J:COM (Translation from Japanese disclosure to Tokyo Stock Exchange)

July 25, 2013

[U.S. GAAP]

Consolidated Quarterly Financial Results Release

For the Six Months Ended June 30, 2013

Jupiter Telecommunications Co., Ltd. (Consolidated)

Company code number: 4817 (URL http://www.jcom.co.jp/)
Shares traded: Tokyo Stock Exchange 【JASDAQ】
Executive position of legal representative: Shuichi Mori, President & Co-CEO
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Expected date of filing of Quarterly Report: August 13, 2013
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 June 30, 2013)

(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, 2013	186,993	0.3	37,618	9.8	39,509	16.7
Six months ended June 30, 2012	186,508	1.4	34,263	(14.2)	33,854	(11.9)

	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, 2013	23,245	26.1	3,386.13	3,385.18
Six months ended June 30, 2012	18,435	(10.0)	2,675.70	2,674.93

(Notes) 1. Comprehensive income: For the six months ended June 30, 2013: 25,223 million yen 26.4 %
For the six months ended June 30, 2012: 19,952 million yen (10.5) %
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.

(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)
June 30, 2013	767,193	496,023	469,433	61.2	68,384.10
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) Dividends as of the end of the third quarter and the year-end for the year ending December 31, 2013 are at this moment undecided..

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

As announced in the press release of Jupiter Telecommunications Co., Ltd. (the "Company") dated June 28, 2013 titled "Notice of Resolution to Approve Partial Amendment to the Articles of Incorporation and Acquisition of Common Shares Subject to Wholly Call, and Establishment of Record Date for Acquisition of Common Shares Subject to Wholly Call", the Company submitted for deliberation on June 28, 2013, the partial amendment to the articles of incorporation regarding the issuance of class shares, the partial amendment to the articles of incorporation regarding wholly call provisions, and the acquisition of the common shares subject to wholly call at the extraordinary shareholders' meeting of the Company and the class shareholders' meeting consisting of the shareholders holding the Company's common shares, and all of the proposals were approved as proposed.

As a result, the Company's common shares are subject to the delisting criteria of JASDAQ Market Standard (the "JASDAQ Market") of the Tokyo Stock Exchange, and after those shares are designated as "stocks to be delisted" from the above date to July 29, 2013, they will be delisted as of July 30, 2013.

Following that, J:COM is scheduled to be integrated with KDDI's consolidated subsidiary, Japan Cablenet Limited, which is the second largest multiple system operator (MSO) in Japan's cable television industry. Because the period and plan of the integration are 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 June 30, 2013:	6,947,813 shares	As of December 31, 2012:	6,947,813 shares

(ii) Number of treasury stock:

As of June 30, 2013:	83,168 shares	As of December 31, 2012:	83,168 shares

(iii) Number of weighted average stock:

Six months ended June 30, 2013:	6,864,645 shares	Six months ended June 30, 2012:	6,889,838 shares

*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 Six Months ended June 30, 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 has been aggressively pursuing 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 six months (January 1, 2013 to June 30, 2013) of the fiscal year ending December 31, 2013 were as follows.

Key Performance Indicators	As of June 30, 2012 (Six months ended June 30, 2012)	As of June 30, 2013 (Six months ended June 30, 2013)	Year-on-Year Change
Subscribing households			
Total Number of Subscribing Households [*i]	3,688,000	3,782,100	2.6%
Total RGUs[*ii]	7,361,900	7,736,300	5.1%
CATV	3,099,100	3,113,000	0.4%
High-Speed Internet Access	1,901,800	2,053,600	8.0%
Telephony	2,361,000	2,569,700	8.8%
Average Monthly Churn Rate (per RGU)	1.00%	1.00%	±0.00
ARPU[*iii]	¥7,377	¥7,264	¥-113
Bundle Ratio [*iv]	2.00	2.05	+0.05

[*i] : Number of households subscribing to at least one service

[*ii] : Total number of revenue generating units (RGUs) for services supplied

[*iii]: Average revenue per unit (subscribing household)

[*iv]: Average number of services provided per subscribing household

Turning to financial results for the six months ended June 30, 2013, revenue increased by 0.3% compared with the same period of the previous fiscal year to ¥186,993 million, while operating income for the six months gained by 9.8% to ¥37,618 million from the corresponding period of the previous fiscal year and net income attributable to J:COM shareholders increased by 26.1% year on year to ¥23,245 million.

(ii) Overview of Business Activities

In the Cable Television Business, J:COM regards retaining the loyalty of its 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 the 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. Since April 18, 2013, the Group has been offering the service as “J:COM Electric Power” to condominiums in the service area in the Kanto region, comprising Tokyo and the five surrounding prefectures of Saitama, Kanagawa, Chiba, Ibaraki, and Gunma. In principle, the service is available to buildings comprising at least 70 units, based on surveys of households, building designs or other information. The Company receives electricity supply from domestic power company and offers the electricity to customers living in condominiums in J:COM’s service areas at lower rates than those contracted with regional power companies.

In the Media Business, as a new challenge for increasing earnings, J:COM began offering its IP platform-based VOD service “Milplus” to domestic cable television operators outside the J:COM Group. In the six months ended June 30, 2013, an agreement was reached to supply the service to ZTV Co., Ltd. (ZTV), which operates cable television businesses in 30 cities and towns in Mie, Shiga, and Wakayama prefectures. ZTV plans to begin offering Milplus to customers in some of its service areas from August 1, 2013. Milplus was jointly developed by J:COM and its subsidiary, Jupiter Entertainment Co., Ltd. Through the service, viewers can access such contents as live coverage of sports, movies, and animation programs via a wide range of devices, including televisions, computers, tablet devices, and smart phones. By adopting the J:COM Group’s VOD systems, cable television operators can offer VOD services compatible with multiple devices without incurring high development costs. These operators can also manage customer information and design their own service menus to develop services with a high degree of flexibility by using the operational specification of TV Everywhere service JLabs SPEC-026 Version-1.0.

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 ¥485 million, or 0.3%, from ¥186,508 million for the six months ended June 30, 2012 to ¥186,993 million for the six months ended June 30, 2013.

Subscription fees increased by ¥1,381 million, or 0.9%, from ¥155,993 million for the six months ended June 30, 2012 to ¥157,374 million for the six months ended June 30, 2013. Cable television subscription fees decreased by ¥469 million, or 0.6%, from ¥83,949 million for the six months ended June 30, 2012 to ¥83,480 million for the six months ended June 30, 2013. High-speed Internet access subscription fees increased by ¥1,942 million, or 4.2%, from ¥46,282 million for the six months ended June 30, 2012 to ¥48,224 million for the six months ended June 30, 2013. Telephony subscription fees decreased by ¥92 million, or 0.4%, from ¥25,762 million for the six months ended June 30, 2012 to ¥25,670 million for the six months ended June 30, 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 such as 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 ¥896 million, or 2.9%, from ¥30,515 million for the six months ended June 30, 2012 to ¥29,619 million for the six months ended June 30, 2013. This was mainly due to a decrease in revenues relating to construction.

Operating and programming costs decreased by ¥2,543 million, or 3.4%, from ¥73,725 million for the six months ended June 30, 2012 to ¥71,182 million for the six months ended June 30, 2013. This was mainly due to a decrease in costs relating to construction and telephony, and etc. Selling, general and administrative expenses increased by ¥59 million, or 0.2%, from ¥37,585 million for the six months ended June 30, 2012 to ¥37,644 million for the six months ended June 30, 2013. Depreciation and amortization expenses decreased by ¥386 million, or 0.9%, from ¥40,935 million for the six months ended June 30, 2012 to ¥40,549 million for the six months ended June 30, 2013. The decrease was mainly due to an increase in fully depreciated assets, which was partially offset by expenses related to the change of useful life of the capitalized cost of drop and construction in house charged in the three months ended March 30, 2013.

Operating income, as a result of the above items, increased by ¥3,355 million, or 9.8%, from ¥34,263 million for the six months ended June 30, 2012 to ¥37,618 million for the six months ended June 30, 2013.

Income before noncontrolling interests and income taxes increased by ¥5,655 million, or 16.7%, from ¥33,854 million for the six months ended June 30, 2012 to ¥39,509 million for the six months ended June 30, 2013. This was due to an increase in operating income and gain on sales of investments in affiliates by the partial sale of some investments in Discovery Japan Inc.

Net income attributable to J:COM shareholders increased by ¥4,810 million, or 26.1%, from ¥18,435 million for the six months ended June 30, 2012 to ¥23,245 million for the six months ended June 30, 2013.

(2) Qualitative Information on Consolidated Financial Position

(i) Assets, Liabilities and Shareholders' Equity

Total assets decreased by ¥44,837 million, from ¥812,030 million as of December 31, 2012 to ¥767,193 million as of June 30, 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 ¥58,249 million from ¥329,419 million as of December 31, 2012 to ¥271,170 million as of June 30, 2013. This was primarily due to a decrease in debt and capital lease obligations.

Total J:COM shareholders' equity increased by ¥14,886 million from ¥454,547 million as of December 31, 2012 to ¥469,433 million as of June 30, 2013. This was mainly due to an increase in retained earnings from net income attributable to J:COM shareholders for the six months ended June 30, 2013, which was partly offset by dividends paid to shareholders.

(ii) Cash Flows

For the six months ended June 30, 2013, the net cash was provided by operating activities of ¥54,769 million, used in investing activities of ¥16,126 million and financing activities of ¥65,821 million.

Resulting from the aforementioned activities, cash and cash equivalents decreased by ¥27,178 million from ¥110,853 million as of December 31, 2012 to ¥83,675 million as of June 30, 2013.

Cash Provided by Operating Activities.

Net cash provided by operating activities decreased by ¥4,665 million, from ¥59,434 million for the six months ended June 30, 2012 to ¥54,769 million for the six months ended June 30, 2013. The decrease was mainly attributable to increase in income taxes payment, which was partly offset by an increase in operating income.

Cash Used in Investing Activities.

Net cash used in investing activities decreased by ¥5,898 million, from ¥22,024 million for the six months ended June 30, 2012 to ¥16,126 million for the six months ended June 30, 2013. This was due to proceeds from sales of investments in affiliates and a decrease in payment for capital expenditures.

Cash Used in Financing Activities.

Net cash used in financing activities increased by ¥39,640 million, from ¥26,181 million for the six months ended June 30, 2012 to ¥65,821 million for the six months ended June 30, 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 of the Company dated June 28, 2013 titled “Notice of Resolution to Approve Partial Amendment to the Articles of Incorporation and Acquisition of Common Shares Subject to Wholly Call, and Establishment of Record Date for Acquisition of Common Shares Subject to Wholly Call”, the Company submitted for deliberation on June 28, 2013, the partial amendment to the articles of incorporation regarding the issuance of class shares, the partial amendment to the articles of incorporation regarding wholly call provisions, and the acquisition of the common shares subject to wholly call at the extraordinary shareholders’ meeting of the Company and the class shareholders’ meeting consisting of the shareholders holding the Company’s common shares, and all of the proposals were approved as proposed.

As a result, the Company’s common shares are subject to the delisting criteria of JASDAQ Market Standard (the “JASDAQ Market”) of the Tokyo Stock Exchange, and after those shares are designated as “stocks to be delisted” from the above date to July 29, 2013, they will be delisted as of July 30, 2013.

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 and plan of the integration are 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 Six months Term

None

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

None

(3) Changes 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 cost of construcion in house 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 ¥2,193 million and ¥1,251 million, respectively, for the six months ended June 30, 2013. Net income attributable to J:COM shareholders per share(Basic) and Net income attributable to J:COM shareholders per share(Diluted) decreased by ¥182.28 and ¥182.23, respectively, for the six months ended June 30, 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	Six months ended June 30, 2012	**Six months ended June 30, 2013**	Change	
	Amount	**Amount**	Amount	(%)
Revenue:				
Subscription fees	155,993	157,374	1,381	0.9
Others	30,515	29,619	(896)	(2.9)
	186,508	186,993	485	0.3
Operating costs and expenses:				
Operating and programming costs	(73,725)	(71,182)	2,543	3.4
Selling, general and administrative expenses	(37,585)	(37,644)	(59)	(0.2)
Depreciation and amortization	(40,935)	(40,549)	386	0.9
	(152,245)	(149,375)	2,870	1.9
Operating income	34,263	37,618	3,355	9.8
Other income (expenses):				
Interest expense, net:				
Related parties	(607)	(445)	162	26.7
Others	(1,319)	(730)	589	44.6
Equity in earnings of affiliates	524	559	35	6.7
Gains on sales of investments in affiliates	—	2,477	2,477	—
Other, net	993	30	(963)	(97.0)
Income before noncontrolling interests and income taxes	33,854	39,509	5,655	16.7
Income taxes expense	(14,113)	(14,833)	(720)	(5.1)
Net income	19,741	24,676	4,935	25.0
Net income attributable to noncontrolling interests	(1,306)	(1,431)	(125)	(9.7)
Net income attributable to J:COM shareholders	18,435	23,245	4,810	26.1
Net Income attributable to J:COM shareholders per share:				
Basic	¥2,675.70	¥3,386.13	¥710.43	26.6
Diluted	¥2,674.93	¥3,385.18	¥710.25	26.6
Weighted average number of common stock outstanding:				
Basic	6,889,838	6,864,645	(25,193)	(0.4)
Diluted	6,891,835	6,866,567	(25,268)	(0.4)
Net income	19,741	24,676	4,935	25.0
Other comprehensive income/(loss), net of taxes				
Unrealized gain/(loss) on cash flow hedge	11	534	523	—
Foreign currency translation adjustments	—	61	61	—
Reclassification adjustment for gain/(loss) on cash flow hedge included in net income	200	(48)	(248)	—
Other comprehensive income/(loss), net of taxes	211	547	336	158.1
Comprehensive income	19,952	25,223	5,271	26.4
Comprehensive income attributable to noncontrolling interests	(1,331)	(1,462)	(131)	(9.9)
Comprehensive income attributable to J:COM shareholders	18,621	23,761	5,140	27.6

(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	December 31, 2012	**June 30, 2013**	Change
	Amount	**Amount**	Amount
Current assets:			
Cash and cash equivalents	110,853	83,675	(27,178)
Accounts receivable	16,149	14,462	(1,687)
Allowance for doubtful accounts	(473)	(469)	4
Deferred tax assets – current	6,902	5,796	(1,106)
Prepaid expenses and other current assets	7,537	11,990	4,453
Total current assets	140,968	115,454	(25,514)
Investments:			
Investments in affiliates	10,095	8,440	(1,655)
Investments in other securities, at cost	2,060	2,064	4
Total investments	12,155	10,504	(1,651)
Property and equipment, at cost:			
Land	4,185	4,298	113
Distribution system and equipment	732,660	712,318	(20,342)
Support equipment and buildings	73,119	77,379	4,260
	809,964	793,995	(15,969)
Less accumulated depreciation	(462,913)	(462,506)	407
Total property and equipment	347,051	331,489	(15,562)
Other assets:			
Goodwill	253,079	253,079	—
Identifiable intangible assets, net	33,621	31,224	(2,397)
Deferred tax assets – non current	6,678	6,991	313
Others	18,478	18,452	(26)
Total other assets	311,856	309,746	(2,110)
Total assets	812,030	767,193	(44,837)

(YEN IN MILLIONS)

Account	December 31, 2012	**June 30, 2013**	Change
	Amount	**Amount**	Amount
Current liabilities:			
Short-term loans	5,061	3,737	(1,324)
Long-term debt – current portion	69,847	54,574	(15,273)
Corporate bond – current portion	—	10,000	10,000
Capital lease obligations – current portion:			
Related parties	13,625	12,391	(1,234)
Others	878	810	(68)
Accounts payable	27,407	28,544	1,137
Income taxes payable	16,298	13,371	(2,927)
Deposit from related parties	268	268	—
Deferred revenue – current portion	7,865	7,874	9
Accrued expenses and other liabilities	11,117	10,648	(469)
Total current liabilities	152,366	142,217	(10,149)
Long-term debt, less current portion	48,262	18,543	(29,719)
Corporate bond, less current portion	10,000	—	(10,000)
Capital lease obligations, less current portion:			
Related parties	25,974	22,217	(3,757)
Others	3,677	3,432	(245)
Deferred revenue	52,665	49,547	(3,118)
Deferred tax liabilities – non current	10,845	9,934	(911)
Other liabilities	25,630	25,280	(350)
Total liabilities	329,419	271,170	(58,249)
Shareholders' equity:			
Common stock no par value	117,550	117,550	—
Additional paid-in capital	226,377	226,084	(293)
Retained earnings	117,592	132,255	14,663
Accumulated other comprehensive income/(loss)	118	634	516
Treasury stock, at cost	(7,090)	(7,090)	—
Total J:COM shareholders' equity	454,547	469,433	14,886
Noncontrolling interests in subsidiaries	28,064	26,590	(1,474)
Total shareholders' equity	482,611	496,023	13,412
Total liabilities and shareholders' equity	812,030	767,193	(44,837)

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

(3) CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

(YEN IN MILLIONS)

Classification	Six months ended June 30, 2012	**Six months ended June 30, 2013**	Change
	Amount	**Amount**	Amount
Cash flows from operating activities:			
Net income	19,741	24,676	4,935
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	40,935	40,549	(386)
Equity in earnings of affiliates	(524)	(559)	(35)
Gains on sales of investments in affiliates	—	(2,477)	(2,477)
Dividends from affiliates	468	89	(379)
Stock-based compensation expenses	50	—	(50)
Deferred income taxes expense/(benefit)	(336)	(341)	(5)
Changes in operating assets and liabilities, excluding effects of business combinations:			
Decrease/(increase) in accounts receivable, net	5,406	1,683	(3,723)
Decrease/(increase) in prepaid expenses and other assets	(3,986)	(3,767)	219
Increase/(decrease) in accounts payable	(2,670)	1,386	4,056
Increase/(decrease) in income taxes payable	2,265	(2,927)	(5,192)
Increase/(decrease) in accrued expenses and other liabilities	1,558	(667)	(2,225)
Increase/(decrease) in deferred revenue	(2,556)	(3,109)	(553)
Others	(917)	233	1,150
Net cash provided by operating activities	59,434	54,769	(4,665)
Cash flows from investing activities:			
Capital expenditures	(22,167)	(20,552)	1,615
Acquisition of new subsidiaries, net of cash acquired	564	—	(564)
Proceeds from sales of investments in affiliates	—	4,422	4,422
Other investing activities	(421)	4	425
Net cash used in investing activities	(22,024)	(16,126)	5,898
Cash flows from financing activities:			
Purchases of treasury stock	(5,000)	—	5,000
Acquisition of noncontrolling interests in consolidated subsidiaries	(269)	(3,079)	(2,810)
Net increase/(decrease) in short-term loans	(33)	(1,324)	(1,291)
Principal payments of long-term debt	(5,624)	(44,992)	(39,368)
Principal payments of capital lease obligations	(9,286)	(7,958)	1,328
Cash dividends paid to shareholders	(6,233)	(8,581)	(2,348)
Other financing activities	264	113	(151)
Net cash used in financing activities	(26,181)	(65,821)	(39,640)
Net increase/(decrease) in cash and cash equivalents	11,229	(27,178)	(38,407)
Cash and cash equivalents at beginning of year	89,879	110,853	20,974
Cash and cash equivalents at end of year	101,108	83,675	(17,433)

(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 June 30, 2013, management has determined that the Company has one reportable segment, cable television business.

(6) Significant Changes in Shareholders' Equity

None

(7) Subsequent Events

None