

# **Regulation on the Terminology, Forms, and Preparation Methods of Interim Consolidated Financial Statements**

(Ministry of Finance Order No. 24 of March 30, 1999)

Pursuant to the provisions of Article 193 of the Securities and Exchange Act (Act No. 25 of 1948), the Regulation on the Terminology, Forms, and Preparation Methods of Interim Consolidated Financial Statements is hereby enacted as follows.

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**Chapter I General Provisions**

(General Principles for Application)

Article 1 (1) From among finance and accounting documents to be submitted pursuant to the provisions of Article 5, Article 7, paragraph (1), Article 9, paragraph (1), Article 10, paragraph (1), Article 24-4-7, paragraph (1) or (2) or Article 24-5, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act") (including the cases where any of these provisions are applied mutatis mutandis pursuant to Article 24-4-7, paragraph (4) and Article 24-5, paragraph (5) of the Act and cases where these provisions are applied mutatis mutandis, pursuant to Article 27 of the Act, to a corporation which has been designated by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 1, paragraph (1) of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the "Regulation on Financial Statements") (that corporation is hereinafter referred to as a "designated corporation")), the terminology, forms, and preparation methods of interim consolidated financial statements (meaning interim consolidated balance sheets, interim consolidated profit and loss statements, interim consolidated statement of comprehensive income, interim consolidated statements of changes in net assets, interim consolidated cash flow statements, and consolidated supplementary schedules or, if they are prepared pursuant to Designated International Accounting Standards (meaning Designated International Accounting Standards as provided in Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976; hereinafter referred to as the "Regulation on Consolidated Financial Statements"); the same applies hereinafter) pursuant to the provisions of Article 87, or if they are prepared pursuant to Japan's Modified International Standards (meaning Japan's Modified International Standards prescribed in

Article 94 of the Regulation on Consolidated Financial Statements; the same applies hereinafter) pursuant to the provisions of Article 88, equivalents to interim consolidated balance sheets, interim consolidated profit and loss statements, interim consolidated statement of comprehensive income, interim consolidated statements of changes in net assets and interim consolidated cash flow statements of which preparation is required pursuant to Designated International Accounting Standards or the Japan's Modified International Standards; the same applies hereinafter) are governed by the provisions of this Regulation, except for those subject to application of the provisions of Article 2 of the Regulation on Terminology, Forms, and Preparation Methods of Interim Financial Statements (Ministry of Finance Order No. 38 of 1977; hereinafter referred to as the "Regulation on Interim Financial Statements"), and any matters that are not provided for under this Regulation are in accordance with business accounting standards generally accepted as fair and appropriate.

- (2) Business accounting standards published by the business accounting council as provided in Article 24, paragraph (1) of the Cabinet Order for Organization of the Financial Services Agency (Cabinet Order No. 392 of 1998) are to fall under the business accounting standards generally accepted as fair and appropriate as provided in the preceding paragraph.
- (3) Business accounting standards specified by the Commissioner of the Financial Services Agency as provided in Article 1, paragraph (3) of the Regulation on Consolidated Financial Statements are to fall under the business accounting standards generally accepted as fair and appropriate as provided in paragraph (1).

(Special Provisions for Application)

Article 1-2 The terminology, forms, and preparation methods of interim consolidated financial statements that an issuer (meaning the issuer prescribed in Article 2, paragraph (5) of the Act; the same applies in the following Article) of the securities set forth in paragraph (1), item (v) or (ix) of that Article, which is a stock company satisfying all of the following requirements (hereinafter referred to as a "specified company complying with designated international accounting standards") submits may be in accordance with the provisions of Chapter VI, Section 1:

- (i) that it satisfies either of the following requirements:
  - (a) that in the securities registration statement (limited to cases where the consolidated financial statements (meaning documents as provided in Article 1, paragraph (1) of the Regulation on Consolidated Financial Statements; the same applies hereinafter) for the consolidated fiscal year immediately preceding the consolidated fiscal year containing the current interim consolidated accounting period (meaning the period as provided in

Article 3, paragraph (2)) (that immediately preceding consolidated fiscal year is hereinafter referred to as the "previous consolidated fiscal year") are entered; the same applies in item (i), (a) of the following Article) that it submits under the provisions of Article 5, paragraph (1) of the Act or in annual securities reports (limited to cases where the consolidated financial statements for the previous consolidated fiscal year are entered; the same applies in item (i), (a) of the following Article) that it submits under the provisions of Article 24, paragraph (1) or (3) of the Act, it gives a statement of special efforts for ensuring the appropriateness of consolidated financial statements; and

- (b) that in the securities registration statement that it submits under the provisions of Article 5, paragraph (1) of the Act or in semiannual securities reports that it submits under the provisions of Article 24-5, paragraph (1) of the Act, it gives a statement of special efforts for ensuring the appropriateness of interim consolidated financial statements; and
- (ii) that it has officers or employees who have sufficient knowledge of Designated International Accounting Standards and has established a system under which interim consolidated financial statements can be prepared in a proper manner under Designated International Accounting Standards.

Article 1-3 The terminology, forms, and preparation methods of interim consolidated financial statements that an issuer of the securities set forth in Article 2, paragraph (1), item (v) or (ix) of the Act, which is a stock company satisfying all of the following requirements (hereinafter referred to as a "specified company complying with Japan's modified international standards") submits may be in accordance with the provisions of Chapter VI, Section 2:

- (i) that it satisfies either of the following requirements:
  - (a) that in the securities registration statement that it submits under the provisions of Article 5, paragraph (1) of the Act or in annual securities reports that it submits under the provisions of Article 24, paragraph (1) or (3) of the Act, it gives a statement of special efforts for ensuring the appropriateness of consolidated financial statements; and
  - (b) that in the securities registration statement that it submits under the provisions of Article 5, paragraph (1) of the Act or in semiannual securities reports that it submits under the provisions of Article 24-5, paragraph (1) of the Act, it gives a statement of special efforts for ensuring the appropriateness of interim consolidated financial statements; and
- (ii) that it has officers or employees who have sufficient knowledge of Japan's Modified International Standards and have established a system under which interim consolidated financial statements can be prepared in a proper

manner under Japan's Modified International Standards.

(Definitions)

Article 2 In this Regulation, the meanings of the terms listed in the following items are as set forth respectively in those items:

- (i) company submitting interim consolidated financial statements: a company or designated corporation which is to submit interim consolidated financial statements pursuant to the provisions of the Act;
- (ii) subsidiary company: an entity that is regarded as a subsidiary company of a company submitting interim consolidated financial statements, pursuant to the provisions of Article 8, paragraphs (3), (4), and (7) of the Regulation on Financial Statements;
- (iii) consolidated subsidiary company: a subsidiary company included in the scope of consolidation;
- (iv) consolidated companies: a company submitting interim consolidated financial statements and its consolidated subsidiary companies;
- (v) non-consolidated subsidiary company: a subsidiary company excluded from the scope of consolidation;
- (vi) affiliated company: an entity that is regarded as an affiliated company of a company submitting interim consolidated financial statements, pursuant to the provisions of Article 8, paragraphs (5) and (6) of the Regulation on Financial Statements;
- (vii) 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 loss which belong to the investor company;
- (viii) Deleted;
- (ix) non-controlling interests: the portion of a consolidated subsidiary company's capital which is not equity of the company submitting interim consolidated financial statements;
- (x) cash flow: any increase or decrease in the funds defined in the following item;
- (xi) 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 applies in Articles 84 and 86) and cash equivalents (meaning short-term investments which can be easily converted into cash and which have a low risk of fluctuating in value; the same applies in Articles 84 and 86);
- (xii) derivative transactions: transactions as provided in Article 8, paragraph (14) of the Regulation on Financial Statements;
- (xiii) trading securities: securities as provided in Article 8, paragraph (20) of

- the Regulation on Financial Statements;
- (xiv) bonds held to maturity: bonds as provided in Article 8, paragraph (21) of the Regulation on Financial Statements;
- (xv) other securities: securities as provided in Article 8, paragraph (22) of the Regulation on Financial Statements;
- (xvi) treasury shares: the shares defined in Article 2, item (xix) of the Regulation on Consolidated Financial Statements; in this case, the term "consolidated financial statements" in that item is deemed to be replaced with "interim consolidated financial statements";
- (xvii) company's own shares: shares of consolidated companies under the provisions of Article 2, item (xx) of the Regulation on Consolidated Financial Statements;
- (xviii) options on a company's own shares: options on a company's own shares as provided in Article 2, item (xxi) of the Regulation on Consolidated Financial Statements;
- (xix) stock options: stock options as provided in Article 2, item (xxii) of the Regulation on Consolidated Financial Statements;
- (xx) business combination: business combination as provided in Article 8, paragraph (27) of the Regulation on Financial Statements;
- (xxi) acquiring enterprise: an enterprise as provided in Article 8, paragraph (28) of the Regulation on Financial Statements;
- (xxii) acquired enterprise: an enterprise as provided in Article 8, paragraph (29) of the Regulation on Financial Statements;
- (xxiii) combiner: an enterprise as provided in Article 8, paragraph (31) of the Regulation on Financial Statements;
- (xxiv) combinee: an enterprise as provided in Article 8, paragraph (32) of the Regulation on Financial Statements;
- (xxv) combined enterprise: an enterprise as provided in Article 8, paragraph (33) of the Regulation on Financial Statements;
- (xxvi) constituent enterprises: enterprises as provided in Article 8, paragraph (34) of the Regulation on Financial Statements;
- (xxvii) common control transaction, etc.: a common control transaction, etc. as provided in Article 8, paragraph (37) of the Regulation on Financial Statements;
- (xxviii) business divestiture: business divestiture as provided in Article 8, paragraph (38) of the Regulation on Financial Statements;
- (xxix) divesting enterprise: an enterprise as provided in Article 8, paragraph (39) of the Regulation on Financial Statements;
- (xxx) divested enterprise: an enterprise as provided in Article 8, paragraph (40) of the Regulation on Financial Statements;
- (xxxi) financial instruments: financial instruments as provided in Article 8,

- paragraph (41) of the Regulation on Financial Statements; and
- (xxxii) asset retirement obligations: asset retirement obligations as provided in Article 8, paragraph (42) of the Regulation on Financial Statements;
  - (xxxiii) accounting policies: the accounting principles and procedures adopted for the preparation of interim consolidated financial statements;
  - (xxxiv) presentation method: the presentation method adopted for the preparation of interim consolidated financial statements;
  - (xxxv) accounting estimates: amounts of assets, liabilities, revenues, expenses, etc. that are reasonably calculated based on the information available at the time of the preparation of interim consolidated financial statements when those amounts are uncertain;
  - (xxxvi) change in accounting policies: a change of an accounting policy generally accepted as fair and appropriate to another accounting policy generally accepted as fair and appropriate;
  - (xxxvii) change in presentation method: a change of a presentation method generally accepted as fair and appropriate to another presentation method generally accepted as fair and appropriate;
  - (xxxviii) change in accounting estimates: a change in an accounting estimate that had been made for the preparation of consolidated financial statements for the previous consolidated fiscal year or any prior consolidated fiscal year or interim consolidated financial statements for the previous interim consolidated accounting period or any prior interim consolidated accounting period, based on new information that has become available;
  - (xxxix) error: an error arising from the failure to use, or the misuse of, information that was available at the time of the preparation of interim consolidated financial statements or consolidated financial statements, regardless of whether or not the act to be the cause thereof was intentional;
  - (xl) retrospective application: the implementation of accounting processes if by assuming that new accounting policies are retroactively applied to consolidated financial statements for the previous consolidated fiscal year or any prior consolidated fiscal year and interim consolidated financial statements for the previous interim consolidated accounting period or any prior interim consolidated accounting period;
  - (xli) reclassification of interim consolidated financial statements: changing the presentation by assuming that a new presentation method is retroactively applied to the consolidated financial statements for the previous consolidated fiscal year or any prior consolidated fiscal year and interim consolidated financial statements for the previous interim consolidated accounting period or any prior interim consolidated accounting period; and
  - (xlii) restatement: the reflection, in consolidated financial statements or interim consolidated financial statements, of the correction of an error in

consolidated financial statements for the previous consolidated fiscal year or any prior business year or interim consolidated financial statements for the previous interim consolidated accounting period or any prior interim consolidated accounting period.

(Interim Consolidated Closing Date and Interim Consolidated Accounting Period)

Article 3 (1) A company submitting interim consolidated financial statements is to specify the last day of its interim accounting period as its interim consolidated closing date, and prepare interim consolidated financial statements based on the relevant date.

(2) In the case set forth in the preceding paragraph, the period for which interim consolidated financial statements are prepared (hereinafter referred to as the "interim consolidated accounting period") is the period from the day following the interim consolidated closing date that preceded the relevant interim consolidated closing date until the relevant interim consolidated closing date.

(General Principles for Preparation of Interim Consolidated Financial Statements)

Article 4 The terminology, forms, and preparation methods of interim consolidated financial statements to be submitted pursuant to the provisions of the Act must comply with the following standards:

- (i) the interim consolidated financial statements present true information concerning the financial position, operating results and conditions of cash flow of the business group (meaning the company submitting the interim consolidated financial statements and its subsidiary companies; the same applies hereinafter);
- (ii) the interim consolidated financial statements are prepared based on interim financial statements of consolidated companies that have been prepared in accordance with business accounting standards generally accepted as fair and appropriate;
- (iii) the interim consolidated financial statements clearly present the accounting information necessary for preventing persons interested in the company submitting interim consolidated financial statements from making an erroneous determination on the financial position, operating results and cash flow conditions of the business group; and
- (iv) the accounting principles and procedures adopted for preparing the consolidated financial statements for the previous consolidated fiscal year are applied continuously in the relevant interim consolidated accounting period, except where these are modified on justifiable grounds.

(Preparation of Comparative Information)

Article 4-2 Interim consolidated financial statements for the current interim consolidated accounting period must be prepared by including, as part of the interim consolidated financial statements, comparative information (meaning the matters listed in the following items as those corresponding to the matters entered in the interim consolidated financial statements for the respective categories of interim consolidated financial statements set forth in those items):

- (i) the interim consolidated balance sheet: matters pertaining to the previous consolidated fiscal year;
- (ii) the interim consolidated profit and loss statement and the interim consolidated statement of comprehensive income: matters pertaining to the previous interim consolidated accounting period;
- (iii) the interim consolidated statement of changes in net assets: matters pertaining to the previous interim consolidated accounting period; and
- (iv) the interim consolidated cash flow statement: matters pertaining to the previous interim consolidated accounting period.

(Scope of Consolidation)

Article 5 (1) A company submitting interim consolidated financial statements must include all of its subsidiary companies in the scope of consolidation; provided, however, that it does not include a subsidiary company that falls under either of the following categories in the scope of consolidation:

- (i) a subsidiary company over whose body that makes decisions on the subsidiary company's financial and operational or business policies (meaning a shareholders meeting or any other bodies equivalent thereto) the company submitting the interim 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 an extremely erroneous conclusion about the company submitting the interim 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 is immaterial in terms of its assets, net sales (including revenues from service operations; the same applies hereinafter), profit or loss, retained earnings and cash flows and any other items, to the extent that its exclusion from the scope of consolidation would not hinder reasonable determination on the financial position, operating results and cash flow conditions of the business group, the subsidiary company may be excluded from the scope of consolidation.
- (3) If there is any material matter concerning the financial position, operating

results or cash flow conditions of a company, etc. (meaning a company, designated corporation, partnership or any other business entity equivalent thereto (including a business entity equivalent thereto in a foreign state); the same applies hereinafter) set forth as follows, which is found to exert influence on determination on the financial position, operating results and cash flow conditions of the business group, the details thereof must be set down in the notes in the interim 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 interim consolidated financial statements on its own account, a company, etc. that has received an order for the commencement of rehabilitation proceedings under the Civil Rehabilitation Act (Act No. 225 of 1999), a stock company that has received an order for the commencement of corporate reorganization proceedings under the Corporate Reorganization Act (Act No. 154 of 2002), a company, etc. that has received an order for the commencement of bankruptcy proceedings under the Bankruptcy Act (Act No. 75 of 2004), or any other company, etc. equivalent thereto, which at the same time does not fall under a subsidiary company due to its being found to have no effective parent-subsidary relationship with the company submitting the interim consolidated financial statements.

(Valuation of Assets and Liabilities of Consolidated Subsidiary Companies)

Article 6 When preparing interim consolidated financial statements, assets and liabilities of consolidated subsidiary companies must be valued, investments by the company submitting the interim consolidated financial statements in consolidated subsidiary companies must be offset against the corresponding equity of the consolidated subsidiary companies, and any other necessary elimination of items between the consolidated companies must be made.

(Application of Equity Method)

Article 7 (1) Investments in any non-consolidated subsidiary company or affiliated company must be reported on an interim consolidated balance sheet by indicating values calculated by the equity method; provided, however, that the equity method is not applied to investments in a company that falls under either of the following categories:

- (i) an affiliated company on whose financial and operational or business policy decisions the company submitting the interim consolidated financial statements is found to only exert a temporary influence; or
- (ii) a non-consolidated subsidiary company or affiliated company for which application of the equity method is found likely to lead interested parties to

an extremely erroneous conclusion about the company submitting the interim consolidated financial statements.

- (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 does not, in terms of its profit or loss and retained earnings and any other items, exert a material influence on interim consolidated financial statements even if that company is excluded from the target of application of the equity method, that company may be excluded from the target of application of the equity method.

(Application of Tax Effect Accounting)

Article 8 With regard to consolidated companies' corporation tax and any other taxes that are imposed on amounts related to profits as the tax base (hereinafter referred to as "corporation tax, etc."), interim consolidated financial statements must be prepared by applying tax effect accounting (meaning an accounting process which, if there are differences between the amounts of assets and liabilities reported on the interim consolidated balance sheet and the amounts of assets and liabilities derived as a result of calculating the taxable income, reasonably matches the amount of interim net income before deducting the corporation tax, etc. with the applicable amount of corporation tax, etc. through appropriate inter-period allocation of the amount of corporation tax, etc. pertaining to the differences; the same applies hereinafter).

(Subsidiary Company with Different Interim Closing Date)

Article 9 Any consolidated subsidiary company for which the last day of the interim accounting period differs from the interim consolidated closing date must, on the interim consolidated closing date, carry out the necessary settlement of accounts for preparing interim financial statements that serve as the basis for preparation of interim consolidated financial statements; provided, however, that this does not apply if the difference between the last day of the interim accounting period of the consolidated subsidiary company and the interim consolidated closing date is not more than three months, and interim consolidated financial statements are prepared based on interim financial statements for the interim accounting period.

(Entries Related to Scope of Consolidation)

Article 10 (1) Matters on the scope of consolidation and other material matters that serve as the basis for preparing interim consolidated financial statements must be set down in the notes after being classified into the following matters:  
(i) matters on the scope of consolidation;

- (ii) matters on application of the equity method;
  - (iii) matters on the interim closing date, etc. of consolidated subsidiary companies; and
  - (iv) matters on accounting policies.
- (2) With regard to the matters on the scope of consolidation set forth in item (i) of the preceding paragraph, the following matters are to be entered:
- (i) the number of consolidated subsidiary companies and the names of major consolidated subsidiary companies;
  - (ii) if there are any non-consolidated subsidiary companies, the names of major non-consolidated subsidiary companies and the reason for excluding them from the scope of consolidation;
  - (iii) if, in spite of the fact that the company submitting the interim consolidated financial statements holds a majority of the voting rights in another company, etc. on its own account, the relevant other company, etc. is not regarded as a subsidiary company, the name of the relevant other company, etc. and the reason for not regarding it as a subsidiary company; and
  - (iv) if there is any special purpose company subject to disclosure (meaning a special purpose company subject to disclosure as defined in Article 8-9, item (ii) of the Regulation on Financial Statements; hereinafter the same applies in this item), an outline of the special purpose company subject to disclosure, an outline and the transaction amounts of transactions with the special purpose company subject to disclosure, and any other material matters.
- (3) With regard to the matters on the application of the equity method set forth in paragraph (1), item (ii), the following matters are to be entered:
- (i) the number of non-consolidated subsidiary companies or affiliated companies to which the equity method is applied and the names of major companies among them;
  - (ii) if there are any non-consolidated subsidiary companies or affiliated companies to which the equity method is not applied, the names of major companies among them;
  - (iii) if there are any non-consolidated subsidiary companies or affiliated companies to which the equity method is not applied, the reason for not applying the equity method;
  - (iv) if, in spite of the fact that the company submitting the interim consolidated financial statements holds not less than 20 percent but not more than 50 percent of the voting rights in another company, etc. on its own account, the relevant other company, etc. is not regarded as an affiliated company, the name of the relevant other company, etc. and the reason for not regarding it as an affiliated company; and
  - (v) if there are any matters that are found particularly necessary to be entered

with regard to the procedures for application of the equity method, the details thereof.

- (4) With regard to the matters on the interim closing date, etc. of the consolidated subsidiary companies set forth in paragraph (1), item (iii), if there is any consolidated subsidiary company whose interim closing date differs from the interim consolidated closing date, the details thereof and whether or not the consolidated subsidiary company has carried out a settlement of accounts for preparing interim financial statements that serve as the basis for preparation of interim consolidated financial statements are to be entered.
- (5) With regard to the matters on accounting policies set forth in paragraph (1), item (iv), the following matters are to be entered:
- (i) the valuation standards and the valuation method for material assets;
  - (ii) the depreciation/amortization method for material depreciable/amortizable assets;
  - (iii) standards on recognition of material allowances;
  - (iv) the accounting method pertaining to retirement benefits;
  - (v) standards on recognition of material revenues and expenses;
  - (vi) the standards for translating material foreign currency dominated assets or liabilities into Japanese currency, adopted for preparing interim financial statements of consolidated companies that served as the basis for preparation of interim consolidated financial statements;
  - (vii) any material method of hedge accounting (meaning the accounting process defined in Article 8-2, item (viii) of the Regulation on Financial Statements; the same applies in Article 17);
  - (viii) the scope of Funds reported on the interim consolidated cash flow statement; and
  - (ix) other material matters for preparing interim consolidated financial statements.

(Notes on Changes in Scope of Consolidation or Scope of Application of Equity Method)

Article 11 If among material matters that serve as the basis for the preparation of interim consolidated financial statements, the scope of consolidation or the scope of application of the equity method has been changed, a statement to that effect and the reason for the change must be set down in the notes.

(Notes on Changes in Accounting Policies with Revision of Accounting Standards)

Article 11-2 The provisions of Article 5 (excluding the proviso to paragraph (1), the proviso to paragraph (2), and the proviso to paragraph (3)) of the Regulation on Interim Financial Statements apply mutatis mutandis to the

case where a change in accounting policies is made in line with revision, etc. of accounting standards, etc. (meaning the revision, etc. of accounting standards, etc. (meaning the accounting standards, etc. prescribed in the main clause of paragraph (1) of that Article; the same applies in the following Article) prescribed in the main clause of that paragraph; the same applies in the following Article). In this case, the terms "interim financial statements", "business year", "interim accounting period", and "the financial statements" in Article 5 of the Regulation on Interim Financial Statements are deemed to be replaced with "interim consolidated financial statements", "consolidated fiscal year", "interim consolidated accounting period", and "the consolidated financial statements" respectively.

(Notes on Changes in Accounting Policies Based on Justifiable Grounds Other Than Revision of Accounting Standards)

Article 11-3 The provisions of Article 5-2 (excluding the proviso to paragraph (1) and the proviso to paragraph (2)) of the Regulation on Interim Financial Statements apply mutatis mutandis to the case where a change in accounting policies is made based on justifiable grounds other than a revision, etc. of accounting standards, etc. In this case, the terms "interim financial statements", "business year", and "interim accounting period" in that Article are deemed to be replaced with "interim consolidated financial statements", "consolidated fiscal year", and "interim consolidated accounting period" respectively.

(Notes on Changes in Presentation Methods)

Article 11-4 The provisions of Article 5-2-2 (excluding paragraph (4)) of the Regulation on Interim Financial Statements apply mutatis mutandis to the case where a change in presentation method is made. In this case, the terms "interim financial statements", "business year", and "interim accounting period" in that Article are deemed to be replaced with "interim consolidated financial statements", "consolidated fiscal year", and "interim consolidated accounting period" respectively.

(Notes on Changes in Accounting Estimates)

Article 11-5 The provisions of Article 5-2-3 of the Regulation on Interim Financial Statements apply mutatis mutandis to the case where a change in accounting estimates is made. In this case, the term "interim financial statements" in that Article is deemed to be replaced with "interim consolidated financial statements".

(Notes Set Down If It Is Difficult to Distinguish Changes in Accounting Policies

from Changes in Accounting Estimates)

Article 11-6 The provisions of Article 5-2-4 of the Regulation on Interim Financial Statements apply mutatis mutandis to the case where it is difficult to distinguish a change in accounting policies from a change in accounting estimates. In this case, the term "interim financial statements" in that Article is deemed to be replaced with "interim consolidated financial statements".

(Notes on Restatement)

Article 11-7 The provisions of Article 5-2-5 of the Regulation on Interim Financial Statements apply mutatis mutandis to the case where a restatement was made. In this case, the terms "interim financial statements", "business year", and "interim accounting period" in that Article are deemed to be replaced with "interim consolidated financial statements", "consolidated fiscal year", and "interim consolidated accounting period" respectively.

(Notes on Material Post-Balance Sheet Events)

Article 12 If any events that exert a material influence on the financial position, operating results and cash flow conditions 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 interim consolidated accounting period pertaining to the relevant interim consolidated financial statements (excluding the interim consolidated accounting period) occur after the interim consolidated closing date (those events are hereinafter referred to as "material post-balance sheet events"), those events must be set down in the notes; provided, however, that, with regard to any subsidiary company or affiliated company the last day of whose interim accounting period differs from the interim consolidated closing date, those events that occur after the interim closing date of the subsidiary company or affiliated company must be set down in the notes.

(Notes on Additional Information)

Article 13 In addition to the notes particularly specified under this regulation, if there are any matters that are found to be necessary for persons interested in the company submitting interim consolidated financial statements to make adequate judgments on the financial position, operating results and cash flow conditions of the business group, those matters must be set down in the notes.

(Notes on Segment Information)

Article 14 (1) With regard to information on a certain unit of an enterprise (hereinafter referred to as a "reporting segment") (that information is hereinafter referred to as "segment information"), the following matters must

be set down in the notes in accordance with Form No. 1:

- (i) the outline of any reporting segment;
  - (ii) the amounts of the net sales, profit or loss, assets, liabilities and other items for each reporting segment and the methods of calculation of those amounts; and
  - (iii) the differences between the total amounts of the amounts of each item set forth in the preceding item and the amounts reported on the interim consolidated balance sheet or the amounts reported on the interim consolidated profit and loss statement for each account title equivalent to the relevant item and the main contents of the differences.
- (2) With regard to information related to a reporting segment (referred to as "related information" in Form No. 2), the following matters must be set down in the notes in accordance with that form:
- (i) information for each product and service;
  - (ii) information for each region; and
  - (iii) information for each major customer.
- (3) If the following items are reported in the interim consolidated balance sheet or the interim consolidated profit and loss statement, the outline for each reporting segment must be set down in the notes in accordance with Form No. 3:
- (i) the impairment loss on fixed assets;
  - (ii) the amortization amount of goodwill and the unamortized balance; or
  - (iii) the gain from negative goodwill.
- (4) Notwithstanding the provisions of the preceding three paragraphs, notes may be omitted for immaterial matters.

(Notes on Lease Transactions)

Article 15 The provisions of Article 8-6 (excluding paragraph (4)) of the Regulation on Financial Statements apply mutatis mutandis to lease transactions. In this case, the term "company submitting the financial statements" in paragraphs (1) and (3) of that Article is deemed to be replaced with "consolidated companies", the term "as of the end of the current business year" in paragraph (1), item (i), (a) and item (ii) and paragraph (2) of that Article is deemed to be replaced with "as of the end of the current interim consolidated accounting period", the phrases "up to five years from the balance sheet date" and "after five years from the balance sheet date" in paragraph (1), item (ii), (b) of that Article are deemed to be replaced with "up to the day on which five years have elapsed from the day following the interim consolidated closing date" and "after the day on which five years have elapsed from the day following the interim consolidated closing date" respectively, the phrase "within one year" in paragraph (2) of that Article is deemed to be replaced with

"on a day that comes within one year from the day following the interim consolidated closing date", and the term "balance sheet" in paragraph (3) of that Article is deemed to be replaced with "interim consolidated balance sheet".

(Notes on Financial Instruments)

Article 15-2 The provisions of Article 15-5-2, paragraphs (1) (excluding item (i)) and (2) of the Regulation on Consolidated Financial Statements apply mutatis mutandis to financial instruments. In this case, the phrases "consolidated closing date", "of the consolidated balance sheet", and "amounts reported on the consolidated balance sheet" in paragraph (1), item (ii) of that Article are deemed to be replaced with "interim consolidated closing date", "of the interim consolidated balance sheet", and "amounts reported on the interim consolidated balance sheet" respectively.

(Notes on Securities)

Article 16 The provisions of Article 15-6, paragraphs (1) (excluding items (i), (iv) and (v)) of the Regulation on Consolidated Financial Statements apply mutatis mutandis to securities. In this case, the terms "consolidated closing date" and "amount reported on the consolidated balance sheet" in paragraph (1), items (ii) and (iii) of that Article are deemed to be replaced with "interim consolidated closing date" and "amount reported on the interim consolidated balance sheet" respectively.

(Notes on Derivative Transactions)

Article 17 (1) In addition to the matters specified in Article 15-2, with regard to derivative transactions (limited to those to which hedge accounting is not applied), the contract amount as of the interim consolidated closing date or the principal equivalent amount specified in the contract, the market price and valuation gain or loss as of the interim consolidated closing date, and the calculation method for the market price must be set down in the notes, by type of the subject matter of transactions (meaning currencies, money rates, shares, bonds, commodities and any other subject matter of transactions; the same applies in the following paragraph); provided, however, that notes may be omitted for immaterial matters.

(2) Notwithstanding the provisions of the preceding paragraph, with regard to derivative transactions to which hedge accounting is applied, the contract amount as of the interim consolidated closing date or the principal equivalent amount specified in the contract, the market price as of the interim consolidated closing date, and the calculation method for the market price may be set down in the notes, by type of subject matter of the transactions.

(3) The matters specified in paragraph (1) must be entered after being

categorized into type of transaction (meaning futures transactions, options transactions, forward transactions, swap transactions and any other derivative transactions; the same applies in the following paragraph), market transaction (meaning the market transactions defined in Article 8, paragraph (10), item (iii) of the Regulation on Financial Statements) or off-market transaction, the relationship to a purchase contract or to a sale contract, the period from the interim consolidated closing date to the settlement date of the transaction or to the time of termination of the contract, and other matters.

- (4) The matters specified in paragraph (2) must be entered after being categorized into the method of hedge accounting, the type of transaction, the hedged items (meaning the hedged items defined in Article 8-2, item (viii) of the Regulation on Financial Statements), and other matters.

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

Article 17-2 The provisions of Article 8-14, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to cases where stock options or options on the company's own shares have been granted or the company's own shares have been issued. In this case, the term "business year" in item (i) of that paragraph is deemed to be replaced with "interim consolidated accounting period".

(Notes on Stock Options)

Article 17-3 The provisions of Article 5-9 (excluding paragraph (4)) of the Regulation on Consolidated Financial Statements apply mutatis mutandis to cases where stock options have been granted. In this case, the terms "interim accounting period" and "company submitting interim financial statements" in paragraph (1) of that Article are deemed to be replaced with "interim consolidated accounting period" and "company submitting interim consolidated financial statements".

(Notes Set Down If Business Combination through Acquisition Has Been Implemented)

Article 17-4 The provisions of Article 15-12 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to the case where a business combination through acquisition of another enterprise or a business segment of another enterprise has been carried out. In this case, the term "consolidated fiscal year" in that Article is deemed to be replaced with "interim consolidated accounting period", the term "consolidated financial statements" in paragraph (1), item (ii) of that Article is deemed to be replaced with "interim consolidated financial statements", and the term "consolidated profit and loss statement" in

item (xii) of that paragraph and paragraph (3), item (i) is deemed to be replaced with "interim consolidated profit and loss statement".

Article 17-5 deleted

(Notes on Common Control Transactions)

Article 17-6 The provisions of Article 15-14 of the Regulation on consolidated financial statements apply mutatis mutandis to a common control transaction, etc. In this case, the term "consolidated fiscal year" in that Article is deemed to be replaced with "interim consolidated accounting period".

(Notes on Formation of Jointly Controlled Enterprises)

Article 17-7 The provisions of Article 8-22 (excluding paragraph (3)) of the Regulation on Financial Statements apply mutatis mutandis to formation of jointly controlled enterprises. In this case, the term "business year" in that Article is deemed to be replaced with "interim consolidated accounting period".

(Notes by Divesting Enterprise in Business Divestitures)

Article 17-8 The provisions of Article 15-16 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to a material business divestiture. In this case, the term "consolidated fiscal year" in paragraphs (1) and (3) of that Article is deemed to be replaced with "interim consolidated accounting period" and the term "consolidated profit and loss statement" in paragraph (1), item (iv) of that Article is deemed to be replaced with "interim consolidated profit and loss statement".

(Notes by Divested Enterprise in Business Divestitures)

Article 17-9 The provisions of Article 8-24, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to a business divestiture that does not fall under a business combination.

(Notes on Business Combination of Subsidiary Company)

Article 17-10 The provisions of Article 15-18 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to a business combination of a subsidiary company. In this case, the term "consolidated fiscal year" in that Article is deemed to be replaced with "interim consolidated accounting period", the term "company submitting consolidated financial statements" in paragraph (1) of that Article is deemed to be replaced with "company submitting interim consolidated financial statements" and the term "consolidated profit and loss statement" in item (iv) of that paragraph is deemed to be replaced with "interim consolidated profit and loss statement".

(Notes on Material Post-Balance Sheet Events Related to Business Combinations)

Article 17-11 The provisions of Article 8-25 (excluding paragraph (3)) of the Regulation on Financial Statements apply mutatis mutandis to a material post-balance sheet event related to a business combination and a business combination wherein an agreement has been reached on major conditions by the interim consolidated closing date and which has not been completed by that date. In this case, the term "balance sheet date" in that Article is deemed to be replaced with "interim consolidated closing date".

(Notes on Material Post-Balance Sheet Events Related to Business Divestitures)

Article 17-12 The provisions of Article 8-26, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to a material post-balance sheet event related to a business divestiture and a business divestiture wherein an agreement has been reached on major conditions by the interim consolidated closing date and which has not been completed by that date. In this case, the term "balance sheet date" in that paragraph is deemed to be replaced with "interim consolidated closing date".

(Notes on Post-Balance Sheet Events Related to Business Combination of Subsidiary Company)

Article 17-13 The provisions of Article 15-21 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to a post-balance sheet event related to a business combination of a subsidiary company and a business combination carried out by a subsidiary company wherein an agreement has been reached on major conditions and which has not been completed by the interim consolidated closing date. In this case, the term "consolidated closing date" in that Article is deemed to be replaced with "interim consolidated closing date".

(Notes on Going Concern Assumption)

Article 17-14 The provisions of Article 5-18 of the Regulation on Interim Financial Statements apply mutatis mutandis to a company submitting interim consolidated financial statements. In this case, the term "interim balance sheet date" in that Article is deemed to be replaced with "interim consolidated closing date" and the term "interim financial statements" in item (iv) of that Article is deemed to be replaced with "interim consolidated financial statements".

(Notes on Asset Retirement Obligations)

Article 17-15 The provisions of Article 8-28, paragraph (1) (excluding item (i), (a) and (b)) of the Regulation on Financial Statements apply mutatis mutandis to asset retirement obligations. In this case, the terms "balance sheet" and "the relevant business year" in that paragraph are deemed to be replaced with "interim consolidated balance sheet" and "the current Interim consolidated accounting period" respectively.

(Notes on Rental Real Properties)

Article 17-16 (1) The provisions of Article 15-24 of the Regulation on Consolidated Financial Statements (excluding items (i) and (iv)) apply mutatis mutandis to rental, etc. real properties (meaning a rental, etc. real property as provided in that Article; the same applies in the following paragraph). In this case, the phrase "reported in the consolidated balance sheet" and the term "consolidated fiscal year" in item (ii) of that Article are deemed to be replaced with "reported in the interim consolidated balance sheet" and "interim consolidated accounting period" respectively, and the term "consolidated closing date" in item (iii) of that Article is deemed to be replaced with "interim consolidated closing date".

(2) If, from among the matters set forth in Article 15-24, items (ii) and (iii) of the Regulation on Consolidated Financial Statements as applied mutatis mutandis pursuant to the preceding paragraph, no substantial fluctuation is found in the amount of rental, etc. real properties reported on the interim consolidated balance sheet and the market price thereof as of the interim consolidated closing date in comparison to the last day of the previous consolidated fiscal year, notes may be omitted for the matters set forth in those items by making a statement to that effect.

(Methods of Notation)

Article 18 (1) The notes under Article 10 must be entered immediately after the interim consolidated cash flow statement.

(2) The notes under Articles 11 to 11-7 must be entered immediately after the notes under Article 10.

(3) The notes under this Regulation (excluding Articles 10 to 11-7) must be included immediately after the notes under Articles 10 to 11-7; provided, however, that this does not apply in the following cases:

(i) if matters related to those that are entered pursuant to the provisions of Articles 10 to 11-7 are entered together with them; or

(ii) if notes that are found appropriate to be included as footnotes (meaning the notes included at the end of the table or account statement contained in the interim consolidated financial statements in which the matters pertaining to

those notes are entered) are included as footnotes.

- (4) Notwithstanding the provisions of the preceding paragraph, the notes under Article 17-14 must be included immediately after the interim consolidated cash flow statement. In this case, notwithstanding the provisions of paragraph (1), the notes under Article 10 must be included immediately after the notes under Article 17-14.
- (5) Where notes related to a specific account title are included pursuant to the provisions of this Regulation, the association between that account title and the notes must be made clear by appending a symbol to that account title or by other similar methods.

(Units for Presenting Amounts)

Article 19 The amounts in the account titles and any other matters contained in interim consolidated financial statements are to be presented in units of millions of yen or thousands of yen.

## **Chapter II Interim Consolidated Balance Sheets**

### **Section 1 General Provisions**

(Methods of Entry in Interim Consolidated Balance Sheet)

- Article 20 (1) The methods of entry in an interim consolidated balance sheet are in accordance with the provisions of this Chapter.
- (2) Entries in an interim consolidated balance sheet are to be made in accordance with Form No. 4.

(Classification of Assets, Liabilities and Net Assets)

Article 21 Assets, liabilities and net assets must be entered after respectively being classified into an assets section, a liabilities section, and a net assets section.

(Arrangement of Account Titles)

Article 22 The account titles of assets and liabilities are to be arranged by using the method of current arrangement.

### **Section 2 Assets**

(Classification of Assets)

Article 23 Assets must be entered after being classified into current assets, fixed assets and deferred assets, and assets categorized as fixed assets must be entered after further being classified into tangible fixed assets, intangible fixed assets, investments, and any other assets.

(Scope of Each Class of Assets)

Article 24 The provisions of Articles 15 to 16-3, 22, 27, 31 to 31-5, and 36 of the Regulation on Financial Statements 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 Regulation on Financial Statements is deemed to be replaced with "on a day within one year from the day following the interim consolidated closing date", the term "the Company Submitting Financial Statements" in Article 22, item (viii) and Article 27, item (xii) of the Regulation on Financial Statements is deemed to be replaced with "a consolidated company", and the term "prepaid pension cost" in Article 31, item (iv) of the Regulation on Financial Statements is deemed to be replaced with "net defined benefit asset".

(Separate Presentation of Current Assets)

Article 25 (1) Assets categorized as current assets must be set down under account titles with names that are indicative of those assets, in accordance with the categorization of the following items; provided, however, that assets categorized under any of those 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) lease receivables and lease investment assets (limited to those that have arisen based on ordinary transactions, and excluding bankruptcy or reorganization claims, etc. (meaning the bankruptcy or reorganization claims, etc. defined in Article 8-10, paragraph (1), item (ix) of the Regulation on Financial Statements) that are clearly not able to be called within one year);

(iv) securities;

(v) inventory assets (meaning the assets set forth in Article 15, items (v) to (x) of the Regulation on Financial Statements); and

(vi) others.

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

(3) Among the assets set forth in paragraph (1), item (vi), any assets whose amount exceeds five percent of the total amount of assets must be set down separately under an account title with a name that is indicative of those assets.

(Indication of Allowances Related to Current Assets)

Article 26 The provisions of Article 20 (excluding paragraph (3)) of the Regulation on Financial Statements apply mutatis mutandis to allowances related to assets that are categorized as current assets.

(Separate Presentation of Tangible Fixed Assets)

Article 27 (1) Assets categorized as tangible fixed assets are to be set down collectively under an account title with a name that is indicative of tangible fixed assets; provided, however, that this does not preclude assets categorized as tangible fixed assets from being classified into an item that is found to be appropriate, and from being set down under an account title with a name that indicates those assets.

(2) Notwithstanding the provisions of the preceding paragraph, if assets categorized as tangible fixed assets include any assets whose amount exceeds five percent of the total amount of assets, those assets must be separated from other tangible fixed assets and must be set down under an account title with a name that is indicative of each of those assets.

(Indication of Amounts of Accumulated Depreciation)

Article 28 The provisions of Articles 25 and 26, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to the amounts of accumulated depreciation for buildings, structures, and any other tangible fixed assets.

(Indication of Amounts of Accumulated Impairment Loss)

Article 28-2 The provisions of Article 26-2 (excluding paragraph (5)) of the Regulation on Financial Statements apply mutatis mutandis to the amounts of accumulated impairment loss for tangible fixed assets.

(Separate Presentation of Intangible Fixed Assets)

Article 29 (1) Assets categorized as intangible fixed assets must be set down under account titles with names that are indicative of those assets, in accordance with the following categorization 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 assets whose amount exceeds five percent of the total amount of assets must be set

down separately under an account title with a name that is indicative of those assets.

- (3) A difference that results from investments by consolidated companies being in excess of the amount of corresponding equity of consolidated subsidiary companies is presented by including it into goodwill.

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

Article 30 The provisions of Article 30 of the Regulation on Financial Statements apply mutatis mutandis to the amounts of accumulated amortization and the amounts of accumulated impairment loss for intangible fixed assets.

(Separate Presentation of Investments and Other Assets)

Article 31 (1) Assets categorized as investments and other assets are to be collectively set down under an account title with a name that is indicative of investments and other assets; provided, however, that this does not preclude assets categorized as investments and other assets from being classified into an item that is found to be appropriate, and from being set down under an account title with a name that indicates those assets.

- (2) The provisions of Article 27, paragraph (2) apply mutatis mutandis to investments and other assets.

(Recording of Allowances Related to Investments and Other Assets)

Article 32 The provisions of Article 20 (excluding paragraph (3)) of the Regulation on Financial Statements as applied mutatis mutandis pursuant to Article 34 of that Regulation apply mutatis mutandis to allowances related to assets categorized as investments and other assets.

(Separate Presentation of Deferred Assets)

Article 33 (1) Assets categorized as deferred assets are to be collectively set down under an account title with a name that is indicative of deferred assets; provided, however, that this does not preclude assets categorized as deferred assets from being classified into an item that is found to be appropriate, and from being set down under an account title with a name that indicates those assets.

- (2) The provisions of Article 27, paragraph (2) apply mutatis mutandis to deferred assets.

(Recording of Amounts of Accumulated Amortization for Deferred Assets)

Article 34 The provisions of Article 38 of the Regulation on Financial Statements apply mutatis mutandis to the amounts of accumulated amortization for

deferred assets.

(Notes on Collateral Assets)

Article 35 The provisions of Article 43 of the Regulation on Financial Statements apply mutatis mutandis to assets that have been provided as collateral.

### **Section 3 Liabilities**

(Classification of Liabilities)

Article 36 Liabilities must be entered after being classified into current liabilities and fixed liabilities.

(Scope of Each Class of Liabilities)

Article 37 The provisions of Articles 47 to 48-4 and 51 to 51-5 of the Regulation on Financial Statements 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 of the Regulation on Financial Statements is deemed to be replaced with "on a day within one year from the day following the interim consolidated closing date".

Article 37-2 The provisions of Article 36-2 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to the scope of fixed liabilities.

(Separate Presentation of Current Liabilities)

Article 38 (1) Liabilities categorized as current liabilities must be set down under account titles with names that are indicative of those liabilities, in accordance with the following categorization of items; provided, however, that liabilities categorized under an item other than that set forth in item (v) whose amount is 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) negotiable instruments payable and accounts payable;
- (ii) short-term borrowings (including finance negotiable instruments and overdrafts);
- (iii) lease obligations;
- (iv) accrued corporation tax, etc.;
- (v) allowances;
- (vi) asset retirement obligations; and
- (vii) 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 does not preclude those liabilities from being set down separately under an account title with a name that indicates those liabilities.

- (3) If the allowances set forth in paragraph (1), item (v) include any allowances whose amount exceeds one percent of the combined total of liabilities and net assets, those allowances must be separately set down under an account title with a name that is indicative of the purpose of establishment of those allowances.
- (4) Among the liabilities categorized under the item set forth in paragraph (1), item (vii), any liabilities whose amount exceeds five percent of the combined total of liabilities and net assets must be set down under an account title with a name that is indicative of those liabilities.

(Separate Presentation of Fixed Liabilities)

Article 39 (1) Liabilities categorized as fixed liabilities must be set down under account titles with names that are indicative of those liabilities, in accordance with the following categorization of items; provided, however, that a liability categorized under an item other than that set forth in items (iv) and (v) whose amount is 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 applies hereinafter);
  - (iii) lease obligations;
  - (iv) allowances;
  - (v) net defined benefit liability;
  - (vi) asset retirement obligations;
  - (vii) negative goodwill; and
  - (viii) others.
- (2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to the cases set forth in the preceding paragraph.
  - (3) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the allowances set forth in paragraph (1), item (iv).
  - (4) The provisions of paragraph (4) of the preceding Article apply mutatis mutandis to liabilities categorized under the item set forth in paragraph (1), item (vii).
  - (5) A difference that results from investments by consolidated companies falling short of the amount of corresponding equity of consolidated subsidiary

companies is presented by including it into negative goodwill.

(Notes on Contingent Liabilities)

Article 40 If there are contingent liabilities (meaning guarantees of debts (including acts that have the same effect as a debt guarantee), obligations to compensate resulting from contentious cases, and other liabilities that have not actually arisen but may be borne by the business in the future) pertaining to any consolidated company, the contents and amounts thereof must be set down in the notes; provided, however, that notes may be omitted for immaterial matters.

Article 41 Deleted.

(Notes on Specified Accounts Pertaining to Business Combination)

Article 42 The provisions of Article 56, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to specified accounts pertaining to a business combination.

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

Article 43 The provisions of Article 54-4 (excluding paragraph (4)) of the Regulation on Financial Statements apply mutatis mutandis to the presentation of inventory assets and reserves for loss on construction contracts.

(Separate Presentation of Liabilities of Special Purpose Company)

Article 43-2 The provisions of Article 41-2 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to non-recourse debts (meaning non-recourse debts as provided in Article 41-2, paragraph (1) of the Regulation on Consolidated Financial Statements) held by a special purpose company (meaning a special purpose company as provided in Article 8, paragraph (7) of the Regulation on Financial Statements) which is included in the scope of consolidation and assets corresponding to the non-recourse debts.

## **Section 4 Net Assets**

(Classification of Net Assets)

Article 44 Net assets must be entered after being classified into shareholders' equity, accumulated other comprehensive income, share options, and non-controlling interests.

(Classification of and Separate Presentation of Shareholders' Equity)

Article 45 (1) Shareholders' equity must be classified into stated capital, capital surplus, and retained earnings, and must be set down under the account titles of stated capital, capital surplus, and retained earnings respectively.

(2) The provisions of Article 62, Article 63, paragraph (2), and Article 65, paragraph (2) of the Regulation on Financial Statements apply mutatis mutandis to a deposit for subscriptions to shares and to any reserves specified by law that are equivalent to capital reserves or retained earnings reserves.

(3) The provisions of Article 43, paragraphs (3) and (4) of the Regulation on Consolidated Financial Statements apply mutatis mutandis to treasury shares and a deposit for subscriptions to treasury shares.

(Classification of and Separate Presentation of Accumulated Other Comprehensive Income)

Article 45-2 The provisions of Article 43-2 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to accumulated other comprehensive income.

(Presentation of Share Options)

Article 45-3 The provisions of Article 43-3 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to share options. In this case, the term "consolidated financial statements" in paragraph (2) of that Article is deemed to be replaced with "interim consolidated financial statements".

(Presentation of Non-Controlling Interests)

Article 45-4 Non-Controlling Interests must be set down under the account title of Non-Controlling Interests.

(Notes on Per-Share Amount of Net Assets)

Article 46 (1) The per-share amount of net assets must be set down in the notes.

(2) The provisions of Article 36-3, paragraph (2) of the Regulation on Interim Financial Statements apply mutatis mutandis to the case where any consolidation of shares or share split has been carried out during the current interim consolidated accounting period or after the interim consolidated balance sheet date. In this case, the term "previous business year" in item (ii) of that paragraph is deemed to be replaced with "previous consolidated fiscal year".

## **Section 5 Miscellaneous Provisions**

(Reserves under Special Laws)

Article 47 (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 be reported in the assets section or the liabilities section (hereinafter referred to as "reserves, etc.") must be entered under a separate categorization that has been added immediately after fixed liabilities, notwithstanding the provisions of Articles 22 and 36.

(2) reserves, etc. must be set down under an account title with a name that is indicative of the purpose of establishment of the reserves, etc., and the provisions of law or regulations that provide for the reporting thereof must be set down in the notes.

(3) With regard to reserves, etc., the distinction of whether or not they are recognized as reserves used within one year must be set down in the notes; provided, however, that this does not apply if it is difficult to make the distinction.

(Statement of Assets and Liabilities of Listed Business)

Article 48 If the main business of a business group is a business set forth in the appended list of the Regulation on Financial Statements (hereinafter referred to as a "listed business"), and it is found to be inappropriate that it enter its assets and liabilities by classification under Articles 23 and 36, notwithstanding these provisions, those assets and liabilities may be entered by an equivalent classification to that specified by Laws, Regulations or Rules (meaning the laws, regulations, or Rules as provided in Article 2 of the Regulation on Financial Statements; the same applies hereinafter) applicable to the financial statements of the companies engaged in the listed business.

(Entry of Net Assets of Designated Corporations)

Article 49 If a designated corporation prepares an interim consolidated balance sheet, and it is found inappropriate to enter its net assets pursuant to this Regulation, the designated corporation may enter its net assets in an equivalent manner as under the provisions of a Law, Regulations, or Rules applicable to its financial statements. In this case, the governing Law, Regulations, or Rules must be included in the notes.

(Entry of Account Titles for Assets and Liabilities of Listed Business)

Article 50 (1) If the business conducted by any Consolidated Company includes a listed business, and it is found to be inappropriate to enter the account titles for assets and liabilities of the listed business according to the categorization of the items as provided in Article 25, paragraph (1), Article 27, paragraph (1), Article 29, paragraph (1), Article 31, paragraph (1), Article 38, paragraph (1), and Article 39, paragraph (1), notwithstanding these provisions, those 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 the listed 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 are equivalent to those provided under this Regulation.

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

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

(Methods of Entry in Interim Consolidated Profit and Loss Statement)

Article 51 (1) The methods of entry in an interim consolidated profit and loss statement are in accordance with the provisions of this Chapter.

- (2) Entries in an interim consolidated profit and loss statement are to be made in accordance with Form No. 5.

(Classification of Revenues and Expenses)

Article 52 Revenues and expenses must be entered after being classified into account titles with names that are indicative of the following items:

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

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

(Presentation Methods of Net Sales)

Article 53 Net sales must be set down under an account title with a name that is indicative of net sales.

(Presentation Methods of Cost of Sales)

Article 54 The cost of sales must be set down under an account title with a name that is indicative of the cost of sales.

(Presentation of Gross Profits or Losses on Sales)

Article 55 The amount of difference between net sales and the cost of sales must be entered 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 56 (1) Selling expenses and general and administrative expenses must be classified into expense items that are found to be appropriate, and be set down under account titles with names that are indicative of those expenses; provided, however, that this does not preclude those 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 the major expense items and amounts thereof being set down in the notes.

(2) The major expense items as provided in the proviso to the preceding paragraph are the retirement benefit expenses and provisions of allowances (excluding the expense items whose amount is small) and any other expense items whose amount exceeds ten percent of the combined total of selling expenses and general and administrative expenses.

(Presentation of Amount of Operating Profit and Loss)

Article 57 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 must be entered as the amount of operating income or the amount of operating loss.

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

(Presentation of Non-Operating Revenues)

Article 58 Revenues categorized as non-operating revenues must be set down under account titles with names that are indicative of those revenues, by categorization as interest income (including interest on securities), dividends income, gain on sales of securities, investment return under the equity method, and others; provided, however, that any revenues whose amounts are not more than ten 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 those revenues.

(Presentation of Non-Operating Expenses)

Article 59 Expenses categorized as non-operating expenses must be set down under account titles with names that are indicative of those expenses, by categorization as interest expenses (including interest on corporate bonds), losses on sales of securities, investment losses under the equity method, and others; provided, however, that any expenses whose amounts are not more than ten 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 those expenses.

(Presentation of Amount of Ordinary Income and Loss)

Article 60 The amount obtained by adjusting the amount of operating income or the amount of operating loss by adding or subtracting the total amount of non-operating revenues or the total amount of non-operating expenses must be entered as the amount of ordinary income or the amount of ordinary loss.

### **Section 5 Extraordinary Profit and Extraordinary Loss**

(Presentation of Extraordinary Profit)

Article 61 Profits categorized as extraordinary profit must be set down under account titles having names that indicate those profits, in accordance with the categorization of gain on sales of fixed assets, gain from negative goodwill and others; provided, however, that any profits of which the amounts are not more than ten percent of the total amount of extraordinary profit, which are found appropriate to be presented collectively, may be set down under an account title having a name that collectively indicates those profits.

(Presentation of Extraordinary Loss)

Article 62 Losses categorized as extraordinary loss must be set down under account titles with names that are indicative of those losses, by categorization as loss on sales of fixed assets, impairment loss, loss from a disaster, and others; provided, however, that any losses whose amounts are not more than ten percent of the total amount of extraordinary loss 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 those losses.

(Notes on Impairment Loss)

Article 62-2 The provisions of Article 95-3-2, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to assets or asset groups (meaning the asset groups defined in that Article) for which impairment loss have been recognized.

(Notes on Gains on Reversal of Specified Accounts Pertaining to Business Combination)

Article 62-3 The provisions of Article 95-3-3, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis pursuant to gains on reversal of specified accounts pertaining to a business combination.

(Presentation of Interim Net Income or Net Loss Before Tax)

Article 63 The amount obtained by adjusting the amount of ordinary income or the amount of ordinary loss by adding or subtracting the total amount of extraordinary profit or the total amount of extraordinary loss must be entered as the amount of interim net income before tax or the amount of interim net loss before tax.

### **Section 6 Interim Net Income or Interim Net Loss**

(Interim Net Income or Interim Net Loss)

Article 64 (1) The amounts of the items set forth in the following items must be entered under account titles with names that are indicative of the contents thereof, immediately after the amount of interim net income before tax or the amount of interim net loss before tax:

- (i) the corporation tax, inhabitants tax, and enterprise tax (meaning the enterprise tax imposed on amounts related to profits as the tax base; the same applies in the following item) for the current interim consolidated accounting period;
  - (ii) the deferred corporation tax, etc. (meaning adjustments on the corporation 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 interim net income before tax or the amount of interim net loss before tax, which represents minority shareholders' equity.
- (2) The items set forth in the items (i) and (ii) of the preceding paragraph may be entered collectively; provided, however, that an entry to that effect must be set down in the notes in that case.
- (3) The amount obtained by adjusting the amount of interim net income before tax or the amount of interim net loss before tax by adding or subtracting the amounts of the items set forth in the respective items of paragraph (1) must be entered as the amount of interim net income or the amount of interim net loss.
- (4) The amount that represents non-controlling interests in the interim net income or the interim net loss must be entered, under an account title having a name that indicates the contents thereof, next to the amount of interim net income or the amount of interim net loss.
- (5) The amount obtained by adjusting the amount of interim net income or the amount of interim net loss by adding or subtracting the amount that represents non-controlling interests in the interim net income or the interim net loss must be entered as the amount of interim net income attributable to owners of a parent or the amount of interim net loss attributable to owners of a parent.
- (6) If there are taxes paid or taxed refunded due to a correction of or a

determination, etc. on corporation tax, etc., their amounts are to 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 those amounts may be presented by including them in the amount of the item set forth in paragraph (1), item (i) if those amounts are not material.

(Notes on Per-Share Amount of Interim Net Income or Net Loss)

Article 65 (1) The per-share amount of interim net income or per-share amount of interim net loss, and the basis for calculation thereof must be set down in the notes.

(2) The provisions of Article 52-2, paragraph (2) of the Regulation on Interim Financial Statements apply mutatis mutandis to cases where any consolidation of shares or share split has been carried out during the current interim consolidated accounting period or after the interim consolidated balance sheet date. In this case, the terms "interim accounting period", "interim balance sheet date", and "business year" in that paragraph are deemed to be replaced with "interim consolidated accounting period", "interim consolidated balance sheet date", and "consolidated fiscal year" respectively.

(Notes on Diluted Per Share Amount of Interim Net Income)

Article 65-2 The provisions of Article 53 of the Regulation on Interim Financial Statements apply mutatis mutandis to the note pertaining to a diluted per share amount of interim net income. In this case, the term "business year" in paragraph (2) of that Article is deemed to be replaced with "consolidated fiscal year".

## **Section 7 Miscellaneous Provisions**

(Presentation of Investment Return under Equity Method)

Article 66 If investment return and investment loss under the equity method arise, the amount obtained by offsetting one against the other may be presented.

(Addition to or Reversal of Reserves under Special Laws)

Article 67 If there has been an addition to or reversal of reserves, etc., the amount of the addition or reversal must be set down as an extraordinary loss or extraordinary profit under an account title with a name that is indicative of the fact that the amount results from that addition or reversal.

(Notes Set Down If There Are Substantial Seasonal Fluctuations in Net Sales

or Operating Expenses)

Article 68 If there are substantial seasonal fluctuations in net sales 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 those fluctuations must be set down in the notes.

(Classification of Revenues and Expenses of Listed Business)

Article 69 If the main business of a business group is a listed business, and it is found inappropriate to enter its revenues and expenses by classifying them into the items as provided in Article 52, notwithstanding the provisions of that Article, those 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 companies engaged in the listed business.

(Entry of Account Titles for Revenues and Expenses of Listed Business)

Article 70 (1) If the business engaged in by any consolidated company includes a listed business, and it is found inappropriate to enter the account titles for revenues and expenses of the listed business according to the provisions of Article 53, Article 54, Article 56, Article 58, and Article 59, notwithstanding these provisions, those 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 the listed 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 are equivalent to those provided under this Regulation.

## **Chapter III-2 Interim Consolidated Statement of Comprehensive Income**

### **Section 1 General Provisions**

(Methods of Entry in Interim Consolidated Statement of Comprehensive Income)

Article 70-2 (1) The methods of entry in an interim consolidated statement of comprehensive income are in accordance with the provisions of this Chapter.

(2) Entries in an interim consolidated statement of comprehensive income are to be made in accordance with Form No. 5-2.

(Interim Consolidated Profit and Loss and Comprehensive Income Statement)

Article 70-3 If an interim consolidated profit and loss and comprehensive income statement (meaning an entry under this Chapter made at the end of an interim consolidated profit and loss statement) is prepared, an interim consolidated statement of comprehensive income is not required to be entered.

(Separate Presentation of Interim Consolidated Statement of Comprehensive Income)

Article 70-4 An interim consolidated statement of comprehensive income must be entered by classification under interim net income or interim net loss, other comprehensive income, and interim comprehensive income.

### **Section 2 Other Comprehensive Income**

(Separate Presentation of Other Comprehensive Income)

Article 70-5 The provisions of Article 69-5 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to other comprehensive income.

### **Section 3 Interim Comprehensive Income**

(Interim Comprehensive Income)

Article 70-6 (1) The amounts obtained by adjusting the amount of interim net income or the amount of interim net loss by adding or subtracting the amounts of the items of other comprehensive income must be entered as the amounts of interim comprehensive income.

(2) The amounts of interim comprehensive income as provided in the preceding paragraph must be categorized into the amount pertaining to shareholders of company submitting interim consolidated financial statements and the amount pertaining to non-controlling shareholders, and the amount for each of those categories must be entered at the end of the interim consolidated statement of comprehensive income.

## **Chapter IV Interim Consolidated Statements of Changes in Net Assets**

### **Section 1 General Provisions**

(Methods of Entry in Interim Consolidated Statement of Changes in Net Assets)

Article 71 (1) The methods of entry in an interim consolidated statement of changes in net assets are in accordance with the provisions of this Chapter.

(2) Entries in an interim consolidated statement of changes in shareholders' equity are to be made in accordance with Form No. 6.

(Separate Presentation in Interim Consolidated Statements of Changes in Net Assets)

Article 72 (1) An interim consolidated statement of changes in net assets must be entered by classification under shareholders' equity, other comprehensive

income, share options, and non-controlling interests.

- (2) In an interim consolidated statement of changes in net assets, items must be categorized appropriately, and must be set down under account titles with names that are indicative of those items. Those items and account titles must be consistent with the items and account titles in the net asset section of the consolidated balance sheet at the end of the previous consolidated fiscal year and the interim consolidated balance sheet at the end of the current interim consolidated accounting period.

## **Section 2 Shareholders' Equity**

Article 73 (1) Shareholders' equity must be entered after being categorized into the balance at the beginning of the current consolidated fiscal year, the amount of changes during the current interim consolidated accounting period, and the balance at the end of the current interim consolidated accounting period.

- (2) The amount of changes during the current interim consolidated accounting period for the account titles entered under shareholders' equity must be entered for each cause of the changes.
- (3) Dividends of surplus must be presented as a cause of changes in capital surpluses or retained earnings.
- (4) The amount of interim net income attributable to owners of a parent or the amount of interim net loss attributable to owners of a parent must be presented as a cause of changes in retained earnings.

## **Section 3 Accumulated Other Comprehensive Income**

Article 74 (1) Accumulated other comprehensive income must be entered after being categorized into the balance at the beginning of the current consolidated fiscal year, the amount of changes during the current interim consolidated accounting period, and the balance at the end of the current interim consolidated accounting period.

- (2) With regard to the account titles entered under accumulated other comprehensive income, the amount of changes during the current interim consolidated accounting period is to be entered collectively; provided, however, that this does not preclude those amounts from being entered or set down in the notes for each major cause of the changes.

Article 75 The provisions of Article 104 of the Regulation on Financial Statements apply mutatis mutandis to accumulated other comprehensive income. In this case, the terms "Article 100, paragraph (2)", "the beginning of the current business year", "the amount of changes during the current business

year", and "the end of the current business year" in that Article are deemed to be replaced with "Article 72, paragraph (2)", "the beginning of the current consolidated fiscal year", "the amount of changes during the current interim consolidated accounting period", and "the end of the current interim consolidated accounting period" respectively.

#### **Section 4 Share Options**

- Article 76 (1) Share options must be entered after being categorized into the balance at the beginning of the current consolidated fiscal year, the amount of changes during the current interim consolidated accounting period, and the balance at the end of the current interim consolidated accounting period.
- (2) The amount of changes during the current interim consolidated accounting period for share options is to be entered collectively; provided, however, that this does not preclude that amount from being entered or set down in the notes for each major cause of the changes.

#### **Section 5 Non-Controlling Interests**

- Article 77 (1) Non-Controlling Interests must be entered after being categorized into the balance at the beginning of the current consolidated fiscal year, the amount of changes during the current interim consolidated accounting period, and the balance at the end of the current interim consolidated accounting period.
- (2) The amount of changes during the current interim consolidated accounting period for non-controlling interests is to be entered collectively; provided, however, that this does not preclude that amount from being entered or set down in the notes for each major cause of the changes.

#### **Section 6 Matters to Be Set Down in Notes**

(Notes on Issued Shares)

- Article 78 The provisions of Article 106, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to issued shares. In this case, the terms "the beginning of the current business year", "the end of the current business year" and "during the current business year" in item (i) of that paragraph are deemed to be replaced with "the beginning of the current consolidated fiscal year", "the end of the current interim consolidated accounting period" and "during the current interim consolidated accounting period" respectively.

(Notes on Treasury Shares)

Article 79 The provisions of Article 107, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to treasury shares. In this case, the terms "the beginning of the current business year", "the end of the current business year" and "during the current business year" in item (i) of that paragraph are deemed to be replaced with "the beginning of the current consolidated fiscal year", "the end of the current interim consolidated accounting period" and "during the current interim consolidated accounting period" respectively.

(Notes on Share Options)

Article 80 The provisions of Article 79 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to share options and treasury share options. In this case, the term "the end of the consolidated fiscal year" in paragraph (1), item (iii) and paragraph (4) of that Article is deemed to be replaced with "the end of the interim consolidated accounting period", the terms "the end of the current consolidated fiscal year" and "during the current consolidated fiscal year" in paragraph (3) of that Article are deemed to be replaced with "the end of the current interim consolidated accounting period" and "during the current interim consolidated accounting period", and the term "consolidated financial statements" in paragraph (4) and paragraph (5), item (i) of that Article is deemed to be replaced with "interim consolidated financial statements".

(Notes on Dividends)

Article 81 The provisions of Article 109, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to dividends. In this case, the terms "the current business year" and "be contained in the following business year" in item (iii) of that paragraph are deemed to be replaced with "the current interim consolidated accounting period" and "be after the last day of the current interim consolidated accounting period" respectively.

## **Section 7 Miscellaneous Provisions**

Article 82 If a designated corporation prepares an interim consolidated statement of changes in net assets, and it is found inappropriate to enter matters pursuant to this Regulation, the designated corporation may enter matters in an equivalent manner as under the provisions of a Law, Regulations, or Rules applicable to its financial statements.

## **Chapter V Interim Consolidated Cash Flow Statement**

## **Section 1 General Provisions**

(Methods of Entry in Interim Consolidated Cash Flow Statement)

Article 83 (1) The methods of entry in an interim consolidated cash flow statement are in accordance with the provisions of this Chapter.

(2) Entries in an interim consolidated cash flow statement are to be made in accordance with Form No. 7 or Form No. 8.

(Categorization for Presenting Interim Consolidated Cash Flow Statement)

Article 84 In an interim consolidated cash flow statement, cash flow conditions must be entered for the following categories:

- (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) increase or decrease 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 interim period.

## **Section 2 Methods of Entry in Interim Consolidated Cash Flow Statement**

(Presentation of Cash Flows from Operating Activities)

Article 85 The provisions of Articles 84 to 89 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to the methods of entry in an interim consolidated cash flow statement. In this case, the terms "the amount of net income for the period before tax or the amount of net loss for the period before tax" and "consolidated profit and loss statement" in Article 84, item (ii) of the Regulation on Consolidated Financial Statements are deemed to be replaced with "the amount of interim net income before tax or the amount of interim net loss before tax" and "interim consolidated profit and loss statement" respectively.

(Matters to Be Set Down in Notes in Interim Consolidated Cash Flow Statement)

Article 86 The relationship between the balances of cash and cash equivalents at the end of the interim period and the amounts for the account titles set down in the interim consolidated balance sheet must be set down in the notes in an interim consolidated cash flow statement.

## **Chapter VI Special Provisions for Business Accounting Standards**

## **Section 1 Designated International Accounting Standards**

(Special Provisions Pertaining to Designated International Accounting Standards)

Article 87 The terminology, forms, and preparation methods of interim consolidated financial statements that a specified company complying with designated international accounting standards submits may be in accordance with Designated International Accounting Standards.

(Notes on Designated International Accounting Standards)

Article 87-2 The following matters must be set down in the notes to interim consolidated financial statements prepared in accordance with Designated International Accounting Standards:

- (i) if Designated International Accounting Standards are the same as International Accounting Standards (meaning international accounting standards as provided in Article 93 of the Regulation on Consolidated Financial Statements; the same applies in this item and the following item), a statement to the effect that interim consolidated financial statements are prepared in accordance with International Accounting Standards; and
- (ii) if Designated International Accounting Standards are different from International Accounting Standards, a statement to the effect that the interim consolidated financial statements are prepared in accordance with Designated International Accounting Standards; and
- (iii) a statement to the effect that the company falls under a specified company complying with designated international accounting standards and the reason therefor.

## **Section 2 Japan's Modified International Standards**

(Special Provisions Pertaining to Japan's Modified International Standards)

Article 88 The terminology, forms, and preparation methods of interim consolidated financial statements that a specified company complying with Japan's modified international standards submits may be in accordance with Japan's Modified International Standards.

(Notes on Japan's Modified International Standards)

Article 88-2 The following matters must be set down in the notes to the interim consolidated financial statements prepared in accordance with Japan's Modified International Standards:

- (i) a statement to the effect that the interim consolidated financial statements are prepared in accordance with Japan's Modified International Standards;

- and
- (ii) a statement to the effect that the company falls under a specified company complying with Japan's modified international standards and the reason therefor.

## **Chapter VII Miscellaneous Provisions**

Article 89 The provisions of Articles 95 to 98 of the Regulation on Consolidated Financial Statements apply *mutatis mutandis* to the terminology, forms, and preparation methods of interim consolidated financial statements.