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

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

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

Chapter I General Provisions (Articles 1 Through 24)

Chapter II Quarterly Balance Sheets

Section 1 General Provisions (Articles 25 Through 27)

Section 2 Assets (Articles 28 Through 41)

Section 3 Liabilities (Articles 42 Through 47)

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Chapter III Quarterly Profit and Loss Statements

Section 1 General Provisions (Articles 56 and 57)

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

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

Section 4 Non-Operating Revenues and Non-Operating Expenses (Articles 63 Through 65)

Section 5 Extraordinary Income and Extraordinary Loss (Articles 66 Through 68)

Section 6 Quarterly Net Income or Quarterly Net Loss (Articles 69 Through 70-2)

Section 7 Miscellaneous Provisions (Articles 71 Through 73)

Chapter IV Quarterly Cash Flow Statements

Section 1 General Provisions (Articles 74 and 75)

Section 2 Methods to Make Entries in Quarterly Cash Flow Statements (Articles 76 and 77)

Chapter V Notes Concerning Shareholders' Equity (Articles 78 Through 82)

Chapter VI Quarterly Financial Statements of Specified Companies Complying with Designated International Accounting Standards (Articles 83 and 84)

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

Supplementary Provisions

Chapter I General Provisions

(General Principles for Application of this Regulation)

Article 1 (1) From among the finance and accounting documents (hereinafter referred to as "financial documents") to be submitted pursuant to the provisions of Article 5, Article 7, paragraph (1), Article 9, paragraph (1), Article 10, paragraph (1), Article 24-4-7, paragraph (1) or (2) of the Financial Instruments and Exchange Act (hereinafter referred to as the "Act") (including as applied mutatis mutandis pursuant to paragraph (4) of that Article and as applied mutatis mutandis, pursuant to Article 27 of the Act, to a corporation which has been designated by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 1, paragraph (1) of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements ( the Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the "Regulation on Financial Statements") (hereinafter referred to as a "designated corporation")), the terminology, forms, and preparation methods of quarterly financial statements (meaning quarterly balance sheets, quarterly profit and loss statements, and quarterly cash flow statements or, if they are prepared pursuant to designated international accounting standards (meaning designated international accounting standards prescribed in Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (the Ministry of Finance Order No. 28 of 1976; hereinafter referred to as the "Regulation Concerning Consolidated Financial Statements"); the same applies hereinafter) pursuant to the provisions of Article 83, paragraph (2); which are equivalents to quarterly balance sheets, quarterly profit and loss statements and quarterly cash flow statements which need to be propagated following the designated international accounting standards and statements of changes in shareholders' equity; the same applies hereinafter) are governed by the provisions of this Chapter to Chapter VI, excluding Article 2, and any particulars that are not provided for under this Regulation are to follow the business accounting standards generally accepted as fair and appropriate.

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

(3) Business accounting standards specified by the Commissioner of the Financial Services Agency prescribed in Article 1, paragraph (3) of the Regulation on Financial Statements are to comply with the business accounting standards generally accepted as fair and appropriate prescribed in paragraph (1).

(Special Provisions for Application of this Regulation)

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

(i) that it satisfies either of the following requirements:

(a) that in the securities registration statement that it submitted under the provisions of Article 5, paragraph (1) of the Act (limited to cases in which financial statements for the fiscal year immediately preceding the fiscal year of the current quarterly accounting period (hereinafter referred to as the "previous business year") are presented) or the annual securities report submitted under the provisions of Article 24, paragraph (1) or (3) of the Act (limited to cases in which financial statements for the previous business year are presented), it gives a statement that it makes special efforts to ensure the appropriateness of financial statements; and

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

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

(Special Provisions for Foreign Companies)

Article 2 From among the financial documents to be submitted by a foreign company (meaning the foreign company specified in Article 1-3 of the Regulation on Financial Statements; the same applies in Chapter VII), the terminology, forms, and preparation methods of quarterly financial documents are governed by the provisions of that Chapter.

(Definitions)

Article 3 In this Regulation, the meanings of the terms set forth in the following items are as prescribed in the respective items:

(i) company submitting quarterly financial statements: a company (including a designated corporation) which is required to submit quarterly 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 requested to submit quarterly 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) financial statements: the financial statements specified in Article 1, paragraph (1) of the Regulation on Financial Statements;

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

(iv) quarterly accounting period: when a fiscal year exceeds three months, each three-month period within the fiscal year (excluding the last period of those periods);

(v) quarterly consolidated accounting period: when a consolidated fiscal year exceeds three months, each three-month period within the consolidated fiscal year (excluding the last period of those periods);

(vi) cumulative quarterly accounting period: the period from the day of commencement of a fiscal year to the last day of a quarterly accounting period;

(vii) cumulative quarterly consolidated accounting period: the period from the day of commencement of a consolidated fiscal year to the last day of a quarterly consolidated accounting period;

(viii) cash flow: any increase or decrease in the funds specified in the following item;

(ix) funds: the total amount of cash (including any current deposits, ordinary deposits, and other deposits which the depositor is able to withdraw before a certain period elapses; the same applies in Articles 75 and 77) and cash equivalents (meaning short-term investments which can be easily converted into cash with low risk of value fluctuations in value; the same applies in Articles 75 and 77);

(x) derivatives transactions: the transactions specified in Article 8, paragraph (14) of the Regulation on Financial Statements;

(xi) trading securities: the securities specified in Article 8, paragraph (20) of the Regulation on Financial Statements;

(xii) bonds held to maturity: the bonds specified in Article 8, paragraph (21) of the Regulation on Financial Statements;

(xiii) other securities: the securities specified in Article 8, paragraph (22) of the Regulation on Financial Statements;

(xiv) treasury shares: shares of a company submitting quarterly financial statements held by the company submitting quarterly financial statements itself;

(xviii) business combination: the business combination specified in Article 8, paragraph (27) of the Regulation on Financial Statements;

(xix) acquiring enterprise: the enterprise specified in Article 8, paragraph (28) of the Regulation on Financial Statements;

(xx) acquired enterprise: the enterprise specified in Article 8, paragraph (29) of the Regulation on Financial Statements;

(xxi) combiner: the enterprise specified in Article 8, paragraph (31) of the Regulation on Financial Statements;

(xxii) combinee: the enterprise specified in Article 8, paragraph (32) of the Regulation on Financial Statements;

(xxiii) combined enterprise: the enterprise specified in Article 8, paragraph (33) of the Regulation on Financial Statements;

(xxiv) constituent enterprise: the enterprise specified in Article 8, paragraph (34) of the Regulation on Financial Statements;

(xxv) purchase method: the method specified in Article 8, paragraph (35) of the Regulation on Financial Statements;

(xxvi) reverse acquisition: the reverse acquisition specified in Article 8, paragraph (36) of the Regulation on Financial Statements;

(xxvii) common control transaction, etc.: the common control transaction, etc. specified in Article 8, paragraph (37) of the Regulation on Financial Statements;

(xxviii) business divestiture: the business divestiture specified in Article 8, paragraph (38) of the Regulation on Financial Statements;

(xxix) divesting enterprise: the enterprise specified in Article 8, paragraph (39) of the Regulation on Financial Statements;

(xxx) divested enterprise: the enterprise specified in Article 8, paragraph (40) of the Regulation on Financial Statements;

(xxxi) financial instruments: the financial instruments specified in Article 8, paragraph (41) of the Regulation on Financial Statements;

(xxxii) asset retirement obligations: the asset retirement obligations specified in Article 8, paragraph (42) of the Regulation on Financial Statements;

(xxxiii) accounting policies: the accounting principles and procedures adopted for the preparation of quarterly financial statements;

(xxxiv) presentation method: the presentation method for adopted for the preparation of quarterly financial statements;

(xxxv) accounting estimates: amounts of assets, liabilities, revenues, expenses, etc. that are reasonably calculated based on the information available at the time when the quarterly financial statements were prepared if those amounts are uncertain;

(xxxvi) changes in accounting policies: change in accounting policy that is generally accepted as fair and appropriate is changed to another accounting policy that is generally accepted as fair and appropriate;

(xxxvii) change in accounting estimates: a change in accounting estimates that had been made for the preparation of financial statements for the previous business year or any prior fiscal year, or quarterly financial statements for the immediately preceding or prior quarterly accounting period or cumulative quarterly accounting period based on new information that has become available;

(xxxviii) error: an error caused by not using, or misusing the information when preparing the quarterly financial statements or when preparing the financial statements, regardless of whether or not it was done with intent to cause the error;

(xxxix) retrospective application: the implementation of accounting processes by assuming that new accounting policies are retrospectively applied to financial statements for the previous business year or any prior fiscal year and quarterly financial statements for the previous quarterly accounting period or any prior quarterly accounting period; and

(xl) restatement: the errors in financial statements or quarterly financial statements, for the previous business year or any prior fiscal year or quarterly financial statements for the immediately preceding or prior quarterly accounting period or cumulative quarterly accounting period, are rectified in the financial statements.

(xli) inputs to a market value measurement: the inputs to a market value measurement prescribed in Article 8, paragraph (65) of the Regulation on Financial Statements;

(xlii) level in which inputs to a market value measurement are categorized: the level in which inputs to a market value measurement are categorized as prescribed in Article 8, paragraph (68) of the Regulation on Financial Statements.

(General Principles for Preparation of Quarterly Financial Statements)

Article 4 (1) Quarterly financial statements must be prepared in accordance with the accounting principles and procedures adopted for preparing financial statements, in principle.

(2) The accounting principles and procedures used for preparing financial statements for the previous business year and the accounting principles and procedures adopted for preparing quarterly financial statements for the cumulative quarterly accounting period as of the end of the immediately preceding quarterly accounting period or as of the end of the relevant quarterly accounting period must be applied continuously in the current quarterly accounting period, except in cases of making a change based on justifiable grounds.

(3) The same presentation method of quarterly financial statements must be applied continuously, except when those will be changed based on justifiable grounds.

(Quarterly Cash Flow Statements)

Article 4-2 (1) A company submitting quarterly financial statements must prepare a quarterly cash flow statement for the second cumulative quarterly accounting period (meaning the period from the first day of the fiscal year to the last day of the quarterly accounting period following the first quarterly accounting period of the fiscal year (hereinafter referred to as the "first quarterly accounting period") (hereinafter referred to as the "second quarterly accounting period")).

(2) A company submitting quarterly financial statements may prepare a quarterly cash flow statement for the first cumulative quarterly accounting period (meaning the period from the first day of the fiscal year to the last day of the first quarterly accounting period; the same applies hereinafter).

(3) When a company submitting quarterly financial statements prepares a quarterly cash flow statement for the first cumulative quarterly accounting period, the company submitting quarterly financial statements must prepare a quarterly cash flow statement for the third cumulative quarterly accounting period (meaning the period from the first day of the fiscal year to the last day of the quarterly accounting period following the second quarterly accounting period (hereinafter referred to as the "third quarterly accounting period"); the same applies hereinafter).

(4) Notwithstanding the provisions of the preceding paragraph, when it is difficult in practice to prepare a cash flow statement for the third quarter due to large-scale business combination being done in the third quarterly accounting period or other circumstances, preparation of the cash flow statement for the third quarter is not required. In this case, the fact that the cash flow statement for the third quarter cannot be prepared and the reason therefor must be set down in the notes.

(Preparation of Comparative Information)

Article 4-3 Quarterly financial statements for the current quarterly accounting period and the current cumulative quarterly accounting period must be prepared by including, as components of the quarterly financial statements, comparative information (meaning the particulars set forth in the following items as those corresponding to the particulars included in the quarterly financial statements for the respective categories of quarterly financial statements listed in those items):

(i) quarterly balance sheet: particulars pertaining to the previous business year;

(ii) quarterly profit and loss statement: particulars pertaining to the corresponding quarterly accounting period in the previous business year and the cumulative quarterly accounting period as of the end thereof; and

(iii) quarterly cash flow statement: particulars pertaining to the corresponding cumulative quarterly accounting period in the previous business year.

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

Article 5 (1) If material changes are made in accounting policies according to the revisions, etc. of accounting standard, etc.(meaning revisions, etc. of accounting standards, etc.(meaning accounting standards, etc. prescribed in the main clause of Article 8-3, paragraph (1) of the Regulation on Financial Statements; the same applies hereinafter) prescribed in the main clause of that paragraph ; the same applies in the following Article) (limited to when the accounting standard, etc. do not provide for transitional measures concerning retrospective application thereof), the following particulars must be set down in the notes:

(i) the name of the accounting standards, etc.;

(ii) the details of the change in accounting policies; and

(iii) the effects on the amount of quarterly net income or loss before taxes in the corresponding cumulative quarterly accounting period in the previous business year and the effects on other material items.

(2) Notwithstanding the provisions of the preceding paragraph, if principle-based treatment pertaining to the retrospective application (meaning principle-based treatment pertaining to the retrospective application prescribed in the main clause of Article 8-3, paragraph (2) of the Regulation on Financial Statements; the same applies hereinafter) is not practically authorized in practice, the following particulars must be set down in the notes:

(i) the name of the accounting standards, etc.;

(ii) the details of the change in accounting policies;

(iii) the effects on the amount of quarterly net income or loss before taxes and the effects on other material items;

(iv) the reason that the principle-based treatment pertaining to the retrospective application is practically not authorized ; and

(v) the method to apply the change in accounting policies and the application start date.

(3) If any accounting processes have been implemented in accordance with transitional measures related to the retrospective application prescribed in accounting standards, etc., and the retrospective application has not been performed, the following particulars must be set down in the notes:

(i) the name of the accounting standards, etc.;

(ii) the details of the change in accounting policies;

(iii) a statement that accounting processes have been implemented in accordance with the transitional measures and the outline of the transitional measures; and

(iv) the effects on the amount of quarterly net income or loss before taxes and the effects on other material items.

(4) If it is difficult to calculate the accurate effects prescribed in paragraph (2), item (iii) and item (iv) of the preceding paragraph in a timely manner, an estimated amount obtained may be included by an appropriate method.

(5) The things noted under paragraphs (1) through (3) must be entered in the quarterly accounting periods within the fiscal year pertaining to the quarterly accounting period in which changes in accounting policies were made.

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

Article 5-2 (1) If material changes are made in accounting policies based on justifiable grounds other than revisions, etc. of accounting standards, etc. the first quarterly accounting period, the following particulars must be set down in the notes:

(i) the details of the changes in accounting policies;

(ii) the justifiable grounds on which the change is made in accounting policies; and

(iii) the effects on the amount of quarterly net income or loss before taxes in the corresponding cumulative quarterly accounting period in the previous business year and the effects on other material items.

(2) If material changes in accounting policies have been made based on justifiable grounds other than revisions, etc. of accounting standards, etc. in or after the second quarterly accounting period, the fact that changes in accounting policies were made in or after the second quarterly accounting period and the justifiable grounds therefor must be set down in the notes beyond the notes under the preceding paragraph.

(3) Notwithstanding the provisions of the preceding two paragraphs, if principle-based treatment pertaining to retrospective application is practically authorized, the following particulars must be set down in the notes:

(i) the details of the changes in accounting policies;

(ii) the justifiable grounds on which the changes are made in accounting policies;

(iii) the effects on the amount of quarterly net income or loss before taxes and the effects on other material items;

(iv) the reasons that principle-based treatment pertaining to the retrospective application is practically authorized; and

(v) method to apply the changes in accounting policies and application start date.

(4) If it is difficult to calculate the accurate effects prescribed in item (iii) of the preceding paragraph in a timely manner, an estimated amount may be entered by an appropriate method.

(5) The things noted under paragraphs (1) through (3) must be set down in the notes in the quarterly accounting periods within the fiscal year pertaining to the quarterly accounting period in which changes in accounting policies were made.

(6) If material changes were made in accounting policies based on justifiable grounds other than revisions, etc. of accounting standards, etc. in or after the second quarterly accounting period of the previous business year, and any difference is found between the accounting policies applied to the comparative information included in the quarterly financial statements for the quarterly accounting period in the current fiscal year and accounting policies applied to the quarterly financial statements for the quarterly accounting period in the previous business year, a statement to that effect must be set down in the notes.

(Notes Concerning Changes in Accounting Estimates)

Article 5-3 (1) If material changes in accounting estimates have been made, the following particulars must be set down in the notes:

(i) the details of the changes in accounting estimates; and

(ii) the effects on the amount of quarterly net income or loss before taxes and the effects on other material items.

(2) If it is difficult to calculate the accurate effects prescribed in item (ii) of the preceding paragraph in a timely manner, an estimated amount may be entered by an appropriate method.

(3) The things noted under paragraph (1) must be entered in the quarterly accounting periods within the fiscal year pertaining to the quarterly accounting period in which material changes in accounting estimates were made.

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

Article 5-4 (1) If material changes in accounting policies have been made in the first quarterly accounting period, and it is difficult to distinguish the material changes in accounting policies from changes in accounting estimates, the following particulars must be set down in the notes:

(i) the details of the changes in accounting policies;

(ii) the justifiable grounds on which the change is made in accounting policies; and

(iii) the effects on the amount of quarterly net income or loss before taxes and the effects on other material items.

(2) If material changes in accounting policies have been made in or after the second quarterly accounting period, and it is difficult to distinguish the material changes in accounting policies from changes in accounting estimates, the fact that changes in accounting policies were made in or after the second quarterly accounting period and the justifiable grounds therefor must be set down in the notes beyond the notes under the preceding paragraph.

(3) If it is difficult to calculate the accurate effects prescribed in paragraph (1), item (iii) in a timely manner, an estimated amount may be entered by an appropriate method.

(4) The things noted under paragraphs (1) and (2) must be entered in the quarterly accounting periods within the fiscal year pertaining to the quarterly accounting period in which material changes in accounting policies were made.

(Notes Concerning Restatement of Financial Statement)

Article 5-5 If the financial statements are restated d, the following particulars must be set down in the notes; provided, however, that notes may be omitted for particulars that are not material:

(i) the details of the errors; and

(ii) the effects on the amount of quarterly net income or loss before taxes in the corresponding cumulative quarterly accounting period in the previous business year and the effects on other material items.

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

Article 7 If an accounting method specific to the preparation of quarterly financial statements has been applied in accordance with business accounting standards generally accepted as fair and appropriate, a statement to that effect and the details thereof must be set down in the notes; provided, however, that the notes may be omitted if they are not material.

(Notes Concerning Material Post-Balance Sheet Events)

Article 8 If any events that exert a material influence on the financial position, operating results and cash flow conditions of a company submitting quarterly financial statements in and after the fiscal year containing the quarterly accounting period pertaining to the relevant quarterly financial statements (excluding the cumulative quarterly accounting period as of the end of the relevant quarterly accounting period) occur after the quarterly balance sheet date, the events must be set down in the notes.

(Notes Concerning Financial Instruments)

Article 8-2 (1) By account title of a quarterly balance sheet concerning financial instruments, if the financial instruments are material for the operation of business of the company and there has been a significant fluctuation in the amount recorded on the quarterly balance sheet or any other amount as compared to the last day of the previous business year, the amount recorded on the quarterly balance sheet, the market value, and the difference between the amount recorded on the quarterly balance sheet and the market value, as of the quarterly balance sheet date must be set down in the notes for each account title of the quarterly balance sheet; provided, however, that the notes may be omitted if the difference between the amount recorded on the quarterly balance sheet and the market value and the difference between the amount recorded on the balance sheet for the previous business year and the market value are not material.

(2) Notwithstanding the provisions of the main clause of the preceding paragraph, if it is difficult to calculate the accurate amount in a timely manner with regard to the market values of financial instruments as of the quarterly balance sheet date for each account title of a quarterly balance sheet, an estimated amount may be entered.

(3) With regard to financial instruments reported on a quarterly balance sheet at market values, for each account title of a quarterly balance sheet concerning the financial instruments, the following particulars must be set down in the notes if the financial instruments are material for the operation of business of the company, and after classifying relevant financial instruments that are material for the operation of business of the company into appropriate items and categorizing the market values of the financial instruments for each classified item according to levels in which inputs to a market value measurement that have a material impact on the calculation of the market values are categorized, and as a result, there has been a significant fluctuation in these amounts as compared to the last day of the previous fiscal year:

(i) the following particulars for each item:

(a) the combined total of the market values of financial instruments categorized into level 1 as of the quarterly balance sheet date;

(b) the combined total of the market values of financial instruments categorized into level 2 as of the quarterly balance sheet date;

(c) the combined total of the market values of financial instruments categorized into level 3 as of the quarterly balance sheet date;

(ii) if valuation techniques used for the calculation of market values of the financial instruments that are set down in the notes pursuant to the provisions of (b) or (c) of the preceding item or application thereof is changed, that effect and reasons therefor.

(4) Notwithstanding the provisions of the preceding paragraph, after classifying the financial instruments reported on a quarterly balance sheet into appropriate items, if it is difficult to calculate the accurate amount in a timely manner with regard to the market values of the financial instruments as of the quarterly balance sheet date for each classified item, an estimated amount may be entered.

(5) Notwithstanding the provisions of the main clause of paragraph (1) and paragraph (2), particulars set forth in the main clause of paragraph (1) are not required to be entered for shares without a market price, capital investments, and other financial instruments equivalent to these as of the quarterly balance sheet date. In this case, a statement to that effect, the outline of the financial instruments, and the amount recorded on the quarterly balance sheet must be set down in the notes.

(Notes Concerning Securities)

Article 9 Beyond the particulars specified in the preceding Article, with regard to securities (limited to the securities set forth in the following items), if the securities are material for the operation of business of the company and there has been a significant fluctuation in the amount recorded on the quarterly balance sheet or any other amount of the securities as compared to the last day of the previous fiscal year, the particulars specified in the following items for the respective categories of securities set forth in those items must be set down in the notes; provided, however, that if it is difficult to calculate the accurate amount in a timely manner, an estimated amount may be entered:

(i) bonds held to maturity: the following particulars:

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

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

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

(ii) other securities: the following particulars for each class of shares, bonds and any other securities:

(a) the acquisition cost;

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

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

(Notes Concerning Derivatives Transactions)

Article 10 (1) Beyond the particulars prescribed in Article 8-2, with regard to derivatives transactions (those to which hedge accounting (meaning the accounting process prescribed in Article 8, paragraph (69) of the Regulation on Financial Statements) is applied may be excluded), if the transactions are material for the operation of business of the company and there has been a significant fluctuation in the contract amount or any other amount of the transactions as compared to the last day of the previous fiscal year, the contract amount or the principal equivalent amount specified in the contract, the market value, and valuation gain or loss as of the quarterly balance sheet date must be set down in the notes, by type of currencies, money rates, shares, bonds, commodities and 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 particulars prescribed in the preceding paragraph must be entered by categorizing them into futures transactions, options transactions, forward transactions, swap transactions and any other derivatives transactions, or any other types of transactions.

(Special Provisions for Notes Concerning Financial Instruments)

Article 10-2 Notwithstanding the provisions of Article 8-2, Article 9 and Article 10, paragraph (1), a company submitting financial statements (excluding cases in which financial assets account for the majority of all assets 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 accounting period and the third quarterly accounting period.

(the Use of Tax Effect Accounting)

Article 11 With regard to corporate tax and any other taxes that are imposed on the amounts of profits as the tax base (hereinafter referred to as "corporate tax, etc."), quarterly financial statements must be prepared by using tax effect accounting (meaning an accounting process which, if the amounts of assets and liabilities recorded on the quarterly balance sheet and the amounts of assets and liabilities determined by calculating the taxable income is different, reasonably matches the amount of quarterly net income before deducing the corporate tax, etc. with the amount of corporate tax, etc. through appropriate interperiod allocation of the amount of corporate tax, etc. pertaining to the differences; the same applies hereinafter).

(Notes Concerning Profit or Loss Under the Equity Method)

Article 12 If there is any affiliated company (meaning an entity that is regarded as an affiliated company of a company submitting quarterly consolidated financial statements pursuant to the provisions of Article 8, paragraphs (5) and (6) of the Regulation on Financial Statements; hereinafter the same applies in this paragraph), the amount of investment in the affiliated company, the amount of investment in the case where the equity method (meaning the method specified in Article 2, item (viii) of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Order of the Ministry of Finance No. 28 of 1976)) is applied to the investment, and the amount of investment return or investment loss must be set down in the notes; provided, however, that any affiliated company that is not material in terms of the profit or loss and the retained earnings and any other items may be excluded.

(Notes Concerning Acquisition through Business Combination)

Article 15 (1) If a business combination has been done during the current quarterly accounting period (excluding the cases specified in paragraph (1) of the following Article), the following particulars must be set down in the notes; provided, however, that the notes may be omitted if the transaction pertaining to the business combination is not material:

(i) the outline of the business combination;

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

(iii) the acquisition cost for the acquired enterprise or the acquired business, and the breakdown by type of consideration;

(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) 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

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

(3) In the quarterly accounting period in which a provisional accounting method pertaining to business combinations that had been done by the quarterly balance sheet 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 (v) or the amount of gain from negative goodwill must be set down in the notes; provided, however, that if notes are omitted pursuant to the provisions of the proviso to paragraph (1), they are not required to be set down in the notes.

(4) If a material review has been reflected in the initially allocated amounts of the acquisition costs in the comparative information included in the quarterly financial statements in line with the determination of the provisional accounting method set forth in the preceding paragraph, the details and amounts of the review must be set down in the notes.

(Notes Concerning Reverse Acquisition in Business Combination)

Article 16 (1) If a business combination resulting in reverse acquisition has been done during the current quarterly accounting period, the particulars equivalent to the particulars set forth in paragraph (1), items (i) through (vi) of the preceding Article and the amount of influence that would be exerted on the quarterly balance sheet and the quarterly profit and loss statement if the purchase method is assumed to have been applied to the business combination must be set down in the notes.

(2) If the notes have been set down pursuant to the provisions of the preceding paragraph, the notes must continue to beset down in and after the quarterly accounting period following the quarterly accounting period in which the business combination was done unless the estimated amount of influence is not material.

(3) Notwithstanding the provisions of the preceding two paragraphs, in business combinations set forth in Article 8-18, paragraph (3), item (ii) or (iii) of the Regulation on Financial Statements, the notes are not required to be included when the enterprise specified in item (ii) or (iii) of that paragraph prepares consolidated financial statements; in this case, a statement to that effect must be set down in the notes.

(Notes Concerning Common Control Transaction)

Article 17 (1) If a common control transaction, etc. has been done during the current quarterly accounting period, the following particulars must be set down in the notes:

(i) the outline of the transaction;

(ii) the outline of the implemented accounting processes; and

(iii) if subsidiary company shares are additionally acquired, the particulars equivalent to those set forth in Article 15, 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 accounting period are not material, the multiple common control transactions, etc. during the current quarterly accounting period are material as a whole, the particulars set forth in the items of that paragraph must be set down in the notes for the transactions pertaining to the business combinations as a whole.

(3) If a subsidiary company (meaning the subsidiary company specified in Article 8, paragraph (3) of the Regulation on Financial Statements; hereinafter the same applies in this paragraph) has absorbed its parent company (meaning the parent company specified in that paragraph; hereinafter the same applies in this paragraph) through an absorption-type merger, if the subsidiary company does not prepare quarterly consolidated financial statements, the estimated amount of influence that would have been exerted on the quarterly balance sheet and the quarterly profit and loss statement for the cumulative quarterly accounting period as of the end of the current quarterly accounting period in the case of assuming that the parent company has absorbed the subsidiary company through an absorption-type merger must be set down in the notes.

(4) (2) If the notes have been set down pursuant to the provisions of the preceding paragraph, the notes must be set down in and after the quarterly accounting period following the quarterly accounting period in which the business combination was done unless the estimated amount of influence is not material.

(Notes Concerning Formation of Jointly Controlled Enterprises)

Article 18 (1) If a formation of a jointly controlled enterprise (meaning a formation of a jointly controlled enterprise specified in Article 8-22, paragraph (1) of the Regulation on Financial Statements; hereinafter the same applies in this Article and paragraph (1) of the following Article) has been done during the current quarterly accounting period, the particulars equivalent to those set forth in items (i) and (ii) of paragraph (1) of the preceding Article must be stated. In this case, if the particulars equivalent to the particulars set forth in item (i) of that paragraph are entered, the reason for determining the business combination to be a formation of a jointly controlled enterprise must be entered.

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

(Notes by Divesting Enterprise in Business Divestitures)

Article 19 (1) If a material business divestiture has been done during the current quarterly accounting period, and the business divestiture is neither categorized as a common control transaction, etc. nor formation of a jointly controlled enterprise, the divesting enterprise must set down the following particulars in the notes:

(i) the outline of the business divestiture;

(ii) the particulars specified in (a) or (b) as the outline of the implemented accounting processes:

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

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

(iii) the name of the reporting segment (meaning a reporting segment prescribed in Article 22-3, paragraph (1)) in which the divested business was included;

(iv) the estimated amount of profit or loss pertaining to the divested business, which is reported on the quarterly profit and loss statement for the cumulative quarterly 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, the outline of the continuing involvement.

(2) The notes may be omitted for the particulars set forth in item (v) of the preceding paragraph if the continuing involvement is insignificant.

(3) If, the transactions pertaining to individual business divestitures during the current quarterly accounting period are not material, but the transactions pertaining to multiple business divestitures during the current quarterly accounting period are material as a whole, the particulars set forth in items (i) and (ii) of that paragraph must, notwithstanding the provisions of paragraph (1), be set down in the notes for the transactions pertaining to business divestitures as a whole.

(Notes by Divested Enterprise in Business Divestitures)

Article 20 If a business divestiture is not categorized as a business combination, the divested enterprise must set down the following particulars in the notes:

(i) the outline of the transaction;

(ii) the outline of the implemented accounting processes; and

(iii) the breakdown of the assets, liabilities and net assets succeeded from the divesting enterprise.

(Notes Concerning Going Concern Assumption)

Article 21 If, as of the quarterly balance sheet date, there is an event or circumstance that would raise material doubt about an assumption that the company will stay in business in the future (hereinafter referred to as the "going concern assumption"), material uncertainty on the going concern assumption is still recognized even after measures for eliminating or improving the event or circumstance are taken, the following particulars must be set down in the notes; provided, however, that if the material uncertainty ceases to be recognized after the quarterly balance sheet date, they are not required to beset down in the notes:

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

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

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

(iv) whether or not the influence of the material uncertainty is reflected in the quarterly financial statements.

(Notes Concerning Additional Information)

Article 22 Beyond the notes particularly specified under this Regulation, if there are any particulars that are found to be necessary for persons interested in the company submitting quarterly financial statements to make adequate judgments on the financial position, operating results and cash flow conditions of the company for the fiscal year containing the quarterly accounting period pertaining to the quarterly financial statements, the particulars must be set down in the notes.

(Notes Concerning Segment Information)

Article 22-2 (1) With regard to information on a certain unit of an enterprise (hereinafter referred to as a "reporting segment") (the information is hereinafter referred to as "segment information"), the following particulars must be set down in the notes as specified Form No. 1:

(i) the amounts of the net sales and profit or loss for each reporting segment;

(ii) the difference between the total amount of profits or losses set forth in the preceding item and the amount recorded on the quarterly profit and loss statement for each accounting title corresponding to the item and the description of the major differences; and

(iii) the outline of the event that served as the cause for fluctuations in the amount of assets for each recording segment (limited to cases where a significant fluctuation is found as compared to the last day of the previous business 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 accounting period (including any quarterly accounting periods within the relevant fiscal year prior to the current quarterly accounting period), the contents thereof must be set down in the notes.

(3) If there has been any change in reporting segments or any material change in the calculation method pertaining to reporting segments in or after the second quarterly accounting period of the relevant fiscal year, a statement to the effect that the change was made in or after the second quarterly accounting period and the reason therefor must be set down in the notes, beyond the notes under the preceding paragraph.

(4) If there has been any change in reporting segments or any material change in the calculation method pertaining to reporting segments during the previous business year and any difference is observed between the reporting segments or the calculation method pertaining to reporting segments during the corresponding quarterly accounting period in the previous business year and those particulars during the current quarterly accounting period, a statement to that effect and the amounts set forth in paragraph (1), items (i) and (ii) pertaining to the corresponding cumulative quarterly accounting period in the previous business 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 accounting period) must be set down in the notes.

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

(6) If a material impairment loss pertaining to fixed assets has been recognized, where there has been a material change in the amount of goodwill or where a material gain from negative goodwill has been recognized during the current quarterly accounting period, the outline thereof must be set down in the notes for each reporting segment.

(Notes If Quarterly Cash Flow Statement Is Not Prepared)

Article 22-3 If no quarterly cash flow statement for the first cumulative quarterly accounting period or the third cumulative quarterly accounting period is prepared, the following particulars must be set down in the notes; provided, however, that notes may be omitted for particulars that are not material:

(i) depreciation expenses (including amortization expenses pertaining to intangible fixed assets excluding goodwill) pertaining to the current cumulative quarterly accounting period; and

(ii) amortization expenses of goodwill pertaining to the current cumulative quarterly accounting period.

(Notes Concerning Revenue Recognition)

Article 22-4 (1) With regard to revenues arising from contracts with customers pertaining to the current cumulative quarterly accounting period, information on the classification of the relevant revenues based on major causes that exert an impact on those revenues and the nature, amount, time, and uncertainty of cash flows arising from those contracts that contributes to the understanding of investors and other users of quarterly financial statements must be set down in the notes; provided, however, that notes may be omitted for particulars that are not material.

(2) If the same contents are to be stated in the particulars that must be set down in the notes pursuant to the provisions of this Regulation for the particulars prescribed in the preceding paragraph, entries of the particulars prescribed in the preceding paragraph may be omitted by making a statement to that effect.

(Methods to Include Things Noted)

Article 23 (1) The things noted under Article 5 through Article 5-5 and Article 7 must be included immediately after the quarterly cash flow statement; provided, however, that if no quarterly cash flow statement for the first cumulative quarterly accounting period or the third cumulative quarterly accounting period is prepared, the notes must be entered immediately after the quarterly profit and loss statement for the first cumulative quarterly accounting period and the third cumulative quarterly accounting period (if a quarterly profit and loss statement for the third quarterly accounting period is prepared, the quarterly profit and loss statement for the third quarterly accounting period).

(2) The things noted under this Regulation (excluding Article 5 through Article 5-5 and Article 7) must be included immediately after the notes under Article 5 through Article 5-5 and Article 7, except for those that are found appropriate to be included as footnotes (meaning the notes included at the end of the table or account statement contained in the quarterly financial statements in which the particulars pertaining to the notes are included; the same applies in Article 87); provided, however, that particulars related to the notes under these provisions may be included together therewith.

(3) Notwithstanding the provisions of the preceding paragraph, the things noted under Article 21 must be included immediately after the quarterly cash flow statement; provided, however, that if no quarterly cash flow statement for the first cumulative quarterly accounting period or the third cumulative quarterly accounting period is prepared, the notes must be included immediately after the quarterly profit and loss statement for the first cumulative quarterly accounting period and the third cumulative quarterly accounting period (if a quarterly profit and loss statement for the third quarterly accounting period is prepared, the quarterly profit and loss statement for the third quarterly accounting period).

(4) In the cases set forth in the preceding paragraph, notwithstanding the provisions of paragraph (1), the things noted under Article 5 through Article 5-5 and Article 7 must be included immediately after the notes under Article 21.

(5) If the notes that are related to a specific account title are included pursuant to the provisions of this Regulation, the association between the account title and the notes must be clearly stated by using a method to append a symbol to the account title or by another method similar thereto.

(Units Used to Present Amounts)

Article 24 The amounts in the account titles and any other particulars contained in quarterly financial statements are to be presented in units of million yen or thousand yen.

Chapter II Quarterly Balance Sheets

Section 1 General Provisions

(Methods to Make Entries in Quarterly Balance Sheets)

Article 25 (1) The methods to make entries in quarterly balance sheet are governed by the provisions of this Chapter.

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

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

Article 26 Assets, liabilities and net assets must be entered in the assets section, liabilities section, and net assets section according to their respective categories.

(Arrangement of Account Titles)

Article 27 The account titles of assets and liabilities are to be arranged in order of liquidity.

Section 2 Assets

(Classification of Assets)

Article 28 Assets to be included must be classified 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 Asset)

Article 29 The provisions of Articles 15 through 16-2, 22, 27, 31 through 31-4, and 36 of the Regulation on Financial Statements apply mutatis mutandis to the scope of current assets, tangible fixed assets, intangible fixed assets, investments and other assets, and deferred assets. In this case, the term "within one year" in Articles 15 through 16-2 of the Regulation on Financial Statements is deemed to be replaced with "on the day within one year from the day following the quarterly balance sheet date", and the term "company submitting 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 quarterly financial statements".

(Categories of Current Assets to Be Presented)

Article 30 (1) Assets categorized as current assets must be recorded using the account title having a name that indicates the assets, in accordance with the following categories of items; provided, however, that any assets categorized as those items whose amount is not more than one percent of the total amount of assets, which are found appropriate to be presented collectively with assets categorized under another item, may be recorded collectively using the account title having an appropriate name:

(i) cash and deposits;

(ii) negotiable instruments receivable, accounts receivable, and contract assets;

(iii) securities;

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

(v) work in progress;

(vi) raw materials and supplies; and

(vii) others.

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

(3) Among the assets categorized under the item set forth in paragraph (1), item (vii), any asset which the amount exceeds ten percent of the total amount of assets or any asset of which the amount is not more than ten percent of the total amount of assets but that it is found appropriate to be presented separately must be recorded separately using the account title having a name that indicates the asset.

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

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

(Allowances for Current Asset to Be Presented)

Article 31 The provisions of Article 20 (excluding paragraph (3)) of the Regulation on Financial Statements apply mutatis mutandis to allowances for assets that are categorized as current assets.

(Categories of Tangible Fixed Assets to Be Presented)

Article 32 (1) Assets categorized as tangible fixed assets are to be recorded collectively using the account title having a name that indicates tangible fixed assets; provided, however, that this does not preclude assets categorized as tangible fixed assets to be classified as an item that is found to be appropriate, and recorded using the account title having a name that indicates the assets.

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

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

Article 33 The amounts of accumulated depreciation on tangible fixed assets must be entered or presented by any of the following methods:

(i) by entering the amounts under account titles for accumulated depreciation, as the contra-asset account titles corresponding to tangible fixed assets or asset account titles;

(ii) by entering the amounts collectively as a contra-asset account title corresponding to asset account titles; or

(iii) by directly deducting the amounts from the amounts of tangible fixed assets or assets, and presenting the balances after the deduction as the amounts of each of the tangible fixed assets or assets.

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

Article 34 The provisions of Article 26-2 (excluding paragraphs (4) and (5)) of the Regulation on Financial Statements apply mutatis mutandis to the amount of accumulated impairment loss on tangible fixed assets.

(Categories of Intangible Fixed Assets to Be Presented)

Article 35 (1) Assets categorized as intangible fixed assets are to be recorded collectively using the account title having a name that indicates intangible fixed assets; provided, however, that this does not preclude assets categorized as intangible fixed assets from being classified into items that are found to be appropriate, and recorded using an account title having a name that indicates the assets.

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

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

Article 36 The provisions of Article 30 of the Regulation on Financial Statements apply mutatis mutandis to the amount of accumulated amortization and the amount of accumulated impairment loss on intangible fixed assets.

(Categories of Investments and Other Assets to Be Presented)

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

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

(Allowances for Investments and Other Assets to Be Presented)

Article 38 The provisions of Article 20 (excluding paragraph (3)) of the Regulation on Financial Statements as applied mutatis mutandis pursuant to Article 34 of that Regulation apply mutatis mutandis to allowances for assets categorized as investments and other assets.

(Categories of Deferred Assets to Be Presented)

Article 39 (1) Assets categorized as deferred assets are to be recorded collectively using the account title having a name that indicates deferred assets; provided, however, that this does not preclude assets categorized as deferred assets to be classified as an accounting items that is found to be appropriate, and recorded using the account title with a name that indicates the assets.

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

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

Article 40 The provisions of Article 38 of the Regulation on Financial Statements apply mutatis mutandis to the amount of accumulated amortization for deferred assets.

Section 3 Liabilities

(Classification of Liabilities)

Article 42 Liabilities to be included must be classified as current liabilities and fixed liabilities.

(Scope of Each Liability Type)

Article 43 The provisions of Articles 47 through 48-3 and 51 through 51-4 of the Regulation on Financial Statements apply mutatis mutandis to the scope of current liabilities and fixed liabilities. In this case, the term "within one year" in Articles 47, 48-2, and 48-3 of the Regulation on Financial Statements is replaced with "on the day within one year from the day following the quarterly balance sheet date".

(Categories of Current Liabilities to Be Presented)

Article 44 (1) Liabilities categorized as current liabilities must be recorded using the account title having a name that indicates the liabilities, in accordance with the following categories of accounting item; provided, however, that liabilities categorized as an accounting item other than that set forth in item (iv) of which the amounts is not more than one percent of the sum total of liabilities and net assets, which are found appropriate to be presented collectively with liabilities categorized as another accounting item, may be recorded collectively using the account title having an appropriate name:

(i) negotiable instruments payable and accounts payable;

(ii) short-term borrowings (including finance negotiable instruments and overdrafts, but excluding short-term borrowings from shareholders, officers, or employees);

(iii) accrued corporate tax, etc.;

(iv) allowances;

(v) asset retirement obligations; and

(vi) others.

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

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

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

(Categories of Fixed Liabilities to Be Presented)

Article 45 (1) Liabilities categorized as fixed liabilities must be recorded using the account title having a name that indicates the liabilities, in accordance with the following categories of accounting items; provided, however, that any liabilities categorized as item other than that set forth in item (iii) whose amounts are not more than one percent of the sum of liabilities and net assets, which is found appropriate to be presented collectively with liabilities categorized as another accounting item, may be recorded collectively using the account title having an appropriate name:

(i) corporate bonds;

(ii) long-term borrowings (including finance negotiable instruments, but excluding long-term borrowings from shareholders, officers, or employees);

(iii) allowances;

(iv) asset retirement obligations; and

(v) others.

(2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to cases referred to in the preceding paragraph.

(3) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the allowances referred to in paragraph (1), item (iii).

(4) The provisions of paragraph (4) of the preceding Article apply mutatis mutandis to liabilities categorized as the accounting item set forth in paragraph (1), item (v).

(Notes Concerning Contingent Liabilities)

Article 46 The provisions of Article 58 of the Regulation on Financial Statements apply mutatis mutandis to contingent liabilities (meaning guarantee of debts (including those that have the same effect as debt guarantee), obligations for compensation in relation to contentious cases, and other liabilities that have not actually arisen but may probably be paid by the business in the future).

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

Article 47 Inventory assets and reserve 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 reserve for loss on construction contracts under current assets or current liabilities.

Section 4 Net Assets

(Classification of Net Assets)

Article 48 Net assets to be entered must be classified into shareholders' equity, valuation and translation adjustments, and e options.

(Classification of Shareholders' Equity and Categories Thereof to Be Presented)

Article 49 (1) Shareholders' equity must be classified into stated capital, capital surplus, and retained earnings, and must be recorded using the account title for stated capital, capital surplus, and retained earnings respectively.

(2) The provisions of Article 61 of the Regulation on Financial Statements apply mutatis mutandis to stated capital.

(3) The provisions of Article 62, paragraph (1) of the Regulation on Financial Statements apply mutatis mutandis to a deposit for subscriptions to shares after the application date.

(4) The provisions of Article 66 of the Regulation on Financial Statements apply mutatis mutandis to treasury shares.

(5) The provisions of Article 66-2 of the Regulation on Financial Statements apply mutatis mutandis to a deposit for subscriptions to treasury shares.

(Classification of Valuation and Translation Adjustments and Categories Thereof to Be Presented)

Article 50 The provisions of Article 67 of the Regulation on Financial Statements apply mutatis mutandis to valuation and translation adjustments.

( Share Options to Be Presented)

Article 51 The provisions of Article 68 of the Regulation on Financial Statements apply mutatis mutandis to share options.

Section 5 Miscellaneous Provisions

(Reserves Under the Special Laws)

Article 53 (1) Reserves or allowances that must be recorded using the name for reserves or allowances pursuant to the provisions of laws and regulations, which are not appropriate to be recorded in the assets section or liabilities section (hereinafter referred to as "reserves, etc." in the following paragraph and Article 71) must be entered separately by adding another category immediately after the fixed liabilities, notwithstanding the provisions of Articles 27 and 42.

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

(Entry of Assets and Liabilities of Business Listed Separately)

Article 54 (1) If a company engaged in a business set forth in the appended list of the Regulation on Financial Statements (hereinafter referred to as a "business listed separately") prepares a quarterly balance sheet, and it is found inappropriate to enter its assets and liabilities pursuant to this Regulation, the company engaged in a business listed separately may enter its assets and liabilities in an equivalent manner as specified in the provisions of laws and regulations, or Rules (meaning the laws and regulations, or Rules prescribed in Article 2 of the Regulation on Financial Statements; the same applies hereinafter) applicable to its financial statements.

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

(Entries of Net Assets of Designated Corporations)

Article 55 If a designated corporation prepares a quarterly balance sheet, and it is found to be inappropriate to enter its net assets pursuant to this Regulation, the designated corporation may enter its net assets in an equivalent manner as specified in the provisions of laws and regulations, or Rules applicable to its financial statements. In this case, the governing laws and regulations, or Rules must be set down in the notes.

Chapter III Quarterly Profit and Loss Statement

Section 1 General Provisions

(Methods to Make Entries in Quarterly Profit and Loss Statements)

Article 56 (1) The methods to make entries in quarterly profit and loss statement are governed by the provisions of this Chapter.

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

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

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

(Classification of Revenues and Expenses)

Article 57 Revenues and expenses must be classified into account titles having a name that indicates the following accounting items and entered:

(i) net sales (including revenues from services; the same applies hereinafter);

(ii) cost of sales (including service costs; the same applies hereinafter);

(iii) selling expenses and general and administrative expenses;

(iv) non-operating revenues;

(v) non-operating expenses;

(vi) extraordinary income; and

(vii) extraordinary loss.

Section 2 Net Sales and Cost of Sales

(Methods to Present Net Sales)

Article 58 Net sales must be recorded using the account title having a name that indicates the net sales.

(Methods to Present the Cost of Sales)

Article 59 The cost of sales must be recorded using the account title having a name that indicates the cost of sales.

(Gross Profit or Loss on Sales to Be Presented)

Article 60 The difference between the net sales and the cost of sales must be entered as the gross profit on sales or the gross loss on sales.

Section 3 Selling Expenses and General and Administrative Expenses

(Methods to Present Selling Expenses and General and Administrative Expense)

Article 61 (1) Selling expenses and general and administrative expenses must be classified into expense items that are found to be appropriate, and be recorded using the account title having a name that indicates the expenses; provided, however, that this does not preclude the expenses to be recorded using the account title for selling expenses, the account title for general and administrative expenses, or the account title of selling expenses and general and administrative expenses collectively, and the major expense items and amounts thereof being entered in the notes.

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

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

(Amount of Operating Profit and Loss to Be Presented)

Article 62 The amount obtained by adding or subtracting the total amount of selling expenses and general and administrative expenses to or from the gross profit on sales or the gross loss on sales must be entered as the amount of operating income or the amount of operating loss.

Section 4 Non-Operating Revenues and Non-Operating Expenses

(Methods to Present Non-Operating Revenues)

Article 63 Revenues categorized as non-operating revenues must be recorded using the account title having a name that indicates the revenues, according to the categories including interest income (excluding interest on securities), dividends income, gain on sales of securities, and others; provided, however, that any revenues whose amount is not more than 20 percent of the total amount of non-operating revenues, which is found appropriate to be presented collectively, may be recorded using the account title having a name that collectively indicates the revenues.

(Methods to Present Non-Operating Expenses)

Article 64 Expenses categorized as non-operating expenses must be recorded using the account title having a name that indicate the expenses, according to the categories of interest expenses (including interest on corporate bonds), loss on sales of securities, and others; provided, however, that any expenses whose amount is not more than 20 percent of the total amount of non-operating expenses, which is found appropriate to be presented collectively, may be recorded using the account title having a name that indicates the expenses collectively.

(Amount of Ordinary Income and Losses to Be Presented)

Article 65 The amount obtained by adding or subtracting the total amount of non-operating revenues or the total amount of non- operating expenses to or from the amount of operating profit or the amount of operating loss must be entered as the amount of ordinary profit or the amount of ordinary loss.

Section 5 Extraordinary Income and Extraordinary Loss

(Methods to Present Extraordinary Income)

Article 66 Profits categorized as extraordinary income must be recorded using the account title having name that indicates the profits, according to the categories of gain on sales of fixed assets, gain on negative goodwill and others; provided, however, that any profits of whose the amount is not more than 20 percent of the total amount of extraordinary profit, which are found appropriate to be presented collectively, may be recorded using the account title having a name that indicates the profits collectively.

(Methods to Present Extraordinary Loss)

Article 67 Losses categorized as extraordinary loss must be recorded using the account title having a name that indicate the losses, according to the categories of losses on sales of fixed assets, impairment losses, disaster losses , and others; provided, however, that any loss whose amount is not more than 20 percent of the total amount of extraordinary loss, which is found appropriate to be presented collectively, may be recorded using the account title having a name that indicates the losses collectively.

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

Article 68 The amount obtained by adding or subtracting the total amount of extraordinary income or total amount of extraordinary loss to or from the amount of ordinary income or the amount of ordinary loss must be entered as the amount of quarterly net income before tax or the amount of quarterly net losses before tax.

Section 6 Quarterly Net Income or Quarterly Net Loss

(Quarterly Net Income or Quarterly Net Loss)

Article 69 (1) The amounts of the items set forth in the following items must be entered using the account title having a name that indicates the description thereof, immediately after the amount of quarterly net income before tax or the amount of quarterly net loss before tax:

(i) the corporate tax, inhabitants tax, and enterprise tax (meaning the enterprise tax imposed on the amount of profits as the tax base; the same applies in the following item) pertaining to the current cumulative quarterly accounting period; and

(ii) the corporate tax, etc. adjustments (meaning adjustments on the corporate tax, inhabitants tax, and enterprise tax set forth in the preceding item, which are recorded using the tax effect accounting).

(2) Notwithstanding the provisions of the preceding paragraph, the accounting items set forth in the items of that the same paragraph may be entered collectively.

(3) The amount obtained by adding or subtracting the amounts of the items set forth in paragraph (1) or the preceding paragraph to or from the amount of quarterly net income before tax or the amount of quarterly net loss before tax must be entered as the amount of quarterly net income or the amount of quarterly net loss.

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

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

Article 70 (1) The earnings per share of quarterly net income or earnings per share of quarterly net losses for the current cumulative quarterly accounting period, and the basis for calculation thereof must be set down in the notes.

(2) If any consolidation of shares or share splits has been done after the current quarterly accounting period or the quarterly balance sheet date, the following particulars must be set down in the notes, beyond the particulars prescribed in the preceding paragraph:

(i) the fact that a consolidation share or a share splits has been done; and

(ii) the fact that the earnings per share of quarterly net income or earnings per share of quarterly net loss is calculated assuming that the consolidation of share or the share splits had been done at the beginning of the previous business year.

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

Article 70-2 (1) The diluted earnings per share of quarterly net income (meaning earnings per share of quarterly net income calculated assuming that the rights pertaining to securities or contracts with rights to acquire common shares or rights to request conversion into common shares, and other rights equivalent thereto (hereinafter referred to as "potential shares"); hereinafter the same applies in this Article) will be exercised and the basis for its calculation must be entered immediately after the notes under the preceding Article.

(2) If any consolidation share or share splits has been done after the current quarterly accounting period or the quarterly balance sheet date, the following particulars must be set down in the notes, beyond the particulars prescribed in the preceding paragraph:

(i) the fact that a consolidation share or a share splits has been done; and

(ii) the fact that the diluted earnings per share of quarterly net income was calculated assuming that the consolidation share or the share splits had been done at the beginning of the previous business year.

(3) Notwithstanding the provisions of the preceding two paragraphs, when no potential shares exist, when the diluted earnings per share of quarterly net income is not less than the earnings per share of quarterly net income, and when the diluted earnings per share of quarterly net income is earnings per share of quarterly net loss, a statement to that effect is to be made, and the diluted earnings per share of quarterly net income need not to be entered.

Section 7 Miscellaneous Provisions

(Provision or Reversal of Reserves Under the Special Laws)

Article 71 If there has been a provision or reversal of a reserve, etc., the amount of the provision or reversal must be recorded as an extraordinary loss or extraordinary income using the account title having a name that indicates the provision or reversal being set aside.

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

Article 72 If there are significant seasonal fluctuations in net sale or operating expenses (meaning the sum total of the cost of sales, selling expenses, and general and administrative expenses) due to the nature of the business, the situation must be set down in the notes of the quarterly profit and loss statement for the cumulative quarterly accounting period.

(Entry of Revenues and Expenses of Business Listed Separately)

Article 73 (1) If a company engaged in a business listed separately prepares a quarterly profit and loss statement, and it is found inappropriate to enter its revenues and expenses pursuant to this Regulation, the company engaged in the business listed separately may enter its revenues and expenses in an equivalent manner as specified in the provisions of laws and regulations or Rules applicable to its financial statements.

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

Chapter IV Quarterly Cash Flow Statement

Section 1 General Provisions

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

Article 74 (1) The methods to make entries in a quarterly cash flow statement are governed by the provisions of this Chapter.

(2) A quarterly cash flow statement is to be made using Form No. 5 or Form No. 6.

(Categories of Quarterly Cash Flow Statements to Be Presented)

Article 75 In a quarterly cash flow statement, cash flow situation must be entered by setting up the categories set forth in the following items:

(i) cash flows from operating activities;

(ii) cash flows from investment activities;

(iii) cash flows from financing activities;

(iv) translation adjustments on cash and cash equivalents;

(v) increase or decrease in cash and cash equivalents;

(vi) the remaining balances of cash and cash equivalents at the beginning of the accounting period; and

(vii) the remaining balances of cash and cash equivalents at the end of the quarter.

Section 2 Methods to Make Entries in a Quarterly Cash Flow Statements

(Methods to Present Cash Flows from Operating Activities)

Article 76 The provisions of Articles 113 through 118 of the Regulation on Financial Statements apply mutatis mutandis to the method to make entries in a quarterly cash flow statement. In this case, the phrase "the amount of net income before tax for the period or the amount of net loss before tax for the period " in Article 113, item (ii) of the Regulation on Financial Statements is replaced with "the amount of quarterly net income before tax or the amount of quarterly net loss before tax", and the term "profit and loss statement" in (a) and (c) of that item is replaced with "quarterly profit and loss statement".

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

Article 77 In a quarterly cash flow statement, the relationship between the remaining balances of cash and cash equivalents at the end of the quarter and the amounts for the account titles recorded in the quarterly balance sheet must be set down in the notes.

Chapter V Notes Concerning Shareholders' Equity

(Notes Concerning Dividends)

Article 81 With regard to the dividends during the cumulative quarterly accounting period as of the end of the current quarterly accounting period, the following particulars must be set down in the notes:

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

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

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

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

Article 82 If there is a significant change in the amount of shareholders' equity as compared to the end of the previous fiscal year, the major cause of the change must be set down in the notes.

Chapter VI Quarterly Financial Statements of Specified Companies Complying with Designated International Accounting Standards

(Standards Used for Preparation of Quarterly Financial Statements of Specified Companies Complying with Designated International Accounting Standards)

Article 83 (1) The terminology, forms, and preparation methods of quarterly financial statements submitted by a specified company complying with designated international accounting standards are governed by the provisions of the preceding Chapters.

(2) A specified company complying with designated international accounting standards may prepare quarterly financial statements using any designated international accounting standards beyond quarterly financial statements prepared pursuant to the provisions of the preceding paragraph.

(Notes Concerning Special Provisions for Accounting Standards)

Article 84 The following particulars must be set down in the notes in quarterly financial statements prepared in accordance with designated international accounting standards:

(i) if the designated international accounting standards are the same as the international accounting standards (meaning the international accounting standards specified in Article 93 of the Regulation on Consolidated Financial Statements; hereinafter the same applies in this item and the following item), a statement that the quarterly financial statements are prepared in accordance with the international accounting standards;

(ii) if the designated international accounting standards are different from the international accounting standards, the quarterly financial statements are prepared following the designated international accounting standards; and

(iii) a statement that the company falls under a specified company complying with designated international accounting standards and the reason therefor.

Chapter VII Quarterly Financial Documents of Foreign Companies

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

Article 85 (1) If the Commissioner of the Financial Services Agency approves a foreign company to submit the documents on financial calculation disclosed in its home country (including the state or any other region where the company is headquartered; the same applies hereinafter) as its quarterly financial documents, considering the submission thereof does not impair the public interest or protection of investors, the terminology, forms, and preparation methods of the quarterly financial documents are to be, except for particulars instructed by the Commissioner of the Financial Services Agency as necessary, governed by the laws concerning the terminology, forms, and preparation methods used in its home country.

(2) If the documents on financial calculation disclosed in the home country by a foreign company have not been approved by the Commissioner of the Financial Services Agency based on the provisions of the preceding paragraph, and the Commissioner of the Financial Services Agency approves the foreign company to submit the documents on financial calculation disclosed in the region outside Japan other than its home country as quarterly financial documents, considering the submission thereof does not impair the public interest or protection of investors, the terminology, forms, and preparation methods of the quarterly financial documents are to be, except for the particulars that were instructed by the Commissioner of the Financial Services Agency as necessary, governed by the laws concerning the terminology, forms, and preparation methods used in that region outside Japan other than its home country.

(3) If the documents on financial calculation disclosed by a foreign company in its home country or any other region outside Japan have not been approved by the Commissioner of the Financial Services Agency based on the provisions of the preceding two paragraphs, the terminology, forms, and preparation methods of quarterly financial documents submitted by the foreign company are to be in accordance with the instructions of the Commissioner of the Financial Services Agency.

(Notes Concerning Accounting Standards)

Article 86 If any accounting principles and procedures for preparing quarterly financial documents adopted by the foreign company with regard to the quarterly financial documents under the preceding Article differ from the accounting principles and procedures for preparing quarterly financial statements in Japan, the detail thereof must be set down in the notes in the quarterly financial documents.

(Presentation Methods)

Article 87 (1) The provisions of Article 4, paragraph (3) and Article 5, paragraph (1), item (ii) apply mutatis mutandis to quarterly financial documents submitted by a foreign company.

(2) If any of the methods to present the quarterly financial documents submitted by a foreign company differs from the methods to present the quarterly financial documents in Japan, the detail thereof must be set down in the notes in the quarterly financial documents.

(Monetary Amounts to Be Presented)

Article 88 If the account titles and any other particulars set down in quarterly financial documents submitted by a foreign company are presented in the amounts in foreign currency other than Japanese currency, the amounts for major particulars that have been translated into Japanese currency are also to be entered. In this case, bases for currency translation adopted for the translation of the amount into Japanese currency must be set down in the notes in the quarterly financial documents.

(Methods to Include Things Noted)

Article 89 (1) The notes to be included pursuant to the provisions of Article 86, Article 87, paragraph (2), and the preceding Article must be included as footnotes; provided, however, that if the notes are found inappropriate to be included as footnotes, those may be included in any other appropriate parts.

(2) The provisions of Article 23, paragraph (5) apply mutatis mutandis to the case when including things noted pursuant to the provisions of Article 86 and Article 87, paragraph (2).