

# Cloud gaming console for new era with speed and beauty

## Introducing G-cluster



### Requirements for G-cluster:

#### Wi-Fi environment

Stable effective bandwidth of 3 Mbps or above

Stable bandwidth of 6 Mbps or above is recommended to enjoy high resolution



#### Television

One HDMI terminal that remains connected is required

Please check the back of your TV



### Campaign Information!

The "500 yen monthly plan" (525 yen including tax) that lets you play multiple games as much as you want is **free for up to 2 months** during this limited campaign period!!

#### What is the 500 yen monthly plan?

With just 500 yen you can enjoy action, sports, shooting, puzzles, board games, and other games for as much as you want!

\* Can be used until the end of the month of purchase.

On sale from Thursday, June 20!

### G-cluster Basic Set

**13,800** yen  
(including tax)

- G-cluster console
- G-cluster holder
- Power adapter
- USB cable
- HDMI cable



Logicool  
Wireless Gamepad  
F710



More information available here!

<http://gcluster.jp/>

# 2013

## Business report

Financial Report for the FY2012  
April 1, 2012 to March 31, 2013



Broadmedia



### Introduction to the Corporate Site

Updated regularly with the latest news, as well as press releases and investor relations information.

With links to individual and corporate services, as well as group company sites, you can quickly find the information you need. Please take advantage of this resource.

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

Broadmedia

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Broadmedia Corporation

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Broadmedia Corporation

Securities Code: 4347

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# 01 Top Interview

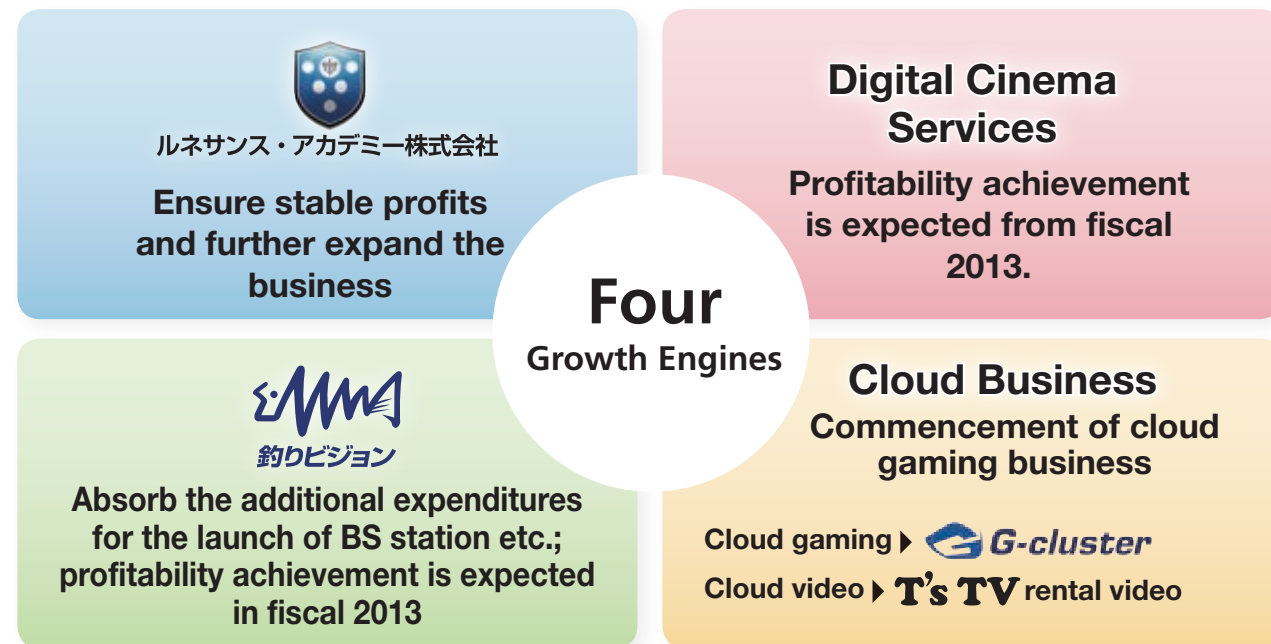
**Q** Please tell us about the results for the current fiscal year and about the four growth engines.

For the year ended March 2013, while revenue increased, profits decreased compared to the previous fiscal year as a result of factors including a significant decline in network sales and the postponement of service installation at major movie theaters in the digital cinema service business to at least the next fiscal year.

For the past three years, we have focused on four growth engines to allow the Company to leap forward in the future. Of these four growth

engines, profitability has been achieved in the education business, and will soon be achieved in both the Fishing Vision and the Digital Cinema Services.

The last is cloud business. While this business was referred to as the T's TV in the past, along with the recent announcement of our cloud gaming business, we have decided to clearly position this business as our cloud business. We will aim for growth by focusing our business resources at a bigger scale than in the past on cloud business as it is a major challenge as a growth engine.



# 02

**Q** Please tell us more details about the cloud gaming business.

Our cloud gaming business is composed of two businesses, what is called B2B business in which the Company provide platform technologies and contents to telcos and a B2C business in which the Company directly provide service to customers.

In our B2B business, we will be providing the platform technologies and gaming contents for the "HIKARI-TV GAME" of NTT Plala Inc., Japan's leading IPTV provider. In addition, our cloud gaming features are used for the video contents used in baseballs games in "PROFESIONAL BASEBALL SPIRITS CONNECT" released by Konami Digital Entertainment Co., Ltd.

In our B2C business, we have at last released and commenced service for our cloud gaming console "G-cluster."

These services are scheduled to commence by the time of the release of this interview article.

G-cluster has been developed to suit usage at home in the present environment where broadband, Wi-Fi and smartphones have penetrated into everyday life.

While the current gaming market is being driven by social games, console games (stationary gaming consoles) are also performing well. In fact, yearly sales for gaming software has



been on the highest for the last 20 years.

We aim for the spread of cloud gaming as a form of gaming that combines the positive qualities of both social games and console games.

"G-cluster" has received considerable public interest in advance in that it formed the first cloud gaming platform in Japan. However, our feeling is that we cannot really tell what will happen until the product has been fully launched. Accordingly, we believe that success will rely not on how fast we can launch the product, but rather on how fast we can get the service to cruising speed, and how fast we can establish a system that will allow us to provide stable service and release new titles every week, every month.

Commencement of cloud gaming business in Japan together with G-cluster Global Corporation



**1 Provision of platform to telcos [B2B]**

- Provision of cloud gaming platforms to telcos and IPTV providers, etc.
- Provision of platform technologies and gaming contents for "HIKARI-TV GAME" scheduled to be provided by NTT Plala Inc. from June

**2 Provision of cloud gaming features to gaming business operators [B2B]**

- Provision of cloud gaming features, in case for the distribution of games to smartphones and tablets by gaming business operators
- Used in baseballs games in "PROFESSIONAL BASWBALL SPIRITS CONNECT" (released by KONAMI since April 3, 2013)

**3 Direct provision of gaming service [B2C]**

- Provision of gaming service by the Company
- Sales of the "G-cluster" cloud gaming console  
Selling together with gaming controllers as a standard set  
May 27, 2013: Press release of the product  
May 30: Start of the pre-order  
June 20: Product launch

**Q** Please tell us about the relationship between T's TV rental video service and games.

With regard to our T's TV rental video service, we will continue to collaborate with TV manufacturers and provide video-on-demand services for TVs. NHK On Demand joined our service from June and we will aim to further strengthen the business.

While "G-cluster" is a gaming console, T's TV rental video service can also be viewed using "G-cluster." Gaming consoles these days have evolved to be a console which can generally be used to watch videos, and accordingly "G-cluster" supports T's TV rental video service that are provided through the same G-cluster technologies. The product concepts of "G-cluster" are "playing together with family" and "gaming life of each family member." The same concept



applies to T's TV rental video service. The concepts are "enjoying together with family" and "contents life of each family member."

We will start off with the two services of games and videos. We plan to provide a large number of new interactive services as well in the future.



President & Representative Director  
**Taro Hashimoto**

**Q** What is your message to the shareholders?

We have finally launched the cloud gaming business that we have been preparing for over the past few years. For the time being, expenses will precede to attain future results. In particular, promotion expenses regarding the sales of "G-cluster" and investments in new titles to continually make our game service even more attractive are at need. For this reason, we deeply regret to inform shareholders that a dividend will not be paid out as there are needs for internal reserves for the current fiscal year.

I sincerely ask our shareholders for their ongoing support in the future.

Special Feature

Commencement of gaming business utilizing G-cluster technology

# Introducing cloud gaming console for new era of "G-cluster"!!



The birth of G-cluster was inspired by our vision of enabling everyone to easily play games with big screen TV in their living room where family gathers.

This is the gaming console for a new era where gaming can be enjoyed by the whole family or slowly by yourself, with people not just around the TV but anyone connected through broadband, all using a single console.

Two products, the G-cluster console (suggested retail price: 9,980 yen including tax) and the basic set which also includes a controller (suggested retail price: 13,800 yen including tax), will be available.

## How cloud gaming works

Game programs are all processed in the cloud and media data is distributed to "G-cluster" via broadband.



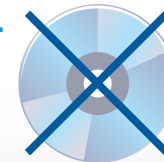
## Let's play! Cloud gaming

Expanding lineup of games that can be enjoyed by everyone from children to adults!



Because it's cloud gaming...

No need for game software disks



Not only is there not a need to switch game disks, there is no need to download or install games either.

Because it's cloud gaming...

Saved data is on the network



With G-cluster you can continue playing from your saved data even when you're out.

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<http://gcluster.jp/>

G-cluste

Search

### Content

## Let people know about the fun of science so that more people will love science! Launch of online “Science Certification Test”

Science Certification Test will make you love science even more as you experience the joy of science through questions that challenge your scientific thinking ability. This is an online certification test that can be taken anywhere with a tablet or smartphone as long as you have an Internet connection.

### Overview of the 1st Certification Test

July 20 to 21, 2013    Testing fee: Free  
 Testing method: Online test    Ages 10 or over, for all generations  
 Sponsors: Science Certification Test Committee, SANKEI SHIMBUN CO., LTD., Renaissance Academy Corporation, Wao Corporation, Broadmedia Corporation



### Broadcast

## Japan’s only dedicated fishing channel where you can watch just about anything about fishing

### The popular BS Fishing Vision (BS 251ch) is on-air!

Popular programs are on-air, including “SALT Dreamer” about lure fishing in the sea “GEAR STATION” about the latest gear information “Kochira Tokai Desu (This is Tokai)” about the latest fishing topics from the Tokai region and “Gyosyu Kakutougisen! (Fishing Battle)” about battles against fishes.

We deliver fishing programs that can be enjoyed by everyone, from programs shot in beautiful nature such as oceans, rivers, and lakes, to live-broadcast and information programs from our own studio.



### Content

## “NHK On Demand” service launched for cloud-based video distribution service “T’s TV Rental Video”!

The “NHK On Demand in T’s TV Rental Video” service has been launched for our cloud-based video distribution service “T’s TV rental video.” Popular NHK programs can be enjoyed along with program introductions through motion and audio.



©NHK



### Studio

## The world’s greatest theater released for live viewing for the first time in history! “Welcome to the Paris Opera - Live Viewing 2012-2013”

A new form of entertainment that differs from movies or theaters. The world’s greatest performance presented with powerful high-quality audio and resolution.

Available at TOHO CINEMAS Miyukiza, TOHO CINEMAS Roppongi Hills, and coming up at cinemas nationwide

©Jean-Pierre Deaiagarde, ©Christian Leiber/Opera national de Paris, ©Icare, © Antoni Bofill

\* Please refer to the official website for theaters other than displayed above. Also, please note that the schedule, etc., may change without notice.



No. 1 Ballet  
Don Quichotte  
On air from May 31



No. 2 Opera  
Carmen  
On air from June 7



No. 3 Opera  
Les Contes D'Hoffmann  
From June 14



No. 4 Opera  
Falstaff  
From June 28



No. 5 Ballet  
Gustav Mahler's Third Symphony  
From July 12



No. 6 Opera  
Hänsel und Gretel  
From August 2



No. 7 Ballet  
La Sylphide  
From August 16



No. 8 Opera  
La Gioconda  
From August 23

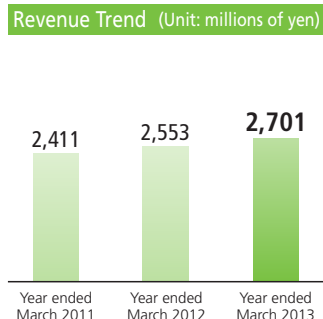
Please see our website for the lineup of distributing films for fiscal 2013 (Scheduled for release during April 2013 to March 2014)

[http://www.broadmedia.co.jp/outline/ol07\\_2013.html](http://www.broadmedia.co.jp/outline/ol07_2013.html)

## Content

Revenue  
**2,701** million yen  
 (up 5.8% YOY)

Operating profit  
**244** million yen  
 (down 45.9% YOY)

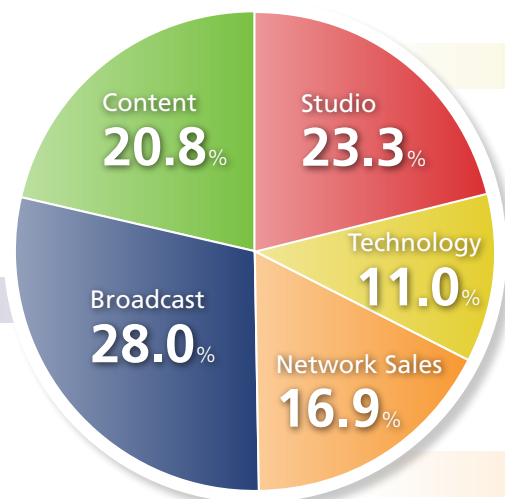


### Business and Service

Home entertainment/Video Service/CS broadcast member service/Mobile service/Education service/Others

In the home entertainment field, preparations were made for the launch of the cloud gaming business, including the exhibition of the "G-cluster" cloud gaming console at the "Tokyo Game Show 2012." In the education services, the number of students has been steadily increasing at the two high schools we operate.

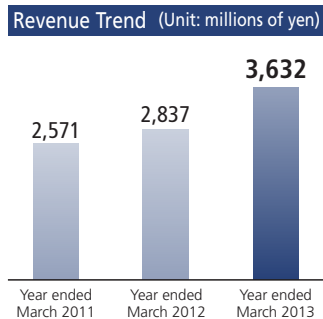
Total Revenue  
**12,968** million yen



## Broadcast

Revenue  
**3,632** million yen  
 (up 28.0% YOY)

Operating profit  
**(49)** million yen  
 (Operating profit for the previous fiscal year was 144 million yen)



### Business and Service

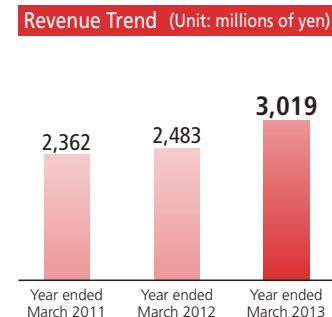
Fishing channel

The number of viewers is steadily growing for the "BS Fishing Vision (BS 251ch)" broadcasted from March 2012. In addition, an operating profit has been posted during the second half of the current fiscal year (October to March).

## Studio

Revenue  
**3,019** million yen  
 (up 21.6% YOY)

Operating profit  
**176** million yen  
 (up 407.9%)



### Business and Service

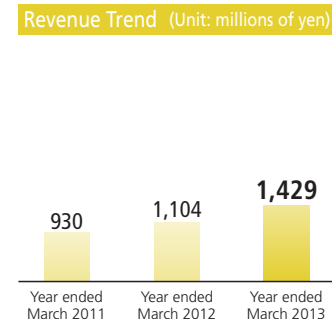
Production business/Program sales business/Film distribution business

DVD sales in the film distribution business were favorable, and large sales contracts were concluded in the program sales business. Orders were favorable in the production business throughout the year, contributing to results in the segment.

## Technology

Revenue  
**1,429** million yen  
 (up 29.4% YOY)

Operating profit  
**44** million yen  
 (down 39.1%)



### Business and Service

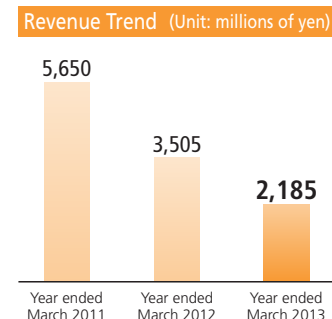
CDN service/Digital cinema service

New products in the CDN service contributed to an increase of sales. While service installation at major movie theaters was postponed to the next fiscal year, service provision to film distribution companies was favorable in the digital cinema service.

## Network Sales

Revenue  
**2,185** million yen  
 (down 37.7% YOY)

Operating profit  
**(248)** million yen  
 (Operating profit for the previous fiscal year was 100 million yen)



### Business and Service

ISP service sales/Handling of mobile phone service/Broadband line sales/Others

An operating loss was recorded due to factors such as a significant drop in ISP service sales in addition to an increase in the cancellation reserve rate.

# Consolidated Financial Statements (Summary)

Please visit our "IR" site, for detailed financial information. <http://www.broadmedia.co.jp/ir/>

## 1 Total assets

Although cash deposits and program rights decreased, total assets increased by 6.1% compared to the end of the previous fiscal year due mainly to an increase in short-term loans receivable, lease assets and stocks of subsidiaries and affiliates.

## 2 Total liabilities

Total liabilities were up 28.9% compared to the end of the previous fiscal year, mainly reflecting an increase in lease obligations, short-term loans payable and advances receipts.

## 3 Total net assets

Total net assets declined by 7.2% compared to the end of the previous fiscal year mainly due to posting a net loss of 424 million yen in addition to paying a dividend from surplus. The equity ratio stood at 50.6%.

## Consolidated Balance Sheets

(Unit: millions of yen)

	End of current fiscal year As of March 31, 2013	End of previous fiscal year As of March 31, 2012
<b>[Assets]</b>		
Current assets	7,394	7,391
Fixed assets	5,135	4,420
<b>1 Total assets</b>	<b>12,529</b>	<b>11,811</b>
<b>[Liabilities]</b>		
Current liabilities	3,843	2,991
Fixed liabilities	1,755	1,350
<b>2 Total liabilities</b>	<b>5,599</b>	<b>4,342</b>
<b>[Net Assets]</b>		
Shareholders' equity	6,278	6,901
Accumulated other comprehensive income	67	18
Minority interests	584	549
<b>3 Total net assets</b>	<b>6,930</b>	<b>7,469</b>
Total liabilities and net assets	12,529	11,811

## Consolidated Income Statements

(Unit: millions of yen)

	Current fiscal year April 1, 2012 – March 31, 2013	Previous fiscal year April 1, 2011 – March 31, 2012
<b>4 Revenue</b>	<b>12,968</b>	<b>12,485</b>
Cost of goods sold	8,581	7,992
Gross profit on revenue	4,387	4,492
Selling, general and administrative expenses	4,220	3,688
<b>5 Operating profit</b>	<b>166</b>	<b>803</b>
<b>6 Recurring profit</b>	<b>(215)</b>	<b>800</b>
Net income	(424)	479

## Consolidated Cash Flow Statements

(Unit: millions of yen)

	Current fiscal year April 1, 2012 – March 31, 2013	Previous fiscal year April 1, 2011 – March 31, 2012
<b>7 Cash flows from operating activities</b>	<b>1,002</b>	<b>811</b>
<b>8 Cash flows from investing activities</b>	<b>(1,976)</b>	<b>(916)</b>
<b>9 Cash flows from financing activities</b>	<b>469</b>	<b>635</b>
Cash and cash equivalents at end of the period	2,960	3,480

## 4 Revenue

Although earnings in "Network Sales" dropped, earnings increased in the other four segments.

## 5 Operating profit

Operating profit declined 79.3% compared to the previous fiscal year, due to a drop in income in "Content" and "Technology," and an operating loss posted in "Broadcast" and "Network Sales."

## 6 Recurring profit/loss

A recurring loss was posted due to a decrease in operating profit in addition to increases in interest payments and equity in losses of affiliates.

## 7 Cash flows from operating activities

Despite posting of a net loss before income taxes, net cash provided by operating activities was 1,002 million yen due mainly to recording of depreciation and amortization and equity in earnings/losses of affiliates, as well as an increase in advances receipts.

## 8 Cash flows from investing activities

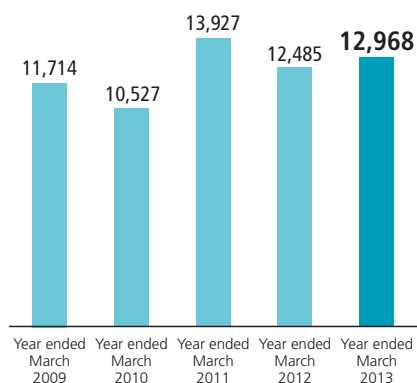
Net cash used in investing activities was 1,976 million yen, reflecting factors such as purchase of fixed assets and investment securities, in addition to payment of loans receivable.

## 9 Cash flows from financing activities

Net cash provided by financing activities was 469 million yen due to factors including increase in short-term loans payable and income from sale and lease back despite the payment of dividends.

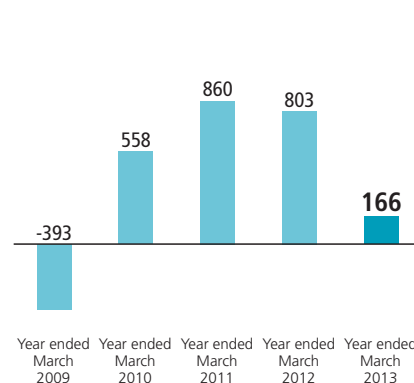
## Revenue

(Unit: millions of yen)



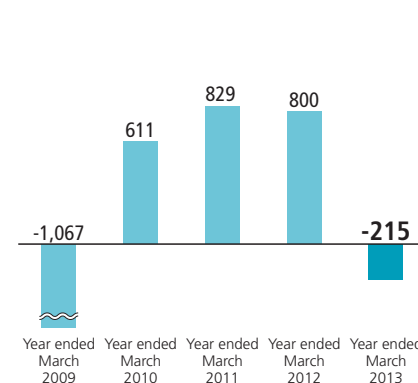
## Operating Profit

(Unit: millions of yen)



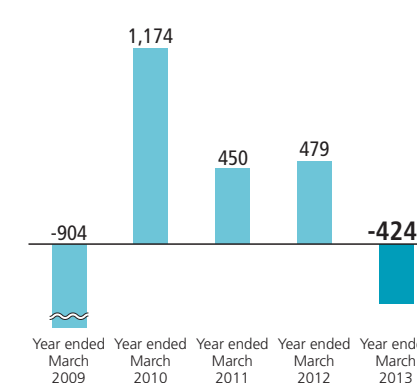
## Recurring Profit

(Unit: millions of yen)



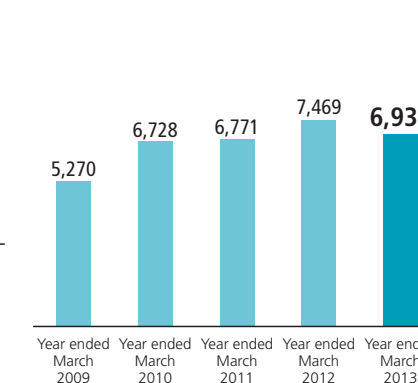
## Net Profit

(Unit: millions of yen)



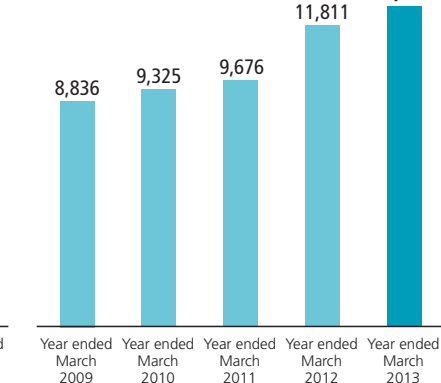
## Net Assets

(Unit: millions of yen)



## Total Assets

(Unit: millions of yen)



# 13 Company Information

## Company Profile

(as of March 31, 2013)

Company Name	Broadmedia Corporation
Established	September 5, 1996
Paid-in Capital	2,666,633 (thousands of yen)
Employees	58 (consolidated 389)
URL	<a href="http://www.broadmedia.co.jp/">http://www.broadmedia.co.jp/</a>

## Group companies

(as of June 21, 2013)



### 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/company/>

The Hollywood Channel distributes the latest entertainment news and information with a focus on movies and entertainment and is offering distribution services of foreign dramas for personal computers, mobile phones, and smartphones. In addition, the company provides content promotion support and produces official websites for films.

Established April 2003  
Location Chuo-ku, Tokyo



### Renaissance Academy Corporation

<http://www.r-ac.jp/>

Operates "Renaissance High School" and "Renaissance Toyota High School," nationwide online credit system general course high schools. Promotes new type of Internet-based education integrating smartphones and tablets as learning portals.

Established October 2005  
Location Chuo-ku, Tokyo

## Executive Directors and Auditors

(as of June 21, 2013)

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

\* Takeshi Urasawa, Fumito Shiraiishi, and Kenji Kitatani are Outside Auditors.



### CDN Solutions K.K.

<http://www.cdn-sol.co.jp/>

Pioneer of CDN services in Japan. Primary agent of Akamai services, CDN Solutions has launched FEO (Front End Optimization) services, offering acceleration, load reduction, BCP and other commercial website solutions tailored to the customer's environment.

Established April 2001  
Location Minato-ku, Tokyo



### Fishing Vision Co., Ltd.

<http://www.fishing-v.jp/>

Produces the program dedicated to fishing, "Fishing Vision," and distributes programs for BS/CS broadcasting, cable TV stations and others.

Established March 1998  
Location Shinjuku-ku, Tokyo



### Digital Cinema Club, Inc.

<http://www.dcinema.jp/>

Offers VPF services for film distributors and theaters promoting installation of digital equipment in movie theaters.

Established April 2010  
Location Minato-ku, Tokyo



### G-cluster Global Corporation

<http://www.gcluster.com/>

Distribution of game contents and media contents using G-cluster cloud distribution technologies and R&D on the related technologies, etc.

Established October 2007  
Location Minato-ku, Tokyo

## Stock Information

Number of shares authorized	128,000,000 shares
Number of issued shares	66,723,516 shares
Number of shareholders	4,677

## Major Shareholders

Shareholder Name	Shares held (thousands)	Shareholding ratio (%)
SBBM Corporation	22,484	34.48
SBI Entertainment Fund No. 2	12,654	19.40
SBI Holdings, Inc.	9,564	14.67

\*The total number of issued shares includes treasury stock (1,507,332 shares).

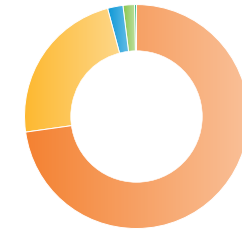
\*"Individuals and others" in Distribution of Shareholders includes treasury stock.

\*The shareholding ratio for major shareholders excludes treasury stock.

# 14 Stock Information

(as of March 31, 2013)

## Distribution of Shareholders



	Shares held (thousands)	Shareholding ratio (%)
Other Japanese institutions	48,569	72.79
Individuals and others	15,405	23.09
Japanese securities companies	1,597	2.40
Japanese financial institutions	995	1.49
Overseas institutions	155	0.23

## 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) <a href="http://www.broadmedia.co.jp/">http://www.broadmedia.co.jp/</a> 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		0120-288-324 (Toll-free in Japan)
Agency	Securities company which you have dealings with.	Head office and all branches nationwide of Mizuho Trust & Banking Co., Ltd. Head office and all branches nationwide of Mizuho 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.