

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

(Ordinance of the Ministry of Finance No. 38 of August 30, 1977)

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 Interim Financial Statements, etc. is enacted as follows.

Chapter I General Provisions (Articles 1 to 7-2)

Chapter II Interim Balance Sheet

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Chapter III Interim Profit and Loss Statement

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72 and 73)

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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) or Article 24-5, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act") (including the cases where any of these provisions are applied mutatis mutandis pursuant to Article 24-4-7, paragraph (4) and Article 24-5, paragraph (5) of the Act and cases where any of these provisions are applied mutatis mutandis, pursuant to Article 27 of the Act, to a corporation which has been designated by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 1, paragraph (1) of the 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 corporation is hereinafter referred to as a "Designated Corporation")), the terminology, forms, and preparation methods of Interim Financial Statements (meaning interim balance sheets, interim profit and loss statements, interim statements of changes in net assets, and interim cash flow statements (including documents that are equivalent to these Financial Documents, and that are prepared for specified trust property defined in Article 38-3) or, if Financial Documents 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 "Ordinance on Consolidated Financial Statements"); the same applies hereinafter) pursuant to the provisions of Article 74, paragraph (2), equivalents to interim balance sheets, interim profit and loss statements, interim statements of changes in net assets and interim cash flow statements, of which preparation is required pursuant to Designated International Accounting Standards; the same applies hereinafter) are 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 are in compliance with business accounting standards 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) is regarded as the business accounting standards 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, paragraph (3) of the Ordinance on Financial Statements, etc. is regarded as the business accounting standards generally accepted as fair and appropriate prescribed in paragraph (1).

(Special Provisions for Application)

Article 1-2 The terminology, forms, and preparation methods of Interim 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 unless it prepares Interim Consolidated Financial Statements:

- (i) that it satisfies the requirements set forth in Article 1-2, item (i) of the Ordinance on Financial Statements, etc.; or
- (ii) that it is a company that prepared Financial Statements or quarterly financial statements (meaning documents prescribed in Article 1, paragraph (1) of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Financial Statements, etc. (Cabinet Office Ordinance No. 63 of 2007; hereinafter referred to as the "Ordinance on Quarterly Financial Statements, etc.)) pertaining to the business year immediately prior to the current interim accounting period or the quarterly accounting period (meaning a period prescribed in Article 3, item (iv) of the Ordinance on Quarterly Financial Statements, etc.) immediately prior to the current interim accounting period, whichever is the period of which the last day is the closest to the interim balance sheet date, in accordance with Designated International Accounting Standards and satisfies the requirements set forth in Article 1-2, item (i), sub-items (b) and (c) of the Ordinance on Financial Statements, etc.

(Special Provisions 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 applies in Chapter VII), the terminology, forms, and preparation methods of interim Financial Documents are governed by the provisions of that Chapter.

(Definitions)

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

- (i) Company Submitting Interim Financial Statements: a company, Designated Corporation or partnership which is to submit Interim Financial Statements pursuant to the provisions of the Act;
- (ii) Financial Statements: the financial statements defined in Article 1, paragraph (1) of the Ordinance on Financial Statements, etc.;
- (iii) Interim Consolidated Financial Statements: the interim consolidated financial statements defined 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);
- (iv) Cash Flow: any increase or decrease in the Funds defined in the following item;
- (v) 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 applies in Articles 71 and 73) 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 applies in Articles 71 and 73);
- (vi) Derivative Transactions: the transactions defined in Article 8, paragraph (14) of the Ordinance on Financial Statements, etc.;
- (vii) Trading Securities: the securities defined in Article 8, paragraph (20) of the Ordinance on Financial Statements, etc.;
- (viii) Bonds Held to Maturity: the bonds defined in Article 8, paragraph (21) of the Ordinance on Financial Statements, etc.;
- (ix) Other Securities: the securities defined in Article 8, paragraph (22) of the Ordinance on Financial Statements, etc.;
- (x) Treasury Shares: shares of a Company Submitting Interim Financial Statements held by the Company Submitting Interim Financial Statements itself;
- (xi) Company's Own Shares: shares of a Company Submitting Interim Financial Statements;
- (xii) 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.;
- (xiii) Stock Options: the stock options defined in Article 8, paragraph (26) of the Ordinance on Financial Statements, etc.;
- (xiv) Business Combination: the business combination defined in Article 8, paragraph (27) of the Ordinance on Financial Statements, etc.;
- (xv) Acquiring Enterprise: the enterprise defined in Article 8, paragraph (28) of the Ordinance on Financial Statements, etc.;

- (xvi) Acquired Enterprise: the enterprise defined in Article 8, paragraph (29) of the Ordinance on Financial Statements, etc.;
- (xvii) Combiner: the enterprise defined in Article 8, paragraph (31) of the Ordinance on Financial Statements, etc.;
- (xviii) Combinee: the enterprise defined in Article 8, paragraph (32) of the Ordinance on Financial Statements, etc.;
- (xix) Combined Enterprise: the enterprise defined in Article 8, paragraph (33) of the Ordinance on Financial Statements, etc.;
- (xx) Constituent Enterprises: the enterprises defined in Article 8, paragraph (34) of the Ordinance on Financial Statements, etc.;
- (xxi) Reverse Acquisition: the Reverse Acquisition defined in Article 8, paragraph (36) of the Ordinance on Financial Statements, etc.;
- (xxii) Common Control Transaction, etc.: the common control transaction, etc. defined in Article 8, paragraph (37) of the Ordinance on Financial Statements, etc.;
- (xxiii) Business Divestiture: the business divestiture defined in Article 8, paragraph (38) of the Ordinance on Financial Statements, etc.;
- (xxiv) Divesting Enterprise: the enterprise defined in Article 8, paragraph (39) of the Ordinance on Financial Statements, etc.;
- (xxv) Successor Enterprise: the enterprise defined in Article 8, paragraph (40) of the Ordinance on Financial Statements, etc.;
- (xxvi) Financial Instruments: the financial instruments defined in Article 8, paragraph (41) of the Ordinance on Financial Statements, etc.; and
- (xxvii) 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 Interim Financial Statements)

Article 3 (1) Interim Financial Statements must provide useful information concerning the financial position, business performance and cash flow conditions of the Company Submitting Interim Financial Statements for an interim accounting period.

(2) The accounting principles and procedures adopted for preparing Financial Statements in the business year immediately prior to the relevant interim accounting period must be applied continuously in the relevant interim accounting period, except in cases of making a change based on justifiable grounds.

(3) The same presentation method of Interim Financial Statements must 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

Interim Financial Statements)

Article 4 Any accounting principles and procedures and presentation methods adopted for preparation of Interim Financial Statements and any other significant matters that serve as the basis for preparation of Interim Financial Statements which are set forth in the following items must be stated immediately after the interim cash flow statement:

- (i) the valuation basis and valuation method for assets;
- (ii) the depreciation method for fixed assets;
- (iii) standards for recognition of allowances;
- (iv) standards for recognition of revenues and expenses;
- (v) the basis for the translation of foreign currency assets and liabilities into Japanese currency;
- (vi) the method of Hedge Accounting (the accounting method defined in Article 8-2, item (viii) of the Ordinance on Financial Statements, etc.; the same applies in Article 5-5);
- (vii) the scope of Funds in the interim cash flow statement; and
- (viii) any other significant matters that serve as the basis for preparation of Interim Financial Statements.

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

Article 5 (1) If any significant matters that serve as the basis for preparation of Interim Financial Statements have been changed, the matters set forth in the following items must be stated immediately after the statements under the preceding Article:

- (i) if 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 Interim Financial Statements;
 - (ii) if any presentation methods have been changed, the details of such change; and
 - (iii) if the scope of Funds in the interim 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 interim cash flow statement.
- (2) If the accounting principles or procedures had been changed upon preparing the Financial Statements for the business year immediately prior to the relevant interim accounting period, and there is any difference between the accounting principles and procedures adopted for preparing the Interim Financial Statements for the interim accounting period immediately prior to the relevant interim accounting period and those adopted for preparing the Interim Financial Statements for the relevant interim accounting period, a statement to that effect and the details of such change must be set down in the

notes.

(Notes on Material Post-Balance Sheet Events)

Article 5-2 If any events that exert a material influence on the financial position, business performance and cash flow conditions of a Company Submitting Interim Financial Statements in and/or after the business year containing the interim accounting period pertaining to the relevant Interim Financial Statements (excluding said interim accounting period) occur after the interim balance sheet date (such events are hereinafter referred to as "Material Post-Balance Sheet Events"), said events must be stated in the notes.

(Notes on Lease Transactions)

Article 5-3 The provisions of Article 8-6 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to lease transactions. In this case, the term "Company Submitting Financial Statements" in paragraphs (1) and (3) of that Article is deemed to be replaced with "Company Submitting Interim Financial Statements," the phrases "the end of the current business year" in paragraph (1), item (i), sub-item (a) and paragraph (2) of that Article are deemed to be replaced with "the end of current interim accounting period", the phrases "up to five years from the balance sheet date" and "after five years from the balance sheet date" in paragraph (1), item (ii), sub-item (b) of that Article are deemed to be replaced with "up to the day on which five years have elapsed from the day following the interim balance sheet date" and "after the day on which five years have elapsed from the day following the interim balance sheet date" respectively, the phrase "Within One Year" in paragraph (2) of that Article is deemed to be replaced with "on a day that comes within one year from the day following the interim balance sheet date," and the term "balance sheet" in paragraph (3) of that Article is deemed to be replaced with "interim balance sheet."

(Notes on Financial Instruments)

Article 5-3-2 The provisions of Article 8-6-2, paragraphs (1) (excluding item (i)), (2) and (7) of the Ordinance on Financial Statements, etc. apply mutatis mutandis to Financial Instruments. In this case, the phrases "balance sheet date," "of the balance sheet," and "amounts reported on the balance sheet" in paragraph (1), item (ii) of that Article are deemed to be replaced with "interim balance sheet date," "of the interim balance sheet," and "amounts reported on the interim balance sheet" respectively, and the terms "Company Submitting Financial Statements" and "Consolidated Financial Statements" in paragraph (7) of that Article are deemed to be replaced with "Company Submitting Interim Financial Statements" and "Interim Consolidated Financial

Statements" respectively.

(Notes on Securities)

Article 5-4 The provisions of Article 8-7, paragraphs (1) (excluding items (i), (v), and (vi)) and paragraph (4) of the Ordinance on Financial Statements, etc. apply mutatis mutandis to securities. In this case, the terms "balance sheet" and "amount reported on the balance sheet" in paragraph (1), items (ii) to (iv) inclusive of that Article are deemed to be replaced with "interim balance sheet" and "amount reported on the interim balance sheet" respectively, the terms "relevant business year," "balance sheet date," "amount reported on the balance sheet," "Financial Statements," and "on the balance sheet" in paragraph (3) of that Article are deemed to be replaced with "current interim accounting period," "interim balance sheet date," "amount reported on the interim balance sheet," "Interim Financial Statements," and "on the interim balance sheet" respectively, the term "relevant business year" in paragraph (4) of that Article is deemed to be replaced with "current interim accounting period," the terms "Company Submitting Financial Statements" and "Consolidated Financial Statements" in paragraph (4) of that Article are deemed to be replaced with "Company Submitting Interim Financial Statements" and "Interim Consolidated Financial Statements" respectively.

(Notes on Derivative Transactions)

- Article 5-5 (1) In addition to the matters specified in Article 5-3-2, with regard to Derivative Transactions (limited to those to which Hedge Accounting is not applied), the contract amount as of the interim balance sheet date or the principal equivalent amount specified in the contract, the market price and gain or loss on valuation as of the interim balance sheet date, and the calculation method for the market price must be stated in the notes, for each type of the Subject Matter of Transactions (meaning currencies, money rates, shares, bonds, commodities and any other subject matter of transactions; the same applies in the following paragraph); provided, however, that notes may be omitted for matters having little materiality.
- (2) Notwithstanding the provisions of the preceding paragraph, with regard to Derivative Transactions to which Hedge Accounting is applied, the contract amount as of the interim balance sheet date or the principal equivalent amount specified in the contract, the market price as of the interim balance sheet date, and the calculation method for the market price may be stated in the notes, for each type of the Subject Matter of Transactions.
- (3) The matters specified in paragraph (1) must 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 applies 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.) or transactions other than Market Transactions, distinction between those pertaining to purchase contracts and those pertaining to sale contracts, the period from the interim balance sheet date to the settlement date of the transaction or to the time of termination of the contract, and other matters.

- (4) The matters specified in paragraph (2) must be 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.
- (5) The matters specified in paragraph (1) are not required to be stated if a Company Submitting Interim Financial Statements prepares Interim Consolidated Financial Statements.

(Application of Tax Effect Accounting)

Article 5-6 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."), Interim Financial Statements must be prepared by applying Tax Effect Accounting (meaning an accounting method which, if there are differences between the amounts of assets and liabilities reported on the interim balance sheet and the amounts of assets and liabilities derived as a result of calculating the taxable income, reasonably matches the amount of interim net 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 applies hereinafter).

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

Article 5-7 With regard to a company that does not prepare Interim Consolidated Financial Statements, the matters set forth in the following items for the respective categories of cases listed in those items must be stated in the notes; provided, however, that, with regard to the matters specified in item (i), any Affiliated Company that has little materiality in terms of the profit or loss and the retained earnings and any other items may be excluded:

- (i) cases where there is any Affiliated Company: the amount of investment in the Affiliated Company, the amount of investment if the Equity Method is applied to said investment, and the amount of investment return or investment loss; and
- (ii) 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 applies in this item): 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 material matters.

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

Article 5-8 The provisions of Article 8-14 of the Ordinance on Financial Statements, etc. 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 paragraph (1), item (i) of that Article is deemed to be replaced with "interim accounting period," and the terms "Company Submitting Financial Statements" and "Consolidated Financial Statements" in paragraph (2) of that Article are deemed to be replaced with "Company Submitting Interim Financial Statements" and "Interim Consolidated Financial Statements" respectively.

(Notes on Stock Options)

Article 5-9 (1) In addition to the provisions of the preceding Article, if Stock Options have been granted during the interim accounting period, the following matters must be stated in the notes with regard to said Stock Options; provided, however, that the notes may be omitted if they are found to be immaterial to the financial position, business performance and cash flow conditions of the Company Submitting Interim Financial Statements:

- (i) the number of persons who qualify for grants, for each category such as officers and employees;
- (ii) the number of Stock Options granted for each 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) The notes set forth in the preceding paragraph must be stated by either of the following methods:

- (i) the method of stating such notes individually for each contract; or
- (ii) the method of stating such notes collectively for multiple contracts.

- (3) Notwithstanding the provisions of the preceding paragraph, notes for the Stock Options set forth in the following items must not be stated collectively for multiple contracts:
- (i) Stock Options for which the category of persons who qualify for grants, details of the vesting conditions, the requisite service period, and the exercise period are not regarded as being generally similar;
 - (ii) Stock Options granted before public offering of shares, and Stock Options granted after public offering of shares; and
 - (iii) Stock Options for which the method for setting the exercise price differs extremely.
- (4) The matters specified in the preceding three paragraphs are not required to be stated if a Company Submitting Interim Financial Statements prepares Interim Consolidated Financial Statements.

(Notes on Business Combination through Acquisition Was Implemented)

Article 5-10 The provisions of Article 8-17 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to the cases where a Business Combination has been carried out through acquisition of another Enterprise or a business segment of another Enterprise (excluding the cases prescribed in the paragraphs of the following Article). In this case, the term "business year" in Article 8-17, paragraphs (1) (excluding item (ix)), (2) and (3) of the Ordinance on Financial Statements, etc. is deemed to be replaced with "interim accounting period," the phrase "in the Financial Statement" in paragraph (1), item (ii) of that Article is deemed to be replaced with "in the Interim Financial Statements," the phrase "after the business year following the business year" in item (ix) of that paragraph is deemed to be replaced with "after the last day of the interim accounting period," the term "Consolidated Financial Statements" in item (x) of that paragraph and paragraph (4) of that Article is deemed to be replaced with "Interim Consolidated Financial Statements," and the term "profit and loss statement" in paragraph (1), item (x) and paragraph (3), item (i) of that Article is deemed to be replaced with "interim profit and loss statement."

(Notes on Business Combination Resulting in Reverse Acquisition, etc. Was Implemented)

Article 5-11 (1) The provisions of Article 8-18 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to the case where a Business Combination resulting in Reverse Acquisition was implemented. In this case, the terms "business year" and "balance sheet" in paragraph (1) of that Article are deemed to be replaced with "interim accounting period" and "interim balance sheet," respectively, the terms "balance sheet" and "profit and loss

statement" in paragraph (2) of that Article are deemed to be replaced with "interim balance sheet" and "interim profit and loss statement," respectively, the term "Company Submitting Financial Statements" in item (i) of that paragraph is deemed to be replaced with "Company Submitting Interim Financial Statements," the phrases "the amount of net profit for the period before taxes or the amount of net loss for the period before taxes," "the amount of current net profit or the amount of current net loss," and "the per share amount of current net profit or per share amount of current net loss" in sub-item (b) of that item are deemed to be replaced with "the amount of interim net profit before taxes or the amount of interim net loss before taxes," "the amount of interim net profit or the amount of interim net loss," and "the per share amount of interim net profit or per share amount of interim net loss," respectively, the term "Consolidated Financial Statements" in paragraph (3) of that Article is deemed to be replaced with "Interim Consolidated Financial Statements," the term "Company Submitting Financial Statements" in item (i) of that paragraph is deemed to be replaced with "Company Submitting Interim Financial Statements," and the phrase "after the business year following the business year" and the term "Consolidated Financial Statements" in paragraph (4) of that Article are deemed to be replaced with "after the last day of the interim accounting period" and "Consolidated Interim Financial Statements," respectively.

- (2) The provisions of Article 8-19 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to the case where a Business Combination through the acquisition of another Enterprise has been carried out through multiple transactions. In this case, the term "Consolidated Financial Statements" in that Article is deemed to be replaced with "Interim Consolidated Financial Statements," the term "business year" in paragraph (1) of that Article is deemed to be replaced with "interim accounting period," the terms "balance sheet" and "profit and loss statement" in item (iii) of that paragraph are deemed to be replaced with "interim balance sheet" and "interim profit and loss statement," respectively, and the phrase "after the business year following the business year" in paragraph (2) of that Article is deemed to be replaced with "after the last day of the interim accounting period."

(Notes on Common Control Transaction, etc.)

Article 5-12 The provisions of Articles 8-20 and 8-21 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to a Common Control Transaction, etc. and to cases where a Subsidiary Company has absorbed its Parent Company through an absorption-type merger. In this case, the term "business year" in Article 8-20, paragraphs (1) and (2) and Article 8-21, paragraph (1) of the Ordinance on Financial Statements, etc. is deemed to be

replaced with "interim accounting period," the term "Consolidated Financial Statements" in Article 8-20, paragraph (3) and Article 8-21, paragraphs (1) and (3) of the Ordinance on Financial Statements, etc. is deemed to be replaced with "Interim Consolidated Financial Statements," the term "Company Submitting Financial Statements" in Article 8-21, paragraph (1) of the Ordinance on Financial Statements, etc. is deemed to be replaced with "Company Submitting Interim Financial Statements," the terms "balance sheet" and "profit and loss statement" in paragraph (2), items (i) and (ii) of that Article are deemed to be replaced with "interim balance sheet" and "interim profit and loss statement" respectively, and the phrase "after the business year following the business year" in paragraph (3) of that Article is deemed to be replaced with "after the last day of the interim accounting period."

(Notes on Formation of Jointly Controlled Enterprises)

Article 5-13 The provisions of Article 8-22 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to a Business Combination forming a jointly controlled enterprise. In this case, the term "business year" in paragraphs (1) and (2) of that Article is deemed to be replaced with "interim accounting period," and the term "Consolidated Financial Statements" in paragraph (3) of that Article is deemed to be replaced with "Interim Consolidated Financial Statements."

(Notes by Divesting Enterprise in Business Divestitures)

Article 5-14 The provisions of Article 8-23 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to a material Business Divestiture. In this case, the term "business year" in paragraphs (1) and (3) of that Article is deemed to be replaced with "interim accounting period," the term "profit and loss statement" in paragraph (1), item (iv) of that Article is deemed to be replaced with "interim profit and loss statement," and the term "Consolidated Financial Statements" in paragraph (4) of that Article is deemed to be replaced with "Interim Consolidated Financial Statements."

(Notes by Successor Enterprise in Business Divestitures)

Article 5-15 The provisions of Article 8-24 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to a Business Divestiture that is not categorized as a Business Combination. In this case, the term "Consolidated Financial Statements" in paragraph (2) of that Article is deemed to be replaced with "Interim Consolidated Financial Statements."

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

Article 5-16 The provisions of Article 8-25 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to a Material Post-Balance Sheet Event, etc. related to a Business Combination and a Business Combination wherein an agreement has been reached on major conditions by the interim balance sheet date and which has not been completed by that date. In this case, the term "balance sheet date" in paragraphs (1) and (2) of that Article is deemed to be replaced with "interim balance sheet date," and the term "Consolidated Financial Statements" in paragraph (3) of that Article is deemed to be replaced with "Interim Consolidated Financial Statements."

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

Article 5-17 The provisions of Article 8-26 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to a Material Post-Balance Sheet Event, etc. related to a Business Divestiture and a Business Divestiture wherein an agreement has been reached on major conditions by the interim balance sheet date and which has not been completed by that date. In this case, the term "balance sheet date" in paragraph (1) of that Article is deemed to be replaced with "interim balance sheet date," and the term "Consolidated Financial Statements" in paragraph (2) of that Article is deemed to be replaced with "Interim Consolidated Financial Statements."

(Notes on Going Concern Assumption)

Article 5-18 If, as of the interim 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"), and 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 must be stated in the notes; provided, however, that if said significant uncertainty ceases to be recognized after the interim balance sheet date, they are not 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 Interim Financial Statements.

(Notes on Asset Retirement Obligations)

Article 5-19 The provisions of Article 8-28 (excluding item (i), sub-items (a) and (b)) of the Ordinance on Financial Statements, etc. apply mutatis mutandis to Asset Retirement Obligations. In this case, the terms "balance sheet" and "the relevant business year" in that Article are deemed to be replaced with "interim balance sheet" and "the current interim accounting period" respectively.

(Notes on Segment Information, etc.)

Article 5-20 (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 must be set down in the notes in accordance with Form No. 1:

- (i) the outline of any Reporting Segment;
- (ii) the amounts of the net sales, profit or loss, assets, liabilities and other items for each Reporting Segment and the methods of calculation of those amounts; and
- (iii) the differences between the total amounts of the amounts of each item set forth in the preceding item and the amounts reported on the interim balance sheet or the amounts reported on the interim profit and loss statement for each accounting title equivalent to said item 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 must be set down in the notes in accordance with that form:

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

(3) If the following matters are reported in the interim balance sheet or the interim profit and loss statement, the outline for each Reporting Segment must be set down in the notes in accordance with Form No. 3:

- (i) the impairment loss on fixed assets;
- (ii) the amortization amount of goodwill and the unamortized balance; or
- (iii) the gain from negative goodwill.

(4) Notwithstanding the provisions of the preceding three paragraphs, notes may be omitted for matters having little materiality.

(5) The matters set forth in the items of paragraph (1) and the items of paragraph (2) and the outline prescribed in paragraph (3) are not required to be stated if the Company Submitting Interim Financial Statements prepares Interim Consolidated Financial Statements.

(Notes on Rental, etc. Real Properties)

Article 5-21 (1) The provisions of Article 8-30 (excluding paragraph (1), items (i) and (iv)) of the Ordinance on Financial Statements, etc. apply mutatis mutandis to Rental, etc. Real Properties (meaning a Rental, etc. Real Property prescribed in paragraph (1) of that Article; the same applies in the following paragraph). In this case, the phrase "reported in the balance sheet" and the term "business year" in paragraph (1), item (ii) of that Article are deemed to be replaced with "reported in the interim balance sheet" and "interim accounting period," respectively, the term "balance sheet date" in item (iii) of that paragraph is deemed to be replaced with "interim balance sheet date," the terms "Company Submitting Financial Statements" and "Consolidated Financial Statements" in paragraph (2) of that Article are deemed to be replaced with "Company Submitting Interim Financial Statements" and "Interim Consolidated Financial Statements," respectively.

(2) If, from among the matters set forth in Article 8-30, paragraph (1), items (ii) and (iii) of the Ordinance on Financial Statements as applied mutatis mutandis pursuant to the preceding paragraph, no substantial fluctuation is found in the amount of Rental, etc. Real Properties reported on the interim balance sheet and the market price thereof as of the interim closing date in comparison to the last day of the previous Fiscal Year, notes may be omitted for the matters listed in those items by making a statement to that effect.

(Notes on Additional Information)

Article 6 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 a Company Submitting Interim Financial Statements to make adequate judgments on the financial position, business performance and cash flow conditions of the company for the business year containing the interim accounting period pertaining to the Interim Financial Statements, said matters must be stated in the notes.

(Noting Method)

Article 7 (1) The notes to be stated pursuant to the provisions of this Ordinance must be stated immediately after the statements under the provisions of Articles 4 and 5, 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 Interim Financial Statements in which the matters pertaining to said notes are stated; the same applies hereinafter); provided, however, that matters related to the matters that are stated pursuant to the provisions of Article 4 may be stated together therewith.

(2) Notwithstanding the provisions of the preceding paragraph, the notes under the provisions of Article 5-18 must be stated immediately after the interim

cash flow statement. In this case, notwithstanding the provisions of Article 4, the matters stated under the provisions of that Article must be stated immediately after the notes under the provisions of Article 5-18.

(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 must be made clear by appending a symbol to said account title or by other similar method.

(Units for Presenting Amounts)

Article 7-2 The amounts for the account titles and any other matters contained in Interim Financial Statements are to be presented in units of million yen or thousand yen.

Chapter II Interim Balance Sheet

Section 1 General Provisions

(Method for Presenting an Interim Balance Sheet)

Article 8 (1) The method for presenting an interim balance sheet is to be in accordance with the provisions of this Chapter.

(2) An interim balance sheet is to be presented by using Form No. 4.

(Classification into Assets, Liabilities and Net Assets)

Article 9 Assets, liabilities and net assets must be stated by respectively classifying them into the assets section, liabilities section, and net assets section.

(Arrangement of Account Titles)

Article 10 The account titles of assets and liabilities are to be arranged by using the method of current arrangement.

Section 2 Assets

(Classification of Assets)

Article 11 Assets must be stated by classifying them into current assets, fixed assets and deferred assets, and assets categorized as fixed assets must be further classified into tangible fixed assets, intangible fixed assets, investments, and any other assets.

(Scopes of the Respective Classes of Assets)

Article 12 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. 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. is deemed to be replaced with "on a day within one year from the day following the interim 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. is deemed to be replaced with "Company Submitting Interim Financial Statements."

(Classified Presentation of Current Assets)

Article 13 (1) Assets categorized as current assets must be set down under account titles having names that indicate said assets, in accordance with the categorization of the following items:

- (i) cash and deposits;
 - (ii) negotiable instruments receivable;
 - (iii) accounts receivable;
 - (iv) lease receivables (limited to those that have arisen based on ordinary transactions, and excluding Claims in Bankruptcy, Reorganization, etc. (meaning the claims in bankruptcy, reorganization, etc. defined in Article 8-10, paragraph (1), item (ix) of the Ordinance on Financial Statements, etc.; the same applies in the following item) that are clearly not collectible within one year);
 - (v) 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);
 - (vi) securities;
 - (vii) Inventory Assets (meaning the assets set forth in Article 15, items (v) to (x) inclusive of the Ordinance on Financial Statements, etc.); and
 - (viii) 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 provisions of that paragraph do not preclude one from separately setting down said assets under an account title having a name that indicates said assets.
- (3) Among the assets set forth in paragraph (1), item (viii), any asset of which the amount exceeds five percent of the total amount of assets must be set down separately under an account title having a name that indicates said asset.

(Presentation of Allowances pertaining to Current Asset)

Article 14 The provisions of Article 20 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to allowances pertaining to assets categorized as current assets.

Article 15 Deleted.

(Categorized Presentation of Tangible Fixed Assets)

Article 16 (1) Assets categorized as tangible fixed assets are to be set down collectively under an account title having a name that indicates tangible fixed assets; provided, however, that this does 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 provisions of the preceding paragraph, if assets categorized as tangible fixed assets include any asset of which the amount exceeds five percent of the total amount of assets, said asset must be separated from other tangible fixed assets and must be set down under an account title having a name that indicates each such asset.

(Presentation of the Amounts of Accumulated Depreciation)

Article 17 The provisions of Articles 25 and 26 of the Ordinance on Financial Statements, etc. 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 17-2 The provisions of Article 26-2 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to the amounts of accumulated impairment loss for tangible fixed assets.

(Categorized Presentation of Intangible Fixed Assets)

Article 18 (1) Assets categorized as intangible fixed assets are to be collectively set down under an account title having a name that indicates intangible fixed assets; provided, however, that this does 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 provisions of Article 16, paragraph (2) apply mutatis mutandis to intangible fixed assets.

Article 19 The provisions of Article 30 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to the amounts of accumulated amortization and the amounts of accumulated impairment loss for intangible fixed assets.

(Categorized Presentation of Investments and Other Assets)

Article 20 (1) Assets categorized as investments and other assets are to be collectively set down under an account title having a name that indicates investments and other assets; provided, however, that this does 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 provisions of Article 16, paragraph (2) apply mutatis mutandis to investments and other assets.

(Presentation of Allowances pertaining to Investments and Other Assets)

Article 21 The provisions of Article 20 of the Ordinance on Financial Statements, etc. as applied mutatis mutandis pursuant to Article 34 of that Ordinance apply mutatis mutandis to allowances pertaining to assets categorized as investments and other assets.

(Categorized Presentation of Deferred Assets)

Article 22 (1) Assets categorized as deferred assets are to be collectively set down under an account title having a name that indicates deferred assets; provided, however, that this does 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 provisions of Article 16, paragraph (2) apply mutatis mutandis to deferred assets.

Article 23 The provisions of Article 38 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to the amounts of accumulated amortization for deferred assets.

(Notes on Collateral Assets)

Article 24 The provisions of Article 43 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to assets that have been provided as collateral.

Article 25 Deleted.

Section 3 Liabilities

(Classification of Liabilities)

Article 26 Liabilities must be stated by classifying them into current liabilities and fixed liabilities.

(Scopes of the Respective Classes of Liabilities)

Article 27 The provisions of Articles 47 to 48-4 inclusive and 51 to 51-5 inclusive of the Ordinance on Financial Statements, etc. 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. is deemed to be replaced with "on a day within one year from the day following the interim balance sheet date."

(Categorized Presentation of Current Liabilities)

Article 28 (1) Liabilities categorized as current liabilities must be set down under account titles having names that indicate said liabilities, in accordance with the categorization of the following items:

- (i) negotiable instruments payable;
- (ii) accounts payable;
- (iii) short-term borrowings (including finance negotiable instruments and overdrafts); provided, however, that this excludes short-term borrowings from shareholders, officers, or employees;
- (iv) lease obligations;
- (v) accrued Corporation Tax, etc.;
- (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 provisions of that paragraph do not preclude one from separately setting down said liabilities under an account title having a name that indicates said liabilities.

(3) If the allowances set forth in paragraph (1), item (vi) include any allowance of which the amount exceeds one percent of the combined total of liabilities and net assets, said allowance must 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 (viii), any liability of which the amount exceeds five percent of the combined total of liabilities and net assets must be set down under an account title having a name that indicates said liability.

(Categorized Presentation of Fixed Liabilities)

Article 29 (1) Liabilities categorized as fixed liabilities must be set down under account titles having names that indicate said liabilities, in accordance with the categorization of the following items:

- (i) corporate bonds;
- (ii) long-term borrowings (including finance negotiable instruments); provided,

- however, that this excludes long-term borrowings from shareholders, officers, or employees;
- (iii) lease obligations;
 - (iv) allowances;
 - (v) Asset Retirement Obligations; and
 - (vi) others.
- (2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to cases referred to in the preceding paragraph.
- (3) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the allowances referred to in paragraph (1), item (iv).
- (4) The provisions of paragraph (4) of the preceding Article apply mutatis mutandis to liabilities categorized under the item set forth in paragraph (1), item (vi).

(Notes on Specified Accounts Pertaining to Business Combination)

Article 30 The provisions of Article 56 of the Ordinance on Financial Statements, etc. applies mutatis mutandis to specified accounts pertaining to a Business Combination that are reported under liabilities.

(Notes on Contingent Liabilities)

Article 31 If there are contingent liabilities (meaning guarantee of debts (including obligations that have the same effect as guarantee of debts), or obligations for compensation resulting from contentious cases and other liabilities that have not actually arisen but may be borne by the business in the future), the contents and amounts thereof must be stated in the notes; provided, however, that notes may be omitted for liabilities having little materiality.

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

Article 31-2 The provisions of Article 58-2 of the Ordinance on Financial Statements, etc. 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 31-3 The provisions of Article 54-4 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to presentation of Inventory Assets and reserve for loss on construction contracts.

Section 4 Net Assets

(Classification of Net Assets)

Article 32 Net assets must be stated by classifying them into shareholders' equity, valuation and translation adjustments, and share options.

(Classification of Shareholders' Equity)

Article 32-2 Shareholders' equity must be stated by classifying it into stated capital, capital surplus, and retained earnings.

(Presentation of Stated Capital)

Article 33 The provisions of Article 61 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to stated capital.

(Presentation of Deposit for Subscriptions to Shares)

Article 34 The provisions of Article 62 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to a deposit for subscriptions to shares as after the application date.

(Categorized Presentation of Capital Surplus)

Article 35 The provisions of Article 63 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to capital surplus.

(Categorized Presentation of Retained Earnings)

Article 36 The provisions of Article 65 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to retained earnings.

(Presentation of Treasury Shares)

Article 36-2 The provisions of Article 66 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to Treasury Shares.

(Presentation of Deposit for Subscriptions to Treasury Shares)

Article 36-2-2 The provisions of Article 66-2 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to a deposit for subscriptions to Treasury Shares.

(Classification and Categorized Presentation of Valuation and Translation Adjustments)

Article 36-2-3 The provisions of Article 67 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to valuation and translation adjustments.

(Presentation of Share Options)

Article 36-2-4 The provisions of Article 68 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to share options.

(Notes on the Per Share Amount of Net Assets)

Article 36-3 The per share amount of net assets must be stated in the notes; provided, however, that this does not apply if a Company Submitting Interim Financial Statements prepares Interim Consolidated Financial Statements.

Section 5 Miscellaneous Provisions

(Reserves, etc. under Special Law)

Article 37 (1) Reserves or allowances that must be reported under the name of reserves or allowances pursuant to the provisions of laws and regulations and that are inappropriate to be reported in the assets section or the liabilities section (hereinafter referred to as "Reserves, etc.") must be stated under a separate category that has been added immediately after fixed liabilities, notwithstanding the provisions of Articles 10 and 26.

(2) Reserves, etc. must 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 must 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 must be stated in the notes; provided, however, that this does not apply when it is difficult to make such distinction.

(Statement of Assets and Liabilities of a Listed Business)

Article 38 (1) If a stock company or Designated Corporation 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 an interim balance sheet, and it is found inappropriate to state its assets and liabilities pursuant to this Ordinance, said stock company or Designated Corporation 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 applies 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 are equivalent to those provided under this Ordinance.

(Statement of Net Assets of Designated Corporations)

Article 38-2 If a Designated Corporation prepares an interim balance sheet, and it is found inappropriate to state its net assets pursuant to this Ordinance, said Designated Corporation 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 must be stated in the notes.

(Statement of Assets and Liabilities Concerning Specified Trust Property)

Article 38-3 In the case of preparing an interim balance sheet concerning trust property that is subject to application of the Ordinance on Calculation of Specific Purpose Trust Property (Prime Minister's Office Ordinance No. 132 of 2000; hereinafter referred to as the "Specific Purpose Trust Property Calculation Ordinance" in this Article and Article 57-2, paragraph (1)) or the Ordinance on Calculation of Investment Trust Property (Prime Minister's Office Ordinance No. 133 of 2000; hereinafter referred to as the "Investment Trust Property Calculation Ordinance" in this Article and Article 57-2, paragraph (1)) (such trust property is referred to as the "specified trust property" in Article 57-2), if it is found inappropriate to state assets and liabilities concerning the Specific Trust Property pursuant to this Ordinance, such assets and liabilities may be stated in an equivalent manner as under the provisions of the Specific Purpose Trust Property Calculation Ordinance or the Investment Trust Property Calculation Ordinance.

Chapter III Interim Profit and Loss Statement

Section 1 General Provisions

(Method for Presenting an Interim Profit and Loss Statement)

Article 39 (1) The method for presenting an interim profit and loss statement is to be in accordance with the provisions of this Chapter.

(2) An interim profit and loss statement is to be presented by using Form No. 5.

(Classification of Revenues and Expenses)

Article 40 Revenues and expenses must 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 applies hereinafter);
- (ii) cost of sales (including service costs; the same applies hereinafter);
- (iii) selling expenses and general and administrative expenses;
- (iv) non-operating revenues;

- (v) non-operating expenses;
- (vi) extraordinary profit; and
- (vii) extraordinary loss.

Section 2 Net Sales and Cost of Sales

(Presentation Method for Net Sales)

Article 41 Net sales must be set down under an account title having a name that indicates net sales.

(Presentation Method for the Cost of Sales)

Article 42 The cost of sales must 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 43 The amount of difference between net sales and the cost of sales must 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 44 Expenses categorized as selling expenses and general and administrative expenses are to be set down collectively under an account title having a name that indicates selling expenses and general and administrative expenses; provided, however, that this does not preclude one from classifying expenses categorized as selling expenses and general and administrative expenses into an item that is found to be appropriate, and setting it down under an account title having a name that indicates said expenses.

(Presentation of the Amount of Operating Profit and Loss)

Article 45 The amount obtained by adjusting the gross profit on sales or the gross loss on sales by adding or subtracting the total amount of selling expenses and general and administrative expenses must be 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 46 (1) Revenues categorized as non-operating revenues are to be collectively set down under an account title having a name that indicates non-

operating revenues; provided, however, that this does not preclude one from classifying revenues categorized as non-operating revenues into an item that is found to be appropriate, and setting it down under an account title having a name that indicates said revenues.

- (2) With regard to any revenues categorized as non-operating revenues that are material, the contents thereof must be stated in the notes; provided, however, that this does not apply if said revenues are set down by categorizing under an account title having a name that indicates the contents thereof.

(Presentation Method for Non-operating Expenses)

Article 47 (1) Expenses categorized as non-operating expenses are to be collectively set down under an account title having a name that indicates non-operating expenses; provided, however, that this does not preclude one from classifying expenses categorized as non-operating expenses into an item that is found to be appropriate, and setting it down under an account title having a name that indicates said expenses.

- (2) With regard to any expenses categorized as non-operating expenses that are material, the contents thereof must be stated in the notes; provided, however, that this does not apply if said expenses are set down by categorizing under an account title having a name that indicates the contents thereof.

(Presentation of the Amount of Ordinary Profit and Loss)

Article 48 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 must 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 49 (1) Profits categorized as extraordinary profit are to be collectively set down under an account title having a name that indicates extraordinary profit; provided, however, that this does not preclude one from classifying profits categorized as extraordinary profit into an item that is found to be appropriate, and setting it down under an account title having a name that indicates said profits.

- (2) With regard to any profits categorized as extraordinary profit that are material, the contents thereof must be stated in the notes; provided, however, that this does not apply if said profits are set down by categorizing under an account title having a name that indicates the contents thereof.

(Presentation Method for Extraordinary Loss)

Article 50 (1) Losses categorized as extraordinary loss are to be collectively set down under an account title having a name that indicates extraordinary loss; provided, however, that this does not preclude one from classifying losses categorized as extraordinary loss into an item that is found to be appropriate, and setting it down under an account title having a name that indicates said losses.

(2) With regard to any losses categorized as extraordinary loss that are material, the contents thereof must be stated in the notes; provided, however, that this does not apply if said losses are set down by categorizing under an account title having a name that indicates the contents thereof.

(Notes on Impairment Loss)

Article 50-2 The provisions of Article 95-3-2 of the Ordinance on Financial Statements, etc. 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 50-3 The provisions of Article 95-3-3 of the Ordinance on Financial Statements, etc. apply mutatis mutandis pursuant to gain on reversal of specified accounts pertaining to Business Combination.

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

Article 51 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 must be presented as the amount of interim net profit before taxes or the amount of interim net loss before taxes.

Article 52 (1) The amounts of the items set forth in the following items must be stated under account titles having names that indicate the contents thereof, immediately after the amount of interim net profit before taxes or the amount of interim 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 applies in the following item) pertaining to the current interim accounting period; and
- (ii) the corporation tax, etc. adjustments (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 must be set down in the notes in such a case.
 - (3) The amount obtained by adjusting the amount of interim net profit before taxes or the amount of interim net loss before taxes by adding or subtracting the amounts of the items set forth in the respective items of paragraph (1) must be stated as the amount of interim net profit or the amount of interim net loss.
 - (4) If there are taxes paid or taxes refunded due to correction, determination, etc. of Corporation Tax, etc., they are to 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 said item if such amounts have little materiality.

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

- Article 52-2 (1) The per share amount of interim net profit or per share amount of interim net loss, and the basis for calculation of said amount must be stated in the notes.
- (2) The provisions of Article 95-5-2, paragraph (2) of the Ordinance on Financial Statements, etc. apply mutatis mutandis to the diluted per share amount of interim net profit. In this case, the terms "Amount of Current Net Profit" and "Amount of Current Net Loss" in that paragraph are to be deemed to be replaced with "amount of interim net profit" and "amount of interim net loss" respectively.
 - (3) If any reverse stock split or stock split has been carried out during the period from the day following the last day of the previous interim accounting period to the end of the previous business year, the matters set forth in the following items must be stated in the notes; provided, however, that if no potential shares existed, or if the diluted per share amount of interim net profit was not less than the per share amount of interim net profit or if such amount constituted the per share amount of interim net loss in the previous interim accounting period, a statement to that effect is to be made, and the diluted per share amount of interim net profit pertaining to the previous interim accounting period is not required to be stated:
 - (i) the fact that a reverse stock split or a stock split has been carried out; and
 - (ii) the per share amount of interim net profit or the per share amount of interim net loss, and the diluted per share amount of interim net profit pertaining to the previous interim accounting period, in the case of supposing that the reverse stock split or the stock split were carried out on the day of

commencement of the previous business year.

- (4) If any reverse stock split or stock split has been carried out during the current interim accounting period, the matters set forth in the following items must be stated in the notes; provided, however, that if no potential shares existed, or if the diluted per share amount of current net profit was not less than the per share amount of current net profit or if such amount constituted the per share amount of current net loss in the previous business year, a statement to that effect is to be made, and the diluted per share amount of current net profit pertaining to the previous business year is not required to be stated:
- (i) the fact that a reverse stock split or a stock split has been carried out;
 - (ii) the matters set forth in item (ii) of the preceding paragraph (excluding cases where such matters are not required to be stated, pursuant to the proviso to that paragraph); and
 - (iii) the per share amount of current net profit or the per share amount of current net loss, and the diluted per share amount of current net profit pertaining to the previous business year, in the case of supposing that the reverse stock split or the stock split were carried out on the day of commencement of the previous business year.
- (5) If any reverse stock split or stock split has been carried out after the interim balance sheet date, the matters set forth in the following items must be stated in the notes as Material Post-Balance Sheet Events; provided, however, that if no potential shares existed, or if the diluted per share amount of interim net profit was not less than the per share amount of interim net profit or if such amount constituted the per share amount of interim net loss in the current interim accounting period, a statement to that effect is to be made, and the diluted per share amount of interim net profit pertaining to the current interim accounting period is not be required to be stated:
- (i) the fact that a reverse stock split or a stock split has been carried out;
 - (ii) the matters set forth in paragraph (3), item (ii) (excluding cases where such matters are not required to be stated, pursuant to the proviso to that paragraph);
 - (iii) the matters set forth in item (iii) of the preceding paragraph (excluding cases where such matters are not required to be stated, pursuant to the proviso to that paragraph); and
 - (iv) the per share amount of interim net profit or the per share amount of interim net loss, and the diluted per share amount of interim net profit pertaining to the current interim accounting period, in the case of supposing that the reverse stock split or the stock split has been carried out on the day of commencement of the current interim accounting period.
- (6) If a Company Submitting Interim Financial Statements prepares Interim

Consolidated Financial Statements, the notes set forth in paragraph (1) and the statements set forth in paragraph (2) to the preceding paragraph may be omitted.

Article 53 Deleted.

Section 6 Miscellaneous Provisions

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

Article 54 If there has been a provision or reversal of a Reserve, etc., the amount of the provision or reversal must 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 on There Are Substantial Seasonal Fluctuations in Net Sales or Operating Expenses)

Article 55 In 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 must be stated in the notes.

(Notes on the Amount of Depreciation/Amortization)

Article 56 The amount of depreciation/amortization of tangible fixed assets and intangible fixed assets pertaining to the relevant interim accounting period must be stated in the notes, by categorizing such amount into that of tangible fixed assets and that of intangible fixed assets.

(Statement of Revenues and Expenses Concerning a Listed Business)

Article 57 (1) If a stock company or Designated Corporation engaged in a Listed Business prepares an interim profit and loss statement, and it is found inappropriate to state its revenues and expenses pursuant to this Ordinance, said stock company or Designated Corporation 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 are equivalent to those provided under this Ordinance.

(Statement of Revenues and Expenses Concerning Specified Trust Property)

Article 57-2 (1) In the case of preparing an interim profit and loss statement

concerning specified trust property, if it is found inappropriate to state revenues and expenses concerning the Specific Trust Property pursuant to this Ordinance, such revenues and expenses may be stated in an equivalent manner as under the provisions of the Specific Purpose Trust Property Calculation Ordinance or the Investment Trust Property Calculation Ordinance.

- (2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to the case of preparing an interim profit and loss statement concerning specified trust property.

Chapter IV Interim Statement of Changes in Net Assets

Section 1 General Provisions

(Method for Presenting an Interim Statement of Changes in Net Assets)

Article 58 (1) The method for presenting an interim statement of changes in net assets is to be in accordance with the provisions of this Chapter.

- (2) An interim statement of changes in net assets is to be presented by using Form No. 6.

(Categorized Presentation of an Interim Statement of Changes in Net Assets)

Article 59 (1) An interim statement of changes in net assets must be stated by classifying it into shareholders' equity, valuation and translation adjustments, and share options.

- (2) An interim statement of changes in net assets must be categorized into appropriate items, and must be set down under account title having names that indicate said items. Said items and account titles must be consistent with the items and account titles in the net asset section of the balance sheet at the end of the previous business year and the interim balance sheet at the end of the current interim accounting period.

Section 2 Shareholders' Equity

Article 60 (1) Shareholders' equity must be stated by categorizing it into the balance at the end of the previous business year, the amount of changes during the current interim accounting period, and the balance at the end of the current interim accounting period.

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

presented as a cause of changes in other retained earnings.

Article 61 The provisions of Article 102 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to other retained earnings. In this case, the terms "Article 100, paragraph (2)," "the amount of changes during the current business year" and "the end of the current business year" in that Article are deemed to be replaced with "Article 59, paragraph (2)," "the amount of changes during the current interim accounting period" and "the end of the current interim accounting period" respectively.

Section 3 Valuation and Translation Adjustments

Article 62 (1) Valuation and translation adjustments must be stated by categorizing them into the balance at the end of the previous business year, the amount of changes during the current interim accounting period, and the balance at the end of the current interim accounting period.

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

Article 63 The provisions of Article 104 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to valuation and translation adjustments. In this case, the terms "Article 100, paragraph (2)," "the amount of changes during the current business year" and "the end of the current business year" in that Article are to be deemed to be replaced with "Article 59, paragraph (2)," "the amount of changes during the current interim accounting period" and "the end of the current interim accounting period" respectively.

Section 4 Share Options

Article 64 (1) Share options must be stated by categorizing them into the balance at the end of the previous business year, the amount of changes during the current interim accounting period, and the balance at the end of the current interim accounting period.

(2) The amount of changes during the current interim accounting period for share options is to be stated collectively; provided, however, that this does not preclude one from stating or stating in the notes such amount for each major cause of the changes.

Section 5 Matters to be Stated in the Notes

(Notes on Issued Shares)

Article 65 The provisions of Article 106 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to issued shares. In this case, the terms "the end of the current business year" and "during the current business year" in paragraph (1), item (i) of that Article are deemed to be replaced with "the end of the current interim accounting period" and "during the current interim accounting period" respectively, and the terms "Company Submitting Financial Statements" and "Consolidated Financial Statements" in paragraph (2) of that Article are deemed to be replaced with "Company Submitting Interim Financial Statement" and "Interim Consolidated Financial Statements."

(Notes on Treasury Shares)

Article 66 The provisions of Article 107 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to Treasury Shares. In this case, the terms "the end of the current business year" and "during the current business year" in item (i) of that Article are deemed to be replaced with "the end of the current interim accounting period" and "during the current interim accounting period" respectively.

(Notes on Share Options, etc.)

Article 67 The provisions of Article 108 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to share options and own share options. In this case, the term "the end of the business year" in paragraph (1), item (iii) of that Article is deemed to be replaced with "the end of the interim accounting period," the terms "the end of the current business year" and "during the current business year" in paragraph (3) of that Article are deemed to be replaced with "the end of the current interim accounting period" and "during the current interim accounting period" respectively, and the terms "Company Submitting Financial Statements" and "Consolidated Financial Statements" in paragraph (5) of that Article are deemed to be replaced with "Company Submitting Interim Financial Statements" and "Interim Consolidated Financial Statements" respectively.

(Notes on Dividends)

Article 68 The provisions of Article 109 of the Ordinance on Financial Statements, etc. apply mutatis mutandis to dividends. In this case, the terms "the current business year" and "contained in the following business year" in paragraph (1), item (iii) of that Article are deemed to be replaced with "the

current interim accounting period" and "after the last day of the current interim accounting period" respectively, and the terms "Company Submitting Financial Statements" and "Consolidated Financial Statements" in paragraph (2) of that Article are deemed to be replaced with "Company Submitting Interim Financial Statements" and "Interim Consolidated Financial Statements" respectively.

Section 6 Miscellaneous Provisions

Article 68-2 If a Designated Corporation prepares an interim statement of changes in net assets, and it is found inappropriate to state matters pursuant to this Ordinance, said Designated Corporation may state matters in an equivalent manner as under the provisions of a Law, Regulations, or Rules applicable to its Financial Statements.

Chapter V Interim Cash Flow Statement

Section 1 General Provisions

(Method for Presenting an Interim Cash Flow Statement)

Article 69 (1) The method for presenting an interim cash flow statement is to be in accordance with the provisions of this Chapter.

(2) An interim cash flow statement is to be presented by using Form No. 7 or Form No. 8.

(Companies Subject to Preparation of an Interim Cash Flow Statement)

Article 70 An interim cash flow statement is to be prepared by a company that does not prepare Interim Consolidated Financial Statements.

(Categorization for Presenting an Interim Cash Flow Statement)

Article 71 In an interim cash flow statement, cash flow conditions must be stated for the category set forth in the following items:

- (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 interim period.

Section 2 Method for Presenting an Interim Cash Flow Statement

(Presentation Method for Cash Flows from Operating Activities)

Article 72 The provisions of Articles 113 to 118 inclusive of the Ordinance on Financial Statements, etc. apply mutatis mutandis to the method for presenting an interim 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. is deemed to be replaced with "the amount of interim net profit before taxes or the amount of interim net loss before taxes," and the term "profit and loss statement" in sub-items (a) and (c) of that item is deemed to be replaced with "interim profit and loss statement."

(Matters to be Stated in the Notes in an Interim Cash Flow Statement)

Article 73 In an interim cash flow statement, the relationship between the balances of cash and Cash Equivalents at the end of the interim period and the amounts for the account titles set down in the interim balance sheet must be stated in the notes.

Chapter VI Interim Financial Statements of Specified Companies

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

Article 74 (1) The terminology, forms, and preparation methods of Interim Financial Statements that a Specified Company submits are subject to the provisions of the preceding Chapters.

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

(Notes on Special Provisions for Accounting Standards)

Article 75 The following matters must be stated in the notes to Interim Financial Statements prepared in accordance with Designated International Accounting Standards:

- (i) if Designated International Accounting Standards is identical with International Accounting Standards (meaning International Accounting Standards defined in Article 1-2, paragraph (1), item (i)-2; the same applies in the following item), a statement to the effect that Interim Financial Statements are prepared in accordance with Designated International Accounting Standards; and
- (ii) if Designated International Accounting Standards is different from International Accounting Standards, a statement to the effect that Interim

Financial Statements are prepared in accordance with Designated International Accounting Standards; and
(iii) a statement to the effect that the company is categorized as a Specified Company and the reason therefor.

Chapter VII Interim Financial Documents of Foreign Companies

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

- Article 76 (1) If 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 applies hereinafter) as Interim Financial Documents, on finding no risk of impairing the public interest or protection of investors, the terminology, forms, and preparation methods of said Interim Financial Documents are to 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) If 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 provisions of the preceding paragraph, and 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 Interim Financial Documents, on finding no risk of impairing the public interest or protection of investors, the terminology, forms, and preparation methods of said Interim Financial Documents are to 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) If 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 Interim Financial Documents to be submitted by such Foreign Company are to be in accordance with the instructions of the Commissioner of the Financial Services Agency.
- (4) Notwithstanding the provisions of the preceding three paragraphs, the terminology, forms, and preparation methods of Interim Financial Documents which a Foreign Company issuing Regulated Securities (meaning the regulated securities defined in Article 5, paragraph (1) of the Act) submits with regard to

such Regulated Securities are to be in accordance with the instructions of the Commissioner of the Financial Services Agency; provided, however, that, if the Commissioner of the Financial Services Agency approves said Foreign Company to submit the documents on financial calculation prepared in its home country as Interim Financial Documents, on finding no risk of impairing the public interest or protection of investors, the terminology, forms, and preparation methods of said Interim Financial Documents are to 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.

(Notes on Accounting Standards)

Article 77 If any accounting principles and procedures for preparing Interim Financial Documents adopted by the Foreign Company with regard to the Interim Financial Documents under the provisions of paragraphs (1) to (3) inclusive of the preceding Article differ from accounting principles and procedures for preparing Interim Financial Documents in Japan, the contents thereof must be stated in the notes in said Interim Financial Documents.

(Presentation Methods)

Article 78 (1) The provisions of Article 3, paragraph (3), and Article 5, paragraph (1), item (ii) apply mutatis mutandis to Interim Financial Documents to be submitted by a Foreign Company.

(2) If any presentation methods for the Interim Financial Documents to be submitted by a Foreign Company differ from presentation methods in Japan, the contents thereof must be stated in the notes in said Interim Financial Documents.

(Presentation of Monetary Amounts)

Article 79 If the account titles and any other matters set down in Interim 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 are also to be stated in amounts that have been translated into Japanese currency. In this case, the translation standards adopted for the translation into Japanese currency must be stated in the notes in said Interim Financial Documents.

(Noting Method)

Article 80 (1) The notes to be stated pursuant to the provisions of Article 77 through the preceding Article inclusive must 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 provisions of Article 7, paragraph (3) apply *mutatis mutandis* to the case of stating matters in the notes pursuant to the provisions of Articles 77 and 78.