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Press Release

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## **Broadmedia Corporation Announces Submission of Application for Approval of Postponement of Announcement of Financial Results for the Fiscal Year Ended March 31, 2018**

Broadmedia Corporation (hereinafter the “Company”) has decided to submit an application for approval of the postponement of the announcement of the financial results stated above with the Kanto Local Finance Bureau based on Section 1, Subparagraph 2, Article 15 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Details are as follows.

1. Announcement of financial results for which the application will be filed  
Announcement of financial results for the 22nd Term (the fiscal year ended March 31, 2018)  
(Covering the period from April 1, 2017 to March 31, 2018)
2. Deadline for announcement before postponement  
July 2, 2018
3. Deadline for announcement if the application for postponement is approved  
July 20, 2018

#### 4. Reasons for the need to postpone the announcement

It was revealed that video production outsourcing transactions in which the Company’s consolidated subsidiary (Fishing Vision Co., Ltd.) engaged were fictitious transactions that had been set up by its subcontractor in a manner as if such transactions had actually been conducted, while sales and expenses, among other items, had been recognized and posted by the subsidiary as those resulting from normal transactions over the past 10 years.

As already announced, the Company received an investigation report to the effect that no one in the Company group, including Fishing Vision, was involved in the fictitious transactions as a result of investigations made by the Internal Investigation Committee and the third-party Committee, both of which were established by the Company.

Based on this investigation report, the current audit corporation undertook audit procedures and proceeded with preparations to submit the securities report for the fiscal year ended March 31, 2018 by July 2, 2018, or the deadline.

However, it is expected to take longer to complete the relevant audit procedures because more time is needed for checking similar transactions, although the audit procedures are underway based on an

agreement that our former audit corporation accepted auditing records before the fiscal year ended March 31, 2015 as announced on June 13, 2018.

Moreover, in the course of audits in the previous fiscal years, our former audit corporation advised that, with respect to the losses incurred as a result of the fictitious transactions, allowance for doubtful accounts which were posted on a lump-sum basis for the third quarters ended March 2018 when the loss was recognized, should be changed to posting an allowance for doubtful accounts for accounts receivable-other at the end of each quarter of each fiscal year. In consideration of this guidance, the Company has decided to change the accounting treatment to the method recommended by the former audit corporation as a result of discussions with the former audit corporation and the current audit corporation.

The change has entailed additional audit procedures, including the confirmation of financial statements that will be recreated due to a change in the abovementioned accounting treatment method, as well as the required procedures of having an audit report that will be prepared by the former audit corporation verified by the current audit corporation upon the completion of audits by the former audit corporation.

In consideration of this situation, the Company has come to the conclusion that it will be difficult to submit the required securities report by the deadline specified in paragraph 1 of Article 24 of the Financial Instruments and Exchange Act, and has therefore regrettably decided to apply for the postponement of the deadline for submission.

The 18-day postponement starting from July 2, 2018 is attributable to the possibility that it will take approximately one month for the former audit corporation to complete the procedure of auditing the past fiscal years' records, which was started in the middle of June, and it will take approximately two weeks for the current audit corporation to complete the procedure of auditing the annual security reports for the previous fiscal years and the fiscal year ended March 31, 2018.

## 5. Outlook for the future

The Company will make a prompt announcement when the latest application for the postponement of the announcement is approved.

The Company offers its sincerest apologies to shareholders, customers and other stakeholders for causing them significant difficulties and concerns in connection with this decision to apply for the postponement of the announcement.

End

For inquiries regarding this press release:

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