

Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements

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

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

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Chapter I General Provisions

Article 1 (1) From among the 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) of the Financial Instruments and Exchange Act (hereinafter referred to as the "Act") (including as applied mutatis mutandis pursuant to paragraph (4) of that Article and as 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 (the Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the "Regulation on Financial Statements") (hereinafter referred to as a "designated corporation")), the terminology, forms, and preparation methods of quarterly consolidated financial statements (meaning quarterly consolidated balance sheets, quarterly consolidated profit and loss statements, quarterly statement of consolidated comprehensive income, and quarterly consolidated cash flow statements or, if those are prepared following the designated international accounting standards (meaning designated international accounting standards as specified in Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Ministry of Finance Order No. 28 of 1976; hereinafter referred to as "Regulation Concerning Consolidated Financial Statements")) pursuant to the provisions of Article 93 or if those are prepared following the 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 94 which are equivalents to quarterly consolidated balance sheets, quarterly consolidated profit and loss statements, quarterly statement of consolidated comprehensive income, and quarterly consolidated cash flow statements which need to be prepared following the designated international accounting standards or Japan's modified international standards, and statements of changes in shareholders' equity; the same applies hereinafter) are governed by the provisions of this Regulation, except for those to which the provisions of Article 2 of the Regulation on Terminology, Forms, and Preparation Methods of Quarterly Financial Statements (Cabinet Office

Order No. 63 of 2007; hereinafter referred to as the "Regulation Concerning Quarterly Financial Statements"), and any particulars that are not provided for under this Regulation are to follow the business accounting standards generally accepted as fair and appropriate.

- (2) Business accounting standards published by the business accounting council specified in Article 24, paragraph (1) of the Cabinet Order for Organization of the Financial Services Agency (Cabinet Order No. 392 of 1998) are comply with 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 comply with the business accounting standards generally accepted as fair and appropriate as provided in paragraph (1):

(Special Provisions for Application of this Regulation)

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

- (i) that the stock company satisfies either of the following requirements:
 - (a) that in the securities registration statement that it submitted under the provisions of Article 5, paragraph (1) of the Act (limited to cases in which consolidated financial statements (meaning documents as specified 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 pertaining to the current quarterly consolidated accounting period (hereinafter referred to as the "previous consolidated fiscal year") are included; hereinafter the same applies in item (i), (a) of the following Article) or the annual securities report submitted under the provisions of Article 24, paragraph (1) or (3) of the Act (limited to cases in which consolidated financial statements for the previous consolidated fiscal year are presented; hereinafter the same applies in item (i), (a) of the following Article), the stock company gives a statement that it makes special efforts to ensure the appropriateness of the consolidated financial statements; or
 - (b) that in the securities registration statement to be submitted pursuant to

the provisions of Article 5, paragraph (1) of the Act or the quarterly securities report to be submitted pursuant to the provisions of Article 24-4-7, paragraph (1) or (2) of the Act, the stock company gives a statement that it makes special efforts to ensure the appropriateness of the quarterly consolidated financial statements; and

- (ii) that the stock company has officers or employees who have sufficient knowledge of designated international accounting standards and has established a system under which quarterly consolidated financial statements may be prepared in a proper manner following the designated international accounting standards.

Article 1-3 The terminology, forms, and preparation methods of quarterly consolidated financial statements submitted by 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") may be governed by the provisions of Chapter VI, Section 2:

- (i) that the stock company satisfies either of the following requirements:
 - (a) that in the securities registration statement to be submitted pursuant to the provisions of Article 5, paragraph (1) of the Act or annual securities report submitted by it under the provisions of Article 24, paragraph (1) or (3) of the Act, the stock company gives a statement that it makes special efforts to ensure appropriateness of the consolidated financial statements; and
 - (b) that in the securities registration statement to be submitted pursuant to the provisions of Article 5, paragraph (1) of the Act or quarterly securities report to be submitted under the provisions of Article 24-4-7, paragraph (1) or (2) of the Act, the stock company gives a statement that it makes special efforts to ensure appropriateness of the quarterly consolidated financial statements;
- (ii) that the stock company has officers or employees who have sufficient knowledge of the Japan's modified international standards and have established a system under which quarterly consolidated financial statements may be prepared in a proper manner following the Japan's modified international standards.

(Definitions)

Article 2 In this Regulation, the meanings of the terms set forth in the following items are as provided in the respective items:

- (i) company submitting the quarterly consolidated financial statements: a company (including a designated corporation) which is required to submit the

- quarterly consolidated financial statements pursuant to the provisions of Article 24-4-7, paragraph (1) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 27 of the Act) and a company (including a designated corporation) which is required to submit the quarterly consolidated financial statements pursuant to the provisions of Article 24-4-7, paragraph (2) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 27 of the Act);
- (ii) quarterly accounting period: a period as provided in Article 3, item (iv) of the Regulation on Quarterly Financial Statements;
 - (iii) quarterly consolidated accounting period: a period as provided in Article 3, item (v) of the Regulation on Quarterly Financial Statements;
 - (iv) cumulative quarterly accounting period: a period as provided in Article 3, item (vi) of the Regulation on Quarterly Financial Statements;
 - (v) cumulative quarterly consolidated accounting period: a period specified in Article 3, item (vii) of the Regulation on Quarterly Financial Statements;
 - (vi) subsidiary company: a party that is regarded as the subsidiary company of the company submitting the quarterly consolidated financial statements, pursuant to the provisions of Article 8, paragraphs (3), (4), and (7) of the Regulation on Financial Statements;
 - (vii) consolidated subsidiary company: a subsidiary company included in the scope of consolidation;
 - (viii) consolidated companies: the company submitting the quarterly consolidated financial statements and its consolidated subsidiary companies;
 - (ix) non-consolidated subsidiary company: a subsidiary company excluded from the scope of consolidation;
 - (x) affiliated company: a party that is regarded as an affiliated company of the company submitting the quarterly consolidated financial statements, pursuant to the provisions of Article 8, paragraphs (5) and (6) of the Regulation on Financial Statements;
 - (xi) equity method: a method whereby an investor company corrects its amount of money invested in each fiscal year according to the changes in the amounts of the investee company's net assets, profit and loss attributable to the investor company;
 - (xii) non-controlling interests: the non-controlling interests of a consolidated subsidiary company's capital which does not attributed to the equity of the company submitting the quarterly consolidated financial statements;
 - (xiii) cash flow: any increase or decrease in the funds specified in the following item;
 - (xiv) funds: the total amount of cash (including any current deposits, ordinary deposits, and other deposits which the depositor is able to withdraw before a certain period elapses; the same applies in Articles 85 and 87) and cash

- equivalents (meaning short-term investments which can be easily converted into cash, with low risk of value fluctuations; the same applies in Articles 85 and 87);
- (xv) derivatives transactions: transactions specified in Article 8, paragraph (14) of the Regulation on Financial Statements;
 - (xvi) trading securities: securities specified in Article 8, paragraph (20) of the Regulation on Financial Statements;
 - (xvii) bonds held to maturity: bonds specified in Article 8, paragraph (21) of the Regulation on Financial Statements;
 - (xviii) other securities: securities specified in Article 8, paragraph (22) of the Regulation on Financial Statements;
 - (xix) treasury shares: shares specified 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 "quarterly consolidated financial statements";
 - (xxiii) business combination: a business combination specified in Article 8, paragraph (27) of the Regulation on Financial Statements;
 - (xxiv) acquiring enterprise: an enterprise specified in Article 8, paragraph (28) of the Regulation on Financial Statements;
 - (xxv) acquired enterprise: an enterprise specified in Article 8, paragraph (29) of the Regulation on Financial Statements;
 - (xxvi) combiner: an enterprise specified in Article 8, paragraph (31) of the Regulation on Financial Statements;
 - (xxvii) combinee: an enterprise specified in Article 8, paragraph (32) of the Regulation on Financial Statements;
 - (xxviii) combined enterprise: an enterprise specified in Article 8, paragraph (33) of the Regulation on Financial Statements;
 - (xxix) constituent enterprise: an enterprise specified in Article 8, paragraph (34) of the Regulation on Financial Statements;
 - (xxx) purchase method: a method specified in Article 8, paragraph (35) of the Regulation on Financial Statements;
 - (xxxii) common control transaction, etc.: a common control transaction, etc. specified in Article 8, paragraph (37) of the Regulation on Financial Statements;
 - (xxxiii) business divestiture: the business divestiture specified in Article 8, paragraph (38) of the Regulation on Financial Statements;
 - (xxxiv) divesting enterprise: the enterprise specified in Article 8, paragraph (39) of the Regulation on Financial Statements;
 - (xxxv) divested enterprise: the enterprise specified in Article 8, paragraph (40) of the Regulation on Financial Statements;
 - (xxxvi) financial instruments: the financial instruments specified in Article 8,

- paragraph (41) of the Regulation on Financial Statements;
- (xxxvii) asset retirement obligations: the asset retirement obligations specified in Article 8, paragraph (42) of the Regulation on Financial Statements;
- (xxxviii) accounting policies: the accounting principles and procedures adopted for the preparation of quarterly consolidated financial statements;
- (xxxix) presentation method: the presentation method for adopted for the preparation of quarterly consolidated financial statements;
- (xl) accounting estimates: amounts of assets, liabilities, revenues, expenses, etc. that are reasonably calculated based on the information available at the time when quarterly consolidated financial statements were prepared if those amounts are uncertain;
- (xli) change in accounting policy: change in accounting policy that is generally accepted as fair and appropriate to another accounting policy that is generally accepted as fair and appropriate;
- (xlii) change in an accounting estimate: a change in accounting estimates that had been made for the preparation of consolidated financial statements for the previous consolidated fiscal year or any prior consolidated fiscal year, or quarterly consolidated financial statements for the immediately preceding or prior quarterly consolidated accounting period or cumulative quarterly consolidated accounting period based on new information that has become available;
- (xliii) error: an error caused by not using, or the misusing the information when preparing the quarterly consolidated financial statements or when preparing the consolidated financial statements, regardless of whether or not it was done with intent to cause the error;
- (xliv) retrospective application: the implementation of accounting processes by assuming that new accounting policies are retroactively applied to since the time of the preparation of consolidated financial statements for the previous consolidated fiscal year or any prior consolidated fiscal year, or quarterly consolidated financial statements for the immediately preceding or prior quarterly consolidated accounting period or cumulative quarterly consolidated accounting period; and
- (xlv) restatement: the error in the consolidated financial statements or quarterly consolidated financial statements, for the previous consolidated fiscal year or any prior consolidated fiscal year or quarterly consolidated financial statements for the immediately preceding or prior quarterly consolidated accounting period or cumulative quarterly consolidated accounting period are rectified in the financial statements.
- (xlvi) inputs to a market value measurement: the inputs to a market value measurement prescribed in Article 2, item (lvii) of the Regulation on Consolidated Financial Statements;

(xlvii) level in which inputs to a market value measurement are categorized:
the level in which inputs to a market value measurement are categorized as prescribed in Article 2, item (lx) of the Regulation on Consolidated Financial Statements.

(Quarterly Consolidated Closing Date)

Article 3 A company submitting quarterly consolidated financial statements is to set the last day of its quarterly accounting period as its quarterly consolidated closing date, and prepare quarterly consolidated financial statements based on the date.

(General Principles for Preparing Quarterly Consolidated Financial Statements)

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

- (i) quarterly consolidated financial statements are prepared in accordance with the accounting principles and procedures adopted for preparing consolidated financial statements, in principle;
- (ii) the quarterly consolidated financial statements are prepared based on quarterly financial statements of consolidated companies that have been prepared following the business accounting standards generally accepted as fair and appropriate;
- (iii) the quarterly consolidated financial statements clearly present the accounting information necessary for the interested parties of the company submitting quarterly consolidated financial statements so that they will not make erroneous assumptions of the financial position, operating results and cash flow situation of the business group; and
- (iv) the accounting principles and procedures adopted for preparing the consolidated financial statements for the previous consolidated fiscal year and the accounting principles and procedures adopted for preparing quarterly consolidated financial statements for the cumulative quarterly consolidated accounting period as of the end of the immediately preceding the quarterly consolidated accounting period or as of the end of the relevant quarterly consolidated accounting period are applied continuously in the current quarterly consolidated accounting period, except when a change has been made on justifiable grounds.

(Scope of Consolidation)

Article 5 (1) A company submitting quarterly consolidated financial statements must include all of its subsidiary companies in the scope of consolidation;

provided, however, that the company is not to include a subsidiary company that falls under either of the following categories in the scope of consolidation:

- (i) its subsidiary company which is found to have a temporary control over the body that makes decisions on the financial and operational or business policies (meaning a shareholders meeting or any other bodies equivalent thereto); and
- (ii) its subsidiary company that is found to be likely to cause the interested parties of the company submitting the quarterly consolidated financial statements to make extremely erroneous assumptions, if it is included in the scope of consolidation.

(2) If any subsidiary company which needs to 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 ; the same applies hereinafter), profit or loss, retained earnings and cash flows and any other items, to the extent that even if it is excluded from the scope of consolidation making reasonable assumptions of the financial position, operating results and cash flow situation of the business group would not be prevented, the subsidiary company may be excluded from the scope of consolidation.

(3) If there is any material particulars concerning the financial position, operating results or cash flow situation of a company, etc. (meaning a company, partnership or any other business entity equivalent thereto (including a business entity equivalent thereto in a foreign state); the same applies hereinafter) set forth as follows, which is found to have an impact on assumption of the financial position, operating results and cash flow situation of the business group, the details thereof must be set down in the notes in the quarterly consolidated financial statements:

- (i) a subsidiary company that is excluded from the scope of consolidation pursuant to the provisions of the proviso to paragraph (1); or
- (ii) among companies, etc. whose majority of voting rights are held by the company submitting quarterly consolidated financial statements on its own account, a company, etc. that has been given an order for the commencement of rehabilitation proceedings under the Civil Rehabilitation Act (Act No. 225 of 1999), a stock company that has been given an order for commencement of corporate reorganization proceedings under the Corporate Reorganization Act (Act No. 154 of 2002), a company, etc. that has been given an order of commencement of bankruptcy proceedings under the Bankruptcy Act (Act No. 75 of 2004), or any other company, etc. equivalent thereto, which does not fall under a subsidiary company due to the fact that a company, etc. obviously has no effective parent-subsidiary relationship with the company submitting quarterly consolidated financial statements.

(Quarterly Consolidated Cash Flow Statements)

- Article 5-2 (1) A company submitting the quarterly consolidated financial statements must prepare a quarterly consolidated cash flow statement for the second cumulative quarterly consolidated accounting period (meaning the period from the first day of the consolidated fiscal year to the last day of the quarterly consolidated accounting period following the first quarterly consolidated accounting period of the consolidated fiscal year (hereinafter referred to as the "first quarterly consolidated accounting period") (hereinafter referred to as the "second quarterly consolidated accounting period")).
- (2) A company submitting the quarterly consolidated financial statements may prepare a quarterly consolidated cash flow statement for the first cumulative quarterly consolidated accounting period (meaning the period from the first day of the consolidated fiscal year to the last day of the first quarterly consolidated accounting period; the same applies hereinafter).
- (3) When a company submitting the quarterly consolidated financial statements prepares a quarterly consolidated cash flow statement for the first cumulative quarterly consolidated accounting period, the company submitting the quarterly consolidated financial statements must prepare a quarterly consolidated cash flow statement for the third cumulative quarterly consolidated accounting period (meaning the period from the first day of the consolidated fiscal year to the last day of the quarterly consolidated accounting period following the second quarterly consolidated accounting period (hereinafter referred to as the "third quarterly consolidated accounting period"); the same applies hereinafter).
- (4) Notwithstanding the provisions of the preceding paragraph, if it is difficult in practice to prepare a consolidated cash flow statement for the third consolidated quarter due to large-scale business combination being done in the third quarterly consolidated accounting period or other circumstances, the consolidated cash flow statement for the third consolidated quarter need not be prepared. In this case, the fact that the consolidated cash flow statement for the third consolidated quarter cannot be prepared and the reason therefor must be set down in the notes.

(Preparation of Comparative Information)

Article 5-3 Quarterly consolidated financial statements for the current quarterly consolidated accounting period and the current cumulative quarterly consolidated accounting period must be prepared as a component of the quarterly consolidated financial statements that include comparative information (meaning particulars set forth in the following items as corresponding to particulars included in the quarterly consolidated financial

statements for the respective categories of quarterly consolidated financial statements set forth in those items):

- (i) the quarterly consolidated balance sheet: particulars pertaining to the previous consolidated fiscal year;
- (ii) the quarterly consolidated profit and loss statement and quarterly statement of consolidated comprehensive income : particulars pertaining to the corresponding quarterly consolidated accounting period in the previous consolidated fiscal year and the cumulative quarterly consolidated accounting period as of the end thereof;
- (iii) quarterly consolidated cash flow statement: particulars pertaining to the corresponding cumulative quarterly consolidated accounting period in the previous consolidated fiscal year.

(Valuation of Assets and Liabilities of Consolidated Subsidiary Companies)

Article 6 When preparing quarterly consolidated financial statements, assets and liabilities of consolidated subsidiary companies must be valued, investments made by the company submitting quarterly consolidated financial statements in consolidated subsidiary companies must be offset against the corresponding equity of those consolidated subsidiary companies, and any other items between the consolidated companies that need to be eliminated must be eliminated.

(Application of Equity Method)

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

- (i) an affiliated company that is found to temporarily have an impact on decisions operational or business policy decisions; or
 - (ii) a non-consolidated subsidiary company or affiliated company that is found to be likely to cause the interested parties of the company submitting the quarterly consolidated financial statements to make extremely erroneous assumptions, if the equity method is applied to it.
- (2) If any non-consolidated subsidiary company or affiliated company to which the equity method is to apply pursuant to the provisions of the preceding paragraph does not, in terms of its profit or loss and retained earnings and any other items, have a material influence on the quarterly consolidated financial statements even if the company is excluded from those to which the equity method is to apply, the company may be excluded from those to which the equity method is to apply.

(The Use of Tax Effect Accounting)

Article 8 With regard to consolidated companies' corporate tax and any other taxes that are imposed on the amounts or profits as the tax base (hereinafter referred to as "corporate tax, etc."), quarterly consolidated financial statements must be prepared by using tax effect accounting (meaning an accounting process which, if the amounts of assets and liabilities recorded on the quarterly consolidated balance sheet and the amounts of assets and liabilities determined by calculating the taxable income is different, reasonably matches the amount of quarterly net income before the corporate tax, etc. is deducted with the amount of corporate tax, etc. through appropriate inter-period allocation of the amount of corporate tax, etc. pertaining to the differences; the same applies hereinafter).

(Subsidiary Company with Different Quarterly Closing Dates)

Article 9 Any consolidated subsidiary company whose last day of the quarterly accounting period differs from the quarterly consolidated closing date of the quarterly accounting period of the company submitting the quarterly consolidated financial statements corresponding to the relevant period must, on the quarterly consolidated closing date of the quarterly accounting period corresponding to the relevant period, settle its accounts necessary for preparing quarterly financial statements that serve as the basis for preparation of quarterly consolidated financial statements; provided, however, that this does not apply if the difference between the last day of the quarterly accounting period of the consolidated subsidiary company and the quarterly consolidated closing date of the quarterly accounting period corresponding to the relevant period is not more than three months, and quarterly consolidated financial statements corresponding to the relevant period are prepared based on the quarterly financial statements for the quarterly accounting period of the consolidated subsidiary company.

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

Article 10 Among the material particulars that serve as the basis for preparation of quarterly consolidated financial statements, when material changes has been made in the scope of consolidation or scope of the equity method to be applied, a statement to that effect and the reason for the change must be set down in the notes.

(Notes Concerning Changes in Accounting Policies Occasioned by Revisions of Accounting Standards)

Article 10-2 The provisions of Article 5 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to the case where changes are made in accounting policies occasioned by the revision, etc. of accounting standard, etc. (meaning revision, etc. of accounting standards, etc. (meaning the accounting standard, etc. prescribed in the main clause of Article 8-3, paragraph (1) of the Regulation on Financial Statements; the same applies in the following Article) prescribed in the main clause or of that paragraph; the same applies hereinafter). In this case, the term "amount of quarterly net income or loss before taxes" in that Article is deemed to be replaced with "quarterly net income or quarterly net losses before taxes", the term "fiscal year" is deemed to be replaced with "consolidated fiscal year", the term "cumulative quarterly accounting period" is deemed to be replaced with "cumulative quarterly consolidated accounting period", and the term "quarterly accounting period" is deemed to be replaced with "quarterly consolidated accounting period".

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

Article 10-3 The provisions of Article 5-2 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to cases where changes are made in accounting policies based on justifiable grounds other than the revision, etc. of accounting standards, etc. In this case, the term "amount of quarterly net income or loss before taxes" in that Article is deemed to be replaced with "quarterly net income or quarterly net losses before taxes", the term "fiscal year" is deemed to be replaced with "consolidated fiscal year", the term "cumulative quarterly accounting period" is deemed to be replaced with "cumulative quarterly consolidated accounting period", and the term "quarterly accounting period" is deemed to be replaced with "quarterly consolidated accounting period".

(Notes Concerning Changes in Accounting Estimates)

Article 10-4 The provisions of Article 5-3 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to cases in which material changes in accounting estimates have been made. In this case, the term "amount of quarterly net income or loss before taxes" in that Article is deemed to be replaced with "quarterly net income or quarterly net loss before taxes", the term "quarterly accounting period" is deemed to be replaced with "quarterly consolidated accounting period" and the term "fiscal year" is deemed to be replaced with "consolidated fiscal year".

(Notes When It Is Difficult to Distinguish Changes in Accounting Policies from Changes in Accounting Estimates)

Article 10-5 The provisions of Article 5-4 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to cases in which material changes in accounting policies have been made, if it is difficult to distinguish those material changes in accounting policies from changes in accounting estimates. In this case, the term "quarterly accounting period" in that Article is deemed to be replaced with "quarterly consolidated accounting period" and the term "amount of quarterly net income or loss before taxes" is deemed to be replaced with "quarterly net income or quarterly net losses before taxes".

(Notes Concerning Restatement of Financial Statement)

Article 10-6 The provisions of Article 5-5 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to the restatement of the quarterly financial statement. In this case, the term "amount of quarterly net income or loss before taxes" in item (ii) of that Article is deemed to be replaced with "quarterly net income or quarterly net losses before taxes", and the term "previous business year" is deemed to be replaced with "previous consolidated fiscal year".

(Notes Concerning Entry under Accounting Methods Specific to the Preparation of Quarterly Consolidated Financial Statements)

Article 12 If an accounting method specific to the preparation of quarterly consolidated financial statements has been applied following the business accounting standards generally accepted as fair and appropriate, a statement to that effect and the details thereof must be set down in the notes; provided, however, that the notes may be omitted if they are not material.

(Notes Concerning Material Post-Balance Sheet Events)

Article 13 (1) If any event that has a material impact on the financial position, operating results and cash flow situation of consolidated companies, and non-consolidated subsidiary companies and affiliated companies to which the equity method is applied, in and after the consolidated fiscal year pertaining to the quarterly consolidated accounting period for the relevant quarterly consolidated financial statements (excluding the cumulative quarterly consolidated accounting period as of the end of the quarterly consolidated accounting period) have occurred after the quarterly consolidated closing date, the event must be set down in the notes.

(2) With regard to any subsidiary company or affiliated company for which the last day of the quarterly accounting period differs from the quarterly consolidated closing date in the quarterly accounting period of the company submitting quarterly consolidated financial statements corresponding to the relevant period, the event that has occurred after the quarterly closing date of

the subsidiary company or affiliated company must be set down in the notes, notwithstanding the provisions of the preceding paragraph.

(Notes Concerning Additional Information)

Article 14 Beyond the notes particularly specified in this Regulation, if there are any particulars that are found to be necessary for interested parties of the company submitting quarterly consolidated financial statements to make adequate assumption of the financial position, operating results and cash flow situation of the business group for the consolidated fiscal year containing the quarterly consolidated accounting period pertaining to the quarterly consolidated financial statements, those particulars must be set down in the notes.

(Notes Concerning Segment Information)

Article 15 (1) With regard to information on a certain unit of an enterprise (hereinafter referred to as a "reporting segment") (hereinafter be referred to as "segment information"), the following particulars must be set down in the notes as specified in Form No. 1:

- (i) the amount of the net sales and profit or loss by reporting segment;
 - (ii) the difference between the total amount of profit or loss set forth in the preceding item and the amount recorded on the quarterly consolidated profit and loss statement for account titles corresponding to those items and the description of the major differences; and
 - (iii) the outline of the event that served as the cause for fluctuations in the amount of assets by reporting segment (limited to cases where a significant fluctuation is found as compared to the last day of the previous consolidated fiscal year).
- (2) If there has been any change in reporting segments or any material change in the calculation method of an amount of profit or loss pertaining to reporting segments (referred to as the "calculation method pertaining to reporting segments" in the following paragraph and paragraph (4)) during the current quarterly consolidated accounting period (including any quarterly consolidated accounting periods within the current consolidated fiscal year prior to the current quarterly consolidated accounting period), the contents thereof must be set down in the notes.
- (3) If there has been any change in reporting segments or any material change in the calculation method pertaining to reporting segments in or after the second quarterly consolidated accounting period of the current consolidated fiscal year, a statement to the effect that the change was made in or after the second quarterly consolidated accounting period and the reason therefor must be set down in the notes beyond the notes under the preceding paragraph.

- (4) If there has been any change in reporting segments or any material change in the calculation method pertaining to reporting segments during the previous consolidated fiscal year and any difference is observed between the reporting segments or the calculation method pertaining to reporting segments during the corresponding quarterly consolidated accounting period in the previous consolidated fiscal year and those particulars during the current quarterly consolidated accounting period, a statement to that effect and the amounts set forth in paragraphs (1), items (i) and (ii) pertaining to the corresponding cumulative quarterly consolidated accounting period in the previous consolidated fiscal year (limited to the amounts calculated on the basis of the reporting segments and the calculation method pertaining to reporting segments during the current quarterly consolidated accounting period) must be set down in the notes.
- (5) If, in the cases set forth in the preceding paragraph, it is difficult to calculate an accurate amount, an estimated amount may be noted by an appropriate method in lieu of the amount specified in that paragraph; provided, however, that if it is difficult to calculate an amount, a statement to that effect and the reason therefor may be set down in lieu of the amount specified in that paragraph.
- (6) If a material impairment loss pertaining to fixed assets has been recognized, if there has been a material change in the amount of goodwill or if a material gain from negative goodwill has been recognized during the current quarterly consolidated accounting period, the outline thereof must be set down in the notes by reporting segment.

(Notes Concerning Financial Instruments)

- Article 15-2 (1) By account title of a quarterly consolidated balance sheet concerning financial instruments, if the financial instruments are material for the business group's business operation and there has been a significant fluctuation in the amount recorded on the quarterly consolidated balance sheet or any other amount as compared to the last day of the previous consolidated fiscal year, the amount recorded on the quarterly consolidated balance sheet, the market value, and the difference between the amount recorded on the quarterly consolidated balance sheet and the market value as of the quarterly consolidated closing date must be set down in the notes by account title in the quarterly consolidated balance sheet; provided, however, that the notes may be omitted if the difference between the amount recorded on the quarterly consolidated balance sheet and the market value and the difference between the amount recorded on the consolidated balance sheet for the previous consolidated fiscal year and the market value are not material.
- (2) Notwithstanding the provisions of the main clause of the preceding paragraph,

if it is difficult to calculate the accurate amount in a timely manner with regard to the market value of financial instruments as of the quarterly consolidated closing date by account title in the quarterly consolidated balance sheet, an estimated amount may be entered.

- (3) With regard to financial instruments reported on a quarterly consolidated balance sheet at market value, for each account title of a quarterly consolidated balance sheet concerning the financial instruments, the following particulars must be set down in the notes if, after classifying the financial instruments that are material for the business group's business operation into appropriate items and categorizing the market value of the financial instruments for each classified item according to levels in which inputs to a market value measurement that have a material impact on the calculation of the market value are categorized, and as a result, there has been a significant fluctuation in these amounts as compared to the last day of the previous consolidated fiscal year:
- (i) the following particulars for each item:
 - (a) the sum total of the market value of financial instruments categorized into level 1 as of the quarterly consolidated closing date;
 - (b) the sum total of the market value of financial instruments categorized into level 2 as of the quarterly consolidated closing date;
 - (c) the sum total of the market value of financial instruments categorized into level 3 as of the quarterly consolidated closing date;
 - (ii) if valuation techniques used for the calculation of market value of the financial instruments that are set down in the notes pursuant to the provisions of (b) or (c) of the preceding item or application thereof is changed, that effect and reasons therefor.
- (4) Notwithstanding the provisions of the preceding paragraph, after classifying the financial instruments recorded on a quarterly consolidated balance sheet into appropriate items, if it is difficult to calculate the accurate amount in a timely manner with regard to the market value of the financial instruments as of the quarterly consolidated closing date for each classified item, an estimated amount may be entered.
- (5) Notwithstanding the provisions of the main clause of paragraph (1) and paragraph (2), particulars set forth in the main clause of paragraph (1) are not required to be entered for shares without a market price, capital investments, and other financial instruments equivalent to these as of the quarterly consolidated closing date. In this case, a statement to that effect, an outline of the financial instruments, and the amount recorded on the quarterly consolidated balance sheet must be set down in the notes.

(Notes Concerning Securities)

Article 16 Beyond the particulars specified in the preceding Article, with regard to securities (limited to the securities set forth in the following items), if the securities are material to the business group's business operation and there has been a significant fluctuation in the amount reported on the quarterly consolidated balance sheet or any other amount of the securities as compared to the last day of the previous consolidated fiscal year, the particulars specified in the following items for the respective categories of securities set forth in those items must be set down in the notes; provided, however, that if it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be entered:

- (i) bonds held to maturity: the following particulars:
 - (a) the amount recorded on the quarterly consolidated balance sheet as of the quarterly consolidated closing date;
 - (b) the market value as of the quarterly consolidated closing date; and
 - (c) the difference between the amount recorded on the quarterly consolidated balance sheet and the market value as of the quarterly consolidated closing date; and
- (ii) other securities: the following particulars by class of shares, bonds and any other securities:
 - (a) the acquisition cost;
 - (b) the amount recorded on the quarterly consolidated balance sheet as of the quarterly consolidated closing date; and
 - (c) the difference between the amount recorded on the quarterly consolidated balance sheet as of the quarterly consolidated closing date and the acquisition cost.

(Notes Concerning Derivatives Transactions)

Article 17 (1) Beyond the particulars prescribed in Article 15-2, with regard to derivatives transactions (those to which hedge accounting (meaning the accounting process prescribed in Article 8, paragraph (69) of the Regulation on Financial Statements) is applied may be excluded), if the transactions are material to the business group's business operation and there has been a significant fluctuation in the contract amount or any other amount of the transactions as compared to the last day of the previous consolidated fiscal year, the contract amount or the principal equivalent amount specified in the contract, the market value, and valuation gains or losses as of the quarterly consolidated closing date must be set down in the notes, by the type of currency, money rate, share, bond, commodity or any other subject particular of transactions; provided, however, that if it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be entered.

(2) The particulars prescribed in the preceding paragraph must be entered by

categorizing them into the futures transactions, options transactions, forward transactions, swap transactions and any other derivatives transactions, or any other types of transactions.

(Special Provisions for Notes Concerning Financial Instruments)

Article 17-2 Notwithstanding the provisions of Article 15-2, Article 16 and Article 17, paragraph (1), a company submitting the consolidated financial statements (excluding cases in which financial assets account for the majority of all assets of the business group containing the company submitting the consolidated financial statements and financial liabilities and liabilities arising from insurance contracts account for the majority of all liabilities) may omit notes under these provisions in the first quarterly consolidated accounting period and the third quarterly consolidated accounting period.

(Notes Concerning Acquisition through Business Combination)

Article 20 (1) If a business combination has been done during the current quarterly consolidated accounting period through acquisition of another enterprise or a business segment of another enterprise, the following particulars must be set down in the notes; provided, however, that the notes may be omitted if the transaction pertaining to the business combination is not material:

- (i) the outline of the business combination;
 - (ii) the period of performance of the acquired enterprise or the acquired business included in the quarterly consolidated profit and loss statements for the cumulative quarterly consolidated accounting period;
 - (iii) the acquisition cost for the acquired enterprise or the acquired business, and the breakdown thereof;
 - (iv) if shares have been delivered as the consideration for acquisition, the exchange ratio and the calculation method thereof, and the number of shares delivered or to be delivered by class of shares;
 - (v) if the acquisition has been done through multiple transactions, the difference between the acquisition cost of the acquired enterprise and the total amount of the acquisition costs of the respective transactions leading to the acquisition;
 - (vi) the amount of goodwill that occurred, the cause for the occurrence, the amortization method, and the amortization period, or the amount of gain from negative goodwill and the cause for the occurrence; and
 - (vii) if the amount of goodwill that occurred or the amount of gain from negative goodwill set forth in the preceding item is a provisionally calculated amount, a statement to that effect.
- (2) Notwithstanding the provisions of the proviso to the preceding paragraph, if,

the transactions pertaining to individual business combinations during the current quarterly consolidated accounting period are not material, but the transactions pertaining to multiple business combinations during the current quarterly consolidated accounting period are material as a whole, the particulars set forth in item (i) and items (iii) through (vii) of that paragraph must be set down in the notes for the transactions pertaining to the business combinations as a whole.

- (3) In the quarterly consolidated accounting period in which a provisional accounting method pertaining to business combinations that had been carried out by the quarterly consolidated closing date was determined, a statement to the effect that the method was determined, as well as the details and amounts of the review pertaining to the amount of goodwill that occurred set forth in paragraph (1), item (vi) or the amount of gain from negative goodwill must be set down in the notes; provided, however, that if notes are omitted pursuant to the provisions of the proviso to paragraph (1), they need not be set down in the notes.
- (4) If a material review has been reflected in the initially allocated amounts of the acquisition costs in the comparative information included in the quarterly consolidated financial statements in line with the determination of the provisional accounting method set forth in the preceding paragraph, the details and amounts of the review must be set down in the notes.

(Notes Concerning Common Control Transactions)

- Article 22 (1) If a common control transaction, etc. has been done during the current quarterly consolidated accounting period, the following particulars must be set down in the notes:
- (i) the outline of the transaction;
 - (ii) an outline of the implemented accounting processes; and
 - (iii) if subsidiary company shares are additionally acquired, the particulars equivalent to those set forth in Article 20, paragraph (1), items (iii) and (iv).
- (2) Notwithstanding the provisions of the preceding paragraph, the notes may be omitted if the common control transaction, etc. is not material; provided, however, that if, individual common control transactions, etc. during the current quarterly consolidated accounting period are not material, but the multiple common control transactions, etc. during the current quarterly consolidated accounting period are material as a whole, the particulars set forth in the items of that paragraph must be set down in the notes for the transactions, etc. as a whole.

(Notes Concerning the Formation of Jointly Controlled Enterprises)

- Article 23 (1) If a formation of a jointly controlled enterprise (meaning a

formation of a jointly controlled enterprise specified in Article 8-22, paragraph (1) of the Regulation on Financial Statements.; hereinafter the same applies in this Article and paragraph (1) of the following Article) has been carried out during the current quarterly consolidated accounting period, the particulars equivalent to those set forth in paragraph (1), items (i) and (ii) of the preceding Article must be entered. In this case, if the particulars equivalent to the particulars set forth in item (i) of that paragraph are entered, the reason for determining the business combination to be a formation of a jointly controlled enterprise must be entered.

- (2) Notwithstanding the provisions of the preceding paragraph, the notes may be omitted if the transaction pertaining to the formation of a jointly controlled enterprise is not material; provided, however, that if, the transactions pertaining to individual formations of a jointly controlled enterprise during the current quarterly consolidated accounting period are not material, the transactions pertaining to multiple formations of a jointly controlled enterprise during the current quarterly consolidated accounting period are material as a whole, the particulars set forth in that paragraph must be set down in the notes for the transactions pertaining to the business combinations as a whole.

Article 24 (1) If a material business divestiture has been done during the current quarterly consolidated accounting period, and the business divestiture is neither categorized as a common control transaction, etc. nor formation of a jointly controlled enterprise, the divesting enterprise must set down the following particulars in the notes:

- (i) the outline of the business divestiture;
 - (ii) an outline of the accounting processes implemented;
 - (iii) the name of the reporting segment in which the divested business was included;
 - (iv) the estimated amount of profit or losses pertaining to the divested business, which is reported on the quarterly consolidated profit and loss statement for the cumulative quarterly consolidated accounting period; and
 - (v) if, for a business divestiture for which a gain or loss on transfer has been recognized, there is any continuing involvement other than holding divested enterprise shares as subsidiary company shares or affiliated company shares, an outline of the continuing involvement.
- (2) The statement of the particulars set forth in item (v) of the preceding paragraph may be omitted if the continuing involvement is not material.
- (3) If, the transactions pertaining to individual business divestitures during the current quarterly consolidated accounting period are not material, the transactions pertaining to multiple business divestitures during the current quarterly consolidated accounting period are material as a whole, the

particulars set forth in items (i) and (ii) of that paragraph must, notwithstanding the provisions of paragraph (1), be set down in the notes for the transactions pertaining to business divestitures as a whole.

(Notes Concerning Divested Enterprise in Business Divestitures)

Article 25 If a business divestiture is not categorized as a business combination, the divested enterprise must set down the following particulars in the notes:

- (i) the outline of the transaction;
- (ii) the outline of the implemented accounting processes; and
- (iii) the breakdown of the assets, liabilities and net assets succeeded from the divesting enterprise.

(Notes Concerning the Business Combination of Subsidiary Companies)

Article 26 The provisions of Article 15-18 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to the business combination of a subsidiary company. In this case, the terms "company submitting the consolidated financial statements" and "consolidated fiscal year" in paragraph (1) of that Article are deemed to be replaced with "company submitting the quarterly consolidated financial statements" and "quarterly consolidated accounting period" respectively, the term "consolidated profit and loss statement" in item (iv) of that paragraph is deemed to be replaced with "quarterly consolidated profit and loss statement", and the term "consolidated fiscal year" in paragraph (3) of that Article is deemed to be replaced with "quarterly consolidated accounting period".

(Notes Concerning Going Concern Assumption)

Article 27 The provisions of Article 21 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to a company submitting quarterly consolidated financial statements. In this case, the term "quarterly balance sheet date" in that Article is deemed to be replaced with "quarterly consolidated closing date" and the term "quarterly financial statements" in item (iv) of that Article is deemed to be replaced with "quarterly consolidated financial statements".

(Notes If Quarterly Consolidated Cash Flow Statements Are Not Prepared)

Article 27-2 If no quarterly consolidated cash flow statement for the first cumulative quarterly consolidated accounting period or the third cumulative quarterly consolidated accounting period is prepared, the following particulars must be set down in the notes; provided, however, that the notes may be omitted if they are not material:

- (i) depreciation expenses (including amortization expenses pertaining to

- intangible fixed assets excluding goodwill) pertaining to the current cumulative quarterly consolidated accounting period; and
- (ii) amortization expenses of goodwill pertaining to the current cumulative quarterly consolidated accounting period.

Article 27-3 The provisions of Article 22-4 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to revenues arising from contracts with customers. In this case, the terms "cumulative quarterly accounting period" and "quarterly financial statements" in paragraph (1) of that Article are deemed to be replaced with "cumulative quarterly consolidated accounting period" and "quarterly consolidated financial statements", respectively.

(Methods to Include Things Noted)

Article 28 (1) The things noted under Article 10 through Article 10-6 and Article 12 must be included immediately after the quarterly consolidated cash flow statement; provided, however, that if no quarterly consolidated cash flow statement for the first cumulative quarterly consolidated accounting period or the third cumulative quarterly consolidated accounting period is prepared, the notes must be included immediately after the quarterly statement of consolidated comprehensive income for the first cumulative quarterly consolidated accounting period and the third cumulative quarterly consolidated accounting period (if a quarterly statement of consolidated comprehensive income for the third quarterly consolidated accounting period is prepared, the quarterly statement of consolidated comprehensive income for the third quarterly consolidated accounting period).

(2) The things noted under this Regulation (excluding Article 10 through Article 10-6 and Article 12) must be entered immediately after the notes under Articles 10 through 10-6 and Article 12; provided, however, that this does not apply in the following cases:

(i) if particulars related to notes under Article 10 through Article 10-6 and Article 12 are entered together with them; or

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

(3) Notwithstanding the provisions of the preceding paragraph, the things noted under Article 27 must be included immediately after the quarterly consolidated cash flow statement; provided, however, that if no quarterly consolidated cash flow statement for the first cumulative quarterly consolidated accounting period or the third cumulative quarterly consolidated accounting period is

prepared, the notes must be included immediately after the quarterly statement of consolidated comprehensive income for the first cumulative quarterly consolidated accounting period and the third cumulative quarterly consolidated accounting period (if a quarterly statement of consolidated comprehensive income for the third quarterly consolidated accounting period is prepared, the quarterly statement of consolidated comprehensive income for the third quarterly consolidated accounting period).

- (4) In the cases set forth in the preceding paragraph, notwithstanding the provisions of paragraph (1), the notes under Article 10 through Article 10-6 and Article 12 must be included immediately after the notes under Article 27.
- (5) If the notes related to a specific account title are included pursuant to the provisions of this Regulation, the association between the account title and the notes must be clearly stated by using a method to append a symbol to the account title or by another method similar thereto.

(Units Used to Present Amounts)

Article 29 The amounts in account titles and any other particulars contained in quarterly consolidated financial statements are to be presented in units of millions of yen or thousands of yen.

Chapter II Quarterly Consolidated Balance Sheets

Section 1 General Provisions

(Methods to Make Entries in Quarterly Consolidated Balance Sheets)

Article 30 (1) The method to make entries in a quarterly consolidated balance sheet is governed by the provisions of this Chapter.

- (2) Entries in quarterly consolidated balance sheet are to be made using Form No. 2.

(Classification into Assets, Liabilities and Net Assets to Be Presented)

Article 31 Assets, liabilities and net assets must be entered in the assets section, liabilities section, and net assets section according to their respective categories.

(Arrangement of Account Titles)

Article 32 The account titles of assets and liabilities are to be arranged in order of liquidity.

Section 2 Assets

(Classification of Assets)

Article 33 Assets to be included must be classified into current assets, fixed assets and deferred assets, and the assets categorized as fixed assets must be further classified into tangible fixed assets, intangible fixed assets, investments, and any other assets.

(Scope of Each Asset)

Article 34 The provisions of Articles 15 through 16-2, 22, 27, 31 through 31-4, and 36 of the Regulation on Financial Statements apply mutatis mutandis to the scope 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 through 16-2 of the Regulation on Financial Statements is deemed to be replaced with "on the day within one year from the day following the quarterly consolidated closing date", the term "company submitting the financial statements" in Article 22, item (viii) and Article 27, item (xii) of the Regulation on Financial Statements is deemed to be replaced with "company submitting the quarterly consolidated financial statements", and the term "prepaid pension cost" in Article 31, item (iv) of the Regulation on Financial Statements is deemed to be replaced with "net specified benefit asset".

(Categories of Current Assets to Be Presented)

Article 35 (1) Assets categorized as current assets must be recorded using the account title having a name that indicates the asset, in accordance with the following categories of items; provided, however, that the amount of the relevant current assets categorized as those items whose amount is not more than one percent of the total amount of assets which are found appropriate to present collectively with assets categorized under another items, may be recorded collectively using the account title having an appropriate name:

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

(2) If it is found appropriate to present assets categorized as the accounting items referred to the items of the preceding paragraph, which are found appropriate to be presented separately, the provisions of that paragraph do not preclude the assets to be presented separately using the account title having a name that indicates the relevant assets.

(3) Among the assets categorized under the item set forth in paragraph (1), item

(vii), any asset which the amount exceeds ten percent of the total amount of assets or any asset which the amount is not more than ten percent of the total amount of assets but that it is found appropriate to be presented separately must be recorded separately using the account title having a name that indicates the relevant asset.

(4) Notwithstanding the provisions of the main clause of paragraph (1), assets categorized under the items set forth in items (iv) through (vi) of the same paragraph may be set down collectively under the account title of inventory assets. In this case, the account titles of the assets categorized under those items and the amounts thereof must be set down in the notes.

(5) Notwithstanding the provisions of the second sentence of the preceding paragraph, the notes under the second sentence of that paragraph may be omitted in the first quarterly consolidated accounting period and the third quarterly consolidated accounting period.

(Allowances for Current Assets to Be Presented)

Article 36 The provisions of Article 20 (excluding paragraph (3)) of the Regulation on Financial Statements apply mutatis mutandis to allowances for assets that are categorized as current assets.

(Categories of Tangible Fixed Assets to Be Presented)

Article 37 (1) Assets categorized as tangible fixed assets are to be recorded collectively using the account title having a name that indicates tangible fixed assets; provided, however, that this does not preclude the assets categorized as tangible fixed assets to be classified as an item that is found to be appropriate and recorded using the account title having a name that indicates the relevant assets.

(2) Notwithstanding the provisions of the preceding paragraph, if assets categorized as tangible fixed assets include any asset whose amount exceeds ten percent of the total amount of assets or if the amount of any asset is not more than ten percent of the total amount of the assets, but it is found appropriate to present it separately, the assets must be separated from other tangible fixed assets and must be recorded using the account title having a name that indicates each of the assets.

(Amounts of Accumulated Depreciation for Tangible Fixed Assets to Be Presented)

Article 38 The provisions of Articles 33 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to the amount of accumulated depreciation on tangible fixed assets.

(Amounts of Accumulated Impairment Loss on Tangible Fixed Assets to Be Presented)

Article 39 The provisions of Article 26-2 (excluding paragraphs (4) and (5)) of the Regulation on Financial Statements apply mutatis mutandis to the amounts of accumulated impairment losses on tangible fixed assets.

(Categories of Intangible Fixed Assets to Be Presented)

Article 40 (1) Assets categorized as intangible fixed assets must be recorded using the account title having name that indicates the assets, in accordance with the following categories of items; provided, however, that the assets categorized as the accounting items set forth in item (i) whose amount is not more than one percent of the total amount of the assets may be recorded collectively with the assets categorized as accounting items set forth in item (ii):

- (i) goodwill; and
- (ii) others.

(2) Among the assets referred to in item (ii) of the preceding paragraph, any asset whose amount exceeds ten percent of the total amount of the assets or any asset whose amount is not more than ten percent of the total amount of assets but that it is found appropriate to present separately must be recorded separately using the account title having a name that indicates of the relevant assets.

(3) A difference resulting from the investments made by consolidated companies that exceeds the amount of corresponding equity of consolidated subsidiary companies is presented as goodwill that includes the difference..

(Amounts of Accumulated Amortization for Intangible Fixed Assets to Be Presented)

Article 41 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 on intangible fixed assets.

(Categories of Investments and Other Assets to Be Presented)

Article 42 (1) Assets categorized as investments and other assets are to be recorded collectively using the account title having a name that indicates investments and other assets; provided, however, that this does not preclude assets categorized as investments and other assets to be classified as an accounting item that is found to be appropriate and recorded using the account title having a name that is indicates the relevant assets.

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

(Allowances for Investments and Other Assets to Be Presented)

Article 43 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 for assets categorized as investments and other assets.

(Categories of Deferred Assets to Be Presented)

Article 44 (1) Assets categorized as deferred assets are to be recorded collectively using the account title having a name that indicates deferred assets; provided, however, that this does not preclude assets categorized as deferred assets to be classified as an accounting item that is found to be appropriate and recorded using the account title having a name that indicates of the relevant assets.

(2) The provisions of Article 37, paragraph (2) apply mutatis mutandis to deferred assets.

(Amounts of Accumulated Amortization for Deferred Assets to Be Presented)

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

Section 3 Liabilities

(Classification of Liabilities)

Article 47 Liabilities to be entered must be classified as current liabilities and fixed liabilities.

(Scope of Each Liability Type)

Article 48 The provisions of Articles 47 through 48-3 and 51 through 51-4 of the Regulation on Financial Statements apply mutatis mutandis to the scope of current liabilities and fixed liabilities. In this case, the term "within one year" in Articles 47, 48-2, and 48-3 of the Regulation on Financial Statements is deemed to be replaced with "on the day within one year from the day following the quarterly consolidated closing date".

Article 48-2 The provisions of Article 36-2 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to the scope of fixed liabilities.

(Categories of Current Liabilities to Be Presented)

Article 49 (1) Liabilities categorized as current liabilities must be recorded using the account title having a name that indicates the liabilities, in accordance

with the following categories of accounting items; provided, however, that liabilities categorized as an accounting item other than that set forth in item (iv) whose amounts is not more than one percent of the sum total of liabilities and net assets, which are found appropriate to be presented collectively with liabilities categorized as another accounting item, may be recorded collectively using the account title having an appropriate name:

- (i) negotiable instruments payable and accounts payable;
- (ii) short-term borrowings (including finance negotiable instruments and overdrafts);
- (iii) accrued corporate tax, etc.;
- (iv) allowances;
- (v) asset retirement obligations; and
- (vi) others.

(2) If liabilities categorized as any of the accounting items referred to in the items of the preceding paragraph, which are found to be appropriate to be presented separately, the provisions of that paragraph do not preclude the liabilities to be recorded separately using the account title having a name that indicates of the relevant liabilities.

(3) If the allowances set forth in paragraph (1), item (iv) include any allowance which the amount exceeds one percent of the sum total of liabilities and net assets, the allowance must be recorded separately using the account title having a name that indicates the purpose for setting up of the allowance.

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

(Categories of Fixed Liabilities to Be Presented)

Article 50 (1) Liabilities categorized as fixed liabilities must be recorded using the account title having a name that indicates the liabilities, in accordance with the following categories of accounting items; provided, however, that any liabilities categorized as item other than that set forth in items (iii) and (iv) whose amounts are not more than one percent of the sum of liabilities and net assets, which is found appropriate to be presented collectively with liabilities categorized as another accounting item, may be recorded collectively using the account title having an appropriate name:

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

- (iii) allowances;
 - (iv) net defined benefit liability;
 - (v) asset retirement obligations; and
 - (vi) others.
- (2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to cases referred to in the preceding paragraph.
- (3) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the allowances referred to in paragraph (1), item (iii).
- (4) The provisions of paragraph (4) of the preceding Article apply mutatis mutandis to liabilities categorized as the accounting item set forth in paragraph (1), item (vi).

(Notes Concerning Contingent Liabilities)

Article 51 If there are any contingent liabilities (meaning guarantees of debts (including those that have the same effect as a debt guarantee), obligations to compensate in relation to contentious cases, and other liabilities that have not actually arisen but may probably be paid by the business in the future) pertaining to any consolidated company, the detail and amount thereof must be set down in the notes; provided, however, that notes may be omitted for particulars that are not material.

(Inventory Assets and Reserves for Losses on Construction Contracts to Be Presented)

Article 53 Inventory assets and reserves for loss on construction contracts pertaining to a single construction contract, if any, must be presented by either of the following methods:

- (i) by presenting inventory assets and reserves for loss on construction contracts under current assets and current liabilities, respectively; or
- (ii) by presenting the amount of difference obtained by offsetting inventory assets against reserves for loss on construction contracts under current assets or current liabilities.

Section 4 Net Assets

(Classification of Net Assets)

Article 54 Net assets to be entered must be classified into shareholders' equity, accumulated other comprehensive income, share options, and non-controlling interests.

(Classification of Shareholders' Equity and Categories thereof to be Presented)

Article 55 (1) Shareholders' equity must be classified into stated capital, capital

surplus, and retained earnings, and must be recorded using the account titles for stated capital, capital surplus, and retained earnings, respectively.

- (2) The provisions of Article 61 of the Regulation on Financial Statements apply mutatis mutandis to stated capital.
- (3) The provisions of Article 62, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to a deposit for subscriptions to shares after the offer date.
- (4) The provisions of Article 43, paragraphs (3) and (4) of the Regulation on Consolidated Financial Statements apply mutatis mutandis to treasury shares and deposits for subscriptions to treasury shares.

(Classification of Accumulated Other Comprehensive Income and Categories Therefor to Be Presented)

Article 56 The provisions of Article 43-2 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to accumulated other comprehensive income.

(Share Options to Be Presented)

Article 57 The provisions of Article 43-3 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to share options. In this case, the term "company submitting the consolidated financial statements" in paragraph (2) of that Article is deemed to be replaced with "company submitting the quarterly consolidated financial statements".

(Non-Controlling Interests to Be Presented)

Article 58 Non-controlling interests must be recorded using the account title for non-controlling interests.

Section 5 Miscellaneous Provisions

(Reserves Under the Special Laws)

Article 60 (1) Reserves or allowances that must be recorded using the name for reserves or allowances pursuant to the provisions of laws and regulations, which are not appropriate to be recorded in the assets section or liabilities section (hereinafter referred to as "reserves, etc." in the following paragraph and Article 80) must be entered separately by adding another category immediately after the fixed liabilities, notwithstanding the provisions of Articles 32 and 47.

- (2) Reserves, etc. as set forth in the preceding paragraph must be recorded using the account title having a name that indicates the purpose for setting aside the reserves, etc.

(Classification of Assets and Liabilities of Businesses Listed Separately)

Article 61 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 "business listed separately"), and if it is found to be inappropriate to enter its assets and liabilities according to the classification under Articles 33 and 47, notwithstanding these provisions, the assets and liabilities may be entered according to the classification as specified by laws and regulations, or rules (meaning laws and regulations, or rules as provided for in Article 2 of the Regulation on Financial Statements; the same applies hereinafter) that are applicable to the financial statements of the companies engaged in the business listed separately.

(Entries of the Net Assets of Designated Corporations)

Article 62 If a designated corporation prepares a quarterly consolidated balance sheet, and it is found to be inappropriate to enter its net assets pursuant to this Regulation, the designated corporation may enter its net assets in an equivalent manner as specified in the provisions of laws and regulations, or Rules applicable to its financial statements. In this case, the governing laws and regulations, or Rules must be entered in the notes.

(Entries of Account Titles for the Assets and Liabilities of Businesses Listed Separately)

Article 63 (1) If the business conducted by any consolidated company includes a business listed separately, and if it is found to be inappropriate that it enter the account titles for assets and liabilities of the business listed separately according to the categories of the accounting items as specified in Article 35, paragraph (1), Article 37, Article 40, paragraph (1), Article 42, Article 49, paragraph (1) and Article 50, paragraph (1), notwithstanding these provisions, the account titles may be entered in an equivalent manner as specified in the provisions of laws and regulations, or rules applicable to the financial statements of the company engaged in the business listed separately.

(2) In the cases referred to in the preceding paragraph, the standards for recording the account titles for assets and liabilities collectively or separately are as specified in the provisions of this Regulation.

Chapter III Quarterly Consolidated Profit and Loss Statements

Section 1 General Provisions

(Methods to Make Entries in a Quarterly Consolidated Profit and Loss Statement)

Article 64 (1) The method to make entries in a quarterly consolidated profit and loss statement is governed by the provisions of this Chapter.

(2) Entries in a quarterly consolidated profit and loss statement for the cumulative quarterly consolidated accounting period is to be made using Form No. 3.

(3) A company submitting the quarterly consolidated financial statements may prepare a quarterly consolidated profit and loss statement for the second quarterly consolidated accounting period. In this case, the quarterly consolidated profit and loss statement is to be made using Form No. 4.

(4) When a company submitting the quarterly consolidated financial statements prepares a quarterly consolidated profit and loss statement for the second quarterly consolidated accounting period, the company submitting the quarterly consolidated financial statements must prepare a quarterly consolidated profit and loss statement for the third quarterly consolidated accounting period. In this case, the quarterly consolidated profit and loss statement is to be made using Form No. 4.

(Classification of Revenues and Expenses)

Article 65 Revenues and expenses must be classified into account titles having a name that indicates the following accounting items and entered:

- (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 income; and
- (vii) extraordinary losses.

Section 2 Net Sales and the Cost of Sales

(Method to Present Net Sales)

Article 66 Net sales must be recorded using the account title having a name that indicates the net sales.

(Methods to Present the Cost of Sales)

Article 67 The cost of sales must be recorded using account title having a name that indicates the cost of sales.

(Gross Profit or Losses on Sales to Be Presented)

Article 68 The difference between the 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

(Method to Present Selling Expenses and General and Administrative Expenses)

Article 69 (1) Selling expenses and general and administrative expenses must be classified into expense items that are found to be appropriate, and be recorded using the account title having a name that indicates of the expenses; provided, however, that this does not preclude the expenses to be recorded using the account title for selling expenses, the account title for general and administrative expenses, or the account title of selling expenses and general and administrative expenses collectively, and the major expense items and amounts thereof being entered in the notes.

(2) The major expense items as specified in the proviso to the preceding paragraph include the retirement benefit expenses and the provision of allowance (excluding the expense items which the amount is small) and any other expense items which the amount exceeds 20 percent of the sum total of selling expenses and general and administrative expenses or those which the amount is not more than 20 percent of the sum of selling expenses and general and administrative expenses but which it is found appropriate to be presented separately.

(3) Notwithstanding the provisions of paragraph (1), in the first cumulative quarterly consolidated accounting period and the third cumulative quarterly consolidated accounting period as well as the quarterly consolidated accounting periods, selling expenses and general and administrative expenses may be recorded using 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. In this case, the expense items of selling expenses or general and administrative expenses and the amounts thereof are not required to be set down in the notes.

(Amount of Operating Profits and Loss to Be Presented)

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

Section 4 Non-Operating Revenues and Non-Operating Expenses

(Method to Present Non-Operating Revenues)

Article 71 Revenues categorized as non-operating revenues must be recorded

using the account title having a name that indicates of the revenues, according to categories including 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 revenue whose amount is not more than 20 percent of the total amount of non-operating revenues, which is found appropriate to be presented collectively may be recorded using the account title having a name that indicates the relevant revenues.

(Method to Present Non-Operating Expenses)

Article 72 Expenses categorized as non-operating expenses must be recorded using account title having a name that indicates the relevant expenses, according to the categories of interest expenses (including interest on corporate bonds), loss on sales of securities, investment losses under the equity method, and others; provided, however, that any expenses whose amount is not more than 20 percent of the total amount of non-operating expenses, which is found appropriate to be presented collectively may be recorded using the account title having a name that indicatives the expenses collectively.

(Amount of Ordinary Profits and Losses to Be Presented)

Article 73 The amount obtained by adding or subtracting the total amount of non-operating revenues or the total amount of non-operating expenses to or from the amount of operating profit or the amount of operating loss must be entered as the amount of ordinary profit or the amount of ordinary loss.

Section 5 Extraordinary Income and Extraordinary Loss

(Method to Present Extraordinary Income)

Article 74 Profits categorized as extraordinary income must be recorded using the account title having a name that indicate the profits, according to the categories of gain on sales of fixed assets, gain on negative goodwill and others; provided, however, that any profits of whose the amount is not more than 20 percent of the total amount of extraordinary profit, which are found appropriate to be presented collectively, may be recorded using the account title having a name that indicates the profits collectively.

(Method to Present for Extraordinary Loss)

Article 75 Losses categorized as extraordinary losses must be recorded using the account title having a name that indicates the losses, according to categories of losses on sales of fixed assets, impairment losses, disaster losses, and others; provided, however, that any loss whose amount is not more than 20 percent of the total amount of extraordinary loss, which is found appropriate to be

presented collectively may be recorded using the account title having a name that indicates the losses collectively.

(Quarterly Net Income or Quarterly Net Loss before Taxes to Be Presented)

Article 76 The amount obtained by adding or subtracting the total amount of extraordinary income or total amount of extraordinary loss to or from the amount of ordinary income or amount of ordinary loss must be entered as the amount of quarterly net income before tax or the amount of quarterly net losses before tax.

Section 6 Quarterly Net Income or Quarterly Net Loss

(Quarterly Net Income or Quarterly Net Loss)

Article 77 (1) The amount of the items set forth in the following items must be entered using the account title having a name that indicates the description thereof, immediately after the amount of quarterly net income before tax or the amount of quarterly net loss before tax:

- (i) the corporate tax, inhabitants tax, and enterprise tax (meaning the enterprise tax imposed on the amount of profits as the tax base; the same applies in the following item) pertaining to the current cumulative quarterly consolidated accounting period; and
 - (ii) the corporate tax, etc. adjustments (meaning adjustments on the corporate tax, inhabitants tax, and enterprise tax set forth in the preceding item, which are recorded using the tax effect accounting).
- (2) Notwithstanding the provisions of the preceding paragraph, the accounting items set forth in the items of the same paragraph may be entered collectively; provided, however, that in this case, a statement to that effect must be set down in the notes.
- (3) The amount obtained by adding or subtracting the amounts of the items set forth in paragraph (1) or the preceding paragraph to or from the amount of quarterly net income before tax or the amount of quarterly net loss before tax must be entered as the amount of quarterly net income or the amount of quarterly net loss.
- (4) The amount of quarterly net income or the amount of quarterly net loss, whichever is attributed to non-controlling interests must be entered, using the account title having a name that indicates the description thereof, immediately after the amount of quarterly net income or the amount of quarterly net loss.
- (5) The amount obtained by adding or subtracting the amount that is attributed to non-controlling interests of either the amount of quarterly net income or the amount of quarterly net loss to or from the amount of the quarterly net income or the amount of quarterly net loss must be entered as the amount of quarterly

net income attributable to owners of the parent company or the amount of quarterly net loss attributable to owners of the parent company.

- (6) If there are taxes to be paid or refund of tax due to correction or determination, etc. of corporate tax, etc., the amounts are to be entered using the account title having a name that indicates the description thereof, immediately after the item set forth in paragraph (1), item (i); provided, however, that the amounts may be presented the amount of the item set forth in paragraph (1), item (i) that include the taxes to be paid or refund of tax if those amounts are not material.

(Notes Concerning the Earnings per Share of Quarterly Net Income or Net Loss)

Article 78 (1) The earnings per share of quarterly net income or earning per share of quarterly net losses for the current cumulative quarterly consolidated accounting period, and the basis for calculation thereof must be set down in the notes.

- (2) The provisions of Article 70, paragraph (2) of the Regulation on Quarterly Financial Statements apply mutatis mutandis to the cases where any consolidation of share or share splits has been done during the current quarterly consolidated accounting period after the current the quarterly consolidated closing date. In this case, the term "quarterly accounting period" in that paragraph is replaced with "quarterly consolidated accounting period", the term "quarterly balance sheet date" is replaced with "quarterly consolidated closing date", and the term "fiscal year" is replaced with "consolidated fiscal year".

(Notes Concerning Diluted Earnings per Share of Quarterly Net Income)

Article 78-2 The provisions of Article 70-2 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to notes concerning a diluted earnings per share of quarterly net income. In this case, the term "fiscal year" in paragraph (2) of that Article is deemed to be replaced with "consolidated fiscal year".

Section 7 Miscellaneous Provisions

(Investment Return to be Presented Under the Equity Method)

Article 79 If investment return and investment loss under the equity method occur, the amount obtained by offsetting one against the other may be presented.

(Provision or Reversal of Reserves Under the Special Laws)

Article 80 If there has been a provision or reversal of reserves, etc., the amount of the provision or reversal must be recorded as an extraordinary loss or extraordinary income using the account title having a name that indicates the relevant provision or reversal being a side.

(Notes Concerning Significant Seasonal Fluctuations in Net Sales or Operating Expenses)

Article 81 If there are significant seasonal fluctuations in net sales or operating expenses (meaning the sum total of the cost of sales, selling expenses, and general and administrative expenses) due to the nature of the business, the situation must be set down in the notes of the quarterly consolidated profit and loss statement for the cumulative quarterly consolidated accounting period.

(Classification of the Revenues and Expenses of Businesses Listed Separately)

Article 82 If the main business of a business group is a business listed separately, and if it is found inappropriate to enter its revenues and expenses according to the classification as specified in Article 65, notwithstanding the provisions of that Article, the revenues and expenses may be entered in an equivalent manner as specified in the provisions of laws and regulations, or Rules applicable to the financial statements of the companies engaged in the business listed separately.

(Entries of Account Titles for Revenues and Expenses of Businesses Listed Separately)

Article 83 (1) If the business engaged in by any consolidated company includes a business listed separately, and it is found inappropriate to enter the account titles for the revenues and expenses of the business listed separately according to the provisions of Article 66, Article 67, Article 69, Article 71, and Article 72, notwithstanding these provisions, the account titles may be entered in an equivalent manner as specified in the provisions of laws and regulations, or rules applicable to the financial statements of the company engaged in the business listed separately.

(2) A quarterly statement of consolidated comprehensive income for the cumulative quarterly consolidated accounting period is to be made using Form No. 3-2.

(3) When a company submitting the quarterly consolidated financial statements prepares a quarterly consolidated profit and loss statement for the second quarterly consolidated accounting period pursuant to the provisions of Article 64, paragraph (3), the company submitting the quarterly consolidated financial statements must prepare a quarterly statement of consolidated comprehensive income for the second quarterly consolidated accounting period and the third

quarterly consolidated accounting period. In this case, the quarterly consolidated comprehensive income statement is to be made using Form No. 4-2.

**Chapter III-2 Quarterly Statements of Consolidated Comprehensive
Income
Section 1 General Provisions**

(Methods to Make Entries in Quarterly Statements of Consolidated
Comprehensive Income)

Article 83-2 (1) The methods to make entries in a quarterly statement of consolidated comprehensive income is governed by the provisions of this Chapter.

(2) Entries in a quarterly statement of consolidated comprehensive income for the cumulative quarterly consolidated accounting period is to be made using Form No. 3-2.

(3) If a company submitting the quarterly consolidated financial statements prepares a quarterly consolidated profit and loss statement for the second quarterly consolidated accounting period pursuant to the provisions of Article 64, paragraph (3), the company submitting the quarterly consolidated financial statements must prepare a quarterly statement of consolidated comprehensive income for the second quarterly consolidated accounting period and the third quarterly consolidated accounting period. In this case, the quarterly statement of consolidated comprehensive income is to be made using Form No. 4-2.

(Quarterly Consolidated Profit and Loss and Comprehensive Income
Statement)

Article 83-3 If a quarterly statement of consolidated comprehensive income (meaning a statement made pursuant to the provisions of this Chapter at the end of a quarterly consolidated profit and loss statement) are prepared, a quarterly statement of consolidated comprehensive income does not need be presented.

(Categories of Quarterly Statements of Consolidated Comprehensive Income to
Be Presented)

Article 83-4 A quarterly statement of consolidated comprehensive income must be categorized into quarterly net income or quarterly net losses, other comprehensive income and quarterly comprehensive income to be presented.

Section 2 Other Comprehensive Income

(Categories of Other Comprehensive Income to Be Presented)

Article 83-5 The provisions of Article 69-5 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to other comprehensive income.

Section 3 Quarterly Comprehensive Income

(Quarterly Comprehensive Income)

Article 83-6 (1) The amount obtained by adding or subtracting the amounts of the items of other comprehensive income to or from the amount of quarterly net income or the amount of quarterly net loss must be entered as the amount of quarterly comprehensive income.

(2) The amount of quarterly comprehensive income as specified in the preceding paragraph must be classified into the amount pertaining to the shareholders of the company submitting the quarterly consolidated financial statements and the amount pertaining to non-controlling shareholders, and their respective amounts must be entered at the end of the quarterly statement of consolidated comprehensive income .

Chapter IV Quarterly Consolidated Cash Flow Statements

Section 1 General Provisions

(Methods to Make Entries in Quarterly Consolidated Cash Flow Statements)

Article 84 (1) The methods to make entries in a quarterly consolidated cash flow statement are governed by the provisions of this Chapter.

(2) Entries in a quarterly consolidated cash flow statement are to be made using either Form No. 5 or Form No. 6.

(Categories to Be Presented in Quarterly Consolidated Cash Flow Statements)

Article 85 In a quarterly consolidated cash flow statement, cash flow situation must be entered by setting up the categories set forth in the following items:

- (i) cash flow from operating activities;
- (ii) cash flow from investment activities;
- (iii) cash flow from financing activities;
- (iv) translation adjustments on cash and cash equivalents;
- (v) increases or decreases in cash and cash equivalents;
- (vi) the remaining balances of cash and cash equivalents at the beginning of the accounting period; and
- (vii) the remaining balances of cash and cash equivalents at the end of the quarter.

Section 2 Methods to Make Entries in a Quarterly Consolidated Cash

Flow Statements

(Method to Present Cash Flows from Operating Activities)

Article 86 The provisions of Articles 84 through 89 of the Regulation on Consolidated Financial Statements apply mutatis mutandis to the method to make entries in a quarterly consolidated cash flow statement. In this case, the terms " amount of net income before tax for the period or the amount of net loss before tax for the period " in Article 84, item (ii) of the Regulation on Consolidated Financial Statements are deemed to be replaced with " amount of quarterly net income before tax or the amount of quarterly net losses before tax", and the term "consolidated profit and loss statement" in (a) and (c) of that item is deemed to be replaced with "quarterly consolidated profit and loss statement".

(Particulars to Be Set Down in the Notes in Quarterly Consolidated Cash Flow Statements)

Article 87 In a quarterly consolidated cash flow statement, the relationship between the remaining balance of cash and cash equivalents at the end of the quarter and the amounts for the account titles recorded in the quarterly consolidated balance sheet must be set down in the notes.

Chapter V Notes Concerning Shareholders' Equity

(Notes Concerning Dividends)

Article 91 With regard to the dividends during the cumulative quarterly consolidated accounting period as of the end of the current quarterly consolidated accounting period, the following particulars must be set down in the notes:

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

(Notes If There Are Significant Changes in the Amount of Shareholders' Equity)

Article 92 If there is a significant change in the amount of shareholders' equity as compared to the end of the previous consolidated fiscal year, the major cause of the change must be set down in the notes.

Chapter VI Special Provisions for Business Accounting Standards

Section 1 Designated International Accounting Standards

(Special Provisions for Designated International Accounting Standards)

Article 93 The terminology, forms, and preparation methods of quarterly consolidated financial statements submitted by a specified company complying with designated international accounting standards may follow the designated international accounting standards.

(Notes Concerning Designated International Accounting Standards)

Article 93-2 The following particulars must be set down in the notes in quarterly consolidated financial statements prepared in accordance with the designated international accounting standards:

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

Section 2 Japan's Modified International Standards

(Special Provisions for Japan's Modified International Standards)

Article 94 The terminology, forms, and preparation methods of quarterly consolidated financial statements submitted by a specified company complying with the Japan's modified international standards may be follow the Japan's modified international standards.

(Notes Concerning Japan's Modified International Standards)

Article 94-2 The following particulars must be set down in the notes in the quarterly consolidated financial statements prepared following the Japan's modified international standards:

- (i) a statement that the quarterly consolidated financial statements are prepared following the Japan's modified international standards; and
- (ii) a statement that the company is categorized as a specified company complying with the Japan's modified international standards and the reason therefor.

Chapter VII Miscellaneous Provisions

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