Subscribe to the "G-cluster" email subscription for a chance to win fabulous prizes! (Japanese language only)

Gift campaign!

"G-cluster" is the world's first Wi-Fi cloud gaming console that utilizes G-cluster technology. Just connect to your television and Wi-Fi network to enjoy cloud gaming. **(For further details, please see p.6.)**

A gift campaign is available for people who subscribe to the "G-cluster" email subscription. A total of 12 winners will be selected from among the subscribers to receive fabulous prizes. Be sure to sign up!

A Prize LM7600 55-inch LCD television from LG — Total: 3 winners

B Prize Total: 9 winners

The latest **iPod touch**
Can be used as remote control for "G-cluster."

*iPod touch is a trademark of Apple Inc.
*Apple Inc. is not sponsoring or offering this campaign.

Click here to enter. http://tgs.broadmedia.co.jp (Japanese language only)

Campaign period: September 20, 2012 – March 31, 2013

All entrants receive updates on "G-cluster"!
One entry gives you up to **three** chances to win!!

Guidelines for entrants	
Prizes	The following prizes will be presented to a total of 12 winners drawn from subscribers of the email magazine. ■ "A" Prize: LM7600 55-inch LCD television from LG: 3 winners (3 draws × 1 winner) ■ "B" Prize: iPod touch (5th generation): 9 winners (3 draws × 3 winners)
How to enter	To enter, please access the campaign website from your computer, smartphone, or mobile phone and fill in the required items. When you sign up for this campaign, we will send you an email magazine with the latest information on the "G-cluster" cloud gaming console! *Continuation of subscription of the email magazine is a condition of entering the campaign.
Notes regarding entry	*Connection fees and communication charges for accessing the campaign website are the responsibility of the customer. *Entries are limited to one time per customer. *Prizes will only be delivered to the winner's own address within Japan. *If the prize cannot be delivered because the winner's address is unknown or if the winner has relocated, the prize claim may be forfeited. *The prize claim is valid only for the winner himself or herself. *Prizes cannot be exchanged for cash and the right for the prize cannot be transferred. *The content and the prizes of this campaign are subject to change without notice. *Prizes cannot be designated or changed.
Announcement of winners	The draw will be conducted with strict fairness, and the winners will be contacted by email. - First round: (Draw) October 31, 2012, (Announcement of winners) Early November 2012 - Second round: (Draw) January 31, 2013, (Announcement of winners) Early February 2013 - Third round: (Draw) March 31, 2013, (Announcement of winners) Early April 2013
Inquiries	Broadmedia Corporation website **URL: http://www.broadmedia.co.jp/** *Please select "[9] Other inquiries" from the "Inquiry topic" menu when sending email. *Please be advised that we are unable to reply to inquiries regarding confirmation of receipt of an entry or inquiries related to the results of the draw.

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 | Search

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

チャレンジ 25

2012

The First half business report

Financial Report for the First Half of FY2012
April 1, 2012 to September 30, 2012

Broadmedia

Broadmedia Corporation
Securities Code: 4347

CONTENTS

Top Interview

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

For the first half of the current fiscal year, we had expected from the beginning of the year that profit would not increase due to factors including prior expenditures related to new businesses. There were some differences among the various segments, but ultimately we saw an increase in revenue and a decrease in profit compared to the same period of the previous fiscal year.

For the full year, we had anticipated that prior expenditures for new businesses would be absorbed, and that we would achieve operating profit on a par with the previous year. However, after careful examination of the outlook for the second half of the year, we revised estimation of operating profit to approximately 420 million yen. As a result, the full-year results forecast of operating profit was revised downwards. Main factors for this were that although the performance of the Broadcast and Studio segments are expected to exceed the forecast of the beginning of the year, ISP service sales in network sales have fallen further than anticipated, and scheduled implementation of service in the digital cinema services at a leading movie theater chain was postponed to the next fiscal year, resulting in a drop in earnings that had a significant impact. Furthermore, because of a high level of uncertainty regarding the results at affiliates accounted for using the equity method, we continue to hold off on forecasts for recurring profit and net income which reflect these results.

(Unit: millions of yen)

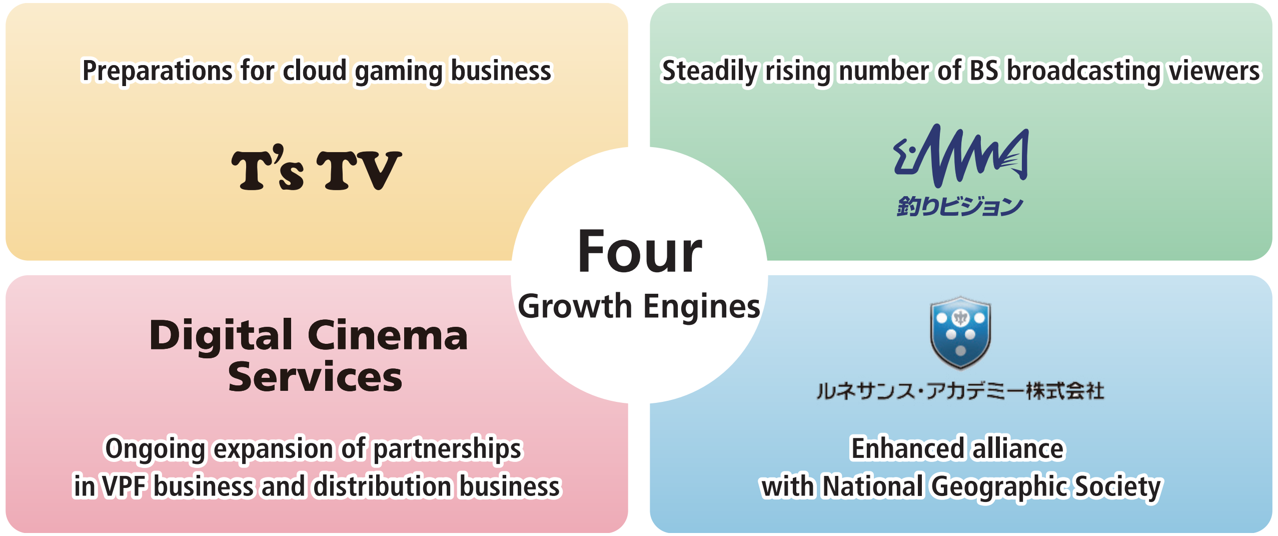
	Revenue			Operating profit			
	Full-year forecast at beginning of year	Latest full-year forecast	Difference	Full-year forecast at beginning of year	Latest full-year forecast	Difference	
Content	3,200	**3,300**	↗ 100	490	**460**	↘ (30)	
Broadcast	3,300	**3,500**	↗ 200	(90)	**(80)**	↗ 10	Prior expenditures for the BS entry were mostly as predicted
Studio	2,700	**3,000**	↗ 300	140	**150**	↗ 10	
Technology	1,500	**1,300**	↘ (200)	190	**20**	↘ (170)	Implementation of service was delayed
Network Sales	2,800	**2,400**	↘ (400)	80	**(130)**	↘ (210)	Drop in sales was greater than predicted
Total	13,500	**13,500**	→ 0	810	**420**	↘ (390)	

Q Please tell us about the status of the four growth engines.

The Group is concentrating its efforts on driving forward the four growth engines which are the key to achieving growth. One of these is T's TV, where we have begun preparations for cloud gaming business in addition to the currently offered T's TV rental video service.

In the education business, enrollment is steadily increasing. Furthermore, we are stepping up our partnership with the National Geographic Society beyond management of the website, and are looking into English-language education and science certifications using National Geographic materials.

With regard to Fishing Vision, prior expenditures associated with the start of BS broadcasting in March 2012 have suppressed earnings. Although a loss was posted for the first half of the fiscal year, the number of viewers is growing at a faster-than-expected pace, and we are anticipating a gradual recovery in business results from the second half of the fiscal year.



Top Interview

Digital Cinema Services carries out the VPF business, which provides equipment to movie theaters, and the distribution service, which distributes films. We are steadily expanding the number of customers using our services, but installation at a major theater chain that was expected to take place during the current fiscal year has been postponed to the next fiscal year. Accordingly, the contribution to performance is expected to occur from the next fiscal year.

Q Please tell us a little more about cloud gaming.

In September 2012, we announced the world's first Wi-Fi cloud gaming console, "G-cluster," at the "Tokyo Game Show 2012." By simply connecting "G-cluster" to your television, you can enjoy games without the need to download game software. Since the game program is executed on the server, cloud gaming not only allows you to use your smartphone or tablet as a gamepad, but also makes it possible to play the same game on multiple devices. The rapid spread of smartphones and tablets therefore plays a key role in the cloud gaming that we offer. The launch of "G-cluster" is scheduled for the spring of 2013, but we will continue to release updates on service offering and game titles as needed.

As part of our ongoing preparation for cloud gaming, we acquired additional shares in G-cluster Global Corporation (hereinafter "GCG") in November 2012 to strengthen our alliance. GCG is already providing cloud gaming to two major carriers companies in France, and distributes games for game companies around the world. We intend to leverage GCG's results overseas in the cloud gaming field in Japan.

Image photos

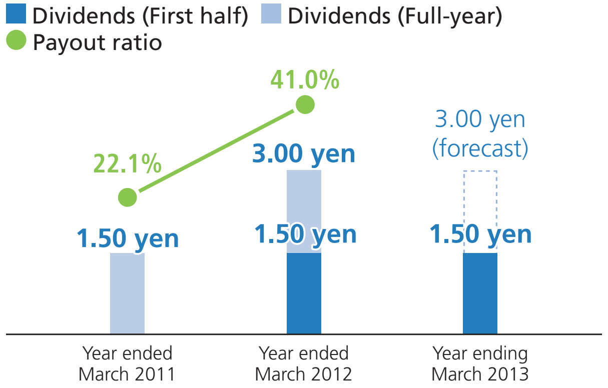
Q What is your message to the shareholders?

We have revised our full-year forecast for the current fiscal year downwards. However, the four growth engines are businesses that are indispensable to our future growth, and we will continue to press forward vigorously in these areas. Upfront expenditures and investments are expected to occur in the immediate future, but we intend to mainly reduce internal reserves for such necessary funds.

It will take a little more time before the four growth engines will contribute to earnings. Nevertheless, we intend to continue paying a dividend this year, and have distributed an interim dividend of 1.50 yen per share. We plan to pay a dividend of the same amount at the end of the fiscal year.

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

Trends in dividends and payout ratio



President & Representative Director
Taro Hashimoto

Broadmedia Business Model

Overview of Broadmedia Group's Business Model

Partners

Content-related

- Major Hollywood Studios
- TV Stations
- Content Holders
- Game Publishers

Network-related

- Telcos
- Network Equipment Manufacturers
- Electronics Manufacturers
- Technology Licensors

Broadmedia Group

Broadmedia

Content

HOLLYWOOD CHANNEL INC.
Renaissance Academy Corporation

Broadcast

Fishing Vision Co., Ltd.
Nihon Eiga Satellite Broadcasting Corporation

Studio

Broadmedia Studios Corporation

Network Sales

Technology

CDN Solutions K.K.
Digital Cinema Club, Inc.
G-cluster Global Corporation

B2C

B2B

Corporate Philosophy

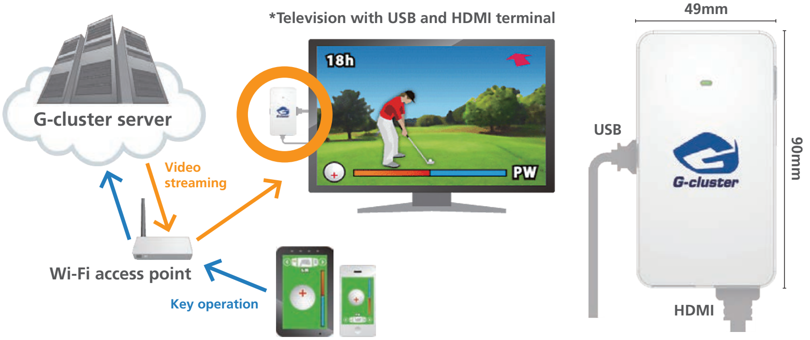
We aim to contribute to the development of a more affluent community through the dissemination of high quality products and services that are derived from creativity.

Topics

Content

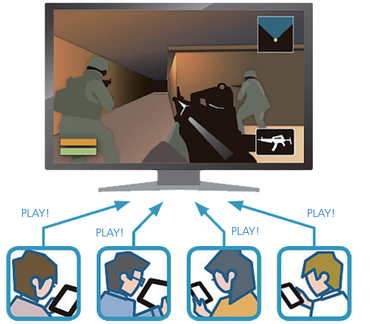
Announcing the world's first Wi-Fi cloud gaming console "G-cluster"

Simply connect "G-cluster" to your television and home Wi-Fi network to casually enjoy cloud gaming. The system uses G-cluster technology in which all programs are executed on the server, and the resulting images are video streamed to the device. Your smartphone, tablet, or computer gamepad can be used to control the game.



Offering users an experience like never before

Simultaneous play with multiple players

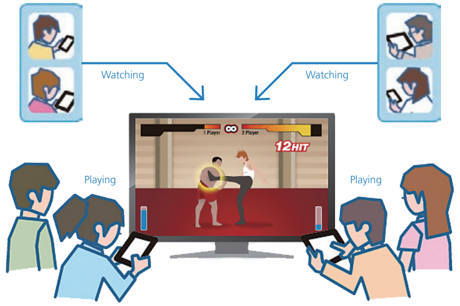


As long as the player has a smartphone, tablet, or other device that can connect to a 3G line or Wi-Fi, multiple players can join in the game simultaneously from any location. Depending on the game, the number of players can be unlimited.

Multiple devices / multiple screens

For example, in a fishing game when you swing your smartphone like a fishing rod, the television will show the hook flying toward the sea, and if you wind the reel on the smartphone screen, the battle with the fish will appear on the television. With different images displayed and controlled on each device, you can enjoy a truly dynamic gaming experience.

Shared-screen spectator mode



You can be a spectator watching other players in the game as if watching normal television. Players and spectators can share the same excitement, creating a completely new game experience.

Further information can be found on our website:

http://www.gcluster.com/eng

▶ Please take a look at the "G-cluster" promotion video.

Topics

Content

Progress of T's TV

April 24, Compatible with Panasonic's "Viera Connect"

May 9, Deployed in LG's SmartTV

June 7, Collaboration with Hitachi's Wooo smartphone application

October 12, Compatible with Sony's Blu-ray disc ™ recorder

Video streaming site "Club iT Arena" renewed as drama-based "DraMAX Arena"

Unlimited access to approximately 800 shows from Asia and other regions overseas, including Korean dramas and Chinese historical dramas, for 980 yen per month (tax included). Programs included in the monthly price can also be viewed not only on PCs, but also on smartphones and tablets. In addition to the monthly package, content is also sold individually and in sets.

http://www.dramax.jp/

Movie information site "Hollywood Channel" renewed as general entertainment site "Crank-in!"

Currently broadcasting information free of charge from six genres including films, celebrity gossip, overseas drama, and entertainment. "Crank-in!" is packed with extended interviews, original columns, photos, and videos.

In addition, the handy calendar feature allows you to see at a glance the events you are interested in, with a program guide dedicated to overseas dramas and a search function for movie listings.

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

Studio

Distribution line-up for the current fiscal year

"THE WOMAN IN BLACK"

Daniel Radcliffe, star of the "Harry Potter" series, chose this blood-curdling Gothic horror tale to launch his career in a new direction. What is the real identity of "the woman in black" who lives in a remote manor? The film recounts the fate of a young lawyer who lost his beloved wife.

Cast: Daniel Radcliffe, Ciarán Hinds, Janet McTeer

Release: Saturday, December 1, Shinjuku Piccadilly and other locations

"SHADOWS OF LOVE"

Asia's beloved star Kwon Sang Woo makes his debut on the world stage with this film. A man offers a woman 10 million yen to play the role of his fiancée for seven days. This romance begins with deception, but how will it end? A young CEO's fate hangs in the balance in this game of love.

Cast: Kwon Sang Woo, Cecilia Cheung

Release: Saturday, December 15, Shinjuku Musashino Kan and other locations

Title	Cast	Release
"JUDGE DREDD"	Karl Urban, Olivia Thirlby	Saturday, February 16, 2013, SHIBUYA TOEI, SHINJUKU TOKYU MILANO BUILDING and other locations

"SAFE"

Jason Statham, the greatest action star of today, takes on the Russian and Chinese mobs and corrupt cops in order to protect a young girl. This is Statham's best action movie yet!

Cast: Jason Statham, Catherine Chan, Chris Sarandon

Release: Saturday, October 13, Shinjuku Piccadilly and other locations

"A DANGEROUS METHOD"

Directing genius David Cronenberg portrays the legendary psychologists Jung and Freud, and their dangerous relationship with a beautiful female patient Sabina who changed their lives. A profound human drama based on a true story.

Cast: Keira Knightley, Viggo Mortensen, Michael Fassbender, Vincent Casse

Release: Saturday, October 27, TOHO Cinemas Chanter and other locations

"THE COLD LIGHT OF DAY"

With only 24 hours left, he can't tell who is on his side, or what the truth is. In this non-stop action film, a young man gets caught up in a vast international conspiracy abroad and flees for his life in unbelievably grueling circumstances.

Cast: Henry Cavill, Sigourney Weaver, Bruce Willis

Release: Saturday, October 27, Yurakucho Subaru za and other locations

Results by Segment

Content

Revenue

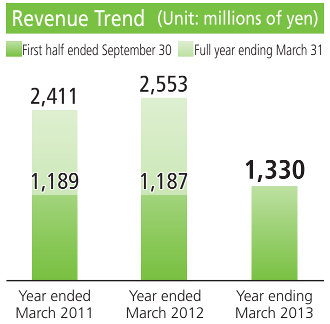
1,330 million yen

(up 12.0% YOY)

Operating profit

88 million yen

(down 47.7% YOY)



Business and Service

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

In the home entertainment field, we announced the "G-cluster" cloud gaming console at the "Tokyo Game Show 2012" and incurred expenses associated with the exhibition. In addition, in education services, the number of students has been steadily increasing at the "Renaissance High School" and "Renaissance Toyota High School."

Broadcast

Revenue

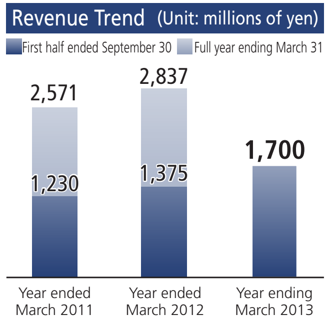
1,700 million yen

(up 23.6% YOY)

Operating profit

(67) million yen

(Operating profit in the same period of the previous fiscal year was 124 million yen)



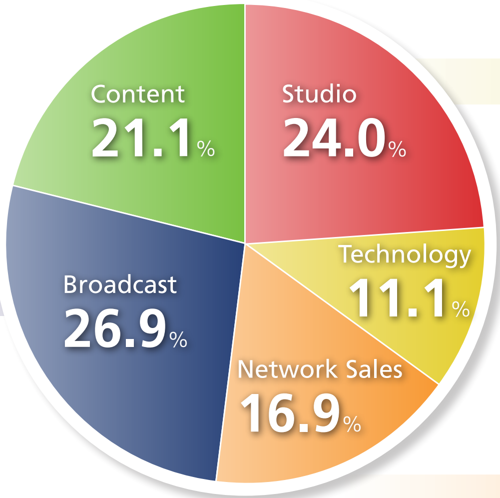
Business and Service

Fishing channel

Revenue from viewer fees is growing steadily for the "BS Fishing Vision (BS 251ch)" broadcasted from March 2012, but an operating loss has been posted due to prior expenditures that occurred as predicted.

Total Revenue

6,321 million yen



Studio

Revenue

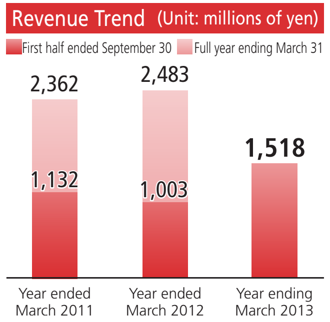
1,518 million yen

(up 51.4% YOY)

Operating profit

106 million yen

(Operating loss in the same period of the previous fiscal year was 73 million yen)



Business and Service

Production business / Program sales business / Film distribution business

In the program sales business, program sales to TV stations grew considerably. Orders recovered steadily in the production business, and DVD sales in the film distribution business were favorable.

Technology

Revenue

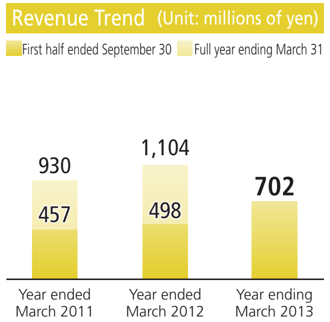
702 million yen

(up 41.0 % YOY)

Operating profit

17 million yen

(down 15.0% YOY)



Business and Service

CDN service/Digital cinema service

CDN services remained at the same level as the same period of the previous fiscal year. Digital cinema services saw steady growth in both the number of movie theaters and film distribution companies using our services, although amortization of goodwill and other costs increased in connection with Digital Cinema Club, Inc., which became a subsidiary.

Network Sales

Revenue

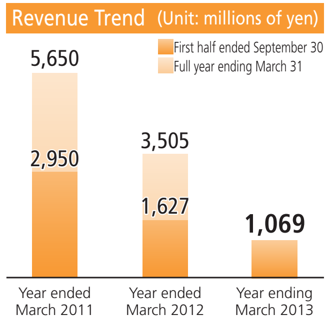
1,069 million yen

(down 34.3% YOY)

Operating profit

(94) million yen

(Operating profit in the same period of the previous fiscal year was 26 million yen)



Business and Service

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

ISP service sales dropped significantly and an operating loss was recorded.

Consolidated Financial Statements (Summary)

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

1 Total assets
Although lease assets were up, total assets declined by 2.7% compared to the end of the previous fiscal year due mainly to a decrease in cash deposits, notes and accounts receivable-trade, and program rights.

2 Total liabilities
Despite increase in lease obligations, total liabilities were down 2.7% compared to the end of the previous fiscal year mainly reflecting a decrease in trade accounts payable and short-term loans payable.

3 Total net assets
Total net assets declined by 2.8% compared to the end of the previous fiscal year mainly due to posting a net loss of 99 million yen in addition to paying a dividend from surplus. The equity ratio stood at 58.4%.

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
	[Assets]		
	Current assets	6,763	7,391
	Fixed assets	4,724	4,420
1	Total assets	11,487	11,811
	[Liabilities]		
	Current liabilities	2,570	2,991
	Fixed liabilities	1,653	1,350
2	Total liabilities	4,223	4,342
	[Net Assets]		
	Shareholders' equity	6,697	6,901
	Accumulated other comprehensive income	16	18
	Minority interests	550	549
3	Total net assets	7,263	7,469
	Total liabilities and net assets	11,487	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
4	Revenue	6,321	5,692
	Cost of goods sold	4,250	3,606
	Gross profit on revenue	2,071	2,085
	Selling, general and administrative expenses	2,020	1,817
5	Operating profit	50	267
6	Recurring profit	(79)	339
	Net income	(99)	131

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
7	Cash flows from operating activities	63	75
8	Cash flows from investing activities	(970)	(321)
9	Cash flows from financing activities	186	79
	Cash and cash equivalents at end of the period	2,758	2,773

4 Revenue
Revenue rose 11.1% compared to the same period of the previous fiscal year due to increased earnings in the other four segments which offset the drop in earnings in "Network Sales."

5 Operating profit
Operating profit declined 81.0% compared to the same period of the previous fiscal year, due to a drop in income in "Content" and "Technology" in addition to 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 associated with lease obligations and equity in losses of affiliates.

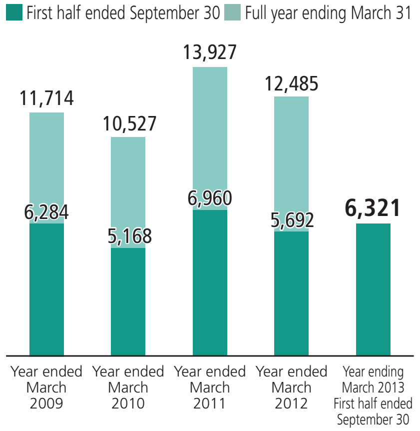
7 Cash flows from operating activities
Despite posting of a net loss before income taxes, net cash provided by operating activities was 63 million yen due mainly to recording of depreciation and amortization as well as decreases in accounts receivable and inventories.

8 Cash flows from investing activities
Net cash used in investing activities was 970 million yen, reflecting factors such as purchase of fixed assets and making term deposits.

9 Cash flows from financing activities
Net cash provided by financing activities was 186 million yen due to factors including income from sale and lease back despite repayment of short-term loans payable and lease obligations as well as payment of dividends.

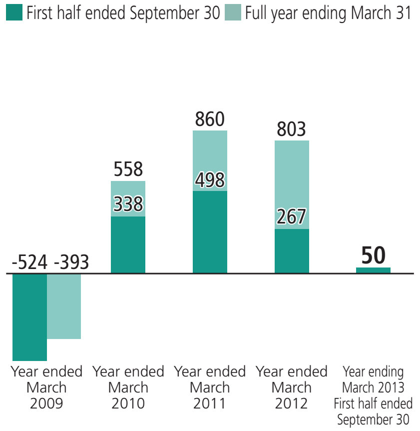
Revenue

(Unit: millions of yen)



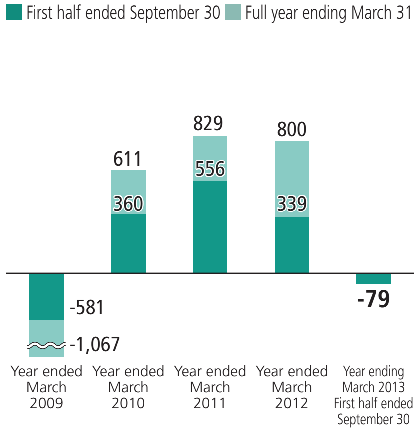
Operating Profit

(Unit: millions of yen)



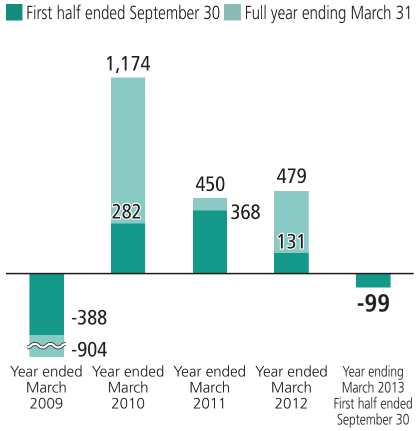
Recurring Profit

(Unit: millions of yen)



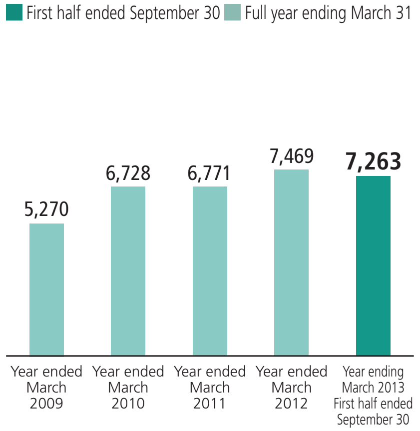
Net Profit

(Unit: millions of yen)



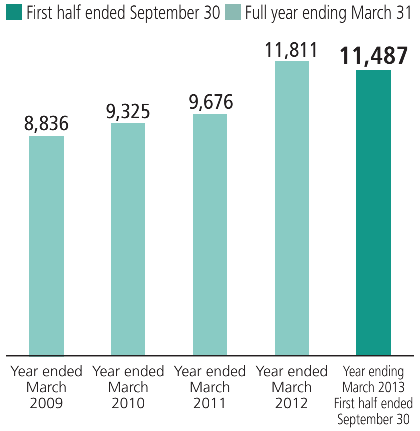
Net Assets

(Unit: millions of yen)



Total Assets

(Unit: millions of yen)



Company Information

(as of September 30, 2012)

Company Profile

Company Name	Broadmedia Corporation
Established	September 5, 1996
Paid-in Capital	2,666,633 (thousands of yen)
Employees	62 (consolidated 389)
URL	http://www.broadmedia.co.jp/

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 Shiraishi*
Executive Director	Ryuichiro Hisamatsu	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.

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/

The Hollywood Channel distributes the latest entertainment news and information with a focus on movies and foreign dramas, and is offering distribution services of foreign dramas and other videos for personal computers, smartphones, and mobile phones. 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

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

Stock Information

(as of September 30, 2012)

Stock Information

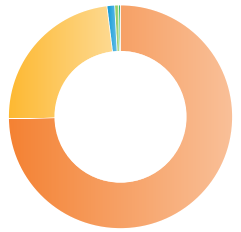
Number of shares authorized	128,000,000 shares
Number of issued shares	66,723,516 shares
Number of shareholders	4,830

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.

Distribution of Shareholders



	Shares held (thousands)	Shareholding ratio (%)
Other Japanese institutions	49,909	74.80
Individuals and others	15,534	23.28
Japanese securities companies	859	1.29
Japanese financial institutions	368	0.55
Overseas institutions	51	0.08

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) 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	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 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.

*1 Payments of dividends unclaimed are handled solely at the head office and all branches nationwide of Mizuho Bank, Ltd.
*2 Mizuho Investors Securities Co., Ltd. will become Mizuho Securities Co., Ltd. as of January 4, 2013 due to a merger.