



(Translation from Japanese disclosure to Osaka Securities Exchange)

April 24, 2013  
[U.S. GAAP]

## Consolidated Quarterly Financial Results Release

For the Three Months Ended March 31, 2013

### Jupiter Telecommunications Co., Ltd. (Consolidated)

Company code number: 4817 (URL <http://www.jcom.co.jp/>)

Shares traded: Osaka Securities Exchange [JASDAQ]

Executive position of legal representative: Shuichi Mori, President &amp; Co-CEO

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Supplementary material for quarterly financial results: None

Briefing meeting for quarterly financial results: None

(Fractional amounts rounded)

#### 1. Consolidated operating results (From January 1, 2013 to March 31, 2013)

##### (1) Consolidated financial results

	Revenue		Operating income		Income before noncontrolling interests and income taxes	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Three months ended March 31, 2013	93,019	0.5	16,816	(9.0)	18,877	1.0
Three months ended March 31, 2012	92,512	0.8	18,476	(10.4)	18,691	(6.2)

  

	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)
Three months ended March 31, 2013	11,344	13.2	1,652.52	1,652.06
Three months ended March 31, 2012	10,022	(3.3)	1,449.84	1,449.50

(Notes) 1. Comprehensive income: For the three months ended March 31, 2013: 12,283 million yen 11.0 %

For the three months ended March 31, 2012: 11,067 million yen (3.1) %

2. 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.

3. A part of amounts for three months ended March 31, 2012 was adjusted. Please refer to (8) Business Combinations on page 14.

##### (2) Consolidated financial position

	Total assets	Total shareholders' equity	Total J:COM shareholders' equity	J:COM shareholders' equity ratio to total assets	J:COM shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Yen)
March 31, 2013	784,868	484,126	457,396	58.3	66,630.61
December 31, 2012	812,030	482,611	454,547	56.0	66,215.61

#### 2. Dividends 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, 2012	—	1,250.00	—	1,250.00	2,500.00
Year ending December 31, 2013	—				
Year ending December 31, 2013 (Forecast)		—			

(Note) For details regarding dividends for the year ending December 2013, please refer to "3. Consolidated forecasts for December 2013 term (From January 1, 2013 to December 31, 2013)" outlined as follows.

### 3. Consolidated forecasts for December 2013 term (From January 1, 2013 to December 31, 2013)

As announced in the press release issued on April 11, 2013, "Notice Regarding Results of Joint Tender Offer for Share Certificates Etc. of Jupiter Telecommunications Co., Ltd. by KDDI Corporation and NJ Corporation and Changes in the Parent Company and the Largest and Major Shareholder," all issued common shares and stock acquisition rights of Jupiter Telecommunications Co., Ltd. ("J:COM" or "the Company") were to be acquired by its major shareholders, Sumitomo Corporation and KDDI Corporation ("KDDI"), as well as NJ Corporation. A tender offer ("the Tender Offer") period from February 27, 2013 to April 10, 2013, was put into effect; however, the acquisition of all of the issued common shares was not possible. Therefore, procedures to complete the acquisition of all of the issued common shares (excluding treasury shares held by the Company) have been planned in accordance with the series of procedures described in "(4) Policy on Reorganization, etc. after the Tender Offer (Matters related to the So-Called Two Step Acquisition)" of "3. Details and Basis of, and Reasons for, the Opinion on the Tender Offer" in the press release issued on February 26, 2013, "Notice of Company's Opinion on Joint Tender Offer for Share Certificates etc. of the Company by KDDI Corporation and NJ Corporation."

If the procedures are implemented, the Company's common shares will be delisted after taking the prescribed procedures pursuant to the JASDAQ Market's delisting standards. Following that, J:COM is scheduled to be integrated with KDDI's consolidated subsidiary Japan Cablenet Limited, which is the second largest MSO in Japan's cable television industry. Because the period of the integration is still undecided at the present stage, it is difficult to accurately forecast the effects of these activities. Therefore, taking into account the events described above, J:COM refrains from disclosing financial forecasts for the December 2013 term.

### 4. Other Information

#### (1) Changes in significant consolidated subsidiaries: None

(Change in specified subsidiaries accompanying changes in scope of consolidation)

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

#### (3) Change in significant accounting policies:

(i) Changes due to revision of accounting standards and other regulations: Yes

(ii) Others : Yes

(Note) Please refer to (3) Change in Significant Accounting Policies on page 7.

#### (4) Outstanding shares

(i) Number of issued shares at end of term (consolidated, including treasury stock):

As of March 31, 2013:	6,947,813 shares	As of December 31, 2012:	6,947,813 shares
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(ii) Number of treasury stock:

As of March 31, 2013:	83,168 shares	As of December 31, 2012:	83,168 shares
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(iii) Number of weighted average stock:

Three months ended March 31, 2013:	6,864,645 shares	Three months ended March 31, 2012:	6,912,355 shares
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\*Presentation on the status of quarterly review procedure

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

It is under the review procedure at the time of disclosure of this report.

\*Explanation for forecasts of operations and other notes

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 on the Financial Results for the Three Months ended March 31, 2013

### (1) Qualitative Information on Consolidated Financial Results

#### (i) Summary

J:COM's Cable Television Business and Media Business confronted major changes in the operating environment, including diversifying demands for broadcasting and telecommunications services from customer, and the appearance of new operators offering Internet protocol television (IPTV) and Over-The-Top (OTT) services alongside established broadcasters.

Under these circumstances, the J:COM Group aggressively pursued a variety of initiatives in line with its two basic policies of taking on new challenges to increase earnings and implementing ambitious cost restructuring measures, with a view to succeeding in this competitive environment and further expanding business over the medium to long term.

As a result of these initiatives, key performance indicators for the Cable Television Business in the first quarter (January 1, 2013 to March 31, 2013) of the fiscal year ending December 2013 were as follows.

Key Performance Indicators	As of March 31, 2012 (Three months ended March 31, 2012)	As of March 31, 2013 (Three months ended March 31, 2013)	Year-on-Year Change
<b>Subscribing households</b>			
Total Number of Subscribing Households <sup>*i</sup>	3,641,200	3,747,000	+2.9%
Total RGUs <sup>*ii</sup>	7,204,900	7,629,200	+5.9%
CATV	3,070,300	3,102,900	+1.1%
High-Speed Internet Access	1,848,400	2,006,500	+8.6%
Telephony	2,286,200	2,519,800	+10.2%
Average Monthly Churn Rate (per RGU)	1.08%	1.08%	0.00
ARPU <sup>*iii</sup>	¥7,429	¥7,301	¥-128
Bundle Ratio <sup>*iv</sup>	1.98	2.04	+0.06

<sup>\*i</sup> : Number of households subscribing to at least one service

<sup>\*ii</sup> : Total number of revenue generating units (RGUs) for services supplied

<sup>\*iii</sup> : Average revenue per unit (subscribing household)

<sup>\*iv</sup> : Average number of services provided per subscribing household

Turning to cumulative earnings in the first quarter, revenue increased 0.5% compared with the same quarter of the previous fiscal year to ¥93,019 million. Operating income for the first quarter decreased 9.0% to ¥16,816 million from the corresponding period of the previous fiscal year, while net income attributable to J:COM shareholders increased 13.2% year on year to ¥11,344 million.

## **(ii) Overview of Business Activities**

In the Cable Television Business, J:COM regards retaining the loyalty of its existing customers as the most important new challenge for increasing earnings. This applies to households subscribing to J:COM services as well as households that are not subscribing. To successfully retain customers, the J:COM Group is focusing on developing and offering a wide range of new services under its basic “J:COM Everywhere” strategy to help make its customers’ lifestyles more convenient and comfortable.

As part of these efforts, J:COM is providing high-speed Internet-based packaged services that make use of services such as “au Smart Value”\*, launched in March 2012, and “J:COM TV My style NEXT”\*\*, which was first offered in September of the same year. The Company is also promoting the use of its “Xvie” service in combination with “J:COM On Demand Megapack,” an all-you-can-watch video-on-demand (VOD) service. “Xvie” is a “TV Everywhere” service tailored to suit customers’ changing viewing styles, allowing them to enjoy VOD anytime, anywhere, and on any type of device.

On February 14, 2013, the Company began offering its “J:COM Omakase Support” service targeting subscribers of “J:COM TV Digital” and “J:COM NET” in all of its service areas. The service provides assistance with television and Internet technical difficulties, such as television wiring and connections, and setting up computers, smartphones and tablet devices to use Internet, all for a monthly charge of 525 yen (including tax). Expert personnel provide remote computer support through special telephones, and visit households at no charge or for a discounted fee. By providing “J:COM Omakase Support,” the Company aims to make it easier for customers to use its services worry-free.

As a new business, the J:COM Group began a trial service to supply electricity to condominiums in Tokyo’s Suginami Ward in December 2012. From April 18, 2013, the Group began offering the service as “J:COM Electric Power” to condominiums of 70 units or more in a service area covering the entire Kanto region, comprising Tokyo and the five surrounding prefectures of Saitama, Kanagawa, Chiba, Ibaraki, and Gunma. The Company receives the electricity supply from the Sumitomo Corporation Group’s power company Summit Energy Corporation. “J:COM Electric Power” is offering electricity to customers living in condominiums in J:COM’s service area at lower rates than those contracted with regional power companies.

In the Media Business, as a new challenges for increasing earnings, the Company is endeavoring to propose its VOD services based on an IP platform to the country’s cable television operators outside the J:COM Group. By adopting the Group’s VOD systems, cable television operators can provide VOD services compatible with multiple devices without incurring high amounts of development costs. Operators can also manage customer information and design their own service menus to develop services with a high degree of flexibility.

J:COM is implementing ambitious cost restructuring measures to help it take on these new challenges to increase earnings. Among these measures, the J:COM Group is stepping up initiatives commenced in the previous fiscal year to streamline head office operations, improve the efficiency of its technical centers, customer centers, and operation centers across Japan, and centralize procurement of materials and equipment.

### (iii) Profit and Loss

Revenue increased by ¥507 million, or 0.5%, from ¥92,512 million for the three months ended March 31, 2012 to ¥93,019 million for the three months ended March 31, 2013.

Subscription fees increased by ¥618 million, or 0.8%, from ¥78,052 million for the three months ended March 31, 2012 to ¥78,670 million for the three months ended March 31, 2013. Cable television subscription fees decreased by ¥188 million, or 0.4%, from ¥42,010 million for the three months ended March 31, 2012 to ¥41,822 million for the three months ended March 31, 2013. High-speed Internet access subscription fees increased by ¥922 million, or 4.0%, from ¥23,113 million for the three months ended March 31, 2012 to ¥24,035 million for the three months ended March 31, 2013. Telephony subscription fees decreased by ¥116 million, or 0.9%, from ¥12,929 million for the three months ended March 31, 2012 to ¥12,813 million for the three months ended March 31, 2013. The decrease in cable television subscription fees, in spite of an increase in the number of consolidated subsidiary subscribing households, was mainly due to a decrease in ARPU caused largely by an increase in subscription rate of economical long term contract plan of J:COM TV My style NEXT and Value Plan, etc. On the other hand, the increase in high-speed Internet access subscription fees, in spite of a decrease in ARPU like cable television subscription fees, was mainly due to an increase in the number of consolidated subsidiary subscribing households. The decrease in telephony subscription fees was mainly due to a decrease in the revenue from call charge caused by the expansion in the range of free call.

Other revenue decreased by ¥111 million, or 0.8%, from ¥14,460 million for the three months ended March 31, 2012 to ¥14,349 million for the three months ended March 31, 2013.

Operating and programming costs decreased by ¥1,125 million, or 3.2%, from ¥35,715 million for the three months ended March 31, 2012 to ¥34,590 million for the three months ended March 31, 2013. This was mainly due to a decrease in costs relating to construction and telephony, and etc. Selling, general and administrative expenses increased by ¥543 million, or 3.0%, from ¥17,939 million for the three months ended March 31, 2012 to ¥18,482 million for the three months ended March 31, 2013. This was mainly due to an increase in personnel expenses and advertisement costs. Depreciation and amortization expenses increased by ¥2,749 million, or 13.5%, from ¥20,382 million for the three months ended March 31, 2012 to ¥23,131 million for the three months ended March 31, 2013. The Increase was mainly due to charge to expense for some assets for the three months ended March 31, 2013 because of the change of useful life of the capitalized cost of drop and construction in house.

Operating income, as a result of the above items, decreased by ¥1,660 million, or 9.0%, from ¥18,476 million for the three months ended March 31, 2012 to ¥16,816 million for the three months ended March 31, 2013.

Income before noncontrolling interests and income taxes increased by ¥186 million, or 1.0%, from ¥18,691 million for the three months ended March 31, 2012 to ¥18,877 million for the three months ended March 31, 2013. This was due to gain on sales of investments in affiliates by the sale of some investments in Discovery Japan, Ltd., which was partially offset by a decrease in operating income.

Net income attributable to J:COM shareholders increased by ¥1,322 million, or 13.2%, from ¥10,022 million for the three months ended March 31, 2012 to ¥11,344 million for the three months ended March 31, 2013.

## **(2) Qualitative Information on Consolidated Financial Position**

### **(i) Assets, Liabilities and Shareholders' Equity**

Total assets decreased by ¥27,162 million, from ¥812,030 million as of December 31, 2012 to ¥784,868 million as of March 31, 2013. This was due to a decrease in cash and cash equivalents and net book value of property and equipment, and identifiable intangible assets by depreciation.

Total liabilities decreased by ¥28,677 million from ¥329,419 million as of December 31, 2012 to ¥300,742 million as of March 31, 2013. This was primarily due to a decrease in debt and income taxes payable.

Total J:COM shareholders' equity increased by ¥2,849 million from ¥454,547 million as of December 31, 2012 to ¥457,396 million as of March 31, 2013. This was mainly due to an increase in retained earnings from net income attributable to J:COM shareholders for the three months ended March 31, 2013, which was partly offset by dividends paid to shareholders.

### **(ii) Cash Flows**

For the three months ended March 31, 2013, the net cash was provided by operating activities of ¥21,470 million, used in investing activities of ¥6,325 million and financing activities of ¥29,673 million, respectively. Resulting from the aforementioned activities, cash and cash equivalents decreased by ¥14,528 million from ¥110,853 million as of December 31, 2012 to ¥96,325 million as of March 31, 2013.

#### ***Cash Provided by Operating Activities.***

Net cash provided by operating activities decreased by ¥7,692 million, from ¥29,162 million for the three months ended March 31, 2012 to ¥21,470 million for the three months ended March 31, 2013. The decrease was mainly attributable to increase in income taxes payment.

#### ***Cash Used in Investing Activities.***

Net cash used in investing activities decreased by ¥2,524 million, from ¥8,849 million for the three months ended March 31, 2012 to ¥6,325 million for the three months ended March 31, 2013. This was due to proceeds from sales of investments in affiliates, which was partially offset by an increase in payment for capital expenditures.

#### ***Cash Used in Financing Activities.***

Net cash used in financing activities increased by ¥9,190 million, from ¥20,483 million for the three months ended March 31, 2012 to ¥29,673 million for the three months ended March 31, 2013. This was mainly due to an increase in principal payment of long-term debt.

### **(3) Qualitative Information on Consolidated Business Results Forecasts**

As announced in the press release issued on April 11, 2013, “Notice Regarding Results of Joint Tender Offer for Share Certificates Etc. of Jupiter Telecommunications Co., Ltd. by KDDI Corporation and NJ Corporation and Changes in the Parent Company and the Largest and Major Shareholder,” all issued common shares and stock acquisition rights of Jupiter Telecommunications Co., Ltd. (“J:COM” or “the Company”) were to be acquired by its major shareholders, Sumitomo Corporation and KDDI Corporation (“KDDI”), as well as NJ Corporation. A tender offer (“the Tender Offer”) period from February 27, 2013 to April 10, 2013, was put into effect; however, the acquisition of all of the issued common shares was not possible. Therefore, procedures to complete the acquisition of all of the issued common shares (excluding treasury shares held by the Company) have been planned in accordance with the series of procedures described in “(4) Policy on Reorganization, etc. after the Tender Offer (Matters related to the So-Called Two Step Acquisition)” of “3. Details and Basis of, and Reasons for, the Opinion on the Tender Offer” in the press release issued on February 26, 2013, “Notice of Company’s Opinion on Joint Tender Offer for Share Certificates etc. of the Company by KDDI Corporation and NJ Corporation.”

If the procedures are implemented, the Company’s common shares will be delisted after taking the prescribed procedures pursuant to the JASDAQ Market’s delisting standards. Following that, J:COM is scheduled to be integrated with KDDI’s consolidated subsidiary Japan Cablenet Limited, which is the second largest MSO in Japan’s cable television industry. Because the period of the integration is still undecided at the present stage, it is difficult to accurately forecast the effects of these activities. Therefore, taking into account the events described above, J:COM refrains from disclosing financial forecasts for the December 2013 term.



## **2. Notes Regarding Summary Information (Other Information)**

### **(1) Changes in Significant Consolidated Subsidiaries During the Three months Term**

None

### **(2) Adoption of Specific Accounting Method to Quarterly Consolidated Financial Statements**

None

### **(3) Change in Significant Accounting Policies**

#### **(i) Changes due to revision of accounting standards and other regulations**

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-02, *Comprehensive Income (ASC Topic 220) Reporting of Amounts Reclassified Out Of Accumulated Other Comprehensive Income*. ASU2013-02 requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. The Company adopted ASU2013-02 in the first quarter of 2013. ASU2013-02 being a disclosure regulation, such adoption did not have an impact on the Company's financial position and results of operations.

#### **(ii) Others**

##### **Change in accounting estimates**

Effective January 1, 2013, the Company changed mainly the useful life of the capitalized cost of drop and construction in house for single dwelling unit from 10 years to 15 years, the useful life of the capitalized cost of construction in house for multiple dwelling unit from 10 years to 5 years and the useful life of the capitalized cost of drop for multiple dwelling unit from 10 years to 17 years on the status of use of these assets(the average subscription period and others).

The Company believes that this change better reflects the pattern of consumption of the future benefits to be derived from those assets being depreciated and provides a better matching of costs and revenues over the assets' estimated useful life.

In accordance with Accounting Standards Codification (ASC) 250, Accounting Changes and Error Corrections, a change in useful life is treated as a change in accounting estimate.

The effect of the change in useful life is reflected on a prospective basis beginning January 1, 2013 and prior period results were not restated. The net book value of the capitalized initial connection cost for multiple dwelling unit which had been depreciated for over 5 years as of December 31, 2012 was charged to expense for the three months ended March 31, 2013.

As a result of this change, income before noncontrolling interests and income taxes and net income attributable to J:COM shareholders decreased by ¥4,115 million and ¥2,342 million, respectively, for the three months ended March 31, 2013. Net income attributable to J:COM shareholders per share(Basic) and Net income attributable to J:COM shareholders per share(diluted) decreased by ¥341.17 and ¥341.08, respectively, for the three months ended March 31, 2013.

## **3. Assumptions of Significant Event for Going Concern**

None

## 4. Consolidated Quarterly Financial Statements

### JUPITER TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES

#### (1) CONSOLIDATED QUARTERLY STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

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

Account	Three months ended March 31, 2012	Three months ended March 31, 2013	Change	
	Amount	Amount	Amount	(%)
Revenue:				
Subscription fees	78,052	78,670	618	0.8
Others	14,460	14,349	(111)	(0.8)
	92,512	93,019	507	0.5
Operating costs and expenses:				
Operating and programming costs	(35,715)	(34,590)	1,125	3.2
Selling, general and administrative expenses	(17,939)	(18,482)	(543)	(3.0)
Depreciation and amortization	(20,382)	(23,131)	(2,749)	(13.5)
	(74,036)	(76,203)	(2,167)	(2.9)
Operating income	18,476	16,816	(1,660)	(9.0)
Other income (expenses):				
Interest expense, net:				
Related parties	(316)	(232)	84	26.5
Others	(670)	(518)	152	22.7
Equity in earnings of affiliates	243	253	10	4.0
Gains on sales of investments in affiliates	—	2,477	2,477	—
Other, net	958	81	(877)	(91.5)
Income before noncontrolling interests and income taxes	18,691	18,877	186	1.0
Income taxes expense	(7,891)	(6,845)	1,046	13.3
Net income	10,800	12,032	1,232	11.4
Net income attributable to noncontrolling interests	(778)	(688)	90	11.5
Net income attributable to J:COM shareholders	10,022	11,344	1,322	13.2
<u>Net Income attributable to J:COM shareholders per share:</u>				
Basic	¥1,449.84	¥1,652.52	¥202.68	14.0
Diluted	¥1,449.50	¥1,652.06	¥202.56	14.0
<u>Weighted average number of common stock outstanding:</u>				
Basic	6,912,355	6,864,645	(47,710)	(0.7)
Diluted	6,913,997	6,866,567	(47,430)	(0.7)
Net income	10,800	12,032	1,232	11.4
Other comprehensive income/(loss), net of taxes				
Unrealized gain/(loss) on cash flow hedge	164	245	81	50.0
Foreign currency translation adjustments	—	43	43	—
Reclassification adjustment for gain/(loss) on cash flow hedge included in net income	103	(37)	(140)	—
Other comprehensive income/(loss), net of taxes	267	251	(16)	(6.0)
Comprehensive income	11,067	12,283	1,216	11.0
Comprehensive income attributable to noncontrolling interests	(815)	(716)	99	12.1
Comprehensive income attributable to J:COM shareholders	10,252	11,567	1,315	12.8

(Note)1. Percentages are calculated based on amounts before rounded in Change column.

2. A part of amounts for three months ended March 31, 2012 was adjusted. Please refer to (8) Business Combinations on page 14.

**JUPITER TELECOMMUNICATIONS CO., LTD.  
AND SUBSIDIARIES**

**(2) CONSOLIDATED QUARTERLY BALANCE SHEETS**

(YEN IN MILLIONS)

Account	December 31, 2012	<b>March 31, 2013</b>	Change
	Amount	Amount	Amount
Current assets:			
Cash and cash equivalents	110,853	96,325	(14,528)
Accounts receivable	16,149	14,569	(1,580)
Allowance for doubtful accounts	(473)	(518)	(45)
Deferred tax assets – current	6,902	6,623	(279)
Prepaid expenses and other current assets	7,537	10,036	2,499
Total current assets	140,968	127,035	(13,933)
Investments:			
Investments in affiliates	10,095	8,180	(1,915)
Investments in other securities, at cost	2,060	2,064	4
Total investments	12,155	10,244	(1,911)
Property and equipment, at cost:			
Land	4,185	4,298	113
Distribution system and equipment	732,660	709,453	(23,207)
Support equipment and buildings	73,119	75,594	2,475
	809,964	789,345	(20,619)
Less accumulated depreciation	(462,913)	(452,963)	9,950
Total property and equipment	347,051	336,382	(10,669)
Other assets:			
Goodwill	253,079	253,079	—
Identifiable intangible assets, net	33,621	32,423	(1,198)
Deferred tax assets – non current	6,678	6,970	292
Others	18,478	18,735	257
Total other assets	311,856	311,207	(649)
Total assets	812,030	784,868	(27,162)

(YEN IN MILLIONS)

Account	December 31, 2012	March 31, 2013	Change
	Amount	Amount	Amount
Current liabilities:			
Short-term loans	5,061	4,644	(417)
Long-term debt – current portion	69,847	59,657	(10,190)
Capital lease obligations – current portion:			
Related parties	13,625	13,019	(606)
Others	878	829	(49)
Accounts payable	27,407	25,710	(1,697)
Income taxes payable	16,298	6,167	(10,131)
Deposit from related parties	268	268	—
Deferred revenue – current portion	7,865	7,584	(281)
Accrued expenses and other liabilities	11,117	14,601	3,484
Total current liabilities	152,366	132,479	(19,887)
Long-term debt, less current portion	48,262	43,867	(4,395)
Corporate bond, less current portion	10,000	10,000	—
Capital lease obligations, less current portion:			
Related parties	25,974	24,229	(1,745)
Others	3,677	3,547	(130)
Deferred revenue	52,665	51,168	(1,497)
Deferred tax liabilities – non current	10,845	9,968	(877)
Other liabilities	25,630	25,484	(146)
Total liabilities	329,419	300,742	(28,677)
Shareholders' equity:			
Common stock no par value	117,550	117,550	—
Additional paid-in capital	226,377	226,240	(137)
Retained earnings	117,592	120,354	2,762
Accumulated other comprehensive income/(loss)	118	342	224
Treasury stock, at cost	(7,090)	(7,090)	—
Total J:COM shareholders' equity	454,547	457,396	2,849
Noncontrolling interests in subsidiaries	28,064	26,730	(1,334)
Total shareholders' equity	482,611	484,126	1,515
Total liabilities and shareholders' equity	812,030	784,868	(27,162)

**JUPITER TELECOMMUNICATIONS CO., LTD.  
AND SUBSIDIARIES**

**(3) CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS**

(YEN IN MILLIONS)

Classification	Three months ended March 31, 2012	Three months ended March 31, 2013	Change
	Amount	Amount	Amount
Cash flows from operating activities:			
Net income	10,800	12,032	1,232
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	20,382	23,131	2,749
Equity in earnings of affiliates	(243)	(253)	(10)
Gains on sales of investments in affiliates	—	(2,477)	(2,477)
Dividends from affiliates	384	—	(384)
Stock-based compensation expenses	50	—	(50)
Deferred income taxes expense/(benefit)	(317)	(989)	(672)
Changes in operating assets and liabilities, excluding effects of business combinations:			
Decrease/(increase) in accounts receivable, net	3,522	1,625	(1,897)
Decrease/(increase) in prepaid expenses and other assets	(2,065)	(2,306)	(241)
Increase/(decrease) in accounts payable	(2,024)	(860)	1,164
Increase/(decrease) in income taxes payable	(3,590)	(10,131)	(6,541)
Increase/(decrease) in accrued expenses and other liabilities	4,479	3,243	(1,236)
Increase/(decrease) in deferred revenue	(1,299)	(1,778)	(479)
Others	(917)	233	1,150
Net cash provided by operating activities	29,162	21,470	(7,692)
Cash flows from investing activities:			
Capital expenditures	(9,195)	(10,757)	(1,562)
Acquisition of new subsidiaries, net of cash acquired	794	—	(794)
Proceeds from sales of investments in affiliates	—	4,422	4,422
Other investing activities	(448)	10	458
Net cash used in investing activities	(8,849)	(6,325)	2,524
Cash flows from financing activities:			
Purchases of treasury stock	(3,642)	—	3,642
Acquisition of noncontrolling interests in consolidated subsidiaries	(268)	(2,037)	(1,769)
Net increase/(decrease) in short-term loans	(814)	(417)	397
Principal payments of long-term debt	(4,919)	(14,584)	(9,665)
Principal payments of capital lease obligations	(4,677)	(4,058)	619
Cash dividends paid to shareholders	(6,233)	(8,581)	(2,348)
Other financing activities	70	4	(66)
Net cash used in financing activities	(20,483)	(29,673)	(9,190)
Net increase/(decrease) in cash and cash equivalents	(170)	(14,528)	(14,358)
Cash and cash equivalents at beginning of year	89,879	110,853	20,974
Cash and cash equivalents at end of year	89,709	96,325	6,616

(Note) A part of amounts for three months ended March 31, 2012 was adjusted. Please refer to (8) Business Combinations on page 14.

#### **(4) Assumptions for Going Concern**

None

#### **(5) Segment Information**

The Company's media business is considered a separate operating segment, however, due to the insignificant size of this operation as of March 31, 2013, management has determined that the Company has one reportable segment, cable television business.

#### **(6) Significant Changes in Shareholders' Equity**

None

#### **(7) Subsequent Events**

##### **(i) Results of the tender offer for the common shares and stock acquisition rights of J:COM and Changes in the parent company**

The tender offer ("Tender Offer") for the common shares and stock acquisition rights of J:COM that had been conducted since February 27, 2013 by KDDI and NJ Corporation ("NJ"; KDDI and NJ collectively, the "Tender Offerors"), the voting rights of which are owned in equal number by Sumitomo Corporation and KDDI, was completed on April 10, 2013. The Tender Offerors acquired 1,197,794 shares of common stock and 1,922 options of the stock acquisition rights (the number calculated to the number of common stock of J:COM is 1,922 shares) of J:COM as a result of the Tender Offer in the Tender Offer Registration Statement filed by the Tender Offerors on April 11, 2013. By this acquisition, KDDI became shareholder holding more than 40% of the voting rights of J:COM, and became the parent company of J:COM pursuant to the effective control approach.

##### **i. Outline of the Tender Offerors**

Company Name: KDDI Corporation

Address: 2-3-2, Nishishinjuku, Shinjuku-ku, Tokyo

Company Name: NJ Corporation

Address: 3-10-10, Idabashi, Chiyoda-ku, Tokyo

##### **ii. The types of share certificates, etc. to be purchased**

###### **(a) Common Shares**

###### **(b) The Share Options**

- a. Stock acquisition rights issued pursuant to the resolution of the general shareholders' meeting of J:COM held on March 28, 2006
- b. Stock acquisition rights issued pursuant to the resolution of the board of directors meeting of J:COM held on April 27, 2007
- c. Stock acquisition rights (mid-term incentive) issued pursuant to the resolution of the board of directors meeting of J:COM held on July 29, 2008
- d. Stock acquisition rights (mid-term incentive) issued pursuant to the resolution of the board of directors meeting of J:COM held on April 23, 2009
- e. Stock acquisition rights (long-term incentive) issued pursuant to the resolution of the board of directors meeting of J:COM held on March 25, 2009
- f. Stock acquisition rights (mid-term incentive) issued pursuant to the resolution of the board of directors meeting of J:COM held on February 25, 2010
- g. Stock acquisition rights (long-term incentive) issued pursuant to the resolution of the board of directors meeting of J:COM held on February 25, 2010
- h. Stock acquisition rights (mid-term incentive) issued pursuant to the resolution of the board of directors meeting of J:COM held on February 24, 2011
- i. Stock acquisition rights (long-term incentive) issued pursuant to the resolution of the board of directors meeting of J:COM held on February 24, 2011
- j. Stock acquisition rights (mid-term incentive) issued pursuant to the resolution of the board of directors meeting of J:COM held on February 29, 2012
- k. Stock acquisition rights (long-term incentive) issued pursuant to the resolution of the board of directors meeting of J:COM held on February 29, 2012

(The stock acquisition rights described in "a." through "k." above are hereinafter collectively referred to as the "Stock Acquisition Rights".)

iii. Number of share certificates, etc. purchased through the Tender Offer

Type of Share Certificates, etc	Number tendered, represented by shares	Number purchased, represented by shares
Share Certificates	1,197,794 share(s)	1,197,794 share(s)
Share Option Certificates	1,922 share(s)	1,922 share(s)
Total	1,199,716 share(s)	1,199,716 share(s)
(Total Number of Dilutive Share Certificates, etc)	(1,922 share(s))	(1,922 share(s))

iv. Number and holding ratio of voting rights held by the Tender Offerors before and after change

a. KDDI

	Number of voting rights held by shareholder	Percentage of total voting rights
Before change	2,133,797	31.08%
After change	2,777,912	40.47%

b. NJ

	Number of voting rights held by shareholder	Percentage of total voting rights
Before change	0	0.00%
After change	553,679	8.07%

(Notes) 1. "Percentage of total voting rights" is calculated based on 6,864,645 total voting rights (as of March 31, 2013).

2. "Percentage of total voting rights" is rounded off to two decimal places.

v. Date of the change

April 17, 2013 (Settlement commencement date)

**(ii) Establishment of record date for extraordinary shareholders' meeting and class shareholders' meeting of common shareholders**

In order to determine the shareholders entitled to vote at an extraordinary shareholders' meeting planned to be held in early June 2013 and a class shareholders' meeting ("Shareholders' Meeting"), J:COM resolved at its board of directors meeting held on April 17, 2013, to set May 2, 2013 (Thursday) as the record date for the Shareholders' Meeting and entitle the shareholders recorded in the last shareholder register as of May 2, 2013 to vote at the Shareholders' Meeting.

- i. Record Date: May 2, 2013 (Thursday)
- ii. Date of Public Notice: April 18, 2013 (Thursday)
- iii. Method of Public Notice: Electronic public notice (to be posted on the Company's website)

## **(8) Business Combinations**

In accordance with ASC Topic 805, *Business Combinations*, if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period shall not exceed one year from the acquisition date.

Based on additional information obtained about ASMIK ACE ENTERTAINMENT, INC.,<sup>1</sup> which became consolidated subsidiary in March, 2012, the Company adjusted the provisional amounts recognized in the consolidated quarterly financial statements as of March 31, 2012. The impact of the adjustment based on additional information was not material.

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<sup>1</sup> ASMIK ACE ENTERTAINMENT, INC. took over VOD business which was spun off by Jupiter Entertainment Co. Ltd. and at the same time changed the trade name to ASMIK ACE, INC. on December 1, 2012.