Agenda Item 10.1 AUASB Meeting 18-19 April 2011 Marked Up Version

ASAE 3XXX (2011)

Standard on Assurance Engagements ASAE 3XXX Comfort Letters for Requesting Parties in Connection with International Offerings and Similar International Transactions

Issued by the Auditing and Assurance Standards Board

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This document contains draft proposals to be considered by the AUASB's Comfort Letters Project Advisory Group, and does not necessarily reflect the final decisions and/or proposals to be contained in a published Standard on Assurance Engagements. No responsibility is taken by the AUASB for the results of reliance, actions or omissions to act on the basis of any information contained in this document (including appendices), or for any errors or omissions in it.



Australian Government

Auditing and Assurance Standards Board

Obtaining a Copy of this Standard on Assurance Engagements

This Standard on Assurance Engagements is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au.

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ASAE XXX

- 2 -

CONTENTS

2 3

.

PREFACE

AUTHORITY STATEMENT

Paragraphs

Application

Operative Date

Introduction

Conformity with International Standards on Assurance Engagements

ASAE XXX

- 3 -

Preface

Reasons for Issuing Standard on Assurance Engagements ASAE 3XXX *Comfort Letters for Requesting Parties in Connection with International Offerings and Similar International Transactions*

The Auditing and Assurance Standards Board (AUASB) makes Auditing Standards under section 336 of the *Corporations Act 2001* and formulates auditing and assurance standards for other purposes.

The AUASB issues Standard on Assurance Engagement ASAE 3XXX Comfort Letters for Requesting Parties in Connection with International Offerings and Similar International Transactions pursuant to the requirements of the legislative provisions explained below.

The AUASB is an independent statutory board of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 227B of the ASIC Act, the AUASB may formulate Assurance Standards for purposes other than the corporations legislation.

This Standard on Assurance Engagements replaces Auditing Standard AUS 804 *The Audit of Prospective Financial Information* and Auditing Guidance Statement AGS 1062 *Reporting in Connection with Proposed Fundraisings, which* were withdrawn by the AUASB on [insert date].

ASAE XXX

- 4 -

Main Features

This Standard on Assurance Engagements establishes requirements and provides application and other explanatory material for conducting an assurance engagement relating to the issuance by the auditor of comfort letters to requesting parties in connection with international offerings.

This Standard on Assurance Engagements:

- (a) establishes requirements to auditors performing engagements relating to the issuance by the auditor of a comfort letter to underwriters and other requesting parties undertaking international offerings and similar international transactions;
- (b) sets out the types of procedures that the auditor may perform in comfort letter engagements; and
- (c) sets out the types of information that may be included as part of the subject matter of the comfort letter engagement.

ASAE XXX

- 5 -

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates this Standard on Assurance Engagements ASAE 3XXX Comfort Letters for Requesting Parties in Connection with International Offerings and Similar International Transactions pursuant to section 227B of the Australian Securities and Investments Commission Act 2001.

This Standard on Assurance Engagements is to be read in conjunction with ASA 100 *Preamble to AUASB Standards*, which sets out the intentions of the AUASB on how the Standards on Assurance Engagements are to be understood, interpreted and applied.

Dated

M H Kelsall Chairman - AUASB

ASAE XXX

- 6 -

STANDARD ON ASSURANCE ENGAGEMENTS ASAE 3XXX

Comfort Letters for Requesting Parties in Connection with International Offerings and Similar International Transactions

Application

1

This Standard on Assurance Engagements applies to engagements where the auditor of an entity is requested to issue a comfort letter to an underwriter and other requesting parties in connection with international offerings and similar international transactions.

Operative Date

This Standard on Assurance Engagements (ASAE) is operative for engagements relating to the issuance of comfort letters by the auditors in connection with international offerings and similar international transactions that commence on or after [insert date].

Introduction

Scope



4

This ASAE deals with the responsibilities of the auditor of an entity in engagements where the auditor has been requested to issue a comfort letter by an underwriter and other requesting parties in connection with international offerings and similar international transactions.

International Offerings and Similar International Transactions Covered by this ASAE

International Public Offerings

Engagements involving the issuance of comfort letters are ordinarily undertaken by the auditor of an entity incorporated in Australia, which offers its equity or debt securities to the public in the international market. When the entity undertakes an international offering, it engages the services of an underwriter who assists in the listing of its securities on an international stock exchange. Such an international public offering (IPO) is ordinarily made through an offering document in the form of a prospectus.

ASAE XXX

- 7 -

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5	Law or regulation in many jurisdictions require those charged with	
	governance of the entity undertaking the IPO and the underwriter to	
	ensure that the prospectus contains adequate disclosures regarding	
	the proposed offering, and that it does not contain misleading	
	information. In view of this, the underwriter performs a due	
	diligence investigation of the entity's affairs to comply with such an	
	obligation. This investigation provides the underwriter with a due	
	diligence defence that it has reasonable grounds to believe that the	
	prospectus does not contain misleading information.	
-		
6	As part of its due diligence investigation, the underwriter ordinarily	
	requests the auditor of the entity to perform certain procedures on	
	selected information disclosed in the entity's prospectus and report	
	results by way of issuing a comfort letter. The underwriter's request	
	is ordinarily made through the entity, and the auditor's agreement to	
	undertake the engagement is both with the underwriter and those	
	charged with governance of the entity.	
7	The comfort letter is not included in the offering document as it is a	
<u> </u>	private report of the auditor to the underwriter, those charged with	
	governance of the entity and other requesting parties.	
	governance of the entity and other requesting parties.	
8	An IPO may be made in a single overseas jurisdiction, or it may be a	
0	cross-border offering. This ASAE applies to both types of IPOs.	
	cross-bolder offering. This ASAE applies to bout types of 1POs.	
a1		
<u>Similar</u>	-International Transactions	
9	In addition to IPOs, the auditor of an Australian entity may also be Formatted: Bullets and Numbe	ring
	requested to issue a comfort letter in respect of similar international	
	transactions, as follows:	
	(a) Overseas private placements of equity or debt securities:	
	(b) Offerings of debt securities that are issued or backed by	
	government entities in overseas jurisdictions; and	
	(c) Acquisition of, or merger with, another entity domiciled in	
	an overseas jurisdiction, where there is an exchange of	
	equity shares between the two entities.	
	equity shares between the two entities.	
10	The international transactions in paragraph $9(a)$ to (c) are ordinarily	
10		
	exempt from the registration requirements under the applicable laws	
	and regulations of many overseas jurisdictions. This ASAE applies	
	to comfort letter engagements in connection with the above	
	international transactions regardless of whether or not they are	

ASAE XXX

- 8 -

Domestic Offerings	Formatted: Font: Bold, Not Italic
<u>11</u> The due diligence investigation process for equity and debt securities offerings undertaken solely in Australia ("domestic	 Formatted: Bullets and Numberin
offerings") is different compared to many overseas jurisdictions. In Australia, the auditor does not ordinarily issue comfort letters in relation to domestic offerings. Instead, an assurance practitioner ordinarily performs a limited assurance engagement and issues an Investigating Accountant's Report (IAR) on financial information included in an offering document for a domestic offering. Notwithstanding this, this ASAE applies to engagements wherein the auditor has been requested to issue a comfort letter in connection with domestic offerings. Comfort letters are not ordinarily requested from and issued by auditors in relation to offerings, an assurance practitioner is ordinarily requested to perform a limited assurance engagement and issue an Independent Accountant's Report. This ASAE does not apply to assurance engagements relating to domestic offerings that include the issuance of an Independent Accountant's Report.	
5This ASAE, however, applies to engagements relating to domestic offerings when the auditor:	
(a)is engaged solely to perform a comfort letter engagement, including the issuance of a comfort letter; and	 Formatted: Indent: Left: 1.27 cr Hanging: 1.27 cm, Numbered + L 1 + Numbering Style: a, b, c, +
(b)is not required to issue an Independent Accountant's Report in respect of certain financial information included in the offering document.	at: 1 + Alignment: Left + Aligned 6.03 cm + Tab after: 7.28 cm + Indent at: 7.28 cm, Tab stops: No 7.28 cm
Types of International Offerings and Similar International T ransactions Covered by this ASAE	Formatted: Indent: Left: 0.21 cr
International Public Offerings	
6Engagements involving the issuance of comfort letters are ordinarily undertaken by the auditor of an entity incorporated in Australia that offers	Formatted: Bullets and Numbering
its equity or debt securities to the public in the international market. When the entity undertakes an international offering, it engages the services of an underwriter who assists in the listing of its securities on an international	

ASAE XXX

- 9 -

stock exchange. Such an international public offering (IPO) is ordinarily made through an offering document in the form of a prospectus.

7Law or regulation in many jurisdictions require those charged with governance of the entity undertaking the IPO and the underwriter to ensure that the prospectus contains adequate disclosures regarding the proposed offering, and that it does not contain misleading information. In view of this, the underwriter performs a due diligence investigation of the entity's affairs to comply with such an obligation. This investigation provides the underwriter with a due diligence defence that it has reasonable grounds to believe that the prospectus does not contain misleading information.

8As part of its due diligence investigation, the underwriter ordinarily requests the auditor of the entity to perform certain procedures on selected information disclosed in the entity's prospectus and report results by way of issuing a comfort letter. The underwriter's request is ordinarily made through the entity, and the auditor's agreement to undertake the engagement is both with the underwriter and those charged with governance of the entity.

9The comfort letter is not included in the offering document as it is a private report of the auditor to the underwriter, those charged with governance of the entity and other requesting parties.

10An IPO may be made in a single overseas jurisdiction, or it may be a cross border offering. This ASAE applies to both types of IPOs.

Similar International Transactions

*11*In addition to IPOs, the auditor of the entity may also be requested to issue a comfort letter in respect of similar international transactions, as follows:

(a)Overseas private placements of equity or debt securities;

(b)Offerings of debt securities that are issued or backed by government entities in overseas jurisdictions; and

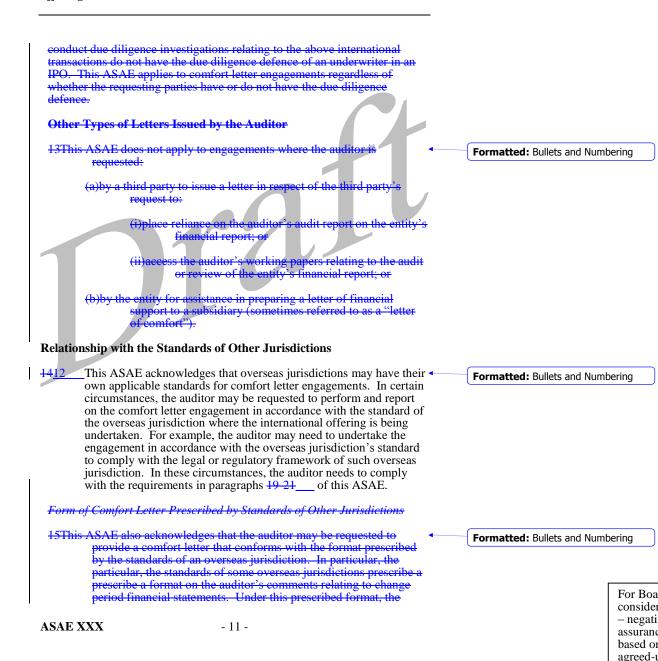
(c)Acquisition of, or merger with, another entity domiciled in an overseas jurisdiction, where there is an exchange of equity shares between the two entities.

12The international transactions in paragraph 11(a) to (c) are exempt from the registration requirements under the applicable laws and regulations of many overseas jurisdictions. Consequently, the requesting parties who

ASAE XXX

- 10 -

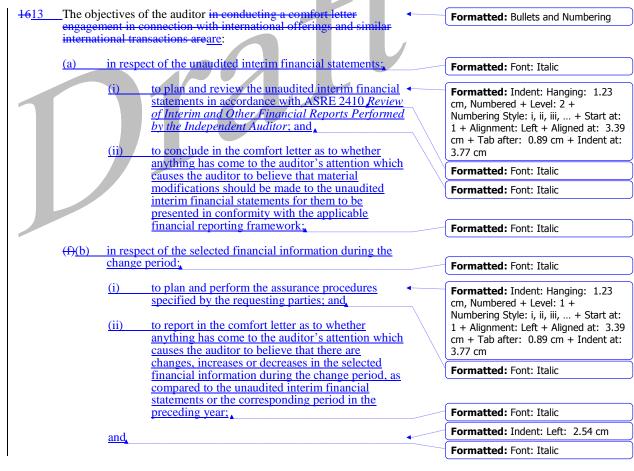
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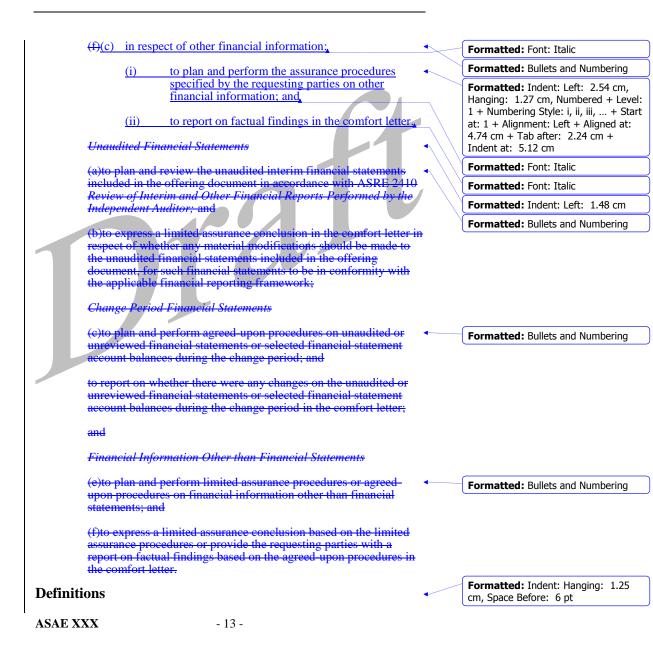
> the auditor states in the comfort letter that nothing has come to their attention which causes them to believe that there are changes changes in selected financial statement account balances, based on agreed upon procedures (as outlined in paragraph 40 of this ASAE). In these circumstances, the auditor needs to comply with the requirements in paragraph 58 of this ASAE.

Objectives



ASAE XXX

- 12 -



<u>1714</u>	For pur attribut	poses of this ASAE, the following terms have the meanings Formatted: Bullets and Numbering ed below:
	(a) (b)	Agreed uponSpecified assurance procedures means assurance procedures carried out by the auditor in a comfort letter engagement, to which the auditor, the underwriter, those charged with governance of the entity and other requesting parties have agreed to which specified by the requesting parties. The auditor does not determine whether the extent of the specified assurance procedures is sufficient for the purposes of the requesting parties in a comfort letter engagement does not use their professional judgement to assess whether the results of the agreed upon procedures amount to sufficient appropriate evidence to provide a reasonable basis for expressing an assurance conclusion. Hence, no assurance conclusion is drawn from such procedures, and no assurance conclusion is provided by the auditor on the financial information that is the subject matter of the engagement. The requesting parties of the comfort letter form their own conclusions from the report of factual findings by the auditor.
		applicable criteria. Assurance procedures may include management enquiries and other substantive procedures.
	(b)<u>(</u>с)_	Applicable criteria means the criteria used by the responsible party in the preparation of the financial information included in the offering document. The criteria used depends on the nature of the financial information.
	(c) (d)	Applicable financial reporting framework means the financial reporting framework adopted by management and, where appropriate, those charged with governance in the preparation of the offering document that is acceptable in view of the nature of the entity and the objective of the offering document or that is required by law or regulation.
		In Australia, applicable financial reporting frameworks that may be used in preparing such financial information areinformation are represented by the Australian Accounting Standards; as well as relevant law, such as the <i>Corporations Act 2001</i> or other relevant law that may be applicable to other entities.

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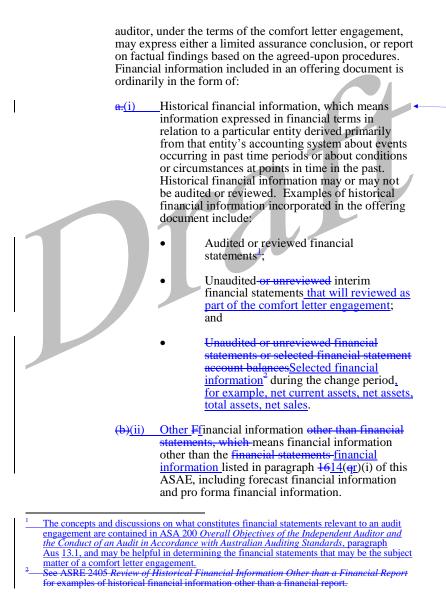
- 14 -

1	(d)<u>(</u>e)	Assurance engagement means an engagement in which the auditor expresses a conclusion designed to enhance the degree of confidence of the underwriter and other requesting parties (other than the responsible party) about the reliability of information disclosed in the offering document, which is the subject of the comfort letter and evaluated under a suitable criteria.
I	(e)<u>(f)</u>	Assurance engagement risk means the risk that the auditor expresses an inappropriate conclusion when the financial information that is the subject matter of the comfort letter is materially misstated.
	(f)(g)	Auditor means the person or persons conducting the audit, usually the engagement partner or other members of the engagement team, or, as applicable, the firm. The auditor may be an incoming or existing auditor.
ļ	(g)(h)	Bring down comfort letter means a letter prepared by the auditor of the entity, subsequent to the issuance of an initial comfort letter, updating the procedures described in the previously issued comfort letter to a certain date, usually prior to the closing date of the offering. Its purpose is to state whether the original comfort letter remains valid at the date of the comfort letter.
ļ	(h)<u>(i)</u>	Change period means the period after the date of the most recent unaudited or unreviewed interim financial statements included in the offering document, and up to the date of the comfort letter procedures being concluded (also referred to as the subsequent period).
	(i)<u>(j)</u>	Comfort letter means a letter prepared by the auditor of an entity and issued to requesting parties (for example, the issuing entity who has previously appointed the auditor and an appointed underwriter) in respect of the results of certain procedures performed in connection with a securities
		offering detailed in an offering document. The comfort letter is typically issued prior to the offering's closing and settlement date. The issuance of the comfort letter is restricted to those parties that have agreed to the procedures to be performed by the auditor, since others, unaware of the reasons for the procedures, may misinterpret the results.

ASAE XXX

- 15 -

(j) (k)	Comfort letter engagement means an engagement relating where to the issuance of a comfort letter by the auditor issues a comfort letter to requesting parties of an entity that is undertaking anin connection with international offerings or similar international transactions. In a comfort letter engagement, the requesting parties specify the procedures that the auditor performs and are responsible for determining their sufficiency for the purposes of the engagement. The auditor may be requested to perform agreed upon procedures where the auditor does not provide any form of assurance in the comfort letter, but merely reports factual findings.
([](4)	Cross-border offering means an offering or listing of a security that occurs in a jurisdiction other than that in which the entity is domiciled, which may or may not occur concurrently in the entity's jurisdiction.
(1) (m)	Domestic offering means an offering that occurs in Australia and covered by Australian laws.
[(m) (n)	Due diligence means the process of investigating the entity's affairs to determine and consider the significant risks, rewards, and issues relating to the entity's offering, carried out by the underwriter and other requesting parties before they make a decision regarding such an offering.
(n) (o)	Due diligence defence means a defence that is available under a relevant law or regulation of a jurisdiction, to underwriters and entities, based on their reasonable investigation that the offering document relating to an international public offering does not have material omissions or contain misleading or deceptive information.
(o)<u>(p)</u>	Entity means the entity undertaking the international offering and directly liable for the any material misstatements or omissions in the offering document.
(p)(q)	Existing auditor means the current auditor of the entity who has already performed an audit or review of the entity's financial report, prior to being requested to provide a comfort letter.
(q) (r)	Financial information means financial information that is the subject matter of the comfort letter, on which the
ASAE XXX	- 16 -



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- 17 -

		⊕	Forecast financial information means prospective financial information prepared on the basis of assumptions as to future events which the responsible party expects to take place, and the actions the responsible party expects to take as of the date when the financial information is prepared. Pro forma financial information means	
ļ	1)1	financial information that is adjusted in accordance with the responsible party's basis of preparation and applicable criteria, to illustrate the effects of an event(s) or transaction(s) on that financial information; assuming that the event(s) or transaction(s) had occurred at an earlier date, a later date, or not at all, during the financial period used for the illustration.	
			Pro forma financial information may be historical in nature (pro forma historical financial information) or a forecast in nature (pro forma forecast, which may be a mixture of historical and forecast).	
I	(r) (s)	historical financi an entity's econo time or the chang accordance with the <i>Corporations</i>	ents means a structured representation of al information, intended to communicate mic resources or obligations at a point in ges therein for a period of time in a financial reporting framework. Under <i>Act 2001</i> , a complete set of financial uired to be prepared in accordance with the inting Standards.	F
l	(s)<u>(t)</u>	and has not perfo	r means an auditor who is newly appointed ormed an audit or review of a financial ty prior to being requested to provide a	
I	(t) (u)	information that engagement or th	eans information that contradicts the is the subject matter of the comfort letter he information contained in the audited nts included in the offering document.	
	ASAE XXX		- 18 -	

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	(u)<u>(</u>v)	debt sec	ional offering means making available the equity or urities of the entity to other parties in overseas ions, undertaken ordinarily through:	
		(i)	a sale of securities to the public under a prospectus;	
		(ii)	an exempt offering (for example, a private placement of securities to a limited number of investors, or an ordering of government bonds); and	
		(iii)	certain securities transactions covered by specific laws or regulations (for example, exchange of shares of stock in merger transactions).	
	(v)<u>(</u>w)		financial statements means financial statements for • shorter than the entity's financial year.	Formatted: Bullets and Numbering
		this ASA	ces to "unaudited interim financial statements" in AE pertain to unaudited interim financial statements I in the offering document.	Formatted: Indent: Left: 2.54 cm
	(w)<u>(</u>x)	provided the audit engagen circumst risk is gr as the ba auditor's	assurance means the assurance obtained and d by the auditor in an assurance engagement where tor's objective is a reduction in assurance ment risk to a level that is acceptable in the tances of the assurance engagement, but where that reater than for a reasonable assurance engagement, asis for a negative form of expression of the s conclusion. A limited assurance engagement is hly referred to as a review.	Formatted: Bullets and Numbering
	(x)<u>(y)</u>	responsi operatio in some those ch	ment means the person(s) with executive bility for the conduct of the whole entity's ns or individual business units. For some entities, jurisdictions, management includes some or all of arged with governance, for example, executive s of a governance board, or an owner-manager.	
	(y)<u>(</u>z)	which is the omis informat	ity means, in relation to financial information the subject matter of the auditor's comfort letter, ssion, misstatement or non-disclosure of such tion has the potential to affect the recognition heasurement basis of the financial information	

ASAE XXX

- 19 -

I		included in the offering document; and consequently, the decision of the requesting parties regarding the offering.
l	(z) (aa)	Misstatement of fact means information that is incorrectly stated or presented in the offering document. A material misstatement of fact may undermine the credibility of the offering document containing the auditor's audit report.
	(aa)<u>(bb)</u>	Non-financial information means quantitative information other than financial information (for example, ratio of employees in the manufacturing department vs. total employees of the entity). Due to its nature, non-financial information does not ordinarily form part of the subject matter of the comfort letter engagement.
1		Offering document means a document prepared by the responsible party relating to the entity's offering that contains details of the offering, information about the entity, its management and those charged with governance, financial statements, financial information and other information, as prescribed by law or regulation. It ordinarily comes in the form of a prospectus (for sale of securities), information circular (for an exchange of shares of stock) or an offering memorandum (for a private placement or other exempt offering).
I	(ce) (dd)	Other information means information (financial and non- financial) included in the offering document that does not form part of the subject matter of the comfort letter engagement.
ļ		Prepared in accordance with the applicable financial reporting framework means the financial information included in the offering document has been prepared and presented by the responsible party on the basis consistent with the applicable financial reporting framework.
I	(cc)<u>(ff)</u>	Private placement means securities offered for sale or exchange to a limited number of investors in a particular jurisdiction, which are exempt by law or regulation from the requirement to use a prospectus document in the offer process. Instead, the securities may be offered through the preparation of an offering memorandum or similar document. A private placement is a form of an exempt offering.
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- 20 -

	(ff)<u>(gg)</u>	regulato entity's	ry requir sale or is	s a document issued pursuant to legal or ements of a jurisdiction relating to the suance of securities, on which it is estors should make a decision.
l	(gg) (hh)	Prospect information information in the second seco	tive finar tion of a y the resp	acial information means financial predictive character based on assumptions onsible party about future events and on by the entity.
1	(hh)(ii)	provideo the audi engagen circums a positiv Reasona	l by the a tor's objected nent risk tances of ye form o able assurt	rance means the assurance obtained and uditor in an assurance engagement where ective is a reduction in assurance to an acceptably low level in the the assurance engagement as the basis for f expression of the auditor's conclusion. rance means a high, but not absolute, level reasconche assurance angagement is
I	(ii) (jj)	commor Represe by the re	nly referr ntation le equesting	reasonable assurance engagement is ed to as an audit. etter means a letter prepared <u>and provided</u> parties to the auditor confirming a variety g the engagement.
		(i)	governa	sentation letter from those charged with nce of the entity confirms their ibility for:
	~		•	preparing the offering document, including the information included in such a document;
			•	ensuring that the offering document does not contain misleading information; and
			•	ensuring that <u>that</u> they have provided all information and documentation requested by the auditor in performing the comfort letter engagement.
		(ii)	underwi conduct	sentation letter from the <u>requesting parties</u> <u>riter</u> -confirms that they are responsible for ing their due diligence investigation of the affairs, and for determining the
	ASAE XXX			- 21 -

sufficiency of the procedures performed by the auditor in the comfort letter engagement.

(ii)(kk) Responsible party means those charged with governance of the entity (ordinarily the Board of Directors), who are also responsible for the preparation of the public document and financial information included in it. (kk)(11) Requesting party means the entity (through those charge with governance of the entity), underwriter and/or other parties (for example, brokers or selling agents) who have requested the auditor to provide a comfort letter in respect of an international offering or similar international transaction. (II)(mm) Securities means instruments that include shares in a body, debentures in a body, or interests in a registered managed investment scheme, but do not cover a derivative or a market traded option. (mm)(nn) Subsequent events means events occuring from the date of the auditor's audit report on audited financial statements up to the effective date of the offering document, and facts that become known to the auditor after the date of-of the audit report. (nn)(oo) Those charged with governance means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, including overseeing the financial reporting process. In international offerings, those charged with governance of the entity are responsible for the preparation of the offering document, including all the information disclosed in such a document. (oo)(pp) Underwriter (also known as primary requesting party) means a financial intermediary in an offering of securities, acting as either an underwriter that purchases securities for resale to investors or an agent of the entity that offers securities for the account of the issuer or vendor. The underwriter may be either named in the prospectus (named underwriter) as one of the parties requesting the auditor to issue a comfort letter or not (other than named underwriter), such as a sales agent.

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- 22 -

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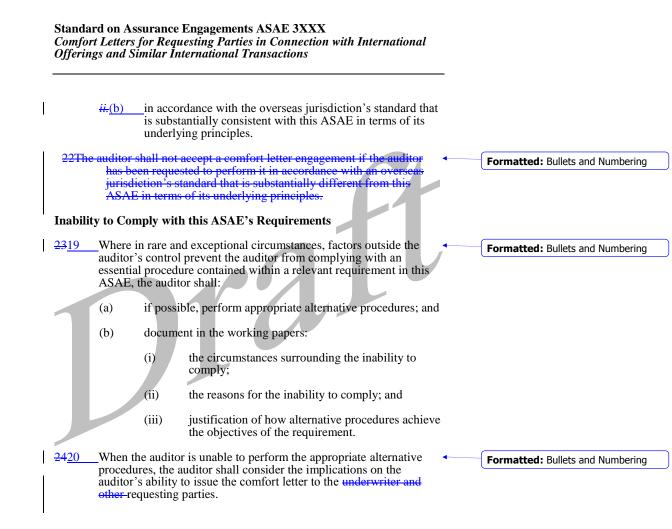
Requirements

Ethical Requirements

	18<u>15</u>	The auditor shall comply with the relevant ethical requirements in accordance with ASA 102. ³	Formatted: Bullets and Numbering
	Quality	Control	
	19 16	The auditor shall establish and maintain a system of quality control in accordance with ASQC1. ⁴	Formatted: Bullets and Numbering
	Perform Oversea	ning the Engagement in Accordance with the Standard of an as Jurisdiction	
	20 <u>17</u>	In circumstances where the auditor has been requested to perform the comfort letter engagement in accordance with the standard of the overseas jurisdiction where the international offering is being made, the auditor shall accept such an engagement, conduct it and issue the comfort letter in accordance with such standard, provided that:	Formatted: Bullets and Numbering
		 the auditor obtains sufficient knowledge of the overseas jurisdiction's standard⁵; the underlying principles of such a standard are substantially consistent with this ASAE's underlying principles described in paragraph <u>24-21</u> of this ASAE; and 	Formatted: Indent: Hanging: 1.27 cm, Numbered + Level: 2 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 1.9 cm + Tab after: 2.54 cm + Indent at: 2.54 cm
		c.(c) the auditor complies with the relevant ethical requirements of ASA 102.	
	21<u>18</u>	Where relevant to the engagement, the auditor shall include in the comfort letter that the engagement has been undertaken by the auditor:	Formatted: Bullets and Numbering
		<i>i</i> .(a) to provide information to requesting parties in relation to an offering in an overseas jurisdiction; and	Formatted: Indent: Left: 1.27 cm, Hanging: 1.27 cm, Numbered + Level: 3 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at:
	⁴ See A Report ⁵ Certa	SA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Assurance Engagements. SQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial ts and Other Financial Information, and Other Assurance Engagements. in jurisdictions use internationally accepted protocols; for example, the guidance issued International Capital Market Association (ICMA) is widely used in some European ictions.	3.49 cm + Tab after: 4.13 cm + Indent at: 4.13 cm, Tab stops: Not at 4.13 cm

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- 23 -



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- 24 -

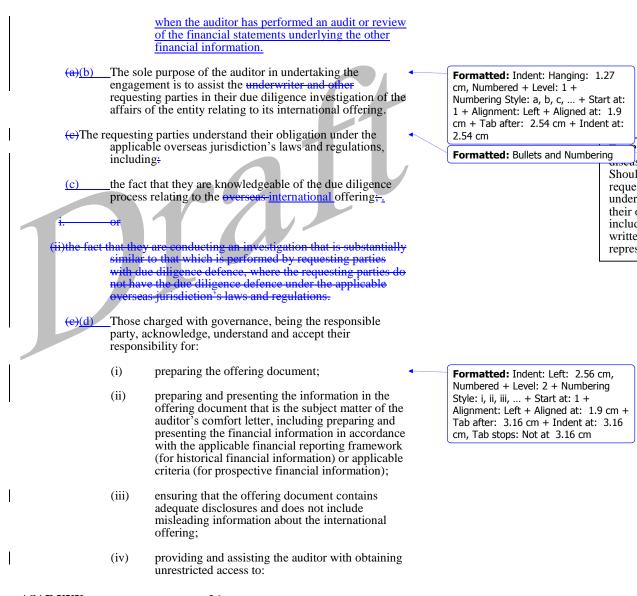
Engagement Acceptance

Preconditions for the Engagement

25 21	or shall take into account the following principles g this ASAE before accepting the engagement:	Formatted: Bullets and Numbering
I	The <u>underwriter and other</u> requesting parties are solely responsible for determining the sufficiency of the procedures to be performed by the auditor in a comfort letter engagement.	Formatted: Indent: Left: 1.27 cm, Hanging: 1.27 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 5.99 cm + Tab after: 7.24 cm +
	The underwriter and other requesting parties will likely rely on any statement made by the auditor in the comfort letter to add credibility to the subject matter of the statement. Therefore, any such statement needs to be appropriately supported.	Indent at: 7.24 cm, Tab stops: Not at 7.24 cm
1	In order to make any statement in the comfort letter that is appropriately supported, the auditor needs to possess adequate knowledge of the subject matter.	
	The auditor can properly make such a statement only if there are suitable criteria against which to evaluate the subject matter.	
26 22	or shall determine that whether the following criteria have before accepting the engagement:	Formatted: Bullets and Numbering
	 The auditor requested to provide the comfort letter is the auditor (existing or incoming) of the entity undertaking the international offering.	Formatted: Indent: Hanging: 1.27 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 1.9
	(i) The auditor shall provide a limited assurance conclusion on the unaudited interim financial	cm + Tab after: 2.54 cm + Indent at: 2.54 cm
	statements, and report on any changes, increases or decreases in the selected financial information during the change period in the comfort letter, only when the auditor has performed an audit or review of the previous years' financial statements included in the offering document, and has issued an auditor's report on such financial statements.	Formatted: Indent: Left: 2.54 cm, Hanging: 1.27 cm, Numbered + Level: 1 + Numbering Style: i, ii, iii, + Start at: 1 + Alignment: Left + Aligned at: 4.74 cm + Tab after: 2.24 cm + Indent at: 5.12 cm, Tab stops: Not at 2.24 cm
	(ii) The auditor shall provide a limited assurance conclusion on other financial information only	

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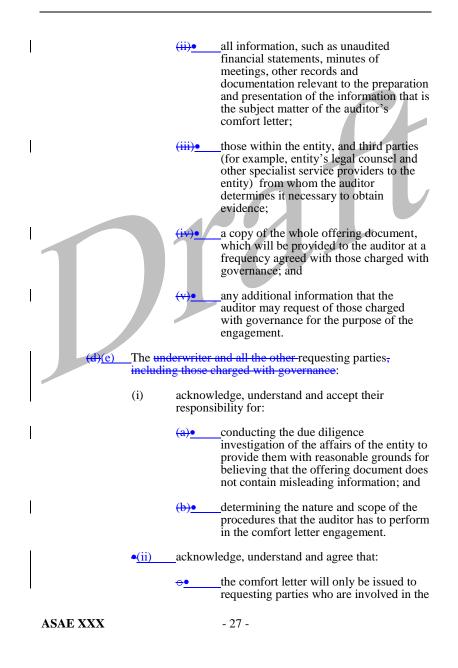
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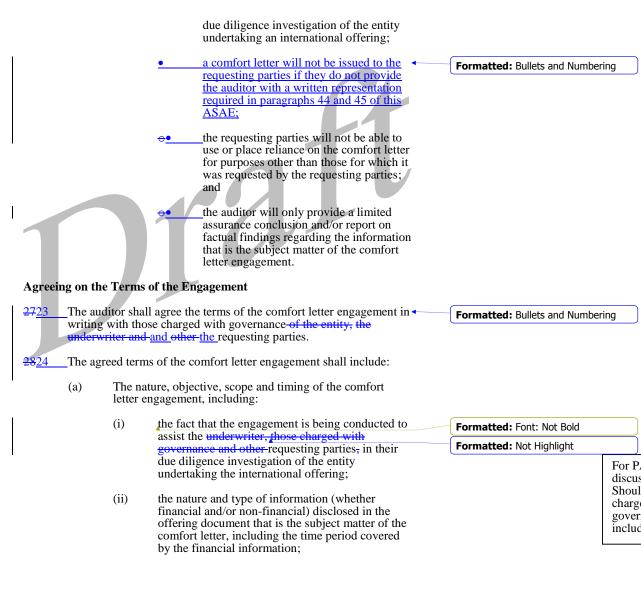


ASAE XXX

- 26 -

Standard on Assurance Engagements ASAE 3XXX Comfort Letters for Requesting Parties in Connection with International Offerings and Similar International Transactions





ASAE XXX

- 28 -

		(iii)	the applicable reporting framework used by those charged with governance in preparing and presenting the financial information in the offering document;	
		(iv)	a statement indicating that the auditor shall perform the engagement and report on the results in the comfort letter in accordance with this ASAE;	
	(b)	the resp	onsibilities of the auditor, including:	
		(i)	the nature, scope and timing of the procedures to be performed by the auditor on each type of information that is the subject matter of the comfort letter;	
1		(ii)	the respective roles and responsibilities of each auditor, if there is more than one auditor involved in the engagement;	
		<u>(iii)</u>	_the issuance of a comfort letter which includes:	
			 the auditor's limited assurance conclusion <u>on the unaudited interim</u> <u>financial statements;</u> 	Formatted: Indent: Left: 3.81 cm, Hanging: 1.27 cm, Bulleted + Level: 1 + Aligned at: 2.54 cm + Tab after: 2.54 cm + Indent at: 3.17 cm, Tab
			• the auditor's statement as to whether anything has come to their attention	stops: Not at 2.54 cm
			relating to changes, increases or decreases in the selected financial information during the change period; and/or	Formatted: Bullets and Numbering
			• report on factual findings <u>on other</u> <u>information</u> , depending on the circumstances of the engagement;	
		(iii) <u>(iv)</u>	_the auditor's compliance with relevant ethical requirements, including independence ⁶ ; and	
		(iv)(v)	_if the auditor is an incoming auditor of the entity, a summary of additional procedures that the	
⁶ See A	ASA 102.			

ASAE XXX

- 29 -

		(ii)	in the offering document; any compliance that all the requesting parties or third parties may place on the comfort letter other			
		(i)	the preparation of the offering document, as well as preparation and presentation of the information			
	(i)	a statement indicating that the auditor is not responsible for:				
	(h)	<u>specified assurance</u> procedures to be performed by the auditor during the change period;				
	(g)	of information to be provided by the entity, but ordinarily is not greater than five months after the date of the most recent audited or reviewed financial statements included in the offering documentas determined by the requesting parties;				
	(f)	consideration of any applicable laws and regulations of the jurisdiction where the international offering is being made; change period, which shall be dependent on the availability				
	(e)	proposed content and format of the comfort letter, including whether the auditor shall provide a limited assurance conclusion and/or a report on factual findings relating to agreed-upon procedures;				
	(d)	governa	onsibilities of the underwriter, those charged with mee and other requesting parties, including those paragraph 2522 (e) of this ASAE;			
		(ii)	providing the auditor with a representation letter at the completion of the engagement;			
		governa (i)	those listed in paragraph 2522(d) of this ASAE; and			
	(c)	the spec	entity, its environment and its internal control over financial reporting; cific responsibilities of those charged with			
			auditor shall perform, including obtaining understanding and sufficient knowledge of the			

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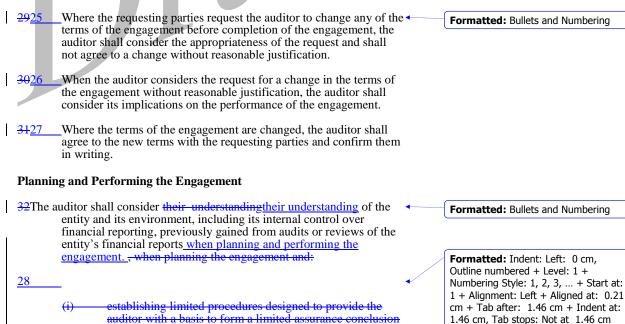
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- 30 -

than for the purpose for which the engagement was contracted;

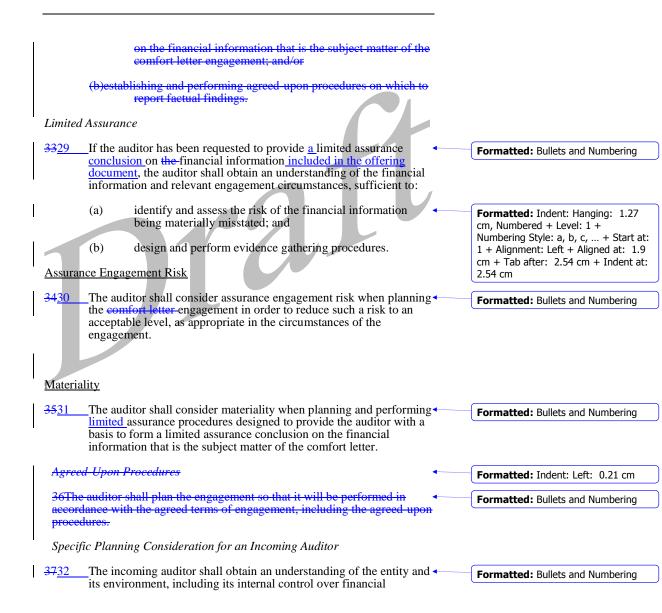
- (iii) the sufficiency of the comfort letter procedures for all the requesting parties' purposes;
- (j) restriction of the distribution of the comfort letter to the addressees in the letter;
- (k) confidentiality of information included in the comfort letter;
- (1) key engagement timelines; and
- (m) fees, and other such terms or conditions that the auditor determines are appropriate in the circumstances of the engagement.

Changes in the Terms of the Engagement



ASAE XXX

- 31 -



ASAE XXX - 32 -

ļ		reporting, sufficient to plan and conduct the assurance <u>comfort letter</u> engagement in accordance with this ASAE.	
	Proced	ures and Evidence	
	38<u>33</u>	The auditor shall obtain sufficient appropriate evidence on which to base the limited assurance conclusion, and/or to report on factual findings based on agreed upon procedures.	Formatted: Bullets and Numbering
	Unaudi	ted Interim Financial Statements	
	39<u>34</u>	If the auditor is requested to provide a limited assurance conclusion as to whether any material modifications need to be made on the unaudited interim financial statements, for such financial statements <u>it</u> to be <u>presented</u> in conformity with the applicable financial reporting framework, the auditor shall perform a review of such financial statements in accordance with ASRE 2410.	Formatted: Bullets and Numbering
	Change	Period Financial Statements	
	4035	If-When the auditor is requested to report on whether there are-have been changes, increases or decreases in the unaudited or unreviewed financial statements, or selected financial statement account balances, selected financial information during the change period, as compared to the unaudited interim financial statements or corresponding period in the preceding year, the auditor shall perform agreed uponthe assurance procedures specified by the requesting parties, which, at a minimum, include:	Formatted: Bullets and Numbering
		(a)reading of minutes of meetings of shareholders and those charged with governance during the change period;	Formatted: Indent: Left: 1.27 cm, Hanging: 1.27 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start
		(b)reading of the unaudited financial statements for the change period; and	at: 1 + Alignment: Left + Aligned at: 7.28 cm + Tab after: 8.53 cm + Indent at: 8.53 cm, Tab stops: Not at
		(c)enquiry of those charged with governance and its officials who have responsibility for financial reporting matters, as to whether such financial statements have been prepared in accordance with the applicable financial reporting framework used by the entity in preparing and presenting the audited financial statements included in the offering document.	8.53 cm

ASAE XXX

- 33 -

Financial Information Other than Financial Statements

	41 <u>36</u>	agreed-	litor shall perform limited assurance procedures and/or <u>upon specified assurance</u> procedures on financial information an financial statements only when such information:	Formatted: Bullets and Numbering
		(a)	has been obtained from the entity's financial statements or accounting records that are subject to the entity's internal control over financial reporting; or	
		(b)	has been derived directly from such financial statements or accounting records by analysis or computation; or	
1		(c)	has been the subject of a separate assurance engagement performed in accordance with applicable Australian <u>Auditing and Assurance Standards</u> . ⁷	
	4 <u>237</u>	on finar	uditor is requested to provide a limited assurance conclusion + ncial information other than financial statements, the auditor rform the procedures required in:	Formatted: Bullets and Numbering
l		40 <u>(a)</u>	ASRE 2405 ⁸ , in respect of a review of historical financial information other than a financial report, such as pro forma historical financial information; or	Formatted: Indent: Left: 1.27 cm, Hanging: 1.27 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at:
ļ		41 <u>(b)</u>	ASAE 3000 ⁹ , in respect of a review of financial information other than historical financial information, such as forecast or pro forma forecast financial information.	7.24 cm + Tab after: 8.49 cm + Indent at: 8.49 cm, Tab stops: Not at 8.49 cm
	4 <u>338</u>	assuran stateme	ditor is requested to perform <u>agreed upon specified</u> <u>ce</u> procedures on financial information other than financial nts, the auditor shall perform such procedures specified by eed with the underwriter and other requesting parties.	Formatted: Bullets and Numbering

The Australian <u>Auditing and Assurance Standards comprise Auditing Standards (ASAs)</u>, Review Standards (ASREs) and Assurance Standards (ASAEs) issued by the Auditing and Assurance Standards Board (AUASB). The complete suite of these standards are found in the AUASB website at www.auasb.gov.au. See ASRE 2405 *Review of Historical Financial Information Other than a Financial Report.* See ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. 7

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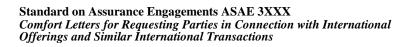
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Non-Financial Information

1	44 <u>39</u>	If the auditor has been requested to perform specified assurance procedures on non-financial information, the The auditor, auditor	Formatted: Bullets and Numbering
		using their professional judgement, shall perform the procedures and	
		report factual findings on such financial information only when:	Formatted: Font: Italic
		 (a) it has been obtained from accounting records that are subject to internal controls, policies and procedures of which the auditor has knowledge of; or, (b) it has been the subject of a separate assurance engagement performed in accordance with the Australian Assurance Standards.⁸ 	Formatted: Indent: Left: 1.48 cm, Hanging: 1.06 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 7.49 cm + Tab after: 8.74 cm + Indent at: 8.74 cm, Tab stops: Not at 8.74 cm
	evalue	te the nature of the non financial information. On the basis of their	Formatted: Font: Italic
		evaluation, the auditor shall perform agreed upon procedures and provide comments on non financial information in the comfort	Formatted: Font: Italic
		etter only when such information:	Formatted: Indent: Left: 0.21 cm, Hanging: 1.25 cm
	(a)		Formatted: Font: Italic
	(b)	has been obtained from accounting records that are subject to internal controls, policies and procedures of which the auditor has knowledge of; or	Formatted: Indent: Left: 0.21 cm, Hanging: 1.25 cm, No bullets or numbering
			Formatted: Bullets and Numbering
	Comm Underv	has been the subject of a separate assurance engagement performed in accordance with the Australian Assurance Standards. [*] Inications with Those Charged with Governance, the and riter and Other Requesting Parties	
	45 <u>40</u>	The auditor shall establish the process for communicating with those charged with governance, and <u>rthe underwriter and other requesting</u> parties, including the form, timing and expected content of such communications.	Formatted: Bullets and Numbering
	Those C	harged with Governance	
I	<u>4641</u>	The auditor shall communicate with those charged with governance	Formatted: Bullets and Numbering
		 the following matters, as soon as practicable: (a) When the auditor is conducting limited assurance procedures on a review of the unaudited interim financial statements, and the auditor determines concludes that 	Formatted: Indent: Hanging: 1.04 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 1.89 cm + Indent at: 2.52 cm

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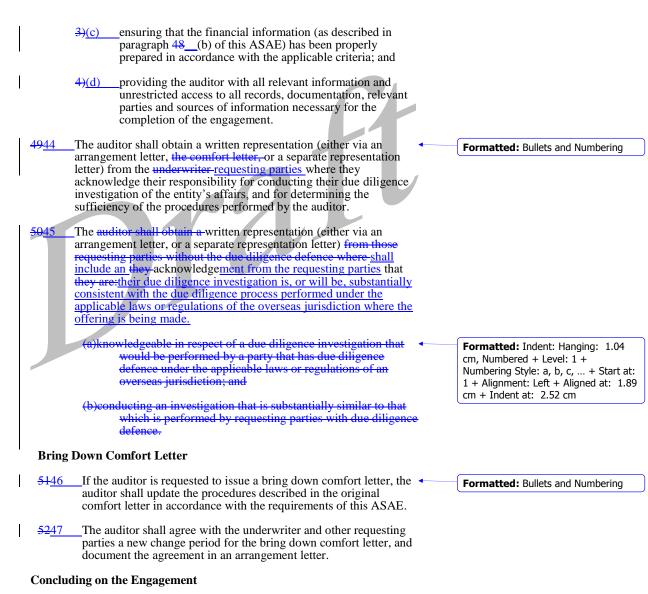
- 35 -



l		material <u>changes-modifications</u> have to be made on such financial statements in order for them to be presented in accordance with the applicable financial reporting	
I	(b)	framework; When the auditor is conducting limited assurance procedures on certain financial information, and the auditor	
		determines <u>concludes</u> that a material adjustment is necessary to be made on such financial information in order for them- <u>it</u> to be presented in accordance with the applicable financial reporting framework or applicable criteria;	
	(c)	Any significant findings relating to the engagement or difficulties encountered by the auditor in performing the engagement.	Formatted: Indent: Hanging: 1.25 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 1.89 cm + Indent at: 2.52 cm
I	governa	ince do not respond appropriately to the auditor's nication within a reasonable period, the auditor shall	Formatted: Bullets and Numbering
	determi of factu Written Repres	ane the implications on the auditors conclusions and/or report al findings in the comfort letter.	
	engage charged	ditor shall obtain written representations (either via the ment letter or a separate representation letter) from those a with governance regarding its acceptance of <u>its</u> ibility for:	Formatted: Bullets and Numbering
I	1) (a)	preparing the offering document, including the information (financial and non-financial) that is the subject matter of the comfort letter, particularly the unaudited or unreviewed financial statements that have been prepared in accordance with the applicable financial reporting framework;	Formatted: Indent: Hanging: 1.25 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 1.89 cm + Indent at: 2.52 cm
I	2)<u>(b)</u>	_selecting or developing, and applying the applicable criteria used in the preparation and presentation of the financial information (other than the unaudited or unreviewed financial statements) in the offering document, including the material assumptions used in the preparation of prospective financial information;	

ASAE XXX

- 36 -



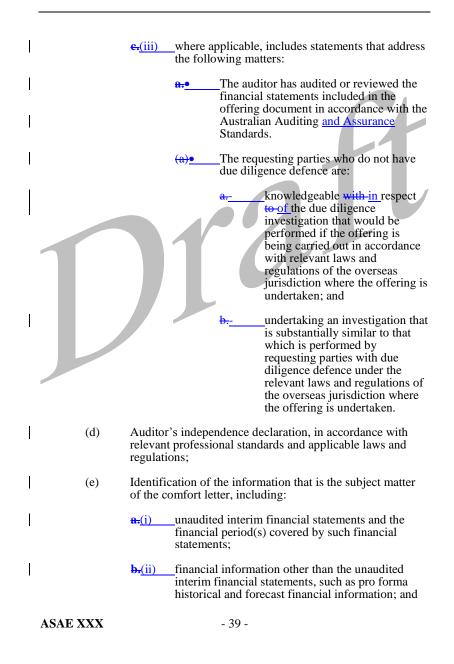
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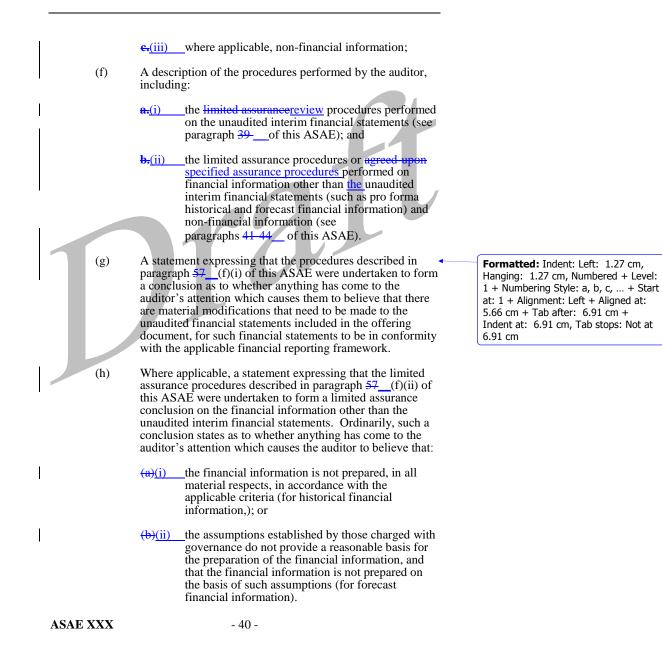
- 37 -

	53<u>48</u>		express a		ether the evidence ce conclusion and	e obtained enables d/or report on	S	Formatted: Bullets and Numbering
	Limited	Assuranc	ce					
	54<u>49</u>	through their atte modifica financia	the work ention wh ations whi l statemer	performed as to ich causes them ich need to be m its, for such fina	on based on the e whether anythin to believe that th nade to the unaud ncial statements nancial reporting	here are material lited <u>interim</u> to be in	1	Formatted: Bullets and Numbering
	Agreed 5550	The aud obtained	itor shall through	the agreed upon	<i>ures</i> lusion based on t specified assurate port on factual fir	nce procedures	•	Formatted: Bullets and Numbering
	Reporti	ng on th	e Engage	ment				
I	56<u>51</u>	expressi on factu	on of the al finding	auditor's limited	information that	lusion or a report		Formatted: Bullets and Numbering
	Basic El	lements o	of the Com	afort Letter				
	57 52	The com	nfort letter	r shall include th	ne following basi	c elements:	4	Formatted: Bullets and Numbering
		(a)	Date, wh	nich is the date v	when the comfort	letter is issued.	•	Formatted: Indent: Left: 1.27 cm,
		(b)			underwriter, thos equesting parties.			Hanging: 1.27 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 5.66 cm + Tab after: 6.91 cm +
		(c)	Introduc	tory paragraph t	hat:			Indent at: 6.91 cm, Tab stops: Not at 6.91 cm
			a. <u>(i)</u>	accordance with				
I			b. <u>(ii)</u>	identifies the puer engagement; an	urpose for conduced	cting the		

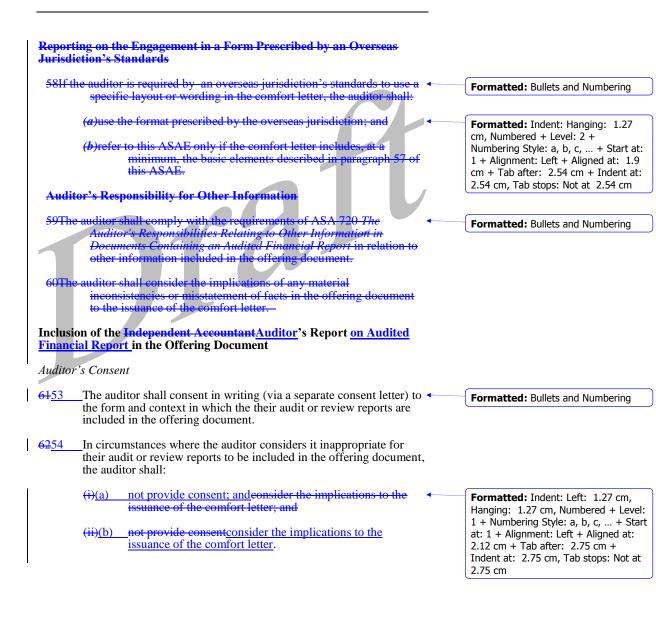
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- 38 -





	<u>(i)</u>	A description of the specified assurance procedures	Formatted: Bullets and Numbering
		performed on the selected financial information during the	
		change period;	Formatted: Font: Bold
	(i)	A statement as to whether anything has come to the	
	<u>u</u>	auditor's attention regarding any changes, increases or	
		decreases in the selected financial information during the	
		change period as compared to the most recent unaudited	
		interim financial statements, or the corresponding period in	
		the preceding year:	Formatted: Font: Bold
		(i) If there are changes, increases or decreases, actual	Formatted: Indent: Hanging: 1.33
		or contemplated, and such are disclosed in the	cm, Numbered + Level: 3 +
		offering document, the auditor's conclusion in the	Numbering Style: i, ii, iii, + Start at:
		comfort letter shall include "except for changes,	1 + Alignment: Left + Aligned at: 3.49
		increases or decreases that the offering document discloses have occurred or may occur".	cm + Tab after: 0.99 cm + Indent at:
		discloses have occurred of may occur.	3.87 cm
		(ii) The auditor shall state in the comfort letter the	Formatted: Font: Bold
		amount of the changes, increases or decreases in	
		the selected financial information during the	
		change period.	Formatted: Font: Bold
	(i)(k)	A detailed description of the agreed-uponspecified	Formatted: Indent: Left: 1.27 cm,
		assurance procedures performed and the factual findings,	Hanging: 1.27 cm, Numbered + Level:
		including sufficient details of exceptions found.	1 + Numbering Style: a, b, c, + Start
	$(\mathbf{i})(1)$	A statement that the acread uponencoified accurace	at: 1 + Alignment: Left + Aligned at:
	(j) (1)	_A statement that the agreed uponspecified assurance procedures performed do not constitute an audit or review	5.66 cm + Tab after: 6.91 cm +
		and, as such, no assurance is expressed.	Indent at: 6.91 cm, Tab stops: Not at 6.91 cm
		and, as such, no assurance is expressed.	0.91 cm
1	(k) (m)	A statement that the auditor is not responsible for any	
		reliance that the requesting parties (as named in the comfort	
		letter) or any third parties may place on the comfort letter	
		other than for the purpose for which it was issued;	
i	245 Z - 5		
	(l)<u>(n)</u>	_A statement that the auditor is not responsible for the	
		sufficiency of all the procedures performed by the auditor;	
1	$(\mathbf{m})(\mathbf{o})$	A statement that the comfort letter is restricted to the	
I	(111) (0)	addressees of the letter and is to be used only in connection	
		with the stated purpose of the letter.	
	(n) (p)	_A statement that the engagement was performed in	
		accordance with this AŠĂE.	
ASAE	XXX	- 41 -	



ASAE XXX

- 42 -

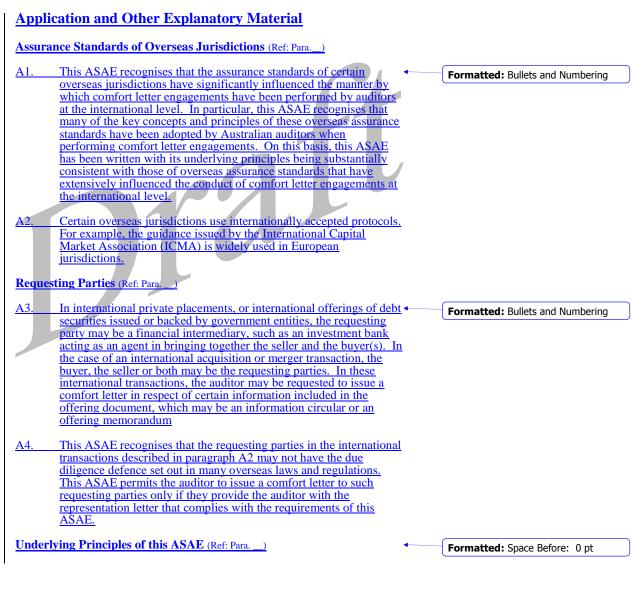
Subsequent Events

l	6355 In connection with giving consent, and where required under the	Formatted: Bullets and Numbering
	applicable laws or regulations, or standards of the overseas jurisdiction, the auditor shall:	
	 (i)(a) perform procedures on subsequent events¹⁰; and (ii)(b) determine any implications such events may have on the auditor's audit report included in the offering document, and the comfort letter. 	Formatted: Indent: Left: 1.48 cm, Hanging: 1.06 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 2.54 cm + Tab after: 3.17 cm + Indent at: 3.17 cm, Tab stops: Not at
ļ	6456 The auditor shall consider their audit risk assessment in determining • the nature and extent of the subsequent events procedures.	3.17 cm
		Formatted: Bullets and Numbering
	Documentation	
l	6557 The auditor shall prepare documentation on a timely basis of all matters that provides sufficient appropriate evidence to support:	Formatted: Bullets and Numbering
	 (a) the limited assurance conclusion expressed in the comfort letter and/or the report on factual findings; and (b)that the comfort letter engagement was performed in accordance with this ASAE. 	Formatted: Indent: Left: 1.27 cm, Hanging: 1.27 cm, Numbered + Level: 1 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left + Aligned at: 3.16 cm + Tab after: 3.79 cm + Indent at: 3.79 cm, Tab stops: Not at 3.79 cm
	***	Formatted: Bullets and Numbering

ASAE XXX

- 43 -

¹⁰ See ASA 560 Subsequent Events for a discussion of subsequent events procedures on audit engagements, which may be helpful in determining the extent and nature of subsequent events procedures on comfort letter engagements.



ASAE XXX

- 44 -

<u>A5.</u>		litor lends credibility to the information that forms part of the	Formatted: Bullets and Numbering
		matter of the engagement and the comfort letter. It is recritical that the statements of the auditor in the comfort	
		late only to matters to which the auditor has professional	
		ence. It would be inappropriate for the auditor to include	
		nts in the comfort letter relating to information subject to terpretation, or information that requires scientific	
		tation such as engineering data.	
<u>Knowl</u>	edge of 1	nternal Control Over Financial Reporting (Ref: Para.)	
<u>A6.</u>		litor is required to have adequate knowledge of the entity's	Formatted: Bullets and Numbering
		control over financial reporting, regardless of whether the is requested to perform limited assurance procedures or	
		d assurance procedures.	
<u>A7.</u>		<u>I not be appropriate for the auditor to perform procedures on</u>	
		al information relating to a period for which they did not have dge of the entity's internal control over financial reporting.	
	This is	particularly true in circumstances where the auditor is an	
		ng auditor and the offering document included financial	
		tion from reporting periods where the entity was audited by tor other than the incoming auditor.	
	<u>an auur</u>	of other than the meeting author.	
		lures Performed in Comfort Letter Engagements	
<u>(Ref: Par</u>	<u>ra.)</u>		
A8.		t letter engagements, by their nature and scope of procedures	Formatted: Bullets and Numbering
	perform	ned, are ordinarily a combination of:	()
	(a)	limited assurance procedures that enable the auditor to	
	<u>(u)</u>	express a limited assurance conclusion on certain financial	Formatted: ParaLevel2, Indent: Left: 1.27 cm, Hanging: 1.27 cm,
		information included in the offering document. For	Numbered + Level: 2 + Numbering
		example, the auditor is ordinarily requested to perform	Style: a, b, c, + Start at: 1 +
		limited assurance procedures and express a limited assurance conclusion on the unaudited interim financial	Alignment: Left + Aligned at: 1.9 cm + Tab after: 3.16 cm + Indent at: 3.16
		statements included in the offering document;	cm, Tab stops: Not at 3.16 cm
	(b)	specified assurance procedures determined by the	
	<u>(b)</u>	requesting parties in respect of selected financial	
		information during the change period. As a result of these	
		procedures, the auditor makes a statement in the comfort	
		letter as to whether anything has come to their attention relating to any changes, increases or decreases in the	
		relating to any changes, increases of decreases in the	

ASAE XXX

- 45 -

	selected financial information during the change period; and	
<u>(</u>	c) specified assurance procedures determined by the requesting parties in respect of other information included in the offering document, which result in the auditor reporting on factual findings.	
	the auditor is not responsible for determining the nature and extent f procedures in a comfort letter engagement. The responsibility for etermining the sufficiency of the procedures performed by the uditor rests solely on the requesting parties, ordinarily the nderwriter in an international public offering.	
Subseque	nt Changes (Ref: Para.	Formatted: Font: 8 pt, Not Bold
A10. T	he auditor may be requested to perform specified assurance	Formatted: Font: 9 pt, Not Bold
	rocedures on selected financial information during the change eriod. The purpose of these specified assurance procedures is to etermine whether there are changes, increases or decreases in the elected financial information during the change period, such as hanges in the share capital, increases in long-term debt or decreases in net current assets that occur during the change period. They may lso relate to decreases in net sales during the change period as ompared to the corresponding period in the preceding year. The	Formatted: Bullets and Numbering
a	uditor does not comment and provide any assurance on the reasons or the changes in the selected financial information.	
fi	The assurance procedures that the auditor performs on selected inancial information during the change period, as specified by the equesting parties, ordinarily include:	
<u>(</u>	a) reading of minutes of meetings of shareholders and those charged with governance during the change period;	
<u>(</u>	b) reading of the unaudited or unreviewed financial statements for the change period; and	
<u>(</u>	c) enquiry of those charged with governance and its officials who have responsibility for financial reporting matters, as to whether such financial statements have been prepared in accordance with the applicable financial reporting framework used by the entity in preparing and presenting the audited financial statements included in the offering document.	
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ASAE XXX

- 46 -

Non-financial information (Ref: Para. ___)

A12.	The auditor does not ordinarily provide comments in the comfort
	letter regarding non-financial information. In rare circumstances,
	however, the auditor may agree to perform specified assurance
	procedures and report on factual findings on non-financial
	information. In these circumstances, the auditor needs to exercise a
	high degree of professional judgement to determine whether they are
	<u>able to do so.</u>
A13.	The auditor has to bear in mind that when reporting factual findings
	on the non-financial information in the comfort letter, the auditor
	adds a measure of credibility to such information. In most
	circumstances, the auditor may be requested to perform mechanical
	procedures on the non-financial information, such as counting,
	measuring, or observing. The auditor performing the mechanical
	procedures and reporting on factual findings based on such
	procedures may be unnecessary, as the requesting parties can obtain
	the same level of comfort by performing the procedures themselves.
A14.	Examples of non-financial information on which statements from
	the auditor in the comfort letter may be inappropriate are the
	proposed use of proceeds from the offering and measurement of
	floor area of the manufacturing facilities.
	noor area of the manufacturing facilities.

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- 47 -



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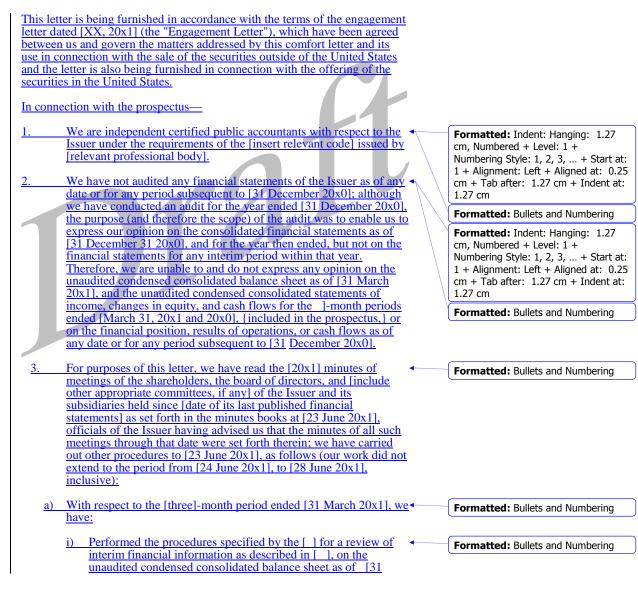
- 48 -

APPENDIX 1

AIT LINDIA I	
Example Comfort Letter	
The following illustrative letter represents an example comfort letter that can be tailored for specific engagement circumstances.	
Illustration 1: The offering involves the public securities offering in the United States of America.	
<u>30 June 20X1</u>	Formatted: Not Highlight
The Directors [Company Limited]	
[Sponsors/Managers Limited] [Addressee]	
Dear Sirs:	
We have audited the consolidated balance sheets of [Company Limited] (the Issuer) and subsidiaries as of [_], and the consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended [31 December 20x0], and the related financial statement schedules all included in the prospectus entitled [_] and dated [_]. Our reports with respect thereto are also included in that prospectus [or our reports with respect thereto (which contain an explanatory paragraph that describes [describe limitation]) are also included in the prospectus]. The prospectus, as amended on [30 June 20x1], is herein referred to as the prospectus.)	
This letter is being furnished in reliance upon your representation to us that:	
 a) You are knowledgeable with respect to the due diligence review process that would be performed if this placement of securities were being registered pursuant to the Securities Act of 1933 (the Act). 	Formatted: Bullets and Numbering
b) {In connection with the offering of bonds, the review process you have performed is substantially consistent with the due diligence review process that you would have performed if this placement of securities were being registered pursuant to the Act.}	

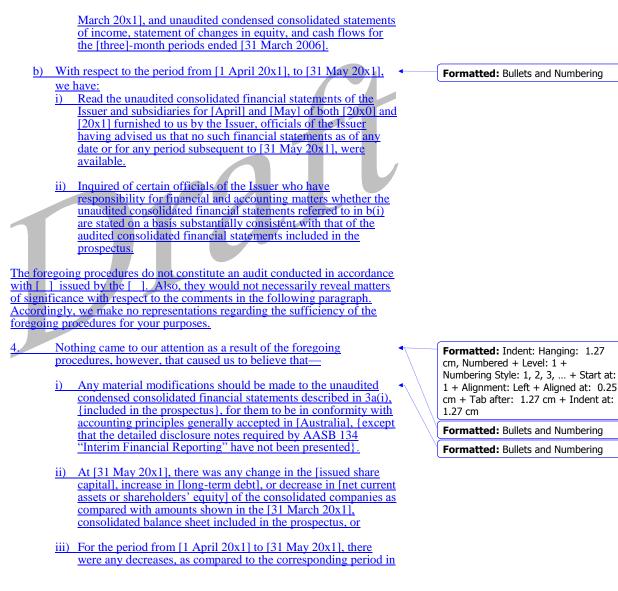
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- 49 -



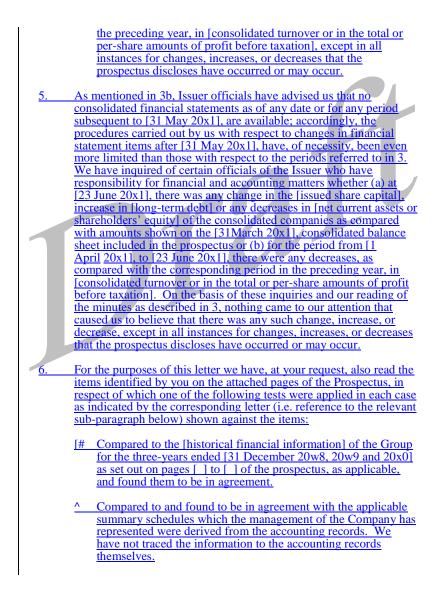
ASAE XXX

- 50 -



ASAE XXX

- 51 -



ASAE XXX

- 52 -

	π Recomputed the percentages/ratios etc. and found them to be
	arithmetically accurate. We make no representation as to the
	appropriateness of the rate applied.]
F	or purposes of the above symbols, the following definitions apply:
	• The phrase "compared" means compared and found to be in
	agreement unless otherwise noted. Such agreed amounts or
	percentages are deemed to be in agreement if differences are
	attributable to rounding.
	The phrase "recomputed" means recalculated to determine
	mathematical accuracy and compared the result to the amount
	shown and found the amounts to be in agreement unless
	otherwise noted. Such recomputed amounts or percentages are deemed to be in agreement if differences are attributable to
	rounding.
	<u>rounding.</u>
7.	Our audit of the consolidated financial statements for the periods
	referred to in the introductory paragraph of this letter comprised
	audit tests and procedures deemed necessary for the purpose of
	expressing an opinion on such financial statements taken as a whole.
	For none of the periods referred to therein, or any other period, did
	we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected
	transactions such as those enumerated above, and, accordingly, we
	express no opinion thereon.
	<u>express no opinion dicteon.</u>
8.	It should be understood that we make no representations regarding
	questions of legal interpretation or regarding the sufficiency for your
	purposes of the procedures enumerated in paragraph 6; also, such
	procedures would not necessarily reveal any material misstatement
	of the amounts or percentages listed above. Further, we have
	addressed ourselves solely to the foregoing data as set forth in the
	prospectus and make no representations regarding the adequacy of disclosure or regarding whether any material facts have been
	omitted.
	<u>omitted.</u>
9.	ABC Partners is a world-wide organisation of separate individual
~ •	partnerships and companies. This comfort letter is between you and
	this firm only. In the course of providing the services referred to in
	this letter this firm may, at our discretion, have drawn on the
	resources of other ABC Partners member partnerships or companies
	("other ABC Partners firms"). Except as stated below, any partner,
	director or employee of any other ABC Partners firm who deals with

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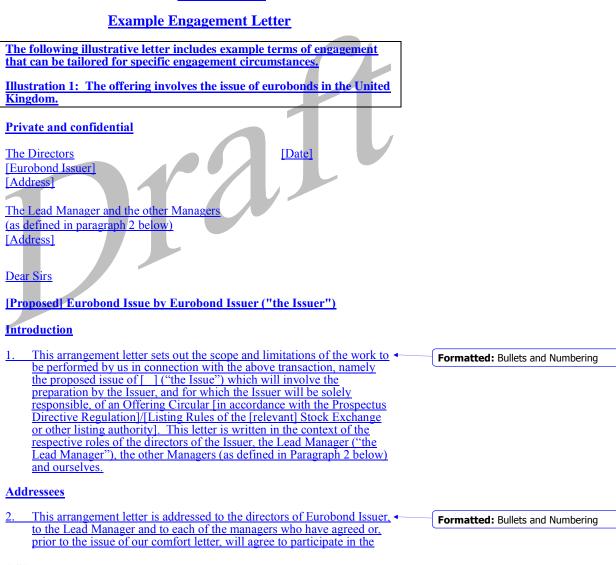
- 53 -

	you in connection with the services does so on behalf of the firm alone. This firm accepts responsibility for the actions of any
	partner, director or employee of any other ABC Partners firm
	assisting in the provision of the services. The terms of this letter and
	any action pursuant to it shall be additional to and shall not detract
	from or change in any way any legal rights (whether in contract or
	tort or otherwise) which any party to this letter may otherwise have
	acquired as a result of fraudulent or dishonest actions or inactions by
	any other ABC Partners firm or any partners, directors or employees
	thereof.
	_
10.	The provisions of paragraph [9] are stipulated by this firm expressly
	for the benefit of other ABC Partners firms, their partners, directors
	and employees (together "the beneficiaries"). The Issuer and the
	underwriters agree that each of the beneficiaries shall have the right
	to rely on that paragraph as if they were parties to this letter. Each
	ABC Partners firm which agrees to assist in the provision of the
	services does so in reliance on the protections afforded to it by
	paragraphs [9 and 10], the benefit of which we formally accept on their babalf
	their behalf.
11.	This letter should not be relied on as if the procedures documented
11.	herein have been performed in accordance with the standards and
	practice of any professional body in any jurisdiction other than the
	professional standards applicable in the [Australia].
	protostonal ovalidad os approvoro in are prioritanajo
12.	This letter is solely for the information of the addressees and to
	assist the underwriters in conducting and documenting their
	investigation of the affairs of the Issuer in connection with the
	offering of the securities covered by the prospectus, and it is not to
	be used, circulated, quoted, or otherwise referred to within or
	without the underwriting group for any purpose, including but not
	limited to the registration, purchase, or sale of securities, nor is it to
	be filed with or referred to in whole or in part in the prospectus or
	any other document, except that reference may be made to it in the
	underwriting agreement or in any list of closing documents
	pertaining to the offering of the securities covered by the prospectus.
	Yours truly
	<u>roub turj</u>
	Partner_

ASAE XXX

- 54 -

APPENDIX 2



ASAE XXX

- 55 -

proposed Issue and who have or, prior to the issue of our comfort letter, will have validly authorised the Lead Manager to sign this arrangement letter on their behalf. Their legal names are set out in Appendix 1 to this arrangement letter and, together with the Lead Manager, are referred to in this arrangement letter as "the Managers" 3. By signing and accepting the terms of this arrangement letter, the Lead Manager confirms that it will ensure that it receives prima facie authority from each Manager identified in Appendix 1 authorising it to enter into this arrangement letter on the relevant Manager's behalf. However, the Lead Manager makes no representation as to whether such prima facie authority actually confers the necessary authority. Up to the date of the relevant comfort letter, a Manager may be added to Appendix 1 by the Issuer or by the Lead Manager by written notice to us and the Issuer or the Lead Manager. A Manager may also be deleted from Appendix 1 where the Manager withdraws from the Issue and/or advises the Lead Manager that it does not wish to receive the benefit of the comfort letter or for this arrangement letter to be signed on its behalf or where the Lead Manager does not receive authority to sign this arrangement letter on behalf of the relevant Manager. The revised managers shall then, together with the Lead Manager, be referred to in this arrangement letter as "the Managers" **Comfort Letter** The Lead Manager confirms that, in connection with the proposed Issue, + it is aware of guidance relating to due diligence issued by the International Capital Market Association from time to time, which will be followed by it in connection with the proposed issue. Our comfort letter will be provided to the addressees of this letter solely 6. in the context of the due diligence procedures that you undertake, or procure to be undertaken, pursuant to the guidance referred to in Paragraph 5 above in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding in connection with the contents of the Offering Circular. Accordingly our comfort letter will be addressed to you for that purpose and may not be relied on by you for any other purpose. For the avoidance of doubt and subject to the limitations or exclusions 7 which are contained in or referred to in Paragraphs 8, 9, 27, 32 and 33 of this letter, nothing in this letter shall preclude the Managers from obtaining compensation from us in respect of any liability that the

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ASAE XXX

- 56 -

	Managers incur to an investor arising out of the contents of the Offering
	Circular to the extent that such liability arises because the work
	undertaken pursuant to this arrangement letter or the comfort letter was
	undertaken negligently.
<u>8.</u>	Any comfort letter issued pursuant to this arrangement letter will not
	have been provided in accordance with the professional standards of the US American Institute of Certified Public Accountants and accordingly
	should not be relied upon in connection with any obligations or
	responsibilities that you may have under any legislation, regulations
	and/or rule of law in the United States and, in the event of any such use
	in the United States, we accept no responsibility in this regard.
~	
<u>9.</u>	Our work and findings shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or
	recommendations (and we accept no hability in relation to any advice of recommendations) regarding any commercial decisions associated with
	the Issue, including, in particular, but without limitation, any which may
	be taken by the Managers (or any person connected to the Managers or
	any one of them) in the capacity of investor or in providing investment
	advice to their clients.
10.	Our comfort letter will be provided solely for your private information
10.	and should not be used for any purpose other than as set out in
	Paragraph 6. Our comfort letter may not be referred to in any other
	document (except that reference may be made to its existence in any
	contract or other communication between the Issuer and/or the
	Managers, and/or ourselves), nor made available to any other party
	(except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the
	Managers).
	<u></u>
<u>11.</u>	
	comfort letter to your professional advisers or as may be required by
	law or regulation, and/or referring to and/or producing our comfort letter in court proceedings relating to the Issue or the Offering Circular.
	Provided that you first obtain our prior written consent, you may
	disclose our comfort letter to third parties where to do so would
	reasonably be necessary in the interest of a resolution of a dispute with
	that third party.
12.	Other than to those who have validly accepted this arrangement letter,
14.	we will not accept any responsibility to any party to whom our comfort
	letter is shown or into whose hands it may come.

ASAE XXX

- 57 -

<u>13.</u>	
	letter on the basis of this arrangement letter.
Wo	rk and Procedures
<u>14.</u>	Our work will, where appropriate, be conducted in accordance with [ASAE 3XXX Comfort Letters for Requesting Parties in Connection with International Offerings and Similar International Transactions J. In other jurisdictions, standards and practice relevant to reporting accountants may be different and may not provide for reporting in the manner contemplated herein. Accordingly, our report should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.
<u>15.</u>	We have not carried out an audit examination in accordance with any generally accepted auditing standards of any financial information
	relating to the Issuer for any period subsequent to [date of last audited financial report]. The procedures we will use to perform the work set out in this arrangement letter will not constitute an audit or review made in accordance with any generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information referred to below.
<u>16.</u>	The procedures that we plan to conduct have been discussed between
	and agreed by the Issuer, the Lead Manager and us and will be recorded in the comfort letter itself. If during the course of carrying out such procedures as are planned and agreed upon under this letter, and solely as a result of information provided to us in so doing, we conclude that there has been any withholding, concealment or misrepresentation in relation to such information, (or otherwise we conclude that such information contains an inconsistency which clearly indicates that there may have been such a withholding, concealment or misrepresentation), we will discuss with you whether further procedures can be designed to seek to resolve the matter. Where such procedures are agreed between us, we will carry them out and amend the comfort letter accordingly.
<u>17.</u>	We will only carry out those verification procedures expressly provided for in the comfort letter. Accordingly, we make no representations as to the sufficiency for your purposes of such procedures and, therefore, our responsibility shall be limited to performing the work agreed upon in this arrangement letter and/or recorded in the comfort letter with due skill, care and attention. If we were to perform additional procedures or if we were to conduct an audit or review of the financial statements of the Issuer in accordance with auditing standards generally accepted in

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ASAE XXX

- 58 -

[the relevant country], other matters might come to our attention which we would report to you. The procedures to be performed by us should not be taken to supplant any additional enquiries or procedures that may be appropriate in the performance of your role under the proposed offering. In relation to the contents of the Offering Circular, we will address 18. ourselves solely to such financial information in the Offering Circular as is identified in the comfort letter and we will make no representations as to the adequacy of disclosure in the Offering Circular or as to whether any material facts have been omitted by the Issuer. Any opinions expressed on financial information outside the context of 19. this arrangement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this arrangement letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired. whether in contract or in tort, in connection with our audits of the financial statements of the Issuer. Save as may be expressly recorded in the comfort letter, we do not 20. accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue. **Contents of the Comfort Letter** We will prepare and expect to issue a comfort letter addressed to the 21. Issuer and the Managers in connection with their due diligence enquiries in connection with the contents of the Offering Circular on the basis described above. [Based upon our present understanding of your requirements we expect to be able to provide you with a comfort letter substantially in the form contained in Appendix 3, setting out the procedures that we expect to carry out prior to issuing our comfort letter.] Your acceptance of our comfort letter in final form constitutes your agreement to the scope and extent of such procedures. 22. We would be grateful if you would review the draft comfort letter that we expect to be able to provide you with and let us have any amendments you propose to the procedures as soon as possible, so that we can provide you with a revised draft for your further consideration and approval.]

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ASAE XXX

- 59 -

23. Once an advanced draft of the Offering Circular is available and you
have identified, and we have agreed, the detailed financial information
whose extraction or calculation you require to be covered in the comfort
letter, we will provide you with a further revised draft of the comfort letter for your approval of its scope prior to finalisation.]
ietter for your approvar of its scope prior to finalisation.
24. For the avoidance of doubt, we will not comment on, or otherwise give
comfort in relation to, the prospects or trading position or, save as
expressly stated in the comfort letter, comment on or provide any
opinion or other conclusion as to the current overall financial position of
the Issuer.
Drafts
25. During the course of the arrangement we may show drafts of, or report
orally on, our comfort letter to you. In so far as any such draft or oral
report is inconsistent with the subsequent final comfort letter, it will be
deemed to be superseded by such final comfort letter.
Audit Opinion
26. The Issuer may not include our audit opinion in the Offering Circular Formatted: Bullets and Numbering
without our prior written approval.
Meetings
27. It [will be] [has been] necessary for us to receive copies of the draft Formatted: Bullets and Numbering
Offering Circular as it [is] [was] produced and it [may be] [has been]
necessary for us to attend meetings (including, but not limited to,
meetings with the Issuer, and its directors and/or employees, and the
Lead Manager and its employees or agents) at which the Offering Circular [is] [has been] discussed and drafted or at which other related
matters [are] [have been] discussed. We [shall answer] [have answered]
gueries raised at such meetings on an informal basis but you should
neither act nor refrain from acting on the basis of such informal answers
unless and until they are confirmed in writing by us, whether in the final
comfort letter or otherwise. In the absence of such written confirmation,
we shall have no liability to you in contract or in tort (including
negligence) for our answers.
28. Unless otherwise specifically agreed between the parties, we are
authorised by the Issuer to speak to the Managers and other professional
advisers advising on the proposed Issue. In connection with our work
pursuant to this arrangement letter, we may release to the Managers and
such other professional advisers any information relating to the Issuer,
ASAE XXX - 60 -

whether confidential or not and obtained during the course of our work or otherwise and shall not be liable to the Issuer for any use subsequently made of that information.

Timetable

29. [We will endeavour to carry out our work in accordance with a timetable to be agreed between all parties that will satisfy the requirements of the Issue.]. We [intend to provide] [are providing] you with our comfort letter on the date of the final Offering Circular relating to the Issue and to provide you with an updating comfort letter or to reissue our comfort letter on the date of closing of the Issue. [We will discuss with you any difficulties we encounter with this arrangement or with meeting the timetable as soon as any problems arise.]

Applicable law and jurisdiction

30. This arrangement letter shall be governed by, and construed in accordance with, [specify country (other than the US) whose laws govern the Subscription Agreement] law. The Courts of [specify country (other than the US) whose laws govern the Subscription Agreement] shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the arrangement letter or any comfort letter and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to elaim that those Courts do not have jurisdiction.

Fees

31. Our fees will be the responsibility of and will be paid by the Issuer.

Other Terms and Conditions

32. In no circumstances shall we be liable, other than in the event of our bad faith or wilful default, for any loss or damage, of whatsoever nature, arising from information material to our work being withheld or concealed from us or misrepresented to us by the directors, employees, or agents of the Issuer or any other person of whom we may make enquiries, unless detection of such withholding, concealment or misrepresentation should reasonably have been expected because the fact of such withholding, concealment or misrepresentation was evident without further enquiry from the information provided to us or required to be considered by us pursuant to the procedures finally agreed upon under this letter. This clause, and any assessment of our work made

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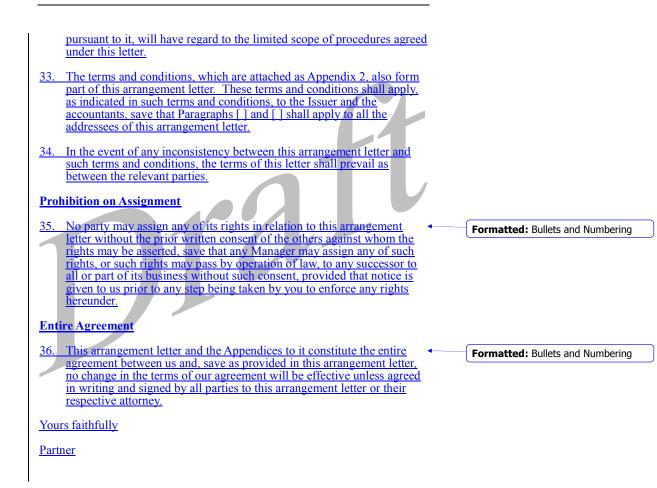
- 61 -

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ASAE XXX

- 62 -

Acknowledgement and Acceptance

We acknowledge receipt of this letter and agree with the terms of your engagement set out therein:

Director Date for and on behalf of Issuer

Director Date for and on behalf of Lead Manager

ASAE XXX

- 63 -

Appendix 1

Names of the Managers

(Subject always to compliance with the requirements of Paragraph 2 of the arrangement letter)

Appendix 2

[Insert terms of business]

Appendix 3

[Text of the Draft Comfort Letter]

This draft is furnished solely for the purpose of indicating the form of letter that we would expect to be able to provide pursuant to this arrangement letter, the matters expected to be covered in the letter, and the nature of the procedures that we would expect to carry out with respect to such matters. The procedures outlined in this draft letter have been discussed between and agreed by the Issuer, the Lead Manager and us. Unless further procedures are agreed, we shall assume that there are no additional procedures for us to follow. The text of the letter itself will depend, of course, on the results of the procedures, which we would not expect to complete until shortly before the letter is given and in no event before the cut-off date indicated therein.

ASAE XXX

- 64 -