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Press release: Activity Report 2010

- Number of financial statements found to be erroneous remains high with an error rate of 26% (prior year 20%)
- Errors still mainly driven by complexity of IFRS and financial statement effects of financial and economic crisis
- Following five years of financial statement oversight in Germany, political, business and government leaders acknowledge FREP's work as exemplary
- Successful introduction of pre-clearance enquiries as preventative instrument

In 2010, the FREP completed 118 examinations (previous year: 118), including 106 sampling examinations. In addition to the sampling examinations, we conducted 8 indication-based examinations, including 3 examinations of semi-annual financial reports. Furthermore, 4 examinations were conducted at the request of the BaFin, including 2 related to semi-annual financial reports. In addition, the FREP provided timely responses to 6 pre-clearance enquiries, which it has been authorized to accept since the end of 2009.

At 26% (prior year: 20%), the rate of financial statements found to be erroneous was slightly higher than the average of the past four years. The main drivers of the high error rate were again the complexity of IFRS as well as the impact of the financial and economic crisis. The crisis led to errors particularly in reports on risks and forecasts. As in the prior year, the error rate for large companies included in a stock index almost equaled that for small and medium-sized enterprises that are not part of an index.

Further information about the FREP is available under www.frep.info.