

TSE Requirements

1 Disclosure of corporate information

(1) Disclosure of retroactively revised per-share figures

Per-share figures (earnings per share, book value per share, dividend per share) (hereinafter “Per-share figures”) are key indicators widely used by investors.

In the case where an applicant has carried out a stock split etc, TSE requires providing the retroactively revised per-share figures on the Part I listing application document, in order to ensure the continuity of the per-share figures as investment information.

Please refer to the page 81 for the detailed disclosure procedures.

(2) Prompt disclosure of Business Results and decentralization

TSE requires listed companies announcing their results (including half-year consolidated and consolidated results) promptly and not concentrating at the same time on the same date as other listed companies. This is because, when a majority of listed companies announce their results on the same date, it could prevent investors from getting sufficient information in making an investment decision, for information of only a limited number of the companies will be reported on at a time.

Companies are also required to provide such qualitative information as “Management Policy”, and “Operation Results and Financial Information”, as a supplemental quantitative information in the financial statements. Those are part of the moves to encourage companies to make fuller disclosures that serve the interests of shareholders and investors.

(3) Ensuring public disclosures to a broad audience

Under the Companies Act, companies are required to publish such information as financial statements, or new share issues. The information must be published either in the Official Gazette or daily newspapers that report current topics, or must be announced electronically on their website where so provided in their articles of incorporation.

Although the publication of this information in the Official Gazette or in a local

newspapers published in a limited area is considered to suffice the provisions of the Companies Act, listed companies, whose share are aimed at the general public, are encouraged to make efforts to disseminate information to a wide audience.¹

(Note)

1. Methods of disclosure to a wide audience include publishing such information in any of the national daily newspapers (Nihon Keizai Shimbun, Yomiuri Shimbun, Asahi Shimbun, Mainichi Shimbun, Sankei Shimbun), electronic publication, posting on the company's website, or filing with the TDnet.

(4) Announcement for financial outlook

TSE requires listed companies to provide information of financial outlook as it is widely used by investors as the highly important investment information because it is provided by a listed company itself that, obviously, understands the specific and accurate information for the outlook most accurately.

Financial outlook must be not only calculated in a rational way, but also disclosed with specific explanations on the financial summary, as well as revised when an event occurs that influences the outlook.

2 Encouraging Exercise of Shareholder Voting Rights

It is essential for developing effective corporate governance that shareholders proactively exercise their voting rights at Annual General Meetings.

Accordingly, a number of efforts have been taken on the side of listed companies in order to facilitate exercising voting rights, such as early delivery of notices of Annual General Meetings, announcing the contents of the notices on their websites, and providing English translation of the notices for foreign investors.

While TSE welcomes these actions by listed companies, it encourages further efforts such as avoiding holding Annual General Meetings on dates likely to be chosen by many of other listed companies, in order to establish an environment in which to promote voluntary exercise of voting rights.

3 Share-Trading Units and Share Split

(1) Preferred level of share-trading units

TSE has set a preferred level of share-trading units, in the light of increasing liquidity and providing more opportunity to small investors, of lower than JPY 500,000 but not less than JPY 50,000 and requested the listed companies to change and maintain their share-trading units closer to this level

In addition, our rules include the following provisions:

- Efforts to change and maintain preferred level of share-trading unit (Timely Disclosure Rules, Article 1.2, Paragraph 1)

Listed companies must endeavour to change, and maintain, the share-trading units below JPY 500,000 but no less than JPY 50,000.

Please note that applicants must submit a written promise that states they will endeavour to change, and maintain, the share-trading units to the preferred level. (Listing Rules, Article 3, Paragraph 2, Item 10.2)

- Disclosure of policy for lowering the value of share-trading units (Timely Disclosure Rules, Article 2, Paragraph 10)

In a case where a listed company's share-trading unit is valued at JPY 500,000 or more, the company must give a statement describing its view and the policy concerning reducing its share-trading units, etc within three month of the current business year end.

- Recommendation to change share-trading units (Timely Disclosure Rules, Article 1, Paragraphs 2(2), 3, etc.)

In a case where a listed company's share-trading unit is valued at JPY 500,000 or more and if TSE deems it necessary, TSE may recommend the company reduce its share-trading units to a preferred level of less than JPY 500,000, but no less than JPY 50,000.

(2) Consideration for stock split

A listed company needs to make necessary considerations, when planning a stock split, for minimising its possible negative impact on the secondary market.

In addition, our rules include the following provisions:

- Efforts concerning stock split (Timely Disclosure Rules, Article1, Paragraph 4, (1))

Listed companies must endeavour to minimise possible negative impact on the secondary market when it plans a stock split.

- Announcement by TSE concerning stock split (Timely Disclosure Rules, Article1, Paragraph 4, (2))

Where a listed company plans a stock split which could possibly have a negative impact on the secondary market, TSE may make an announcement to that effect.

4 Others

TSE encourages listed companies to consider becoming members of the Financial Accounting Standards Foundation (FASF) (See Note).

This request is based on an idea that it is important that the finance needed in operating the organization should be voluntarily supported by all publicly traded companies that make financial statements using the accounting standards.

Note: The FASF was founded on the principle that an independent private-sector organization should be responsible for accounting standards. It was established under the sponsorship of the following 10 organizations: Nippon Keidanren, the Japanese Institute of Certified Public Accountants, the National Association of Securities Exchanges, the Japan Securities Dealers Association, the Japanese Bankers Association, the Life Insurance Association of Japan, the General Insurance Association of Japan, the Japan Chamber of Commerce and Industry, the Security Analysts Association of Japan, and the Corporate Finance Research Institute

Reference: Notice to Underwriters entitled "Considerations for Preparing the Securities Report for Listing Examination (Part I)", November 27, 2002, TSE Listing Examination, No.331, Notice to Underwriters entitled "Considerations for Preparing the Securities Report for Listing Examination (Part I)", August 16, 2004, TSE Listing Examination, No.460.

Disclosure of retroactively revised per-share figures

In a case where a company applying for listing has carried out a stock split etc., please provide the retroactively revised per-share figures (earnings per share, book value per share, dividend per share) on the Securities Report for Listing Application (Part I), (hereinafter "Part I") in the following manner.

General examples: Accounting Standards: "Accounting Standards for Earnings per Share" (Accounting Standards No.2, Last Revised: Jan 31st, 2006)

Application Guidelines: "Accounting Standards for Earnings per Share Application Guidelines" (Accounting Standards Application Guidelines No.4, Last Revised: Jan. 31st, 2006)

Practical Report: "Practical Guidelines for Earnings per Share"(Practical Report No.9, Last Revised: Jan. 31st, 2006)

1. Scope of application

In a case where a company has carried out a stock split etc. (See Note 2) in the last five fiscal years, including the fiscal year in which the listing application is being made, (See Note 1) retroactively revised per-share figures (See Note 3) must be disclosed for the period described in "Trends in Chief Business Indicators" (hereinafter "Highlights") of Part I.

Note 1: Even when the stock split etc. was carried out in the fiscal year in which the listing application is being made¹, please disclose retroactively revised per-share figures in the Financial Highlights of Part I.

Note 2: "Stock split etc." refers to the following:

- Stock splits
- Reverse stock splits
- Share allocations at an issue price that is lower than the fair value of the

shares².

Note 3: The following per-share figures must be disclosed³:

- Consolidated earnings per share (including fully diluted earnings per share)
- Consolidated book value per share
- Unconsolidated earnings per share (including fully diluted earnings per share)
- Unconsolidated book value per share
- Dividend per share

2. Calculation methods

(1) Please calculate earnings per share (including fully diluted earnings per

standards and their application guidelines).

dividends paid to holders of common stock by the number of shares of the term.

In a case where a company has carried out a stock split etc., please calculate the number of shares issued and outstanding at the end of the term using the same method as the accounting standards used when calculating book value per share (Please assume the stock split etc. had occurred at the beginning of the term).

3. Method of disclosure

Add a footnote to the Highlights (Please refer to the examples¹ below.)

Please also keep the following points in mind:

- In a case where a company already publicly traded is not able to add the necessary footnote to the Highlights because it uses existing documentation for Part 1, please attach a separate document which includes the necessary information (Please refer to the examples² below.) Please be noted that this document will be disclosed to the public.

1. Paragraph 33 of the Accounting Standards states that “If a stock split or reverse stock split has taken place after the date the balance sheet was released, it shall be treated as a material subsequent event.”
2. Paragraph 16 of the Application Guidelines states that “If stocks have been effectively split because of a stock allocation at an issue price lower than the fair value of the stock, it shall be assumed, when calculating the average number of common shares issued and outstanding during the term, that the stock split took place at the beginning of that term.
3. Paragraph 12 of the Accounting Standards states that “In these Accounting Standards, the term earnings per share is also used to refer to net loss per share in cases where the company has reported a net loss.” As a result, “earnings per share” may actually mean “net loss per share”.
4. Paragraph 4 of the Accounting Standards states that “If figures for earnings per share or fully diluted earnings per share are given in documentation other than the financial statements, the calculation method described in these Accounting Standards should still be applied.”

Moreover, Paragraph 2 of the Application Guidelines states that “If figures for earnings per share, fully diluted earnings per share, or book value for share are given in documentation other than the financial statements, the calculation method described in these Application Guidelines should still be applied.”

Furthermore, Paragraph 66 of the Accounting Standards states that “If a stock split or reverse stock split has taken place in the current term, figures for terms prior to the term before last for earnings per share and fully diluted earnings per share should reflect this by being calculated on the assumption that the stock split or reverse stock split had taken place at the start of the term to which the figures apply.”

Reference: Example disclosure

Example 1: Adding a footnote to the Highlights

Trends in the Key Business Indicators

(1) Consolidated business indicators

(Omitted)

(Notes)

- 1.
- 2.
3. On (date), the company carried out a stock split.

Therefore, in accordance with the Notice from the TSE to Underwriters entitled “Consideration for Preparing the Securities Report for Listing Application (Part I)”, November 27, 2002, TSE Listing Examination, No.331, the following table gives per-share figures that have been retroactively revised to reflect this stock split. Please note that figures for the XXXth, XXXth and XXXth terms have not been audited by (name of audit firm).

	XXXth term	XXXth term	XXXth term	XXXth term	XXXth term
	Term ended XXX, 20XX	Term ended XXX, 20XX	Term ended XXX, 20XX	Term ended XXX, 20XX	Term ended XXX, 20XX
Book value per share (JPY)					
Earnings per share (JPY)					
Fully diluted earnings per share (JPY)					

(2) Business indicators for the submitting company

(Omitted)

(Notes)

- 1.
- 2.
3. On (date), the company carried out a stock split.

Therefore, in accordance with the Notice from the TSE to Underwriters entitled “Considerations for Preparing the Securities Report for Listing Application (Part

I)", November 27, 2002, TSE Listing Examination, No.331, the following table gives per-share figures that have been retroactively revised to reflect this stock split.

Please note that figures for the XXXth, XXXth and XXXth terms (and all figures for dividend per share) have not been audited by (name of audit firm).

	XXXth term	XXXth term	XXXth term	XXXth term	XXXth term
	Term ended XXX, 20XX	Term ended XXX, 20XX	Term ended XXX, 20XX	Term ended XXX, 20XX	Term ended XXX, 20XX
Book value per share (JPY)					
Earnings per share (JPY)					
Fully diluted earnings per share (JPY)					
Dividend per share (JPY)					

Example 2: Attaching a separate document including necessary information

Retroactively revised per-share figures

On (date), the company carried out a stock split.

Therefore, in accordance with the Notice from the TSE to Underwriters entitled "Consideration for Preparing the Securities Report for Listing Application (Part I)", August 16, 2004, TSE Listing Examination, No.460, the following table gives per-share figures that have been retroactively revised to reflect this stock split.

Please note that figures for the XXXth, XXXth and XXXth terms (and all figures for dividend per share) have not been audited by (name of audit firm)

		XXXth	XXXth	XXXth	XXXth	XXXth
		term	term	term	term	term
		Term	Term	Term	Term	Term
		ended	ended	ended	ended	ended
		XXX,	XXX,	XXX,	XXX,	XXX,
		20XX	20XX	20XX	20XX	20XX
Consolidated	Book value per share (JPY)					
	Earnings per share (JPY)					
	Fully diluted earnings per share (JPY)					
Nonconsolidated	Book value per share (JPY)					
	Earnings per share (JPY)					
	Fully diluted earnings per share (JPY)					
	Dividend per share (JPY)					