

Comment on the Company's annual report for 2013

On 29 April 2014 the JSC AS „Ditton pievadkēžu rūpnīca”, hereinafter – the Company, disclosed its audited annual report with the report of the auditor SIA „Deloitte Audits Latvia”, hereinafter – the Auditor.

In the Auditor's report there is information included in accordance with the Law On Sworn Auditors, inclusive an indication of all the circumstances to which the sworn auditor wishes to direct attention of the Company's Management Board and shareholders to. Beside that, in the report there is no Auditor's view expressed regarding the fact whether the management report conforms to the financial accounts, as well as a refusal to provide an opinion expressed and reasons for such decision.

The Auditor's report contains significant information for shareholders and potential investors. In this regard, in order to fulfill requirements of the Clause 59 of Financial Instrument Market Law, the Council and the Management Board consider it necessary to disclose following notification.

In the course of the audit the Auditor has been provided with the entire basic accounting information being at the Company's disposal and explanations on it, as well as a written acknowledgement (attached) of truthfulness and accuracy of the information above and basic accounting documentation and on the fact that no documents and/or transactions have been concealed from the Auditor has been submitted in the form proposed by the Auditor. In the course of the audit there have been no requests for additional information and/or documents relating to the Company's operations and transactions received from the Auditor, which are prescribed by laws of the Republic of Latvia, directives and regulations of the European Union, habits of good commercial practice, and there have been no cases where false or inaccurate information (documents) would be revealed which could materially affect the Company's annual report. There has been no notification by the Auditor that the Company's annual report is prepared in violation of the Annual Accounts Law and accounting standards.

Moreover, the Auditor made corrections of the content and volume of the annual report and some written explanations have been included in the annual report by the Auditor's requirements, although they are not necessarily to be included pursuant to the Annual Accounts Law and accounting standards.

In this regard the Company considers it incorrect from the side of the Auditor to include arguments in the indication of the circumstances to which the Auditor wishes to direct attention to that in the course of the audit the Auditor did not have the opportunity to obtain sufficient and appropriate audit evidence for the Auditor's own internal conclusions, without indication what exactly was impossible to obtain and for what reason (the latter factor may not be generally related to the Company, but to the Auditor). The above statement is contrary to the Auditor's participation in the correction of the annual report, otherwise it is not clear what was the Auditor guided by in this case. It is also incorrect considering the fact that the Auditor does not have suggested obtaining of the “missing” information, as well as the Auditor has not suggested to organize a collegial working meeting with the Company's Management Board to discuss these problems, limiting himself only to the technical preparation of annual report.

The Company also believes that “Basis for refusal to provide on opinion” indicated in the Auditor's report refers to the circumstances to which the Auditor wishes to direct attention to, rather than to the reasons for refusing to provide the opinion, for instance, regarding the opinion whether the annual report complies with the Company's actual financial situation in accordance

with the existing basic documentation and entries in the accounting records, or whether the annual report complies with the Annual Accounts Law and accounting standards in form and substance.

In this respect, the Management Board has initiated communication with the Auditor for correction of his report or obtaining of a written explanation on the nature of the Auditor's position and nature of the annual report to disclose them to shareholders and potential investors. Access to and publicity of this information will be ensured by the Management Board upon its receipt in accordance with Latvian laws and regulations.

Management Board and Council