(Translation from Japanese disclosure to JASDAQ)

July 27, 2010
[U.S. GAAP]

Consolidated Quarterly Financial Results Release

For the Six Months Ended June 30, 2010

Jupiter Telecommunications Co., Ltd. (Consolidated)

Company code number: 4817 (URL http://www.jcom.co.jp/)
Shares traded: JASDAQ
Executive position of legal representative: Tomoyuki Moriizumi, President & CEO
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Expected date of filing of Quarterly report: August 12, 2010 Expected date of dividend payment: September 8, 2010
Supplementary material for quarterly financial results: Yes
Briefing meeting for quarterly financial results: Yes (for institutional investors and analysts)

(Fractional amounts rounded)

1. Consolidated operating results (From January 1, 2010 to June 30, 2010)

(1) Consolidated financial results

	Revenue		Operating income		Income before noncontrolling interests and income taxes	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended June 30, 2010	177,538	9.3	32,901	8.2	31,154	9.9
Six months ended June 30, 2009	162,478	13.0	30,398	19.5	28,353	19.6

	Net income attributable to J:COM shareholders		Net income attributable to J:COM shareholders per share(basic)	Net income attributable to J:COM shareholders per share(diluted)
	(Millions of yen)	%	(Yen)	(Yen)
Six months ended June 30, 2010	20,224	41.3	2,934.20	2,929.59
Six months ended June 30, 2009	14,309	9.5	2,086.06	2,085.72

(Note) The percentages shown next to revenue, operating income, income before noncontrolling interests and income taxes and net income attributable to J:COM shareholders represent year-on-year changes.

(2) Consolidated financial position

	Total assets	Total shareholders' equity	J:COM shareholders' equity	Equity capital ratio to total assets	J:COM shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	%	(Yen)
June 30, 2010	818,549	412,646	396,606	48.5	57,313.49
December 31, 2009	801,657	389,591	374,902	46.8	54,649.54

2. Dividend information

	Annual cash dividend (Yen)				
	End of the first quarter	End of the second quarter	End of the third quarter	Year- end	Annual cash dividend
Year ended December 31, 2009	—	490.00	—	490.00	980.00
Year ending December 31, 2010	—	600.00			
Year ending December 31, 2010 (forecasts)			—	900.00	1,500.00

(Note) Change in forecast of dividends during the six months ended June 30, 2010: Yes

3. Consolidated forecasts for December 2010 term (from January 1, 2010 to December 31, 2010)

	Revenue		Operating income		Income before noncontrolling interests and income taxes		Net income attributable to J:COM shareholders		Net income attributable to J:COM shareholders per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Annual	357,000	7.0	66,500	8.7	62,000	7.2	36,500	19.9	5,284.75

(Note) The percentages shown next to revenue, operating income, income before noncontrolling interests and income taxes and net income attributable to

J:COM shareholders represent year-on-year changes.

Change in forecast for the fiscal year ending December 31, 2010 during the six months ended June 30, 2010: Yes

4. Other

(1) Changes of significant consolidated subsidiaries : None

(2) Adoption of simplified method or specific method to quarterly consolidated financial statements: None

(3) Change in significant accounting policies, procedures and presentation in quarterly consolidated financial statements:

- (i) Changes due to revision of accounting standards and other regulations : None
- (ii) Others : None

(4) Outstanding shares

- (i) Number of issued shares at end of term (consolidated):
  As of June 30, 2010: 6,947,813 shares As of December 31, 2009: 6,940,110 shares
- (ii) Number of treasury stock:
  As of June 30, 2010: 27,885 shares As of December 31, 2009: 80,000 shares
- (iii) Number of weighed average stock:
  Six months ended June 30, 2010: 6,892,438 shares Six months ended June 30, 2009: 6,859,120 shares

(Status of quarterly review procedures)

This quarterly financial results release is outside the scope of quarterly review procedures based on Japan's Financial Instruments and Exchange Law.

At the time of publication of this quarterly financial results release, the review procedures for the quarterly financial statements based on the Financial Instruments and Exchange Law were incomplete.

(Cautionary note regarding future-related information)

The forecasts contained in this report have been prepared on the basis of information that is currently available. Because such estimates are inherently very uncertain, actual results may differ from the forecasts. The Company does not guarantee that it will achieve these estimated results and advises readers to refrain from depending solely on these forecasts. Readers should also note that the Company is under no obligation to revise this information on a regular basis.

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1. Qualitative Information Regarding the Financial Results for the Six Months ended June 30, 2010

(1) Qualitative Information Regarding Consolidated Financial Results

(i) Summary

Throughout the second quarter (January 1 to June 30, 2010) of the fiscal year ending December 31, 2010, the pay multi-channel broadcast market remained weak. Under these circumstances, Jupiter Telecommunications Co., Ltd. ("J:COM" or "the Company") continued to face fierce competition from major telecommunications firms and other companies.

Taking the aforementioned operating conditions into consideration, the J:COM Group (J:COM together with its consolidated subsidiaries) steadily pursued its Volume strategy, which aims to increase the number of service subscribing households, together with its Value strategy, which strives to improve the monthly average revenue per unit (ARPU), as well as its Content strategy, which focuses on enhancing its programming quality.

In addition, in an effort to further bolster corporate value, J:COM, following a resolution of its Board of Directors at a meeting held on June 10, 2010, concluded a memorandum of understanding for the commencement of consideration of the formation of an alliance among the Company, Sumitomo Corporation and KDDI Corporation. Under the memorandum of understanding, the companies have set up four working groups covering (1) the telecom business and product collaboration, (2) the media business, (3) the CATV business, and (4) technology and infrastructure; and have been examining the details of various measures designed to achieve business synergies.

As a result of the above, the total number of subscribing households(the number of households that subscribe to one or more services)as of June 30, 2010 rose by 119,000（4％) year-on-year to 3,338,200 households. By type of service, cable television subscribers as of June 30, 2010 rose by 35,900(1%) year-on-year to 2,610,500 households. Of this total, the number of J:COM TV Digital subscribers rose by 327,600(15%) to 2,506,000 households, accounting for 96% of all cable television subscribers as compared to 85% at June 30, 2009. The number of high-speed Internet access and telephony services subscribers increased 103,400（7％)and 190,700（11％）respectively as compared to June 30, 2009, rising to 1,639,800 households and 1,856,900 households, respectively as of June 30, 2010.

ARPU for the six months ended June 30, 2010, slightly declined by ¥31 from ¥7,717 to ¥7,686 compared to the same period of the previous fiscal year. The bundle ratio (number of services subscribed to per subscribing household) increased from 1.79 as of June 30, 2009 to 1.83 as of June 30, 2010. The average monthly churn rates for our cable television, high-speed Internet access and telephony services averaged 1.26%, 1.32%, and 0.88% for the six months ended June 30, 2010 compared to1.16%, 1.35% and 0.87% for the six months ended June 30, 2009. The average monthly churn rates of total services for the six months ended June 30, 2010 rose by 0.04 percentage points compared to the same period of the previous fiscal year to 1.16%.

Total revenue for the six months ended June 30, 2010 amounted to ¥177,538 million, a year-on-year increase of 9%. Operating income and net income attributable to J:COM shareholders for the six months ended June 30, 2010 increased 8% and 41% respectively to ¥32,901 million and ¥20,224 million.

(ii) Overview of Business Results

In its Volume strategy, the Company has positioned efforts to "broaden its subscriber base" as its important priority for the fiscal year under review. To this end, J:COM has implemented a variety of measures.

First, the Company has worked to stimulate demand in tune with the migration toward the complete changeover to terrestrial digital broadcasting scheduled on July 24, 2011. Harnessing the benefits of its cable television services, which will allow viewers to continue watching terrestrial broadcasting with non-digital television sets even after the termination of analog broadcasting, J:COM completed the introduction of its "Terrestrial Digital and BS Pack" across of all its service areas in April 2010. This new packaged service combines high-speed Internet access and telephony services on either an individual or collective basis with retransmission services of terrestrial digital and BS digital broadcasts. Turning to initiatives aimed at acquiring communal reception households*, J:COM has successfully reached agreements to provide terrestrial retransmission services with companies within its current service area to a cumulative total of approximately 780,000 households. This is out of a potential market total of 1,320,000 households. At the same time, the Company pursued negotiations with newly contracted households with respect to its pay services. Thanks to these endeavors, J:COM acquired approximately 40,000 revenue generating units (RGUs) for the six months ended June 30, 2010.

Secondly, the Company strove to reach and expand a new target audience. Responding to demand in the growing single-person household and youth market, and recognizing that viewing patterns and behavior have diversified recently, reflecting changes in lifestyles, J:COM launched a new service on June 1, 2010. This new service is “J:COM TV My style”. This service combines the video on demand “J:COM on Demand” service into the aforementioned “Terrestrial Digital and BS Pack” package. Customers that use the “J:COM TV My style” package can enjoy around 25,000 titles of wide-ranging programs including such genres as movies, dramas and animations at a time of their own convenience. With this service, J:COM is confident that providing the J:COM on Demand service that allows customers to enjoy a wide variety of programs will stimulate interest in J:COM TV including thematic channels. In this manner, the Company will continue to cultivate a new viewing audience.

Thirdly, the J:COM Group strove to increase subscribing household numbers by expanding its service area. In this context, steps were completed at the end of April 2010 to introduce the Company’s services to all six systems under former Mediatti Communications, Inc., a company that was included in the Group’s scope of consolidation as a subsidiary in December 2008. In addition, J:COM’s consolidated subsidiary CableNet KOBE ASHIYA Co., Ltd., acquired Kobe Cable Vision operated by the Kobe City Development & Management Foundation on April 1, 2010, while consolidated subsidiary Edogawa Cable TV Co., Ltd., acquired Cable Vision Kasai from Tokyo Cable Vision on June 1,2010.

Turning to the Group’s Value strategy, J:COM endeavored to increase the number of subscribers to its “Blu-ray HDR” service. This service allows Blu-ray disc format recording and playback on “HDR,” which is itself a set-top box that enables the recording of high definition (HD) broadcasts to an internal disk drive. Moreover, with regard to its VOD services, the Company implemented a series of initiatives to enhance attractiveness and broaden the Group’s user base. From April 16, 2010, for example, the J:COM Group commenced delivery of 3D (3-dimensional) programming content through its VOD system. In addition to delivering movies prior to their screening at theaters, the Group also conducted previews exclusive to VOD subscribers. In the field of telecommunication services, J:COM continued to promote its 160 Mbps super high-speed Internet access service mainly for households that prefer even higher speeds.

In its Content strategy, J SPORTS, operated by consolidated subsidiary J SPORTS Broadcasting Corporation, Japan’s largest sports channel, completed the introduction of HD programming to its all four channels to promote HD programming under the Company’s Content strategy in March 2010. GOLF NETWORK, a specialized golf channel operated by consolidated subsidiary Jupiter Golf Network Co., Ltd., also started HD broadcasting from June 1, 2010.

* Communal reception households are defined as households that receive terrestrial broadcasts through communal reception facilities, which were set up to solve poor reception in shadow areas created by buildings, transmission lines and related structures.

(iii) Profit and Loss

In the following discussion, we quantify the acquisition impact, which represents the effect by consolidating an acquired entity on our results of operations during the first twelve months following the acquisition date. We represent changes that exclude the impact of acquisitions as changes at existing consolidated subsidiaries. Included as acquisition impacts in the below discussion of cumulative consolidated business results are J SPORTS Broadcasting Corporation and its subsidiary, consolidated in October 2009, Suzuran Cable System transferred from the Keihanshin Cable Vision Foundation to J:COM consolidated subsidiary CableNet KOBE ASHIYA Co., Ltd. on February 1, 2010, Kobe Cable Vision, transferred from Kobe City Development & Management Foundation to CableNet KOBE ASHIYA Co., Ltd. on April 1, 2010, and Cablevision Kasai transferred from Tokyo Cablevision to J:COM consolidated subsidiary Edogawa Cable TV Co., Ltd. on June 1, 2010.

Total revenue increased by ¥15,060 million, or 9%, from ¥162,478 million for the six months ended June 30, 2009 to ¥177,538 million for the six months ended June 30, 2010. This increase includes ¥6,974 million that is attributable to the aggregate impact of acquisitions. Excluding the impact of acquisitions, total revenue at existing consolidated subsidiaries increased by ¥8,086 million, or 5%. Subscription fees increased by ¥5,185 million, or 4%, from ¥142,358 million for the six months ended June 30, 2009 to ¥147,543 million for the six months ended June 30, 2010. This increase includes ¥306 million that is attributable to the aggregate impact of acquisitions. Excluding the impact of acquisitions, subscriptions at existing subsidiaries increased by ¥4,879 million, or 3%.

Cable television subscription fees increased by ¥2,475 million, or 3%, from ¥77,322 million for the six months ended June 30, 2009 to ¥79,797 million for the six months ended June 30, 2010. The increase in cable television subscription fees is mainly attributable to an increase in the number of consolidated subsidiary subscribing households as well as having 96% of cable television subscribers receiving digital service as of June 30, 2010, compared to 85% as of June 30, 2009.

High-speed Internet access subscription fees increased by ¥1,608 million, or 4%, from ¥41,426 million for the six months ended June 30, 2009 to ¥43,034 million for the six months ended June 30, 2010. The increase in high-speed Internet access subscription fees is due largely to an increase in the number of consolidated subsidiary subscribing households, which is partly offset by increased product bundling discounts.

Telephony subscription fees increased by ¥1,102 million, or 5%, from ¥23,610 million for the six months ended June 30, 2009 to ¥24,712 million for the six months ended June 30, 2010. The increase in telephony subscription fees is primarily the result of an increase in the number of consolidated subsidiary subscribing households, which is partly offset by increased product bundling discounts and lower call volumes.

Turning to existing consolidated subsidiary subscription fees by type of service, the rates of increase for the six months ended June 30, 2010 were 3%, 4% and 5% for cable television, high-speed Internet access and telephony service, respectively.

Other revenue increased by ¥9,875 million, or 49%, from ¥20,120 million for the six months ended June 30, 2009 to ¥29,995 million for the six months ended June 30, 2010. The main factor for this increase is attributable to the aggregate impact of acquisitions totaling ¥6,668 million.

Operating and programming costs increased by ¥5,818 million, or 10%, from ¥59,642 million for the six months ended June 30, 2009 to ¥65,460 million for the six months ended June 30, 2010. This increase is largely due to the aggregate impact of acquisitions of ¥4,894 million. Selling, general and administrative expenses increased by ¥3,484 million, or 11%, from ¥33,017 million for the six months ended June 30, 2009 to ¥36,501 million for the six months ended June 30, 2010. This mainly reflects increases in advertising costs in connection with large-scale sales promotions and other initiatives, higher personnel costs, and the aggregate impact of acquisitions totaling ¥790 million.

Depreciation and amortization expenses increased ¥3,255 million, or 8%, from ¥39,421 million for the six months ended June 30, 2009 to ¥42,676 million for the six months ended June 30, 2010. This increase is largely attributable to additions to fixed assets related to the installation of services to new customers and the aggregate impact of acquisitions totaling ¥623 million.

Operating income, as a result of the above items, increased by ¥2,503 million, or 8%, from ¥30,398 million for the six months ended June 30, 2009 to ¥32,901 million for the six months ended June 30, 2010.

Interest expense, net decreased by ¥12 million, from ¥2,524 million for the six months ended June 30, 2009 to ¥2,512 million for the six months ended June 30, 2010.

Income before noncontrolling interests and income taxes increased by ¥2,801 million, or 10%, from ¥28,353 million for the six months ended June 30, 2009 to ¥31,154 million for the six months ended June 30, 2010. Net income attributable to J:COM shareholders increased by ¥5,915 million, or 41%, from ¥14,309 million for the six months ended June 30, 2009 to ¥20,224 million for the six months ended June 30, 2010. This is due to such factors as a decrease in tax expenses resulting from the decision to liquidate subsidiaries that were intermediary holding companies.

(2) Qualitative Information Regarding Consolidated Financial Position

(i) Assets, Liabilities and Shareholders' Equity
Total assets increased by ¥16,892 million, from ¥801,657 million as of December 31, 2009 to ¥818,549 million as of June 30, 2010. The increase is primarily due to higher cash and cash equivalents on the back of cash provided from operations and the exercise of stock options.

Total liabilities decreased by ¥6,163 million from ¥412,066 million as of December 31, 2009 to ¥405,903 million as of June 30, 2010. The decrease is largely the result of debt repayments and lower deferred tax liabilities.

Total J:COM shareholders' equity increased by ¥21,704 million from ¥374,902 million as of December 31, 2009 to ¥396,606 million as of June 30, 2010. The increase is mainly due to the upswing in net income attributable to J:COM shareholders for the six months ended June 30, 2010, as well as the decrease in treasury stock allocated as a result of the exercise of stock options.

(ii) Cash Flows
For the six months ended June 30, 2010, the net cash provided by operating activities of ¥60,039 million was used to fund net cash used in our investing and financing activities of ¥25,424 million and ¥15,173 million, respectively. Accounting for the aforementioned activities, cash and cash equivalents increased by ¥19,442 million from ¥64,426 million as of December 31, 2009 to ¥83,868 million as of June 30, 2010.

Cash Provided by Operating Activities.
Net cash provided by operating activities increased by ¥2,537 million, from ¥57,502 million for the six months ended June 30, 2009 to ¥60,039 million for the six months ended June 30, 2010. The increase in revenue was partially offset by a decrease in deferred taxes.

Cash Used in Investing Activities.
Net cash used in investing activities increased by ¥2,171 million, from ¥23,253 million for the six months ended June 30, 2009 to ¥25,424 million for the six months ended June 30, 2010. The net cash used for the six months ended June 30, 2010 primarily consisted of ¥24,580 million for capital expenditures.

Cash Used in Financing Activities.

Net cash used in financing activities decreased by ¥884 million, from ¥16,057 million for the six months ended June 30, 2009 to ¥15,173 million for the six months ended June 30, 2010. The net cash used for the six months primarily consisted of ¥10,868 million principal payments under capital lease obligations, ¥3,361 million of dividends paid to shareholders and ¥6,190 million principal payments of long-term debt. This was partially offset by ¥616 million of proceeds from the issuance of common stock and ¥4,117 million of allocation of treasury stock relating to the exercise of stock options.

(3) Qualitative Information Regarding Consolidated Business Results Forecasts

The consolidated business results forecasts for the fiscal year ending December 31, 2010 announced on January 28, 2010, included in the Company’s Consolidated Annual Financial Results Release for the fiscal year ended December 31, 2009 have been revised as shown below.

	Revenue	Operating income	Income before noncontrolling interests and income taxes	Net income attributable to J:COM shareholders	Net income attributable to J:COM shareholders per share
Previous forecast (A)	(Millions of yen) 357,000	(Millions of yen) 66,500	(Millions of yen) 62,000	(Millions of yen) 32,500	(Yen) 4,737.53
Current forecast (B)	357,000	66,500	62,000	36,500	5,284.75
Change (B-A)	—	—	—	4,000	—
Percentage change (%)	—	—	—	12.3	—
Reference: Financial results for the fiscal year ended December 31, 2009	333,724	61,159	57,834	30,453	4,439.56

J:COM decided to liquidate two intermediary holding companies (both consolidated subsidiaries) for J SPORTS Broadcasting Corporation. On the taxation front, the Company will incur loss on extinction for shares, and this has resulted in a decrease of ¥4.1 billion in tax expenses in the consolidated financial results.
As a result, net income attributable to J:COM shareholders for the fiscal year ending December 31, 2010 is expected to increase, so the Company has revised its forecast results.

2. Other Information

(1) Changes of significant consolidated subsidiaries

None

(2) Adoption of simplified method or specific method to quarterly consolidated financial statements

None

(3) Change in significant accounting policies, procedures and presentation in quarterly consolidated financial statements

(i) Changes due to revision of accounting standards and other regulations: None

(ii) Others: None

3. Consolidated Quarterly Financial Statements

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES
(1) CONSOLIDATED QUARTERLY STATEMENTS OF INCOME

(YEN IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)

Account	**Six months ended June 30, 2010**	Six months ended June 30, 2009	Change		Year ended December 31, 2009
	Amount	Amount	Amount	(%)	Amount
Revenue:					
Subscription fees	147,543	142,358	5,185	3.6	287,736
Other	29,995	20,120	9,875	49.1	45,988
	177,538	162,478	15,060	9.3	333,724
Operating costs and expenses :					
Operating and programming costs	(65,460)	(59,642)	(5,818)	(9.8)	(123,050)
Selling, general and administrative expenses	(36,501)	(33,017)	(3,484)	(10.6)	(66,341)
Depreciation and amortization	(42,676)	(39,421)	(3,255)	(8.3)	(83,174)
	(144,637)	(132,080)	(12,557)	(9.5)	(272,565)
Operating income	32,901	30,398	2,503	8.2	61,159
Other income (expenses) :					
Interest expense, net:					
Related parties	(834)	(835)	1	0.1	(1,693)
Other	(1,678)	(1,689)	11	0.6	(3,479)
Equity in earnings of affiliates	358	207	151	72.7	599
Other income, net	407	272	135	49.8	1,248
Income before noncontrolling interests and income taxes	31,154	28,353	2,801	9.9	57,834
Income tax expense	(9,312)	(12,662)	3,350	26.5	(24,579)
Net income	21,842	15,691	6,151	39.2	33,255
Less: Net income attributable to noncontrolling interests	(1,618)	(1,382)	(236)	(17.1)	(2,802)
Net income attributable to J:COM shareholders	20,224	14,309	5,915	41.3	30,453
Per share data					
Net income attributable to J:COM shareholders per share					
– basic	¥2,934.20	¥2,086.06	¥848.14	40.7	¥4,439.56
– diluted	¥2,929.59	¥2,085.72	¥843.87	40.5	¥4,438.57
Weighted average number of ordinary shares outstanding (share)					
– basic	6,892,438	6,859,120	33,318	0.5	6,859,388
– diluted	6,903,272	6,860,230	43,042	0.6	6,860,910

(Note) Percentages are calculated based on amounts before rounded in Change column.

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

(2) CONSOLIDATED QUARTERLY BALANCE SHEETS

(YEN IN MILLIONS)

Account	June 30, 2010	December 31, 2009	Change
	Amount	Amount	Amount
Current assets:			
Cash and cash equivalents	83,868	64,426	19,442
Accounts receivable	15,668	16,507	(839)
Allowance for doubtful accounts	(479)	(475)	(4)
Deferred tax assets - current	10,192	10,577	(385)
Prepaid expenses and other current assets	11,994	7,480	4,514
Total current assets	121,243	98,515	22,728
Investments:			
Investments in affiliates	9,263	9,122	141
Investments in other securities, at cost	2,143	2,143	—
Total investments	11,406	11,265	141
Property and equipment, at cost:			
Land	3,966	3,924	42
Distribution system and equipment	699,690	676,853	22,837
Support equipment and buildings	56,322	54,389	1,933
	759,978	735,166	24,812
Less accumulated depreciation	(387,046)	(357,161)	(29,885)
Total property and equipment	372,932	378,005	(5,073)
Other assets:			
Goodwill	248,323	248,094	229
Identifiable intangible assets, net	43,949	46,029	(2,080)
Deferred tax assets – non current	5,126	4,566	560
Other	15,570	15,183	387
Total other assets	312,968	313,872	(904)
Total assets	818,549	801,657	16,892

(YEN IN MILLIONS)

Account	June 30, 2010 Amount	December 31, 2009 Amount	Change Amount
Current liabilities:			
Short-term loans	7,145	7,618	(473)
Long-term debt–current portion	7,824	12,353	(4,529)
Capital lease obligations–current portion:			
Related parties	16,849	16,620	229
Other	2,392	2,939	(547)
Accounts payable	27,139	25,616	1,523
Income taxes payable	12,385	11,323	1,062
Deposit from related parties	5,544	5,133	411
Deferred revenue – current portion	8,201	8,383	(182)
Accrued expenses and other liabilities	12,104	11,384	720
Total current liabilities	99,583	101,369	(1,786)
Long-term debt, less current portion	156,474	158,135	(1,661)
Corporate Bond, less current portion	10,000	10,000	—
Capital lease obligations, less current portion:			
Related parties	38,442	38,520	(78)
Other	4,849	5,709	(860)
Deferred revenue	59,551	60,048	(497)
Deferred tax liabilities – non current	12,348	15,034	(2,686)
Other liabilities	24,656	23,251	1,405
Total liabilities	405,903	412,066	(6,163)
Shareholders' equity:			
Ordinary shares no par value	117,550	117,242	308
Additional paid-in capital	226,175	226,553	(378)
Retained earnings	56,697	39,834	16,863
Treasury stock	(2,621)	(7,520)	4,899
Accumulated other comprehensive loss	(1,195)	(1,207)	12
Total J:COM shareholders' equity	396,606	374,902	21,704
Noncontrolling interests in subsidiaries	16,040	14,689	1,351
Total shareholders' equity	412,646	389,591	23,055
Total liabilities and shareholders' equity	818,549	801,657	16,892

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

(3) CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

(YEN IN MILLIONS)

	Six months ended June 30, 2010	Six months ended June 30, 2009	Year ended December 31, 2009
Classification	**Amount**	**Amount**	**Amount**
Cash flows from operating activities:			
Net income	21,842	15,691	33,255
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	42,676	39,421	83,174
Equity in earnings of affiliates	(358)	(207)	(599)
Stock compensation expenses	78	57	67
Deferred income taxes	(3,023)	1,803	588
Gain on Bargain purchase in acquisition	(369)	—	—
Non-cash gain from previously held investment	—	—	(798)
Changes in operating assets and liabilities, excluding effects of business combinations:			
Decrease/(increase) in accounts receivable, net	681	1,338	(120)
Decrease/(increase) in prepaid expenses and other current assets	(4,546)	(433)	2,368
Increase in other assets	(426)	(290)	(2,054)
Increase/(decrease) in accounts payable	1,136	(246)	383
Increase in accrued expenses and other liabilities	3,406	1,515	9,493
Decrease in deferred revenue	(1,058)	(1,147)	(2,131)
Net cash provided by operating activities	60,039	57,502	123,626
Cash flows from investing activities:			
Capital expenditures	(24,580)	(23,536)	(51,774)
Acquisitions of new subsidiaries, net of cash acquired	—	—	(5,286)
Acquisition of business operation	(1,075)	—	—
Other investing activities	231	283	502
Net cash used in investing activities	(25,424)	(23,253)	(56,558)
Cash flows from financing activities:			
Proceeds from issuance of common stock	616	111	160
Proceeds from sales of treasury stock	4,117	—	—
Acquisition of noncontrolling interests in consolidated subsidiaries	(108)	(176)	(242)
Net increase/(decrease) in short-term loans	(473)	1,163	1,526
Proceeds from long-term debt	—	30,000	30,000
Proceeds from corporate bond	—	—	10,000
Principal payments of long-term debt	(6,190)	(36,255)	(42,453)
Principal payments under capital lease obligations	(10,868)	(9,932)	(20,413)
Cash dividend paid to shareholders	(3,361)	(1,715)	(5,076)
Other financing activities	1,094	747	2,353
Net cash used in financing activities	(15,173)	(16,057)	(24,145)
Net increase in cash and cash equivalents	19,442	18,192	42,923
Cash and cash equivalents at beginning of year	64,426	21,503	21,503
Cash and cash equivalents at end of period	83,868	39,695	64,426

(4) Assumptions for Going Concern

None

(5) Segment Information

①Operating segments

The Company's channel services are considered a separate operating segment, however, due to the insignificant size of these channel service operations, management has determined it has one reportable segment "Broadband communications services". Therefore, information on operating segments is not applicable in this section.

②Segment information by region

Since the Company does not have any overseas subsidiaries or branches, this section is not applicable.

(6) Significant Changes in Shareholders' Equity

None

(7) Subsequent Events

None