

## **APPENDICES**

## **APPENDIX A**

### **GAAP Violation Cases from *SEC News* during 1999 to 2006**

**Table A1:** 15 Cases of Deficiency in Disclosure and Presentation of Related Party

Transactions from *SEC News* during 1999-2006

**Table A2:** 33 Cases of GAAP Violation from *SEC News* during 1999-2006

**Table A1**  
**15 Cases of Deficiency in Disclosure and Presentation of Related Party Transactions**  
**from *SEC News* during 1999-2006**

	<b>SEC News Date</b>	<b>Listed Company</b>	<b>Related Party Transactions Deficiency</b>
1	18-Mar-99	ZMICO	Inaccurate and incomplete disclosure
2	14-Sep-00	LRH	Inaccurate and incomplete disclosure
3	22-May-02	BAT-3K	Inadequate allowance for doubtful account of related parties
4	11-Mar-03	DTM*	Not consolidate two subsidiaries
5	30-Jan-04	BSI	Not consolidate a subsidiary
6	29-Sep-04	ROYNET**	Inaccurate and incomplete disclosure
7	29-Mar-05	PICNI	Not consolidate a subsidiary
8	7-Jun-05	POMPUI*	Inadequate allowance for loan to parent company
9	9-Jun-05	POWER	SEC requires special audit on ambiguous issues that affect the completeness of related party transactions disclosure.
10	9-Jun-05	TCJ	SEC requires special audit on ambiguous issues that affect the completeness of related party transactions disclosure.
11	16-Jun-05	TFI	Not consolidate a subsidiary
12	11-Jul-05	BLAND	Inaccurate and incomplete disclosure of loan from related parties
13	24-Mar-05	EWC and SGF	EWC gives unusual huge loan to SGF. SGF gives that loan to some debtors that used to be EWC debtors.
14	25-Aug-05	NIPPON	Not consolidate a subsidiary
15	17-Nov-05	ABICO*	SEC requires special audit on the relationship with probably related company.

\* Possible delisted firms as at January 12, 2007

\*\* Mandatory delisted since March 5, 2005

These fifteen cases are shown in black boxes in Table A2.

**Table A2**  
**33 Cases of GAAP Violation from *SEC News* during 1999-2006**

	<b>SEC News Date</b>	<b>Listed Company</b>	<b>GAAP Violation Issue</b>
1	18-Mar-99	ZMICO	Related party transactions disclosure
2	14-Sep-00	LRH	Related party transactions disclosure
3	22-May-02	BAT-3K	Allowance for doubtful account of related parties
4	22-May-02	TSTE	Allowance for devalue of investment account
5	24-Feb-03	ROYNET	Revenue recognition, Allowance for doubtful account
6	11-Mar-03	DTM	Financial statements consolidation
7	30-Jan-04	DAIDO	Revenue recognition
8	30-Jan-04	SPALI	Asset valuation
9	30-Jan-04	BSI	Financial statements consolidation
10	21-Jul-04	LOXLEY	Revenue recognition
11	29-Sep-04	ROYNET	Related party transactions disclosure
12	29-Oct-04	ROYNET	Asset valuation, Selling and administration expenses
13	29-Dec-04	HTX	Asset valuation
14	17-Jan-05	CIRKIT	Allowance for doubtful account
15	29-Jan-05	PICNI	Financial statements consolidation
16	20-Apr-05	KMC	Revenue recognition
17	13-May-05	DTM	Allowance for doubtful account
18	7-Jun-05	POMPUI	Allowance for loan to parent company

(Continued on Page 117)

**Table A2 (Continued from Page 116)**  
**33 Cases of GAAP Violation from *SEC News* during 1999-2006**

	<b>SEC News Date</b>	<b>Listed Company</b>	<b>GAAP Violation Issue</b>
19	9-Jun-05	POWER	SEC requires special audit on ambiguous issues that affect the completeness of related party transactions disclosure.
20	9-Jun-05	TCJ	SEC requires special audit on ambiguous issues that affect the completeness of related party transactions disclosure.
21	16-Jun-05	TFI	Financial statements consolidation
22	11-Jul-05	BLAND	Related party transactions disclosure
23	30-Sep-05	SAM	Asset valuation
24	4-Oct-05	DAIDO	Revenue recognition, Asset valuation
25	24-Mar-06	EWC and SGF	EWC gives unusual huge loan to SGF. SGF gives that loan to some debtors that used to be EWC debtors.
26	2-Jun-06	PICNI	Allowance for doubtful account
27	16-Jun-06	YNP	Asset valuation
28	25-Aug-06	NIPPON	Financial statements consolidation
29	12-Oct-06	CEI	Asset valuation
30	13-Oct-06	POWER	Asset valuation, Allowance for doubtful account
31	8-Nov-06	POWER	Revenue recognition
32	17-Nov-06	ABICO	SEC requires special audit on the relationship with probably related company.
33	22-Dec-06	SGF	Revenue recognition

Source: *SEC News*

## **APPENDIX B**

### **Sample Selection for Discretionary Accruals Estimation by Sector**