

**JAPAN's PROGRESS TOWARD CONVERGENCE  
BETWEEN JAPANESE GAAP AND IFRSs  
In Reference to Technical Advice on Equivalence by CESR**

January 31, 2006

Accounting Standards Board of Japan

The Accounting Standards Board of Japan (ASBJ) has today released a “Statement on Japan’s progress toward convergence between Japanese GAAP and IFRSs.”

In this statement, the ASBJ expresses recent progress toward the convergence in the joint project with the International Accounting Standards Board (IASB) and current candidate issues (Asset retirement obligation, Construction contracts and Disclosure of financial instruments at fair value) to be deliberated hereafter in the joint project. The statement also refers to current developments and future prospects for 2008 in order to remedy issues, which the Committee of European Securities Regulators (CESR) identified in the technical advice on equivalence of third country GAAP in July 2005.

The ASBJ believes that the differences in accounting standards will be reduced as the convergence project with the IASB proceeds. However, in light of the importance of issues which the CESR pointed out, the ASBJ will obtain consensus from constituents in the capital markets to make steady progress by accelerating its works toward eliminating differences.

The joint project between the ASBJ and the IASB has entered its second year and discussions concerning each issue have been made sufficiently by both boards. The ASBJ will discuss with the IASB on how both boards will proceed with the joint project to make further progress at the third meeting which will be held in Tokyo in March 2006.