

# **Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements**

(Cabinet Office Ordinance No. 64 of August 10, 2007)

Pursuant to the provisions of Article 193 of the Financial Instruments and Exchange Act (Act No. 25 of 1948), and for the purpose of enforcement of that Act, the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements shall be enacted as follows.

Chapter I General Provisions (Articles 1 to 29)

Chapter II Quarterly Consolidated Balance Sheets

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Chapter III Quarterly Consolidated Profit and Loss Statements

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Section 2 Net Sales and the Cost of Sales (Articles 66 to 68)

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## **Chapter I General Provisions**

(Application of the Ordinance)

Article 1 (1) From among the financial and accounting documents to be submitted pursuant to the provisions of Article 5; Article 7; Article 9, paragraph (1); Article 10, paragraph (1); or Article 24-4-7, paragraph (1) or (2) of the Financial Instruments and Exchange Act (hereinafter referred to as the "Act") (including the cases where any of these provisions are applied mutatis mutandis pursuant to paragraph (4) of that Article and cases where these provisions are applied mutatis mutandis, pursuant to Article 27 of the Act, to a juridical person which has been designated by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 1, paragraph (1) of the Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the "Ordinance on Financial Statements, etc.") (such juridical person shall hereinafter be referred to as a "Designated Juridical Person")), the terminology, forms, and preparation methods of quarterly consolidated balance sheets, quarterly consolidated profit and loss statements, and quarterly consolidated Cash Flow statements (these documents shall hereinafter be collectively referred to as the "Quarterly Consolidated Financial Statements") shall be governed by the provisions of this Ordinance, except for those subject to application of the provisions of Article 2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Financial Statements, etc. (Cabinet Office Ordinance No. 63 of 2007; hereinafter referred to as the "Ordinance on Quarterly Financial Statements, etc."), and any matters that are not provided for under this Ordinance shall be in compliance with business accounting standards that are generally accepted as fair and appropriate.

(2) Business accounting standards published by the Business Accounting Council prescribed in Article 24, paragraph (1) of the Cabinet Order for Organization of the Financial Services Agency (Cabinet Order No. 392 of 1998) shall be regarded as the business accounting standards that are generally accepted as fair and appropriate as provided in the preceding paragraph.

(Definitions)

Article 2 In this Ordinance, the meanings of the terms listed in the following items are as provided respectively in those items:

(i) Company Submitting the Quarterly Consolidated Financial Statements: a company (including a Designated Juridical Person) which is to submit the Quarterly Consolidated Financial Statements pursuant to the provisions of Article 24-4-7, paragraph (1) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 27 of the Act) and a company (including a Designated Juridical Person) which is to submit the Quarterly Consolidated Financial Statements pursuant to the provisions of Article 24-

- 4-7, paragraph (2) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 27 of the Act);
- (ii) Quarterly Accounting Period: a period as provided in Article 3, item (iv) of the Ordinance on Quarterly Financial Statements, etc.;
  - (iii) Quarterly Consolidated Accounting Period: a period as provided in Article 3, item (v) of the Ordinance on Quarterly Financial Statements, etc.;
  - (iv) Year to Date: a period as provided in Article 3(vi) of the Ordinance on Quarterly Financial Statements, etc.;
  - (v) Consolidated Year to Date: a period as provided in Article 3, item (vii) of the Ordinance on Quarterly Financial Statements, etc.;
  - (vi) Subsidiary Company: an entity that is regarded as the subsidiary company of the Company Submitting the Quarterly Consolidated Financial Statements, pursuant to the provisions of Article 8, paragraphs (3), (4), and (7) of the Ordinance on Financial Statements, etc.;
  - (vii) Consolidated Subsidiary Company: a Subsidiary Company included in the scope of consolidation;
  - (viii) Consolidated Companies: the Company Submitting the Quarterly Consolidated Financial Statements and its Consolidated Subsidiary Companies;
  - (ix) Non-consolidated Subsidiary Company: a Subsidiary Company excluded from the scope of consolidation;
  - (x) Affiliated Company: an entity that is regarded as an affiliated company of the Company Submitting the Quarterly Consolidated Financial Statements, pursuant to the provisions of Article 8, paragraphs (5) and (6) of the Ordinance on Financial Statements, etc.;
  - (xi) Equity Method: a method whereby an investor company corrects its investment amount each business year according to the changes in the portions of the investee company's net assets, profit and losses which belong to said investor company;
  - (xii) Minority Shareholders' Equity: the portion of a Consolidated Subsidiary Company's capital which is not equity of the Company Submitting the Quarterly Consolidated Financial Statements;
  - (xiii) Cash Flow: any increase or decrease in the Funds provided in the following item;
  - (xiv) Funds: the total amount of cash (including any current deposits, ordinary deposits, and other deposits which the depositor is able to withdraw without waiting for a certain period to elapse; the same shall apply in Articles 85 and 87) and Cash Equivalents (meaning short-term investments which can be easily converted into cash and which involve low risk of fluctuations in value; the same shall apply in Articles 85 and 87);
  - (xv) Derivative Transactions: transactions as provided in Article 8, paragraph

- (14) of the Ordinance on Financial Statements, etc.;
- (xvi) Trading Securities: securities as provided in Article 8, paragraph (20) of the Ordinance on Financial Statements, etc.;
- (xvii) Bonds Held to Maturity: bonds as provided in Article 8, paragraph (21) of the Ordinance on Financial Statements, etc.;
- (xviii) Other Securities: securities as provided in Article 8, paragraph (22) of the Ordinance on Financial Statements, etc.;
- (xix) Treasury Shares: the shares defined in Article 2, item (xix) of the Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as "Ordinance on Consolidated Financial Statements"); in this case the term "Consolidated Financial Statements" in that item shall be deemed to be replaced with "Quarterly Consolidated Financial Statements";
- (xx) Company's Treasury Shares: shares of Consolidated Companies under the provisions of Article 2, item (xx) of the Ordinance on Consolidated Financial Statements;
- (xxi) Options on the Company's Treasury Shares: the options on the Company's Treasury Shares as provided in Article 2, item (xxi) of the Ordinance on Consolidated Financial Statements;
- (xxii) Stock Options: stock options as provided in Article 2, item (xxii) of the Ordinance on Consolidated Financial Statements;
- (xxiii) Business Combination: a business combination as provided in Article 8, paragraph (27) of the Ordinance on Financial Statements, etc.;
- (xxiv) Acquiring Enterprise: an enterprise as provided in Article 8, paragraph (28) of the Ordinance on Financial Statements, etc.;
- (xxv) Acquired Enterprise: an enterprise as provided in Article 8, paragraph (29) of the Ordinance on Financial Statements, etc.;
- (xxvi) Combiner: an enterprise as provided in Article 8, paragraph (31) of the Ordinance on Financial Statements, etc.;
- (xxvii) Combinee: an enterprise as provided in Article 8, paragraph (32) of the Ordinance on Financial Statements, etc.;
- (xxviii) Combined Enterprise: an enterprise as provided in Article 8, paragraph (33) of the Ordinance on Financial Statements, etc.;
- (xxix) Constituent Enterprises: an enterprises as provided in Article 8, paragraph (34) of the Ordinance on Financial Statements, etc.;
- (xxx) Purchase Method: a method as provided in Article 8, paragraph (35) of the Ordinance on Financial Statements, etc.;
- (xxxii) Pooling of Interest Method: the method prescribed in Article 8, paragraph (36) of the Ordinance on Financial Statements, etc.;
- (xxxii) Common Control Transaction, etc.: a common control transaction, etc.

as provided in Article 8, paragraph (37) of the Ordinance on Financial Statements, etc.;

(xxxiii) Business Divestiture: a business divestiture as provided in Article 8, paragraph (38) of the Ordinance on Financial Statements, etc.;

(xxxiv) Divesting Enterprise: an enterprise as provided in Article 8, paragraph (39) of the Ordinance on Financial Statements, etc.;

(xxxv) Successor Enterprise: an enterprise as provided in Article 8, paragraph (40) of the Ordinance on Financial Statements, etc.;

(xxxvi) Financial Instruments: financial instruments as provided in Article 8, paragraph (41) of the Ordinance on Financial Statements, etc.; and

(xxxvii) Asset Retirement Obligations: the asset retirement obligations defined in Article 8, paragraph (42) of the Ordinance on Financial Statements, etc.

(Quarterly Consolidated Closing Date)

Article 3 A Company Submitting Quarterly Consolidated Financial Statements shall specify the last day of its quarterly accounting period as its quarterly consolidated closing date, and prepare Quarterly Consolidated Financial Statements based on said date.

(General Principles for Preparation of Quarterly Consolidated Financial Statements)

Article 4 The terminology, forms, and preparation methods of Quarterly Consolidated Financial Statements to be submitted pursuant to the provisions of the Act shall comply with the following standards:

(i) Quarterly Consolidated Financial Statements shall be prepared in compliance with the accounting principles and procedures adopted for preparing Consolidated Financial Statements (meaning the consolidated financial statements prescribed in Article 1, paragraph (1) of the Ordinance on Consolidated Financial Statements), in principle;

(ii) the Quarterly Consolidated Financial Statements shall be prepared based on quarterly financial statements of Consolidated Companies that have been prepared in compliance with business accounting standards that are generally accepted as fair and appropriate;

(iii) the Quarterly Consolidated Financial Statements shall clearly present the accounting information necessary for preventing interested parties of the Company Submitting the Quarterly Consolidated Financial Statements from reaching an erroneous conclusion on the financial, operating and Cash Flow conditions of the Business Group; and

(iv) the accounting principles and procedures adopted for preparing the Consolidated Financial Statements for the consolidated fiscal year immediately preceding the consolidated fiscal year containing the Quarterly

Consolidated Accounting Period pertaining to the Quarterly Consolidated Financial Statements (such immediately preceding business year shall hereinafter be referred to as the "Previous Consolidated Fiscal Year") and the accounting principles and procedures adopted for preparing Quarterly Consolidated Financial Statements for the Consolidated Year to Date as of the end of the immediately preceding the Quarterly Consolidated Accounting Period or as of the end of the relevant Quarterly Consolidated Accounting Period shall be applied continuously in the current Quarterly Consolidated Accounting Period, except in cases where a change has been made on justifiable grounds.

(Scope of Consolidation)

- Article 5 (1) A Company Submitting Quarterly Consolidated Financial Statements shall include all of its Subsidiary Companies in the scope of consolidation; provided, however, that it shall not include a Subsidiary Company that falls under either of the following categories in the scope of consolidation:
- (i) a Subsidiary Company over whose administrative organ that makes decisions on financial and operational or business policies (meaning a shareholders meeting or any body equivalent thereto) the Company Submitting the Quarterly Consolidated Financial Statements is found to only have temporary control; and
  - (ii) a Subsidiary Company whose inclusion in the scope of consolidation is found likely to lead to a substantially erroneous conclusion about the Company Submitting the Quarterly Consolidated Financial Statements by its interested parties.
- (2) Where any Subsidiary Company which should be included in the scope of consolidation pursuant to the provisions of the preceding paragraph lacks significance in terms of its assets, net sales (including revenues from service operations; the same shall apply hereinafter) or the like, to the extent that its exclusion from the scope of consolidation would not hinder a reasonable conclusion on the financial position and operating results of the Business Group, said Subsidiary Company may be excluded from the scope of consolidation.
- (3) In cases where there is any significant matter concerning the financial and operating conditions, etc. of a Company, etc. (meaning a company, partnership or any other business entity equivalent thereto (including a business entity equivalent thereto in a foreign state); the same shall apply hereinafter) set forth in either of the following items, which is found to exert influence on determination on the financial position and operating results of the Business Group, the details thereof shall be stated in the notes in the Quarterly

Consolidated Financial Statements:

- (i) a Subsidiary Company that is excluded from the scope of consolidation pursuant to the provisions of the proviso to paragraph (1); or
- (ii) among Companies, etc. whose majority of voting rights are held by the Company Submitting Quarterly Consolidated Financial Statements on its own account, a Company, etc. that has received an order of commencement of rehabilitation proceedings under the provisions of the Civil Rehabilitation Act (Act No. 225 of 1999), a stock company that has received an order of commencement of corporate reorganization proceedings under the provisions of the Corporate Reorganization Act (Act No. 154 of 2002), a Company, etc. that has received an order of commencement of bankruptcy proceedings under the provisions of the Bankruptcy Act (Act No. 75 of 2004), or any other Company, etc. equivalent thereto, which at the same time is not categorized as a Subsidiary Company due to being found to have no effective parent-sub subsidiary relationship with the Company Submitting Quarterly Consolidated Financial Statements.

(Valuation of Assets and Liabilities of Consolidated Subsidiary Companies, etc.)

Article 6 When preparing Quarterly Consolidated Financial Statements, assets and liabilities of Consolidated Subsidiary Companies shall be valued, investments by the Company Submitting Quarterly Consolidated Financial Statements in Consolidated Subsidiary Companies shall be offset against the corresponding equity of said Consolidated Subsidiary Companies, and any other necessary elimination of items between the Consolidated Companies shall be made.

(Application of the Equity Method)

Article 7 (1) Investments in any Non-consolidated Subsidiary Company or Affiliated Company shall be reported on a quarterly consolidated balance sheet by indicating values calculated by the Equity Method; provided, however, that the Equity Method shall not be applied to investments in a company that falls under either of the following categories:

- (i) an Affiliated Company over whose decisions on financial and operational or business policies the Company Submitting Quarterly Consolidated Financial Statements is found to only exert a temporary influence; or
  - (ii) a Non-consolidated Subsidiary Company or Affiliated Company, where application of the Equity Method to said company is found likely to lead to a substantially erroneous conclusion about the Company Submitting the Quarterly Consolidated Financial Statements by its interested parties.
- (2) Where any Non-consolidated Subsidiary Company or Affiliated Company to

which the Equity Method should be applied pursuant to the provisions of the preceding paragraph would not, in terms of profit, losses, etc., exert a significant influence on Quarterly Consolidated Financial Statements even if said company were excluded from the application of the Equity Method, said company may be excluded from the application of the Equity Method.

(Application of Tax Effect Accounting)

Article 8 With regard to Consolidated Companies' corporate tax and any other taxes that are imposed on amounts related to profits as the tax base (hereinafter referred to as "Corporate Tax, etc."), Quarterly Consolidated Financial Statements shall be prepared by applying Tax Effect Accounting (meaning an accounting method which, in cases where there are differences between the amounts of assets and liabilities reported on the quarterly consolidated balance sheet and the amounts of assets and liabilities derived as a result of calculating the taxable income, reasonably matches the amount of quarterly net income before deducing the Corporate Tax, etc. with the applicable amount of Corporate Tax, etc. through appropriate inter-period allocation of the amount of Corporate Tax, etc. pertaining to such differences; the same shall apply hereinafter).

(Subsidiary Company with a Different Quarterly Closing Date)

Article 9 Any Consolidated Subsidiary Company for which the last day of the Quarterly Accounting Period differs from the quarterly consolidated closing date of the Quarterly Accounting Period of the Company Submitting the Quarterly Consolidated Financial Statements corresponding to the relevant period shall, on the quarterly consolidated closing date of the Quarterly Accounting Period corresponding to the relevant period, carry out the necessary quarterly settlement of accounts for preparing quarterly financial statements that serve as the basis for preparation of Quarterly Consolidated Financial Statements; provided, however, that this shall not apply when the difference between the last day of the Quarterly Accounting Period of said Consolidated Subsidiary Company and the quarterly consolidated closing date of the Quarterly Accounting Period corresponding to the relevant period is not more than three months, and Quarterly Consolidated Financial Statements corresponding to the relevant period are prepared based on quarterly financial statements for said Quarterly Accounting Period of said Consolidated Subsidiary Company.

(Entry of Significant Matters that Serve as the Basis for Preparation of Quarterly Consolidated Financial Statements)

Article 10 (1) In cases where any matters concerning the scope of consolidation

or any other significant matters that serve as the basis for preparation of Quarterly Consolidated Financial Statements (meaning significant matters that are applied in an equivalent manner as those applied in preparing consolidated financial statements) have been changed, the matters listed in the following items for the respective cases set forth in those items shall be entered immediately after the quarterly consolidated Cash Flow statement:

- (i) where any matter concerning the Subsidiary Companies included in the scope of consolidation or the Non-consolidated Subsidiary Companies and Affiliated Companies to which the Equity Method is applied has been changed: a statement to that effect, and the reason for the change;
  - (ii) where there has been any significant change or substantial fluctuations in the outline of the Special Purpose Company Subject to Disclosure (meaning the special purpose company subject to disclosure defined in Article 8-9, item (ii) of the Ordinance on Financial Statements, etc.; hereinafter the same shall apply in this item), an outline of transactions with the Special Purpose Company Subject to Disclosure, the transaction amounts, and any other significant matters as compared to such statements as of the end of the Previous Consolidated Fiscal Year: the details thereof;
  - (iii) where any accounting principles or procedures have been changed in the current consolidated fiscal year: a statement to that effect, the reason for the change, and the amount of influence of said change on the Quarterly Consolidated Financial Statements for the Consolidated Year to Date;
  - (iv) where any presentation formats of Quarterly Consolidated Financial Statements have been changed: the details thereof; and
  - (v) in cases where the scope of Funds in the quarterly consolidated Cash Flow statement has been changed: a statement to that effect, the reason for the change, and details of the influence of said change on the quarterly consolidated Cash Flow statement.
- (2) In cases where any accounting principles or procedures have been changed voluntarily in the current Quarterly Consolidated Accounting Period (limited to a Quarterly Consolidated Accounting Period in or after the Second Quarter (meaning the quarter immediately following the first quarter of the consolidated fiscal year; hereinafter the same shall apply in this paragraph) of the current consolidated fiscal year), the reason for making the change in or after the Second Quarter and the amount of influence of said change on the Quarterly Consolidated Financial Statements for the Consolidated Year to Date as of the end of the immediately preceding Quarterly Consolidated Accounting Period shall be entered in addition to the matters specified in item (iii) of the preceding paragraph.
- (3) In cases where any accounting principles or procedures have been changed voluntarily in the Previous Consolidated Fiscal Year, and there is any

difference between the accounting principles and procedures adopted for preparing the Quarterly Consolidated Financial Statements for the corresponding Quarterly Consolidated Accounting Period in the Previous Consolidated Fiscal Year and those adopted for preparing the Quarterly Consolidated Financial Statements for the current Quarterly Consolidated Accounting Period, a statement to that effect and the amount of influence on the corresponding Quarterly Consolidated Accounting Period and Consolidated Year to Date in the Previous Consolidated Fiscal Year shall be entered.

- (4) In the cases set forth in the preceding three paragraphs (excluding paragraph (1), items (i), (iv) and (v)), if it is difficult to calculate the accurate amount of influence in a timely manner, an estimated amount obtained by an appropriate method may be entered.
- (5) Notwithstanding the provisions of the preceding three paragraphs, if it is difficult to calculate the amount of influence in the cases set forth in paragraphs (2) and (3), a statement to that effect and the reason therefor may be entered in lieu of entering the amount of influence.

(Entry under a Simple Accounting Method)

Article 11 In cases where a simple accounting method has been applied, in compliance with business accounting standards that are generally accepted as fair and appropriate, for preparing Quarterly Consolidated Financial Statements, a statement to that effect and the details thereof shall be entered immediately after the entries under the provisions of the preceding Article; provided, however, that said entry may be omitted in cases where it has little significance.

(Entry under an Accounting Method Specific to the Preparation of Quarterly Consolidated Financial Statements)

Article 12 In cases where an accounting method specific to the preparation of Quarterly Consolidated Financial Statements has been applied in compliance with business accounting standards that are generally accepted as fair and appropriate, a statement to that effect and the details thereof shall be entered immediately after the entries under the provisions of the preceding Article; provided, however, that such a statement may be omitted in cases where they have little significance.

(Notes on Significant Post-Balance Sheet Events)

Article 13 (1) If any events that exert a significant influence on the financial position and operating results of Consolidated Companies, as well as Non-consolidated Subsidiary Companies and Affiliated Companies to which the Equity Method is applied, in and/or after the consolidated fiscal year

containing the Quarterly Consolidated Accounting Period pertaining to the relevant Quarterly Consolidated Financial Statements (excluding the Consolidated Year to Date as of the end of said Quarterly Consolidated Accounting Period) have occurred after the quarterly consolidated closing date (such events shall be referred to as "Significant Post-Balance Sheet Events" in Article 78, paragraph (4)), said events shall be stated in the notes.

- (2) With regard to any Subsidiary Company or Affiliated Company for which the last day of the Quarterly Accounting Period differs from the quarterly consolidated closing date in the Quarterly Accounting Period of the Company Submitting Quarterly Consolidated Financial Statements corresponding to the relevant period, such events that have occurred after the quarterly closing date of said Subsidiary Company or Affiliated Company shall be stated in the notes, notwithstanding the provisions of the preceding paragraph.

(Notes on Additional Information)

Article 14 In addition to the notes particularly specified under this Ordinance, if there are any matters that are found to be necessary in order for interested parties of the Company Submitting the Quarterly Consolidated Financial Statements to reach an adequate conclusion on the financial and operating conditions of the Business Group for the consolidated fiscal year containing the Quarterly Consolidated Accounting Period pertaining to the Quarterly Consolidated Financial Statements, said matters shall be stated in the notes.

(Notes on Segment Information)

Article 15 (1) In cases where Consolidated Companies engage in two or more different types of business, by classification as the types of business, net sales and the amount of operating income or the amount of operating loss for each such class (hereinafter collectively referred to as "Business Segment Information") shall be stated in the notes in accordance with Form No. 1; provided, however, that if the amount of net sales and the amount of operating income or the amount of operating losses for a class are small, they may be entered collectively with such amounts for another class under an appropriate name.

- (2) In cases where any Consolidated Companies are located in countries or regions outside Japan (meaning Japan as defined in Article 6, paragraph (1), item (i) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); the same shall apply hereinafter), by classification as the countries or regions in which the Consolidated Companies (in cases where said countries or regions are outside Japan, this shall include a group of countries or regions that it is found appropriate to treat as a single region), net sales and the amount of operating income or the amount of operating losses for each such class

(hereinafter collectively referred to as "Geographical Segment Information") shall be stated in the notes in accordance with Form No. 2; provided, however, that if the amount of net sales for a class is small and it is found appropriate to present it collectively with such amount for another class, these may be stated collectively under an appropriate name.

- (3) In cases where Consolidated Companies have sales in countries or regions outside Japan (including a group of countries or regions that it is found appropriate to treat as a single region; hereinafter the same shall apply in this paragraph) (such sales shall hereinafter be referred to as "Overseas Net Sales"), by classification as such countries or regions, Overseas Net Sales for each such class shall be stated in the notes in accordance with Form No. 3; provided, however, that if the amount of Overseas Net Sales for a class is small, it may be entered collectively with such amount for another class under an appropriate name.

(Notes on Financial Instruments)

Article 15-2 (1) For each account title of a quarterly consolidated balance sheet concerning Financial Instruments, if said Financial Instruments are significant to the Business Group's business operation and there has been a substantial fluctuation in the amount reported on the quarterly consolidated balance sheet or any other amount as compared to the last day of the Previous Consolidated Fiscal Year, the amount reported on the quarterly consolidated balance sheet, the market price, and the difference between the amount reported on the quarterly consolidated balance sheet and said market price, as of the quarterly consolidated closing date, and the calculation method for the market price shall be stated in the notes for each account title in the quarterly consolidated balance sheet; provided, however, that in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be entered.

- (2) Notwithstanding the provisions of the preceding paragraph, if it is difficult to calculate the market price as of the quarterly consolidated closing date, a statement to that effect, the reason therefor, an outline of said Financial Instruments, and the amount reported on the quarterly consolidated balance sheet may be entered in lieu of the matters specified in that paragraph.

(Notes on Securities)

Article 16 (1) In addition to the matters specified in the preceding Article, with regard to securities (limited to the securities listed in the following items), if said securities are significant to the Business Group's business operation and there has been a substantial fluctuation in the amount reported on the quarterly consolidated balance sheet or any other amount of said securities as

compared to the last day of the Previous Consolidated Fiscal Year, the matters specified in the following items for the respective categories of securities listed in those items shall be stated in the notes; provided, however, that in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be entered:

- (i) Bonds Held to Maturity that have a market price: the following matters:
    - (a) the amount reported on the quarterly consolidated balance sheet as of the quarterly consolidated closing date;
    - (b) the market price as of the quarterly consolidated closing date; and
    - (c) the difference between the amount reported on the quarterly consolidated balance sheet and the market price as of the quarterly consolidated closing date; and
  - (ii) Other Securities that have a market price: the following matters for each class of shares, bonds and any other securities:
    - (a) the acquisition cost;
    - (b) the amount reported on the quarterly consolidated balance sheet as of the quarterly consolidated closing date; and
    - (c) the difference between the amount reported on the quarterly consolidated balance sheet as of the quarterly consolidated closing date and the acquisition cost.
- (2) Where, during the current Quarterly Consolidated Accounting Period, there has been any significant change or substantial fluctuation in the matters specified in the items of Article 15-6, paragraph (3) of the Ordinance on Consolidated Financial Statements as compared to the last day of the Previous Consolidated Fiscal Year, the details thereof shall be stated in the notes.

(Notes on Derivative Transactions)

Article 17 (1) In addition to the matters specified in Article 15-2, with regard to Derivative Transactions (those to which Hedge Accounting is applied may be excluded), if said transactions are significant to the Business Group's business operation and there has been a substantial fluctuation in the contract amount or any other amount of said transactions as compared to the last day of the Previous Consolidated Fiscal Year, the contract amount or the principal equivalent amount specified in the contract, the market price, and valuation gains or losses as of the quarterly consolidated closing date shall be stated in the notes, by the type of currency, money rate, share, bond, commodity or any other subject matter of transactions; provided, however, that in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be entered.

- (2) The matters specified in the preceding paragraph shall be entered by categorizing them into futures transactions, options transactions, forward

transactions, swap transactions and any other Derivative Transactions, or any other types of transactions.

(Notes on the Granting or Issuance of Stock Options, Options on the Company's Treasury Shares or Company's Treasury Shares)

Article 18 In cases where Stock Options or Options on the Company's Treasury Shares have been granted or the Company's Treasury Shares have been issued, if the amount of influence on the Quarterly Consolidated Financial Statements is significant, the following matters shall be stated in the notes; provided, however, that in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount of influence may be entered:

- (i) where an offer of service has been received, the amount reported as expenses for the Quarterly Consolidated Accounting Period and the account title thereof;
- (ii) where goods have been acquired, the initial amount reported as assets or expenses for such transaction, and the account title thereof; and
- (iii) where unexercised Stock Options have been forfeited, the amount reported as profits.

(Notes on Stock Options)

Article 19 (1) In addition to the provisions of the preceding Article, if any Stock Options have been granted during the current Quarterly Consolidated Accounting Period, the following matters shall be stated in the notes with regard to said Stock Options; provided, however, that the notes may be omitted where they have little significance:

- (i) the number of persons subject to grants, for each category, such as officers and workers;
  - (ii) the number of Stock Options granted by class of shares;
  - (iii) the grant date;
  - (iv) vesting conditions (if there are no vesting conditions, a statement to that effect);
  - (v) the requisite service period (if there is no requisite service period, a statement to that effect);
  - (vi) the exercise period;
  - (vii) the exercise price; and
  - (viii) the fair unit value as of the grant date.
- (2) Where the conditions of Stock Options have been modified during the current Quarterly Consolidated Accounting Period, the details of such modification shall be stated in the notes; provided, however, that where the details of such modification have little significance, the notes may be omitted.

(Notes in Cases of Having Applied the Purchase Method)

Article 20 (1) Where a Business Combination applying the Purchase Method has been carried out during the current Quarterly Consolidated Accounting Period, the following matters shall be stated in the notes; provided, however, that the notes may be omitted where they have little significance:

- (i) the name of and details of business of the Acquired Enterprise, and if a business has been acquired, the name of the other Enterprise and details of the acquired business, the main reason for carrying out the Business Combination, the date of the Business Combination, the legal form of the Business Combination, the name of the Combined Enterprise, and the share of voting rights acquired;
  - (ii) the period of performance of the Acquired Enterprise or the acquired business included in the Quarterly Consolidated Financial Statements for the Quarterly Consolidated Accounting Period and the Consolidated Year to Date;
  - (iii) the acquisition cost for the Acquired Enterprise or the acquired business, and the breakdown thereof;
  - (iv) where shares have been delivered as the consideration for acquisition, the exchange ratio and the calculation method thereof, the number of shares delivered or to be delivered, and the valuation amount thereof, by class of shares;
  - (v) where shares have been delivered as the consideration for acquisition, if the acquisition cost has been calculated based on the share price as of the date of delivery of the shares, a statement to that effect;
  - (vi) the amount of goodwill or negative goodwill (said amount shall include a provisionally calculated amount) that occurred, the cause for the occurrence, the amortization method, and the amortization period;
  - (vii) where the amount of goodwill or negative goodwill that occurred is a provisionally calculated amount, a statement to that effect; and
  - (viii) the estimated amount of influence that would be exerted on the quarterly consolidated profit and loss statement for the current Consolidated Year to Date if the Business Combination were to have been completed on the day of commencement of the current consolidated fiscal year.
- (2) Notwithstanding the provisions of the preceding paragraph, in cases where, despite the little significance of individual Business Combinations, the Business Combinations carried out during a Quarterly Consolidated Accounting Period have significance as a whole, the matters listed in item (i) and items (iii) to (vii) inclusive of that paragraph shall be stated in the notes for such Business Combinations as a whole.
- (3) If it is difficult to calculate the estimated amount of influence set forth in paragraph (1), item (viii), a statement to that effect and the reason therefor

may be entered in lieu of entering the estimated amount of influence.

- (4) If the estimated amount of influence set forth in paragraph (1), item (viii) has yet to receive an audit certification, a statement to that effect shall be made.

(Notes in Cases of Having Applied the Pooling of Interest Method)

Article 21 (1) Where a Business Combination applying the Pooling of Interest Method has been carried out during the current Quarterly Consolidated Accounting Period, the following matters shall be stated in the notes:

- (i) the names of and details of business of the Constituent Enterprises, the purpose of the Business Combination, the date of the Business Combination, the legal form of the Business Combination, and the name of the Combined Enterprise;
  - (ii) the exchange ratio of voting shares and the calculation method thereof, the number of shares delivered or to be delivered, the share of voting rights after the Business Combination, and the reason for determining said Business Combination to be a combination of interests;
  - (iii) any business that was decided would be disposed of as a result of the Business Combination;
  - (iv) where the Business Combination has been carried out on a date other than the day of commencement of the current consolidated fiscal year, the amount of influence on the quarterly profit and loss statement for the Consolidated Year to Date as of the end of the immediately preceding Quarterly Consolidated Accounting Period, calculated by deeming the Business Combination to have been carried out on the day of commencement of the relevant consolidated fiscal year; and
  - (v) where the result of applying the Pooling of Interest Method is reflected in the consolidated financial statements for the Previous Consolidated Fiscal Year, but not in the corresponding Quarterly Consolidated Financial Statements in the Previous Consolidated Fiscal Year, a statement to that effect, and the amount of influence on the corresponding Quarterly Consolidated Accounting Period and Consolidated Year to Date in the Previous Consolidated Fiscal Year.
- (2) If it is difficult to calculate the accurate amount of influence in a timely manner in the cases set forth in items (iv) and (v) of the preceding paragraph, a statement to that effect, the reason therefor, and an estimated amount obtained by an appropriate method may be entered.

(Notes on Common Control Transactions, etc.)

Article 22 (1) In cases where a Common Control Transaction, etc. has been carried out during the current Quarterly Consolidated Accounting Period, the following matters shall be stated in the notes:

- (i) the names of and details of the businesses of the Constituent Enterprises or of the target business, the legal form of the Business Combination, the name of the Combined Enterprise, and an outline of the transaction including the purpose thereof;
  - (ii) an outline of the accounting implemented; and
  - (iii) where Subsidiary Company shares were additionally acquired, the matters equivalent to those set forth in Article 20, paragraph (1), items (iii), (iv), and (vi).
- (2) Notwithstanding the provisions of the preceding paragraph, the notes may be omitted in cases where the Common Control Transaction, etc. has little significance; provided, however, that in cases where, despite the little significance of individual Common Control Transactions, etc., the Common Control Transactions, etc. carried out during the Quarterly Consolidated Accounting Period in which the Business Combinations were implemented have significance as a whole, the matters set forth in the items of that paragraph shall be stated in the notes for such Common Control Transactions, etc. as a whole.

(Notes on the Formation of Jointly Controlled Enterprises)

- Article 23 (1) In cases where enterprises jointly controlling a Jointly Controlled Enterprise (meaning the jointly controlled enterprise defined in Article 8, paragraph (6), item (iv) of the Ordinance on Financial Statements, etc.; hereinafter the same shall apply in this Article and paragraph (1) of the following Article) formed the Jointly Controlled Enterprise during the current Quarterly Consolidated Accounting Period, the matters equivalent to those set forth in paragraph (1), items (i) and (ii) of the preceding Article shall be entered. In the outline of the accounting implemented, the reason for determining said Business Combination to be the formation of a Jointly Controlled Enterprise shall be entered.
- (2) Notwithstanding the provisions of the preceding paragraph, the notes may be omitted in cases where the formation of the Jointly Controlled Enterprise has little significance; provided, however, that in cases where, despite the little significance of individual formations of Jointly Controlled Enterprises, the formations of the Jointly Controlled Enterprises carried out during the Quarterly Consolidated Accounting Period in which the Business Combinations were implemented have significance as a whole, the matters set forth in that paragraph shall be stated in the notes for such Business Combinations as a whole.

(Notes on Business Divestitures)

- Article 24 (1) Where a Business Divestiture has been carried out during the

current Quarterly Consolidated Accounting Period, and said Business Divestiture is neither categorized as a Common Control Transaction, etc. nor formation of a Jointly Controlled Enterprise, the following matters shall be stated in the notes:

- (i) the name of the Successor Enterprise, details of the divested business, the main reason for carrying out the Business Divestiture, the date of the Business Divestiture, and an outline of the Business Divestiture including the legal form thereof;
  - (ii) an outline of the accounting implemented:
    - (a) where any gain or loss on transfer was recognized, the amount thereof, the fair book values of the assets and liabilities pertaining to the transferred business, and the major breakdown thereof; or
    - (b) where no gain or loss on transfer was recognized, a statement to that effect, the type of consideration received, the fair book values of the assets and liabilities pertaining to the transferred business, and the major breakdown thereof;
  - (iii) the estimated amount of profit or losses pertaining to the divested business, which is reported on the quarterly consolidated profit and loss statement for the Quarterly Consolidated Accounting Period and the Consolidated Year to Date; and
  - (iv) if, for a Business Divestiture for which a gain or loss on transfer has been recognized, there is any continuing involvement other than holding Successor Enterprise shares as Subsidiary Company shares or Affiliated Company shares, an outline of such continuing involvement.
- (2) The statement of the matters set forth in item (iv) of the preceding paragraph may be omitted in cases where said continuing involvement is insignificant.
- (3) Notwithstanding the provisions of paragraph (1), the notes may be omitted in cases where the Business Divestiture has little significance; provided, however, that in cases where, despite the little significance of individual Business Divestitures, the Business Divestitures have significance as a whole, the matters set forth in items (i) and (ii) of that paragraph shall be stated in the notes for such Business Divestitures as a whole.

(Notes by a Successor Enterprise)

Article 25 Even in cases where a Business Divestiture is not categorized as a Business Combination, the Successor Enterprise shall state matters equivalent to those set forth in paragraph (1), item (i) of the preceding Article in the notes.

(Notes on the Business Combination of a Subsidiary Company)

Article 26 The provisions of Article 15-18 of the Ordinance on Consolidated Financial Statements shall apply mutatis mutandis to the Business

Combination of a Subsidiary Company. In this case, the terms "Company Submitting the Consolidated Financial Statements" and "Consolidated Fiscal Year" in paragraph (1) of that Article shall be deemed to be replaced with "Company Submitting the Quarterly Consolidated Financial Statements" and "Quarterly Consolidated Accounting Period" respectively, the term "consolidated profit and loss statement" in item (iv) of that paragraph shall be deemed to be replaced with "quarterly consolidated profit and loss statement," and the term "Consolidated Fiscal Year" in paragraph (3) of that Article shall be deemed to be replaced with "Quarterly Consolidated Accounting Period."

(Notes on the Going Concern Assumption)

Article 27 In cases where, as of the quarterly consolidated closing date, there is a trend of deterioration in any financial indicator, such as excessive debts, or the possibility of a financial failure, such as a significant debt default, or any other event or circumstance that raises significant doubt about the assumption that the company will remain in business in the future (hereinafter referred to as the "Going Concern Assumption"), the following matters shall be stated in the notes:

- (i) a statement to the effect that said event or circumstance exists, and the details thereof;
- (ii) the existence of a significant doubt about the Going Concern Assumption;
- (iii) the business manager's measures for eliminating or drastically improving said event or circumstance; and
- (iv) whether or not the influence of said significant doubt is reflected in the Quarterly Consolidated Financial Statements.

(Notes on Asset Retirement Obligations)

Article 27-2 (1) If Asset Retirement Obligations are significant to the Business Group's business operation and there has been a substantial fluctuation in the amount reported on the quarterly consolidated balance sheet or any other amount of said Asset Retirement Obligations as compared to the last day of the Previous Consolidated Fiscal Year, the following matters shall be stated in the notes:

- (i) the details of such fluctuation; and
  - (ii) the increase or decrease in the total amount of Asset Retirement Obligations during the current Consolidated Year to Date.
- (2) Notwithstanding the provisions of the preceding paragraph, where any Asset Retirement Obligations are not reported on the quarterly consolidated balance sheet, a statement to that effect, the reason therefor, and an outline of said Asset Retirement Obligations shall be entered in lieu of the matters listed in the items of that paragraph.

(Method of Notation)

Article 28 (1) The notes to be stated pursuant to the provisions of this Ordinance shall be entered immediately after the entries under the provisions of Articles 10 and 12; provided, however, that this shall not apply in the following cases:

(i) where matters related to those that were entered pursuant to the provisions of Articles 10 to 12 were entered together with them; or

(ii) where notes that it is found appropriate to enter as Footnotes (meaning entering notes at the end of the table or account statement contained in the Quarterly Consolidated Financial Statements in which the matters pertaining to said notes are entered) are entered as Footnotes.

(2) Notwithstanding the provisions of the preceding paragraph, the notes under the provisions of Article 27 shall be entered immediately after the quarterly consolidated Cash Flow statement. In this case, notwithstanding the provisions of Articles 10 to 12, the matters entered under those provisions shall be entered immediately after the notes under the provisions of Article 27.

(3) Where entering notes that are related to a specific account title pursuant to the provisions of this Ordinance, the association between said account title and said notes shall be made clear by appending a symbol to said account title or by another similar method.

(Units for Presenting Amounts)

Article 29 The amounts in account titles and any other matters contained in Quarterly Consolidated Financial Statements shall be presented in units of millions of yen or thousands of yen.

## **Chapter II Quarterly Consolidated Balance Sheets**

### **Section 1 General Provisions**

(Method of Entry in a Quarterly Consolidated Balance Sheet)

Article 30 (1) The Method of Entry in a quarterly consolidated balance sheet shall be in accordance with the provisions of this Chapter.

(2) A quarterly consolidated balance sheet shall be presented in accordance with Form No. 4.

(Classification into Assets, Liabilities and Net Assets)

Article 31 Assets, liabilities and net assets shall be entered by respectively classifying them into an assets section, a liabilities section, and a net assets section.

(Arrangement of Account Titles)

Article 32 The account titles of assets and liabilities shall be arranged by using the method of current arrangement.

## **Section 2 Assets**

(Classification of Assets)

Article 33 Assets shall be entered by classifying them into current assets, fixed assets and deferred assets, and assets categorized as fixed assets shall be further classified into tangible fixed assets, intangible fixed assets, investments, and any other assets.

(Scope of Each Class of Assets)

Article 34 The provisions of Articles 15 to 16-3 inclusive, 22, 27, 31 to 31-4 inclusive, and 36 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the scopes of current assets, tangible fixed assets, intangible fixed assets, investments and other assets, and deferred assets. In this case, the term "Within One Year" in Articles 15 to 16-3 of the Ordinance on Financial Statements, etc. shall be deemed to be replaced with "on a day within one year from the day following the quarterly consolidated closing date" and the term "Company Submitting the Financial Statements" in Article 22, item (viii) and Article 27, item (xii) of the Ordinance on Financial Statements, etc. shall be deemed to be replaced with "Company Submitting the Quarterly Consolidated Financial Statements."

(Separate Presentation of Current Assets)

Article 35 (1) Assets categorized as current assets shall be set down under account titles with names that are indicative of said assets, in accordance with the following classification of items; provided, however, that assets categorized under any of said items whose amount is not more than one percent of the total amount of assets and which it is found appropriate to present collectively with assets categorized under another item, may be set down collectively under an account title with an appropriate name:

- (i) cash and deposits;
- (ii) negotiable instruments receivable and accounts receivable;
- (iii) securities;
- (iv) merchandise and manufactured goods (including semi-finished goods);
- (v) work in progress;
- (vi) raw materials and supplies; and
- (vii) others.

(2) Where it is found appropriate to present assets categorized under any of the items set forth in the items of the preceding paragraph separately, the

- provisions of that paragraph shall not preclude said assets from being set down separately under an account title with a name that is indicative of said assets.
- (3) Among the assets categorized under the item set forth in paragraph (1), item (vii), any asset whose amount exceeds ten percent of the total amount of assets or any asset whose amount is not more than ten percent of the total amount of assets but that it is found appropriate to present separately shall be set down separately under an account title with a name that is indicative of said asset.
- (4) Notwithstanding the provisions of the main clause of paragraph (1), assets categorized under the items listed in items (iv) to (vi) inclusive of said paragraph may be set down collectively under the account title of inventory assets. In this case, the account titles of the assets categorized under said items and the amounts thereof shall be stated in the notes.

(Presentation of Allowances Related to Current Assets)

Article 36 The provisions of Article 20 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to allowances related to assets that are categorized as current assets.

(Separate Presentation of Tangible Fixed Assets)

- Article 37 (1) Assets categorized as tangible fixed assets shall be set down collectively under an account title with a name that is indicative of tangible fixed assets; provided, however, that this shall not preclude tangible fixed assets from being classified into an item that is found to be appropriate and set down under an account title with a name that is indicative of said assets.
- (2) Notwithstanding the provisions of the preceding paragraph, where assets categorized as tangible fixed assets include any asset whose amount exceeds ten percent of the total amount of assets or where the amount of any asset is not more than ten percent of the total amount of assets but it is found appropriate to present it separately, said assets shall be separated from other tangible fixed assets and shall be set down under an account title with a name that is indicative of each of such assets.

(Presentation of the Amounts of Accumulated Depreciation for Tangible Fixed Assets)

Article 38 The provisions of Articles 25 and 26 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the amounts of accumulated depreciation for tangible fixed assets.

(Presentation of the Amounts of Accumulated Impairment Losses)

Article 39 The provisions of Article 26-2 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the amounts of accumulated

impairment losses for tangible fixed assets.

(Separate Presentation of Intangible Fixed Assets)

Article 40 (1) Assets categorized as intangible fixed assets shall be set down under account titles with names that are indicative of said assets, in accordance with the following classification of items; provided, however, that assets categorized under the item set forth in item (i) whose amount is not more than one percent of the total amount of assets may be set down collectively with assets categorized under item (ii):

(i) goodwill; and

(ii) others.

(2) Among the assets set forth in item (ii) of the preceding paragraph, any asset whose amount exceeds ten percent of the total amount of assets or any asset whose amount is not more than ten percent of the total amount of assets but that it is found appropriate to present separately shall be set down separately under an account title with a name that is indicative of said asset.

(3) A difference that results from investments by Consolidated Companies being in excess of the amount of corresponding equity of Consolidated Subsidiary Companies shall be presented by including it into goodwill.

(Presentation of Amounts of Accumulated Amortization for Intangible Fixed Assets)

Article 41 The provisions of Article 30 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the amounts of accumulated amortization and the amounts of accumulated impairment losses for intangible fixed assets.

(Separate Presentation of Investments and Other Assets)

Article 42 (1) Assets categorized as investments and other assets shall be collectively set down under an account title with a name that is indicative of investments and other assets; provided, however, that this shall not preclude assets categorized as investments and other assets from being classified into an item that is found to be appropriate and set down under an account title with a name that is indicative of said assets.

(2) The provisions of Article 37, paragraph (2) shall apply mutatis mutandis to investments and other assets.

(Presentation of Allowances Related to Investments and Other Assets)

Article 43 The provisions of Article 20 of the Ordinance on Financial Statements, etc. as applied mutatis mutandis pursuant to Article 34 of that Ordinance shall apply mutatis mutandis to allowances related to assets categorized as investments and other assets.

(Separate Presentation of Deferred Assets)

Article 44 (1) Assets categorized as deferred assets shall be collectively set down under an account title with a name that is indicative of deferred assets; provided, however, that this shall not preclude assets categorized as deferred assets from being classified into an item that is found to be appropriate and set down under an account title with a name that is indicative of said assets.  
(2) The provisions of Article 37, paragraph (2) shall apply mutatis mutandis to deferred assets.

(Presentation of Amounts of Accumulated Amortization for Deferred Assets)

Article 45 The provisions of Article 38 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the amounts of accumulated amortization for deferred assets.

(Notes on Collateral Assets)

Article 46 With regard to assets that have been provided as collateral, if said assets are significant to the Business Group's business operation and there has been a substantial fluctuation in the amount of said assets as compared to the last day of the Previous Consolidated Fiscal Year, the details and the amount of the assets that have been provided as collateral shall be stated in the notes; provided, however, that in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be entered.

### **Section 3 Liabilities**

(Classification of Liabilities)

Article 47 Liabilities shall be entered by classifying them into current liabilities and fixed liabilities.

(Scope of Each Class of Liabilities)

Article 48 The provisions of Articles 47 to 48-4 inclusive and 51 to 51-4 inclusive of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the scopes of current liabilities and fixed liabilities. In this case, the term "Within One Year" in Articles 47 and 48-2 to 48-4 inclusive of the Ordinance on Financial Statements, etc. shall be deemed to be replaced with "on a day within one year from the day following the quarterly consolidated closing date."

(Separate Presentation of Current Liabilities)

Article 49 (1) Liabilities categorized as current liabilities shall be set down under account titles with names that are indicative of said liabilities, in

accordance with the following classification of items; provided, however, that any liabilities categorized under items other than that set forth in item (iv) whose amounts are not more than one percent of the combined total of liabilities and net assets, which it is found appropriate to present collectively with liabilities categorized under another item, may be set down collectively under an account title with an appropriate name:

- (i) negotiable instruments payable and accounts payable;
- (ii) short-term borrowings (including finance negotiable instruments and overdrafts);
- (iii) accrued Corporate Tax, etc.;
- (iv) allowances;
- (v) Asset Retirement Obligations; and
- (vi) others.

(2) Where it is found appropriate to present liabilities categorized under any of the items set forth in the items of the preceding paragraph separately, the provisions of that paragraph shall not preclude said liabilities from being set down separately under an account title with a name that is indicative of said liabilities.

(3) Where the allowances set forth in paragraph (1), item (iv) include any allowance whose amount exceeds one percent of the combined total of liabilities and net assets, said allowance shall be separately set down under an account title with a name that is indicative of the purpose of establishment of said allowance.

(4) Among the liabilities categorized under the item set forth in paragraph (1), item (vi), any liability whose amount exceeds ten percent of the combined total of liabilities and net assets or any liability whose amount is not more than ten percent of the combined total of liabilities and net assets but which it is found appropriate to present separately shall be set down under an account title with a name that is indicative of said liability.

(Separate Presentation of Fixed Liabilities)

Article 50 (1) Liabilities categorized as fixed liabilities shall be set down under account titles with names that are indicative of said liabilities, in accordance with the following classification of items; provided, however, that any liabilities categorized under items other than that set forth in item (iii) whose amounts are not more than one percent of the combined total of liabilities and net assets and which it is found appropriate to present collectively with liabilities categorized under another item, may be set down collectively under an account title with an appropriate name:

- (i) corporate bonds;
- (ii) long-term borrowings (including finance negotiable instruments; the same

- shall apply hereinafter);
- (iii) allowances;
  - (iv) Asset Retirement Obligations;
  - (v) negative goodwill; and
  - (vi) others.
- (2) The provisions of paragraph (2) of the preceding Article shall apply mutatis mutandis to cases under the preceding paragraph.
- (3) The provisions of paragraph (3) of the preceding Article shall apply mutatis mutandis to the allowances set forth in paragraph (1), item (iii).
- (4) The provisions of paragraph (4) of the preceding Article shall apply mutatis mutandis to liabilities categorized under the item set forth in paragraph (1), item (vi).
- (5) A difference that results from investments by Consolidated Companies falling short of the amount of corresponding equity of Consolidated Subsidiary Companies shall be presented by including it into negative goodwill.

(Presentation of Goodwill and Negative Goodwill)

Article 51 The provisions of Article 54-2 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the goodwill set forth in Article 40, paragraph (1), item (i) and the negative goodwill set forth in paragraph (1), item (iv) of the preceding Article.

(Notes on Contingent Liabilities)

Article 52 In cases where there are Contingent Liabilities (meaning guarantees of debts (including acts that have the same effect as a debt guarantee), obligations to compensate in relation to contentious cases, and other liabilities that have not arisen in reality but may be borne by the business in the future) pertaining to any Consolidated Company, the contents and amounts thereof shall be stated in the notes; provided, however, that notes may be omitted for matters having little significance.

(Notes on the Amount of Discount on Negotiable Instruments and the Amount of Transfer by Endorsement)

Article 53 The provisions of Article 47 of the Ordinance on Quarterly Financial Statements, etc. shall apply mutatis mutandis to negotiable instruments that have been discounted or that have been transferred by endorsement for the purpose repaying debts.

(Presentation of Inventory Assets and Reserves for Losses on Construction Contracts)

Article 53-2 The provisions of Article 54-4 of the Ordinance on Financial

Statements, etc. shall apply mutatis mutandis to the presentation of inventory assets and reserves for losses on construction contracts.

#### **Section 4 Net Assets**

(Classification of Net Assets)

Article 54 Net assets shall be entered by classifying them into shareholders' equity, valuation and translation adjustments, share options, and Minority Shareholders' Equity.

(Classification and Separate Presentation of Shareholders' Equity)

Article 55 (1) Shareholders' equity shall be classified into stated capital, capital surplus, and retained earnings, and shall be set down under the account titles of stated capital, capital surplus, and retained earnings, respectively.

(2) The provisions of Article 61 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to stated capital.

(3) The provisions of Article 62 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to a deposit for subscriptions to shares after the offer date.

(4) The provisions of Article 43, paragraphs (3) and (4) of the Ordinance on Consolidated Financial Statements shall apply mutatis mutandis to Treasury Shares and deposits for subscriptions to Treasury Shares.

(Classification and Separate Presentation of Valuation and Translation Adjustments)

Article 56 The provisions of Article 43-2 of the Ordinance on Consolidated Financial Statements shall apply mutatis mutandis to valuation and translation adjustments.

(Presentation of Share Options)

Article 57 The provisions of Article 43-3 of the Ordinance on Consolidated Financial Statements shall apply mutatis mutandis to share options. In this case, the term "Company Submitting the Consolidated Financial Statements" in paragraph (2) of that Article shall be deemed to be replaced with "Company Submitting the Quarterly Consolidated Financial Statements."

(Presentation of Minority Shareholders' Equity)

Article 58 Minority Shareholders' Equity shall be set down under the account title of Minority Shareholders' Equity.

(Notes on the Per-Share Amount of Net Assets)

Article 59 The per-share amount of net assets as of the end of the current Quarterly Consolidated Accounting Period and that as of the end of the Previous Consolidated Fiscal Year shall be stated in the notes.

### **Section 5 Miscellaneous Provisions**

(Reserves, etc. under Special Laws)

Article 60 (1) Reserves or allowances that must be reported under the name of reserves or allowances pursuant to the provisions of laws and regulations, and that are inappropriate to report in the assets section or the liabilities section (hereinafter referred to as "Reserves, etc." in the following paragraph and Article 80) shall be entered under a separate class that has been added immediately after fixed liabilities, notwithstanding the provisions of Articles 32 and 47.

(2) Reserves, etc. as set forth in the preceding paragraph shall be set down under an account title with a name that is indicative of the purpose of establishment of said Reserves, etc.

(Classification of the Assets and Liabilities of a Separately Indicated Business)

Article 61 In cases where the main business of a Business Group is a business set forth in the appended list of the Ordinance on Financial Statements, etc. (hereinafter referred to as a "Separately Indicated Business"), if it is found to be inappropriate that it enter its assets and liabilities by classification under the provisions of Articles 33 and 47, notwithstanding these provisions, said assets and liabilities may be entered by an equivalent classification to that specified by Laws, Regulations, or Rules (meaning laws, regulations, or rules prescribed in Article 2 of the Ordinance on Financial Statements, etc.; the same shall apply hereinafter) that are applicable to the financial statements of the company(ies) engaged in said Separately Indicated Business.

(Entry of the Net Assets of Designated Juridical Persons)

Article 62 Where a Designated Juridical Person prepares a quarterly consolidated balance sheet, if it is found to be inappropriate that it state its net assets pursuant to this Ordinance, said net assets may be entered in an equivalent manner as under the provisions of Laws, Regulations, or Rules applicable to its financial statements. In this case, the governing Laws, Regulations, or Rules shall be entered in the notes.

(Entry of Account Titles for the Assets and Liabilities of a Separately Indicated Business)

Article 63 (1) In cases where the business conducted by any Consolidated

Company includes a Separately Indicated Business, if it is found to be inappropriate that it enter the account titles for assets and liabilities of said Separately Indicated Business according to the classification of the items prescribed in Article 35, paragraph (1), Article 37, Article 40, paragraph (1), Article 42, Article 49, paragraph (1) and Article 50, paragraph (1), notwithstanding these provisions, said account titles may be entered in an equivalent manner as under the provisions of Laws, Regulations, or Rules applicable to the financial statements of the company engaged in said Separately Indicated Business.

- (2) In the cases set forth in the preceding paragraph, the standards for setting down the account titles of assets and liabilities collectively or separately shall be equivalent to those provided under this Ordinance.

### **Chapter III Quarterly Consolidated Profit and Loss Statements**

#### **Section 1 General Provisions**

(Method of Entry in a Quarterly Consolidated Profit and Loss Statement)

Article 64 (1) The method of entry in a quarterly consolidated profit and loss statement shall be in accordance with the provisions of this Chapter.

- (2) A quarterly consolidated profit and loss statement shall be presented in accordance with Form No. 5 and Form No. 6.

(Classification of Revenues and Expenses)

Article 65 Revenues and expenses shall be entered by classifying them into account titles with names that are indicative of the following items:

- (i) net sales;
- (ii) cost of sales (including service costs; the same shall apply hereinafter);
- (iii) selling expenses and general and administrative expenses;
- (iv) non-operating revenues;
- (v) non-operating expenses;
- (vi) extraordinary income; and
- (vii) extraordinary losses.

#### **Section 2 Net Sales and the Cost of Sales**

(Presentation of Net Sales)

Article 66 Net sales shall be set down under an account title with a name that is indicative of net sales.

(Presentation of the Cost of Sales)

Article 67 The cost of sales shall be set down under an account title with a name

that is indicative of the cost of sales.

(Presentation of the Gross Profit or Loss on Sales)

Article 68 The amount of difference between net sales and the cost of sales shall be presented as the gross profit on sales or the gross loss on sales.

### **Section 3 Selling Expenses and General and Administrative Expenses**

(Presentation of Selling Expenses and General and Administrative Expenses)

Article 69 (1) Selling expenses and general and administrative expenses shall be classified into expense items that are found to be appropriate, and be set down under account titles with names that are indicative of said expenses; provided, however, that this shall not preclude said expenses from being set down under the account title of selling expenses, the account title of general and administrative expenses, or the account title of selling expenses and general and administrative expenses collectively, and from major expense items and amounts thereof being entered in the notes.

(2) The major expense items prescribed in the proviso to the preceding paragraph shall be the provision of allowances (excluding such expense items whose amount is small) and any other expense items whose amount exceeds 20 percent of the combined total of selling expenses and general and administrative expenses or those whose amount is not more than 20 percent of the combined total of selling expenses and general and administrative expenses but which it is found appropriate to present separately.

(Presentation of the Amount of Operating Income and Losses)

Article 70 The amount obtained by adjusting the gross profit on sales or the gross loss on sales by adding or subtracting the total amount of selling expenses and general and administrative expenses shall be entered as the amount of operating income or the amount of operating losses.

### **Section 4 Non-operating Revenues and Non-operating Expenses**

(Presentation of Non-operating Revenues)

Article 71 Revenues categorized as non-operating revenues shall be set down under account titles with names that are indicative of said revenues, by classification as interest income (including interest on securities), dividends income, gain on sales of securities, amortized amount of negative goodwill, investment return under the Equity Method, and others; provided, however, that any revenues whose amounts are not more than 20 percent of the total amount of non-operating revenues and that it is found appropriate to present

collectively may be set down under an account title with a name that is indicative of all of said revenues.

(Presentation of Non-operating Expenses)

Article 72 Expenses categorized as non-operating expenses shall be set down under account titles with names that are indicative of said expenses, by classification as interest expenses (including interest on corporate bonds), loss on sales of securities, investment losses under the Equity Method, and others; provided, however, that any expenses whose amounts are not more than 20 percent of the total amount of non-operating expenses and that it is found appropriate to present collectively may be set down under an account title with a name that is indicative of all of said expenses.

(Presentation of the Amount of Ordinary Income and Losses)

Article 73 The amount obtained by adjusting the amount of operating income or the amount of operating losses by adding or subtracting the total amount of non-operating revenues or the total amount of non-operating expenses shall be entered as the amount of ordinary income or the amount of ordinary losses.

## **Section 5 Extraordinary Income and Extraordinary Losses**

(Presentation of Extraordinary Income)

Article 74 Profits categorized as extraordinary income shall be set down under account titles with names that are indicative of said profits, by classification as gains on a prior period adjustment, gains on sales of fixed assets, and others; provided, however, that any profits whose amounts are not more than 20 percent of the total amount of extraordinary income and that it is found appropriate to present collectively may be set down under an account title with a name that is indicative of all of said profits.

(Presentation of Extraordinary Losses)

Article 75 Losses categorized as extraordinary losses shall be set down under account titles with names that are indicative of said losses, by classification as losses on a prior period adjustment, losses on sales of fixed assets, impairment losses, losses from a disaster, and others; provided, however, that any losses whose amounts are not more than 20 percent of the total amount of extraordinary losses and that it is found appropriate to present collectively may be set down under an account title with a name that is indicative of all of said losses.

(Presentation of Quarterly Net Income or Quarterly Net Losses Before Taxes)

Article 76 The amount obtained by adjusting the amount of ordinary income or the amount of ordinary losses by adding or subtracting the total amount of extraordinary income or the total amount of extraordinary losses shall be presented as the amount of quarterly net income before taxes or the amount of quarterly net losses before taxes.

### **Section 6 Quarterly Net Income or Quarterly Net Losses**

(Quarterly Net Income or Quarterly Net Losses)

Article 77 (1) The amounts of the items listed in the following items shall be entered under account titles with names that are indicative of the contents thereof, immediately after the amount of quarterly net income before taxes or the amount of quarterly net loss before taxes:

- (i) the corporate tax, inhabitants tax, and Enterprise Tax (meaning the enterprise tax imposed on amounts related to profits as the tax base; the same shall apply in the following item) pertaining to the current Quarterly Consolidated Accounting Period;
  - (ii) the Deferred Corporate Tax, etc. (meaning adjustments on the corporate tax, inhabitants tax, and Enterprise Tax set forth in the preceding item, which are reported through the application of Tax Effect Accounting); and
  - (iii) the amount of quarterly net income before taxes or the amount of quarterly net losses before taxes that represents the Minority Shareholders' Equity.
- (2) The items listed in the items (i) and (ii) of the preceding paragraph may be entered collectively; provided, however, that a statement to that effect shall be set down in the notes in such a case.
- (3) The amount obtained by adjusting the amount of quarterly net income before taxes or the amount of quarterly net losses before taxes by adding or subtracting the amounts of the items listed in the respective items of paragraph (1) shall be entered as the amount of quarterly net income or the amount of quarterly net losses.
- (4) Where there are taxes paid or taxes refunded due to a correction of or determination, etc. on Corporate Tax, etc., these shall be entered under an account title with a name that is indicative of the contents thereof, immediately after the item set forth in paragraph (1), item (i); provided, however, that such amounts may be presented by including them in the amount of the item set forth in paragraph (1), item (i) in cases where such amounts have little significance.

(Notes on the Per-Share Amount of Quarterly Net Income or Losses)

Article 78 (1) The per-share amount of quarterly net income or per-share amount of quarterly net losses for the current Quarterly Consolidated Accounting

Period and the Consolidated Year to Date as of the end of said Quarterly Consolidated Accounting Period, and the basis for calculation of said amount shall be entered in the notes.

- (2) The Diluted Per-Share Amount of Quarterly Net Income (meaning the per-share amount of quarterly net income calculated as if rights to acquire common shares, rights to request conversion into common shares, or securities or contracts bearing rights equivalent thereto (hereinafter referred to as "Potential Shares") were exercised; hereinafter the same shall apply in this Article) for the current Quarterly Consolidated Accounting Period and the Consolidated Year to Date as of the end of said Quarterly Accounting Period, and the basis for calculation of said amount shall be entered immediately after the entry set forth in the preceding paragraph; provided, however, that in cases where no Potential Shares exist, or in cases where the Diluted Per-Share Amount of Quarterly Net Income is not less than the per-share amount of quarterly net income or where such amount constitutes the per-share amount of quarterly net losses, a statement to that effect shall be entered, and the Diluted Per-Share Amount of Quarterly Net Income need not be entered.
- (3) In cases where any reverse stock split or stock split has been carried out during the current Quarterly Consolidated Accounting Period, the following matters shall be stated in the notes; provided, however, that in cases where no Potential Shares existed, or in cases where the diluted per-share amount of net income for the period was not less than the per-share amount of net income for the period or where such amount constituted the per-share amount of net losses for the period in the Previous Consolidated Fiscal Year, a statement to that effect shall be entered, and the diluted per-share amount of net income for the period pertaining to the Previous Consolidated Fiscal Year need not be entered:
  - (i) the fact that a reverse stock split or a stock split has been carried out; and
  - (ii) what the per-share amount of quarterly net income or the per-share amount of quarterly net losses, and the Diluted Per-Share Amount of Quarterly Net Income pertaining to the corresponding Quarterly Consolidated Accounting Period and Consolidated Year to Date in the Previous Consolidated Fiscal Year would be, had the reverse stock split or the stock split been carried out on the day of commencement of the Previous Consolidated Fiscal Year.
- (4) Where any reverse stock split or stock split has been carried out after the quarterly consolidated closing date, the following matters shall be stated in the notes as Significant Post-Balance Sheet Events; provided, however, that where no Potential Shares existed or where the Diluted Per-Share Amount of Quarterly Net Income was not less than the per-share amount of quarterly net income or such amount constituted the per-share amount of quarterly net

losses in the current Quarterly Consolidated Accounting Period, a statement to that effect shall be entered, and the Diluted Per-Share Amount of Quarterly Net Income pertaining to the current Quarterly Consolidated Accounting Period need not be entered:

- (i) the fact that a reverse stock split or a stock split has been carried out;
- (ii) what the per-share amount of quarterly net income or the per-share amount of quarterly net loss, and the Diluted Per-Share Amount of Quarterly Net Income pertaining to the corresponding Quarterly Consolidated Accounting Period and Consolidated Year to Date in the Previous Consolidated Fiscal Year would be, had the reverse stock split or the stock split been carried out on the day of commencement of the Previous Consolidated Fiscal Year; and
- (iii) what the per-share amount of quarterly net income or the per-share amount of quarterly net loss, and the Diluted Per-Share Amount of Quarterly Net Income pertaining to the current Quarterly Consolidated Accounting Period and the Consolidated Year to Date as of the end of said Quarterly Consolidated Accounting Period would be, had the reverse stock split or the stock split been carried out on the day of commencement of the current consolidated fiscal year.

## **Section 7 Miscellaneous Provisions**

(Presentation of the Amortized Amount of Goodwill or Negative Goodwill, etc.)

Article 79 (1) The provisions of Article 97 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to presentation of the amortized amount of goodwill or negative goodwill.

(2) In cases where investment returns and investment losses under the Equity Method arise, the amount obtained by offsetting one against the other may be presented.

(Addition to or Reversal of Reserves, etc. under Special Laws)

Article 80 If there has been an addition to or reversal of Reserves, etc., the amount of the addition or reversal shall be set down as an extraordinary loss or extraordinary income under an account title with a name that is indicative of that the amount results from said addition or reversal.

(Notes on Substantial Seasonal Fluctuations in Net Sales or Operating Expenses)

Article 81 Where there are substantial seasonal fluctuations in net sale or Operating Expenses (meaning the combined total of the cost of sales, selling expenses, and general and administrative expenses) due to the nature of the

business, the context of such fluctuations shall be stated in the notes.

(Classification of the Revenues and Expenses of a Separately Indicated Business)

Article 82 In cases where the main business of a Business Group is a Separately Indicated Business, if it is found inappropriate to enter its revenues and expenses by classifying them into the items prescribed in Article 65, notwithstanding the provisions of that Article, said revenues and expenses may be entered in an equivalent manner as under the provisions of Laws, Regulations, or Rules applicable to the financial statements of the company(ies) engaged in said Separately Indicated Business.

(Entry of Account Titles for the Revenues and Expenses of a Separately Indicated Business)

Article 83 (1) Where the business engaged in by any Consolidated Company includes a Separately Indicated Business, if it is found inappropriate to enter the account titles for the revenues and expenses of said Separately Indicated Business according to the provisions of Article 66, Article 67, Article 69, Article 71, and Article 72, notwithstanding these provisions, said account titles may be entered in an equivalent manner as under the provisions of Laws, Regulations, or Rules applicable to the financial statements of the company engaged in said Separately Indicated Business.

(2) In the cases set forth in the preceding paragraph, the standards for setting down the account titles of revenues and expenses collectively or separately shall be equivalent to those provided under this Ordinance.

**Chapter IV Quarterly Consolidated Cash Flow Statements**  
**Section 1 General Provisions**

(Method of Entry in a Quarterly Consolidated Cash Flow Statement)

Article 84 (1) The method of entry in a quarterly consolidated Cash Flow statement shall be in accordance with the provisions of this Chapter.

(2) Entries in a quarterly consolidated Cash Flow statement shall be made in accordance with Form No. 7 or Form No. 8.

(Classification for Presenting a Quarterly Consolidated Cash Flow Statement)

Article 85 In a quarterly consolidated Cash Flow statement, Cash Flow conditions shall be entered for the following classes:

- (i) Cash Flow from operating activities;
- (ii) Cash Flow from investment activities;
- (iii) Cash Flow from financing activities;

- (iv) translation adjustments on cash and Cash Equivalents;
- (v) increases or decreases in cash and Cash Equivalents;
- (vi) the beginning balances of cash and Cash Equivalents; and
- (vii) the balances of cash and Cash Equivalents at the end of the quarter.

## **Section 2 Method of Entry in a Quarterly Consolidated Cash Flow Statement**

(Presentation of Cash Flows from Operating Activities)

Article 86 The provisions of Articles 84 to 89 of the Ordinance on Consolidated Financial Statements shall apply mutatis mutandis to the method of entry in a quarterly consolidated Cash Flow statement. In this case, the terms "the amount of net income for the period before taxes or the amount of net loss for the period before taxes" in Article 84, item (ii) of the Ordinance on Consolidated Financial Statements shall be deemed to be replaced with "the amount of quarterly net income before taxes or the amount of quarterly net losses before taxes," and the term "consolidated profit and loss statement" in sub-items (a) and (c) of that item shall be deemed to be replaced with "quarterly consolidated profit and loss statement."

(Matters to Be Stated in the Notes in a Quarterly Consolidated Cash Flow Statement)

Article 87 The relationship between the balances of cash and Cash Equivalents at the end of the quarter and the amounts for the account titles set down in the quarterly consolidated balance sheet shall be stated in the notes in a quarterly consolidated Cash Flow statement.

## **Chapter V Notes on Shareholders' Equity, etc.**

(Notes on Issued Shares)

Article 88 With regard to the classes and the total number of issued shares, the total number of issued shares at the end of the current Quarterly Consolidated Accounting Period shall be stated in the notes for each class of issued shares.

(Notes on Treasury Shares)

Article 89 With regard to the classes and the total number of Treasury Shares, the total number of Treasury Shares at the end of the current Quarterly Consolidated Accounting Period shall be stated in the notes for each class of Treasury Shares.

(Notes on Share Options, etc.)

Article 90 (1) With regard to share options, the following matters shall be stated in the notes:

- (i) the class(es) of shares subject to the share options;
  - (ii) the number of shares subject to share options; and
  - (iii) the balance of share options at the end of the Quarterly Consolidated Accounting Period.
- (2) Where share options have been granted as Stock Options or Options on the Company's Treasury Shares, the matters set forth in items (i) and (ii) of the preceding paragraph need not be entered.
- (3) The number of shares set forth in paragraph (1), item (ii) shall be entered by stating the number of shares subject to the share options as of the last day of the current Quarterly Consolidated Accounting Period, for each class of shares subject to the share options; provided, however, that the notes may be omitted in cases where the number of shares that would increase if the share options were to be exercised constitutes an insignificant proportion of the total number of issued shares (when holding Treasury Shares, the number of shares after deducting the number of said Treasury Shares) as of the last day of the current Quarterly Consolidated Accounting Period.
- (4) The provisions of the preceding three paragraphs shall apply mutatis mutandis to own share options.

(Notes on Dividends)

Article 91 With regard to the dividends during the Consolidated Year to Date as of the end of the current Quarterly Consolidated Accounting Period, the following matters shall be stated in the notes:

- (i) where the dividend property is money, the total amount of dividends, the amount of dividends per-share, the reference date, and the effective date for each class of shares;
- (ii) where the dividend property is property other than money, the type and the book value of the dividend property, the amount of dividends per-share, the reference date, and the effective date for each class of shares; and
- (iii) with regard to a dividend whose reference date is contained in the period from the day of commencement of the current consolidated fiscal year to the end of the current Quarterly Consolidated Accounting Period and for which the effective date will be after the last day of the current Quarterly Consolidated Accounting Period, the matters equivalent to those set forth in the preceding two items.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Article 92 Where there was a substantial change in the amount of shareholders' equity as compared to the end of the Previous Consolidated Fiscal Year, the

major cause of the change shall be stated in the notes.

## **Chapter VI Miscellaneous Provisions**

Article 93 The provisions of Articles 93 to 96 inclusive of the Ordinance on Consolidated Financial Statements shall apply mutatis mutandis to the terminology, forms, and preparation methods of Quarterly Consolidated Financial Statements. In this case, the term "Consolidated Financial Statements" shall be deemed to be replaced with "Quarterly Consolidated Financial Statements."

### **Supplementary Provisions [Extract]**

(Transitional Measures on Submission of U.S.-Style Quarterly Consolidated Financial Statements)

- Article 4 (1) The terminology, forms, and preparation methods for the Quarterly Consolidated Financial Statements to be submitted by a Company Submitting Quarterly Consolidated Financial Statements which has submitted U.S.-style Consolidated Financial Statements for the first consolidated fiscal year that commences after April 1, 2002 pursuant to the provisions of the Act (such company shall exclude one to which the provisions of Article 93 apply) may be, for the time being, except for matters that were found necessary and indicated by the Commissioner of the Financial Services Agency, the terminology, forms, and preparation methods required to be used in relation to issuance, etc. of American depositary receipts.
- (2) The provisions of Articles 94 to 96 inclusive of the Ordinance on Consolidated Financial Statements shall apply mutatis mutandis to the cases set forth in the preceding paragraph. In this case, the term "Consolidated Financial Statements" in Articles 95 and 96 of the Ordinance on Consolidated Financial Statements shall be deemed to be replaced with "Quarterly Consolidated Financial Statements."