J:COM

(Translation from Japanese disclosure to Osaka Securities Exchange)

July 26, 2011
[U.S. GAAP]

Consolidated Quarterly Financial Results Release

For the Six Months Ended June 30, 2011

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 & CEO

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Expected date of filing of Quarterly Report: August 8, 2011 Expected date of dividend payment: September 8, 2011
Supplementary material for quarterly financial results: Yes
Briefing meeting for quarterly financial results: Yes (for institutional investors, analysts and journalists)

(Fractional amounts rounded)

1. Consolidated operating results (From January 1, 2011 to June 30, 2011)

(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, 2011	184,000	3.6	39,956	21.4	38,430	23.4
Six months ended June 30, 2010	177,538	9.3	32,901	8.2	31,154	9.9

	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, 2011	20,493	1.3	2,959.73	2,958.36
Six months ended June 30, 2010	20,224	41.3	2,934.20	2,929.59

(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	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, 2011	822,748	442,097	424,812	51.6	61,354.47
December 31, 2010	816,763	426,410	410,151	50.2	59,238.63

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, 2010	–	600.00	–	900.00	1,500.00
Year ending December 31, 2011	–	900.00			
Year ending December 31, 2011 (Forecasts)			–	900.00	1,800.00

(Note) Change in forecast of dividends during the six months ended June 30, 2011: None

3. Consolidated forecasts for December 2011 term (from January 1, 2011 to December 31, 2011)

	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	370,000	2.7	73,000	9.4	69,500	10.0	37,500	(0.5)	5,416.06

(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, 2011 during the six months ended June 30, 2011: None

4. Others

(1) Changes in 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) Number of outstanding shares

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

As of June 30, 2011: 6,947,813 shares	As of December 31, 2010: 6,947,813 shares

(ii) Number of treasury stock:

As of June 30, 2011: 23,910 shares	As of December 31, 2010: 24,102 shares

(iii) Number of weighted average stock:

Six months ended June 30, 2011: 6,923,797 shares	Six months ended June 30, 2010: 6,892,438 shares

(Status of quarterly review procedures)

This Consolidated Quarterly Financial Results Release is outside the scope of quarterly review procedures based on Japan's Financial Instruments and Exchange Law.
It is under the review process at the time of disclosure of this report.

(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 on the Financial Results for the Six Months ended June 30, 2011

(1) Qualitative Information on Consolidated Financial Results

(i) Summary

In the six months (January 1, 2011 to June 30, 2011) of the fiscal year ending December 31, 2011, Jupiter Telecommunications Co., Ltd. ("J:COM" or "the Company") continued to face fierce competition from major telecommunications companies and other competitors in the lead up to the complete changeover[*1] to terrestrial digital broadcasting set for July 24, 2011.

Under these circumstances, the J:COM Group (J:COM together with its consolidated subsidiaries) positioned efforts to capture terrestrial digital demand as its most important priority. The J:COM Group implemented measures to increase the number of subscribing households, and worked to deepen ties with customers in order to reduce the cancellation. Moreover, steps were taken to strengthen and expand business tie-up measures mainly in the "Telecom Business and Product Collaboration" fields under the alliance with KDDI Corporation ("KDDI").

Accounting for each of the aforementioned factors, the key performance indicators for the cable television business were as follows.

Key Performance Indicators	As of June 30, 2011 (Six months ended June 30, 2011)	As of June 30, 2010 (Six months ended June 30, 2010)	Year-on-Year Change
[Subscribing households]			
Total number of subscribing households*[i]	3,517,100	3,338,200	5.4%
Total RGUs*[ii]	6,611,100	6,107,200	8.3%
CATV	2,769,800	2,610,500	6.1%
High-Speed Internet Access	1,755,400	1,639,800	7.0%
Telephony	2,085,900	1,856,900	12.3%
[Average Monthly Churn Rate (per RGU)]	1.03%	1.16%	(0.13)
[ARPU]	7,569 yen	7,686 yen	(117 yen)
[Bundle Ratio*[iii]]	1.88	1.83	0.05

*i : Number of households subscribing to one or more of J:COM's services
*ii : Total number of revenue generating units for service supplied
*iii : Average number of services received per subscribing household

For the six months ended June 30, 2011, revenue increased 3.6% compared with the corresponding period of the previous fiscal year to ¥184,000 million. Operating income also climbed 21.4% year-on-year to ¥39,956 million. Net income attributable to J:COM shareholders increased 1.3% to ¥20,493 million.

(ii) Overview of Business Results

Throughout the six months (January 1,2011 to June 30, 2011) of the fiscal year ending December 31, 2011, the J:COM Group worked to increase the number of subscribing households by tapping into demand for terrestrial digital broadcasting with the strategic product "J:COM TV My style,"[*2] launched in July 2010. J:COM TV My

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*1 Excluding three prefectures of the Tohoku area (Iwate, Miyagi, Fukushima)

*2 J:COM TV My style is the package service that includes retransmissions of terrestrial digital and BS digital broadcasts with access to such telecommunication services as high-speed Internet access and telephony, in addition to a selection from the "All you can watch package" of the "J:COM on Demand" video on demand (VOD) service.

style is a product that caters to diversified customers' needs such as a variation of viewing patterns and behavior. It allows viewers to enjoy programs of their choice as and when required. At the same time, J:COM TV My style is a readily available strategic terrestrial digital countermeasure. Ahead of the complete switchover to terrestrial digital broadcasting on July 24, 2011, the J:COM Group concentrated on increasing the number of subscribing households by energetically promoting this product by such means as airing TV commercials over terrestrial broadcasting from late June through early July. As a result, the number of households subscribing to J:COM TV My style increased by 90,400 during the six months ended June 30, 2011 to a total of 159,000.

Next, the J:COM Group continued its efforts to negotiate with facilities management companies to capture the estimated 1,430,000 communal reception households[*3] residing within its service area. Reflecting its success, J:COM had reached agreements with facilities management companies so that J:COM's retransmission service of terrestrial digital broadcasting became available to a cumulative total of approximately 1,120,000 households by the end of June 30, 2011, an increase of approximately 120,000. At the same time, J:COM's pay services were also promoted to these households. As a result, the Company acquired 34,800 revenue generating units (RGUs) during the six months ended June 30, 2011.

A third measure implemented by J:COM was designed to acquire new subscribing households by promoting "J:COM PHONE Plus," a new telephony service introduced in April 2011. J:COM PHONE Plus is a telephony service based on KDDI's platform that offers substantial benefits to customers. Households subscribing to this product are able to make free[*4] phone calls to not only existing "J:COM PHONE" subscribers, but also subscribers to KDDI's telephony service and all au Mobile phones. After aggressively promoting J:COM PHONE Plus during the six months ended June 30, 2011, the number of subscribing households to telephony service rose by 229,000 households, or 12.3% compared with June 30, 2010, to 2,085,900 households.

Consequently, the total number of subscribing households as of June 30, 2011 increased by 178,900 households, or 5.4% compared with June 30, 2010, to 3,517,100 households.

J:COM implemented various measures to deepen ties with customers as a way to lower the cancellation. First, J:COM strove to provide highly dedicated customer support so that customers can utilize its services with more convenience for a longer period. The J:COM Group reviewed its evaluation system for sales representatives, which had emphasized subscriber acquisition, and launched a new evaluation system in April 2011. In this system, the customer's subscribing period is reflected to the evaluation of each sales representative. This system was designed to focus sales representatives' efforts on customer satisfaction so that the customer may use service longer. Consequently, sales personnel now make every effort to enhance customer satisfaction, with courteous follow-ups after new service subscriptions. In response to customers who contacted the Company's customer centers or other service outlets, the Company worked to propose products and plans that better meet their needs, and to dispatch representatives to households directly to provide support such as guidance on the proper use of equipment. Moreover, the Company promoted sales of such long-term contract packaged products as "Value Plan" and J:COM TV My style in an effort to secure longer service use. As a result, the ratio of subscribing households with long-term contract packaged plans to the total number of subscribing households gained by 10.4 percentage points to 20.5% as of June 30, 2011, compared with the same day a year earlier. In addition to the aforementioned measures, the number of analog service subscribing household cancellations was close to zero after the successful shift to digital cable television services by the end of April 2011. The average monthly churn rate per RGU for the six months ended June 30, 2011 improved by 0.13 percentage points year on year from 1.16% to 1.03%.
Second, the J:COM Group endeavored to promote its high-value-added services. As a part of this measure, the J:COM Group expanded the selection of major films available on the same day as their DVD release, where

[*3] Communal reception households are defined as households that receive terrestrial broadcasts through communal reception facilities, installed to solve poor reception in shadow areas created by buildings, transmission lines and related structures.
[*4] The J:COM PHONE Plus free telephony service is subject to certain terms and conditions. These include an initial subscription to the au Mobile phone service followed by a separate application to the relevant J:COM service. Please refer to the following website for details: URL http://www.jcom.co.jp/english/services/phone.html

previously, these films had been available for viewing over VOD six months after their release on DVD. As a result, 4 films including “Harry Potter and the Deathly Hallows Part One” and “The Last Message—Umizaru” were delivered on the same day as their DVD releases during the second quarter of the current fiscal year. In reflection of this, the number of VOD purchases for the six months ended June, 2011, surged 27% year on year to 5,680,000 titles. In addition, J:COM tried to increase the number of subscribers to its “Blu-ray hard disc recorder (HDR)” service. The service allows subscribers to record high definition (HD) broadcasts for what it is to an internal hard disk drive. As a result, the number of “Blu-ray HDR” subscribing households as of June 30, 2011 stood at 65,000 households, up 42,900 households compared with the same day a year earlier.

In the context of its business alliance with KDDI, J:COM expanded measures centered on the “Telecom Business and Product Collaboration” field. Specifically, the J:COM Group started a full-scale promotion of “J:COM WiMAX,” a high-speed mobile Internet service provided by UQ Communications Inc., an equity-method affiliate of KDDI from December 2010, for J:COM NET subscribing households, in addition to the new telephony service J:COM PHONE Plus, launched in April 2011. As a result, the number of subscribing households to J:COM WiMAX rose to 6,600 households during the six months ended June 30, 2011. Moreover, to further enhance the “Sales and Marketing Collaboration” that began in August 2010, both companies extended the cross-sales promotion area of the J:COM Group’s services and the au Mobile services of KDDI to Sapporo and Sendai in February 2011.

In the “Media Business” field in June 2011, the J:COM Group began providing KDDI’s “au HIKARI TV service” with two channels, namely “Channel Ginga,” which is managed by Channel Ginga Co., Ltd., a consolidated subsidiary of J:COM, and “Golf Network,” which is managed by Jupiter Golf Network Co., Ltd., another consolidated subsidiary.

(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 for the six months ended June 30, 2011 are Suzuran Cable System transferred from the KEIHANSHIN Cable Vision Foundation to J:COM consolidated subsidiary Cable Net Kobe Ashiya Co.,Ltd. on February 1, 2010, Kobe Cable Vision, transferred from Kobe City Development and Management Foundation to Cable Net Kobe Ashiya Co., Ltd. on April 1, 2010, and Cablevision Kasai transferred from Tokyo Cable Vision Foundation to J:COM consolidated subsidiary Edogawa Cable Television Inc.[*5] on June 1, 2010.

Revenue increased by ¥6,462 million, or 3.6%, from ¥177,538 million for the six months ended June 30, 2010 to ¥184,000 million for the six months ended June 30, 2011. This increase included ¥253 million that was attributable to the aggregate impact of acquisitions. Excluding the impact of acquisitions, revenue at existing consolidated subsidiaries increased by ¥6,209 million, or 3.5%.

Subscription fees increased by ¥5,022 million, or 3.4%, from ¥147,543 million for the six months ended June 30, 2010 to ¥152,565 million for the six months ended June 30, 2011. This increase included ¥231 million that was attributable to the aggregate impact of acquisitions. Excluding the impact of acquisitions, subscription fees at existing subsidiaries increased by ¥4,791 million, or 3.2%.

Cable television subscription fees increased by ¥1,978 million, or 2.5%, from ¥79,797 million for the six months ended June 30, 2010 to ¥81,775 million for the six months ended June 30, 2011. The increase in cable television

[*5] Edogawa Cable Television Inc. was merged by J:COM Kanto Co.,Ltd. on July 1, 2011.

subscription fees was mainly due to an increase in the number of consolidated subsidiary subscribing households and an increase in the number of users of digital additional services such as HDR mainly on the Blu-ray and VOD in spite of a decrease in ARPU.

High-speed Internet access subscription fees increased by ¥1,506 million, or 3.5%, from ¥43,034 million for the six months ended June 30, 2010 to ¥44,540 million for the six months ended June 30, 2011. The increase in high-speed Internet access subscription fees was due to an increase in the number of consolidated subsidiary subscribing households, which was partly offset by increased product bundling discounts.

Telephony subscription fees increased by ¥1,538 million, or 6.2%, from ¥24,712 million for the six months ended June 30, 2010 to ¥26,250 million for the six months ended June 30, 2011. The increase in telephony subscription fees was primarily the result of an increase in the number of consolidated subsidiary subscribing households, which was partly offset by increased product bundling discounts.

Turning to existing consolidated subsidiary subscription fees by type of service, the rates of increase for the six months ended June 30, 2011 were 2.2%, 3.4% and 6.2% for cable television, high-speed Internet access and telephony service, respectively.

Other revenue increased by ¥1,440 million, or 4.8%, from ¥29,995 million for the six months ended June 30, 2010 to ¥31,435 million for the six months ended June 30, 2011. The increase was mainly attributable to revenue relating to poor reception compensation.

Operating and programming costs increased by ¥1,636 million, or 2.5%, from ¥65,460 million for the six months ended June 30, 2010 to ¥67,096 million for the six months ended June 30, 2011. This increase was mainly due to an increase in costs relating to programming, personnel costs and outsourcing. Selling, general and administrative expenses decreased by ¥1,035 million, or 2.8%, from ¥36,501 million for the six months ended June 30, 2010 to ¥35,466 million for the six months ended June 30, 2011. This was mainly due to a decrease in advertising expenses.

Depreciation and amortization expenses decreased by ¥1,194 million, or 2.8%, from ¥42,676 million for the six months ended June 30, 2010 to ¥41,482 million for the six months ended June 30, 2011. The decrease was largely due to certain fully depreciated assets before June 30, 2011.

Operating income, as a result of the above items, increased by ¥7,055 million, or 21.4%, from ¥32,901 million for the six months ended June 30, 2010 to ¥39,956 million for the six months ended June 30, 2011.

Income before noncontrolling interests and income taxes increased by ¥7,276 million, or 23.4%, from ¥31,154 million for the six months ended June 30, 2010 to ¥38,430 million for the six months ended June 30, 2011. Net income attributable to J:COM shareholders increased by ¥269 million, or 1.3%, from ¥20,224 million for the six months ended June 30, 2010 to ¥20,493 million for the six months ended June 30, 2011, despite an increase in income taxes expense in contrast with the six months ended June 30, 2010 where income taxes expense decreased due to companies' liquidation (intermediary holding companies).

(2) Qualitative Information on Consolidated Financial Position

(i) Assets, Liabilities and Shareholders' Equity

Total assets increased by ¥5,985 million, from ¥816,763 million as of December 31, 2010 to ¥822,748 million as of June 30, 2011. This was due to an increase in cash and cash equivalents, which was partly offset by a decrease in net book value of property and equipment by depreciated.

Total liabilities decreased by ¥9,702 million from ¥390,353 million as of December 31, 2010 to ¥380,651 million as of June 30, 2011. This was primarily due to a decrease in income taxes payable and capital lease obligations.

Total J:COM shareholders' equity increased by ¥14,661 million from ¥410,151 million as of December 31, 2010 to ¥424,812 million as of June 30, 2011. The increase was mainly due to the upswing in net income attributable to J:COM shareholders for the six months ended June 30, 2011, which was partly offset dividend paid to shareholders.

(ii) Cash Flows

For the six months ended June 30, 2011, the net cash was provided by operating activities of ¥57,909 million, used in investing activities of ¥24,713 million and financing activities of ¥18,371 million, respectively. Accounting for the aforementioned activities, cash and cash equivalents increased by ¥14,825 million from ¥78,212 million as of December 31, 2010 to ¥93,037 million as of June 30, 2011.

Cash Provided by Operating Activities.

Net cash provided by operating activities decreased by ¥2,130 million, from ¥60,039 million for the six months ended June 30, 2010 to ¥57,909 million for the six months ended June 30, 2011. The decrease was mainly attributable to increase in income taxes payment, which was partly offset by an increase in net income.

Cash Used in Investing Activities.

Net cash used in investing activities decreased by ¥711 million, from ¥25,424 million for the six months ended June 30, 2010 to ¥24,713 million for the six months ended June 30, 2011. This was due to payment for acquisitions of business operations for the six months ended June 30, 2010.

Cash Used in Financing Activities.

Net cash used in financing activities increased by ¥3,198 million, from ¥15,173 million for the six months ended June 30, 2010 to ¥18,371 million for the six months ended June 30, 2011. This was mainly due to proceed from exercise of stock options for the six months ended June 30, 2010 and an increase in dividend paid to shareholders, which was partly offset by a decrease in debt payments(net).

(3) Qualitative Information on Consolidated Business Results Forecasts

There are no changes from consolidated business results forecasts announced on January 27, 2011, included in the Company's Consolidated Annual Financial Results Release for the fiscal year ending December 31, 2011.

2. Other Information

(1) Changes in 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) Assumptions of Significant Event for Going Concern

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, 2011**	Six months ended June 30, 2010	Change		Year ended December 31, 2010
	Amount	Amount	Amount	(%)	Amount
Revenue:					
Subscription fees	152,565	147,543	5,022	3.4	298,197
Others	31,435	29,995	1,440	4.8	61,915
	184,000	177,538	6,462	3.6	360,112
Operating costs and expenses:					
Operating and programming costs	(67,096)	(65,460)	(1,636)	(2.5)	(135,272)
Selling, general and administrative expenses	(35,466)	(36,501)	1,035	2.8	(72,242)
Depreciation and amortization	(41,482)	(42,676)	1,194	2.8	(85,843)
	(144,044)	(144,637)	593	0.4	(293,357)
Operating income	39,956	32,901	7,055	21.4	66,755
Other income (expenses):					
Interest expense, net:					
Related parties	(738)	(834)	96	11.5	(1,644)
Others	(1,489)	(1,678)	189	11.2	(3,447)
Equity in earnings of affiliates	534	358	176	49.1	1,032
Other income, net	167	407	(240)	(58.8)	471
Income before noncontrolling interests and income taxes	38,430	31,154	7,276	23.4	63,167
Income taxes expense	(16,155)	(9,312)	(6,843)	(73.5)	(22,248)
Net income	22,275	21,842	433	2.0	40,919
Net income attributable to noncontrolling interests	(1,782)	(1,618)	(164)	(10.1)	(3,229)
Net income attributable to J:COM shareholders	20,493	20,224	269	1.3	37,690
Net income attributable to J:COM shareholders per share:					
Basic	¥2,959.73	¥2,934.20	¥25.53	0.9	¥5,456.41
Diluted	¥2,958.36	¥2,929.59	¥28.77	1.0	¥5,450.89
Weighted average number of ordinary shares outstanding:					
Basic	6,923,797	6,892,438	31,359	0.5	6,907,446
Diluted	6,927,016	6,903,272	23,744	0.3	6,914,436

(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, 2011	December 31, 2010	Change
	Amount	Amount	Amount
Current assets:			
Cash and cash equivalents	93,037	78,212	14,825
Accounts receivable	18,754	22,211	(3,457)
Allowance for doubtful accounts	(493)	(530)	37
Deferred tax assets – current	10,125	11,611	(1,486)
Prepaid expenses and other current assets	13,677	7,833	5,844
Total current assets	135,100	119,337	15,763
Investments:			
Investments in affiliates	10,356	9,938	418
Investments in other securities, at cost	2,150	2,152	(2)
Total investments	12,506	12,090	416
Property and equipment, at cost:			
Land	3,966	3,966	—
Distribution system and equipment	729,936	719,018	10,918
Support equipment and buildings	65,526	61,063	4,463
	799,428	784,047	15,381
Less accumulated depreciation	(434,300)	(410,394)	(23,906)
Total property and equipment	365,128	373,653	(8,525)
Other assets:			
Goodwill	248,323	248,323	—
Identifiable intangible assets, net	39,293	41,615	(2,322)
Deferred tax assets – non current	5,871	5,392	479
Others	16,527	16,353	174
Total other assets	310,014	311,683	(1,669)
Total assets	822,748	816,763	5,985

(YEN IN MILLIONS)

Account	June 30, 2011	December 31, 2010	Change
	Amount	Amount	Amount
Current liabilities:			
Short-term loans	5,380	5,581	(201)
Long-term debt – current portion	23,103	19,247	3,856
Capital lease obligations – current portion:			
Related parties	16,651	16,905	(254)
Others	1,211	1,719	(508)
Accounts payable	25,737	27,995	(2,258)
Income taxes payable	12,246	16,448	(4,202)
Deposit from related parties	268	268	—
Deferred revenue – current portion	8,685	9,774	(1,089)
Accrued expenses and other liabilities	13,162	10,481	2,681
Total current liabilities	106,443	108,418	(1,975)
Long-term debt, less current portion	123,371	128,887	(5,516)
Corporate bond, less current portion	10,000	10,000	—
Capital lease obligations, less current portion:			
Related parties	36,450	38,373	(1,923)
Others	3,999	4,432	(433)
Deferred revenue	59,856	60,478	(622)
Deferred tax liabilities – non current	12,735	13,392	(657)
Other liabilities	27,797	26,373	1,424
Total liabilities	380,651	390,353	(9,702)
Shareholders' equity:			
Ordinary shares no par value	117,550	117,550	—
Additional paid-in capital	226,384	226,017	367
Retained earnings	84,271	70,010	14,261
Accumulated other comprehensive income/(loss)	(1,145)	(1,160)	15
Treasury stock, at cost	(2,248)	(2,266)	18
Total J:COM shareholders' equity	424,812	410,151	14,661
Noncontrolling interests in subsidiaries	17,285	16,259	1,026
Total shareholders' equity	442,097	426,410	15,687
Total liabilities and shareholders' equity	822,748	816,763	5,985

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

(3) CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

(YEN IN MILLIONS)

Classification	**Six months ended June 30, 2011** Amount	Six months ended June 30, 2010 Amount	Year ended December 31, 2010 Amount
Cash flows from operating activities:			
Net income	22,275	21,842	40,919
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	41,482	42,676	85,843
Equity in earnings of affiliates	(534)	(358)	(1,032)
Stock-based compensation expenses	47	78	102
Deferred income taxes expense/(benefit)	311	(3,023)	(3,675)
Gain on Bargain Purchase in acquisition	—	(369)	(368)
Changes in operating assets and liabilities, excluding effects of business combinations:			
Decrease/(increase) in accounts receivable, net	3,420	681	(5,811)
Increase in prepaid expenses	(5,679)	(4,546)	(496)
Increase in other assets	(174)	(426)	(1,334)
Increase/(decrease) in accounts payable	(1,478)	1,136	686
Increase in accrued expenses and other liabilities	128	3,406	7,939
Increase/(decrease) in deferred revenue	(1,889)	(1,058)	1,603
Net cash provided by operating activities	57,909	60,039	124,376
Cash flows from investing activities:			
Capital expenditures	(24,862)	(24,580)	(56,247)
Acquisitions of business operations	—	(1,075)	(1,075)
Other investing activities	149	231	274
Net cash used in investing activities	(24,713)	(25,424)	(57,048)
Cash flows from financing activities:			
Proceeds from issuance of common stock	—	616	616
Proceeds from reissuance of treasury stock	0	4,117	4,420
Acquisition of noncontrolling interests in consolidated subsidiaries	(309)	(108)	(1,608)
Net decrease in short-term loans	(201)	(473)	(2,037)
Principal payments of long-term debt	(1,660)	(6,190)	(22,353)
Principal payments of capital lease obligations	(10,436)	(10,868)	(21,594)
Cash dividend paid to shareholders	(6,231)	(3,361)	(7,514)
Other financing activities	466	1,094	(3,472)
Net cash used in financing activities	(18,371)	(15,173)	(53,542)
Net increase in cash and cash equivalents	14,825	19,442	13,786
Cash and cash equivalents at beginning of year	78,212	64,426	64,426
Cash and cash equivalents at end of year	93,037	83,868	78,212

(4) Assumptions for Going Concern

None

(5) Segment Information

(i) Operating 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.

(ii) Segment 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