J:COM (Translation from Japanese disclosure to JASDAQ)

January 27, 2011

[U.S. GAAP]

Consolidated Annual Financial Results Release

For the Year Ended December 31, 2010

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: Tomoyuki Moriizumi, President & CEO
Please address all communications to:
Yoshihiro Aoyama, IR Department Phone: +81-3-6765-8157 E-Mail: AoyamaY@jupiter.jcom.co.jp
Expected date of Annual Shareholder's meeting: March 23, 2011
Expected date of filing of annual report: March 23, 2011 Expected date of dividend payment: March 24, 2011

1. Consolidated operating results (From January 1, 2010 to December 31, 2010)

(1) Consolidated financial results

(Fractional amounts rounded)

(For the year ended)	Revenue		Operating income		Income before noncontrolling interests and income taxes		Net income attributable to J:COM shareholders	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
December 31, 2010	360,112	7.9	66,755	9.2	63,167	9.2	37,690	23.8
December 31, 2009	333,724	13.4	61,159	13.9	57,834	16.3	30,453	8.9

(For the year ended)	Net income attributable to J:COM shareholders per share(basic)	Net income attributable to J:COM shareholders per share(diluted)	Net income attributable to J:COM shareholders ratio to shareholders' equity	Income before noncontrolling interests and income taxes ratio to total assets	Income before noncontrolling interests and income taxes ratio to revenue
	(Yen)	(Yen)	%	%	%
December 31, 2010	5,456. 41	5,450. 89	9.6	7.8	17.5
December 31, 2009	4,439. 56	4,438. 57	8.4	7.4	17.3

(Notes)

1. *Equity in earnings of affiliates;*
   For the year ended December 31, 2010: 1,032 million yen For the year ended December 31, 2009: 599 million yen
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

(As of)	Total assets	J:COM Shareholders' equity	Equity capital ratio to total assets	J:COM Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
December 31, 2010	816,763	410,151	50.2	59,238.63
December 31, 2009	801,657	374,902	46.8	54,649.54

(3) Consolidated cash flow statement

(For the year ended)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash & cash equivalents
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
December 31, 2010	124,376	(57,048)	(53,542)	78,212
December 31, 2009	123,626	(56,558)	(24,145)	64,426

2. Dividend information

(For the year ended)	Annual cash dividends per share (Yen)					Total amount of annual cash dividends (Millions of yen)	Dividends payout ratio	Total amount of dividends ratio to shareholders' equity
	First quarter period	Second quarter period	Third quarter period	Year-end	Total			
December 31, 2009	—	490.00	—	490.00	980.00	6,723	22.1	1.9
December 31, 2010	—	600.00	—	900.00	1,500.00	10,383	27.5	2.6
December 31, 2011 (Forecasts)	—	900.00	—	900.00	1,800.00		33.2	

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)	5,416.17

(Notes) 1. 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 *Not conduct Consolidated earnings forecast for the six months ending June 30, 2011.*

4. Other information

(1) Change in significant consolidated subsidiaries: None

(2) Change in significant accounting and reporting policies

1. *Change in accounting methods in accordance with change in accounting policy : None*
2. *Change in accounting methods other than above : None*

(3) Outstanding shares

1. Number of issued shares at end of term (consolidated):

As of December 31, 2010: 6,947,813 shares   As of December 31, 2009: 6,940,110 shares

2 Number of treasury stock:

As of December 31, 2010: 24,102 shares   As of December 31, 2009: 80,000 shares

(Note) Regarding number of shares basis of per share data, please refer to page 21.

(Ref) Parent Company Only [JAPANESE GAAP]

1. Operating results (From January 1, 2010 to December 31, 2010)

(1) Financial results

(In millions of yen, with fractional amounts rounded)

(For the year ended)	Revenue		Operating income		Ordinary income		Net income	
		(%)		(%)		(%)		(%)
December 31, 2010	157,358	20.4	15,621	25.3	14,583	16.0	9,042	7.0
December 31, 2009	130,700	10.8	12,465	19.3	12,568	19.9	8,452	21.1

(For the year ended)	Net income per share	Net income per share (diluted)
	(Yen)	(Yen)
December 31, 2010	1,309.01	1,307.69
December 31, 2009	1,232.17	1,231.90

The percentages shown next to revenue, operating income, ordinary income and net income represent year-on-year changes.

(2) Financial position

(In millions of yen, with fractional amounts rounded)

(As of)	Total assets	Net assets	Equity capital ratio to total assets	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
December 31, 2010	443,784	260,717	58.7	37,631.08
December 31, 2009	501,132	253,882	50.6	36,991.88

(Notes) Stockholders' equity : As of December 31, 2010: ¥ 260,547 million As of December 31, 2009: ¥253,769 million

(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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Ⅰ. Business Results

(1) Analysis of Business Results

a. Summary

Throughout the fiscal year ended December 31, 2010, Jupiter Telecommunications Co., Ltd. (“J:COM” or “the Company”) continued to face fierce competition from major telecommunications and other competitors against the backdrop of a slump in the pay multi-channel broadcast market.

Under these circumstances, the J:COM Group (J:COM together with its consolidated subsidiaries) continued to focus on implementing its Volume strategy, which aims to increase the number of service subscribing households. At the same time, steps were taken to promote the Group’s Value strategy as a part of efforts to improve the monthly average revenue per unit (ARPU) as well as the Content strategy, which is designed to enhance programming quality.

In addition, J:COM concluded a Memorandum of Understanding with Sumitomo Corporation (“Sumitomo”), a major J:COM shareholder since the Company’s establishment, and KDDI Corporation (“KDDI”), which became a major J:COM shareholder in February 2010, to consider the formation of an alliance on June 10, 2010. Under this Memorandum, the participating companies also implemented specific measures aimed at collaborating across certain business fields during the period under review.

As a result of the above, revenue for the fiscal year ended December 31, 2010 amounted to ¥360,112 million, a year-on-year increase of 8%. Operating income and net income attributable to J:COM shareholders for the year ended December 31, 2010 increased 9% and 24% respectively to ¥66,755 million and ¥37,690 million. And also, the consolidated performance highlights are as follows.

Volume	End of Dec 2010	End of Dec 2009	Year on Year Changes
[Subscribing Households]			
Total subscribing households* i	3,426,100	3,274,800	+5%
Cable television	2,691,000	2,598,600	+4%
High-speed Internet access	1,695,900	1,584,900	+7%
Telephony	1,970,700	1,763,100	+12%
[Average Monthly Churn Rate per RGU]	1.11% (Ave. Jan-Dec 2010)	1.07% (Ave. Jan-Dec 2009)	+0.04

Value	End of Dec 2010 (Ave. Jan-Dec 2010)	End of Dec 2009 (Ave. Jan-Dec 2009)	Year on Year Changes
ARPU	7,680 yen	7,726 yen	-46 yen
Bundle ratio* ii	1.86	1.82	+0.04

* i : Total subscribing households = the number of households subscribing to one or more J:COM service
* ii : Bundle ratio = Average number of services received per subscribing household

b. Overview of Business Results

Under its Volume strategy, J:COM positioned efforts to “broaden its CATV subscriber base” as an important priority during the fiscal year under review. For this purpose, the Company implemented a variety of measures to achieve this end.

One of these measures involved efforts to cultivate new target markets. In this context, J:COM worked diligently to attract young adults, single-person households and senior couples, each a demographic segment to which the Company had not fully promoted the appeal of its services. Taking this approach into consideration, J:COM launched the new service package “J:COM TV My style[1]” on July 15, 2010. J:COM TV My style is a new 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. The “All you can watch package” comprises 31 packages of wide-ranging genres (as of December 31, 2010), and offers unlimited viewing of programs within each package at any time for a fixed monthly fee. Prime examples of the packages currently on offer include “WARNER TV,” which comprises a host of popular Warner Brothers’ TV series, and “All you can watch Discovery 100,” a diverse selection of Discovery Channel documentaries. In addition to matching changes in television viewing patterns and customer needs that call for “the viewing of programs limited to a specific genre” and “the enjoyment of watching in-demand programs at a time of one’s own choice,” on the back of an increase in the number of nuclear family and single-person households, this service also acts as a quick and easy terrestrial digital countermeasure that helps to strategically capture terrestrial digital demand. From a sales and marketing perspective, J:COM placed considerable emphasis on increasing the number of service subscribers by using such promotional tools as terrestrial transmission television commercials. As a result of these collective endeavors, the number of cable television service subscribing households saw a clear upward shift from July 2010. The Company has positioned J:COM TV My style as an entry model aimed at stimulating interest in its multi-channel service. Moving forward, J:COM will strive to further promote the new service package to capture a new subscriber base. At the same time, the Company will make every effort to promote a shift in the number of subscribers to its mainstay J:COM TV Digital multi-channel service.

A second measure encompassed efforts to address the complete migration and changeover to terrestrial digital broadcasting scheduled on July 24, 2011. During the period under review, the J:COM Group continued to channel its energies toward capturing the estimated 1,400,000 potential communal reception households[2] residing within its service area. As a result, the Company successfully reached agreements to provide terrestrial retransmission services with facilities management companies to a cumulative total of approximately 1,000,000 households as of the end of the fiscal year under review. This represented an increase of approximately 460,000 households for the period. Furthermore, J:COM pursued negotiations with agreed households regarding its pay services. Buoyed by these endeavors, the Company acquired approximately 90,000 revenue generating units (RGUs) for the year ended December 31, 2010.

A third measure implemented by J:COM was designed to improve the churn rate. Among a host of initiatives to improve the level of customer satisfaction (CS), the Company established a new Customer Satisfaction Promotion Division on July 1, 2010, with the aim of strengthening measure formulating capability for improving CS and preventing subscription cancelations, as well as reinforcing the measure implementing capability. Adopting a systematic approach, J:COM classified the cancellation of subscriptions on an individual cause basis according to the attributes of each customer. Based on this analysis, the Company identified levels of cancellation risk and drew up effective countermeasures for each case. In specific terms, J:COM adopted a strict policy of customer follow-up in the period following the signing of a service contract, lent a keener ear to customer comments and opinions, and implemented several measures including the promotion of long-term subscription products.

In implementing its Value strategy, the J:COM Group terminated the analog broadcast of its cable television services across its nationwide service network with the exception of certain service areas[3] on September 30, 2010. This completed the Group’s shift to digital transmission. Building on this initiative, the Group took steps to effectively apply the frequency bands previously used for its analog broadcasts to promote expansion of its

[1] The name of the “J:COM TV My style Select” service was changed to “J:COM TV My style” on October 1, 2010.

[2] 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.

[3] Group companies of the former Mediatti Communications, Inc., the former Johoku New Media Co., Ltd. and certain areas of Cablenet KOBE ASHIYA Co., Ltd.

high-definition (HD) broadcast channels. As a result, viewers were able to enjoy a total of 49 HD channels as of December 31, 2010, accounting for approximately 60% of the Company's complete channel lineup of wide-ranging genres including sports, movies and entertainment. With regard to the Group's VOD service, the Company implemented a variety of initiatives aimed at expanding the Group's user base. As a prime example, the J:COM Group launched Japan's first 3-D programming content VOD broadcasting service in April 2010. In addition, J:COM was quick to acquire exclusive VOD service broadcasting rights of the serial drama "Clone Baby" broadcast terrestrially by Tokyo Broadcasting System Television, Inc. With services commencing from October 5, 2010, J:COM again gained a lead on its competitors, becoming the first in Japan to realize an exclusive pay-for-view service for a terrestrially broadcast serial drama. Looking ahead, the Company will continue to actively expand its lineup of HD channels and VOD services as a part of ongoing efforts to deliver more attractive and appealing cable television services.

Turning to the Group's Content strategy, J:COM's consolidated subsidiary J SPORTS Broadcasting Corporation ("J SPORTS") and Jupiter Golf Network Co., Ltd commenced HD programming of those thematic channels; "J sports 1" "J sports 2" from March 1, 2010 and "Golf Network" from June 1, 2010. This formed part of the Group's overall commitment to expand its lineup of HD channels. Furthermore, the consolidated subsidiary J SPORTS, which plans to commence new BS digital broadcasting after October 2011, received accreditation for two additional channels from Japan's Ministry of Internal Affairs and Communications on October 19, 2010. As a result, J SPORTS will become the nation's leading BS broadcaster with a total of four channels. In the future, the J:COM Group will endeavor to maximize J SPORTS viewer appeal through this new BS broadcasting platform. At the same time, every effort will be made to increase the number of J SPORTS subscribers and to expand the multi-channel market.

With respect to J:COM's relationship with KDDI, both companies are considering specific measures of an alliance across five business fields, namely Ⅰ.Telecom Business and Product Collaboration, Ⅱ.Sales and Marketing Cooperation, Ⅲ.Technology and Infrastructure, Ⅳ.Media Business, and Ⅴ.CATV Business. As the first concrete step in concluding this alliance, J:COM Shops and au Shops in the Kansai area commenced cross-sales promotion of the Company's cable television and other services and the au Mobile services of KDDI from August 1, 2010. Moving forward, both companies are committed to generating additional synergy benefits, and plan to extend this cross-sales promotion initiative to other service areas including Sapporo and Kanto.

c. Profit and Loss

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

Revenue increased by ¥26,388 million, or 8% from ¥333,724 million for the year ended December 31, 2009 to ¥360,112 million for the year ended December 31, 2010. This increase included ¥11,221 million that was attributable to the aggregate impact of acquisitions. Excluding the effects of these acquisitions, revenue increased by ¥15,167 million, or 5%.

Subscription fees increased by ¥10,461 million, or 4%, from ¥287,736 million for the year ended December 31, 2009 to ¥298,197 million for the year ended December 31, 2010. This increase included ¥786 million that was attributable to the aggregate impact of acquisitions. Excluding the impact of acquisitions, subscription fees increased by ¥9,675 million, or 3%.

Cable television subscription fees increased by ¥4,870 million, or 3%, from ¥155,903 million for the year ended December 31, 2009 to ¥160,773 million for the year ended December 31, 2010. The increase in cable television subscription fees was mainly attributable to an increase in the number of consolidated subsidiary subscribing households as well as having nearly completed except for certain areas of cable television subscribers receiving digital service as of December 31, 2010, and increasing digital additional service using of HDR mainly on the Blu-ray.

High-speed Internet subscription fees increased by ¥3,481 million, or 4% from ¥83,525 million for the year ended December 31, 2009 to ¥87,006 million for the year ended December 31, 2010. 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 ¥2,110 million, or 4%, from ¥48,308 million for the year ended December 31, 2009 to ¥50,418 million for the year ended December 31, 2010. 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 and lower call volumes.

Turning to existing consolidated subsidiary subscription fees by type of service, the rates of increase for the year ended December 31, 2010 were 3%, 4% and 4% for cable television, high-speed Internet access and telephony service, respectively.

Other revenue increased by ¥15,927 million, or 35%, from ¥45,988 million for the year ended December 31, 2009 to ¥61,915 million for the year ended December 31, 2010. The increase was mainly attributable to the aggregate impact of acquisitions totaling ¥10,435 million.

Operating and programming costs increased by ¥12,222 million, or 10%, from ¥123,050 million for the year ended December 31, 2009 to ¥135,272 million for the year ended December 31, 2010. This increase was largely due to the aggregate impact of acquisitions of ¥8,076 million and expense related to subscribers. Selling, general and administrative expenses increased by ¥5,901 million, or 9%, from ¥66,341 million for the year ended December 31, 2009 to ¥72,242 million for the year ended December 31, 2010. This mainly reflected increases in advertising costs in connection with sales promotions and higher personnel costs, and the aggregate impact of acquisitions totaling ¥1,301 million

Depreciation and amortization expenses increased by ¥2,669 million, or 3%, from ¥83,174 million for the year ended December 31, 2009 to ¥85,843 million for the year ended December 31, 2010. This increase was largely attributable to additions to fixed assets related to the installation of services to new customers and the aggregate impact of acquisitions totaling ¥1,069 million.

Operating income, as a result of the above items, increased by ¥5,596 million, or 9% from ¥61,159 million for the year ended December 31, 2009 to ¥66,755 million for the year ended December 31, 2010.

Interest expense, net decreased by ¥81 million, or 2%, from ¥5,172 million for the year ended December 31, 2009 to ¥5,091 million for the year ended December 31, 2010.

Income before noncontrolling interests and income taxes increased by ¥5,333 million, or 9% from ¥57,834 million for the year ended December 31, 2009 to ¥63,167 million for the year ended December 31, 2010.
Net income attributable to J:COM shareholders increased by ¥7,237 million, or 24%, from ¥30,453 million for the year ended December 31, 2009 to ¥37,690 million for the year ended December 31, 2010. This was due to such factors as a decrease in tax expenses resulting from liquidation of subsidiaries that had been intermediary holding companies.

d. Outlook for the coming fiscal year

(for the year ended)	Revenue		Operating Income		Income before noncontrolling interests and income taxes		Net Income attributable to J:COM shareholders	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
December 31, 2011 (forecasts)	370,000	2.7	73,000	9.4	69,500	10.0	37,500	(0.5)

(Notes) 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.

Having a stagnant pay multi-channel broadcast market and weak economy in the background, the J:COM Group's operating environment remains severe in the intense competition among major telecommunications and related companies. On the other hand, as a group that delivers terrestrial digital solutions, J:COM recognizes the planned complete changeover to terrestrial digital broadcasting in July 2011 as a significant business opportunity.

Under these circumstances, the J:COM Group will proactively reinforce its efforts to capitalize on this digital service demand and aggressively target potential new customers in order to expand its subscriber base. In addition to further bolstering its marketing capabilities, the J:COM Group will at the same time continue to diversify sales channels. From a product perspective, the J:COM Group will introduce such new and attractive services as it works diligently toward addressing customer needs. Moreover, the J:COM Group will work in earnest to enhance the quality of its programming content by such a measure as expanding its lineup of HD channels through a variety of endeavors.

Taking into consideration the aforementioned measures, consolidated revenue is estimated to total ¥370,000 million for the fiscal year ending December 31, 2011. On the earnings front, the J:COM Group is projecting consolidated operating income, income before non controlling interests and income taxes, and net income attributable to J:COM shareholders to reach ¥73,000 million, ¥69,500 million and ¥37,500 million, respectively.

The J:COM Group's consolidated performance forecasts are based on business plans for the full fiscal year. Accordingly, performance forecasts for the first half on a cumulative basis are not provided.

(2) Financial position

a. Assets, Liabilities and Shareholders' equity

Total assets increased by ¥15,106 million, from ¥801,657 million as of December 31, 2009 to ¥816,763 million as of December 31, 2010. The increase was primarily due to higher cash and cash equivalents provided from operations, exercise of stock options, and partly offset by debt repayments.

Total liabilities decreased by ¥21,713 million, from ¥412,066 million as of December 31, 2009 to ¥390,353 million as of December 31, 2010. The decrease was largely the result of debt repayments.

Total J:COM shareholders' equity increased by ¥35,249 million from ¥374,902 million as of December 31, 2009 to ¥410,151 million as of December 30, 2010. The increase was mainly due to the upswing in net income attributable to J:COM shareholders for the year ended December 31, 2010, as well as the decrease in treasury stock allocated as a result of the exercise of stock options, which was partly offset by payment of dividend.

b. Cash flows

For the year ended December 31, 2010, the net cash provided by operating activities of ¥124,376 million was used to fund net cash used in our investing and financing activities of ¥57,048 million and ¥53,542 million, respectively. Accounting for the aforementioned activities, cash and cash equivalents increased by ¥13,786 million from ¥64,426 million as of December 31, 2009 to ¥78,212 million as of December 31, 2010.

Cash Provided by Operating Activities

Net cash provided by operating activities increased by ¥750 million, from ¥123,626 million for the year ended December 31, 2009 to ¥124,376 million for the year ended December 31, 2010. This was due to revenue increase, deferred taxes decrease and change of operating credit and debt.

Cash Used in Investing Activities

Net cash used in investing activities increased by ¥490 million, from ¥56,558 million for the year ended December 31, 2009 to ¥57,048 million for the year ended December 31, 2010. The net cash used for the year ended December 31, 2010 primarily consisted of ¥56,247 million for capital expenditures.

Cash Used in Financing Activities

Net cash used in financing activities increased by ¥29,397 million, from ¥24,145 million for the year ended December 31, 2009 to ¥53,542 million for the year ended December 31, 2010. The net cash used for the year ended December 31, 2010 primarily consisted ¥21,594 million of principal payments under capital lease obligations, ¥24,390 million of debt repayment(net), and ¥7,514 million of dividends paid to shareholders. This was partially offset by ¥616 million of proceeds from the issuance of common stock and ¥4,420 million of allocation of treasury stock relating to the exercise of stock options.

(3) Fundamental policy regarding the distribution of profits

J:COM recognizes that the distribution of profits to shareholders is an important management issue. In this context, the Company will endeavor to consistently supplement the J:COM Group's internal reserves for use in potential future investments such as the acquisition of other companies and businesses as well as capital expenditures, while at the same time maintaining stable and continuous returns to shareholders. As such, J:COM is scheduled to undertake the payment of an annual cash dividend of ¥1,500 of which interim cash dividend of ¥600 per share in connection with the year-end cash dividend of ¥900 per share.

Looking ahead, J:COM will continue to promote sustainable growth while working positively to return profits to shareholders. In fiscal 2011, the year ending December 31, 2011, taking into consideration the J:COM Group's business results and other factors, the Company plans to pay an annual cash dividend of ¥1,800 per share, comprising an interim cash dividend of ¥900 per share and a year-end cash dividend of ¥900 per share, compared with ¥1500 (forecast) per share in fiscal 2010.

(4) Risk management

The J:COM Group has implemented organizational and structural risk management measures. However, should risks emerge, the possibility exists that they could significantly affect the J:COM Group's business results, financial position or cash flows.

As of December 31, 2010, risks to the J:COM Group (some of which are outside of the control of the J:COM Group) were as follows:

1. Risks associated with the J:COM Group's businesses
   – An ineffective strategy for gaining new subscribers.
   – Risk that the J:COM Group might be unable to secure the funds, equipment, or obtain regulatory approvals needed for network expansion.
   – Changes in the performance of J:COM Group companies might have a negative effect on operating results.
   – Risks associated with non-compliance with certain regulations (for instance, claims for damages resulting from the unauthorized release of personal information).

2. Risks associated with business relationships
   – Adverse developments, including the cessation of transactions, in the J:COM Group's relationships with programming suppliers, network infrastructure providers, suppliers of service reception and transmission equipment (digital set-top boxes, etc.), and other CATV and satellite broadcast operators.

3. Risks associated with markets
   – Intensifying competition with other firms in the same line of business as the J:COM Group, and adverse trends in markets.
   – Reduction in opportunities to expand operations through the acquisition of other businesses.

4. Risks associated with changes in global macroeconomic conditions
   – As concerns surrounding a downturn in the global economy increase, current macroeconomic conditions may have a negative impact on the Company's performance.

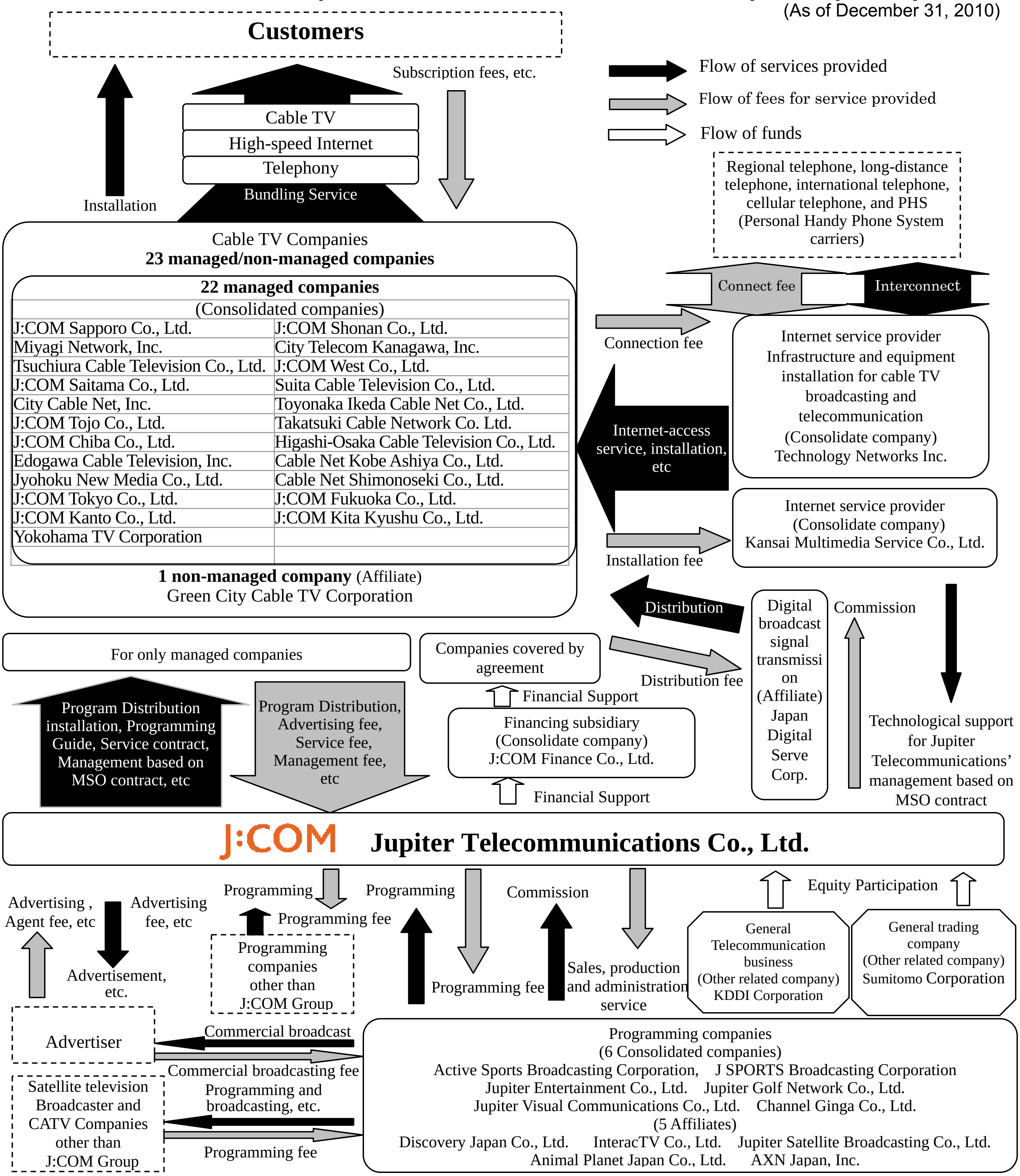
5. Legal and regulatory risks
   – Stricter government regulations, revisions to laws, etc.

6. Risks associated with natural and man-made disasters
   – Outage of the J:COM Group's transmission facilities due to natural disasters, terrorist attacks, etc.

For more detailed information on the foregoing, please refer to the J:COM annual securities report scheduled for submission in March 2011.

Ⅱ. Status of the Jupiter Telecommunications Co., Ltd. (J:COM) Group

(As of December 31, 2010)



- Other related company, KDDI Corporation , finances the Company through their four 100% subsidiaries (KDDI International Holdings, LLC, KDDI International Holdings 2, LLC, KDDI International Holdings 3, LLC, KDDI Global Media, LP). KDDI Corporation provides services such as telephone services to some of our consolidated companies and these consolidated companies pay KDDI Corporation for the services.
- J:COM Tokyo Co., Ltd., a consolidated company merged with Johoku New Media Co., Ltd., which had been another consolidated company, in November 2010.
- J-Sports LLC and Jupiter Sports Inc. that had been consolidated companies conducted complete liquidation in June 2010 and October 2010 respectively.
- J:COM Fukuoka Co., Ltd. and J:COM Kita-Kyushu Co., Ltd. that were consolidated companies as of December 2010 merged, effective as of January 1, 2011 and the two companies have now become J:COM Kyushu Co., Ltd..
- KADOKAWA J:COM Media Co., Ltd. that had been an affiliate conducted complete liquidation in June 2010.
- Besides the above, we invested Open Wireless Platform LLC which was established on March 31, 2009.
- Service and bundle services offered by the managed companies and non-managed company are different from the services provided under J:COM brand.

Ⅲ. Management Policy

(1) Fundamental management policy

There have been no major changes to the information outlined in the Company's Consolidated Financial Results Release for the year ended December 31, 2008, disclosed on January 29, 2009. Accordingly, this information has been omitted.

For details of the Company's fundamental management policy, please refer to the aforementioned release at the following Web sites.

J:COM's Web site:
URL: http://www.jcom.co.jp/ir_en/irlibrary.html

(2) Target management indices

There have been no major changes to the information outlined in the Company's Consolidated Financial Results Release for the year ended December 31, 2008, disclosed on January 29, 2009. Accordingly, this information has been omitted.

For details of the Company's fundamental management policy, please refer to the aforementioned release at the following Web sites.

J:COM's Web site:
URL: http://www.jcom.co.jp/ir_en/irlibrary.html

(3) Medium- and long-term management strategies, and issues requiring action

Looking ahead to the fiscal year ending December 31, 2011 and beyond, the J:COM Group will continue its efforts to secure overall sustainable growth by working to boost the volume growth, the value growth and enhance the quality of its contents, in addition to cooperate the formation of an alliance with KDDI. Through these means, the J:COM Group will endeavor to raise its corporate value.

a. Volume Strategy

J:COM worked diligently to attract young adults, single person households and senior couples, each a demographic segment to which the Company had not fully promoted the appeal of its services. Taking this approach into consideration, J:COM will continue to provide highly satisfying services such as the new service package "J:COM TV My style" launched on July 15, 2010 that accurately address the needs of its customers. And in the lead-up to the complete changeover to terrestrial and BS digital broadcasting, the J:COM Group is working to swiftly acquire communal reception households and introduce pay services. The J:COM Group recognizes that these endeavors play a critical role in expanding its customer base.

As it strives to further increase subscriber numbers within existing areas, the J:COM Group is bolstering sales and marketing activities such as launching television commercial campaigns, and strengthening marketing via its website and inbound call centers.

As another key pillar that underpins the Group's efforts to increase subscribers in existing areas and to promote its volume strategy, J:COM will continue to aggressively pursue opportunities for equity participation and M&A of other cable television companies which are adjacent to J:COM service areas.

b. Value Strategy

In order to strengthen its competitiveness against services offered by major telecommunications and other companies, the J:COM Group will remain steadfast in its efforts to bolster and augment its major digital services: HD programming and VOD. In its VOD services, the J:COM Group is looking to improve the level of customer satisfaction and to broaden customer base. To this end, the Group will continue to expand its "All you can watch package" line-ups. At the same time, plans are underway to commence broadcasts of much-discussed films of 3-D programming. As for its HD programming services, which currently comprises 49 terrestrial, BS and CS HD channels, J:COM will endeavor to further expand its menu line up.

c. Content Strategy

Increasing the quality of programming content is essential to energize and expand the pay multi-channel broadcast market. Based on this recognition, each channel company within the J:COM Group will endeavor to improve quality of programs through creation and production of appealing content and in expansion of its lineup of HD channels, etc.

Moreover, the consolidated subsidiary J SPORTS, which plans to commence new BS digital broadcasting, will endeavor to maximize J SPORTS viewer appeal and be made to increase the number of J SPORTS subscribers through this new platform. The J:COM group will contribute to expand the multi-channel market through such business developments.

Ⅳ. Consolidated Annual Financial Statements

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

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

Account	Year ended December 31, 2010	Year ended December 31, 2009	Change	
	Amount	Amount	Amount	(%)
Revenue:				
Subscription fees	298,197	287,736	10,461	3.6
Others	61,915	45,988	15,927	34.6
	360,112	333,724	26,388	7.9
Operating costs and expenses				
Operating and programming costs	(135,272)	(123,050)	(12,222)	(9.9)
Selling, general and administrative expenses	(72,242)	(66,341)	(5,901)	(8.9)
Depreciation and amortization	(85,843)	(83,174)	(2,669)	(3.2)
	(293,357)	(272,565)	(20,792)	(7.6)
Operating income	66,755	61,159	5,596	9.2
Other income (expenses):				
Interest expense, net:				
Related parties	(1,644)	(1,693)	49	2.9
Others	(3,447)	(3,479)	32	0.9
Equity in earnings of affiliates	1,032	599	433	72.2
Other income, net	471	1,248	(777)	(62.3)
Income before noncontrolling interests and income taxes	63,167	57,834	5,333	9.2
Income tax expense	(22,248)	(24,579)	2,331	9.5
Net income	40,919	33,255	7,664	23.0
Less: Net income attributable to noncontrolling interests	(3,229)	(2,802)	(427)	(15.2)
Net income attributable to J:COM Shareholders	37,690	30,453	7,237	23.8
Per Share data:				
Net income attributable to J:COM Shareholders per share – basic	5,456.41	4,439.56	1,016.85	22.9
– diluted	5,450.89	4,438.57	1,012.32	22.8
Weighted average number of ordinary shares outstanding – basic	6,907,446	6,859,388	48,058	0.7
– diluted	6,914,436	6,860,910	53,526	0.8

（Note） Percentages are calculated based on amounts before rounding.

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(YEN IN MILLIONS)

Account	December 31, 2010	December 31, 2009	Change
	Amount	Amount	Amount
Current assets:			
Cash and cash equivalents	78,212	64,426	13,786
Accounts receivable	22,211	16,507	5,704
Allowance for doubtful accounts	(530)	(475)	(55)
Deferred tax assets–current	11,611	10,577	1,034
Prepaid expenses and other current assets	7,833	7,480	353
Total current assets	119,337	98,515	20,822
Investments:			
Investments in affiliates	9,938	9,122	816
Investments in other securities, at cost	2,152	2,143	9
Total investments	12,090	11,265	825
Property and equipment, at cost:			
Land	3,966	3,924	42
Distribution system and equipment	719,018	676,853	42,165
Support equipment and buildings	61,063	54,389	6,674
	784,047	735,166	48,881
Less accumulated depreciation	(410,394)	(357,161)	(53,233)
Total property and equipment	373,653	378,005	(4,352)
Other assets:			
Goodwill	248,323	248,094	229
Identifiable intangible assets, net	41,615	46,029	(4,414)
Deferred tax assets–non current	5,392	4,566	826
Others	16,353	15,183	1,170
Total other assets	311,683	313,872	(2,189)
Total assets	816,763	801,657	15,106

Account	December 31, 2010	December 31, 2009	Change
	Amount	Amount	Amount
Current liabilities:			
Short-term loans	5,581	7,618	(2,037)
Long-term debt–current portion	19,247	12,353	6,894
Capital lease obligations–current portion			
Related parties	16,905	16,620	285
Others	1,719	2,939	(1,220)
Accounts payable	27,995	25,616	2,379
Income taxes payable	16,448	11,323	5,125
Deposit from related parties	268	5,133	(4,865)
Deferred revenue–current portion	9,774	8,383	1,391
Accrued expenses and other liabilities	10,481	11,384	(903)
Total current liabilities	108,418	101,369	7,049
Long-term debt, less current portion	128,887	158,135	(29,248)
Corporate Bond, less current portion	10,000	10,000	—
Capital lease obligations, less current portion:			
Related parties	38,373	38,520	(147)
Others	4,432	5,709	(1,277)
Deferred revenue	60,478	60,048	430
Deferred tax liabilities – non current	13,392	15,034	(1,642)
Other liabilities	26,373	23,251	3,122
Total liabilities	390,353	412,066	(21,713)
Shareholders' equity:			
Ordinary shares no par value	117,550	117,242	308
Additional paid-in capital	226,017	226,553	(536)
Retained earnings	70,010	39,834	30,176
Treasury stock	(2,266)	(7,520)	5,254
Accumulated other comprehensive income/(loss)	(1,160)	(1,207)	47
Total J:COM shareholders' equity	410,151	374,902	35,249
Noncontrolling interests in subsidiaries	16,259	14,689	1,570
Total shareholders' equity	426,410	389,591	36,819
Total liabilities and shareholders' equity	816,763	801,657	15,106

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity

(YEN IN MILLIONS)

	Ordinary Shares	Additional paid in capital	Retained earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock at cost	Total J:COM Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
Balance at December 31, 2008	117,162	226,388	14,457	(1,135)	(7,520)	349,352	8,935	358,287
Net income			30,453			30,453	2,802	33,255
Other comprehensive income:								
Unrealized gain/(loss) on cash flow hedge				(72)		(72)	(3)	(75)
Comprehensive income								
Adjustments due to changes in subsidiaries' equity and other							3,215	3,215
Stock compensation		67				67		67
Ordinary shares issued upon exercise of Stock options	80	80				160		160
Purchase from NCI		18				18	(260)	(242)
Dividend paid			(5,076)			(5,076)		(5,076)
Balance at December 31, 2009	117,242	226,553	39,834	(1,207)	(7,520)	374,902	14,689	389,591
Net income			37,690			37,690	3,229	40,919
Other comprehensive income:								
Unrealized gain/(loss) on cash flow hedge				47		47	(22)	25
Comprehensive income								
Adjustments due to changes in subsidiaries' equity and other							(141)	(141)
Stock compensation		102				102		102
Ordinary shares issued upon exercise of Stock options	308	308			5,254	5,870		5,870
Purchase from NCI		(112)				(112)	(1,496)	(1,608)
Dividend paid			(7,514)			(7,514)		(7,514)
Loss on issued treasury stock		(834)				(834)		(834)
Balance at December 31, 2010	117,550	226,017	70,010	(1,160)	(2,266)	410,151	16,259	426,410

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(YEN IN MILLIONS)

Classification	Year ended December 31, 2010 Amount	Year ended December 31, 2009 Amount
Cash flows from operating activities:		
Net income	40,919	33,255
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	85,843	83,174
Equity in earnings of affiliates	(1,032)	(599)
Stock compensation expenses	102	67
Deferred income taxes	(3,675)	588
Gain on Bargain Purchase in acquisition	(368)	—
Non-cash gain from previously held investment	—	(798)
Changes in operating assets and liabilities, excluding effects of business combinations:		
Increase in accounts receivable, net	(5,811)	(120)
Decrease/(increase) in prepaid expenses	(496)	2,368
Increase in other assets	(1,334)	(2,054)
Increase in accounts payable	686	383
Increase in accrued expenses and other liabilities	7,939	9,493
Increase/(decrease) in deferred revenue	1,603	(2,131)
Net cash provided by operating activities	124,376	123,626
Cash flows from investing activities:		
Capital expenditures	(56,247)	(51,774)
Acquisitions of new subsidiaries, net of cash acquired	—	(5,286)
Acquisition of business operation	(1,075)	—
Other investing activities	274	502
Net cash used in investing activities	(57,048)	(56,558)
Cash flows from financing activities:		
Proceeds from issuance of common stock	616	160
Proceeds from disposal of treasury stock	4,420	—
Acquisition of noncontrolling interests in consolidated subsidiaries	(1,608)	(242)
Net increase/(decrease) in short-term loans	(2,037)	1,526
Proceeds from long-term debt	—	30,000
Proceeds from corporate bond	—	10,000
Principal payments of long-term debt	(22,353)	(42,453)
Principal payments under capital lease obligations	(21,594)	(20,413)
Cash dividend paid to shareholders	(7,514)	(5,076)
Other financing activities	(3,472)	2,353
Net cash used in financing activities	(53,542)	(24,145)
Net increase/(decrease) in cash and cash equivalents	13,786	42,923
Cash and cash equivalents at beginning of year	64,426	21,503
Cash and cash equivalents at end of term	78,212	64,426

Summary of significant accounting policies

1. Scope of consolidation

   (1) Number of consolidated subsidiaries: 31

   (2) The names of the Company's consolidated subsidiaries are shown in "II. Status of the Jupiter Telecommunications Co., Ltd. (J:COM) Group".

2. Scope of application of equity method

   (1) Number of equity method affiliates: 8

   (2) The names of these equity method affiliates are shown in "II. Status of the Jupiter Telecommunications Co., Ltd. (J:COM) Group".

3. Significant accounting policies

   (1) Accounting standards used to prepare financial statements

   The Company prepares its annual consolidated financial statements using terminology, forms and methods of preparation required under accounting principles generally accepted in the United States of America.

   (2) Securities valuation standards and valuation method

   To value its investments, the Company applies Accounting Standards Codification (ASC) Topic 323, *Investments – Equity method and Joint Ventures* and ASC Topic 325, *Investments –other*.

   - Investments in affiliates (excluding loans): Equity method
   - Investments in other securities: Cost method

   When investments in affiliates or other securities appear to decline in value, the Company considers the possibility of recognizing an impairment loss based on an other-than-temporary assessment.

   (3) Valuation standards and valuation methods for derivatives

   The Company accounts for derivatives based on ASC Topic 815, *Derivatives and Hedging*. ASC 815 states all derivatives are fair valued and recognized on the balance sheet as assets or liabilities.

   - Derivative instrument designated and effectively active as a fair value hedge:
     Changes in the fair value of derivative instruments and of the assets or liabilities being hedged are recognized as periodic income/loss.
   - Derivative instrument designated as cash flow hedge—regarding the portion effectively active as a hedge:
     Until income/losses on the assets or liabilities being hedged are recognized on the income statement, they must be recognized as other comprehensive income/loss.
   - Derivative instrument designated as cash flow hedge—regarding the portion that is not effectively active as a hedge:
     Recognized as periodic income/loss.
   - Derivative instruments not designated as hedge:
     Changes in fair value recognized as periodic income/loss.

   (4) Accounting for long-lived assets

   For long-term assets other than goodwill, the Company evaluates the need for impairment losses on the guidance in ASC Topic 360 *Property, Plant, and Equipment*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

   (5) Depreciation method for tangible fixed assets

   The straight-line method is applied and the useful lives by major asset categories are:

Distribution system and equipment:	10 - 17 years
Buildings and structures:	15 - 40 years
Support equipment:	5 - 15 years

   (Assets acquired through capital leases are depreciated over periods ranging from 2-20 years.)

   (6) Valuation standards and valuation methods for goodwill

   The Company recognizes as goodwill the difference between the acquisition cost of consolidated subsidiaries and the estimated net asset fair value of the applicable companies. In accordance with ASC Topic 350 *Intangibles – Goodwill and other*, the Company conducts an annual impairment test or whenever an event occurs that suggests the possibility of impairment.

(7) Accounting methods of Asset Retirement Obligation

The Company applies ASC Topic 410 *Asset Retirement and Environmental Obligations*. This interpretation requires us to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated.

(8) Standards for recognition of important allowances

Bad debt allowance

The Company calculates a bad debt allowance on the basis of our best estimate of probable future losses on accounts receivable. It also recognizes estimated uncollectible amounts when such allowances are required.

(9) Lease transactions

The Company accounts for leases in accordance with ASC Topic 840 *Leases*.

(10) Amortization of identifiable intangible assets

The Company accounts for identifiable Intangible assets that have been acquired through mergers in accordance with ASC Topic 350 Intangibles-Goodwill and Other Intangible assets. These intangible assets are amortized over the period during which they are expected to bring benefits to the Company.
Economic value brought by existing customers of Cable TV company and programs and program brands owned by channel companies are amortized over 10 and 17 years respectively.

(11) Income Taxes

The Company and its subsidiaries account for income taxes under the asset and liability method in accordance with ASC Topic 740 *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(12) Revenue Recognition

The Company and its subsidiaries recognize cable television, high-speed Internet access, telephony and programming revenues when such services are provided to subscribers in accordance with ASC Topic 605 *Revenue recognitions*. Revenues derived from other sources are recognized when services are provided, events occur or products are delivered. The Company accounts for revenues of installation and operation on cable television system in accordance with ASC Topic 922 *Entertainment- Cable Television.* Initial subscriber installation revenues are recognized in the period in which the related services are provided to the extent of direct selling costs. Any remaining amount is deferred and recognized over the estimated average period that the subscribers are expected to remain connected to the cable television system. Historically, installation revenues have been less than related direct selling costs, therefore such revenues have been recognized as installations are completed.

The Company and its subsidiaries provide poor reception rebroadcasting services to noncable television viewers suffering from poor reception of television waves caused by artificial obstacles. The Company and its subsidiaries enter into agreements with parties that have built obstacles causing poor reception for construction and maintenance of cable facilities to provide such services to the affected viewers at no cost to them during the agreement period. Under these agreements, the Company and its subsidiaries receive up-front, lump-sum compensation payments for construction and maintenance. Revenues from these agreements have been deferred and are being recognized in income on a straight-line basis over periods that are consistent with the durations of the underlying agreements (maximum 20 years). Such revenues are included in revenue - others in the accompanying consolidated statements of operations.

The Company's channels distribute programming to individual satellite platform subscribers through an agreement with the platform operator which provides subscriber management services to channels in return for a fee based on subscription revenues. Individual satellite subscribers pay a monthly fee for programming channels under the terms of rolling one-month subscription contracts. Cable and broadband service providers generally pay a per-subscriber fee for the right to distribute the Company's programming on their systems under the terms of generally annual distribution contracts. Revenue for such services is recognized in the periods in which programming services are provided to cable, satellite and broadband subscribers

Notes to Annual Consolidated Financial Statements

Assumption for Going Concern

None

Segment Information

(1) 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" as of December 31, 2010. Therefore, information on operating segments is not applicable in this section.

(2) Segment information by region

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

Earning per share

	2010	2009
Net income attributable to J:COM Shareholders (Yen in Million)....	¥37,690	¥30,453
Weighted average common shares outstanding:		
Basic	6,907,446	6,859,388
Effect of dilutive common stock equivalents	6,990	1,522
Diluted	6,914,436	6,860,910
Earnings per share (Yen):		
Basic	¥5,456.41	¥4,439.56
Diluted	¥5,450.89	¥4,438.57

Subsequent events

None

Items in notes such as Leased transactions, Transactions with related parties, which did not have significant importance of need for disclosure are not disclosed in this report.

Ⅴ. Annual Financial Statements (Parent Company Only - Japanese GAAP)

JUPITER TELECOMMUNICATIONS CO., LTD
(Parent Company Only - Japanese GAAP)
STATEMENTS OF INCOME

(YEN IN MILLIONS)

	For the year ended December 31, 2009)	**For the year ended December 31, 2010**
Net sales	130,700	157,358
Cost of sales	103,050	125,270
Gross profit	27,650	32,088
Selling, general and administrative expenses		
Compensations, salaries and allowances	5,267	6,221
Retirement payments	107	120
Welfare expenses	813	1,047
Rents	1,466	1,219
Repair and maintenance	846	1,007
Business consignment expenses	1,956	2,229
Depreciation	1,426	1,374
Amortization of goodwill	1,100	1,207
Miscellaneous expenses	2,204	2,043
Total general and administrative expenses	15,185	16,467
Operating income	12,465	15,621
Non-operating income		
Interest income	1,638	574
Dividends income	934	1,013
Guarantee commission received	77	52
Others	478	471
Total non-operating income	3,127	2,110
Non-operating expenses		
Interest expenses	2,740	2,568
Amortization of long-term prepaid expenses	188	193
Others	96	387
Total non-operating expenses	3,024	3,148
Ordinary income	12,568	14,583
Extraordinary loss		
Loss on liquidation of Subsidiaries and affiliates	—	1,776
Loss on one-time amortization of loan expense	—	11
Head office transfer cost	382	—
Loss on extinguishment of tie-in shares	87	—
Loss on adjustment for changes of accounting standard for lease transactions	81	—
Total extraordinary losses	550	1,787
Income before income taxes	12,018	12,796
Income taxes-current	32	54
Income taxes-deferred	3,534	3,700
Total income taxes	3,566	3,754
Net income	8,452	9,042

* Fractional rounded makes some differences between sum of breakdown and total in Change column.

JUPITER TELECOMMUNICATIONS CO., LTD
(Parent Company Only - Japanese GAAP)
BALANCE SHEETS

(YEN IN MILLIONS)

	For the year ended December 31, 2009	**For the year ended December 31, 2010**
Assets		
Current assets		
Cash and deposits	320	543
Accounts receivable-trade	14,762	17,392
Lease investment assets	12,879	—
Short-term investment securities	59,090	61,792
Merchandise	238	752
Prepaid expenses	551	836
Deposits paid	3,002	8,001
Deferred tax assets	5,184	3,848
Others	5,050	3,831
Total current assets	101,076	96,995
Noncurrent assets		
Property, plant and equipment		
Buildings	1,629	1,655
Accumulated depreciation	(470)	(550)
Buildings, net	1,159	1,105
Structures	51	52
Accumulated depreciation	(27)	(29)
Structures, net	24	23
Tools, furniture and fixtures	3,303	4,975
Accumulated depreciation	(1,384)	(1,709)
Tools, furniture and fixtures, net	1,919	3,266
Land	429	429
Lease assets	2,644	1,187
Accumulated depreciation	(1,921)	(910)
Lease assets, net	723	277
Total property, plant and equipment	4,254	5,100
Intangible assets		
Goodwill	9,829	8,622
Software	4,443	5,022
Lease assets, net	151	90
Others	19	17
Total intangible assets	14,442	13,751
Investments and other assets		
Investment securities	2,706	2,721
Stocks of subsidiaries and affiliates	311,513	312,773
Long-term loans receivable	233	197
Long-term loans receivable from subsidiaries and affiliates	30,000	10,000
Long-term prepaid expenses	411	528
Guarantee deposits	1,797	1,659
Lease investment assets	34,630	—
Others	26	25
Total investments and other assets	381,316	327,903
Total noncurrent assets	400,012	346,754
Deferred assets		
Bond issuance cost	44	35
Total deferred assets	44	35
Assets	501,132	443,784

	For the year ended December 31, 2009	**For the year ended December 31, 2010**
Liabilities		
Current liabilities		
Accounts payable-trade	9,497	9,784
Current portion of long-term loans payable	8,984	16,000
Lease obligations	13,455	235
Accounts payable-other	4,106	4,508
Accrued expenses	1,613	1,678
Income taxes payable	278	235
Deposits received	470	520
Others	142	175
Total current liabilities	38,545	33,135
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	147,000	121,000
Lease obligations	34,986	148
Deferred tax liabilities	14,538	17,017
Others	2,181	1,767
Total noncurrent liabilities	208,705	149,932
Total liabilities	247,250	183,067
Net assets		
Shareholders' equity		
Capital stock	117,242	117,550
Capital surplus		
Legal capital surplus	31,382	31,690
Other capital surplus	94,132	93,344
Total capital surplus	125,514	125,034
Retained earnings		
Other retained earnings		
Retained earnings brought forward	19,739	21,268
Total retained earnings	19,739	21,268
Treasury stock	(7,520)	(2,266)
Shareholders' equity	254,975	261,586
Valuation and translation adjustments		
Deferred gains or losses on hedges	(1,206)	(1,039)
Total valuation and translation adjustments	(1,206)	(1,039)
Subscription rights to shares	113	170
Total net assets	253,882	260,717
Liabilities and net assets	501,132	443,784

(Note)

	December 31, 2009	December 31, 2010
1. Guarantee liabilities*	¥18,308million	¥59,687 million

*Other than above guarantee liabilities, we have ¥6,099 million (USD 76 million), ¥ 2,332 million (USD 25 million) exchange reservation contract on behalf of certain subsidiaries and affiliates in 2010 and 2009 respectively.

JUPITER TELECOMMUNICATIONS CO., LTD
(Parent Company Only - Japanese GAAP)

Statements of changes in net assets

（Yen in millions）

	For the year ended December 31, 2009	For the year ended December 31, 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	117,162	117,242
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	80	308
Total changes of items during the period	80	308
Balance at the end of current period	117,242	117,550
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	31,302	31,382
Changes of items during the period		
Issuance of new shares-exercise of subscription	80	308
Total changes of items during the period	80	308
Balance at the end of current period	31,382	31,690
Other capital surplus		
Balance at the end of previous period	94,132	94,132
Changes of items during the period		
Disposal of treasury stock	—	(788)
Total changes of items during the period	—	(788)
Balance at the end of current period	94,132	93,344
Total capital surplus		
Balance at the end of previous period	125,434	125,514
Changes of items during the period		
Disposal of treasury stock	—	(788)
Issuance of new shares-exercise of subscription	80	308
Total changes of items during the period	80	(480)
Balance at the end of current period	125,514	125,034
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	16,363	19,739
Changes of items during the period		
Dividends from surplus	(5,076)	(7,513)
Net income	8,452	9,042
Total changes of items during the period	3,376	1,529
Balance at the end of current period	19,739	21,268
Total retained earnings		
Balance at the end of previous period	16,363	19,739
Changes of items during the period		
Dividends from surplus	(5,076)	(7,513)
Net income	8,452	9,042
Total changes of items during the period	3,376	1,529
Balance at the end of current period	19,739	21,268
Treasury stock		
Balance at the end of previous period	(7,520)	(7,520)
Changes of items during the period		
Disposal of treasury stock	—	5,254
Total changes of items during the period	—	5,254
Balance at the end of current period	(7,520)	(2,266)
Total shareholders' equity		
Balance at the end of previous period	251,439	254,975
Changes of items during the period		
Dividends from surplus	(5,076)	(7,513)
Net income	8,452	9,042
Disposal of treasury stock	—	4,466
Issuance of new shares-exercise of subscription	160	616
Total changes of items during the period	3,536	6,611
Balance at the end of current period	254,975	261,586

	For the year ended December 31, 2009	**For the year ended December 31, 2010**
Valuation and translation adjustments		
Deferred gains or losses on hedges		
Balance at the end of previous period	(1,083)	(1,206)
Changes of items during the period		
Net changes of items other than shareholders' equity	(123)	167
Total changes of items during the period	(123)	167
Balance at the end of current period	(1,206)	(1,039)
Total valuation and translation adjustments		
Balance at the end of previous period	(1,083)	(1,206)
Changes of items during the period		
Net changes of items other than shareholders' equity	(123)	167
Total changes of items during the period	(123)	167
Balance at the end of current period	(1,206)	(1,039)
Subscription rights to shares		
Balance at the end of previous period	48	113
Changes of items during the period		
Net changes of items other than shareholders' equity	65	57
Total changes of items during the period	65	57
Balance at the end of current period	113	170
Net assets		
Balance at the end of previous period	250,404	253,882
Changes of items during the period		
Dividends from surplus	(5,076)	(7,513)
Net income	8,452	9,042
Disposal of treasury stock	—	4,466
Issuance of new shares-exercise of subscription	160	616
Net changes of items other than shareholders' equity	(58)	224
Total changes of items during the period	3,478	6,835
Balance at the end of current period	253,882	260,717

Significant Accounting Policies

1. Securities Valuation Method
   Investments to subsidiaries and affiliates
     Acquisition cost by the moving average method
   Other investments
     Non-marketable Securities
     Acquisition cost by the moving average method
2. Inventory Valuation
   Lower of cost or market by the moving average method (Value in the balance sheet are calculated by the method of asset write-down based on profitability decrease)
3. Depreciation Method of Tangible Fixed Assets
   The straight-line method is applied.

Buildings	10–50 years
Other structures	10–60 years
Machinery and equipment	4–15 years

4. Amortization Method of Intangible Fixed Assets
   Straight-line method
   With regard to software for in-house use, straight-line method over estimated in-house useful life (5 years)
   With regard to goodwill, straight-line method over 10 years
5. Depreciation Method of Leased Assets
   Leased assets except for finance lease where ownership is expected to transfer to the lessee are depreciated over leased-term.
6. Long term Prepaid Expenses
   Amortized using straight-line method
7. Accounts for Deferred Assets
   Bond issuance cost is amortized by bond redemption date using straight line method.
8. Allowance and Reserve
   (1) Allowance for Bad debts
   Calculate based on historical bad debt ratio approach for general receivables and on debtor's financial evaluation approach for particular doubtfuls.
9. Important foreign exchange hedge method
   (1) Hedge accounting method
   Deferred hedge method is applied. When allotment is applicable, such method is used.
   (2) Measure and object for hedge
   Hedge measure: Foreign exchange reserve, and interest swap
   Object for hedge: Account receivables and payables in foreign currency, and interest of debt loans with variable interest rate
   (3) Hedge policy
   The Company tries to minimize the risks of foreign exchange fluctuations of account receivables and payables in foreign currency as well as the risks of fluctuations of interest rate for debt loans based on the Company's internal regulations.
   (4) Valuation of hedge
   Valuation is done comparing reserved rates and actual rates at closing dates and settlement dates. With regard to interest swap, valuation is done by the interest risk as object for hedge being diminished.
10. Consumption Taxes
    Consumption taxes are excluded from income and expenses in Statement of Operations, and net of payables / receivables of Consumption Taxes are recorded in Balance Sheet.

Ⅵ. Others

Changes in executives

As soon as the information becomes available, we will disclose it.
(Currently expected on March 8, 2011)