



# Independent Audit Report

## To the Directors of New Zealand Depository Limited

### Report on the depository maintained by New Zealand Depository Limited

We have audited the compliance of New Zealand Depository Limited (the “Company”) with the Company’s internal policies and procedures in relation to maintaining the depository (the “internal policies and procedures”) for the period ended 31 December 2010.

#### Respective Responsibilities

The Directors are responsible for compliance with the internal policies and procedures.

Our responsibility is to express an opinion on the Company’s compliance with the internal policies and procedures. Our engagement has been conducted in accordance with SAE 3100: *Compliance Engagements* and ISAE (NZ) 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* to provide reasonable assurance that the Company has complied with the internal policies and procedures in all material respects. Our procedures included documenting the systems and controls by which the depository is maintained and examining, on a test basis, evidence relevant to the maintenance of the depository in accordance with these policies and procedures. These procedures have been undertaken to form an opinion as to whether the Company has complied, in all material respects with the internal policies and procedures in relation to maintaining the accuracy of balances held in the depository, which includes reconciliation of securities held at each relevant securities register, for the period ended 31 December 2010.

#### Use of this Report

This independent audit report has been prepared solely for the Directors of the Company. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than Directors of the Company, or for any other purpose than that for which it was prepared.

#### Scope and Limitation of this Report

Because of the inherent limitations of gathering evidence on a test basis and limitations in the Company’s compliance system, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period ended 31 December 2010 and the procedures performed in respect of the Company’s compliance with the internal policies and procedures are undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where the Company may not have complied with the internal policies and procedures. The opinion expressed in this report has been formed on the above basis.

#### Independence

When carrying out the engagement we followed the Independence Requirements of the New Zealand Institute of Chartered Accountants *Code of Ethics* and the *Code of Ethics: Independence in Assurance Engagements* to the circumstances of the compliance engagement.

Other than our capacity as auditors we have no relationship with, or interest in, the Company.



**Opinion**

We have obtained all the information and explanations we have required.

In our opinion, the Company has complied, in all material respects, with the internal policies and procedures in relation to maintaining the accuracy of balances held in the depository for the period ended 31 December 2010.

Our audit was completed on 29 March 2011 and our opinion is expressed as at that date.

KPMG

Wellington