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Press Release

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Notice of Decision on Members of the Third-Party Committee

Broadmedia Corporation (hereinafter referred to as the “Company”) announced today that the Company completed on the same day the selection of the members of a third-party committee announced in an earlier press release on April 13, 2018 titled “Notice of Establishment of a Third-Party Committee.” Details are as follows.

1. Overview of the Establishment of a third-party committee

The Internal Investigation Committee established by the Company undertook an investigation into the damages from fictitious transactions suffered by Fishing Vision Co., Ltd. (hereinafter referred to as “Fishing Vision”), a consolidated subsidiary of the Company, as reported in a press release dated January 30, 2018 titled “Broadmedia Corporation Announced Damages from Fictitious Transactions Suffered by Consolidated Subsidiary and Postponement of Announcement of Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2018” and another press release dated March 14, 2018 titled “Notice of Current Status Related to Damages from Fictitious Transactions Suffered by a Consolidated Subsidiary.”

The Internal Investigation Committee reported to the Company that the Committee did not confirm any insider involvement in the damages from fictitious transactions as described in the press release “Notice of Status of Investigation into Damages from Fictitious Transactions Suffered by a Consolidated Subsidiary” dated April 13, 2018. However, an insider who had completed interviews and investigations by the Internal Investigation Committee reported to the Company that additional investigations of the directors of the Company should be undertaken.

The Company understands that the Internal Investigation Committee performed necessary and sufficient investigations. However, the Company judges that the scope of the investigations must be expanded more cautiously after repeating the examinations of the possibility mentioned in the report concerned that its directors may have been aware of the fictitious transactions. This judgment led the Company to its decision to establish a third-party committee to conduct additional investigations.

The Company hereby announced the formal establishment of the third-party committee with the completion of the selection of its members today.

2. Objectives of the third-party committee

- (1) Examination of the possibility that the directors of the Company were aware of the damages from fictitious transactions suffered by Fishing Vision
- (2) Examination of the presence or absence of transactions and the like similar to the fictitious transactions stated above
- (3) Investigation of other matters the third-party committee considers as necessary

3. Composition of the third-party committee

The Company selected the members of the third-party committee as stated below in consultation with its outside director and outside auditors. In selecting these members of the third-party committee, the Company followed Guidelines for a Third-Party Committee in Corporate and Other Scandals established by the Japan Federation of Bar Associations. None of the following third-party committee members has interest in the Company. There is no factor that may impede the independence and neutrality of the third-party committee, either.

Committee chairman: Takeshi Motomura (lawyer, Iwata Godo)

Committee Vice-chairman: Yoshiyuki Wada (certified public accountant, Wada Accounting Office)

Committee member: Kenji Kawae (certified public accountant, Kenji Kawae Accounting Office)

Committee member: Akihiro Tozawa (lawyer, T & K Law Office)

4. Future schedule

The Company will cooperate fully in investigations to be conducted by the third-party committee. The third-party committee is scheduled to submit a report on its investigations to the Company with the end of May 2018 as the target. The Company will disclose the investigative report promptly following its receipt.

The Company will make prompt disclosure in cases where any change occurs to the timing for receiving the investigative report.

The Company offers its sincerest apologies to shareholders, customers and other stakeholders for causing those significant difficulties and concerns.

End

For inquiries regarding this press release:

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