

Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements

(Ordinance of the Ministry of Finance No. 28 of October 30, 1976)

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

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Chapter I General Provisions

(General Principles for Application)

- Article 1 (1) From among finance and accounting documents to be submitted pursuant to the provisions of Article 5, Article 7, Article 9, paragraph (1), Article 10, paragraph (1), Article 24, paragraph (1) or (3) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act") (including the cases where any of these provisions are applied mutatis mutandis pursuant to Article 24-2, paragraph (1) of the Act and cases where these provisions are applied mutatis mutandis, pursuant to Article 27 of the Act, to a juridical person which has been designated by the Commissioner of the Financial Services Agency pursuant to the provision of Article 1, paragraph (1) of the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the "Ordinance on Financial Statements, etc.") (such juridical person shall hereinafter be referred to as a "Designated Juridical Person")), the terminology, forms, and preparation methods of Consolidated Financial Statements (meaning consolidated balance sheets, consolidated profit and loss statements, consolidated statements of changes in net assets, consolidated cash flow statements, and consolidated supplementary schedules or, in cases where they are prepared pursuant to Designated International Accounting Standards (meaning Designated International Accounting Standards prescribed in Article 93; the same shall apply in the following Article) pursuant to the provision of Article 93, equivalents to consolidated balance sheets, consolidated profit and loss statements, consolidated statements of changes in net assets and consolidated cash flow statements of which preparation is required pursuant to said Designated International Accounting Standards; the same shall apply hereinafter) shall be governed by the provisions of this Ordinance, except for those subject to the application of the provision of Article 1-3 of the Ordinance on Financial Statements, etc. , and any matters that are not provided for under this Ordinance shall be in compliance with business accounting standards that are generally accepted as fair and appropriate.
- (2) Business accounting standards published by the Business Accounting Council prescribed in Article 24, paragraph (1) of the Cabinet Order for Organization of the Financial Services Agency (Cabinet Order No. 392 of 1998) shall be

regarded as the business accounting standards that are generally accepted as fair and appropriate prescribed in the preceding paragraph.

- (3) From among the business accounting standards prepared and published by organizations that, in the course of trade, conduct research and study concerning, and development of, business accounting standards which satisfy all of the following requirements, those which are specified by the Commissioner of the Financial Services Agency as such that are found to have been prepared and published under fair and appropriate procedures and are expected to be generally accepted as fair and appropriate business accounting standards shall be regarded as the business accounting standards that are generally accepted as fair and appropriate prescribed in paragraph (1):
- (i) that it should be a private organization independent from any person with interest;
 - (ii) that it should be funded continuously by a large number of persons and not disproportionately by any specific person;
 - (iii) that it should have set up a council organization composed of persons competent to develop business accounting standards from a highly professional viewpoint (referred to as a "Standards Committee" in the following item and item (v));
 - (iv) that the Standards Committee should be such that it engages in its duties in a fair and sincere manner; and
 - (v) that the Standards Committee should be such that it continuously conducts reviews from a perspective of proper responses to changes in the business environment surrounding Companies, etc. (meaning a company, Designated Juridical Person, partnership or any other business entity equivalent thereto (including a business entity equivalent thereto in a foreign state); the same shall apply hereinafter) and practice of Companies, etc. and the International Convergence (meaning ensuring the standardization of business accounting standards on an international scale).

(Special Provision for Application)

Article 1-2 The terminology, forms, and preparation methods of Consolidated Financial Statements that a company, as one that engages in international financing activities or business activities and that satisfies either of the following requirements (hereinafter referred to as a "Specified Company") submits may be in accordance with the provisions of Chapter VII:

- (i) that it should satisfy all of the following requirements:
 - (a) that shares that it issues are listed on a Financial Instruments Exchange (meaning a Financial Instruments Exchange prescribed in Article 2, paragraph (16) of the Act) or are registered as Over-the-Counter Traded Securities (meaning Over-the-Counter Traded Securities prescribed in sub-

- item (c) of item (x) of paragraph (8) of that Article) with an Authorized Financial Instruments Firms Association (meaning an Authorized Financial Instruments Firms Association prescribed in paragraph (13) of that Article);
- (b) that in Annual Securities Reports that it submits under the provision of Article 24, paragraph (1) or (3) of the Act, it should give a statement pertaining to special efforts for ensuring appropriateness of the Consolidated Financial Statements;
- (c) that it should have Officers or employees who have sufficient knowledge of Designated International Accounting Standards and have established a system under which Consolidated Financial Statements can be prepared in an appropriate manner under said standards; and
- (d) that the company, its Parent Company, Other Associated Company (meaning an Other Associated Company prescribed in Article 15-4, item (iv)) or the Parent Company of such Other Associated Company should satisfy any of the following requirements:
1. that it should have disclosed documents concerning corporate affairs and other related matters prepared in accordance with International Accounting Standards (meaning, from among the business accounting standards prepared and published by organizations that, in the course of trade, conduct research and study concerning, and development of, business accounting standards intended to be used as internationally common business accounting standards, which satisfy all of the requirements set forth in the items of paragraph (3) of the preceding Article, those which are specified by the Commissioner of the Financial Services Agency; hereinafter the same shall apply in this item and Article 93) under laws and regulations of a foreign state for each period specified by said laws and regulations;
 2. that it should have disclosed documents concerning corporate affairs and other related matters prepared in accordance with International Accounting Standards under the rules of a Foreign Financial Instruments Market (meaning a Foreign Financial Instruments Market prescribed in Article 2, paragraph (8), item (iii), sub-item (b) of the Act) for each period specified by said rules; or
 3. that it should have a Consolidated Subsidiary Company (limited to such company of which amount of stated capital is two billion yen or more on the consolidated closing date (in the case of a Consolidated Subsidiary Company of such Parent Company, the last day of the latest business year of such Parent Company)) in a foreign state; or
- (ii) that it should be a company that prepared Consolidated Financial Statements, Interim Consolidated Financial Statements (meaning documents

prescribed in Article 1, paragraph (1) of the Ordinance on Terminology, Forms and Preparation Methods of Interim Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 24 of 1999); hereinafter referred to as the "Ordinance on Interim Consolidated Financial Statements") or Quarterly Consolidated Financial Statements (meaning documents prescribed in Article 1, paragraph (1) of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the "Ordinance on Quarterly Consolidated Financial Statements")) pertaining to the Consolidated Fiscal Year (meaning a period prescribed in Article 3, paragraph (2); hereinafter the same shall apply in this item) immediately preceding the current Consolidated Fiscal Year, an Interim Consolidated Accounting Period (meaning a period prescribed in Article 3, paragraph (2) of the Ordinance on Interim Consolidated Financial Statements) within the current Consolidated Fiscal Year or a Quarterly Consolidated Accounting Period (meaning a period prescribed in Article 2, item (iii) of the Ordinance on Quarterly Consolidated Financial Statements) within the current Consolidated Fiscal Year, whichever is the period of which the last day is the closest to the consolidated closing date, pursuant to Designated International Accounting Standards and should satisfy the requirements set forth in sub-items (b) and (c) of the preceding item.

(Definitions)

Article 2 In this Ordinance, the meanings of the terms set forth in the following items shall be as prescribed respectively in those items:

- (i) Company Submitting Consolidated Financial Statements: a company or Designated Juridical Person which is to submit Consolidated Financial Statements pursuant to the provisions of the Act;
- (ii) Parent Company: an entity that is regarded as the parent company of a Company Submitting Consolidated Financial Statements pursuant to the provision of Article 8, paragraph (3) of the Ordinance on Financial Statements, etc. ;
- (iii) Subsidiary Company: an entity that is regarded as a subsidiary company of a Company Submitting Consolidated Financial Statements pursuant to the provisions of Article 8, paragraphs (3), (4), and (7) of the Ordinance on Financial Statements, etc. ;
- (iv) Consolidated Subsidiary Company: a Subsidiary Company included in the scope of consolidation;
- (v) Consolidated Companies: a Company Submitting Consolidated Financial Statements and its Consolidated Subsidiary Companies;
- (vi) Non-consolidated Subsidiary Company: a Subsidiary Company excluded

- from the scope of consolidation;
- (vii) **Affiliated Company:** an entity that is regarded as an affiliated company of a Company Submitting Consolidated Financial Statements pursuant to the provisions of Article 8, paragraphs (5) and (6) of the Ordinance on Financial Statements, etc. ;
 - (viii) **Equity Method:** a method whereby an investor company corrects its investment amount each business year according to the changes in the portions of the investee company's net assets, profit and loss which belong to said investor company;
 - (ix) deleted;
 - (x) **Securities Registration Statement:** the securities registration statement defined in Article 2, paragraph (7) of the Act which is provided for under Article 5, paragraph (1) of the Act (including the cases where applied *mutatis mutandis* pursuant to Article 27 of the Act);
 - (xi) **Annual Securities Report:** the annual securities report defined in Article 24, paragraph (1) of the Act;
 - (xii) **Minority Shareholders' Equity:** the portion of a Consolidated Subsidiary Company's capital which is not equity of the Company Submitting Consolidated Financial Statements;
 - (xiii) **Cash Flow:** any increase or decrease in the Funds defined in the following item;
 - (xiv) **Funds:** the combined total of cash (including any current deposits, ordinary deposits, and other deposits which the depositor is able to withdraw without waiting for a certain period to elapse; the same shall apply in Chapter V) and Cash Equivalents (meaning short-term investments which can be easily converted into cash and which involve low risk of fluctuations in value; the same shall apply in Chapter V);
 - (xv) **Derivative Transactions:** the transactions defined in Article 8, paragraph (14) of the Ordinance on Financial Statements, etc. ;
 - (xvi) **Trading Securities:** the securities defined in Article 8, paragraph (20) of the Ordinance on Financial Statements, etc. ;
 - (xvii) **Bonds Held to Maturity:** the bonds defined in Article 8, paragraph (21) of the Ordinance on Financial Statements, etc. ;
 - (xviii) **Other Securities:** the securities defined in Article 8, paragraph (22) of the Ordinance on Financial Statements, etc. ;
 - (xix) **Treasury Shares:** a combined total of the shares of a Company Submitting Consolidated Financial Statements held by the Company Submitting Consolidated Financial Statements itself, and shares of the Company Submitting Consolidated Financial Statements held by any Consolidated Subsidiary Company, Non-consolidated Subsidiary Company to which the Equity Method is applied, and Affiliated Company that represent equity of

- said Company Submitting Consolidated Financial Statements;
- (xx) Company's Own Shares: shares of Consolidated Companies;
 - (xxi) Options on the Company's Own Shares: Call Options (meaning rights for acquiring the Company's Own Shares which are the underlying assets, by paying a certain amount of money) for which underlying assets are the Company's Own Shares;
 - (xxii) Stock Options: Options on the Company's Own Shares (meaning the Options on the Company's Own Shares defined in the preceding item) which Consolidated Companies grant to their Workers, etc. (meaning employees hired by said Consolidated Companies and Officers (meaning the officers defined in Article 21, paragraph (1), item (i) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 27 of the Act); the same shall apply hereinafter) of said Consolidated Companies; hereinafter the same shall apply in this item) as Remuneration (meaning what said Consolidated Companies pay or deliver to their Workers, etc. in consideration for labor, execution of business or the like);
 - (xxiii) Business Combination: the business combination defined in Article 8, paragraph (27) of the Ordinance on Financial Statements, etc. ;
 - (xxiv) Acquiring Enterprise: the enterprise defined in Article 8, paragraph (28) of the Ordinance on Financial Statements, etc. ;
 - (xxv) Acquired Enterprise: the enterprise defined in Article 8, paragraph (29) of the Ordinance on Financial Statements, etc. ;
 - (xxvi) Combiner: the enterprise defined in Article 8, paragraph (31) of the Ordinance on Financial Statements, etc. ;
 - (xxvii) Combinee: the enterprise defined in Article 8, paragraph (32) of the Ordinance on Financial Statements, etc. ;
 - (xxviii) Combined Enterprise: the enterprise defined in Article 8, paragraph (33) of the Ordinance on Financial Statements, etc. ;
 - (xxix) Constituent Enterprises: the enterprises defined in Article 8, paragraph (34) of the Ordinance on Financial Statements, etc. ;
 - (xxx) Common Control Transaction, etc. : the common control transaction, etc. defined in Article 8, paragraph (37) of the Ordinance on Financial Statements, etc. ;
 - (xxxi) Business Divestiture: the business divestiture defined in Article 8, paragraph (38) of the Ordinance on Financial Statements, etc. ;
 - (xxxii) Divesting Enterprise: the enterprise defined in Article 8, paragraph (39) of the Ordinance on Financial Statements, etc. ;
 - (xxxiii) Successor Enterprise: the enterprise defined in Article 8, paragraph (40) of the Ordinance on Financial Statements, etc. ;
 - (xxxiv) Financial Instruments: the financial instruments defined in Article 8, paragraph (41) of the Ordinance on Financial Statements, etc. ; and

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

(Consolidated Closing Date and Consolidated Fiscal Year)

Article 3 (1) A Company Submitting Consolidated Financial Statements shall specify the last day of its business year as its consolidated closing date, and prepare Consolidated Financial Statements based on said date.

(2) In the case set forth in the preceding paragraph, the period for which Consolidated Financial Statements are prepared (hereinafter referred to as the "Consolidated Fiscal Year") shall be the period from the day following the consolidated closing date preceding the relevant consolidated closing date to the relevant consolidated closing date.

(3) In the case where the consolidated closing date has been changed, a statement to that effect, the reason for the change, and the period of the Consolidated Fiscal Year as changed shall be stated in the notes in the Consolidated Financial Statements.

(General Principles for Preparation of Consolidated Financial Statements)

Article 4 (1) The terminology, forms, and preparation methods of Consolidated Financial Statements to be submitted pursuant to the provisions of the Act shall comply with the following standards:

(i) the Consolidated Financial Statements shall present true information concerning the financial position, operating results and conditions of Cash Flow of the Business Group (meaning a Company Submitting Consolidated Financial Statements and its Subsidiary Companies; the same shall apply hereinafter);

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

(iii) the Consolidated Financial Statements shall clearly present the accounting information necessary for preventing persons interested in the Company Submitting Consolidated Financial Statements from making an erroneous determination on the financial position, operating results and Cash Flow conditions of the Business Group; and

(iv) the accounting principles and procedures adopted by the Company Submitting Consolidated Financial Statements for preparing the Consolidated Financial Statements shall be applied continuously throughout each Consolidated Fiscal Year, except in cases of making a change based on justifiable grounds.

(2) For those matters to be stated in Consolidated Financial Statements that

have the same contents, the same presentation method shall be adopted throughout each Consolidated Fiscal Year for preparing Consolidated Financial Statements, except in cases of making a change based on justifiable grounds.

(Scope of Consolidation)

Article 5 (1) A Company Submitting Consolidated Financial Statements shall include all of its Subsidiary Companies in the scope of consolidation; provided, however, that it shall not include a Subsidiary Company that falls under either of the following categories in the scope of consolidation:

- (i) a Subsidiary Company where the Company Submitting Consolidated Financial Statements is found to only have temporary control over said Subsidiary Company's body which makes decisions on financial and operational or business policies (meaning a shareholders meeting or any body equivalent thereto); and
- (ii) a Subsidiary Company where inclusion of said Subsidiary Company in the scope of consolidation is found likely to lead persons interested in the Company Submitting Consolidated Financial Statements to making a substantially erroneous determination.

(2) Where any Subsidiary Company which should be included in the scope of consolidation pursuant to the provision of the preceding paragraph lacks significance in terms of its assets, net sales (including revenues from service operations; the same shall apply hereinafter), profit or loss, retained earnings and Cash Flows and any other items, to the extent that its exclusion from the scope of consolidation would not hinder reasonable determination on the financial position, operating results and Cash Flow conditions of the Business Group, said Subsidiary Company may be excluded from the scope of consolidation.

(3) In cases where there is any significant matter concerning the financial position, operating results or Cash Flow conditions of a Company, etc. set forth as follows, which is found to exert influence on determination on the financial position, operating results and Cash Flow conditions of the Business Group, the details thereof shall be stated in the notes in the Consolidated Financial Statements:

- (i) a Subsidiary Company that is excluded from the scope of consolidation pursuant to the provision of the proviso to paragraph (1); or
- (ii) among Companies, etc. whose majority of voting rights are held by the Company Submitting Consolidated Financial Statements on its own account, a Company, etc. that has received an order of commencement of rehabilitation proceedings under the provisions of the Civil Rehabilitation Act (Act No. 225 of 1999), a stock company that has received an order of commencement of corporate reorganization proceedings under the provisions

of the Corporate Reorganization Act (Act No. 154 of 2002), a Company, etc. that has received an order of commencement of bankruptcy proceedings under the provisions of the Bankruptcy Act (Act No. 75 of 2004), or any other Company, etc. equivalent thereto, which at the same time is not categorized as a Subsidiary Company due to being found to have no effective parent-subsidiary relationship with the Company Submitting Consolidated Financial Statements.

(Consolidated Balance Sheet)

Article 6 A consolidated balance sheet shall be prepared based on the amounts of assets, liabilities, and net assets reported on the balance sheets of Consolidated Companies for the period corresponding to the Consolidated Fiscal Year of the Company Submitting Consolidated Financial Statements (with regard to any relevant Consolidated Subsidiary Company which settles its accounts pursuant to the provision of Article 12, paragraph (1), the balance sheet pertaining to said settlement of accounts).

(Consolidated Profit and Loss Statement)

Article 7 A consolidated balance sheet shall be prepared based on the amounts of revenues, expenses, etc. reported on the profits and loss statements of Consolidated Companies for the period corresponding to the Consolidated Fiscal Year of the Company Submitting Consolidated Financial Statements (with regard to any relevant Consolidated Subsidiary Company which settles its accounts pursuant to the provision of Article 12, paragraph (1), the profit and loss statement pertaining to said settlement of accounts).

(Consolidated Statement of Changes in Net Assets)

Article 8 A consolidated statement of changes in net assets shall be prepared based on the amounts of increases or decreases in net assets of Consolidated Companies for the period corresponding to the Consolidated Fiscal Year of the Company Submitting Consolidated Financial Statements.

(Consolidated Cash Flow Statement)

Article 8-2 A consolidated cash flow statement shall be prepared based on the amounts reported on the cash flow statements of Consolidated Companies for the period corresponding to the Consolidated Fiscal Year of the Company Submitting Consolidated Financial Statements (with regard to any relevant Consolidated Subsidiary Company which settles its accounts pursuant to the provision of Article 12, paragraph (1), the cash flow statement pertaining to said settlement of accounts).

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

Article 9 When preparing Consolidated Financial Statements, assets and liabilities of Consolidated Subsidiary Companies shall be valued, investments by the Company Submitting Consolidated Financial Statements in Consolidated Subsidiary Companies shall be offset against the corresponding equity of said Consolidated Subsidiary Companies, and any other necessary elimination of items between the Consolidated Companies shall be made.

(Application of the Equity Method)

Article 10 (1) Investments in any Non-consolidated Subsidiary Company or Affiliated Company shall be reported on a consolidated balance sheet by indicating values calculated by the Equity Method; provided, however, that the Equity Method shall not be applied to investments in a company that fall under either of the following categories:

(i) an Affiliated Company where the Company Submitting Consolidated Financial Statements is found to only exert a temporary influence on said Affiliated Company's decisions on financial and operational or business policies; or

(ii) a Non-consolidated Subsidiary Company or Affiliated Company where application of the Equity Method to said company is found likely to lead persons interested in the Company Submitting Consolidated Financial Statements to making a substantially erroneous determination.

(2) Where any Non-consolidated Subsidiary Company or Affiliated Company to which the Equity Method should be applied pursuant to the provision of the preceding paragraph does not, in terms of its profit or loss, retained earnings and any other items, exert a significant influence on Consolidated Financial Statements even if said company is excluded from the target of application of the Equity Method, said company may be excluded from the target of application of the Equity Method.

(Application of Tax Effect Accounting)

Article 11 With regard to Consolidated Companies' corporation tax and any other taxes that are imposed on amounts related to profits as the tax base (hereinafter referred to as "Corporation Tax, etc."), Consolidated Financial Statements shall be prepared by applying Tax Effect Accounting (meaning an accounting method which, in cases where there are differences between the amounts of assets and liabilities reported on the consolidated balance sheet and the amounts of assets and liabilities derived as a result of calculating the taxable income, reasonably matches the amount of net profit for the period before deducing the Corporation Tax, etc. with the applicable amount of

Corporation Tax, etc. through appropriate interperiod allocation of the amount of Corporation Tax, etc. pertaining to such differences; the same shall apply hereinafter).

(Subsidiary Company with a Different Accounting Period)

Article 12 (1) Any Consolidated Subsidiary Company the last day of whose business year differs from the consolidated closing date shall, on the consolidated closing date, carry out the necessary settlement of accounts for preparing financial statements that serve as the basis for preparation of Consolidated Financial Statements; provided, however, that this shall not apply when the difference between the last day of the business year of said Consolidated Subsidiary Company and the consolidated closing date is not more than three months, and Consolidated Financial Statements are prepared based on financial statements for said fiscal year.

(2) In cases of preparing Consolidated Financial Statements pursuant to the provision of the proviso to the preceding paragraph, adjustment shall be made with regard to any significant inconsistency in accounting records pertaining to transactions between Consolidated Companies that result from the fact that the last day of the business year of the Consolidated Subsidiary Company differs from the consolidated closing date.

(Statement on the Scope of Consolidation, etc.)

Article 13 (1) Matters on the scope of consolidation and other significant matters that serve as the basis for preparing Consolidated Financial Statements shall be stated immediately after the consolidated cash flow statement, by classifying them into the following matters:

(i) matters on the scope of consolidation;

(ii) matters on application of the Equity Method;

(iii) matters on the business year, etc. of Consolidated Subsidiary Companies;
and

(iv) matters on accounting standards.

(2) With regard to the matters on the scope of consolidation set forth in item (i) of the preceding paragraph, the following matters shall be stated; provided, however, that, with regard to the matters set forth in item (i), if said matters are stated in the Securities Registration Statement and the Annual Securities Report, in a place other than Consolidated Financial Statements, the statement of said matters may be omitted by making a statement to that effect:

(i) the number of Consolidated Subsidiary Companies and the names of major Consolidated Subsidiary Companies;

(ii) in cases where there are any Non-consolidated Subsidiary Companies, the names of major Non-consolidated Subsidiary Companies and the reason for

- excluding them from the scope of consolidation;
- (iii) in cases where, in spite of the Company Submitting Consolidated Financial Statements holding a majority of the voting rights of another Company, etc. on its own account, said other Company, etc. is not regarded as a Subsidiary Company, the name of said other Company, etc. and the reason for not regarding it as a Subsidiary Company; and
- (iv) in cases where there is any Special Purpose Company Subject to Disclosure (meaning the special purpose company subject to disclosure defined in Article 8-9, item (ii) of the Ordinance on Financial Statements, etc.; hereinafter the same shall apply in this item), the outline of the Special Purpose Company Subject to Disclosure, the outline and transaction amounts of transactions with the Special Purpose Company Subject to Disclosure, and any other significant matters.
- (3) With regard to the matters on application of the Equity Method set forth in paragraph (1) (ii), the following matters shall be stated:
- (i) the number of Non-consolidated Subsidiary Companies or Affiliated Companies to which the Equity Method is applied and the names of major Companies among them;
- (ii) in cases where there are any Non-consolidated Subsidiary Companies or Affiliated Companies to which the Equity Method is not applied, the names of major Companies among them;
- (iii) in cases where there are any Non-consolidated Subsidiary Companies or Affiliated Companies to which the Equity Method is not applied, the reason for not applying the Equity Method;
- (iv) in cases where, in spite of the Company Submitting Consolidated Financial Statements holding not less than 20 percent but not more than 50 percent of the voting rights of another Company, etc. on its own account, said other Company, etc. is not regarded as an Affiliated Company, the name of said other Company, etc. and the reason for not regarding it as an Affiliated Company; and
- (v) in cases where there are any matters that are found particularly necessary to be stated with regard to the procedure for application of the Equity Method, the details thereof.
- (4) With regard to the matters on the business year, etc. of Consolidated Subsidiary Companies set forth in paragraph (1), item (iii), if there is any Consolidated Subsidiary Company the last day of whose business year differs from the consolidated closing date, the details thereof and whether or not said Consolidated Subsidiary Company has carried out settlement of accounts for preparing financial statements that serve as the basis for preparation of Consolidated Financial Statements shall be stated.
- (5) With regard to the matters on accounting standards set forth in paragraph (1),

item (iv), the following matters shall be stated:

- (i) the valuation standards and the valuation method for significant assets;
- (ii) the depreciation/amortization method for significant depreciable/amortizable assets;
- (iii) the standards for recognition of significant allowances;
- (iv) the standards for recognition of significant revenues and expenses;
- (v) the standards for translating significant assets or liabilities that are in a foreign currency into Japanese currency, adopted for preparing financial statements of Consolidated Companies that served as the basis for preparation of Consolidated Financial Statements;
- (vi) any significant method of Hedge Accounting (meaning the hedge accounting defined in Article 8-2, item (viii) of the Ordinance on Financial Statements, etc.; the same shall apply in Article 15-7, paragraphs (1) and (3));
- (vii) the amortization method and amortization period of goodwill;
- (viii) the scope of Funds reported on the consolidated cash flow statement; and
- (ix) other significant matters for preparing Consolidated Financial Statements.

(Statement on Changes in Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements)

Article 14 In cases where any significant matters that serve as the basis for preparation of Consolidated Financial Statements have been changed, the following matters shall be stated immediately after the statements under the preceding Article:

- (i) in cases where the scope of consolidation or the scope of application of the Equity Method has been changed, a statement to that effect, and the reason for the change;
- (ii) in cases where any accounting principles or procedures have been changed, a statement to that effect, the reason for the change, and details of the influence of said change on the Consolidated Financial Statements;
- (iii) in cases where any presentation methods have been changed, the details of such change; and
- (iv) in cases where the scope of Funds in the consolidated cash flow statement has been changed, a statement to that effect, the reason for the change, and details of the influence of said change on the consolidated cash flow statement.

(Notes on Significant Post-Balance Sheet Events)

Article 14-2 If any events that exert a significant influence on the financial position, operating results and Cash Flow conditions of Consolidated Companies, as well as Non-consolidated Subsidiary Companies and Affiliated

Companies to which the Equity Method is applied, in and/or after the following Consolidated Fiscal Year occur after the consolidated closing date (such events shall hereinafter be referred to as "Significant Post-Balance Sheet Events"), said events shall be stated in the notes; provided, however, that, with regard to any Subsidiary Company or Affiliated Company the last day of whose business year differs from the consolidated closing date, such events that occur after the balance sheet date of said Subsidiary Company or Affiliated Company shall be stated in the notes.

(Notes on Additional Information)

Article 15 In addition to the notes particularly specified under this Ordinance, if there are any matters that are found to be necessary for persons interested in the Company Submitting Consolidated Financial Statements to make adequate judgments on the financial position, operating results and Cash Flow conditions of the Business Group, said matters shall be stated in the notes.

(Notes on Segment Information, etc.)

Article 15-2 (1) With regard to information on a certain unit of an Enterprise (hereinafter referred to as a "Reporting Segment") (such information will hereinafter be referred to as "Segment Information"), the following matters shall be set down in the notes in accordance with Form No. 1:

- (i) the outline of any Reporting Segment;
- (ii) the amounts of the net sales, profit or loss, assets, liabilities and other items for each Reporting Segment and the methods of calculation of those amounts; and
- (iii) the differences between the total amounts of the amounts of the respective items set forth in the preceding item and the amounts reported on the consolidated balance sheet or the amounts reported on the consolidated profit and loss statement for the respective accounting titles equivalent to said items and the main contents of said differences.

(2) With regard to information related to a Reporting Segment (referred to as "Related Information" in Form No. 2), the following matters shall be set down in the notes in accordance with that form:

- (i) information for each product and service;
- (ii) information for each region; and
- (iii) information for each major customer.

(3) In cases where the following items are reported in the consolidated balance sheet or the consolidated profit and loss statement, the outline for each Reporting Segment shall be set down in the notes in accordance with Form No. 3:

- (i) the impairment loss on fixed assets;

- (ii) the amortization amount of goodwill and the unamortized balance; or
 - (iii) the gain from negative goodwill.
- (4) Notwithstanding the provisions of the preceding three paragraphs, notes may be omitted for matters having little significance.

(Notes on Lease Transactions)

Article 15-3 The provisions of Article 8-6 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to lease transactions. In this case, the term "Company Submitting Financial Statements" in paragraphs (1) and (3) of that Article shall be deemed to be replaced with "Consolidated Companies," the term "as of the end of the current business year" in sub-item (a) of item (i) paragraph (1) and item (ii) and paragraph (2) of that Article shall be deemed to be replaced with "as of the end of the current Consolidated Fiscal Year," the term "balance sheet date" in sub-item (b) of item (ii) of paragraph (1) of that Article shall be deemed to be replaced with "consolidated closing date," and the term "balance sheet" in paragraph (3) of that Article shall be deemed to be replaced with "consolidated balance sheet."

(Scope of Related Parties)

Article 15-4 As used in this Ordinance, the term "Related Party" means any of the following persons:

- (i) the Parent Company of a Company Submitting Consolidated Financial Statements;
- (ii) a Non-consolidated Subsidiary Company of a Company Submitting Consolidated Financial Statements;
- (iii) a Company, etc. having the same Parent Company as a Company Submitting Consolidated Financial Statements;
- (iv) Any Other Associated Company (meaning, in cases where the Company Submitting Consolidated Financial Statements is an Affiliated Company of another Company, etc., said other Company, etc.; hereinafter the same shall apply in this item) of a Company Submitting Consolidated Financial Statements, and the Parent Company or a Subsidiary Company of Any Other Associated Company;
- (v) an Affiliated Company of a Company Submitting Consolidated Financial Statements, and a Subsidiary Company of said Affiliated Company;
- (vi) a Major Shareholder (meaning a major shareholder as defined in Article 163, paragraph (1) of the Act) of a Company Submitting Consolidated Financial Statements and a Close Relative (meaning a relative within the second degree of kinship; the same shall apply in the following item to item (ix) thereof);
- (vii) an Officer of a Company Submitting Consolidated Financial Statements

- and a Close Relative thereof;
- (viii) an Officer of the Parent Company of a Company Submitting Consolidated Financial Statements and a Close Relative thereof;
- (ix) an Officer of a significant Subsidiary Company of a Company Submitting Consolidated Financial Statements and a Close Relative thereof;
- (x) a Company, etc. , whose majority of voting rights are held by any of the persons set forth in the preceding four items, on his/her own account, and a Subsidiary Company of said Company, etc. ; or
- (xi) a corporate pension for the workers of a Company Submitting Financial Statements (limited to cases where such corporate pension carries out significant transactions (excluding contribution of premiums) with the Company Submitting Consolidated Financial Statements or a Consolidated Subsidiary Company).

(Notes on Transactions with Related Parties)

Article 15-4-2 (1) In cases where a Company Submitting Consolidated Financial Statements carries out transactions with any Related Party (such transactions include any transactions which said Related Party carries out with the Company Submitting Consolidated Financial Statements for the benefit of a third party and any transactions carried out between the Company Submitting Consolidated Financial Statements and a third party where said Related Party exerts a significant influence on the Company Submitting Consolidated Financial Statements with regard to said transactions), the following matters shall be stated in the notes for each Related Party, in principle, with regard to any of such transactions that are significant:

- (i) in cases where said Related Party is a Company, etc. , its name, location, and stated capital or capital contribution, description of its business, and the share of voting rights in said Related Party held by the Company Submitting Consolidated Financial Statements, or the share of voting rights in the Company Submitting Consolidated Financial Statements held by said Related Party;
- (ii) in cases where said Related Party is an individual, his/her name and occupation, and the share of voting rights in the Company Submitting Consolidated Financial Statements held by said Related Party;
- (iii) the relationship between the Company Submitting Consolidated Financial Statements and said Related Party;
- (iv) the details of the transactions;
- (v) the transaction amount by type of transactions;
- (vi) conditions of transactions and the policy for deciding the conditions of transactions;
- (vii) the ending balances of the respective major account titles pertaining to

- claims and obligations arising from transactions;
- (viii) in cases where there have been any changes in the conditions of transactions, a statement to that effect, the details of the change, and the details of the influence of said change on the Consolidated Financial Statements;
 - (ix) in cases where claims against the Related Party are categorized as Claims with a Possibility of Default (meaning claims with a possibility of default defined in Article 8-10, paragraph (1), item (ix) of the Ordinance on Financial Statements, etc.) or Claims in Bankruptcy, Reorganization, etc. (meaning claims in bankruptcy, rehabilitation, etc. defined in said item; the same shall apply in Article 23, paragraph (1), item (iii)), the following matters:
 - (a) the balance of allowance for doubtful accounts as of the end of the current Consolidated Fiscal Year;
 - (b) the provision of allowance for doubtful accounts, etc. reported for the current Consolidated Fiscal Year; and
 - (c) the bad debt losses, etc. (including any bad debt losses incurred in cases where the claims were categorized as General Claims (meaning general claims defined in Article 8-10, paragraph (1), item (ix), sub-item (c) of the Ordinance on Financial Statements, etc.)) reported for the current Consolidated Fiscal Year; and
 - (x) in cases where any allowances other than the allowance for doubtful accounts are established with regard to transactions with the Related Party, matters equivalent to those set forth in the preceding items regarding any such allowances that are found appropriate to be stated in the notes.
- (2) Notwithstanding the provision of the preceding paragraph, the matters set forth in items (ix) and (x) of that paragraph may be stated as a combined amount for each type of Related Party set forth in the items of Article 15-4.
- (3) The provisions of the preceding two paragraphs shall apply mutatis mutandis to cases where there are transactions between a Consolidated Subsidiary Company and a Related Party.
- (4) With regard to any transactions with a Related Party which have been offset when preparing Consolidated Financial Statements, the notes shall not be required.
- (5) With regard to any transactions with a Related Party, which are specified in the following items, the notes prescribed in paragraph (1) shall not be required:
- (i) transactions by general competitive bidding, receiving of interest on deposits and dividends, and other transactions of which conditions are apparently similar to those of general transactions in light of the nature of the transactions; and
 - (ii) payment of Remunerations, bonuses and retirement bonuses to Officers.
- (6) The matters set forth in paragraph (1) (including the cases where it is applied

mutatis mutandis pursuant to paragraph (3)) shall be stated in the notes according to Form No. 1 of the Ordinance on Financial Statements, etc.

(Notes on the Parent Company or any Significant Affiliated Company)

Article 15-4-3 (1) In cases where companies set forth in the following items exist for a Company Submitting Consolidated Financial Statements, the matters respectively specified in those items shall be stated in the notes:

(i) Parent Company: the name of the Parent Company and, in cases where securities issued by the Parent Company are listed on a Financial Instruments Exchange (meaning a financial instruments exchange defined in Article 2, paragraph (16) of the Act, including one established outside Japan which is of the same nature; hereinafter the same shall apply in this item), a statement to that effect and the name of said Financial Instruments Exchange, and in cases where securities issued by the Parent Company are not listed on a Financial Instruments Exchange, a statement to that effect; and

(ii) significant Affiliated Company: the name of any such Affiliated Company and the amounts for the following items on the balance sheet and the profit and loss statement of any such Affiliated Company on which the amount of investment return or investment loss under the Equity Method has been calculated:

(a) Balance Sheet Items (meaning total current assets, total fixed assets, total current liabilities, total fixed liabilities, total net assets, and any other significant items); and

(b) Profit and Loss Statement Items (meaning net sales, the amount of net profit for the period before taxes or the amount of net loss for the period before taxes, the amount of net profit for the period or the amount of net loss for the period, and any other significant items).

(2) The amounts for items set forth in sub-items (a) and (b) of item (ii) of the preceding paragraph may, notwithstanding the provision of said paragraph, be stated by either of the following methods; in this case, a statement to that effect shall be made:

(i) the method of stating the combined amounts for the significant Affiliated Companies; or

(ii) the method of stating the combined amounts for Affiliated Companies on which the amount of investment return or investment loss under the Equity Method has been calculated.

(Notes on Tax Effect Accounting)

Article 15-5 (1) When Tax Effect Accounting is applied pursuant to the provision of Article 11, the matters set forth in the following items shall be stated in the

notes:

- (i) breakdown of major causes for the occurrence of Deferred Tax Assets (meaning the amount reported as assets as a result of applying Tax Effect Accounting; the same shall apply hereinafter) and Deferred Tax Liabilities (meaning the amount reported as liabilities as a result of applying Tax Effect Accounting; the same shall apply hereinafter);
 - (ii) if there is a difference between the tax rate used for calculating the Corporation Tax, etc. of the Company Submitting Consolidated Financial Statements for the relevant Consolidated Fiscal Year (hereinafter referred to as the "Normal Effective Statutory Tax Rate" in this Article) and the ratio of the Corporation Tax, etc. (including the deferred Corporation Tax, etc. reported as a result of applying Tax Effect Accounting) to the net profit for the period before deducting the Corporation Tax, etc. (hereinafter referred to as the "Burden Ratio of Corporation Tax, etc. after Application of Tax Effect Accounting" in this Article), the breakdown of the cause for said difference, by major item;
 - (iii) if the amount of Deferred Tax Assets and the amount of Deferred Tax Liabilities have been revised as a result of a change in the tax rate of any Corporation Tax, etc. , a statement to that effect and the amounts as revised; and
 - (iv) in cases where there was a change in the tax rate of any Corporation Tax, etc. after the consolidated closing date, the details of such change and the influence thereof.
- (2) In cases where any amount has been deducted from the Deferred Tax Assets when calculating the Deferred Tax Assets, said amount shall be stated in the notes in addition to the matters set forth in item (i) of the preceding paragraph.
- (3) With regard to the matters set forth in paragraph (1), item (ii), the notes may be omitted if the difference between the Normal Effective Statutory Tax Rate and the Burden Ratio of Corporation Tax, etc. after Application of Tax Effect Accounting is not more than five percent of the Normal Effective Statutory Tax Rate.

(Notes on Financial Instruments)

Article 15-5-2 (1) With regard to Financial Instruments, the following matters shall be stated in the notes; provided, however, that notes may be omitted for matters having little significance:

- (i) the following matters concerning the conditions of Financial Instruments:
 - (a) the policy on dealing in Financial Instruments;
 - (b) contents of Financial Instruments and the risks involved in said Financial Instruments; and
 - (c) the risk management system for Financial Instruments;

- (ii) the following matters concerning the market prices of Financial Instruments:
- (a) the amounts reported on the consolidated balance sheet for the respective account titles of the consolidated balance sheet as of the consolidated closing date;
 - (b) the market prices for the respective account titles of the consolidated balance sheet as of the consolidated closing date;
 - (c) the differences between the amounts reported on the consolidated balance sheet for the respective account titles of the consolidated balance sheet as of the consolidated closing date and the market prices for the respective account titles of the consolidated balance sheet as of the consolidated closing date;
 - (d) the calculation methods for the market prices for the respective account titles of the consolidated balance sheet; and
 - (e) explanations on the matters set forth in sub-items (b) to (d) inclusive.
- (2) Notwithstanding the provision of the main clause of the preceding paragraph, the matters set forth in item (ii), sub-items (b) to (e) inclusive of that paragraph are not require to be stated in the notes, if it is difficult to identify the market prices. In this case, a statement to that effect and the reason therefor shall be set down in the notes.
- (3) With regard to a Consolidated Company for which Financial Assets (meaning the financial assets defined in Article 8, paragraph (41) of the Ordinance on Financial Statements, etc.; hereinafter the same shall apply in this paragraph) and Financial Liabilities (meaning the financial liabilities defined in Article 8, paragraph (41) of the Ordinance on Financial Statements, etc.; hereinafter the same shall apply in this paragraph) respectively constitute most of the total amount of assets and the total amount of liabilities, and at the same time said Financial Assets and Financial Liabilities are important in light of the business purpose of the company, if there is significance in the rates of fluctuations in the values of said Financial Assets and Financial Liabilities against fluctuations in the figures of money rates, values of currencies, quotations on Financial Instruments Markets (meaning the financial instruments markets defined in Article 2, paragraph (14) of the Act; hereinafter the same shall apply in this paragraph and paragraph (3) of the following Article) and any other indicators, which serve as the causes of major Market Risks (meaning risks of losses incurred by fluctuations in said indicators; hereinafter the same shall apply in this paragraph and the following paragraph) associated with said Financial Assets and Financial Liabilities, the matters specified in the following items for the respective categories of Financial Instruments set forth in those items shall be stated in the notes:

- (i) Financial Instruments for which quantitative analyses on Market Risks are used in their risk management: the quantitative information based on said analyses and information related thereto; or
 - (ii) Financial Instruments for which quantitative analyses on Market Risks are not used in their risk management: the matters set forth in sub-items (a) and (b) below:
 - (a) the fact that quantitative analyses on Market Risks are not used in their risk management; and
 - (b) increases and decreases in market prices that have been calculated by assuming a reasonable extent of fluctuations in the figures of money rates, values of currencies, quotations on Financial Instruments Markets and any other indicators, which serve as the causes of Market Risks, and information related thereto.
- (4) In cases where the matters set forth in sub-item of item (ii) of the preceding paragraph do not appropriately reflect the actual conditions of Market Risks associated with the Consolidated Company, a statement to that effect and the reason therefor shall be set down in the notes.
- (5) With regard to monetary claims (excluding those held for the purpose of gaining profits from fluctuations in market price) and securities (excluding Trading Securities) that have maturities, the total amount of such claims or securities to be redeemed within a certain period shall be stated in the notes.
- (6) With regard to company bonds, long-term borrowings, lease obligations and any other debts which require payment of interests, the total amount of such debts to be repaid within a certain period shall be stated in the notes; provided, however, that in cases where said amount is stated in a schedule of company bonds or a schedule of borrowings, etc. prescribed in Article 92, paragraph (1), a statement to that effect may be set down in the notes in lieu of stating said amount.

(Notes on Securities)

Article 15-6 (1) In addition to the matters specified in the preceding Article, with regard to securities, the matters specified in the following items for the respective categories of securities set forth in those items shall be stated in the notes; provided, however, that notes may be omitted for matters having little significance:

- (i) Trading Securities: the valuation difference included in the profit or loss for the current Consolidated Fiscal Year;
- (ii) Bonds Held to Maturity: by categorizing such bonds into those of which the market price as of the consolidated closing date exceeds the amount reported on the consolidated balance sheet as of the consolidated closing date and those of which such market price does not exceed such amount reported on

- the consolidated balance sheet, the following matters for each of such categories:
- (a) the amount reported on the consolidated balance sheet as of the consolidated closing date;
 - (b) the market price as of the consolidated closing date; and
 - (c) the difference between the amount reported on the consolidated balance sheet as of the consolidated closing date and the market price as of the consolidated closing date;
- (iii) Other Securities: by categorizing each class of Securities (meaning shares, bonds and any other securities; the same shall apply in item (v)) into those of which the amount reported on the consolidated balance sheet as of the consolidated closing date exceeds the acquisition cost and those of which such amount reported on the consolidated balance sheet does not exceed the acquisition cost, the following matters for each of such categories:
- (a) the amount reported on the consolidated balance sheet as of the consolidated closing date;
 - (b) the acquisition cost; and
 - (c) the difference between the amount reported on the consolidated balance sheet as of the consolidated closing date and the acquisition cost;
- (iv) Bonds Held to Maturity that were sold off during the current Consolidated Fiscal Year: the cost of the bonds sold, the sale price, the profit or loss on sale, and the reason for the sale, by class of bonds; and
- (v) Other Securities that were sold off during the current Consolidated Fiscal Year: the sale price, the total amount of profit on sale and the total amount of loss on sale, by class of Securities.
- (2) In cases where the holding purpose for Trading Securities, Bonds Held to Maturity, Subsidiary Company shares, Affiliated Company shares, or Other Securities has been changed during the current Consolidated Fiscal Year, a statement to that effect, the reason for the change (limited to the case of having changed the holding purpose for Bonds Held to Maturity), and details of the influence of said change on the Consolidated Financial Statements shall be stated in the notes; provided, however, that notes may be omitted for matters having little significance.
- (3) In cases where it is difficult to sell off securities at market prices on Financial Instruments Markets for a considerable period of time due to low liquidity or any other reasons, if Trading Securities have been changed into Bonds Held to Maturity or Other Securities, or Other Securities have been changed into Bonds Held to Maturity during the current Consolidated Fiscal Year, notwithstanding the provision of the preceding paragraph, the matters specified in the following items for the respective categories of cases set forth in those items shall be stated in the notes; provided, however, that notes may

be omitted for matters having little significance:

- (i) cases where Trading Securities have been changed into Bonds Held to Maturity: the following matters pertaining to the securities for which the holding purpose has been changed:
 - (a) the outline thereof;
 - (b) the date on which the holding purpose was changed, and the reason therefor;
 - (c) the profit or loss for the current Consolidated Fiscal Year;
 - (d) the market price and the amount reported on the consolidated balance sheet as of the consolidated closing date; and
 - (e) the amount of influence that the change in the holding purpose has on the Consolidated Financial Statements;
 - (ii) cases where Trading Securities have been changed into Other Securities: the following matters pertaining to the securities for which the holding purpose has been changed:
 - (a) the matters set forth in sub-items (a) to (c) inclusive of the preceding item;
 - (b) the amount reported on the consolidated balance sheet as of the consolidated closing date; and
 - (c) the amount of influence that the change in the holding purpose has on the Consolidated Financial Statements; and
 - (iii) cases where Other Securities have been changed into Bonds Held to Maturity: the following matters pertaining to the securities for which the holding purpose has been changed:
 - (a) the matters set forth in item (i), sub-items (a) and (b);
 - (b) the market price and the amount reported on the consolidated balance sheet as of the consolidated closing date; and
 - (c) the amount of Valuation Difference on Other Securities (meaning the valuation difference on Other Securities defined in Article 8-7, paragraph (3), item (iii), sub-item (c) of the Ordinance on Financial Statements, etc.) reported on the consolidated balance sheet as of the consolidated closing date.
- (4) With regard to securities for which the holding purpose has been changed prior to the current Consolidated Fiscal Year, the matters specified in the following items for the respective categories of cases set forth in those items shall be stated in the notes in the current Consolidated Fiscal Year; provided, however, that notes may be omitted for matters having little significance:
- (i) the cases set forth in item (i) of the preceding paragraph: the matters set forth in sub-items (d) and (e) of that item;
 - (ii) the cases set forth in item (ii) of the preceding paragraph: the matters set forth in sub-items (b) and (c) of that item; and

(iii) the cases set forth in item (iii) of the preceding paragraph: the matters set forth in sub-items (b) and (c) of that item.

- (5) In cases of having recognized impairment losses on securities during the current Consolidated Fiscal Year, a statement to that effect and the amount of the impairment losses shall be set down in the notes; provided, however, that notes may be omitted for matters having little significance.

(Notes on Derivative Transactions)

Article 15-7 (1) In addition to the matters specified in Article 15-5-2, with regard to Derivative Transactions, the matters specified in the following items for the respective categories of transactions set forth in those items shall be stated in the notes; provided, however, that notes may be omitted for matters having little significance:

(i) Derivative Transactions to which Hedge Accounting is not applied: the following matters by type of the Subject Matter of Transactions (meaning currencies, money rates, shares, bonds, commodities and any other subject matter of transactions; the same shall apply in the following item):

- (a) the contract amount as of the consolidated closing date or the principal equivalent amount specified in the contract;
- (b) the market price and valuation gain or loss as of the consolidated closing date; and
- (c) the calculation method for the market price; and

(ii) Derivative Transactions to which Hedge Accounting is applied: the following matters by type of Subject Matter of Transactions:

- (a) the contract amount as of the consolidated closing date or the principal equivalent amount specified in the contract;
- (b) the market price as of the consolidated closing date; and
- (c) the calculation method for the market price.

(2) The matters specified in item (i) of the preceding paragraph shall be stated by categorizing them into the type of Transactions (meaning futures transactions, options transactions, forward transactions, swap transactions and any other Derivative Transactions; the same shall apply in the following paragraph), distinction between Market Transactions (meaning the market transactions defined in Article 8, paragraph (10), item (iii) of the Ordinance on Financial Statements, etc.) and transactions other than Market Transactions, distinction between those pertaining to purchase contracts and those pertaining to sale contracts, the period from the consolidated closing date to the settlement date of the transaction or to the time of termination of the contract, and other matters.

(3) The matters specified in paragraph (1), item (ii) shall be stated by categorizing them into the method of Hedge Accounting, the type of

Transactions, the Hedged Items (meaning the hedged items defined in Article 8-2, item (viii) of the Ordinance on Financial Statements, etc.), and other matters.

(Notes on Retirement Benefits)

Article 15-8 The provision of Article 8-13, paragraph (1) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to retirement benefits. In this case, the term "Company Submitting Financial Statements" in item (ii) of that paragraph shall be deemed to be replaced with "Company Submitting Consolidated Financial Statements," the term "balance sheet date" in items (ii) and (iii) of that paragraph shall be deemed to be replaced with "consolidated closing date," and the terms "relevant business year" and "end of the immediately preceding business year" in item (iii) of that paragraph shall be deemed to be replaced with "relevant Consolidated Fiscal Year" and "consolidated closing date preceding the relevant consolidated closing date" respectively.

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

Article 15-9 The provision of Article 8-14, paragraph (1) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to cases where Stock Options or Options on the Company's Own Shares have been granted or the Company's Own Shares have been issued. In this case, the term "business year" in item (i) of that paragraph shall be deemed to be replaced with "Consolidated Fiscal Year."

(Notes on Stock Options)

Article 15-10 The provisions of Article 8-15 (excluding paragraph (9)) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to cases where Stock Options have been granted. In this case, the term "in the current business year" in paragraph (1), item (ii), sub-items (b), (c), (e) and (f), the term "during the current business year" in item (ix) of that paragraph, the term "granted during the current business year" in paragraph (4) of that Article, and the term "during the relevant business year" in paragraph (7) of that Article shall be deemed to be replaced with "in the current Consolidated Fiscal Year," "during the current Consolidated Fiscal Year," "granted during the current Consolidated Fiscal Year," and "during the relevant Consolidated Fiscal Year," respectively, the terms "end of the previous business year" and "end of the current business year" in paragraph (1), item (ii), sub-items (d) and (g) and the term "end of the business year" in paragraph (7) of that Article shall be deemed to be replaced with "end of the previous Consolidated Fiscal Year," "end of the

current Consolidated Fiscal Year," and "end of the Consolidated Fiscal Year" respectively, and the term "conditions during the current business year" in paragraph (4) of that Article shall be deemed to be replaced with "conditions during the current Consolidated Fiscal Year."

(Notes on Transactions for which Consideration Consists of Options on the Company's Own Shares or the Company's Own Shares)

Article 15-11 The provisions of Article 8-16 (excluding paragraph (3)) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to cases where Options on the Company's Own Shares have been granted or the Company's Own Shares have been delivered in consideration for receipt of service or acquisition of goods.

(Notes in Cases Where a Business Combination through Acquisition Was Implemented)

Article 15-12 (1) In cases where a Business Combination through acquisition of another Enterprise or a business segment of another Enterprise has been carried out during the current Consolidated Fiscal Year, the following matters shall be stated in the notes:

- (i) the outline of the Business Combination;
- (ii) the period of performance of the Acquired Enterprise or the acquired business included in the Consolidated Financial Statements;
- (iii) the acquisition cost for the Acquired Enterprise or the acquired business, and the breakdown thereof;
- (iv) in cases where 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) in cases where the acquisition has been carried out 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;
- (vii) the amount of assets accepted and liabilities assumed on the date of the Business Combination, and major breakdown thereof;
- (viii) the details of Contingent Consideration (meaning the consideration for acquisition that is additionally delivered or transferred depending on future events or transaction results that occur after the conclusion of the Business Combination, which is specified in the Business Combination contract) provided for in the Business Combination contract and the accounting policy

- for the current Consolidated Fiscal Year and thereafter;
- (ix) in cases where most of the acquisition cost has been allocated to intangible fixed assets other than goodwill, the amount that has been allocated to intangible fixed assets other than goodwill, the breakdown thereof by major type, and the weighted average amortization period for the entirety thereof and that by major type;
 - (x) in cases where allocation of the acquisition cost has yet to complete, a statement to that effect, the reason therefor, and if the initial allocation amounts of the acquisition cost were significantly revised in or after the Consolidated Fiscal Year following the Consolidated Fiscal Year in which the Business Combination was carried out, the details of such revision and the amounts as revised; and
 - (xi) the estimated amount of influence that would be exerted on the consolidated profit and loss statement for the current Consolidated Fiscal Year if the Business Combination is assumed to have been completed on the day of commencement of the Consolidated Fiscal Year, and the calculation method thereof (excluding the cases where said estimated amount of influence has little significance).
- (2) Notwithstanding the provision of the preceding paragraph, the notes may be omitted in cases where the transaction pertaining to the Business Combination has little significance; provided, however, that in cases where, despite the little significance of the transactions pertaining to individual Business Combinations during the current Consolidated Fiscal Year, the transactions pertaining to multiple Business Combinations during the current Consolidated Fiscal Year have significance as a whole, the matters set forth in item (i) and items (iii) to (x) inclusive of that paragraph shall be stated in the notes for such Business Combinations as a whole.
- (3) The estimated amount of influence set forth in paragraph (1), item (xi) shall be any of the following amounts and, in cases where said notes have yet to receive an audit certification, a statement to that effect shall be made:
- (i) the difference between net sales and the profit and loss information calculated by assuming that the Business Combination has been completed on the day of commencement of the Consolidated Fiscal Year and net sales and the profit and loss information on the consolidated profit and loss statement of the Acquiring Enterprise; or
 - (ii) net sales and the profit and loss information calculated by assuming that the Business Combination has been completed on the day of commencement of the Consolidated Fiscal Year.

Article 15-13 deletion

(Notes on Common Control Transaction, etc.)

Article 15-14 The provisions of Article 8-20 (excluding paragraph (3)) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to a Common Control Transaction, etc. In this case, the term "business year" in that Article shall be deemed to be replaced with "Consolidated Fiscal Year."

(Notes on Formation of Jointly Controlled Enterprises)

Article 15-15 The provisions of Article 8-22 (excluding paragraph (3)) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to a Formation of Jointly Controlled Enterprises (meaning a Formation of a Jointly Controlled Enterprise prescribed in paragraph (1) of that Article; the same shall apply in paragraph (1) of the following Article). In this case, the term "business year" in Article 8-22 of the Ordinance on Financial Statements, etc. shall be deemed to be replaced with "Consolidated Fiscal Year."

(Notes by Divesting Enterprise in Business Divestitures)

Article 15-16 (1) In cases where a significant Business Divestiture has been carried out during the current Consolidated Fiscal Year, and said Business Divestiture is neither categorized as a Common Control Transaction, etc. nor a Formation of a Jointly Controlled Enterprise, the Divesting Enterprise shall state the following matters in the notes, in the Consolidated Fiscal Year in which the Business Divestiture was carried out:

- (i) the outline of the Business Divestiture;
- (ii) the outline of the accounting implemented;
- (iii) the name of the Reporting Segment in which the divested business was included;
- (iv) the estimated amount of profit or loss pertaining to the divested business, which is reported on the consolidated profit and loss statement for the current Consolidated Fiscal Year; 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 Successor Enterprise shares as Subsidiary Company shares or Affiliated Company shares, the outline of such continuing involvement.

(2) The notes may be omitted for the matters set forth in item (v) of the preceding paragraph in cases where said continuing involvement is insignificant.

(3) In cases where, despite the little significance of the transactions pertaining to individual Business Divestitures during the current Consolidated Fiscal Year, the transactions pertaining to multiple Business Divestitures during the current Consolidated Fiscal Year have significance as a whole, the matters set forth in items (i) and (ii) of that paragraph shall, notwithstanding the provision of paragraph (1), be stated in the notes for said transactions pertaining to

Business Divestures as a whole.

(Notes by Successor Enterprise in Business Divestures)

Article 15-17 The provision of Article 8-24, paragraph (1) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to a Business Divesture that is not categorized as a Business Combination.

(Notes on a Business Combination of a Subsidiary Company)

Article 15-18 (1) In cases where a Subsidiary Company is no longer a Subsidiary Company as a result of carrying out a Business Combination, a Company Submitting Consolidated Financial Statements shall state the following matters in the notes, in the Consolidated Fiscal Year in which said Business Combination was carried out:

- (i) the outline of the Business Combination carried out by the Subsidiary Company;
 - (ii) the outline of the accounting implemented;
 - (iii) the name of the Reporting Segment in which said Subsidiary Company was included;
 - (iv) the estimated amount of profit or loss pertaining to said Subsidiary Company, which is reported on the consolidated profit and loss statement for the relevant Consolidated Fiscal Year; and
 - (v) if, for a Business Combination of a Subsidiary Company for which the Parent Company has recognized a gain or loss on exchange of shares, there is any continuing involvement other than holding shares of said Subsidiary Company as Affiliated Company shares, the outline of such continuing involvement.
- (2) The notes may be omitted for the matters set forth in item (v) of the preceding paragraph in cases where said continuing involvement is insignificant.
- (3) Notwithstanding the provision of paragraph (1), the notes may be omitted in cases where the transaction pertaining to the Business Combination has little significance; provided, however, that in cases where, despite the little significance of the transactions pertaining to individual Business Combinations during the current Consolidated Fiscal Year, the transactions pertaining to multiple Business Combinations during the Consolidated Fiscal Year have significance as a whole, the matters set forth in items (i) and (ii) of that paragraph shall be stated in the notes.

(Notes on Significant Post-Balance Sheet Events, etc. related to Business Combinations)

Article 15-19 The provisions of Article 8-25 (excluding paragraph (3)) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to a

Significant Post-Balance Sheet Event related to a Business Combination and a Business Combination wherein an agreement has been reached on major conditions by the consolidated closing date and which has not been completed by that date. In this case, the term "balance sheet date" in that Article shall be deemed to be replaced with "consolidated closing date."

(Notes on Significant Post-Balance Sheet Events, etc. related to Business Divestitures)

Article 15-20 The provision of Article 8-26, paragraph (1) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to a Significant Post-Balance Sheet Event related to a Business Divestiture and a Business Divestiture wherein an agreement has been reached on major conditions by the consolidated closing date and which has not been completed by that date. In this case, the term "balance sheet date" in that paragraph shall be deemed to be replaced with "consolidated closing date."

(Notes on Significant Post-Balance Sheet Events, etc. related to a Business Combination of a Subsidiary Company)

Article 15-21 In cases where a Business Combination of a Subsidiary Company (limited to cases where it is no longer a Subsidiary Company as a result of said Business Combination) is a case set forth in the following items, the matters respectively specified in those items shall be stated in the notes:

- (i) cases where a Business Combination of a Subsidiary Company that has been completed after the consolidated closing date is categorized as a Significant Post-Balance Sheet Event: the matters equivalent to the matters set forth in the items of Article 15-18 (1);
- (ii) cases where a Business Combination of a Subsidiary Company wherein an agreement has been reached on major conditions after the consolidated closing date is categorized as a Significant Post-Balance Sheet Event: the matters equivalent to the matters set forth in items (i) and (iii) of paragraph (1) of Article 15-18; and
- (iii) cases where a Business Combination of a Subsidiary Company wherein an agreement was reached on major conditions before the consolidated closing date has not been completed by that date (excluding the cases set forth in item (i)): the matters equivalent to the matters set forth in items (i) and (iii) of paragraph (1) of Article 15-18.

(Notes on Going Concern Assumption)

Article 15-22 The provision of Article 8-27 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to a Company Submitting Consolidated Financial Statements. In this case, the term "balance sheet date"

in that Article shall be deemed to be replaced with "consolidated closing date" and the term "Financial Statements" in item (iv) of that Article shall be deemed to be replaced with "Consolidated Financial Statements."

(Notes on Asset Retirement Obligations)

Article 15-23 The provision of Article 8-28 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to Asset Retirement Obligations. In this case, the terms "balance sheet" and "the relevant business year" in that Article shall be deemed to be replaced with "consolidated balance sheet" and "the current Consolidated Fiscal Year" respectively.

(Notes on Rental, etc. Real Properties)

Article 15-24 In cases where there is any Rental, etc. Real Property (meaning a real property which is other than a real property classified as an inventory asset and is owned for the purpose of revenues or profits from rental or transfer; hereinafter the same shall apply in this Article), the following matters shall be set down in the notes; provided, however, that in cases where the total amount of Rental, etc. Real Properties has little significance, notes may be omitted:

- (i) the outline of any Rental, etc. Real Property;
- (ii) the amount of any Rental, etc. Real Property reported in the consolidated balance sheet and any major change during the current Consolidated Fiscal Year;
- (iii) the market price of any Rental, etc. Real Property as of the consolidated closing date and the method of calculation of said market price; and
- (iv) the profit or loss concerning any Rental, etc. Real Property.

(Noting Method)

Article 16 (1) The notes to be stated pursuant to the provisions of this Ordinance shall be stated immediately after the statements under the provisions of Articles 13 and 14; provided, however, that this shall not apply in the following cases:

- (i) in cases where matters related to the matters that are stated pursuant to the provisions of Article 13 are stated together with said notes; or
 - (ii) in cases where notes that are found appropriate to be stated as Footnotes (meaning the stating of notes at the end of the table or account statement contained in the Consolidated Financial Statements in which the matters pertaining to said notes are stated) are stated as Footnotes.
- (2) Notwithstanding the provision of the preceding paragraph, the notes under the provision of Article 15-22 shall be stated immediately after the consolidated cash flow statement. In this case, notwithstanding the provision

of Article 13, paragraph (1), the matters stated under the provisions of that Article shall be stated immediately after the notes under the provision of Article 15-22.

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

(Units for Presenting Amounts)

Article 16-2 The amounts for the account titles and any other matters contained in Consolidated Financial Statements shall be presented in units of million yen or thousand yen.

Chapter II Consolidated Balance Sheet

Section 1 General Provisions

(Method for Presenting a Consolidated Balance Sheet)

Article 17 (1) The method for presenting a consolidated balance sheet shall be in accordance with the provisions of this Chapter.

(2) A consolidated balance sheet shall be presented by using Form No. 4.

(Classification into Assets, Liabilities and Net Assets)

Article 18 Assets, liabilities and net assets shall be stated by respectively classifying them into the assets section, liabilities section, and net assets section.

(Classification of Assets and Liabilities by Business)

Article 19 In cases where Consolidated Companies engage in two or more different types of businesses, statements concerning assets and liabilities may be made by categorizing them by type of business.

(Arrangement of Account Titles)

Article 20 The account titles of assets and liabilities shall be arranged by using the method of current arrangement.

Section 2 Assets

(Classification of Assets)

Article 21 Assets shall be stated by classifying them into current assets, fixed assets and deferred assets, and assets categorized as fixed assets shall be further classified into tangible fixed assets, intangible fixed assets,

investments, and any other assets.

(Scopes of the Respective Classes of Assets)

Article 22 The provisions of Articles 15 to 16-3 inclusive, 22, 27, 31 to 31-5 inclusive, and 36 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the scopes of current assets, tangible fixed assets, intangible fixed assets, investments and other assets, and deferred assets. In this case, the term "the Company Submitting Financial Statements" in Article 22, item (viii) and Article 27, item (xii) of the Ordinance on Financial Statements, etc. shall be deemed to be replaced with "a Consolidated Company."

(Classified Presentation of Current Assets)

Article 23 (1) Assets categorized as current assets shall be set down under account titles having names that indicate said assets, in accordance with the following classification of items; provided, however, that assets categorized under any of said items of which the amount is not more than one percent of the total amount of assets and which are found appropriate to be presented collectively with assets categorized under another item, may be set down collectively under an account title having an appropriate name:

- (i) cash and deposits;
- (ii) negotiable instruments receivable and accounts receivable;
- (iii) lease receivables and lease investment assets (limited to those that have arisen based on ordinary transactions, and excluding Claims in Bankruptcy, Reorganization, etc. that are clearly not collectible within one year);
- (iv) securities;
- (v) merchandise and manufactured goods (including semi-finished goods);
- (vi) work in progress;
- (vii) raw materials and supplies;
- (viii) Deferred Tax Assets; and
- (ix) others.

(2) Where assets categorized under any of the items set forth in the items of the preceding paragraph are found appropriate to be presented separately, the provision of that paragraph shall not preclude one from separately setting down said assets under an account title having a name that indicates said assets.

(3) Among the assets categorized under the item set forth in paragraph (1), item (ix), any asset of which the amount exceeds five percent of the total amount of assets shall be set down separately under an account title having a name that indicates said asset.

(4) Notwithstanding the provision of the main clause of paragraph (1), assets

categorized under the items set forth in items (v) to (vii) inclusive of said paragraph may be set down collectively under the account title of inventory assets. In this case, the account titles of the assets categorized under said items and the amounts thereof shall be stated in the notes.

(Presentation of Allowances pertaining to Current Assets)

Article 24 The provisions of Article 20 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to allowances pertaining to assets categorized as current assets.

Article 25 Deleted.

(Classified Presentation of Tangible Fixed Assets)

Article 26 (1) Assets categorized as tangible fixed assets shall be set down under account titles having names that indicate said assets, in accordance with the following classification of items; provided, however, that assets categorized under any of said items of which the amount is not more than one percent of the total amount of assets and which are found appropriate to be presented collectively with assets categorized under another item, may be set down collectively under an account title having an appropriate name:

- (i) buildings (including their attached facilities) and structures;
- (ii) machinery and equipment (including their attached facilities) and delivery equipment (vessels and water delivery equipment, railway vehicles and any other land delivery equipment, and aircrafts);
- (iii) land;
- (iv) leased assets (limited to assets for which a Consolidated Company is the lessee of the Leased Property in finance lease transactions, and where said Leased Property is any of the objects set forth in the preceding three items or in item (vi));
- (v) construction in progress; and
- (vi) others.

(2) The provision of Article 23, paragraph (2) shall apply mutatis mutandis to the cases set forth in the preceding paragraph.

(3) Notwithstanding the provision of paragraph (1), assets categorized as the leased assets set forth in item (iv) of that paragraph may be included in any of the items set forth in the items of that paragraph (excluding items (iv) and (v)).

(4) The provision of Article 23, paragraph (3) shall apply mutatis mutandis to the assets set forth in paragraph (1), item (vi).

(Presentation of the Amounts of Accumulated Depreciation)

Article 27 The provisions of Articles 25 and 26 of the Ordinance on Financial

Statements, etc. shall apply mutatis mutandis to the amounts of accumulated depreciation for buildings, structures, and any other tangible fixed assets.

(Presentation of the Amounts of Accumulated Impairment Loss)

Article 27-2 The provisions of Article 26-2 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the amounts of accumulated impairment loss for tangible fixed assets.

(Classified Presentation of Intangible Fixed Assets)

Article 28 (1) Assets categorized as intangible fixed assets shall be set down under account titles having names that indicate said assets, in accordance with the following classification of items; provided, however, that assets categorized under the item set forth in item (i) or item (ii) of which the amount is not more than one percent of the total amount of assets may be set down collectively with assets categorized under item (iii):

(i) goodwill;

(ii) leased assets (limited to assets for which a Consolidated Company is the lessee of the Leased Property in finance lease transactions, and where said Leased Property is categorized under the following item); and

(iii) others.

(2) The provision of Article 23, paragraph (2) shall apply mutatis mutandis to the cases set forth in the preceding paragraph.

(3) Notwithstanding the provision of paragraph (1), assets categorized as the leased assets set forth in item (ii) of that paragraph may be included in the item set forth in item (iii) of that paragraph.

(4) The provision of Article 23, paragraph (3) shall apply mutatis mutandis to the assets set forth in paragraph (1), item (iii).

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

Article 29 The provision of Article 30 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the amounts of accumulated amortization and the amounts of accumulated impairment loss for intangible fixed assets.

(Classified Presentation of Investments and Other Assets, etc.)

Article 30 (1) Assets categorized as investments and other assets shall be set down under account titles having names that indicate said assets, in accordance with the following classification of items; provided, however, that assets categorized under any of said items of which the amount is not more than one percent of the total amount of assets and which are found appropriate

to be presented collectively with assets categorized under another item, may be set down collectively under an account title having an appropriate name:

- (i) investment securities;
- (ii) long-term loans;
- (iii) Deferred Tax Assets; and
- (iv) others.

- (2) The amounts of shares and company bonds of Non-consolidated Subsidiary Companies and Affiliated Companies, any Other Securities (meaning securities other than shares and company bonds) issued by Non-consolidated Subsidiary Companies and Affiliated Companies, and investments in capital of Non-consolidated Subsidiary Companies and Affiliated Companies shall be stated in the notes, respectively.
- (3) In the statements set forth in the preceding paragraph, the amount of investments in jointly controlled enterprises shall be stated in the notes as a constituent item of shares, etc. of Affiliated Companies.
- (4) The provision of Article 23, paragraph (2) shall apply mutatis mutandis to the cases set forth in paragraph (1).
- (5) The provision of Article 23, paragraph (3) shall apply mutatis mutandis to the assets set forth in paragraph (1), item (iv).

Article 30-2 The provision of Article 32-3 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to Deferred Tax Assets pertaining to revaluation prescribed in Article 7, paragraph (1) of the Act on Revaluation of Land (Act No. 34 of 1998; hereinafter referred to as the "Land Revaluation Act").

(Presentation of Allowances pertaining to Investments and Other Assets)

Article 31 The provisions of Article 20 of the Ordinance on Financial Statements, etc. as applied mutatis mutandis pursuant to Article 34 of that Ordinance shall apply mutatis mutandis to allowances pertaining to assets categorized as investments and other assets.

(Classified Presentation of Deferred Assets)

Article 32 (1) Assets categorized as deferred assets shall be set down under account titles having names that indicate said assets, in accordance with the following classification of items; provided, however, that assets categorized under any of said items of which the amount is not more than one percent of the total amount of assets and which are found appropriate to be presented collectively with assets categorized under another item, may be set down collectively under an account title having an appropriate name:

- (i) deferred organization expenses;

- (ii) business commencement expenses;
 - (iii) stock issuance expenses;
 - (iv) company bond issuance expenses; and
 - (v) development expenses.
- (2) The provision of Article 23, paragraph (2) shall apply mutatis mutandis to the cases set forth in the preceding paragraph.

Article 33 The provision of Article 38 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the amounts of accumulated amortization for deferred assets.

Article 34 Deleted.

(Notes on Revaluation of Land for Business Use)

Article 34-2 The provisions of Article 42-2 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to notes on the revaluation of land for business use under the provisions of the Land Revaluation Act.

(Notes on Collateral Assets)

Article 34-3 The provision of Article 43 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to assets that have been provided as collateral.

Section 3 Liabilities

(Classification of Liabilities)

Article 35 Liabilities shall be stated by classifying them into current liabilities and fixed liabilities.

(Scopes of the Respective Classes of Liabilities)

Article 36 The provisions of Articles 47 to 48-4 inclusive and 51 to 51-5 inclusive of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the scopes of current liabilities and fixed liabilities.

(Classified Presentation of Current Liabilities)

Article 37 (1) Liabilities categorized as current liabilities shall be set down under account titles having names that indicate said liabilities, in accordance with the following classification of items; provided, however, that liabilities categorized under an item other than that set forth in item (vi) of which the amount is not more than one percent of the combined total of liabilities and net assets and which are found appropriate to be presented collectively with

liabilities categorized under another item, may be set down collectively under an account title having an appropriate name:

- (i) negotiable instruments payable and accounts payable;
 - (ii) short-term borrowings (including finance negotiable instruments and overdrafts);
 - (iii) lease obligations;
 - (iv) accrued Corporation Tax, etc. ;
 - (v) Deferred Tax Liabilities;
 - (vi) allowances;
 - (vii) Asset Retirement Obligations; and
 - (viii) others.
- (2) Where liabilities categorized under any of the items set forth in the items of the preceding paragraph are found appropriate to be presented separately, the provision of that paragraph shall not preclude one from separately setting down said liabilities under an account title having a name that indicates said liabilities.
- (3) The accrued Corporation Tax, etc. set forth in paragraph (1), item (iv) means accrued amounts of corporation tax, Inhabitants Tax (meaning prefectural inhabitants tax and municipal inhabitants tax; the same shall apply hereinafter), and enterprise tax.
- (4) The allowances set forth in paragraph (1), item (vi) shall be set down under an account title having a name that indicates the purpose of establishment of said allowance; provided, however, that such allowances of which the amount is small and which are found appropriate to be presented collectively with liabilities categorized under another item may be set down collectively under an account title having an appropriate name.
- (5) Among the liabilities categorized under the item set forth in paragraph (1), item (viii), any liability of which the amount exceeds five percent of the combined total of liabilities and net assets shall be set down under an account title having a name that indicates said liability.

(Classified Presentation of Fixed Liabilities)

Article 38 (1) Liabilities categorized as fixed liabilities shall be set down under account titles having names that indicate said liabilities, in accordance with the following classification of items; provided, however, that liabilities categorized under an item other than that set forth in item (v) of which the amount is not more than one percent of the combined total of liabilities and net assets and which are found appropriate to be presented collectively with liabilities categorized under another item, may be set down collectively under an account title having an appropriate name:

- (i) company bonds;

- (ii) long-term borrowings (including finance negotiable instruments; the same shall apply hereinafter);
 - (iii) lease obligations;
 - (iv) Deferred Tax Liabilities;
 - (v) allowances;
 - (vi) Asset Retirement Obligations; and
 - (vii) others.
- (2) The provision of paragraph (2) of the preceding Article shall apply mutatis mutandis to the cases set forth in the preceding paragraph.
- (3) The provision of paragraph (4) of the preceding Article shall apply mutatis mutandis to the allowances set forth in paragraph (1), item (v).
- (4) The provision of paragraph (5) of the preceding Article shall apply mutatis mutandis to liabilities categorized under the item set forth in paragraph (1), item (vii).

Article 39 The provision of Article 52-2 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to Deferred Tax Liabilities pertaining to revaluation prescribed in Article 7, paragraph (1) of the Act on Revaluation of Land.

(Notes on Contingent Liabilities)

Article 39-2 In cases where there are Contingent Liabilities (meaning guarantee of debts (including acts that have the same effect as guarantee of debts), obligations for compensation pertaining to contentious cases, and other liabilities that have not arisen in reality but may be borne by the business in the future) pertaining to any Consolidated Company, the contents and amounts thereof shall be stated in the notes; provided, however, that notes may be omitted for matters having little significance.

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

Article 39-3 The provisions of Article 58-2 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to negotiable instruments that have been discounted or that have been transferred by endorsement for the purpose repaying debts.

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

Article 40 The provisions of Article 54-4 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to presentation of inventory assets and reserve for loss on construction contracts.

(Notes on Specified Accounts Pertaining to Business Combination)

Article 41 The provision of Article 56 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to specified accounts pertaining to a Business Combination.

Section 4 Net Assets

(Classification of Net Assets)

Article 42 Net assets shall be stated by classifying them into shareholders' equity, valuation and translation adjustments, share options, and Minority Shareholders' Equity.

(Classification and Classified Presentation of Shareholders' Equity)

Article 43 (1) Shareholders' equity shall be classified into stated capital, capital surplus, and retained earnings, and shall be set down under the account titles of stated capital, capital surplus, and retained earnings respectively.

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

(3) Treasury Shares shall be set down as a deduction corresponding to shareholders' equity, under the account title of Treasury Shares immediately after retained earnings.

(4) Notwithstanding the provision of paragraph (1), a deposit for subscriptions as after the application date, pertaining to disposal of Treasury Shares, shall be set down under the account title of a deposit for subscriptions to Treasury Shares, immediately after Treasury Shares.

(Classification and Classified Presentation of Valuation and Translation Adjustments)

Article 43-2 (1) Valuation and translation adjustments shall be set down in accordance with the following classification of items, under account titles having names that indicate said items:

(i) the valuation difference on other securities defined in Article 67, paragraph (1), item (i) of the Ordinance on Financial Statements, etc. ;

(ii) the deferred gain or loss on hedges defined in Article 67, paragraph (1), item (ii) of the Ordinance on Financial Statements, etc. ;

(iii) the land revaluation difference defined in Article 67, paragraph (1), item (iii) of the Ordinance on Financial Statements, etc. ; and

- (iv) Foreign Currency Translation Adjustments (meaning the translation difference that results from the difference between the exchange rate used for translating the assets and liabilities of any Subsidiary Company or Affiliated Company in a foreign state and the exchange rate used for translating the net assets of such company);
- (2) In addition to the items set forth in the preceding paragraph, any item that is found appropriate to be reported as an item of valuation and translation adjustments may be set down under an account title having a name that indicates said item.

(Presentation of Share Options)

Article 43-3 (1) Share options shall be set down under the account title of share options.

- (2) Share options issued by the Company Submitting Consolidated Financial Statements held by the Company Submitting Consolidated Financial Statements itself and share options issued by any Consolidated Subsidiary Company held by said Consolidated Subsidiary Company itself shall be deducted from share options; provided, however, that this shall not preclude one from setting down such share options under the account title of own share options, immediately after share options, as a deduction corresponding to share options.

(Presentation of Minority Shareholders' Equity)

Article 43-4 Minority Shareholders' Equity shall be set down under the account title of Minority Shareholders' Equity.

(Notes on Reserve Funds under Contracts)

Article 44 In cases where the amount of retained earnings prescribed in Article 43 (1) include a reserve for bond sinking fund or any other reserve funds accumulated for a specific purpose under a contract, etc. with a creditor, the contents and amounts thereof shall be stated in the notes.

(Notes on the Per Share Amount of Net Assets)

Article 44-2 The per share amount of net assets shall be stated in the notes.

Section 5 Miscellaneous Provisions

(Presentation of Deferred Tax Assets or Deferred Tax Liabilities)

Article 45 (1) In cases where there are the Deferred Tax Assets set forth in Article 23, paragraph (1), item (viii) and the Deferred Tax Liabilities set forth in Article 37, paragraph (1), item (v), the difference between them, excluding

those pertaining to different taxable entities, shall be presented as Deferred Tax Assets or Deferred Tax Liabilities under current assets or under current liabilities.

- (2) In cases where there are the Deferred Tax Assets set forth in Article 30, paragraph (1), item (iii) and the Deferred Tax Liabilities set forth in Article 38, paragraph (1), item (iv), the difference between them, excluding those pertaining to different taxable entities, shall be presented as Deferred Tax Assets or Deferred Tax Liabilities under investments and other assets or under fixed liabilities.

(Reserves, etc. under Special Laws)

Article 45-2 (1) Reserves or allowances that must be reported under the name of reserves or allowances pursuant to the provisions of laws and regulations and that are inappropriate to be reported in the assets section or the liabilities section (hereinafter referred to as "Reserves, etc.") shall be stated under a separate class that has been added immediately after fixed liabilities, notwithstanding the provisions of Articles 20 and 35.

- (2) Reserves, etc. shall be set down under an account title having a name that indicates the purpose of establishment of said Reserves, etc. , and the provisions of law or regulations that provide for the reporting thereof shall be stated in the notes.

- (3) With regard to Reserves, etc. , the distinction of whether or not they are recognized to be used within one year shall be stated in the notes; provided, however, that this shall not apply when it is difficult to make such distinction.

(Statement of Assets and Liabilities of a Listed Business)

Article 46 In cases where the main business of a Business Group is a business set forth in the appended list of the Ordinance on Financial Statements, etc. (hereinafter referred to as a "Listed Business"), if it is found inappropriate to state its assets and liabilities by the classification under the provisions of Articles 21 and 35, notwithstanding these provisions, said assets and liabilities may be stated by equivalent classification as that specified by a Law, Regulations, or Rules (meaning the law, regulations, or Rules prescribed in Article 2 of the Ordinance on Financial Statements, etc.; the same shall apply hereinafter) applicable to the financial statements of the company(ies) engaged in said Listed Business. In this case, the governing Law, Regulations or Rules shall be stated in the notes.

(Statement of Net Assets of Designated Juridical Persons)

Article 46-2 In cases where a Designated Juridical Person prepares a consolidated balance sheet, if it is found inappropriate to state its net assets

pursuant to this Ordinance, said Designated Juridical Person may state its net assets in an equivalent manner as under the provisions of a Law, Regulations, or Rules applicable to its financial statements. In this case, the governing Law, Regulations, or Rules shall be stated in the notes.

(Statement of Account Titles for Assets and Liabilities of a Listed Business)

- Article 47 (1) In cases where the businesses conducted by any Consolidated Company include a Listed Business, if it is found inappropriate to state the account titles for assets and liabilities of said Listed Business according to the classification of the items prescribed in Article 23, paragraph (1), Article 26, paragraph (1), Article 28, paragraph (1), Article 30, paragraph (1), Article 37, paragraph (1), and Article 38, paragraph (1), notwithstanding these provisions, said account titles may be stated in an equivalent manner as under the provisions of a Law, Regulations, or Rules applicable to the financial statements of the company engaged in said Listed Business.
- (2) In the cases set forth in the preceding paragraph, the standards for setting down the account titles of assets and liabilities collectively or separately shall be equivalent to those provided under this Ordinance.

Chapter III Consolidated Profit and Loss Statement

Section 1 General Provisions

(Method for Presenting a Consolidated Profit and Loss Statement)

- Article 48 (1) The method for presenting a consolidated profit and loss statement shall be in accordance with the provisions of this Chapter.
- (2) A consolidated profit and loss statement shall be presented by using Form No. 5.

(Classification of Revenues and Expenses)

Article 49 Revenues and expenses shall be stated by classifying them into account titles having names that indicate the following items:

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

(Statement of Net Sales, etc. by Business)

Article 50 In cases where Consolidated Companies engage in two or more

different types of businesses, the statements on revenues and expenses set forth in items (i) to (iii) of the preceding Article may be made by classifying them by type of business.

Section 2 Net Sales and Cost of Sales

(Presentation Method for Net Sales)

Article 51 Net sales shall be set down under an account title having a name that indicates net sales.

(Presentation Method for the Valuation Difference of Inventory Assets)

Article 51-2 The valuation difference of inventory assets held for the purpose of gaining profits through fluctuations in market prices shall be stated by including it under the account title having a name that indicates net sales; provided, however, that in cases where said amount has little significance, said amount may be stated by including it in non-operating revenues or non-operating expenses.

(Presentation Method for the Cost of Sales)

Article 52 The cost of sales shall be set down under an account title having a name that indicates the cost of sales.

(Notes on Provision of Reserve for Loss on Construction Contracts)

Article 52-2 The provision of Article 76-2 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to provision of reserve for loss on construction contracts.

(Statement on Write-down of the Book Value of Inventory Assets)

Article 53 (1) In the case of having written-down the book value of inventory assets held for the purpose of ordinary sales due to a decline in profitability, said written-down amount (in cases of returning, in the current Consolidated Fiscal Year, the written-down amount that had been reported at the end of the previous Consolidated Fiscal Year, it shall be the amount obtained by offsetting said returned amount against the written-down amount reported at the end of the current Consolidated Fiscal Year) shall be set down separately under an account title having a name that indicates the contents thereof, as a constituent item of the cost of sales or of any other item; provided, however, that this shall not preclude one from reporting the ending inventory of said inventory assets in the amount as after the write-down of the book value, and setting down a statement to that effect and said written-down amount in the notes.

(2) Notwithstanding the provision of the preceding paragraph, in cases where said written-down amount has little significance, the amount may be omitted from being set down separately or being stated in the notes.

(Presentation of the Gross Profit or Loss on Sales)

Article 54 The amount of difference between net sales and the cost of sales shall be presented as the gross profit on sales or the gross loss on sales.

Section 3 Selling Expenses and General and Administrative Expenses

(Presentation Method for Selling Expenses and General and Administrative Expenses)

Article 55 (1) Selling expenses and general and administrative expenses shall be classified into expense items that are found to be appropriate, and be set down under account titles having names that indicate said expenses; provided, however, that this shall not preclude one from setting down said expenses under the account title of selling expenses, the account title of general and administrative expenses, or the account title of selling expenses and general and administrative expenses collectively, and stating the major expense items and amounts thereof in the notes.

(2) The major expense items prescribed in the proviso to the preceding paragraph shall be provision of allowance (excluding such expense items of which the amount is small) and any other expense items of which the amount exceeds ten percent of the combined total of selling expenses and general and administrative expenses.

(Notes on Research and Development Expenses)

Article 55-2 With regard to the research and development expenses included in the general and administrative expenses and in the manufacturing expenses for the period, the total amount thereof shall be stated in the notes.

(Presentation of the Amount of Operating Profit and Loss)

Article 56 The amount obtained by adjusting the gross profit on sales or the gross loss on sales by adding or subtracting the total amount of selling expenses and general and administrative expenses shall be stated as the amount of operating profit or the amount of operating loss.

Section 4 Non-operating Revenues and Non-operating Expenses

(Presentation Method for Non-operating Revenues)

Article 57 Revenues categorized as non-operating revenues shall be set down

under account titles having names that indicate said revenues, in accordance with the classification of interest income (including interest on securities), dividends income, gain on sales of securities, investment return under the Equity Method, and others; provided, however, that any revenues of which the amounts are not more than ten percent of the total amount of non-operating revenues, which are found appropriate to be presented collectively, may be set down under an account title having a name that collectively indicates said revenues.

(Presentation Method for Non-operating Expenses)

Article 58 Expenses categorized as non-operating expenses shall be set down under account titles having names that indicate said expenses, in accordance with the classification of interest expenses (including interest on company bonds), loss on sales of securities, investment loss under the Equity Method, and others; provided, however, that any expenses of which the amounts are not more than ten percent of the total amount of non-operating expenses, which are found appropriate to be presented collectively, may be set down under an account title having a name that collectively indicates said expenses.

Article 59 Deleted.

Article 60 Deleted.

(Presentation of the Amount of Ordinary Profit and Loss)

Article 61 The amount obtained by adjusting the amount of operating profit or the amount of operating loss by adding or subtracting the total amount of non-operating revenues or the total amount of non-operating expenses shall be stated as the amount of ordinary profit or the amount of ordinary loss.

Section 5 Extraordinary Profit and Extraordinary Loss

(Presentation Method for Extraordinary Profit)

Article 62 Profits categorized as extraordinary profit shall be set down under account titles having names that indicate said profits, in accordance with the classification of gain on prior period adjustment, gain on sales of fixed assets, gain from negative goodwill and others; provided, however, that any profits of which the amounts are not more than ten percent of the total amount of extraordinary profit, which are found appropriate to be presented collectively, may be set down under an account title having a name that collectively indicates said profits.

(Presentation Method for Extraordinary Loss)

Article 63 Losses categorized as extraordinary loss shall be set down under account titles having names that indicate said losses, in accordance with the classification of loss on prior period adjustment, loss on sales of fixed assets, impairment loss, loss on disaster, and others; provided, however, that any losses of which the amounts are not more than ten percent of the total amount of extraordinary loss, which are found appropriate to be presented collectively, may be set down under an account title having a name that collectively indicates said losses.

(Notes on Impairment Loss)

Article 63-2 The provision of Article 95-3-2 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to assets or Asset Groups (meaning the asset groups defined in that Article) for which impairment loss has been recognized.

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

Article 63-3 The provision of Article 95-3-3 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis pursuant to gain on reversal of specified accounts pertaining to Business Combination.

(Presentation of Net Profit or Net Loss for the Period Before Taxes)

Article 64 The amount obtained by adjusting the amount of ordinary profit or the amount of ordinary loss by adding or subtracting the total amount of extraordinary profit or the total amount of extraordinary loss shall be presented as the amount of net profit for the period before taxes or the amount of net loss for the period before taxes.

Section 6 Net Profit for the Period or Net Loss for the Period

(Net Profit for the Period or Net Loss for the Period)

Article 65 (1) The amounts of the following items shall be stated under account titles having names that indicate the contents thereof, immediately after the amount of net profit for the period before taxes or the amount of net loss for the period before taxes:

- (i) the corporation tax, Inhabitants Tax, and Enterprise Tax (meaning the enterprise tax imposed on amounts related to profits as the tax base; the same shall apply in the following item) pertaining to the relevant Consolidated Fiscal Year; and
- (ii) the Deferred Corporation Tax, etc. (meaning adjustments on the

corporation tax, Inhabitants Tax, and Enterprise Tax set forth in the preceding item, which are reported through application of Tax Effect Accounting).

- (2) The amount obtained by adjusting the amount of net profit for the period before taxes or the amount of net loss for the period before taxes by adding or subtracting the amounts of the items set forth in the respective items of the preceding paragraph shall be stated as the amount of net profit for the period before minority shareholder profit or loss adjustment or the amount of net loss for the period before minority shareholder profit or loss adjustment.
- (3) The amount that represents Minority Shareholders' Equity in the amount of net profit for the period before taxes or the amount of net loss for the period before taxes shall be stated, under an account title having a name that indicates the contents thereof, next to the amount of net profit for the period before minority shareholder profit or loss adjustment or the amount of net loss for the period before minority shareholder profit or loss adjustment.
- (4) The amount obtained by adjusting the amount of net profit for the period before minority shareholder profit or loss adjustment or the amount of net loss for the period before minority shareholder profit or loss adjustment by adding or subtracting the amount that represents Minority Shareholders' Equity in the amount of net profit for the period before taxes or the amount of net loss for the period before taxes shall be stated as the amount of net profit for the period or the amount of net loss for the period.
- (5) In cases where there are taxes paid or taxed refunded due to correction, determination, etc. of Corporation Tax, etc. , they shall be stated under an account title having a name that indicates the contents thereof, immediately after the item set forth in paragraph (1), item (i); provided, however, that such amounts may be presented by including them in the amount of the item set forth in paragraph (1), item (i) in cases where such amounts have little significance.

(Notes on the Per Share Amount of Net Profit or Loss for the Period)

- Article 65-2 (1) The per share amount of net profit for the period or per share amount of net loss for the period, and the basis for calculation of said amount shall be stated in the notes.
- (2) The provision of Article 95-5-2, paragraph (2) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the diluted per share amount of net profit for the period.
 - (3) The provision of Article 95-5-2, paragraph (3) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to cases where any reverse stock split or stock split has been carried out during the current Consolidated Fiscal Year. In this case, the term "previous business year" in the proviso to that

paragraph and item (ii) of that paragraph shall be deemed to be replaced with "previous Consolidated Fiscal Year."

- (4) The provision of Article 95-5-2, paragraph (4) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to cases where any reverse stock split or stock split has been carried out after the consolidated balance sheet date. In this case, the term "current business year" in the proviso to that paragraph and item (iii) of that paragraph shall be deemed to be replaced with "current Consolidated Fiscal Year."

Section 7 Miscellaneous Provisions

(Classified Presentation of a Provision of Allowance)

Article 66 (1) A provision of allowance shall be set down separately under an account title having a name that indicates the purpose of establishment thereof and the fact that it is a provision of allowance; provided, however, that in the cases under Article 52-2 and the proviso to paragraph (1) of Article 55, the contents and the amount thereof may be stated in the notes in lieu of setting down the amount separately.

- (2) In cases under the provision of the main clause of the preceding paragraph, such provision of allowance of which the amount is small and which are found appropriate to be presented collectively with another account title may be set down collectively under an account title having an appropriate name.

(Presentation of the Investment Return, etc. under the Equity Method)

Article 66-2 In cases where investment return and investment loss under the Equity Method arise, the amount obtained by offsetting one against the other may be presented.

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

Article 67 If there has been a provision or reversal of a Reserve, etc. , the amount of the provision or reversal shall be set down as an extraordinary loss or extraordinary profit under an account title having a name that indicates that the amount results from said provision or reversal.

(Classification of Revenues and Expenses of a Listed Business)

Article 68 In cases where the main business of a Business Group is a Listed Business, if it is found inappropriate to state its revenues and expenses by classifying them into the items prescribed in Article 49, notwithstanding the provision of that Article, said revenues and expenses may be stated in an equivalent manner as under the provisions of a Law, Regulations, or Rules applicable to the financial statements of the company(ies) engaged in said

Listed Business. In this case, the governing Law, Regulations or Rules shall be stated in the notes.

(Statement of Account Titles for Revenues and Expenses of a Listed Business)

Article 69 (1) In cases where the businesses conducted by any Consolidated Company include a Listed Business, if it is found inappropriate to state the account titles for revenues and expenses of said Listed Business according to the provisions of Article 51, Article 52, Article 55, Article 57, and Article 58, notwithstanding these provisions, said account titles may be stated in an equivalent manner as under the provisions of a Law, Regulations, or Rules applicable to the Financial Statements of the company engaged in said Listed Business.

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

Chapter IV Consolidated Statement of Changes in Net Assets

Section 1 General Provisions

(Method for Presenting a Consolidated Statement of Changes in Net Assets)

Article 70 (1) The method for presenting a consolidated statement of changes in net assets shall be in accordance with the provisions of this Chapter.

(2) A consolidated statement of changes in net assets shall be presented by using Form No. 6.

(Classified Presentation of a Consolidated Statement of Changes in Net Assets)

Article 71 (1) A consolidated statement of changes in net assets shall be stated by classifying it into shareholders' equity, valuation and translation adjustments, share options, and Minority Shareholders' Equity.

(2) A consolidated statement of changes in net assets shall be classified into appropriate items, and shall be set down under account titles having names that indicate said items. Said items and account titles shall be consistent with the items and account titles in the net asset section of the consolidated balance sheet at the end of the previous Consolidated Fiscal Year and at the end of the current Consolidated Fiscal Year.

Section 2 Shareholders' Equity

Article 72 (1) Shareholders' equity shall be stated by classifying it into the balance at the end of the previous Consolidated Fiscal Year, the amount of changes during the current Consolidated Fiscal Year, and the balance at the

end of the current Consolidated Fiscal Year.

- (2) The amount of changes during the current Consolidated Fiscal Year for the account titles stated under shareholders' equity shall be stated for each cause of such changes.
- (3) Dividends of surplus shall be presented as a cause of changes in capital surpluses or retained earnings.
- (4) The amount of net profit for the period or the amount of net loss for the period shall be presented as a cause of changes in retained earnings.

Section 3 Valuation and Translation Adjustments

Article 73 (1) Valuation and translation adjustments shall be stated by classifying them into the balance at the end of the previous Consolidated Fiscal Year, the amount of changes during the current Consolidated Fiscal Year, and the balance at the end of the current Consolidated Fiscal Year.

- (2) With regard to the account titles stated under valuation and translation adjustments, the amount of changes during the current Consolidated Fiscal Year shall be stated collectively; provided, however, that this shall not preclude one from stating or stating in the notes such amount for each major cause of the changes.

Article 74 The provision of Article 104 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to valuation and translation adjustments. In this case, the terms "Article 100, paragraph (2)," "the end of the previous business year," "the end of the current business year," and "the amount of changes during the current business year" in that Article shall be deemed to be replaced with "Article 71, paragraph (2)," "the end of the previous Consolidated Fiscal Year," "the end of the current Consolidated Fiscal Year," and "the amount of changes during the current Consolidated Fiscal Year" respectively.

Section 4 Share Options

Article 75 (1) Share options shall be stated by classifying them into the balance at the end of the previous Consolidated Fiscal Year, the amount of changes during the current Consolidated Fiscal Year, and the balance at the end of the current Consolidated Fiscal Year.

- (2) The amount of changes during the current Consolidated Fiscal Year for share options shall be stated collectively; provided, however, that this shall not preclude one from stating or stating in the notes such amount for each major cause of the changes.

Section 5 Minority Shareholders' Equity

Article 76 (1) Minority Shareholders' Equity shall be stated by classifying it into the balance at the end of the previous Consolidated Fiscal Year, the amount of changes during the current Consolidated Fiscal Year, and the balance at the end of the current Consolidated Fiscal Year.

(2) The amount of changes during the current Consolidated Fiscal Year for Minority Shareholders' Equity shall be stated collectively; provided, however, that this shall not preclude one from stating or stating in the notes such amount for each major cause of the changes.

Section 6 Matters to be Stated in the Notes

(Notes on Issued Shares)

Article 77 The provision of Article 106, paragraph (1) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to issued shares. In this case, the terms "the end of the previous business year," "the end of the current business year" and "during the current business year" in item (i) of paragraph (1) of that Article shall be deemed to be replaced with "the end of the previous Consolidated Fiscal Year," "the end of the current Consolidated Fiscal Year" and "during the current Consolidated Fiscal Year" respectively.

(Notes on Treasury Shares)

Article 78 The provision of Article 107 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to Treasury Shares. In this case, the terms "the end of the previous business year," "the end of the current business year" and "during the current business year" in item (i) of that Article shall be deemed to be replaced with "the end of the previous Consolidated Fiscal Year," "the end of the current Consolidated Fiscal Year" and "during the current Consolidated Fiscal Year" respectively.

(Notes on Share Options, etc.)

Article 79 (1) With regard to share options, the following matters shall be stated in the notes:

- (i) the class(es) of shares subject to the share options;
- (ii) the total number of shares subject to share options; and
- (iii) the balance of share options at the end of the Consolidated Fiscal Year.

(2) In cases where share options have been granted as Stock Options or Options on the Company's Own Shares, the matters set forth in items (i) and (ii) of the preceding paragraph shall not be required to be stated.

(3) The number of shares set forth in paragraph (1), item (ii) shall be stated by

stating the number of shares subject to the share options at the end of the previous Consolidated Fiscal Year and at the end of the current Consolidated Fiscal Year, the number of shares that increased or decreased during the current Consolidated Fiscal Year, and the outline of the cause for changes, for each class of shares subject to the share option; provided, however, that the notes may be omitted in cases where the number of shares that will increase when supposing that the share options are exercised constitutes an insignificant proportion of the total number of issued shares (when holding Treasury Shares, the number of shares after deducting the number of said Treasury Shares) at the end of the Consolidated Fiscal Year.

(4) The balance of share options at the end of the Consolidated Fiscal Year set forth in paragraph (1), item (iii) shall be stated by classifying it into that of share options of the Company Submitting Consolidated Financial Statements and that of share options of Consolidated Subsidiary Companies.

(5) With regard to own share options, the following matters shall be stated in the notes in order to clarify the corresponding share options:

(i) with regard to share options issued by the Company Submitting Consolidated Financial Statements held by the Company Submitting Consolidated Financial Statements itself, the matters set forth in the items of paragraph (1); and

(ii) with regard to share options issued by any Consolidated Subsidiary Company held by said Consolidated Subsidiary Company itself, the matters set forth in paragraph (1), item (iii).

(Notes on Dividends)

Article 80 The provision of Article 109, paragraph (1) of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to dividends. In this case, the term "business year" in item (iii) of that paragraph shall be deemed to be replaced with "Consolidated Fiscal Year."

Section 7 Miscellaneous Provisions

Article 81 In cases where a Designated Juridical Person prepares a consolidated statement of changes in net assets, if it is found inappropriate to state matters pursuant to this Ordinance, said Designated Juridical Person may state matters in an equivalent manner as under the provisions of a Law, Regulations, or Rules applicable to its Financial Statements.

Chapter V Consolidated Cash Flow Statement

Section 1 General Provisions

(Method for Presenting a Consolidated Cash Flow Statement)

Article 82 (1) The method for presenting a consolidated cash flow statement shall be in accordance with the provisions of this Chapter.

(2) A consolidated cash flow statement shall be presented by using Form No. 7 or Form No. 8.

(Classification for Presenting a Consolidated Cash Flow Statement)

Article 83 In a consolidated cash flow statement, Cash Flow conditions shall be stated for the following classes:

- (i) Cash Flows from operating activities;
- (ii) Cash Flows from investment activities;
- (iii) Cash Flows from financing activities;
- (iv) translation adjustments on cash and Cash Equivalents;
- (v) increase or decrease in cash and Cash Equivalents;
- (vi) the beginning balances of cash and Cash Equivalents; and
- (vii) the ending balances of cash and Cash Equivalents.

Section 2 Method for Presenting a Consolidated Cash Flow Statement

(Presentation Method for Cash Flows from Operating Activities)

Article 84 In the class of Cash Flows from operating activities set forth in item (i) of the preceding Article, the Cash Flows pertaining to transactions that were made subject to calculation of operating profit or operating loss and Cash Flows pertaining to transactions other than investment activities and financing activities shall be set down under account titles having names that indicate the contents thereof, by either of the following methods; provided, however, that such Cash Flows of which the amount is small and which are found appropriate to be presented collectively may be set down collectively under an account title having an appropriate name:

- (i) the method of classifying such Cash Flows into operating income, payment for purchases of raw materials or merchandise, payment of personnel expenses, and other items that are found appropriate, and presenting the total amount of Cash Flows for each major transaction; or
- (ii) the method of presenting the amount obtained by adding or subtracting the following items to or from the amount of net profit for the period before taxes or the amount of net loss for the period before taxes:
 - (a) any items reported as revenues or expenses on a consolidated profit and loss statement that do not involve any increase or decrease of Funds;
 - (b) the amount of increase or decrease in notes and accounts receivable, inventory assets, notes and accounts payable, or any other assets or liabilities that have arisen from operating activities; and

(c) any items reported as revenues or expenses on a consolidated profit and loss statement that are included in the classes of Cash Flows from investment activities and Cash Flows from financing activities.

(Presentation Method for Cash Flows from Investment Activities)

Article 85 In the class of Cash Flows from investment activities set forth in Article 83, item (ii), payment for acquisition of securities (excluding Cash Equivalents, etc.; hereinafter the same shall apply in this Article), proceeds from sales of securities, payment for acquisition of tangible fixed assets, proceeds from sales of tangible fixed assets, payment for acquisition of investment securities, proceeds from sales of investment securities, payments of loans, proceeds from collection of loans, and any other Cash Flows pertaining to investment activities shall be set down under account titles having names that indicate the contents thereof, by the method of presenting the total amount of Cash Flows for each major transaction; provided, however, that such Cash Flows of which the amount is small and which are found appropriate to be presented collectively may be set down collectively under an account title having an appropriate name.

(Presentation Method for Cash Flows from Financing Activities)

Article 86 In the class of Cash Flows from financing activities set forth in Article 83, item (iii), proceeds from short-term borrowings, payment for repayment of short-term borrowings, proceeds from long-term borrowings, payment for repayment of long-term borrowings, proceeds from issuance of company bonds, payment for redemption of company bonds, proceeds from issuance of shares, payment for acquisition of Treasury Shares, and any other Cash Flows pertaining to financing activities shall be set down under account titles having names that indicate the contents thereof, by the method of presenting the total amount of Cash Flows for each major transaction; provided, however, that such Cash Flows of which the amount is small and which are found appropriate to be presented collectively may be set down collectively under an account title having an appropriate name.

(Statement of Translation Adjustments Pertaining to Cash and Cash Equivalents)

Article 87 (1) In the class of translation adjustments pertaining to cash and Cash Equivalents set forth in Article 83, item (iv), the difference that occurs from translation of foreign currency Funds into yen currency shall be stated.
(2) In the class of increase or decrease in cash and Cash Equivalents set forth in Article 83, item (v), the amount obtained by adding or subtracting the difference that occurs from translation of foreign currency Funds into yen

currency prescribed in the preceding paragraph to or from the combined total of the balance of income and expenditures of Cash Flows from operating activities, Cash Flows from investment activities, and Cash Flows from financing activities, shall be stated.

Section 3 Miscellaneous Provisions

(Presentation Method for Cash Flows Pertaining to Interests and Dividends)

Article 88 (1) Cash Flows pertaining to interests and dividends shall be stated by either of the following methods:

(i) the method of stating the amount of interests and dividends received and the amount of interests paid under the class of Cash Flows from operating activities set forth in Article 83, item (i) and stating the amount of dividends paid under the class of Cash Flows from financing activities set forth in item (iii) of that Article; or

(ii) the method of stating the amount of interests and dividends received under the class of Cash Flows from investment activities set forth in Article 83, item (ii) and stating the amount of interests and dividends paid under the class of Cash Flows from financing activities set forth in item (iii) of that Article.

(2) The amount of dividends paid shall be stated by classifying it into the amount of dividends paid by the Company Submitting Consolidated Financial Statements and the amount of dividends paid to Minority Shareholders (meaning shareholders of Consolidated Subsidiary Companies other than Consolidated Companies).

(Presentation Method for Cash Flows, etc. Pertaining to Acquisition or Sales of Subsidiary Company Shares Involving a Change in the Scope of Consolidation)

Article 89 (1) Cash Flows pertaining to acquisition or sales of Subsidiary Company shares involving a change in the scope of consolidation shall be set down under an account title having a name that indicates the contents thereof under the class of Cash Flows from investment activities set forth in Article 83, item (ii).

(2) The provision of the preceding paragraph shall apply mutatis mutandis to Cash Flows pertaining to a takeover or transfer of a business or a merger, etc. carried out in consideration for cash or Cash Equivalents.

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

Article 90 (1) The following matters shall be stated in the notes in a consolidated cash flow statement; provided, however, that the notes may be omitted for

matters set forth in items (ii) to (iv) inclusive in cases where the amount of assets or liabilities prescribed respectively in those items have little significance:

- (i) the relationship between the ending balances of cash and Cash Equivalents and the amounts for the account titles set down in a the consolidated balance sheet;
 - (ii) in cases where any company has become a Consolidated Subsidiary Company as a result of acquisition of shares, the major breakdown of assets and liabilities of said company;
 - (iii) in cases where any company is no longer a Consolidated Subsidiary Company as a result of sales of shares, the major breakdown of assets and liabilities of said company;
 - (iv) in cases where there has been a takeover or transfer of a business or a merger, etc. carried out in consideration for cash or Cash Equivalents, the major breakdown of assets and liabilities that have increased or decreased as a result of such takeover or transfer of a business or such merger, etc. ; and
 - (v) the contents of significant non-cash transactions.
- (2) The non-cash transactions set forth in item (v) of the preceding paragraph means exercise of share options attached to company bonds with share options in exchange for redemption of the company bonds, acquisition of assets (excluding cash and Cash Equivalents) through issuance, etc. of shares, a merger, or any other transactions that do not involve any increase or decrease of Funds, and that have significant influence on Cash Flows in and/or after the following Consolidated Fiscal Year.

Chapter VI Consolidated Supplementary Schedules

(Method for Presenting Consolidated Supplementary Schedules)

Article 91 The method for presenting consolidated supplementary schedules shall be in accordance with the provisions of this Chapter.

(Types of Supplementary Schedules)

Article 92 (1) The types of consolidated supplementary schedules shall be a schedule of company bonds, a schedule of borrowings, etc. , and a schedule of Asset Retirement Obligations.

(2) The forms for the schedule of company bonds, schedule of borrowings, etc. , and schedule of Asset Retirement Obligations prescribed in the preceding paragraph shall be in accordance with Form No. 9 through Form No. 11.

(Omission of Preparation of Consolidated Supplementary Schedules)

Article 92-2 (1) In cases where the amount of Asset Retirement Obligations at

the end of the current Consolidated Fiscal Year and that at the end of the immediately preceding Consolidated Fiscal Year are not more than one percent of the combined total of liabilities and net assets at the end of the respective Consolidated Fiscal Years, the supplementary schedule of Asset Retirement Obligations prescribed in paragraph (1) of the preceding Article may be omitted from being prepared.

- (2) In the case of having omitted preparation of a supplementary schedule of Asset Retirement Obligations pursuant to the provision of the preceding paragraph, a statement to that effect shall be set down in the notes.

Chapter VII Special Provisions for Business Accounting Standards

(Special Provision for Accounting Standards)

Article 93 The terminology, forms, and preparation methods of Consolidated Financial Statements that a Specified Company submits may be in compliance with International Accounting Standards (limited to those which are specified by the Commissioner of the Financial Services Agency as such that are found to have been prepared and published under fair and appropriate procedures and are expected to be accepted as fair and appropriate business accounting standards; referred to as "Designated International Accounting Standards" in the following Article).

(Notes on Special Provision for Accounting Standards)

Article 94 The following matters shall be stated in the notes to the Consolidated Financial Statements prepared pursuant to Designated International Accounting Standards:

- (i) a statement to the effect that the Consolidated Financial Statements are prepared pursuant to Designated International Accounting Standards; and
- (ii) a statement to the effect that the company is categorized as a Specified Company and the reason therefor.