



April 22, 2016

Press Release

Head office address 8-4-14 Akasaka, Minato-ku, Tokyo
 Company name Broadmedia Corporation (Code: 4347)
 Representative Representative CEO Taro Hashimoto
 Contact for inquiries Executive Director CFO Hideaki Oshio

Notice of Dissolution of an Equity-Method Affiliate

Broadmedia Corporation (hereinafter referred to as “the Company”) announces that G-cluster Global Corporation (hereinafter referred to as “GCG”), an equity-method affiliate of the Company, passed a resolution for dissolution at its extraordinary shareholders’ meeting held on April 22, 2016.

1. Reason for Dissolution

GCG provided cloud gaming services in collaboration with operators in Europe, Japan and other countries. However, expenses relating to technical development and operations increased and even though GCG cut costs when possible, it continued to operate at a loss. GCG also explored the possibility of additional financing, but found that there was no prospect of this in the short term. In view of these circumstances and after much careful discussion with shareholders, GCG judged that it would be difficult to remain in business any longer and, today, a resolution approving its dissolution was passed. The effective date of dissolution is May 23, 2016.

2. Outline of the Dissolving Equity-Method Affiliate

(1)	Name	G-cluster Global Corporation	
(2)	Address	8-4-14 Akasaka, Minato-ku, Tokyo	
(3)	Name and title of representative	Erik Piehl, President and Representative Director	
(4)	Business descriptions	Provision of cloud gaming services using unique patented G-cluster technology	
(5)	Paid-in capital	2,673 million yen	
(6)	Establishment	October 1, 2007	
(7)	Relationships between the Company and GCG	Capital relationship	The Company holds 35.4% of the total outstanding shares of GCG.
		Human relationship	Two directors and one employee of the Company serve concurrently as directors of GCG, and one employee of the Company serves concurrently as an auditor of GCG.
		Business relationship	The Company executed a business collaboration agreement with GCG and provided cloud gaming services.

	Related party relationship	GCG is an equity-method affiliate of the Company and is, therefore, a Related Party of the Company.
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3. Planned Schedule

April 22, 2016: Resolution for dissolution at GCG's extraordinary shareholders' meeting

May 23, 2016: Effective date of dissolution

4. Losses in Connection with Dissolution

Losses in connection with dissolution will be insignificant.

5. Outlook for the Future

GCG will cease operating when its dissolution takes effect on May 23, 2016, but Broadmedia GC Corporation (formerly named Clarinet), a wholly owned subsidiary of the Company, is holding discussions with GCG with a view to taking over the technologies, etc. owned by GCG.

Meanwhile, Broadmedia GC Corporation will also hold discussions with the IPTV operators and cable operators in Japan to which GCG provides services, game licensors, and others to enable it to take over GCG's cloud gaming business operations in Japan and Asia.

At the same time, for services in Europe, Broadmedia GC Corporation plans to pursue discussions with IPTV operators, etc. to enable them to continue providing the services under technology license agreements.

The Company will update information after detailed plans are determined.

Given that GCG previously reported consecutive losses, regardless of the dissolution outlined above, the Company expects to record equity in losses of affiliates of 210 million yen and a provision for allowance for doubtful accounts relating to loans to GCG of 169 million yen under extraordinary losses in its consolidated financial statements for the fiscal year ended March 31, 2016.

After dissolution of GCG, the Company's results will no longer have the negative effects described above, and the Company, therefore, expects that ordinary income and net income attributable to the owners of the parent company in its consolidated financial results will reflect a reduction in losses.

The Company plans to announce its consolidated financial results forecast for the fiscal year ending March 31, 2017, factoring in the expected impact of the dissolution of GCG and the acquisition of its technology, etc. described above, on April 28, 2016.

Reference: Consolidated financial results forecast for the current fiscal year (announced on April 22, 2016)
and consolidated financial results for the previous fiscal year

	Consolidated revenue	Consolidated operating income	Consolidated ordinary income	Net income attributable to the owners of the parent company
Consolidated financial results forecast for the current fiscal year (fiscal year ending March 2016)	12,117	71	Δ198	Δ1,082
Consolidated financial results for the previous fiscal year (fiscal year ended March 2015)	11,918	Δ1,147	Δ2,358	Δ2,580

For inquiries regarding this press release:

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