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ASBJ and IASB hold seventh meeting aiming towards goal of convergence in accounting standards

The Accounting Standards Board of Japan (ASBJ) and the International Accounting Standards Board (IASB) have held their second meeting in Tokyo since the announcement of the initiative to accelerate convergence between Japanese generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs), known as the 'Tokyo Agreement' in August 2007. This was the seventh meeting between the two boards. The two day meeting was held on 8 and 9 April 2008.

At the beginning of this meeting, representatives of the ASBJ explained the progress of the items listed in its project plan issued in December 2007 based on the Tokyo Agreement. The boards confirmed that the convergence project to eliminate major differences between Japanese GAAP and current IFRSs (as defined by the July 2005 CESR assessment of equivalence) by the end of 2008 is progressing in line with the project plan.

In addition, representatives of the IASB explained the progress of the projects including medium and long-term items. The representatives of the boards exchanged views on the following items, which are included in the significant items to be improved in the medium and long term. They deepened mutual understanding of the technical issues on those items.

- Consolidation
- Revenue recognition
- Insurance contracts - Interaction with other projects
- Liability and equity
- Financial statement presentation

In this meeting, representatives of the boards also exchanged views on the recent international credit crisis.

Commenting on the meeting, Ikuo Nishikawa, Chairman of the ASBJ, said:

We are pleased that we and the IASB share the understanding of steady progress of the project in line with our project plans. Continuing the good progress to be jointly made through future meetings and with close co-operation of staff from both boards, we will continue to make progress on the convergence further in the future. In addition, we will address the issues to ensure credibility and transparency of international financial and capital markets in co-operation

with the interested parties, including the IASB.

Sir David Tweedie, Chairman of the IASB, said:

The globalisation of the world's capital markets is accelerating year by year. As a consequence, IFRSs are increasingly being accepted worldwide—109 countries now use international standards. Following the signing of the Tokyo Agreement, we are delighted to return to Tokyo to have further in-depth discussions with our colleagues at the ASBJ. These discussions covered the key projects we hope to complete before mid-2011 and the manner in which Japan will converge its standards with IFRSs.

The next joint meeting is scheduled for September 2008 in London, United Kingdom.

Notes to Editors:

The Tokyo Agreement

The 'Tokyo Agreement', a joint declaration announced by the ASBJ and the IASB on 8 August 2007, sets out an initiative to accelerate a convergence programme between IFRSs and Japanese GAAP first announced in March 2005. The aim of the initiative is to eliminate major differences between Japanese GAAP and current IFRSs (as defined by the July 2005 CESR assessment of equivalence) by 2008, with the remaining differences that the boards identified being removed on or before June 2011. Whilst the target date of 2011 does not apply to any major new IFRSs now being developed that will become effective after 2011, both boards will work closely to ensure the acceptance of the international approach in Japan when new standards become effective.

About the ASBJ

The Accounting Standards Board of Japan (ASBJ) was established in July 2001 as a private sector organisation. Accounting standards developed by the ASBJ are to be authorised by the Financial Services Agency as part of generally accepted accounting principles (GAAP). The ASBJ develops accounting standards and implementation guidance that appropriately reflect the environment in which business enterprises operate. The ASBJ also communicates with corresponding organisations abroad and contributes to the development of global accounting standards. For more information about the ASBJ, visit the Website at www.asb.or.jp/index_e.php.

About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. Its 14 members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. They are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience.