

Shareholders' Memo

Fiscal Year Period	April 1 to March 31 (every year)
Ordinary General Meeting of Shareholders	June every year
Record Date for Year-end Dividend	March 31
Record Date for Interim Dividend	September 30
Stock Exchange Listings	Osaka Securities Exchange, JASDAQ Standard
Method for Public Notice	Electronic Public Notice (posted on the Company's website) [URL] http://www.broadmedia.co.jp/ When notifications are unable to be made due to unavoidable reasons, notifications will be posted in the The Nikkei.
Transfer Agent	Mizuho Trust & Banking Co., Ltd. 1-2-1 Yaesu, Chuo-ku, Tokyo

	If you have an account at a securities company	In the case of a special account
Mailing Address		2-8-4 Izumi, Suginami-ku, Tokyo 168-8507
Inquiry by Telephone	Securities company which you have dealings with.	0120-288-324 (Toll-free in Japan)
Agency		Head office and all branches nationwide of Mizuho Trust & Banking Co., Ltd. Head office and all branches nationwide of Mizuho Investors Securities Co., Ltd.
Notice	For payment of dividends unclaimed (*) and issuance of payment statement, please use the mailing address, the contact for inquiry by telephone, and the agent in "In the case of a special account" on the right.	Only shares of less than one unit can be purchased.

*Payments of dividends unclaimed are handled solely at the head office and all branches nationwide of Mizuho Bank, Ltd.



Broadmedia

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Broadmedia Corporation

Aoyama Tower Place 6F, 8-4-14 Akasaka, Minato-ku, Tokyo 107-0052



Broadmedia Corporation

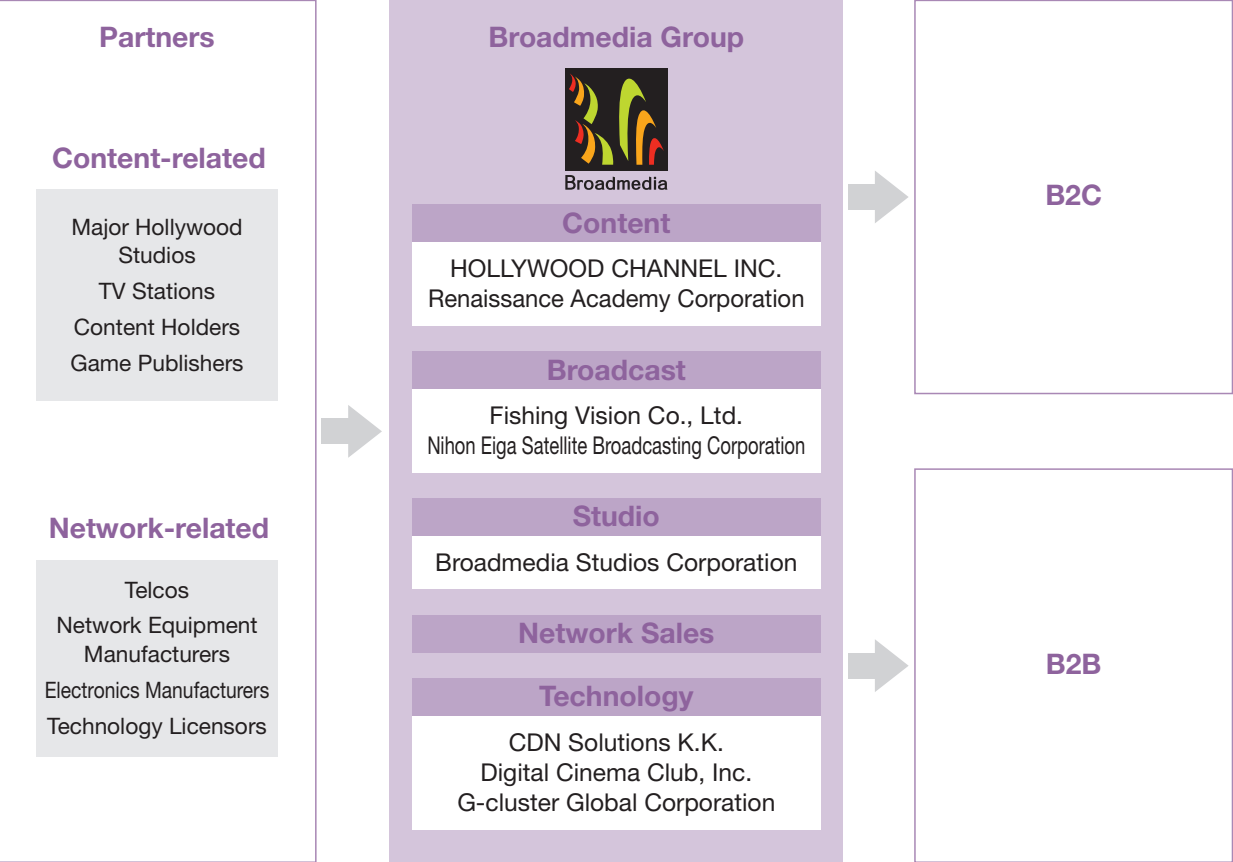
Securities Code: 4347

Strength



Among a content distributor with a proprietary technology platform in the industry, we are the only one with both the ability to procure content and the technology to offer stable, high quality content delivery. It is this rare combination that sets our company apart from the rest.

Overview of Broadmedia Group’s Business Model



We are continuing our efforts in this “period of building up for the next step.”

Q1 Please tell us about the current business environment and the results for this financial year.

The Great East Japan Earthquake that occurred in March continues to have an impact on economic activity. Although there was no major damage to our company's operations, many of our business partners were affected. We have been offering support to the greatest extent possible to date, and intend to add to these efforts as needed. Furthermore, following on the disaster, the yen has continued to rise dramatically, with a negative effect on export industries. Since our company is involved in acquiring broadcast rights to foreign films and TV series, the yen appreciation works in our favor, but the effect of stagnant domestic consumer spending is greater than the gains or losses due to fluctuations in the exchange rate, and, as a result, the business environment continues to be challenging.

Regarding performance for the first half of the fiscal year, network sales saw lower earnings on lower revenues. In addition, the production business, which includes subtitling and dubbing, performed poorly, and there were changes to sales accounting methods in the digital cinema business. As a result, revenue did not reach the levels of performance forecast at the beginning of the period, but operating profit was higher than initially predicted. Regarding full-year performance, taking into account three uncertain factors, namely network sales performance, film distribution performance, and progress



Taro Hashimoto, CEO

of new businesses, we leave the full year performance forecast unchanged.

A period of three years beginning from the previous fiscal year has been designated as “a period of building up for the next step,” and we have therefore stated up until now that major increases in revenue or operating profit were not to be expected. However, results for the previous fiscal year were in a sense better than anticipated. Although we are afraid that for the current fiscal year, we expect to post a decrease in revenue and profit compared to the previous fiscal year, nevertheless, we believe that our existing businesses are working as hard this year as they did the year before. For the remainder of this year, and the next fiscal year we will continue our efforts as part of the “period of building up for the next step”, but will endeavor nonetheless to produce acceptable results.

Q2 Please tell us the purpose behind making G-cluster Global Corporation an affiliated company.

G-cluster Global Corporation (hereinafter “GCG”) received funding from Intel Capital, the investment division of Intel, the world’s largest semiconductor firm, creating a framework that will allow for even more dynamic advancement of our affiliate T’s TV operations, as well as the games-on-demand business that is developing in Europe. In addition to broadening the T’s TV operation, we will speed up development of technology and services, including collaboration with the Intel Group. To that end, we considered it effective to increase our commitment to GCG and to make our relationship even closer, and therefore increased our equity interest. As a result, GCG became an affiliate accounted for using the

equity method as of the third quarter of the current fiscal year.

The effect that GCG becoming an affiliate will have on our performance will be minor in the short term, but the long term advantages of deepening our relationship will be extremely significant. The set-up for games-on-demand and VOD so far has been to build a separate system for each service. With the introduction of G-cluster, however, we can offer three or more services on a single system. That’s exactly what a “cloud” means, and it has the potential to spread rapidly around the world. If someone installs G-cluster for the purpose of games-on-demand, we can offer T’s TV as a next generation VOD service. I think this is a huge opportunity.

Of the businesses in our group, the ones that can potentially expand overseas as things stand now are Fishing Vision, which has already advanced into China, and G-cluster. I’ll talk about the expansion in China at a later point, but as for GCG, it is a business that takes technologies created overseas and developed here in Japan, so from the outset we have had an eye on the global market. In that sense, too, collaboration with the Intel Group is very significant, and will propel GCG’s penetration into world markets. The three-year “building up” period that I mentioned earlier refers to the three years we are spending on solidifying our foundation for growth by establishing partnerships with companies like GCG and Intel.

Q3 Please tell us about the current situation and future expectations for your new business, T’s TV.

With the addition of one more company, T’s TV rental video will be implemented by at all major television

manufacturers in Japan. In addition, in August we released “cloud remote control™,” a free application for use on smartphones. Going forward, we will vigorously pursue new services utilizing smartphones.

I think the majority of people who watch television are conservative in their approach to information. There are a lot of people who are adept at using a variety of equipment, but even they tend to be passive when they are in front of the TV. Thus, rather than using television as a means of raising awareness of T’s TV, we believe it would be better to develop the business through locations such as the sales outlets for increasingly smartphones, using the linkage of T’s TV and smartphones as a selling point.

Furthermore, up until now, T’s TV has mostly handled VOD services we independently provide; however, we would like to see this evolve into a delivery platform for our partner companies in the future. Getting many companies to use our original cloud system utilizing G-cluster technology will be vital for our future growth.

Q4 Please tell us about your other new business, Digital Cinema.

Our group’s digital cinema services are made up of two businesses, the first being the digital delivery operation that delivers films as well as trailers and so on to movie theaters. The second is our affiliate, Digital Cinema Club, which handles VPF services, renting digital projectors and other equipment to movie theaters. VPF services have started posting revenues from the current fiscal year, and are steadily expanding the introduction of digital equipment into movie theaters, in addition to which deals with distribution companies, including Hollywood studios, are progressing. Furthermore, while demand is gradually

rising in the delivery services business, it is expected to grow considerably after digital equipment becomes widespread.

As I said earlier, we revised the structure of the VPF services business slightly during the first half of the current fiscal year. We had originally left the procurement of equipment up to the Digital Cinema Club, but after creating a system of more direct support from Broadmedia, revenue and profit will be allocated over the long-term. As a result, although the implementation is proceeding as planned, revenue and profit for the current fiscal year will be structurally lower than initially forecast.

As digital equipment becomes more common in movie theaters, there will be more opportunity to show other works (known as “alternative contents”) in addition to movies. We will be actively involved in distribution of alternative contents, with the aim of delivery them all by broadband. We intend to solidify the foundation for growth of this movie theater oriented distribution business during the three-year “building up” period.

Q5 What is your message to the shareholders?

The businesses considered to be central to our future, namely T’s TV (G-cluster technology) and Digital Cinema, are making steady progress, and we have reached the point where we are receiving partnership inquiries from many other companies. That is due to our unique character, which has attracted attention from both the contents industry and the IT industry. The next stage will be a crucial time for us to broaden the scope of that attention to the entire world. I sincerely ask our shareholders for their continued support in the future.

Content

■ Business and Service

- Home entertainment

・ Video steaming service for television
“T’s TV Rental Video”
・ Health support service
“T’s TV Minna-Fitness”
- CS broadcast member service

・ “Club iT”

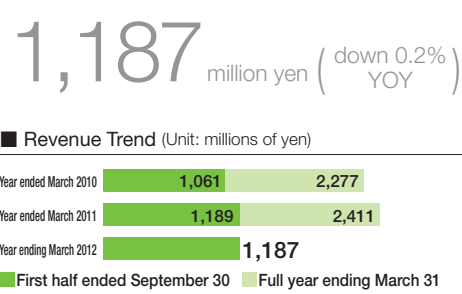
● Mobile service

・ “Hollywood Channel”
・ Others
- Education service

・ “Renaissance High School”
- Others

・ “National Geographic”

■ Revenue



■ Overview of Operations

Revenue remained at the same level as the same period of the previous fiscal year at 1,187 million yen due to strong revenue at the education service buoyed by the increase in the number of students and others, which was partially offset by a decline in revenue at the CS broadcast member service and the video streaming service for PC.

Operating profit was down by 38.3% compared to the same period of the previous fiscal year to 169 million yen owing to a rise in procurement costs of home entertainment contents and other factors, despite a higher profit in the education service.

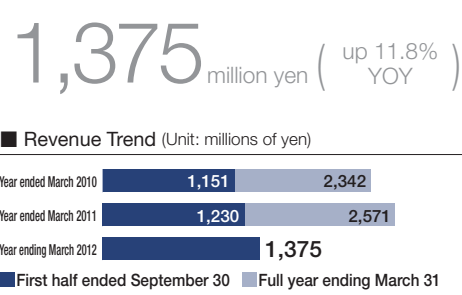
Broadcast

■ Business and Service

- Fishing channel

・ “Fishing Vision”
・ Provision of programs to cable TV stations, etc.

■ Revenue



■ Overview of Operations

Revenue rose 11.8% compared to the previous year to 1,375 million yen thanks to factors such as strong growth in the number of households that can view Fishing Vision.

Operating profit rose 52.4% compared to the same period of the previous fiscal year to 124 million yen, chiefly thanks not only to an increase in revenue during the first half but also a successful reduction in selling, general and administrative expenses.

Studio

■ Business and Service

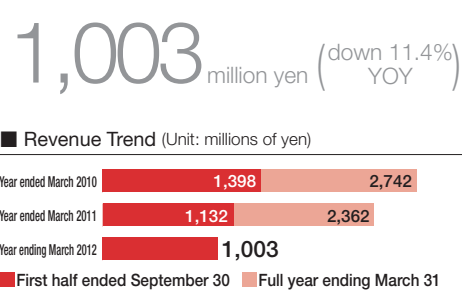
- Production business

Japanese language subtitling and dubbing service
Text broadcasting program subtitling and program advertising services
- Program sales business

Distribution of Hollywood films and other programs to TV channels
- Film distribution business

Theatrical distribution
Sales and promotion of DVD/Blu-ray videos and sales of TV broadcast rights

■ Revenue

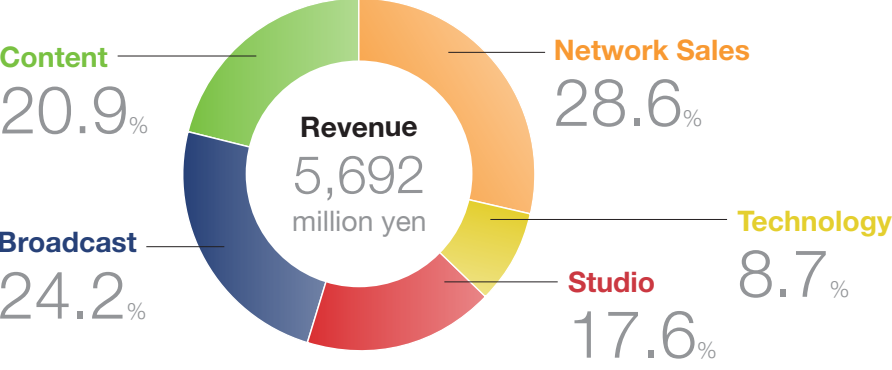


■ Overview of Operations

Revenue fell 11.4% compared to the same period of the previous fiscal year to 1,003 million yen, due largely to a decrease in revenue from the film distribution business as it suffered from a lack of blockbuster films during the current fiscal year contrary to the same period of the previous fiscal year.

Operating loss was 73 million yen because, in addition to a fall in revenue as stated above, this segment’s income suffered a battering from its production business as it faced some negative effects including a lower unit value per order.

Overview of Operations by Segment



Technology

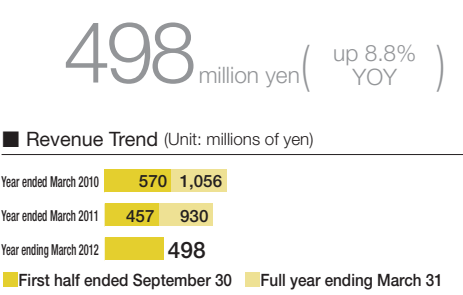
■ Business and Service

- CDN service

Provision of CDN service - a network that optimizes the content delivery process
- Digital cinema service

Provision of “Broadmedia® CDN for theater”
Design, sales and leasing of film projection systems

■ Revenue



■ Overview of Operations

Revenue rose 8.8% compared to the same period of the previous fiscal year to 498 million yen due to factors such as a steady increase in the digital cinema service, which was launched after the same period of the previous fiscal year, despite a continued decrease in distribution fee income in the CDN service, affected by the impact of cost reduction and other moves by client companies.

Operating profit grew 55.8% compared to the same period of the previous fiscal year to 20 million yen, thanks to the above revenue increase alongside factors such as a reduction in selling, general and administrative expenses, including the start-up cost of the digital cinema service.

Network Sales

■ Business and Service

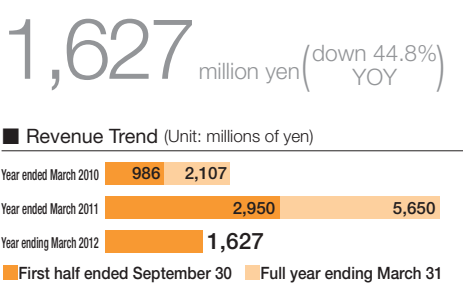
- ISP service sales

Sales of “Yahoo! BB” ISP service
- Handling of mobile phone service

Handling of “Softbank Mobile” brand mobile phone services and devices
- Broadband line sales

“Yahoo! BB” broadband line sales
- Others

■ Revenue



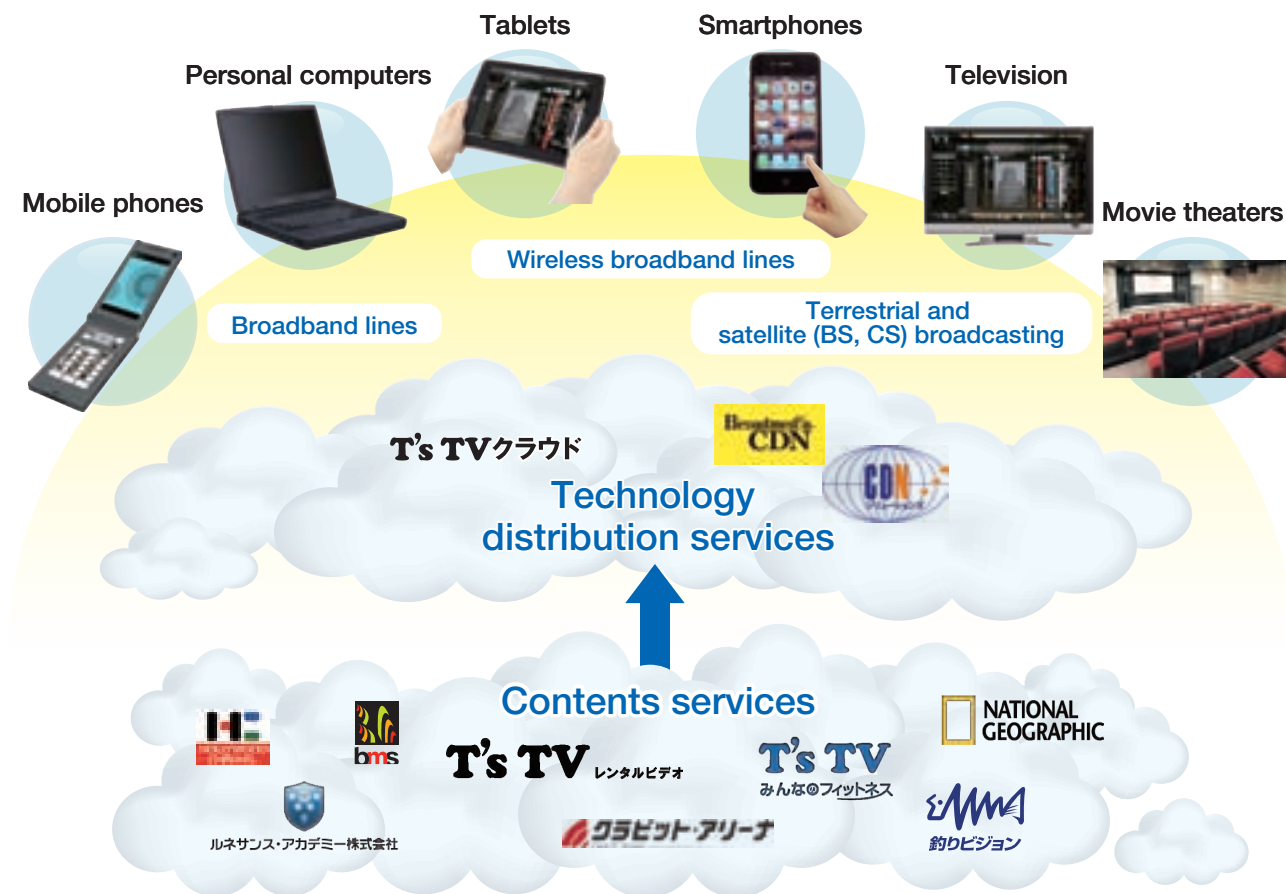
■ Overview of Operations

Revenue shrank 44.8% to 1,627 million yen, compared to the same period of the previous fiscal year, due in large part to a fall in ISP service sales, which significantly contributed to the segment’s overall revenue for the same period of the previous fiscal year.

Operating profit fell by 77.1% compared to the same period of the previous fiscal year to 26 million yen, consequent to the above mentioned lower revenue.

*Since the segments of "Content," "Broadcast" and "Studio" had been categorized as the single segment of "Content Services" until the start of FY2010, the figures for past years are compared with estimates for the new segments.

Looking ahead with Broadmedia



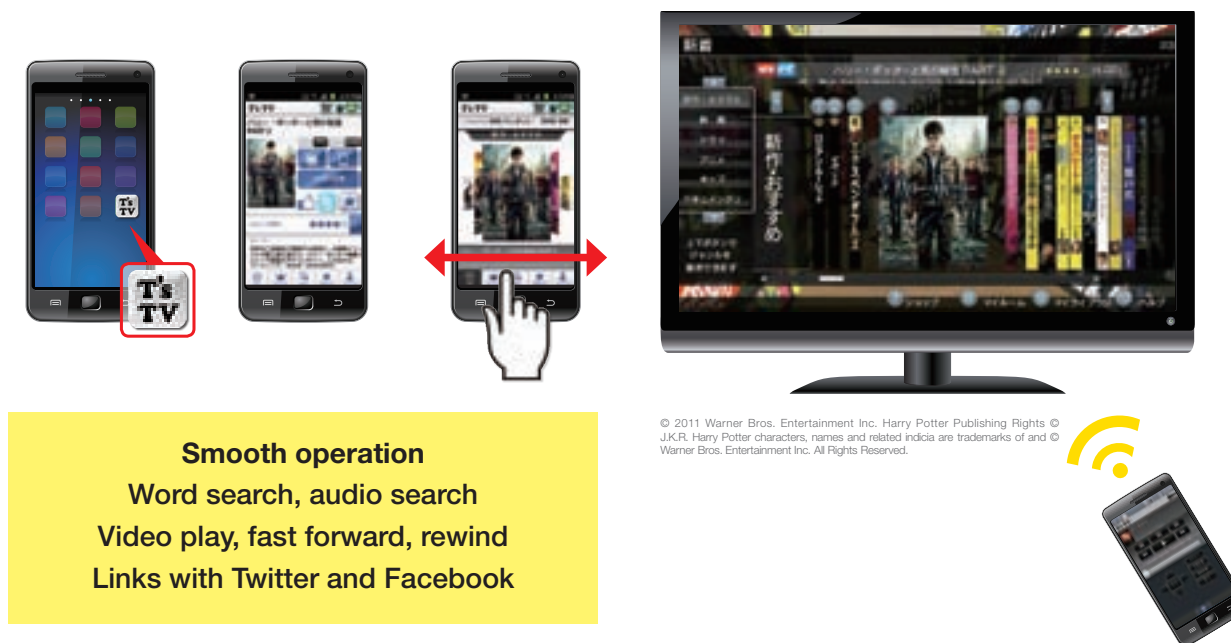
Delivering diverse and unique content,
through a combination of unique technologies,
to devices of all kinds throughout the world.

● content

Launch of the world's first “cloud remote control” **T's TV Remote**

A free application was released for the Android market on August 11, 2011.

Cloud technology allows you to use your smartphone to operate interactively any **T's TV**-compatible television, regardless of manufacturer or individual specifications.



No charge for membership registration or yearly fee!

Gift points worth ¥3,000 now on offer!

T's TV

Search

* For customers registered as new members at “**T's TV** Rental Video” who sign up for the e-mail magazine by December 31, 2011.

Opening of Renaissance Toyota High School

A second correspondence high school was opened in October in the special educational zone of Toyota City, Aichi Prefecture.



- Flexible unit system not limited to school year framework
- Unique instruction method to correct work via mobile technology (Report)
- Face-to-face instruction focused on experience learning (Schooling)
- Contribution to local revitalization by utilizing empty schools

● technology

Progress of in Digital Cinema Services

VPF distribution deals have now been signed with 15 domestic and foreign distributors, and contract talks are in progress with 13 other distributors. VPF services have been provided to 200 movie theaters, and the delivery network is expanding steadily with over 40 locations.



Major Hollywood Studios

The Walt Disney Company
and 3 other studios

Domestic

TOHO CO., LTD.
Shochiku Co., Ltd.
TOEI COMPANY, LTD.
KADOKAWA GROUP PUBLISHING CO., LTD.
TOHO-TOWA Company, Limited
Broadmedia Studios Corporation, etc.

* VPF: Abbreviation of Virtual Print Fee. Digital cinema equipment is installed in a movie theater, and each studio that distributes a film pays a usage fee, thus making it possible to reduce costs on the theater side.

● broadcast

Test broadcasts in China started

We started trial broadcasts in 119 cities, 19 provinces in China on August 29, 2011, and plan to conduct the tests until the end of 2011. We have entered the final stage of talks on a joint venture company with Hunan Broadcasting System Group, projected to be established by the end of the year.



● studio

Films distributed during the first half of the year

<p>Released May 7 “The Perfect Host”</p> <p>©2010, THE PERFECT HOST, LLC. ALL RIGHTS RESERVED.</p>	<p>Released May 21 “The Red Baron”</p> <p>©2008 NIAMA-FILM GMBH</p>	<p>Released May 28 “Chloe”</p> <p>©2009 Studio Canal All Rights Reserved.</p>	<p>Released August 6 “Miral”</p> <p>©PATHÉ - ER PRODUCTIONS - EAGLE PICTURES - INDIA TAKE ONE PRODUCTIONS with the participation of CANAL + and CINECINEMA A Jon KLIK Production</p>
<p>Released August 6 “A bout portant” (“Point Blank”)</p> <p>©2010 LGM FILMS - GAUMONT - TF1 FILMS PRODUCTION - K.R. PRODUCTIONS</p>	<p>Released August 27 “Jianyu”</p> <p>©2010, Lion Rock Productions Limited. All rights reserved.</p>	<p>Released August 27 “Piranha 3D”</p> <p>©2010 THE WEINSTEIN COMPANY LLC ALL RIGHTS RESERVED.</p>	

Consolidated Balance Sheets

(Unit: thousands of yen)

	End of first half of current fiscal year As of September 30, 2011	End of previous fiscal year As of March 31, 2011
Assets		
Point 1 Current assets	7,566,015	6,272,917
Point 2 Fixed assets	3,117,940	3,403,423
Tangible fixed assets	823,595	487,633
Intangible fixed assets	613,202	645,450
Investments and other assets	1,681,142	2,270,339
Total assets	10,683,956	9,676,340
[Liabilities]		
Point 3 Current liabilities	2,705,687	2,501,551
Point 4 Fixed liabilities	842,709	402,999
Total liabilities	3,548,396	2,904,550
[Net Assets]		
Shareholders' equity	6,693,172	6,643,081
Capital	2,666,633	2,666,633
Capital surplus	2,270,490	2,270,490
Accumulated profit	1,978,845	1,840,974
Treasury stock	△222,797	△135,017
Accumulated other comprehensive income	△27,120	△272,372
Minority interests	469,507	401,079
Point 5 Total net assets	7,135,559	6,771,789
Total liabilities and net assets	10,683,956	9,676,340

Consolidated Income Statements

(Unit: thousands of yen)

	First half of current fiscal year April 1, 2011 – September 30, 2011	First half of previous fiscal year April 1, 2010 – September 30, 2010
Point 6 Revenue	5,692,243	6,960,710
Cost of goods sold	3,606,631	4,578,282
Gross profit on revenue	2,085,611	2,382,428
Selling, general and administrative expenses	1,817,939	1,883,514
Point 7 Operating profit	267,672	498,913
Non-operating income	119,871	86,181
Non-operating expenses	47,617	28,595
Point 8 Recurring profit	339,926	556,500
Extraordinary gains	1,562	1,003
Extraordinary losses	225,922	36,679
Income before income taxes	115,566	520,824
Total income taxes	△83,907	115,841
Net income before minority interests	199,473	404,983
Minority interests in income	68,427	36,182
Point 9 Net income	131,045	368,800

Consolidated Financial Statements (Summary)

Consolidated Cash Flow Statements

(Unit: thousands of yen)

	First half of current fiscal year April 1, 2011 – September 30, 2011	First half of previous fiscal year April 1, 2010 – September 30, 2010
Point 10 Cash flows from operating activities	75,953	594,659
Point 11 Cash flows from investing activities	△321,514	△509,185
Point 12 Cash flows from financing activities	79,377	8,246
Effect of exchange rate changes on cash and cash equivalents	△6,370	△109
Net increase (decrease) in cash and cash equivalents	△172,553	93,610
Cash and cash equivalents at beginning of the period	2,946,002	2,602,103
Cash and cash equivalents at end of the period	2,773,448	2,695,714

Guidance on our site “IR” (Investor Information)

Please visit our “IR” site to see the most recent financial results and their summary videos.

[Disclosed information on the site]

Electronic notices, consolidated financial results, annual securities reports (yukashoken-hokokusho), business reports, notices of general meeting of shareholders, etc.



<http://www.broadmedia.co.jp/ir/>

Point

1 Current assets

Current assets increased 20.6% compared to the end of the previous fiscal year due to factors such as an increase in short-term loans receivable and program rights, which were partially offset by a decrease in cash deposits.

2 Fixed assets

Fixed assets decreased 8.4% compared to the end of the previous fiscal year, because of factors such as a decrease in investment securities, following the sale of shares in GameOn Co., Ltd., despite an increase in tangible fixed assets due to acquisition of lease assets and other factors.

3 Current liabilities

Current liabilities expanded 8.2% compared to the end of the previous fiscal year, owing to factors such as a decrease in accrued income taxes and an increase in trade accounts payable.

4 Fixed liabilities

Fixed liabilities increased 109.1% compared to the end of the previous fiscal year, chiefly attributable to an increase in long-term lease obligations.

5 Total net assets

131 million yen in net income was recorded. Valuation difference on available-for-sale securities increased 245 million yen as investment securities were sold. Meanwhile, 98 million yen in dividends from surplus and 87 million yen in treasury stock acquisition and others were spent, resulting in an increase in total net assets by 5.4% compared to the end of the previous fiscal year. As a result of this, the equity ratio stood at 62.4%.

6 Revenue

Revenue decreased 1,268 million yen (18.2%) compared to the same period of the previous fiscal year, because of a slump in revenue from “Network Sales” and other factors.

7 Operating profit

Operating profit fell 231 million yen (46.3%) compared to the same period of the previous fiscal year because “Content” and “Network Sales” recorded reductions in income, in addition to an operating loss at the “Studio”, even though “Broadcast” and “Technology” posted higher income.

8 Recurring profit

Recurring profit decreased 216 million yen (38.9%) compared to the same period of the previous fiscal year due to a decrease in operating profit and other factors.

9 Net income

Net income declined 237 million yen (64.5%) from the same period of the previous fiscal year. This is mainly attributable to a fall in recurring profit and a 220 million yen loss on sales of investment securities, which were partially offset by a sharp reduction in tax expenses thanks to an increase in deferred tax assets.

10 Cash flows from operating activities

Net cash provided by operating activities was 75 million yen due to factors such as 115 million yen in income before income taxes and non-cash loss on sales of investment securities, despite an increase in inventories such as program rights as a result of the purchase of content.

11 Cash flows from investing activities

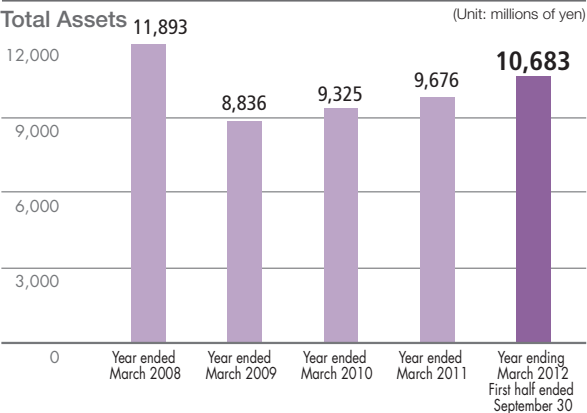
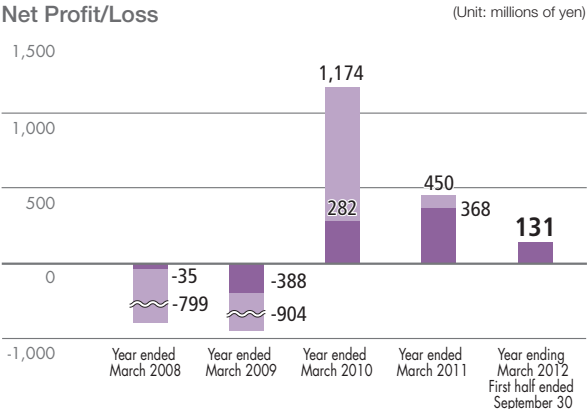
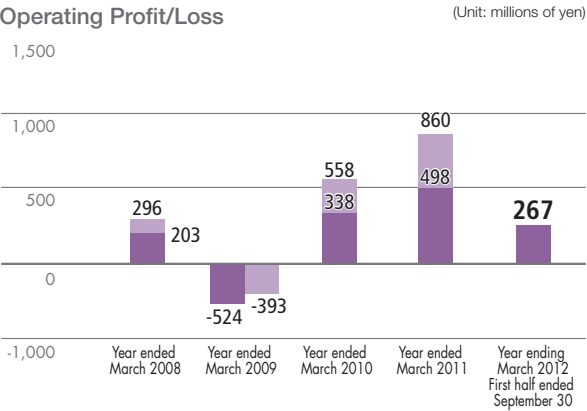
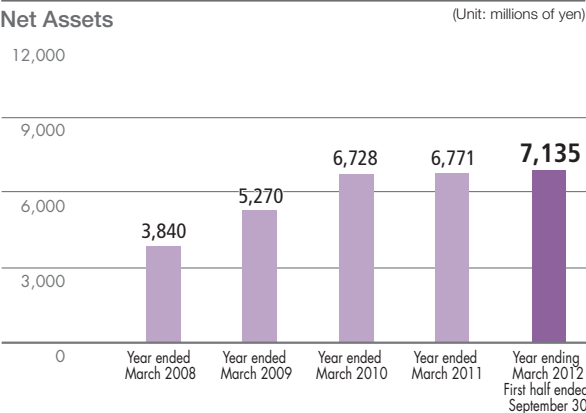
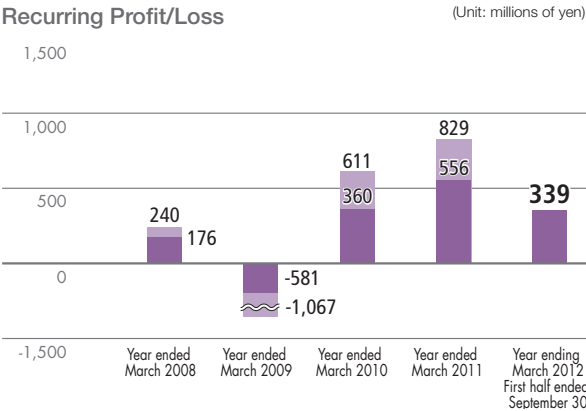
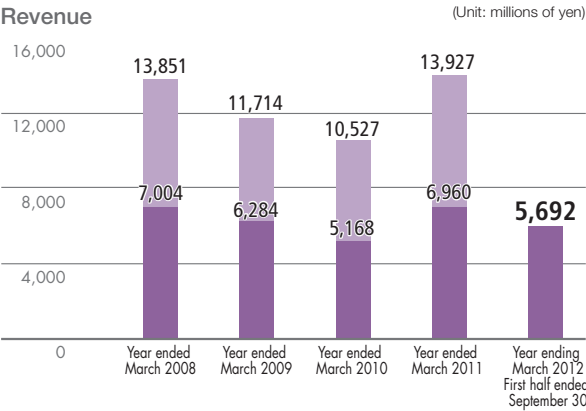
Net cash used in investing activities was 321 million yen owing to factors such as 422 million yen in purchase of fixed assets and 645 million yen in payments of loan receivables, despite 737 million yen in proceeds from sales of investment securities.

12 Cash flows from financing activities

Net cash provided by financing activities was 79 million yen due to factors such as 97 million yen in cash dividends paid, 87 million yen in treasury stock acquisition, in addition to 54 million yen in repayments of lease obligations and 319 million yen in proceeds from a sale and leaseback.

Consolidated Financial Highlights

■First half ended September 30 ■Full year ending March 31



Company Profile

Company Name Broadmedia Corporation
Established September 5, 1996
Paid-in Capital 2,666,633 (thousands of yen)
Employees 65
URL <http://www.broadmedia.co.jp/>

Executive Directors and Auditors

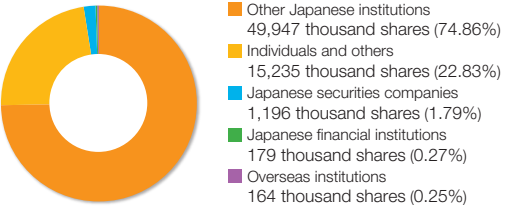
President & Representative Director Taro Hashimoto
Executive Director Toshihito Kubo
Executive Director Daishin Nakamura
Executive Director Yasuhiko Uemura
Executive Director Ryuichiro Hisamatsu
Executive Director Yasutaka Shimamura
Auditor (full-time) Takeshi Urasawa*
Auditor Kosei Tsuchihashi
Auditor Fumito Shiraishi*
Auditor Kenji Kitatani*

* Takeshi Urasawa, Fumito Shiraishi, and Kenji Kitatani are Outside Auditors as stipulated in Article 2, Item 16 of the Companies Act of Japan.

Stock Information

Number of shares authorized 128,000,000 shares
Number of issued shares 66,723,516 shares
Number of shareholders 5,061

Distribution of Shareholders



Major Shareholders

Shareholder Name	Shares held (thousands)	Shareholding ratio (%)
SBBM Corporation	16,200	24.82
SBI Entertainment Fund No. 2	12,654	19.39
SBI Holdings, Inc.	9,564	14.65

*The total number of issued shares includes treasury stock (1,454,332 shares).

**Individuals and others* in Distribution of Shareholders includes treasury stock.

*The shareholding ratio for major shareholders excludes treasury stock.

Company Data

(as of September 30, 2011)

Principal Subsidiaries




Broadmedia Studios Corporation
<http://www.bmstd.com/>
Sales of TV broadcast rights of foreign films and TV series, production of Japanese-language versions of foreign films and TV series (subtitle, dubbing), rights acquisition, sales and promotion of DVD videos, theatrical distribution and film promotion, etc.
Established August 2000
Location Chuo-ku, Tokyo



HOLLYWOOD CHANNEL INC.
<http://www.hollywood-ch.com/>
Distribution of the latest movie and entertainment news and information mainly from Hollywood and other movies to PCs, mobile phones, and smartphones. In addition, advertisement and promotion of films and foreign dramas and production of official website on consignment, as well as distribution of videos, mainly dramas, to personal computers.
Established April 2003
Location Chuo-ku, Tokyo



CDN Solutions K.K.
<http://www.cdn-sol.co.jp/>
Primary sales agent of Akamai services in Japan as well as providing optimum content distribution and high-speed application services tailored to meet the customer needs and environment.
Established April 2001
Location Minato-ku, Tokyo



Renaissance Academy Corporation
<http://www.r-ac.jp/>
Operation of "Renaissance High School," a nationwide online credit system general course high school. Promotion of new type of Internet-based education through collaboration with various specialist schools and corporations.
Established October 2005
Location Chuo-ku, Tokyo



Fishing Vision Co., Ltd.
<http://www.fishing-v.jp/>
Broadcast and distribution of Fishing Vision on CS digital satellite broadcast and cable TV stations, and production and sales of programs.
Established March 1998
Location Shinjuku-ku, Tokyo