

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

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

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

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Chapter I General Provisions

Article 1 (1) From among finance and accounting documents to be submitted pursuant to the provisions of Article 5, Article 7, paragraph (1), Article 9, paragraph (1), Article 10, paragraph (1), Article 24-4-7, paragraph (1) or (2) 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 corporation which has been designated by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 1, paragraph (1) of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Order of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the "Regulation on Financial Statements") (the relevant corporation is hereinafter referred to as a "designated corporation")), the terminology, forms, and preparation methods of quarterly consolidated financial statements (meaning quarterly consolidated balance sheets, quarterly consolidated profit and loss statements, quarterly consolidated comprehensive income statement, and quarterly consolidated cash flow statements or, if they are prepared pursuant to Designated International Accounting Standards (meaning Designated International Accounting Standards as provided in Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Order of the Ministry of Finance No. 28 of 1976; hereinafter referred to as "Regulation on Consolidated Financial Statements")) pursuant to the provisions of Article 93 or if they are prepared pursuant to Japan's Modified International Standards (meaning Japan's Modified International Standards as provided in Article 94 of the Regulation on Consolidated Financial Statements; the same applies hereinafter) pursuant to the provisions of Article 94; equivalents to quarterly consolidated balance sheets, quarterly consolidated profit and loss statements, quarterly consolidated comprehensive income statement, and quarterly consolidated cash flow statements of which preparation is required pursuant to the Designated International Accounting Standards or Japan's Modified International Standards, and statements of changes in shareholders' equity; the same applies hereinafter) are governed by the provisions of this Regulation, except for those subject to application of the provisions of Article 2 of the Regulation on Terminology, Forms, and Preparation Methods of Quarterly Financial Statements (Cabinet Office Order No. 63 of 2007; hereinafter referred to as the

"Regulation on Quarterly Financial Statements"), and any matters that are not provided for under this Regulation are in compliance with the business accounting standards generally accepted as fair and appropriate.

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

(3) Business accounting standards specified by the Commissioner of the Financial Services Agency as provided in Article 1, paragraph (3) of the Regulation on Consolidated Financial Statements are regarded as the business accounting standards generally accepted as fair and appropriate as provided in paragraph (1):

(Special Provisions for Application)

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

(i) that it should satisfy either of the following requirements:

(a) that in the securities registration statement submitted pursuant to the provisions of Article 5, paragraph (1) of the Act (limited to cases in which consolidated financial statements (meaning documents as provided in Article 1, paragraph (1) of the Regulation on Consolidated Financial Statements; the same applies hereinafter) for the consolidated fiscal year immediately preceding the consolidated fiscal year containing the current quarterly consolidated accounting period (hereinafter referred to as "previous consolidated fiscal year") are stated; hereinafter the same applies in item (i), (a) of the following Article) or the annual securities report submitted pursuant to the provisions of Article 24, paragraph (1) or (3) of the Act (limited to cases in which consolidated financial statements for the previous consolidated fiscal year are stated; hereinafter the same applies in item (i), (a) of the following Article), it should give a statement pertaining to special efforts for ensuring appropriateness of the consolidated financial statements; or

(b) that in the securities registration statement to be submitted pursuant to the provisions of Article 5, paragraph (1) of the Act or the quarterly

securities report to be submitted pursuant to the provisions of Article 24-4-7, paragraph (1) or (2) of the Act, it should give a statement pertaining to special efforts for ensuring appropriateness of the quarterly consolidated financial statements;

- (ii) that it should have officers or employees who have sufficient knowledge of Designated International Accounting Standards and have established a system under which quarterly consolidated financial statements can be prepared in an appropriate manner under the Designated International Accounting Standards.

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

- (i) that it should satisfy either of the following requirements:
 - (a) that in the securities registration statement submitted pursuant to the provisions of Article 5, paragraph (1) of the Act or annual securities report submitted pursuant to the provisions of Article 24, paragraph (1) or (3) of the Act, it should give a statement pertaining to special efforts for ensuring appropriateness of the consolidated financial statements; or
 - (b) that in the securities registration statement to be submitted pursuant to the provisions of Article 5, paragraph (1) of the Act or quarterly securities report to be submitted pursuant to the provisions of Article 24-4-7, paragraph (1) or (2) of the Act, it should give a statement pertaining to special efforts for ensuring appropriateness of the quarterly consolidated financial statements;
- (ii) that it should have officers or employees who have sufficient knowledge of Japan's Modified International Standards and have established a system under which quarterly consolidated financial statements can be prepared in an appropriate manner under the Japan's Modified International Standards.

(Definitions)

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

- (i) company submitting the quarterly consolidated financial statements: a company (including a designated corporation) which is to submit the quarterly consolidated financial statements pursuant to the provisions of Article 24-4-7, paragraph (1) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 27 of the Act) and a company

- (including a designated corporation) which is to submit the quarterly consolidated financial statements pursuant to the provisions of Article 24-4-7, paragraph (2) of the Act (including the cases where it is applied mutatis mutandis pursuant to Article 27 of the Act);
- (ii) quarterly accounting period: a period as provided in Article 3, item (iv) of the Regulation on Quarterly Financial Statements;
 - (iii) quarterly consolidated accounting period: a period as provided in Article 3, item (v) of the Regulation on Quarterly Financial Statements;
 - (iv) cumulative quarterly accounting period: a period as provided in Article 3, item (vi) of the Regulation on Quarterly Financial Statements;
 - (v) cumulative quarterly consolidated accounting period: a period as provided in Article 3, item (vii) of the Regulation on Quarterly Financial Statements;
 - (vi) subsidiary company: an entity that is regarded as the subsidiary company of the company submitting the quarterly consolidated financial statements, pursuant to the provisions of Article 8, paragraphs (3), (4), and (7) of the Regulation on Financial Statements;
 - (vii) consolidated subsidiary company: a subsidiary company included in the scope of consolidation;
 - (viii) consolidated companies: the company submitting the quarterly consolidated financial statements and its consolidated subsidiary companies;
 - (ix) non-consolidated subsidiary company: a subsidiary company excluded from the scope of consolidation;
 - (x) affiliated company: an entity that is regarded as an affiliated company of the company submitting the quarterly consolidated financial statements, pursuant to the provisions of Article 8, paragraphs (5) and (6) of the Regulation on Financial Statements;
 - (xi) equity method: a method whereby an investor company corrects its investment amount each business year according to the changes in the portions of the investee company's net assets, profit and loss which belong to the investor company;
 - (xii) non-controlling interests: the portion of a consolidated subsidiary company's capital which does not belong to the equity of the company submitting the quarterly consolidated financial statements;
 - (xiii) cash flow: any increase or decrease in the funds provided in the following item;
 - (xiv) funds: the total amount of cash (including any current deposits, ordinary deposits, and other deposits which the depositor is able to withdraw without waiting for a certain period to elapse; the same applies in Articles 85 and 87) and cash equivalents (meaning short-term investments which can be easily converted into cash and which have a low risk of fluctuating in value; the same applies in Articles 85 and 87);

- (xv) derivative transactions: transactions as provided in Article 8, paragraph (14) of the Regulation on Financial Statements;
- (xvi) trading securities: securities as provided in Article 8, paragraph (20) of the Regulation on Financial Statements;
- (xvii) bonds held to maturity: bonds as provided in Article 8, paragraph (21) of the Regulation on Financial Statements;
- (xviii) other securities: securities as provided in Article 8, paragraph (22) of the Regulation on Financial Statements;
- (xix) treasury shares: the shares defined in Article 2, item (xix) of the Regulation on Consolidated Financial Statements; in this case the term "consolidated financial statements" in that item is deemed to be replaced with "quarterly consolidated financial statements";
- (xxiii) business combination: a business combination as provided in Article 8, paragraph (27) of the Regulation on Financial Statements;
- (xxiv) acquiring enterprise: an enterprise as provided in Article 8, paragraph (28) of the Regulation on Financial Statements;
- (xxv) acquired enterprise: an enterprise as provided in Article 8, paragraph (29) of the Regulation on Financial Statements;
- (xxvi) combiner: an enterprise as provided in Article 8, paragraph (31) of the Regulation on Financial Statements;
- (xxvii) combinee: an enterprise as provided in Article 8, paragraph (32) of the Regulation on Financial Statements;
- (xxviii) combined enterprise: an enterprise as provided in Article 8, paragraph (33) of the Regulation on Financial Statements;
- (xxix) constituent enterprise: an enterprise as provided in Article 8, paragraph (34) of the Regulation on Financial Statements;
- (xxx) purchase method: a method as provided in Article 8, paragraph (35) of the Regulation on Financial Statements;
- (xxxii) common control transaction, etc.: a common control transaction, etc. as provided in Article 8, paragraph (37) of the Regulation on Financial Statements;
- (xxxiii) business divestiture: a business divestiture as provided in Article 8, paragraph (38) of the Regulation on Financial Statements;
- (xxxiv) divesting enterprise: an enterprise as provided in Article 8, paragraph (39) of the Regulation on Financial Statements;
- (xxxv) divested enterprise: an enterprise as provided in Article 8, paragraph (40) of the Regulation on Financial Statements;
- (xxxvi) financial instruments: financial instruments as provided in Article 8, paragraph (41) of the Regulation on Financial Statements;
- (xxxvii) asset retirement obligations: the asset retirement obligations defined in Article 8, paragraph (42) of the Regulation on Financial Statements;

- (xxxviii) accounting policies: the accounting principles and procedures adopted for the preparation of quarterly consolidated financial statements;
- (xxxix) presentation method: the presentation method adopted for the preparation of quarterly consolidated financial statements;
- (xl) accounting estimates: amounts of assets, liabilities, revenues, expenses, etc. that are reasonably calculated based on the information available at the time of the preparation of quarterly consolidated financial statements when the amounts are uncertain;
- (xli) changes in accounting policies: changes in accounting policies that are generally accepted as fair and appropriate to other accounting policies that are generally accepted as fair and appropriate;
- (xlii) changes in accounting estimates: changes in accounting estimates that had been made for the preparation of consolidated financial statements for the previous consolidated fiscal year or any prior consolidated fiscal year, or quarterly consolidated financial statements for the immediately preceding or prior quarterly consolidated accounting period or cumulative quarterly consolidated accounting period based on new information that has become available;
- (xliii) error: an error arising from the failure to use, or the misuse of, information that was available at the time of the preparation of quarterly consolidated financial statements or consolidated financial statements, regardless of whether or not the act to be the cause thereof was intentional;
- (xliv) retrospective application: the application of accounting methods as if new accounting policies had been retroactively applied since the time of the preparation of consolidated financial statements for the previous consolidated fiscal year or any prior consolidated fiscal year, or quarterly consolidated financial statements for the immediately preceding or prior quarterly consolidated accounting period or cumulative quarterly consolidated accounting period; and
- (xlv) restatement: the reflection, in consolidated financial statements or quarterly consolidated financial statements, of the correction of an error in consolidated financial statements for the previous consolidated fiscal year or any prior consolidated fiscal year or quarterly consolidated financial statements for the immediately preceding or prior quarterly consolidated accounting period or cumulative quarterly consolidated accounting period.

(Quarterly Consolidated Closing Date)

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

(General Principles for Preparation of Quarterly Consolidated Financial Statements)

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

- (i) quarterly consolidated financial statements are prepared in accordance with the accounting principles and procedures adopted for preparing consolidated financial statements, in principle;
- (ii) the quarterly consolidated financial statements are prepared based on quarterly financial statements of consolidated companies that have been prepared in accordance with the business accounting standards generally accepted as fair and appropriate;
- (iii) the quarterly consolidated financial statements clearly present the accounting information necessary for preventing persons interested in the company submitting quarterly consolidated financial statements from making an erroneous determination on the financial position, operating results and cash flow conditions of the business group; and
- (iv) the accounting principles and procedures adopted for preparing the consolidated financial statements for the previous consolidated fiscal year and the accounting principles and procedures adopted for preparing quarterly consolidated financial statements for the cumulative quarterly consolidated accounting period as of the end of the immediately preceding the quarterly consolidated accounting period or as of the end of the relevant quarterly consolidated accounting period are applied continuously in the current quarterly consolidated accounting period, except if a change has been made on justifiable grounds.

(Scope of Consolidation)

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

- (i) a subsidiary company over whose administrative organ that makes decisions on financial and operational or business policies (meaning a shareholders meeting or any body equivalent thereto) the company submitting the quarterly consolidated financial statements is found to only have temporary control; and
- (ii) a subsidiary company whose inclusion in the scope of consolidation is found likely to lead to an extremely erroneous conclusion about the company submitting the quarterly consolidated financial statements by its interested

parties.

- (2) If any subsidiary company which should be included in the scope of consolidation pursuant to the provisions of the preceding paragraph is not material in terms of its assets, net sales (including revenues from service operations; the same applies hereinafter), profit or loss, retained earnings and cash flows and any other items, to the extent that its exclusion from the scope of consolidation would not hinder reasonable determination on the financial position, operating results and cash flow conditions of the business group, the subsidiary company may be excluded from the scope of consolidation.
- (3) If there is any material matter concerning the financial position, operating results or cash flow conditions of a company, etc. (meaning a company, partnership or any other business entity equivalent thereto (including a business entity equivalent thereto in a foreign state); the same applies hereinafter) set forth as follows, which is found to exert influence on determination on the financial position, operating results and cash flow conditions of the business group, the details thereof must be stated in the notes in the quarterly consolidated financial statements:
 - (i) a subsidiary company that is excluded from the scope of consolidation pursuant to the provisions of the proviso to paragraph (1); or
 - (ii) among companies, etc. whose majority of voting rights are held by the company submitting quarterly consolidated financial statements on its own account, a company, etc. that has received an order of commencement of rehabilitation proceedings under the Civil Rehabilitation Act (Act No. 225 of 1999), a stock company that has received an order of commencement of corporate reorganization proceedings under the Corporate Reorganization Act (Act No. 154 of 2002), a company, etc. that has received an order of commencement of bankruptcy proceedings under the Bankruptcy Act (Act No. 75 of 2004), or any other company, etc. equivalent thereto, which at the same time is not categorized as a subsidiary company due to being found to have no effective parent-subsidiary relationship with the company submitting quarterly consolidated financial statements.

(Quarterly Consolidated Cash Flow Statement)

Article 5-2 (1) A company submitting the quarterly consolidated financial statements must prepare a quarterly consolidated cash flow statement for the second cumulative quarterly consolidated accounting period (meaning the period from the first day of the consolidated fiscal year to the last day of the quarterly consolidated accounting period following the first quarterly consolidated accounting period of the consolidated fiscal year (hereinafter referred to as the "first quarterly consolidated accounting period") (hereinafter referred to as the "second quarterly consolidated accounting period")).

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

(Preparation of Comparative Information)

Article 5-3 Quarterly consolidated financial statements for the current quarterly consolidated accounting period and the current cumulative quarterly consolidated accounting period must be prepared by including comparative information (matters set forth in the following items as corresponding to matters stated in the quarterly consolidated financial statements for the respective categories of quarterly consolidated financial statements set forth in those items) as a component of the quarterly consolidated financial statements:

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

previous consolidated fiscal year.

(Valuation of Assets and Liabilities of Consolidated Subsidiary Companies)

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

(Application of the Equity Method)

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

- (i) an affiliated company over whose decisions on financial and operational or business policies the company submitting quarterly consolidated financial statements is found to only exert a temporary influence; or
- (ii) a non-consolidated subsidiary company and affiliated company, where application of the equity method to the company is found likely to lead to a extremely erroneous conclusion about the company submitting the quarterly consolidated financial statements by its interested parties.

(2) If any non-consolidated subsidiary company or affiliated company to which the equity method should be applied pursuant to the provisions of the preceding paragraph does not, in terms of its profit or loss and retained earnings and any other items, exert a material influence on quarterly consolidated financial statements even if the company is excluded from the target of application of the equity method, the company may be excluded from the target of application of the equity method.

(Application of Tax Effect Accounting)

Article 8 With regard to consolidated companies' corporation tax and any other taxes that are imposed on amounts related to profits as the tax base (hereinafter referred to as "corporation tax, etc."), quarterly consolidated 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 quarterly consolidated 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 inter-period allocation of the amount of corporation tax, etc. pertaining to the differences; the same applies hereinafter).

(Subsidiary Company with Different Quarterly Closing Dates)

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

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

Article 10 If any material change has been made to material matters that serve as the basis for preparation of quarterly consolidated financial statements with regard to the scope of consolidation or scope of application of the equity method, a statement to that effect and the reason therefor must be stated in the notes.

(Notes on Changes in Accounting Policies Associated with Revisions, etc. of Accounting Standards, etc.)

Article 10-2 The provisions of Article 5 of the Regulation on Quarterly Financial Statements apply mutatis mutandis to cases in which changes in accounting policies have been made in association in revisions, etc. (meaning revisions, etc. of accounting standards, etc. as provided in the main clause of Article 8-3, paragraph (1) of the Regulation on Financial Statements; the same applies in the following Article) of accounting standards, etc. (meaning accounting standards, etc. as provided in the main clause of that paragraph; the same applies hereinafter). In this case, the term "amount of quarterly net profit or loss before taxes" in that Article is deemed to be replaced with "quarterly net profits or quarterly net losses before taxes", the term "business year" is deemed

to be replaced with "consolidated fiscal year", the term "cumulative quarterly accounting period" is deemed to be replaced with "cumulative quarterly consolidated accounting period", and the term "quarterly accounting period" is deemed to be replaced with "quarterly consolidated accounting period".

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

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

(Notes on Changes in Accounting Estimates)

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

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

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

(Notes on Restatement)

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

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

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

(Notes on Material Post-Balance Sheet Events)

Article 13 (1) If any events that exert a material influence on the financial position, operating results and cash flow conditions of consolidated companies, as well as non-consolidated subsidiary companies and affiliated companies to which the equity method is applied, in and/or after the consolidated fiscal year containing the quarterly consolidated accounting period pertaining to the relevant quarterly consolidated financial statements (excluding the cumulative quarterly consolidated accounting period as of the end of the quarterly consolidated accounting period) have occurred after the quarterly consolidated closing date, those events must be stated in the notes.

(2) With regard to any subsidiary company or affiliated company for which the last day of the quarterly accounting period differs from the quarterly consolidated closing date in the quarterly accounting period of the company submitting quarterly consolidated financial statements corresponding to the relevant period, the events that have occurred after the quarterly closing date of the subsidiary company or affiliated company must be stated in the notes, notwithstanding the provisions of the preceding paragraph.

(Notes on Additional Information)

Article 14 Beyond the notes particularly specified under this Regulation, if there are any matters that are found to be necessary for persons interested in the company submitting quarterly consolidated financial statements to make adequate judgments on the financial position, operating results and cash flow conditions of the business group for the consolidated fiscal year containing the quarterly consolidated accounting period pertaining to the quarterly

consolidated financial statements, those matters must be stated in the notes.

(Notes on Segment Information)

Article 15 (1) With regard to information on a certain unit of an enterprise (hereinafter referred to as a "reporting segment") (the relevant 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 amounts of the net sales and profit or loss by 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 consolidated profit and loss statement by accounting title equivalent to the item and the main contents of the difference; and
 - (iii) the outline of the event that served as the cause for fluctuations in the amount of assets by reporting segment (limited to cases where a substantial fluctuation is found as compared to the last day of the previous consolidated fiscal year).
- (2) If there has been any change in reporting segments or any material change in the calculation method of an amount of profit or loss pertaining to reporting segments (referred to as the "calculation method pertaining to reporting segments" in the following paragraph and paragraph (4)) during the current quarterly consolidated accounting period (including any quarterly consolidated accounting periods within the current consolidated fiscal year prior to the current quarterly consolidated accounting period), the contents thereof must be stated in the notes.
- (3) If there has been any change in reporting segments or any material change in the calculation method pertaining to reporting segments in or after the second quarterly consolidated accounting period of the current consolidated fiscal year, a statement to the effect that the change was made in or after the second quarterly consolidated accounting period and the reason therefor must be set down in the notes in addition to the notes under the preceding paragraph.
- (4) If there has been any change in reporting segments or any material change in the calculation method pertaining to reporting segments during the previous consolidated fiscal year and any difference is observed between the reporting segments or the calculation method pertaining to reporting segments during the corresponding quarterly consolidated accounting period in the previous consolidated fiscal year and those matters during the current quarterly consolidated accounting period, a statement to that effect and the amounts set forth in paragraphs (1), items (i) and (ii) pertaining to the corresponding cumulative quarterly consolidated accounting period in the previous consolidated fiscal year (limited to the amounts calculated on the basis of the reporting segments and the calculation method pertaining to reporting

segments during the current quarterly consolidated accounting period) must be stated in the notes.

- (5) If, in the cases set forth in the preceding paragraph, it is difficult to calculate an accurate amount, an estimated amount may be noted by an appropriate method in lieu of the amount as provided in that paragraph; provided, however, that if it is difficult to calculate an amount, a statement to that effect and the reason therefor may be stated in lieu of the amount as provided in that paragraph.
- (6) If a material impairment loss pertaining to fixed assets has been recognized, if there has been a material change in the amount of goodwill or if a material gain from negative goodwill has been recognized during the current quarterly consolidated accounting period, the outline thereof must be stated in the notes by reporting segment.

(Notes on Financial Instruments)

Article 15-2 (1) By account title of a quarterly consolidated balance sheet concerning financial instruments, if the financial instruments are material to the business group's business operation and there has been a substantial fluctuation in the amount reported on the quarterly consolidated balance sheet or any other amount as compared to the last day of the previous consolidated fiscal year, the amount reported on the quarterly consolidated balance sheet, the market price, and the difference between the amount reported on the quarterly consolidated balance sheet and the market price, as of the quarterly consolidated closing date, and the calculation method for the market price must be stated in the notes by account title in the quarterly consolidated balance sheet; provided, however, that the notes may be omitted if the difference between the amount reported on the quarterly consolidated balance sheet and the market price and the difference between the amount reported on the consolidated balance sheet for the previous consolidated fiscal year and the market price are not material.

- (2) Notwithstanding the provisions of the main clause of the preceding paragraph, if it is difficult to calculate the accurate amount in a timely manner with regard to the market price of financial instruments as of the quarterly consolidated closing date by account title in the quarterly consolidated balance sheet, an estimated amount may be stated.
- (3) Notwithstanding the provisions of the main clause of paragraph (1) and the preceding paragraph, if it is extremely difficult to identify the market price as of the quarterly consolidated closing date, a statement to that effect, the reason therefor, an outline of the financial instruments, and the amount reported on the quarterly consolidated balance sheet may be entered in lieu of the matters specified in the main clause of paragraph (1).

(Notes on Securities)

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

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

(Notes on Derivative Transactions)

Article 17 (1) Beyond the matters specified in Article 15-2, with regard to derivative transactions (those to which hedge accounting is applied may be excluded), if the transactions are material to the business group's business operation and there has been a substantial fluctuation in the contract amount or any other amount of the transactions as compared to the last day of the previous consolidated fiscal year, the contract amount or the principal equivalent amount specified in the contract, the market price, and valuation gains or losses as of the quarterly consolidated closing date must be stated in the notes, by the type of currency, money rate, share, bond, commodity or any other subject matter of transactions; provided, however, that if it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be entered.

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

(Special Provisions for Notes on Financial Instruments)

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

(Notes If Business Combinations through Acquisition Are Implemented)

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

(i) the outline of the business combination;

(ii) the period of performance of the acquired enterprise or the acquired business included in the quarterly consolidated profit and loss statements for the cumulative quarterly consolidated accounting period;

(iii) the acquisition cost for the acquired enterprise or the acquired business, and the breakdown thereof;

(iv) if shares have been delivered as the consideration for acquisition, the exchange ratio and the calculation method thereof, and the number of shares delivered or to be delivered by class of shares;

(v) if the acquisition has been carried out through multiple transactions, the difference between the acquisition cost of the acquired enterprise and the total amount of the acquisition costs of the respective transactions leading to the acquisition;

(vi) the amount of goodwill that occurred, the cause for the occurrence, the amortization method, and the amortization period, or the amount of gain from negative goodwill and the cause for the occurrence; and

(vii) if the amount of goodwill that occurred or the amount of gain from negative goodwill set forth in the preceding item is a provisionally calculated amount, a statement to that effect.

(2) Notwithstanding the provisions of the proviso to the preceding paragraph, if,

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

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

(Notes on Common Control Transactions, etc.)

Article 22 (1) If a common control transaction, etc. has been carried out during the current quarterly consolidated accounting period, the following matters must be stated in the notes:

- (i) the outline of the transaction;
- (ii) an outline of the accounting implemented; and
- (iii) if subsidiary company shares are additionally acquired, the matters equivalent to those set forth in Article 20, paragraph (1), items (iii) and (iv).

(2) Notwithstanding the provisions of the preceding paragraph, the notes may be omitted if the common control transaction, etc. is not material; provided, however, that if, individual common control transactions, etc. during the current quarterly consolidated accounting period are not material, but the multiple common control transactions, etc. during the current quarterly consolidated accounting period are material as a whole, the matters set forth in the items of that paragraph must be stated in the notes for the transactions, etc. as a whole.

(Notes on the Formation of Jointly Controlled Enterprises)

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

formation of a jointly controlled enterprise defined in Article 8-22, paragraph (1) of the Regulation on Financial Statements.; hereinafter the same applies in this Article and paragraph (1) of the following Article) has been carried out during the current quarterly consolidated accounting period, the matters equivalent to those set forth in paragraph (1), items (i) and (ii) of the preceding Article must 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 the business combination to be a formation of a jointly controlled enterprise must be stated.

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

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

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

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

(Notes by Divested Enterprise in Business Divestitures)

Article 25 If a business divestiture is not categorized as a business combination, the divested enterprise must 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 the Business Combination of Subsidiary Companies)

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

(Notes on the Going Concern Assumption)

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

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

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

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

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

(Methods of Notation)

- Article 28 (1) The notes under Article 10 to Article 10-6 and Article 12 must be entered immediately after the quarterly consolidated cash flow statement; provided, however, that if no quarterly consolidated cash flow statement for the first cumulative quarterly consolidated accounting period or the third cumulative quarterly consolidated accounting period is prepared, the notes must be entered immediately after the quarterly consolidated comprehensive income statement for the first cumulative quarterly consolidated accounting period and the third cumulative quarterly consolidated accounting period (if a quarterly consolidated comprehensive income statement for the third quarterly consolidated accounting period is prepared, the quarterly consolidated comprehensive income statement for the third quarterly consolidated accounting period).
- (2) The notes under this Regulation (excluding Article 10 to Article 10-6 and Article 12) must be entered immediately after the notes under Articles 10 to 10-6 and Article 12; provided, however, that this does not apply in the following cases:
- (i) if matters related to notes under Article 10 to Article 10-6 and Article 12 are entered together with them; or
- (ii) if notes that it is found appropriate to enter as footnotes (meaning entering notes at the end of the table or account statement contained in the quarterly consolidated financial statements in which the matters pertaining to the notes are entered) are entered as footnotes.
- (3) Notwithstanding the provisions of the preceding paragraph, the notes under Article 27 must be entered immediately after the quarterly consolidated cash flow statement; provided, however, that if no quarterly consolidated cash flow statement for the first cumulative quarterly consolidated accounting period or the third cumulative quarterly consolidated accounting period is prepared, the notes must be entered immediately after the quarterly consolidated comprehensive income statement for the first cumulative quarterly consolidated accounting period and the third cumulative quarterly consolidated accounting period (if a quarterly consolidated comprehensive income statement for the third quarterly consolidated accounting period is prepared, the quarterly consolidated comprehensive income statement for the third quarterly consolidated accounting period).
- (4) In the cases set forth in the preceding paragraph, notwithstanding the

provisions of paragraph (1), the notes under Article 10 to Article 10-6 and Article 12 must be entered immediately after the notes under Article 27.

- (5) If entering notes that are related to a specific account title pursuant to the provisions of this Regulation, the association between the account title and the notes must be made clear by appending a symbol to the account title or by another similar method.

(Units for Presenting Amounts)

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

Chapter II Quarterly Consolidated Balance Sheets

Section 1 General Provisions

(Methods for Presenting Quarterly Consolidated Balance Sheets)

Article 30 (1) The method for presenting a quarterly consolidated balance sheet is in accordance with the provisions of this Chapter.

- (2) A quarterly consolidated balance sheet is to be presented in accordance with Form No. 2.

(Classification into Assets, Liabilities and Net Assets)

Article 31 Assets, liabilities and net assets must be entered by respectively classifying them into an assets section, a liabilities section, and a net assets section.

(Arrangement of Account Titles)

Article 32 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 33 Assets must be entered 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.

(Scope of Each Class of Assets)

Article 34 The provisions of Articles 15 to 16-3, 22, 27, 31 to 31-5, and 36 of the Regulation on Financial Statements apply mutatis mutandis to the scopes of

current assets, tangible fixed assets, intangible fixed assets, investments and other assets, and deferred assets. In this case, the term "within one year" in Articles 15 to 16-3 of the Regulation on Financial Statements is deemed to be replaced with "on a day within one year from the day following the quarterly consolidated closing date", the term "company submitting the financial statements" in Article 22, item (viii) and Article 27, item (xii) of the Regulation on Financial Statements is deemed to be replaced with "company submitting the quarterly consolidated financial statements", and the term "prepaid pension cost" in Article 31, item (iv) of the Regulation on Financial Statements is deemed to be replaced with "net defined benefit asset".

(Separate Presentation of Current Assets)

Article 35 (1) Assets categorized as current assets must be set down under account titles with names that are indicative of the assets, in accordance with the following categorization of items; provided, however, that assets categorized under any of those items whose amount is not more than one percent of the total amount of assets and which it is found appropriate to present collectively with assets categorized under another item, may be set down collectively under an account title with an appropriate name:

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

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

(3) Among the assets categorized under the item set forth in paragraph (1), item (vii), any asset whose amount exceeds ten percent of the total amount of assets or any asset whose amount is not more than ten percent of the total amount of assets but that it is found appropriate to present separately must be set down separately under an account title with a name that is indicative of the asset.

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

(5) Notwithstanding the provisions of the second sentence of the preceding

paragraph, the notes under the second sentence of that paragraph may be omitted in the first quarterly consolidated accounting period and the third quarterly consolidated accounting period.

(Presentation of Allowances Related to Current Assets)

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

(Separate Presentation of Tangible Fixed Assets)

Article 37 (1) Assets categorized as tangible fixed assets are to be set down collectively under an account title with a name that is indicative of tangible fixed assets; provided, however, that this does not preclude tangible fixed assets from being classified into an item that is found to be appropriate and set down under an account title with a name that is indicative of the assets.
(2) Notwithstanding the provisions of the preceding paragraph, if assets categorized as tangible fixed assets include any asset whose amount exceeds ten percent of the total amount of assets or if the amount of any asset is not more than ten percent of the total amount of assets but it is found appropriate to present it separately, the assets must be separated from other tangible fixed assets and must be set down under an account title with a name that is indicative of each of those assets.

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

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

(Presentation of the Amounts of Accumulated Impairment Losses)

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

(Separate Presentation of Intangible Fixed Assets)

Article 40 (1) Assets categorized as intangible fixed assets must be set down under account titles with names that are indicative of the assets, in accordance with the following categorization of items; provided, however, that assets categorized under the item set forth in item (i) whose amount is not more than one percent of the total amount of assets may be set down collectively with assets categorized set forth in item (ii):

- (i) goodwill; and
 - (ii) others.
- (2) Among the assets set forth in item (ii) of the preceding paragraph, any asset whose amount exceeds ten percent of the total amount of assets or any asset whose amount is not more than ten percent of the total amount of assets but that it is found appropriate to present separately must be set down separately under an account title with a name that is indicative of the asset.
- (3) A difference that results from investments by consolidated companies being in excess of the amount of corresponding equity of consolidated subsidiary companies is presented by including it into goodwill.

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

Article 41 The provisions of Article 30 of the Regulation on Financial Statements apply mutatis mutandis to the amounts of accumulated amortization and the amounts of accumulated impairment losses for intangible fixed assets.

(Separate Presentation of Investments and Other Assets)

Article 42 (1) Assets categorized as investments and other assets are to be collectively set down under an account title with a name that is indicative of investments and other assets; provided, however, that this does not preclude assets categorized as investments and other assets from being classified into an item that is found to be appropriate and set down under an account title with a name that is indicative of the assets.

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

(Presentation of Allowances Related to Investments and Other Assets)

Article 43 The provisions of Article 20 (excluding paragraph (3)) of the Regulation on Financial Statements as applied mutatis mutandis pursuant to Article 34 of that Regulation apply mutatis mutandis to allowances related to assets categorized as investments and other assets.

(Separate Presentation of Deferred Assets)

Article 44 (1) Assets categorized as deferred assets are to be collectively set down under an account title with a name that is indicative of deferred assets; provided, however, that this does not preclude assets categorized as deferred assets from being classified into an item that is found to be appropriate and set down under an account title with a name that is indicative of the assets.

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

(Presentation of Amounts of Accumulated Amortization for Deferred Assets)

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

Section 3 Liabilities

(Classification of Liabilities)

Article 47 Liabilities must be entered by classifying them into current liabilities and fixed liabilities.

(Scope of Each Class of Liabilities)

Article 48 The provisions of Articles 47 to 48-4 and 51 to 51-5 of the Regulation on Financial Statements apply mutatis mutandis to the scopes of current liabilities and fixed liabilities. In this case, the term "within one year" in Articles 47 and 48-2 to 48-4 of the Regulation on Financial Statements is deemed to be replaced with "on a day within one year from the day following the quarterly consolidated closing date".

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

(Separate Presentation of Current Liabilities)

Article 49 (1) Liabilities categorized as current liabilities must be set down under account titles with names that are indicative of the liabilities, in accordance with the following categorization of items; provided, however, that any liabilities categorized under items other than that set forth in item (iv) whose amounts are not more than one percent of the combined total of liabilities and net assets, which it is found appropriate to present collectively with liabilities categorized under another item, may be set down collectively under an account title with an appropriate name:

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

(2) If it is found appropriate to present liabilities categorized under any of the items set forth in the items of the preceding paragraph separately, the

provisions of that paragraph do not preclude the liabilities from being set down separately under an account title with a name that is indicative of the liabilities.

- (3) If the allowances set forth in paragraph (1), item (iv) include any allowance whose amount exceeds one percent of the combined total of liabilities and net assets, the allowance must be separately set down under an account title with a name that is indicative of the purpose of establishment of the allowance.
- (4) Among the liabilities categorized under the item set forth in paragraph (1), item (vi), any liability whose amount exceeds ten percent of the combined total of liabilities and net assets or any liability whose amount is not more than ten percent of the combined total of liabilities and net assets but which it is found appropriate to present separately must be set down under an account title with a name that is indicative of the liability.

(Separate Presentation of Fixed Liabilities)

Article 50 (1) Liabilities categorized as fixed liabilities must be set down under account titles with names that are indicative of the liabilities, in accordance with the following categorization of items; provided, however, that any liabilities categorized under items other than that set forth in items (iii) and (iv) whose amounts are not more than one percent of the combined total of liabilities and net assets and which it is found appropriate to present collectively with liabilities categorized under another item, may be set down collectively under an account title with an appropriate name:

- (i) corporate bonds;
 - (ii) long-term borrowings (including finance negotiable instruments; the same applies hereinafter);
 - (iii) allowances;
 - (iv) net defined benefit liability;
 - (v) asset retirement obligations; and
 - (vi) others.
- (2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to cases under the preceding paragraph.
 - (3) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the allowances set forth in paragraph (1), item (iii).
 - (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 Contingent Liabilities)

Article 51 If there are contingent liabilities (meaning guarantees of debts (including acts that have the same effect as a debt guarantee), obligations to

compensate resulting from contentious cases, and other liabilities that have not actually arisen but may be borne by the business in the future) pertaining to any consolidated company, the contents and amounts thereof must be stated in the notes; provided, however, that notes may be omitted for immaterial matters.

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

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

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

Section 4 Net Assets

(Classification of Net Assets)

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

(Classification and Separate Presentation of Shareholders' Equity)

Article 55 (1) Shareholders' equity must be classified into stated capital, capital surplus, and retained earnings, and must be set down under the account titles of stated capital, capital surplus, and retained earnings, respectively.

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

(Classification and Separate Presentation of Accumulated Other Comprehensive Income)

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

comprehensive income.

(Presentation of Share Options)

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

(Presentation of Non-Controlling Interests)

Article 58 Non-controlling interests must be set down under the account title of non-controlling interests.

Section 5 Miscellaneous Provisions

(Reserves, etc. under Special Laws)

Article 60 (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 report in the assets section or the liabilities section (hereinafter referred to as "reserves, etc." in the following paragraph and Article 80) must be entered under a separate category that has been added immediately after fixed liabilities, notwithstanding the provisions of Articles 32 and 47.

(2) Reserves, etc. as set forth in the preceding paragraph must be set down under an account title with a name that is indicative of the purpose of establishment of the reserves, etc.

(Classification of the Assets and Liabilities of Listed Businesses)

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

(Entry of the Net Assets of Designated Corporations)

Article 62 If a designated corporation prepares a quarterly consolidated balance

sheet, and it is found to be inappropriate that it state its net assets pursuant to this Regulation, the designated corporation may state its net assets in an equivalent manner as under the provisions of laws and regulations, or rules applicable to its financial statements. In this case, the governing laws and regulations, or rules must be entered in the notes.

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

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

(2) In the cases set forth in the preceding paragraph, the standards for setting down the account titles of assets and liabilities collectively or separately are equivalent to those provided under this Regulation.

Chapter III Quarterly Consolidated Profit and Loss Statements

Section 1 General Provisions

(Methods for Presenting Quarterly Consolidated Profit and Loss Statements)

Article 64 (1) The method for presenting a quarterly consolidated profit and loss statement is in accordance with the provisions of this Chapter.

(2) The quarterly consolidated profit and loss statement for the cumulative quarterly consolidated accounting period is to be presented in accordance with Form No. 3.

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

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

(Classification of Revenues and Expenses)

Article 65 Revenues and expenses must be entered by classifying them into account titles with names that are indicative of the following items:

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

Section 2 Net Sales and the Cost of Sales

(Presentation Methods for Net Sales)

Article 66 Net sales must be set down under an account title with a name that is indicative of net sales.

(Presentation Methods for the Cost of Sales)

Article 67 The cost of sales must be set down under an account title with a name that is indicative of the cost of sales.

(Presentation of the Gross Profit or Loss on Sales)

Article 68 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 Methods for Selling Expenses and General and Administrative Expenses)

Article 69 (1) Selling expenses and general and administrative expenses must be classified into expense items that are found to be appropriate, and be set down under account titles with names that are indicative of the expenses; provided, however, that this does not preclude the expenses from being set down under the account title of selling expenses, the account title of general and administrative expenses, or the account title of selling expenses and general and administrative expenses collectively, and from major expense items and amounts thereof being entered in the notes.

(2) The major expense items as provided in the proviso to the preceding paragraph are retirement benefit expenses and the provision of allowances (excluding the expense items whose amount is small) and any other expense

items whose amount exceeds 20 percent of the combined total of selling expenses and general and administrative expenses or those whose amount is not more than 20 percent of the combined total of selling expenses and general and administrative expenses but which it is found appropriate to present separately.

(3) Notwithstanding the provisions of paragraph (1), in the first cumulative quarterly consolidated accounting period and the third cumulative quarterly consolidated accounting period as well as the quarterly consolidated accounting periods, selling expenses and general and administrative expenses may be set down under the account title of selling expenses, the account title of general and administrative expenses, or the account title of selling expenses and general and administrative expenses collectively. In this case, the expense items of selling expenses or general and administrative expenses and the amounts thereof need not be stated in the notes.

(Presentation of the Amount of Operating Profits and Losses)

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

Section 4 Non-Operating Revenues and Non-Operating Expenses

(Presentation Methods for Non-Operating Revenues)

Article 71 Revenues categorized as non-operating revenues must be set down under account titles with names that are indicative of the revenues, by categorization as interest income (including interest on securities), dividends income, gain on sales of securities, investment return under the equity method, and others; provided, however, that any revenues whose amounts are not more than 20 percent of the total amount of non-operating revenues and that it is found appropriate to present collectively may be set down under an account title with a name that is indicative of all of the revenues.

(Presentation Methods for Non-Operating Expenses)

Article 72 Expenses categorized as non-operating expenses must be set down under account titles with names that are indicative of the expenses, by categorization as interest expenses (including interest on corporate bonds), loss on sales of securities, investment losses under the equity method, and others; provided, however, that any expenses whose amounts are not more than 20 percent of the total amount of non-operating expenses and that it is found appropriate to present collectively may be set down under an account title with

a name that is indicative of all of the expenses.

(Presentation of the Amount of Ordinary Profits and Losses)

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

Section 5 Extraordinary Profit and Extraordinary Losses

(Presentation Methods for Extraordinary Profit)

Article 74 Profits categorized as extraordinary profit must be set down under account titles having names that indicate the profits, in accordance with the categorization of gain on sales of fixed assets, gain from negative goodwill and others; provided, however, that any profits of which the amounts are not more than 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 the profits.

(Presentation Methods for Extraordinary Losses)

Article 75 Losses categorized as extraordinary losses must be set down under account titles with names that are indicative of the losses, by categorization as losses on sales of fixed assets, impairment losses, losses from a disaster, and others; provided, however, that any losses whose amounts are not more than 20 percent of the total amount of extraordinary losses and that it is found appropriate to present collectively may be set down under an account title with a name that is indicative of all of the losses.

(Presentation of Quarterly Net Profits or Quarterly Net Losses before Taxes)

Article 76 The amount obtained by adjusting the amount of ordinary profit or the amount of ordinary losses by adding or subtracting the total amount of extraordinary profit or the total amount of extraordinary losses must be presented as the amount of quarterly net profit before taxes or the amount of quarterly net losses before taxes.

Section 6 Quarterly Net Profit or Quarterly Net Losses

(Quarterly Net Profit or Quarterly Net Losses)

Article 77 (1) The amounts of the following items must be entered under account titles with names that are indicative of 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 applies in the following item) pertaining to the current cumulative quarterly consolidated 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 the application of tax effect accounting).
- (2) Notwithstanding the provisions of the preceding paragraph, the items set forth in the items of that paragraph may be entered 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 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 paragraph (1) or the preceding paragraph must be stated as the amount of quarterly net profit or the amount of quarterly net loss.
- (4) The amount that represents non-controlling interests in the amount of quarterly net profit or the amount of quarterly net loss must be stated, under an account title having a name that indicates the contents thereof, next to the amount of quarterly net profit or the amount of quarterly net loss.
- (5) The amount obtained by adjusting the quarterly net profit or the amount of quarterly net loss by adding or subtracting the amount that represents non-controlling interests in the amount of quarterly net profit or the amount of quarterly net loss must be stated as the amount of quarterly net profit attributable to owners of parent or the amount of quarterly net loss attributable to owners of parent.
- (6) If there are taxes paid or taxes refunded due to a correction of or determination, etc. on corporation tax, etc., these are to be entered under an account title with a name that is indicative of the contents thereof, immediately after the item set forth in paragraph (1), item (i); provided, however, that the amounts may be presented by including them in the amount of the item set forth in paragraph (1), item (i) if the amounts are not material.

(Notes on the Per-Share Amount of Quarterly Net Profits or Losses)

Article 78 (1) The per-share amount of quarterly net profit or per-share amount of quarterly net losses for the current cumulative quarterly consolidated accounting period, and the basis for calculation thereof must be entered in the notes.

(2) The provisions of Article 70, paragraph (2) of the Regulation on Quarterly Financial Statements apply *mutatis mutandis* to cases in which a reverse

share splits or share splits has been carried out after the current quarterly consolidated accounting period or the quarterly consolidated closing date. In this case, the term "quarterly accounting period" in that paragraph is deemed to be replaced with "quarterly consolidated accounting period", the term "quarterly balance sheet date" is deemed to be replaced with "quarterly consolidated closing date", and the term "business year" is deemed to be replaced with "consolidated fiscal year".

(Notes on Diluted Per Share Amount of Quarterly Net Profit)

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

Section 7 Miscellaneous Provisions

(Presentation of the Investment Return under the Equity Method)

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

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

Article 80 If there has been an addition to or reversal of reserves, etc., the amount of the addition or reversal must be set down as an extraordinary loss or extraordinary profit under an account title with a name that is indicative of that the amount results from the addition or reversal.

(Notes on Substantial Seasonal Fluctuations in Net Sales or Operating Expenses)

Article 81 If 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 context of the fluctuations must be stated in the notes of the quarterly consolidated profit and loss statement for the cumulative quarterly consolidated accounting period.

(Classification of the Revenues and Expenses of Listed Businesses)

Article 82 If the main business of a business group is a listed business, and if it is found inappropriate to enter its revenues and expenses by classifying them into the items as provided in Article 65, notwithstanding the provisions of that

Article, the revenues and expenses may be entered in an equivalent manner as under the provisions of laws and regulations, or rules applicable to the financial statements of the companies engaged in the listed business.

(Entry of Account Titles for the Revenues and Expenses of Listed Businesses)

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

(2) A quarterly consolidated comprehensive income statement for the cumulative quarterly consolidated accounting period is to be presented in accordance with Form No. 3-2.

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

Chapter III-2 Quarterly Consolidated Comprehensive Income Statement Section 1 General Provisions

(Methods for Presenting Quarterly Consolidated Comprehensive Income Statements)

Article 83-2 (1) The method for presenting a quarterly consolidated comprehensive income statement is in accordance with the provisions of this Chapter.

(2) A quarterly consolidated comprehensive income statement for the cumulative quarterly consolidated accounting period is to be presented in accordance with Form No. 3-2.

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

statement for the second quarterly consolidated accounting period and the third quarterly consolidated accounting period. In this case, the quarterly consolidated comprehensive income statement is to be presented in accordance with Form No. 4-2.

(Quarterly Consolidated Profit and Loss and Comprehensive Income Statement)

Article 83-3 The quarterly consolidated comprehensive income statement need not be entered if a quarterly consolidated profit and loss and comprehensive income statement (meaning a statement made pursuant to the provisions of this Chapter at the end of a quarterly consolidated profit and loss statement) is prepared.

(Separate Presentation of Quarterly Consolidated Comprehensive Income Statement)

Article 83-4 A quarterly consolidated comprehensive income statement must be entered by classifying it into quarterly net profit or quarterly net losses, other comprehensive income and quarterly comprehensive income

Section 2 Other Comprehensive Income

(Separate Presentation of Other Comprehensive Income)

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

Section 3 Quarterly Comprehensive Income

(Quarterly Comprehensive Income)

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

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

Chapter IV Quarterly Consolidated Cash Flow Statements

Section 1 General Provisions

(Methods for Presenting Quarterly Consolidated Cash Flow Statements)

Article 84 (1) The method for presenting a quarterly consolidated cash flow statement is in accordance with the provisions of this Chapter.

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

(Categorization for Presenting Quarterly Consolidated Cash Flow Statements)

Article 85 In a quarterly consolidated cash flow statement, cash flow conditions must be entered for the following categories:

- (i) cash flow from operating activities;
- (ii) cash flow from investment activities;
- (iii) cash flow from financing activities;
- (iv) translation adjustments on cash and cash equivalents;
- (v) increases or decreases 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 Consolidated Cash Flow Statement

(Presentation Methods for Cash Flows from Operating Activities)

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

(Matters to Be Stated in the Notes in Quarterly Consolidated Cash Flow Statements)

Article 87 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 consolidated balance sheet must be stated in the notes in a quarterly consolidated cash flow statement.

Chapter V Notes on Shareholders' Equity

(Notes on Dividends)

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

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

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

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

Chapter VI Special Provisions for Business Accounting Standards

Section 1 Designated International Accounting Standards

(Special Provisions for Designated International Accounting Standards)

Article 93 The terminology, forms, and preparation methods of quarterly consolidated financial statements that a specified company complying with designated international accounting standards submits may be in compliance with Designated International Accounting Standards.

(Notes on Designated International Accounting Standards)

Article 93-2 The following matters must be stated in the notes to quarterly consolidated financial statements prepared in accordance with Designated International Accounting Standards:

- (i) a statement to the effect that if the Designated International Accounting Standards are the same as the International Accounting Standards (meaning International Accounting Standards as provided in Article 93 of the Regulation on Consolidated Financial Statements; hereinafter the same

applies in this item and the following item), the quarterly consolidated financial statements are prepared in accordance with the International Accounting Standards;

- (ii) a statement to the effect that if the Designated International Accounting Standards are different from the International Accounting Standards, the quarterly consolidated financial statements are prepared in compliance with the Designated International Accounting Standards; and
- (iii) a statement to the effect that the company is categorized as a specified company complying with designated international accounting standards and the reason therefor.

Section 2 Japan's Modified International Standards

(Special Provisions for Japan's Modified International Standards)

Article 94 The terminology, forms, and preparation methods of quarterly consolidated financial statements that a specified company complying with Japan's modified international standards submits may be in compliance with Japan's Modified International Standards.

(Notes on Japan's Modified International Standards)

Article 94-2 The following matters must be stated in the notes to quarterly consolidated financial statements prepared in accordance with Japan's Modified International Standards:

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

Chapter VII Miscellaneous Provisions

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