

*The Auditor's Communication With Those
Charged With Governance*

Marshalls Energy Company, Inc.
(A Component Unit of the Republic of the Marshall Islands)

Year ended September 30, 2023



**Shape the future
with confidence**

November 18, 2025

RMI Combined Utilities Board of Directors
Marshalls Energy Company, Inc.

We have performed an audit of the financial statements of the Marshalls Energy Company, Inc. (MEC) as of and for the year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated November 18, 2025.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide those charged with governance with additional information regarding the scope and results of the audit that may assist the those charged with governance in overseeing the financial reporting and disclosure processes which the management of MEC is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated November 12, 2024 and at our audit planning meeting with management.

Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)

The financial statements and required supplementary information are the responsibility of MEC's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

Changes to the audit strategy, timing of the audit and significant risks identified

Our audit strategy is consistent with the plan communicated during the February 2025 meeting.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about MEC's ability to continue as a going concern.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included in Note 2 of the financial statements.

We are not aware of any significant policies used by MEC in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor MEC's operations. These budgets include determining how existing financial resources will be used in MEC's operations.
- Evaluating whether there are indicators that the carrying value of MEC's long-lived assets is impaired.

- Determining the adequacy of the allowance for doubtful accounts and inventory obsolescence.
- Determining the reasonableness of economic useful lives assigned to depreciable assets.

Related party relationships and transactions

A discussion of related party relationships and transactions is included in Note 11 of the financial statements. We noted no significant matters regarding MEC’s relationships and transactions with related parties.

Changes to the terms of the audit with no reasonable justification for the change

We are not aware of any matters that require communication.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by MEC.

Difficult or contentious matters subject to consultation outside of the audit team

None.

Material corrected misstatements related to accounts and disclosures

Refer to “Management Representations Letter” in Appendix A.

Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial

Refer to “Management Representations Letter” in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

We have issued our Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated November 18, 2025. In that report, we identified certain deficiencies in internal control that we consider to be material weaknesses.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the February 2025 meeting during the audit.

Independence matters

We are not aware of any matters that in our professional judgment would impair our independence.

New accounting pronouncements

Management is still assessing the impact of adopting the following GASB statements:

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

We are not aware of any matters that require communication.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

There were no material disagreements with MEC's management on financial accounting and reporting matters during the audit.

Management consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Other material written communications with management

None.

Other matters

There are no other matters arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

Representations from management

We have obtained from management a representations letter related to the audit, and a copy of the management representations letter is included in Appendix A.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with MEC or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third party service providers may perform services for EY in connection with the Audit Services.

Engagement team's involvement with preparation of the financial statements

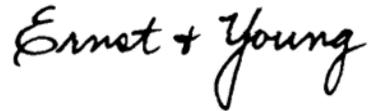
Under *Government Auditing Standards* 2018 Revisions, Chapter 3 General Standards, Paragraph 3.73 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of MEC.
- The preparation of the financial statements is based on MEC's trial balance with our understanding that MEC's underlying books and records are maintained by MEC's accounting department and that the final trial balance prepared by MEC is complete.
- MEC's Chief Financial Officer has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosure.

This communication is intended solely for the information and use of the Board of Directors, management of MEC, and the Office of the Auditor-General., and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

A handwritten signature in black ink that reads "Ernst + Young". The signature is written in a cursive, flowing style with a prominent plus sign between the two words.

RMI Combined Utilities Board of Directors
Marshalls Energy Company, Inc.

November 18, 2025

Appendix

A - Management Representations Letter

A - Management Representations Letter



MARSHALLS ENERGY COMPANY Inc.

P.O. Box 1439
Majuro, Marshall Islands MH96960
Telephone: (692) 625-3828
Website: www.mecrmi.com

November 18, 2025

Ernst & Young (RMI) Inc.
PO Box 1288
Majuro, Marshall Islands 96960

In connection with your audits of the financial statements of the business-type activities of Marshalls Energy Company, Inc. (MEC), a component unit of the Republic of the Marshall Islands, which comprise the statements of net position as of September 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position of the business-type activities of MEC and the changes in financial position and cash flows thereof in conformity with U.S. generally accepted accounting principles (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated November 12, 2024, for the preparation and fair presentation of the financial statements (including disclosures) in conformity with US GAAP applied on a basis consistent with that of the preceding years, except for the effects of adopting new accounting standards.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MEC's ability to continue as a going concern for one year after the basic financial statements date.

A - Management Representations Letter, continued

Management's responsibilities, continued

We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters. This responsibility includes identifying the use of technologies or techniques in preparing such information (e.g. the use of generative artificial intelligence), and additional details and techniques in order to perform your audit procedures.
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within MEC from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

From October 1, 2022 through the date of this letter, we have disclosed to you to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Governmental entities

We recognize that we are responsible for MEC's compliance with laws, regulations, and provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to your representatives, all laws and regulations that have direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have identified to your representatives all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented.

There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

A – Management Representations Letter, continued

Governmental entities, continued

We have informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.

We have a process to track the status of audit findings and recommendations.

We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

We have taken timely and appropriate steps to remedy fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements, that you have reported.

Corrected misstatements

We have reviewed and approved the adjustments, summarized in the accompanying schedule, and reflected these adjustments in the financial statements. Refer to the "Schedule of Corrected Misstatements" in Appendix A.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole. Refer to the "Schedule of Uncorrected Misstatements" in Appendix B.

Internal control

We have communicated to you all significant deficiencies in the design or operation of internal control over financial reporting.

There have been no significant changes in internal control since September 30, 2023.

Minutes and contracts

The dates of meetings of the Board of Directors from October 1, 2022, to the date of this letter are as follows:

Date of Meeting	Meeting Type
October 4, 2022	Regular Board Meeting
October 26, 2022	Regular Board Meeting
November 15, 2022	Regular Board Meeting
December 14, 2022	Regular Board Meeting
January 4, 2023	Special Board Meeting
January 18, 2023	Regular Board Meeting
February 14, 2023	Regular Board Meeting
February 17, 2023	Regular Board Meeting

A – Management Representations Letter, continued

Minutes and contracts, continued

Date of Meeting	Meeting Type
February 22, 2023	Special Board Meeting
March 15, 2023	Regular Board Meeting
April 12, 2023	Regular Board Meeting
May 10, 2023	Regular Board Meeting
June 14, 2023	Regular Board Meeting
August 28, 2023	Special Board Meeting
September 6, 2023	Regular Board Meeting
October 13, 2023	Regular Board Meeting
October 26, 2023	Regular Board Meeting
November 16, 2023	Regular Board Meeting
December 16, 2023	Regular Board Meeting
February 4, 2024	Regular Board Meeting
February 28, 2024	Regular Board Meeting
March 6, 2024	Regular Board Meeting
May 2, 2024	Regular Board Meeting
May 13, 2024	Regular Board Meeting
July 3, 2024	Regular Board Meeting
July 25, 2024	Special Board Meeting
September 18, 2024	Regular Board Meeting
November 6, 2024	Regular Board Meeting
December 16, 2024	Regular Board Meeting
January 28, 2025	Regular Board Meeting
April 25, 2025	Regular Board Meeting
May 28, 2025	Regular Board Meeting
July 7, 2025	Regular Board Meeting

We have made available to you all minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

A – Management Representations Letter, continued

Ownership and pledging of assets

Except for assets accounted for in accordance with GASB Statement No. 87—as amended, for which we were provided a right-to-use another entity’s nonfinancial asset (the underlying asset), MEC has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which MEC has satisfactory title appear in the statement of net position.

Receivables and revenues

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62 - as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of sales and services rendered prior to those dates and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at those dates.

Inventories

Physical counts and measurements of inventories were made by competent employees under the supervision of management and book records were appropriately adjusted after giving recognition to cut-off for materials received and products shipped.

Adequate provision has been made for losses under firm purchase commitments for goods or inventory. There have been no reductions of the selling prices of finished goods subsequent to September 30, 2023 and none are contemplated.

Leases

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any modifications, termination, or purchase options in the contract.

To measure the lease liability, we used the rate the lessor charges to us or the rate implicit in the lease. When the interest rate could not be readily determined, we then estimated our incremental borrowing rate (IBR). We believe our IBR is a reasonable estimate and represents an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Prepayments and deposits

Except for the proposed write-off of a prepayment in Appendix A, we believe that all material expenditures for which recognition has been deferred to future periods are recoverable.

A – Management Representations Letter, continued

Long-lived assets used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets used, including intangible assets that are subject to amortization, may not be recoverable.

Related party relationships and transactions

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56—as amended, has been considered and appropriate adjustments or disclosures are made in the financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Arrangements with financial institutions

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

Events of default under debt agreements

No events of default have occurred with respect to any of MEC's debt agreements.

Contingent liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62—as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could have a material effect on the financial statements.

A – Management Representations Letter, continued

Contingent liabilities, continued

There have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could have a material effect on the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62—as amended.

We have consulted legal counsel concerning litigation, claims or assessments.

Oral or written guarantees

There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

Purchase commitments

At September 30, 2023 and 2022, MEC had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2023 and 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that MEC's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

A – Management Representations Letter, continued

Non-compliance with laws and regulations, including fraud, continued

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in MEC's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of MEC.

Independence

We have communicated to you the names of MEC's affiliates, as described in the AICPA Code of Professional Conduct ET section 1.224.020 *State and Local Government Client Affiliates*, officers and directors, or individuals who serve in such capacity for MEC.

We are not aware of any business relationship between MEC and Ernst & Young (RMI), Inc. or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services.

We are not aware of any reason that Ernst & Young (RMI), Inc. would not be independent for purposes of MEC's audit.

Conflicts of interest

There are no instances where any officer or employee of MEC has an interest in a company with which MEC does business that would be considered a "conflict of interest." Such an interest would be contrary to MEC's policy.

Effects of new accounting principles

As discussed in Note 2 of the financial statements, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

MEC is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statement is adopted.

A – Management Representations Letter, continued

Required supplementary information

We acknowledge our responsibility for the required supplementary information on management's discussion and analysis, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement.

There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

Additional representations

- We have identified and disclosed to you all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the basic financial statements.
- We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.
- Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions in the statement of revenues, expenses and change in net position, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of revenues, expenses and change in net position.
- Special and extraordinary items are appropriately classified and reported.
- Capital assets, including infrastructure, are properly capitalized, reported and, if applicable, depreciated.

A – Management Representations Letter, continued

Additional representations, continued

- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.
- MEC's ability to continue as a going concern was evaluated.

Other matters

We have received a draft copy of MEC's financial statements as of and for the years ended September 30, 2023 and 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of MEC's financial statements based on information in MEC's trial balance and accounting records. It is our understanding that:

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete;
- All adjusting journal entries posted to the trial balance have been approved by us; and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness.

We acknowledge that we have reviewed them and taken responsibility for them.

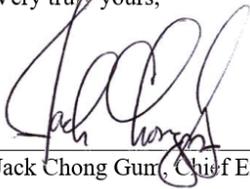
Subsequent events

Subsequent to September 30, 2023, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to MEC's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of MEC, except for matters disclosed in the notes to the financial statements.

A – Management Representations Letter, continued

We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and was, therefore, designed primarily for the purpose of expressing an opinion on the financial statements of the business-type activities of MEC and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,



Jack Chong Gun, Chief Executive Officer



Leihani Anjain, Chief Financial Officer

A – Management Representations Letter, continued

Appendices

- A – Schedule of Corrected Misstatements
- B – Schedule of Uncorrected Misstatements

A – Management Representations Letter, continued

Appendix A – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Corrected misstatements											
Entity: <u>Marshalls Energy Company, Inc.</u> Period ended: <u>30-Sep-2023</u> Currency: <u>USD</u>											
No.	W/P ref.	Account <small>(misstatements are recorded as journal entries with a description)</small>	Analysis of misstatements Debit/(Credit)								
			Assets Current Debit/(Credit)	Assets Non-current Debit/(Credit)	Liabilities Current Debit/(Credit)	Liabilities Non-current Debit/(Credit)	Equity components Debit/(Credit)	Effect on the current period OCI Debit/(Credit)	Income statement effect of the current period Debit/(Credit)	Non taxable	
AJE 01	C.00 MLC#1	To record a noncurrent asset for the deposit made to a vendor pertaining to letter-of-credit payments made by MEC									
		Deposit on acquisition of capital assets		2,184,241							
		Cash	(2,184,241)								
AJE 02	N.00 2023-002	To record the grant funds received from ADB under Grant 0637 in FY2023 for the tank farm refurbishment									
		Accounts payable - other				2,500,000					
		Capital contributions - Asian Development Bank							(2,500,000)	X	
AJE 03	K.00 2023-002	To record the additional grant related to World Bank SE:Dep for MEC as per the interim audit reports of WB projects									
		Construction work in progress CWIP		1,908,755							
		Capital Contribution WB SE:Dep							(1,908,755)	X	
AJE 04	K.00 2023-002	To record the additional grant related to ADB Grant 0637 for MEC as per the interim audit reports of WB and ADB projects									
		Construction work in progress CWIP		209,740							
		Capital Contribution ADB Grants							(209,740)	X	
AJE 05	PLA.00 MLC#8	To record cash power sales from scratch cards for the year ended September 30, 2023									
		Unearned revenue - power				134,184					
		Electricity sales							(134,184)	X	
AJE 06	N.00 MLC#2	To correct the impact of reversal of liability for FS presentation purposes									
		Accounts payable - fuel				163,725					
		Accounts payable - other				(163,725)					

Form 430GL (3 August 2022)

A – Management Representations Letter, continued

Appendix A – Schedule of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: Marshalls Energy Company, Inc.

Period ended: 30-Sep-2023

Currency: USD

Corrected misstatements		Analysis of misstatements Debit/(Credit)									
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		
(misstatements are recorded as journal entries with a description)			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable	
RJE 01	N.00	To reclassify intercompany payables as of September 30, 2023									
		Accounts payable - other			1,898,387						
		Payable to affiliates			(1,898,387)						
RJE 02	N.00	To reclassify current portion of accrued leave as of September 30, 2023									
		Accrued leave, net of current portion				148,335					
		Accrued leave, current portion			(148,335)						
RJE 03	VD.00	To reclassify the World Bank Grant Capital Contribution from Other Grant GL									
		Nonoperating income (expense) - Japan grant aid								293,118	X
		Capital contributions - World Bank								(293,118)	X
Total of corrected misstatements before income tax			12,184,241	4,302,736	2,485,849	148,335	0	0	14,752,679		
Financial statement amounts			24,297,438	34,299,013	(16,226,201)	(6,935,199)	(24,885,954)		(10,549,097)		
Effect of corrected misstatements on FIS amounts			-9.0%	12.6%	-15.3%	-2.1%	0.0%		45.1%		

[For US PCAOB audits we are required to communicate all misstatements that are accumulated on our SAD.]

A – Management Representations Letter, continued

Appendix B – Schedule of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity: Marshalls Energy Company, Inc. Period Ended: 30 Sep 2022 Currency: USD

Uncorrected misstatements		Analysis of misstatements Debit/(Credit)										Income statement effect of the prior period		
No.	WP ref.	Account (Note 1) <small>(misstatements are recorded as journal entries with a description)</small>	Assets Current <small>(Note 2)</small>	Assets Non-current <small>(Note 2)</small>	Liabilities Current <small>(Note 2)</small>	Liabilities Non-current <small>(Note 2)</small>	Equity components <small>(Note 2)</small>	Effect on the current period OCI	Income statement effect of the current period	Income statement effect of the prior period	Debit/(Credit)	Non-taxable	Prior period Debit/(Credit)	Non-taxable
Factual misstatements:														
SAD 01	G 00	To writeoff MEC's prepayment to KAJUR which is considered as not reimbursable to MEC												
	MLC#7	Cost of power							266,573				X	
		Prepayments	(266,573)											
Judgmental misstatements:														
SAD 02	E-05.2	To reverse excess allowance for doubtful accounts as of September 30, 2023												
	MLC#4	Accounts receivables, net	739,603											
		Other utility operating revenues								(739,603)			X	
Total of uncorrected misstatements before income tax			479,030	0	0	0	0	0	(479,030)					
Total of uncorrected misstatements			479,030	0	0	0	0	0	(479,030)					
Financial statement amounts			34,297,430	34,299,013	(16,226,207)	(6,935,199)	(24,885,954)		(10,545,097)				(668,308)	
Effect of uncorrected misstatements on FIS amounts			2.9%	0.9%	0.9%	0.9%	0.9%		4.5%				0.8%	
Memo: Total of non-taxable items (marked 'X' above)									(479,030)					
Uncorrected misstatements before income tax									4.5%	(479,030)				
Less: Tax effect of misstatements of current year marginal rate									0%	0				
Uncorrected misstatements in income tax										0				
Cumulative effect of uncorrected misstatements after tax but before turnaround									4.5%	(479,030)				
Turnaround effect of prior period uncorrected misstatements														
All factual and projected misstatements:														
Judgmental misstatements (Note 3):														
Cumulative effect of uncorrected misstatements, after turnaround effect									4.5%	(479,030)				
Current year income before tax														(10,545,097)
Current year income after tax														(10,549,097)

Form 430GL (3 August 2022)