

OPERATIONS STATISTICS - 2009

REVIEW OF MODIFIED AUDITOR'S REPORTS

Note

for the period from 1 January 2009 to 30 June 2009

Modified Auditor's Report	Current Period	Since commencement	1
No. of cases under review at the beginning of the period	-	-	
Reviews initiated	92	120	2
Reviews completed:			
- No. of cases with no follow-up action	(86)	(112)	3
- No. of cases with follow-up action (see below)	-	(2)	4
Under review as at 30 June 2009	6	6	

Follow-up action taken:			4
- Resolved without initiating an enquiry	-	-	5
- Referred to specified enforcement agencies	-	1	6
- Enquiries initiated (see "Progress of Enquiries")	-	1	

Notes :

1. The review of modified auditor's reports commenced on 16 July 2008, i.e. one year after the FRC started its operation
2. The review covers all the modified auditor's reports on the financial statements of Hong Kong listed entities for the year ended 31 March 2008 and thereafter.
3. No issues which required follow-up action were identified in the review of these modified auditor's reports.
4. The number of follow-up action taken may not equal to the number of cases with follow-up action because a case may have more than one issue and the FRC may need to take different action in relation to different issues of a case.
5. The FRC discussed the alleged non-compliance with the listed entity concerned. The listed entity took action to resolve the issue without initiating an enquiry.
6. Cases not within the remit of the FRC or those requiring other follow-up action are referred to specified enforcement agencies. According to the FRC Ordinance, "specified enforcement agency" means the Commissioner of Police of Hong Kong, the Commissioner of the Independent Commission Against Corruption, the Hong Kong Institute Certified Public Accountants, the Hong Kong Exchanges and Clearing Limited, the Securities and Futures Commission, the Registrar of Companies, the Monetary Authority, the Insurance Authority, the Commissioner of Inland Revenue, the Official Receiver, the Mandatory Provident Fund Schemes Authority, or the Market Misconduct Tribunal.