Agenda Item 6.2 AUASB Meeting 25 July 2011 Marked Up Version

EXPOSURE DRAFT

ASAE 34XX

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This document contains draft proposals to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions and/or proposals to be

**Proposed Standard on** 

**Assurance Engagements** 

<u>Auditors'</u>Comfort Letters <del>for</del> <del>Requesting Parties in</del>

DISCLAIMER

ection with International

<del>Similar</del>

**Transactions** 

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### **Commenting on this Exposure Draft**

Comments on this Exposure Draft should be forwarded so as to arrive by no later than 31 October 2011. Comments should be addressed to:

The Chairman Auditing and Assurance Standards Board PO Box 204 Collins Street West Melbourne Victoria 8007 AUSTRALIA E-mail: edcomments@auasb.gov.au

A copy of all non-confidential submissions will be placed on public record on the AUASB website: www.auasb.gov.au.

# **Obtaining a Copy of this Exposure Draft**

This Exposure Draft is available on the AUASB website: www.auasb.gov.au.

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ISSN 1030-603X

ED XX/11

- 2 -

EXPOSURE DRAFT

# CONTENTS

Application	. 1
Operative Date	. 2
Introduction	
Scope of this Standard on Assurance Engagements	. 3-9
Effective Date	. 10
Objectives	11
Definitions	. 12
Requirements	
Ethical Requirements	13
Quality Control	. 14
Inability to Comply with this ASAE's Requirements	. 15-16
Professional Scepticism	. 17
Professional Judgement	
Prior auditors	. 19
Incoming auditors	. 20
Performing the Engagement in Accordance with another Jurisdiction's Standard	. 21
Engagement Acceptance	. 22-25
Agreeing on the Terms of the Engagement	26-30
Changes in the Terms of the Engagement	31-34
Planning the Engagement	. 35-37
Performing the Engagement	38-46
Evaluating the Sufficiency and Appropriateness of Evidence Obtained	. 47
Written Representations	48-1
Subsequent Events	. 1
Bring Down Comfort Letter	. 1
Forming the Assurance Conclusion	. 56-57
ED XX/11 - 3 - EXF	OSURE DRAFT

Completing Requesting Parties Specified Procedures	58
Preparing the Comfort Letter	59-67
Preparing the Bring Down Comfort Letter	68-69
Consent to the Inclusion of the Auditor's Previously Issued Report on a Financial Report in the Offering Document	1-72
Documentation	73
Application and Other Explanatory Material	
Incoming Auditors	A1
Engagement Acceptance	A2-A1
Changes in the Terms of the Assurance Engagement	A13-A1
Planning the Engagement	A17-A18
Planning the Engagement Performing the Engagement	A1-A1
Evaluating the Sufficiency and Appropriateness of Evidence Obtained	A25-A1
Written Representations	A28-A31
Subsequent Events	A32-A35
Forming the Assurance Conclusion	A36
Preparing the Comfort Letter	A37-A1
Consent to the Inclusion of the Auditor's Report on a Financial Report in the Offering Document	A1
Conformity with International Standards on Assurance Engagements	
Appendices	
<ol> <li>Example Engagement Letter – U.S Style</li> <li>Example Engagement Letter – Non U. S Style</li> <li>Example Representation Letter – <u>Responsible party</u></li> <li><u>Example Representation Letter – Requesting parties</u></li> <li><u>Example Representation Letter – Bring Down Comfo</u></li> <li><u>Example Comfort Letter – U.S Style</u></li> <li><u>Example Comfort Letter – Non U.S Style</u></li> <li><u>Example Auditor's Letter – No Representation Letter</u></li> <li><u>Example Bring Down Comfort Letter</u></li> </ol>	

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# PREFACE

# **Reasons for Issuing ED XX/11**

The AUASB issues Standard on Assurance Engagements ASAE 34XX <u>Auditors'</u> Comfort Letters 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 other purposes.

ED XX/11

- 5 -

# **Main Proposals**

This proposed Standard on Assurance Engagements establishes requirements and provides application and other explanatory material <u>for undertaking and</u> reporting in comfort letter engagements that have assurance and nonassurance elements provided in respect of financial and information prepared by the entity in an offering.regarding TypeHeres.

# **Proposed Operative Date**

It is intended that this proposed Standard on Assurance Engagements will be operative for international offerings and similar international transactions that commence comfort letter engagements commencing on or after 1 January 2012.

# New Standard on Assurance Engagements

This proposed Standard on Assurance Engagements is a new pronouncement of the AUASB and accordingly does not supersede a pre-existing Standard on Assurance Engagements.

# **Request for Comments**

Comments are invited on this Exposure Draft of the proposed -issuance of ASAE 34XX <u>Auditors'</u> Comfort Letters by no later than 31 October 2011. The AUASB is seeking comments from respondents on the following questions:

- 1. Have applicable laws and regulations been appropriately addressed in the proposed standard?
- 2. Are there any references to relevant laws or regulations that have been omitted?
- 3. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?
- 4. What, if any, are the <u>additional</u>-significant costs to/benefits for auditors and the business community arising from compliance with the Requirements of this proposed Auditing Standard? If there are significant costs, do these outweigh the benefits to the users of audit services?

ED XX/11

- 6 -

5. Are there any other significant public interest matters that constituents wish to raise?

The AUASB prefers that respondents express a clear opinion on whether the proposed Standard on Assurance Engagements, as a whole, is supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on the above matters. The AUASB regards both supportive and critical comments as essential to a balanced review of the Standard on Assurance Engagements.

ED XX/11

- 7 -

# AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates this Standard on Assurance Engagements ASAE 34XX <u>Auditors'</u> Comfort Letters 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 <u><TypeNo> <TypeTitle></u>,<u>ASA 100 Preamble to AUASB Standards</u>, which sets out the intentions of the AUASB on how the AUASB Standards are to be understood, interpreted and applied.

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M H Kelsall Chairman - AUASB

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- 8 -

# STANDARD ON ASSURANCE ENGAGEMENTS ASAE 34XX

# **<u>Auditors'</u>**Comfort Letters

### Application

1. This Standard on Assurance Engagements applies to <u>assurance</u> 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.relating to the preparation of a comfort letter by the auditor of an entity in respect of certain financial and/or other nonfinancial information prepared by the entity's responsible party for issuance to certain parties in connection with -a debt or equity offering.offerings

### **Operative Date**

2. This Standard on Assurance Engagements is operative for <u>comfort</u> <u>letter engagements commencing</u> on or after 1 January 2012.

### Introduction

Scope of this Standard on Assurance Engagements

3. This ASAE deals with the responsibilities\_of the auditor of an entityan entity'sauditor of an Australian incorporated entity in engagements where the auditor has been when requested to prepare and issue a comfort letter to certain by an underwriter and other requesting certain parties in connection with an international offerings and similar international transactions. These parties may be external to the entity or another auditor, in the case of an entity that is part of a group.

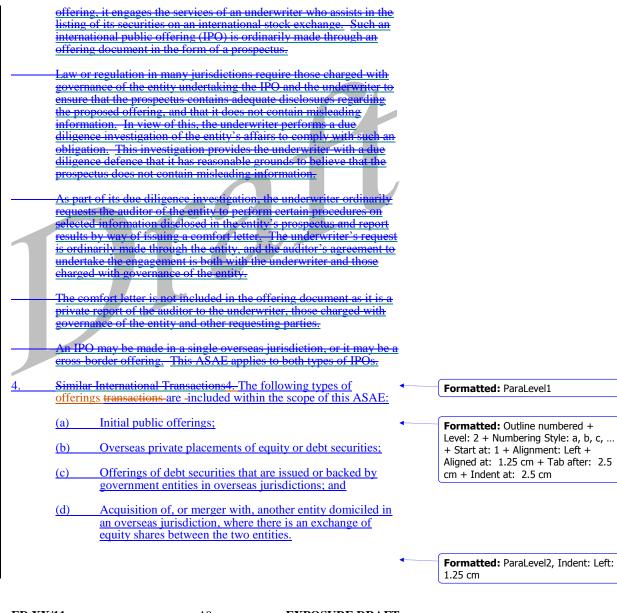
International Offerings and Similar International Transactions Covered by this ASAE Types of offerings covered by this ASAE

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

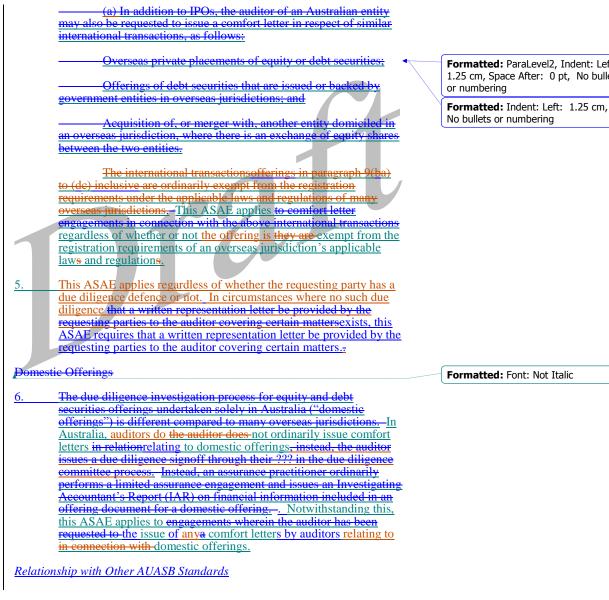
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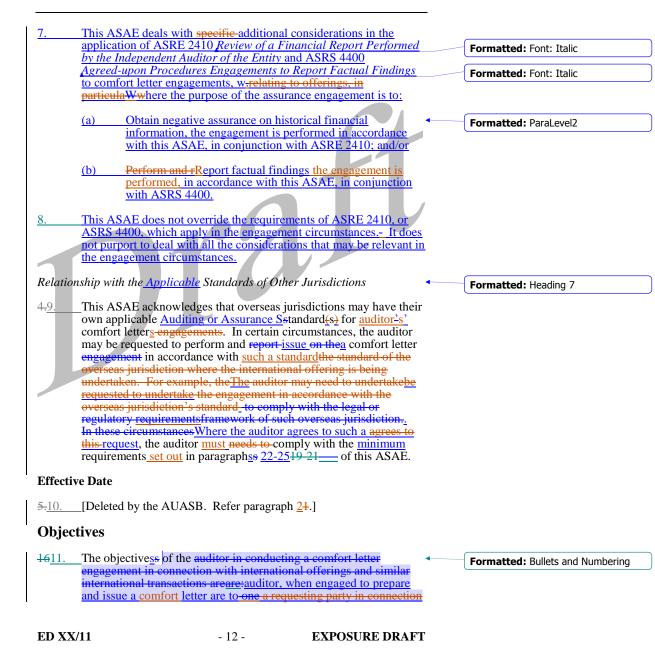


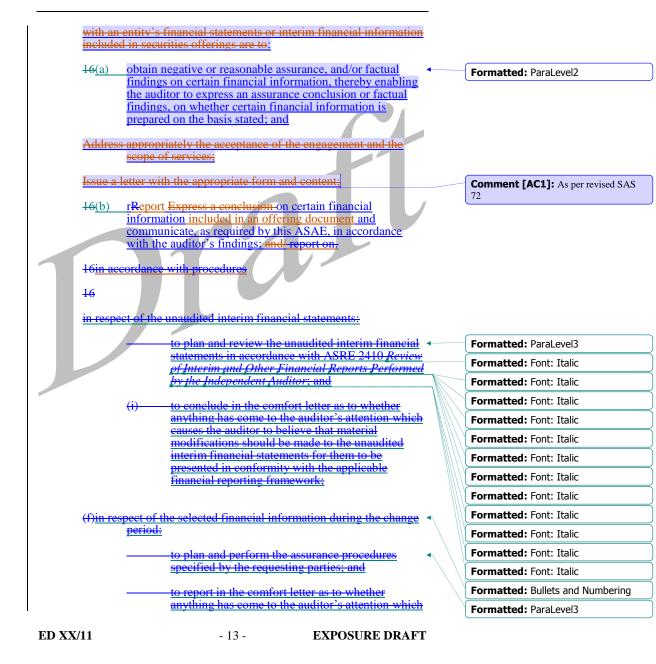
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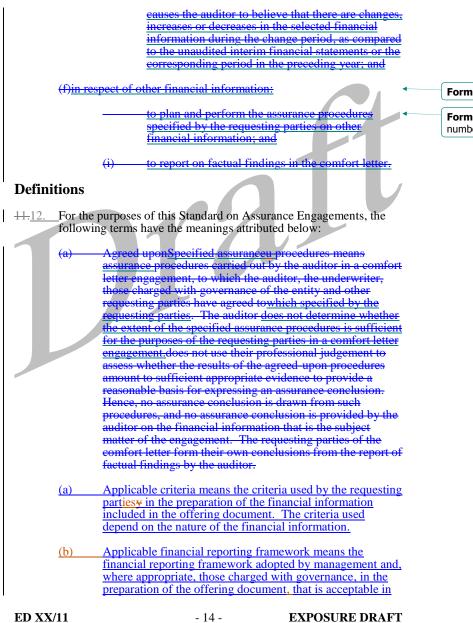
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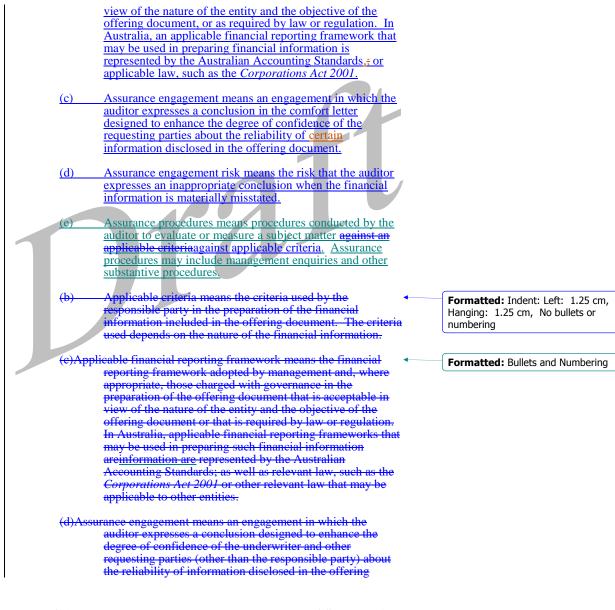






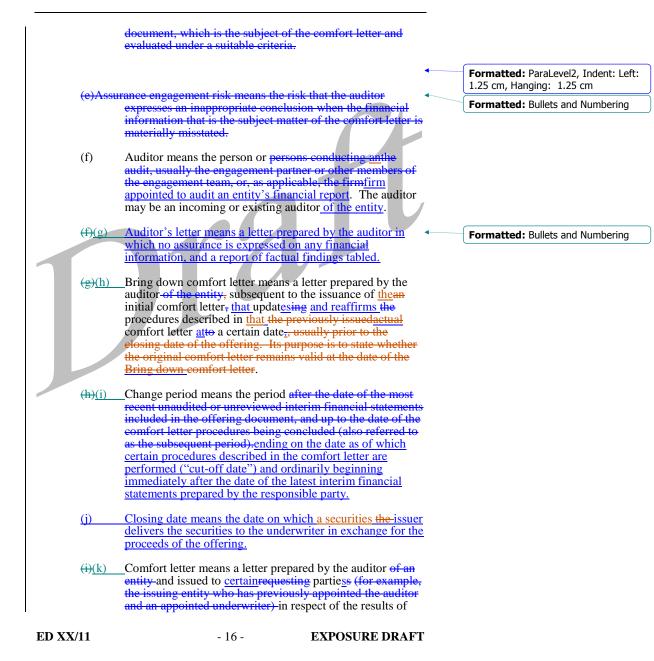
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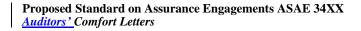
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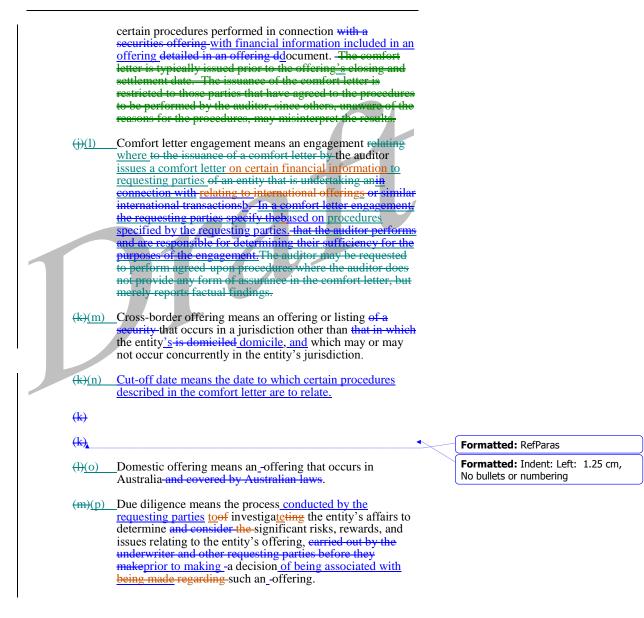


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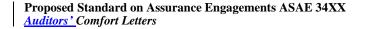


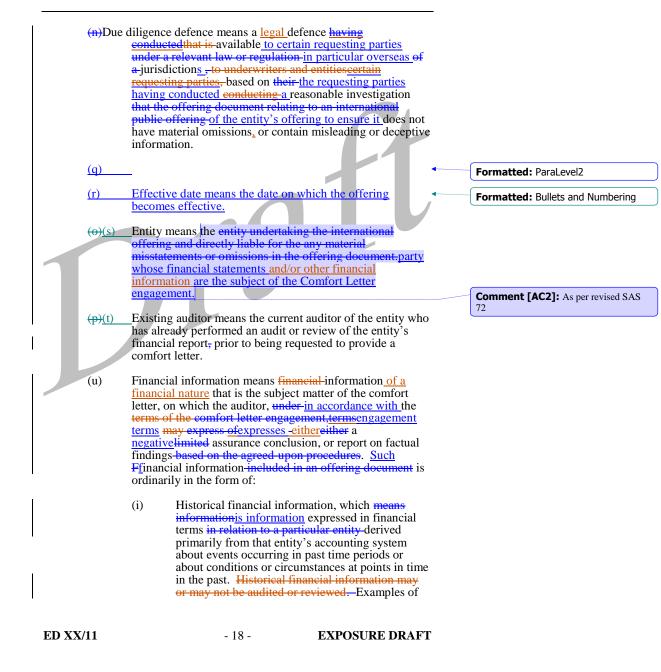


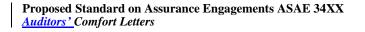


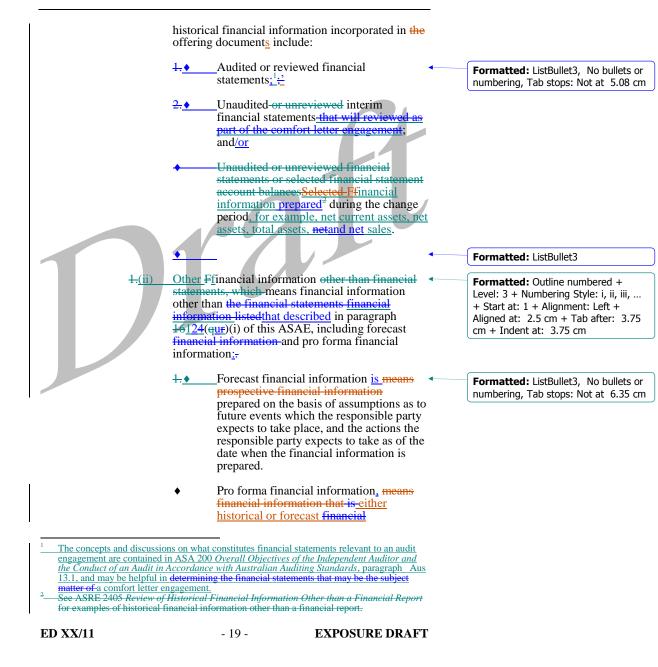
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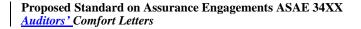
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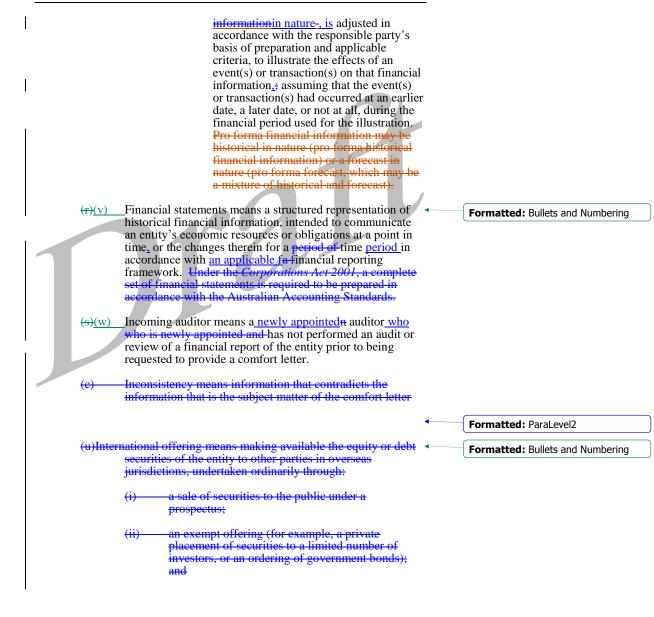






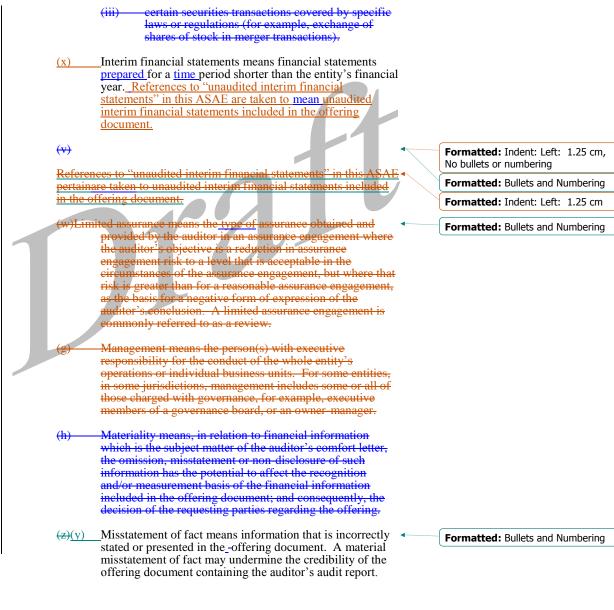


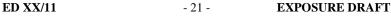


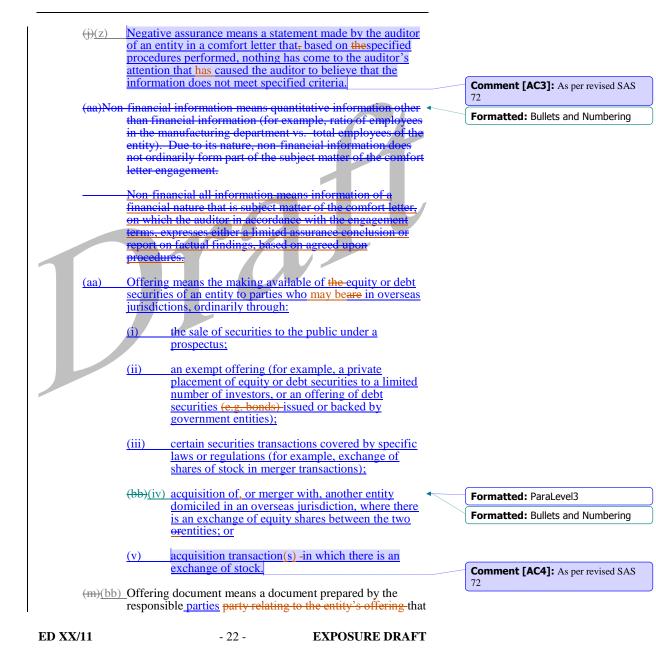


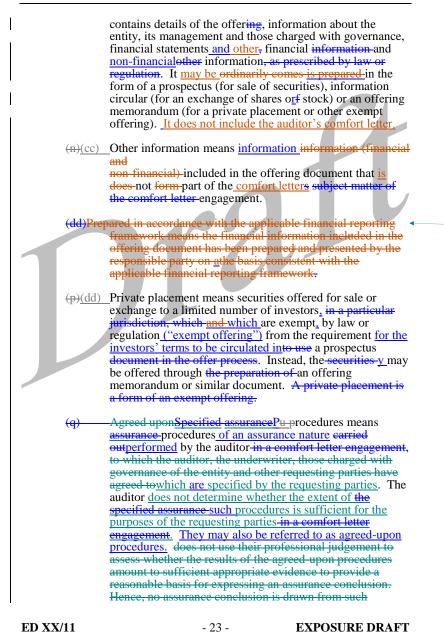
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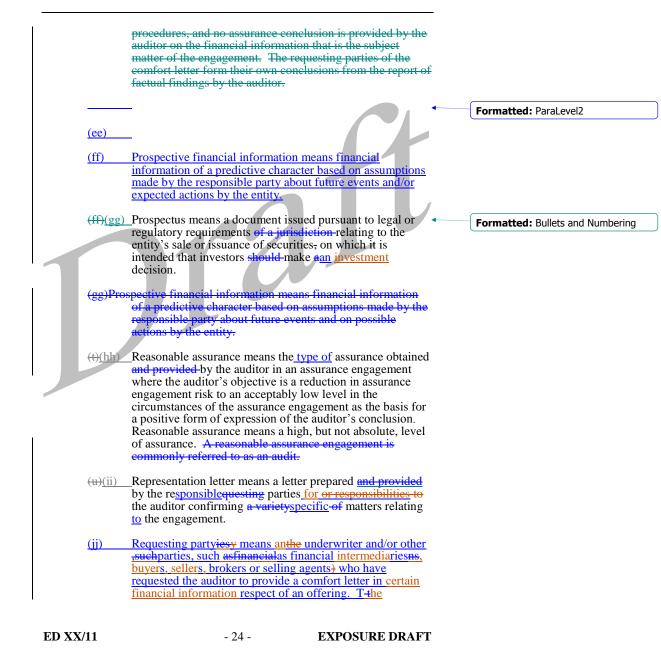


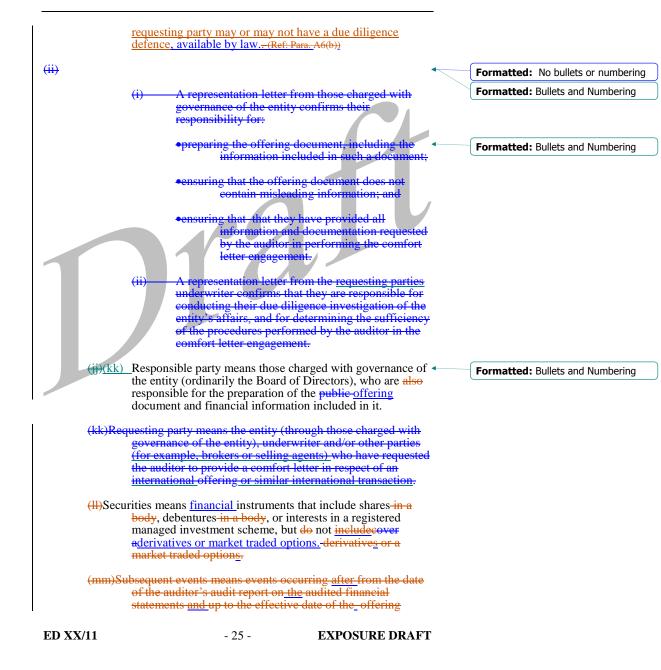


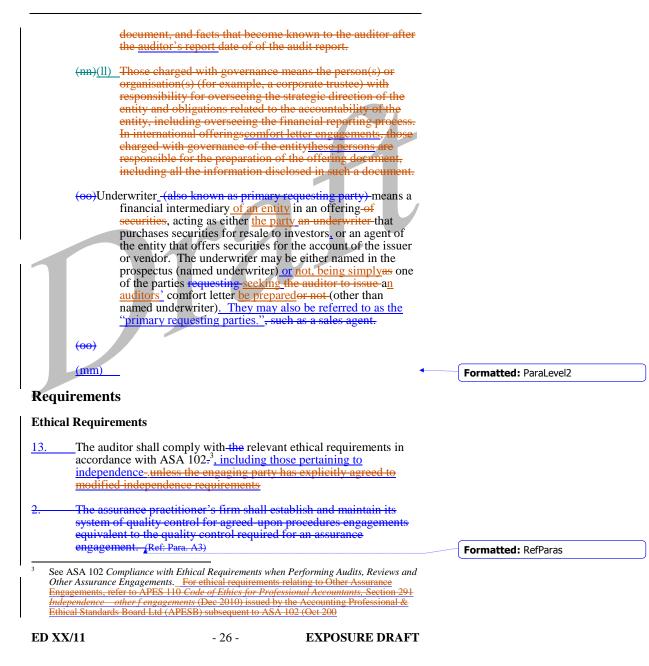
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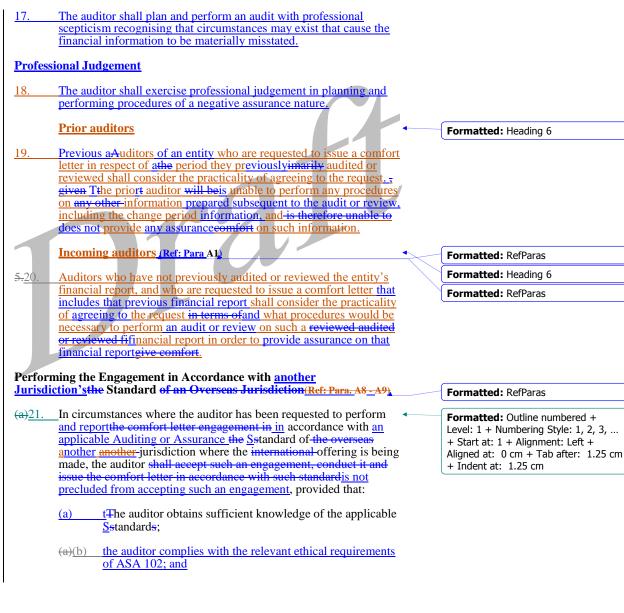




<sup>4</sup>—See ASQC1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements.

ED XX/11

- 27 -



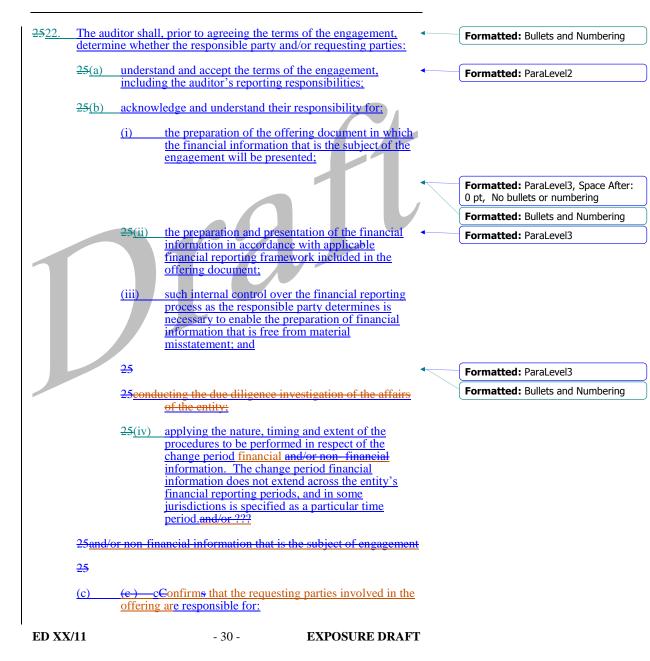
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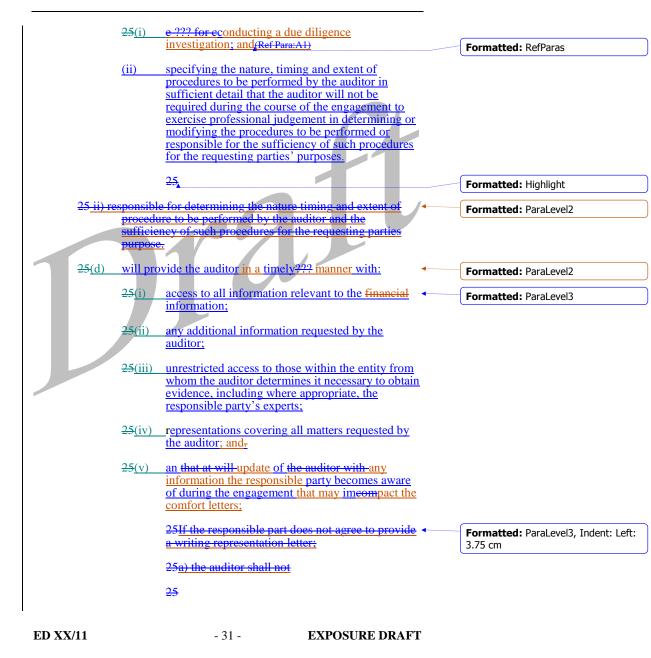
- 28 -

the underlying principles and procedures of the standard <del>(b)</del>(c) enable compliance with this ASAE.; and the auditor complies with the relevant ethical requirements (c)of ASA 102. Where relevant to the engagement, the auditor shall include in the comfort letter that the engagement has been undertaken by the auditor: to provide information to requesting parties in relation to an Formatted: Heading 6, No bullets or offering in an overseas jurisdiction; and numbering (*ii*) in accordance with the overseas jurisdiction's standard that is substantially consistent with this ASAE in terms of its underlying principles. The auditor shall not accept a comfort letter engagement if the auditor has been requested to perform it in accordance with an overseas jurisdiction's standard that is substantially different from this ASAE in terms of its underlying principles. Inability to Comply with this ASAE's Requirements 23Where in rare and exceptional circumstances, factors outside the Formatted: Bullets and Numbering auditor's control prevent the auditor from complying with an essential procedure contained within a relevant requirement in this ASAE, the auditor shall: if possible, perform appropriate alternative procedures; and document in the working papers: the circumstances surrounding the inability to comply; the reasons for the inability to comply; and justification of how alternative procedures achieve the objectives of the requirement. 24When the auditor is unable to perform the appropriate alternative procedures, the auditor shall consider the implications on the auditor's Formatted: Bullets and Numbering ability to issue the comfort letter to the underwriter and other requesting parties. Engagement Acceptance (Ref: Appendices 1-2) Preconditions for the EngagementProviding a Comfort Letter (Ref: Para. A2-A5)

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- 29 -

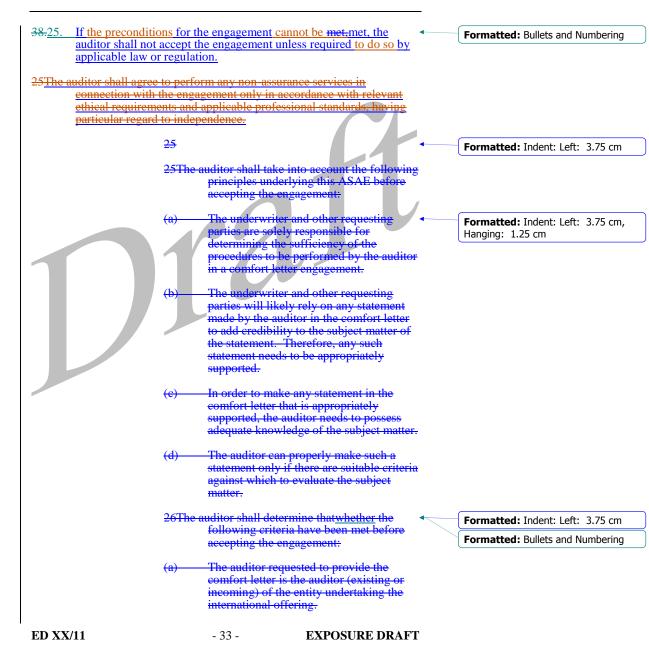




<u>50the</u>	er Factor	s Affecting Engagement Acceptance	4	Formatted: Heading 7
<u>523.</u>	The au	ditor shall accept the engagement only when:		
	<del>25<u>(</u>a)</del>	oOn the basis of preliminary knowledge of the engagement circumstances, nothing has come to the auditor's attention to indicate that:         25(i)       the requirements of the relevant ethical principles described in ASA 102 will not be satisfied;		Formatted: ParaLevel2
		25(ii) the financial information and offering document does not include information that is unacceptable or misleading for its intended purpose;		
	<del>25<u>(b)</u></del>	the basis upon which the engagement is to be performed has been agreed through establishing that the preconditions for the engagement are present:	7	
	<del>25<u>(</u>c)</del>	the auditor is satisfied that the responsible party possesses the necessary professional competencies;		
	<u>25(d)</u>	the auditor is satisfied that the requesting parties are involved in the due diligence investigation of the entity undertaking the offering;		
	<del>25<u>(</u>e)</del>	the auditor is satisfiedsatisfied as to the nature of any type of agreed upon procedures specified by the requesting parties;		
	<del>25<u>(f)</u></del>	the auditor has the capabilities, competence and necessary qualifications to perform the engagement; and,		
	<u>25(g)</u>	tThe auditor believes that the comfort letter will be used for its intended purpose and only by those requesting parties involved in thea due diligence investigation of the entity.	:	
24.	this AS the resp provide provide and pro	A set out in paragraph 22 of SAE are not present, the auditor shall discuss the matter with ponsible party. If the responsible part does not agree to e the required representations, the auditor shall not agree to e a comfort letter and shall discuss with the responsible party ovide another letter which expresses no assurance on any al information.	<u>f</u>	

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- 32 -

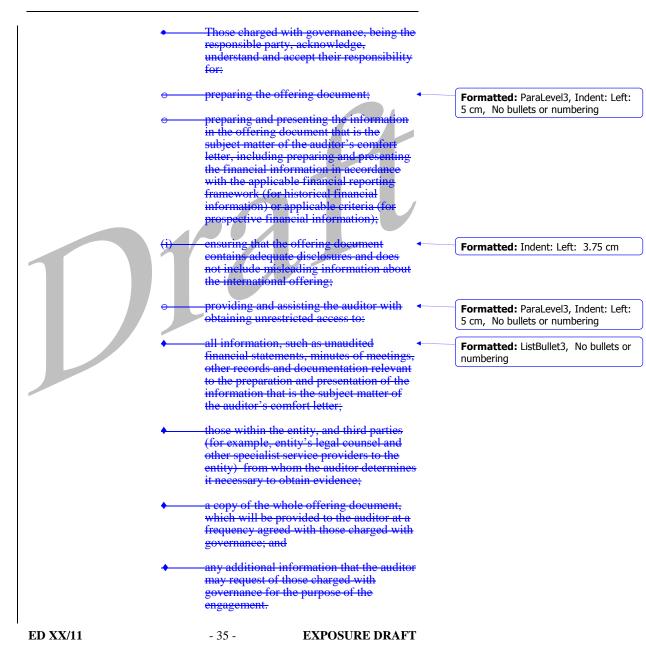


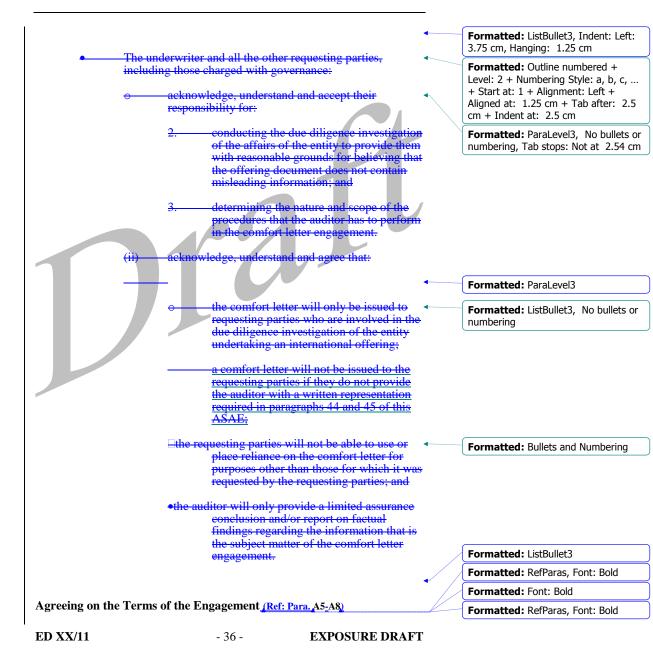
#### <del>(i)</del> The auditor shall provide a limited assurance conclusion on the unaudited interim financial statements, and report on any changes, increases or decreases in the selected financial information during the change period in the comfort letter, only when the auditor has performed an audit or review of the previous years' financial statements included in the offering document, and has issued an auditor's report on such financial statements. The auditor shall provide a limited <del>(ii)</del> assurance conclusion on other financia information only when the auditor has performed an audit or review of the financial statements underlying the other financial information. The sole purpose of the auditor in (h) undertaking the engagement is to assist the underwriter and other requesting parties in their due diligence investigation of the affairs of the entity relating to its international offering. $(\chi)$ The requesting parties understand their Formatted: Indent: Left: 3.75 cm, obligation under the applicable overseas jurisdiction's laws and regulations, Outline numbered + Level: 2 + Numbering Style: a, b, c, ... + Start at: including: 1 + Alignment: Left + Aligned at: 1.25 cm + Tab after: 2.5 cm + Indent at: the fact that they are knowledgeable of the due 2.5 cm diligence process relating to the ov international offering; . Formatted: Bullets and Numbering Formatted: Indent: Left: 3.75 cm, (iii) Hanging: 1.25 cm, No bullets or or numbering (ii)the fact that they are conducting an Formatted: ParaLevel1, Indent: Left: investigation that is substantially similar 5 cm, No bullets or numbering to that which is performed by requesting parties with due diligence defence, where Formatted: Indent: Left: 3.75 cm, the requesting parties do not have the due diligence defence under the applicable Outline numbered + Level: 2 + Numbering Style: a, b, c, ... + Start at: overseas jurisdiction's laws and 1 + Alignment: Left + Aligned at: 1.25 cm + Tab after: 2.5 cm + Indent at: regulations. 2.5 cm Formatted: Bullets and Numbering

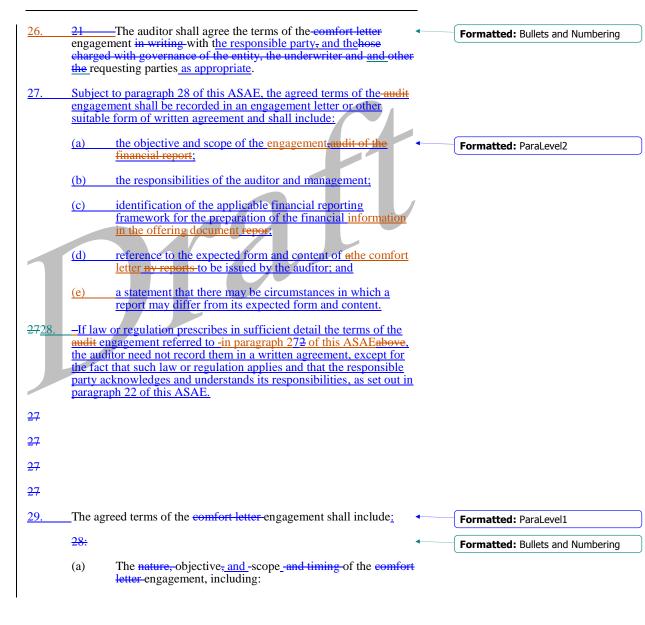
### Proposed Standard on Assurance Engagements ASAE 34XX <u>Auditors'</u> Comfort Letters

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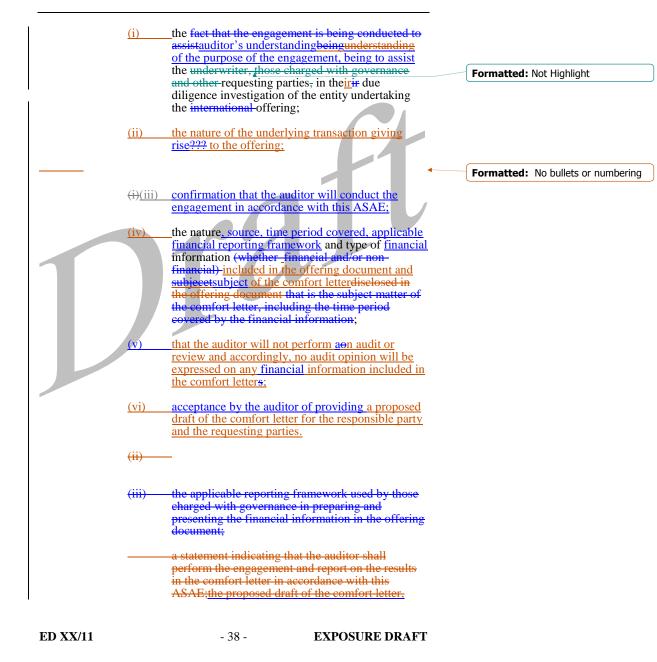


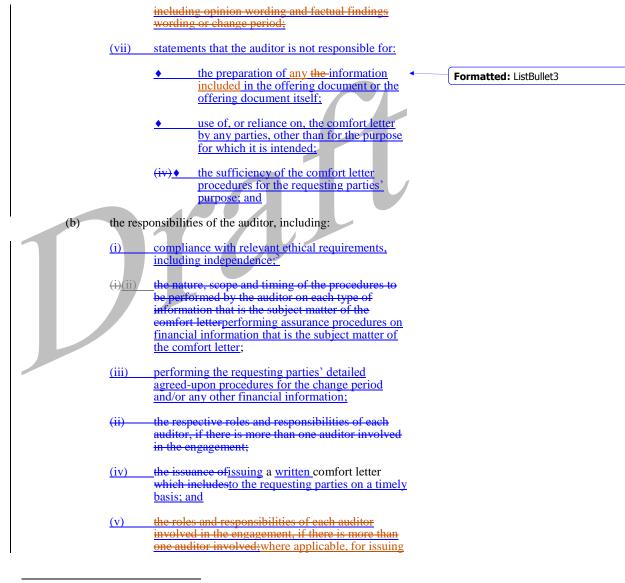




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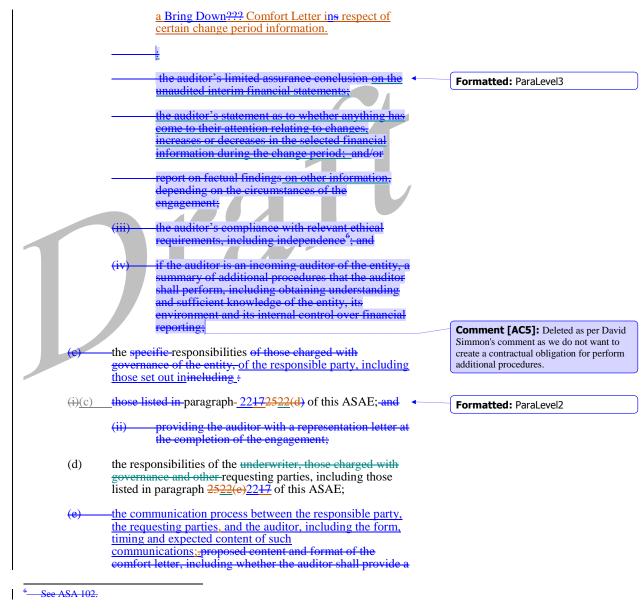




<sup>5</sup> See ASA 102.

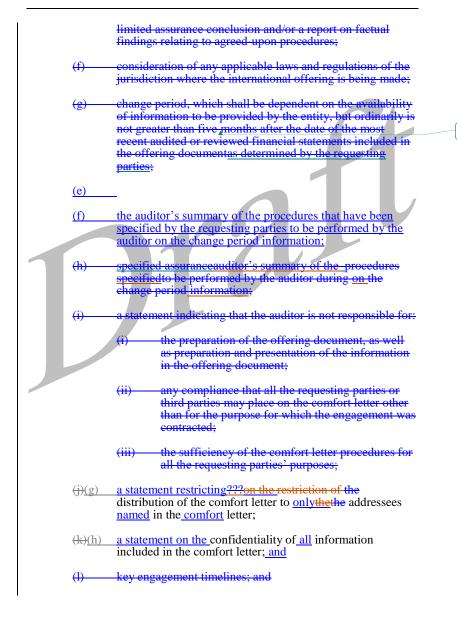
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- 39 -



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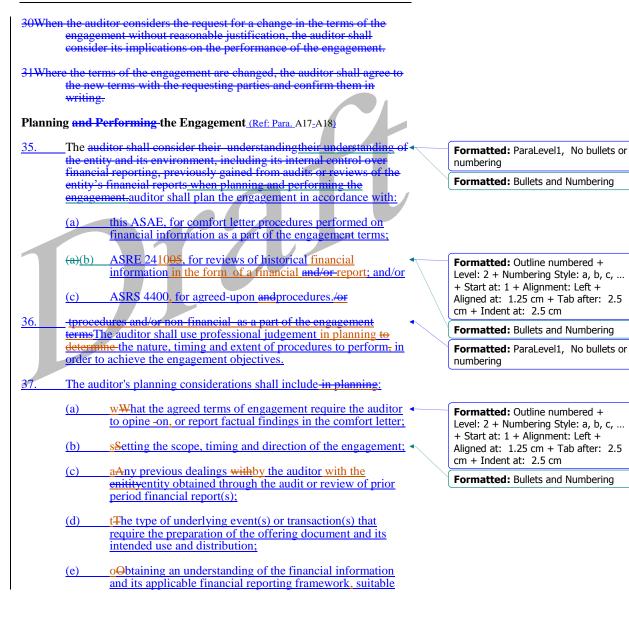
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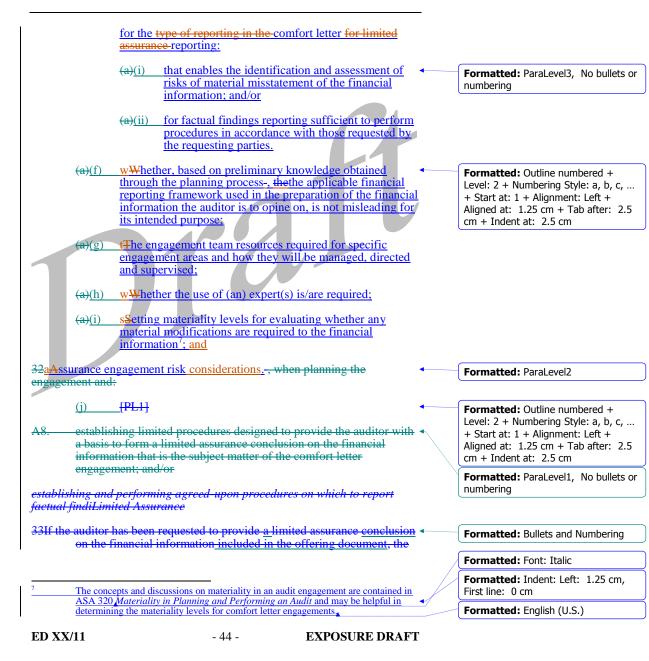
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	(i) <u>fees, and otherother</u> such terms or conditions that the auditor determines are appropriate in the circumstances-o the engagement.	£	
	Draft Comfort Letter (Ref: Para.A9-A12)	•	Formatted: Font: Not Bold
<u>30.</u>	When comfort letters are requested from more than one auditor, the requirements of this ASAE apply to each auditor. (Ref. Para, A17, A18) When agreed in the terms of engagement, st the auditor shall provide a draft cComfort lLetters to the responsible party and requesting parties in a timely manner.	<u>e</u>	Formatted: Heading 7
<del>(m)</del> Chang	ges in the Terms of the Engagement (Ref: Para. A13—A16)		Formatted: ParaLevel1
29 <u>31.</u> 29 <u>32.</u> 29 <u>33.</u>	Where the requesting parties request the auditor to change any of the engagement before completion of the engagement, the auditor shall consider the appropriateness of the request and shall not agree to a change without reasonable justification. The auditor shall not agree to a change in the terms of the engagement where there is no reasonable justification for doing so. If such a change is made, the auditor shall not disregard evidence that was obtained prior to the change. <sup>5</sup> If the terms of the engagement, theIf the terms of the engagement are changed, tengagement are changed, the auditor and the responsible entity shall agree on; and record the new terms in an engagement letter or other suitable form of written agreement. <sup>5</sup> If the auditor is unable to agree to a change of the terms of the engagement terms, and is not permitted by the responsible party to provide the terms.	<u>\$</u>	Formatted: Bullets and Numbering
	continue the original engagement, the auditor shall:         29(a) wWithdraw from the engagement, where possible under applicable law or regulation; and         29(b) dDetermine whether there is any obligation, either		Formatted: ParaLevel2
	contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners, or regulators.		
<del>29<u>34.</u></del>	If the auditor is unable to perform the exact nature, timing or exter of procedures agreed, but alternative procedures can be performed and the requesting party requires those procedures to be performed then new terms of the engagement shall be agreed with the engaging party in writing.	I <u>,</u>	
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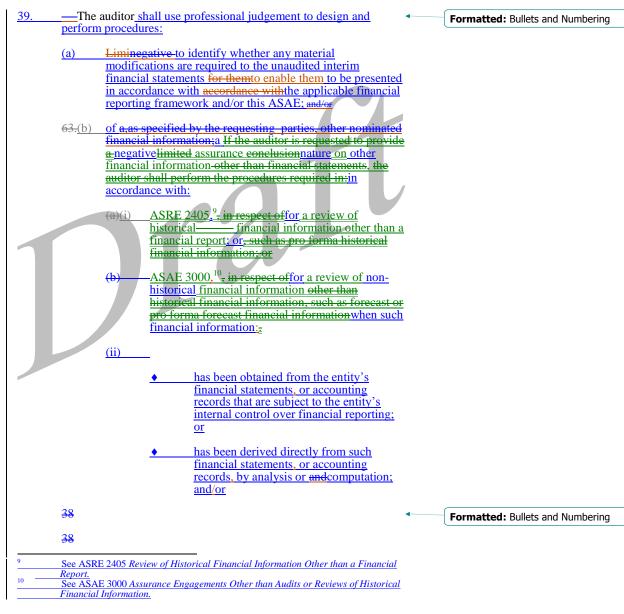


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- 43 -



auditor shall obtain an understanding of the financial information and relevant engagement circumstances, sufficient to:	
(a) identify and assess the risk of the financial information being materially misstated; and	<b>Formatted:</b> Outline numbered + Level: 2 + Numbering Style: a, b, c, + Start at: 1 + Alignment: Left +
(b) design and perform evidence gathering procedures.	Aligned at: 1.25 cm + Tab after: 2.5 cm + Indent at: 2.5 cm
Assurance Engagement Risk	
59. The auditor shall consider assurance engagement risk when planning the comfort letter engagement in order to reduce such a risk to an acceptable level, as appropriate in the circumstances of the engagement.	
60 Materiality	
35The auditor shall consider materiality when planning and performing <u>limited assurance procedures designed to provide the auditor with a</u> <u>basis to form a limited assurance conclusion on the financial</u> <u>information that is the subject matter of the comfort letter.</u>	Formatted: Bullets and Numbering
Agreed Upon Procedures	Formatted: Heading 7
The auditor shall plan the engagement so that it will be performed in accordance with the agreed terms of engagement, including the agreed upon procedurSpecific Planning Consideration for an Incoming Auditor	
37The incoming auditor shall obtain an understanding of the entity and its environment, including its internal control over financial reporting, sufficient to plan and conduct the assurance comfort letter engagement in accordance with this ASAE.	Formatted: Bullets and Numbering
Procedures and EvidencePerforming the Engagement (Ref: Para. A19_A21)	
38. 30. If the auditor has not previously audited or reviewed the entity's financial report, the auditor shall obtain an understanding of the entity and- its environment, including its internalnd control as it relates to the financial informationsubject matter of the engagement, sufficient to plan and conduct the engagement.(??? guidance required see ASRE 2400 guidance paragrpahs 22-25). <sup>8</sup>	Formatted: ParaLevel1
<sup>8</sup> For related guidance, see ASRE 2400, guidance paragraphs 22-25,	Formatted: English (U.S.)
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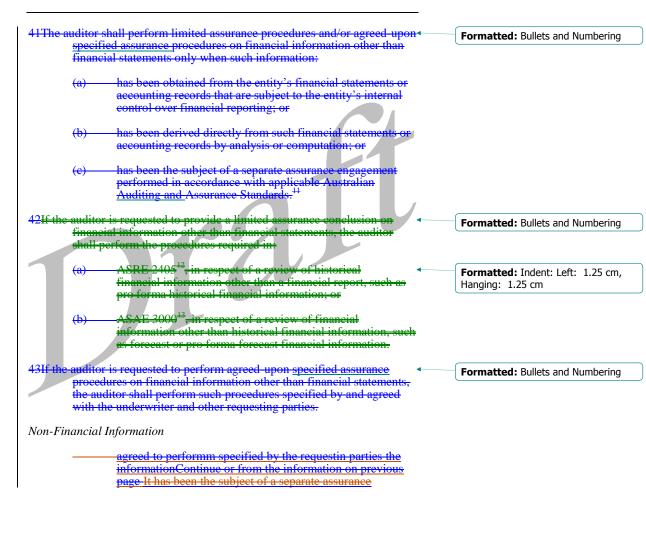
ED XX/11

- 46 -

(c) If the auditor is requested to perform on financial information other than financial statements (as specified by	
the requesting parties). 3840. If changes or additions to the planned or performed procedures are required that are beyond what the specified requesting parties expect of procedures specified by the requesting parties, the auditor shall discuss with the requesting parties and obtain their written agreement before commencing the procedures.as. and agreed to by the auditor in the terms of engagement 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.	
Unaudited Interim Financial Statements	
39If 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, to be presented in conformity with the applicable	
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.	
Change Period Financial Statements         40If When the auditor is requested to report on whether there are have been         Formatted: Bullets and Numbering	
4011 <u>When the auditor is requested to report on whether there are have been</u> <u>changes, increases or decreases</u> in <u>the unaudited or unreviewed</u> <u>financial statements, or selected financial statement account</u> <u>balances, selected financial information</u> during the change period, <u>as</u> <u>compared to the unaudited interim financial statements or</u>	
corresponding period in the preceding year, the auditor shall perform agreed upon <u>the assurance</u> procedures <u>specified by the requesting</u> parties. which, at a minimum, include:	
(a) <i>reading of minutes of meetings of shareholders and those charged with</i> <i>governance during the change period;</i>	r
(b)reading of the unaudited financial statements for the change period; and	
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 docFinancial Information Other than Financial Statements	

ED XX/11

- 47 -

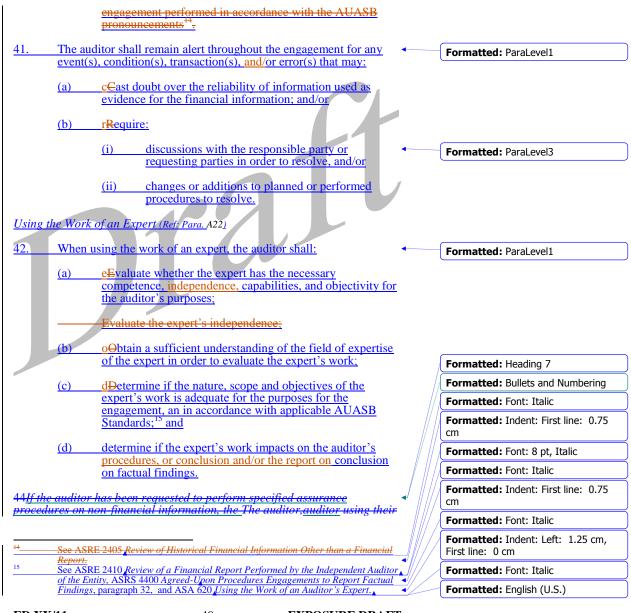


<sup>11</sup> The Australian Auditing and Assurance Standards comprise Auditing Standards (ASAs), Review Standards (ASREs) and Assurance Standards (ASAEs) issued by the Auditing and Assurance Standards Board (AUASB). The complete suite of these standards are found in the AUASB website at www.auasb.gov.au.

<sup>12</sup> See ASRE 2405 Review of Historical Financial Information Other than a Financial Report.
 <sup>13</sup> See ASRE 2405 Review of Historical Financial Information Other than a Financial Report.
 <sup>14</sup> See ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

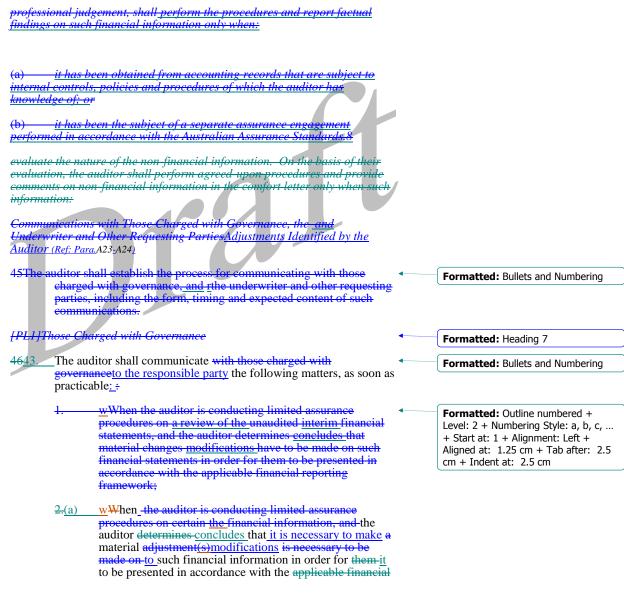
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- 48 -

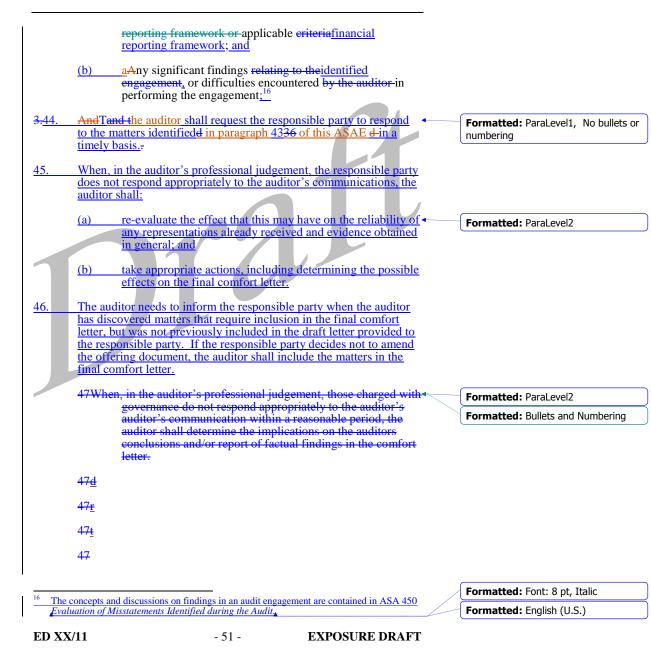


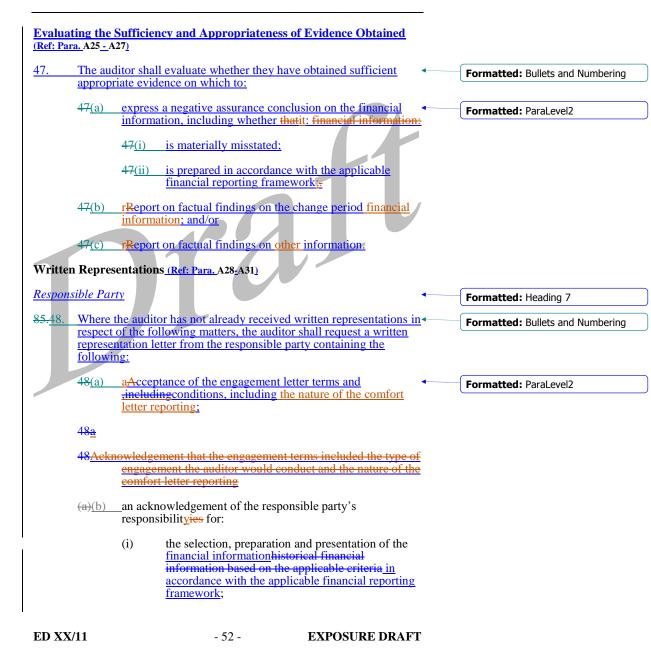
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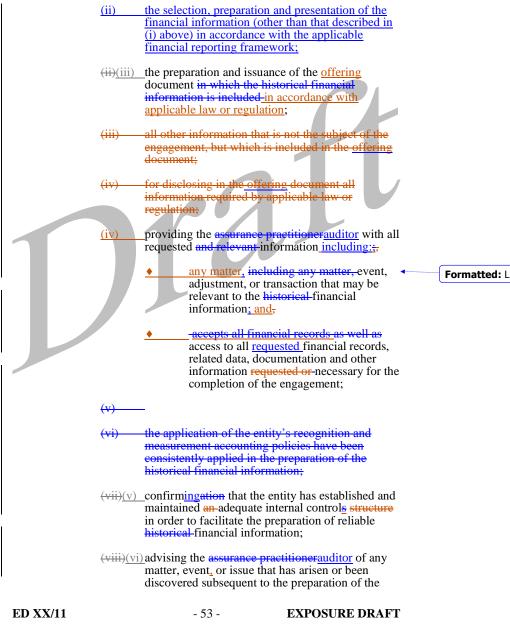
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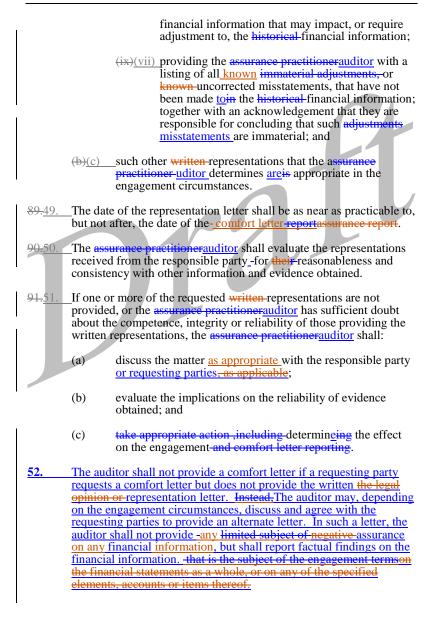
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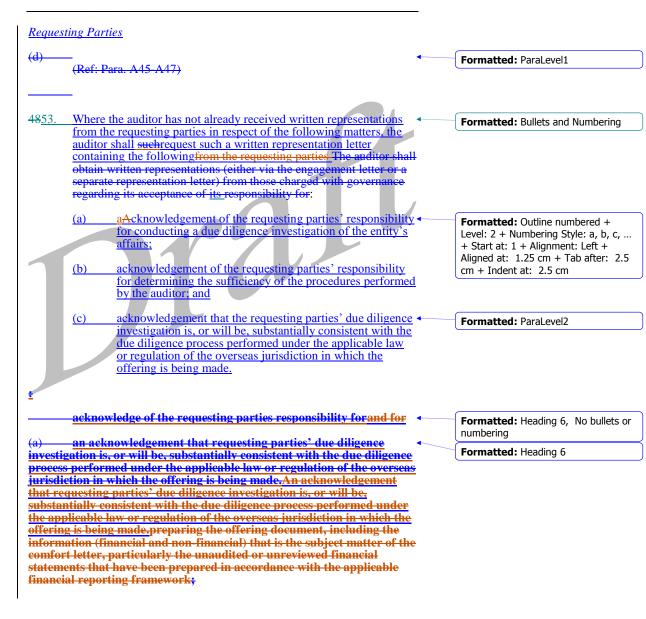


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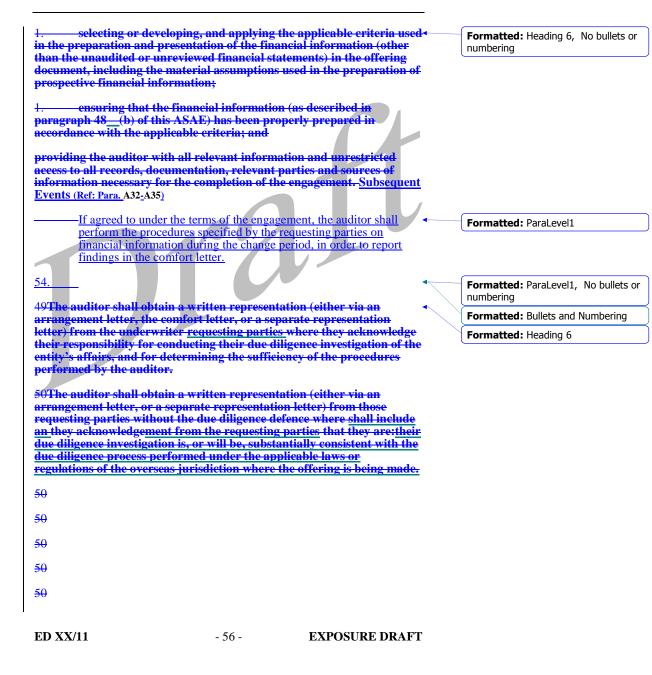
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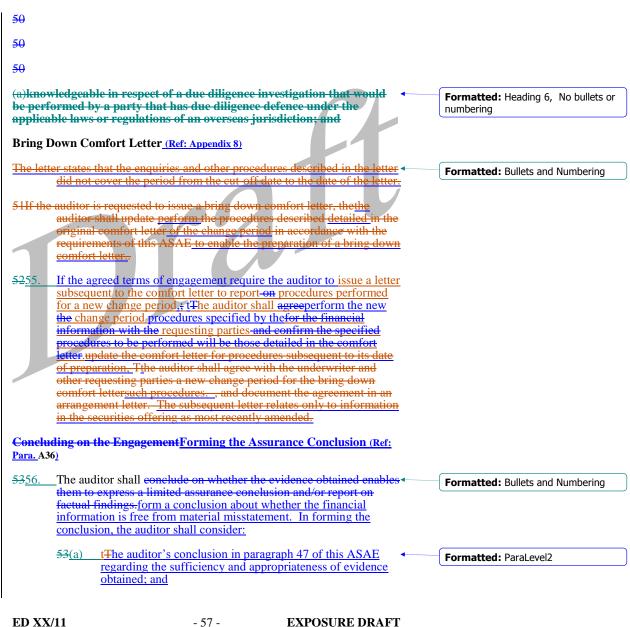
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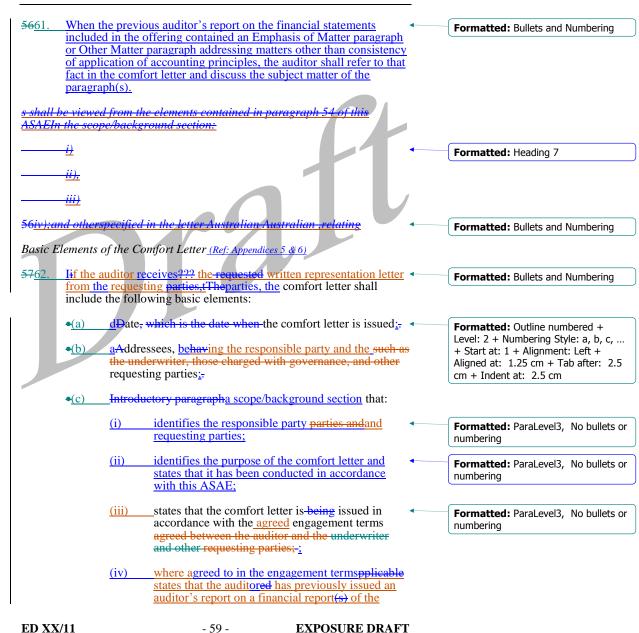
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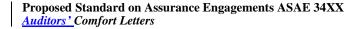
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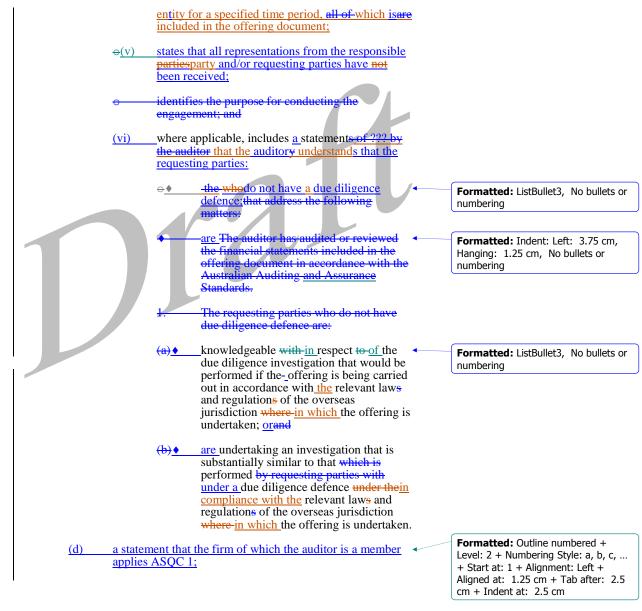
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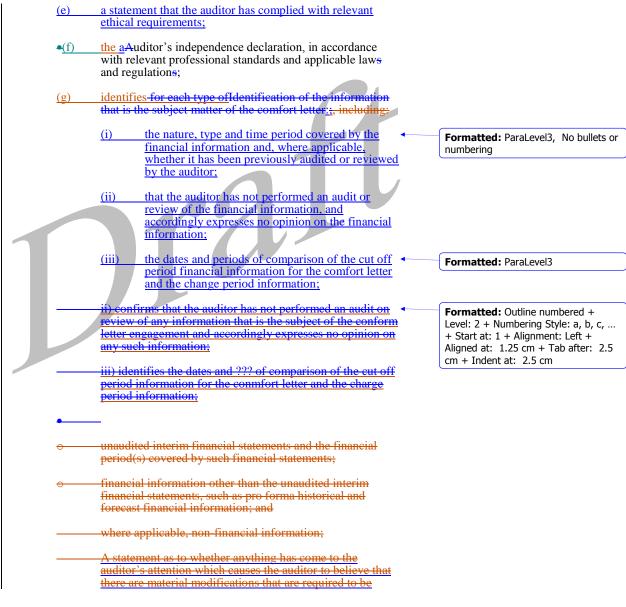
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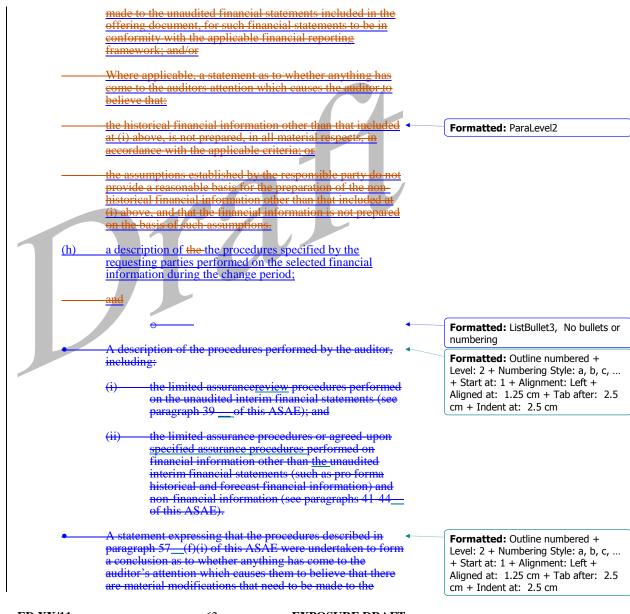
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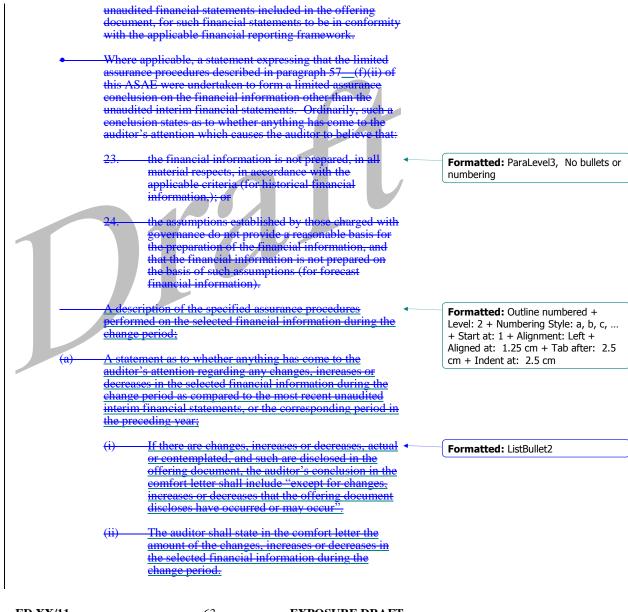
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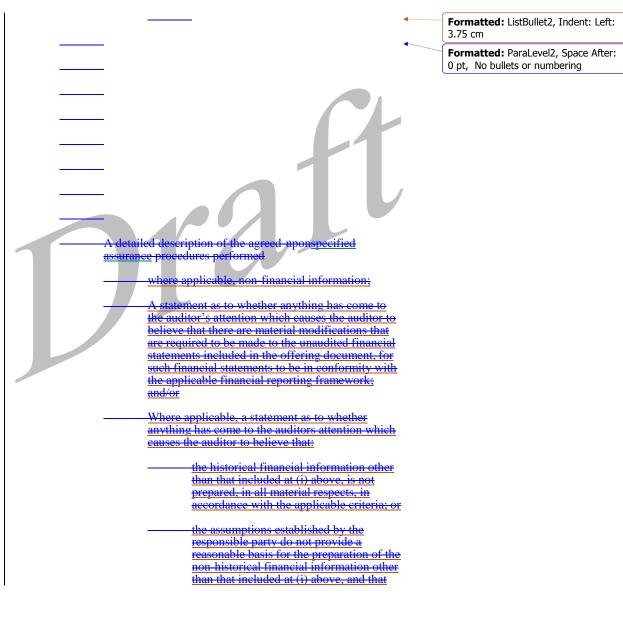
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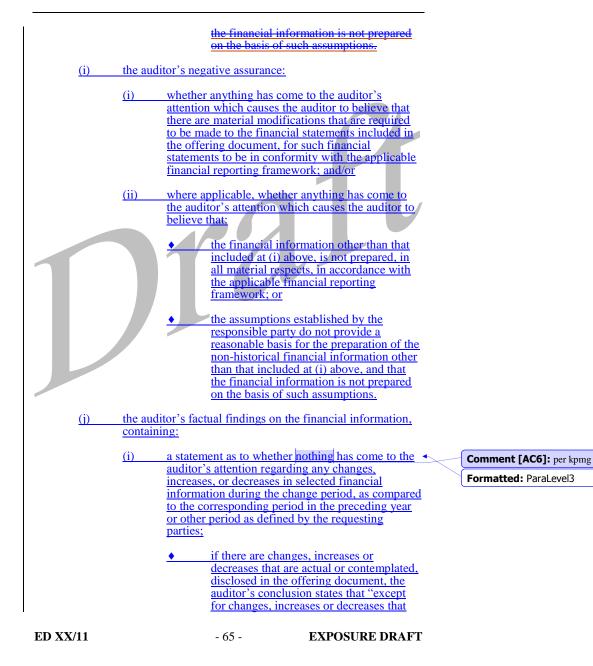
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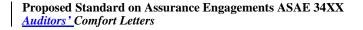
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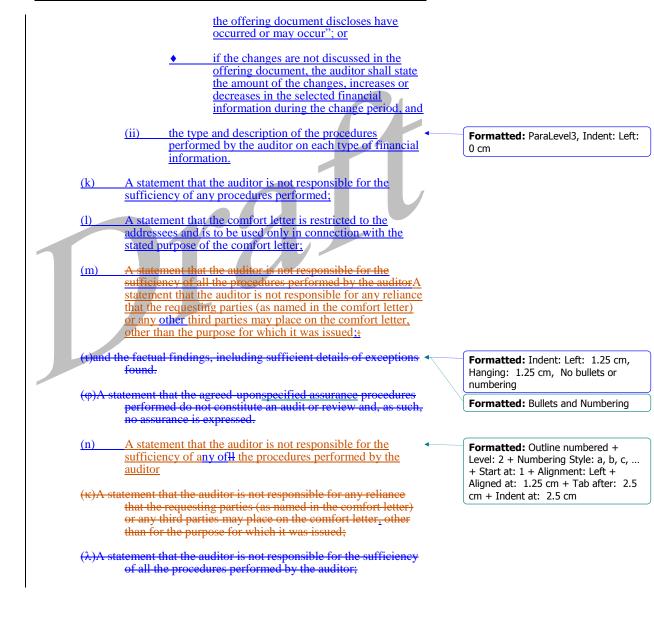


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- 64 -

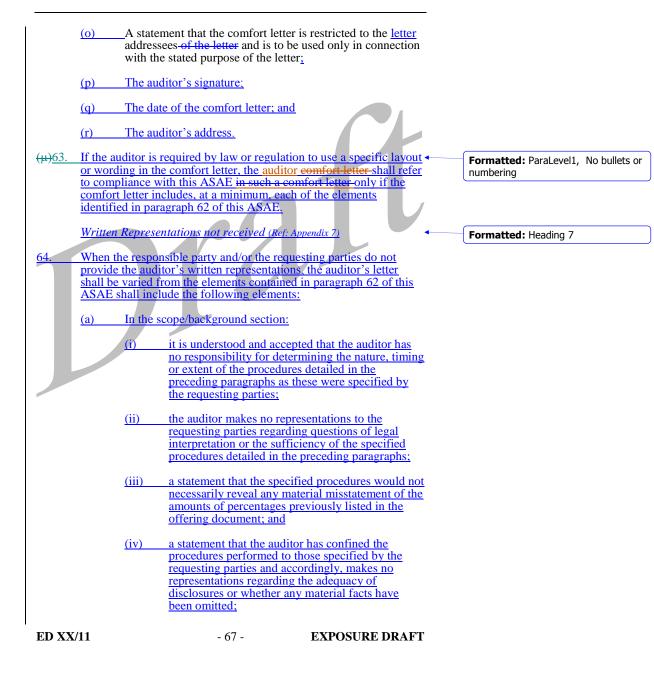


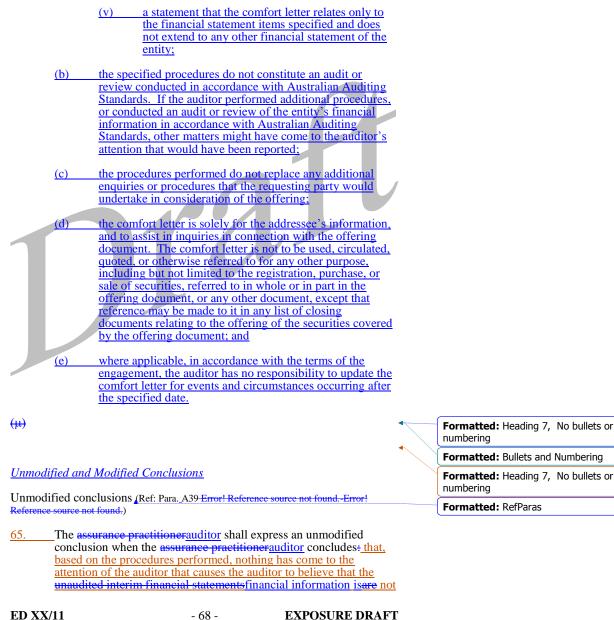




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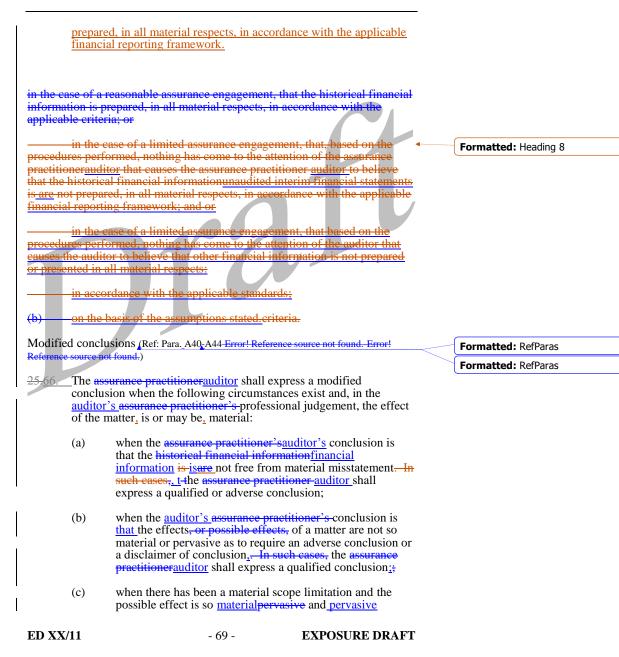
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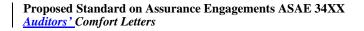


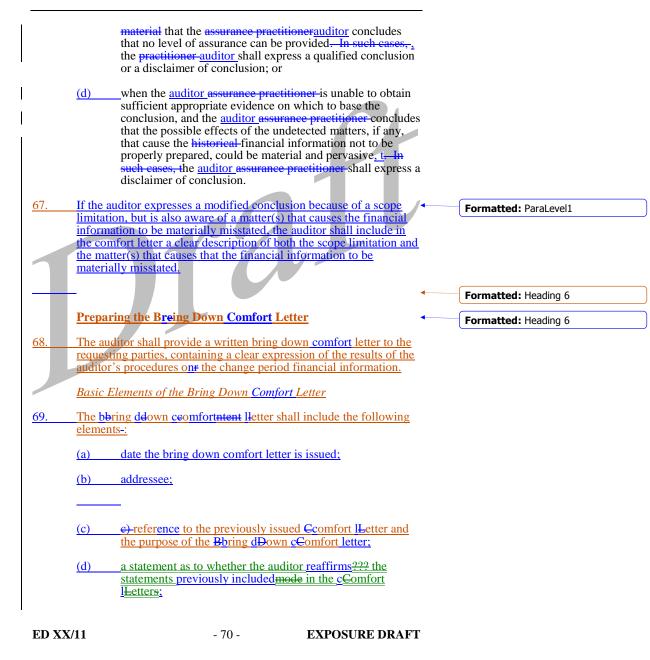


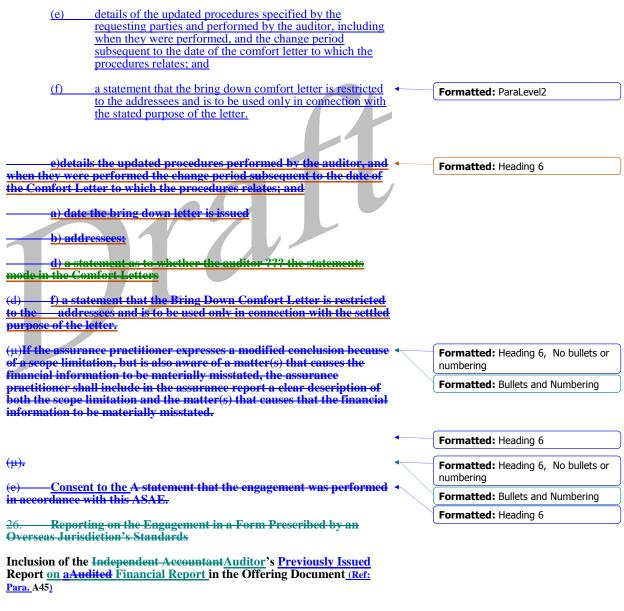
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- 68 -



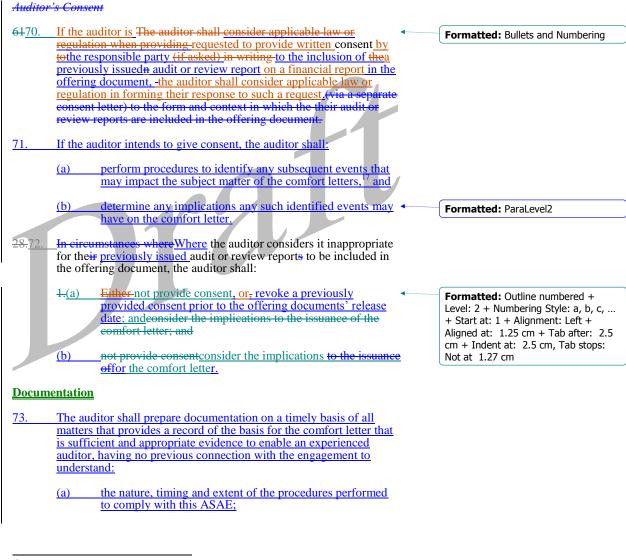






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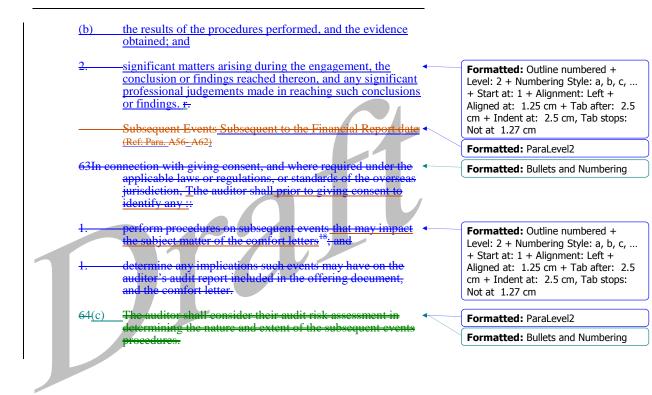
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<sup>7</sup> See ASA 560 Subsequent Events for a discussion of subsequent events procedures on audit engagements, which may be helpful in determining the extent and nature of subsequent events procedures on comfort letter engagements.

ED XX/11

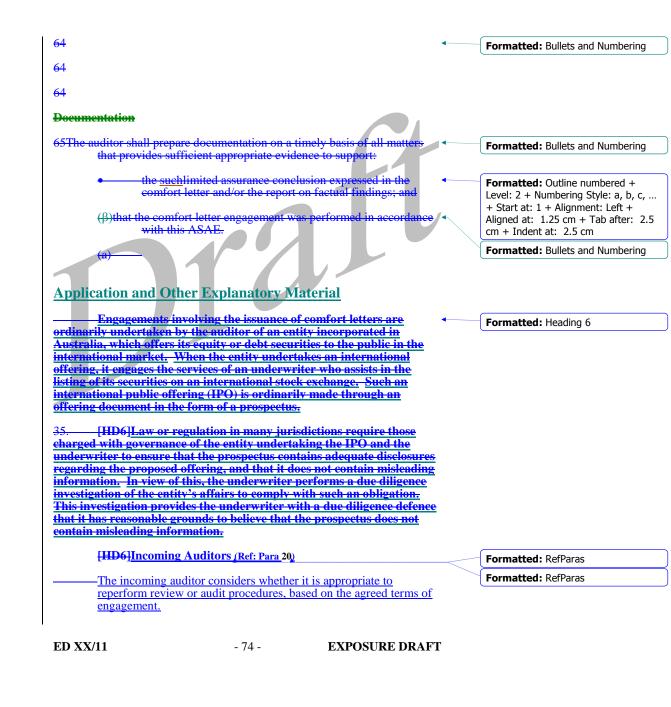
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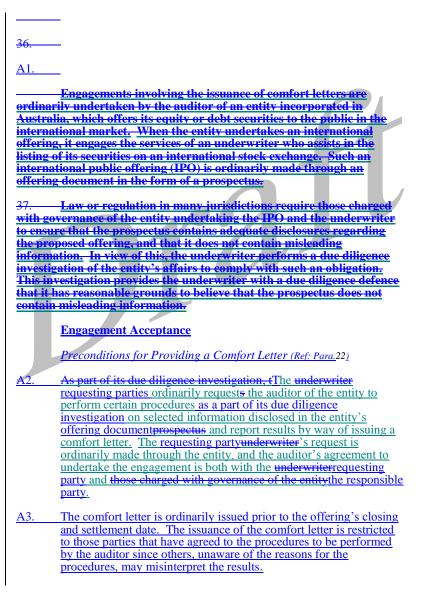


<sup>18</sup>— See ASA 560 Subsequent Events for a discussion of subsequent events procedures on audit engagements, which may be helpful in determining the extent and nature of subsequent events procedures on comfort letter engagements.

ED XX/11

- 73 -





ED XX/11

- 75 -

<u>A4.</u>	The auditors ordinarily are requested to provide assurance on, or	
	report factual findings or financial information that has been sourced	
	from the entity's accounting records, and/or financial information	
	that forms part of the financial reporting process. In circumstances	
	where the responsible party requests the auditors to provide assurance on, or report factual findings on non-financial	
	information, the auditors may accept such a request when:	
	mormation, the authors may accept such a request when.	
	(a) they have the necessary professional expertise relating to	
	the non-financial information; and	
	(b) in their professional judgement, such a request is reasonable	
	in the engagement circumstances.	
	<u>The comfort letter is not included in the offering document as it is a</u>	
	e report of the auditor to the underwriter, those charged with	
<del>goveri</del>	nance of the entity and other requesting parties.	
38.	An 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.	Comment [AC7]: Deleted as
The	mfort letter is typically issued prior to the offering's closing and	comment (not sure what the diff
	tent date. The issuance of the comfort letter is restricted to those	single overseas jurisdiction and c border is, as cross border is other
	that have agreed to the procedures to be performed by the auditor.	i.e. overseas)
	thers, unaware of the reasons for the procedures, may misinterpret the	(lier o (criseus)
results		
restitu	±	
39	The ethical requirements, including independence, applicable to	
Other	Assurance Engagements are defined in ASA 102 Compliance with	
Ethica	l Requirements when Performing Audits, Reviews and Other	
	unce Engagements <sup>49</sup> .	
Assure	ince Standards of Overseas Jurisdictions <u>{Ref: Para</u> )	Formatted: RefParas
Agree	ing on the Terms of the Engagement (Ref: Paras.26-30)	
<del>A9.</del>	—Acknowledgement by the responsible party in writing of their via	
	acceptance of the engagement letter provides evidence that the	
	appropriate relationship exists, that the responsible party it accepts its	
	engagement responsibilities, and establishes a basis for a of common	
<del>19</del> _ р.	or ethical requirements relating to Other Assurance Engagements, refer to APES 110	
	of entreal requirements relating to other Associated Engagements, refer to Art ES 110	

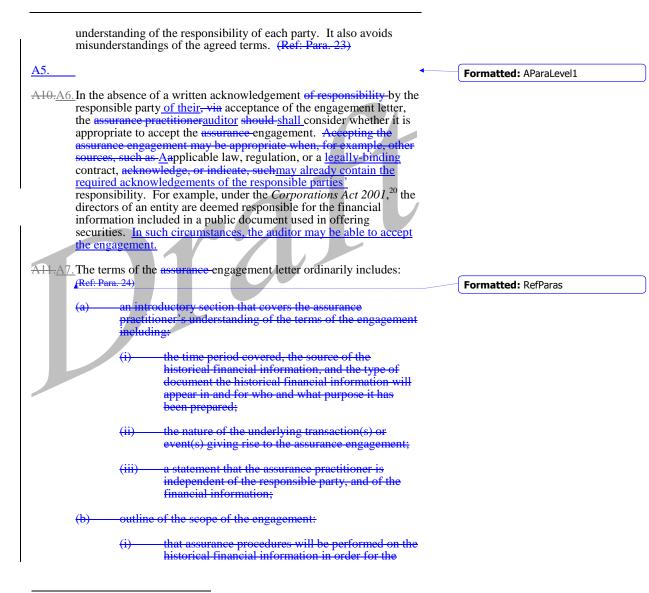
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- 76 -

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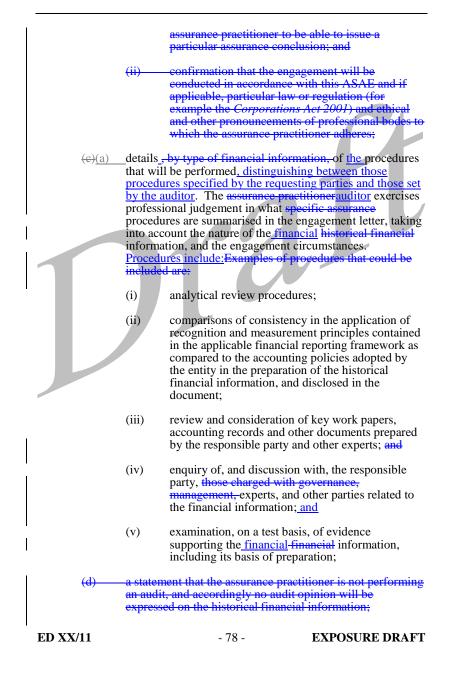
Code of Ethics for Professional Accountants, Section 291 Independence — other assurance engagements (Dec 2010) issued by the Accounting Professional & Ethical Standards Board Ltd (APESB) subsequent to ASA 102 (Oct 2009).

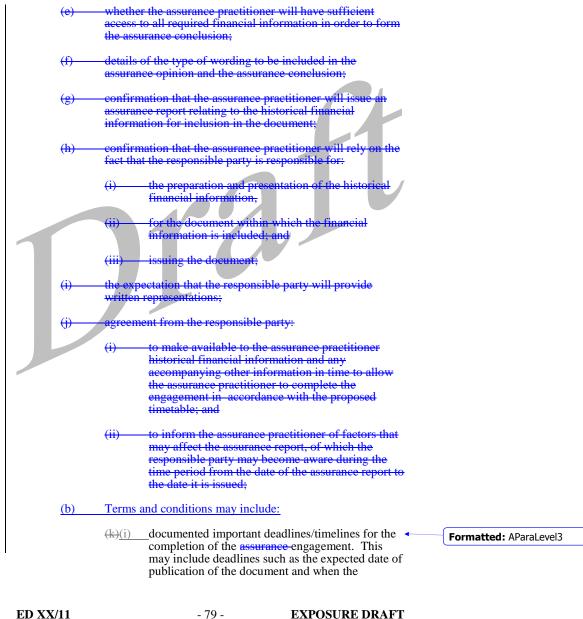


<sup>&</sup>lt;sup>0</sup> See Section 717 of the *Corporations Act 2001* for an overview of the procedures for offering securities.

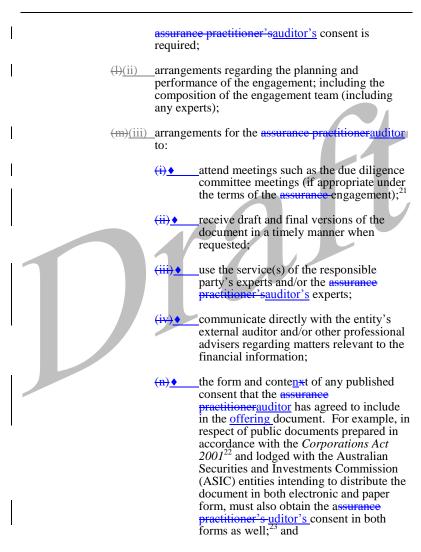
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ED XX/11





- 79 -**EXPOSURE DRAFT** 



See APES 350 Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document (December 2009), issued by the Accounting 21 Professional and Ethical Standards Board. See Section 716 of the *Corporations Act 2001*. See ASIC Regulatory Guide 107 *Electronic Prospectuses*. 22

23

ED XX/11

- 80 -

a request for the responsible party to <del>(0)</del>♦ acknowledge receipt of the engagement letter and to agree to the terms of the engagement contained in the letter. A12.A8. The responsible party who signs the engagement letter shallshould be the ultimate responsible party of the entity, or an authorised representative/officer thereof, recognising that in certain circumstances, the directors of the entity (being those charged with governance) may not be appointed by the stage of agreeing the terms of the engagement or the entity may not be in existence when the engagement commences (for example, a new company structure). In such cases, the assurance practitionerauditor considers whether to update and re-issue the engagement letter terms for a change of responsible party. A13. Draft Comfort Letter (Ref: Para. 30) Appendix 2 provides an illustrative example engagement letter for an assurance engagement relate to a corporate fundraising.

A9. Acceptance by the responsible party of the draft comfort letter (and subsequently by acceptance of the comfort letter in final form) is an indication to the auditor that the responsible party considers the procedures described to be sufficient for the responsible party's purposes. Clearly describing the procedures to be followed by the auditor in the comfort letter avoids misunderstanding about the basis on which the auditor's comments have been made and assists the responsible party in deciding whether the procedures performed are sufficient for the responsible party's purposes.

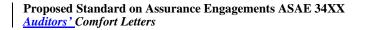
The requesting party will expect the accountants to furnish a comfort letter of a scope to be specified in the underwriting agreement. By providing a draft comfort letter early in the process, the auditor has the opportunity to clearly show the requesting responsible party what they may expect to receive from the auditor. To the extent possible, the draft deals with all matters to be covered in the final letter and uses exactly the same terms as those to be used in the final letter, subject to the understanding that the confirmation in the final letter cannot be determined until the procedures underlying it have been performed. The draft comfort letter is identified as a draft to avoid giving the impression that the procedures described therein have been performed. Thus, the requesting party therefore also has the opportunity to discuss further with the auditor the procedures that the auditor expects to perform and to request any additional procedures that the requesting party may desire. If the additional

ED XX/11

- 81 -

EXPOSURE DRAFT

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procedures <u>pertain-relate</u> to matters <u>relevant to-within</u> the auditor's professional competence, and the auditor <u>is-willingagrees</u> to perform them, a revised draft may be prepared.

<u>A10.</u>

A11.

Acceptance by the requesting party of the draft comfort letter (and subsequently by acceptance of the comfort letter in final form) is an indication to the auditor that the requesting party considers the procedures described to be sufficient for the requesting party's purposes. Clearly describing the procedures to be followed by the auditor in the comfort letter avoids misunderstanding about the basis on which the auditor's comments have been made and assists the requesting party in deciding whether the procedures performed are sufficient for the requesting party is purpose.

The following is an example of a paragraph that may be placed <u>ion</u> the draft<u>comfort</u> letter for identification and explanation of its purposes and limitations.

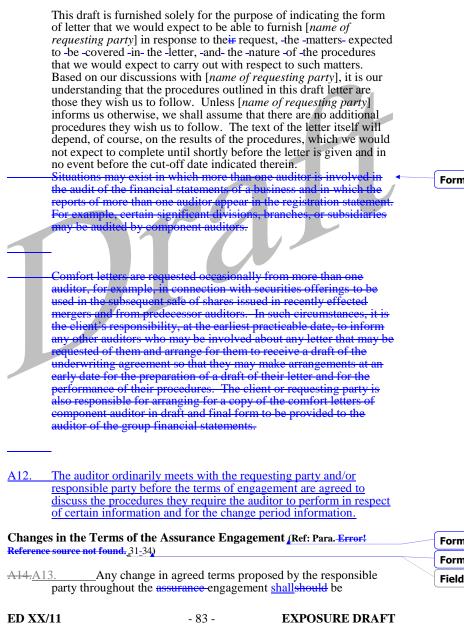
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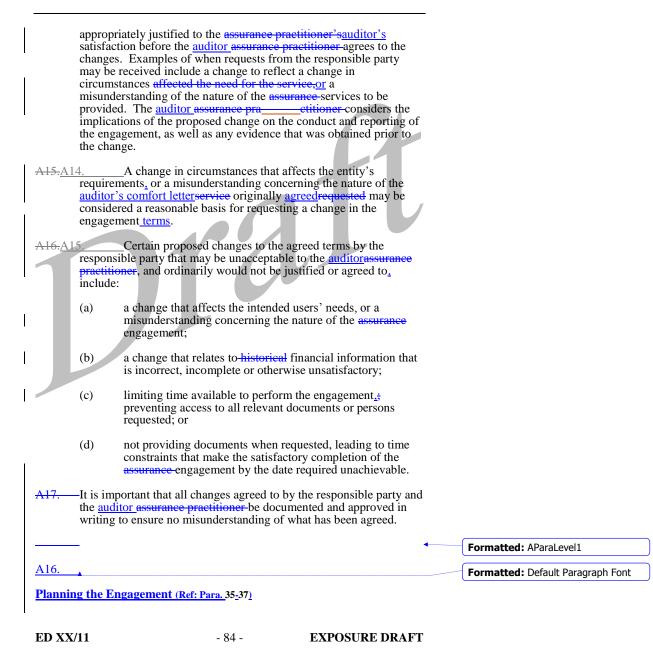
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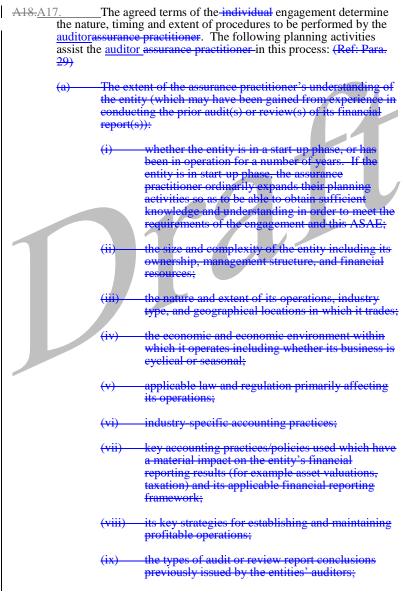
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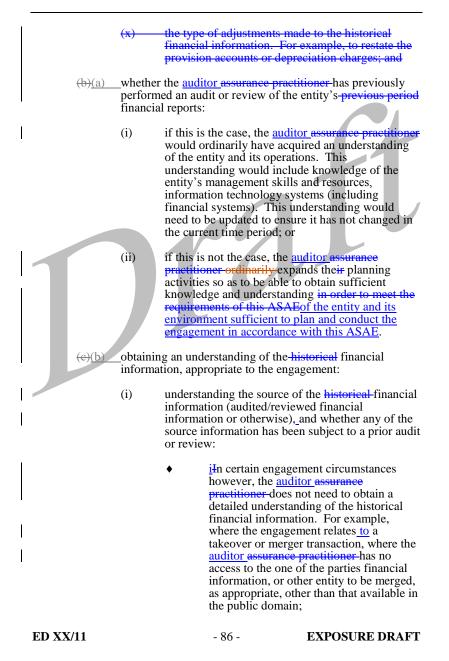
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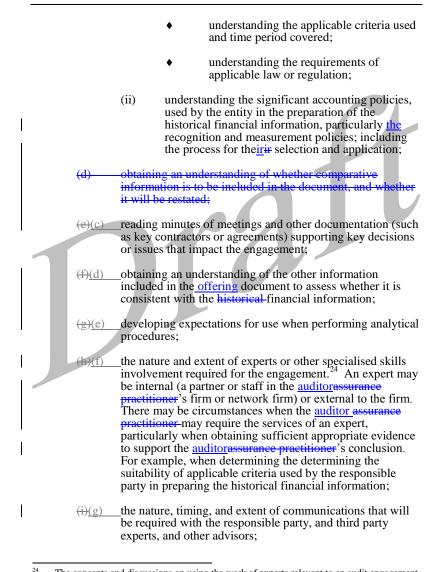




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- 85 -

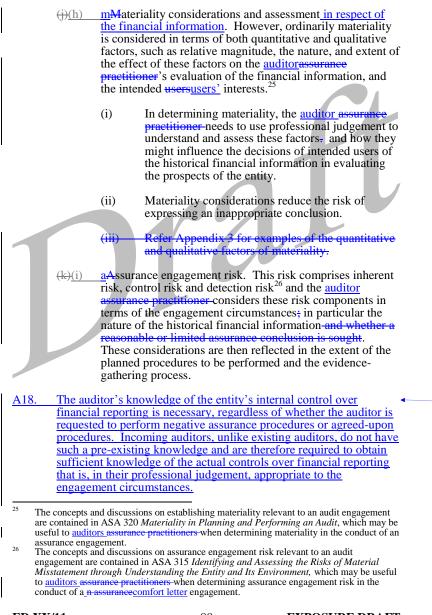




The concepts and discussions on using the work of experts relevant to an audit engagement are contained in ASA 620 *Using the Work of an Auditor's Expert*, and may be useful to <u>auditors assurance practitioners</u> when determining their responsibilities when using the work of experts in assurance engagements.

ED XX/11

- 87 -

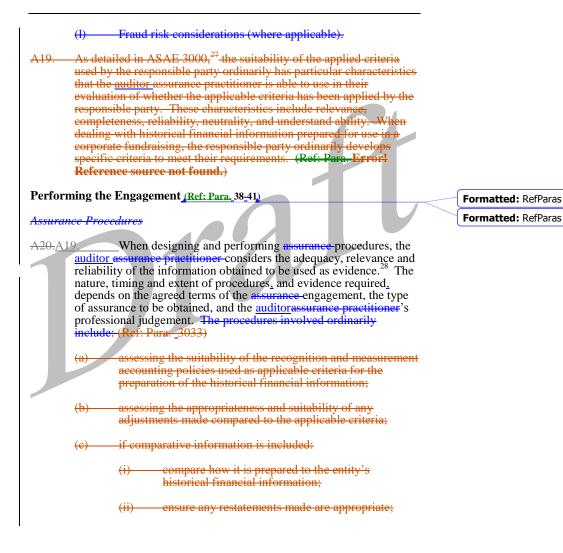


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- 88 -

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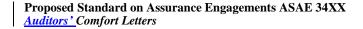
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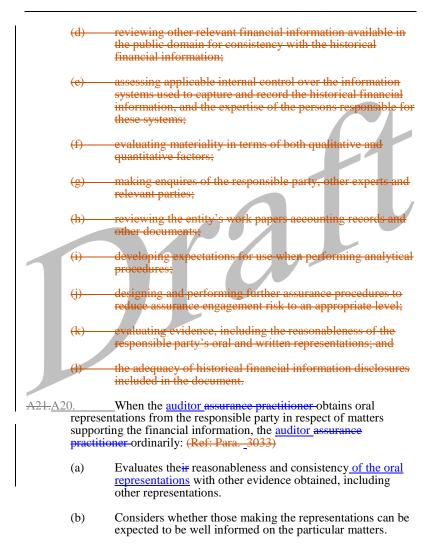


See ASAE 3000, paragraphs 35-39 (inclusive).
 The concepts and discussions on obtaining evidence relevant to an audit engagement are contained in ASA 500 Audit Evidence which may be useful to <u>auditors assurance</u> practitioners-when determining the extent of the evidence required to be obtained in the conduct of an assurance a comfort letter engagement.

ED XX/11

- 89 -





ED XX/11

- 90 -

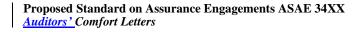
- (c) Obtains appropriate corroborative evidence.<sup>29</sup>
- (d) Documents the key aspects of the oral representation.

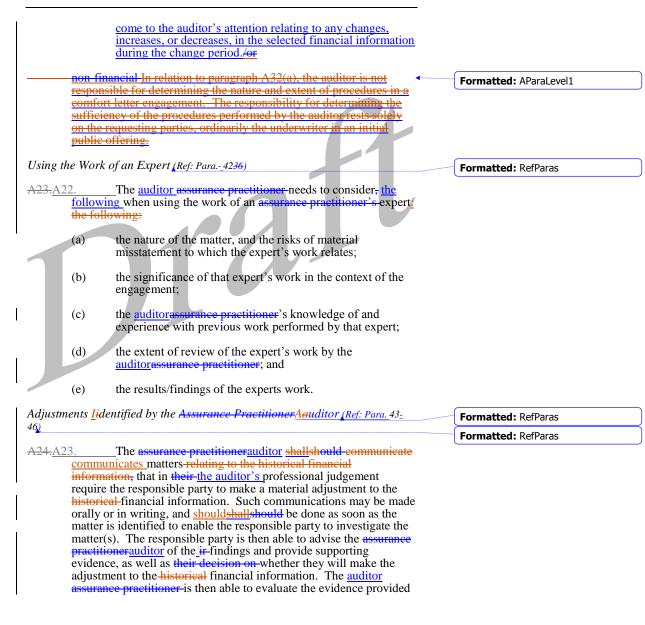
A22.	<ul> <li>If the engagement term</li> </ul>	s include the au	<u>litor assurance prac</u>	titioner	
	performing a review of	the historical fi	nancial information,	<del>, the</del>	
	nature, timing, and exte	ent of review pro	cedures to be carrie	ed out	
	may be influenced by v				
<del>(a)</del>	if the entity's financial and if so:	report has alread	<del>ly been audited or r</del>	<del>eviewed,</del> •—	Formatted: AParaLevel1
	<del>and n 50,</del>				
<del>(i)</del>	whether the audit or rev		eted in accordance v	<del>vith</del>	
	Australian Auditing Sta	<del>undards; and</del>			
<del>(ii)</del>	whether a modified opi	nion was expres	sed in the auditor's	<del>report;</del>	
<del>(b)</del>	whether the historical f	inancial informa	tion included in the		
	document is consistent	with that of the	prior period audited	or	
	reviewed historical fina	incial informatic	n. For example, su	<del>ch</del>	
- 1	comparatives may have	been restated a	nd/or adjusted by th	e	
- 1	responsible party to en				
- 1	There may also be case				
- 1	appropriate when a maj			<del>turing)</del>	
	has occurred since the	<del>comparative tim</del>	e period);		
<del>(c)</del>	whether the source (an	audited or revie	wed financial report	t <del>) and</del>	
	time period covered by				
	appropriate under the a	pplicable criteria	a. The evaluation o	<del>f the</del>	
	appropriateness of the s				
	include an assessment (	of whether there	are any inconsisten	<del>cies with</del>	
	the applicable criteria;				
<del>(d)</del>	whether the preparation	n of the historica	l financial informat	ion is	
	consistent with the reco				
	Australian Accounting reporting framework);	Standards (or ot	her applicable finan	<del>cial</del>	
<del>(e)</del>	whether there is a need	to make adjustr	pante proviouely co	asidarad	
	immaterial in the prior				
<del>(f)</del>	responses by the respon	sible party the	antitu's managamer	<u>nt the</u>	
(1)	entity's external audito	<del>r (if another assi</del>	irance practitioner <u>a</u>	uditor	
<sup>29</sup> T	ne concepts and discussions on c	orroborative eviden	a relevant in investigation	na unucual	
	ictuations relevant to an audit en				
P	ocedures, and may be helpful in mfort letter assurance engagem	determining approp			
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	audited the financial report) and other experts, to enquiries made the <u>auditor</u> assurance practitioner. <sup>30</sup> Such enquires may relate to whether there were:	<del>› by</del>
<del>(i)</del>	any changes in accounting policies, financial reporting practices other reporting requirements that occurred during the time period under examination;	<del>-and</del> <del>d</del>
<del>(ii)</del>	any adjustments required to convert the basis of the financial rep presentation from an overseas jurisdiction's generally accepted accounting principles to Australian Accounting Standards (or oth applicable Australian reporting framework);	
<del>(iii)</del>	any unadjusted audit differences from the most recently audited reviewed financial report that may be material for the purposes of the document;	<del>or</del> of
<del>(iv)</del>	the treatment of any provisions and other significant accounting estimates (such as asset revaluations) in the financial report; and	ŀ
<del>(v)</del>	any significant transactions with related parties, such as assets th have been purchased from an associated entity.	<del>1at</del>
1		
<u>A21.</u>	Comfort letter engagements, by their nature and scope of proceed performed, are ordinarily a combination of:	ures
	(a) limitednegative assurance procedures on financial information with the nature, timing and extent of procedures specified by the requesting partiesnegative. example, the auditor may be ordinarily requested to perform limitednegativespecified procedures, and expres limitednegative assurance conclusion on interim finance statements included in an offering document; and	ess a
	(b) procedures determined by the requesting parties in resp of selected financial information during the change peri As a result of these procedures, the auditor makes a statement in the comfort letter as to whether anything h	iod.
relev Con Audi	concepts and discussions on using the work of another auditor or internal auditor ant to an audit engagement are contained in Auditing Standard ASA 600 Special iderations Audits of a Group Financial Report (including the Work of Componen ors) and Auditing Standard ASA 610 Using the Work of Internal Auditors which lpful in considering the work of other auditors applicable to an assurance engage	! <del>nt</del> h may
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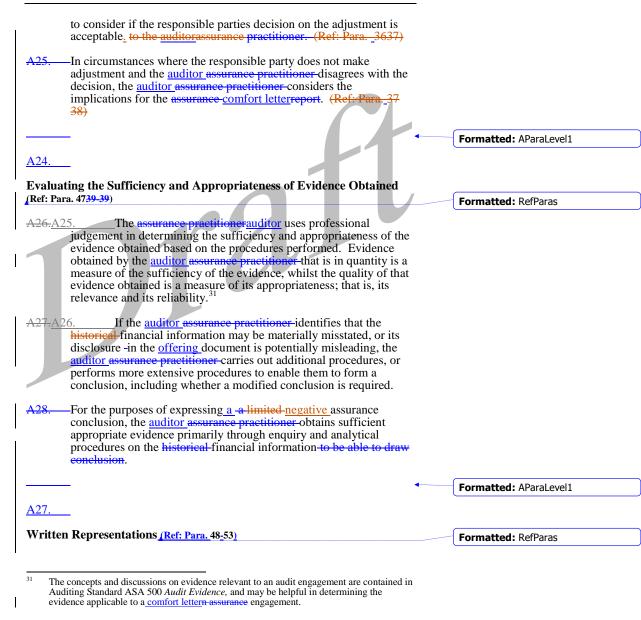
- 92 - EXPOSURE DRAFT





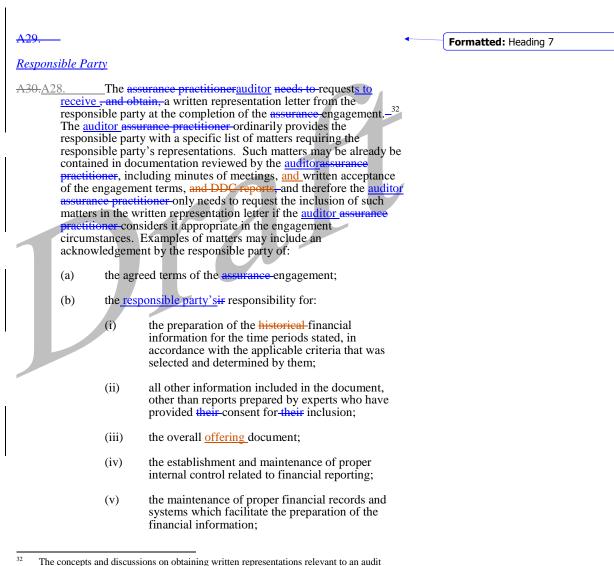
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- 93 -



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- 94 -

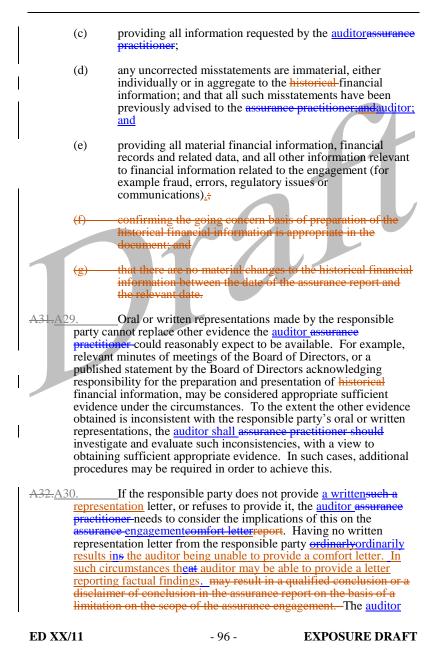


<sup>&</sup>lt;sup>32</sup> The concepts and discussions on obtaining written representations relevant to an audit engagement are contained in Auditing Standard ASA 580 Written Representations, and may be helpful in determining the form and content of written representations applicable to an <u>comfort letterassurance</u> engagement.

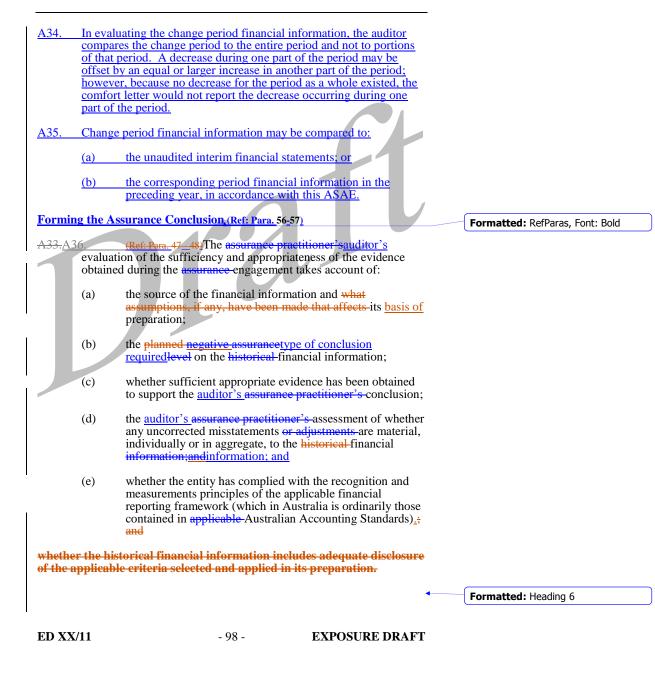
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- 95 -



	assurance practitioner may also include a restriction paragraph on the distribution of, or use of, the assurance report. (Ref: Para. 52)	
<u>A31.</u>	An inability to obtain sufficient appropriate evidence regarding a matter that has, or may have, a material effect on the evaluation of the historical financial information in the document, when such evidence would ordinarily be available, constitutes a limitation on the scope of the <u>auditorassurance engagement</u> , even if a written representation from the responsible party has been received by the <u>auditor assurance practitioner</u> on the matter. (Ref: Para. 4252)	
Subsec	<u>quent Events (Ref: Para. 54)</u>	Formatted: RefParas, Font: Bold
<u>A32.</u> <u>A33.</u>	The auditor may be requested to perform specified procedures by the requesting parties on selected financial information during the change period between the date of the comfort letter procedures and the dates of the latest interim financial conformation. The purpose of these procedures is to determine whether there are changes, increases or decreases in the selected financial information during the change period, such as changes in the share capital, increases in long-term debt or decreases in net current assets or other specified financial statement items that occur during the change period that one not already decided in the offering document. The procedures may also relate to decreases in net sales during the change period as compared to the corresponding period in the preceding year. The auditor does not comment and provide any assurance on the reason for the changes in the selected financial information.	
	parties, ordinarily include:         (a)       reading of minutes of meetings of shareholders and those charged with governance during the change period;         (b)       reading of the unaudited or unreviewed financial statements	
	for the change period; and         (c)       enquiry of the responsible party, 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;         to enable the auditor to conclude whether anything has come to the auditor's attention that a change, increase, or decrease has occurred	
ED XY	during the offering.	



Appendix 4 provides an illustrative written representation letter. (Ref: Para, 52)	
Preparing the Comfort Letter (Ref: Para. 59-61)	Formatted: RefParas, Font: Bold
A <u>37.</u> The <u>comfort letter <del>ordinarily</del> is <u>ordinarily</u> dated on or shortly after the <u>responsible party's underwriting</u></u>	Formatted: AParaLevel1
agreementengagementrepresentation letter is signed and before the 222 finalisation of the offering document.	Formatted: Highlight
<u>A38.</u> The underwriting agreementengagement letter ordinarily specifies the date, often referred to as the cut-off date, to which certain	Formatted: Font: Not Italic
procedures described in the letter are to relate, for example, a date five daysfive beforedays the before date the ofdate the of	Formatted: Font: Not Italic
accept -the engagement is whether the period between the cut-off date and the date of the letter provides sufficient time to allow the auditor to perform the procedures and prepare the letter. <i>Comments included in an earlier letter that relate to information in the</i> securities offering as most recently amended may be incorporated by reference in a subsequent letter. <u>(Ref: Para. 54(a) and A65)</u> Unmodified and Modified Conclusions	
Unmodified conclusions (Ref: Para. Error! Reference source not found.65)	Formatted: RefParas
A <u>35.A39.</u> Appendi <u>ces 5 &amp; 6<del>x 5</del> contains <u>an</u> illustrative examples of <u>an</u> unmodified conclusions in <del>an assurance report.<u>a</u> comfort letter.</del></u>	
Modified conclusions (Ref: Para. Error! Reference source not found. Error! Reference	Formatted: RefParas
source not found66_67	Formatted: RefParas
A <u>36.A40.</u> When the <u>assurance practitionerauditor</u> expresses a modified conclusion in the <u>assurance reportcomfort letter</u> , the reasons for the modification <u>shallshould</u> be properly described, with the effects appropriately quantified and disclosed in the <u>assurance comfort letter</u> .	

ED XX/11

- 99 - EXPOSURE DRAFT

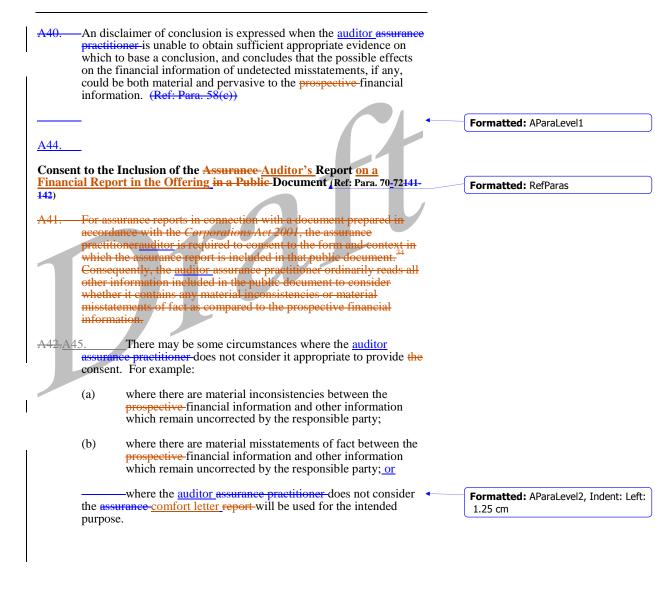
	<u>A37.</u> <u>A</u> 4		_Appendi <u>ces 5 &amp; 6* 5</u> contains <u>an</u> illustrative examples of <u>a</u> ed conclusions <sup>33</sup> in <u>a an assurancea reportcomfort letter</u> .	
	<u>A38.</u> <u>A</u> 4	2.	_A qualified conclusion is expressed when:	
		(a)	the <u>auditor assurance practitioner</u> concludes that misstatement, individual or in aggregate are material but not pervasive to the <del>prospective</del> financial information;	
		(b)	matters have come to the assurance practitioner'sauditor's attention that cause the <u>auditor's</u> assurance practitioner to believe that the prospective financial information is not prepared, in all material respects, in accordance with the applicable criteria <u>financial reporting 299</u> framework;	
   	1	(c)	the <u>auditor</u> assurance practitioner is unable to obtain sufficient appropriate evidence on which to base a conclusion, but concludes that the possible effects on the prospective financial information of undetected misstatements, if any could be material but not pervasive to the prospective financial information; or	
		(d)	the <u>auditor</u> assurance practitioner determines there has been a material scope limitation regarding the possible adjustments to the prospective financial information that might have been determined to be necessary had the limitation not existed.	
			fied conclusion is expressed as being "except for" the effects,	Form
	<u>A39.A4</u>	assuran appropri aggrega financia practitic to discle financia ordinari fairly.in	An adverse conclusion is expressed when the <u>auditor</u> ce practitioner concludes (having obtained sufficient riate evidence) that misstatements, individually or in ate, are both material and pervasive to the <u>prospective</u> al information. In these circumstances, the <u>auditor assurance</u> oner ordinarily concludes that a qualification is not adequate ose the misleading or incomplete nature of the <u>prospective</u> al information. The form of the adverse conclusion is ily that the <u>prospective</u> financial information is not prepared a all material respects, in accordance with the <u>applicable</u> all reporting framework applicable criteria. (Ref: Para. 58(a))	
I	eng the	agement ar Independer	and discussions on modifications to the opinion relevant to an audit e contained in Auditing Standard ASA 705 <i>Modifications to the Opinion in</i> <i>nt Auditor's Report</i> , and may be helpful in determining the nature, type and ng of modifications applicable to a <u>comfort lettern assurance engagement</u> .	

ED XX/11

- 100 -

EXPOSURE DRAFT

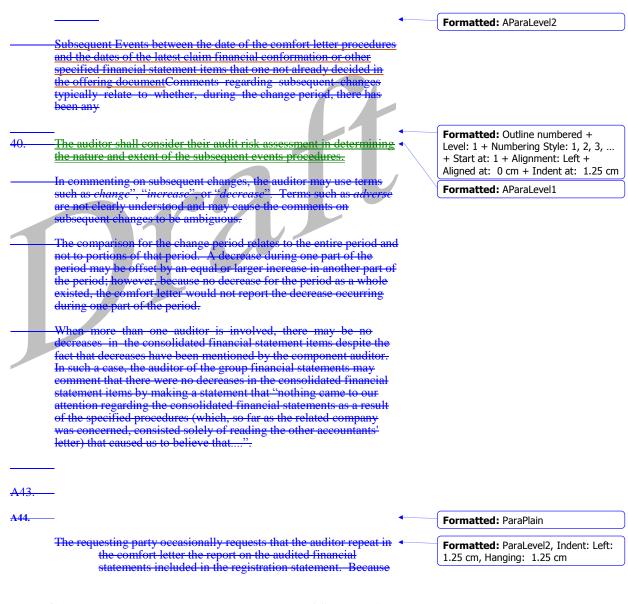
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<sup>&</sup>lt;sup>34</sup>—See Section 716 of the Corporations Act 2001.

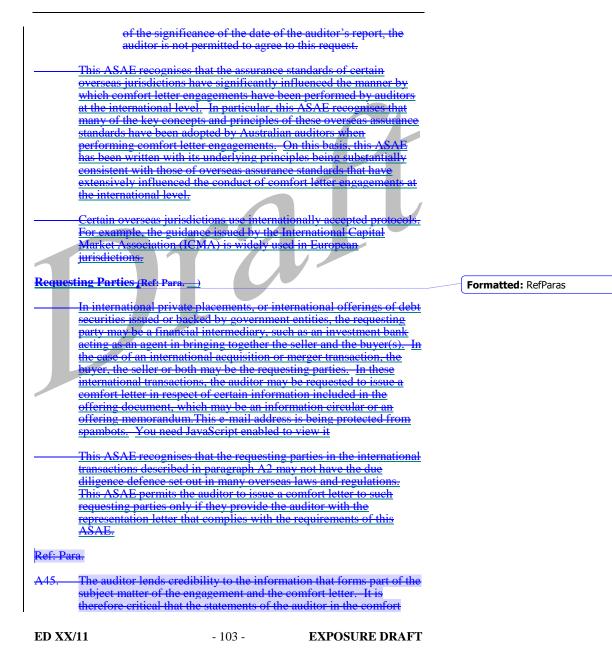
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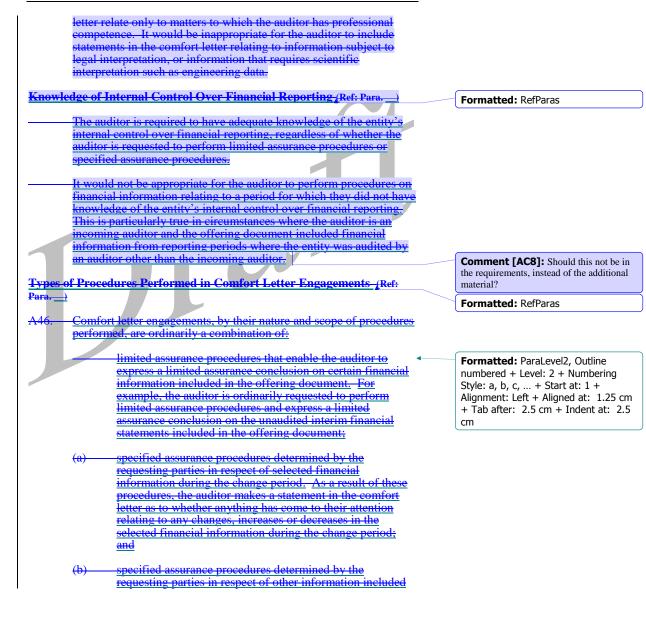
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ED XX/11

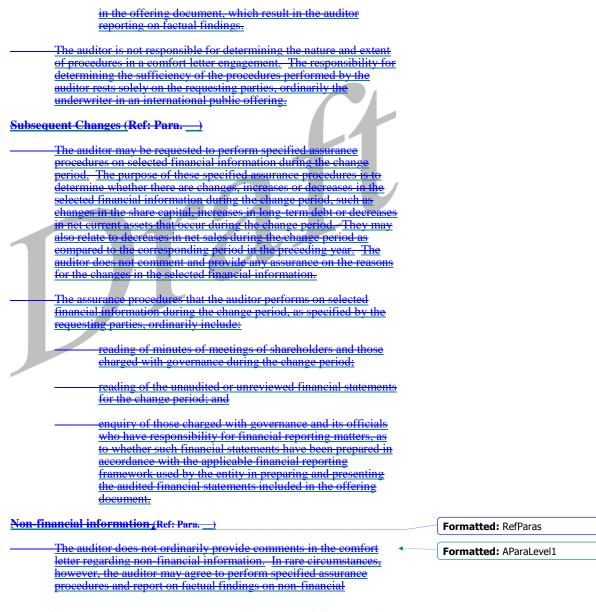
- 102 -





ED XX/11

- 104 -



ED XX/11

- 105 -

information. In these circumstances, the auditor needs to exercise a high degree of professional judgement to determine whether they are able to do so. 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.

A47. 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.

### **Conformity with International Standards on ASAEAssurance Engagements**

There is no corresponding equivalent-International Standard on Assurance Engagements for *Comfort Letters for Requesting Parties in Connection with International Offerings*.

ED XX/11

- 106 -

Appendix 1
<u>(Ref: Para.22-29)</u>
EXAMPLE ENGAGEMENT LETTER – U.S. <u>STYLE</u>
The following illustrative letter includes example terms of engagement that can be tailored for specific engagement circumstances.
Illustration 1: The offering involves the public securities offering in the United States of America
[The Board of Directors / Audit Committee] [Company Limited] [Address]
The Lead Manager and Dealers [Addressee]
[Date]
Dear Sirs
Introduction
1. This engagement letter sets out the scope and limitations of the work to be performed by [auditor] ("we" or "us") in connection with the above transaction, namely the proposed issue of [] ("the Issue") which will involve the preparation by the Issuer, and for which the Issuer will be solely responsible, of an Offering Circular [in accordance with the Prospectus Directive Regulation]/[Listing Rules of the [relevant] Stock Exchange or other listing authority]. This letter is written in the context of the respective roles of the directors of the Issuer, [the Lead Manager] ("the Lead Manager"), the other Managers (as defined in Paragraph 2 below) and ourselves.
Addressees
2. This engagement letter is addressed to the directors of the Issuer, to the Lead Manager and to each of the managers who have agreed or, prior to the issue of our comfort letter, will agree to participate in the proposed Issue and who have or, prior to the issue of our comfort letter, will have validly authorised the Lead Manager to sign this engagement letter on their behalf. Their legal names are set out in

ED XX/11

- 107 - EXPOSURE DRAFT

	Appendix 1 to this engagement letter and, together with the Lead Manager, are referred to in this engagement letter as "the Managers".
<u>3.</u>	By signing and accepting the terms of this engagement 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 engagement 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.
4.	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 engagement letter to be signed on its behalf or where the Lead Manager does not receive authority to sign this engagement letter on behalf of the relevant Manager. The revised managers shall then, together with the Lead Manager, be referred to in this engagement letter as "the Managers".
<u>Comfo</u>	rt Letter
<u>5.</u>	We have performed the engagement in accordance with Australian Standard on Assurance Engagements ASAE 34xx Auditors' Comfort Letters, issued by the Australian Auditing and Assurance Standards Board.
<u>6.</u>	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.
7.	Our comfort letter will be provided to the addressees of this letter solely in the context of the due diligence procedures that you undertake, or procure to be undertaken, pursuant to the guidance referred to in Paragraph 6 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.

ED XX/11

- 108 -

	28, 33 and 34 of this letter, nothing in this Managers from obtaining compensation fr	om us in respect of any
	liability that the Managers incur to an inve	
	contents of the Offering Circular to the exact arises because the work undertaken pursua	int to this engagement.
	letter or the comfort letter was undertaken	negligently.
<u>9.</u>		engagement letter will not
	have been provided in accordance with the	
	[ <i>Insert jurisdiction</i> ] and accordingly shoul connection with any obligations or respon	a not be relied upon in sibilities that you may
	have under any legislation, regulations and	
	<i>jurisdiction</i> ] and, in the event of any such	use in [Insert jurisdiction],
	we accept no responsibility in this regard.	
<u>10.</u>	Our work and findings shall not in any wa	y constitute advice or
	recommendations (and we accept no liabil	ity in relation to any
	advice or recommendations) regarding any associated with the Issue, including, in part	ticular but without
	limitation, any which may be taken by the	Managers (or any person
	connected to the Managers or any one of t	hem) in the capacity of
	investor or in providing investment advice	to their clients.
<u>11.</u>	Our comfort letter will be provided solely	
	information and should not be used for an out in Paragraph 7. Our comfort letter ma	
	other document (except that reference may	
	in any contract or other communication be	
	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 prepar	ed for the Issuer and the
	Managers).	
12.	Nothing in Departments 0 and 11 shall prov	ant you from disaloging
12.	Nothing in Paragraphs 9 and 11 shall prev our comfort letter to your professional adv	
	required by law or regulation, and/or refer	ring to and/or producing
	our comfort letter in court proceedings rela	ating to the Issue or the
	Offering Circular. Provided that you first	obtain our prior written
	consent, you may disclose our comfort lett	
	do so would reasonably be necessary in th	e interest of a resolution of
	a dispute with that third party.	
13.	Other than to those who have validly acce	pted this engagement
	letter, we will not accept any responsibility	y to any party to whom our
	comfort letter is shown or into whose hand	ls it may come.
ED XX	<b>X/11</b> - 109 -	EXPOSURE DRAFT

<ul> <li>as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.</li> <li>16. 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 balance sheet]. The procedures we will use to perform the work set out in this engagement 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.</li> <li>17. 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.</li> </ul>	<u>14.</u>	You may only rely on information and comments set out in our comfort letter on the basis of this engagement letter.
<ul> <li>ASAE 34xx Auditors' Comfort Letters, issued by the Australian, Auditing and Assurance Standards Board. 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 or as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.</li> <li>16. 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 Idate of last audited balance sheetl. The procedures we will use to perform the work set out in this engagement letter will not constitute an audit or review made in accordance with financial matters of significance with respect to any material misstatement of the information referred to below.</li> <li>17. 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 routing, 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.</li> <li>18. 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 at there for your purposes of such procedures at the there has been and agreed between us, we will carry them out and</li></ul>	Work a	and procedures
<ul> <li>any generally accepted auditing standards of any financial information relating to the Issuer for any period subsequent to Idate of last audited balance sheet). The procedures we will use to perform the work set out in this engagement 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.</li> <li>17. 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), 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.</li> <li>18. 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 engagement 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</li> </ul>	<u>15.</u>	ASAE 34xx Auditors' Comfort Letters, issued by the Australian Auditing and Assurance Standards Board. 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
<ul> <li>17. 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.</li> <li>18. 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 engagement 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</li> </ul>	<u>16.</u>	any generally accepted auditing standards of any financial information relating to the Issuer for any period subsequent to [date of last audited balance sheet]. The procedures we will use to perform the work set out in this engagement 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
<ul> <li>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.</li> <li>18. 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 engagement 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</li> </ul>	<u>17.</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
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 engagement 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		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,
	<u>18.</u>	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 engagement 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

ED XX/11

- 110 - EXPOSURE DRAFT

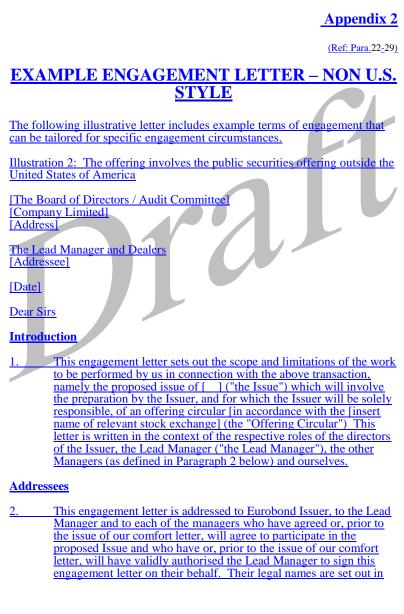
	come to our attention which we would report to you. The procedures to be performed by us should not be taken to supplant any additional enquiries or procedures that may be appropriate in the performance of your role under the proposed offering.
<u>19.</u>	In relation to the contents of the Offering Circular, we will address 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 <u>Issuer</u> .
<u>20.</u>	Any opinions expressed on financial information outside the context of this engagement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this engagement 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.
<u>21.</u>	Save as may be expressly recorded in the comfort letter, we do not 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.
Conte	nts of the Comfort Letter
<u>22.</u>	We will prepare and expect to issue a comfort letter addressed to the <u>Issuer and the Managers in connection with their due diligence</u> 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.
<u>23.</u>	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.]
<u>24.</u>	Once an advanced draft of the Offering Circular is available and you have identified, and we have agreed, the detailed financial
ED XX	<b>X/11</b> - 111 - <b>EXPOSURE DRAFT</b>

	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.]
<u>25.</u>	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.
<u>Drafts</u>	
<u>26.</u>	During the course of the engagement 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 (	<u>Opinion</u>
<u>27.</u>	The Issuer may not include our audit opinion in the Offering Circular without our prior written approval.
<u>Meetin</u>	<u>gs</u>
<u>28.</u>	It [will be] [has been] necessary for us to receive copies of the draft 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] queries 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.
<u>29.</u>	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 engagement letter, we may release to
	the Managers and such other professional advisers any information
	relating to the Issuer, 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.
ED XX	- 112 -         EXPOSURE DRAFT

### **Timetable** We will endeavour to carry out our work in accordance with a 30. 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 engagement or with meeting the timetable as soon as any problems arise.] **Other Terms and Conditions** <u>31</u>. [Insert other terms and conditions that are applicable in the engagement circumstances]. Yours faithfully Partner Firm 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 for and on behalf of Date ..... Lead Manager

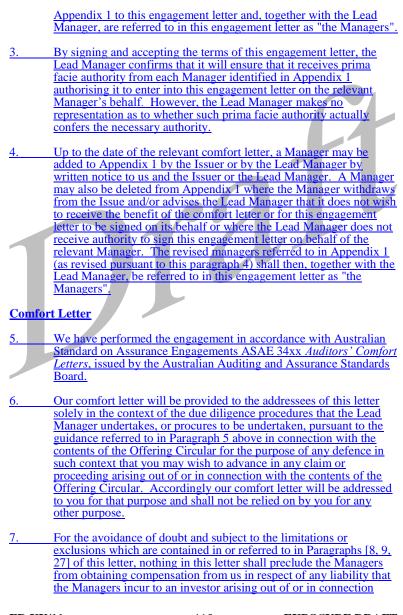
ED XX/11

- 113 -



ED XX/11

- 114 -



ED XX/11

- 115 -

	with the contents of the Offering Circular to the extent that such liability arises because the work undertaken pursuant to this engagement letter or the comfort letter was undertaken negligently.
8.	Any comfort letter issued pursuant to this engagement letter will not
	have been provided in accordance with the professional standards of
	[ <i>Insert jurisdiction</i> ] 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 [Insert
	jurisdiction] and, in the event of any such use in [Insert jurisdiction],
	we accept no responsibility in this regard.
9.	Our work and findings shall not in any way constitute advice or
	recommendations. Our work will be conducted in accordance with
	practices and with the level of skill and care expected of a professional accountant in the context of similar services in
	[Australia] and we accept no liability in relation to any advice or
	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
10.	information 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>11.</u>	Nothing in Paragraphs 8 and 10 shall prevent you from disclosing our comfort letter to your professional advisers, who has a legitimate
	need to know and on a strictly confidential basis, or as may be
	required by law or regulation or the requirements of a regulatory
	body, 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, on a strictly confidential basis, 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 engagement
	letter, we will not accept any responsibility or liabilities (including
	without limitation, those arising from negligence or otherwise) to

ED XX/11

- 116 - EXPOSURE DRAFT

	any party to whom our comfort letter is shown or into whose hands it may come.
13.	You may only rely on information and comments set out in our
	comfort letter on the basis of this engagement letter.
<u>Work</u>	and Procedures
14.	Our work will, where appropriate, be conducted in accordance with
	ASAE 34xx Auditors' Comfort Letters issued by the Australian
	Auditing and Assurance Standards Board. 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 o as if it had been provided in accordance with the standards and
	practice of any professional body in any other jurisdiction.
	practice of any professional body in any other jurisdiction.
15.	We have not carried out an audit examination in accordance with
	Australian Auditing Standards of any financial information relating
	to the Issuer for any period subsequent to [date of last audited
	balance sheet]. The procedures we will use to perform the work set
	out in this engagement 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 referre
	to below.
16.	The procedures that we plan to conduct have been discussed
	between and agreed by the Issuer, the Lead Manager and us and wil
	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, (o
	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.
17.	We will only carry out those verification procedures expressly
11.	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 engagement letter and/or
	recorded in the comfort letter with due skill, care and attention. If

ED XX/11

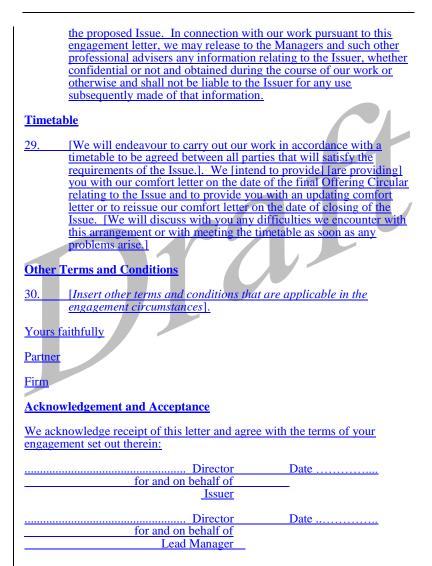
- 117 - EXPOSURE DRAFT

	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
	[Australia], 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 Issue.
<u>18.</u>	In relation to the contents of the Offering Circular, we will address
	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
	<u>Issuer.</u>
<u>19.</u>	Any opinions expressed on financial information outside the context
	of this engagement letter were or are expressed solely in the context
	of the specific terms and conditions governing their preparation. In
	particular, the terms of this engagement 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.
20	
<u>20.</u>	Save as may be expressly recorded in the comfort letter, we do not
	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.
	were addressed at the date of their issue.
Conte	nts of the Comfort Letter
21.	We will prepare and expect to issue a comfort letter addressed to the
	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

ED XX/11

- 118 - EXPOSURE DRAFT

	that we can provide you with a revised draft for your further consideration and approval.]
<u>23.</u>	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.]
<u>24.</u>	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 (	<u>Dpinion</u>
<u>26.</u>	The Issuer may not include our audit opinion in the Offering Circular without our prior written approval.
Meetin	<u>28</u>
27.	It [will be] [has been] necessary for us to receive copies of the draft 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] queries 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 or otherwise) for our answers.
<u>28.</u>	Unless otherwise specifically agreed, we are authorised by the Issuer to speak to the Managers and other professional advisers advising on
ED XX	



ED XX/11

- 120 -

Appendix 3	
<u>(Ref: Para.</u> 48 <u>53)</u>	
EXAMPLE REPRESENTATION LETTER	
(Responsible Party Comfort Letter) Formatted: Heading 3, Left	
The following illustrative letter includes an example representation letter provided by the responsible party in respect of an auditor's comfort letter that can be tailored for specific engagement circumstances.	
Illustration 1: The offering involves the public securities offering.         [Date]	
[Name of Member Firm] [Address]	
Dear Sirs In connection with the auditor comfort letter that you have been asked to provide to us and to the [Managers/Dealers] under the terms of your engagement letter dated [ <i>Date</i> ] relating to the [ <i>company</i> ] and its subsidiaries (the "Group") the board of directors makes the following representations.	
Significant change in financial and trading position	
We have made available to you the management accounts of the Group for the period to [ <i>Date</i> ] being the most recently available and all minutes of the meetings of the board of directors and [ <i>identify any other</i> <i>bodies</i> ] held since [ <i>last balance sheet date</i> ] to [ <i>the cut-off date</i> ] (the "cut-off date") [ <i>together with the related board papers</i> ]. We confirm that:	
1. the unaudited management accounts to [ <i>Date</i> ] and [ <i>previous year</i> ] were prepared in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements of the Group for the year ended [ <i>Year</i> ];	
2. The management accounts properly deal with all of the following matters identified by you from the minutes referred to in (1) above:	
ED XX/11 - 121 - EXPOSURE DRAFT	

3.	There are no matters of which we are aware which will be reported
<u>.</u>	as non-operating exceptional items other than as follows: [];
4.	Save as described below we are not aware of any increases in [ ] or
	decreases in [ ] as at the cut-off date as compared to the amounts
	shown in the [insert date of latest] audited financial statements of the
	Group nor increase in [ ] or decrease in [ ] for the period from
	[insert date of first day after end of last audited financial statements]
	up to the cut-off date.
5.	The Board are not aware of any matters to which attention should be
5.	drawn in the statement on page [] of [[ <i>proof</i> [] <i>of</i> ] the Offering
	Circular that there has been no material adverse change in the
	financial position or prospects of the Issuer and its subsidiaries since
	the date of its last published annual accounts.
<u>Contir</u>	gent liabilities attributable to financial instruments
	ve made available to you a schedule of contingent liabilities relating to
	al instruments existing at [cut-off date] which would be disclosed were
	al statements be prepared as of that date and we confirm that we are are of any such other contingent liabilities that would be expected to
be disc	
	iosed.
Other	financial Information
-	
The [d	escribe document] which has been used as a basis for the [describe]
<u>inform</u>	ation in the circular] has been [prepared/derived] from the Group's
<u>accoun</u>	ting records.
<u>Gener</u>	<u>al</u>
Durino	the course of your work you been provided with all of the information
	planations which we believe may be relevant to your work and there
	other matters of which you should be aware.
<u></u>	surer matters of millen jou bhould be under

Yours faithfully

For and on behalf of the directors of [Client]

ED XX/11

- 122 - EXPOSURE DRAFT

1	Appendix 4
	(Ref: Para. 48_53) <b>Formatted:</b> AppendixRef
	EXAMPLE REPRESENTATION LETTER
	(Requesting Parties Comfort Letter)
	The following illustrative letter includes an example representation letter provided by the requesting parties related to an auditor's Comfort Letter that can be tailored for specific engagement circumstances.
	Illustration 1: The offering involves the public securities offering.
	[Name of Member Firm]
	[Address] Dear Sirs
	-[Name of financial intermediary], as principal or agent, in the placement of [ <i>identify securities</i> ] to be issued by [ <i>name of issuer</i> ], will be reviewing certain information relating to [ <i>issuer</i> ] that will be included (incorporated by reference in the document [ <i>if appropriate, the document should be identified</i> ], which may be delivered to investors and utiliszed by them as a basis for their
	investment decision. This review process, applied to the information relating to the issuer, is (will be) substantially consistent with the due diligence review process that we would perform if this placement of securities were being registered pursuant to the Securities Act of 1933 (the "Act"). We 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 Act.—We hereby request that you deliver to us a "comfort" letter concerning the financial statements of the issuer and certain statistical and other data included in the offering document. We will contact you to identify
l	the procedures we wish you to follow and the form we wish the comfort letter to take.

This letter is solely for the information and use of [*legal name of firm*] in issuing a comfort letter in connection with the offering of securities described above and it is not to be used, circulated, quoted or otherwise referred to, in whole or in part, in the Document.

(Financial Intermediary)

ED XX/11

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- 123 -

Letter originator Job Title Should Be In Italics

ED XX/11

- 124 -

<u>Appendix 5</u>
<u>(Ref: Para. 48-53)</u>
EXAMPLE REPRESENTATION LETTER
(Bring Down Comfort Letter)
The following illustrative letter includes an example representation letter provided by the responsible party related to an auditor's Bring Down Comfort Letter, and that can be tailored for specific engagement circumstances.
Illustration 1: The offering involves the public securities offering.
[Date]
[Name of Member Firm]
[Address]
Dear Sirs
In connection with the auditors' comfort letter that you have been asked to provide to us and to the [Managers/Dealers] under the terms of your engagement letter dated [Date] relating to the [company] and its subsidiaries (the "Group") the board of directors makes the following representations.
Significant change in financial and trading position
We have made available to you:
1.         The management accounts of the Group for the period to [Date]           being the most recently available;
2. all minutes of the meetings of the board of directors and [ <i>identify</i> <u>any other bodies</u> ] held since [ <i>last balance sheet date</i> ] to [ <i>the cut-off</i> <u>date</u> ] (the "cut-off date") [ <i>together with the related board papers</i> ].
We confirm that:
3. the unaudited management accounts to [ <i>Date</i> ] and [ <i>previous year</i> ] were prepared in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the
<b>ED XX/11</b> - 125 - <b>EXPOSURE DRAFT</b>

	and the discount the set of the sector of th
	audited consolidated financial statements of the Group for the year ended [Year];
<u>4.</u>	The management accounts properly deal with all of the following matters identified by you from the minutes referred to in (1) above:
<u>5.</u>	There are no matters of which we are aware which will be reported as non-operating exceptional items other than as follows:
<u>6.</u>	Save as described below we are not aware of any increases in [ ] or decreases in [ ] as at the cut-off date as compared to the amounts shown in the [insert date of latest] audited financial statements of the Group nor increase in [ ] or decrease in [ ] for the period from [insert date of first day after end of last audited financial statements] up to the cut-off date.
7.	The Board are not aware of any matters to which attention should be drawn in the statement on page [] of [[proof [] of] the Offering Circular that there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries since the date of its last published annual accounts.
8.	To the best of our knowledge and belief, no events or transactions have occurred since the date[s] of our previous letter[s] or are pending [other than those reflected or disclosed in the filing] that would have a material effect on the audited financial statements [and the unaudited interim financial information] [included or incorporated by reference] in the [appropriate filing] or that are of such significance in relation to the Company's affairs to require mention in a note to the audited financial statements [or the unaudited interim financial information] in order to make them not misleading regarding the financial position, results of operations or cash flows of the Company.
<u>9.</u>	Also, no information has come to our attention since the date[s] of our previous letter[s] and no events or transactions have occurred or are pending [other than those reflected or disclosed in the filing] that adversely affect our previous report on the effectiveness of the Company's internal control over financial reporting as of [the most recent balance sheet date], or that are of such significance in relation to the Company's internal control over financial reporting to require mention in the (appropriate filing)].
<u>10.</u>	In addition, there have been no changes in the design or operation of internal control over financial reporting since the date[s] of our previous letter[s] that have materially affected, or are reasonably

ED XX/11

- 126 - EXPOSURE DRAFT

likely to materially affect, the Company's internal control over financial reporting.
11. [When changes in the design or operation of internal control over
<u>financial reporting have occurred, replace the above paragraph</u> with the following In addition, we have identified and
communicated to you all changes in the design or operation of
internal control over financial reporting since the date s or our
previous letter[s] that have materially affected, or are reasonably
likely to materially affect, the Company's internal control over
financial reporting.
Contingent liabilities attributable to financial instruments
We have made available to you a schedule of contingent liabilities relating to
financial instruments existing at [cut-off date] which would be disclosed were
financial statements be prepared as of that date and we confirm that we are
not aware of any such other contingent liabilities that would be expected to
be disclosed.
Other financial Information
The [describe document] which has been used as a basis for the [describe
information in the circular] has been [prepared/derived] from the Group's
accounting records.
<u>General</u>

During the course of your work you been provided with all of the information and explanations which we believe may be relevant to your work and there are no other matters of which you should be aware.

Yours faithfully

For and on behalf of the directors of [Client]

ED XX/11

- 127 -

Appendix <u>6</u> 1
(Ref: Para. 62-)◀
EXAMPLE COMFORT LETTER – U.S. STYLE (Representation Letter provided)
The following illustrative letter represents an example US Style comfort letter that can be tailored for specific engagement circumstances.
Illustration 1: The offering involves a <del>the</del> public securities offering in the United States of America. in the United States of America. 30,June 20X1
[The Board of Directors / Audit Committee] [Company Limited]
[Address] [Sponsors/Managers Limited]The Lead Manager and Dealers
[Addressee] [Date]
Dear Sirs: PROPOSED [insert type of offering] ISSUE BY [insert issuer name] ("the
Issuer")
We report in accordance with our letter of arrangement dated XXX 2009[Date]. We have audited, in accordance with generally accepted auditing standards in Australia ("AGAAS"),Australian Standards on Assurance Engagements ASAE 3xxx Auditors' Comfort Letters issued by the Auditing and Assurance Standards Board, the consolidated balance sheets of [ <i>insert client</i> ] and its controlled entities (the "Company") as at <u>December 31, 2005, 2006 and</u> 2007[Date], and the consolidated income statements, statements of changes in equity and cash flow statements for each of the three years in the period and a December 31, 2005, 2006 and 2007[Date].
ended December 31, 2005, 2006 and 2007[ <i>Date</i> ], included in the Offering Circular (as defined herein) for the sale of US\$1,000,000,000 of [x]% Notes due [2018] and US\$500,000,000 of [x]% Notes due [2038][ <i>Insert Details</i> ], (collectively, the "Securities") of [ <i>Iinsert client</i> ] to non-U.S. persons

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ED XX/11

- 128 -

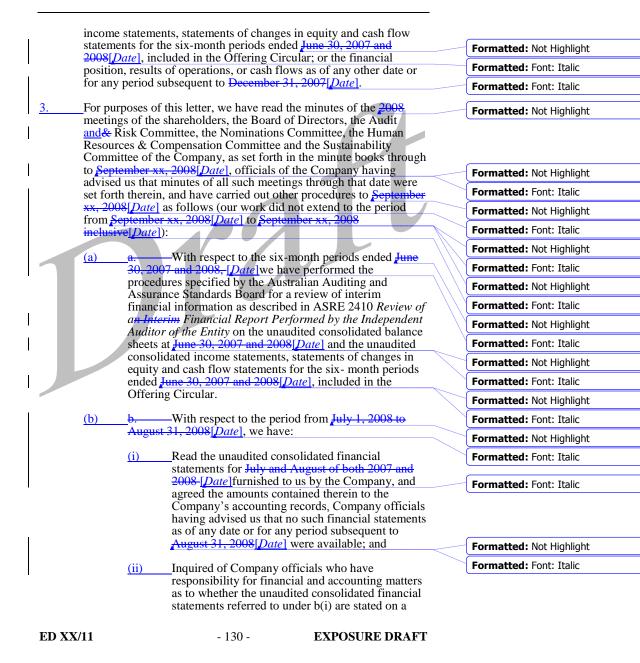
outside the United States of America pursuant to Regulation <u>S</u> under the U.S. Securities Act of 1933, as amended, (the "Securities Act"). Our reports Formatted: Font: 10 pt, Not Bold with respect thereto are included in the Offering Circular. We have also Formatted: Font: 10 pt, Not Bold, reviewed in accordance with AGAAS [PPL]ASAE 3xxx Auditors', Comfort Italic Letters Formatted: Font: 10 pt, Not Bold , the unaudited consolidated balance sheets of the Company as at June 30 Formatted: Font: 10 pt, Not Bold, 2007 and 2008[Date] and the related consolidated income statements, Italic statements of changes in equity and cash flow statements for the six-month periods ended June 30, 2007 and 2008 [Date], included in the offering Formatted: Font: 10 pt, Not Bold circular. The preliminary offering circular dated XXX 2009[Date] is referred Formatted: Font: 10 pt, Not Bold, to herein as the "Offering Circular." Italic This letter is being furnished in reliance upon your representation to us that: Formatted: Font: 10 pt, Not Bold Formatted: Font: 10 pt, Not Bold, Not You are knowledgeable with respect to the due diligence Hiahliaht review process that would be performed if this placement of the Securities was being registered pursuant to the Formatted: Font: 10 pt, Not Bold, Securities Act; and Italic Formatted: Font: 10 pt, Not Bold In connection with the offering covered by the Offering (h)Circular, the review process you have performed is Formatted: Font: 10 pt, Not Bold, Not substantially consistent with the due diligence review Highlight process that you would have performed if this placement of Formatted: Font: 10 pt, Not Bold, the Securities were being registered pursuant to the Italic Securities Act. Formatted: Font: 10 pt, Not Bold This letter is intended to be used only by the addressees of this letter in Formatted: Font: 10 pt, Not Bold, Not connection with the offer or sale of the Securities outside the United States of Highlight America. -It is not to be used in the United States of America. Formatted: Font: 10 pt, Not Bold, In connection with the Offering Circular: Italic Formatted: Font: 10 pt, Not Bold We are independent auditors with respect to the Company under the • Australian *Corporations Act 2001* and the Accounting Professional Formatted: ParaLevel2 Standards Ethics Board's APES 110, Code of Ethics for Formatted Professional Accountants. Formatted: Font: Italic We have not audited any financial statements of the Company as of Formatted: ParaLevel1 any date or for any period subsequent to December 31, 2007[Date] The purpose (and therefore the scope) of our audit for the year ended Formatted: Font: Italic ember 31, 2007[Date] was to enable us to express our opinion Dece Formatted: Font: Italic on the financial statements as at December 31, 2007[Date] and for the year then ended, but not on the financial statements for any Formatted: Font: Italic interim period within that year. Therefore, we are unable to and do not express any opinion on: the unaudited consolidated balance Formatted: Not Highlight sheets at June 30, 2007 and 2008 [Date]; the unaudited consolidated Formatted: Font: Italic

ED XX/11

- 129 -

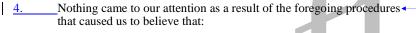
EXPOSURE DRAFT

<u>[...</u>



basis substantially consistent with that of the audited financial statements included in the Offering Circular.

The foregoing procedures do not constitute an audit or review conducted in accordance with <u>Australian Auditing Standards</u>AGAAS. Also, they would not necessarily reveal matters of significance with respect to comments in the following paragraphs. Accordingly, we make no representation as to the sufficiency of the foregoing procedures for your purposes.



(a) a. Any material modifications should be made to the unaudited financial statements described in <u>3(a)3.a.</u> above, included in the Offering Circular, for them to be in conformity with Australian Accounting Standards for interim financial statements; or

b. At August 31, 2008 [*Date*] there was any change in issued and fully paid shares, increase in long-term debt, increase in total liabilities, increase in net current liabilities, or any decrease in total equity of the Company as compared with amounts shown in the June 30, 2008 [*Date*] unaudited consolidated balance sheet, included in the Offering Circular, or for the period from July 1, 2008 [*Date*] to August 31, 2008 [*Date*], there were any decreases, as compared with the corresponding period in the preceding year, in revenue from continuing operations or net profit, except in all instances for increases or decreases that the Offering Circular discloses have occurred or may occur.

5. As mentioned under <u>3(b)3.b.</u> above, Company officials have advised us that no financial statements as of any date or for any period subsequent to <u>August 31, 2008[*Date*]</u> are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after <u>August 31, 2008[*Date*]</u> have, of necessity, been even more limited than those with respect to the periods referred to in 3. above. We have inquired of certain Company officials who have responsibility for financial and accounting matters (the "Persons Responsible for Financial and Accounting Matters") as to whether, at <u>September 8, 2008[*Date*]</u>, there was any change in issued and fully paid shares or increase in long-term debt of the Company as compared with the amounts shown on the <u>June 30, 2008[*Date*]</u> unaudited consolidated balance sheet included in the Offering Circular. Formatted: ParaLevel1

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ED XX/11

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- 131 -

<u>6.</u>	On the basis of these inquiries and our reading of the minutes	
1	identified in 3. above, nothing came to our attention that caused us to believe that at XXX 2009[ <i>Date</i> ] there was any change in issued	
I	and fully paid shares or increase in long-term debt of the Company	Formatted: Not Highlight
	as compared with the amounts shown in the June 30, 2008[Date]	Formatted: Font: Italic
	unaudited consolidated balance sheet, included in the Offering Circular.	Formatted: Not Highlight
		Formatted: Font: Italic
	The foregoing procedures do not constitute an audit or review conducted in accordance with AGAASAustralian Auditing	Formatted: Indent: Left: 1.25 cm
	<u>Standards</u> . Also, they would not necessarily reveal matters of	
I	significance with respect to comments in this paragraph.	
1	Accordingly, we make no representation as to the sufficiency of the foregoing procedures for your purposes.	
I	foregoing procedures for your purposes.	
7.	_At your request, we have also read the items identified by you on the	Formatted: ParaLevel1
	attached selected pages of the Offering Circular and have performed the following procedures, which were applied as indicated with	
	respect to the items explained below. Certain dollar amounts and	
	percentages included in the Offering Circular have been rounded or	
	truncated as deemed appropriate by the Company. In all instances where we noted agreement of dollar and other amounts or ratios,	
	such agreement is after giving consideration of such rounding or	
	truncating.	
A	Scope to be determined based on final Offering Circular	Formatted: Not Highlight
A <u>8.</u>	Scope to be determined based on final Offering Circular We make no representations as to whether the transaction will take	Formatted: Not Highlight
		Formatted: Not Highlight Formatted: ParaLevel1
	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits of the consolidated financial statements for the periods	
	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised	
	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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	
	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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 make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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	
	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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 make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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	
	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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>8.</u> 9.	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your	
<u>8.</u> 9.	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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. 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. above; also,	
8. 9.	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your	
8. 9.	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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. 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. above; also, such procedures would not necessarily reveal any material misstatement of the information identified in paragraph 6. above. Further, we have addressed ourselves solely to the foregoing data as	
8. 9.	We make no representations as to whether the transaction will take place or the amount of the Securities to be sold in the transaction. Our audits 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. 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. above; also, such procedures would not necessarily reveal any material misstatement of the information identified in paragraph 6. above.	
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regarding the adequacy of disclosure or regarding whether any material facts have been omitted.

11. This letter is solely for the information of the addressees and to assist the Initial Purchasers in conducting and documenting their investigation of the affairs of the Company in connection with the offering of the Securities covered by the Offering Circular and is not to be used, circulated, quoted or otherwise referred to for any other 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 of the Offering Circular or any other document, except that reference may be made to it in the Purchase Agreement or in any list of closing documents pertaining to the offering of the securities covered by the Offering Circular.



ED XX/11

- 133 -

1	Appendix <u>7</u> 1	
	(Ref: Para62-)	
	EXAMPLE COMFORT LETTER – NON U.S. <u>STYLE</u>	
	(Representation Letter provided).	Formatted: Heading 3, Left
	The following illustrative letter represents an example Non-US Style comfort	Formatted: Font: 10 pt
	letter that can be tailored for specific engagement circumstances. Illustration 1: The offering involves athe public securities offering in the United States of America in the United States of America.	
l	<u>30, June 20X1</u>	Formatted: Font: 10 pt, Not Bold, Not Highlight
	[The Board of Directors / Audit Committee] [Company Limited] [Address]	Ingringit
1	[Sponsors/Managers Limited] The Lead Manager and Dealers [Addressee]	
	[Date] Dear Sirs <u>:</u>	
1	PROPOSED [insert type of offering] ISSUE BY [insert issuer name] ("the	<b>Cormotted:</b> Cont. 10 pt
	$\frac{1}{33}$	Formatted: Font: 10 pt
	We attach as Appendix I a copy of the Offering Circular entitled [ <i>insert name</i> ] and dated [ <i>insert date</i> —] which we have initialled for identification purposes. We attach as Appendix II a copy of the <u>arrangement engagement</u> letter dated [ <i>insert date</i> e-] (the " <u>Arrangement Engagement</u> Letter"), the terms of which have been agreed between us, are deemed to have been incorporated in this comfort letter and govern the matters addressed by this comfort letter and its use. The terms of the <u>Arrangement Engagement</u> Letter"	
	<sup>35</sup> —If the bond is guaranteed, separate arrangement letters may be necessary for the Issuer and the Guarantor or amendments will need to be made throughout the comfort letter to refer to the Guarantor as well as to the Issuer. In the event of any other support or keepwell arrangements, the parties may agree that a separate arrangement letter may be necessary in respect of the entity providing such support.	

ED XX/11

- 134 - EXPOSURE DRAFT

are amended by the terms of this comfort letter to the extent expressly set out herein.

This letter is addressed to the Directors of the Issuer, to the Lead Manager ("the Lead Manager") and to each of the [other managers whose names are set out above] [the Managers identified in Appendix 1 of the Engagement Arrangement Letter] who have agreed to participate in the proposed issue of [the Securities] ("the Issue") provided they have validly authorised the Lead Manager to accept the Engagement Arrangement Letter on their behalf. Together with the Lead Manager, they are referred to as "the Managers".

This letter is furnished solely for the private information of its addressees in the context of the due diligence procedures that you undertake, or <u>intendprocure</u> to be undertaken, pursuant to the guidance relating to due diligence issued by the International Capital Market Association from time to time 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 on the basis set out in the Engagement Arrangement-Letter. Accordingly this letter is addressed to you for that purpose and may not be relied on by you or used for any other purpose, nor 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).

We will not accept any responsibility to any other party to whom our letter is shown, or into whose hands it may come (including any Manager who has not validly authorised the Lead Manager to accept the Engagement Arrangement Letter).

In accordance with the terms of the <u>Engagement Arrangement</u> Letter referred to above we have read the sections of the Offering Circular identified below.

We have performed the engagement in accordance with Australian Standard on Assurance Engagements ASAE 34xx *Auditors' Comfort Letters*, issued by the Australian Auditing and Assurance Standards Board.

#### Financial Information

On pages [*insert pages*], the Offering Circular sets out certain financial information for the [three] years [and six/three months] ended [*insert dates*] of the Issuer. We have read this information and have compared it with that shown in the audited financial statements [and the unaudited published interim financial statements for the [six/three] months ended [*date*]] of the Issuer. We confirm that this financial information has been accurately

ED XX/11

- 135 -

EXPOSURE DRAFT

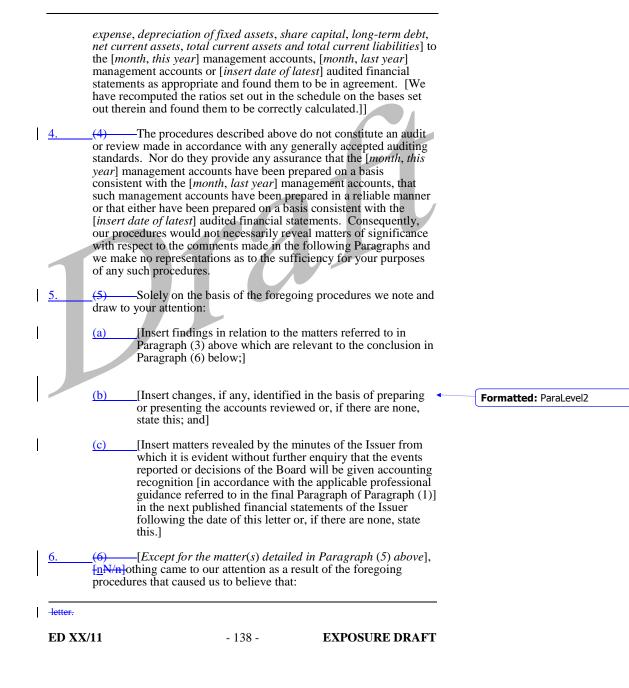
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extracted from the audited financial statements for the relevant years [or, as the case may be, the published reviewed interim financial statements for such period].

l	Other Financial Information	Formatted: Font: 10 pt
	For the purposes of this letter, we have also read the items that you have identified as indicated on the attached copy of the Offering Circular [by the symbols explained below] <sup>36</sup> and confirm that the relevant items have been accurately extracted or derived from their respective sources or have been correctly calculated as follows:	Formatted: Font: Bold
	• <u>(a)</u> Compared to the audited financial statements of the Issuer at [ <i>insert date</i> ] and found them to be in agreement.	Formatted: ListBullet
	• (b) Compared to and found to be in agreement with [describe document] which the Issuer has represented was [prepared/derived] from the accounting records. We have not traced the information to the accounting records themselves.	
	•Recomputed the [ <i>percentages/ratios etc.</i> ] and found them to be correctly calculated. <sup>37</sup>	
	Changes in Financial Position	Formatted: Font: Bold
	For the purpose of this letter, we have performed the following <u>negative-limited</u> procedures:	
	1.       (1) We have:         (a) read the minutes of meetings of [identify         bodies] of the Issuer held since [insert the date of its last         published annual financial statements] as set out in minute         books at [insert date] (the "cut off date") ([together         with/excluding] the papers provided to the board for that	<b>Formatted:</b> ParaLevel1, Outline numbered + Level: 1 + Numbering Style: 1, 2, 3, + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Tab after: 1.25 cm + Indent at: 1.25 cm
	meeting <sup>35</sup> ), which the directors have advised us are complete; and	Formatted: ParaLevel2
	(a)	<b>Formatted:</b> ParaLevel2, Outline numbered + Level: 2 + Numbering Style: a, b, c, + Start at: 1 +
	<ul> <li>The method of identification shall be agreed between the parties.</li> <li>These procedures are illustrative only.</li> <li>Where practicable, on appropriate terms and provided sufficient time is available, the accountants may agree to review the papers provided to the board at board meetings.</li> </ul>	Alignment: Left + Aligned at: 1.25 cm + Tab after: 2.5 cm + Indent at: 2.5 cm
	<b>ED XX/11</b> - 136 - <b>EXPOSURE DRAFT</b>	

read the [insert date of latest] unaudited management (b) Formatted: ParaLevel2 accounts for the [insert number of months ] months ended [insert date] (the "[Month, this year] management accounts") (which the directors have advised us are the most recent management accounts available) and the corresponding unaudited management accounts from the previous year (the "[Month, last year] management accounts"). Our objective in reading the documents referred to in Paragraphs 1(a) and (b) above is to identify those matters which, in our view, might, prima facie, be expected to impact the figures and ratios set out in Paragraph (3) below. In the case of the minutes referred to in Paragraph (1) (a) above, our objective is also to identify such matters in those minutes from which it is evident without further enquiry that the events reported or decisions of the Board [will/would] be given accounting recognition in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in the next published financial statements of the Issuer following the date of this letter [if those financial statements were being prepared in accordance with Australian Accounting Standards] (being matters that will be disclosed under Paragraph (5) (c) below). We have made enquiries of [give name and positions of 2 Formatted: ParaLevel1 directors, managers and other staff of the Issuer with responsibility for financial and accounting matters to whom enquiries were addressed] (the "Persons Responsible for Financial and Accounting Matters") as to whether: -those matters identified by us in the course of the (a) work undertaken pursuant to Paragraph (1) above have been reflected in the [month, this year] management accounts upon which the figures and ratios referred to in Paragraph (3) below are based; and the [Month, this year] management accounts have been (b) prepared and presented on a basis consistent with the accounting policies normally adopted by the Issuer and applied in preparing the [insert date of latest] audited financial statements. We have compared the amounts shown in Appendix III 3 (3)prepared by management of the Issuer, (the "Schedule"), relating to [specify items<sup>39</sup> e.g. revenue, profits before tax, net interest Consideration should be given to any special items having regard to the Issuer's business to be included in the list of financial measures which the accountants would ordinarily consider and on which they would report to the Managers in accordance with the terms of this arrangement

**ED XX/11** - 137 - **EXPOSURE DRAFT** 



I	(a)at [insert date of latest management accounts] there were any decreases in the [specify items e.g. share capital, net current assets, total current assets] or increase in [specify items e.g. long-term debt, current liabilities] of the Issuer compared with the corresponding figures in the [insert date of latest] audited financial statements; and
I	(b) in the period from [insert date of first day after end of last audited financial statements] to [date of latest management accounts] there was any decrease in [specify items e.g. revenue, profit before tax] or increase in [specify items e.g. interest expense, costs of goods sold], compared to the corresponding period in the preceding year as shown in the [month, last year] management accounts.
	7. (7)—Since the Directors have advised us that no financial statements have been prepared up to any date subsequent to [ <i>insert date of latest management accounts</i> ], the procedures carried out by us with respect to changes in financial statement items after [ <i>insert</i> ]
	<i>date of latest management accounts</i> ] have of necessity been even more limited than those carried out for the period up to that date. Up to the cut off date, we have made enquiries of the pPersons rResponsible for fFinancial and aAccounting mMatters identified in Paragraph (2) above as to:
I	(a) (a) whether there has been any decrease in [specify items e.g. share capital, net current assets, net assets [same items as in Paragraph (6)]] or increase in [specify items e.g. long term debt [same items as in Paragraph (6)]] at the cut off date as compared with the amounts shown in the [insert date of latest] audited financial statements of the Issuer; and
	(b) whether for the period from [ <i>insert date of first day after</i> <i>end of last audited financial statements</i> ] up to the <del>cut</del> <del>offcut-off</del> date there have been any decreases in [ <i>specify</i> <i>items e.g. revenue, profit before tax</i> [ <i>same items as in</i> <i>Paragraph</i> (6)]] as compared with the corresponding period in the preceding year.
	The pPersons responsible for fFinancial and aAccounting mMatters identified in Paragraph (2) above confirmed that [-save for the matters set out in Paragraph (5) above and save for [insert changes communicated by persons responsible for financial and accounting matters ]-] they were not aware of any such increase in [specify items] or decreases in any of the other items in Paragraph (7) (a) or (b) above. On the basis of the responses to these enquiries and our reading of the minutes as described in Paragraph (1) above,

ED XX/11

- 139 - EXPOSURE DRAFT

nothing has come to our attention which causes us to believe that [, *save for the matters set out in Paragraph* (5)(a) *above*,] there has been any such increase or decrease.

General Formatted: Font: Bold Formatted: ParaLevel2 Any opinions expressed on financial information outside the context of the EngagementArrangement Letter were or are expressed solely in the context Formatted: Font: Not Italic of the specific terms and conditions governing their preparation. In particular, the terms of the Engagement Arrangement Letter and any action Formatted: Font: Not Italic 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 this letter, we do not 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. This letter should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any jurisdiction other than Australian Auditing Standards issued by the Australian Auditing Standards Board. Our work did not extend to the period from the cut offcut-off date to the date of this letter. This comfort letter may only be relied upon in respect of the matters to which it refers and as of its date. In relying upon this comfort letter, you agree (save as otherwise expressly agreed in the Engagement Arrangement Letter) that Formatted: Font: Not Italic we have no responsibility to and we will not perform any work subsequent to the date of this comfort letter nor to consider, monitor, communicate or report any events or circumstances which may occur or may come to light subsequent to the date of this letter. This letter is not issued in accordance with the provisions of the American Institute of Certified Public Accountants, Statement on Auditing Standards No 72, "Letters for Underwriters and Certain Other Requesting Parties", as that standard is not required for such letters issued under Australian Auditing Standards. This letter is not intended to be relied on in the jurisdiction of the United States of America and we accept no responsibility for any use that you may make of it in the United States of America. Subject always to the previous sentence, it may be disclosed, referred to and/or produced as provided for in paragraph 10 of the Arrangement Engagement Letter.

ED XX/11

- 140 -

Yours faithfully

Partner

Firm Name

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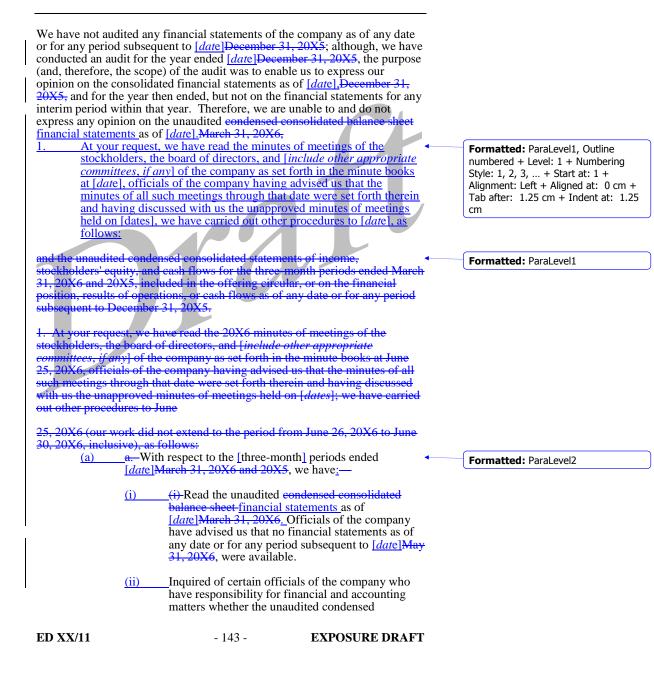
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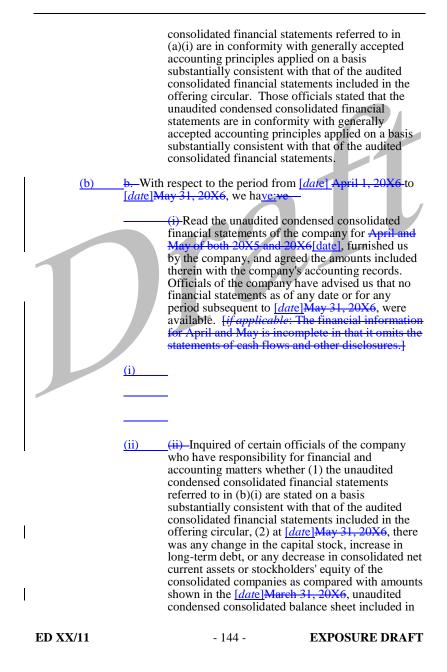
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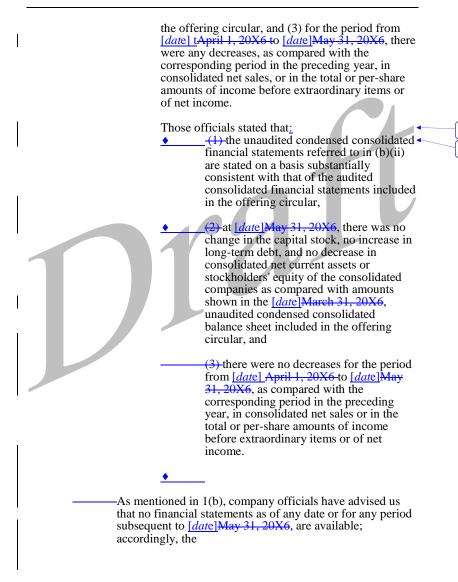
<u>Appendix 8</u>	
<u>(Ref: Para. 64)</u>	
EXAMPLE AUDITORS' LETTER – U.S. STYLE	
(No Representation Letter Received)	Formatted: Heading 3, Left
The following illustrative letter represents an example U.S. Style auditor's comfort letter that can be tailored for specific engagement circumstances.	
Illustration 2: The offering involves the public securities offering.	
[The Board of Directors / Audit Committee] [Company Limited] [Address] The Lead Manager and Dealers	
[Addressee] [Date]	
Dear Sirs	
Dear Ladies and Gentlemen: We have audited the consolidated financial statements of The Blank	
Company, Inc. (the company[ <i>the company</i> ]) and subsidiaries, which comprise the consolidated balance sheets as of December 31.	Formatted: Font: 10 pt, Not Bold, Italic
20X5 and 20X4[ <u>date].</u>	Formatted: Font: 10 pt, Not Bold,
and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each year in the three-year period ended December 31, 20X5, and the related notes to the consolidated financial statements, all included in the offering circular for	Italic
30,000,000 of notes due June 30, 20Z6. Our report with respect thereto is included in the offering circular. The offering circular dated [date]June 30, 20X6, is herein referred to as the offering circular.	
We have performed the engagement in accordance with Australian Standard on Assurance Engagements ASAE 34xx <i>Auditors' Comfort Letters</i> , issued by the Australian Auditing and Assurance Standards Board.	
We are independent certified public accountants with respect to the company under Rule 101 of the AICPA's Code of Professional Conduct, and its interpretations and rulings.	

ED XX/11

- 142 - EXPOSURE DRAFT



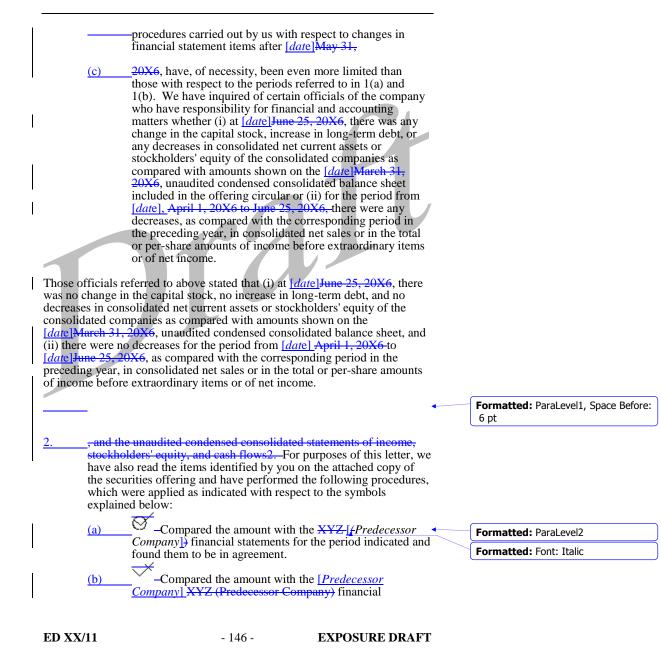


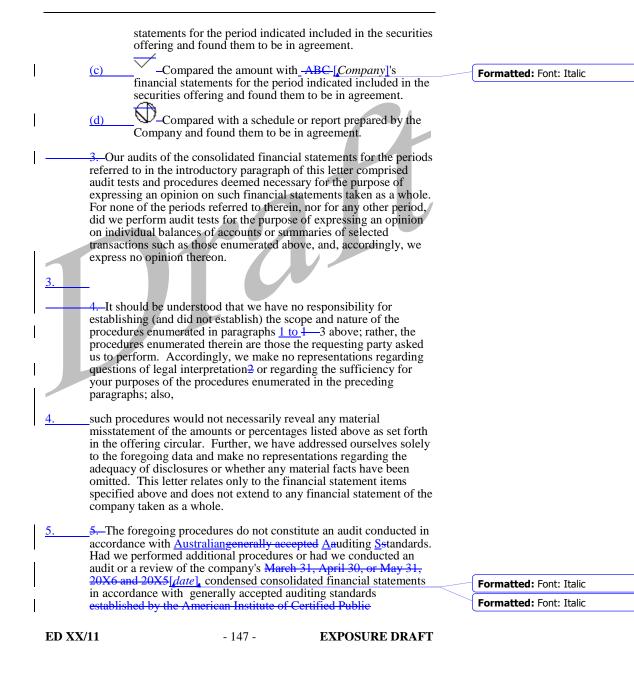


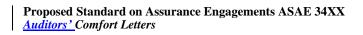
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ED XX/11

- 145 -







I	Accountants, other matters might have come to our attention that would have been reported to you.
<u>6.</u>	6.—These procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed offering.
<u>7.</u>	7.—This letter is solely for your information and to assist you in your inquiries in connection with the offering of the securities covered by the offering circular, and it is not to be used, circulated, quoted, or otherwise referred to for any other 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 offering document or any other document, except that reference may be made to it in any list of closing documents pertaining to the offering of the securities covered by the offering document.
8.	8. We have no responsibility to update this letter for events and circumstances occurring after [date].
	faithfully
Partner	
Firm	

ED XX/11

- 148 - EXPOSURE DRAFT

of the company for the three-month periods ended March 31, 20X6 and offering circu ar, and agreed the amounts in the therein with the company's accounting records as of March 31, 20X6 and 20X5, and for the three-month periods then ended. (ii) Inquired of certain officials of the company who have responsibility for financial and accounting matters whether the unaudited condensed consolidated financial statements referred to in (a)(i) are in conformit generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements included in the offering circular. Those officials stated that the unaudited condensed lidated financial statements are in conformity with generally a accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements. audited b. With respect to the period from April 1, 20X6 to May 31, 20X6, we have-(i) Read the unaudited condensed consolidated finan company for April and May of both 20X5 and 20X6, furnished us by the company, and agreed the amounts included therein with the company's accounting records. Officials of the company have advised us that no financial statements as of any date or for any period subsequent for Angilar 20X6, were available. [*if applicable*: The financial information for April and May is incomplete in that it omits the statements of cash flows and other disclosures.] (iii) Inquired of certain officials of the company who have responsibility for financial and accounting matters whether (1) the unaudited condensed consolidated financial statements referred to in (b)(i) are stated on a basis substantially consistent with that of the audited consolidated financial statements included in the offering circular, (2) at May 31, 20X6, there was any change in the capital stock, increase in long term debt, or any decrease in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown in the March 31, 20X6, unaudited condensed consolidated balance sheet included in the offering circular, and (3) for the period from April 1, 20X6 to May 31, 20X6, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated net sales, or in the total or per share amounts of income before extraordinary items or of net income. Those officials stated that (1) the unaudited condensed consolidated financial statements referred to in (b)(ii) are stated on a basis substantially consistent with that of the audited consolidated financial statements included in the offering circular, (2) at May 31, 20X6, there was no change in the capital stock, no increase in long-term debt, and no decrease in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown in the March 31, 20X6, unaudited condensed consolidated balance sheet included in the offering circular, and (3) there were no decreases for the period from April 1, 20X6 to May 31, 20X6, as compared with the corresponding period in the preceding year, in

ED XX/11

- 149 -

consolidated net sales or in the total or per share amounts of income before

c. As mentioned in 1(b), company officials have advised us that no financial statements as of any date or for any period subsequent to May 31, 20X6, are available; accordingly, the

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ED XX/11

- 150 -

procedures carried out by us with respect to changes in financial statement after May 31,

20X6, have, of necessity, been even more limited than those with respect to the periods referred to in 1(a) and 1(b). We have inquired of certain officials of the company who have responsibility for financial and accounting matters whether (i) at June 25, 20X6, there was any change in the capital stock, increase in long-term debt, or any decreases in consolidated net current or stockholders' equity of the consolidated companies as compared with amounts shown on the March 31, 20X6, unaudited condensed consolidate balance sheet included in the offering circular or (ii) for the period from April 1, 20X6 to June 25, 20X6, there were any decreased ared with th corresponding period in the preceding year, in consolidated net sales or in the total or per share amounts of income before extraordinary items or of net income.

Those officials referred to above stated that (i) at June 25, 20X6, there wa no change in the capital stock, no increase in long term debt, and no decreases in consolidated net current assets or stockholders' equity of the consolidated companies as compared with amounts shown on the March 31, 20X6, unaudited condensed consolidated balance sheet, and (ii) there were no decreases for the period from April 1, 20X6 to June 25, 20X6, as compared with the corresponding period in the preceding year, in consolidated net sales or in the total or per share amounts of income before extraordinary items or of net income of net income.

2. For purposes of this letter, we have also read the items identified by you on the attached copy of the securities offering and have performed the following procedures, which were applied as indicated with respect to the oils explained below: Compared the amount with the XYZ (Predecessor Company) financial

Ø ments for the period indicated and found them to be in agreement.

-Compared the amount with the XYZ (Predecessor Company) financial statements for the period indicated included in the securities offering and d them to be in agreement.

Compared the amount with ABC Company's financial statements for the period indicated included in the securities offering and found them to be Compared with a schedule or report prepared by the Company and

found them to be in agreement.

3. Our audits 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, nor for 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.

ED XX/11

- 151 -

4. It should be understood that we have no responsibility for establishing (and did not establish) the scope and nature of the procedures enumerated in paragraphs 1—3 above; rather, the procedures enumerated therein are those the requesting party asked us to perform. Accordingly, we make no representations regarding questions of legal interpretation2 or regarding the sufficiency for your purposes of the procedures enumerated in the preceding paragraphs; also,

such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above as set forth in the offering circular. Further, we have addressed ourselves solely to the foregoing data and make no representations regarding the adequacy of disclosures or whether any material facts have been omitted. This letter relates only to the financial statement items specified above and does not extend to any financial statement of the company taken as a whole.

5. The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Had we performed additional procedures or had we conducted an audit or a review of the company's March 31, April 30, or May 31, 20X6 and 20X5, condensed consolidated financial statements in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants, other matters might have come to our attention that would have been reported to you.

6. These procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed offering.

7. This letter is solely for your information and to assist you in your inquiries in connection with the offering of the securities covered by the offering circular, and it is not to be used, circulated, quoted, or otherwise referred to for any other 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 offering document or any other document, except that reference may be made to it in any list of closing documents pertaining to the offering of the securities covered by the offering document.

8. We have no responsibility to update this letter for events and circumstances occurring after

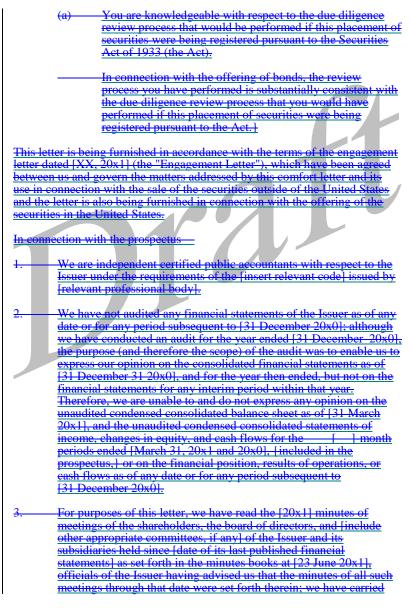
June 25, 20X6.

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:

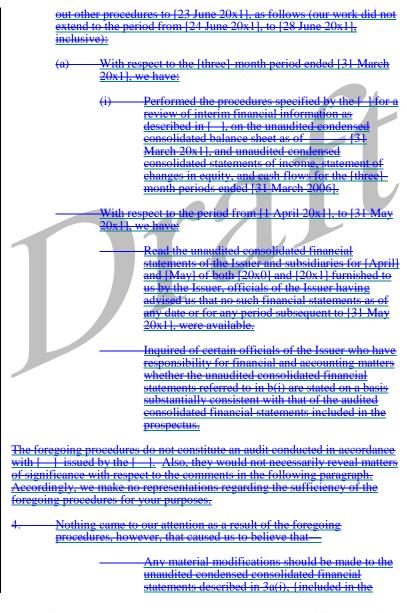
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- 152 -



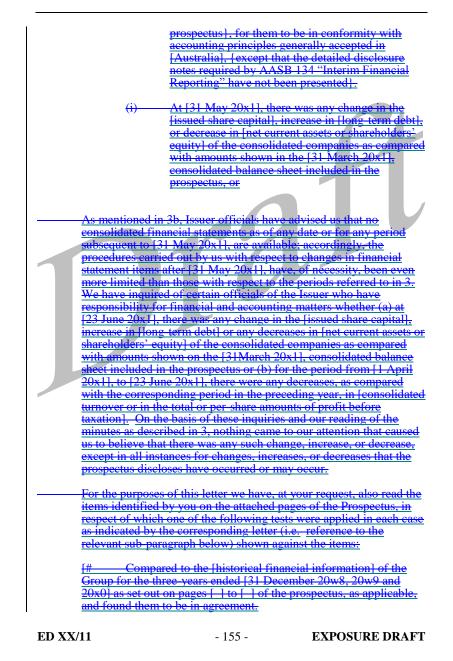
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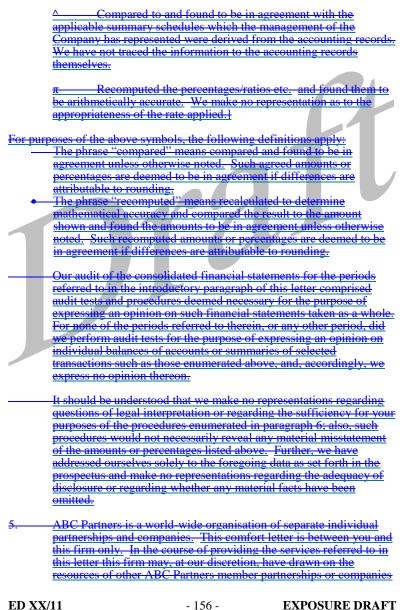
- 153 -



ED XX/11

- 154 -





ED XX/11

("other ABC Partners firms"). Except as stated below, any partner, director or employee of any other ABC Partners firm who deals with 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. 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 th 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 behalf. This letter should not be relied on as if the procedures documented 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]. This letter is solely for the information of the addressees and to 6 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 Partner

ED XX/11

- 157 -

Appendix <mark>9</mark> 2
(Ref: Para55)
EXAMPLE ENGAGEMENTERING DOWN         COMFORT LETTER         The following illustrative letter includes example terms of engagementa bring down comfort letter and that can be tailored for specific engagementa bring incompared for specific engagement.         Illustration-1: The offering involves a public securities offering issued subsequently to the original comfort letter. The offering involves the issue of eurobonds in the United Kingdom.         [The Board of Directors / Audit Committee]         [Company Limited]         [Address]         The Lead Manager and Dealers         [Joate]         Dear Sirs Private and confidential
The Directors     [Date]       [Eurobond Issuer]     [Address]

The Lead Manager and the other Managers (as defined in paragraph 2 below) [Address]

Dear Sirs

[Proposed] Eurobond Issue by Eurobond Issuer ("the Issuer")

Introduction

ED XX/11

- 158 - EXPOSURE DRAFT

This arrangement letter sets out the scope and limitations of the work to be performed by us in connection with the above transaction, namely the proposed issue of [ ] ("the Issue") which will involve the preparation by the Issuer, and for which the Issuer will be solely responsible, of an Offering Circular [in accordance with the Prospectus Directive Regulation]/[Listing Rules of the [relevant] Stock Exchange or other listing authority]. This letter is written in the context of the respective roles of the directors of the Issuer, the Lead Manager ("the Lead Manager"), the other Managers (as defined in Paragraph 2 below) and ourselves.

# Addressees

This arrangement letter is addressed to the directors of Eurobond Issuer, to the Lead Manager and to each of the managers who have agreed or, prior to the issue of our comfort letter, will agree to participate in the 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".

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. Formatted: Heading 6, No bullets or numbering

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ED XX/11

- 159 -

Our comfort letter will be provided to the addressees of this letter solely 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 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 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.

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.

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) 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.

Our comfort letter will be provided solely for your private information 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).

ED XX/11

- 160 -

Nothing in Paragraphs 8 and 10 shall prevent you from disclosing our 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 <del>that third party.</del>

Other than to those who have validly accepted this arrangement letter, we will not accept any responsibility to any party to whom our comfort letter is shown or into whose hands it may come.

You may only rely on information and comments set out in our comfort letter on the basis of this arrangement letter.

Work and Procedures

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]. 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 i had been provided in accordance with the standards and practice of any professional body in any other jurisdiction. practice of any professional body in any other jurisdiction.

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.

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

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ED XX/11

- 161 -

seek to resolve the matter. Where such procedures are agreed between us, we will carry them out and amend the comfort letter accordingly.

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 [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 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.

<u>Any opinions expressed on financial information outside the</u> <u>context of this arrangement letter were or are expressed solely in the</u> <u>context of the specific terms and conditions governing their preparation.</u> <u>In particular, the terms of this arrangement letter and any action</u> <u>pursuant to it shall be additional to and shall not detract from or change</u> <u>in any way any legal rights which any party to this letter may otherwise</u> <u>have acquired, whether in contract or in tort, in connection with our</u> <u>audits of the financial statements of the Issuer.</u>

<u>Save as may be expressly recorded in the comfort letter, we do</u> not 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 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

ED XX/11

- 162 -

EXPOSURE DRAFT

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letter.] Your acceptance of our comfort letter in final form constitutes your agreement to the scope and extent of such procedures.

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.]

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.]

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**

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**

The Issuer may not include our audit opinion in the Offering Circular without our prior written approval.

#### Meetings

It [will be] [has been] necessary for us to receive copies of the draft 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] queries 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

ED XX/11

- 163 -

**EXPOSURE DRAFT** 

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we shall have no liability to you in contract or in tort (including negligence) for our answers.

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, 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**

7. [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

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 claim that those Courts do not have jurisdiction.

# **Fees**

ED XX/11

- 164 -

EXPOSURE DRAFT

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# **Other Terms and Conditions**

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 pursuant to it, will have regard to the limited scope of procedures agreed under this letter.

The terms and conditions, which are attached as Appendix 2, also form part of this arrangement letter. These terms and conditions shall apply, as indicated in such terms and conditions, to the Issuer and the accountants, save that Paragraphs [] and [] shall apply to all the addressees of this arrangement letter.

<u>In the event of any inconsistency between this arrangement</u> letter and such terms and conditions, the terms of this letter shall prevail as between the relevant parties.

Prohibition on Assignment

<u>No party may assign any of its rights in relation to this</u> arrangement letter without the prior written consent of the others against whom the rights may be asserted, save that any Manager may assign any of such rights, or such rights may pass by operation of law, to any successor to all or part of its business without such consent, provided that notice is given to us prior to any step being taken by you to enforce any rights hereunder.

### Entire Agreement

<u>This arrangement letter and the Appendices to it constitute the</u> entire agreement between us and, save as provided in this arrangement letter, no change in the terms of our agreement will be effective unless agreed in writing and signed by all parties to this arrangement letter or their respective attorney.</u> Formatted: Heading 6

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ED XX/11

- 165 -



ED XX/11

- 166 -

Acknowledgement and Acceptance	
We acknowledge receipt of this letter and agree with the terms of your         Image: mail the second s	rmatted: Heading 6
Director Date	
for and on behalf of Issuer	
Director Date	
for and on behalf of Lead Manager	

ED XX/11

- 167 - EXPOSURE DRAFT

# Appendix 1

Names of the Managers

(Subject always to compliance with the requirements of Paragraph 2 of **Formatted:** Heading 6

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.

We refer to our letter of [*insert date*] relating to the [*Offering Memorandum*] dated [*insert date*] of Client Company Limited (the "Company"). We reaffirm as of the date hereof, and as though made on the date hereof, all statements made in that letter, except that for the purposes of this letter:

The registration statement to which this letter relates is as amended on [*effective date*]

. \_\_\_\_\_The reading of minutes described in [*paragraph number*] of that letter has been carried out through [*the new cutoffcut-off date*].

3. The procedures and inquiries covered in [*paragraph number*] of that letter were carried out to [*the new cutoffcut-off date*] (our work did not extend to the period from [*date of letter*], inclusive).

ED XX/11

- 168 -

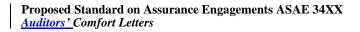
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The period covered in [paragraph number] of that letter is changed to the period from [Date] officials of the Company having advised us that no such financial statements as of any date or for any period subsequent to [Date], were available.

The references to [Date], in [paragraph number] of that letter are changed to [Date].

This letter is solely for the information of the addressees and to 6. assist the [manager/agent] in conducting and documenting their investigation of the affairs of the Company in connection with the offering of securities covered by the [Offering Memorandum], and it is not to be used, circulated, quoted or otherwise referred to for any purpose, including but not limited to the purchase or sale of securities, nor is it to be filed with or referred to in whole or in part in the [Offering Memorandum] or any other document, except that reference may be made to it in the Purchase Contract, or in any list of closing documents pertaining to the offering of the securities covered by the [Offering Memorandum].

# Yours faithfully

Partner

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Firm
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In connection with the comfort letter that you have been asked to provide to us and to the [Managers/Dealers] under the terms of your engagement letter dated [200X] relating to the company and its subsidiaries (the "Group") the Formatted: Font: Italic board of directors makes the following representations. Significant change in financial and trading position Formatted: Font: 10 pt We have made available to you: Formatted: Font: Bold The management accounts of the Group for the period to [ 200X] being the most recently available; Formatted: Font: Italic all minutes of the meetings of the board of directors and [identify any other bodies] held since [last balance sheet date] to [the cut off date] (the "cut off Formatted: Font: Italic date") [together with the related board papers]. Formatted: Font: Italic Ve confirm that: Formatted: Font: Italic

ED XX/11

- 169 -

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Thethe unaudited management accounts to [] and [*previous year*] were prepared in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements of the Group for the year ended [];

-management accounts have been prepared on the same basis and applying the same accounting policies as for the statutory accounts of the Group for the year ended [ 200X];and

The management accounts properly deal with all of the following matters identified by you from the minutes referred to in (1) above;

There are no matters of which we are aware which will be reported as nonoperating exceptional items in accordance with paragraph 20 of Financial Reporting Standard No 3 in the financial statements for the year ended [next year end] [other than as follows: [\_\_\_]] and;

Save as described below we are not aware of any increases in [ ] or decreases in [ ] as at the cut off date as compared to the amounts shown in the [insert date of latest] audited financial statements of the Group nor increase in [ ] or decrease in [ ] for the period from [insert date of first day after end of last audited financial statements] up to the cut off date.the Board are not aware of any matters to which attention should be drawn in the statement on page [] of [[proof [] of]] the Offering Circular that there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries since the date of its last published annual accounts. To the best of our knowledge and belief, no events or transactions have occurred since the date[s] of our previous letter[s] or are pending [other than those reflected or disclosed in the filing] that would have a material information] [included or incorporated by reference] in the [appropriate filing] or that are of such significance in relation to the Company's affairs to require mention in a note to the audited financial statements [or the unaudited interim financial information] in order to make them not misleading regarding the financial position, results of operations or cash flows of the Company.

[Also, no information has come to our attention since the date[s] of our previous letter[s] and no events or transactions have occurred or are pending [other than those reflected or disclosed in the filing] that adversely affect our previous report on the effectiveness of the Company's internal control over financial reporting as of [the most recent balance sheet date], or that are of such significance in relation to the Company's internal control over financial reporting to require mention in the (appropriate filing)]. (B) In addition, there have been no changes in the design or operation of internal control over financial reporting since the date[s] of our previous letter[s] that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ED XX/11

- 170 -

When changes in the design or operation of internal control over financial Formatted: Font: Italic the following l In <del>the above paragraph '</del> <del>: occurred. replac</del> addition, we have identified and communicated to you all changes in the design or operation of internal control over financial reporting since the date[s] or our previous letter[s] that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Contingent liabilities attributable to financial instruments Formatted: Font: Bold made available to you a schedule of contingent liabilities relating to financial instruments existing at [cut off date] which would be disclosed were financial statements be prepared as of that date and we confirm that we are not aware of any such other contingent liabilities that would be expected to be disclosed. **Other financial Information** Formatted: Font: Bold The [describe document] which has been used as a basis for the [describe information in the circular] has been [prepared/derived] from the Group's Formatted: Font: Italic accounting records. Formatted: Font: Italic **General** During the course of your work you been provided with all of the information and explanations which we believe may be relevant to your work and there Formatted: Font: Italic and exp Formatted: Font: Bold are no other matters of which you should be aware. Yours faithfully For and on behalf of the directors of [Client]plc **Introduction** Formatted: Font: 10 pt This arrangement letter sets out the scope and limitations of the work to be performed by Ernst & Young ("we" or "us") in This • Formatted: Font: Bold connection with the above transaction, namely the proposed issue of Formatted: ParaLevel1, Outline ("the Issue") which will involve the preparation by the Issuer, numbered + Level: 1 + Numbering and for which the Issuer will be solely responsible, of an Offering Style: 1, 2, 3, ... + Start at: 1 + Circular [in accordance with the Prospectus Directive Regulation]/[Listing Rules of the [relevant] Stock Exchange<sup>40</sup>-or Alignment: Left + Aligned at: 0 cm + Tab after: 1.25 cm + Indent at: 1.25

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<sup>49</sup> Where the bonds will be listed on a Stock Exchange, the name of the relevant exchange should be inserted. It is understood that this form of arrangement letter may be used in the case of unlisted

other listing authority]. This letter is written in the context of the

respective roles of the directors of the Issuer, [the Lead Manager] ("the Lead Manager"), the other Managers (as defined in Paragraph

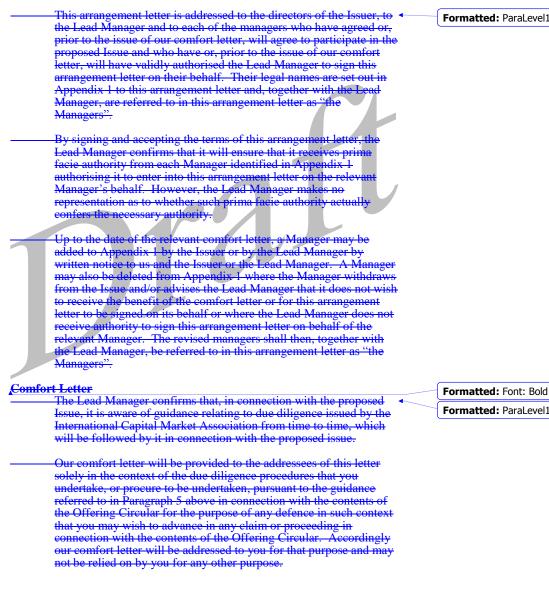
bond issues for which an Offering Circular or Information Memorandum is available.

2 below) and ourselves.

ED XX/11

Addressees

- 171 -



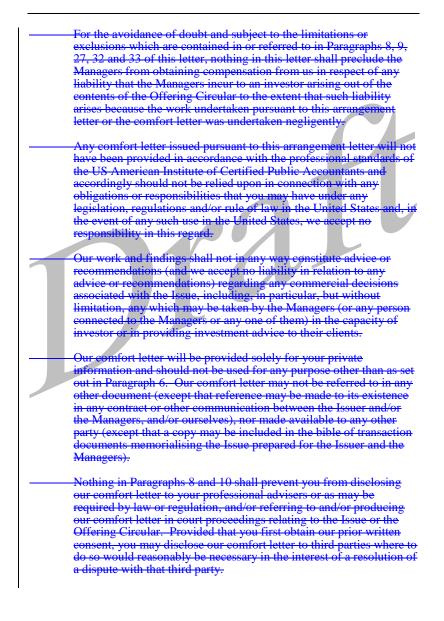
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- 172 -

**EXPOSURE DRAFT** 

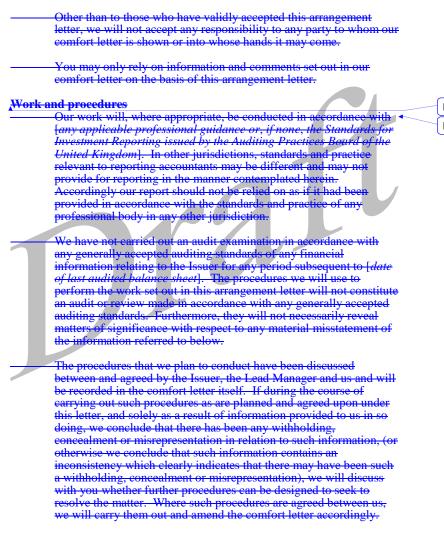
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ED XX/11

- 173 -



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ED XX/11

- 174 -

We will only carry out those verification<sup>41</sup> - 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 [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 ourselves solely to such financial information in the Offering Circular as is identified in the comfort letter<sup>42</sup> 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.

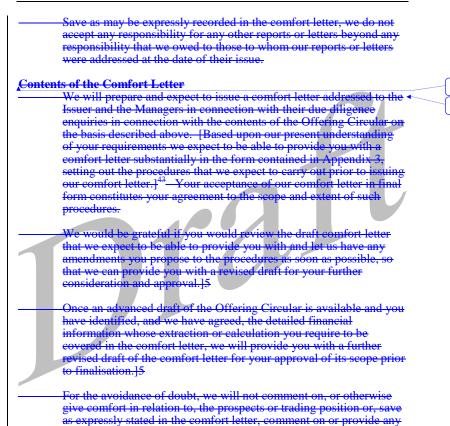
Any opinions expressed on financial information outside the context of this arrangement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this arrangement letter and any action pursuant to it shall be additional 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.

<sup>44</sup> Verification in this context involves seeking internal or external evidence to corroborate the information provided to the accountants pursuant to the procedures agreed upon in the Arrangement Letter, for example, by checking data to source documentation or other internal material and/or seeking independent evidence or confirmation from sources external to or from third parties unconnected with either the Issuer or its Group. Verification does not imply any review of the reliability of the source documentation or other material.

<sup>42</sup> It is acknowledged that the accountants may be asked to read and comment upon references to US or other GAAP in the Offering Circular or, subject to agreement of terms, provide other services in connection with the financial information contained in the Offering Circular.

ED XX/11

- 175 -



ED XX/11

- 176 -

EXPOSURE DRAFT

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<sup>&</sup>lt;sup>43</sup> The first draft of the arrangement letter will include the form of comfort letter in Appendix 3. The final arrangement letter will include these sentences if it predates the issuance of the comfort letter. If the arrangement letter and the comfort letter are signed contemporaneously, these sentences will be omitted.

opinion or other conclusion as to the current overall financial ition of the Issuer. Ð

#### **Drafts**

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**

The Issuer may not include our audit opinion in the Offering Circular without our prior written approval.<sup>45</sup>-46-7

# Meetings

It [will be] [has been] necessary for us to receive copies of the draft 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 and drafted or at which other answered] queries raised at such meetings on an informal basis but you should neither act nor refrain from acting on the basis of such 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

<sup>44</sup> If specific procedures and appropriate terms (e.g. as to timing) are agreed between all parties, the accountants may undertake additional work (for example in relation to the Issuer's current overall financial position).

<sup>45</sup> This clause is not intended to preclude either (1) existing audited accounts from being incorporated by reference, or (2) reference being made in the Offering Circular to the fact that the accounts have been audited and have received an unqualified opinion.

<sup>46</sup> Where the inclusion of an auditors' report in the Offering Circular, and the auditors' consent to such inclusion, is agreed between the parties to the arrangement letter or is required by law or regulation, the auditors will prepare and expect to issue a letter giving their consent to the inclusion in the Offering Circular of that audit report, the references to it and to their name in the form and context in which they are included [and, where the issue is to be listed on an EU Regulated market their acceptance of responsibility in accordance with the Prospectus Rules].

ED XX/11

- 177 -

**EXPOSURE DRAFT** 

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of such written confirmation we shall have no liability to you in contract or in tort (including negligence) for our answers<sup>47</sup>.

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, 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**

[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.]<sup>48</sup>. 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

This arrangement letter shall be governed by, and construed in accordance with, [specify relevant Australian State]<sup>49</sup>] law. The Courts of [specify relevant Australian State] 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

<sup>47</sup> If specific matters are discussed which the Managers wish to be able to rely upon in accordance with this arrangement letter, the Issuer and the Lead Manager should arrange for them to be confirmed in writing by the accountants. If the accountants are willing to confirm such matters in writing, further work and an extension of the terms of arrangement are likely to be required.

<sup>48</sup> It may not be appropriate to include this sentence if the arrangement letter is signed contemporaneously with the comfort letter.

<sup>49</sup> An Australian State must be inserted here so that we can obtain the benefit of the ICAA scheme.

ED XX/11

- 178 -

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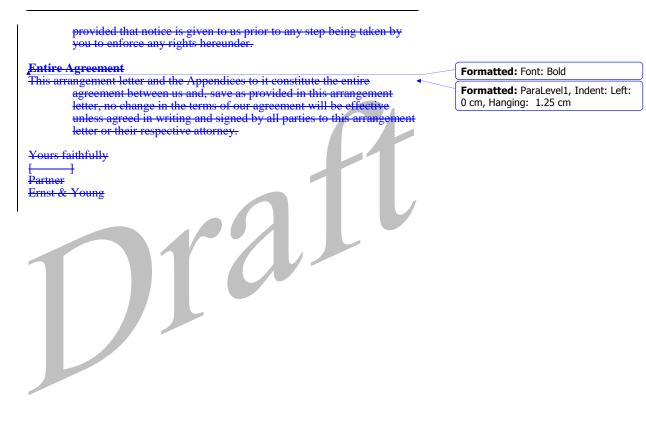
	Formatted: Font: Bold
Our fees will be the responsibility of and will be paid by the Issuer.	Formatted: ParaLevel1
her Terms and Conditions	Formatted: Font: Bold
In no circumstances shall we be liable, other than in the event of our	
bad faith or wilful default, for any loss or damage, of whatsoever	Formatted: ParaLevel1
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,	
may make enquiries, unless detection of such withholding,	
concealment or misrepresentation should reasonably have been	-
expected because the fact of such withholding, concealment or	1
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.	
pursuant to the procedures finally agreed upon under this letter.	
This clause, and any assessment of our work made pursuant to it, will have regard to the limited scope of procedures agreed under this	
letter.	
The terms and conditions, which are attached as Appendix 2, also	
form part of this arrangement letter. These terms and conditions	
shall apply to all the addressees of this arrangement letter and us,	
source that socions 7, 8, 17(c), 21, 20, 30, 31, and 36 shall not apply	
save that sections 7, 8, 17(c), 21, 29, 30, 31, and 36 shall not apply to the Managers. <sup>50</sup>	
to the Wallagers.	
In the event of any inconsistency between this arrangement letter	
and such terms and conditions, the terms of this letter shall prevail as	÷
between the relevant parties.	
hibition on Assignment	Formatted: Font: Bold
No party may assign any of its rights in relation to this arrangement letter without the prior written consent of the others against whom	Formatted: ParaLevel1
the rights may be asserted, save that any Manager may assign any of	
such rights, or such rights may pass by operation of law, to any successor to all or part of its business without such consent,	
successor to an or part of its business without such consent,	

nature of the relationship between the parties as set out in paragraphs 6 to 9 inclusive of, or the work to be undertaken pursuant to, this letter. It is acknowledged that the agreement by Managers to any provision

ED XX/11

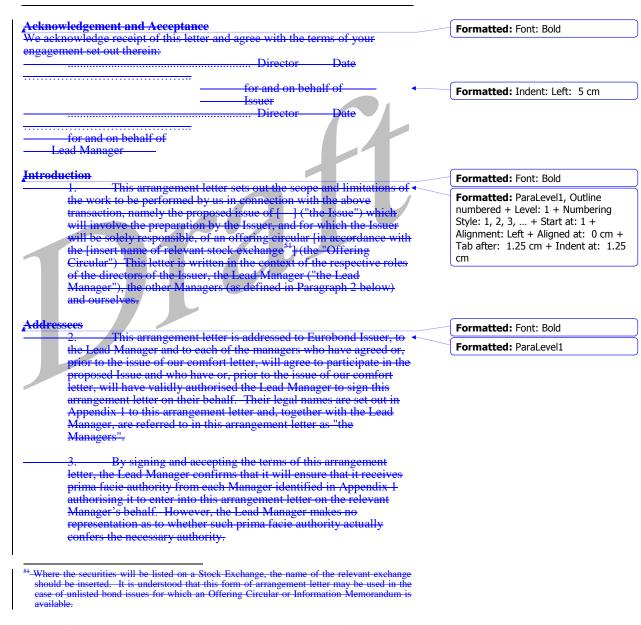
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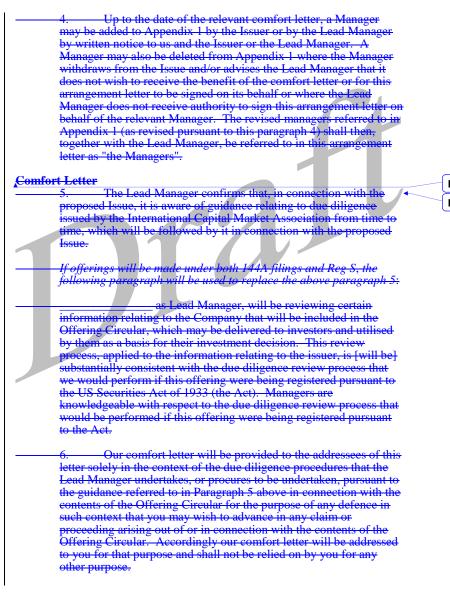
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- 180 -



ED XX/11

- 181 -

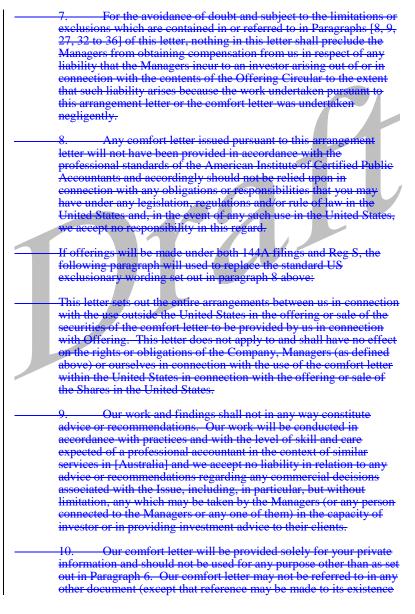


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- 182 -

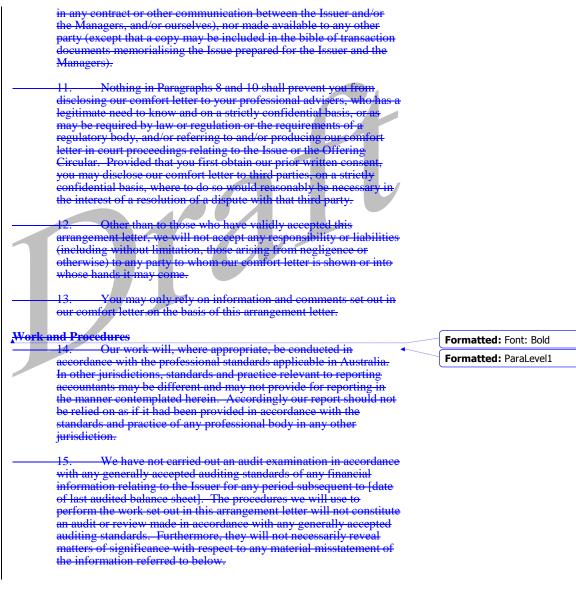
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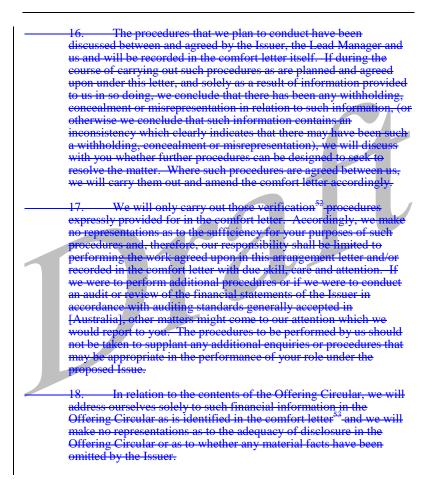
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- 183 -



ED XX/11

- 184 -

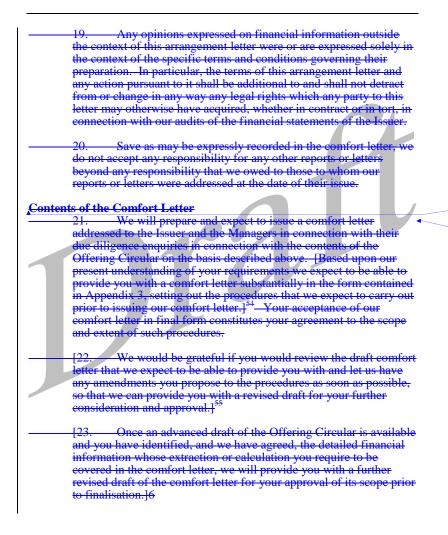


<sup>52</sup> Verification in this context involves seeking internal or external evidence to corroborate the information provided to the accountants pursuant to the procedures agreed upon in the Arrangement Letter, for example, by checking data to source documentation or other internal material and/or seeking independent evidence or confirmation from sources external to or from third parties unconnected with either the Issuer or its Group. Verification does not imply any review of the reliability of the source documentation or other material.

<sup>53</sup>-It is acknowledged that the accountants may, subject to agreement of terms, provide other services in connection with the financial information contained in the Offering Circular.

ED XX/11

- 185 -



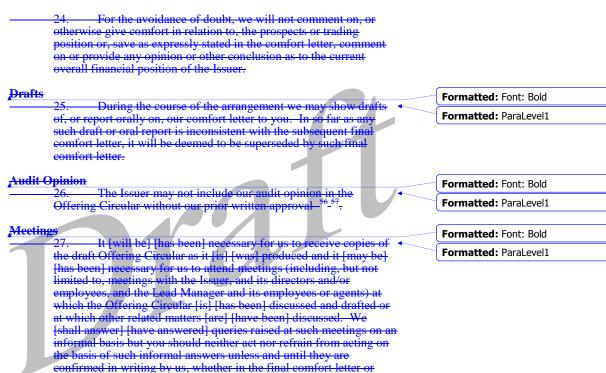
 <sup>&</sup>lt;sup>54</sup> The first draft of the arrangement letter will include the form of comfort letter in Appendix 3. The final arrangement letter will include these sentences if it predates the issuance of the comfort letter. If the arrangement letter and the comfort letter are signed contemporaneously, these sentences will be omitted.
 <sup>55</sup> If specific procedures and appropriate terms (e.g. as to timing) are agreed between all parties, the accountants may undertake additional work (for example in relation to the Issuer's current overall financial position).

ED XX/11

- 186 -

EXPOSURE DRAFT

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otherwise. In the absence of such written confirmation we shall

ED XX/11

- 187 -

<sup>&</sup>lt;sup>56</sup> This clause is not intended to preclude either (1) existing audited accounts from being incorporated by reference, or (2) reference being made in the Offering Circular to the fact that the accounts have been audited and have received an unquilified container.

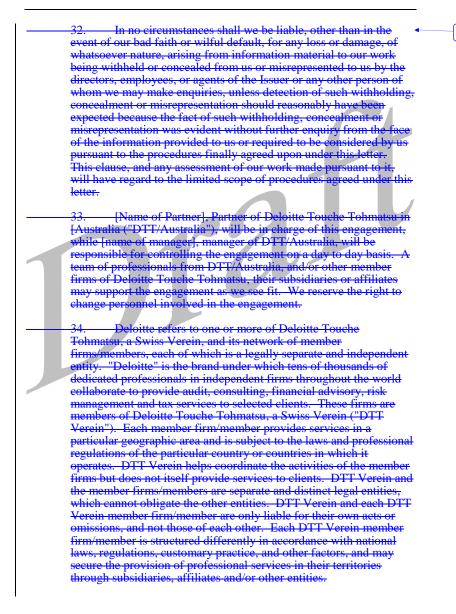
Circular to the fact that the accounts have been audited and have received an unqualified opinion <sup>57</sup>-Where the inclusion of an auditors' report in the Offering Circular, and the auditors' consent to such inclusion, is agreed between the parties to the arrangement letter or is required by law or regulation, the auditors will prepare and expect to issue a letter (addressed to the same parties as the addressees of this letter) giving their consent to the inclusion in the Offering Circular of that audit report, the references to it and to their name in the form and context in which they are included [and, where the issue is to be London listed, their authorisation of the contents of their report for the purpose of section 152(1)(e) of the Financial Services Act 1986].



<sup>59</sup> It may not be appropriate to include this sentence if the arrangement letter is signed contemporaneously with the comfort letter.

ED XX/11

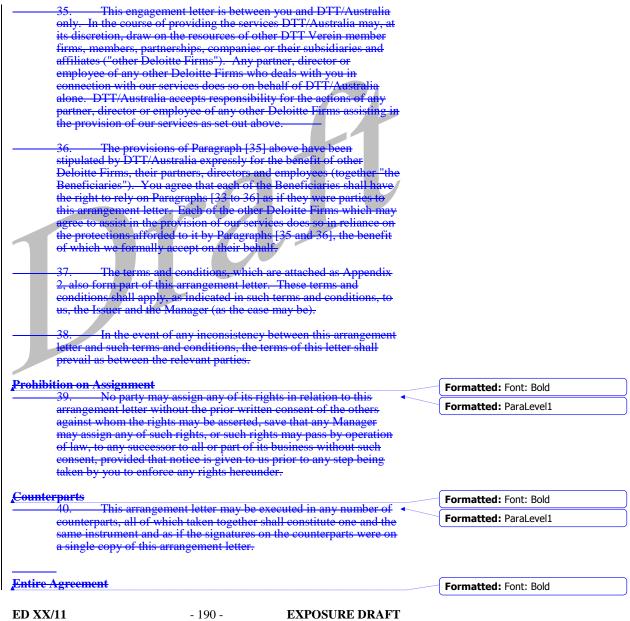
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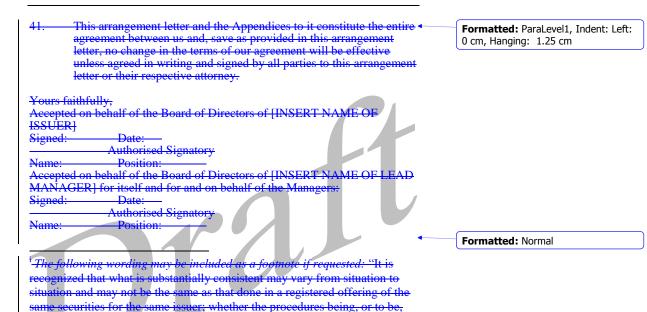


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ED XX/11

- 189 -





ED XX/11

- 191 -

followed is substantially consistent will be determined by the requesting

party on a case by case basis."