Ives Group Inc

PRESS RELEASE

SECTION 404 MATERIAL WEAKNESS DISCLOSURES WILL EXCEED 14% ACCORDING TO NEW RESEARCH FROM AUDITANALYTICS.COM

The leading predictor of an adverse Section 404 opinion is a significant year end or auditor initiated adjustment

Worcester, MA -- (BUSINESS WIRE)-- May 18, 2005 -- AuditAnalytics.com, a leading provider of audit industry market intelligence and due diligence research, announces the availability of its latest Section 404 internal control disclosure research.

As of May 15, 2005, 2,963 accelerated filers have disclosed their Section 404 opinions. Of these, 12.25%, or 363, received failing grades (material weakness opinions). Taking into account expected material weakness opinions associated with non-timely filers (43 plus) and projected restatements of 404 opinions (5 plus) arising from financial restatements, this percentage will exceed 14%.

"With over 14% of accelerated filers receiving failing grades and a multitude of filers barely escaping the same, I believe the initial effectiveness of Section 404 of Sarbanes Oxley and the related PCAOB's Auditing Standard Number 2 in cleaning up public company financial reporting speaks for itself", said Mark Cheffers, CEO of the IVES Group. In addition to the Section 404 opinions, SEC filers have reported more than 650 financial restatements in a little more than six months. Mr. Cheffers added, "Just consider the size and prestige of the ten largest companies (by revenue) who have or are expected to receive adverse 404 internal control opinions:
General Electric, American International Group, Federal National Mortgage, Kroger, Delphi Corp, Alcan Inc, MCI Inc, Visteon Corp, Goodyear, and Eastman Kodak Co."

The number one predictor of a failing grade is significant year end or auditor initiated adjustments. This is one clear finding that should be of real interest to those accelerated and non-accelerated filers who have yet to file. This specific issue was identified in 53.3% of the failing grades and inferred in many more. "The days of cleaning up one's accounting at year end are coming to a close," said Mr. Cheffers. With respect to areas of accounting where the most troubles were found, tax accounting (27.7%) and revenue recognition (25.5%) were the most prevalent.

About IVES Group

The IVES Group is a leading provider of premium on-line market intelligence, due diligence and risk assessment tools for accounting, insurance, investment, corporate, and regulatory professionals. Founded in 2000 to address the growing demand on all professionals to mitigate risk in real time, the IVES Group's mission is to help subscribers engage in better prospective decision making. Our expert services are available in the form of online subscription databases and educational programs.

About AuditAnalytics.com
Our flagship service, AuditAnalytics.com, delivers detailed information that can be used for benchmarking non-financial indicators associated with public company performance. Key relational data includes who's auditing who, auditor fees, auditor changes, audit opinions, section 404 internal control disclosures, financial statement non-reliance disclosures, corporate governance, and SEC related litigation. Current subscribers to AuditAnlaytics.com include International, National & Regional Accounting Firms, E&O Insurance Providers, Government Organizations, Public Companies, Investors and leading Universities.

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