J:COM (Translation from Japanese disclosure to Osaka Securities Exchange)

October 27, 2011
[U.S. GAAP]

Consolidated Quarterly Financial Results Release

For the Nine Months Ended September 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
Please address all communications to:
Yoshihiro Aoyama, IR Department Phone: +81-3-6765-8157 E-Mail: ir@jupiter.jcom.co.jp
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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 September 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)	(%)
Nine months ended September 30, 2011	276,299	3.2	57,229	16.4	55,232	18.1
Nine months ended September 30, 2010	267,750	8.9	49,172	9.3	46,749	11.9

	Net income attributable to J:COM shareholders		Net income attributable to J:COM shareholders per share(Basic)	Net income attributable to J:COM shareholders per share(Diluted)
	(Millions of yen)	(%)	(Yen)	(Yen)
Nine months ended September 30, 2011	29,777	4.0	4,300.57	4,298.63
Nine months ended September 30, 2010	28,642	32.9	4,149.80	4,144.81

(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)
September 30, 2011	810,970	445,824	427,909	52.8	61,792.52
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 nine months ended September 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)	5,415.74

(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 nine months ended September 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 September 30, 2011: 6,947,813 shares	As of December 31, 2010: 6,947,813 shares

(ii) Number of treasury stock:

As of September 30, 2011: 22,878 shares	As of December 31, 2010: 24,102 shares

(iii) Number of weighted average stock:

Nine months ended September 30, 2011: 6,924,033 shares	Nine months ended September 30, 2010: 6,902,094 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 Nine Months ended September 30, 2011

(1) Qualitative Information on Consolidated Financial Results

(ⅰ) Summary

Throughout the nine months (January 1, 2011 to September 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 and following the complete changeover to terrestrial digital broadcasting[*1] on July 24, 2011.

Under these circumstances, the J:COM Group (J:COM together with its consolidated subsidiaries) positioned efforts to expand its customer base as its most important priority. In addition to implementing a variety of sales initiatives focusing on measures to strengthen and expand the sale of strategic products, the Group took steps to deepen ties with customers in order to reduce the number of subscription cancellations while promoting the use of high-value-added services. Furthermore, considerable weight was placed on strengthening and expanding business tie-up measures, mainly in the “Telecom Business and Product Collaboration” field under its alliance with KDDI CORPORATION (“KDDI”).

As a result of the aforementioned endeavors, revenue increased 3.2% compared with the corresponding period of the previous fiscal year to ¥276,299 million for the nine-month period ended September 30, 2011. Operating income climbed 16.4% year on year to ¥57,229 million while net income attributable to J:COM shareholders increased 4.0% to ¥29,777 million.

The key performance indicators for the cable television business were as follows.

Key Performance Indicators	As of September 30, 2011 (Nine months ended September 30, 2011)	As of September 30, 2010 (Nine months ended September 30, 2010)	Year-on-Year Change
[Subscribing Households]			
Total Number of Subscribing Households[* i]	3,582,300	3,376,700	6.1%
Total RGUs[* ii]	6,762,000	6,208,900	8.9%
CATV	2,822,000	2,632,000	7.2%
High-Speed Internet Access	1,788,100	1,665,700	7.3%
Telephony	2,151,900	1,911,200	12.6%
[Average Monthly Churn Rate (per RGU)]	0.99%	1.14%	(0.15)
[ARPU]	7,526 yen	7,681 yen	(155 yen)
[Bundle Ratio[*iii]]	1.89	1.84	0.05

*I : Number of households subscribing at least one service

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

*iii: Average number of RGUs per customer

(ⅱ) Overview of Business Results

The J:COM Group worked diligently to secure new subscribing households while expanding its customer base. Before July 24, 2011, the Group concentrated on capturing the growing demand for terrestrial digital broadcasting. After the changeover to terrestrial digital broadcasting was completed, J:COM implemented a variety of measures

*1 Excluding three prefectures of the Tohoku area (Iwate, Miyagi, Fukushima) including the marketing of wide-ranging products that match the increasingly diverse customers needs.

As a first step, the J:COM Group took steps to tap into the demand for terrestrial digital broadcasting by promoting the use of strategic product "J:COM TV My style." [*2] In addition to serving as a readily available strategic terrestrial digital countermeasure, J:COM TV My style, which was launched in July 2010, is an innovative service that caters to diversified customer needs, including variations in viewing patterns and behavior. This product allows viewers to enjoy programs of their choice as and when required. The J:COM Group placed considerable emphasis on increasing the number of subscribing households by vigorously promoting J:COM TV My style through a variety of measures including a series of TV commercials. As a result, the number of households subscribing to J:COM TV My style increased by 142,000 during the nine months ended September 30, 2011 to a total of 210,600.

In addition, the J:COM Group continued to focus on negotiations with facilities management companies in an effort to capture the estimated 1,440,000 communal reception households[*3] residing within its service area. Reflecting its success, J:COM's retransmission service of terrestrial digital broadcasting became available to a cumulative total of approximately 1,130,000 households by the end of September 2011. At the same time, steps were also taken to promote J:COM's paid services to the aforementioned households. As a result, the Company acquired 42,000 RGUs during the nine months ended September 30, 2011.

The J:COM Group channeled its energies toward implementing measures designed to capture new subscribing households, following the complete changeover to terrestrial digital broadcasting, and to prevent cancellations of subscriptions. In this context, and as a measure to develop and promote products that match the needs of customers, the J:COM Group strove to strengthen and expand its products, focusing on Internet access services harnessing its wide-ranging product lineup. As a part of these endeavors, the J:COM Group has added the J:COM 1M Course, an easy access 1Mbps Internet service for which tenants can enjoy for free, to its existing Bulk Discount Plan, which formerly focused on medium- to high-speed Internet access, from July 15, 2011. It is targeted at households residing in multi-dwelling units. Later, from September 1, 2011 in Kansai and Kyushu area, the J:COM Group commenced sales of "J:COM NET PACK"—a product package comprising high-speed Internet access and telephony services that has been marketed to multi-dwelling units—to single-dwelling units. Working to further enhance the competitive advantage of its multi-channel services, from August 1, 2011, the J:COM Group launched sales of "Value Plan Mini," another product package that combines "J:COM TV Digital," a service that provides multi channels, and "J:COM PHONE Plus," a telephony service that uses the KDDI platform. At the basic monthly user fee for J:COM TV Digital, the value-added package service allows users to also access the services of J:COM PHONE Plus for free of the basic monthly user fee[*4] substantially. In the Kansai area, where the J:COM Group continues to confront fierce competition, steps were taken to revise the fee structure for J:COM TV My style on August 1, 2011, as a part of efforts to bolster marketing capabilities.

Accounting for all of the aforementioned factors, the total number of subscribing households as of September 30, 2011 increased by 205,600 households, or 6.1% year on year, to 3,582,300 households.

With an eye to the future, the J:COM Group continued to implement various measures designed to deepen ties with customers.

First, one such measure was specifically aimed at curtailing the cancellation by customers. As a part of the Company's efforts to provide highly dedicated customer support, J:COM made great efforts to structure its

*2 J:COM TV My style is a 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.

*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 Responding to telephone call use, an extra fee will be charged separately.

follow-up procedures and ensure that its sales and call center representatives adhered strictly to a policy of after-sales service. This thoroughgoing system of follow-up is aimed at further enhancing customer satisfaction and ensuring that customers continue to utilize the Group’s services with more convenience for a longer period. At the same time, the Group worked diligently to improve the rate at which inquiries are handled by increasing the number of operators at inbound customer call centers and also the Group added sophisticated training programs aimed at further enhancing the skills of operators in order to upgrade its call center structure and systems. Furthermore, the J:COM Group continued to promote product package subscriptions (long-term contract products) encompassing such services as Value Plan and J:COM TV My style in an effort to secure contracts over a longer period. As a result, the ratio of subscribing households with long-term contract products to the total number of subscribing households increased by 10 percentage points from 13% as of September 30, 2010, to 23% as of September 30, 2011. In addition to the aforementioned measures, and on the back of the successful shift to digital cable television services by nationwide systems as of the end of April 2011, the average monthly churn rate per RGU for the nine months ended September 30, 2011 improved substantially, from 1.14% to 0.99%.

Second, the J:COM Group undertook measures to promote the use of its high-value-added services. In this context, J:COM joined with Dentsu Inc. to develop the new Video-on-Demand (VOD) advertising model “CM Wari,” which was launched on a three-month trial basis from September 1, 2011. CM Wari is an innovative advertising model under which advertisers in place of customers bear a portion (105 yen including tax) of the program viewing fee at the time commercials are viewed by customers in conjunction with VOD programs. Moreover, working in collaboration with terrestrial broadcasting stations, the J:COM Group stepped up its efforts to upgrade and expand its VOD lineup by exclusively broadcasting serial television dramas prior to their terrestrial airing from this fiscal year. This included “Ouran High School Host Club,” a serial drama produced and owned by TOKYO BROADCASTING SYSTEM TELEVISION, INC., and first broadcast from July 2011. Through these and other means, the number of VOD purchases increased 31.9% compared with the corresponding period of the previous fiscal year to 9,181,700 titles for the nine months ended September 30, 2011.

Working to ensure that its customers can enjoy television programs at a place and time of their own convenience according to their likes, tastes and lifestyles, using every kind of available terminal, the J:COM Group is endeavoring to develop TV Everywhere-type products and services. With this in mind, on July 26, 2011, the J:COM Group launched the free-of-charge “J:COM Appli” application service targeting smart phones and tablet terminals. Through this initiative, customers are now able to view certain free VOD programming contents and a list of programs available using their smart phones or tablet terminals. Looking ahead, steps are being taken to introduce a verification system for subscribers to the Company’s services. In the future, this system will provide subscribers with highly convenient access to the Group’s VOD pay-per-view services using smart phones, tablet terminals and personal computers. This, in turn, is expected to substantially enhance the enjoyment of VOD services for an increasing number of users.

In the context of its business alliance with KDDI, J:COM expanded measures centered on the Telecom Business and Product Collaboration field. In specific terms, the J:COM Group concentrated its energies on capturing subscribing households for its J:COM PHONE Plus service as well as for “J:COM WiMAX,” a high-speed mobile Internet service provided by UQ Communications Inc., an equity-method affiliate of KDDI. As a result, the number of subscribing households to J:COM PHONE Plus and J:COM WiMAX rose to 184,100 households and 8,000 households, respectively as of the end of September 2011. In addition, with respect to the Sales and Marketing Collaboration, both companies continued to pursue the cross-sales promotion of the J:COM Group’s services and the au Mobile services of KDDI that began in August 2010. Buoyed by these efforts, the Company acquired 7,600 RGUs during the nine months ended September 30, 2011.

J:COM and Tokyu Corporation (“TOKYU”) concluded an agreement with Sotetsu Holdings, Inc. (“SOTETSU”) to acquire 51% and 49%, respectively, of the issued and outstanding shares of YOKOHAMA CABLE VISION Inc.

(“YCV”), a wholly owned subsidiary of SOTETSU, on September 22, 2011. The transfer of shares was completed on October 7, 2011, at which point YCV became a J:COM consolidated subsidiary. The joint acquisition of YCV and the collaboration between J:COM and TOKYU is recognized as a conduit through which J:COM, Japan’s largest cable television operator, and TOKYU, a company acknowledged for its railway business and town building capabilities, can better develop and deploy new life-supporting services based on the CATV field. Moving forward, J:COM and TOKYU will leverage their respective management resources and know-how, while considering ways in which they can further promote alliance opportunities as a part of comprehensive efforts to ensure the development of CATV services into a major service media and a pillar of the community.

In the media business, and with respect to new BS digital broadcasting that commenced on October 1, 2011, J:COM’s consolidated subsidiary, J SPORTS Corporation (“J SPORTS”), which operates thematic sports channels, launched broadcasting of J SPORTS 1 and J SPORTS 2. In the future, the J:COM Group will place additional importance on showcasing the appeal of J SPORTS to viewers through the new BS broadcasting platform. In addition to increasing the number of J SPORTS subscribing households, the J:COM Group will work toward expanding the multi-channel market. Plans are also in place to transfer J SPORTS 3 (formerly J sports ESPN) and J SPORTS 4 (formerly J sports Plus) to BS broadcasting in March, 2012.

(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 nine months ended September 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 ¥8,549 million, or 3.2%, from ¥267,750 million for the nine months ended September 30, 2010 to ¥276,299 million for the nine months ended September 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 ¥8,296 million, or 3.1%.

Subscription fees increased by ¥7,051 million, or 3.2%, from ¥222,653 million for the nine months ended September 30, 2010 to ¥229,704 million for the nine months ended September 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 ¥6,820 million, or 3.1%.

Cable television subscription fees increased by ¥2,994 million, or 2.5%, from ¥120,229 million for the nine months ended September 30, 2010 to ¥123,223 million for the nine months ended September 30, 2011. The increase in cable television subscription fees, in spite of a decrease in ARPU caused largely by launching J:COM TV My style, 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.
High-speed Internet access subscription fees increased by ¥2,207 million, or 3.4%, from ¥64,907 million for the

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*5 Edogawa Cable Television Inc. was merged by J:COM Kanto Co.,Ltd. on July 1, 2011, whose trade name was changed to J:COM East Co.,Ltd. on October 1, 2011.

nine months ended September 30, 2010 to ¥67,114 million for the nine months ended September 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 ¥1,850 million, or 4.9%, from ¥37,517 million for the nine months ended September 30, 2010 to ¥39,367 million for the nine months ended September 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 nine months ended September 30, 2011 were 2.3%, 3.3% and 4.9% for cable television, high-speed Internet access and telephony service, respectively.

Other revenue increased by ¥1,498 million, or 3.3%, from ¥45,097 million for the nine months ended September 30, 2010 to ¥46,595 million for the nine months ended September 30, 2011. The increase was mainly attributable to revenue relating to poor reception compensation.

Operating and programming costs increased by ¥2,574 million, or 2.6%, from ¥100,356 million for the nine months ended September 30, 2010 to ¥102,930 million for the nine months ended September 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 ¥1,027 million, or 1.9%, from ¥54,401 million for the nine months ended September 30, 2010 to ¥53,374 million for the nine months ended September 30, 2011. This was mainly due to a decrease in advertising expenses. Depreciation and amortization expenses decreased by ¥1,055 million, or 1.7%, from ¥63,821 million for the nine months ended September 30, 2010 to ¥62,766 million for the nine months ended September 30, 2011. The decrease was largely due to certain fully depreciated assets before September 30, 2011.

Operating income, as a result of the above items, increased by ¥8,057 million, or 16.4%, from ¥49,172 million for the nine months ended September 30, 2010 to ¥57,229 million for the nine months ended September 30, 2011.

Income before noncontrolling interests and income taxes increased by ¥8,483 million, or 18.1%, from ¥46,749 million for the nine months ended September 30, 2010 to ¥55,232 million for the nine months ended September 30, 2011. Net income attributable to J:COM shareholders increased by ¥1,135 million, or 4.0%, from ¥28,642 million for the nine months ended September 30, 2010 to ¥29,777 million for the nine months ended September 30, 2011, despite an increase in income taxes expense in contrast with the nine months ended September 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 decreased by ¥5,793 million, from ¥816,763 million as of December 31, 2010 to ¥810,970 million as of September 30, 2011. This was due to a decrease in net book value of property and equipment, and identifiable intangible assets by depreciation, which was partly offset by an increase in cash and cash equivalents.

Total liabilities decreased by ¥25,207 million from ¥390,353 million as of December 31, 2010 to ¥365,146 million as of September 30, 2011. This was primarily due to a decrease in income taxes payable, long-term debt and capital lease obligations.

Total J:COM shareholders' equity increased by ¥17,758 million from ¥410,151 million as of December 31, 2010 to ¥427,909 million as of September 30, 2011. The increase was mainly due to the upswing in net income attributable to J:COM shareholders for the nine months ended September 30, 2011, which was partly offset by dividend paid to shareholders.

(ii) Cash Flows

For the nine months ended September 30, 2011, the net cash was provided by operating activities of ¥84,857 million, used in investing activities of ¥41,361 million and financing activities of ¥36,083 million, respectively. Accounting for the aforementioned activities, cash and cash equivalents increased by ¥7,413 million from ¥78,212 million as of December 31, 2010 to ¥85,625 million as of September 30, 2011.

Cash Provided by Operating Activities.

Net cash provided by operating activities decreased by ¥3,315 million, from ¥88,172 million for the nine months ended September 30, 2010 to ¥84,857 million for the nine months ended September 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 increased by ¥495 million, from ¥40,866 million for the nine months ended September 30, 2010 to ¥41,361 million for the nine months ended September 30, 2011. This was due to an increase in payment for capital expenditures, which was partly offset by payment for acquisitions of business operations for the nine months ended September 30, 2010.

Cash Used in Financing Activities.

Net cash used in financing activities decreased by ¥3,261 million, from ¥39,344 million for the nine months ended September 30, 2010 to ¥36,083 million for the nine months ended September 30, 2011. This was mainly due to a decrease in debt payments(net), which was partly offset by proceeds from exercise of stock options for the nine months ended September 30, 2010 and an increase in dividend paid to shareholders.

(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	**Nine months ended September 30, 2011**	Nine months ended September 30, 2010	Change		Year ended December 31, 2010
	Amount	Amount	Amount	(%)	Amount
Revenue:					
Subscription fees	229,704	222,653	7,051	3.2	298,197
Others	46,595	45,097	1,498	3.3	61,915
	276,299	267,750	8,549	3.2	360,112
Operating costs and expenses:					
Operating and programming costs	(102,930)	(100,356)	(2,574)	(2.6)	(135,272)
Selling, general and administrative expenses	(53,374)	(54,401)	1,027	1.9	(72,242)
Depreciation and amortization	(62,766)	(63,821)	1,055	1.7	(85,843)
	(219,070)	(218,578)	(492)	(0.2)	(293,357)
Operating income	57,229	49,172	8,057	16.4	66,755
Other income (expenses):					
Interest expense, net:					
Related parties	(1,089)	(1,237)	148	12.0	(1,644)
Others	(2,182)	(2,539)	357	14.1	(3,447)
Equity in earnings of affiliates	1,167	838	329	39.2	1,032
Other income, net	107	515	(408)	(79.2)	471
Income before noncontrolling interests and income taxes	55,232	46,749	8,483	18.1	63,167
Income taxes expense	(23,016)	(15,730)	(7,286)	(46.3)	(22,248)
Net income	32,216	31,019	1,197	3.9	40,919
Net income attributable to noncontrolling interests	(2,439)	(2,377)	(62)	(2.6)	(3,229)
Net income attributable to J:COM shareholders	29,777	28,642	1,135	4.0	37,690
Net income attributable to J:COM shareholders per share:					
Basic	¥4,300.57	¥4,149.80	150.77	3.6	¥5,456.41
Diluted	¥4,298.63	¥4,144.81	153.82	3.7	¥5,450.89
Weighted average number of ordinary shares outstanding:					
Basic	6,924,033	6,902,094	21,939	0.3	6,907,446
Diluted	6,927,157	6,910,409	16,748	0.2	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	September 30, 2011	December 31, 2010	Change
	Amount	Amount	Amount
Current assets:			
Cash and cash equivalents	85,625	78,212	7,413
Accounts receivable	19,051	22,211	(3,160)
Allowance for doubtful accounts	(507)	(530)	23
Deferred tax assets – current	9,717	11,611	(1,894)
Prepaid expenses and other current assets	11,288	7,833	3,455
Total current assets	125,174	119,337	5,837
Investments:			
Investments in affiliates	10,989	9,938	1,051
Investments in other securities, at cost	2,150	2,152	(2)
Total investments	13,139	12,090	1,049
Property and equipment, at cost:			
Land	4,172	3,966	206
Distribution system and equipment	738,324	719,018	19,306
Support equipment and buildings	67,619	61,063	6,556
	810,115	784,047	26,068
Less accumulated depreciation	(446,250)	(410,394)	(35,856)
Total property and equipment	363,865	373,653	(9,788)
Other assets:			
Goodwill	248,323	248,323	—
Identifiable intangible assets, net	38,132	41,615	(3,483)
Deferred tax assets – non current	5,830	5,392	438
Others	16,507	16,353	154
Total other assets	308,792	311,683	(2,891)
Total assets	810,970	816,763	(5,793)

(YEN IN MILLIONS)

Account	**September 30, 2011**	December 31, 2010	Change
	Amount	Amount	Amount
Current liabilities:			
Short-term loans	5,665	5,581	84
Long-term debt – current portion	20,768	19,247	1,521
Capital lease obligations – current portion:			
Related parties	16,558	16,905	(347)
Others	988	1,719	(731)
Accounts payable	24,550	27,995	(3,445)
Income taxes payable	6,577	16,448	(9,871)
Deposit from related parties	268	268	—
Deferred revenue – current portion	8,177	9,774	(1,597)
Accrued expenses and other liabilities	14,549	10,481	4,068
Total current liabilities	98,100	108,418	(10,318)
Long-term debt, less current portion	118,781	128,887	(10,106)
Corporate bond, less current portion	10,000	10,000	—
Capital lease obligations, less current portion:			
Related parties	35,134	38,373	(3,239)
Others	3,827	4,432	(605)
Deferred revenue	59,340	60,478	(1,138)
Deferred tax liabilities – non current	12,196	13,392	(1,196)
Other liabilities	27,768	26,373	1,395
Total liabilities	365,146	390,353	(25,207)
Shareholders' equity:			
Ordinary shares no par value	117,550	117,550	—
Additional paid-in capital	226,285	226,017	268
Retained earnings	87,324	70,010	17,314
Accumulated other comprehensive income/(loss)	(1,099)	(1,160)	61
Treasury stock, at cost	(2,151)	(2,266)	115
Total J:COM shareholders' equity	427,909	410,151	17,758
Noncontrolling interests in subsidiaries	17,915	16,259	1,656
Total shareholders' equity	445,824	426,410	19,414
Total liabilities and shareholders' equity	810,970	816,763	(5,793)

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

（3） CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

(YEN IN MILLIONS)

Classification	**Nine months ended September 30, 2011**	Nine months ended September 30, 2010	Year ended December 31, 2010
	Amount	Amount	Amount
Cash flows from operating activities:			
Net income	32,216	31,019	40,919
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	62,766	63,821	85,843
Equity in earnings of affiliates	(1,167)	(838)	(1,032)
Stock-based compensation expenses	47	87	102
Deferred income taxes expense/(benefit)	202	(3,795)	(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	3,137	(1,700)	(5,811)
Increase in prepaid expenses	(3,469)	(1,740)	(496)
Increase in other assets	(155)	(879)	(1,334)
Increase/(decrease) in accounts payable	(1,904)	837	686
Increase/(decrease) in accrued expenses and other liabilities	(4,082)	3,299	7,939
Increase/(decrease) in deferred revenue	(2,734)	(1,570)	1,603
Net cash provided by operating activities	84,857	88,172	124,376
Cash flows from investing activities:			
Capital expenditures	(41,522)	(40,044)	(56,247)
Acquisitions of business operations	—	(1,075)	(1,075)
Other investing activities	161	253	274
Net cash used in investing activities	(41,361)	(40,866)	(57,048)
Cash flows from financing activities:			
Proceeds from issuance of common stock	—	616	616
Proceeds from reissuance of treasury stock	1	4,366	4,420
Acquisition of noncontrolling interests in consolidated subsidiaries	(318)	(209)	(1,608)
Net increase/(decrease) in short-term loans	84	(651)	(2,037)
Principal payments of long-term debt	(8,585)	(21,659)	(22,353)
Principal payments of capital lease obligations	(15,539)	(16,216)	(21,594)
Cash dividend paid to shareholders	(12,463)	(7,513)	(7,514)
Other financing activities	737	1,922	(3,472)
Net cash used in financing activities	(36,083)	(39,344)	(53,542)
Net increase in cash and cash equivalents	7,413	7,962	13,786
Cash and cash equivalents at beginning of year	78,212	64,426	64,426
Cash and cash equivalents at end of year	85,625	72,388	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