

**METROGAS S.A.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS AS OF SEPTEMBER 30, 2015 AND COMPARATIVES

## TABLE OF CONTENTS

LEGAL INFORMATION.....	1
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION .....	2
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME .....	3
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY .....	4
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS.....	5
1. GENERAL INFORMATION.....	6
2. ECONOMIC AND FINANCIAL POSITION AND REGULATORY FRAMEWORK .....	6
3. BASIS FOR PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS .....	10
4. ACCOUNTING POLICIES .....	10
5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS.....	11
6. FINANCIAL RISK MANAGEMENT .....	11
7. FINANCIAL INSTRUMENTS .....	12
8. INTERESTS IN SUBSIDIARIES .....	12
9. SEGMENT REPORTING .....	14
10. PROPERTIES, PLANT AND EQUIPMENT.....	15
11. INVESTMENT PROPERTIES .....	16
12. INTANGIBLE ASSETS.....	17
13. TRADE RECEIVABLES.....	18
14. OTHER RECEIVABLES.....	20
15. CASH AND CASH EQUIVALENTS.....	22
16. SHAREHOLDERS' EQUITY AND ISSUED CAPITAL.....	22
17. OTHER TAXES PAYABLES.....	24
18. FINANCIAL DEBT .....	25
19. REORGANIZATION LIABILITIES .....	26
20. PROVISIONS.....	27
21. TRADE PAYABLES .....	27
22. SALARIES AND SOCIAL SECURITY .....	29
23. OTHER ACCOUNTS PAYABLE .....	29
24. REVENUES .....	30
25. EXPENSES BY NATURE.....	31
26. OTHER INCOME AND EXPENSES .....	32
27. NET FINANCIAL RESULTS.....	32
28. INCOME TAX AND MINIMUM PRESUMED INCOME TAX .....	33
29. NET RESULT PER SHARE .....	34
30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES .....	35
31. SUBSEQUENTS EVENTS.....	40
INFORMATIVE SUMMARY OF ACTIVITY .....	41
INDEPENDENT AUDITORS' REPORT	

## METROGAS S.A.

### CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2015 AND COMPARATIVES

#### LEGAL INFORMATION

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

**Fiscal Year:** No. 24 (initiated on January 1, 2015).

**Condensed Interim Consolidated Financial Statements** as of September 30, 2015 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:** April 30, 2013 (\*)

**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 09.30.15:

Classes of Shares (*)	Subscribed, Registered and Paid-in <i>(thousands of Ps.)</i>
<hr/>	
Outstanding	
Common Certified Shares of Ps. 1 Par Value and 1 Vote each:	
Class "A"	290,277
Class "B"	221,977
Class "C"	56,917
	<hr/>
<b>Issued Capital as of 09.30.15</b>	<b>569,171</b>
	<hr/> <hr/>

(\*) See Note 31 – Subsequent events

David Tezanos Gonzalez  
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 FINANCIAL POSITION AS OF SEPTEMBER 30, 2015 AND DECEMBER 31, 2014

(stated in thousands of pesos)

	Notes	09.30.15	12.31.14
<b>Assets</b>			
<b>Non current Assets</b>			
Properties, plant and equipment	10	2,025,473	1,950,718
Intangible assets	12	47,540	-
Deferred tax assets	28	6,670	4,620
Other investment		-	1,066
Investment properties	11	2,410	2,455
Other receivables	14	9,977	9,821
<b>Total Non current assets</b>		<u>2,092,070</u>	<u>1,968,680</u>
<b>Current assets</b>			
Trade receivables	13	1,132,379	658,855
Other receivables	14	391,621	80,046
Cash and cash equivalents	15	328,599	97,586
<b>Total Current assets</b>		<u>1,852,599</u>	<u>836,487</u>
<b>Total assets</b>		<u>3,944,669</u>	<u>2,805,167</u>
<b>Shareholders' Equity</b>			
Issued capital	16	569,171	569,171
Accumulated results (losses)		(796,564)	(779,357)
<b>Equity attributable to the owners</b>		<u>(227,393)</u>	<u>(210,186)</u>
Non-controlling interest		4,734	3,124
<b>Total Shareholders' Equity</b>	16	<u>(222,659)</u>	<u>(207,062)</u>
<b>Liabilities</b>			
<b>Non current Liabilities</b>			
Trade payable	21	195,707	-
Financial debt	18	1,523,933	1,336,709
Deferred tax liabilities	28	192,621	219,917
Reorganization liabilities	19	13,642	16,313
Other taxes payable	17	5,811	6,732
Provisions	20	80,491	69,518
<b>Total Non current Liabilities</b>		<u>2,012,205</u>	<u>1,649,189</u>
<b>Current Liabilities</b>			
Trade payable	21	1,622,494	1,014,456
Salaries and social security	22	120,049	100,581
Income tax and minimum presumed income tax ("MPIT") liability		26,248	7,196
Other taxes payable	17	194,089	102,838
Financial debt	18	171,441	109,067
Other accounts payable	23	20,802	28,902
<b>Total Current Liabilities</b>		<u>2,155,123</u>	<u>1,363,040</u>
<b>Total Liabilities</b>		<u>4,167,328</u>	<u>3,012,229</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>3,944,669</u>	<u>2,805,167</u>

The accompanying notes 1 to 31 are an integral part of and should be read together with these statements.

David Tezanos Gonzalez  
Chairperson

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 PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE AND THREE MONTHS PERIODS ENDED SEPTEMBER 30, 2015 AND 2014

(stated in thousands of pesos)

	Notes	For the nine months period ended		For the three months period ended	
		09.30.15	09.30.14	09.30.15	09.30.14
Revenues	24	3,394,336	2,570,437	1,481,794	1,199,271
Operating costs	25	(2,836,984)	(1,947,600)	(1,187,210)	(894,085)
<b>Gross profit</b>		<b>557,352</b>	<b>622,837</b>	<b>294,584</b>	<b>305,186</b>
Administration expenses	25	(311,263)	(241,256)	(100,895)	(92,800)
Selling expenses	25	(352,737)	(262,882)	(151,058)	(117,962)
Other income and expenses	26	556,186	(11,977)	198,942	(11,971)
<b>Operating income</b>		<b>449,538</b>	<b>106,722</b>	<b>241,573</b>	<b>82,453</b>
Finance income	27	21,726	14,027	9,842	5,113
Finance cost	27	(463,336)	(449,971)	(164,769)	(105,629)
<b>Net financial results</b>		<b>(441,610)</b>	<b>(435,944)</b>	<b>(154,927)</b>	<b>(100,516)</b>
<b>Result before income tax</b>		<b>7,928</b>	<b>(329,222)</b>	<b>86,646</b>	<b>(18,063)</b>
Income tax and MPIT	28	(23,525)	(25,322)	(8,025)	(2,447)
<b>Net result for the period</b>		<b>(15,597)</b>	<b>(354,544)</b>	<b>78,621</b>	<b>(20,510)</b>
Other comprehensive result		-	-	-	-
<b>Net and comprehensive result for the period</b>		<b>(15,597)</b>	<b>(354,544)</b>	<b>78,621</b>	<b>(20,510)</b>
<b>Net and comprehensive result for the period attributable to controlling interest</b>		<b>(17,207)</b>	<b>(354,311)</b>	<b>77,031</b>	<b>(21,106)</b>
<b>Net and comprehensive result for the period attributable to non-controlling interest</b>		<b>1,610</b>	<b>(233)</b>	<b>1,590</b>	<b>596</b>
<b>Net and comprehensive result for the period</b>		<b>(15,597)</b>	<b>(354,544)</b>	<b>78,621</b>	<b>(20,510)</b>
<b>Net result per share</b>					
Basic and diluted	29	(0.03)	(0.62)	0.14	(0.04)

The accompanying notes 1 to 31 are an integral part of and should be read together with these statements.

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Chairperson

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**METROGAS S.A.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY**  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015 AND 2014 *(stated in thousands of pesos)*

	Issued capital	Adjustment to issued capital	Legal reserve	Accumulated results	Equity attributable to the owners of the parent	Non-controlling interest	Total Shareholders' Equity
<b>Balance as of December 31, 2013</b>	569,171	684,769	45,376	(878,082)	421,234	2,883	424,117
Mandatory issued capital reduction, as decided by the General Shareholders' Meeting of April 28, 2014	-	(684,769)	(45,376)	730,145	-	-	-
Net and comprehensive result for the nine months period ended September 30, 2014	-	-	-	(354,311)	(354,311)	(233)	(354,544)
<b>Balance as of September 30, 2014</b>	569,171	-	-	(502,248)	66,923	2,650	69,573
Net and comprehensive result for the three months period ended December 31, 2014	-	-	-	(277,109)	(277,109)	474	(276,635)
<b>Balance as of December 31, 2014</b>	569,171	-	-	(779,357)	(210,186)	3,124	(207,062)
Net and comprehensive result for the nine months period ended September 30, 2015	-	-	-	(17,207)	(17,207)	1,610	(15,597)
<b>Balance as of September 30, 2015</b>	569,171	-	-	(796,564)	(227,393)	4,734	(222,659)

The accompanying notes 1 to 31 are an integral part of and should be read together with these statements.

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## METROGAS S.A.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2015 AND 2014 (stated in thousands of pesos)

	<u>09.30.15</u>	<u>09.30.14</u>
<b>Cash Flows generated by operating activities</b>		
Net result for the period	(15,597)	(354,544)
Adjustments to reconcile net results to cash flows provided by operating activities		
Income tax and MPIT	23,525	25,322
Income from sales of investment properties	-	(8,067)
Temporary economic assistance	(561,700)	-
Depreciation of properties, plant and equipment and investment properties	69,838	64,657
Net book value of disposals of properties, plant and equipment and investment properties	6,964	3,463
Net charge on provisions	28,330	42,701
Net financial results	384,794	434,109
Changes in assets and liabilities		
Trade receivables	(498,901)	(607,968)
Other receivables	246,940	(40,434)
Other non current investments	1,066	-
Trade payable	743,535	429,012
Salaries and social security	19,468	32,943
Income tax and MPIT liability	(126)	(30,776)
Other taxes payable	79,767	47,836
Provisions	(4,258)	-
Other accounts payable	(7,750)	24,748
Reorganization liabilities	-	(469)
Income tax and minimum presumed income tax paid in the period	(5,659)	(21,722)
<b>Net cash flows generated by operating activities</b>	<u>510,236</u>	<u>40,811</u>
<b>Cash flows used in investing activities</b>		
Increase in properties, plant and equipment	(156,934)	(125,417)
Increase in intangible assets	(47,540)	-
Proceeds from sales of investment properties	2,908	8,295
<b>Net cash flows used in investing activities</b>	<u>(201,566)</u>	<u>(117,122)</u>
<b>Cash flows (used in) generated by financing activities</b>		
Proceeds from loans	-	90,000
Payments of interests	(78,394)	(38,123)
<b>Net cash flows (used in) generated by financing activities</b>	<u>(78,394)</u>	<u>51,877</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>230,276</u>	<u>(24,434)</u>
Cash and cash equivalents at the beginning of year	97,586	116,592
Exchange differences on cash and cash equivalents	737	1,416
Cash and cash equivalents at the end of the period (1)	<u>328,599</u>	<u>93,574</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>230,276</u>	<u>(24,434)</u>

(1) As of September 30, 2015 and 2014, funds collected and pending to be deposited for Trust Funds, Resolution I-2621/2013 and Trust Fund Resolution No. 2407 amount to Ps. 139,246 thousand and Ps. 137,597 thousand, respectively.

The main transactions that do not generate cash movements are described in Note 18 and Note 2.1.

The accompanying notes 1 to 31 are an integral part of and should be read together with these statements.

David Tezanos Gonzalez  
Chairperson

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 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 formed 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. Also, American Depositary Shares (“ADSs”) were issued in the United States and were registered with the Securities and Exchange Commission (“SEC”). Its ADSs were listed on the New York Stock Exchange (“NYSE”), until June 17, 2010, date when the NYSE informed that MetroGAS ADSs had been suspended from trading as a result of the Company's filing for reorganization proceeding. On January 21, 2015, MetroGAS started due actions to withdraw their registration from the SEC, which was effective on April 21, 2015 ceasing its duty of disclosure to that body from the date of commencement of the proceeding.

MetroGAS' controlling shareholder is Gas Argentino S.A. (“Gas Argentino”) whose principal business is the investment. As of September 30, 2015, the controlling shareholder of Gas Argentino S.A. is YPF S.A. through its subsidiary YPF Inversora Energética S.A. (“YIESA”).

MetroGAS controls MetroENERGÍA S.A. (“MetroENERGÍA”) a *sociedad anónima* formed under the laws of Argentina, whose principal business is the purchase and sale of natural gas and/or transport on its own account, or 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. warehouse at Amancio Alcorta 2482, City of Buenos Aires.

#### 2. ECONOMIC AND FINANCIAL POSITION AND REGULATORY FRAMEWORK

Changes in the country's economic conditions and the amendments introduced by the Emergency Law by the end of 2001, have impacted on the Company's economic and financial position, affected by the suspension of the original regime of tariff adjustment, added to the increase of operation costs in order to maintain the quality of service and the responsibilities assumed in the process of the Debt Reorganization exchange. Funds corresponding to the Letter of Understanding subscribed on November 21, 2012 with the Ente Nacional Regulador del Gas (“ENARGAS”), the gas regulatory agency, and the Provisional Agreement subscribed on March 26, 2014 with the Unit for the Renegotiation and Analysis of Public Services Contracts (“UNIREN”) have not allowed, up to this date, to restore the economic and financial position of the Company.



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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

In this context, as of September 30, 2015, the Company registered accumulated losses attributable to controlling interest amounting to Ps. 796,564 thousand and kept a consolidated negative working capital to Ps. 302,524 thousand.

In Note 2 of the consolidated financial statements as of December 31, 2014 the aspects related to the economic and financial situation and regulatory framework are described.

There follow are described the significant developments occurred during the nine months period ended September 30, 2015.

#### **2.1 Transitional Economic Assistance**

On June 8, 2015, the Official Gazette published Resolution No. 263/2015 whereby the Energy Secretariat (“ES”) approved the allocation of funds as a temporary economic assistance to be paid in ten consecutive installments in benefit of MetroGAS and the rest of the natural gas distributors effective as from March 2015, in order to cover expenditures and investments related to the regular operation of the natural gas public service and in advance for the Comprehensive Tariff Revision to be carried out in due time.

Said Resolution establishes that the beneficiaries shall assign a portion of the funds received by each of the monthly installments to cancel unpaid past due debt as of December 31, 2014 with natural gas producers, moreover, that distributors shall not take more debt resulting from the purchase of natural gas after the mentioned Resolution has become effective.

In the case of MetroGAS, ENARGAS established a need for exceptional funds for the year 2015 disbursable monthly according to the schedule between the months of March and December. Also was established that the company shall assign a portion of the temporary economic assistance to cancel debt with producers due at December 31, 2014 in 36 monthly, equal and consecutive installments, plus interest, as from January 2015, calculated using the current “Average Active Rate of Banco Nación for Commercial Discount Operations” (2.05 % monthly rate), and starting to pay the installments on March 2015.

Furthermore, ENARGAS considered that distributors will proceed to cancel gas purchase invoices with maturity during 2015, estimating payments within 30, 60 and 90 days in line with the perception of invoices by clients.

At the date of these financial statements, MetroGAS has received three of the ten installments provided as a temporary economic assistance, amounting Ps. 255,960 thousand. Also has entered into payment agreements with the majority of producers in terms of ES Resolution No. 263/2015, this subject to availability of the amounts committed.

In addition, as described in Note 4.1 of these condensed interim consolidated financial statements, it has recognized in “Other Incomes and Expenses” the amount of Ps. 561,700 thousand and a credit for the amount of Ps. 305,740 thousand for the amounts pending collection has been registered in the line “Other current credits”.

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

#### **2.2 Bankruptcy petition**

On September 18, 2015 MetroGAS was aware of the existence of bankruptcy petitions promoted by Pan American Sur S.A., Pan American Fuegoína S.A. and Pan American Energy LLC Sucursal Argentina pending before National Commercial Court No. 26, Clerk’s Office No. 51, Ciudad Autónoma de Buenos Aires. To date, the Company has not received any notification concerning the aforementioned records, notwithstanding which will carry out all actions necessary for the appropriate defense of their rights.

#### **2.3 Trust Funds**

On April 8, 2015 the Official Gazette published ENARGAS Resolution No. 3249/2015 that repealed Articles 3 and 4 from ENARGAS Resolution No. 2407/2012, by virtue of which the Company was requested to (i) deposit the fix amounts collected through invoicing into the trust fund created for that purpose, acting MetroGAS as the Trustor and Nación Fideicomisos S.A. as the Trustee, and (ii) submit to approval a project investment annual plan for consolidation and extension works. Furthermore, the mentioned ENARGAS Resolution No. 3249/2015 withdrew ENARGAS Resolution No. 2767/2013 which had previously modified the mechanism for the deposit and settlement of fix charges per invoice distinguishing works executed on a follow up protocol from works performed on advance certification.

Consequently, due to the entry into force of ENARGAS Resolution No. 3249/2015, from April 1, 2015 the fix amounts per invoice established by ENARGAS Resolution No. 2407/2012 that the Company continues invoicing and collecting shall not be allocated to the Administration and Finance Trust Fund entered into with Nación Fideicomisos, but, on the contrary, they must be allocated by MetroGAS "only to activities related to the expansion and reliability of the systems, operation and maintenance tasks contributing to the compliance of the standards established by the governing code ‘Código Argentino de Gas - NAG’ and to commercial and administrative activities aimed at effectively providing service to customers within the operation area" and no less than 30% of the fix amounts shall be assigned to investments entailing system expansion within the framework of an investment plan to be authorized by ENARGAS.

#### **2.4 Tariff charts**

On June 8, 2015, the Official Gazette published Resolution No. I/3349 approving the new tariff charts effective as of May 1, 2015. The increase are connected with the rise of the transport component and reaches residential, commercial and industrial customers, with the exception of sub distributors, “waived” customers and those residential or commercial customers that saved more than 20% compared with the same two-month period of the previous year.

On the other hand, the new tariff charts include the amount corresponding to the Fund For Gas Distribution Consolidation and Expansion Works (“FOCEGAS”) as a “Fix amount” in accordance with Resolutions I-2407/12 and I-3249/15.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### 2.5 Gas transportation

MetroGAS has entered into several transportation contracts, with expiration dates ranging between 2015 and 2027, with Transportadora de Gas del Sur S.A. (“TGS”), Transportadora de Gas del Norte S.A. (“TGN”) and others, in order to ensure a firm transportation capacity of 25.43 MMCM per day, taking into account the ongoing contracts as of September 30, 2015.

The annual estimated valuation for firm transportation capacity to be paid by the Company under these contracts is stated below:

<u>Periods</u>	<u>Contractual Commitments</u> (Millions of Pesos)
2015	83.37
2016	224.94
2017	62.01
2018	3.50
2019	3.50
2020	3.50
2021	1.45
2022/27	2.59

Contracts entered into by the Company with gas transportation companies could be subject to amendment pursuant to the Emergency Law provisions applicable to contracts for public utility services, including transportation of natural gas. At the issuance date of these financial statements, the potential impact of any such modifications, if implemented, cannot be assessed.

In July 2012, the ENARGAS granted 174,343 m3 of firm transportation capacity to MetroGAS, effective from May 1, 2013 through April 30, 2014 for the route Neuquén - GBA, and 233,333 m3 of firm transportation capacity, effective from May 1, 2014 through April 30, 2017, for the same route. This allocation relates to an irrevocable offer submitted by MetroGas to TGN in the open bid process regarding capacity No. 01/2012. The capacity contracted under the remaining contracts with TGN was also increased in 2,540,000 m3 per day until 04/30/2017.

On June 8, 2015, the Official Gazette published ENARGAS Resolutions No. I/3347/15 and No. I/3348/15, respectively, which established a new tariff charts applicable to TGS and TGN.

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

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

These 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 International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

These condensed interim consolidated financial statements are presented 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, 2014 and comparatives.

These condensed interim consolidated financial statements, originally issued in Spanish, have been approved by the Board of Directors for issuance on November 4, 2015.

The condensed interim consolidated financial statements for the nine months periods ended September 30, 2015 and 2014 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.

#### **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, 2014 which are detailed in Note 4 to those consolidated financial statements.

##### **4.1 Income recognition from the Temporary Economic Assistance Resolution No. 263/2015**

The temporary economic assistance granted by the National Energy Secretariat through Resolution No. 263/2015 is within the scope of International Accounting Standard 20 "Government Grants" (IAS 20), being it intended to fund expenditures and investments related to the regular operation of the natural gas distribution public service, preserving the payment chain to natural gas producers until completing the Comprehensive Tariff Revision.

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

The recognition of that income is carried out at a fair value pursuant the enforceable portion as of September 30, 2015 in accordance with the payment schedule agreed for 2015, and mentioned on Note 2.1.

This item has been disclosed in the line “Other Income and Expenses” within the Condensed Interim Consolidated Statements of Profit and Loss and Other Comprehensive Income.

#### **4.2 Intangible assets**

The Company has adopted the cost method for intangible assets according to IAS 38. Cost model establishes that subsequent to initial recognition, an intangible asset is recorded at cost less any accumulated depreciation and any accumulated impairment loss.

### **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, 2014, which are detailed in Note 5 to those financial statements.

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

The business of the Company exposes the Company to various financial risks: market risk, credit risk and liquidity risk. No significant changes have occurred during the nine-month period ended on September 30, 2015 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, 2014.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 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).

#### 8. INTERESTS IN SUBSIDIARIES

The table below shows the Company’s consolidated controlling interest:

Directly controlled company	Percentage of capital stock and voting rights held	
	09.30.2015	12.31.2014
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 purposes of consolidation, the latest separate financial statements of MetroENERGÍA, as of September 30, 2015. The equity of MetroENERGÍA at September 30, 2015 amounts to Ps. 94,693 thousand and a positive result amounts to Ps. 94,382 thousand.

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 March 26, 2014, decided the distribution of the profit for the year 2013 to Ps. 57,341 thousand 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 YIESA 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 what has been stated by MetroENERGÍA’s Boards of Directors in its meetings held on March 26, 2014 and December 9, 2014, taking into account cash availability and financial conditions of the business, dividends for Ps. 8,000 thousand in August and Ps. 20,000 thousand in December have been made available to the major shareholder MetroGAS, respectively, 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 NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

Furthermore, according to what has been stated by MetroENERGÍA’s Boards of Directors in its meetings held on June 11, 2015, taking into account cash availability and financial conditions of the business, dividends for Ps. 29,341 thousand have been made available to the major shareholder MetroGAS, which were canceled in June 2015, considering that the minority shareholder has resigned to collect these dividends. Therefore, 2013 dividends distribution as determined at Shareholders meeting on March 26, 2014 has been completed.

MetroENERGÍA’s General Ordinary Shareholders’ Meeting held on April 15, 2015, decided the distribution of the profit for the year 2014 to Ps. 62,174 thousand 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 YIESA 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 August 21, 2015, considering cash flow availability and the financial conditions of the business, total dividends for the amount of Ps. 20,000 thousands were made available to the company’s main shareholder, MetroGAS, and cancelled in August 2015. The minority shareholder has waived collection of those dividends.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### 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 for its own account, on behalf of or, in association with third parties.

	<b>09.30.15</b>			
	MetroGAS	MetroENERGIA	Eliminations	Total
	Distribution	Trading		
Revenues	1,768,307	1,645,829	(19,800)	3,394,336
Operating income	388,614	153,696	(92,772)	449,538
Results of interest in subsidiaries	92,772	-	(92,772)	-
Finance income	12,897	8,829	-	21,726
Finance cost	(446,014)	(17,322)	-	(463,336)
Result before income tax	(44,503)	145,203	(92,772)	7,928
Income tax and MPIT	27,296	(50,821)	-	(23,525)
Total net and comprehensive result for the period	(17,207)	94,382	(92,772)	(15,597)
Total assets	3,676,481	418,894	(150,706)	3,944,669
Total liabilities	3,903,874	324,201	(60,747)	4,167,328
Depreciation of properties, plant and equipment and investment properties	(69,838)	-	-	(69,838)
Increase in properties, plant and equipment	156,934	-	-	156,934
Increase in intangible assets	47,540	-	-	47,540
Investments in subsidiaries	89,959	-	(89,959)	-

  

	<b>09.30.14</b>			
	MetroGAS	MetroENERGIA	Eliminations	Total
	Distribution	Trading		
Revenues	1,551,608	1,029,315	(10,486)	2,570,437
Operating income	73,654	85,980	(52,912)	106,722
Results on investments in subsidiaries	52,912	-	(52,912)	-
Finance income	7,492	6,535	-	14,027
Finance cost	(438,517)	(11,454)	-	(449,971)
Result before income tax	(357,371)	81,061	(52,912)	(329,222)
Income tax and MPIT	3,060	(28,382)	-	(25,322)
Total net and comprehensive result for the period	(354,311)	52,679	(52,912)	(354,544)
Total assets	2,804,654	319,732	(106,611)	3,017,775
Total liabilities	2,737,731	266,742	(56,271)	2,948,202
Depreciation of properties, plant and equipment and investment properties	(64,657)	-	-	(64,657)
Increase in properties, plant and equipment	125,417	-	-	125,417
Investments in subsidiaries	50,340	-	(50,340)	-

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 NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

**10. PROPERTIES, PLANT AND EQUIPMENT**

MAIN ACCOUNT	ORIGINAL VALUE					DEPRECIATION				NET BOOK VALUE 09.30.15	NET BOOK VALUE 12.31.14
	AT BEGINNING OF YEAR	INCREASES	TRANSFERS	RETIREMENTS	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	RETIREMENTS	INCREASES	ACCUMULATED AT END OF PERIOD		
Land	15,654	-	-	-	15,654	-	-	-	-	15,654	15,654
Building and civil constructions	72,000	-	-	-	72,000	27,813	-	1,068	28,881	43,119	44,187
High pressure mains	320,611	-	64,275	-	384,886	204,642	-	4,276	208,918	175,968	115,969
Medium and low pressure mains	1,985,150	-	93,780	(4,338)	2,074,592	686,683	(2,460)	34,547	718,770	1,355,822	1,298,467
Pressure regulating stations	82,627	-	-	-	82,627	46,977	-	2,044	49,021	33,606	35,650
Consumption measurement installations	362,633	-	9,467	(19)	372,081	199,421	(9)	10,657	210,069	162,012	163,212
Other technical installations	59,214	-	625	-	59,839	49,075	-	738	49,813	10,026	10,139
Machinery, equipment and tools	32,400	-	4,180	-	36,580	28,063	-	786	28,849	7,731	4,337
Computer and telecommunications equipment	250,208	-	3,263	-	253,471	196,429	-	13,915	210,344	43,127	53,779
Vehicles	13,642	-	-	-	13,642	10,590	-	668	11,258	2,384	3,052
Furniture and fixtures	5,476	-	764	-	6,240	5,468	-	16	5,484	756	8
Materials	49,114	34,621	(20,322)	(7,249)	56,164	-	-	-	-	56,164	49,114
Gas in pipelines	214	-	-	-	214	-	-	-	-	214	214
Work in progress	113,450	122,313	(160,509)	-	75,254	-	-	-	-	75,254	113,450
Distribution network extensions constructed by third parties	68,052	-	4,477	-	72,529	18,995	-	1,078	20,073	52,456	49,057
Subtotal	3,430,445	156,934	-	(11,606)	3,575,773	1,474,156	(2,469)	69,793	1,541,480	2,034,293	1,956,289
Allowance for obsolescence of materials	(1,383)	(3,524)	-	(69)	(4,976)	-	-	-	-	(4,976)	(1,383)
Allowance for disposal of properties, plant and equipment	(4,188)	(1,898)	-	2,242	(3,844)	-	-	-	-	(3,844)	(4,188)
Total as of September 30, 2015	3,424,874	151,512	-	(9,433)	3,566,953	1,474,156	(2,469)	69,793	1,541,480	2,025,473	
Total as of December 31, 2014	3,245,447	199,383	-	(19,956)	3,424,874	1,395,844	(8,621)	86,933	1,474,156		1,950,718

As mentioned in Note 2.7.1 to the consolidated financial statements as of December 31, 2014, 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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**METROGAS S.A.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

**11. INVESTMENT PROPERTIES**

MAIN ACCOUNT	ORIGINAL VALUE			DEPRECIATION					NET BOOK VALUE 09.30.15	NET BOOK VALUE 12.31.14
	AT BEGINNING OF YEAR	DECREASE	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	DECREASE	ANNUAL RATE	INCREASES	ACCUMULATED AT END OF PERIOD		
Land	729	-	729	-	-	-	-	-	729	729
Building	3,049	-	3,049	1,323	-	2.00%	45	1,368	1,681	1,726
Total as of September 30, 2015	3,778	-	3,778	1,323	-		45	1,368	2,410	
Total as of December 31, 2014	7,818	(4,040)	3,778	2,479	(1,237)		81	1,323		2,455



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**METROGAS S.A.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

**13. TRADE RECEIVABLES**

	<u>09.30.15</u>	<u>12.31.14</u>
<b>Current</b>		
Trade receivables	599,171	432,682
Unbilled revenues	514,776	218,205
Related parties	40,402	25,432
Tax on banking transactions to be recovered	14,762	10,530
Allowance for doubtful accounts	(36,732)	(27,994)
<b>Total Current</b>	<b><u>1,132,379</u></b>	<b><u>658,855</u></b>

The aging analysis of the trade receivables is as follows:

	<u>09.30.15</u>	<u>12.31.14</u>
-Past due		
under 3 months	94,353	81,174
from 3 to 6 months	24,839	39,253
from 6 to 9 months	13,604	23,434
from 9 to 12 months	10,109	7,447
from 1 to 2 years	15,443	6,464
more than 2 years	13,328	10,965
Subtotal	<b><u>171,676</u></b>	<b><u>168,737</u></b>
-Becoming due		
under 3 months	985,471	508,127
from 3 to 6 months	4,498	3,900
from 6 to 9 months	3,775	3,453
from 9 to 12 months	3,691	2,632
Subtotal	<b><u>997,435</u></b>	<b><u>518,112</u></b>
Allowance for doubtful accounts	(36,732)	(27,994)
<b>Total</b>	<b><u>1,132,379</u></b>	<b><u>658,855</u></b>

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### METROGAS S.A.

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 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>09.30.15</u>	<u>12.31.14</u>
Pesos	833,842	434,050
US Dollars	298,537	224,805
<b>Total</b>	<b><u>1,132,379</u></b>	<b><u>658,855</u></b>

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

	<u>09.30.15</u>	<u>12.31.14</u>
<b>Balance at beginning of year</b>	28,983	14,375
Revaluation of foreign currency	1,325	5,066
Increases (*)	8,027	13,865
Decreases	(398)	(4,323)
<b>Balance at end of period / year</b>	<b><u>37,937</u></b>	<b><u>28,983</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 NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### 14. OTHER RECEIVABLES

	<u>09.30.15</u>	<u>12.31.14</u>
<b>Non current:</b>		
Related parties	5,657	5,713
Social security and tax credits	3,869	3,866
Expenses paid in advance	451	242
<b>Total non current</b>	<b><u>9,977</u></b>	<b><u>9,821</u></b>
<b>Current:</b>		
Advances to employees	523	318
Insurance paid in advance	-	3,585
Expenses paid in advance	3,826	4,095
Trust Fund Resolution No. 2407	1,476	4,538
Social security and tax credits	23,117	15,492
Recoverable expenses	9,214	2,879
Related parties	5,471	2,688
Advances to suppliers	15,216	15,772
Temporary economic assistance - Related parties	305,740	-
Advances and anticipated purchases of gas	4,085	21,708
Management service for third parties constructions	20,509	-
Miscellaneous	3,649	9,960
Allowance for doubtful accounts	(1,205)	(989)
<b>Total current</b>	<b><u>391,621</u></b>	<b><u>80,046</u></b>
<b>Total</b>	<b><u>401,598</u></b>	<b><u>89,867</u></b>

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### METROGAS S.A.

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

The aging analysis of the other receivables is as follows:

	<u>09.30.15</u>	<u>12.31.14</u>
-Past due		
under 3 months	317,328	1,493
from 3 to 6 months	293	325
from 6 to 9 months	116	276
from 9 to 12 months	167	287
from 1 to 2 years	513	393
more than 2 years	692	591
Subtotal	<u>319,109</u>	<u>3,365</u>
-Without due	<u>22,823</u>	<u>22</u>
-Becoming due		
under 3 months	50,002	42,396
from 3 to 6 months	380	10,837
from 6 to 9 months	313	19,315
from 9 to 12 months	199	5,100
from 1 to 2 years	7,063	242
more than 2 years	2,914	9,579
Subtotal	<u>60,871</u>	<u>87,469</u>
Allowance for doubtful accounts	<u>(1,205)</u>	<u>(989)</u>
<b>Total</b>	<b><u>401,598</u></b>	<b><u>89,867</u></b>

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

	<u>09.30.15</u>	<u>12.31.14</u>
Pesos	389,865	73,288
US Dollars	11,521	15,922
Pound sterling	212	657
<b>Total</b>	<b><u>401,598</u></b>	<b><u>89,867</u></b>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 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 flows, cash and cash equivalents is as follows:

	<u>09.30.15</u>	<u>12.31.14</u>
Cash and banks	54,622	57,196
Mutual funds	273,977	40,390
<b>Total</b>	<b><u>328,599</u></b>	<b><u>97,586</u></b>

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

	<u>09.30.15</u>	<u>12.31.14</u>
Pesos	326,588	95,676
US Dollars	1,920	1,809
Sterling pound	56	53
Euros	21	31
Reales	14	17
<b>Total</b>	<b><u>328,599</u></b>	<b><u>97,586</u></b>

As of September 30, 2015 and December 31, 2014, fund collected and pending to be deposit for Trust Funds, Resolution I-2621/2013 and the Trust Fund Resolution N° 2407 amount to Ps. 139,246 thousand and Ps. 135,106 thousand, respectively.

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

As of September 30, 2015, the issued capital of MetroGAS amounts to Ps. 569,171 thousand, 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 (thousands of Ps.)
Outstanding:	
Common Certified Shares, of Ps. 1 Par Value and 1 Vote each:	
Class "A"	290,277
Class "B"	221,977
Class "C"	56,917
<b>Issued Capital at 09.30.15</b>	<b><u>569,171</u></b>



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## METROGAS S.A.

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

As of December 31, 2014, the Company recorded accumulated losses for Ps. 779,357 thousand and kept a negative shareholders equity attributable to the controlling interest of Ps. 210,186 thousand, being subject to the provisions of Article 94, paragraph 5, and Article 96 of the General Corporations Law. Considering the aforementioned, having discussed the issue at the Shareholders Meeting held on April 28, 2015, the shareholders of MetroGAS estimates that the Company’ economic-financial situation will gradually improve through the implementation of the Provisional Agreement subscribed on March 26, 2014 with the UNIREN. Additionally, the Company expects to reach a consensus with the National Government, through the UNIREN, regarding the conditions, terms and opportunity for the subscription of an “Acta Acuerdo de Renegociación Contractual Integral” (Comprehensive Letter of Understanding of Contractual Renegotiation), in order to facilitate the recomposition of the economic-financial situation of the Company. Additionally, if the conditions as of the date of issuance of these financial statements continue, the Board of Directors intends to take a number of measures to mitigate the impact of the current financial situation, including: a) escalating the Company claims to Argentine authorities on the approval of tariff increases (including the pass-through of municipal levies); b) procuring the strict management of cash-flow and control our expenditures; c) requiring additional capital contributions from shareholders; d) modifying payment conditions with our principal suppliers; and e) obtaining financing from third parties. For these reasons, the shareholders of MetroGAS will monitor the evolution of the equity of the Company during the year as well as the effect of the actions which estimated take for the same, in the case that application of the agreements signed with the National Government to date are insufficient to gradually rebuild the equity of the Company.

As mentioned in Note 2.1, on June 8, 2015, the Official Gazette published ES Resolution No. 263/2015 whereby the Energy Secretariat approved the allocation of funds as a temporary economic assistance to be paid in ten consecutive installments in benefit of MetroGAS and the rest of the natural gas distributors effective as from March 2015, in order to cover expenditures and investments related to the regular operation of the natural gas public service and in advance for the Comprehensive Tariff Revision to be carried out in due time. MetroGAS has recognized Ps. 561,700 thousands corresponding to such assistance in the result for the nine months period ended September 30, 2015.

Nonetheless, as a consequence of the magnitude of the accumulated losses, as of September 30, 2015, the Company registered a negative Shareholders’ equity attributable to controlling interest of Ps. 227,393, being subject to the provisions of Art. 94, paragraph 5 and Art. 96 of the General Corporations Law.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### 17. OTHER TAXES PAYABLES

	<u>09.30.15</u>	<u>12.31.14</u>
<b>Non current:</b>		
Others taxes	5,811	6,732
<b>Total non current</b>	<u>5,811</u>	<u>6,732</u>
<b>Current:</b>		
Value added tax	42,456	2,992
GCABA study, revision and inspection of works in public space levy	52,853	41,390
GNC Tax	5,901	5,781
Turnover tax	31,854	11,270
Provincial and municipal taxes	55,437	37,921
Hydric infrastructure rate	3,639	2,335
Others taxes	1,949	1,149
<b>Total current</b>	<u>194,089</u>	<u>102,838</u>
<b>Total</b>	<u><b>199,900</b></u>	<u><b>109,570</b></u>

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

The aging analysis of other taxes payables is as follows:

	<u>09.30.15</u>	<u>12.31.14</u>
-Without due	87,857	70,865
-Becoming due		
under 3 months	105,178	31,100
from 3 to 6 months	305	291
from 6 to 9 months	444	291
from 9 to 12 months	305	291
from 1 to 2 years	1,041	1,205
more than 2 years	4,770	5,527
Subtotal	<u>112,043</u>	<u>38,705</u>
<b>Total</b>	<u><b>199,900</b></u>	<u><b>109,570</b></u>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### 18. FINANCIAL DEBT

	<u>09.30.15</u>	<u>12.31.14</u>
<b>Non current:</b>		
Negotiable Obligations ("Notes")	1,489,242	1,305,524
Related parties ("Notes")	34,691	31,185
<b>Total Non current</b>	<b><u>1,523,933</u></b>	<b><u>1,336,709</u></b>
<b>Current:</b>		
Interest to be paid ("Notes")	40,418	825
Related parties (Line of credit)	130,098	108,242
Related parties (Interest "Notes")	925	-
<b>Total Current</b>	<b><u>171,441</u></b>	<b><u>109,067</u></b>
<b>Total</b>	<b><u>1,695,374</u></b>	<b><u>1,445,776</u></b>

The table below shows the changes occurred in the balance of financial debt as of September 30, 2015 and December 31, 2014:

	<u>09.30.15</u>	<u>12.31.14</u>
Balance at beginning of year	1,445,776	953,124
Proceeds from YPF loan	-	90,000
Notes of Late Verification	-	142
Accrued interest at effective interest rate - Notes (1)	165,452	193,302
Accrued interest on YPF loan	21,856	18,242
Exchange loss	140,684	302,690
Interest payment	(78,394)	(111,724)
Balance at end of period / year	<b><u>1,695,374</u></b>	<b><u>1,445,776</u></b>

(1) Includes accrued interest on notes issued to YPF S.A. and YSUR Energía Argentina S.R.L..

The aging analysis of financial debt is as follows:

	<u>09.30.15</u>	<u>12.31.14</u>
-Becoming due		
under 3 months	41,343	55,808
from 3 to 6 months	66,086	53,259
from 6 to 9 months	64,012	-
more than 2 years	1,523,933	1,336,709
Subtotal	<b><u>1,695,374</u></b>	<b><u>1,445,776</u></b>
<b>Total</b>	<b><u>1,695,374</u></b>	<b><u>1,445,776</u></b>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### Negotiable Obligations

Information related with negotiable obligations is detailed in Note 17 to the consolidated financial statements as of December 31, 2014.

No event of default has occurred as of September 30, 2015. During the present period the Company has complied with the terms and covenants established under the Offering Circular.

#### Related parties

On December 12, 2013, the Board of Directors of MetroGAS unanimously approved an agreement that contemplated the opening of a credit facility with YPF. YPF’s credit facility proposal had a BADLAR cost plus an annual 6% spread. YPF made available to MetroGAS a “Non-Committed” credit facility for up to Ps. 180,000 thousand for a period of 180 days as from the date of the proposal. MetroGAS may require such drawdowns as it may deem advisable according to its needs up to the maximum amount of the credit facility and for the above mentioned period, and make partial or total advance payments without penalty. An annual 10% default interest is applied in the event of default. On February 26, 2015 an extension of 365 days as from their corresponding maturity date and with the same terms and conditions was established, limiting the amount to Ps. 140,000 thousand. As of September 30, 2015, the Company has taken Ps. 90,000 thousand and has capitalized interest by Ps. 24,115 thousand of this facility.

#### 19. REORGANIZATION LIABILITIES

	<u>09.30.15</u>	<u>12.31.14</u>
<b>Non current:</b>		
Taxes payable	13,283	15,953
Trade payables	23	23
Salaries and social security	336	337
<b>Total Non current</b>	<u><b>13,642</b></u>	<u><b>16,313</b></u>

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

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### 20. PROVISIONS

Provisions	Civil, labor and other claims	Tax claims and other fines	Regulatory claims and interpretation disagreements	Total
<b>Balance at 12.31.14</b>	<b>52,972</b>	<b>1,598</b>	<b>14,948</b>	<b>69,518</b>
Increases of the period (*)	13,788	939	154	14,881
Reclassification to other accounts payable	-	-	350	350
Decreases of the period	(4,063)	(63)	(132)	(4,258)
<b>Balance at 09.30.15</b>	<b>62,697</b>	<b>2,474</b>	<b>15,320</b>	<b>80,491</b>

(\*) Charge to Other income and expenses (see Note 26).

#### 21. TRADE PAYABLES

	<u>09.30.15</u>	<u>12.31.14</u>
<b>Non current:</b>		
Gas creditors	16,647	-
Related parties	179,060	-
<b>Total Non current</b>	<b>195,707</b>	-
<b>Current:</b>		
Gas and transportation creditors	826,156	457,342
Other purchases and services creditors	141,192	106,024
Trust Fund Resolution No. 2407	-	2,200
Trust Funds	101,322	132,750
Related parties	515,900	315,984
Resolution I-2621/2013	37,924	156
<b>Total current</b>	<b>1,622,494</b>	<b>1,014,456</b>
<b>Total</b>	<b>1,818,201</b>	<b>1,014,456</b>

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### METROGAS S.A.

#### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

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

	<u>09.30.15</u>	<u>12.31.14</u>
Pesos	1,573,024	836,775
US Dollars	244,576	176,322
Euros	601	146
Sterling pound	-	1,213
<b>Total</b>	<b><u>1,818,201</u></b>	<b><u>1,014,456</u></b>

The aging analysis of the trade payables is as follows:

	<u>09.30.15</u>	<u>12.31.14</u>
-Past due		
under 3 months	115,394	350,686
from 3 to 6 months	91,399	134,752
from 6 to 9 months	17,236	7,979
from 9 to 12 months	19,357	8,137
from 1 to 2 years	139,156	52,353
more than 2 years	119	6,074
Subtotal	<b><u>382,661</u></b>	<b><u>559,981</u></b>
-Without due	<b><u>41,486</u></b>	-
-Becoming due		
under 3 months	1,124,300	454,435
from 3 to 6 months	23,192	-
from 6 to 9 months	24,652	40
from 9 to 12 months	26,203	-
from 1 to 2 years	122,368	-
more than 2 years	73,339	-
Subtotal	<b><u>1,394,054</u></b>	<b><u>454,475</u></b>
<b>Total</b>	<b><u>1,818,201</u></b>	<b><u>1,014,456</u></b>

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### 22. SALARIES AND SOCIAL SECURITY

	<u>09.30.15</u>	<u>12.31.14</u>
Salaries	3,650	15,777
Social security	16,101	18,683
Related parties	6,231	7,691
Thirteenth month salary provision	11,317	-
Vacation provision	51,959	36,679
Bonus provision	29,486	21,009
Others	1,305	742
<b>Total</b>	<b><u>120,049</u></b>	<b><u>100,581</u></b>

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

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

	<u>09.30.15</u>	<u>12.31.14</u>
-Becoming due		
under 3 months	56,559	73,025
from 3 to 6 months	43,235	9,121
from 6 to 9 months	9,995	9,121
from 9 to 12 months	10,260	9,314
Subtotal	<b><u>120,049</u></b>	<b><u>100,581</u></b>
<b>Total</b>	<b><u>120,049</u></b>	<b><u>100,581</u></b>

#### 23. OTHER ACCOUNTS PAYABLE

	<u>09.30.15</u>	<u>12.31.14</u>
Directors fees	42	164
Payables for works on behalf of third parties	11,292	22,760
ENARGAS' Fines	2,366	2,276
GCBA' Fines	6,702	3,605
Miscellaneous	400	97
<b>Total</b>	<b><u>20,802</u></b>	<b><u>28,902</u></b>

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

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

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

	<b>09.30.15</b>	<b>12.31.14</b>
-Without due	2,366	2,276
-Becoming due		
under 3 months	7,301	14,552
from 3 to 6 months	6,307	11,743
from 6 to 9 months	3,081	199
from 9 to 12 months	1,747	132
Subtotal	<b>18,436</b>	<b>26,626</b>
<b>Total</b>	<b>20,802</b>	<b>28,902</b>

## 24. REVENUES

	For the nine months period ended		For the three months period ended	
	09.30.15	09.30.14	09.30.15	09.30.14
Gas sales	1,572,715	1,377,047	782,437	717,518
MetroENERGÍA's gas sales and transportation	1,638,154	1,023,707	637,931	415,487
Transportation and distribution services	144,640	136,715	45,102	45,107
Other sales	28,038	25,553	13,205	18,128
Natural gas liquids processing	3,114	1,807	1,388	1,807
MetroENERGÍA's other revenues	7,675	5,608	1,731	1,224
<b>Total</b>	<b>3,394,336</b>	<b>2,570,437</b>	<b>1,481,794</b>	<b>1,199,271</b>



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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### 25. EXPENSES BY NATURE

	For the nine months period ended				
	09.30.15				09.30.14
	OPERATING COSTS	ADMINISTRATION EXPENSES	SELLING EXPENSES	TOTAL	TOTAL
Payroll and other employees benefits	128,215	131,695	111,657	371,567	278,332
Social security contributions	27,611	15,201	29,906	72,718	54,731
Cost of natural gas	2,229,783	-	-	2,229,783	1,498,764
Transportation of natural gas and processed natural gas	240,541	-	-	240,541	169,823
Directors and Supervisory committee fees	-	1,851	-	1,851	1,635
Fees for professional services	226	5,386	786	6,398	6,599
Sundry materials	13,407	-	-	13,407	6,451
Fees for sundry services	29,528	15,932	47,304	92,764	68,256
Post and telephone	437	4,348	35,216	40,001	29,246
Rent and leases	36	445	2,300	2,781	3,313
Transportation and freight charges	-	6,284	-	6,284	3,683
Office materials	882	1,541	244	2,667	2,369
Travelling expenses	627	590	409	1,626	971
Insurance premium	-	9,005	2	9,007	6,706
Fixed assets maintenance	72,564	46,123	219	118,906	79,060
Property, plant and equipment and Investment properties depreciation	54,826	15,012	-	69,838	64,657
Taxes, rates and contributions	36,448	53,548	97,012	187,008	147,936
Publicity	-	-	4,252	4,252	3,331
Doubtful accounts	-	-	8,027	8,027	9,781
Bank expenses and commissions	-	566	14,397	14,963	12,137
Others expenses	1,853	3,736	1,006	6,595	3,957
Total as of September 30, 2015	2,836,984	311,263	352,737	3,500,984	
Total as of September 30, 2014	1,947,600	241,256	262,882		2,451,738

  

	For the three months period ended				
	09.30.15				09.30.14
	OPERATING COSTS	ADMINISTRATION EXPENSES	SELLING EXPENSES	TOTAL	TOTAL
Payroll and other employees benefits	48,971	40,848	49,942	139,761	106,955
Social security contributions	6,937	30	13,112	20,079	20,495
Cost of natural gas	954,336	-	-	954,336	733,666
Transportation of natural gas and processed natural gas	97,875	-	-	97,875	57,386
Directors and Supervisory committee fees	-	617	-	617	759
Fees for professional services	88	2,411	80	2,579	2,037
Sundry materials	6,692	-	-	6,692	3,627
Fees for sundry services	9,811	6,519	16,780	33,110	25,775
Post and telephone	146	1,862	13,087	15,095	12,005
Leases	29	235	838	1,102	1,073
Transportation and freight charges	-	2,842	-	2,842	1,782
Office materials	32	802	97	931	1,030
Travelling expenses	278	231	199	708	426
Insurance premium	-	3,411	-	3,411	2,490
Fixed assets maintenance	29,772	15,587	27	45,386	30,624
Property, plant and equipment and Investment properties depreciation	18,652	5,030	-	23,682	21,986
Taxes, rates and contributions	12,638	18,683	44,475	75,796	64,024
Publicity	-	-	2,122	2,122	1,602
Doubtful accounts	-	-	3,897	3,897	9,829
Bank expenses and commissions	-	149	6,199	6,348	5,771
Others expenses	953	1,638	203	2,794	1,505
Total as of September 30, 2015	1,187,210	100,895	151,058	1,439,163	
Total as of September 30, 2014	894,085	92,800	117,962		1,104,847

The expenses included in the above table are net of the Company’s own expenses capitalized in properties, plant and equipment for Ps. 15,681 thousand at September 30, 2015 and for Ps. 10,737 thousand at September 30, 2014.

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

#### 26. OTHER INCOME AND EXPENSES

	For the nine months period ended		For the three months period ended	
	09.30.15	09.30.14	09.30.15	09.30.14
Leases	-	810	-	-
Result from sales of investment properties	-	8,067	-	-
Publicity	338	555	-	48
Contractors penalties	1,235	-	158	-
Other income	5,555	5,582	1,420	1,062
Revenues from rendering services to Controlling Company	2,239	2,095	917	765
Temporary economic assistance	561,700	-	206,200	-
Increases in provisions for claims and contingencies	(14,881)	(29,086)	(9,753)	(13,846)
<b>Total</b>	<b>556,186</b>	<b>(11,977)</b>	<b>198,942</b>	<b>(11,971)</b>

#### 27. NET FINANCIAL RESULTS

##### Finance income

	For the nine months period ended		For the three months period ended	
	09.30.15	09.30.14	09.30.15	09.30.14
Financial assets at fair value	18,319	12,611	9,575	4,935
Exchange difference on cash and cash equivalents	737	1,416	267	178
Other financial expenses	2,670	-	-	-
	<u>21,726</u>	<u>14,027</u>	<u>9,842</u>	<u>5,113</u>

##### Finance costs

	For the nine months period ended		For the three months period ended	
	09.30.15	09.30.14	09.30.15	09.30.14
Exchange difference on financial debt	140,684	282,885	54,146	45,908
Accrued interest on notes	165,452	141,364	57,070	48,989
Accrued interest on YPF loan	21,856	12,027	7,897	5,171
Accrued interest on commercial debt	114,601	-	38,287	-
Other financial expenses	20,743	13,695	7,369	5,561
	<u>463,336</u>	<u>449,971</u>	<u>164,769</u>	<u>105,629</u>

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## METROGAS S.A.

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(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

	Trade receivables and Other receivables	Provisions	Others	Total deferred tax assets
Balances at 12.31.14	86,190	23,918	(54)	110,054
Movements of the period	9,281	3,710	(883)	12,108
Balances at 09.30.15	95,471	27,628	(937)	122,162

##### Deferred income tax liabilities

	Properties, plant and equipment	Financial debt	Others	Total deferred tax liabilities	Total net deferred tax liabilities
Balances at 12.31.14	(216,196)	(113,820)	45	(329,971)	(219,917)
Movements of the period	9,117	6,285	(214)	15,188	27,296
Balances at 09.30.15	(207,079)	(107,535)	(169)	(314,783)	(192,621)

#### MetroENERGÍA

##### Deferred income tax assets

	Trade receivables	Others	Total
Balances at 12.31.14	5,270	(650)	4,620
Movements of the period	1,948	102	2,050
Balances at 09.30.15	7,218	(548)	6,670

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## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 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:

	For the nine months period ended		For the three months period ended	
	09.30.15	09.30.14	09.30.15	09.30.14
Income tax expense on result before income tax	(2,775)	115,228	(30,326)	6,322
<u>Tax effect due to:</u>				
Non deductible expenses and non taxable income	(174)	2,536	(3)	(1,591)
Tax loss carry forwards not recognized	(20,576)	(134,554)	22,304	(3,383)
Minimum presumed income tax not recognized	-	(8,532)	-	(3,795)
Total income tax charged to results	<u>(23,525)</u>	<u>(25,322)</u>	<u>(8,025)</u>	<u>(2,447)</u>

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

	For the nine months period ended		For the three months period ended	
	09.30.15	09.30.14	09.30.15	09.30.14
Income tax determined for fiscal purposes MetroGAS	20,576	134,554	(22,304)	3,383
Income tax determined for fiscal purposes MetroENERGÍA	52,871	(32,108)	89,561	(10,137)
Temporary differences	(76,396)	15,318	(97,586)	11,485
Minimum presumed income tax not recognized	-	(8,532)	-	(3,795)
Tax loss carry forwards not recognized	(20,576)	(134,554)	22,304	(3,383)
Total income tax charged to results	<u>(23,525)</u>	<u>(25,322)</u>	<u>(8,025)</u>	<u>(2,447)</u>

The remaining tax losses carry-forward as of September 30, 2015 amounted to Ps. 326,965 thousand, were not recognized in the financial statements at the end of the period. That tax loss carry-forward could be offset against future results expiring Ps. 67,290 thousand in 2017, Ps. 239,099 thousand in 2019 and Ps. 20,576 thousand in 2020.

In addition, the tax credit on minimum presumed income tax not recognized in the financial statements as of September 30, 2015 amounted to Ps. 113,553 thousand, expiring between the years 2015 and 2024.

## 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:

	For the nine months period ended		For the three months period ended	
	09.30.15	09.30.14	09.30.15	09.30.14
Net and comprehensive result for the period attributable to controlling interest	(17,207)	(354,311)	77,031	(21,106)
Average of common shares outstanding	569,171	569,171	569,171	569,171
Net basic and diluted result per share	<u>(0.03)</u>	<u>(0.62)</u>	<u>0.14</u>	<u>(0.04)</u>

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 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 information related to changes in the Company’s control is detailed in Note 29 to the consolidated financial statements as at December 31, 2014.

The information described in the following charts shows the balances with related companies as of September 30, 2015 and December 31, 2014, as well as operations with these companies for the nine and three months periods ended on September 30, 2015 and 2014.

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### METROGAS S.A.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 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 nine months period ended														
	09.30.15					09.30.14									
	Gas & transportation sales	Gas purchases	Fee for sundry services and supplies	Sundry material - Operating cost	Other net income	Insurance premium	Finance costs on loans	Finance costs on commercial debt	Post and telephone expenses	Salaries and others employee benefits	Gas & transportation sales	Gas purchases	Finance costs	Other net income	Salaries and others employee benefits
<b>Controlling company</b>															
Gas Argentino	-	-	-	-	2,239	-	-	-	-	-	-	-	-	2,095	-
<b>Related parties:</b>															
YSUR Energía Argentina S.R.L.	-	43,049	-	-	-	-	-	1,290	-	-	-	30,700	-	-	-
Central Dock Sud S.A.	36,340	-	-	-	-	-	-	-	-	-	13,440	-	-	-	-
YPF S.A.	257	559,432	523	1,822	-	-	21,856	35,605	-	-	11	268,373	12,027	-	-
Operadora de Estaciones de Servicios S.A.	9,824	-	-	-	-	-	-	-	-	-	3,743	-	-	-	-
A-Evangelista S.A.	1,692	-	-	-	-	-	-	-	-	-	790	-	-	-	-
ENARSA	-	98,868	-	-	49	-	-	16,013	-	-	-	45,897	-	-	-
Profertil S.A.	403,757	-	-	-	-	-	-	-	-	-	56,886	-	-	-	-
YPF Energía Eléctrica S.A	-	53,262	-	-	-	-	-	-	-	-	-	-	-	-	-
Nación Seguros S.A.	-	-	-	-	-	3,109	-	-	-	-	-	-	-	-	-
Correo Argentino S.A.	-	-	-	-	-	-	-	-	774	-	-	-	-	-	-
Secretaría de Energía	-	-	-	-	561,700	-	-	-	-	-	-	-	-	-	-
Others (*)	1,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	-	-	-	20,748	-	-	-	-	16,990
	453,671	754,611	523	1,822	563,988	3,109	21,856	52,908	774	20,748	74,870	344,970	12,027	2,095	16,990

(\*) 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 NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

	For the three months period ended														
	09.30.15					09.30.14									
	Gas & transportation sales	Gas purchases	Fee for sundry services and supplies	Fees for professional services	Other net income	Insurance premium	Finance costs on loans	Finance costs on commercial debt	Post and telephone expenses	Salaries and others employee benefits	Gas & transportation sales	Gas purchases	Finance costs	Other net income	Salaries and others employee benefits
<b>Controlling company</b>															
Gas Argentino	-	-	-	-	917	-	-	-	-	-	-	-	-	765	-
<b>Related parties:</b>															
YSUR Energía Argentina S.R.L.	-	22,982	-	-	-	-	-	438	-	-	-	26,501	-	-	-
Central Dock Sud S.A.	3,422	-	-	-	-	-	-	-	-	-	5,200	-	-	-	-
YPF S.A.	9	258,343	180	946	-	-	7,897	12,101	-	-	3	140,334	5,171	-	-
Operadora de Estaciones de Servicios S.A.	1,121	-	-	-	-	-	-	-	-	-	3,318	-	-	-	-
A-Evangelista S.A.	354	-	-	-	-	-	-	-	-	-	766	-	-	-	-
ENARSA	-	69,451	-	-	1	-	-	5,438	-	-	-	22,725	-	-	-
Profertil S.A.	77,997	-	-	-	-	-	-	-	-	-	15,238	-	-	-	-
YPF Energía Eléctrica S.A.	-	24,627	-	-	-	-	-	-	-	-	-	-	-	-	-
Nación Seguros S.A.	-	-	-	-	-	1,095	-	-	-	-	-	-	-	-	-
Correo Argentino S.A.	-	-	-	-	-	-	-	-	302	-	-	-	-	-	-
Secretaría de Energía	-	-	-	-	206,200	-	-	-	-	-	-	-	-	-	-
Others (*)	537	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	-	-	-	6,282	-	-	-	-	6,828
	83,440	375,403	180	946	207,118	1,095	7,897	17,977	302	6,282	24,525	189,560	5,171	765	6,828

(\*) 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 NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION

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

The balances shown below are outstanding with related parties:

	<b>09.30.15</b>							
	Trade receivables	Other receivables		Trade payable		Financial debt		Salaries and social security
	Current	Current	Non current	Current	Non current	Current	Non current	Current
<b>Controlling company</b>								
Gas Argentino	-	2,413	5,657	-	-	-	-	-
<b>Other related parties:</b>								
YSUR Energía Argentina S.R.L.	-	-	-	14,744	4,365	37	1,377	-
Central Dock Sud S.A.	2,610	-	-	-	-	-	-	-
Operadora de Estaciones de Servicios S.A.	207	-	-	-	-	-	-	-
YPF S.A.	(7)	3,058	-	362,144	120,501	130,986	33,314	-
A-Evangelista S.A.	51	-	-	-	-	-	-	-
ENARSA	19	-	-	129,220	54,194	-	-	-
Profertil S.A.	37,499	-	-	-	-	-	-	-
YPF Energía Eléctrica S.A	-	-	-	8,924	-	-	-	-
Nación Seguros S.A.	-	-	-	868	-	-	-	-
Secretaría de Energía	-	305,740 <sup>(2)</sup>	-	-	-	-	-	-
Others <sup>(1)</sup>	23	-	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	-	6,231
	<b>40,402</b>	<b>311,211</b>	<b>5,657</b>	<b>515,900</b>	<b>179,060</b>	<b>131,023</b>	<b>34,691</b>	<b>6,231</b>

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

(2) Disclosed in the line "Temporary economic assistance".



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**METROGAS S.A.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 AND COMPARATIVE INFORMATION**

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

	<b>12.31.14</b>						
	Trade receivables	Other receivables		Trade payable	Financial debt		Salaries and social security
	Current	Current	Non current	Current	Current	Non current	Current
<b>Controlling company</b>							
Gas Argentino	-	807	5,713	-	-	-	-
<b>Other related parties:</b>							
YSUR Energía Argentina S.R.L.	-	-	-	8,651	-	1,208	-
Central Dock Sud S.A.	10,344	-	-	-	-	-	-
Operadora de Estaciones de Servicios S.A.	139	-	-	-	-	-	-
YPF S.A.	(10)	1,881	-	227,773	108,242	29,977	-
A-Evangelista S.A.	17	-	-	-	-	-	-
ENARSA	-	-	-	79,560	-	-	-
Profertil S.A.	14,942	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	7,691
	<u>25,432</u>	<u>2,688</u>	<u>5,713</u>	<u>315,984</u>	<u>108,242</u>	<u>31,185</u>	<u>7,691</u>

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## **METROGAS S.A.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2015 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.

Also, as mentioned in Note 2.4.1 to the consolidated financial statements as of December 31, 2014 and pursuant to Resolution I-2621/2013 of ENARGAS, MetroGAS currently bills on behalf and for the account of ENARSA the injected volumes in relation to CNG as from June 2013. The net balance of this operation as of September 30, 2015 is shown in Note 21.

Furthermore, as explained in Note 2.5 to the consolidated financial statements as of December 31, 2014, MetroGAS must invoice, collect and settle three 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.

Furthermore, as described in note 2.3 to these consolidated financial statements as of April 8, 2015 the Official Gazette published ENARGAS Resolution No. 3249/2015 which ordered that, from April 1, 2015 the fix amounts per invoice established by ENARGAS Resolution No. 2407/2012 that the Company continues invoicing and collecting, shall not be allocated to the Administration and Finance Trust Fund entered into with Nación Fideicomisos, but, on the contrary, they must be allocated by MetroGAS "only to activities related to the expansion and reliability of the systems, operation and maintenance tasks contributing to the compliance of the standards established by the governing code 'Código Argentino de Gas - NAG' and to commercial and administrative activities aimed to the effectively provision of service to customers within the operation area" and no less than 30% of the fix amounts shall be assigned to investments entailing system expansion within the framework of an investment plan to be authorized by ENARGAS.

### **31. SUBSEQUENTS EVENTS**

The General Extraordinary and Special Class B and C Shareholders' of MetroGAS held on October 16, 2015, approved by majority the partial conversion of Class "C" shares into Class "B" shares and the reform of the Company's By-laws was approved.

David Tezanos Gonzalez  
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, 2014, include a detailed description of the economic and regulatory context, the impact of Emergency Law and regulations thereunder on the Company.

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, which include estimates for the recoverable value of non-current assets. For this purpose, the Company prepares from time to time an economic and financial forecast on the basis of alternative scenarios based on macroeconomic, financial, market and regulatory assumptions. 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 2.3.4 to the consolidated financial statements as of December 31, 2014), on April 20, 2005 the Board of Directors of MetroGAS resolved to create 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.

On March 26, 2014, within the process of renegotiation of utilities contracts pursuant to Law No. 25,561 and supplementary rules, the Company signed a Provisional Agreement with the Unit for the Renegotiation and Analysis of Utility Contracts ("UNIREN") whereby a provisional tariff regime was agreed in order to obtain additional funds to those resulting from the enforcement of ENARGAS Resolution No. I/2407 dated December 27, 2012, that established the collection of a fixed amount per invoice depending on the customers' category, which should be transferred to a trust fund especially created for the execution of works.

The new Provisional Agreement, ratified by Decree No. 445/2014 dated April 1, 2014 and published in the Official Gazette on April 7, 2014, establishes a provisional tariff regime as from April 1, 2014, consisting in readjust prices and tariffs considering the guidelines necessary to maintain the continuity of service and also sets forth common criteria applicable to all distribution licensees, in accordance with tariff regulations in force, including changes in the gas price at the transmission system entry point (see Note 2.3.2 to the consolidated financial statements as of December 31, 2014).

On June 8, 2015, the Official Gazette published Resolution No. 263/2015 whereby the Energy Secretariat approved the allocation of funds as a temporary economic assistance to be paid in ten consecutive installments in benefit of MetroGAS and the rest of the natural gas distributors effective as from March 2015, in order to cover expenditures and investments related to the regular operation of the natural gas public service and in advance for the Comprehensive Tariff Revision to be carried out in due time (see Note 2.1 to these consolidated financial statements).

On June 8, 2015, the Official Gazette published Resolution No. I/3349 approving the new tariff charts effective as of May 1, 2015. The increases are connected with the rise of the transport component and reaches residential, commercial and industrial customers, with the exception of sub distributors, "waived" customers and those residential or commercial customers that saved more than 20% compared with the same two-month period of the previous year.

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

On September 18, 2015 MetroGAS was aware of the existence of bankruptcy petition promoted by Pan American Sur S.A., Pan American Fueguina S.A. and Pan American Energy LLC Sucursal Argentina pending before National Commercial Court No. 26, Clerk's Office No. 51, Ciudad Autónoma de Buenos Aires. To date, the Company has not received any notification concerning the aforementioned records, notwithstanding which will carry out all actions necessary for the appropriate defense of their rights.

**Analysis of transactions for the nine months period ended September 30, 2015 and 2014**

The sales of the Company for the nine months period ended September 30, 2015 increased by 32.1%, and operating costs rose by 45.7% as compared with the same period in previous fiscal year, as a result of which gross profit decreased by Ps. 65,485 thousand, amounted to Ps. 557,352 thousand during the nine months period ended on September 30, 2015, as compared with Ps. 622,837 thousand shown for the same period in the preceding fiscal year.

Administrative expenses increased by 29.0%, from Ps. 241,256 thousand during the nine months period ended on September 30, 2014, as compared with Ps. 311,263 thousand shown for the same period of the present fiscal year, and selling expenses increased by 34.2%, from Ps. 262,882 thousand, during the nine months period ended September 30, 2014, to Ps. 352,737 thousand shown for the same period of the present fiscal year.

Other income and expenses have increased significantly, from a loss Ps. 11,977 thousands in the period of nine months ended on September 30, 2014 to a gain of Ps. 556,186 thousands in the same period of the present fiscal year, due to the recognition Ps. 561,700 thousands Temporary Economic Assistance in the period ended September 30, 2015.

Consequently, during the nine months period ended September 30, 2015 an operating income of Ps. 449,538 thousand was recorded, as compared to an operating income of Ps. 106,722 thousand for the same period in previous fiscal year.

During the nine months period ended September 30, 2015 net financial results was a loss of Ps. 441,610 thousand, as compared with a loss of Ps. 435,944 thousand in the same period in previous fiscal year.

Consequently, the Company's net loss for the nine months period ended September 30, 2015 amounted to Ps. 15,597 thousand, as compared to a net loss of Ps. 354,544 thousand for the same period in previous fiscal year.

**Results of Operations and Financial Condition****Sales**

Total consolidated sales increased by 32.1% during the nine months period ended September 30, 2015, and amounted to Ps. 3,394,336 thousand, as compared with Ps. 2,570,437 thousand shown for the same period in previous fiscal year.

The increase in sales for the nine months period ended on September 30, 2015, was mainly due to increase in MetroENERGÍA's sales and an increase in MetroGas sales to residential customers and to a lesser extent on account of the increase in industrial and commercial customers and power plants sales.

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

MetroGAS gas sales to residential customers increased by 14.4%, from Ps. 1,268,667 thousand to Ps. 1,451,417 thousand for the nine months period ended on September 30, 2014 and 2015, respectively, mainly due to an increase in tariffs for the nine months period ended September 30, 2015, as compared to the same period in the previous fiscal year, according to The Provisional Agreement described in Notes 2.3.2 to the consolidated financial statements as of December 31, 2014, 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 11.9%, to Ps. 121,298 thousand during the nine months period ended on September 30, 2015 from Ps. 108,380 thousand during the same period in previous fiscal year, mainly on account of the tariff increases previously mentioned and partially offset by decrease of the volumes delivered to this customer category by 9.2%.

Sales of transportation and distribution services to power stations increased by 18.7%, from Ps. 60,343 thousand during the nine months period ended on September 30, 2014, to Ps. 71,624 thousand for the same period of the present fiscal year, mainly on account of an increase in average prices of sale, and at a lesser extent to an increase of the volumes delivered to this customer category by 0.3%.

On the other hand, sales of transportation and distribution services to industrial and commercial customers and governmental entities decreased by 11.6%, from Ps. 49,968 thousand during the nine months period ended on September 30, 2014 to Ps. 44,148 thousand for the same period in the present fiscal year, mainly on account of a decrease of the volumes delivered to this customer category by 5.3%.

Sales of transportation and distribution services to Compressed Natural Gas (“CNG”) stations increased by 9.3%, from Ps. 26,404 thousand during the nine months period ended on September 30, 2014, to Ps. 28,868 thousand for the same period of the present fiscal year, mainly on account of an increase of volumes delivered to this customer category by 2.2%.

On July 2014, the agreement with Transportadora Gas del Sur (“TGS”) to assign hydrocarbons at the head of the TGS gas pipeline in exchange of a monthly rate has been renewed. On April 29, 2015 an addendum to the agreement that set a new duration and prices until April 2016 is performed. During the nine months period ended on September 30, 2014 sales were recorded in relation with the processing of natural gas amounted to Ps. 1,807 thousand, while during the nine months period ended on September 30, 2015 revenue was amounted to Ps. 3,114 thousand.

MetroENERGÍA gas sales during the nine months period ended on September 30, 2015 amounted to Ps. 1,638,154 thousand increasing by 60.0% as compared of the same period in previous fiscal year amounted to Ps. 1,023,707 thousand. This increase was mainly due to the 46.5% increase in delivered volumes, and lesser extent on account increase in average prices.

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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

The table below shows the consolidated sales of the Company by type of service and customer categories for the nine months period ended on September 30, 2015 and 2014, in thousands of pesos:

	<b>Revenues</b>			
	<b>For the nine months period ended September 30,</b>			
	<b>2015</b>		<b>2014</b>	
	<b>Thousands of Ps.</b>	<b>% of Total Sales</b>	<b>Thousands of Ps.</b>	<b>% of Total Sales</b>
<b>MetroGAS</b>				
Gas sales:				
Residential	1,451,417	42.8 %	1,268,667	49.4 %
Industrial, Commercial and Governmental entities	121,298	3.6 %	108,380	4.2 %
Subtotal	1,572,715	46.4 %	1,377,047	53.6 %
Transportation and Distribution Services				
Power Plants	71,624	2.1 %	60,343	2.3 %
Industrial, Commercial and Governmental entities	44,148	1.3 %	49,968	1.9 %
Compressed Natural Gas	28,868	0.9 %	26,404	1.1 %
Subtotal	144,640	4.3 %	136,715	5.3 %
Processed Natural Gas	3,114	0.1 %	1,807	0.1 %
Other Gas Sales and Transportation and Distribution Services	28,038	0.8 %	25,553	1.0 %
<b>MetroENERGÍA</b>				
Total gas volumes delivered and transported by MetroENERGÍA	1,638,154	48.3 %	1,023,707	39.8 %
Other income	7,675	0.1 %	5,608	0.2 %
<b>Total of Sales</b>	<b>3,394,336</b>	<b>100.0 %</b>	<b>2,570,437</b>	<b>100.0 %</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 nine months periods ended on September 30, 2015 and 2014, in millions of cubic meters:

	<b>Volumes</b>			
	<b>For the nine months period ended September 30,</b>			
	<b>2015</b>		<b>2014</b>	
<b>MMMC</b>	<b>% of Volumes of gas delivered</b>	<b>MMMC</b>	<b>% of Volumes of gas delivered</b>	
Gas sales:				
Residential	1,548.2	29.3 %	1,607.6	30.4 %
Industrial, Commercial and Governmental entities	338.6	6.4 %	373.0	7.1 %
Subtotal	1,886.8	35.7 %	1,980.6	37.5 %
Transportation and Distribution Services				
Power Plants	1,942.7	36.8 %	1,937.3	36.7 %
Industrial, Commercial and Governmental entities	563.3	10.7 %	549.9	11.3 %
Compressed Natural Gas	404.6	7.7 %	395.8	7.5 %
Subtotal	2,910.6	55.2 %	2,928.0	55.5 %
Other Gas Sales and Transportation and Distribution Services	483.1	9.1 %	371.9	7.0 %
Total delivered volume by MetroGAS	<u>5,280.5</u>	<u>100.0 %</u>	<u>5,280.5</u>	<u>100.0 %</u>
Total gas volumes delivered and transported by MetroENERGÍA	<u>1,034.7</u>	<u>100.0 %</u>	<u>706.2</u>	<u>100.0 %</u>

**Operating Costs**

Operating costs increased by 45.7% amounting to Ps. 2,836,984 thousand during the nine months period ended on September 30, 2015, respect to Ps. 1,947,600 thousand 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 payroll and other employees' benefits, in maintenance and repair, fees for sundry services, taxes, rates and contributions and sundry materials.

The costs of natural gas purchases increased by 48.8%, from Ps. 1,498,764 thousand for the nine months period ended on September 30, 2014 to Ps. 2,229,783 thousand during the same period in present fiscal year, mainly as a result of increased in volumes purchased by MetroENERGÍA and the increase in average price gas purchased by MetroGAS, and at a lesser extent by MetroENERGÍA. During the nine months period ended on September 30, 2015 2,350 million cubic meters were purchased by MetroGAS, and 1,035 million cubic meters by MetroENERGÍA, which as a whole represent 3.0% increase with respect to gas volumes purchased in the same period in previous fiscal year.

Gas transportation costs increased by 41.6% during the nine months period ended on September 30, 2015 as compared with the same period in previous fiscal year mainly due to the increase in average prices of transportation of MetroGAS as a consequence of ENARGAS Resolutions No I 3347/15 and 3348/15.

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

The table below shows the operating costs of the Company by type of expenses for the nine month periods ended on September 30, 2015 and 2014, in thousands of pesos.

	<b>Operating costs</b>			
	<b>For the nine months period ended September 30,</b>			
	<b>2015</b>		<b>2014</b>	
<b>Thousands of Ps.</b>	<b>% of Total Operating Costs</b>	<b>Thousands of Ps.</b>	<b>% of Total Operating Costs</b>	
Cost of natural gas	2,229,783	78.6	1,498,764	77.0
Transportation of natural gas	240,541	8.5	169,823	8.7
Depreciation of properties, plant and equipment	54,826	1.9	52,018	2.7
Payroll and other employees benefits	155,826	5.5	126,287	6.5
Fixed assets maintenance	72,564	2.6	44,097	2.3
Sundry materials	13,407	0.5	6,451	0.3
Fees for sundry services	29,528	1.0	18,269	0.9
Taxes, rates and contributions	36,448	1.3	27,300	1.4
Other operating expenses	4,061	0.1	4,591	0.2
<b>Total</b>	<b>2,836,984</b>	<b>100.0</b>	<b>1,947,600</b>	<b>100.0</b>

**Administrative Expenses**

Administrative expenses increased by 29.0%, from Ps. 241,256 thousand for the nine months period ended on September 30, 2014 to Ps. 311,263 thousand 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 taxes, rates and contributions, in fixed assets maintenance, transportation and freight charges, in depreciation of properties, plant and equipment, and insurance premium.

**Selling Expenses**

Selling expenses increased by 34.2%, from Ps. 262,882 thousand for the nine months period ended on September 30, 2014 to Ps. 352,737 thousand for the same period in present fiscal year. This increase was mainly due to the increase in payroll and other employee's benefits, in taxes, rates and contributions, in fees for sundry services, in post and telecommunication expenses, in commissions in bank expenses, in publicity expenses, partially offset by decreased of doubtful account charge.

**Other income and expenses**

Other income and expenses amounted to a loss of Ps. 11,977 thousand for the nine months period ended September 30, 2014 and amounted a gain of Ps. 556,186 thousand in the same period in present fiscal year, mainly due to the income recognized from the Temporary Economic Assistance for Ps. 561,700 thousand (see note 2.1 to these consolidated financial statements).

**Net Financial Results**

During the nine months period ended on September 30, 2015 net financial results was a loss of Ps. 441,610 thousand, as compared to a loss of Ps. 435,944 thousand for the same period in previous fiscal year. The variation in financial results was mainly due to a decrease the loss of the exchange difference on financial debt partially offset by an increase in accrued financial interest, which includes interest to producers by Ps 114,601 thousand. See note 2.1 to these consolidated financial statements.



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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

**Income Tax**

During the nine months period ended on September 30, 2015 the Company accrued loss of Ps. 23,525 thousand, as compared to a loss of Ps. 25,322 thousand shown for the same period in previous fiscal year. This variation was mainly due to the effect of the decrease in net deferred tax liabilities of MetroGAS in the current period, partially offset by higher tax determined of MetroENERGÍA in the current period with respect to the same period in previous fiscal year.

**Net Cash Flows generated by Operating Activities**

Net cash flows from operating activities for the nine months period ended on September 30, 2015 amounted to Ps. 510,236 thousand, as compared with Ps. 40,811 thousand for the same period in previous fiscal year. This change was mainly due to higher cash funds generated by working capital, partially offset by the lesser funds generated by operating results.

**Net Cash Flows used in Investing Activities**

Net cash flows used in investment activities amounted to Ps. 201,566 thousand for the nine months period ended on September 30, 2015 mainly due to increases in properties, plant and equipment and intangible assets, as compared with Ps. 117,122 thousand for the same period in previous fiscal year.

**Net Cash Flows (used in) generated by Financing Activities**

Net cash flows used in financing activities amounted to Ps. 78,394 thousand for the nine months period ended on September 30, 2015 as a consequence to the payment of interests from the financial debt as compared with cash flows generated for the same period in previous fiscal year amounted to Ps. 51,877 thousand as a consequence the credit facility agreement with YPF amounted to Ps. 90,000 thousand, partially offset by payments of interest from financial debt.

**Liquidity and Capital Resources****Financing**

As of September 30, 2015, the financial debt accounted for by Company amounted to Ps. 1,695,734 thousand. (See Note 18 to the condensed interim consolidated financial statements at September 30, 2015).

**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) (2)</sup>

Condensed interim consolidated statement of financial positions as of September 30, 2015, 2014 and 2013.

	<b>09.30.15</b>	<b>09.30.14</b>	<b>09.30.13</b>
	Thousands of Ps.		
Non current Assets	2,092,070	1,924,301	1,833,577
Current assets	<u>1,852,599</u>	<u>1,093,474</u>	<u>766,085</u>
Total assets	<u><u>3,944,669</u></u>	<u><u>3,017,775</u></u>	<u><u>2,599,662</u></u>
Non current Liabilities	2,012,205	1,626,196	1,165,697
Current Liabilities	<u>2,155,123</u>	<u>1,322,006</u>	<u>860,509</u>
Total Liabilities	4,167,328	2,948,202	2,026,206
Non-controlling interest	4,734	2,650	1,968
Equity attributable to the owners	<u>(227,393)</u>	<u>66,923</u>	<u>571,488</u>
Total Liabilities and Shareholders' Equity	<u><u>3,944,669</u></u>	<u><u>3,017,775</u></u>	<u><u>2,599,662</u></u>

(1) In accordance with the provisions of section 114 of Chapter XXXI – Temporary Provisions, of the Argentine Securities Commission (“CNV”) Regulations, as amended by CNV Resolution No. 592/2011, the Informative Summary accompanying the annual and quarterly financial statements for a fiscal year beginning as from January 1, 2013 the balances and income for the fiscal year/period must be presented in comparison with those of the previous fiscal year, both prepared under IFRS, as required under paragraph 16 (c) of Technical Resolution No. 26 (as amended by Technical Resolution No. 29), and no other comparative amounts will be presented.

(2) 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) (2)</sup>

Condensed Interim Consolidated Statements of Profit and Loss and Other Comprehensive Income for the nine months periods ended on September 30, 2015, 2014 and 2013.

	<b>09.30.15</b>	<b>09.30.14</b>	<b>09.30.13</b>
	Thousands of Ps.		
Revenues	3,394,336	2,570,437	1,449,370
Operating costs	(2,836,984)	(1,947,600)	(1,056,963)
<b>Gross profit</b>	<b>557,352</b>	<b>622,837</b>	<b>392,407</b>
Administration expenses	(311,263)	(241,256)	(159,537)
Selling expenses	(352,737)	(262,882)	(193,298)
Other income and expenses	556,186	(11,977)	51,840
<b>Operating income</b>	<b>449,538</b>	<b>106,722</b>	<b>91,412</b>
Finance income	21,726	14,027	12,621
Finance cost	(463,336)	(449,971)	(217,423)
<b>Net financial results</b>	<b>(441,610)</b>	<b>(435,944)</b>	<b>(204,802)</b>
Debt restructuring result	-	-	757,470
<b>Result before income tax</b>	<b>7,928</b>	<b>(329,222)</b>	<b>644,080</b>
Income tax and minimum presumed income tax	(23,525)	(25,322)	(237,911)
<b>Net result for the period</b>	<b>(15,597)</b>	<b>(354,544)</b>	<b>406,169</b>
Other comprehensive result	-	-	-
<b>Net and comprehensive result for the period</b>	<b>(15,597)</b>	<b>(354,544)</b>	<b>406,169</b>

<sup>(1)</sup> In accordance with the provisions of section 114 of Chapter XXXI – Temporary Provisions, of the Argentine Securities Commission (“CNV”) Regulations, as amended by CNV Resolution No. 592/2011, the Informative Summary accompanying the annual and quarterly financial statements for a fiscal year beginning as from January 1, 2013 the balances and income for the fiscal year/period must be presented in comparison with those of the previous fiscal year, both prepared under IFRS, as required under paragraph 16 (c) of Technical Resolution No. 26 (as amended by Technical Resolution No. 29), and no other comparative amounts will be presented.

<sup>(2)</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 nine months periods ended on September 30, 2015, 2014 and 2013.

	<b>09.30.15</b>	<b>09.30.14</b>	<b>09.30.13</b>
	<b>Volumes</b>		
	<b>In millions of cubic meters</b>		
Gas purchased by MetroGAS	2,350	2,579	2,670
Gas contracted by third parties	3,593	3,378	3,823
	<u>5,943</u>	<u>5,957</u>	<u>6,493</u>
Volume of gas withheld:			
- Transportation	(370)	(378)	(408)
- Loss in distribution	(292)	(298)	(339)
- Transportation and processing of natural gas	-	-	(4)
	<u>5,281</u>	<u>5,281</u>	<u>5,742</u>
Volume of gas delivered by MetroGAS			
Volume of gas purchased and delivered by MetroENERGÍA	<u>1,035</u>	<u>706</u>	<u>584</u>

**Comparative Ratios** <sup>(1) (2)</sup>

The information below makes reference to the nine months periods ended on September 30, 2015, 2014 and 2013.

	<b>09.30.15</b>	<b>09.30.14</b>	<b>09.30.13</b>
Liquidity	0.86	0.83	0.89
Solvency	(0.05)	0.02	0.28
Inmobilization	0.53	0.64	0.71

<sup>(1)</sup> In accordance with the provisions of section 114 of Chapter XXXI – Temporary Provisions, of the Argentine Securities Commission (“CNV”) Regulations, as amended by CNV Resolution No. 592/2011, the Informative Summary accompanying the annual and quarterly financial statements for a fiscal year beginning as from January 1, 2013 the balances and income for the fiscal year/period must be presented in comparison with those of the previous fiscal year, both prepared under IFRS, as required under paragraph 16 (c) of Technical Resolution No. 26 (as amended by Technical Resolution No. 29), and no other comparative amounts will be presented.

<sup>(2)</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)
		\$
September	2011	0,96
September	2012	0,48
September	2013	1,10
January	2014	1,26
February	2014	1,33
March	2014	1,74
April	2014	2,05
May	2014	3,50
June	2014	3,74
July	2014	3,40
August	2014	3,66
September	2014	4,85
January	2015	2,90
February	2015	3,83
March	2015	4,24
April	2015	4,35
May	2015	4,00
June	2015	3,57
July	2015	3,56
August	2015	3,60
September	2015	3,00

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

**Perspectives**

MetroGAS intends to focus its efforts on ensuring the continuity of its business, maintaining gas supply quality and reliability, complying with basic License rules and finally, on the basis of the outcome of the License agreement renegotiation, MetroGAS will define its new strategy towards the future and in relation to matters such as business planning, business policy and an the development of an investment plan.

Autonomous City of Buenos Aires, November 4, 2015

David Tezanos Gonzalez  
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' Report (Review of condensed interim consolidated financial statements)

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

### **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 consolidated statement of financial position as of September 30, 2015, and the related consolidated statements of profit and loss and other comprehensive income, changes in shareholders' equity and cash flows for the nine-month period then ended and the supplemental information included in their Notes 1 to 31.

The figures and other information corresponding to the fiscal year finished on December 31, 2014 and for the nine-month period ended September 30, 2014, are an integral part of the condensed interim consolidated financial statements mentioned above and are intended to be read only in relation to the figures and other information of the current interim period.

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

### 3. **Auditor's responsibility**

Our responsibility is to report on these accompanying condensed interim consolidated financial statements based on our review. We have conducted our review in accordance with the International Standard on Review Engagements ("ISRE") adopted by the FACPCE through the Technical Resolution N° 33, as they were issued by the International Auditing and Assurance Standards Board ("IAASB") of the International Federation of Accountants ("IFAC"). These standards require that we comply with ethical requirements.

A review of interim financial information 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, we are in a position to report that 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 nine-month period ended September 30, 2015 are not presented, in all of its significant matters, in accordance with International Accounting Standard N° 34.

### 5. **Additional explanatory paragraphs**

Without modifying our previous conclusion, we emphasize that as mentioned in more detail in Note 16 as a consequence of the magnitude of the accumulated losses recorded at December 31, 2014 and at September 30, 2015, the Company recorded a negative Shareholder's Equity attributable to the owners of thousands of Ps. 210,186 and Ps. 227,393, respectively, being subject to the provisions of Art. 94 paragraph 5 and Art. 96 of the General Corporations Law N° 19,550.

### 6. **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 N° 34.

Buenos Aires City, Argentina  
November 4, 2015

Deloitte & Co. S.A.

Fernando G. del Pozo  
Partner