



# Consolidated Financial and Business Results FY07 (Ended March 2008)



Mobile



Game



Internet



Computer



Technology

Faith, Inc.

May 16, 2008

# Agenda

## 1. Consolidated Financial Results for FY07

- Highlights of Consolidated Financial Result
- Highlights of Business Development during FY07
- Results of Content Distribution Business during FY07
- Results of Electronic Money Business during FY07
- Consolidated Balance Sheet – Compared to the end of FY06

## 2. Growth Strategy of Faith Group

- Increasing Diversity of Networks/Viewing Environment/Content
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  - ◆GPass – User Authentication Platform
  - ◆PocketQQ/PocketKarte – Medical and Health Information Distribution Platform
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  - ◆Expansion and Reinforcement of Partnership with Leading Companies & Businesses Expansion by Realizing the Group Synergy
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## 5. Appendix



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# Consolidated Financial Results for FY07



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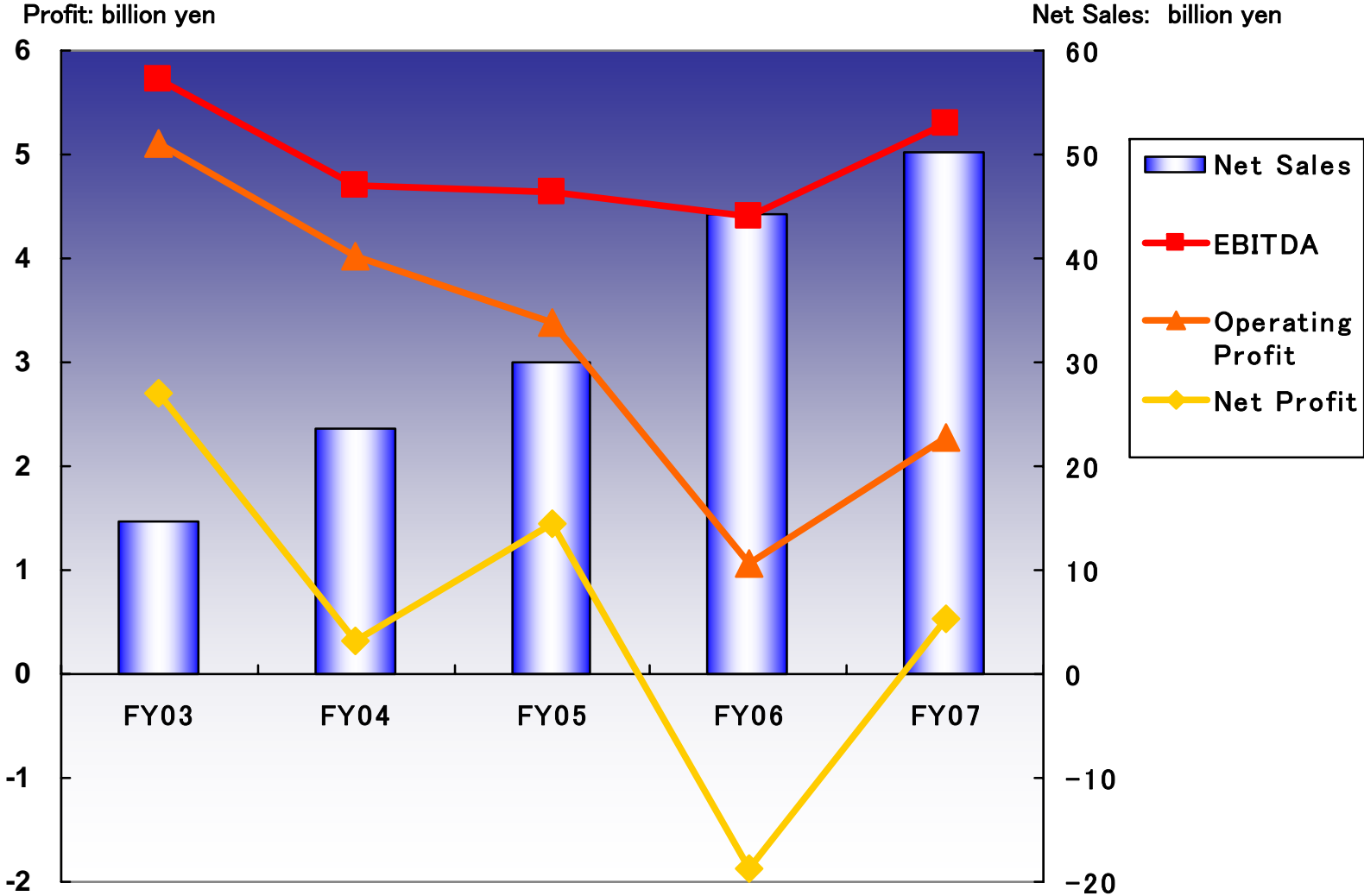
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# Highlights of Consolidated Financial Results

- Achieved continued high growth in Net sales with expansion of group companies especially content distribution and Electronic Money business.
- Offsetting the decrease caused by the sellouts of overseas subsidiaries and other factors.
- All the profit indices sharply rose as a result of overseas business realignment and other factors.



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# Highlights of Business Development during FY07 – 1



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## Content Distribution Business (Domestic)

- Acquired all business rights of “Rose Online” in Japan.
- Established *Faith.biz*\* aiming to develop a new market and to expand business through establishing new distribution platforms.
- *GIGA Networks*\* launched official i-mode mobile services by utilizing Faith’s NFRM\*\* authentication technology.
- *Medical Communication*\* launched “Pocket QQ Health Check Service.”
- *Desperado*\* started movie distribution to mobile phone and PC.
- *Brave*\* expanded EC business with *Faith.biz*\*, through acquisition of “Music Door” and tie-up with other leading companies.
- “NFRM\*\* PC Viewer” was preinstalled on *Sony’s* VAIO, 2007 autumn model.
- NFRM\*\* made compatible with *Sharp’s* PCTV “Internet AQUOS.”
- Launched “KAZAS Channel,” a NFRM portal site on “Osaifu Keitai\*\*\*” mobile menu for i-mode.
- *Faith.biz*\* developed a mobile high-definition video player and started provision of the technology to *GIGA Networks*\* and *BIGLOBE* for video distribution

\*Please see p.37–40 for Outline of Faith Group.

\*\*Please see p.15–16 for NFRM.

\*\*\* Osaifu Keitai: a mobile phone handset with a built-in contactless IC smart card

# Highlights of Business Development during FY07 – 2



## Content Distribution Business (Domestic)

- *Brave\** launched viBirth, a cyber label.
- *Medical Communication\** started provision of HR administration service, "Makasete Romu" targeting the retail industry.
- Tied up with *Credit Saison* for the content distribution business.
- R&D project to apply NFRM\*\* for TV and other devices cooperating with *Intel, Quixun, and Dreamboat*.
- NFRM\*\* adoption is to expand to au and *Softbank* besides *NTT DoCoMo* in partnership with *FeliCa Networks* due in summer 2008.
- Held NFRM\*\* demonstration of viewing "One Seg" digital TV related content on mobile and PC cooperating with *Nippon Television* and *NTT Smartconnect*.
- *GIGA Networks\** launched a mobile site, "Hollywood GIGA Miranca." Over 1,000 videos for both PC and mobile phone to be available.
- *Medical Communication\** started an operational test of "Pocket Karte," an electronic medical record management service available on PC and mobile phone in partnership with *DOKOKARU.NET* and *WILLCOM*.
- "NFRM\*\* PC Viewer" was preinstalled on 2007 spring models of major PC manufacturers such as *Sony, NEC, Toshiba, and Fujitsu*.



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\*Please see p.37-40 for Outline of Faith Group.

\*\*Please see p.15-16 for NFRM.

■ Businesses developed after Apr. 2008

# Highlights of Business Development during FY07 – 3



## Content Distribution Business (Overseas)

- Realignment of content distribution business in China by sellout of *AnyMusic*.
- Selling *TakeNET*, a content distribution subsidiary in South America.
- Decided to liquidate *Faith Technologies*, a distribution platform developer and licensing subsidiary in France

## Electronic Money Business

- Renewal of “WebMoney Wallet” online charging function allowed users to reload at over 1,300 locations of banking facilities besides mobile phones.
- Started provision of “WebMoney Wallet” executive use for “morawin” music distribution service.
- WebMoney\* listed on JASDAQ Securities Exchange’s new market NEO.
- Launched Debit@, a debit service of WebMoney\* in partnership with *Suruga Bank*.
- Sale of WebMoney at *Seven-Eleven Japan* started. Available on “Pre-paid service” multi-photocopiers



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\*Please see p.37–40 for Outline of Faith Group.

\*\*Please see p.15–16 for NFRM.

■ Businesses developed after Apr. 2008

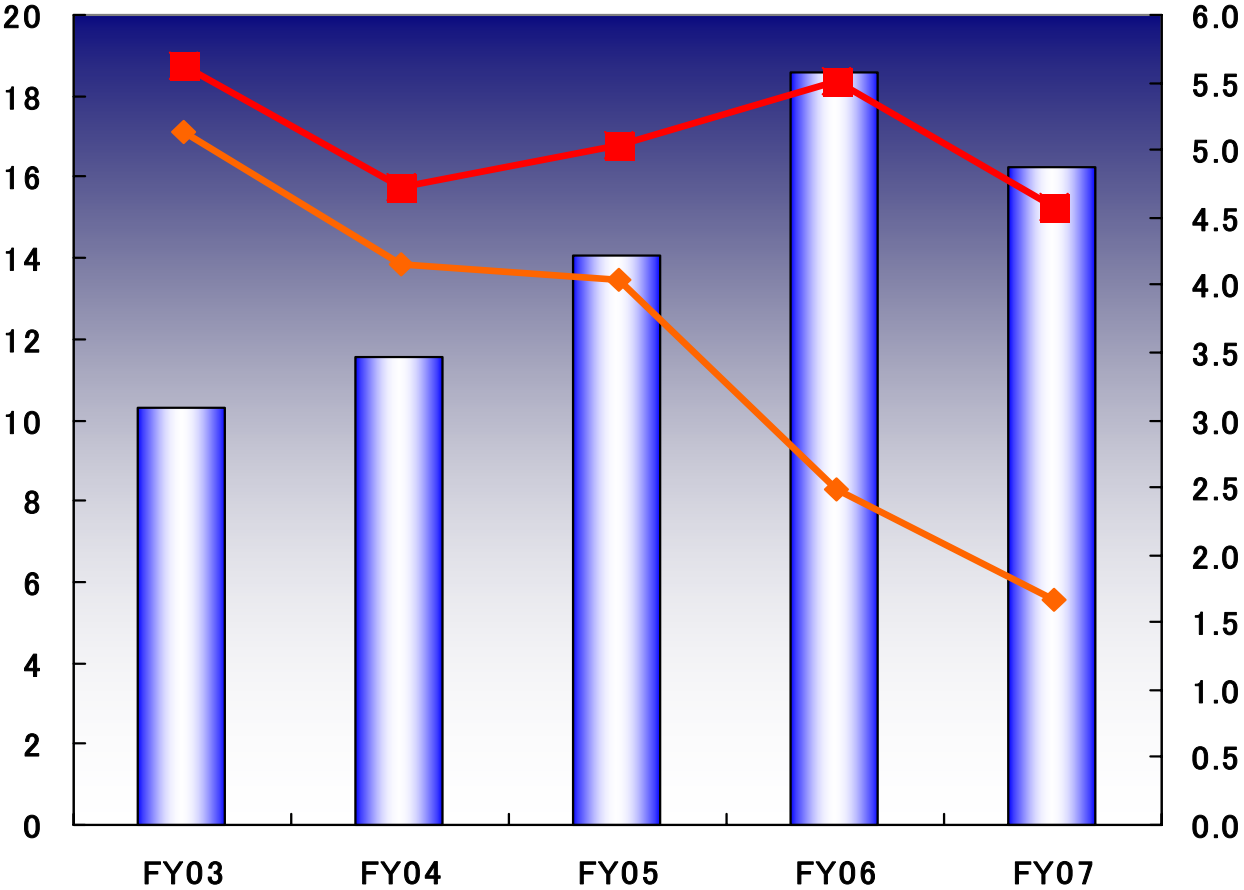
# Results of Content Distribution Business during FY07

Net sales decreased due to the decline of overseas revenue caused by the business realignment, despite the steady growth in Japan.  
 Profit also decreased due to the prior investments in new businesses and the increase in cost for procurement of rich-content



Profit: billion yen

Net Sales: billion yen



Net Sales EBITDA Operating Profit



Mobile



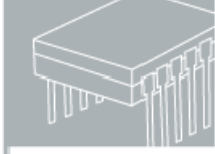
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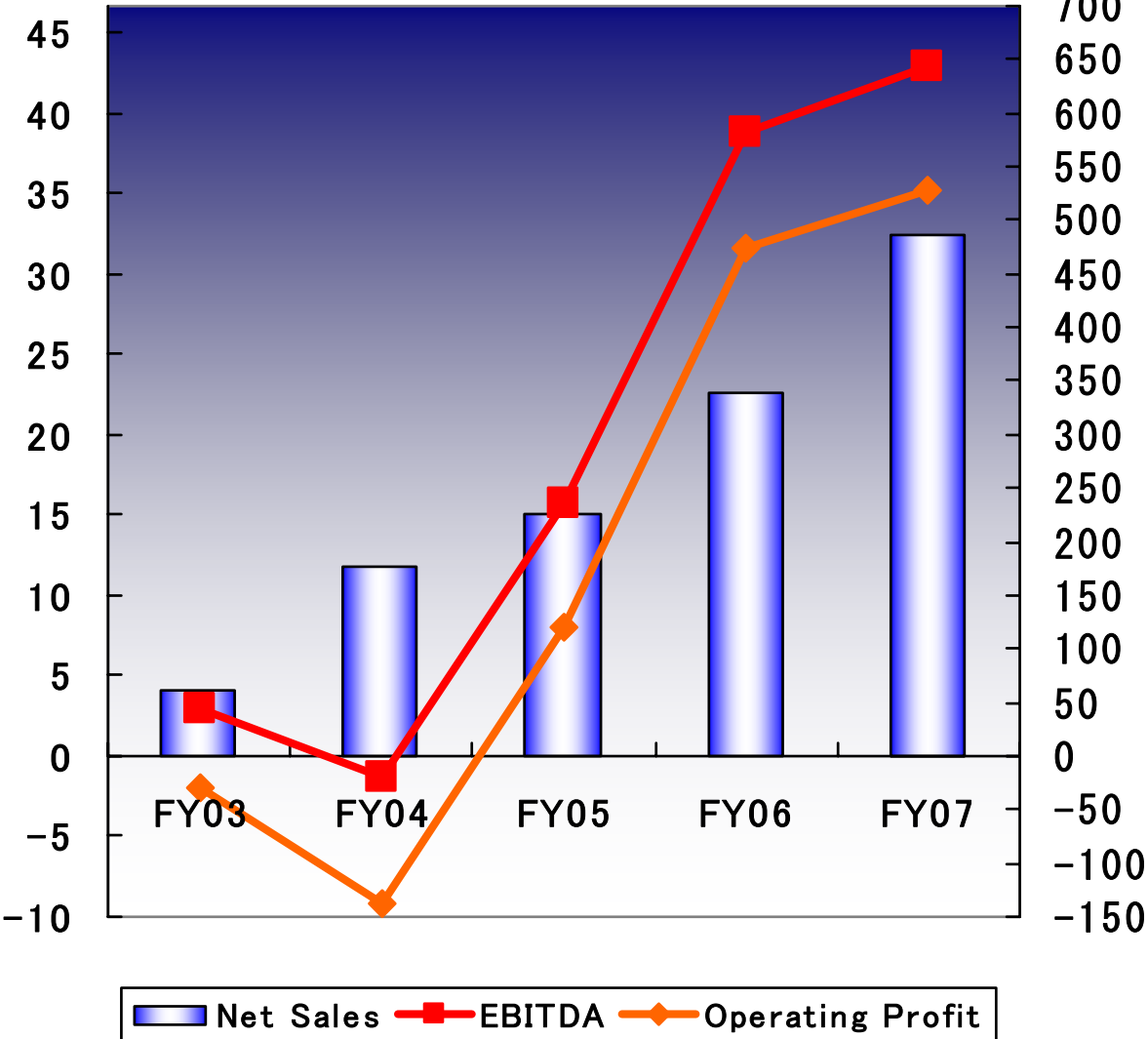


# Results of Electronic Money Business during FY07



Net Sales: billion yen

Profit: million yen



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# Consolidated Balance Sheet



Cash equivalent increased by ¥5.2 billion and interest bearing debt decreased by ¥4.5 billion.  
 As a result, net cash increased from △¥3.1 billion to ¥6.6 billion.  
 Capital-to-asset ratio improved by 2.9 percentage points from 38.6% to 41.5%.



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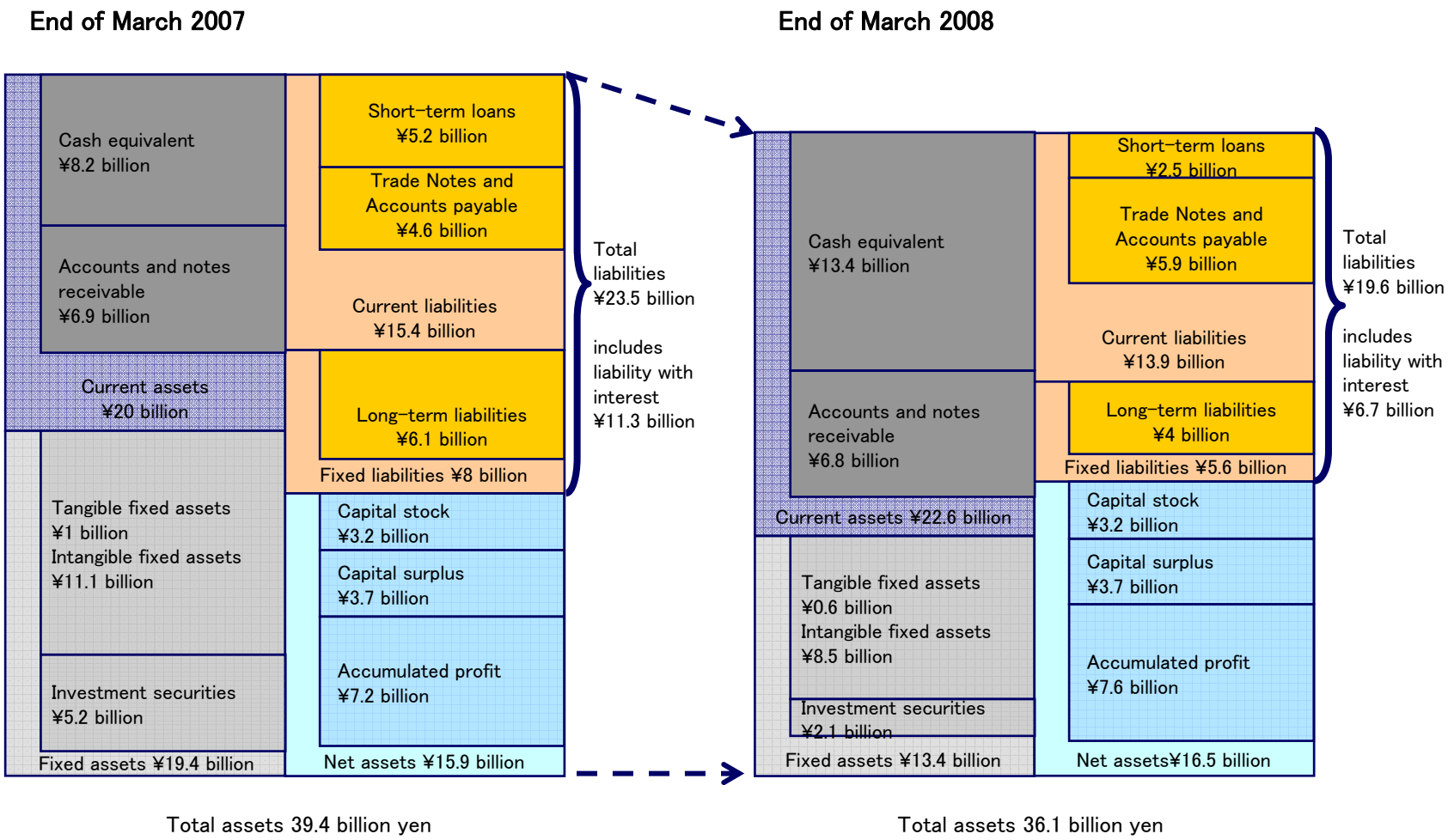
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## Growth Strategy of Faith Group



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# Increasing Diversity of Networks/Viewing Environment/Content – 1

## Advent of the New Era of Rich-Content Distribution



### Network Environment

### Content Viewing Environment

|                        | 2006  | 2007 | 2008   | 2009   | 2010   | 2011   |  |
|------------------------|---|------|--|--|--|--|--|
| Wired communication    | Ultrahigh-speed networks (~100Mbps)   |      | Optical fiber giga Byte Networks (~1Gbps)  |  |  |  |  |
|                        | <ul style="list-style-type: none"> <li>▲ Full-scale services of 100M optical fiber communication</li> <li>▲ Introduction of 1G optical fiber communication</li> </ul> |      | <ul style="list-style-type: none"> <li>▲ Launch of NGN link with mobile services</li> </ul>              | <ul style="list-style-type: none"> <li>▲ Prevalence of 1G optical fiber communication</li> </ul> | <ul style="list-style-type: none"> <li>▲ NTT next generation networks link with mobile services</li> </ul> | <ul style="list-style-type: none"> <li>▲ Speeding up</li> </ul>                      |  |
| Wireless communication | Broadbandization of mobile phones   |      | (Under 10 Mbps)  |  | (Under 100 Mbps)   |  |  |
|                        | <ul style="list-style-type: none"> <li>▲ Launch of 3.5G mobile phones</li> </ul>  |      |  | <ul style="list-style-type: none"> <li>▲ Launch of 3.9G mobile phones</li> </ul>                 |  | <ul style="list-style-type: none"> <li>▲ Launch of 4G mobile phones</li> </ul>       |  |
|                        | New wireless communications   |      | Integration of new wireless technologies and mobile phones   |  |  |  |  |
| IP phone communication | Prevalence stage of IP phones (voice service)   |      | Full-scale IP phone services beyond telephone functions (Link with multi-media and various applications) |  |  |  |  |
|                        | <ul style="list-style-type: none"> <li>▲ Introduction of TV/PC conferences on broadband</li> </ul>  |      | <ul style="list-style-type: none"> <li>▲ Linked to consumer electronic devices</li> </ul>                | <ul style="list-style-type: none"> <li>▲ Launch of mobile WiMax</li> </ul>                       | <ul style="list-style-type: none"> <li>▲ Context-aware services</li> </ul>                                 | <ul style="list-style-type: none"> <li>▲ Realization of wireless software</li> </ul> |  |

- Improvement of processors  
Improvement of video viewing environment
- Digital high-vision  
Improvement of video viewing environment
- Internet TV  
Integration of broadcasting and communication
- FeliCa  
Interface mobile phones to PCs



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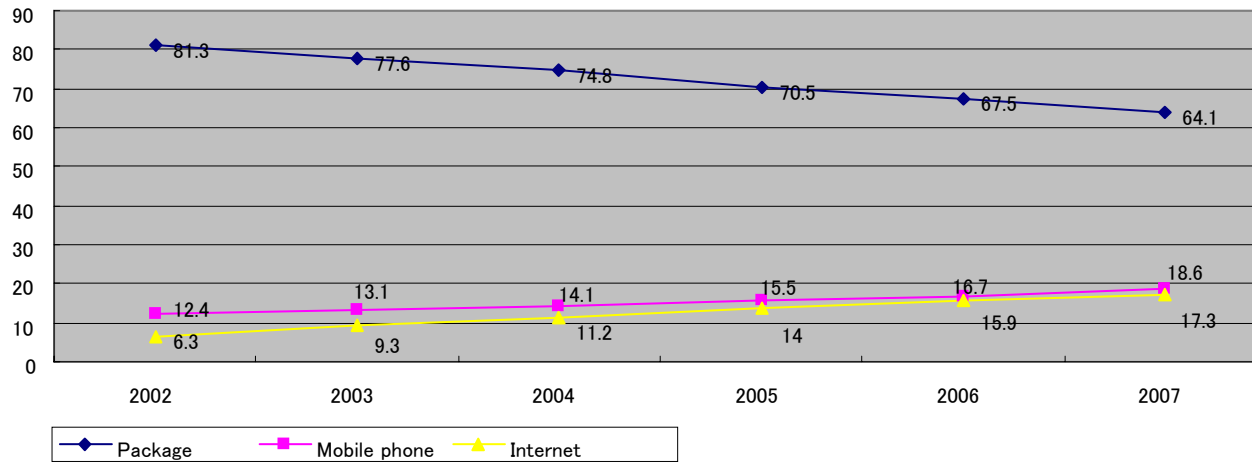
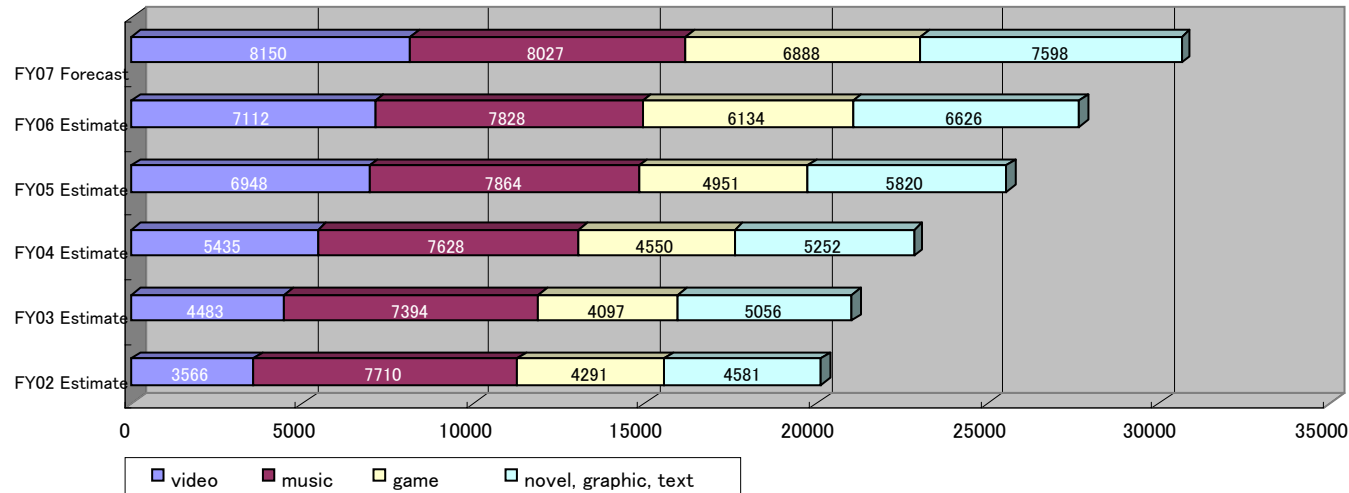


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Network Environment x Content Viewing Environment = Complex and Diversified Environment

# Increasing Diversity of Networks/Viewing Environment/Content – 2

Total volume of content distribution increasing year after year, prominently of games novels, graphics, and texts.



Source: Digital Content White Paper 2007 issued by Digital Content Association of Japan



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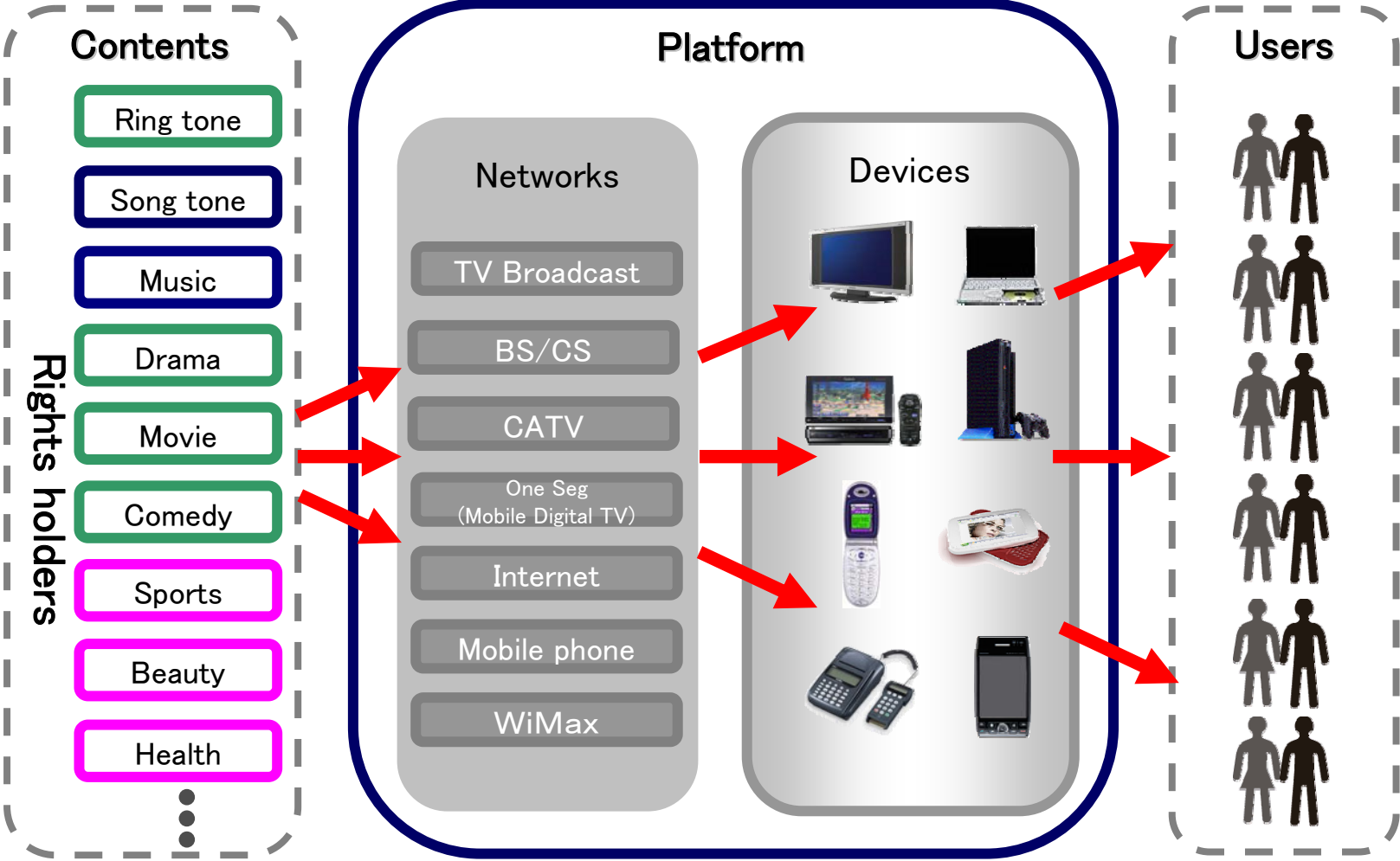
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Network Environment x Content Viewing Environment x Content  
= Expansion of Needs for Seamless Distribution for Multi-Content on Multi-Platform

# Increasing Diversity of Networks/Viewing Environment/Content – 3

## Multi-Platform and Multi-Content Strategies

Distributing a wide range of content independent on networks and devices



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Faith Group's One Stop Solution Realizes the Multi-Platform and Multi-Content Strategies.

# NFRM Services – 1

## Creation of Multi-Platform for Video Distribution



Search video by mobile phone



Buy the right to watch



Watch on large screen



Hold mobile phone over PC



Mobile



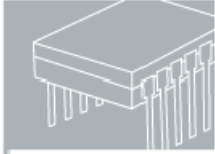
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# NFRM Services – 2

## Rapid Business Development for Encouraging Broad Use



### Improving the Viewing Environment

■ “NFRM PC Viewer” was preinstalled on PCs of the leading manufacturers in Japan, such as Sony, NEC, Toshiba, and Fujitsu. →

■ No need to install video playback applications on PCs

■ FeliCa Port was preinstalled on PCs of the leading manufacturers in Japan, such as Sony, NEC, Toshiba, and Fujitsu. →

■ Prevalence of “Osaifu Keitai” and FeliCa port

■ Corresponds to “pitmotto” realize NFRM services available on major carriers, NTT DoCoMo, au, and Softbank from summer 2008. →

■ Available on three major carriers.

■ Demonstrated infrared communication from Internet AQUOS, a PC-TV of Sharp Corporation . →

■ Realized infrared connection

■ In cooperate with Intel, Quixun, and Dreamboat, started a R&D project to apply NFRM to TV and other devices. →

■ Expand possible viewing devices aside from PC.

■ Faith.biz developed a mobile high-definition and full-screen video player.



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### Expanding the Content

■ GIGA Networks launched a mobile site, “Hollywood GIGA Miranca.”  
Over 1,000 NFRM corresponding videos are available. →

■ Enhanced the line of popular content over wide range of categories

■ Launched “KAZAS Channel”, a NFRM portal site.





# GPass(GamePass)

## – Applied NFRM User Authentication Technology

### Creation of a New User Authentication Platform

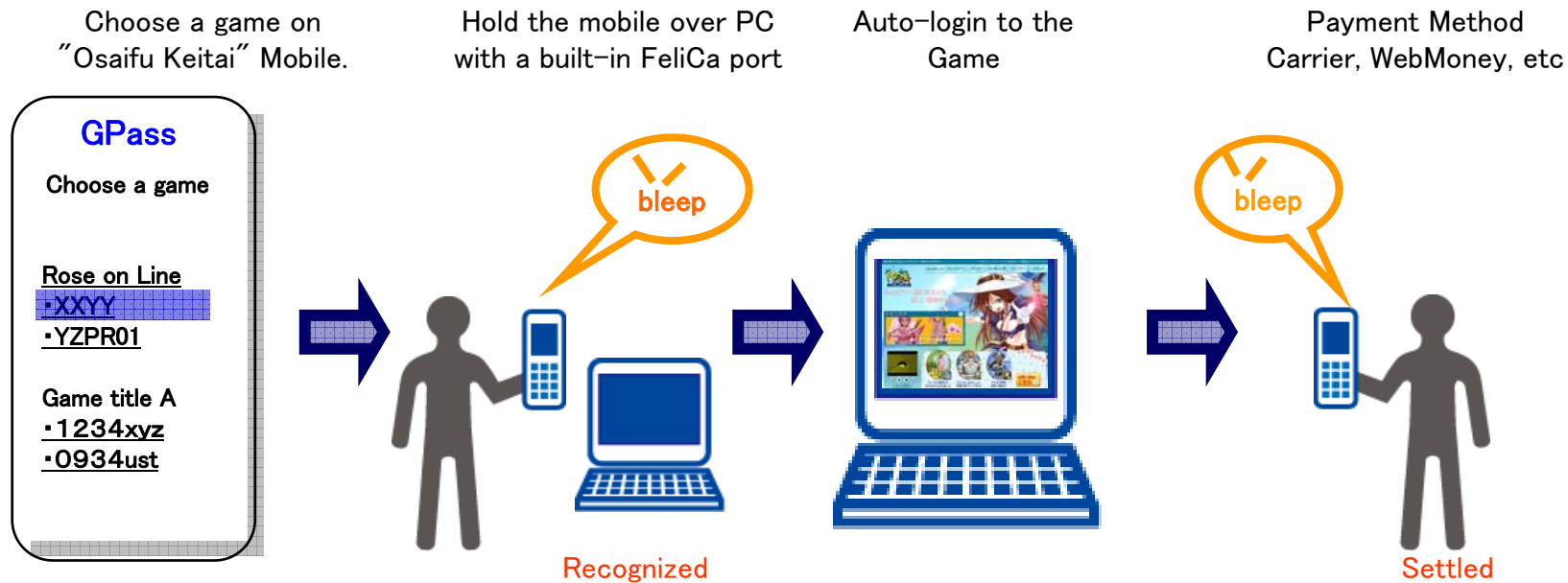


#### ■ What's GPass(GamePass)

“Login Authentication Technology” utilizing NFRM

● User's benefit

- a. Able to login by just holding an “Osaifu Keitai” mobile on PC. (Automatic login system)
- b. Safely storing all the IDs and passwords registered for each game.
- c. Prevention of unauthorized access and spoofing from abroad
- d. One-touch settlement of payment



Launched a trial service on a popular online game site, "Rose Online"



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# PocketQQ/PocketKarte

## Medical and Health Information Distribution Platform



### ■ PocketQQ



Providing a corporate-use health check service in ASP package. Individual medical and health information is accessible through mobile phone and PC.

< Users' benefit >

1. Search for hospitals and chemists nationwide
2. Health check
3. Search for OTC medicine information
4. Keep track of secular changes in health check

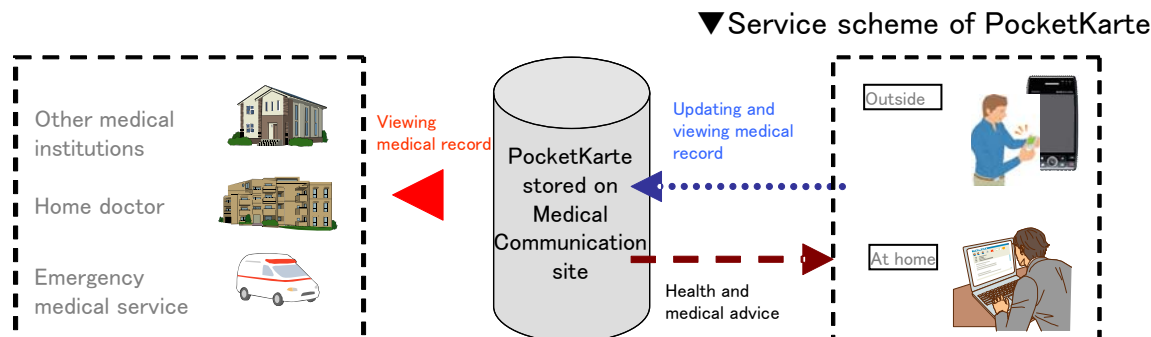
### ■ PocketKarte

Joint business with WILLCOM and other companies

Maintenance and viewing of a user's individual health and medical record (Karte) is easily available on mobile phone and PC.

< Users' benefit >

1. Maintenance and viewing of a user's individual health and medical record
2. Transferable records remove complicated procedures of recheck in case of changing hospitals.
3. Easily inquire to second opinions about treatment by carrying the record.



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# Electronic Settlement Platform

## Creation and Expansion of a New Payment Settlement Platform



### ■ WebMoney



A new settlement service developed by WebMoney and Suruga Bank. Transactions made by "Debit@" at WebMoney partner vendors are settled immediately by direct debit.



### ● WebMoney Wallet

Vastly improved functions. Online-charging became more convenient. Online charging available at over 1,300 locations of banking facilities, besides mobile phones.



Have you got your WebMoney Wallet?



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# Expansion and Reinforcement of Partnership with Leading Companies Business Expansion by Realizing the Group Synergy

Creation of New Markets by Providing Platforms such as E-Commerce



## Partnership with Leading Companies

|   |   |
|---|---|
| <ul style="list-style-type: none"> <li>● Credit Saison</li> </ul>  <p><a href="http://Eikyufumetsu.com">Eikyufumetsu.com</a></p>           | <ul style="list-style-type: none"> <li>● Willcom/Medical Communication etc.</li> </ul>  <p><a href="http://PocketKarte">PocketKarte</a></p>      |
| <ul style="list-style-type: none"> <li>● Credit Saison</li> </ul>  <p><a href="http://Eikyufumetsu Contents">Eikyufumetsu Contents</a></p> | <ul style="list-style-type: none"> <li>● XING</li> </ul>  <p><a href="http://Uta Suki">Uta Suki</a></p>  |
| <ul style="list-style-type: none"> <li>● LAWSON</li> </ul>  <p><a href="http://LAWSON net shopping">LAWSON net shopping</a></p>            | <ul style="list-style-type: none"> <li>● Neo/GIGA Networks</li> </ul>  <p><a href="http://Hollywood GIGA Miranca">Hollywood GIGA Miranca</a></p> |

## The Group Synergy

|   |   |
|---|---|
| <ul style="list-style-type: none"> <li>● GIGA Networks</li> </ul>  <p><a href="http://Chakushin Melody GIGA">Chakushin Melody GIGA</a></p> | <ul style="list-style-type: none"> <li>● Brave</li> </ul>  <p><a href="http://MUSICDOOR">MUSICDOOR</a></p> |
|---|---|



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# Creation of New Models for Video/Music Distribution

## New Models for Video Distribution

### ■ Content by viewing environment

Creating, producing and distributing content suitable for each viewing environment.

● “Koisuru Ketsuekigata\*” – Drama for mobile phone

1. Shot and edited suitable for mobile phone
2. Two-minute story in i-motion style
3. One story distributed daily upon registration

\*Funded and distributed

by GIGA Networks

\*Advance distribution from GIGA Networks



● “Konno-san to Asobo\*\*” – Drama *恋する血液型*

1. Broadcasted on WOWOW
2. Distributed for mobile phone

\*\*Funded by GIGA Networks

and Desperado

\*\*Advance distribution from GIGA Networks



## New Models for Music Distribution

### ■ viBirth



Providing with network structure through which creators can deliver their works directly to worldwide consumers.

From PC at home

1. Distribution of “iTunesStore” and “Chakushin Melody GIGA” to PCs in more than 20 countries in the world
2. Sales registration and application on mobile music distribution site
3. Sales of CD and DVD
4. Organizing events and live bookings
5. Promotional activities on viBirth.com
6. Supporting service for CD production



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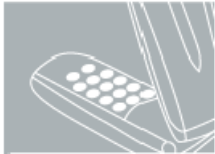
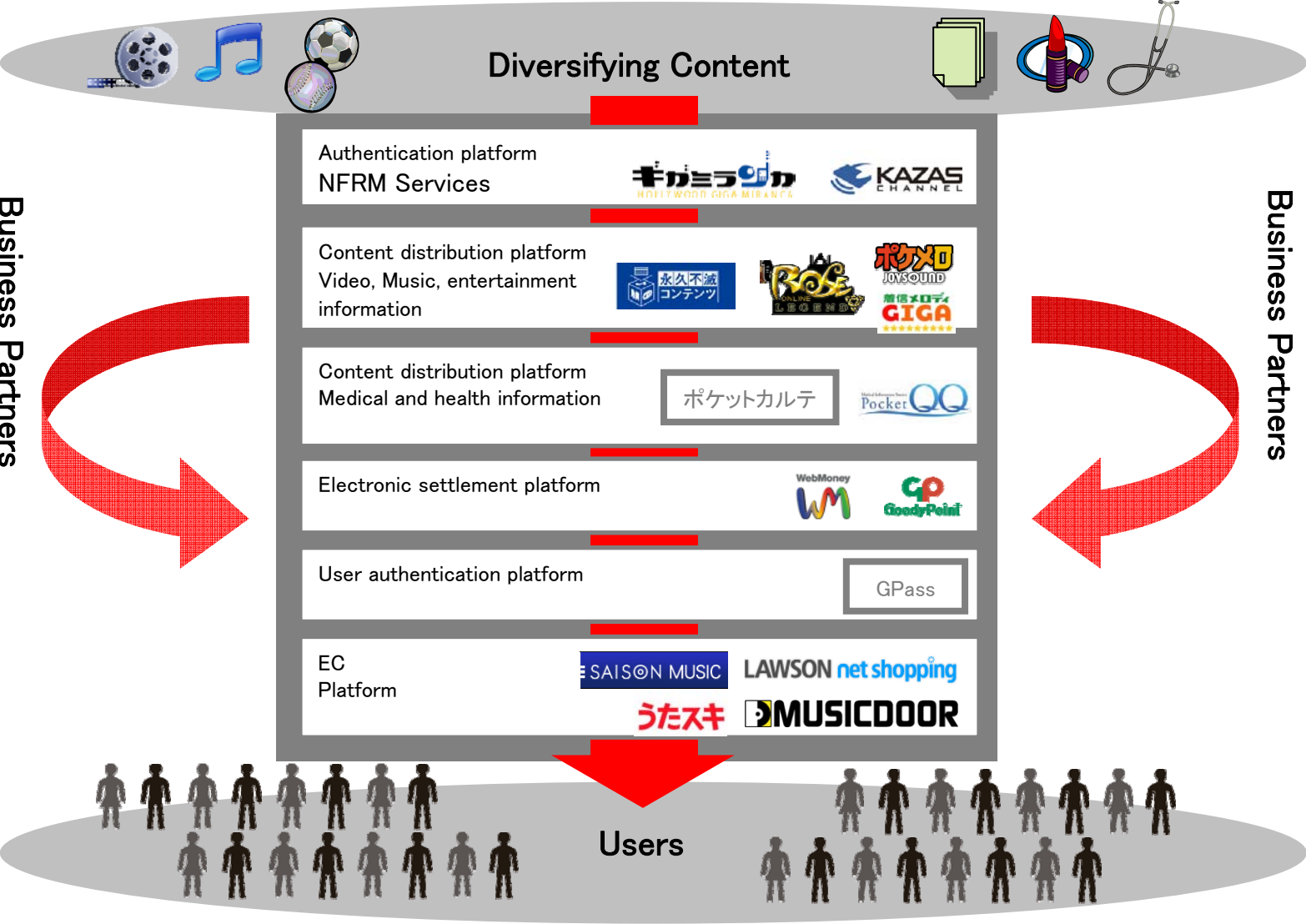
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# Creation of New Markets with Multi-Platform and Multi-Content Strategy

## Provision of New Platforms Targeting Diversifying Content Market



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# Consolidated Financial Forecasts for FY08



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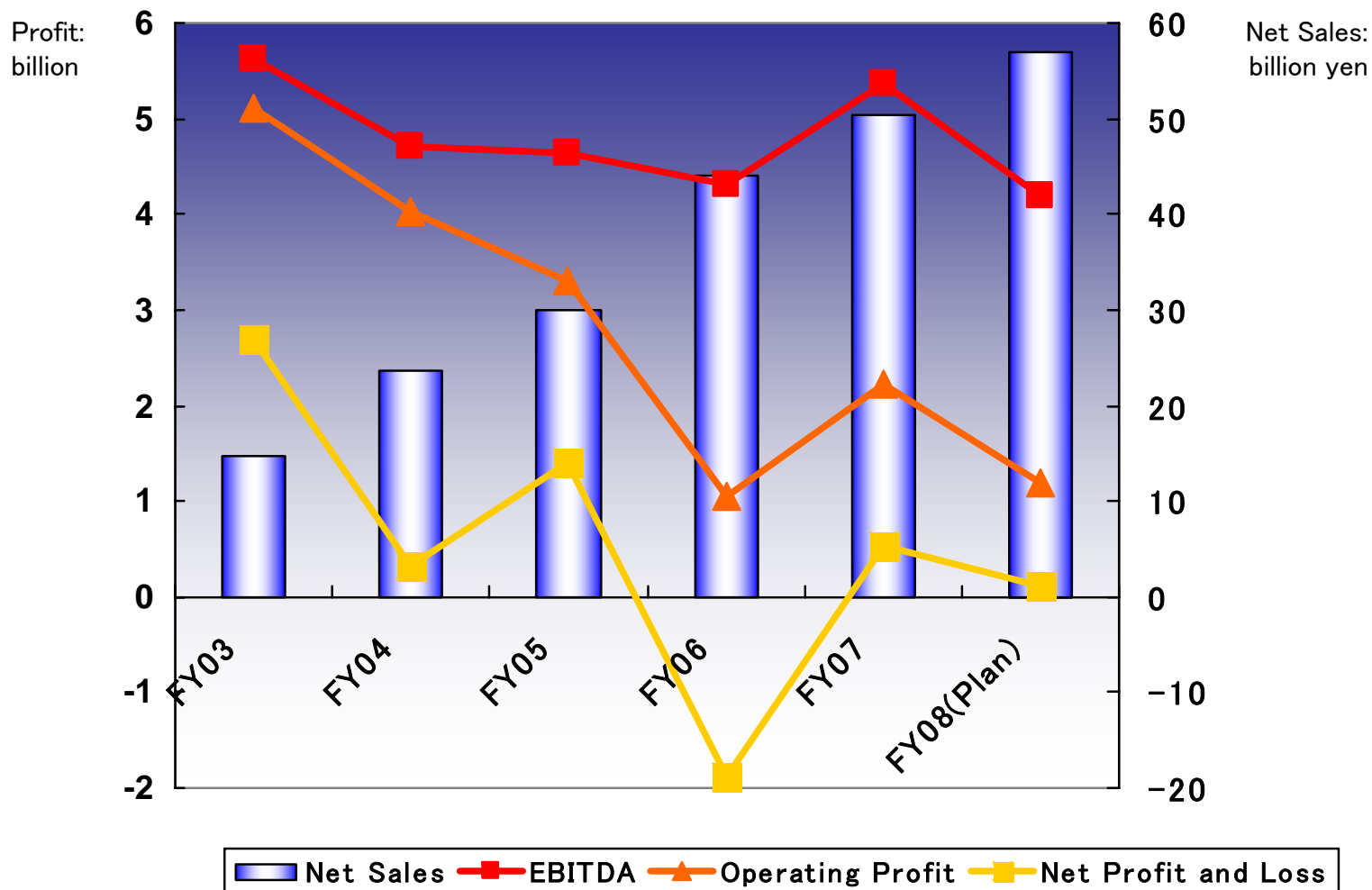
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# Consolidated Financial Forecasts for FY08



Net sales is expected to keep double figures growth due to the expansion of domestic contents business and Electronic Money business.  
 Profits are projected to decrease due to the prior investments and implement of procurement.  
 The investments are for development and construction of new multi-content distribution services via multi-platforms and the procurement is for rich-content for various devices.



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# FY08 Financial Forecasts by Segment

(million yen)



|                               | FY 2007 | FY 2008 (Plan) | Year-on-year change (Amount) | Year-on-year change (%) | Reasons for year-on-year change  |
|-------------------------------|---------|----------------|------------------------------|-------------------------|--|
| <b>Net Sales</b>              | 50,192  | 57,000         | 6,807                        | 13.6%                   |  |
| Content-distribution Services | 16,264  | 14,700         | ▲ 1,564                      | -9.6%                   | Decrease of overseas business(disposal of TakeNET, liquidation of Faith Technologies) Δapprox. ¥1.1 billion<br>Decrease the revenue from ringtone solution Δapprox. ¥700 million<br>Increase of domestic contents business |
| Electronic Payment Business   | 32,389  | 40,700         | 8,310                        | 25.7%                   | Increase due to demand increment   |
| MVNO Business                 | —       | —              | —                            | —                       |  |
| Others                        | 1,538   | 1,600          | 61                           | 4.0%                    |  |
| <b>EBITDA</b>                 | 5,285   | 4,200          | ▲ 1,085                      | -20.5%                  |  |
| Content-distribution Services | 4,579   | 3,300          | ▲ 1,279                      | -27.9%                  | Prior investment in development of NFRM distribution platform and in implement of production and procurement of rich-contents  |
| Electronic Payment Business   | 643     | 800            | 157                          | 24.4%                   | increased revenue effect   |
| MVNO Business                 | —       | —              | —                            | —                       |  |
| Others                        | 64      | 100            | 36                           | 56.3%                   |  |
| <b>Operating Profit</b>       | 2,266   | 1,200          | ▲ 1,066                      | -47.1%                  |  |
| Content-distribution Services | 1,674   | 500            | ▲ 1,174                      | -70.1%                  | Prior investment in development of NFRM distribution platform and in implement of production and procurement of rich-contents  |
| Electronic Payment Business   | 527     | 600            | 72                           | 13.7%                   | increased revenue effect   |
| MVNO Business                 | —       | —              | —                            | —                       |  |
| Others                        | 63      | 100            | 36                           | 56.4%                   |  |
| <b>Recurring profit</b>       | 1,909   | 1,000          | ▲ 909                        | -47.6%                  | Decrease of operating profit   |
| <b>Net Income</b>             | 537     | 100            | ▲ 437                        | -81.4%                  | Decrease of recurring profit   |



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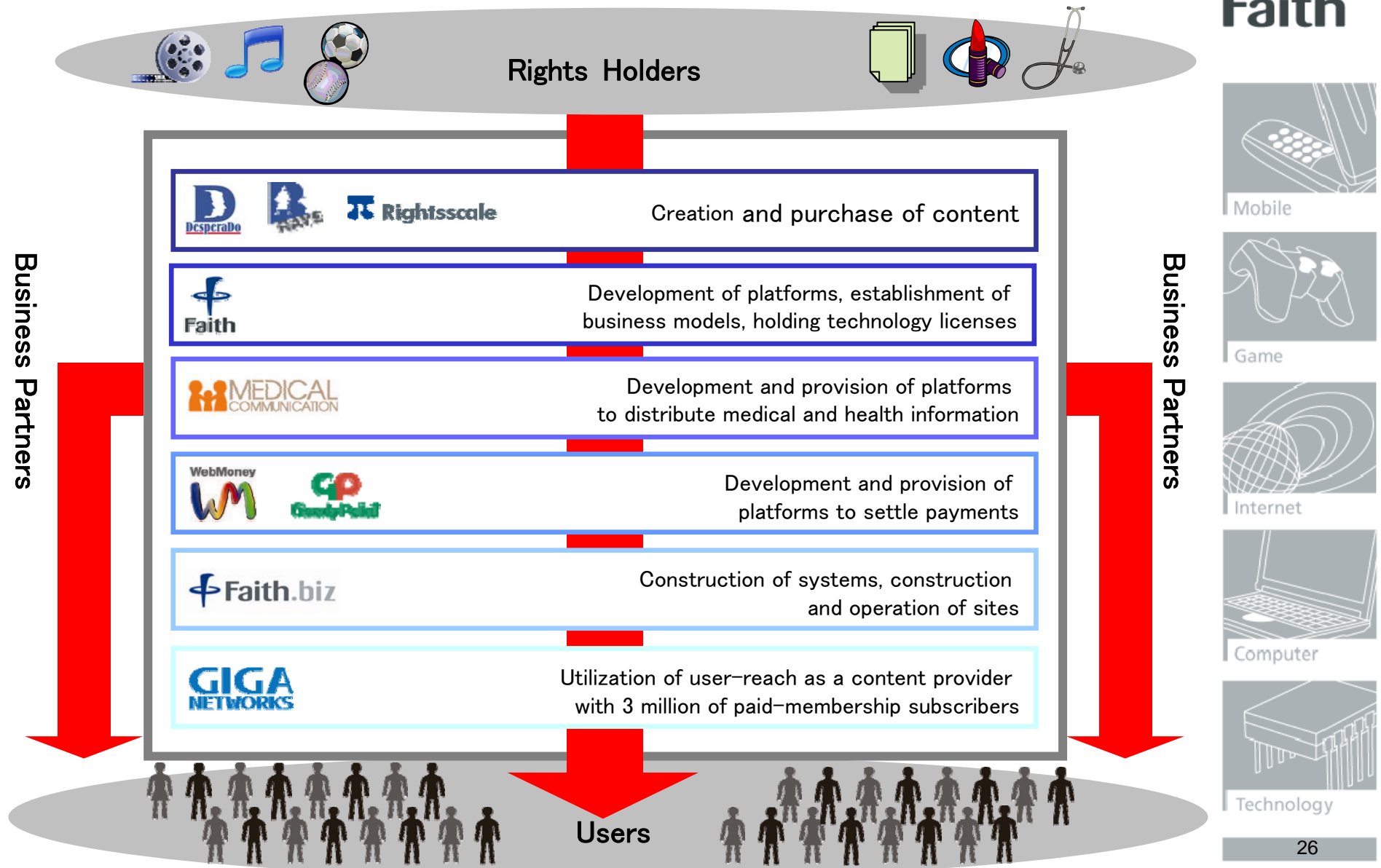


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# Achieving Sustainable and High Growth by Realizing the Group Synergy and Strengthening Partnership with Other Leading Companies



## Notice

This document and its supporting documents contain projections of our company's future performance. These are estimates by the management of Faith based on currently available information. There are potential risks and uncertainties that may affect the results. Please be advised that actual performance may differ significantly from the forecast.



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# Appendix



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# FY07 Consolidated Financial Result by Segment



(million yen)

|                               | FY2003 | FY2004 | FY2004                       |                         | FY2005 | FY2005                       |                         | FY2006  | FY2006                       |                         | FY2007 | FY2007                       |                         |
|-------------------------------|--------|--------|------------------------------|-------------------------|--------|------------------------------|-------------------------|---------|------------------------------|-------------------------|--------|------------------------------|-------------------------|
|                               |        |        | Year-on-year change (Amount) | Year-on-year change (%) |        | Year-on-year change (Amount) | Year-on-year change (%) |         | Year-on-year change (Amount) | Year-on-year change (%) |        | Year-on-year change (Amount) | Year-on-year change (%) |
| <b>Net Sales</b>              | 14,671 | 23,628 | 8,957                        | 61.0%                   | 30,040 | 6,412                        | 27.1%                   | 44,152  | 14,112                       | 46.9%                   | 50,192 | 6,039                        | 13.7%                   |
| Content-distribution Services | 10,299 | 11,550 | 1,251                        | 12.1%                   | 14,040 | 2,490                        | 21.5%                   | 18,572  | 4,532                        | 32.2%                   | 16,264 | ▲ 2,307                      | -12.4%                  |
| Electronic Payment Business   | 4,084  | 11,724 | 7,640                        | 187.0%                  | 15,106 | 3,382                        | 28.8%                   | 22,650  | 7,544                        | 49.9%                   | 32,389 | 9,739                        | 43.0%                   |
| MVNO Business                 | —      | —      | —                            | —                       | 0      | —                            | —                       | 24      | 24                           | —                       | 0      | ▲ 24                         | —                       |
| Others                        | 288    | 353    | 65                           | 22.8%                   | 893    | 540                          | 152.8%                  | 2,905   | 2,011                        | 225.0%                  | 1,538  | ▲ 1,366                      | -47.1%                  |
| <b>EBITDA</b>                 | 5,728  | 4,712  | ▲ 1,015                      | -17.8%                  | 4,630  | ▲ 82                         | -1.8%                   | 4,395   | ▲ 235                        | -12.7%                  | 5,285  | 890                          | 20.3%                   |
| Content-distribution Services | 5,628  | 4,729  | ▲ 899                        | -16.0%                  | 5,033  | 304                          | 6.4%                    | 5,503   | 470                          | 2240.1%                 | 4,579  | ▲ 924                        | -16.8%                  |
| Electronic Payment Business   | 42     | ▲ 19   | ▲ 62                         | -145.6%                 | 235    | 254                          | —                       | 581     | 345                          | -193.3%                 | 643    | 62                           | 10.7%                   |
| MVNO Business                 | —      | —      | —                            | —                       | ▲ 622  | —                            | —                       | ▲ 1,687 | ▲ 1,065                      | —                       | —      | 1,687                        | —                       |
| Others                        | 57     | 2      | ▲ 54                         | -95.6%                  | ▲ 15   | ▲ 18                         | -718.2%                 | ▲ 1     | 14                           | —                       | 64     | 65                           | —                       |
| <b>Operating Profit</b>       | 5,115  | 4,017  | ▲ 1,098                      | -21.5%                  | 3,391  | ▲ 626                        | -15.6%                  | 1,060   | ▲ 2,331                      | -68.8%                  | 2,266  | 1,206                        | 113.7%                  |
| Content-distribution Services | 5,133  | 4,152  | ▲ 981                        | -19.2%                  | 4,029  | ▲ 123                        | -3.0%                   | 2,484   | ▲ 1,545                      | -38.4%                  | 1,674  | ▲ 810                        | -32.6%                  |
| Electronic Payment Business   | ▲ 30   | ▲ 136  | ▲ 106                        | —                       | 119    | 255                          | —                       | 473     | 354                          | 295.3%                  | 527    | 54                           | 11.5%                   |
| MVNO Business                 | —      | —      | —                            | —                       | ▲ 706  | —                            | —                       | ▲ 1,832 | ▲ 1,126                      | —                       | —      | 1,832                        | —                       |
| Others                        | 12     | 2      | -900.0%                      | -82%                    | ▲ 51   | ▲ 53                         | -2479%                  | ▲ 64    | ▲ 13                         | —                       | 63     | 128                          | —                       |
| <b>Recurring profit</b>       | 5,013  | 4,047  | ▲ 966                        | -19.3%                  | 3,455  | ▲ 592                        | -14.7%                  | 853     | ▲ 2,602                      | -75.3%                  | 1,909  | 1,055                        | 123.7%                  |
| <b>Net Income</b>             | 2,700  | 316    | ▲ 2,384                      | -88.3%                  | 1,438  | 1,122                        | 355.1%                  | ▲ 1,883 | ▲ 3,321                      | —                       | 537    | 2,420                        | —                       |



Mobile



Game



Internet



Computer



Technology

# FY07 Consolidated Financial Result by Segment (year-on-year change)

(million yen)



|                               | FY2006  | FY2007 | Year-on-year change<br>(Amount) | Year-on-year change<br>(%) | Reasons for year-on-year change  |
|-------------------------------|---------|--------|---------------------------------|----------------------------|--|
| <b>Net Sales</b>              | 44,152  | 50,192 | 6,039                           | 13.7%                      |  |
| Content-distribution Services | 18,572  | 16,264 | ▲ 2,307                         | -12.4%                     | Contribution of domestic contents business subsidiary +2,300 million yen<br>Increase in GIGA Networks +300 million yen<br>Decrease in non-consolidated ringtone distribution solutions Δ800 million yen<br>Decrease in licensing of ringtone playback technologies Δ500 million yen<br>Decrease due to the sale of overseas content distribution subsidiaries Δ3,600 million yen   |
| Electronic Payment Business   | 22,650  | 32,389 | 9,739                           | 43.0%                      | Increase in the settlement volume due to increase of demands for online games, mobile content, videos and other distributions  |
| Others                        | 2,905   | 1,538  | ▲ 1,366                         | -47.1%                     |  |
| <b>EBITDA</b>                 | 4,395   | 5,285  | 890                             | 20.3%                      | Sale of MVNO business during FY06_4Q +1,687 million yen  |
| Content-distribution Services | 5,503   | 4,579  | ▲ 924                           | -16.8%                     | Decrease in SG&A etc. +500 million yen<br>Decrease in non-consolidated ringtone distribution solutions Δ800 million yen<br>Decrease in licensing of ringtone playback technologies Δ500 million yen  |
| Electronic Payment Business   | 581     | 643    | 62                              | 10.7%                      |  |
| Others                        | ▲ 1     | 64     | 65                              | —                          |  |
| <b>Operating Profit</b>       | 1,060   | 2,266  | 1,206                           | 113.7%                     | Sale of MVNO business during FY06_4Q +1,832 million yen  |
| Content-distribution Services | 2,484   | 1,674  | ▲ 810                           | -32.6%                     | Decrease in SG&A etc. +500 million yen<br>Decrease in non-consolidated ringtone distribution solutions Δ800 million yen<br>Decrease in licensing of ringtone playback technologies Δ500 million yen  |
| Electronic Payment Business   | 473     | 527    | 54                              | 11.5%                      |  |
| MVNO Business                 | ▲ 1,832 | —      | 1,832                           | —                          | Sold during FY06_4Q  |
| Others                        | ▲ 64    | 63     | 128                             | —                          |  |
| <b>Recurring profit</b>       | 853     | 1,909  | 1,055                           | 123.7%                     | Increase in interest and dividends income +128 million yen<br>Increase in currency gain +113 million yen<br>Increase in investment loss on equity method Δ374 million yen  |
| <b>Net Income</b>             | ▲ 1,883 | 537    | 2,420                           | —                          | Decrease in goodwill amortization +2,691 million yen<br>(FY06 TakeNET 2,218 million yen, Faith Communications 462 million yen, etc.)<br>Decrease in provision for allowance 1,491 million yen<br>(FY06 allowance for loss on guarantees of Faith Communications 1,298 million yen)<br>Gain on transfer of former Moderati +826 million yen<br>Decrease in profit on sales of affiliates Δ3,110 million yen<br>(FY06 Digiplug about 2,300 million yen, Faith Communications about 1,000 million yen)<br>Increase in deferred tax expense Δ1,488 million yen<br>(FY07 Reversal of deferred tax assets 717 million yen) |



Mobile



Game



Internet



Computer



Technology

\* For further details, see p.33-36.

# FY07 Consolidated Financial Result (compared to the initial plan )



(million yen)

|                                  | FY2007<br>Initial<br>Plan | FY2007<br>actual | Actual-on-<br>Plan change<br>( Amount) | Actual-on-<br>Plan change<br>(%) | Reasons foe year-on- year change   |
|----------------------------------|---------------------------|------------------|--|----------------------------------|--|
| <b>Net Sales</b>                 | 50,000                    | 50,192           | 192                                    | 0.4%                             | delay in start-up of new business<br>unfinished plans related to film production business                                      |
| Content-distribution<br>Services | 17,400                    | 16,264           | ▲ 1,135                                | -6.5%                            |  |
| Electronic Payment<br>Business   | 31,030                    | 32,389           | 1,359                                  | 4.4%                             |  |
| Others                           | 1,570                     | 1,538            | ▲ 31                                   | -2.0%                            |  |
| <b>EBITDA</b>                    | 5,200                     | 5,285            | 85                                     | 1.6%                             |  |
| Content-distribution<br>Services | 4,400                     | 4,579            | 179                                    | 4.1%                             | expenditure operated efficiently and effectively<br>delay in development expenses due to the delay in start-up of new business |
| Electronic Payment<br>Business   | 708                       | 643              | ▲ 65                                   | -9.2%                            |  |
| Others                           | 92                        | 64               | ▲ 28                                   | -30.4%                           |  |
| <b>Operating Profit</b>          | 2,100                     | 2,266            | 166                                    | 7.9%                             |  |
| Content-distribution<br>Services | 1,400                     | 1,674            | 274                                    | 19.6%                            |  |
| Electronic Payment<br>Business   | 571                       | 527              | ▲ 43                                   | -7.5%                            |  |
| Others                           | 129                       | 63               | ▲ 65                                   | -50.4%                           |  |
| <b>Recurring profit</b>          | 1,700                     | 1,909            | 209                                    | 12.3%                            |  |
| <b>Net Income</b>                | 1,300                     | 537              | ▲ 762                                  | -58.7%                           | Gain on disposal of fixed assets +2,300 million yen<br>Proceeds from equity movement +4,200 million yen                        |



Mobile



Game



Internet



Computer



Technology

# Amortization of Goodwill



(million yen)

|                      | FY2003     | FY2004     | FY2005     | FY2006       | FY2007       | FY2008<br>(Plan) | Years of<br>amortization | End of<br>amortization |
|----------------------|------------|------------|------------|--------------|--------------|------------------|--------------------------|------------------------|
| WebMoney             | 51         | 82         | 82         | 82           | 84           | 74               | 10years                  | 2013/9                 |
| Digiplug             | 221        | 239        | —          | —            | —            | —                | —                        | —                      |
| TakeNet              | —          | —          | 531        | 424          | —            | —                | —                        | —                      |
| Faith Communications | —          | —          | 63         | 94           | —            | —                | —                        | —                      |
| Goody Point          | —          | —          | 39         | 39           | —            | —                | —                        | —                      |
| GIGA Networks        | —          | —          | —          | 1,771        | 2,125        | 2,125            | 5years                   | 2011/5                 |
| Brave                | —          | —          | —          | —            | 3            | 3                | 5years                   | 2012/3                 |
| MVP                  | —          | —          | —          | —            | 4            | 4                | 5years                   | 2012/3                 |
| Media Complex        | —          | —          | —          | —            | 11           | 11               | 5years                   | 2012/6                 |
| Cyber Plus           | —          | —          | —          | 217          | 217          | 118              | 5years                   | 2011/3                 |
| <b>Total</b>         | <b>272</b> | <b>322</b> | <b>715</b> | <b>2,627</b> | <b>2,444</b> | <b>2,334</b>     | <b>—</b>                 | <b>—</b>               |



Mobile



Game



Internet



Computer



Technology

- Digiplug: one-time depreciation of unamortized balance 1,936 million yen in FY04 (recorded as extraordinary loss)
- Goodypoint: one-time depreciation of unamortized balance 308 million yen in interim FY06 (recorded as extraordinary loss)
- TakeNET: one-time depreciation of unamortized balance 2,218 million yen in 3Q FY06 (recorded as extraordinary loss)
- Faith Communications: one-time depreciation of unamortized balance 462 million yen in 3Q FY06 (recorded as extraordinary loss)

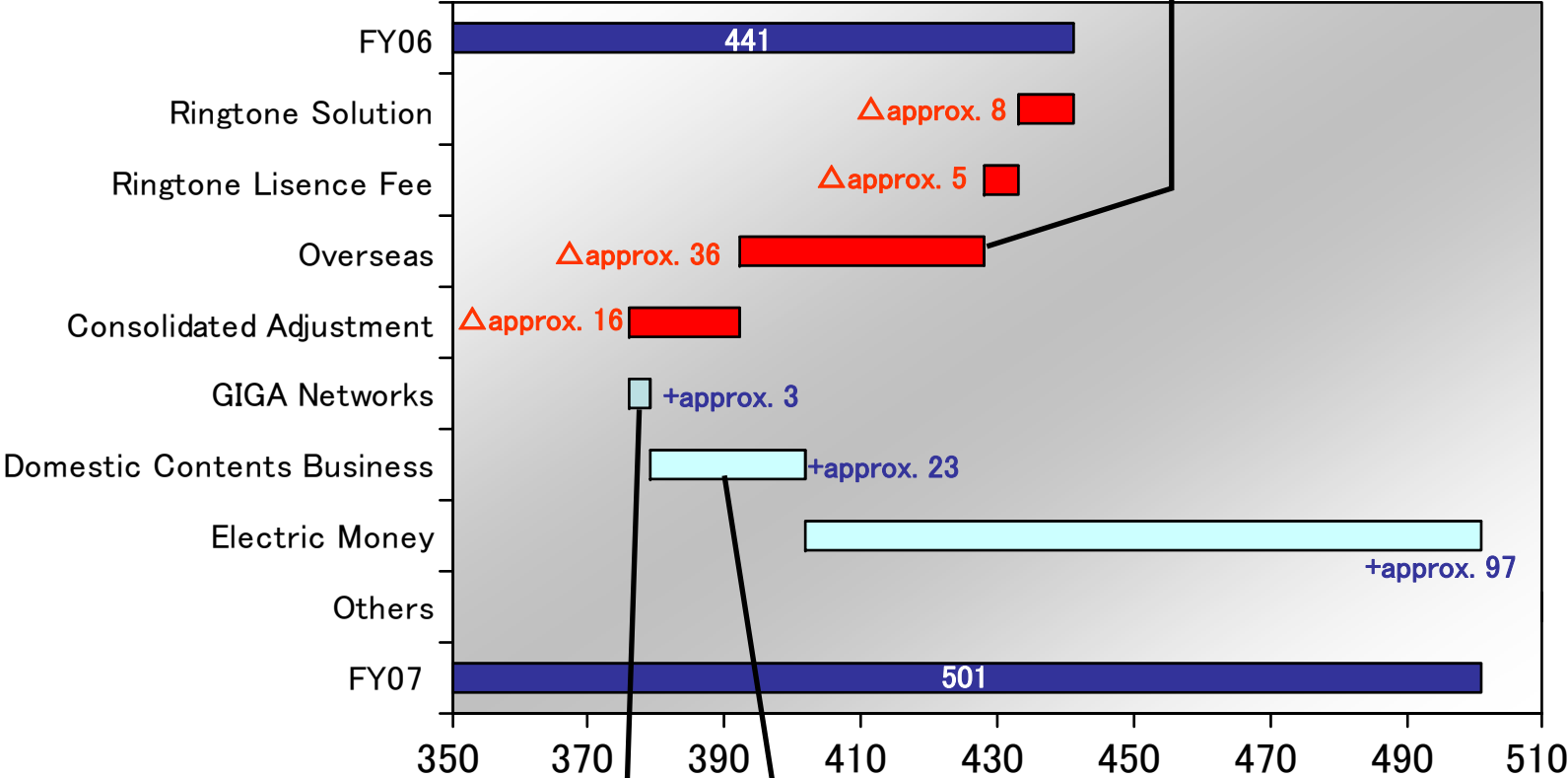


# FY07 Consolidated Net Sales (year-on-year basis)



Sellout of Digiplug, Contents Subsidiary in Europe  
Sellout of Contents distribution business in USA

(Unit: billion yen)



Acquired at the end of May 2006 and consolidated from June 2006  
FY06 10months → FY07 12months

Faith biz, Desperado, MVP, Mediacomplex, Rightsscale, etc.



Mobile



Game



Internet



Computer



Technology

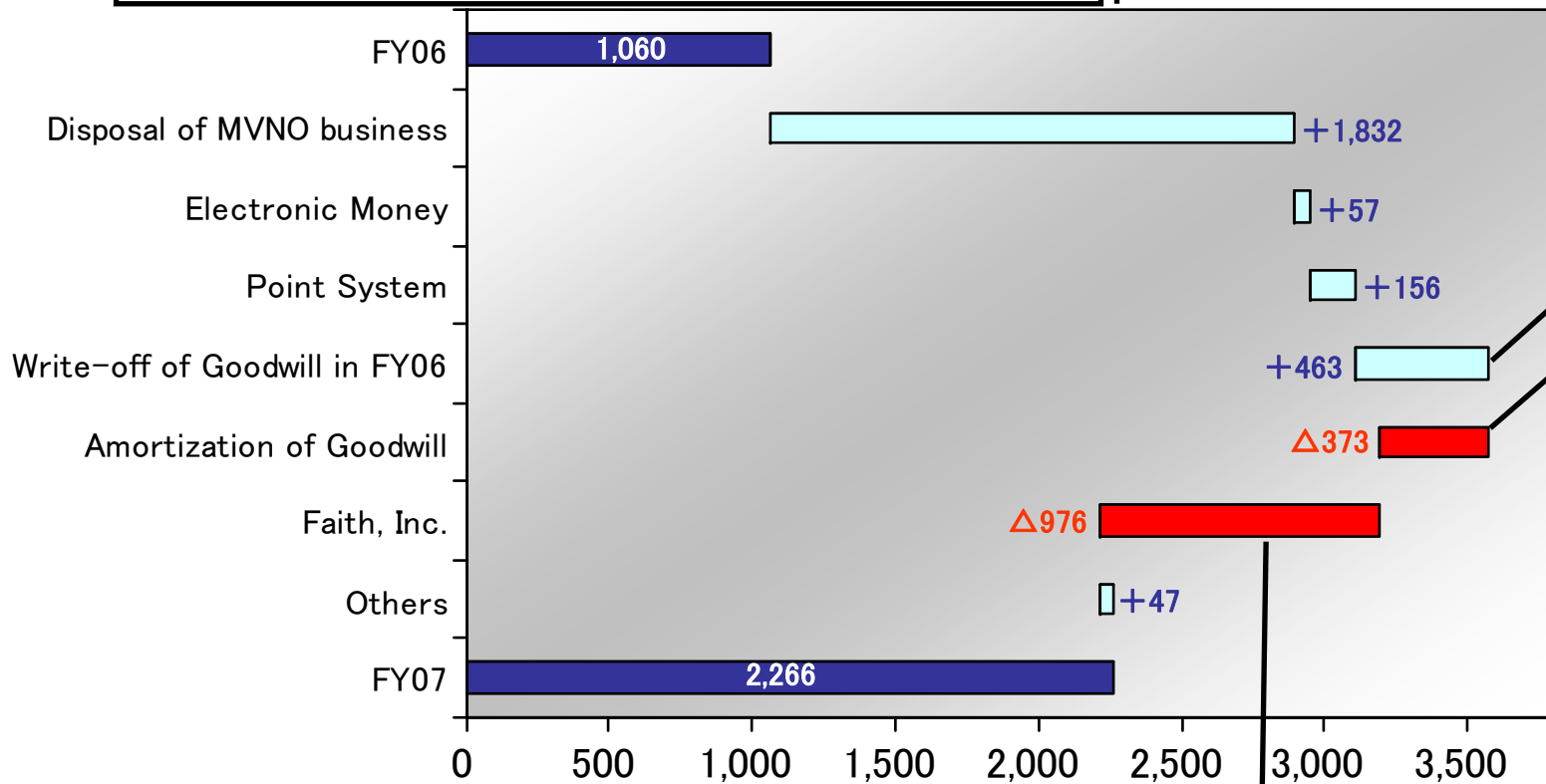
# FY07 Consolidated Operating Profit (year-on-year basis)



GIGA Networks 355, Media Complex 11, MVP 4, Brave 3

Goodwill amortization in FY06: Take Net424, Goodypoint 39  
Not accrued in FY07 due to the write-off in FY06

(million yen)



Mobile



Game



Internet



Computer



Technology

Entrusted system architecture decreased by approx. ¥200 million  
Licensing fee decreased by approx. by ¥300 million  
Sales of ringtone distribution solution decreased by ¥800 million  
License fee for ringtone reproduction technologies decreased by ¥500 million  
Distribution royalties increased by ¥200 million

# FY07 Consolidated Recurring Profit (year-on-year basis)



Mobile



Game



Internet

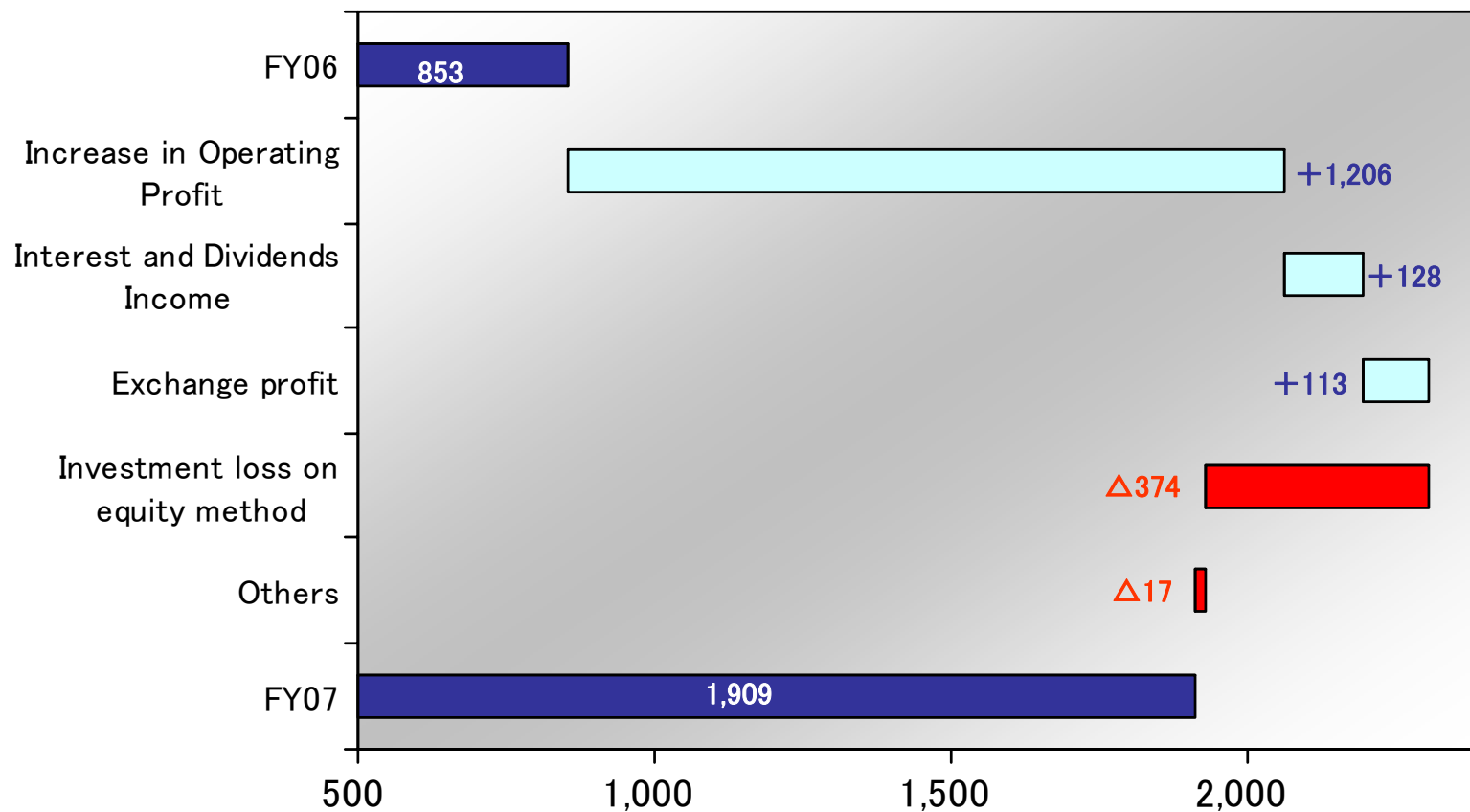


Computer



Technology

(million yen)



# FY07 Consolidated Net Profit (year-on-year basis)



Mobile



Game



Internet



Computer



Technology

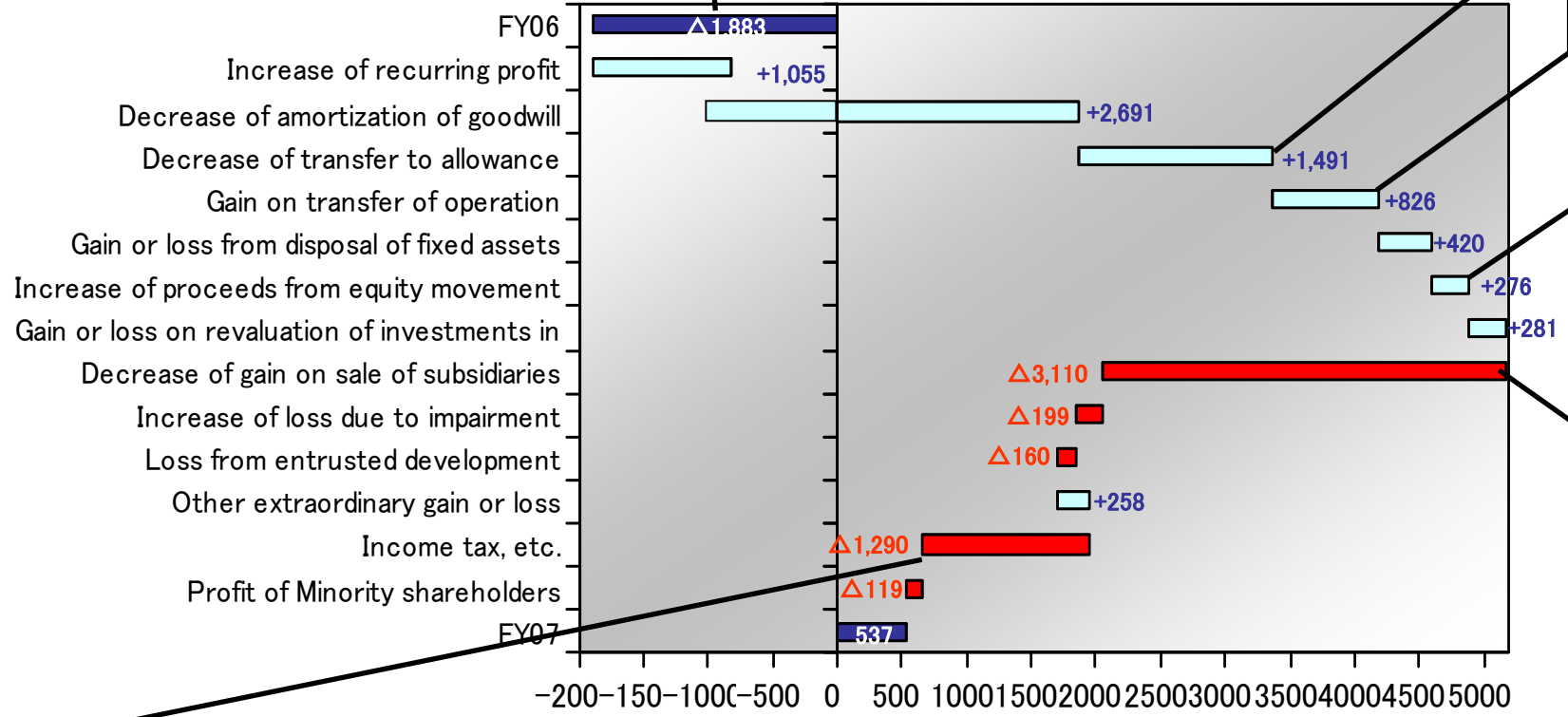
FY06: TakeNET ¥2.2 billion Goodypoint ¥300 million  
Faith Communications (FC) approx. ¥500 million  
FY07: Cyber Plus approx. 300 million

Reserve for dept guarantee I (FY06 FC approx. ¥1.3 billion)  
Reserve for subsidiaries losses (FY07 Faith Technologies ¥300 million)  
Decrease of transfer to allowance for bad debt (approx. ¥500 million)

Gain on sellout of former Moderati (Faith West), contents distribution business in USA

Increase of profit due to capital expansion of subsidiaries and affiliates

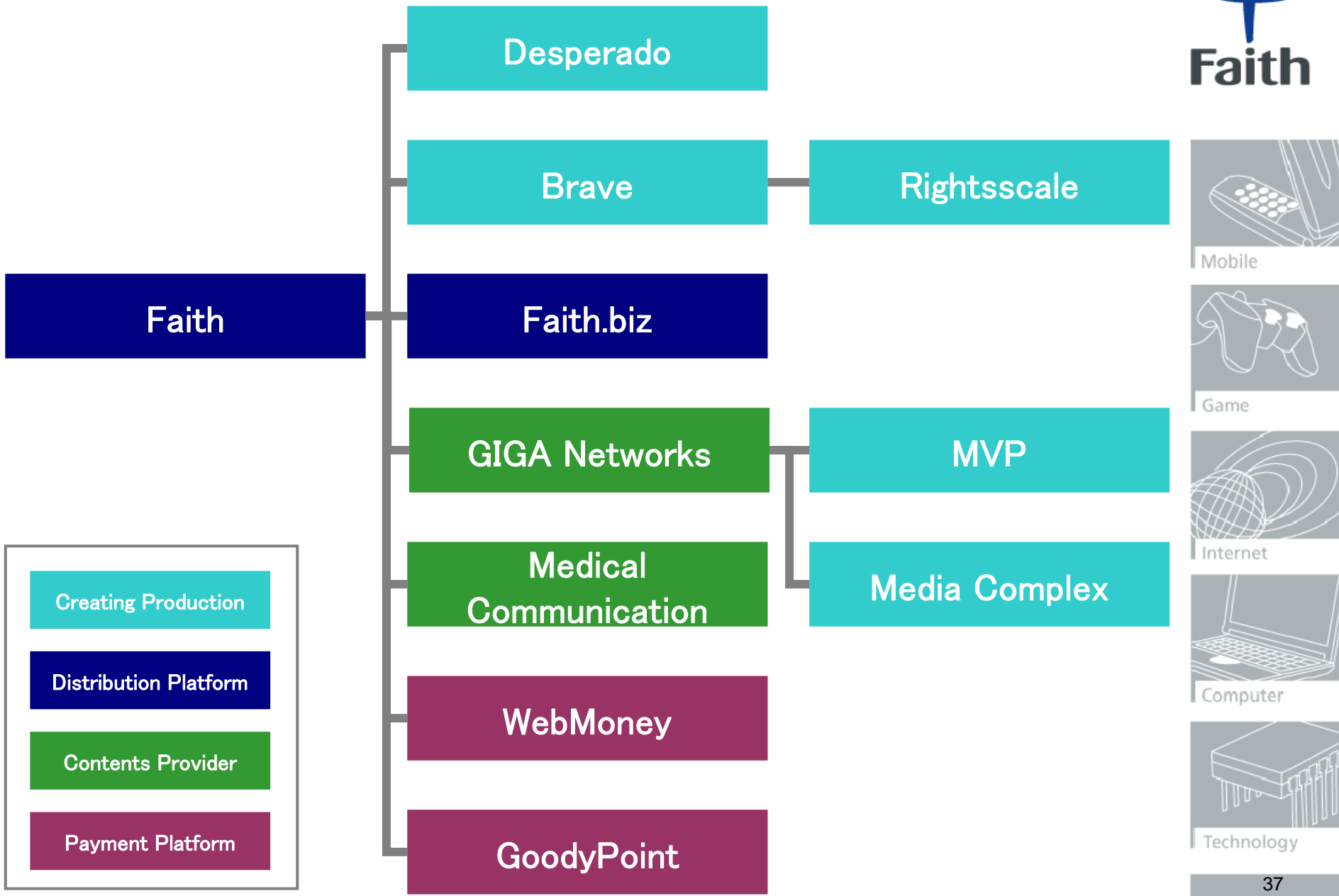
(million yen)



Decrease of Income taxes and other taxes, approx. ¥200 million  
Increase of income taxes—deferred, approx. ¥1.5 billion  
(FY07 reversal of deferred tax assets approx. ¥700 million)

FY06: Digiplug approx. ¥2.3 billion  
FC approx. ¥1 billion  
FY07: TakaNET ¥100 million, AnyMusic, etc.

# Major Faith Group Companies in Japan



# Outline of Faith Group – 1



## Content Creation and Production



### Desperado

In addition to the traditional production investments in movies, Desperado undertakes the production and distribution of the videos other than films. It enables the company to establish new scheme which does not depend on the existing distribution route. Joint Venture with Amuse Group (Faith holds 60% of its shares)



### Brave

Targeting the 10 million subscribers of music services of Faith Group and Taito Corp., Brave produces the music creation, promotion, and other music business of next generation. (Faith holds 60% of its shares, Taito Corp. 30%, and Square Enix Co., Ltd. 10%)



### Rightsscale

Provides with solution to the music distribution industry for PC and mobile phone such as iTunes Store. The operation ranges from delivery of content to royalty payment.



### MVP

Creation and distribution of digital content for mobile phones utilizing a wide array of entertainers, purchase of distribution rights of video content, and production and creation of the cross-media contents compatible among online games, radio programmes, and videos for PC.



### Media Complex

Runs “Yoshimoto warau senior.com”, a free comedy video site for PC users that distributes classical comedy content targeting senior-oriented market.



Mobile



Game



Internet



Computer




Technology

# Outline of Faith Group – 2




## Distribution Platform

 **Faith.biz**  
 Development, construction, and operation of the software, system, network etc. related to the provision of content distribution services and the provision of distribution platform technologies for Faith Group, and other companies. Split off from Faith.

 **Faith Technologies**  
 It expands the business of technology development and licensing in Europe. The head office and R&D center for next-generation mobile phone are based in Montpellier, France.

 **Faith West**  
 It expands the business of technology development and licensing in North America.

## Payment Settlement Platform

 **WebMoney**  
 Issuance of electronic money and provision of electronic settlement platforms used for online game and other digital content distributions.

 **GoodyPoint**  
 Provision of point card systems



Mobile



Game



Internet



Computer



Technology

# Outline of Faith Group – 3

## Content Provider in Japan



### GIGA Networks

It provides content distribution service for mobile phone, and has No.2 shares in i-mode ringtone business with 3 million paid subscribers.  
(Faith holds 95.4% of its shares, Yoshimoto Kogyo holds 4.6%)



### Medical Communication

Distribution of various medical service and information through mobile phone service and information through mobile phone  
(Faith holds 60% of its shares)



Mobile



Game



Internet



Computer



Technology



# Recent Lineup of Desperado Films

- Started distribution of drama series of “Uranai-shi Tenjin (Fortune teller, Tenjin,)”, “Senjo-no Girls’ Life(Girls on a battle field,)” and “Konno-san to Asobo (Let ‘s Play with Konno-san)” as NFRM corresponding content for TV broad-casting, mobile phones, and PCs.
- “A COIN LOCKER OF THE DOMESTIC. DUCK AND THE WILD DUCK.” funded by Desperado achieved box-office record among Japanese films at Ebisu Garden Cinema.
- Entry 3 films to 20th Tokyo International Film Festival**

<Competition>

“Crossing Over”

Produced by Naoyuki Sakagami, CEO/President of Desperado

<Special screening>

“Happily Ever After”

Produced by Yuji Ishida, Executive vice president of Desperado

“Little DJ” Distributored by Desperado

- “I’m not There” Desperado is the distributor in Japan. Legendary Bob Dylan, played by 6 Hollywood stars.



© [A COIN LOCKER OF THE DOMESTIC. DUCK AND THE WILD DUCK



© 2007「Crossing Over」



© 2007 Little DJ film partners



20th Tokyo International Film Festival



Mobile



Game



Internet



Computer



Technology