Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Financial Statements, etc.

(Cabinet Office Ordinance No. 63 of August 10, 2007)

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

Chapter I General Provisions (Articles 1 to 24)

Chapter II Quarterly Balance Sheet

Section 1 General Provisions (Articles 25 to 27)

Section 2 Assets (Articles 28 to 41)

Section 3 Liabilities (Articles 42 to 47-2)

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Chapter III Quarterly Profit and Loss Statement

Section 1 General Provisions (Articles 56 and 57)

Section 2 Net Sales and Cost of Sales (Articles 58 to 60)

Section 3 Selling Expenses and General and Administrative Expenses (Articles 61 and 62)

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Section 5 Extraordinary Profit and Extraordinary Loss (Articles 66 to 70)

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Chapter IV Quarterly Cash Flow Statement

Section 1 General Provisions (Articles 74 and 75)

Section 2 Method for Presenting a Quarterly Cash Flow Statement (Articles 76 and 77)

Chapter V Notes on Shareholders' Equity, etc. (Articles 78 to 82)

Chapter VI Quarterly Financial Statements of Specified Companies (Articles 83 and 84)

Chapter VII Quarterly Financial Documents of Foreign Companies (Articles 85 to 89)

Supplementary Provisions

Chapter I General Provisions

(General Principles for Application)

Article 1 (1) From among finance and accounting documents (hereinafter referred to as "Financial Documents") to be submitted pursuant to the provisions of Article 5, Article 7, Article 9, paragraph (1), Article 10, paragraph (1), Article 24-4-7, paragraph (1) or (2) of the Financial Instruments and Exchange Act (hereinafter referred to as the "Act") (including the cases where any of these provisions are applied mutatis mutandis pursuant to paragraph (4) of that Article and cases where these provisions are applied mutatis mutandis, pursuant to Article 27 of the Act, to a juridical person which has been designated by the Commissioner of the Financial Services Agency pursuant to the 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 Quarterly Financial Statements (meaning quarterly balance sheets, quarterly profit and loss statements, and quarterly cash flow statements or, in cases where they are prepared pursuant to Designated International Accounting Standards (meaning Designated International Accounting Standards prescribed in Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as the "Ordinance on Consolidated Financial Statements"); the same shall apply hereinafter) pursuant to the provision of Article 83, paragraph (2), equivalents to quarterly balance sheets, quarterly profit and loss statements and quarterly cash flow statements and statements of changes in equity of which preparation is required pursuant to Designated International Accounting Standards; the same shall apply hereinafter) shall be governed by the provisions of this Chapter to Chapter VI inclusive, excluding Article 2, 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) Business accounting standards specified by the Commissioner of the Financial Services Agency prescribed in Article 1 (3) of the Ordinance on Financial Statements, etc. shall be regarded as the business accounting standards that are generally accepted as fair and appropriate prescribed in paragraph (1).

(Special Provision for Application)

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

(i) that it should satisfy the requirements set forth in Article 1-2, item (i) of the Ordinance on Financial Statements, etc. ; or

(ii) that it should be a company that prepared Financial Statements, Interim Financial Statements (meaning documents prescribed in Article 1, paragraph (1) of the Ordinance on Terminology, Forms and Preparation Methods of Interim Financial Statements, etc. (Ordinance of the Ministry of Finance No. 38 of 1977)) or Quarterly Financial Statements pertaining to the business year immediately preceding the business year containing the current Quarterly Accounting Period or the Interim Accounting Period immediately preceding or the Quarterly Accounting Period immediately preceding the current Quarterly Accounting Period, whichever is the period of which last day is the closest to the quarterly balance sheet date, pursuant to Designated International Accounting Standards and should satisfy the requirements set forth in Article 1-2, item (i), sub-items (b) and (c) of the Ordinance on Financial Statements, etc.

(Special Provision for Foreign Companies)

Article 2 From among the Financial Documents to be submitted by a Foreign Company (meaning the foreign company defined in Article 1-3 of the Ordinance on Financial Statements, etc.; the same shall apply in Chapter VII), the terminology, forms, and preparation methods of quarterly Financial Documents shall be governed by the provisions of that Chapter.

(Definitions)

Article 3 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 Quarterly Financial Statements: a company (including a Designated Juridical Person) which is to submit Quarterly Financial Statements pursuant to the provision of Article 24-4-7, paragraph (1) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 27 of the Act) and a company (including a Designated Juridical Person) which is to submit Quarterly Financial Statements pursuant to the provision of Article 24-4-7, paragraph (2) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 27 of the Act);

(ii) Financial Statements: the financial statements defined in Article 1, paragraph (1) of the Ordinance on Financial Statements, etc. ;

(iii) Quarterly Consolidated Financial Statements: the quarterly consolidated financial statements defined in Article 1 (1) of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007);

(iv) Quarterly Accounting Period: in cases where a business year exceeds three months, each three-month period within said business year (excluding the last such period);

(v) Quarterly Consolidated Accounting Period: in cases where a consolidated fiscal year exceeds three months, each three-month period within said consolidated fiscal year (excluding the last such period);

(vi) Year to Date: the period from the day of commencement of a business year to the last day of a Quarterly Accounting Period;

(vii) Consolidated Year to Date: the period from the day of commencement of a consolidated fiscal year to the last day of a Quarterly Consolidated Accounting Period;

(viii) Cash Flow: any increase or decrease in the Funds defined in the following item;

(ix) 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 Articles 75 and 77) and Cash Equivalents (meaning short-term investments which can be easily converted into cash and which involve low risk of fluctuations in value; the same shall apply in Articles 75 and 77);

(x) Derivative Transactions: the transactions defined in Article 8, paragraph (14) of the Ordinance on Financial Statements, etc. ;

(xi) Trading Securities: the securities defined in Article 8, paragraph (20) of the Ordinance on Financial Statements, etc. ;

(xii) Bonds Held to Maturity: the bonds defined in Article 8, paragraph (21) of the Ordinance on Financial Statements, etc. ;

(xiii) Other Securities: the securities defined in Article 8, paragraph (22) of the Ordinance on Financial Statements, etc. ;

(xiv) Treasury Shares: shares of a Company Submitting Quarterly Financial Statements held by the Company Submitting Quarterly Financial Statements itself;

(xv) Company's Own Shares: shares of a Company Submitting Quarterly Financial Statements;

(xvi) Options on the Company's Own Shares: the options on the company's own shares defined in Article 8, paragraph (25) of the Ordinance on Financial Statements, etc. ;

(xvii) Stock Options: the stock options defined in Article 8, paragraph (26) of the Ordinance on Financial Statements, etc. ;

(xviii) Business Combination: the business combination defined in Article 8, paragraph (27) of the Ordinance on Financial Statements, etc. ;

(xix) Acquiring Enterprise: the enterprise defined in Article 8, paragraph (28) of the Ordinance on Financial Statements, etc. ;

(xx) Acquired Enterprise: the enterprise defined in Article 8, paragraph (29) of the Ordinance on Financial Statements, etc. ;

(xxi) Combiner: the enterprise defined in Article 8, paragraph (31) of the Ordinance on Financial Statements, etc. ;

(xxii) Combinee: the enterprise defined in Article 8, paragraph (32) of the Ordinance on Financial Statements, etc. ;

(xxiii) Combined Enterprise: the enterprise defined in Article 8, paragraph (33) of the Ordinance on Financial Statements, etc. ;

(xxiv) Constituent Enterprises: the enterprises defined in Article 8, paragraph (34) of the Ordinance on Financial Statements, etc. ;

(xxv) Purchase Method: the method defined in Article 8, paragraph (35) of the Ordinance on Financial Statements, etc. ;

(xxvi) Reverse Acquisition: the Reverse Acquisition defined in Article 8, paragraph (36) of the Ordinance on Financial Statements, etc. ;

(xxvii) Common Control Transaction, etc. : the common control transaction, etc. defined in Article 8, paragraph (37) of the Ordinance on Financial Statements, etc. ;

(xxviii) Business Divestiture: the business divestiture defined in Article 8, paragraph (38) of the Ordinance on Financial Statements, etc. ;

(xxix) Divesting Enterprise: the enterprise defined in Article 8, paragraph (39) of the Ordinance on Financial Statements, etc. ;

(xxx) Successor Enterprise: the enterprise defined in Article 8, paragraph (40) of the Ordinance on Financial Statements, etc. ;

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

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

(General Principles for Preparation of Quarterly Financial Statements)

Article 4 (1) Quarterly Financial Statements shall be prepared in compliance with the accounting principles and procedures adopted for preparing Financial Statements, in principle.

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

(3) The same presentation method of Quarterly Financial Statements shall be applied continuously, except in cases of making a change based on justifiable grounds.

(Statement of Significant Matters That Serve as the Basis for Preparation of Quarterly Financial Statements)

Article 5 (1) In cases where any accounting principles and procedures and presentation methods adopted for preparation of Quarterly Financial Statements or any other Significant Matters That Serve as the Basis for Preparation of Quarterly Financial Statements (meaning significant matters that are applied in an equivalent manner as those applied in preparing Financial Statements) have been changed, the matters set forth in the following items for the respective cases set forth in those items shall be stated immediately after the quarterly cash flow statement:

(i) in cases where any accounting principles or procedures have been changed in the current business year: a statement to that effect, the reason for the change, and the amount of influence of said change on the Quarterly Financial Statements for the Year to Date;

(ii) in cases where any presentation methods of Quarterly Financial Statements have been changed: the details thereof; and

(iii) in cases where the scope of Funds in the quarterly cash flow statement has been changed: a statement to that effect, the reason for the change, and details of the influence of said change on the quarterly cash flow statement.

(2) In cases where any accounting principles or procedures have been changed voluntarily in the current Quarterly Accounting Period (limited to a Quarterly Accounting Period in or after the Second Quarter (meaning the quarter immediately following the first quarter of the business year; hereinafter the same shall apply in this paragraph and Article 22-3, paragraph (3)) of the current business year), the reason for making the change in or after the Second Quarter and the amount of influence of said change on the Quarterly Financial Statements for the Year to Date as of the end of the immediately preceding Quarterly Accounting Period shall be stated in addition to the matters specified in item (i) of the preceding paragraph.

(3) In cases where any accounting principles or procedures have been changed voluntarily in the Previous Business Year, and there is any difference between the accounting principles and procedures adopted for preparing the Quarterly Financial Statements for the corresponding Quarterly Accounting Period in the Previous Business Year and those adopted for preparing the Quarterly Financial Statements for the current Quarterly Accounting Period, a statement to that effect and the amount of influence on the corresponding Quarterly Accounting Period and Year to Date in the Previous Business Year shall be stated.

(4) In the cases set forth in the preceding three paragraphs (excluding paragraph (1), items (ii) and (iii)), if it is difficult to calculate the accurate amount of influence in a timely manner, an estimated amount obtained by an appropriate method may be stated.

(5) Notwithstanding the provisions of the preceding three paragraphs, if it is difficult to calculate the amount of influence in the cases set forth in paragraphs (2) and (3), a statement to that effect and the reason therefor may be stated in lieu of stating the amount of influence.

(Statement on a Simple Accounting Method)

Article 6 In cases where a simple accounting method has been applied, in compliance with business accounting standards that are generally accepted as fair and appropriate, for preparing Quarterly Financial Statements, a statement to that effect and the details thereof shall be stated immediately after the statements under the provisions of the preceding Article; provided, however, that the statements may be omitted in cases where they have little significance.

(Statement on an Accounting Method Specific to Preparation of Quarterly Financial Statements)

Article 7 In cases where an accounting method specific to preparation of Quarterly Financial Statements has been applied in compliance with business accounting standards that are generally accepted as fair and appropriate, a statement to that effect and the details thereof shall be stated immediately after the statements under the provision of the preceding Article; provided, however, that the statements may be omitted in cases where they have little significance.

(Notes on Significant Post-Balance Sheet Events)

Article 8 If any events that exert a significant influence on the financial position, operating results and Cash Flow conditions of a Company Submitting Quarterly Financial Statements in and/or after the business year containing the Quarterly Accounting Period pertaining to the relevant Quarterly Financial Statements (excluding the Year to Date as of the end of the relevant Quarterly Accounting Period) occur after the quarterly balance sheet date (such events shall be referred to as "Significant Post-Balance Sheet Events" in Article 70, paragraph (4)), said events shall be stated in the notes.

(Notes on Financial Instruments)

Article 8-2 (1) For each account title of a quarterly balance sheet concerning Financial Instruments, if said Financial Instruments are significant for the operation of business of the company and there has been a substantial fluctuation in the amount reported on the quarterly balance sheet or any other amount as compared to the last day of the Previous Business Year, the amount reported on the quarterly balance sheet, the market price, and the difference between said amount reported on the quarterly balance sheet and said market price, as of the quarterly balance sheet date, and the calculation method for the market price shall be stated in the notes for each account title of the quarterly balance sheet; provided, however, that in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be stated.

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

(Notes on Securities)

Article 9 (1) In addition to the matters specified in the preceding Article, with regard to securities (limited to the securities set forth in the following items), if said securities are significant for the operation of business of the company and there has been a substantial fluctuation in the amount reported on the quarterly balance sheet or any other amount of said securities as compared to the last day of the Previous Business Year, 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 in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be stated:

(i) Bonds Held to Maturity that have a market price: the following matters:

(a) the amount reported on the quarterly balance sheet as of the quarterly balance sheet date;

(b) the market price as of the quarterly balance sheet date; and

(c) the difference between the amount reported on the quarterly balance sheet and the market price as of the quarterly balance sheet date; and

(ii) Other Securities that have a market price: the following matters for each class of shares, bonds and any other securities:

(a) the acquisition cost;

(b) the amount reported on the quarterly balance sheet as of the quarterly balance sheet date; and

(c) the difference between the amount reported on the quarterly balance sheet as of the quarterly balance sheet date and the acquisition cost.

(2) In cases where, during the current Quarterly Accounting Period, there has been any significant change or substantial fluctuation in the matters specified in the items of paragraph (3) of Article 8-7 of the Ordinance on Financial Statements, etc. as compared to the last day of the Previous Business Year, the details thereof shall be stated in the notes.

(Notes on Derivative Transactions)

Article 10 (1) In addition to the matters specified in Article 8-2, with regard to Derivative Transactions (those to which Hedge Accounting is applied may be excluded), if said transactions are significant for the operation of business of the company and there has been a substantial fluctuation in the contract amount or any other amount of said transactions as compared to the last day of the Previous Business Year, the contract amount or the principal equivalent amount specified in the contract, the market price, and valuation gain or loss as of the quarterly balance sheet date shall be stated in the notes, by type of currencies, money rates, shares, bonds, commodities and any other subject matter of transactions; provided, however, that in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be stated.

(2) The matters specified in the preceding paragraph shall be stated by categorizing them into futures transactions, options transactions, forward transactions, swap transactions and any other Derivative Transactions, or any other types of transactions.

(Application of Tax Effect Accounting)

Article 11 With regard to 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."), Quarterly Financial Statements shall be prepared by applying Tax Effect Accounting (meaning an accounting method which, in cases where there are differences between the amounts of assets and liabilities reported on the quarterly balance sheet and the amounts of assets and liabilities derived as a result of calculating the taxable income, reasonably matches the amount of quarterly net profit 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).

(Notes on Profit or Loss, etc. under the Equity Method)

Article 12 (1) In cases where there is any Affiliated Company (meaning an entity that is regarded as an affiliated company of a company submitting Quarterly Consolidated Financial Statements pursuant to the provisions of Article 8, paragraphs (5) and (6) of the Ordinance on Financial Statements, etc.; hereinafter the same shall apply in this paragraph), the amount of investment in the Affiliated Company, the amount of investment in the case where the Equity Method (meaning the method defined in Article 2, item (viii) of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976)) is applied to said investment, and the amount of investment return or investment loss shall be stated in the notes; provided, however, that any Affiliated Company that has little significance in terms of the profit or loss and the retained earnings and any other items may be excluded.

(2) 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 paragraph), if there has been any significant change or substantial fluctuations in the outline of the Special Purpose Company Subject to Disclosure, the outline of transactions with the Special Purpose Company Subject to Disclosure, the transaction amount, and any other significant matters as compared to such statements as of the end of the Previous Business Year, the details thereof shall be stated in the notes.

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

Article 13 In cases where Stock Options or Options on the Company's Own Shares have been granted or the Company's Own Shares have been issued, if the amount of influence on the Quarterly Financial Statements is significant, the matters specified in the following items for the respective cases set forth in those items shall be stated in the notes; provided, however, that in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount of influence may be stated:

(i) in the case of having received an offer of service, the amount reported as expenses for the Quarterly Accounting Period and the account title thereof;

(ii) in the case of having acquired goods, the initial amount reported as assets or amount reported as expenses for such transaction, and the account title thereof; and

(iii) in cases where unexercised Stock Options have been forfeited, the amount reported as profit.

(Notes on Stock Options)

Article 14 (1) In addition to the provision of the preceding Article, if any Stock Options have been granted during the current Quarterly Accounting Period, the following matters shall be stated in the notes with regard to said Stock Options; provided, however, that the notes may be omitted in cases where they have little significance:

(i) the number of persons subject to grants, by category such as Officers and workers;

(ii) the number of Stock Options granted by class of shares:

(iii) the grant date;

(iv) vesting conditions (if there are no vesting conditions, a statement to that effect);

(v) the requisite service period (if there is no requisite service period, a statement to that effect);

(vi) the exercise period;

(vii) the exercise price; and

(viii) the fair unit value as of the grant date.

(2) In cases where the conditions of Stock Options have been changed during the current Quarterly Accounting Period, the details of such change shall be stated in the notes; provided, however, that in cases where the details of such change have little significance, the notes may be omitted.

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

Article 15 (1) In cases where a Business Combination has been carried out during the current Quarterly Accounting Period (excluding the cases specified in paragraph (1) of the following Article), the following matters shall be stated in the notes; provided, however, that the notes may be omitted in cases where the transaction pertaining to said Business Combination has little significance:

(i) the outline of the Business Combination;

(ii) the period of performance of the Acquired Enterprise or the acquired business included in the Quarterly Financial Statements for the Quarterly Accounting Period and the Year to Date;

(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) 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;

(vi) in cases where the amount of goodwill that occurred or the amount of gain from negative goodwill set forth in the preceding item is a provisionally calculated amount, a statement to that effect; and

(vii) the estimated amount of influence that would be exerted on the quarterly profit and loss statement for the Year to Date if the Business Combination is assumed to have been completed on the day of commencement of the current business year.

(2) Notwithstanding the provision of the proviso to the preceding paragraph, in cases where, despite the little significance of the transactions pertaining to individual Business Combinations during the current Quarterly Accounting Period, the transactions pertaining to multiple Business Combinations during the current Quarterly Accounting Period have significance as a whole, the matters set forth in item (i) and items (iii) to (vi) inclusive of that paragraph shall be stated in the notes for the transactions pertaining to such Business Combinations as a whole.

(3) In the case set forth in paragraph (1), item (vii), if it is difficult to calculate the estimated amount of influence, a statement to that effect and the reason therefor may be stated in lieu of stating the estimated amount of influence.

(4) In the case set forth in paragraph (1), item (vii), if said notes have yet to receive an audit certification, a statement to that effect shall be made.

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

Article 16 (1) In cases where a Business Combination resulting in Reverse Acquisition has been carried out during the current Quarterly Accounting Period, the matters equivalent to the matters set forth in items (i) to (vi) inclusive of paragraph (1) of the preceding Article and the amount of influence that would be exerted on the quarterly balance sheet and the quarterly profit and loss statement if the Purchase Method is assumed to have been applied to said Business Combination shall be stated in the notes.

(2) In cases where the notes have been made pursuant to the provision of the preceding paragraph, such notes shall continue to be made in and after the Quarterly Accounting Period following the Quarterly Accounting Period in which the Business Combination was carried out unless the estimated amount of influence loses significance.

(3) Notwithstanding the provisions of the preceding two paragraphs, in Business Combinations set forth in Article 8-18, paragraph (3), item (ii) or (iii) of the Ordinance on Financial Statements, etc. , the notes shall not be required to be stated in cases where the enterprise specified in item (ii) or (iii) of that paragraph prepares Consolidated Financial Statements; in this case, a statement to that effect shall be set down in the notes.

(Notes on Common Control Transaction, etc.)

Article 17 (1) In cases where a Common Control Transaction, etc. has been carried out during the current Quarterly Accounting Period, the following matters shall be stated in the notes:

(i) the outline of the transaction;

(ii) the outline of the accounting implemented; and

(iii) in the case of having additionally acquired Subsidiary Company shares, the matters equivalent to those set forth in Article 15 (1), items (iii) to (v) inclusive.

(2) Notwithstanding the provision of the preceding paragraph, the notes may be omitted in cases where the Common Control Transaction, etc. has little significance; provided, however, that in cases where, despite the little significance of individual Common Control Transactions, etc. during the current Quarterly Accounting Period, the multiple Common Control Transactions, etc. during the current Quarterly Accounting Period have significance as a whole, the matters set forth in the items of that paragraph shall be stated in the notes for the transactions pertaining to such Business Combinations as a whole.

(3) In cases where a Subsidiary Company (meaning the subsidiary company defined in Article 8, paragraph (3) of the Ordinance on Financial Statements, etc.; hereinafter the same shall apply in this paragraph) has absorbed its Parent Company (meaning the parent company defined in that paragraph; hereinafter the same shall apply in this paragraph) through an absorption-type merger, if the Subsidiary Company does not prepare Quarterly Consolidated Financial Statements, the estimated amount of influence that would have been exerted on the quarterly balance sheet and the quarterly profit and loss statement for the Year to Date as of the end of the current Quarterly Accounting Period in the case of assuming that the Parent Company has absorbed the Subsidiary Company through an absorption-type merger shall be stated in the notes.

(4) (2) In cases where the notes have been made pursuant to the provision of the preceding paragraph, such notes shall be made in and after the Quarterly Accounting Period following the Quarterly Accounting Period in which the Business Combination was carried out unless the estimated amount of influence loses significance.

(Notes on Formation of Jointly Controlled Enterprises)

Article 18 (1) In cases where a Formation of a Jointly Controlled Enterprise (meaning a Formation of a Jointly Controlled Enterprise defined in Article 8-22, paragraph (1) of the Ordinance on Financial Statements, etc.; hereinafter the same shall apply in this Article and paragraph (1) of the following Article) has been carried out during the current Quarterly Accounting Period, the matters equivalent to those set forth in items (i) and (ii) of paragraph (1) of the preceding Article shall be stated. In this case, if the matters equivalent to the matters set forth in item (i) of that paragraph are stated, the reason for determining said Business Combination to be a Formation of a Jointly Controlled Enterprise shall be stated.

(2) Notwithstanding the provision of the preceding paragraph, the notes may be omitted in cases where the transaction pertaining to the Formation of a Jointly Controlled Enterprise has little significance; provided, however, that in cases where, despite the little significance of the transactions pertaining to individual Formations of a Jointly Controlled Enterprise during the current Quarterly Accounting Period, the transactions pertaining to multiple Formations of a Jointly Controlled Enterprise during the Quarterly Accounting Period have significance as a whole, the matters set forth in that paragraph shall be stated in the notes for the transactions pertaining to such Business Combinations as a whole.

(Notes by Divesting Enterprise in Business Divestitures)

Article 19 (1) In cases where a significant Business Divestiture has been carried out during the current Quarterly Accounting Period, and said Business Divestiture is neither categorized as a Common Control Transaction, etc. nor formation of a Jointly Controlled Enterprise, Divesting Enterprise shall state the following matters in the notes:

(i) the outline of the Business Divestiture;

(ii) the matters specified in sub-item (a) or (b) as the outline of the accounting implemented:

(a) in the case of having recognized any gain or loss on transfer, the amount thereof, the fair book values of the assets and liabilities pertaining to the transferred business, and the major breakdown thereof; or

(b) in the case of not having recognized any gain or loss on transfer, a statement to that effect, the type of consideration received, the fair book values of the assets and liabilities pertaining to the transferred business, and the major breakdown thereof;

(iii) the name of the Reporting Segment (meaning a Reporting Segment prescribed in Article 22-3, paragraph (1)) 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 quarterly profit and loss statement for the Quarterly Accounting Period and the Year to Date; 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 Quarterly Accounting Period, the transactions pertaining to multiple Business Divestitures during the current Quarterly Accounting Period 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 Divestitures as a whole.

(Notes by Successor Enterprise in Business Divestitures)

Article 20 In cases where a Business Divestiture is not categorized as a Business Combination, the Successor Enterprise shall state the following matters in the notes:

(i) the outline of the transaction;

(ii) the outline of the accounting implemented; and

(iii) the breakdown of the assets, liabilities and net assets succeeded from the Divesting Enterprise.

(Notes on Going Concern Assumption)

Article 21 If, in cases where, as of the quarterly balance sheet date, there is an event or circumstance that would raise significant doubt about an assumption that the company will stay in business in the future (hereinafter referred to as the "Going Concern Assumption"), significant uncertainty on the Going Concern Assumption is still recognized even after measures for eliminating or improving said event or circumstance are taken, the following matters shall be stated in the notes; provided, however, that in cases where said significant uncertainty ceases to be recognized after the quarterly balance sheet date, they shall not be required to be stated:

(i) a statement to the effect that said event or circumstance exists, and details thereof;

(ii) the response measures for eliminating or improving said event or circumstance;

(iii) a statement to the effect that said significant uncertainty is recognized and the reason therefor; and

(iv) whether or not the influence of said significant uncertainty is reflected in the Quarterly Financial Statements.

(Notes on Additional Information)

Article 22 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 Quarterly Financial Statements to make adequate judgments on the financial position, operating results and Cash Flow conditions of the company for the business year containing the Quarterly Accounting Period pertaining to the Quarterly Financial Statements, said matters shall be stated in the notes.

(Notes on Asset Retirement Obligations)

Article 22-2 (1) With regard to Asset Retirement Obligations, if said Asset Retirement Obligations are significant for the operation of business of the company and there has been a substantial fluctuation in the amount reported on the quarterly balance sheet or any other amount of said Asset Retirement Obligations as compared to the last day of the Previous Business Year, the following matters shall be stated in the notes:

(i) the details of such fluctuation; and

(ii) the increase or decrease in the total amount of Asset Retirement Obligations during the current Year to Date.

(2) Notwithstanding the provision of the preceding paragraph, in cases where any Asset Retirement Obligations are not reported on the quarterly balance sheet, a statement to that effect, the reason therefor, and the outline of said Asset Retirement Obligations shall be stated in lieu of the matters set forth in the items of that paragraph.

(Notes on Segment Information, etc.)

Article 22-3 (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 amounts of the net sales and profit or loss for each Reporting Segment;

(ii) the difference between the total amount of profits or losses set forth in the preceding item and the amount reported on the quarterly profit and loss statement for each accounting title equivalent to said item and the main contents of said difference; and

(iii) the outline of the event that served as the cause for fluctuations in the amount of assets for each Reporting Segment (limited to cases where a substantial fluctuation is found as compared to the last day of the Previous Business Year).

(2) In cases where there has been any change in Reporting Segments or any significant change in the calculation method of an amount of profit or loss pertaining to Reporting Segments (referred to as the "Calculation Method Pertaining to Reporting Segments" in the following paragraph and paragraph (4)) during the current Quarterly Accounting Period (including any Quarterly Accounting Periods within the relevant business year prior to the current Quarterly Accounting Period), the contents thereof shall be stated in the notes.

(3) In cases where there has been any change in Reporting Segments or any significant change in the Calculation Method Pertaining to Reporting Segments during any Quarterly Accounting Period in or after the Second Quarter of the relevant business year, the reason for changing it in or after the Second Quarter shall be set down in the notes in addition to the notes made pursuant to the provision of the preceding paragraph.

(4) In cases where there has been any change in Reporting Segments or any significant change in the Calculation Method Pertaining to Reporting Segments during the Previous Business Year and any difference is observed between the Reporting Segments or the Calculation Method Pertaining to Reporting Segments during the corresponding Quarterly Accounting Period in the Previous Business Year and those matters during the current Quarterly Accounting Period, a statement to that effect and the amounts set forth in paragraph (1), items (i) and (ii) pertaining to the corresponding Year to Date in the Previous Business Year (limited to such amounts calculated on the basis of the Reporting Segments and the Calculation Method Pertaining to Reporting Segments during the current Quarterly Accounting Period) shall be stated in the notes.

(5) If, in the cases set forth in the preceding paragraph, it is difficult to calculate an accurate amount, an amount estimated by an appropriate method may be noted in lieu of the amount prescribed in that paragraph; provided, however, that in cases where it is difficult to calculate an amount, a statement to that effect and the reason therefor may be stated in lieu of the amount prescribed in that paragraph.

(6) In cases where a significant impairment loss pertaining to fixed assets has been recognized, where there has been a significant change in the amount of goodwill or where a significant gain from negative goodwill has been recognized during the current Quarterly Accounting Period, the outline thereof shall be stated in the notes for each Reporting Segment.

(Notes on Rental, etc. Real Properties)

Article 22-4 With regard to any Rental, etc. Real Property (meaning a Rental, etc. Real Property prescribed in Article 8-30, paragraph (1) of the Ordinance on Financial Statements, etc.), in cases where a substantial change is found in the amount reported in any quarterly balance sheet or any other amount for said Rental, etc. Real Property as compared to the last day of the Previous Business Year, the market price of said Rental, etc. Real Property as of the quarterly balance sheet date and the amount reported in the quarterly balance sheet shall be stated in the notes.

(Noting Method)

Article 23 (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 5 to 7 inclusive, except for those 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 Quarterly Financial Statements in which the matters pertaining to said notes are stated; the same shall apply in Article 87); provided, however, that matters related to the matters that are stated pursuant to the provisions of Articles 5 to 7 may be stated together therewith.

(2) Notwithstanding the provision of the preceding paragraph, the notes under the provision of Article 21 shall be stated immediately after the quarterly cash flow statement. In this case, notwithstanding the provisions of Articles 5 to 7, the matters stated under these provisions shall be stated immediately after the notes under the provision of Article 21.

(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 24 The amounts for the account titles and any other matters contained in Quarterly Financial Statements shall be presented in units of million yen or thousand yen.

Chapter II Quarterly Balance Sheet

Section 1 General Provisions

(Method for Presenting a Quarterly Balance Sheet)

Article 25 (1) The method for presenting a quarterly balance sheet shall be in accordance with the provisions of this Chapter.

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

(Classification into Assets, Liabilities and Net Assets)

Article 26 Assets, liabilities and net assets shall be stated by respectively classifying them into the assets section, liabilities section, and net assets section.

(Arrangement of Account Titles)

Article 27 The account titles of assets and liabilities shall be arranged by using the method of current arrangement.

Section 2 Assets

(Classification of Assets)

Article 28 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 29 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 "Within One Year" in Articles 15 to 16-3 of the Ordinance on Financial Statements, etc. shall be deemed to be replaced with "on a day within one year from the day following the quarterly balance sheet date," and the term "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 "Company Submitting Quarterly Financial Statements."

(Classified Presentation of Current Assets)

Article 30 (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 any assets categorized under said items of which the amounts are not more than one percent of the total amount of assets, 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) securities;

(iv) merchandise and manufactured goods (including semi-finished goods);

(v) work in progress;

(vi) raw materials and supplies; and

(vii) 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 (vii), any asset of which the amount exceeds ten percent of the total amount of assets or any asset of which the amount is not more than ten percent of the total amount of assets but is found appropriate to be presented separately 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 (iv) to (vi) inclusive of said paragraph may be set down collectively under the account title of inventory assets. In this case, the account titles of the assets categorized under said items and the amounts thereof shall be stated in the notes.

(Presentation of Allowances pertaining to Current Asset)

Article 31 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.

(Classified Presentation of Tangible Fixed Assets)

Article 32 (1) Assets categorized as tangible fixed assets shall be set down collectively under an account title having a name that indicates tangible fixed assets; provided, however, that this shall not preclude one from classifying assets categorized as tangible fixed assets into an item that is found to be appropriate, and setting it down under an account title having a name that indicates said assets.

(2) Notwithstanding the provision of the preceding paragraph, in cases where assets categorized as tangible fixed assets include any asset of which the amount exceeds ten percent of the total amount of assets or in cases where the amount of any asset is not more than ten percent of the total amount of assets but is found appropriate to be presented separately, said asset shall be separated from other tangible fixed assets and shall be set down under an account title having a name that indicates each of such assets.

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

Article 33 The provisions of Articles 25 and 26 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the amounts of accumulated depreciation for tangible fixed assets.

(Presentation of the Amounts of Accumulated Impairment Loss)

Article 34 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 35 (1) Assets categorized as intangible fixed assets shall be collectively set down under an account title having a name that indicates intangible fixed assets; provided, however, that this shall not preclude one from classifying assets categorized as intangible fixed assets into an item that is found to be appropriate, and setting it down under an account title having a name that indicates said assets.

(2) The provision of Article 32, paragraph (2) shall apply mutatis mutandis to intangible fixed assets.

(Presentation of the Amounts of Accumulated Amortization, etc. for Intangible Fixed Assets)

Article 36 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)

Article 37 (1) Assets categorized as investments and other assets shall be collectively set down under an account title having a name that indicates investments and other assets; provided, however, that this shall not preclude one from classifying assets categorized as investments and other assets into an item that is found to be appropriate, and setting it down under an account title having a name that indicates said assets.

(2) The provision of Article 32, paragraph (2) shall apply mutatis mutandis to investments and other assets.

(Presentation of Allowances pertaining to Investments and Other Assets)

Article 38 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 39 (1) Assets categorized as deferred assets shall be collectively set down under an account title having a name that indicates deferred assets; provided, however, that this shall not preclude one from classifying assets categorized as deferred assets into an item that is found to be appropriate, and setting it down under an account title having a name that indicates said assets.

(2) The provision of Article 32, paragraph (2) shall apply mutatis mutandis to deferred assets.

(Presentation of the Amounts of Accumulated Amortization for Deferred Assets)

Article 40 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.

(Notes on Collateral Assets)

Article 41 With regard to assets that have been provided as collateral, if said assets are significant for the operation of business of the company and there has been a substantial fluctuation in the amount of said assets as compared to the last day of the Previous Business Year, the details and the amount of the assets that have been provided as collateral shall be stated in the notes; provided, however, that in cases where it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be stated.

Section 3 Liabilities

(Classification of Liabilities)

Article 42 Liabilities shall be stated by classifying them into current liabilities and fixed liabilities.

(Scopes of the Respective Classes of Liabilities)

Article 43 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. In this case, the term "Within One Year" in Articles 47 and 48-2 to 48-4 inclusive of the Ordinance on Financial Statements, etc. shall be deemed to be replaced with "on a day within one year from the day following the quarterly balance sheet date."

(Classified Presentation of Current Liabilities)

Article 44 (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 any liabilities categorized under items other than that set forth in item (iv) of which the amounts are not more than one percent of the combined total of liabilities and net assets, 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, but excluding short-term borrowings from shareholders, officers, or workers);

(iii) accrued Corporation Tax, etc. ;

(iv) allowances;

(v) Asset Retirement Obligations; and

(vi) 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) In cases where the allowances set forth in paragraph (1), item (iv) include any allowance of which the amount exceeds one percent of the combined total of liabilities and net assets, said allowance shall be separately set down under an account title having a name that indicates the purpose of establishment of said allowance.

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

(Classified Presentation of Fixed Liabilities)

Article 45 (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 any liabilities categorized under items other than that set forth in item (iii) of which the amounts are not more than one percent of the combined total of liabilities and net assets, 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, but excluding long-term borrowings from shareholders, officers, or workers);

(iii) allowances;

(iv) Asset Retirement Obligations; and

(v) others.

(2) The provision of paragraph (2) of the preceding Article shall apply mutatis mutandis to cases under the preceding paragraph.

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

(4) The provision of paragraph (4) of the preceding Article shall apply mutatis mutandis to liabilities categorized under the item set forth in paragraph (1), item (v).

(Notes on Contingent Liabilities)

Article 46 The provision of Article 58 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to 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).

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

Article 47 (1) The amount of discount on negotiable instruments receivable or the amount of negotiable instruments receivable transferred by endorsement for the purpose of repaying debts shall be stated in the notes by giving the name of the amount of discount on negotiable instruments receivable or the amount of negotiable instruments receivable transferred by endorsement; provided, however, that notes may be omitted for matters having little significance.

(2) The provision of the preceding paragraph shall apply mutatis mutandis to negotiable instruments other than negotiable instruments receivable that have been discounted or that have been transferred by endorsement for the purpose of repaying debts; provided, however, that the notes on the amount of discount or the amount of transfer by endorsement in such case shall be stated by giving a name that indicates the cause for the occurrence of said claims on negotiable instruments.

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

Article 47-2 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.

Section 4 Net Assets

(Classification of Net Assets)

Article 48 Net assets shall be stated by classifying them into shareholders' equity, valuation and translation adjustments, and share options.

(Classification and Classified Presentation of Shareholders' Equity)

Article 49 (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 provision of Article 61 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to stated capital.

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

(4) The provision of Article 66 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to Treasury Shares.

(5) The provision of Article 66-2 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to a deposit for subscriptions to Treasury Shares.

(Classification and Classified Presentation of Valuation and Translation Adjustments)

Article 50 The provisions of Article 67 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to valuation and translation adjustments.

(Presentation of Share Options)

Article 51 The provisions of Article 68 of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to share options.

(Notes on the Per Share Amount of Net Assets)

Article 52 The per share amount of net assets as of the end of the current Quarterly Accounting Period and that as of the end of the Previous Business Year shall be stated in the notes.

Section 5 Miscellaneous Provisions

(Reserves, etc. under Special Law)

Article 53 (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." in the following paragraph and Article 71) shall be stated under a separate class that has been added immediately after fixed liabilities, notwithstanding the provisions of Articles 27 and 42.

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

(Statement of Assets and Liabilities of a Listed Business)

Article 54 (1) In cases where a company engaged in a business set forth in the appended list of the Ordinance on Financial Statements, etc. (hereinafter referred to as a "Listed Business") prepares a quarterly balance sheet, if it is found inappropriate to state its assets and liabilities pursuant to this Ordinance, said company engaged in a Listed Business may state its assets and liabilities in an equivalent manner as under the provisions of 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 its Financial Statements.

(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.

(Statement of Net Assets of Designated Juridical Persons)

Article 55 In cases where a Designated Juridical Person prepares a quarterly 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.

Chapter III Quarterly Profit and Loss Statement

Section 1 General Provisions

(Method for Presenting a Quarterly Profit and Loss Statement)

Article 56 (1) The method for presenting a quarterly profit and loss statement shall be in accordance with the provisions of this Chapter.

(2) A quarterly profit and loss statement shall be presented by using Form No. 3 and Form No. 4.

(Classification of Revenues and Expenses)

Article 57 Revenues and expenses shall be stated by classifying them into account titles having names that indicate the following items:

(i) net sales (including revenues from service operations; the same shall apply hereinafter);

(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.

Section 2 Net Sales and Cost of Sales

(Presentation Method for Net Sales)

Article 58 Net sales shall be set down under an account title having a name that indicates net sales.

(Presentation Method for the Cost of Sales)

Article 59 The cost of sales shall be set down under an account title having a name that indicates the cost of sales.

(Presentation of the Gross Profit or Loss on Sales)

Article 60 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 Expense)

Article 61 (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 20 percent of the combined total of selling expenses and general and administrative expenses or those of which the amount is not more than 20 percent of the combined total of selling expenses and general and administrative expenses but are found appropriate to be presented separately.

(Presentation of the Amount of Operating Profit and Loss)

Article 62 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 63 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 (excluding interest on securities), dividends income, gain on sales of securities, and others; provided, however, that any revenues of which the amounts are not more than 20 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 64 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, and others; provided, however, that any expenses of which the amounts are not more than 20 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.

(Presentation of the Amount of Ordinary Profit and Loss)

Article 65 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 66 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 20 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 67 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 20 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.

(Presentation of the Amount of Quarterly Net Profit or Interim Net Loss)

Article 68 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 quarterly net profit before taxes or the amount of quarterly net loss before taxes.

Article 69 (1) The amounts of the items set forth in the following items shall be stated under account titles having names that indicate the contents thereof, immediately after the amount of quarterly net profit before taxes or the amount of quarterly net loss 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 current Quarterly Accounting Period; 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 items set forth in the items of the preceding paragraph may be stated collectively; provided, however, that a statement to that effect shall be set down in the notes in such a case.

(3) The amount obtained by adjusting the amount of quarterly net profit before taxes or the amount of quarterly net loss before taxes by adding or subtracting the amounts of the items set forth in the respective items of paragraph (1) shall be stated as the amount of quarterly net profit or the amount of quarterly net loss.

(4) 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 Quarterly Net Profit or Loss)

Article 70 (1) The per share amount of quarterly net profit or per share amount of quarterly net loss for the current Quarterly Accounting Period and the Year to Date as of the end of said Quarterly Accounting Period, and the basis for calculation of said amount shall be stated in the notes.

(2) The Diluted Per Share Amount of Quarterly Net Profit (meaning per share amount of quarterly net profit calculated by supposing exercise of rights pertaining to any rights to acquire common shares, rights to request conversion into common shares, or securities or contracts attaching rights equivalent thereto (hereinafter referred to as "Potential Shares"); hereinafter the same shall apply in this Article) pertaining to the current Quarterly Accounting Period and the Year to Date as of the end of said Quarterly Accounting Period, and the basis for calculation of said amount shall be stated immediately after the statement set forth in the preceding paragraph; provided, however, that in cases where no Potential Shares exist, or in cases where the Diluted Per Share Amount of Quarterly Net Profit is not less than the per share amount of quarterly net profit or where such amount constitutes the per share amount of quarterly net loss, a statement to that effect shall be made, and the Diluted Per Share Amount of Quarterly Net Profit shall not be required to be stated.

(3) In cases where any consolidation of shares or share split has been carried out during the current Quarterly Accounting Period, the following matters shall be stated in the notes; provided, however, that in cases where no Potential Shares existed, or in cases where the Diluted Per Share Amount of Quarterly Net Profit was not less than the per share amount of quarterly net profit or where such amount constituted the per share amount of quarterly net loss during the corresponding Quarterly Accounting Period in the Previous Business Year, a statement to that effect shall be made, and the Diluted Per Share Amount of Quarterly Net Profit pertaining to the corresponding Quarterly Accounting Period in the Previous Business Year and the Year to Date as of the end thereof shall not be required to be stated:

(i) the fact that a consolidation of shares or a share split has been carried out; and

(ii) the per share amount of quarterly net profit or the per share amount of quarterly net loss, and the Diluted Per Share Amount of Quarterly Net Profit pertaining to the corresponding Quarterly Accounting Period and Year to Date in the Previous Business Year, in the case of supposing that the consolidation of shares or the share split were carried out on the day of commencement of the Previous Business Year.

(4) In cases where any consolidation of shares or share split has been carried out after the quarterly balance sheet date, the following matters shall be stated in the notes as Significant Post-Balance Sheet Events; provided, however, that in cases where no Potential Shares existed, or in cases where the Diluted Per Share Amount of Quarterly Net Profit was not less than the per share amount of quarterly net profit or where such amount constituted the per share amount of quarterly net loss in the current Quarterly Accounting Period, a statement to that effect shall be made, and the Diluted Per Share Amount of Quarterly Net Profit pertaining to the current Quarterly Accounting Period and the Year to Date as of the end of said Quarterly Accounting Period shall not be required to be stated:

(i) the fact that a consolidation of shares or a share split has been carried out;

(ii) the per share amount of quarterly net profit or the per share amount of quarterly net loss, and the Diluted Per Share Amount of Quarterly Net Profit pertaining to the corresponding Quarterly Accounting Period and Year to Date in the Previous Business Year, in the case of supposing that the consolidation of shares or the share split were carried out on the day of commencement of the Previous Business Year; and

(iii) the per share amount of quarterly net profit or the per share amount of quarterly net loss, and the Diluted Per Share Amount of Quarterly Net Profit pertaining to the current Quarterly Accounting Period and the Year to Date as of the end of said Quarterly Accounting Period, in the case of supposing that the consolidation of shares or the share split were carried out on the day of commencement of the current business year.

Section 6 Miscellaneous Provisions

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

Article 71 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.

(Notes in Cases where There Are Substantial Seasonal Fluctuations in Net Sales or Operating Expenses)

Article 72 In cases where there are substantial seasonal fluctuations in net sale or Operating Expenses (meaning the combined total of the cost of sales, selling expenses, and general and administrative expenses) due to the nature of the business, the situation of such fluctuations shall be stated in the notes.

(Statement of Revenues and Expenses Concerning a Listed Business)

Article 73 (1) In cases where a company engaged in a Listed Business prepares a quarterly profit and loss statement, if it is found inappropriate to state its revenues and expenses pursuant to this Ordinance, said company engaged in a Listed Business may state its revenues and expenses in an equivalent manner as under the provisions of a Law, Regulations, or Rules applicable to its Financial Statements.

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

Chapter IV Quarterly Cash Flow Statement

Section 1 General Provisions

(Method for Presenting a Quarterly Cash Flow Statement)

Article 74 (1) The method for presenting a quarterly cash flow statement shall be in accordance with the provisions of this Chapter.

(2) A quarterly cash flow statement shall be presented by using Form No. 5 or Form No. 6.

(Classification for Presenting a Quarterly Cash Flow Statement)

Article 75 In a quarterly 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 balances of cash and Cash Equivalents at the end of the quarter.

Section 2 Method for Presenting a Quarterly Cash Flow Statement

(Presentation Method for Cash Flows from Operating Activities)

Article 76 The provisions of Articles 113 to 118 inclusive of the Ordinance on Financial Statements, etc. shall apply mutatis mutandis to the method for presenting a quarterly cash flow statement. In this case, the phrase "the amount of net profit for the period before taxes or the amount of net loss for the period before taxes" in Article 113, item (ii) of the Ordinance on Financial Statements, etc. shall be deemed to be replaced with "the amount of quarterly net profit before taxes or the amount of quarterly net loss before taxes," and the term "profit and loss statement" in sub0-items (a) and (c) of that item shall be deemed to be replaced with "quarterly profit and loss statement."

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

Article 77 In a quarterly cash flow statement, the relationship between the balances of cash and Cash Equivalents at the end of the quarter and the amounts for the account titles set down in the quarterly balance sheet shall be stated in the notes.

Chapter V Notes on Shareholders' Equity, etc.

(Notes on Issued Shares)

Article 78 With regard to the classes and the total number of issued shares, the total number of issued shares at the end of the current Quarterly Accounting Period shall be stated in the notes, for each class of issued shares.

(Notes on Treasury Shares)

Article 79 With regard to the classes and the total number of Treasury Shares, the total number of Treasury Shares at the end of the current Quarterly Accounting Period shall be stated in the notes, for each class of Treasury Shares.

(Notes on Share Options, etc.)

Article 80 (1) With regard to share options, the following matters shall be stated in the notes:

(i) the class(es) of shares subject to the share options;

(ii) the number of shares subject to share options; and

(iii) the balance of share options at the end of the Quarterly Accounting Period.

(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 as of the last day of the current Quarterly Accounting Period, for each class of shares subject to the share options; provided, however, that the notes may be omitted in cases where the number of shares that 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) as of the last day of the current Quarterly Accounting Period.

(4) The provisions of the preceding three paragraphs shall apply mutatis mutandis to own share options.

(Notes on Dividends)

Article 81 With regard to the dividends during the Year to Date as of the end of the current Quarterly Accounting Period, the following matters shall be stated in the notes:

(i) in cases where the dividend property is money, the total amount of dividend, the amount of dividend per share, the reference date, and the effective date for each class of shares;

(ii) in cases where the dividend property is property other than money, the type and the book value of the dividend property, the amount of dividend per share, the reference date, and the effective date for each class of shares; and

(iii) with regard to a dividend of which the reference date is contained in the period from the day of commencement of the current business year to the end of the current Quarterly Accounting Period and of which the effective date will be after the last day of the current Quarterly Accounting Period, the matters equivalent to those set forth in the preceding two items.

(Notes in Cases where There Was a Substantial Change in the Amount of Shareholders' Equity)

Article 82 In cases where there was a substantial change in the amount of shareholders' equity as compared to the end of the Previous Business Year, the major cause of the change shall be stated in the notes.

Chapter VI Quarterly Financial Statements of Specified Companies

(Standards for Preparation of Quarterly Financial Statements of Specified Companies)

Article 83 (1) The terminology, forms, and preparation methods of Quarterly Financial Statements that a Specified Company submits shall be subject to the provisions of the preceding Chapters.

(2) A Specified Company may prepare Quarterly Financial Statements pursuant to Designated International Accounting Standards in addition to Quarterly Financial Statements prepared pursuant to the provision of the preceding paragraph.

(Notes on Special Provision for Accounting Standards)

Article 84 The following matters shall be stated in the notes to Quarterly Financial Statements prepared pursuant to Designated International Accounting Standards:

(i) a statement to the effect that Quarterly 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.

Chapter VII Quarterly Financial Documents of Foreign Companies

(Standards for Preparation of Quarterly Financial Documents of Foreign Companies)

Article 85 (1) In cases where the Commissioner of the Financial Services Agency approves a Foreign Company to submit the documents on financial calculation disclosed in its home country (including the state or any other region where the company is headquartered; the same shall apply hereinafter) as Quarterly Financial Documents, on finding no risk of impairing the public interest or protection of investors, the terminology, forms, and preparation methods of said Quarterly Financial Documents shall be, except for matters that were found necessary and instructed by the Commissioner of the Financial Services Agency, the terminology, forms, and preparation methods used in the home country.

(2) In cases where the documents on financial calculation disclosed in the home country by a Foreign Company do not qualify as those approved by the Commissioner of the Financial Services Agency based on the provision of the preceding paragraph, if the Commissioner of the Financial Services Agency approves said Foreign Company to submit the documents on financial calculation disclosed in an area outside Japan other than its home country as Quarterly Financial Documents, on finding no risk of impairing the public interest or protection of investors, the terminology, forms, and preparation methods of said Quarterly Financial Documents shall be, except for matters that were found necessary and instructed by the Commissioner of the Financial Services Agency, the terminology, forms, and preparation methods used in said area outside Japan other than its home country.

(3) In cases where the documents on financial calculation disclosed in the home country or any other area outside Japan by a Foreign Company do not qualify as those approved by the Commissioner of the Financial Services Agency based on the provisions of the preceding two paragraphs, the terminology, forms, and preparation methods of Quarterly Financial Documents to be submitted by such Foreign Company shall be in accordance with the instructions of the Commissioner of the Financial Services Agency.

(Notes on Accounting Standards)

Article 86 In cases where any accounting principles and procedures for preparing Quarterly Financial Documents adopted by the Foreign Company with regard to the Quarterly Financial Documents under the provisions of the preceding Article differ from accounting principles and procedures for preparing Quarterly Financial Documents in Japan, the contents thereof shall be stated in the notes in said Quarterly Financial Documents.

(Presentation Methods)

Article 87 (1) The provisions of Article 4, paragraph (3) and Article 5, paragraph (1), item (ii) shall apply mutatis mutandis to Quarterly Financial Documents to be submitted by a Foreign Company.

(2) In cases where any presentation methods for the Quarterly Financial Documents to be submitted by a Foreign Company differ from presentation methods in Japan, the contents thereof shall be stated in the notes in said Quarterly Financial Documents.

(Presentation of Monetary Amounts)

Article 88 In cases where the account titles and any other matters set down in Quarterly Financial Documents to be submitted by a Foreign Company are presented in monetary amounts in a currency other than Japanese currency, the amounts for major matters shall also be stated in amounts that have been translated into Japanese currency. In this case, the translation standards adopted for the translation into Japanese currency shall be stated in the notes in said Quarterly Financial Documents.

(Noting Method)

Article 89 (1) The notes to be stated pursuant to the provisions of Article 86, Article 87, paragraph (2), and the preceding Article shall be stated as Footnotes; provided, however, that notes that are found inappropriate to be stated as Footnotes may be stated in other appropriate places.

(2) The provision of Article 23, paragraph (3) shall apply mutatis mutandis to the case of stating matters in the notes pursuant to the provisions of Article 86 and Article 87, paragraph (2).