

Revolutionary New Cloud Game Fully Integrating Smartphones and TV



“Zoids Material Hunters” Scheduled to Release in Spring 2015

“Zoids Material Hunters,” a next-generation cloud game, jointly developed by Broadmedia Corporation and G-cluster Global Corporation under a license from TOMY Company, Ltd. for Zoids, will be released spring 2015.

This action-packed next-generation cloud game is lightning fast and super exhilarating, with one-touch intuitive operations, such as flicking. It can be played through fully integrating a smartphone app and a TV. By connecting to the “G-cluster” microconsole, you can unlock new functions and enjoy the world of Zoids to your heart’s content. As game data for both the smartphone app and the G-cluster microconsole are stored in the cloud, players can play the game anywhere, any time.



Possibilities are infinite. Cloud gaming microconsole for a new era.

G-cluster

For details >>> <http://gcluster.jp/>

©TOMY ZOIDS is a trademark of TOMY Company, Ltd. and used under license.
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*Simulated game screen images (development in progress)



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 Corporation

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

2014

The First half Business Report

For the First Half of FY2014
(April 1, 2014 to September 30, 2014)



Broadmedia

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Broadmedia Corporation

Securities Code: 4347

We will provide truly native cloud games

CEO
Taro Hashimoto



Q Please tell us about the results for the first half of fiscal year 2014 and the full-year outlook.

In the six months ended September 30, 2014, the first half of the current fiscal year, in the Broadcast segment viewing fee income and sales of the production business were buoyant. Meanwhile, box office performance for distributed films stagnated, and in education services, upfront costs were incurred for Renaissance Osaka High School, which opened in April 2014. Moreover, takeoff of the cloud gaming business has been slower than expected. As a result, both sales and

profit were lower than for the same period of the previous fiscal year.

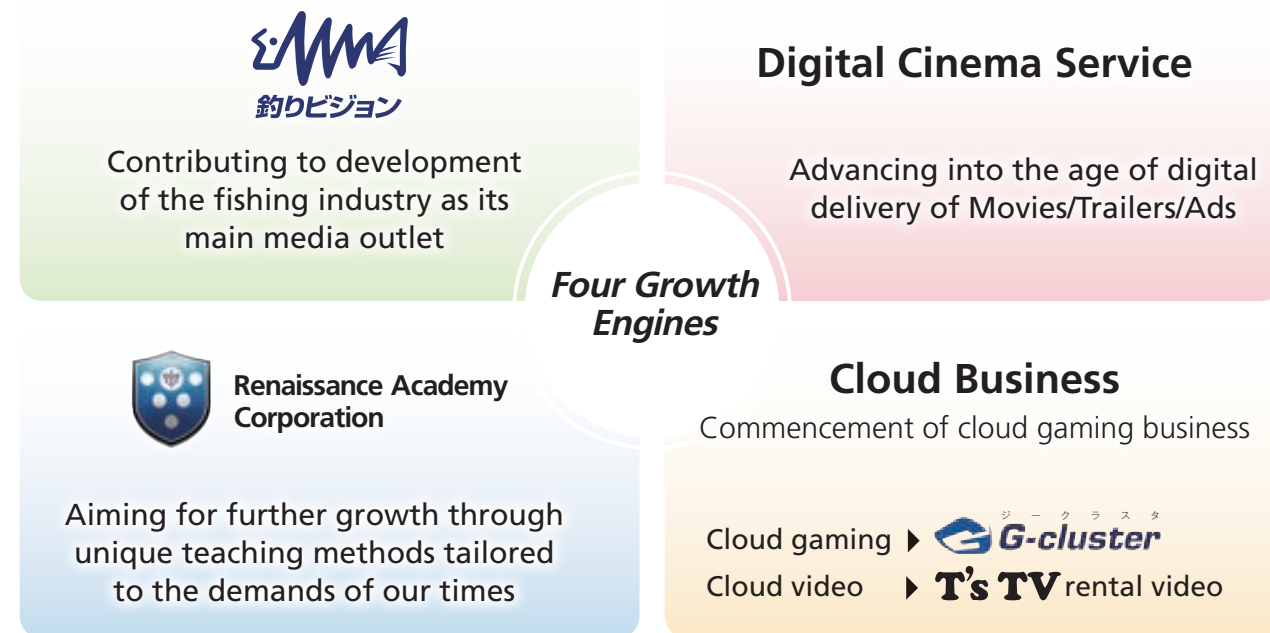
For the full year, the performance of the Broadcast segment is expected to remain buoyant. In addition, we expect the Studio segment, following a lackluster first six months, to recover and both the cloud gaming business and educational services to achieve growth, although none of these is likely to operate profitably on a six-month basis. Therefore, the forecast for the full year has been revised downwards.

Q How is the gaming business progressing?

In order to expand the cloud gaming business, we have been implementing three measures: providing a platform for other companies, offering a rich lineup of appealing content, and increasing the number of G-cluster ready devices. Progress so far includes provision of platform technologies for NTT Plala's "HIKARI-TV GAME," distribution of popular titles of major game developers, sales of the G-cluster

cloud gaming microconsole, and incorporation of G-cluster in TVs. However, these developments have not yet contributed to the financial performance of the cloud gaming business.

Any new business necessarily involves an element of trial and error. Having tried several approaches, I have refreshed my belief in the importance of maximizing the number of G-cluster equipped devices in the market and of offering truly native games that deliver a unique gaming experience that is possible only with cloud technology. From this perspective,



we will continue promoting collaboration with partners whose involvement will fuel greater business development.

Currently, looking at the trend of the overall game market, it is clear that the console game software market, though still sizable, is sluggish, whereas the social network game market, comprising games for smartphones and tablets, is growing rapidly. Previously, we envisaged a scenario in which we would penetrate the market with our cloud gaming services, initially by focusing on the TV (console

game market). But now we think it essential to attract users from the game market's fastest growing segment, namely that for games played on smartphones and tablets (social network game market), encouraging them to embrace cloud gaming.

Q What needs to be done to cultivate the social network game market?

Firstly, we need to offer native cloud games that capitalize on the features of cloud tech-

(Unit: millions of yen)

	Revenue			Operating profit		
	Full-year forecast at beginning of fiscal year	Latest full-year forecast	Difference	Full-year forecast at beginning of fiscal year	Latest full-year forecast	Difference
Content	3,150	2,200	⬇️ (950)	(445)	(700)	⬇️ (255)
Broadcast	4,150	4,500	⬆️ 350	165	300	⬆️ 135
Studio	3,000	2,700	⬇️ (300)	65	(75)	⬇️ (140)
Technology	1,450	1,400	⬇️ (50)	(25)	30	⬆️ 55
Network Sales	1,250	1,200	⬇️ (50)	(160)	(215)	⬇️ (55)
Total	13,000	12,000	⬇️ (1,000)	(400)	(660)	⬇️ (260)



* Simulated game screen images (development in progress)

nology. Currently, we are developing "ZOIDS Material Hunters" under a license from TOMY. We will release this game in spring 2015 as a native app downloadable and free to play for smartphones and tablets. Players will be charged for in-game purchases, creating a revenue stream for us. The decisive difference from other native apps is that this game offers a radically new gaming experience that is possible only with cloud technology. Through seamless linkage between smartphone and G-cluster ready TV, characters travel between both platforms.

Another initiative is the provision of G-cluster technology for DIVE IN, a streaming service for smartphones and tablets to be launched by Square Enix Co., Ltd. What makes DIVE IN so significant is that it transforms smartphones and tablets into cloud gaming terminals. DIVE IN promises to open up a new era in which game developers stream games. Despite postponement of the launch of the DIVE IN service, we hope to have made good progress by the time this

business report is published.

We are preparing to launch multi-screen services for smartphones and tablets. As for the details of this initiative, we intend to make an announcement on another occasion as soon as possible.

Q What is your message to the shareholders?

As announced recently, we have downwardly revised the business forecast for the full current fiscal year. Despite the challenging operating conditions, we remain convinced of the direct linkage between establishing the cloud gaming business on a solid foundation and the recovery of the Company's performance and its future growth. Thus, we will continue to channel our resources into the cloud gaming business. At the same time, we will pursue cost reduction and business selection and focus on strengthening the fundamentals. All of us at Broadmedia will make a concerted effort towards achieving prosperity from the next fiscal year onward.

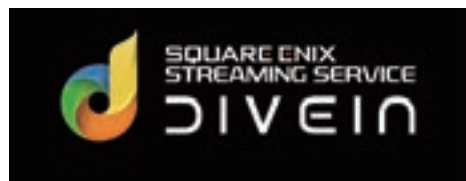
Our cloud gaming business is attracting considerable attention, as attested by the rise in the number of the Company's shareholders to approximately 10,000 as of September 30. I would be most grateful to our shareholders for their continuing support.

G-cluster X Square Enix

Ever Expanding World of G-cluster

G-cluster technology for DIVE IN

We will provide G-cluster technology for DIVE IN, a streaming service for smartphones and tablets to be introduced by Square Enix Co., Ltd. By utilizing G-cluster technology, Square Enix can offer its many popular games to players without them having to download or purchase game software.



Distribution of All Three Games in the FINAL FANTASY® XIII Series

We will start distribution of all three games in the FINAL FANTASY® XIII series of Square Enix's popular role playing games on G-cluster. FINAL FANTASY® XIII is already available and has won great popularity. The second title, FINAL FANTASY® XIII-2, and the third title, LIGHTNING RETURNS FINAL FANTASY® XIII, are scheduled to be released in December 2014 and spring 2015, respectively.

FINAL FANTASY® XIII is available now

Game genre	RPG	Term available for use	Unlimited
Release date	October 9, 2014	500-yen Plan	Not applicable
Price	1,800 yen (before tax)	Production	Square Enix Co., Ltd.

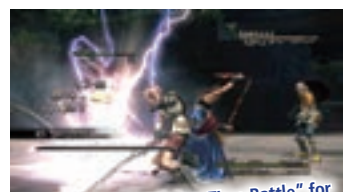


To be released in December 2014

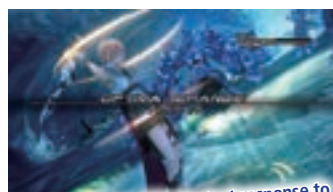
FINAL FANTASY® XIII-2

To be released in Spring 2015

**LIGHTNING RETURNS
FINAL FANTASY® XIII**



"Next-generation Active Time Battle" for exhilarating speed and dynamic strategy



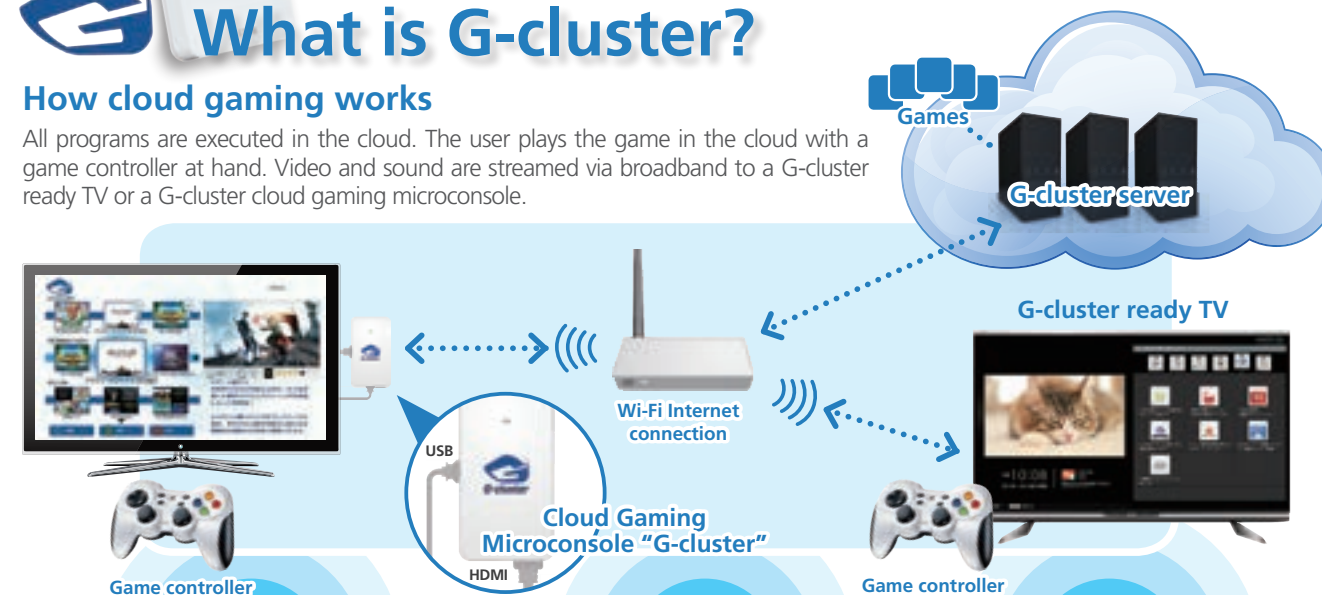
"Optima System" for instant response to the evolving battle situation



What is G-cluster?

How cloud gaming works

All programs are executed in the cloud. The user plays the game in the cloud with a game controller at hand. Video and sound are streamed via broadband to a G-cluster ready TV or a G-cluster cloud gaming microconsole.



Feature 1

Free trial for quick play

- ✔ All free!
- ✔ No need for login or registration

You do not need to log in or register for membership. Simply access G-cluster and play any games of your choice for 10 minutes. Whenever you find a game that takes your fancy, try it out for free!—carefree and without obligation!

Feature 2

No need for disks or other media

Not only is there no need to switch disks, there is no need to download or install games either. You can easily enjoy the various games streamed from the cloud.

Feature 3

"Saved Game" data stored in the cloud

There is no need to carry around physical media. Even when you are out and about, you can continue playing the game with the data saved in the cloud.



Payment by WebMoney Prepaid E-money is Available!

The G-cluster cloud gaming service has introduced a settlement method using WebMoney, prepaid e-money. This makes playing cloud games even more convenient.

Use of WebMoney requires no registration of personal information. WebMoney is also suitable for people who do not use credit cards or for minors.

For details of WebMoney ▶ <http://www.webmoney.jp/>

Content

HOLLYWOOD CHANNEL's Crank-In!, Popular Entertainment News Website

Crank-In! is a popular entertainment news website designed and operated by Group company HOLLYWOOD CHANNEL INC. Visit Crank-In!



クランクイン!

Crank-In! delivers a wealth of entertainment news and in-depth coverage of movies, TV shows, games, and anime, while keeping you up to speed with the latest hottest trends on the Web. As well as breaking news, Crank-In! also helps you enjoy a cutting-edge contemporary entertainment-oriented lifestyle by including featured content on recommended movies, cinema schedules, and TV program guides.

<http://www.crank-in.net/>

Renaissance High School Group to Offer On-campus Courses

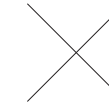
Shinjuku-Yoyogi Campus and Toyota Station Front Campus Opened on November 1, 2014

Group company Renaissance Academy Corporation has opened Shinjuku-Yoyogi Campus and launched on-campus courses. Renaissance Toyota High School's Toyota Station Front Campus relocated to larger premises and launched on-campus courses. These two campuses are at locations with excellent access and are equipped with classrooms that can accommodate up to 50 students at each location. Renaissance High School Group intends to offer on-campus courses at all its schools in the future.



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

"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.



Studio

Films in distribution for the current fiscal year

Sabotage



The nine members of an elite Drug Enforcement Administration (DEA) task force are caught in a trap laid by a mysterious serial killer. They start to be eliminated one by one. Now everyone is a suspect. This movie, the latest starring Arnold Schwarzenegger, is a fusion of action, suspense, and mystery.

Director David Ayer
 Cast Arnold Schwarzenegger etc.
 Release November 7, TOHO CINEMAS Miyukiza and other locations

©2013 DEA Productions, LLC All Rights Reserved.

Waltz for Monica (Monica Z)



A biopic of the world-famous Swedish jazz singer Monica Zetterlund. A true story of a miracle of a woman who never gave up her dream despite great hardship. Winner in four categories of the Guldbagge Awards, the Swedish equivalent of the Academy Awards.

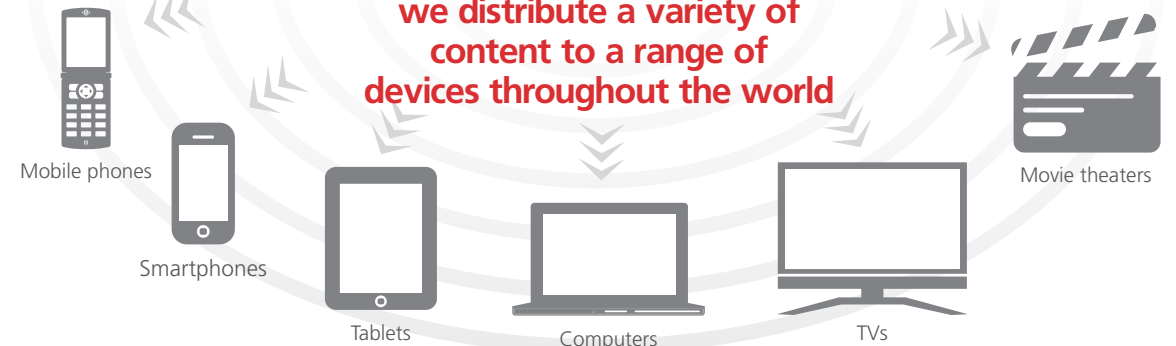
Director Per Fly
 Cast Edda Magnason, Sverrir Gudnason
 Release November 29, Shinjuku Musashinokan, Human Trust Cinema Yurakucho and other locations

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Distribution line-up <http://bmstd.com/movie>

Services for Individuals / Services for Businesses

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

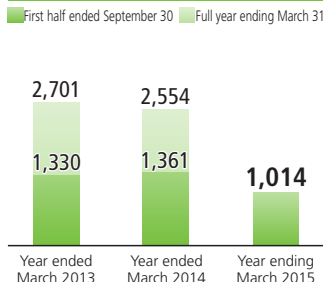


Content

Revenue
1,014 million yen
(down 25.5% YOY)

Operating loss
(394) million yen
(Operating loss of 243 million yen in the first half of FY2013)

Revenue Trend (Unit: millions of yen)

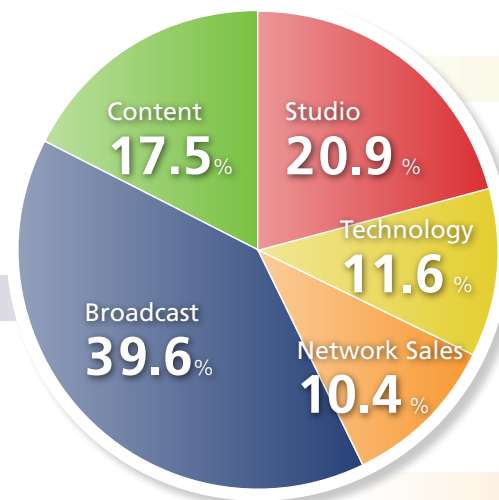


Business and Service

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

In education services, we opened "Renaissance Osaka High School," our third school, in April 2014 and also started offering on-campus courses. In the cloud gaming business, the loss decreased partly due to revision of promotional expenses. The CS broadcast member service, a business we had been pursuing since our foundation, was terminated at the end of May 2014.

Total Revenue
5,780 million yen

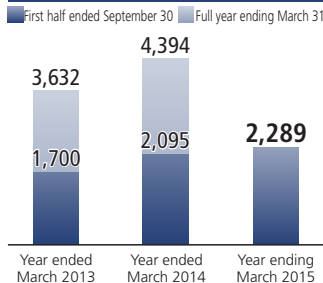


Broadcast

Revenue
2,289 million yen
(up 9.3% YOY)

Operating profit
170 million yen
(Operating profit of 70 million yen in the first half of FY2013)

Revenue Trend (Unit: millions of yen)



Business and Service

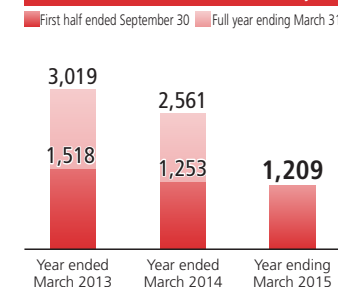
Fishing channel

In addition to brisk sales of the production business, viewing fee income was also buoyant. As a result of the termination of standard-definition broadcasting by SKY PerfecTV!, sales promotion expenses relating to the transition of subscribers decreased.

Revenue
1,209 million yen
(down 3.5% YOY)

Operating loss
(197) million yen
(Operating loss of 66 million yen in the first half of FY2013)

Revenue Trend (Unit: millions of yen)



Business and Service

Production business / Program sales business / Film distribution business

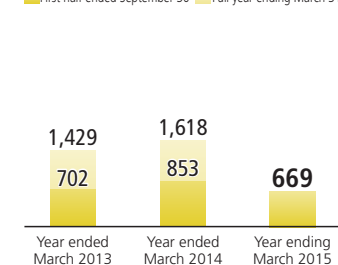
Box office performance for distributed films stagnated and sales of videos were postponed. In addition, a rise in the cost ratio in the production business and a decrease in program sales to TV stations had a negative impact.

Technology

Revenue
669 million yen
(down 21.6% YOY)

Operating profit
0 million yen
(Operating profit of 26 million yen in the first half of FY2013)

Revenue Trend (Unit: millions of yen)



Business and Service

CDN service / Digital cinema service / Other service

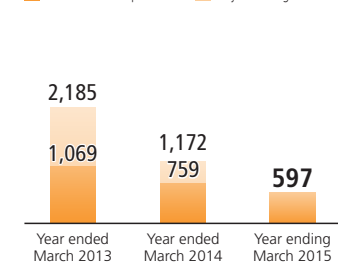
Revenue decreased because of lower sales of equipment in the digital cinema service and transfer of part of the CDN business. A new Internet service provider business for hotels was launched.

Network Sales

Revenue
597 million yen
(down 21.2% YOY)

Operating loss
(113) million yen
(Operating loss of 92 million yen in the first half of FY2013)

Revenue Trend (Unit: millions of yen)



Business and Service

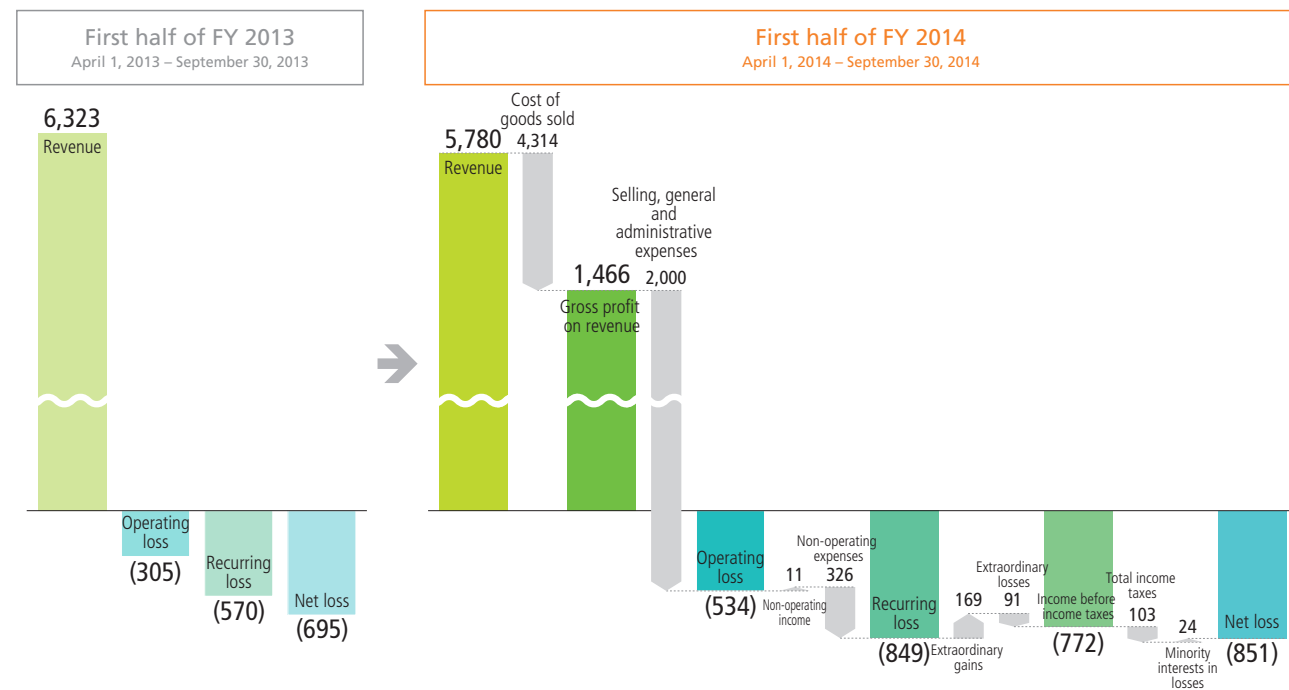
ISP service sales / Handling of mobile phone service / Broadband line sales

The cancellation reserve rate, which had been trending upward, slowed somewhat, although it was still high compared with the same period of the previous fiscal year.

11 Consolidated Financial Review

Operating Results

(Unit: millions of yen)



Guidance on our site "IR" (Investor Information)



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

[Information disclosed on the site]

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

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

Revenue

Although earnings in "Broadcast" increased, earnings in the other four segments decreased, resulting in a decrease in revenue.

Operating loss / Recurring loss

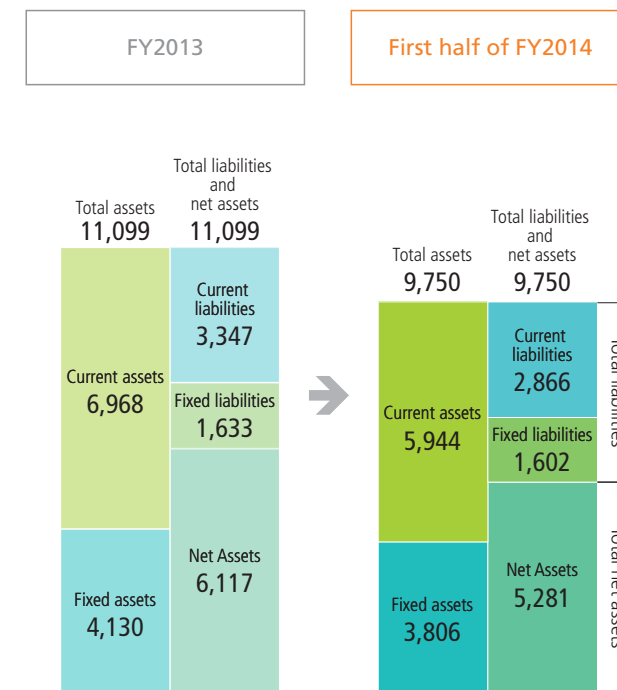
Although an operating profit was posted in "Broadcast," an operating loss was recorded due to losses posted in "Content," "Studio," and "Network Sales." A recurring loss was reflected by a recording of equity in losses of affiliates.

Net loss

Whereas extraordinary profit was recorded in line with the transfer of part of the CDN business, provision of allowance for doubtful accounts was recorded as an extraordinary loss. Tax expenses were also incurred.

12 Financial Position

(Unit: millions of yen)



Total assets

Whereas program rights increased, merchandise and finished goods (gaming consoles etc.), lease assets and investment securities decreased. As a result, total assets declined by 12.1% compared to the end of the previous fiscal year.

Total liabilities

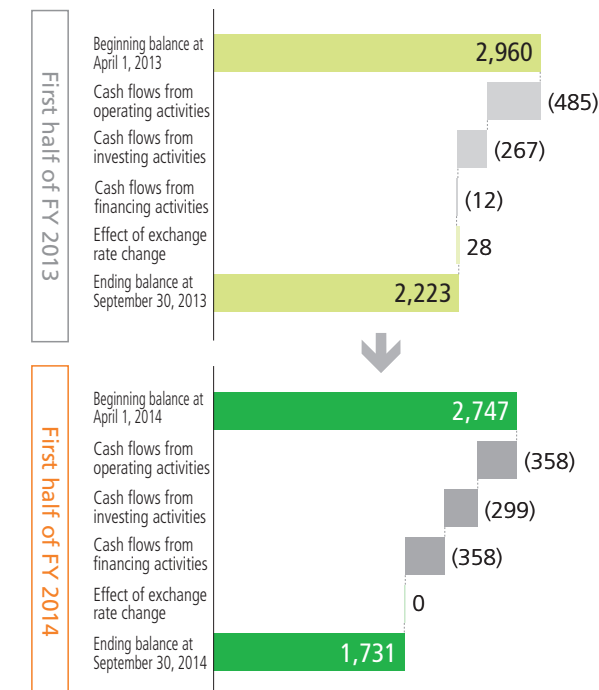
Total liabilities were down 10.3% compared to the end of the previous fiscal year because of decreases in accounts payable-trade, short-term loans payable, and income taxes payable.

Total net assets

Total net assets declined by 13.7% compared to the end of the previous fiscal year mainly due to posting a net loss. As a result, the equity ratio stood at 47.9%.

Cash Flows

(Unit: millions of yen)



Cash flows from operating activities

Net cash used in operating activities was 358 million yen owing to decreases in notes and accounts payable-trade and advances received as well as the recording of net loss before income taxes.

Cash flows from investing activities

Net cash used in investing activities was 299 million yen because of payments of loans receivable and purchase of fixed assets, despite the proceeds from the transfer of part of the CDN business.

Cash flows from financing activities

Net cash used in financing activities was 358 million yen mainly because of repayment of lease obligations and loans payable, despite income from sale and lease back.

Company Information

As of September 30, 2014

Company Profile

Company Name	Broadmedia Corporation
Established	September 5, 1996
Paid-in Capital	2,666,633 (thousands of yen)
Employees	51 (consolidated 414)
URL	http://www.broadmedia.co.jp/

Group companies



Fishing Vision Co., Ltd.

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

Produces the program dedicated to fishing, "Fishing Vision," and distributes programs for BS broadcasting, SKY PerfectTV! Premium Service, cable TV stations and others.

Established March 1998
Location Shinjuku-ku, Tokyo



Renaissance Academy Corporation

<http://www.renaissance-academy.co.jp/>

Operates "Renaissance High School," "Renaissance Toyota High School," and "Renaissance Osaka High School," a new type of online high school system where students can learn via smartphones, tablets, etc. On-campus courses are also available. Also operates the "Science Certification Test" that encourages people to experience the joy of science.

Established October 2005
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



Roonet Systems Co., Ltd.

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

Provides comprehensive solutions for hospitality institutions including hotels and hospitals ranging from design of the Internet environment for a local area to operation, maintenance, and management.

Established May 2014
Location Chuo-ku, Tokyo

Executive Directors and Auditors

CEO	Taro Hashimoto	Auditor (full-time)	Takeshi Urasawa
Executive Director	Toshihito Kubo	Auditor	Kosei Tsuchihashi
Executive Director	Daishin Nakamura	Auditor	Fumito Shiraishi
Executive Director	Yasuhiko Uemura	Auditor	Kenji Kitatani
Executive Director	Ryuichiro Hisamatsu	*Nobuhiko Seki is an outside director.	
Executive Director	Yasutaka Shimamura	*Takeshi Urasawa, Fumito Shiraishi, and Kenji Kitatani are outside auditors.	
Director	Nobuhiko Seki		



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



CDN Solutions K.K.

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

Pioneer of CDN services in Japan. Primary agent of Akamai services. CDN Solutions provides CDN and FEO services, offering acceleration, load reduction, global delivery and other commercial website solutions tailored to customers' environments.

Established April 2001
Location Minato-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/>

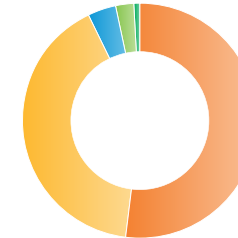
Provides IPTV operators etc. with distribution services for games, video, and other content using G-cluster cloud distribution technologies.

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	9,605

Distribution of Shareholders



	Number of shares held (thousands)	Shareholding ratio (%)
Other Japanese institutions	34,770	52.11
Individuals and others	27,268	40.87
Japanese securities companies	2,603	3.90
Japanese financial institutions	1,538	2.31
Overseas institutions	542	0.81

Stock Information

As of September 30, 2014

Major Shareholders

Shareholder name	Shares held (thousands)	Shareholding ratio (%)
SBBM Corporation	18,233	27.96
SBI Entertainment Fund No. 2	9,693	14.86
SBI Holdings, Inc.	6,049	9.28

*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.

[Supplementary information]

* SBI Holdings, Inc. and its three joint holders submitted large shareholding reports (reports on the change) on October 3, 2014 and October 14, 2014, and the Company was informed that there were changes in the number of shares held on September 29, 2014 and October 6, 2014. However, these changes are not reflected in the above table of major shareholders because the Company is unable to check the number of shares held by substantial shareholders.

Shareholder name	As of September 29, 2014		As of October 6, 2014	
	Shares held (thousands)	Shareholding ratio(%)	Shares held (thousands)	Shareholding ratio(%)
SBBM Corporation	16,305	25.00	11,809	18.11
SBI Entertainment Fund No. 2	9,183	14.08	6,813	10.45
SBI Holdings, Inc.	5,546	8.50	4,042	6.20

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) http://www.broadmedia.co.jp/ 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 Agency		0120-288-324 (Toll-free in Japan) 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.