

Possibilities are infinite  
The compact cloud gaming console  
of the future

# G-cluster



Campaign Information!

**500 yen monthly plan now free for up to two months\*!**

\* For the month in which the application is made and the following month.  
\* Only first-time applications for the campaign are eligible.

Play as  
much as  
you want!

### What is the 500 yen monthly plan?

For 525 yen (tax included) you can play as much as you want on approximately 30 game titles in a range of genres including action, sports, shooting, puzzles, and board games!

Up to two  
months  
free!

### What's the campaign?

With the purchase of G-cluster and application to the 500 yen monthly plan, you can use the plan for **free for up to two months.**

New!

Plus, a **new rental model** service is scheduled to commence in December

More information available here! <http://gcluster.jp/>



### Introduction to the Corporate Site

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

Links to individual and corporate services, as well as group company sites, will help you find the information you need quickly. Please make use of our website as your resource.

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

Broadmedia

Search



**Broadmedia Corporation**

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



# 2013

## The First half Business Report

For the First Half of FY2013  
(April 1, 2013 to September 30, 2013)



**Broadmedia**

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**Broadmedia Corporation**

Securities Code: 4347

**Q Please tell us about the results for the first half of the fiscal year 2013 and the full-year outlook.**

In the first six months of the current fiscal year ended September 30, 2013, the newly-launched cloud gaming business got off to a slower start than anticipated. Box office performance for distributed films was sluggish and ISP service sales in network sales did not recover. As a result, although revenue was on an equivalent level with the same period of the previous fiscal year, we posted an operating loss.

For the full year, the results forecast has been revised downwards as performance is expected to fall below the forecast at the beginning of the year for reasons similar to those above.

**Q Please tell us a little more about the delay in starting up the gaming business.**

Specifically, sales of cloud gaming consoles are lower than expected at this point. Meanwhile, although the "HIKARI-TV GAME" provided by NTT Plala and supported by G-cluster technology has shifted into high gear and performed favorably since early autumn, partly owing to the two-month-free campaign among other factors, it has not yet been reflected in the Company's results. In other words, two of our main projects with the potential to increase revenue in the gaming business were late in getting started, and we have not yet been able to produce sufficient results at this time.

(Unit: millions of yen)

	Revenue			Operating profit		
	Full-year forecast at beginning of year	Latest full-year forecast	Difference	Full-year forecast at beginning of year	Latest full-year forecast	Difference
Content	5,500	3,400	⬇️ (2,100)	200	(310)	⬇️ (510)
Broadcast	4,000	4,200	⬆️ 200	10	100	⬆️ 90
Studio	3,200	2,700	⬇️ (500)	120	(20)	⬇️ (140)
Technology	1,600	1,600	➡️ 0	130	90	⬇️ (40)
Network Sales	2,700	1,100	⬇️ (1,600)	(60)	(210)	⬇️ (150)
<b>Total</b>	<b>17,000</b>	<b>13,000</b>	<b>⬇️ (4,000)</b>	<b>400</b>	<b>(350)</b>	<b>⬇️ (750)</b>

**Q Sharp's AQUOS and LG's SmartTV are now compatible with G-cluster, aren't they?**

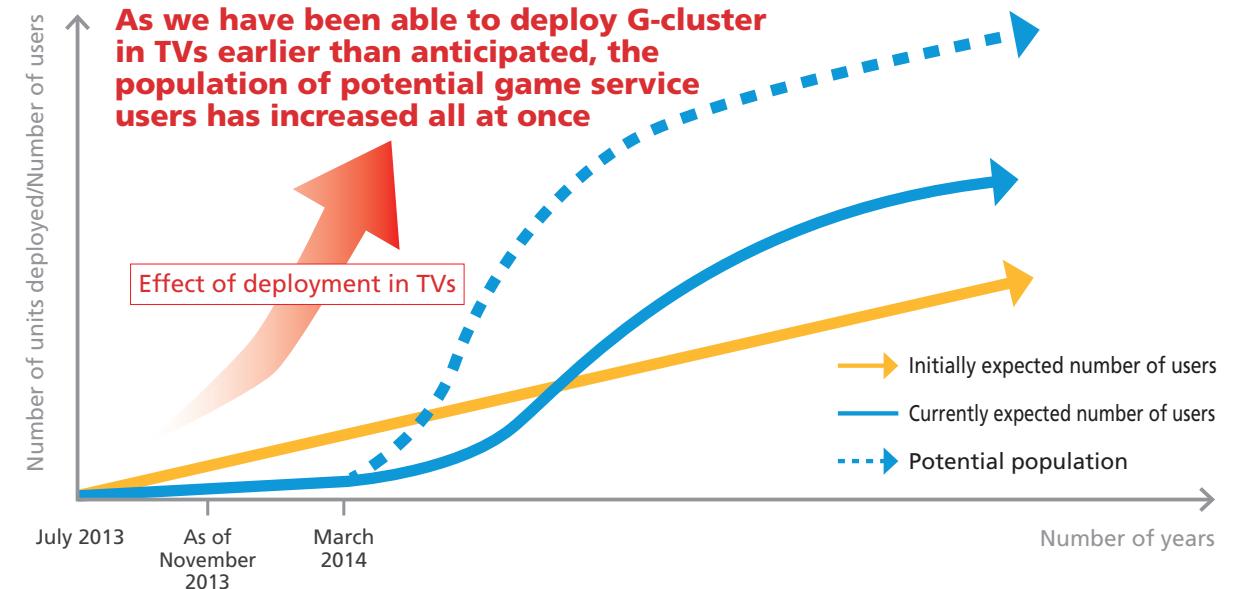
We have spent a lot of time discussing with the manufacturers, and we are delighted that the compatibility on their devices has been realized at this time. In fact, having G-cluster built into TVs is, in a sense, a key factor in the ultimate prevalence of G-cluster, and we had been drawing up a plan to realize this several years later.

The launch of G-cluster equipped TVs, amid the delays in getting other businesses started, has enormous impact for us. Our ultimate business goal is not a small increase in revenue

through short-term sales of devices, but rather to be able to sell a lot of games. It is crucially important to expand the absolute number of all devices compatible with G-cluster, including gaming consoles and TVs with the technology built-in.

Because manufacturers such as Sharp, which has the largest market share in Japan, and LG Electronics, which holds a substantial share of the market worldwide, have taken the lead in equipping TVs with G-cluster technology, in terms of its prevalence from now on, the way has been paved for a vast number of G-cluster compatible devices to reach the home.

## Cloud gaming business – Image of mid-to long-term growth



For some time, we had been prepared to develop the business with the G-cluster gaming consoles alone. However, NTT Plala's "HIKARI-TV GAME" along with the "G-cluster equipped TVs" were added to the business in the past year, and thanks to these two, the realization of several million G-cluster compatible devices other than gaming consoles has come into view.

**Q What do you intend to do with the "G-cluster cloud gaming console" in the future?**

There are statistical figures that show that TVs are commodities with an average cycle of seven to ten years. To put it another way, even if the number of units increases by one million during the next year, tens of millions of units would still not be compatible. Therefore, our policy is to continue making efforts to provide the G-cluster cloud gaming console in order to scale the G-cluster game service. However, there are several factors behind the sluggishness of the initial rollout, which are also reflected in comments from our customers. The first is that the content lineup is weak. The launch of major titles has been delayed, exactly as has been pointed out, and we are dedicating our efforts to addressing that now. Another reason is that, while we do have quite a few titles that are

suited to "playing together with family; gaming life of each family member," as the slogans say, customers are still reluctant to buy hardware in order to play these titles. By resolving these two issues, we will get G-cluster off to a solid start in the future.

**Q Please tell us about specific measures to resolve these issues.**

First, we will introduce KONAMI's "WORLD SOCCER Winning Eleven 2014," which we have been preparing as a major title. This is a new release of this season, and it can be played on all G-cluster compatible devices including Sharp and LG Electronics TVs. I believe that enhancing our title lineup is critically important not only for the spread of the G-cluster cloud gaming console, but also in terms of how many users we can get to play on G-cluster equipped TVs. Although it may take some time, with this title as our starting point, we will create a structure that can continually release truly new titles and original games.

With regard to the hurdle of purchasing devices, we intend to commence a rental service and offer free rental to customers who enroll in the monthly plan or buy certain titles. At this time, we are at the stage of studying the details

of the plan and other service contents, but we should be able to announce the official plan by the time this business report reaches you.

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

Our cloud gaming business has attracted attention from many people during this first half, and the number of the Company's shareholders has grown significantly, reaching as many as 8,000 people. As I stated at the beginning, we are forecasting severe business results for the current fiscal year, but the cloud gaming business has still just gotten started. The entire company will work as one to produce results from this business and to meet the expectations of all our shareholders. I sincerely ask our shareholders for their ongoing support in the future.

**Taro Hashimoto**

President & Representative Director



Expansion of "G-cluster" ready devices

# G-cluster ready\* "AQUOS" TV by Sharp and "LG SmartTV" by LG!

The company's video on demand service "T's TV Rental Video" has been accessible on Sharp's "AQUOS" TV and LG's "LG SmartTV", but now that these devices have been made "G-cluster ready," it has become possible to play a range of cloud games such as RPGs, puzzles, action, simulation, sports, and shooting games only with TVs, without purchasing a game console. If you register for "G-cluster" membership, you can use the same ID to enjoy "T's TV Rental Video" as well.

\*G-cluster will be deployed in "AQUOS" starting from late November 2013, and in "LG SmartTV" from early December 2013.



Select the "G-cluster" icon from the main screen of "AQUOS City"



"G-cluster" main screen



Select the "G-cluster" icon from the main screen of LG SmartTV Game World



Game selection screen



An appealing content lineup

# "WORLD SOCCER Winning Eleven 2014 (KONAMI)" to be available from late November 2013!

We will begin providing the cloud gaming version of the popular soccer game "Winning Eleven 2014" of Konami Digital Entertainment Co., Ltd. on G-cluster in late November 2013. We will continue to enhance our lineup of appealing content including popular titles and original titles.



**What is "Winning Eleven"?** KONAMI's "Winning Eleven" is a continuously evolving soccer game series that was first released in 1995. Cumulative unit sales for the series worldwide have surpassed 82.7 million as of June 30, 2013, and it has fans not only in Japan, but also around the globe including Europe, the Americas, and Asia.



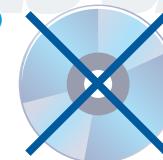
## How cloud gaming works

All programs are executed in the cloud. The user operates the game in the cloud with a game controller, and video and sound are streamed via broadband line to "a G-cluster ready TV" or "a G-cluster" cloud gaming console.



### Features of cloud gaming ①

**No need for disks or other media**



Not only is there not a need to switch disks, there is no need to download or install games either. You can easily enjoy the various games found in the cloud.

### Features of cloud gaming ②

**"Saved Game" data is stored in the cloud**



Even when you're out, you can continue playing the game with the data saved in the cloud.



For details regarding G-cluster >>> <http://gcluster.jp/>

G-cluster

Search

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Content

Let's create more science lovers! 2nd Certification Test of online "Science Certification Test" to be held

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 by anyone, anywhere, with a smartphone or tablet, as long as you have an Internet connection.

Overview of the 2nd Certification Test

Test date: November 15 to 17, 2013  
 Testing method: Online test  
 Testing fee: Free (Levels 5 and 6), ¥2,000 (Levels 3 and 4)  
 Testing style: 40 multiple-choice questions in 60 minutes  
 Benefits: A digital certificate will be issued to those who pass the test

Sponsors: Science Certification Test Committee, SANKEI SHIMBUN CO., LTD., Renaissance Academy Corporation, Wao Corporation, Broadmedia Corporation  
 Supported by: Japan Science Foundation, Fuji Television Network, Nippon Broadcasting System, Fuji Sankei Business i., SANKEI EXPRESS, SANKEI DIGITAL, SANKEI LIVING SHIMBUN, JAPAN EDUCATIONAL PRESS



<http://www.kagaku-kentei.jp>

Studio

Distribution line-up for the current fiscal year



"MALAVITA"

Executive Producer Martin Scorsese and Director Luc Besson tell the tale of a former mafia boss, played by Robert De Niro, and his family at odds with active mafia hierarchy. This is wonderful entertainment that will enchant you with the finest in thrills and humor!

Director Luc Besson  
 Cast Robert De Niro, Michelle Pfeiffer, Tommy Lee Jones  
 Release Friday, November 15, TOHO CINEMAS Yurakuza and other locations

©EUROPACORP- TF1 FILMS PRODUCTION – GRIVE PRODUCTIONS  
 Photo : Jessica Forde



"LIV & INGMAR - PAINFULLY CONNECTED"

Sweden's master film maker Ingmar Bergman and Liv Ullmann, one of the world's greatest actresses who was his partner both public and private: this documentary traces the hidden love and friendship of two outstanding figures in the history of film.

Director Dheeraj Akolkar  
 Cast Liv Ullmann, Ingmar Bergman  
 Release Saturday, December 7, EUROSPACE and other locations

© 2012 Nordic Stories.



"LUDWIG II"

Marking the 200th anniversary of Wagner's birth, this film recounts the true story of the tragic king and the brilliant composer, painting a noble and vivid portrait of the legendary king's turbulent life that was not fully captured even in Visconti's classic "Ludwig."

Director Peter Sehr, Marie Noëlle  
 Cast Sabin Tambrea, Hannah Herzsprung  
 Release Saturday, December 21, Yurakucho Subaru za and other locations

©Global Screen GmbH / Stefan Falke

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)

Business model

"Content procurement capabilities"

"Technology for stable, high quality distribution of content"

**Our strength lies in originality that combines both content procurement and distribution technology**

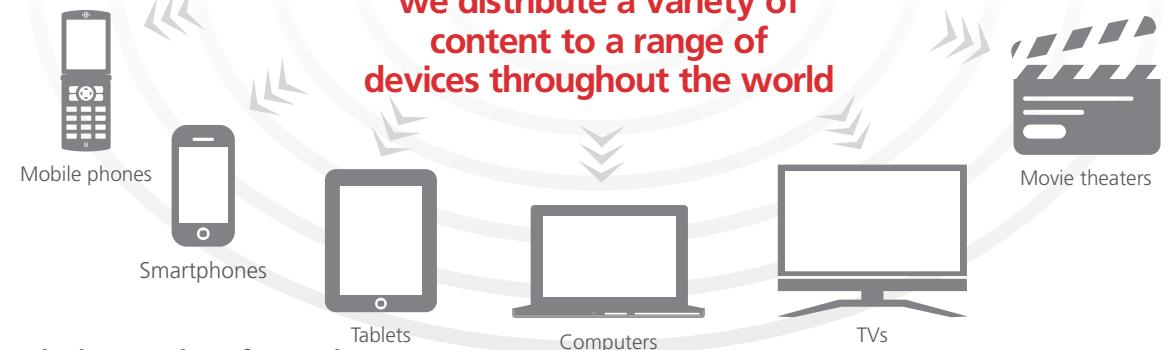
Through tight-knit collaboration and mutual cooperation among the five business segments below, we put our corporate philosophy of "aiming to contribute to the development of a more affluent community through the dissemination of high quality products and services that are derived from creativity" into practice.

Five business segments



Individual services / Corporate services

**In combination with our original technology, we distribute a variety of content to a range of devices throughout the world**



Towards the next leap forward

**ルネサンス・アカデミー株式会社**

Ensure stable profits and further expand the business

**Digital Cinema Services**

Profitability achievement is expected from fiscal 2013

**Four Growth Engines**

**釣りビジョン**

Absorb the additional expenditures for the launch of BS station etc.; profitability achievement is expected in fiscal 2013

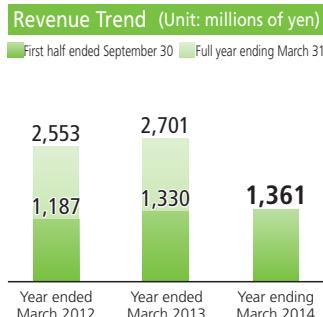
**Cloud Business**

Commencement of cloud gaming business  
 Cloud gaming ▶ **G-cluster** G-cluster  
 Cloud video ▶ **T's TV** T's TV rental video

## Content

Revenue  
1,361 million yen  
(up 2.3% YOY)

Operating loss  
(243) million yen  
(Operating profit in the same period of the previous fiscal year was 88 million yen)

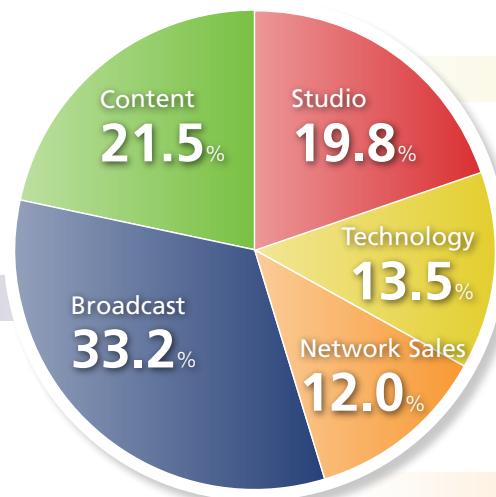


### Business and Service

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

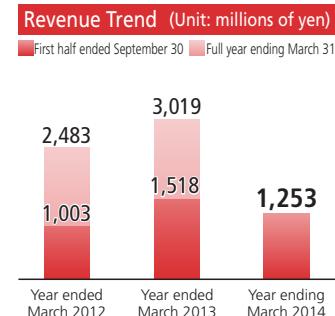
Although sales in the newly launched cloud gaming business contributed to an increase in revenue, expenses grew due to placing TV advertisements, exhibiting at the Tokyo Game Show, and other factors. In education services, the number of students has been steadily increasing at our two high schools, and we have newly commenced the "Science Certification Test."

Total Revenue  
6,323 million yen



Revenue  
1,253 million yen  
(down 17.4% YOY)

Operating loss  
(66) million yen  
(Operating profit in the same period of the previous fiscal year was 106 million yen)



### Business and Service

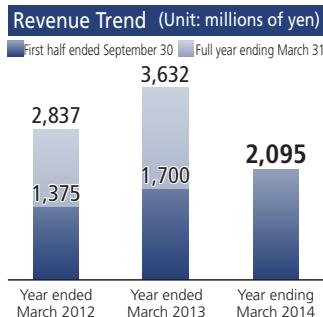
Production business / Program sales business / Film distribution business

Despite the increased orders for production, program sales to TV stations decreased. Box office performance for distributed films continued to stagnate, and the posting period for revenue from DVD sales was pushed back.

## Broadcast

Revenue  
2,095 million yen  
(up 23.2% YOY)

Operating profit  
70 million yen  
(Operating loss in the same period of the previous fiscal year was 67 million yen)



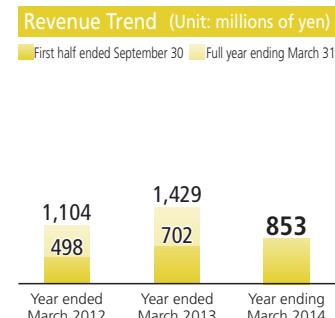
### Business and Service

Fishing channel

The number of viewers of "BS Fishing Vision (BS 251ch)" is growing steadily, and the production business performed strongly.

Revenue  
853 million yen  
(up 21.5% YOY)

Operating profit  
26 million yen  
(up 54.0% YOY)



### Business and Service

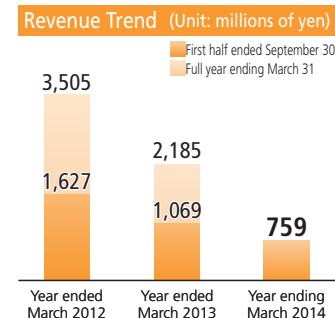
CDN service / Digital cinema service

The digital cinema service saw growth in the number of movie theaters and film distribution companies using our services, and equipment sales also increased.

## Network Sales

Revenue  
759 million yen  
(down 29.0% YOY)

Operating loss  
(92) million yen  
(Operating loss in the same period of the previous fiscal year was 94 million yen)



### Business and Service

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

Although slump in ISP service sales has continued, the operating loss shrunk owing to factors such as improvements in the cost ratio.

# 11 Consolidated Financial Statements (Summary)

## 1 Total assets

While merchandise and finished goods increased mainly due to the purchase of gaming consoles, total assets declined by 7.0% compared to the end of the previous fiscal year mainly owing to decreases in cash deposits and notes and accounts receivable-trade.

## 2 Total liabilities

Total liabilities were down 2.1% compared to the end of the previous fiscal year mainly reflecting decreases in advances receipts and lease obligations.

## 3 Total net assets

Total net assets declined by 11.0% compared to the end of the previous fiscal year mainly due to posting a net loss in addition to paying a dividend. The equity ratio stood at 47.8%.

## Consolidated Balance Sheets

(Unit: millions of yen)

	End of first half of current fiscal year As of September 30, 2013	End of previous fiscal year As of March 31, 2013
<b>[Assets]</b>		
Current assets	6,555	7,394
Fixed assets	5,096	5,135
<b>1 Total assets</b>	<b>11,652</b>	<b>12,529</b>
<b>[Liabilities]</b>		
Current liabilities	3,778	3,843
Fixed liabilities	1,701	1,755
<b>2 Total liabilities</b>	<b>5,480</b>	<b>5,599</b>
<b>[Net Assets]</b>		
Shareholders' equity	5,484	6,278
Accumulated other comprehensive income	81	67
Minority interests	606	584
<b>3 Total net assets</b>	<b>6,171</b>	<b>6,930</b>
Total liabilities and net assets	11,652	12,529

Please visit our "IR" site, for detailed financial information.

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

## Consolidated Income Statements

(Unit: millions of yen)

	First half of current fiscal year April 1, 2013 – September 30, 2013	First half of previous fiscal year April 1, 2012 – September 30, 2012
<b>4 Revenue</b>	<b>6,323</b>	<b>6,321</b>
Cost of goods sold	4,309	4,352
Gross profit on revenue	2,013	1,969
Selling, general and administrative expenses	2,319	1,918
<b>4 Operating profit (loss)</b>	<b>(305)</b>	<b>50</b>
<b>5 Recurring loss</b>	<b>(570)</b>	<b>(79)</b>
<b>6 Net loss</b>	<b>(695)</b>	<b>(99)</b>

## Consolidated Cash Flow Statements

(Unit: millions of yen)

	First half of current fiscal year April 1, 2013 – September 30, 2013	First half of previous fiscal year April 1, 2012 – September 30, 2012
<b>7 Cash flows from operating activities</b>	<b>(485)</b>	<b>63</b>
<b>8 Cash flows from investing activities</b>	<b>(267)</b>	<b>(970)</b>
<b>9 Cash flows from financing activities</b>	<b>(12)</b>	<b>186</b>
Cash and cash equivalents at end of the period	2,223	2,758

## 4 Revenue, Operating profit (loss)

Although revenue remained on an equivalent level as the same period of the previous fiscal year, an operating loss was recorded due to losses posted in "Content," "Studio," and "Network Sales."

## 5 Recurring loss

A recurring loss was posted due to an operating loss in addition to an increase in equity in losses of affiliates.

## 6 Net loss

Although a gain on change in equity was posted, a net loss was recorded due to posting of an impairment loss on software, an increase in tax expenses at subsidiaries, and reversal of deferred tax assets.

## 7 Cash flows from operating activities

Net cash used in operating activities was 485 million yen, reflecting factors including a net loss before income taxes and an increase in inventories due to the purchase of gaming consoles.

## 8 Cash flows from investing activities

Net cash used in investing activities was 267 million yen mainly due to the purchase of fixed assets, chiefly lease assets.

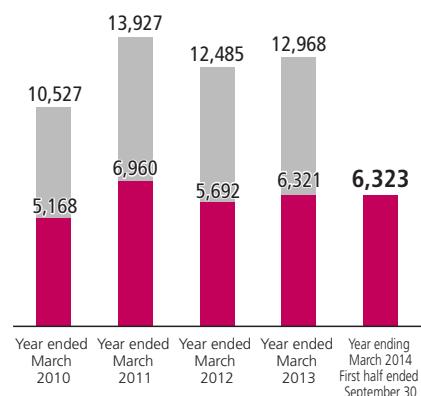
## 9 Cash flows from financing activities

Net cash used in financing activities was 12 million yen due to factors including the repayment of lease obligations and the payment of dividends, despite income from sale and lease back.

## Revenue

(Unit: millions of yen)

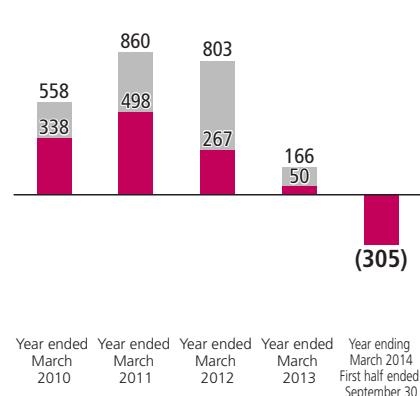
■ First half ended September 30 ■ Full year ending March 31



## Operating Profit (Loss)

(Unit: millions of yen)

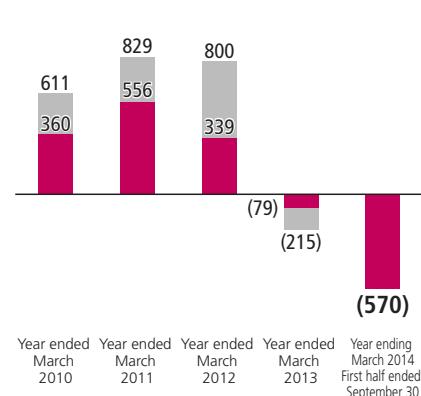
■ First half ended September 30 ■ Full year ending March 31



## Recurring Profit (Loss)

(Unit: millions of yen)

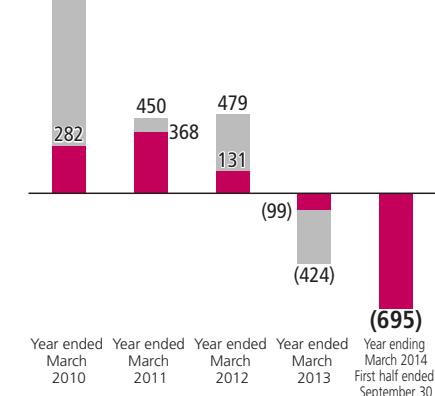
■ First half ended September 30 ■ Full year ending March 31



## Net Profit (Loss)

(Unit: millions of yen)

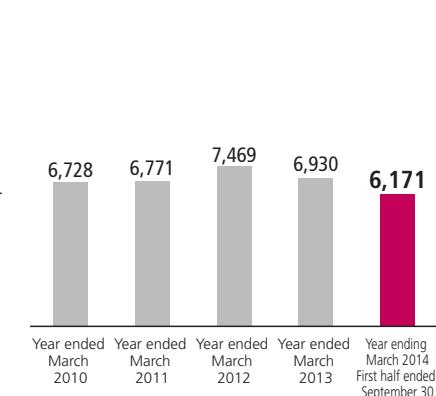
■ First half ended September 30 ■ Full year ending March 31



## Net Assets

(Unit: millions of yen)

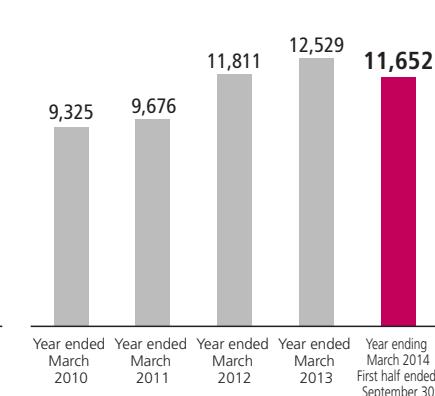
■ First half ended September 30 ■ Full year ending March 31



## Total Assets

(Unit: millions of yen)

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



# Company Information

(as of September 30, 2013)

## Company Profile

Company Name	Broadmedia Corporation
Established	September 5, 1996
Paid-in Capital	2,666,633 (thousands of yen)
Employees	58 (consolidated 397)
URL	<a href="http://www.broadmedia.co.jp/">http://www.broadmedia.co.jp/</a>

## Group companies



### 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," a new type of online high school system where students can learn via smartphones or tablets. Also participates in the activities of the Science Certification Test Committee that organizes the "Science Certification Test" held online, and serves as a secretariat.

Established October 2005  
Location Chuo-ku, Tokyo

## Executive Directors and Auditors

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

\*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/>

Provides operators of IPTV, etc. with distribution services for games, video, and other contents using "G-cluster" cloud distribution technologies.

Established October 2007  
Location Minato-ku, Tokyo

## Stock Information

Number of shares authorized	128,000,000 shares
Number of shares issued	66,723,516 shares
Number of shareholders	8,039

## Major Shareholders

Shareholder name	Shares held (thousands)	Shareholding ratio (%)
SBBM Corporation	22,246	34.11
SBI Entertainment Fund No. 2	12,523	19.20
SBI Holdings, Inc.	7,593	11.64

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

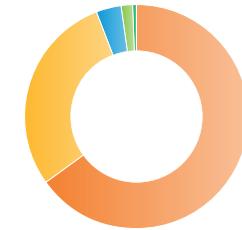
\*"Individuals and others" in Distribution of Shareholders includes treasury stock.

\*The shareholding ratio for major shareholders is calculated excluding treasury stock.

# Stock Information

(as of September 30, 2013)

## Distribution of Shareholders



	Number of shares held (thousands)	Shareholding ratio (%)
Other Japanese institutions	43,440	65.11
Individuals and others	19,450	29.15
Japanese securities companies	2,516	3.77
Japanese financial institutions	1,027	1.54
Overseas institutions	288	0.43

## Shareholders' Memo

Fiscal year	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	Tokyo Stock 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 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	Securities company which you have dealings with.	2-8-4 Izumi, Suginami-ku, Tokyo 168-8507
Inquiry by Telephone		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 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.	Stocks cannot be traded excluding demands for purchase of stocks less than one unit.

\*Solely payments of dividends unclaimed are handled at the head office and all branches nationwide of Mizuho Bank, Ltd.