



International Accounting Standards Board®

Press Release

FOR IMMEDIATE RELEASE

21 January 2005

IASB and Accounting Standards Board of Japan agree to next steps in launching joint project for convergence

The International Accounting Standards Board (IASB) and the Accounting Standards Board of Japan (ASBJ) today announced their agreement to launch a joint project to reduce differences between International Financial Reporting Standards (IFRSs) and Japanese accounting standards. Phase 1 of this project is the first step towards the final goal of convergence of their standards. Today's agreement follows the announcement of 12 October 2004, when both boards agreed to examine differences between IFRSs and Japanese accounting standards. Both boards believe that this effort will promote further international convergence to high quality accounting standards and will contribute to the development of global capital markets.

Specific elements of the agreement include:

1. The boards will identify and assess differences in their existing standards on the basis of their respective conceptual frameworks or basic philosophies with the aim of reducing those differences where economic substance or market environments such as legal systems are equivalent.
2. The boards will address the differences in their respective conceptual frameworks. This will take place later in the project, as a separate subproject, at a time agreed by the boards.
3. The boards will consider their respective due process requirements in arriving at agreement.
4. The ASBJ will undertake a study to get an overall picture of major differences between Japanese accounting standards and IFRSs and will identify topics to be discussed.

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5. The boards will adopt a phased approach to the comparative reviews of differences in individual standards.
6. The scope of the first phase is standards in place as of 31 March 2004, with the following exceptions:
 - standards under review or intended to be reviewed in the joint projects between the IASB and the US Financial Accounting Standards Board (FASB)
 - standards that are divergent owing to differences in the respective conceptual frameworks or basic philosophies
 - standards recently developed
 - standards whose requirements are subject to legal restrictions or those currently considered inapplicable in Japan.

Topics excluded from the first phase will be addressed in subsequent phases.

The ASBJ will identify topics for the first phase of the project by early 2005. Based on the above agreement, an initial meeting between representatives of the two boards will take place in Tokyo in the first quarter of 2005.

END

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NOTES TO EDITORS

The IASB, based in London, began operations in 2001. It is funded by contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations. The 14 IASB members (12 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.

A Deloitte & Touche study indicates that 94 countries either require or permit the use of IFRSs for publicly traded companies beginning in 2005. Some other jurisdictions, including Australia, New Zealand, the Philippines and Singapore, base their national practices on international standards. In September 2002 the IASB and the US standard-setter, the Financial Accounting Standards Board, reached an agreement to work towards the convergence of existing US and international practices and the joint development of future standards. In October 2004, the IASB and the Accounting Standards

Board of Japan agreed to initiate discussions about a joint project to minimise differences between IFRSs and Japanese accounting standards towards a final goal of convergence of their standards.