

October 28, 2005

Director of Major Project and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
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Letter of Comment No: 29
File Reference: 1205-001

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**FASB Exposure Draft of the Proposed Statements of Financial Accounting Standards,
Consolidated Financial Statements, Including Accounting and Reporting of Noncontrolling
Interests in Subsidiaries - a replacement of ARB No. 51**

Dear Sir / Madam,

This comments on the FASB's Exposure Draft of the Proposed Statements of Financial Accounting Standards, Consolidated Financial Statements, Including Accounting and Reporting of Noncontrolling Interests in Subsidiaries - a replacement of ARB No. 51 is the result of a survey which was distributed to a group of leading Japanese companies by OMRON corporation. Twenty second of the largest and most prominent Japanese companies covering distribution, manufacturing and various other industries (collectively the "Group") were surveyed and their responses are summarized below.

The name of the companies comprising the Group are listed in Attachment A. The Group has reached a consensus and endorses the comments stated below.

Questions related with proposed amendments to ARB51

Question 3: Net income or loss

We do not agree with the disclosure of net income or loss amounts attributable to owners of the parent entity and minority shareholders. Net income or loss is important information of corporate performance to be disclosed, which is helpful for owners of the parent entity to predict the future cashflow of the corporation. In this case, the corporate value estimated in the consolidated financial statements is meaningful to owners of the parent entity, not to minority shareholders of subsidiaries. Therefore, net income should be disclosed in the amounts attributable to owners of the parent entity, conforming to the current accounting standards.

Question 4: Changes in controlling interests

We do not agree with the accounting treatment of change in equity interest after acquisition of controlling interests in a subsidiary as equity transaction. Further, if we understand the exposure draft correctly, it advocates the reevaluation of non-controlling-interests' investment,

which has hitherto been evaluated under equity method, at a fair value in turning an affiliate into a subsidiary. In this case we will disagree with such accounting treatment. Thus, we conclude that change in equity interest after acquisition of controlling interests should be treated as the profit and loss account as stipulated by the current accounting standards.

Question 5: Remeasurement of fair value in turning a subsidiary into an affiliate

We do not agree with the approach of the exposure draft, under which remaining non-controlling interests are remeasured to fair value in turning a subsidiary into an affiliate. The reason is that we consider that the core nature of the investment remains unchanged even after turning a subsidiary into an affiliate. Therefore, we believe that in this case only the effects of change in interest equity should be accounted for in the profit and loss account as stipulated by the current accounting standards.

Question 8: Disclosure of net income or loss

We do not agree with disclosure of the amounts of net income or loss attributable to the controlling and the non-controlling interest. For this reason please refer to our response to Question 3.

Nevertheless, we understand the existence of the approach to disclose the amounts of consolidated comprehensive income attributable to the controlling and non-controlling interests. However, as comprehensive income is greatly inferior to net income in terms of information value for shareholders, we see no disadvantages in the current disclosure of comprehensive income attributable to the controlling interests as stipulated by the current accounting standards.

Question 9: Disclosure of notes to controlling interests

We agree with disclosure of the amounts attributable to the controlling interests.

From the standpoint of controlling interests for which we lend support, we consider that the amounts attributable to the controlling interests should be disclosed in the basic financial statements, not being annotated in the income statement and the reconciliation of the changes in the shareholders' equity as stipulated by the current accounting standards.

Question 10: Reconciliation of changes in non-controlling interests

We do not agree with the disclosure of a reconciliation of the changes in the non-controlling interests. Such disclosure will not only be unnecessary for the controlling interests but also less necessary for the non-controlling interests having no shares of the parent entity.

Question 11: Disclosure of separate schedule that shows the effect of any transactions with the non-controlling interests on the equity

We do not agree with a separate schedule that shows the effects of any transactions with the non-controlling interests on the equity. If such information is necessary, these transactions should be accounted for in the profit and loss account, not in the equity transaction account, as

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stated in our response to Question 4.

Question 13: Transition and retroaction

Considering preparation time needed, we believe that transition should be delayed one year until a fiscal year initiating after December 16, 2007. Retroactive adjustments should be limited to the transfer of accounts, and those requiring recalculation of the past profits and losses should not be sought for.

We hope that our comments will contribute to the work of the FASB in arriving at its final decision.

Best Regards,

Yoshinori Suzuki
Executive Officer,
Senior Manager of Corporate Planning H. Q.
OMRON Corporation

Attachments

Names of Japanese Companies Comprising the Group

1. Hitachi, Ltd.
2. HONDA MOTOR CO., LTD.
3. KUBOTA CORPORATION
4. Kyocera Corporation
5. Makita Corporation
6. Marubeni Corporation
7. Matsushita Electronic Industrial Co., Ltd.
8. Millea Holdings, Inc.
9. MITSUBISHI CORPORATION
10. Mitsubishi Electric Corporation
11. Murata Manufacturing Co., Ltd.
12. NEC Corporation
13. NEC Electronics Corporation
14. Nidec Corporation
15. Nippon Meat Packers, Inc.
16. NOMURA SECURITIES CO., LTD.
17. OMRON Corporation
18. ORIX Corporation
19. Ricoh Company, Ltd.
20. Sony Corporation
21. TDK Corporation
22. WACOAL HOLDINGS CORP.