

Summary Abstract from the Annual Report 2008

(April 1, 2008 – March 31, 2009)

1. Projects of Accounting Standards Board of Japan

The primary mission of our foundation, pursuing development of national accounting standards and commitment to convergence of international accounting standards, is carried out mainly by the Accounting Standards Board of Japan (ASBJ).

As for projects related to development of accounting standards, ASBJ follows predetermined due process to respond adequately to the needs of market constituents. During the period under review, we focused on works for developing accounting standards to eliminate major differences between Japanese GAAP and International Financial Reporting Standards (IFRS), based on the 'Tokyo Agreement,' jointly declared by ASBJ and the International Accounting Standards Board (IASB) in August 2007, and its project plan which includes development schedule.

With regard to commitment to convergence of international accounting standards, ASBJ continuously holds regular semiannual meetings on its joint projects with IASB to promote international convergence and to provide actively our inputs to development of IFRS, as well as regular semiannual meetings with the Financial Accounting Standards Board (FASB) to facilitate dialogue with US.

ASBJ has also started to establish a new framework which would promote communication with IASB, representing views and inputs in the Asia and Oceania region in cooperation with the national standards setters including Korea, China, and Australia.

The status of each project is as follows.

1) Projects on Development of Accounting Standards

a) Response to Equivalence Assessment by EU

European Union (EU) embarked on the equivalence assessment to ensure that third countries' issuers apply IFRS or IFRS-equivalent GAAP, and the Committee of European Securities Regulators (CESR) designated in 2005 that there were 26 major differences to be eliminated for Japanese GAAP to be equivalent to IFRS.

In response to the assessment, ASBJ continued to work on convergence of Japanese GAAP with IFRS, and on 12 December 2008, EU determined to accept Japanese GAAP in EU market, qualifying it as equivalent to IFRS as adopted by EU.

b) Updated Project Plan

ASBJ develops accounting standards according to “the ASBJ Project Plan”, which includes development schedule. The ASBJ Project Plan, first updated in December 2007, setting out the schedule for action items mainly for 2008, was updated again on 19 September 2008 to cover schedule for action items from 2009 to 2010.

Now that action items related to the equivalence assessment by CESR have been completed, the newly updated Project Plan covers (1) remaining major differences with international accounting standards, (2) IASB/FASB MOU related items, and (3) items under discussion by IASB other than (2).

c) Response to the Financial Crisis

The financial crisis which was triggered by subprime loan problem in the US urged immediate measures on accounting standards for financial instruments, including clarification on fair value measurement in the US and IASB’s decision on reclassification of certain financial assets from one category to another. Under these circumstances, ASBJ intensively deliberated on the corresponding measures in Japan. In response, ASBJ released “Tentative Solution on Reclassification of Debt Securities” and “Practical Solution on Measurement of Fair Value for Financial Assets” as in the d). Please refer to the section below for more details.

d) Updates on Development of Accounting Standards

ASBJ, paying careful attention to trends toward international convergence, has been working on development of accounting standards and their guidance for practical solutions, which reflects changing economic situations and regulatory revisions in a timely and appropriate manner.

During the period under review, twelve accounting standards, nine implementation guidance, and four practical solutions, including revisions, were developed and released. Exposure drafts and discussion papers were also released as shown below, excluding ones which were finalized and published as a standard.

In the process of development of accounting standards, ASBJ and its technical committees specialized for selected topics initially discuss to prepare discussion papers or exposure drafts, and released them for public comments, and ASBJ and the technical committees conducted a further deliberation based on the comments received for them.

Accounting Standards	Released on
<i>Part 3 of Partial Amendments to Accounting Standard for Retirement Benefits (ASBJ Statement No.19 (Revised 2008))</i>	31 July, 2008
<i>Revised Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 (Revised 2008))</i>	26 September, 2008
<i>Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Statement No.20)</i>	28 November, 2008
<i>Accounting Standard for Business Combinations (ASBJ Statement No.21)</i>	26 December, 2008
<i>Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22)</i>	26 December, 2008
<i>Partial amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No.23)</i>	26 December, 2008
<i>Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7 (Revised 2008))</i>	26 December, 2008
<i>Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16 (Revised 2008))</i>	26 December, 2008
<i>Revised Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12 (Revised 2008))</i>	26 December, 2008
<i>Revised Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No.5 (Revised 2009))</i>	27 March, 2009
<i>Revised Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12 (Revised 2009))</i>	27 March, 2009
<i>Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No.17 (Revised 2009))</i>	27 March, 2009

Implementation Guidance	Released on
<i>Guidance on determining a subsidiary and an affiliate (Implementation Guidance No.22).</i>	13 May, 2008
<i>Revised Implementation Guidance on Disclosures about Certain Special Purpose Entities (ASBJ Guidance No.15 (Revised 2008))</i>	20 June, 2008
<i>Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Guidance No.23)</i>	28 November, 2008
<i>Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10 (Revised 2008))</i>	26 December, 2008
<i>Revised Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14 (Revised 2009))</i>	26 December, 2008
<i>Revised Guidance on Accounting Standard for Impairment of Fixed Assets (ASBJ Guidance No.6 (Revised 2009))</i>	27 March, 2009
<i>Revised Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No.8 (Revised 2009))</i>	27 March, 2009
<i>Revised Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14 (Revised 2009))</i>	27 March, 2009
<i>Revised Guidance on determining a subsidiary and an affiliate (ASBJ Guidance No.22 (Revised 2009))</i>	27 March, 2009

Practical Solutions	Released on
<i>Practical Solution on Measurement of Fair Value for Financial Assets (PITF No.25)</i>	28 October, 2008
<i>Tentative Solution on Reclassification of Debt Securities (PITF No.26)</i>	5 December, 2008
<i>Revised Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations (PITF No.20 (Revised 2009))</i>	27 March, 2009
<i>Revised Practical Solution on Investors' Accounting for Limited-Liability Partnerships and Limited-Liability Companies (PITF No.21 (Revised 2009))</i>	27 March, 2009

Exposure Draft	Released on
<i>Exposure Draft of Practical Solution on Accounting for Electronically Recorded Monetary Claims (Exposure Draft of PITF No.30).</i>	17 February, 2009

Discussion Papers	Released on
<i>Issue Paper on Accounting Changes and Error Corrections</i>	20 June, 2008
<i>Discussion Paper on Accounting for Retirement Benefits</i>	22 January, 2009
<i>Discussion Paper on Treatment of Special Purpose Entities and related matters in consolidated financial statements.</i>	6 February, 2009

2. Membership

The establishment of FASF was determined by consensus of major market constituents. Aiming at the realization of all public companies' affiliations, FASF conducts membership promotion in cooperation with Tokyo Stock Exchange, Inc. and JASDAQ, the Japanese Institute for Certified Public Accountants (JICPA), and other bodies concerned.

Analysis of Membership and Dues Revenue

Compared with the previous fiscal year ending, corporate membership as of March 31, 2009 increased two in corporate number and decreased 26 in number of accounts, while individual membership increased 61 in number. Membership dues revenue of during this term is 842.5 million Yen in total.

	Fiscal Year 2007	Fiscal Year 2008	
	As of March 31, 2008	As of March 31, 2009	
	Membership	Membership	Increase and decrease
	(company and individual)	(company and individual)	(company and individual)
General Companies	2,873	2,875	2
Accounting Firms	113	111	-2
Banks	134	134	0
Securities and Investments	52	49	-3
Insurance Companies	52	52	0
Research Centers or Bodies	68	73	5
Corporate membership in total*1	3,292	3,294	2
Subtotal for Dues Revenue(unit: ¥1,000)	803,650	810,450	6,800
(number of accounts) *2	4,041	4,015	-26
Individual membership	597	658	61
Subtotal for Dues Revenue(unit: ¥1,000)	27,987	32,050	4,063
(number of accounts)	600	661	61
Ground Total for number of accounts(unit: ¥1,000)	3,889	3,952	63
Ground Total for Dues Revenue(unit: ¥1,000)	831,637	842,500	10,863

Note 1 : During the fiscal year 2008, increased number of companies was 100, and decreased number of companies was 98.

Note 2 : During the fiscal year 2008, increased number of accounts was 100, and decreased number of accounts was 126.

Membership of Listed Companies

Regarding membership of listed companies, due to a drop in the number of listed companies by 106, the number of corporate members decreased by 25 compared with the last term. However, membership ratio among all listed companies rose to 73 % by adding 2 percent, which takes up 96 % of listed companies in the first section market, and 94 % of companies listed on the Tokyo Stock Exchange (TSE).

Listing segment	As of March 31, 2008			As of March 31, 2009		
	Membership	Affiliate rate in all stock exchanges	Affiliate rate in TSE	Membership	Affiliate rate in all stock exchanges	Affiliate rate in TSE
First sections	1,689	96%	97%	1,674	96%	97%
Second sections, Mothers and Regional Boards etc.	737	61%	86%	731	62%	87%
JASDAQ	379	40%	—	375	42%	—
Total	2,805	71%	94%	2,780	73%	94%

Changes in Membership of Listed Companies

