, etc., for the purpose of organizational reform during the previous fiscal year, this business segment recorded an operating income for the first quarter under review of ¥71 million, an improvement of ¥485 million year on year (previous fiscal year operating loss: ¥413 million).

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

(2) Explanation ofFinancial Position

Total assets as of June 30, 2015 decreased by ¥1,351 million compared to the end of the previous consolidated fiscal year to ¥24,483 million. This result was mainly due to decreases in accounts and notes receivable, commercial products and cash held in trust for the purpose of obtaining treasury stock.

Total liabilities decreased by ¥1,141 million compared to the end of the previous consolidated fiscal year to ¥6,970 million. This result was mainly due to decreases in accounts and notes payable, accrued expenses payable, and arrears.

Net assets decreased by ¥209 million compared to the end of the previous consolidated fiscal year to ¥17,513 million. This was mainly due to an increase in treasury stock held.

As a result of the above, the equity ratio increased by 2.6 percentage points to 68.1%.

(3) Explanation of Consolidated earnings forecasts

Performance forecasts are made based on information currently available to the Company, but there is a possibility that the actual performance figures will differ significantly from the forecast figures due to a variety of factors. In addition, the current performance forecast for the full financial year is unchanged from the forecast issued on May 15, 2015.

2. Summary Information

(1) Transfer of Important Subsidiaries in the Quarterly Period under Review:

Not applicable.

(2) Adoption of Special Accounting Methods forPreparation of Quarterly Financial Statements

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

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

(Changes in Accounting Principles)

From the current first quarter term consolidated accounting term, we have applied the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ABSJ) Statement No. 21, issued on September 13, 2013, hereinafter referred to as the Business Combinations Accounting Standard), the Accounting Standard for Consolidated Financial Statements (ABSJ Statement No. 22, issued on September 13, 2013, hereinafter referred to as the Consolidated Accounting Standard), and the Accounting Standard for Business Divestitures (ABSJ Statement No.7, September 13, 2013, hereinafter referred to as the Business Divestitures Accounting Standard). Also, the balance due to changes in the Company's equity with respect to the subsidiaries continuing under the Company's control is recorded as a capital surplus, and the accounting method has been changed to recording this as expenses during the consolidated accounting year in which acquisition-related costs arise. Moreover, for business combinations that take place after the beginning of the first quarter of the current consolidated accounting year, the method has been changed to reflect the revision of the proportional amount of the acquisition cost according to the settlement of the provisional accounting treatment in the quarterly consolidated financial statements for the consolidated quarterly accounting period to which the business combination date belongs. In addition, changes have been made in the method of presenting the quarterly net income, etc., and the method of presentation has been changed from "minority interests" to "non-controlling interests". In order to reflect the said presentation changes, we have also revised the Quarterly Consolidated Financial Statements and Consolidated Financial Statements accordingly.

Concerning the application of the Business Combinations Accounting Standard, etc. the Company is following the transitional measures decided in the Business Combinations Accounting Standard Section 58-2 (4), the Consolidated Accounting Standard Section 44-5 (4), and the Business Divestitures Accounting Standard Section 57-4 (4), and is applying them from the beginning of the first quarter of the current consolidated fiscal year and for the foreseeable future.

These changes will have no material impact on the Group's retained earnings or profitability.

3. Consolidated First Quarter Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	FY 2014 (As of March 31, 2015)	1st Quarter of FY 2015 (As of June 30, 2015)
(Assets)		
Current assets		
Cash and deposits	13,135,625	12,978,016
Accounts and notes receivable	2,868,673	2,059,633
Marketable securities	242,969	243,164
Commercial products	536,992	378,193
Products in progress	314,114	287,323
Primary materials and inventory goods	74,824	40,723
Corporation tax refund receivable, etc.	55,378	56,283
Deferred tax assets	21,503	18,693
Others	986,469	800,444
Allowance for doubtful accounts	(49,909)	(55,005)
Total current assets	18,186,640	16,807,470
Fixed assets		
Tangible fixed assets	2,983,139	2,972,334
Intangible fixed assets		
Goodwill	1,940,390	1,914,598
Others	793,911	795,463
Total intangible fixed assets	2,734,302	2,710,061
Investment and other assets		
Investment securities	1,571,280	1,661,490
Others	631,994	623,285
Allowance for doubtful accounts	(272,217)	(290,911)
Total investments and other assets	1,931,057	1,993,863
Total fixed assets	7,648,498	7,676,260
Total assets	25,835,139	24,483,730
(Liabilities)		
Current liabilities		
Accounts and notes payable	1,133,715	913,361
Short-term loans payable	546,120	551,120
Lease obligations	17,730	17,707
Accrued expenses payable	2,431,769	2,131,616
Income taxes payable	124,473	103,378
Reserve for bonuses	64,309	44,391
Reserve for point card certificates	39,828	39,202
Reserve for sales returns	160,593	87,410
Others	1,967,451	1,560,017
Total current liabilities	6,485,992	5,448,206
Fixed liabilities		
Long-term loans payable	739,020	688,240
Net defined retirement benefits	645,695	616,171
Lease obligations	23,793	19,339
Deferred tax liabilities	182,465	164,293
Others	35,003	33,970
Total fixed liabilities	1,625,977	1,522,014
Total liabilities	8,111,969	6,970,221

(Unit: thousands of yen)

	FY 2014 (As of March 31, 2015)	1st Quarter of FY 2015 (As of June 30, 2015)
(Net assets)		
Shareholder's equity		
Common stock	3,218,000	3,218,000
Capital surplus	3,708,355	3,708,355
Retained earnings	10,938,929	10,939,940
Treasury stock	(1,254,787)	(1,457,351)
Total shareholder's equity	16,610,496	16,408,943
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	215,116	195,131
Foreign currency translation adjustments	5,399	(8,620)
Cumulative adjustment for retirement benefit obligations	87,627	83,912
Total other accumulated comprehensive income	308,143	270,423
Stock acquisition rights	58,591	48,427
Minority interests	745,938	785,715
Total net assets	17,723,169	17,513,509
Total liabilities and net assets	25,835,139	24,483,730

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

(Unit: thousands of yen)

	1st Quarter of FY 2014 (April 1-June 30, 2014)	1st Quarter of FY 2015 (April 1-June 30, 2015)
Net sales	4,445,100	4,695,909
Cost of sales	2,828,565	2,855,367
Gross profit	1,616,535	1,840,541
Selling, general and administrative expenses	2,007,871	1,675,544
Operating income or loss	(391,336)	164,997
Non-operating income		
Interest income	2,346	1,413
Dividend income	4,058	1,977
Interest on securities	35	34
Gains on investment partnership management	—	3,327
Exchange gain	—	158
Miscellaneous receipts	4,893	5,499
Total non-operating income	11,334	12,410
Non-operating expenses		
Interest paid	2,489	3,959
Investment loss on equity method	959	4,259
Losses on investment partnership management	2,240	—
Exchange loss	557	—
Miscellaneous expenses	412	882
Total non-operating expenses	6,659	9,101
Ordinary income or loss	(386,661)	168,306
Extraordinary income		
Gains on reversal of subscription rights to shares	—	10,164
Gains on step acquisitions	—	13,186
Others	—	1,370
Total extraordinary income	—	24,721
Extraordinary losses		
Losses on disposal of fixed assets	—	3,799
Others	—	500
Total extraordinary losses	—	4,299
Net income or net loss before income taxes	(386,661)	188,727
Corporate, local, and business taxes	89,479	97,235
Income taxes - deferred	(799)	(7,749)
Net income or loss for the current quarter	(475,341)	99,241
Net income or loss for the current quarter attributable to non-controlling interests	(181,869)	43,308
Net income or loss for the current quarter attributable to shareholders of the parent company	(293,471)	55,933

(Consolidated Statement of Comprehensive Income)

(Unit: thousands of yen)

	1st Quarter of FY 2014 (April 1-June 30, 2014)	1st Quarter of FY 2015 (April 1-June 30, 2015)
Net income or loss for the current quarter	(475,341)	99,241
Other comprehensive income		
Valuation difference on other available-for-sale securities	15,616	(19,776)
Foreign currency translation adjustments	(2,223)	(14,078)
Retirement benefit adjustments	28,266	(7,288)
Total other comprehensive income	41,659	△41,142
Comprehensive income	(433,681)	58,099
(Details)		
Comprehensive income attributable to shareholders of the parent company	(265,016)	18,213
Comprehensive income attributable to no-controlling interests	(168,664)	39,885

(3) Notes Concerning the Consolidated Financial Statements

(Note Concerning the Premise of a Going Concern)

Not applicable

(Note in the Case of Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Segment Information)

Ⅰ 1st quarter of the previous consolidated fiscal year/FY 2014 (April 1, 2014 through June 30, 2014)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Content	Point Service	Columbia	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales						
Sales to external customers	1,093,507	586,018	2,765,574	4,445,100	—	4,445,100
Intersegment sales or transfer amount	32,019	2	5,317	37,340	(37,340)	—
Total	1,125,527	586,021	2,770,892	4,482,440	(37,340)	4,445,100
Segment income/loss	950	20,298	(413,399)	(392,150)	814	(391,336)

Notes: 1. The segment loss adjustment amount of ¥814 thousand is calculated by eliminating intersegment transactions.

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

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

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

Ⅱ 1st quarter of the current consolidated fiscal year/FY 2015 (April 1, 2015 through June 30, 2015)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Content	Point Service	Columbia	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales						
Sales to external customers	1,125,972	571,807	2,998,129	4,695,909	—	4,695,909
Intersegment sales or transfer amount	49,264	171	8,077	57,512	(57,512)	—
Total	1,175,236	571,978	3,006,207	4,753,422	(57,512)	4,695,909
Segment income/loss	33,656	53,959	71,705	159,321	5,675	164,997

Notes: 1. The segment loss adjustment amount of ¥5,675 thousand is calculated by eliminating intersegment transactions.

2. Segment income/loss is adjusted with operating income 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.