



## **Regulatory Statement - Audit Committee of NEL Group had full control over release of special auditors' report**

1. Singapore Exchange ("SGX") refers to the Audit Committee's announcement on 30 May 2010.
2. The Special Auditors, Ernst & Young Risk Advisory Services Pte Ltd, reports directly to NEL Group's Audit Committee under its terms of reference. The Audit Committee is thus in control of the release of the findings of the Special Auditors. It is illogical for the Audit Committee to represent that it was not "party to the company's non-compliance with the SGX directive". It is well established that an Audit Committee cannot abdicate its responsibilities under the pretext of delegation.
3. The Audit Committee, in its account of events, would have us believe that it could not procure the release of the Special Auditors' report. However, the Audit Committee was able to issue its response to SGX's reprimand via SGXNET on Sunday, 30 May 2010.
4. The issue of professional fees is irrelevant to the release of the findings of the Special Auditors' report. NEL received the draft report on 22 March 2010. Thereafter, the Audit Committee repeatedly failed to finalise and release the report. There is no credible reason for the delay in releasing the findings of the Special Auditors' report.