J:COM

(Translation from Japanese disclosure to Osaka Securities Exchange)

July 24, 2012

[U.S. GAAP]

Consolidated Quarterly Financial Results Release

For the Six Months Ended June 30, 2012

Jupiter Telecommunications Co., Ltd. (Consolidated)

Company code number: 4817 (URL http://www.jcom.co.jp/)
Shares traded: Osaka Securities Exchange 【JASDAQ】
Executive position of legal representative: Shuichi Mori, President & CEO
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Expected date of filing of Quarterly Report: August 7, 2012 Expected date of dividend payment: September 7, 2012
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, 2012 to June 30, 2012)

(1) Consolidated financial results

	Revenue		Operating income		Income before noncontrolling interests and income taxes	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Six months ended June 30, 2012	186,508	1.4	34,263	(14.2)	33,854	(11.9)
Six months ended June 30, 2011	184,000	3.6	39,956	21.4	38,430	23.4

	Net income attributable to J:COM shareholders		Net income attributable to J:COM shareholders per share(Basic)	Net income attributable to J:COM shareholders per share(Diluted)
	(Millions of yen)	(%)	(Yen)	(Yen)
Six months ended June 30, 2012	18,435	(10.0)	2,675.70	2,674.93
Six months ended June 30, 2011	20,493	1.3	2,959.73	2,958.36

(Notes)

1. Comprehensive income:

For the six months ended June 30, 2012: 19,952 million yen (10.5) % For the six months ended June 30, 2011: 22,292 million yen 2.0%

2. The percentages shown next to revenue, operating income, income before noncontrolling interests and income taxes and net income attributable to J:COM shareholders represent year-on-year changes.

(2) Consolidated financial position

	Total assets	Total shareholders' equity	Total J:COM shareholders' equity	J:COM shareholders' equity ratio to total assets	J:COM shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Yen)
June 30, 2012	811,741	465,666	443,197	54.6	64,564.27
December 31, 2011	812,373	457,316	435,707	53.6	62,916.36

2. Dividends information

	Annual cash dividend (Yen)				
	End of the first quarter	End of the second quarter	End of the third quarter	Year- end	Annual cash dividend
Year ended December 31, 2011	—	900.00	—	900.00	1,800.00
Year ending December 31, 2012	—	1,250.00			
Year ending December 31, 2012 (Forecasts)			—	1,250.00	2,500.00

(Note) Change in forecast of dividends during the six months ended June 30, 2012: None

3. Consolidated forecasts for December 2012 term (From January 1, 2012 to December 31, 2012)

	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	378,000	2.4	73,500	3.4	71,000	3.6	39,000	4.6	5,670.98

(Notes)
1. Change in forecast for the fiscal year ending December 31, 2012 during the six months ended June 30, 2012: None
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.

4. Other Information

(1) Changes in significant consolidated subsidiaries: None
(Change in specified subsidiaries accompanying changes in scope of consolidation)

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

(3) Change in significant accounting and reporting policies:

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

(ii)Others : None

(Note) Please refer to (3) Change in Significant Accounting Policies, Procedures and Presentation in Quarterly Consolidated Financial Statements on page 7.

(4) Outstanding shares

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

As of June 30, 2012:	6,947,813 shares	As of December 31, 2011:	6,947,813 shares

(ii) Number of treasury stock:

As of June 30, 2012:	83,376 shares	As of December 31, 2011:	22,640 shares

(iii) Number of weighted average stock:

Six months ended June 30, 2012:	6,889,838 shares	Six months ended June 30, 2011:	6,923,797 shares

*Presentation on the status of quarterly review procedure

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

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

*Explanation for forecasts of operations and other notes

The forecasts contained in this report have been prepared on the basis of information that is currently available. Because such estimates are inherently very uncertain, actual results may differ from the forecasts. The Company does not guarantee that it will achieve these estimated results and advises readers to refrain from depending solely on these forecasts. Readers should also note that the Company is under no obligation to revise this information on a regular basis.

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1. Qualitative Information on the Financial Results for the Six Months ended June 30, 2012

(1) Qualitative Information on Consolidated Financial Results

(i) Summary

In the multi-channel broadcasting market, the number of channels through new BS digital broadcasting increased from 24 to 31 from March 1, 2012, providing Jupiter Telecommunications Co., Ltd. ("J:COM") with increased opportunities to develop new customer segments. At the same time, the emergence of new operators including IPTV and Over-The-Top[1] (OTT) has triggered major changes in the business environment, ushering in an era of full-fledged competition.

Under these circumstances, the J:COM Group (J:COM together with its consolidated subsidiaries or "the Company") has positioned the fiscal year ending December 31, 2012 as the inaugural year for new pay-TV multi-channel broadcasting. Focused on the CATV business, J:COM is concentrating on six core issues, including expanding its customer base and boosting earnings potential, enhancing the level of customer satisfaction and actively cultivating alliances.

In the six months (January 1, 2012 to June 30, 2012) of the fiscal year ending December 31, 2012, the Company worked diligently to address these issues by implementing a variety of initiatives, and the resulting key performance indicators in the CATV business are shown below. Effective from the fiscal year ending December 31, 2012, the Company has adopted a new definition of subscribing households. As a result, key performance indicators as of June 30, 2011 (the six months ended June 30, 2011) have also changed from previous data.

Key Performance Indicators	As of June 30, 2011 (Six months ended June 30, 2011)	As of June 30, 2012 (Six months ended June 30, 2012)	Year-on-Year Change
[**Subscribing households]**			
Total number of subscribing households*i	3,483,900	3,688,000	+5.9%
Total RGUs*ii	6,767,800	7,361,900	+8.8%
CATV	2,945,400	3,099,100	+5.2%
High-Speed Internet Access	1,736,500	1,901,800	+9.5%
Telephony	2,085,900	2,361,000	+13.2%
[Average monthly churn rate (per RGU)	1.04%	1.00%	-0.04pts
[ARPU*iii]	￥7,646	￥7,377	￥-269
[Bundle ratio* iv]	1.94	2.00	+0.06

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

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

*iii: Average revenue per unit (subscribing household)

* iv: Average number of services provided per subscribing household

Looking at profit and loss for the six months ended June 30, 2012, ARPU declined by 269 yen compared with the corresponding period of the previous fiscal year because of an increase in the number of households subscribing to discounted packaged services with long-term contracts, including J: COM TV My style.

Additionally, income related to compensation for poor analog reception[2] is no longer recorded due to the complete changeover to digital terrestrial broadcasting on July 24, 2011. Nevertheless, the increase in the total number of subscribing households offset these factors, and revenue rose by 1.4% compared with the corresponding period of the previous fiscal

[1] Service which distributes images to a terminal directly through broadband Internet

[2] The J:COM Group provided retransmission services of terrestrial broadcasting to areas with poor analog reception resulting from obstacles constructed by third parties by entering into agreements with the parties regarding construction and maintenance of cable facilities. Compensation for poor analog reception was the income received by the Group based on these agreements.

year to 186,508 million yen.
Operating income declined 14.2% to 34,263 million yen, and net income attributable to J:COM shareholders declined 10.0% to 18,435 million yen.

(ii) Overview of Business Activities

Recognizing that changes in its external operating environment offer opportunities, the Company proactively implemented initiatives aimed at generating sustained expansion, while at the same time taking steps to reinforce its management foundation as a means of ensuring ongoing medium- and long-term development.

First, as a part of efforts to address its most important issue of expanding its customer base and boosting earnings potential, the Company continued to promote increased subscription focusing mainly on its high-speed Internet access packaged services. This followed the complete changeover to terrestrial digital broadcasting in July 2011. Moreover, the Company revised its performance evaluation system for sales and marketing representatives as well as sales stations from February 2012. Shifting away from the previous focus on the number of RGUs acquired, greater emphasis has now been placed on sales and earnings benchmarks. As a result, the ratio of new subscribers to J:COM's 160 Mbps service, which contributes significantly to revenue, to the total number of new subscribers to high-speed Internet access services increased from 35.1% in January 2012 to 57.2% in June 2012. At the same time, the ratio of new subscribers to the Group's multi-channel services (CATV services excluding J:COM TV My style and BS retransmission services) to new subscribers to CATV services (excluding BS retransmission services) increased from 67.1% in January 2012 to 77.9% in June 2012.
Additionally, broadcasting of J:COM Channel HD, the Group's second community channel previously broadcast only in the Kanto area, was extended to all service areas on April 2, 2012. In addition to regional information, including local updates and administrative announcements, J:COM Channel HD showcases J:COM's services and programs from thematic channels to encourage service subscription among viewers who have not yet subscribed to pay services.

Secondly, the Company is pursuing measures aimed at enhancing the level of customer satisfaction. It has been striving to further expand video-on-demand (VOD) services with the aim of providing a service that is tailored to the diversifying needs of customers, whose viewing style is increasingly shifting toward enjoying programs of their choice as and when required. During the six months ended June 30, 2012, J:COM launched the "Xvie" service on May 22, 2012. This service allows VOD services to be enjoyed via Smartphone, tablet or PC. Xvie is a "TV Everywhere" service tailored to changing customer viewing style, which facilitates enjoyment of VOD services anytime, anywhere and with any device. Moreover, the Company launched "J:COM On Demand Megapack", all-you-can-watch VOD service, on June 1, 2012. "J:COM On Demand Megapack" is an all-you-can watch package delivering comprehensive programming across a range of genres that include movies, Japanese dramas, foreign dramas, South Korean dramas, cartoons, variety shows, hobby and educational programs, and shows featuring Japanese idols to households subscribing to J:COM TV digital services for 980 yen a month. In addition, the J:COM Group has been involved in the distribution of dramas produced by TOKYO BROADCASTING SYSTEM TELEVISION, INC. prior to broadcasting in partnership with the terrestrial digital broadcaster since October 2010, and it had exclusive distribution of "*Houkago wa Mystery to tomoni*" (distribution started from April 20, 2012) and "*Soumatou Kabushiki Gaisha*" (distribution started from July 13, 2012) through VOD prior to terrestrial broadcasting for the six months ended June 30, 2012. As a result, the number of VOD service titles purchased for the six months ended June 30, 2012, increased 25.8% compared with the corresponding period of the previous fiscal year to 7,141,500.

Third, energies are being channeled toward proactively cultivating alliances. As a component of its alliance with KDDI CORPORATION ("KDDI"), the Company first initiated mutual sales of both companies' services in the Kansai and Sapporo areas from August 2010. This was then extended to the Kanto and Sendai areas in December 2011. As a result, for the six months ended June 30, 2012, the number of RGUs acquired via KDDI rose significantly compared with the corresponding period of the previous fiscal year, from 3,900 to 32,900. Meanwhile, the number of mobile phone lines secured by KDDI through introductions by the Company increased from 3,600 to 22,200 year on year. In addition, the Company strove to make use of au Smart Value, a packaged service that combine J:COM's high-speed Internet access and telephony services with discounted au smartphone usage fees, from March 1, 2012. In this manner, the Group worked diligently to cultivate a new

customer segments while promoting the use of additional services by existing subscribing households. As a result, for the six months ended June 30, 2012, the number of subscribing households triggered by au Smart Value totaled 30,500. Of this total, 19,700 were new subscribers.
Moreover, as a part of further alliance with KDDI, J:COM is setting up Internet access to public wireless LAN facilities or Wi-Fi access points (APs) for au smartphones in places such as commercial facilities, public facilities and the lobbies of large condominium buildings within its service areas, and will begin offering Internet access services in August 2012. The J:COM Group is seeking to acquire the subscription to additional services triggered by the supply of the Internet service at establishments where the APs are located as well as obtaining revenue from KDDI through this partnership.

Fourth, the Company is placing considerable emphasis on actively pursuing M&As. In "Medium-Term Business Plan", the J:COM Group has positioned M&As as a key strategy for expansion of its CATV business and Media Business as well as achieving J:COM's aspirations to establish "J:COM Everywhere", which is lifestyle support businesses. In the six months ended June 30, 2012, J:COM acquired the shares of ASMIK ACE ENTERTAINMENT INC. (ASMIK), turning it into a consolidated subsidiary with the aim of enhancing original content production capabilities and securing programming content exclusive distribution rights. J:COM is leveraging its synergy with ASMIK to strengthen and differentiate the CATV Business and the Media Business. In an example of this synergy, the J:COM Group will begin distribution of an original drama series based on Keigo Higashino's "Warai" ("Laugh") stories, which was planned and produced by ASMIK, through the Company's VOD on August 1, 2012.

Fifth, the Company is endeavoring to further fortify its network to ensure the integrity and stability of its broadcasting and communications network as a public utility and valuable asset of the people. For its part, the Company is working tirelessly to enhance the robustness of its network to ensure its reliability as basic social infrastructure in the event of a large-scale natural disaster. Among a number of measures, the Company is incorporating the backbone networks between its five regional service areas nationwide into KDDI's integrated IP core network, which uses MPLS[3] technology, giving the advantage of outstanding quality control. This changeover began on March 15, 2012, and is occurring on a progressive basis. The plan is to change over approximately 70% of all transmission volumes in the three services of CATV, high-speed Internet access and telephony to the integrated IP core network during fiscal 2012, with the switch to be completed during fiscal 2013. The J:COM Group also expects to reduce operating costs as a result of the change.

Sixth, the Company is promoting increased business efficiency. As part of its measures aimed at generating the funds required for medium- and long-term development and growth in preparation for an operating environment in which competition is becoming more and more intense, J:COM implemented reforms to its organizational structure on April 1, 2012 for the purpose of consolidating and streamlining the organization of its head office divisions.

Moreover, the Company opened J:COM Wonder Studio, its first concept shop, on May 22, 2012 in the East Yard at "Tokyo Solamachi®", the retail center inside TOKYO SKYTREE TOWN® for the purpose of promoting its pioneering services and enhancing the strength of the J:COM brand. At J:COM Wonder Studio, the Company proposes new ways to enjoy TV using projections of the latest images from its thematic channels on four 103-inch plasma displays, which are among the biggest in Japan, and "Xvie" service demonstrations. About one month after opening, J:COM Wonder Studio had received a total of more than 100,000 visitors by June 24. The J:COM Group plans to promote its pioneering services and enhance the strength of the J:COM brand through various events to be held at J:COM Wonder Studio.

In the media business, in the field of new BS digital broadcasting, which commenced in October 2011, J:COM's consolidated subsidiary J SPORTS Corporation ("J SPORTS"), which operates thematic sports channels, built on its existing J SPORTS 1 and J SPORTS 2 channels to complete the transfer to BS broadcasting through J SPORTS 3 (formerly J sports ESPN) and J SPORTS 4 (formerly J sports Plus) on March 1, 2012. As a result, J SPORTS is the nation's top BS channel operator with a market-leading four channels. Through this new BS broadcasting platform, the Company will do its utmost to promote the appeal of JSPORTS' four channels to viewers as it seeks to increase the number of subscribing households for J SPORTS. At

[3] Abbreviation of Multi-Protocol Label Switching, a packet data switching technology that increases the speed of data forwarding and traffic management.

the same time, the Company encourages subscription to CATV services by promoting the appeal of multi-channel broadcasting through the new BS broadcasting platform.

Furthermore, Jupiter Golf Network Co., Ltd., a consolidated subsidiary that operates the dedicated golf channel Golf Network, concluded a licensing and distribution agreement starting from April 2012 with U.S.-based Golf Channel in November 2011. As a result, Golf Network has been Japan's only dedicated golf channel since April 2012, and its program lineup has been substantially strengthened and expanded. Thus, the number of households able to view Golf Network increased significantly from 7.23 million on March 31, 2012 to 7.99 million on April 30, 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 six months ended June 30, 2012 are YOKOHAMA CABLE VISION Inc., consolidated on October 7, 2011 and ASMIK ACE ENTERTAINMENT, INC., consolidated on March 30, 2012.

Revenue increased by ¥2,508 million, or 1.4%, from ¥184,000 million for the six months ended June 30, 2011 to ¥186,508 million for the six months ended June 30, 2012. The increase was mainly attributable to the aggregate impact of acquisitions of ¥2,911 million, which was offset by a decrease in revenue at existing consolidated subsidiaries by ¥403 million, or 0.2%.

Subscription fees increased by ¥3,428 million, or 2.2%, from ¥152,565 million for the six months ended June 30, 2011 to ¥155,993 million for the six months ended June 30, 2012. This increase included ¥1,546 million that was attributable to the aggregate impact of acquisitions. Excluding the impact of acquisitions, subscription fees at existing subsidiaries increased by ¥1,882 million, or 1.2%.

Cable television subscription fees increased by ¥2,174 million, or 2.7%, from ¥81,775 million for the six months ended June 30, 2011 to ¥83,949 million for the six months ended June 30, 2012. 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 VOD.

High-speed Internet access subscription fees increased by ¥1,742 million, or 3.9%, from ¥44,540 million for the six months ended June 30, 2011 to ¥46,282 million for the six months ended June 30, 2012. 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 decreased by ¥488 million, or 1.9%, from ¥26,250 million for the six months ended June 30, 2011 to ¥25,762 million for the six months ended June 30, 2012. The decrease in telephony subscription fees in comparison with that of the previous year was primarily the result of a temporary increase brought by the Great East Japan Earthquake in March 2011.

Turning to existing consolidated subsidiary subscription fees for the six months ended June 30, 2012 by type of service, income through subscription fees for cable television and high-speed Internet access service increased by 1.1% and 3.3%, respectively, while that for telephony service decreased by 2.0%.

Other revenue decreased by ¥920 million, or 2.9%, from ¥31,435 million for the six months ended June 30, 2011 to ¥30,515 million for the six months ended June 30, 2012. The decrease was mainly attributable to revenue relating to poor reception compensation, and etc., which was partly offset by an increase in the aggregate impact of acquisitions of ¥1,365 million.

Operating and programming costs increased by ¥6,629 million, or 9.9%, from ¥67,096 million for the six months ended June 30, 2011 to ¥73,725 million for the six months ended June 30, 2012. This was mainly due to an increase in costs relating to programming, the aggregate impact of acquisitions of ¥1,249 million, and etc. Selling, general and administrative expenses increased by ¥2,119 million, or 6.0%, from ¥35,466 million for the six months ended June 30, 2011 to ¥37,585 million for the six months ended June 30, 2012. This was mainly due to an increase in expenses relating to advertisement, personnel and the aggregate impact of acquisitions of ¥849 million. Depreciation and amortization expenses decreased by ¥547 million, or 1.3%, from ¥41,482 million for the six months ended June 30, 2011 to ¥40,935 million for the six months ended June 30, 2012. The decrease was largely due to an increase in fully depreciated assets.

Operating income, as a result of the above items, decreased by ¥5,693 million, or 14.2%, from ¥39,956 million for the six months ended June 30, 2011 to ¥34,263 million for the six months ended June 30, 2012.

Income before noncontrolling interests and income taxes decreased by ¥4,576 million, or 11.9%, from ¥38,430 million for the six months ended June 30, 2011 to ¥33,854 million for the six months ended June 30, 2012. Net income attributable to J:COM shareholders decreased by ¥2,058 million, or 10.0%, from ¥20,493 million for the six months ended June 30, 2011 to ¥18,435 million for the six months ended June 30, 2012.

(2) Qualitative Information on Consolidated Financial Position

(i) Assets, Liabilities and Shareholders’ Equity

Total assets decreased by ¥632 million, from ¥812,373 million as of December 31, 2011 to ¥811,741 million as of June 30, 2012. 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 ¥8,982 million from ¥355,057 million as of December 31, 2011 to ¥346,075 million as of June 30, 2012. This was primarily due to a decrease in debt, capital lease obligations and deferred revenue, which was partly offset by an increase in income taxes payable, and accrued expenses and other liabilities.

Total J:COM shareholders’ equity increased by ¥7,490 million from ¥435,707 million as of December 31, 2011 to ¥443,197 million as of June 30, 2012. The increase was mainly due to the upswing in net income attributable to J:COM shareholders for the six months ended June 30, 2012, which was partly offset by dividends paid to shareholders and purchases of treasury stock.

(ii) Cash Flows

For the six months ended June 30, 2012, the net cash was provided by operating activities of ¥59,434 million, used in investing activities of ¥22,024 million and financing activities of ¥26,181 million, respectively. Accounting for the aforementioned activities, cash and cash equivalents increased by ¥11,229 million from ¥89,879 million as of December 31, 2011 to ¥101,108 million as of June 30, 2012..

Cash Provided by Operating Activities.

Net cash provided by operating activities increased by ¥1,525 million, from ¥57,909 million for the six months ended June 30, 2011 to ¥59,434 million for the six months ended June 30, 2012. The increase was mainly attributable to decrease in income taxes payment, which was partly offset by a decrease in net income.

Cash Used in Investing Activities.

Net cash used in investing activities decreased by ¥2,689 million, from ¥24,713 million for the six months ended June 30, 2011 to ¥22,024 million for the six months ended June 30, 2012. This was due to a decrease in payment for capital expenditures.

Cash Used in Financing Activities.

Net cash used in financing activities increased by ¥7,810 million, from ¥18,371 million for the six months ended June 30, 2011 to ¥26,181 million for the six months ended June 30, 2012. This was mainly due to a increase in purchases of treasury stock and debt payments, which was partly offset by a decrease in principal payments of capital lease obligations.

(3) Qualitative Information on Consolidated Business Results Forecasts

There are no changes from consolidated business results forecasts announced on January 25, 2012, included in the Company’s consolidated annual financial results release for the fiscal year ending December 31, 2012.

2. Notes Regarding Summary Information (Other Information)

(1) Changes in Significant Consolidated Subsidiaries During the Six months Term

None

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

None

(3) Change in Significant Accounting Policies, Procedures and Presentation in Quarterly Consolidated Financial Statements

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

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05, *Comprehensive Income (Accounting Standards Codification (ASC) Topic 220)*: *Presentation of Comprehensive Income*. ASU2011-05 eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders’ equity and requires an entity to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. The Company adopted ASU2011-05 in the first quarter of 2012. ASU2011-05 being a disclosure regulation, such adoption did not have an impact on the Company’s financial position and results of operations.

Also, it requires to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income. In December 2011, the FASB issued ASU2011-12, *Comprehensive Income (ASC Topic 220)*: *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU2011-05*. By adopting ASU2011-12 in the first quarter of 2012, the Company did not present on this regulation.

(ii) Others: None

3. Assumptions of Significant Event for Going Concern

None

4. Consolidated Quarterly Financial Statements

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES
(1) CONSOLIDATED QUARTERLY STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

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

Account	Six months ended June 30, 2011	**Six months ended June 30, 2012**	Change	
	Amount	**Amount**	Amount	(%)
Revenue:				
Subscription fees	152,565	155,993	3,428	2.2
Others	31,435	30,515	(920)	(2.9)
	184,000	186,508	2,508	1.4
Operating costs and expenses:				
Operating and programming costs	(67,096)	(73,725)	(6,629)	(9.9)
Selling, general and administrative expenses	(35,466)	(37,585)	(2,119)	(6.0)
Depreciation and amortization	(41,482)	(40,935)	547	1.3
	(144,044)	(152,245)	(8,201)	(5.7)
Operating income	39,956	34,263	(5,693)	(14.2)
Other income (expenses):				
Interest expense, net:				
Related parties	(738)	(607)	131	17.8
Others	(1,489)	(1,319)	170	11.5
Equity in earnings of affiliates	534	524	(10)	(1.8)
Other, net	167	993	826	492.0
Income before noncontrolling interests and income taxes	38,430	33,854	(4,576)	(11.9)
Income taxes expense	(16,155)	(14,113)	2,042	12.6
Net income	22,275	19,741	(2,534)	(11.4)
Net income attributable to noncontrolling interests	(1,782)	(1,306)	476	26.7
Net income attributable to J:COM shareholders	20,493	18,435	(2,058)	(10.0)
Net Income attributable to J:COM shareholders per share:				
Basic	¥2,959.73	¥2,675.70	¥(284.03)	(9.6)
Diluted	¥2,958.36	¥2,674.93	¥(283.43)	(9.6)
Weighted average number of common stock outstanding:				
Basic	6,923,797	6,889,838	(33,959)	(0.5)
Diluted	6,927,016	6,891,835	(35,181)	(0.5)
Net income	22,275	19,741	(2,534)	(11.4)
Other comprehensive income/(loss),net of taxes				
Unrealized gain/(loss) on cash flow hedge	(232)	11	243	—
Reclassification adjustment for gain/(loss) on cash flow hedge included in net income	249	200	(49)	(19.8)
Other comprehensive income/(loss), net of taxes	17	211	194	—
Comprehensive income	22,292	19,952	(2,340)	(10.5)
Comprehensive income attributable to noncontrolling interests	(1,784)	(1,331)	453	25.4
Comprehensive income attributable to J:COM shareholders	20,508	18,621	(1,887)	(9.2)

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

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

(2) CONSOLIDATED QUARTERLY BALANCE SHEETS

(YEN IN MILLIONS)

Account	December 31, 2011	**June 30, 2012**	Change
	Amount	**Amount**	Amount
Current assets:			
Cash and cash equivalents	89,879	101,108	11,229
Accounts receivable	18,270	14,800	(3,470)
Allowance for doubtful accounts	(480)	(441)	39
Deferred tax assets – current	7,941	7,014	(927)
Prepaid expenses and other current assets	8,070	12,289	4,219
Total current assets	123,680	134,770	11,090
Investments:			
Investments in affiliates	10,381	10,922	541
Investments in other securities, at cost	2,150	2,152	2
Total investments	12,531	13,074	543
Property and equipment, at cost:			
Land	4,158	4,158	—
Distribution system and equipment	733,669	735,679	2,010
Support equipment and buildings	69,477	70,173	696
	807,304	810,010	2,706
Less accumulated depreciation	(445,113)	(459,836)	(14,723)
Total property and equipment	362,191	350,174	(12,017)
Other assets:			
Goodwill	253,079	253,079	—
Identifiable intangible assets, net	38,413	36,017	(2,396)
Deferred tax assets – non current	5,436	5,944	508
Others	17,043	18,683	1,640
Total other assets	313,971	313,723	(248)
Total assets	812,373	811,741	(632)

(YEN IN MILLIONS)

Account	December 31, 2011	**June 30, 2012**	Change
	Amount	**Amount**	Amount
Current liabilities:			
Short-term loans	5,521	5,838	317
Long-term debt – current portion	10,681	50,191	39,510
Capital lease obligations – current portion:			
Related parties	15,960	15,171	(789)
Others	1,184	1,012	(172)
Accounts payable	28,324	27,590	(734)
Income taxes payable	9,853	12,130	2,277
Deposit from related parties	268	268	—
Deferred revenue – current portion	8,108	8,605	497
Accrued expenses and other liabilities	11,068	12,925	1,857
Total current liabilities	90,967	133,730	42,763
Long-term debt, less current portion	118,302	73,167	(45,135)
Corporate bond, less current portion	10,000	10,000	—
Capital lease obligations, less current portion:			
Related parties	33,590	30,295	(3,295)
Others	4,259	3,934	(325)
Deferred revenue	58,996	55,944	(3,052)
Deferred tax liabilities – non current	11,615	10,968	(647)
Other liabilities	27,328	28,037	709
Total liabilities	355,057	346,075	(8,982)
Shareholders' equity:			
Common stock no par value	117,550	117,550	—
Additional paid-in capital	226,293	226,374	81
Retained earnings	94,825	107,027	12,202
Accumulated other comprehensive income/(loss)	(833)	(646)	187
Treasury stock, at cost	(2,128)	(7,108)	(4,980)
Total J:COM shareholders' equity	435,707	443,197	7,490
Noncontrolling interests in subsidiaries	21,609	22,469	860
Total shareholders' equity	457,316	465,666	8,350
Total liabilities and shareholders' equity	812,373	811,741	(632)

JUPITER TELECOMMUNICATIONS CO., LTD.
AND SUBSIDIARIES

（3）CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

(YEN IN MILLIONS)

Classification	Six months ended June 30, 2011	**Six months ended June 30, 2012**	Change
	Amount	**Amount**	Amount
Cash flows from operating activities:			
Net income	22,275	19,741	(2,534)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	41,482	40,935	(547)
Equity in earnings of affiliates	(534)	(524)	10
Dividends from affiliates	—	468	468
Stock-based compensation expenses	47	50	3
Deferred income taxes expense/(benefit)	311	(336)	(647)
Changes in operating assets and liabilities, excluding effects of business combinations:			
Decrease/(increase) in accounts receivable, net	3,420	5,406	1,986
Decrease/(increase) in prepaid expenses	(5,679)	(4,050)	1,629
Decrease/(increase) in other assets	(174)	64	238
Increase/(decrease) in accounts payable	(1,478)	(2,670)	(1,192)
Increase/(decrease) in income taxes payable	(4,202)	2,265	6,467
Increase/(decrease) in accrued expenses and other liabilities	4,330	1,558	(2,772)
Increase/(decrease) in deferred revenue	(1,889)	(2,556)	(667)
Others	—	(917)	(917)
Net cash provided by operating activities	57,909	59,434	1,525
Cash flows from investing activities:			
Capital expenditures	(24,862)	(22,167)	2,695
Acquisition of new subsidiaries, net of cash acquired	—	564	564
Other investing activities	149	(421)	(570)
Net cash used in investing activities	(24,713)	(22,024)	2,689
Cash flows from financing activities:			
Purchases of treasury stock	—	(5,000)	(5,000)
Acquisition of noncontrolling interests in consolidated subsidiaries	(309)	(269)	40
Net increase/(decrease) in short-term loans	(201)	(33)	168
Principal payments of long-term debt	(1,660)	(5,624)	(3,964)
Principal payments of capital lease obligations	(10,436)	(9,286)	1,150
Cash dividends paid to shareholders	(6,231)	(6,233)	(2)
Other financing activities	466	264	(202)
Net cash used in financing activities	(18,371)	(26,181)	(7,810)
Net increase/(decrease) in cash and cash equivalents	14,825	11,229	(3,596)
Cash and cash equivalents at beginning of year	78,212	89,879	11,667
Cash and cash equivalents at end of year	93,037	101,108	8,071

(4) Assumptions for Going Concern

None

(5) Segment Information

The Company's media business is considered a separate operating segment, however, due to the insignificant size of this operation as of June 30, 2012, management has determined that the Company has one reportable segment, cable television business.

(6) Significant Changes in Shareholders' Equity

None

(7) Subsequent Events

None

(8) Business Combinations

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

On additional information obtained about YOKOHAMA CALBE VISION Inc., which became consolidated subsidiary in October 2011, the Company adjusted the provisional amounts recognized in the consolidated balance sheets as of December 31, 2011. Also, the Company adjusted the provisional amounts recognized in the consolidated quarterly financial statements as of March 31, 2012 on additional information obtained about ASMIK ACE ENTERTAINMENT, INC., which became consolidated subsidiary in March, 2012. Neither case was material.