Auditors’ Report
To the readers of New Zealand Post Limited and Group financial statements for the year ended 30 June 2004

The Auditor-General is the auditor of New Zealand Post Limited, (the “Company”) and the Group comprising the Company and its subsidiaries. The Auditor-General has appointed me, Warwick Hunt, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Accounting Policies, Cash Flow Statement and Notes 1 to 27 to the Financial Statements of the Company and Group, on his behalf, for the year ended 30 June 2004.

Unqualified opinion

In our opinion the financial statements of the Company and Group on pages 35 to 63:
- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of:
  - the Company’s and Group’s financial position as at 30 June 2004; and
  - the results of their operations and cash flows for the year ended on that date.

Based on our examination the Company and Group kept proper accounting records.

The audit was completed on 26 August 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader’s overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:
- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.
We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

**Responsibilities of the Board of Directors and the Auditor**

The Board of Directors is responsible for preparing and submitting for audit financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the Company and Group as at 30 June 2004. They must also give a true and fair view of the results of their operations and cash flows for the year ended on that date. This responsibility is specified in the State-Owned Enterprises Act 1986 and Financial Reporting Act 1993.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility is specified in section 15 of the Public Audit Act 2001 and Section 19(1) of the State Owned Enterprises Act 1986.

**Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out assignments in the areas of tax advice and other assurance services, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Company or Group.

Warwick Hunt
On behalf of the Auditor-General
Wellington, New Zealand

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**Matters Relating to the Electronic Presentation of the Audited Financial Statements**

This audit report relates to the financial statements of New Zealand Post Limited, (the “Company”) and the Group comprising the Company and its subsidiaries for the year ended 30 June 2004 included on the Company’s web-site. The Company’s Board of Directors is responsible for the maintenance and integrity of the Company’s web site. We have not been engaged to report on the integrity of the Company’s web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 26 August 2004 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.