**PCN: Explanation for the audit company’s disclaimer of opinion on the Financial Statements 2022:**

On December 28, 2023, DMC-Northern Petrolium Chemicals Joint Stock Company announced Official Dispatch No. 29/ 2023/CV-PCN on explaining the reason for the audit company’s disclaimer of opinion on the Financial Statements 2022 as follows:

Contents of the Auditor’s opinions:

* Moore Aisc Auditing And Informatics Services Company Limited is appointed to be the audit company after December 31, 2022, for this reason, the audit company cannot witness the inventory of cash, inventory, and fixed assets at the end of the year, so they cannot give opinions on the existence and veracity of Cash, Inventory, and Tangible Fixed Assets recorded on the balance sheet on December 31, 2022 with the values respectively are VND 384,634,380, VND 22,477,987,123 and VND 1,998,178,362.
* The Company has not fully confirmed the debt balance of Customer Receivables, Advance Payments to sellers, Loan Receivables, other Receivables, Payables to sellers, Advance Payments from buyers, Other payables, Loans and finance lease debt on December 31, 2022. The audit company cannot collect sufficient appropriate evidence to confirm the existence and veracity of these items on the Financial Statements.
* The value of inventory from the beginning of the year that is not rotated during the year is VND 20,268,152,360, the Company has not yet evaluated and made provisions for the devaluation of inventory on December 31, 2022, so the audit company cannot evaluate the net realizable value and provision value for inventory devaluation the need to be made on December 31, 2022.
* The Company has not fully provided the Auditor with documents related to the selling revenue arising in 2022 with the amount of VND 14,469,553,573, so the audit company cannot confirm the existence and veracity of the selling revenues recorded on the Financial Statements 2022.
* In 2022, the Company has not fully recorded warehouse rental revenue, the revenue that the Company has not fully recorded is VND 530,740,909.
* The Company has not yet evaluated and made provision for bad debts on December 31, 2022, the additional value of provision for bad debts that the auditor estimated is VND 1,065,927,532.
* In Footnote No. V.5 - Other receivables, the Company is monitoring the debt without detailed content, value of VND 2,445,000,000, the Auditor is not provided with evidence about the purpose of using the capital source, the ability to collect debts, so it is unable to give an opinion on the provisions for short-term bad debts (if any) of this debt as well as the possible effects on other indicators on the Financial Statements.
* The audit company was not provided with documents related to the loan mentioned on Indicator 320 - Short-term finance lease loan and debt, amounting to VND 365,000,000. For this reason, the audit company cannot give opinions for the indicator above and also the effects of debts on other indicators in the Company’s Financial Statements 2022.

PCN would like to explain the audit company’s opinions as follows:

* Regarding the issue of inventory of cash, inventory and fixed assets, the Company performed the inventory on December 31, 2022, so when the audit company came and worked after December 31, 2022, they did not directly witness the inventory.
* 2022 is the recovery year of the economy after the COVID-19 Pandemic. The economy is affected, the Company’s market is narrowed. PCN is a business in the field of machinery trading and warehouse rental that has been badly affected after the pandemic. On December 31, 2022, the accumulated losses of the Company is VND 27,298,414,312, so it is insufficient to support business operations and fulfill obligations when payment is due.
* In 2023, the Company had some changes in personnel in the administration and governance, and the process of handing over the tasks was not strict, which led to the loss of documents, so the Company did not have enough evidence to provide to the audit company.

Our company will try to improve the business situation next year, make provisions when profitable in compliance with accounting standards regulations, and try to overcome shortcomings in the process of handing over internal tasks.