

**REPORT OF THE AUDIT COMMITTEE
OF THE JOINT STOCK COMPANY "LATVIJAS GĀZE"
FOR APPROVAL OF THE ANNUAL ACCOUNTS 2015**

Pursuant to the requirements of the Section 54¹ of the Financial instruments market law of Latvia and in compliance with Article 1 of Paragraph 12 of that Section, last year the Audit Committee of the Joint Stock Company "Latvijas Gāze" performed the duties stipulated by the Financial Instruments Market Law, including:

- 1) supervision of the preparation of the financial statements of the Joint Stock Company „Latvijas Gāze” prepared in accordance with the law “On Accounting” and the “Annual Accounts Law” of the Republic of Latvia, the CoM Regulations No.481 “Regulations on the Content and Preparation Procedure of Cash Flow Statement and Statement on Changes in Equity” dated 21.06.2011 and the CoM Regulations No.488 “Regulations on Application of the Annual Accounts Law”, as well as observing the Latvian Accounting Standards, and the financial statements of the Joint Stock Company “Latvijas Gāze” prepared in accordance with the requirements of the International Financial Reporting Standards as to the preparation of financial statements approved by the European Union;
- 2) supervision of the efficiency of the internal control and risk management system of the Joint Stock Company „Latvijas Gāze”;
- 3) supervision of the statutory audit of the financial statements of the Joint Stock Company “Latvijas Gāze” prepared in accordance with the law “On Accounting” and the “Annual Accounts Law” of the Republic of Latvia and in accordance with the Latvian Accounting Standards and the financial statements prepared in accordance with the requirements of the International Financial Reporting Standards approved by the European Union and the elimination of the deficiencies found;
- 4) verification and supervision of the independence of the elected sworn auditor of the Joint Stock Company „Latvijas Gāze” – the Commercial Company “PricewaterhouseCoopers LLC” – for the purposes of the “Law On Sworn Auditors”.

The Audit Committee holds that the financial statements 2015 of the Joint Stock Company “Latvijas Gāze” prepared in accordance with the law “On Accounting” and the “Annual Accounts Law” of the Republic of Latvia and in accordance with the Latvian Accounting Standards and the financial statements prepared in accordance with the requirements of the International Financial Reporting Standards approved by the European Union have been drawn up observing all regulatory enactments and the audit of the financial statements of the Joint Stock Company “Latvijas Gāze” has taken place in compliance with the regulatory enactments. The deficiencies found during the audit have been eliminated quickly and efficiently.

The Audit Committee has got acquainted with the operation of the internal control and risk management system of the Joint Stock Company „Latvijas Gāze” and considers them effective and compliant with the standards of good practice.

With the present report, the Audit Committee confirms that it does not object to a further co-operation with the Commercial Company of Sworn Auditors „PricewaterhouseCoopers LLC” as the sworn auditor elected for the audit of the annual accounts 2016 of the Joint Stock Company „Latvijas Gāze”.

Head of the Audit Committee,
sworn auditor (LUoCA certificate No.93)

B.Kudore

Riga, April 21, 2016