

# **METROGAS S.A.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS AS OF MARCH 31, 2018 AND COMPARATIVES

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## METROGAS S.A.

### CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2018 AND COMPARATIVES

#### LEGAL INFORMATION

**Legal Address:** Gregorio Aráoz de Lamadrid 1360, Ciudad Autónoma de Buenos Aires, Argentina.

**Fiscal Year:** No. 27 (initiated on January 1, 2018).

**Financial Statements:** Condensed Interim Consolidated as of March 31, 2018 and comparatives.

**Company's Principal Business:** provision of natural gas distribution public services

**Registration with the Public Registry of Commerce:** December 1, 1992

**Expiry Date of the Articles of Incorporation:** December 1, 2091

**Last Amendment of the By-Laws:** October 16, 2015

**Parent Company:** YPF S.A.

**Legal Address of the controlling company:** Macacha Güemes 515, Ciudad Autónoma de Buenos Aires, Argentina.

**Principal Business of the controlling company:** study, exploration and exploitation of liquid and/or gaseous hydrocarbons and other minerals, as well as the industrialization, transportation and marketing of these products and their byproducts, also including petrochemical products, and non-fossil fuels and chemicals, biofuels and their components, electric power generation based on hydrocarbons, telecommunication services, as well as production and industrialization, processing, marketing, conditioning services, grain transportation and storage and their byproducts.

**Percentage of votes held by parent company:** 70%

#### Composition of Issued Capital as of 03.31.18:

Classes of Shares	Subscribed, Registered and Paid-in
Outstanding	
Common Certified Shares of Ps. 1 Par Value and 1 Vote each:	
Class "A"	290,277
Class "B"	275,026
Class "C"	3,868
<b>Issued Capital as of 03.31.18</b>	<b>569,171</b>

English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV").  
In case of discrepancy, the financial statements filed with the CNV prevail over this translation.

## METROGAS S.A.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2018 AND DECEMBER 31, 2017

(stated in thousands of pesos)

	Notes	03.31.18	12.31.17
<b>Assets</b>			
<b>Non current Assets</b>			
Properties, plant and equipment	10	15,866,411	15,691,974
Intangible assets	12	218,394	177,624
Investment properties	11	2,257	2,272
Other receivables	14	87,373	73,488
<b>Total Non current assets</b>		<u>16,174,435</u>	<u>15,945,358</u>
<b>Current assets</b>			
Inventories		3,626	3,805
Trade receivables	13	3,462,740	3,404,024
Other receivables	14	337,560	345,988
Cash and cash equivalents	15	1,094,192	492,379
<b>Total Current assets</b>		<u>4,898,118</u>	<u>4,246,196</u>
<b>Total assets</b>		<u>21,072,553</u>	<u>20,191,554</u>
<b>Shareholders' Equity</b>			
Issued capital	16	569,171	569,171
Accumulated results Gains		8,013,200	8,416,048
<b>Equity attributable to the owners of the parent</b>		<u>8,582,371</u>	<u>8,985,219</u>
Non-controlling interest		6,046	4,525
<b>Total Shareholders' Equity</b>	16	<u>8,588,417</u>	<u>8,989,744</u>
<b>Liabilities</b>			
<b>Non current Liabilities</b>			
Trade payable	21	-	71,146
Financial debt	18	4,424,415	-
Deferred tax liabilities	28	2,556,899	2,750,694
Reorganization liabilities	19	26,377	8,446
Other taxes payable	17	2,513	3,011
Provisions	20	363,208	342,475
<b>Total Non current Liabilities</b>		<u>7,373,412</u>	<u>3,175,772</u>
<b>Current Liabilities</b>			
Trade payable	21	3,914,935	3,857,290
Salaries and social securities	22	193,874	253,237
Income tax and minimum presumed income tax ("MPIT")		-	107
Other taxes payable	17	417,150	452,706
Financial debt	18	575,706	3,429,675
Deferred tax liabilities	28	838	342
Other accounts payable	23	8,221	32,681
<b>Total Current Liabilities</b>		<u>5,110,724</u>	<u>8,026,038</u>
<b>Total Liabilities</b>		<u>12,484,136</u>	<u>11,201,810</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>21,072,553</u>	<u>20,191,554</u>

The accompanying notes 1 to 30 are an integral part of and should be read together with these statements.

Marcelo Adrián Núñez  
Chairperson

English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV").  
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## METROGAS S.A.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2018 AND 2017

(stated in thousands of pesos)

	Notes	For the three months period ended,	
		03.31.18	03.31.17
Revenues	24	3,752,438	1,839,469
Operating costs	25	(2,983,429)	(1,293,172)
<b>Gross profit</b>		<b>769,009</b>	<b>546,297</b>
Administration expenses	25	(228,213)	(179,655)
Selling expenses	25	(366,061)	(206,747)
Other income and expenses	26	(19,799)	(70,064)
<b>Operating income</b>		<b>154,936</b>	<b>89,831</b>
Finance income	27	61,070	25,588
Finance cost	27	(798,162)	(44,413)
<b>Net financial results</b>		<b>(737,092)</b>	<b>(18,825)</b>
<b>Result before income tax and MPIT</b>		<b>(582,156)</b>	<b>71,006</b>
Income tax and MPIT	28	180,829	446,578
<b>Net result for the period</b>		<b>(401,327)</b>	<b>517,584</b>
<b>Other comprehensive income (1)</b>			
Essential assets revaluation		131,567	-
Income tax	28	(40,491)	-
<b>Total other comprehensive income</b>		<b>91,076</b>	<b>-</b>
<b>Net and comprehensive result for the period</b>		<b>(310,251)</b>	<b>517,584</b>
<b>Net and comprehensive result for the period attributable to controlling interest</b>		<b>(402,848)</b>	<b>516,920</b>
<b>Net and comprehensive result for the period attributable to non-controlling interest</b>		<b>1,521</b>	<b>664</b>
<b>Net and comprehensive result for the period</b>		<b>(401,327)</b>	<b>517,584</b>
<b>Net result per share</b>			
Basic and diluted	29	(0.71)	0.91

(1) Do not reversal to results.

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Chairperson

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## METROGAS S.A.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY AS OF MARCH 31, 2018 AND COMPARATIVES *(stated in thousands of pesos)*

	Issued capital	Subtotal issued capital	Accumulated results		Subtotal accumulated results	Equity attributable to the owners of the parent	Non-controlling interest	Total Shareholders’ Equity
			Other comprehensive income	Unappropriated retained losses				
<b>Balance as of December 31, 2016</b>	569,171	569,171	-	(1,943,940)	(1,943,940)	(1,374,769)	2,591	(1,372,178)
Net and comprehensive result for the three months period ended March 31, 2017	-	-	-	516,920	516,920	516,920	664	517,584
<b>Balance as of March 31, 2017</b>	569,171	569,171	-	(1,427,020)	(1,427,020)	(857,849)	3,255	(854,594)
Net and comprehensive result for the nine months period ended December 31, 2017	-	-	-	255,973	255,973	255,973	1,270	257,243
Properties, plant and equipment revaluation	-	-	9,587,095	-	9,587,095	9,587,095	-	9,587,095
Properties, plant and equipment revaluation reversals	-	-	(271,093)	271,093	-	-	-	-
<b>Balance as of December 31, 2017</b>	569,171	569,171	9,316,002	(899,954)	8,416,048	8,985,219	4,525	8,989,744
Net and comprehensive result for the three months period ended March 31, 2018	-	-	-	(402,848)	(402,848)	(402,848)	1,521	(401,327)
Properties, plant and equipment revaluation reversals	-	-	(91,076)	91,076	-	-	-	-
<b>Balance as of March 31, 2018</b>	569,171	569,171	9,224,926	(1,211,726)	8,013,200	8,582,371	6,046	8,588,417

The accompanying notes 1 to 30 are an integral part of and should be read together with these statements.

Marcelo Adrián Núñez  
Chairperson

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## METROGAS S.A.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2018 AND 2017 (stated in thousands of pesos)

	03.31.18	03.31.17
<b>Cash flows generated by operating activities</b>		
Net result for the period	(401,327)	517,584
Adjustments to arrive to the net cash flow from operating activities		
Income tax and MPIT	(180,829)	(446,578)
Depreciation of properties, plant and equipment and investment properties and intangible assets	163,864	27,641
Net book value of disposals of properties, plant and equipment	6,379	-
Net charge on provisions	96,703	86,844
Finance cost	600,014	44,881
Loss due to negotiable obligations cancellation	173,829	-
Changes in assets and liabilities		
Trade receivables	(117,006)	408,761
Other receivables	(32,276)	734,686
Inventories	179	(508)
Trade payable	272,978	(392,096)
Salaries and social securities	(59,363)	(30,787)
Other taxes payable	(36,161)	125,955
Provisions	(2,041)	(2,578)
Other accounts payable	(23,538)	337
Income tax and MPIT paid in the period	-	(3,517)
<b>Net cash flows generated by operating activities</b>	<u>461,405</u>	<u>1,070,625</u>
<b>Cash flows used in investing activities</b>		
Increase in properties, plant and equipment	(343,835)	(129,441)
Increase in intangible assets	(43,814)	(29,510)
<b>Net cash flows used in investing activities</b>	<u>(387,649)</u>	<u>(158,951)</u>
<b>Cash flows generated by (used in) financing activities</b>		
Payment for cancellation of negotiable obligations	(3,983,649)	(18,648)
Commercial debt payment	(442,298)	(14,864)
Proceeds from loans	5,050,000	-
Payment for the costs of debt issuance	(61,971)	-
Current account advances	(20,610)	-
<b>Net cash flows generated by (used in) financing activities</b>	<u>541,472</u>	<u>(33,512)</u>
<b>Net increase in cash and cash equivalents</b>	<u>615,228</u>	<u>878,162</u>
Cash and cash equivalents at the beginning of year	492,379	357,904
Exchange differences on cash and cash equivalents	(13,415)	(107)
Cash and cash equivalents at the end of the period (1)	<u>1,094,192</u>	<u>1,235,959</u>
<b>Net increase in cash and cash equivalents</b>	<u>615,228</u>	<u>878,162</u>

(1) As of March 31, 2018 and 2017, funds collected and pending to be deposited for Trust Funds and Resolution I-2,621/2013 amount to 15,707 and 40,793, respectively.

The accompanying notes 1 to 30 are an integral part of and should be read together with these statements.

Marcelo Adrián Núñez  
Chairperson

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

#### **1. GENERAL INFORMATION**

MetroGAS S.A. (“MetroGAS” or the “Company”) is a *sociedad anónima* organized under the laws of the Republic of Argentina. The registered office and principal place of business is located at Gregorio Aráoz de Lamadrid 1360 – Ciudad Autónoma de Buenos Aires.

The Company was created in 1992 and on December 1, 1992 it was registered as a corporation pursuant to the laws of the Republic of Argentina at the Public Registry of Commerce under number 11,670, Book 112, Volume A of *Sociedades Anónimas*. The term of duration of the Company expires on December 1, 2091 and its principal business is the provision of natural gas distribution public services.

On November 2, 1994, the Argentine Securities Commission (“CNV”), pursuant to Resolution No. 10,706, authorized to public offering on Buenos Aires Stock Exchange (“BCBA”) all the Company's outstanding shares that at such date composed the capital stock.

As of March 31, 2018, MetroGAS’ controlling shareholder is YPF S.A. (“YPF”) whose principal business is the study, exploration and exploitation of liquid and/or gaseous hydrocarbons and other minerals, as well as the industrialization, transportation and marketing of these products and their byproducts, also including petrochemical products, and non-fossil fuels and chemicals, biofuels and their components, electric power generation based on hydrocarbons, telecommunication services, as well as production and industrialization, processing, marketing, conditioning services, grain transportation and storage and their byproducts (see Note 16 to the condensed interim consolidated financial statements).

MetroGAS controls MetroENERGÍA S.A. (“MetroENERGÍA”) a *sociedad anónima* created under the laws of Argentina, whose principal business is the purchase and sale of natural gas and/or transport on its own account, or on behalf of or in association with third parties in Argentina.

With respect to General Resolution No. 629 of CNV, please be informed that the backup documents of the Company’s operations are filed with Iron Mountain Argentina S.A. warehouses at Amancio Alcorta 2482, City of Buenos Aires.

#### **2. REGULATORY FRAMEWORK**

The significant developments occurred or had impact during the three months period ended March 31, 2018 are described as follows.

##### **2.1 Provisional Agreement 2017**

On January 31, 2018, Ente Nacional Regulador del Gas (“ENARGAS”) Resolution No. 249/2018 was published in the Official Gazette, convening a public hearing to be held on February 22, 2018, to consider (i) the enforcement of the Methodology of the biannual Tariff Adjustment, if it corresponds, for MetroGAS’ tariff adjustment; (ii) the enforcement of the allocation on tariffs of purchased gas and (iii) alternative methodologies to come up with a more foreseeable invoicing of consumptions from residential users.



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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

On March 28, 2018 the Official Gazette published ENARGAS Resolution No. 300/2018 in order to (i) declare valid the aforementioned Public Hearing, (ii) approve MetroGAS’ temporary tariff scheme applicable as from April 1, 2018 and (iii) approve new values for Rates and Charges collected by MetroGAS for additional services.

#### **2.2 Memorandum of Agreement of the Adequacy Natural Gas Distribution License Contract (“The Comprehensive Contract Renegotiation Memorandum of Understanding”)**

On March 30, 2017, and within the framework of the renegotiation of public services provided by the Emergency Law, extensions thereof and Decrees No. 367/2016 and 2/2017, the Company signed with the Ministries of Energy and Mining (“MINEM”) and the Ministry of Economy a Memorandum of Agreement for the Adequacy of the Natural Gas Distribution License Contract, which contains the terms of the comprehensive renegotiation and the conditions for the adequacy of the License Agreement. The Memorandum of Agreement was preceded and based on the Provisional Agreement 2008, the Provisional Agreement 2014, the Provisional Agreement 2016 and the Provisional Agreement 2017.

The provisions contained in the Memorandum of Agreement, once put into effect as of its ratification by the National Executive Power (“PEN”), shall include the contract period between January 6, 2002 and the end of the License Agreement.

The guidelines for the Integral Tariff Review process are detailed in Note 2.1.2.2 to the consolidated financial statements as of December 31, 2017.

On March 28, 2018, Decree No. 252/2018 ratifying the Memorandum of Agreement was published in the Official Gazette.

#### **2.3 Resolution MINEM No. 508-E/2017**

As a consequence of changes introduced by means of MINEM Resolution No. 474-E/2017 and ENARGAS Resolutions No. 131/ 2017 and No. 132/2017, and of the guidelines stated in the Bases and Conditions, on December 29, 2017, MINEM Resolution No. 508-E/2017 was published; it establishes the procedure to compensate minor revenues that Licensees of the Natural Gas Distribution Service through networks receive from their users, as a result of: (i) applying benefits and / or discounts to users resulting from regulations in force as regards tariffs for the natural gas distribution service through networks and (ii) having higher costs of Unaccounted for Natural Gas (“GNNC”) than the ones established for their recognition on tariffs.

This procedure is defined within section 20.2 of the License Model approved by Decree No. 2,255/1992 that establishes that the Distributor shall be entitled to compensation due to a revenue reduction resulting from those measures in order to maintain the payment chain related to the operation and maintenance of the public service of natural gas distribution through networks among others, the payment of invoices related to the purchase of natural gas and the guarantee to continue supplying such public service.

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

According to the procedure of compensation, Distribution Licensees have to report within the terms stated therein and based on annual consumptions on a monthly basis and as a sworn statement before the ENARGAS, all the necessary amounts to compensate the said differences. The same kind of report must be made regarding GNNC.

In this way, to calculate compensations for amounts not collected because of discounts in the invoicing and because of differences arising from GNNC, a compensation resulting from the difference between purchasing price from the natural gas producer and the sale to your customers.

To date, MetroGAS has received in time and form from the National Government the provisional payment of the economic compensations corresponding to the months of January, February and March of the year 2018.

#### **2.4 Complementary Agreement with Natural Gas Producers**

On November 29, 2017, at the request of the MINEM, MetroGAS subscribed the “Bases and Conditions for the Supply of Natural Gas to Gas Distributors through Networks” (the “Bases and Conditions”) together with the rest of the distributors and a group of gas producers. These Bases and Conditions set the guidelines for contracting gas volumes to meet the demand from distributors for the period included between January 1, 2018 and December 31, 2019. These guidelines establish: i) the volumes that each signing producer has to inject per basin to meet the demand from distributors, ii) the daily available volumes per basin for each distributor, iii) the price according to customer’s category and per period expressed in u\$s/MMBTU, iv) the obligation of the producer to deliver or pay 100% of the volume, v) the obligation of distributors to take or pay 100% of the volume, except when there is no demand and no gas volumes are assigned, of contracts not included in the Bases and Conditions ,vi) due date of the invoice is 75 days after the invoice date.

### **3. BASIS FOR PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

These condensed interim consolidated financial statements have been issued in accordance with the Technical Resolution (“TR”) No. 26 and 29 of the Argentine Federation of Professional Councils in Economic Sciences (“FACPCE”) which adopt International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) for entities included in the public offer regime of Law No. 17,811, - Now repealed and replaced by Law No. 26,831 of Capital Markets-, due to their capital stock or to their notes, or those that have applied to be included in said regime.

In accordance with Title IV of the Informative Periodic Regime, Chapter I, Informative Regime, Section I, General Dispositions, Article 1, point b.1) of CNV rules, the Company has opted for presenting its interim financial statements in a condensed set foreseen in the IAS 34.

These condensed interim consolidated financial statements are presented in thousands of pesos, except where expressly stated otherwise.

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

These condensed interim consolidated financial statements should be read together with the Company’s annual consolidated financial statements as of December 31, 2017 and comparatives.

The condensed interim consolidated financial statements for the three months periods ended March 31, 2018 and 2017 have not been audited. In the Company’s opinion these financial statements reflect all the adjustments necessary to be presented on a basis consistent with the annual consolidated financial statements.

These condensed interim consolidated financial statements, originally issued in Spanish, have been approved by the Board of Directors for issuance on May 7, 2018.

#### **4. ACCOUNTING POLICIES**

The accounting policies adopted for these condensed interim consolidated financial statements are consistent with the ones applied in the consolidated financial statements for the year ended on December 31, 2017 which are detailed in Note 4 to those consolidated financial statements.

However, in the current period, the Company has applied the following standards that came into force for the periods beginning on or after 1 January 2018 and generated effects of exposure and/or valuation:

##### **4.1 Recognition of revenues from contracts with customers**

IFRS 15 “Revenues from Contracts with Customers” establishes an extensive and detailed model for entities to use in accounting for revenue arising from contracts with customers. It supersedes the following revenue Standards and interpretations:

- IAS 18 “Revenue”;
- IAS 11 “Construction Contracts”;
- IFRIC 13 “Customer Loyalty Programs”;
- IFRIC 15 “Agreements for the Construction of Real Estate”;
- IFRIC 18 “Transfers of Assets from Customers”; and
- SIC 31 “Revenue-Barter Transactions Involving Advertising Services”.

IFRS 15 will only cover revenue arising from contracts with customers. Under this standard, a customer of an entity is a part that has contracted with the entity to obtain goods and services that are an output of the entity’s ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IFRS 9 “Financial Instruments”.

As mentioned above, the new revenue standard has a detailed model to deal with revenue from contracts with customers. Its core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

The new revenue recognition Standard introduces a five steps approach to revenue recognition and measurement:

- 1- Identify the contract with customer
- 2- Identify the performance obligations in the contract
- 3- Determine the transaction price
- 4- Allocate the transaction price to the performance obligations in the contract
- 5- Recognize revenue when (or as) the entity satisfies a performance obligation

The Company has made an assessment of the standard complying with the requirements stated in the IFRS15:

1. Identification of the agreement with the customer

The Company has identified the following contracts with customers:

- Contracts with residential customers: it is an implicit agreement that contains enforceable rights and liabilities.
- Contracts with Industrial, Commercial and Public Entities Customers
- Contracts with CNG
- Contracts with Power Plants
- MetroENERGÍA customer’s contracts

From the revision of the said agreements it was possible to conclude that no separate contracts were identified that must be combined with one another.

2. Identification of individual liabilities of the contract

It consists in identifying all assets or services (including implicit ones) that are promised in the contract and it must be assessed if the asset or service is differentiable, that is to say, (i) if the customer may benefit from the use of the good or service by itself or jointly with other available resources and, (ii) if the asset or service may be individualized from other promises in the contract.

If both conditions are given then each liability has to be fulfilled separately. If the said conditions are not given, two or more of the assets and services that are promised in the contract are combined.

Regarding the sale of MetroGAS’ full service it is considered that there is a unique responsibility that consists in supplying the gas distribution service, as, although there are three components included in the rate (gas, transportation and distribution) it is understood that all liabilities arising from this service contract are not individual since gas could not be delivered if there were no simultaneous transportation and distribution service.

With respect to the other contracts analyzed for MetroENERGÍA customers, a single performance responsibility was also identified.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

#### 3. Determination the price of the transaction

The price is the amount that the Company expects to receive for the rendering of the service or transfer of assets to the customer. The price of the transaction includes:

- Variable compensation
- Compensation paid to customers and;
- Significant benefits of financing

The price of the transaction for MetroGAS is regulated according to the tariff scheme in force issued by the ENARGAS.

Regarding the sale of MetroGAS' full service, it is considered that there exists a fixed and a variable compensation. The variable compensation arises from the limits and discounts according to gas consumption in previous terms.

In agreements with industries and electric plants there are fines for non authorized consumption by the customer; in this case MetroGAS will be able to impose a fine for each m3 non authorized and consumed that is determined by a detailed calculation in the contracts with each customer.

In the case of revenues arising from networks assigned by third parties, they are registered by a reasonable value according to the compensation received. The said value is determined according to amounts to be compensated to third parties, equivalent to m3 of gas established by the ENARGAS.

MetroENERGÍA, as a marketer, provides the natural gas purchase and nomination management service on behalf of the customer and the price is determined by the price of natural gas, which includes:

- The cost of natural gas managed by MetroENERGÍA for third-party producers and/or suppliers;
- The costs that would have been necessary to transport the natural gas to the delivery points (displacement costs) and;
- A commission for intermediation for natural gas that would have been managed by third-party producers and/or suppliers of natural gas, which is determined by the difference between the price of natural gas and the sum of the cost of gas and displacement costs.

In the case of MetroENERGÍA transportation sales, the price is determined by a fixed charge, a maximum daily reserve capacity charge and a variable charge.

#### 4. Distribution of the price of the transaction among the liabilities of the agreement

It consists in allocating the price of the transaction among the different elements based on the sales price of each of the items separately.

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In all agreements a one and only liability was determined, as a consequence the price is not distributed.

#### 5. Recognition of Revenues once the organization fulfills liabilities

Revenues are recognized when the Company fulfills the contractual liability. A contractual liability is considered fulfilled when the customer obtains control of the assets or services.

MetroGAS recognizes its revenues when the contractual liability is fulfilled, that is to say once assets and/or services are delivered to the customer; this happens at a specific moment. In the case of the natural gas distribution service, it is a continuous service where the obligation to render this service is fulfilled in a continuous way, for this reason revenues are recognized based on what is accrued upon delivery to customers, including estimated amounts of delivered gas and not invoiced at the end of each fiscal year, its transportation and distribution, if appropriate. Amounts indeed delivered are estimated based on purchased volumes and any other historical information. These volumes are assigned to each type of customer, segment and level of saving for its valorization depending on the applicable tariff according to the estimate made based on the historical information of the segment and level of saving of each invoicing month.

In MetroENERGÍA operations out on behalf and for the account, the revenue is recognized when the gas is delivered at the point of delivery determined in the contract of each client.

It is worth mentioning that MetroENERGÍA acts as the principal and not as an agent in its operation out on behalf and for the account, since it has control of the promised goods and services before transferring them to the client.

The application of the standard has not generated an effect in the accounting recognition of revenues from contracts with customers and therefore there is no effect on the accumulated initial balances.

Additionally, IFRS 15 introduces new requirements to provide new disclosures of information to be disclosed. Based on the analysis performed by the Company on revenues, Note 24 has been broken down by customer category.

#### 4.2 Income recognition from the Resolution MINEM No. 508-E/2017

The Resolution MINEM No. 508-E/2017, applicable as from January, 2018, is within the scope of IAS 20 “Government Grants” (see Note 2.3 to the condensed interim consolidated financial statements).

The recognition of this income is carried out based on the amounts effectively invoiced at the end of each period, considering the existence of assurance regarding its collection.

This item has been disclosed in the line “Resolution MINEM No. 508-E/2017” in “Revenues” (see Note 24 to the condensed interim consolidated financial statements).

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The difference between the income recognized and the advances received by the MINEM is disclosed as other receivables or other accounts payable, as applicable.

#### **4.3 Impairment of financial assets**

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for the credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

MetroGAS has among its customers a large number of residential users (approximately 2.3 million customers) and some large customers composed of power plants, industrial, commercial, governmental entities and CNG stations.

The Company calculated the impairment of its financial assets applying the simplified model by grouping the assets according to the type of client: i) residential customers, ii) large customers.

To determine the expected credit loss of residential customers, as it is a large number of customers located in the same geographical area and with common credit risk characteristics, the Company has prepared a matrix based on its record of historical default rates at over the expected life of accounts receivable and adjusted for the circumstances related to future economic conditions.

For large customers, the Company carried out an individual analysis of the credits that represent a risk (bankruptcy risk, customers involved in a legal proceeding with the Company) at the end of the period and at December 31, 2017.

Once each group was defined, an expected uncollectible rate was calculated based on historical default rates adjusted to future economic conditions.

The Company determined that the difference between the accounting amounts prior to December 31, 2017 and the amounts resulting from the application of the impairment model introduced by the standard is not significant at that date.

#### **4.4 Financial debt**

In order to account the payment of the notes consummated on February 27, 2018, the Company has applied the guidelines established by IFRS 9 – Financial Instruments: Recognition and Measurement.

IFRS 9 establishes that an entity will eliminate a financial liability (or part of it) in its statement of financial position, and only when, it has been extinguished, that is, when the obligation specified in the corresponding contract has been paid or canceled, or has expired.

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

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The difference between the book value of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss of the period. On February 27, 2018, the Company paid the total number of Notes. Therefore, it derecognized the recorded financial debt and charged the difference between the book value of the financial liability and the consideration paid to results in line “Loss due to cancellation of financial debt” within the item “Net financial results” (see Note 27 to the condensed interim consolidated financial statements).

Also, pursuant to IFRS 9 the new debt took on February 8, 2018 (see Note 18 to the condensed interim consolidated financial statements) was initially recognized at fair value, net of incurred transaction costs, and will be subsequently measured at amortized cost.

#### **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Preparation of consolidated financial statements as of a specified date requires that the Direction of the Company makes estimates and judgments that affect the amount of recorded assets and liabilities and of contingent assets and liabilities disclosed at such date, as well as expenses and revenues for the period. The Direction of the Company makes estimates in order to be able to calculate at a specified time, for instance, unbilled revenues, the allowance for doubtful accounts, depreciation, recoverable value of assets, income tax charges and provision for contingencies. Actual future results may differ from the estimates and assessments made at the date of preparation of these condensed interim consolidated financial statements.

For the preparation of these condensed interim consolidated financial statements, the key judgments made by the Company when applying its accounting policies and the sources of information used for the respective estimates are consistent with those that were applied in the consolidated financial statements for the year ended on December 31, 2017, which are detailed in Note 5 to those financial statements.

#### **6. FINANCIAL RISK MANAGEMENT**

The business of the Company exposes it to various financial risks: market risk, credit risk and liquidity risk. No significant changes have occurred during the three month period ended on March 31, 2018 in relation to financial risk factors and management policies with respect thereto, which are detailed in Note 6 to the consolidated financial statements as of December 31, 2017.



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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

#### 7. FINANCIAL INSTRUMENTS

Financial assets and liabilities are classified and measured entirely at amortized cost, except for Mutual funds that are classified and measured at fair value through profit or loss (see Note 15 to the condensed interim consolidated financial statements).

#### 8. INTERESTS IN SUBSIDIARIES

The table below shows the Company’s controlling interest:

Directly controlled company	Percentage of capital stock and voting rights held	
	03.31.2018	12.31.2017
MetroENERGÍA	95%	95%

Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Company.

MetroGAS has used for the calculation of its share in MetroENERGÍA, the latest separate financial statements of such company, as of March 31, 2018. The equity of MetroENERGÍA at March 31, 2018 amounts to 120,908 and a positive result amounts to 30,416.

MetroENERGÍA’s corporate purpose is to carry out purchase and sales transactions and/or transportation services of natural gas for its own account, on behalf of or in association with third parties.

MetroENERGÍA’s General Ordinary Shareholders’ Meeting held on April 29, 2016, decided the distribution of the profit for the year 2015 to 146,030 to the payment of a dividend in cash, in the opportunity that the Boards of Directors is deemed relevant, taking into account cash availability and financial conditions of the business and any other factor deemed the organ of Administration. In this meeting, the representatives of YPF Inversora Energética S.A. (“YPFIESA”) decided to maintain their commitment by means of which they have renounced for the collection of dividends for as long as the financial debt of MetroGAS arising as a result of the restructuring and/or refinancing of the outstanding debt, is cancelled, pursuant to which the dividends approved shall be paid in full to the major shareholder MetroGAS.

According to the provisions of MetroENERGÍA’s Board of Directors on November 21, 2017, considering cash flow availability and the financial conditions of the business, total dividends for the amount of 73,000, was made available to the company’s main shareholder, MetroGAS, and cancelled considering that the minority shareholder has resigned to collect these dividends.

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

MetroENERGÍA’s General Ordinary Shareholders’ Meeting held on April 27, 2017, decided the distribution of the profit for the year 2016 to 51,506 to the payment of a dividend in cash, in the opportunity that the Boards of Directors is deemed relevant, taking into account cash availability and financial conditions of the business and any other factor deemed the organ of Administration. In this meeting, the representatives of YPF decided to maintain their commitment by means of which they have renounced for the collection of dividends for as long as the financial debt of MetroGAS arising as a result of the restructuring and/or refinancing of the outstanding debt, is cancelled, pursuant to which the dividends approved shall be paid in full to the major shareholder MetroGAS.

MetroENERGÍA’s General Ordinary Shareholders’ Meeting held on April 27, 2018, decided the distribution of the profit for the year 2017 to 90,181 to the payment of a dividend in cash, in the opportunity that the Boards of Directors is deemed relevant, taking into account cash availability and financial conditions of the business and any other factor deemed the organ of Administration. In this meeting, the representatives of YPF decided to maintain their commitment by means of which they have renounced for the collection of dividends for as long as the financial debt of MetroGAS arising as a result of the restructuring and/or refinancing of the outstanding debt, is cancelled, pursuant to which the dividends approved shall be paid in full to the major shareholder MetroGAS.

#### **9. SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting prepared by the Chief Operating Decision Maker, for the purpose of resource allocation and performance assessment of the segment.

The primarily segments operated by the Company relate to the provision of the service of distribution of gas and, through MetroENERGÍA, of commercialization and/or transportation of natural gas on behalf of or in association with third parties.

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**METROGAS S.A.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

**9. SEGMENT REPORTING (Cont.)**

	<b>03.31.18</b>			Total
	MetroGAS Distribution	MetroENERGÍA Trading	Eliminations	
Revenues	2,507,804	1,278,918	(34,284)	3,752,438
Operating income	133,558	50,273	(28,895)	154,936
Results of interest in subsidiaries	28,895	-	(28,895)	-
Finance income	35,540	25,530	-	61,070
Finance cost	(765,741)	(32,421)	-	(798,162)
Result before income tax	(596,643)	43,382	(28,895)	(582,156)
Income tax and MPIT	193,795	(12,966)	-	180,829
Total net and comprehensive result for the period	(402,848)	30,416	(28,895)	(401,327)
Total assets	20,262,066	1,085,429	(274,942)	21,072,553
Total liabilities	11,679,695	964,521	(160,080)	12,484,136
Depreciation of properties, plant and equipment, Investment properties and Intangible assets	(163,752)	(112)	-	(163,864)
Increase in Properties, plant and equipment	343,835	-	-	343,835
Increase in Intangible Assets	43,814	-	-	43,814
Investments in subsidiaries	114,862	-	(114,862)	-

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**METROGAS S.A.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

**9. SEGMENT REPORTING (Cont.)**

	<b>03.31.17</b>			Total
	MetroGAS Distribution	MetroENERGÍA Trading	Eliminations	
Revenues	1,301,622	549,902	(12,055)	1,839,469
Operating income	86,325	16,132	(12,626)	89,831
Results on investments in subsidiaries	12,626	-	(12,626)	-
Finance income	22,859	2,729	-	25,588
Finance cost	(46,255)	1,842	-	(44,413)
Result before income tax	62,929	20,703	(12,626)	71,006
Income tax and MPIT	453,991	(7,413)	-	446,578
Total net and comprehensive result for the period	516,920	13,290	(12,626)	517,584
Total assets	6,555,823	473,835	(233,612)	6,796,046
Total liabilities	7,413,672	408,728	(171,760)	7,650,640
Depreciation of Properties, plant and equipment and Investment properties	(27,524)	(117)	-	(27,641)
Increase in Properties, plant and equipment	129,441	-	-	129,441
Increase in Intangible Assets	29,358	152	-	29,510
Investments in subsidiaries	61,852	-	(61,852)	-

The accounting policies for these reporting segments are the same ones followed by the Company detailed in Note 4.

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### METROGAS S.A.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

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### 10. PROPERTIES, PLANT AND EQUIPMENT

MAIN ACCOUNT	ORIGINAL VALUE							AT END OF PERIOD
	AT BEGINNING OF YEAR	RETIREMENTS BETWEEN JANUARY 1, 2017 AND MARCH 31, 2017	REVALUATION AS OF APRIL 1, 2017	TRANSFER ACCUMULATED DEPRECIATION AS OF MARCH 31, 2017	INCREASES	TRANSFERS	RETIREMENTS	
Essential Assets								
High pressure mains	3,192,557	-	-	-	-	121,410	-	3,313,967
Medium and low pressure mains	10,007,195	-	-	-	-	47,519	-	10,054,714
Pressure regulating stations	705,099	-	-	-	-	3,058	-	708,157
Consumption measurement installations	656,378	-	-	-	-	11,455	(12)	667,821
Distribution network extensions constructed by third parties	426,406	-	-	-	-	2,010	(161)	428,255
Work in progress	686,806	-	-	-	160,556	(185,452)	-	661,910
Allowance for disposal of properties, plant and equipment	-	-	-	-	-	-	-	-
<b>Subtotal Essential Assets</b>	<b>15,674,441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,556</b>	<b>-</b>	<b>(173)</b>	<b>15,834,824</b>
No Essential Assets								
Land	15,654	-	-	-	-	-	-	15,654
Building and civil constructions	79,986	-	-	-	-	625	-	80,611
Other technical installations	61,854	-	-	-	-	11,158	-	73,012
Machinery, equipment and tools	45,836	-	-	-	-	16,082	-	61,918
Computer and telecommunications equipment	272,661	-	-	-	-	2,973	-	275,634
Vehicles	80,715	-	-	-	-	-	(1,680)	79,035
Furniture and fixtures	6,911	-	-	-	-	286	-	7,197
Materials	148,647	-	-	-	163,751	(20,713)	(6,961)	284,724
Gas in pipelines	214	-	-	-	-	-	-	214
Work in progress	155,962	-	-	-	19,528	(10,411)	-	165,079
<b>Subtotal No Essential Assets</b>	<b>868,440</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183,279</b>	<b>-</b>	<b>(8,641)</b>	<b>1,043,078</b>
<b>Subtotal</b>	<b>16,542,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>343,835</b>	<b>-</b>	<b>(8,814)</b>	<b>16,877,902</b>
Allowance for obsolescence of materials	(5,439)	-	-	-	-	-	582	(4,857)
Allowance for disposal of properties, plant and equipment	(29,249)	-	-	-	(2,214)	-	11	(31,452)
<b>Total as of March 31, 2018</b>	<b>16,508,193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>341,621</b>	<b>-</b>	<b>(8,221)</b>	<b>16,841,593</b>
<b>Total as of December 31, 2017</b>	<b>4,066,661</b>	<b>(7)</b>	<b>12,906,396</b>	<b>(1,312,280)</b>	<b>869,510</b>	<b>-</b>	<b>(22,087)</b>	<b>16,508,193</b>

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### METROGAS S.A.

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### 10. PROPERTIES, PLANT AND EQUIPMENT (Cont.)

MAIN ACCOUNT	DEPRECIATION							NET BOOK VALUE 03.31.18	NET BOOK VALUE 12.31.17
	AT BEGINNING OF YEAR	INCREASES AS OF MARCH 31, 2017	RETIREMENTS AS OF MARCH 31, 2017	TRANSFER ACCUMULATED DEPRECIATION AS OF APRIL 1, 2017	RETIREMENTS	INCREASES	ACCUMULATED AT END OF PERIOD		
Essential Assets									
High pressure mains	91,040	-	-	-	-	30,612	121,652	3,192,315	3,101,517
Medium and low pressure mains	254,351	-	-	-	-	85,369	339,720	9,714,994	9,752,844
Pressure regulating stations	48,848	-	-	-	-	16,278	65,126	643,031	656,251
Consumption measurement installations	46,482	-	-	-	(1)	15,575	62,056	605,765	609,896
Distribution network extensions constructed by third parties	9,435	-	-	-	(161)	3,105	12,379	415,876	416,971
Work in progress	-	-	-	-	-	-	-	661,910	686,806
Allowance for disposal of properties, plant and equipment	-	-	-	-	-	-	-	-	(29,249)
<b>Subtotal Essential Assets</b>	<b>450,156</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(162)</b>	<b>150,939</b>	<b>600,933</b>	<b>15,233,891</b>	<b>15,195,036</b>
No Essential Assets									
Land	-	-	-	-	-	-	-	15,654	15,654
Building and civil constructions	32,649	-	-	-	-	621	33,270	47,341	47,337
Other technical installations	52,034	-	-	-	-	436	52,470	20,542	9,820
Machinery, equipment and tools	32,213	-	-	-	-	767	32,980	28,938	13,623
Computer and telecommunications equipment	224,050	-	-	-	-	4,442	228,492	47,142	48,611
Vehicles	19,407	-	-	-	(1,680)	3,558	21,285	57,750	61,308
Furniture and fixtures	5,710	-	-	-	-	42	5,752	1,445	1,201
Materials	-	-	-	-	-	-	-	284,724	148,647
Gas in pipelines	-	-	-	-	-	-	-	214	214
Work in progress	-	-	-	-	-	-	-	165,079	155,962
<b>Subtotal No Essential Assets</b>	<b>366,063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,680)</b>	<b>9,866</b>	<b>374,249</b>	<b>668,829</b>	<b>502,377</b>
<b>Subtotal</b>	<b>816,219</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,842)</b>	<b>160,805</b>	<b>975,182</b>	<b>15,902,720</b>	<b>15,697,413</b>
Allowance for obsolescence of materials	-	-	-	-	-	-	-	(4,857)	(5,439)
Allowance for disposal of properties, plant and equipment	-	-	-	-	-	-	-	(31,452)	-
<b>Total as of March 31, 2018</b>	<b>816,219</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,842)</b>	<b>160,805</b>	<b>975,182</b>	<b>15,866,411</b>	<b>-</b>
Total as of December 31, 2017	1,629,682	19,361	(4)	(1,312,282)	(322)	479,784	816,219	-	15,691,974

As mentioned in Note 2.7.1 to the consolidated financial statements as of December 31, 2017, according to the license a substantial portion of the Properties, plant and equipment are defined as “Essential Assets” and there are certain restrictions over them described in the mentioned note.

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**11. INVESTMENT PROPERTIES**

MAIN ACCOUNT	ORIGINAL VALUE		DEPRECIATION				NET BOOK VALUE 03.31.18	NET BOOK VALUE 12.31.17
	AT BEGINNING OF YEAR	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	ANNUAL RATE	INCREASES	ACCUMULATED AT END OF PERIOD		
Land	729	729	-	-	-	-	729	729
Building	3,049	3,049	1,506	2.00%	15	1,521	1,528	1,543
<b>Total as of March 31, 2018</b>	<b>3,778</b>	<b>3,778</b>	<b>1,506</b>		<b>15</b>	<b>1,521</b>	<b>2,257</b>	
<b>Total as of December 31, 2017</b>	<b>3,778</b>	<b>3,778</b>	<b>1,445</b>		<b>61</b>	<b>1,506</b>		<b>2,272</b>

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**12. INTANGIBLE ASSETS**

MAIN ACCOUNT	ORIGINAL VALUE					DEPRECIATION					NET BOOK VALUE 03.31.18	NET BOOK VALUE 12.31.17
	AT BEGINNING OF YEAR	INCREASES	TRANSFERS	DECREASE	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	ANNUAL RATE	INCREASES	DECREASE	ACCUMULATED AT END OF PERIOD		
Software development in progress	121,036	26,690	(413)	-	147,313	-		-	-	-	147,313	121,036
Software	71,537	17,124	413	-	89,074	14,949	20%	3,044	-	17,993	71,081	56,588
<b>Total as of March 31, 2018</b>	<b>192,573</b>	<b>43,814</b>	<b>-</b>	<b>-</b>	<b>236,387</b>	<b>14,949</b>		<b>3,044</b>	<b>-</b>	<b>17,993</b>	<b>218,394</b>	
<b>Total as of December 31, 2017</b>	<b>129,372</b>	<b>63,201</b>	<b>-</b>	<b>-</b>	<b>192,573</b>	<b>4,077</b>		<b>10,872</b>	<b>-</b>	<b>14,949</b>		<b>177,624</b>



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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

#### 13. TRADE RECEIVABLES

	<u>03.31.18</u>	<u>12.31.17</u>
<b>Current</b>		
Trade receivables - gas distribution and transportation	1,645,282	1,706,562
Trade receivables - gas commercialization and transportation	380,683	246,851
Unbilled revenues - gas distribution and transportation	1,005,970	1,017,327
Unbilled revenues - gas commercialization and transportation	460,031	437,914
Related parties (Note 30)	53,037	49,359
Tax on banking transactions to be recovered	50,084	41,346
Study rate, revision and inspection in the public thoroughfare of the GCABA (Transferable balance)	93,941	61,767
Health and Safety rate (Transferable balance)	9,985	6,970
Allowance for doubtful accounts - gas distribution and transportation	(141,518)	(92,717)
Allowance for doubtful accounts - gas commercialization and transportation	(94,755)	(71,355)
<b>Total Current</b>	<b><u>3,462,740</u></b>	<b><u>3,404,024</u></b>

The aging analysis of the trade receivables is as follows:

	<u>03.31.18</u>	<u>12.31.17</u>
-Past due		
under 3 months	505,575	538,926
from 3 to 6 months	169,894	174,980
from 6 to 9 months	127,909	86,382
from 9 to 12 months	69,045	65,141
from 1 to 2 years	97,369	51,279
more than 2 years	115,505	105,406
Subtotal	<b><u>1,085,297</u></b>	<b><u>1,022,114</u></b>
-Becoming due		
under 3 months	2,455,582	2,445,983
from 3 to 6 months	133,065	79,199
from 6 to 9 months	12,547	10,413
from 9 to 12 months	12,521	10,387
Subtotal	<b><u>2,613,715</u></b>	<b><u>2,545,982</u></b>
Allowance for doubtful accounts	(236,273)	(164,072)
Total	<b><u>3,462,740</u></b>	<b><u>3,404,024</u></b>

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### METROGAS S.A.

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

The carrying amount of the Company’s trade receivables is denominated in the following currencies:

	<u>03.31.18</u>	<u>12.31.17</u>
Pesos	2,934,168	2,977,434
US Dollars	528,572	426,590
<b>Total</b>	<b><u>3,462,740</u></b>	<b><u>3,404,024</u></b>

The roll forward of the allowance for doubtful accounts for trade receivables and other receivables is as follow:

	<u>03.31.18</u>	<u>12.31.17</u>
<b>Balance at beginning of year</b>	180,603	115,814
Revaluation of foreign currency	7,874	11,621
Increases (*)	72,635	56,898
Decreases	(27)	(3,730)
<b>Balance at end of period</b>	<b><u>261,085</u></b>	<b><u>180,603</u></b>

(\*) Charged to Doubtfull account expenses (see Note 25 - Expenses by nature).

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

#### 14. OTHER RECEIVABLES

	<u>03.31.18</u>	<u>12.31.17</u>
<b>Non current:</b>		
Social security and tax credits	5,681	12,948
Advances to employees	1,196	1,439
Recoverable expenses	103	25
Public Space Occupation Rates -Transferable balance	73,600	52,797
Expenses paid in advance	6,793	6,279
<b>Total non current</b>	<b><u>87,373</u></b>	<b><u>73,488</u></b>
<b>Current:</b>		
Advances to employees	2,996	2,308
MPIT credit (Note 28)	95,332	95,332
Insurance paid in advance	3,307	1,474
Expenses paid in advance	23,875	6,353
Social security and tax credits	40,686	50,149
Recoverable expenses	9,381	9,019
Related parties (Note 30)	7,586	8,981
Related parties - Resolution MINEM No. 508-E/2017	39,047	-
Advances to suppliers	79,686	71,414
Advances and anticipated purchases of gas	8,537	17,411
Management service for third parties constructions	-	3,449
Miscellaneous	51,939	96,629
Allowance for doubtful accounts - gas distribution and transportation	(24,812)	(16,531)
<b>Total current</b>	<b><u>337,560</u></b>	<b><u>345,988</u></b>
<b>Total</b>	<b><u>424,933</u></b>	<b><u>419,476</u></b>

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### METROGAS S.A.

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

The aging analysis of the other receivables is as follows:

	<u>03.31.18</u>	<u>12.31.17</u>
-Past due		
under 3 months	5,404	10,864
from 3 to 6 months	5,907	20,280
from 6 to 9 months	19,863	15,451
from 9 to 12 months	15,451	8,328
from 1 to 2 years	22,652	14,557
more than 2 years	2,314	2,114
Subtotal	<u>71,591</u>	<u>71,594</u>
-Without due	<u>4,878</u>	<u>4,901</u>
-Becoming due		
under 3 months	163,924	158,710
from 3 to 6 months	29,769	26,340
from 6 to 9 months	7,267	4,496
from 9 to 12 months	84,943	96,478
from 1 to 2 years	78,722	56,800
more than 2 years	8,651	16,688
Subtotal	<u>373,276</u>	<u>359,512</u>
Allowance for doubtful accounts	<u>(24,812)</u>	<u>(16,531)</u>
<b>Total</b>	<u><b>424,933</b></u>	<u><b>419,476</b></u>

The carrying amount of the Company’s other receivables is denominated in the following currencies:

	<u>03.31.18</u>	<u>12.31.17</u>
Pesos	417,575	410,387
US Dollars	7,358	9,089
<b>Total</b>	<u><b>424,933</b></u>	<u><b>419,476</b></u>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

#### 15. CASH AND CASH EQUIVALENTS

In order to be considered for the statements of cash flow, cash and cash equivalents is as follows:

	<u>03.31.18</u>	<u>12.31.17</u>
Cash and banks	392,020	322,864
Mutual funds	702,172	166,946
Short-term investments	-	2,569
<b>Total</b>	<b><u>1,094,192</u></b>	<b><u>492,379</u></b>

The carrying amount of the Company's cash and cash equivalents is denominated in the following currencies:

	<u>03.31.18</u>	<u>12.31.17</u>
Pesos	1,088,040	483,549
US Dollars	6,152	8,830
<b>Total</b>	<b><u>1,094,192</u></b>	<b><u>492,379</u></b>

As of March 31, 2018 and December 31, 2017, funds collected and pending to be deposit for Trust Funds and Resolution I-2,621/2013 amount to 15,707 and 12,614, respectively.

#### 16. SHAREHOLDERS' EQUITY AND ISSUED CAPITAL

As of March 31, 2018, the issued capital of MetroGAS amounts to 569,171, which is fully subscribed, registered and paid-in and it is composed of the following classes of shares:

Classes of shares	Subscribed, registered and paid in
Outstanding:	
Common Certified Shares, of Ps. 1 Par Value and 1 Vote each:	
Class "A"	290,277
Class "B"	275,026
Class "C"	3,868
<b>Issued Capital at 03.31.18</b>	<b><u>569,171</u></b>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

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Of the total corporate stock as at March 31, 2018, 70% belongs to YPF S.A.

As of March 31, 2018 and as of December 31, 2017, the Company registered a positive Shareholders’ equity attributable to controlling interest of 8,582,371 and 8,985,219, respectively.

On December 28, 2016, MetroGAS received from the ENARGAS a note requesting to adapt the Company’s share composition in accordance with the due date stipulated in the Emergency Law and in compliance with article No. 34 of Law No. 24,067. The Company has asked to examine all antecedents of the request from the ENARGAS and, as it considers that what has been requested mainly concerns its controlling shareholder, it has served notice in order to adopt those actions that are deemed appropriate.

On April 6, 2018, MetroGAS was notified that the ENARGAS rejected the appeal for reconsideration submitted by YPF on March 30, 2017. As of the date of issuance of these financial statements YPF is analyzing the following legal steps to the previously mentioned.

#### 17. OTHER TAXES PAYABLES

	<u>03.31.18</u>	<u>12.31.17</u>
<b>Non current:</b>		
Others taxes	2,513	3,011
<b>Subtotal non current</b>	<u>2,513</u>	<u>3,011</u>
<b>Current:</b>		
Value added tax	26,406	84,109
GCABA study, revision and inspection of works in public space levy	201,245	168,648
GNC Tax	5,618	4,845
Turnover tax	67,498	76,296
Provincial and municipal taxes	102,545	100,387
Hydric infrastructure rate	1,994	12
Withholding to third parties	9,479	16,312
Others taxes	2,365	2,097
<b>Subtotal current</b>	<u>417,150</u>	<u>452,706</u>
<b>Total</b>	<u><b>419,663</b></u>	<u><b>455,717</b></u>

The carrying amount of the Company’s other taxes payables are denominated in pesos.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

The aging analysis of other taxes payables is as follows:

	<u>03.31.18</u>	<u>12.31.17</u>
-Without due	263,430	235,326
-Becoming due		
under 3 months	150,558	213,967
from 3 to 6 months	2,443	2,704
from 6 to 9 months	357	352
from 9 to 12 months	362	357
from 1 to 2 years	1,593	1,707
more than 2 years	920	1,304
Subtotal	<u>156,233</u>	<u>220,391</u>
<b>Total</b>	<b><u>419,663</u></b>	<b><u>455,717</u></b>

### 18. FINANCIAL DEBT

	<u>03.31.18</u>	<u>12.31.17</u>
<b>Non current:</b>		
Financial loans	4,424,415	-
<b>Subtotal Non current</b>	<u>4,424,415</u>	<u>-</u>
<b>Current:</b>		
Negotiable Obligations ("Notes")	-	3,330,324
Interest to be paid ("Notes")	-	1,169
Related parties (Interest "Notes") - (Note 30)	-	77,572
Financial loans	552,989	-
Interest to be paid - Financial loans	22,717	-
Current account advances	-	20,610
<b>Subtotal Current</b>	<u>575,706</u>	<u>3,429,675</u>
<b>Total</b>	<b><u>5,000,121</u></b>	<b><u>3,429,675</u></b>

As of March 31, 2018, financial debt denominated in U.S. dollars amounted to 5,000,121. As of December 31, 2017, financial debt denominated in U.S. dollars amounted to 3,409,065 thousand and financial debt denominated in pesos amounted to 20,610.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

The table below shows the changes occurred in the balance of financial debt as of March 31, 2018 and December 31, 2017:

	<u>03.31.18</u>	<u>12.31.17</u>
Balance at beginning of year	3,429,675	2,894,594
Accrued interest at effective interest rate - Notes	109,498	453,550
Accrued interest on YPF line of credit	-	15,921
Loss due to cancellation - Notes	173,829	-
Accrued interest on bank loans	22,717	-
Accrued interest on current account advances	4,818	-
Accrued interest for the costs of debt issuance	1,710	-
Exchange difference	272,394	502,724
YPF loan payment	-	(126,043)
YPF interest payment	-	(41,255)
Interest payment	-	(290,426)
Payment for cancellation of Notes	(3,983,649)	-
Proceeds from loans	5,050,000	-
Costs of debt issuance	(60,261)	-
Current account advances	(20,610)	20,610
<b>Balance at end of period</b>	<b><u>5,000,121</u></b>	<b><u>3,429,675</u></b>

The aging analysis of financial debt is as follows:

	<u>03.31.18</u>	<u>12.31.17</u>
-Becoming due		
under 3 months	20,501	20,610
from 3 to 6 months	(2,216)	331,695
from 6 to 9 months	(2,216)	-
from 9 to 12 months	559,638	3,077,370
from 1 to 2 years	2,212,207	-
more than 2 years	2,212,207	-
Subtotal	<u>5,000,121</u>	<u>3,429,675</u>
<b>Total</b>	<b><u>5,000,121</u></b>	<b><u>3,429,675</u></b>

On February 8, 2018, MetroGAS took a non-guaranteed loan with (i) the Industrial and Commercial Bank of China Limited-Dubai (DIFC) Branch and (ii) the Itaú Unibanco-New York Branch, for a total amount of USD 250 million for a thirty six- month term and amortizable in nine quarterly installments counting as of twelve months since the date of payment (“the Loan”).

The Loan considers (i) a quarterly payment interest at a rate determined by LIBOR plus an annual nominal margin of (a) 3% during the first twelve months; (b) 3.50% as of month thirteen up to month eighteen; (c) 3.75% as of month nineteen up to month twenty four; and (d) 4% as of month twenty five up to the loan’s due date.



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Once the Loan has been received, the Company allocated these funds: a) to rescue the total number of Notes (see Note 18.1 to the condensed interim consolidated financial statements), b) to refinance current liabilities; and c) to finance working capital.

According to the terms and conditions of the loan, the Company shall have to comply with a number of financial commitments that are generally stipulated for this kind of transactions, including certain restrictions, that, among others, and in general terms are enumerated as follows:

- a) **Indebtedness:** Borrower shall not, and shall not allow any of its Subsidiaries to incur, assume or guarantee any indebtedness, other than the indebtedness due to refinancing of the present financial debt or when the indebtedness is not higher than US\$ 50 million, among others.
- b) **Restricted Payments:** the Company shall not be able to make restricted payments, including among others dividends payment, except after having received the final approval of the License Renegotiation Agreement by the PEN. At the same time, during fiscal year to be ended on December 31, 2018, the amount to be paid for dividends shall not exceed 10% of the Net Income of that year, and 60% for the following years; besides the Debt Indicator/EBITDA shall not be higher than twice the EBITDA.
- c) **Financial Indicators:** the Company shall keep an interest Coverage Indicator understood as EBITDA/Financial interests lower than 3.00; the Debt indicator/EBITDA shall not be higher than 3.00 until June 30, 2018, and higher than 2.50 as of that date up to the expiration date of the agreement; the company's net income at each quarterly closure up to September 30, 2018 shall not be lower than \$ 8.000 million, as of that date up to September 30, 2019 shall not be lower than \$ 9.200 million, as of that date up to September 30, 2020 shall not be lower than \$ 10.120 million and as of that date up to the end of the agreement shall not be lower than \$ 11.132 million.

No event of default has occurred as of March 31, 2018.

#### 18.1 Negotiable Obligations

Information related with negotiable obligations is detailed in Note 18 to the consolidated financial statements as of December 31, 2017.

On February 27, 2018, the total number of Notes at a Rescue Price equal to 100% of the capital amount of the Notes to be rescued, with and plus accrued and unpaid interests, and every other amount owed at the time of the Rescue. Notes shall stop accruing interests on and after Rescue Date. For all intents and purposes under the Fund trust Agreement, Notes shall not be considered valid as of and after Rescue Date, inasmuch as Rescue Price is deposited by the Trustee according to the Trust fund Agreement, and all rights related to the Notes, shall cease on Rescue Date. The payment of the Rescue Price has been made through The Bank of New York Mellon.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

#### 19. REORGANIZATION LIABILITIES

	<b>03.31.18</b>	<b>12.31.17</b>
<b>Non current:</b>		
Taxes payable	26,344	8,413
Trade payables	23	23
Salaries and social security	10	10
<b>Total Non current</b>	<b>26,377</b>	<b>8,446</b>

The carrying amount of the Company’s reorganization liabilities are denominated in pesos and has not maturity.

During the three-month period ended on March 31, 2018, the Company accrued the interest that would correspond to the creditors at the end of the period.

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**METROGAS S.A.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

**20. PROVISIONS**

<b>Provisions</b>	<b>Civil, labor and other claims</b>	<b>Tax claims and other fines</b>	<b>Regulatory claims and interpretation disagreements</b>	<b>Claims against The Government</b>	<b>Total</b>
<b>Balance at 12.31.17</b>	<b>118,084</b>	<b>342</b>	<b>17,481</b>	<b>206,568</b>	<b>342,475</b>
Net increases of the period (*)	21,632	966	(6,725)	5,981	21,854
Reclassification to other accounts payable	-	-	920	-	920
Uses of the period	(2,041)	-	-	-	(2,041)
<b>Balance at 03.31.18</b>	<b>137,675</b>	<b>1,308</b>	<b>11,676</b>	<b>212,549</b>	<b>363,208</b>

(\*) Charge to Other income and expenses (see Note 26 to the condensed interim consolidated financial statements).

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

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#### 21. TRADE PAYABLES

	<u>03.31.18</u>	<u>12.31.17</u>
<b>Non current:</b>		
Related parties (Note 30)	-	71,146
<b>Total Non current</b>	<u>-</u>	<u>71,146</u>
<b>Current:</b>		
Gas and transportation creditors	1,396,949	1,570,416
Other purchases and services creditors	422,489	255,907
Resolution No. I-2,621/2013	15,707	12,614
Related parties (Note 30)	2,079,790	2,018,353
<b>Total current</b>	<u>3,914,935</u>	<u>3,857,290</u>
<b>Total</b>	<u><b>3,914,935</b></u>	<u><b>3,928,436</b></u>

The carrying amount of the Company’s trade payables are denominated in the following currencies:

	<u>03.31.18</u>	<u>12.31.17</u>
Pesos	1,412,848	3,272,101
US Dollars	2,497,216	656,183
Euros	3,279	-
Sterling pound	1,592	152
<b>Total</b>	<u><b>3,914,935</b></u>	<u><b>3,928,436</b></u>

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The aging analysis of the trade payables is as follows:

	<u>03.31.18</u>	<u>12.31.17</u>
-Past due		
under 3 months	65,898	634,992
from 3 to 6 months	2,173	136,272
from 6 to 9 months	107	19,542
from 9 to 12 months	33	90,751
from 1 to 2 years	1,080	397,639
more than 2 years	1,278	1,430
Subtotal	<u>70,569</u>	<u>1,280,626</u>
-Becoming due		
under 3 months	2,542,610	2,044,740
from 3 to 6 months	1,101,720	166,334
from 6 to 9 months	200,036	176,779
from 9 to 12 months	-	188,811
from 1 to 2 years	-	71,146
Subtotal	<u>3,844,366</u>	<u>2,647,810</u>
<b>Total</b>	<b><u>3,914,935</u></b>	<b><u>3,928,436</u></b>

## 22. SALARIES AND SOCIAL SECURITY

	<u>03.31.18</u>	<u>12.31.17</u>
Salaries	8,718	41,505
Social securities	30,897	46,011
Related parties (Note 30)	5,879	16,552
Thirteenth month salary provision	23,247	-
Vacation provision	89,162	89,204
Bonus provision	29,990	59,639
Others	5,981	326
<b>Total</b>	<b><u>193,874</u></b>	<b><u>253,237</u></b>

The carrying amount of the Company’s salaries and social security are denominated in pesos.

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(amounts in thousands of pesos, except where expressly stated otherwise)

The aging analysis of the salaries and social security is as follows:

	<u>03.31.18</u>	<u>12.31.17</u>
-Becoming due		
under 3 months	108,042	130,430
from 3 to 6 months	16,395	87,386
from 6 to 9 months	20,846	17,451
from 9 to 12 months	48,591	17,970
Subtotal	<u>193,874</u>	<u>253,237</u>
<b>Total</b>	<b><u>193,874</u></b>	<b><u>253,237</u></b>

### 23. OTHER ACCOUNTS PAYABLE

	<u>03.31.18</u>	<u>12.31.17</u>
Payables for works on behalf of third parties	4,535	29,280
ENARGAS' Fines	2,336	2,356
GCBA' Fines	542	542
Miscellaneous	808	503
<b>Total</b>	<b><u>8,221</u></b>	<b><u>32,681</u></b>

The carrying amount of the Company's other accounts payable is denominated in pesos.

The aging analysis of the other accounts payables is as follows:

	<u>03.31.18</u>	<u>12.31.17</u>
-Without due	<u>2,336</u>	<u>2,356</u>
-Becoming due		
under 3 months	5,480	29,920
from 3 to 6 months	135	135
from 6 to 9 months	135	135
from 9 to 12 months	135	135
Subtotal	<u>5,885</u>	<u>30,325</u>
<b>Total</b>	<b><u>8,221</u></b>	<b><u>32,681</u></b>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

#### 24. REVENUES

	<b>For the three-months period ended,</b>	
	<b>03.31.18</b>	<b>03.31.17</b>
<i>Gas sales:</i>		
Residential	1,463,958	699,286
Industrial, Commercial and Governmental entities	265,863	51,258
Compressed Natural Gas	4,394	341,634
Subtotal	<u>1,734,215</u>	<u>1,092,178</u>
<i>Transportation and distribution Services:</i>		
Power Plants	258,894	93,795
Industrial, Commercial and Governmental entities	95,080	83,625
Compressed Natural Gas	74,683	-
Subtotal	<u>428,657</u>	<u>177,420</u>
Other sales	32,918	19,969
Resolution MINEM No. 508-E/2017	277,730	-
MetroENERGÍA's gas sales and transportation	<u>1,278,918</u>	<u>549,902</u>
Total	<u><b>3,752,438</b></u>	<u><b>1,839,469</b></u>

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## METROGAS S.A.

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(amounts in thousands of pesos, except where expressly stated otherwise)

#### 25. EXPENSES BY NATURE

	For the three-months period ended,				03.31.17
	03.31.18		03.31.17		
	OPERATING COSTS	ADMINISTRATION EXPENSES	SELLING EXPENSES	TOTAL	TOTAL
Payroll and other employees benefits	105,261	96,813	59,396	261,470	197,362
Social security contributions	24,331	11,338	13,614	49,283	35,942
Cost of natural gas - gas distribution and transportation	761,910	-	-	761,910	353,742
Transportation of natural gas - gas distribution and transportation	685,725	-	-	685,725	236,144
Cost and transportation of natural gas - gas commercialization and transportation	1,157,596	-	-	1,157,596	501,078
Directors and Supervisory committee fees	-	914	-	914	756
Fees for professional services	118	7,330	1,179	8,627	4,680
Sundry materials	7,175	-	-	7,175	1,680
Fees for sundry services	34,387	10,101	39,448	83,936	56,535
Post and telephone	948	3,023	30,696	34,667	22,406
Rent and leases	66	-	1,560	1,626	1,651
Transportation and freight charges	-	5,298	-	5,298	2,776
Office materials	604	852	897	2,353	1,412
Travelling expenses	562	293	197	1,052	702
Insurance premium	-	7,991	-	7,991	5,213
Properties, plant and equipment maintenance and repair	47,274	36,625	9	83,908	48,232
Properties, plant and equipment, Investment properties and Intangible assets depreciation	155,664	8,200	-	163,864	27,641
Taxes, rates and contributions	1,168	33,780	115,755	150,703	146,081
Publicity	-	-	3,843	3,843	2,464
Doubtful accounts	-	-	72,635	72,635	12,185
Bank expenses and commissions	-	456	24,663	25,119	20,065
Others expenses	640	5,199	2,169	8,008	827
<b>Total as of March 31, 2018</b>	<b>2,983,429</b>	<b>228,213</b>	<b>366,061</b>	<b>3,577,703</b>	
<b>Total as of December 31, 2017</b>	<b>1,293,172</b>	<b>179,655</b>	<b>206,747</b>		<b>1,679,574</b>

The expenses included in the above table are net of the Company’s own expenses capitalized in properties, plant and equipment and intangible assets for 24,205 at March 31, 2018 and for 9,639 at March 31, 2017.

#### 26. OTHER INCOME AND EXPENSES

	For the three-months period ended,	
	03.31.18	03.31.17
GCBA’ Fines	(440)	(73)
Contractors penalties	1,410	695
Management service for third parties constructions	65	1,410
Other income	1,020	2,172
Increases in provisions for claims and contingencies and others	(21,854)	(74,268)
<b>Total</b>	<b>(19,799)</b>	<b>(70,064)</b>



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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

#### 27. NET FINANCIAL RESULTS

##### Finance income

	For the three-months period ended,	
	03.31.18	03.31.17
Financial assets at fair value	29,855	16,430
Interest income	27,850	10,632
Exchange difference on cash and cash equivalents	(13,415)	(107)
Exchange difference on commercial operations	12,853	(866)
Other financial expenses	3,927	(501)
	<b>61,070</b>	<b>25,588</b>

##### Finance costs

	For the three-months period ended,	
	03.31.18	03.31.17
Exchange difference on financial debt	272,394	(87,588)
Exchange difference on commercial debt	33,665	(7,235)
Accrued interest on financial debt	138,743	103,253
Accrued interest on YPF line of credit (Note 30)	-	7,704
Accrued interest on commercial debt	142,558	21,405
Loss due to cancellation - Notes	173,829	-
Other financial expenses	36,973	6,874
	<b>798,162</b>	<b>44,413</b>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

#### 28. INCOME TAX AND MINIMUM PRESUMED INCOME TAX

The following table shows the changes and breakdown of deferred income tax assets and liabilities:

##### MetroGAS

##### Deferred income tax assets and MPIT assets

	Tax losses	Trade receivables and Other receivables	Provisions	Total deferred tax assets
Balances at 12.31.17	535,663	16,851	73,240	625,754
Movements of the period	61,187	19,513	5,938	86,638
<b>Balances at 03.31.18</b>	<b>596,850</b>	<b>36,364</b>	<b>79,178</b>	<b>712,392</b>

##### Deferred income tax liabilities

	Properties, plant and equipment revaluation	Properties, plant and equipment	Financial debt	Cash and cash equivalents	Others	Total deferred tax liabilities	Total net deferred tax liabilities
Balances at 12.31.17	(3,173,328)	(137,384)	(65,736)	-	-	(3,376,448)	(2,750,694)
Movements of the period	40,491	2,227	65,736	(1,297)	-	107,157	193,795
<b>Balances at 03.31.18</b>	<b>(3,132,837)</b>	<b>(135,157)</b>	<b>-</b>	<b>(1,297)</b>	<b>-</b>	<b>(3,269,291)</b>	<b>(2,556,899)</b>

##### MetroENERGÍA

##### Deferred income tax assets (liabilities)

	Investments	Total
Balances at 12.31.17	(342)	(342)
Movements of the period	(496)	(496)
<b>Balances at 03.31.18</b>	<b>(838)</b>	<b>(838)</b>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

Below is the reconciliation between the income tax charged to results and the amount resulting from the application of the corresponding tax rate to the accounting result before income tax:

	<b>For the three-months period ended,</b>	
	<b>03.31.18</b>	<b>03.31.17</b>
Income tax expense on result before income tax	174,647	(24,852)
<u>Tax effect due to:</u>		
Net non deductible expenses and non taxable income	6,182	(545)
Tax loss carry forwards recognized / (not recognized)	-	402,902
<b>Total income tax credit to results</b>	<b>180,829</b>	<b>377,505</b>

Below is the reconciliation between the income tax charged to results and the income tax determined for fiscal purposes:

	<b>For the three-months period ended,</b>	
	<b>03.31.18</b>	<b>03.31.17</b>
Income tax determined for fiscal purposes MetroGAS	61,187	(75,273)
Current income tax MetroENERGÍA	(12,470)	(6,969)
Temporary differences	132,112	56,845
Tax loss carry forwards recognized / (not recognized)	-	402,902
<b>Total income tax credit to results</b>	<b>180,829</b>	<b>377,505</b>

The Company estimates to generate tax profits in the present fiscal year. The credit for tax losses registered as of March 31, 2018 amounts to 596,850 and the credit for MPIT to 95.332.

The table below sets forth the years in which the credits for tax losses as of March 31, 2018 expire:

Expiration year	Deferred tax losses assets
2019	190,513
2020	218,310
2021	126,840
2023	61,187
<b>TOTAL</b>	<b>596,850</b>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

The charge for income tax and minimum presumed income tax for the three-month period ended March, 2018 and 2017 is as follows:

	<b>For the three-months period ended,</b>	
	<b>03.31.18</b>	<b>03.31.17</b>
Income tax deferred MetroGAS	193,795	384,918
MetroENERGÍA income tax	(12,966)	(7,413)
Minimum presumed income tax recognized in the period (before years)	-	69,073
<b>Total income tax and MPIT charged</b>	<b>180,829</b>	<b>446,578</b>

The table below shows the years in which credits for MPIT expire as of March 31, 2018:

Expiration year	Credit at end of period
2018	10,399
2020	14,211
2023	15,178
2027	55,544
<b>TOTAL</b>	<b>95,332</b>

## 29. NET RESULT PER SHARE

The following table shows the net results and the number of shares that have been used to calculate the net basic result per share:

	<b>For the three-months period ended,</b>	
	<b>03.31.18</b>	<b>03.31.17</b>
Net and comprehensive result for the period attributable to controlling interest	(402,848)	516,920
Average of common shares outstanding	569,171	569,171
<b>Net basic and diluted result per share</b>	<b>(0.71)</b>	<b>0.91</b>

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

#### **30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

MetroGAS carries out operations and transactions with related parties according to general market conditions, which are part of the normal operation of the Company, with respect to their purposes and conditions.

The sale of transportation from MetroGAS to MetroENERGÍA was made on the basis of the tariffs applicable by MetroGAS for its commercial operations with third parties, in compliance with the regulations in force.

There are, at the same time, agreements for the Rendering of Professional Services provided by MetroGAS to MetroENERGÍA related to administrative, accounting, tax, financial, and legal aspects and all those that contribute to the common turn and operations of MetroENERGÍA.

The information described in the following charts shows the balances with related companies as of March 31, 2018 and December 31, 2017, as well as operations with these companies for the three months periods ended on March 31, 2018 and 2017.

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### METROGAS S.A.

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

The transactions shown below have been made with related parties:

	For the three-months period ended,							
	03.31.18							
	Gas & transportation sales	Gas purchases	Fee for sundry services and supplies	Sundry material - Operating cost	Insurance premium	Finance costs on commercial debt	Post and telephone expenses	Salaries and others employee benefits
<b>Controlling company:</b>								
YPF	2,082	609,032	2,035	3,185	-	93,820	-	-
<b>Other related parties:</b>								
Central Dock Sud S.A.	58,065	-	-	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	1,803	-	-	-	-	-	-	-
A-Evangelista S.A.	461	-	-	-	-	-	-	-
ENARSA	1	-	-	-	-	48,020	-	-
Profertil S.A.	12,515	-	-	-	-	-	-	-
Correo Argentino S.A.	14	-	-	-	-	-	165	-
Banco de la Nación Argentina	194	-	-	-	-	-	-	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	1,555	-	-	-	-	-	-	-
Others (1)	306	-	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	-	23,243
	<b>76,996</b>	<b>609,032</b>	<b>2,035</b>	<b>3,185</b>	<b>2,088</b>	<b>141,840</b>	<b>165</b>	<b>23,243</b>

(1) Includes balances with Aerolíneas Argentinas S.A.

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### METROGAS S.A.

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

	For the three-month period ended,								
	03.31.17								
	Gas & transportation sales	Gas purchases	Fee for sundry services and supplies	Sundry material - Operating cost	Insurance premium	Finance costs on loans	Finance costs on commercial debt	Post and telephone expenses	Salaries and others employee benefits
<b>Controlling company:</b>									
YPF (1)	1,572	177,515	1,121	350	-	7,704	5,831	-	-
<b>Other related parties:</b>									
Central Dock Sud S.A.	24,552	-	-	-	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	9,089	-	-	-	-	-	-	-	-
A-Evangelista S.A.	172	-	-	-	-	-	-	-	-
ENARSA	-	17,324	-	-	-	-	10,015	-	-
Profertil S.A.	65,959	-	-	-	-	-	-	-	-
YPF Energía Eléctrica S.A	-	21,094	-	-	-	-	-	-	-
Nación Seguros S.A.	-	-	-	-	1,615	-	-	-	-
Correo Argentino S.A.	-	-	-	-	-	-	-	130	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	3,163	-	-	-	-	-	-	-	-
Others (2)	230	-	-	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	-	-	12,464
	<b>104,737</b>	<b>215,933</b>	<b>1,121</b>	<b>350</b>	<b>1,615</b>	<b>7,704</b>	<b>15,846</b>	<b>130</b>	<b>12,464</b>

(1) On January 9, 2017 we were notified of the merger by absorption of YSUR Energía Argentina S.R.L. and YSUR Petrolera Argentina S.A. with YPF S.A.

(2) Includes balances with Aerolíneas Argentinas S.A. and the Ministerio del Interior y Transporte.

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### METROGAS S.A.

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

The balances shown below are outstanding with related parties:

	<b>03.31.18</b>			
	Trade receivables	Other receivables	Trade payable	Salaries and social securities
	Current	Current	Current	Current
<b>Controlling company:</b>				
YPF	736	4,162	1,478,445	-
<b>Other related parties:</b>				
Central Dock Sud S.A.	46,124	-	-	-
Operadora de Estaciones de Servicio S.A.	1,820	-	-	-
A-Evangelista S.A.	374	-	-	-
ENARSA	-	-	600,106	-
Profertil S.A.	880	-	-	-
Nación Seguros S.A.	714	3,424	1,026	-
MINEM	-	39,047	-	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	2,368	-	-	-
Correo Argentino	24	-	213	-
Others (1)	(3)	-	-	-
<b>Key directors and management:</b>	-	-	-	5,879
	<b>53,037</b>	<b>46,633</b>	<b>2,079,790</b>	<b>5,879</b>

(1) Includes balances with Aerolíneas Argentinas S.A.



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### METROGAS S.A.

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION

(amounts in thousands of pesos, except where expressly stated otherwise)

	<b>12.31.17</b>					
	Trade receivables	Other receivables	Trade payable		Financial debt	Salaries and social securities
	Current	Current	Current	Non current	Current	Current
<b>Controlling company:</b>						
YPF	1,511	4,186	1,315,399	-	77,572	-
<b>Other related parties:</b>						
Central Dock Sud S.A.	33,653	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	-	-	-	-	-	-
A-Evangelista S.A.	88	-	-	-	-	-
ENARSA	-	-	702,056	71,146	-	-
Profertil S.A.	13,607	-	-	-	-	-
Nación Seguros S.A.	-	4,795	663	-	-	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	487	-	-	-	-	-
Correo Argentino	-	-	235	-	-	-
Others (1)	13	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	16,552
	<b>49,359</b>	<b>8,981</b>	<b>2,018,353</b>	<b>71,146</b>	<b>77,572</b>	<b>16,552</b>

(1) Includes balances with Aerolíneas Argentinas S.A. and the Ministerio del Interior y Transporte.

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2018 AND COMPARATIVE INFORMATION**

(amounts in thousands of pesos, except where expressly stated otherwise)

Outstanding amounts have not been guaranteed and will be paid in cash. No guarantees have been given or received. No expenses have been recognized in the current or former periods with respect to uncollectible or doubtful accounts in relation to amounts owed by related parties.

Additionally, in the ordinary course of business, and considering that the Licensee operates the gas distribution service within the south and east area of the Great Buenos Aires, including the City of Buenos Aires, the Company's customer/supplier portfolio includes entities of the private as well as of the national, provincial and municipal sectors.

Pursuant to Resolution No. I-2,621/2013 of ENARGAS, MetroGAS is invoicing on behalf and for the account of ENARSA the injected volumes in relation to CNG as from June 2013.

Furthermore, as explained in Note 2.6 to the consolidated financial statements as of December 31, 2017, MetroGAS must invoice, collect and settle two specific charges, with different appropriations, which is done for the order and account of Nación Fideicomisos S.A. Balances of this operation are stated in Note 21 to the condensed interim consolidated financial statements.

Marcelo Adrián Núñez  
Chairperson

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY**

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

**Argentine Economic Context and its impact on the Company**

Note 2 to the consolidated financial statements as of December 31, 2017, include a detailed description of the economic and regulatory context on MetroGAS S.A. (“MetroGAS” or the “Company”).

Significant developments during the three-month period ended on March 31, 2018 are described in Note 2 to these condensed interim consolidated financial statements.

These circumstances have been taken into account by the Management of the Company when making any significant accounting estimates included in these condensed interim consolidated financial statements. See Note 5.

**General considerations**

Company’s sales have been highly influenced by weather conditions prevailing in Argentina. Natural gas demand, and consequently sales, are considerably higher during winter months (from May to September) due to the gas volumes sold and the rates mix affecting sales revenues and gross margin.

On account of regulatory changes (see Note 2.3 to the consolidated financial statements as of December 31, 2017), on April 20, 2005 the Board of Directors of MetroGAS resolved to create MetroENERGÍA S.A. (“MetroENERGÍA”), a corporation whose equity is owned 95% by MetroGAS and whose corporate purpose is to engage, on its own account and on behalf of or in association with third parties, in the sale and purchase and/or transportation of natural gas.

Under the Provisional Agreement 2017, on March 31, 2017 ENARGAS Resolution No. 4,356/2017 was published in the Official Gazette, approved, as from April 1, 2017, the tariff schedules resulting from the MetroGAS Integral Tariff Review and transition tariff schedules to be applied to MetroGAS customers. Through differentiated tariffs, ENARGAS Resolution No. 4,356/2017 determined tariff schedules for the residential customers with savings in consumption of or above 15% with respect to the same period of 2015, as well as those that would be applied to beneficiaries of the “Social Tariff” (MINEM Resolution No. 28/2016 and ENARGAS Resolutions No. I-2,905/2014 and No. 3,784/2016) and Welfare Institutions (Law 27,218).

The tariff schedules for beneficiaries of the “Social Tariff” were corrected by Resolution ENARGAS No. 4,369/2017. The invoicing resulting from the application of the new temporary tariff schedules shall respect the limits established in Article 10 of MINEM Resolution No. 212/2016, so the criteria of ENARGAS Resolution No. I-4,044/2016 applies.

Additionally, ENARGAS Resolution No. 4,356/2017 approved (i) the technical-economic studies of the Company’s ITR, (ii) the non-automatic Six-Month Adjustment Methodology, and (iii) MetroGAS Investment Plan for the next five years.

On October 24, 2017, through ENARGAS Resolution No. 74/2017, a public hearing was called for November 15, 2017, in order to consider the temporary tariff adjustment, valid as of December 1, 2017, for MetroGAS.

On December 1, 2017 the Official Gazette published: (i) ENARGAS Resolution No. 131/2017 in order to (a) declare valid the Public Hearing, convened through ENARGAS Resolution No. 74/2017, (b) approve MetroGAS’ temporary tariff scheme applicable as from December 1, 2017 and (c) approve new values for Rates and Charges collected by MetroGAS for Additional Services ; and (ii) ENARGAS Resolution No. 132/2017 that states a discount to be applied by MetroGAS in favor of users who (a) register a reduction in their gas consumption or (b) have the Social Tariff benefit.

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY****RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION**

On January 31, 2018, Ente Nacional Regulador del Gas (“ENARGAS”) Resolution No. 249/2018 was published in the Official Gazette, convening a public hearing to be held on February 22, 2018, to consider (i) the enforcement of the Methodology of the biannual Tariff Adjustment, if it corresponds, for MetroGAS’ tariff adjustment; (ii) the enforcement of the allocation on tariffs of purchased gas and (iii) alternative methodologies to come up with a more foreseeable invoicing of consumptions from residential users.

On March 28, 2018 the Official Gazette published ENARGAS Resolution No. 300/2018 in order to (i) declare valid the aforementioned Public Hearing, (ii) approve MetroGAS’ temporary tariff scheme applicable as from April 1, 2018 and (iii) approve new values for Rates and Charges collected by MetroGAS for additional services.

Also, on December 29, 2017, MINEM Resolution No. 508-E/2017 was published; it establishes the procedure to compensate minor revenues that Licensees of the Natural Gas Distribution Service through networks receive from their users.

This procedure establishes that the Distributor shall be entitled to compensation due to a revenue reduction resulting from those measures in order to maintain the payment chain related to the operation and maintenance of the public service of natural gas distribution through networks among others, the payment of invoices related to the purchase of natural gas and the guarantee to continue supplying such public service.

To date, MetroGAS has received in time and form from the National Government the provisional payment of the economic compensations corresponding to the months of January, February and March of the year 2018. (See Note 2.3 to the condensed interim consolidated financial statements).

On the other hand, on November 29, 2017, at the request of the MINEM, MetroGAS subscribed the “Bases and Conditions for the Supply of Natural Gas through Networks to Gas Distributors” (the “Bases and Conditions”) together with the rest of the distributors and a group of gas producers. These Bases and Conditions set the guidelines for contracting gas volumes to meet the demand from distributors for the period included between January 1, 2018 and December 31, 2019. (See Note 2.4 to the condensed interim consolidated financial statements).

**Analysis of transactions for the three months periods ended March 31, 2018 and 2017**

The sales of the Company for the three months period ended on March 31, 2018 increased by 104.0%, and operating costs rose by 130.7% as compared with the same period in previous fiscal year, as a result of which gross profit increased by 222,712, amounted to 769,009 during the three-month period ended on March 31, 2018, as compared with 546,297 shown for the same period in the preceding fiscal year.

Administrative expenses increased by 27.0%, from 179,655 during the three-month period ended on March 31, 2017, as compared with 228,213 shown for the same period of the present fiscal year, and selling expenses increased by 77.1%, from 206,747, during the three months period ended March 31, 2017, to 366,061 shown for the same period of the present fiscal year.

Other income and expenses went from a loss 70,064 in the period of three months ended on March 31, 2017 respect to a loss of 19,799 in the same period of the present fiscal year.

Consequently, during the three-month period ended on March 31, 2018 an operating income of 154,396 was recorded, as compared to an operating gain of 89,831 for the same period in previous fiscal year.

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY****RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION**

During the three months period ended on March 31, 2018 net financial results was a loss of 737,092, as compared with a loss of 18,825 in the same period in previous fiscal year.

Consequently, the Company's net loss for the three months period ended on March 31, 2018 amounted to 401,327, as compared to a net income of 517,584 for the same period in previous fiscal year.

The Company's Board approved on June 30, 2017, the valuation of the Essential assets through the revaluation method effective April 1, 2017, which produced a total of other comprehensive income of 9,224,926 as of March 31, 2018.

**Results of operations and financial condition****Sales**

Total consolidated sales increased by 104.0% during the three months period ended on March 31, 2018, amounted to 3,752,438, as compared with 1,839,469 shown for the same period in previous fiscal year.

The increase in sales for the three months period ended on March 31, 2018, was mainly due to increase in MetroGAS sales to residential customers and to industrial and commercial customers and governmental entities and an increase in MetroENERGÍA's sales.

During the three months period ended on March 31, MetroGAS earned revenue from the application of Resolution No. 508-E/2017 mentioned above.

MetroGAS gas sales to residential customers increased by 109.4%, from 669,286 to 1.463,958 for the three months period ended on March 31, 2017 and 2018, respectively, mainly due to the increase in tariffs for the Resolution No. 4,356/2017 and Resolution No. 131/2017, effective as of April 1, 2017 and December 1, 2017, respectively, partially offset by a decrease of the volumes delivered to this customer category by 3.7%.

MetroGAS gas sales to industrial and commercial customers and governmental entities increased by 418.7%, to 265,863 during the three months period ended on March 31, 2018 from 51,258 during the same period in previous fiscal year, mainly due to the increase in tariffs for the Resolution No. 4,356/2017 and Resolution No. 131/2017, effective as of April 1, 2017 and December 1, 2017, respectively, and an increase of the volumes delivered to this customer category by 10.7%.

Gas sales to CNG stations decreased by 98.7% from 341,634 during the three months period ended on March 31, 2017 to 4,394 generated for the same period of the present fiscal year, with a decrease of the volumes delivered to this customer category by 99.1% due to as from May 1, 2017, and under the terms of No. 4,407/2017 there has been an extension of the purchase options of natural gas by the owners of CNG stations, who can buy gas through Distribution Companies or directly via gas producers or marketers. Most of the CNG stations that operate in the MetroGAS area chose to purchase the gas directly from MetroENERGÍA.

Sales of transportation and distribution services to power stations increased by 176.0%, from 93,795 during the three months period ended on March 31, 2017 to 258,894 for the same period of the present fiscal year, due to the increase in tariffs and increase in volumes delivered to this customer category by 8.5%.

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY****RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION**

On the other hand, sales of transportation and distribution services to industrial and commercial customers and governmental entities increased by 13.7%, from 83,625 during the three months period ended on March 31, 2017 to 95,080 for the same period in the present fiscal year, due to the increase in tariffs and increase in volumes delivered to this customer category by 32.3%.

MetroENERGÍA gas sales during the three months period ended on March 31, 2018 amounted to 1,278,918 increasing by 132.6% as compared of the same period in previous fiscal year amounted to 549,902, mainly due to the increase in average tariffs, increase in sales to CNG according to Resolution No. 4,407/2017 mentioned above, effective as of May 1, 2017 and increase by 70% in delivered volumes.

The table below shows the consolidated sales of the Company by type of service and customer categories for the three months periods ended on March 31, 2018 and 2017, in thousands of pesos:

	<b>Revenues</b>			
	For the three months period ended March 31,			
	2018		2017	
Thousands of	% of Total	Thousands of	% of Total	
Ps.	Sales	Ps.	Sales	
<b>MetroGAS</b>				
<i>Gas sales:</i>				
Residential	1,463,958	39.0%	699,286	38.0%
Industrial, Commercial and Governmental entities	265,863	7.1%	51,258	2.8%
Compressed Natural Gas	4,394	0.1%	341,634	18.6%
<b>Subtotal</b>	<b>1,734,215</b>	<b>46.2%</b>	<b>1,092,178</b>	<b>59.4%</b>
<i>Transportation and Distribution Services</i>				
Power Plants	258,894	6.9%	93,795	5.1%
Industrial, Commercial and Governmental entities	95,080	2.5%	83,625	4.5%
Compressed Natural Gas	74,683	2.0%	-	0.0%
<b>Subtotal</b>	<b>428,657</b>	<b>11.4%</b>	<b>177,420</b>	<b>9.6%</b>
Other sales	32,918	0.9%	19,969	1.1%
Resolution MINEM No. 508-E/2017	277,730	7.4%	-	0.0%
MetroENERGÍA's gas sales and transportation	1,278,918	34.1%	549,902	29.9%
<b>Total of Sales</b>	<b>3,752,438</b>	<b>100%</b>	<b>1,839,469</b>	<b>100%</b>

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY**  
RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

The table below presents the volumes of sales of natural gas and transportation and distribution services by MetroGAS by customer category for the three months periods ended on March 31, 2018 and 2017, in millions of cubic meters:

	<b>Volumes</b>			
	For the three months period ended March 31,			
	2018		2017	
MMMC	% of Volumes of gas delivered	MMMC	% of Volumes of gas delivered	
<b>MetroGAS</b>				
<i>Gas sales:</i>				
Residential	195.2	10.7%	202.6	11.9%
Industrial, Commercial and Governmental entities	68.0	3.7%	61.4	3.6%
Compressed Natural Gas	1.0	0.1%	117.6	6.9%
Subtotal	<u>264.2</u>	<u>14.5%</u>	<u>381.6</u>	<u>22.4%</u>
<i>Transportation and Distribution Services:</i>				
Power Plants	1,117.0	61.0%	1,029.5	60.4%
Industrial, Commercial and Governmental entities	171.0	9.3%	129.3	7.6%
Compressed Natural Gas	104.0	5.7%	-	0.0%
Subtotal	<u>1,392.0</u>	<u>76.1%</u>	<u>1,158.8</u>	<u>68.0%</u>
Other Gas Sales and Transportation and Distribution Services	<u>173.5</u>	<u>9.5%</u>	<u>164.1</u>	<u>9.6%</u>
<b>Total delivered volume by MetroGAS</b>	<u>1,829.7</u>	<u>100.0%</u>	<u>1,704.5</u>	<u>100.0%</u>
<b>Total gas volumes delivered and transported by MetroENERGÍA</b>	<u>367.4</u>	<u>100.0%</u>	<u>216.1</u>	<u>100.0%</u>

**Operating costs**

Operating costs increased by 130.7% amounting to 2,983,429 during the three months period ended on March 31, 2018, respect to 1.293,172 registered during the same period in previous fiscal year. This variation was mainly due to increase in gas purchase costs, in gas transportation cost, in depreciation of properties, plant and equipment, investment properties and intangible assets, in payroll and other employees' benefits, in fixed assets maintenance and fees for sundry services, partially offset by a decrease in taxes, rates and contributions.

The costs of natural gas purchases for gas distribution and transportation increased by 115.4%, from 353,742 for the three months period ended on March 31, 2017 to 761,910 during the same period in present fiscal year, mainly due to the increase in average purchased price MetroGAS. During the three months period ended on March 31, 2018, MetroGAS purchased 317 million cubic meters, representing a 30% decrease with respect to gas volumes purchased in the same period in previous fiscal year.

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY****RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION**

The costs of natural gas purchases and transport for gas commercialization and transportation increased by 129.8%, from 503,635 for the three months period ended on March 31, 2017 to 1,157,596 during the same period in present fiscal year, mainly due to the increase in average purchased price MetroENERGÍA and the increase in volumes purchased. During the three months period ended on March 31, 2018, MetroENERGÍA purchased 367.4 million cubic meters, representing a 70% increase with respect to gas volumes purchased in the same period in previous fiscal year.

The costs of gas transportation for gas distribution and transportation increased by 190.4% during the three months period ended on March 31, 2018 compared with the same period in previous fiscal year, mainly due to the increase in average prices of transportation of MetroGAS, as a consequence the application of ENARGAS Resolution No. 4,363/2017 and No. 121/2017 for TGN and Resolution No. 4,362/2016 and No. 120/2017 for TGS to power plants, industries and CNG customers.

The table below shows the operating costs of the Company by type of expenses for the three month periods ended on March 31, 2018 and 2017, in thousands of pesos:

	<b>Operating costs</b>				
	For the three months period ended March 31,				
	2018		2017		
Thousands of Ps.	% of Total Operating Costs	Thousands of Ps.	% of Total Operating Costs		
Cost of natural gas - gas distribution and transportation	761,910	25.5%	353,742	27.4%	
Transportation of natural gas - gas distribution and transportation	685,725	23.0%	236,144	18.3%	
Cost and transportation of natural gas - gas commercialization and transportation	1,157,596	38.8%	501,078	38.7%	
Depreciation of properties, plant and equipment, investment properties and intangible assets	155,664	5.2%	21,229	1.6%	
Payroll and other employees benefits	129,592	4.3%	90,106	7.0%	
Maintenance and repair	47,274	1.6%	24,633	1.9%	
Sundry materials	7,175	0.2%	1,680	0.1%	
Fees for sundry services	34,387	1.2%	22,896	1.8%	
Taxes, rates and contributions	1,168	0.0%	39,593	3.1%	
Other operating expenses	2,938	0.2%	2,071	0.1%	
<b>Total</b>	<b>2,983,429</b>	<b>100.0%</b>	<b>1,293,172</b>	<b>100.0%</b>	

**Administrative expenses**

Administrative expenses increased by 27.0%, from 179,655 for the three months period ended on March 31, 2017 to 228,213 for the same period of the present fiscal year. This increase was mainly due to the increase in payroll and other employee's benefits, in fixed assets maintenance and fees for sundry services, partially offset by a decrease in taxes, rates and contributions.

**Selling expenses**

Selling expenses increased by 77.1%, from 206,747 for the three months period ended on March 31, 2017 to 366,061 for the same period in present fiscal year. This increase was mainly due to the increase in doubtful account charge, in taxes, rates and contributions, n payroll and other employee's benefits, in post and telecommunication expenses and in fees for sundry services.



**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY**

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**Other income and expenses**

Other income and expenses amounted to a loss of 70,064 for the three months period ended March 31, 2017 and a loss of 19,799 in the same period in present fiscal year. This variation was mainly due to the decrease in the provision for contingencies during for the three months period ended on March 31, 2018.

**Net financial results**

During the three months period ended on March 31, 2018 net financial results was a loss of 737,092, as compared to a loss of 18,825 for the same period in previous fiscal year. The variation in financial and holding results was mainly due to the loss from the exchange difference on financial and commercial debt during the three months period ended on March 31, 2018, to the increase in the interest of commercial debt and the loss by the payment of ONs.

**Income tax**

During the three months period ended on March, 2018 the Company accrued income of 180,829, as compared to a gain of 446,578 shown for the same period in previous fiscal year. This variation is mainly due to the Company has acknowledged, during the previous year, credits for tax losses and for the MPIT originated in previous years.

**Net cash flows generated by operating activities**

Net cash flows generated by operating activities for the three months period ended on March 31, 2018 amounted to 461,405, as compared with 1,070,625 generated in for the same period in previous fiscal year. This variation was mainly due to lower cash funds generated from working capital, partially offset by the higher funds generated from operating results.

**Net cash flows used in investing activities**

Net cash flows used in investment activities amounted to 387,649 for the three months period ended on March 31, 2018 mainly due to increases in properties, plant and equipment and intangible assets, as compared with 158,951 used in the same period in previous fiscal year.

**Net cash flows generated by (used in) financing activities**

Net cash flows generated in financing activities amounted to 541,472 for the three months period ended on March 31, 2018 as compared with 33,512 cash flows used in the same period in previous fiscal year. This variation was mainly due to the Company took a non-guaranteed loan and allocate these funds to rescue the total number of Notes with and plus accrued and unpaid interests (see Note 18 to the condensed interim consolidated financial statements), partially offset by higher commercial debt payment.

**Liquidity and capital resources****Financing**

As of March 31, 2018, the financial debt accounted for by Company amounted to 5,000,121.

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY**

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

**Comparative structure of condensed interim consolidated statement of financial position <sup>(1)</sup>**

Condensed Interim Consolidated Statement of Financial Positions as of March 31, 2018, 2017, 2016, 2015 and 2014.

	03.31.18	03.31.17	03.31.16	03.31.15	03.31.14
	Thousands of Ps.				
Non current Assets	16,174,435	3,041,094	2,229,370	2,008,503	1,867,695
Current assets	4,898,118	3,754,952	1,597,462	878,479	499,092
Total assets	<u>21,072,553</u>	<u>6,796,046</u>	<u>3,826,832</u>	<u>2,886,982</u>	<u>2,366,787</u>
Non current Liabilities	7,373,412	3,037,580	2,970,790	1,757,158	1,521,264
Current Liabilities	5,110,724	4,613,060	2,209,935	1,456,350	764,430
Total Liabilities	<u>12,484,136</u>	<u>7,650,640</u>	<u>5,180,725</u>	<u>3,213,508</u>	<u>2,285,694</u>
Non-controlling interest	6,046	3,255	7,773	4,296	642
Equity attributable to the owners of the parent	8,582,371	(857,849)	(1,361,666)	(330,822)	80,451
Total Liabilities and Shareholders' Equity	<u>21,072,553</u>	<u>6,796,046</u>	<u>3,826,832</u>	<u>2,886,982</u>	<u>2,366,787</u>

<sup>(1)</sup> Information covered by the Independent auditors' report.

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY**

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

**Comparative condensed interim consolidated structure of results <sup>(1)</sup>**

Condensed Interim Consolidated Statements of Profit and Loss and Other Comprehensive Income for the three months periods ended on March 31, 2018, 2017, 2016, 2015 and 2014.

	<b>03.31.18</b>	<b>03.31.17</b>	<b>03.31.16</b>	<b>03.31.15</b>	<b>03.31.14</b>
	Thousands of Ps.				
Revenues	3,752,438	1,839,469	1,000,210	766,985	446,001
Operating costs	(2,983,429)	(1,293,172)	(949,293)	(594,153)	(373,296)
<b>Gross profit</b>	<b>769,009</b>	<b>546,297</b>	<b>50,917</b>	<b>172,832</b>	<b>72,705</b>
Administration expenses	(228,213)	(179,655)	(122,457)	(102,120)	(65,485)
Selling expenses	(366,061)	(206,747)	(110,085)	(91,652)	(59,466)
Other income and expenses	(19,799)	(70,064)	(20,301)	1,475	(7,486)
<b>Operating income (loss)</b>	<b>154,936</b>	<b>89,831</b>	<b>(201,926)</b>	<b>(19,465)</b>	<b>(59,732)</b>
Finance income	61,070	25,588	47,207	12,827	14,354
Finance cost	(798,162)	(44,413)	(424,733)	(108,524)	(284,620)
<b>Net financial results</b>	<b>(737,092)</b>	<b>(18,825)</b>	<b>(377,526)</b>	<b>(95,697)</b>	<b>(270,266)</b>
<b>Result before income tax</b>	<b>(582,156)</b>	<b>71,006</b>	<b>(579,452)</b>	<b>(115,162)</b>	<b>(329,998)</b>
Income tax and minimum presumed income tax	180,829	446,578	(6,671)	(4,302)	(13,026)
<b>Net result for the period</b>	<b>(401,327)</b>	<b>517,584</b>	<b>(586,123)</b>	<b>(119,464)</b>	<b>(343,024)</b>
<b>Other comprehensive income (1)</b>					
Essential assets revaluation	131,567	-	-	-	-
Income tax	(40,491)	-	-	-	-
<b>Total other comprehensive income</b>	<b>91,076</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net and comprehensive result for the period</b>	<b>(310,251)</b>	<b>517,584</b>	<b>(586,123)</b>	<b>(119,464)</b>	<b>(343,024)</b>

<sup>(1)</sup> Information covered by the Independent auditors' report.

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY**

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

**Comparative statistical data**

The information shown below makes reference to the three months periods ended on March 31, 2018, 2017, 2016, 2015 and 2014.

	03.31.18	03.31.17	03.31.16	03.31.15	03.31.14
	Volumes				
	In millions of cubic meters				
Gas purchased by MetroGAS	317	453	301	322	335
Gas contracted by third parties	1,653	1,390	1,458	1,536	1,418
	1,970	1,843	1,759	1,858	1,753
Volume of gas withheld:					
- Transportation	(107)	(113)	(99)	(105)	(101)
- Loss in distribution	(33)	(25)	(39)	(41)	(44)
- Transportation and processing of natural gas	-	-	-	-	-
Volume of gas delivered by MetroGAS	1,830	1,704	1,621	1,712	1,608
Volume of gas purchased and delivered by MetroENERGÍA	367	216	311	280	214

**Comparative ratios <sup>(1)</sup>**

The information below makes reference to the three months periods ended on March 31, 2018, 2017, 2016, 2015 and 2014.

	03.31.18	03.31.17	03.31.16	03.31.15	03.31.14
Liquidity	0.96	0.81	0.72	0.60	0.65
Solvency	0.69	(0.11)	(0.26)	(0.10)	0.04
Inmobilization	0.77	0.45	0.58	0.70	0.79

<sup>(1)</sup> Information covered by the Independent auditors' report.

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY**  
RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION**Additional information****Changes in MetroGAS shares and ADS prices:**

		Share Price on the Buenos Aires Stock Exchange (1)
		\$
March	2014	1.74
March	2015	4.24
March	2016	9.00
January	2017	14.50
February	2017	21.90
March	2017	24.40
January	2018	82.00
February	2018	64.35
March	2018	60.30

(1) Prices on the last business day of each month.

**Perspectives**

MetroGAS intends to focus its efforts to be a gas distribution role model and leader in commercializing energy related products, contributing to the development of the country and to the life quality of the Argentine people besides placing its customers as a priority. It is worth mentioning that MetroGAS started implementing the new strategy, making a strong commitment with business ethics and with each of its commercial, professional and communitarian relationships.

Autonomous City of Buenos Aires, May 7, 2018

Marcelo Adrián Núñez  
Chairperson

English translation of the report originally issued in Spanish, except for the omission of certain disclosures related to formal legal requirements for reporting in Argentina and the addition of the last paragraph.

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## **INDEPENDENT AUDITORS' REVIEW REPORT** (of condensed interim consolidated financial statements)

To the President and Directors of  
**METROGAS SOCIEDAD ANÓNIMA**  
Gregorio Aráoz de Lamadrid 1360  
Buenos Aires City, Argentina

### **Review report of the condensed interim consolidated financial statements**

#### **1. Identification of the condensed interim consolidated financial statements subject to review**

We have reviewed the accompanying condensed interim consolidated financial statements of METROGAS SOCIEDAD ANÓNIMA (an Argentine corporation, hereinafter mentioned as "METROGAS S.A." or the "Company") which comprise the condensed interim consolidated statement of financial position as of March 31, 2018, the condensed interim consolidated statement of profit and loss and other comprehensive income, the related statements of changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information included in their notes 1 to 30.

The figures and other information corresponding to the year ended on December 31, 2017 and for the three-month period ended March 31, 2017, are an integral part of the condensed interim consolidated financial statements above mentioned and are intended to be read only in relation to the amounts and other disclosures relating to those financial statements.

#### **2. Company's Board of Directors' responsibility for the condensed interim consolidated financial statements**

The Company's Board of Directors is responsible for the preparation and fair presentation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") adopted by the Argentine Federation of Professional Councils in Economic Sciences ("FACPE") as accounting professional standards, as they were approved by the International Accounting Standards Board ("IASB"), and incorporated by the Argentine Securities Commission ("CNV") to its regulations, and, therefore, is responsible for the preparation and presentation of these accompanying condensed interim consolidated financial statements, in accordance with the International Accounting Standard 34 "Interim Financial Reporting". Moreover, the Company's Board of Directors is responsible of an internal control system that deems necessary to enable the preparation of financial statements that are free of material misstatements.

### 3. Auditors' responsibility

Our responsibility is to issue a conclusion on the accompanying condensed interim consolidated financial statements based on our review. We conducted our review in accordance with International Standards on Review Engagements ("ISRE") adopted by the FACPCE through its Technical Resolution No. 33, as they were approved by the International Auditing Accounting Standards Board ("IAASB") of the International Federation of Accountants ("IFAC"). Those standards require that we comply with ethical requirements.

A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### 4. Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of METROGAS S.A. corresponding to the three-month period ended on March 31, 2018 are not presented, in all material respects, in accordance with International Accounting Standard 34.

#### **English translation of statutory condensed interim consolidated financial statements**

This report and the condensed interim consolidated financial statements referred to in section 1, have been translated into English for the convenience of English-speaking readers. The accompanying condensed interim consolidated financial statements are the English translation of those originally issued by METROGAS SOCIEDAD ANÓNIMA in Spanish and presented in accordance with International Accounting Standard 34.

Buenos Aires City, Argentina  
May 7, 2018

Deloitte & Co. S.A.

Ricardo C. Ruiz  
Partner