

In the course of Neotel's most recent audit, certain alleged irregularities were raised by Neotel's external auditors. On learning of the irregularities, the Neotel Board took immediate action, mandating an independent investigation. The investigation concluded that the irregularities indicated a possible non-compliance with the company's internal procurement and payment processes. Neotel is committed to the highest standards of corporate governance, and will not tolerate any deviation from these standards. As such, the Board has further appointed a sub-committee to continue an investigation into the non-compliance, and, importantly, to ensure the strengthening of the company's policies, procedures, internal controls and governance. The CEO and CFO have taken special leave in co-operation with this investigation.

As the Board sub-committee's investigation is ongoing, any further comment would be prejudicial to its outcome. Our focus remains on ensuring delivery of our quality services to our customers, and Neotel will continue to update its stakeholders when appropriate.