

Press Release

Matters for Consideration by the Special Committee on the Improvement of Auditing System

January 13, 2012

The Japanese Institute of Certified Public Accountants (JICPA)

At the end of last year, in light of the recent corporate scandals, JICPA announced the formation of the Special Committee on the Improvement of Auditing System, to consider the current practice of auditing and what should be the appropriate corporate governance. In today's JICPA Board meeting, it was reported that detailed matters for consideration by the committee are as follows;

- (1) consideration of the relationship between corporate governance and external audits;
- (2) re-examination of the auditor's procedures in response to detected fraud, errors, and illegal acts;
- (3) re-examination of practice guidelines on audit, relating to fraud or other illegal acts;
- (4) consideration of cases when CPAs are requested to perform appraisal or valuation work;
- (5) confirmation of the significance and purpose of audits, as well as how audits should be conducted in the Japanese society and economy as well as the capital markets, and consideration of ways to promote greater understanding of the role of audits

The committee will be chaired by Mr. Yamazaki, Chairman and President of JICPA,

and will include, among its members, deputy presidents and other highly experienced individuals outside the profession.

The committee will, in principle, proceed with its work based on the results of the current investigation of the past audit engagements of the responsible CPAs and audit firms.

Subsequent to the conclusions of the special committee, if necessary, JICPA may consult other committees within JICPA on the need to revise related guidelines on audit, and also may request external parties to initiate appropriate changes to the related Acts and regulations.