Free translation from the original financial statements prepared in Spanish for publication in Argentina

METROGAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010

Free translation from the original financial statements prepared in Spanish for publication in Argentina

METROGAS S.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

INDEX

LIMITED REVIEW REPORT

To the Shareholders, President and Directors of
MetroGAS S.A.

1. We have reviewed the accompanying balance sheet of MetroGAS S.A. as of March 31, 2011 and the related statements of operations, of changes in shareholders' equity and of cash flows for the three-months period then ended and the complementary notes 1. to 15. and exhibits A, C, D, E, F, G and H. We have also reviewed the accompanying consolidated interim financial statements of MetroGAS S.A. and its subsidiary as of March 31, 2011, which are included therein as supplementary information. The preparation and issuance of these interim financial statements are the responsibility of the Company's management.

2. Our reviews were limited to the application of the procedures set forth by Technical Resolution N° 7 of the Argentine Federation of Professional Councils in Economic Sciences for limited reviews of financial statements for interim periods, which consist mainly of the application of analytical procedures to the financial statement figures and of making inquiries of Company staff responsible for preparing the information contained in the financial statements and its subsequent analysis. These limited reviews are substantially less in scope than an audit, the objective of which is to express an opinion on the financial statements being examined. Accordingly, we do not express an opinion on the Company's financial position, the statements of its operations, changes in its shareholders' equity and cash flows, or on its consolidated financial statements.

3. The changes in the economic conditions in Argentina and the changes to the License under which the Company operates made by the Argentine National Government as mentioned in Note 2. to the consolidated financial statements, mainly related to the suspension of the original regime for tariff adjustments, have affected the Company's economic and financial equation. Management is in the process of renegotiating certain terms of the License with the Argentine National Government to counteract the negative impact caused by the above mentioned circumstances. Furthermore, the Company has prepared projections with the aim of determining the recoverable value of the non-current assets, using assumptions based on the expected final outcome of the above-mentioned renegotiation process. We are not in a position to estimate whether the assumptions used by Management to prepare its projections will materialize in the future and, therefore, if the recoverable values of the non-current assets will exceed their respective net book values.

4. The adverse financial conditions that MetroGAS faces as a result of the situation mentioned in paragraph 3 led to MetroGAS' Board of Directors to approve the Company's filing of a petition for voluntary reorganization *(concurso preventivo)* in an Argentine court on June 17, 2010, which was decreed by such court hearing the case on July 15, 2010. As mentioned in Note 9, this circumstance generated an event of default under the Negotiable Obligation Issue Program of the Company which resulted in the automatic acceleration of the outstanding financial debt obligations. Nevertheless, upon the reorganization filing, an automatic stay was put into place on the payment of principal and interest on its outstanding debt obligations. We are not in a position to foresee the outcome of the voluntary reorganization or its impact on the Company's operations.

5. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Therefore, the accompanying interim financial statements do not include any adjustments or reclassifications that might result from the outcome of the uncertainties mentioned in paragraphs 3 and 4.

6. Based on the work done, and on our audit of the Company's individual and consolidated financial statements for the year ended December 31, 2010, on which we issued our report dated March 3, 2011, with qualifications due to circumstances similar to the ones described in paragraphs 3. to 5. of this report, we report that:

a) the interim financial statements of MetroGAS S.A. as of March 31, 2011, and its consolidated interim financial statements as mentioned in paragraph 1., prepared in conformity with accounting standards in effect in the City Autonomous of Buenos Aires, consider all significant facts and circumstances which are known to us and that we have no observations to make on them other than those indicated in paragraphs 3. to 5.;

b) the comparative information included in the individual and consolidated balance sheets and in the supplementary notes and exhibits of the accompanying financial statements arises from the financial statements of MetroGAS S.A. as of December 31, 2010.

7. The March 31, 2010 balances in the individual and consolidated financial statements were presented for comparative purposes and were reviewed by us, on which we issued a limited review report on May 6, 2010 with observations due to circumstances similar to the ones described in paragraph 3. and 5. of this report, and to the uncertainty about the Company's ability to meet its financial commitments.

8. In compliance with current regulations we report that:

   a) the financial statements of MetroGAS S.A. and its consolidated financial statements have been transcribed to the "Inventory and Balance Sheet" book and comply, as regards those matters that are within our competence, with the Commercial Companies Law and the pertinent resolutions of the National Securities Commission;

   b) the financial statements of MetroGAS S.A. arise from accounting records carried in all formal respects in accordance with current regulations;

   c) we have read the summary of activity on which, as regards those matters that are within our competence, we have no observations to make other than those indicated in paragraphs 3. to 5.;

   d) at March 31, 2011, the debt of MetroGAS S.A. accrued in favor of the Integrated Social Security System according to the Company's accounting records amounts to $ 3,426,735, none of which was due at that date.

Buenos Aires, Argentina
May 9, 2011

PRICE WATERHOUSE & CO. S.R.L.

By (Partner)
Carlos N. Martinez

METROGAS S.A.

Legal address: Gregorio Aráoz de Lamadrid 1360 - Autonomous City of Buenos Aires

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

Fiscal year No. 20 commenced January 1, 2011

Principal activity: Provision of natural gas distribution services

Registration with the Public Registry of Commerce:
By-laws: December 1, 1992
Last amendment: July 29, 2005

Duration of Company: Until December 1, 2091

Parent company: Gas Argentino S.A.
Legal address: Gregorio Aráoz de Lamadrid 1360 - Autonomous City of Buenos Aires
Principal activity: Investment
Percentage of votes held by the parent company: 70%

Composition and changes in Common Stock as of March 31, 2011

Composition

Classes of shares	**Subscribed, registered and paid-in**
Outstanding:	Thousands of Ps.
Ordinary certified shares of Ps. 1 par value and 1 vote each:	
Class "A"	290,277
Class "B"	221,977
Class "C"	56,917
Common Stock as of March 31, 2011	**569,171**

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

Changes in Common Stock

	Subscribed, registered and paid-in
	Thousands of Ps.
Common Stock as per charter of November 24, 1992 registered with the Public Registry of Commerce on December 1, 1992 under No. 11,670, Corporations Book 112, Volume A.	12
Common Stock increase approved by the Shareholders' Meeting held on December 28, 1992 and registered with the Public Registry of Commerce on April 19, 1993 under No. 3,030, Corporations Book 112, Volume A.	388,212
Common Stock increase approved by the Shareholders' Meeting held on June 29, 1994 and registered with the Public Registry of Commerce on September 20, 1994 under No. 9,566, Corporations Book 115, Volume A.	124,306
Capitalization of the Adjustment to Common Stock approved by the Shareholders' Meeting held on March 12, 1997 and registered with the Public Registry of Commerce on June 17, 1997 under No. 6,244, Corporations Book 121, Volume A.	56,641
Common Stock as of March 31, 2011	**569,171**

Free translation from the original financial statements prepared in Spanish for publication in Argentina

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM BALANCE SHEETS AS OF MARCH 31, 2011 AND 2010 AND AUDITED CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2010

	March 31, 2011	December 31, 2010	March 31, 2010
	Thousands of Ps.		
ASSETS			
CURRENT ASSETS			
Cash and banks (Note 4 a))	161,778	49,559	11,946
Investments (Exhibit D)	69,159	261,789	46,511
Trade receivables, net (Note 4 b))	225,134	207,305	153,990
Other receivables (Note 4 c))	19,338	13,319	12,732
Inventories, net (Note 4 d))	5,075	4,592	3,706
Total current assets	480,484	536,564	228,885
NON-CURRENT ASSETS			
Investments (Exhibit D)	688	668	381
Other receivables (Note 4 e))	270,789	250,791	233,243
Fixed assets, net (Exhibit A)	1,720,673	1,722,877	1,690,422
Total non-current assets	1,992,150	1,974,336	1,924,046
Total assets	2,472,634	2,510,900	2,152,931
LIABILITIES			
CURRENT LIABILITIES			
Debts			
Accounts payable (Note 4 f))	237,208	307,824	160,234
Financial debt (Note 4 g))	-	-	99,993
Payroll and social security payable	27,656	29,245	17,988
Taxes payable (Note 4 h))	46,058	37,699	52,908
Other liabilities	9,883	9,195	8,610
Total debts	320,805	383,963	339,733
Contingencies provision (Exhibit E)	81,417	79,098	69,381
Total current liabilities	402,222	463,061	409,114
NON-CURRENT LIABILITIES			
Financial debt (Note 4 i))	-	-	852,539
Taxes payable	-	-	6,959
Reorganization liabilities (Note 4 j))	1,268,790	1,220,331	-
Total non-current liabilities	1,268,790	1,220,331	859,498
Total liabilities	1,671,012	1,683,392	1,268,612
MINORITY INTEREST	1,993	1,604	1,802
SHAREHOLDERS' EQUITY	799,629	825,904	882,517
Total	2,472,634	2,510,900	2,152,931

Notes 1 to 6 and Exhibits A, D, E, F, G and H are an integral part of these consolidated financial statements.

Juan Carlos Fronza
President

Free translation from the original financial statements prepared in Spanish for publication in Argentina

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

	March 31,	
	2011	2010
	Thousands of Ps., except for per share information	
Sales (Note 4 k))	231,578	225,719
Operating cost (Exhibit F)	(176,666)	(160,525)
Gross profit	54,912	65,194
Administrative expenses (Exhibit H)	(35,896)	(21,568)
Selling expenses (Exhibit H)	(32,997)	(26,101)
Operating (loss) income	(13,981)	17,525
Financing and holding results generated by assets		
Holding results	1,503	311
Result on present-valuing long term other receivables	1,823	(308)
Interest on commercial operations	1,565	896
Interest on financial operations	130	135
Exchange gain on commercial operations	874	585
Exchange gain on financial operations	3,982	111
Financing and holding results generated by liabilities		
Interest on commercial operations	(668)	(105)
Interest on financial operations	(1)	(17,906)
Result on present-valuing long term financial debt	-	(4,592)
Exchange gain (loss) on commercial operations	317	(360)
Exchange loss on financial operations	(30,295)	(11,722)
Others	(1,569)	(1,789)
Other income net	3,557	3,346
Minority interest	(389)	(456)
Loss before income tax	(33,152)	(14,329)
Income tax (Note 3.5.h))	6,877	(755)
Net loss for the period	**(26,275)**	**(15,084)**
Basic loss per share (Note 3.6.)	(0.05)	(0.03)
Diluted loss per share (Note 3.6.)	(0.05)	(0.03)

Notes 1 to 6 and Exhibits A, D, E, F, G and H are an integral part of these consolidated financial statements.

Juan Carlos Fronza
President

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

	March 31, 2011	March 31, 2010
	Thousands of Ps.	
Cash flow from operating activities		
Net loss for the period	(26,275)	(15,084)
Financial debt interest expense accrued during the period	1	17,906
Income tax accrued during the period	(6,877)	755
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	389	456
Depreciation of fixed assets	17,589	18,154
Net book value of fixed assets retired	123	332
Allowance for doubtful accounts	762	1,574
Allowance for inventory obsolescence	116	(247)
Allowance for disposal of fixed assets	1,455	2,042
Contingencies provision	2,414	(1,388)
Materials consumed	1,679	559
Exchange differences on financial operations	30,295	11,722
Result on present-valuing long term financial debt	-	4,592
Result on present-valuing long term other receivables	(1,823)	308
Other financial results	2,735	(2,561)
Changes in assets and liabilities		
Trade receivables	(18,591)	12,891
Other receivables	(13,132)	(5,769)
Inventories	(2,265)	(129)
Non current investments	(20)	(10)
Accounts payable	(54,526)	(77,816)
Payroll and social security payable	(1,589)	(5,064)
Taxes payable	4,178	(3,496)
Other liabilities	688	529
Contingencies provision	(95)	(7)
Income tax paid for the period	(666)	(7,742)
Net cash used in operating activities	(63,435)	(47,493)
Cash flow used in investing activities		
Purchase of fixed assets	(16,976)	(22,575)
Net cash used in investing activities	(16,976)	(22,575)
Cash flow provided by financing activities		
Loans	-	240
Net cash provided by financing activities	-	240
Decrease in cash and cash equivalents	(80,411)	(69,828)
Cash and cash equivalents at the beginning of the year	311,348	128,285
Cash and cash equivalents at the end of the period	230,937	58,457

Notes 1 to 6 and Exhibits A, D, E, F, G and H are an integral part of these consolidated financial statements.

Juan Carlos Fronza
President

METROGAS S.A.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 1 - CONSOLIDATION BASES

As a consequence of the constitution of MetroENERGÍA S.A. ("MetroENERGÍA") on April 20, 2005, registered in the Public Registry of Commerce on May 16, 2005, a company in which MetroGAS S.A. ("MetroGAS" or the "Company") holds 95% of the Common Stock, the Company has consolidated its balance sheets line by line as of March 31, 2011, December 31, 2010 and March 31, 2010 as well as its statements of operations and cash flows for the three months ended March 31, 2011 and 2010 with the financial statements of the controlled company, following the procedure established in the Technical Resolution No. 21 of the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE"), approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires ("CPCECABA").

The consolidated financial statements includes assets, liabilities and results of the following controlled company:

	Percentage participation on	
Issuing company	Capital	Votes
MetroENERGÍA S.A.	95	95

NOTE 2 - EMERGENCY LAW - IMPACTS ON THE COMPANY'S BUSINESS

Since December 2001 the Government adopted a number of measures in order to face up to the crisis the country was undergoing, which implied a deep change in the economic model effective so far.

The most important mentioned measures were: (i) the implementation of a floating rate of exchange that resulted in a significant devaluation during the first months of 2002, (ii) the pesification of certain assets and liabilities in foreign currency deposited in the country, and (iii) the pesification of public services prices and tariffs.

As part of the mentioned measures, on January 9, 2002, was enacted Law No. 25,561 Public Emergency Law ("Emergency Law"), rule that was complemented with other Laws, decrees and regulations issued by different Government organism. This group of rules have implied for MetroGAS a substantial change in terms of the License and its relation with the National Government, modifying the program of tariff reward accorded in the Law No. 24,076 (or "Gas Act") and its complementary regulations.

The Emergency Law authorized the Government to renegotiate public utility licenses taking into account the following: (a) the impact of the tariffs on the competitiveness of the economy, (b) the quality of services and the contractually required investment programs, (c) the interest of users as well as service access conditions, (d) the safety of the systems involved, and (e) the company profitability. The evolution of tariff renegotiation with the Government is described in Note 8 to the primary financial statements.

NOTE 2 - EMERGENCY LAW - IMPACTS ON THE COMPANY'S BUSINESS (Contd.)

Although on October 1, 2008, pursuant to the renegotiation process of public service contracts and licenses established by the Public Emergency Law No. 25,561, we subscribed a Transition Agreement with the UNIREN (*Unidad de Renegociación y Análisis de Contratos de Servicio Públicos*), which was approved by the Executive Power on April 14, 2009 through Decree No. 234/09, the Company tariffs have been frozen for twelve years. The tariff schedule resulting from the Transition Agreement has yet not been approved by the ENARGAS (*Ente Nacional Regulador del Gas*) and is still being reviewed by the MPFIPS (*Ministerio de Planificación Federal, Inversión Pública y Servicios*). In addition, neither the MPFIPS nor the ENARGAS have granted to MetroGAS the pass trough to tariffs of the municipal levies, contributions and other charges, which significantly and increasingly impact on our cash flow generation. It is worth mentioning that all of the increases granted for all customer categories that the Company has invoiced to its customers have had no effect on its income as the Company has acted as a collections agent, and the resources have been used to expand the main gas pipeline capacity, compensate for the natural gas price increases from producers and to pay for the natural gas imports to cope with the internal demand. Moreover, for the past twelve years when the Company has operated with frozen tariffs it has not received any subsidies from the Government. From 2001 until today, operating costs have been increased approximately by 345%.

During the past twelve years, since the distribution tariffs have been frozen, MetroGAS was able to successfully restructure its foreign currency financial debt as a result of the voluntary tender offer in 2006, which the Company has been promptly following.

In addition, and despite that the Company has hired a financial advisor to find alternatives that would allow the Company to renegotiate its financial debt, the suggested actions have not been successful as the proposals do not fit the current situation of the Company. As a result, the Company has not been able to generate enough free cash flow to meet its financial debt payments due on June 30, 2010, nor the funds to pay its commercial and fiscal obligations.

It is worth noting that MetroGAS is fully operational and maintains the quality of its services.

On June 17, 2010, given the current scenario, the Board of Directors of MetroGAS decided to file for a reorganization proceeding under Argentine Law No. 24,522.

This renegotiation filing generated an event of default under its outstanding debt obligations (see Note 9 to the primary financial statements).

On the same date, through Resolution ENARGAS No. I-1,260, MetroGAS was notified that for the following 120 days MetroGAS would continue managing its business under the supervision of an ENARGAS-appointed supervisor (the "Interventor") and, consequently, appointed Antonio Gómez as MetroGAS's Interventor, following the decision made by MetroGAS Board of Directors to file for reorganization proceedings under Argentine Law.

The mentioned Resolution states that the Interventor will supervise and control all MetroGAS's activities that could have an impact on the public service gas supply rendered by Metrogas, which is the core of the license agreement. In addition, the Resolution also ordered to initiate a corporate audit of MetroGAS and to individualize and assess the value of all MetroGAS' assets transferred by the Executive Power through Decree No. 2,459/92 and those added at a later date.

NOTE 2 - EMERGENCY LAW - IMPACTS ON THE COMPANY'S BUSINESS (Contd.)

On July 14, 2010, MetroGAS lodged a direct appeal with the Court of Claims ("*Cámara Nacional de Apelaciones en lo Contencioso Administrativo Federal")* pursuant to Article 70 of Law 24,076 in relation with ENARGAS Resolution No. I-1,260, together with a request for an injuction to suspend the intervention effects during the process of the mentioned direct appeal. This injunction request was rejected by a judicial resolution notified to MetroGAS on September 8, 2010.

On October 22, 2010, ENARGAS resolution No. I-1,431 was published in the Official Gazette, by means of which the ENARGAS Interventor, Ing. Antonio Luis Pronsato, decided to extend the company's intervention for 120 calendar days and appoint Ing. Antonio Gómez as interventor. On February 22, 2011, Resolution ENARGAS No. 1,612 was published in the Official Gazette, which solve to extend the intervention for 120 calendar days more.

MetroGAS' Consolidated Interim Financial Statements have been prepared assuming that the Company will continue as a going concern. As of the date of these financial statements, it is not possible to predict the outcome of the voluntary reorganization proceeding (*concurso preventivo*). The above mentioned circumstances raise substantial doubt about the Company's ability to continue as a going concern. However, the Company's Consolidated Interim Financial Statements do not include any adjustments or reclassifications that might result either from the successful outcome of the voluntary reorganization proceeding (*concurso preventivo*) described above or from the non occurrence of the event.

NOTE 3 - ACCOUNTING STANDARDS

Below are the most relevant accounting standards used by the Company to prepare its consolidated financial statements, which were applied consistently with those for the same period of the previous year.

3.1. Preparation and presentation of consolidated financial statements

The consolidated financial statements are stated in Argentine pesos and were prepared in accordance with accounting disclosure and valuation standards contained in the technical pronouncements issued by the FACPCE approved by the CPCECABA and in accordance with the resolutions of the National Securities Commission ("CNV"), assuming that the Company will continue as a going concern. However, the Company's Annual Consolidated Financial Statements do not include any adjustments or reclassifications that might result either from the successful outcome of the voluntary reorganization proceeding (*concurso preventivo*) described above or from the non occurrence of the event. These financial statements should be read under these circumstances.

The unaudited consolidated interim financial statements for the three months ended March 31, 2011 and 2010 have been subject to limited reviews. Management estimates that such unaudited consolidated interim financial statements include all the necessary adjustments to fairly present the results of each period. The results for the three months ended March 31, 2011 and 2010 do not necessarily reflect the proportion of the Company's results for the full years.

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

The CNV has established the application of the Technical Resolution No. 26 of the FACPCE which adopts, for entities included in the public offer under Law No. 17,811, for its capital or for negotiable obligations, or for having requested authorization to be included in the public offer, the international financial reporting standards issued by the IASB (International Accounting Standard Board).

The application of such standards will became obligatory for companies with fiscal year beginning on January 1, 2012.

On April 22, 2010, the Board of Directors approved the specific implementation plan. Since that date, the implementation process has been implemented according to the plan. Actually, the Company is ending the impact evaluation of the IFRS´implementation impact stage.

3.2. Accounting estimates

The preparation of consolidated financial statements at a given date requires that management make estimates and evaluations affecting the amount of assets and liabilities recorded and contingent assets and liabilities disclosed at the date of issue of the consolidated financial statements, as well as income and expenses recorded during the period. Management makes estimates to calculate, at a given moment, for example, the allowance for doubtful accounts, depreciation, the recoverable value of assets, the income tax charge and the contingency provision. Actual future results might differ from estimates and evaluations made at the date of preparation of these consolidated financial statements.

3.3. Recognition of the effects of inflation

The consolidated financial statements have been prepared in constant currency, reflecting the overall effects of inflation through August 31, 1995. Between that date and December 31, 2001, restatement of the consolidated financial statements was discontinued due to the existence of a period of monetary stability. Between January 1, 2002 and March 1, 2003, the effects of inflation were recognized to reflect the inflation recorded during that period. As from that date, restatement of consolidated financial statements has been discontinued.

This criterion is not in accordance with prevailing professional accounting standards, under which consolidated financial statements must be restated until September 30, 2003. The effect of the mentioned professional accounting standards deviation is not significant over the consolidated financial statements as of March 31, 2011 and 2010.

The rate used for restatement of items was the internal wholesale price index (“IPM”) published by the National Institute of Statistic and Census.

3.4. Comparative information

Balances as of March 31 and December 31, 2010 and results for the three months ended as of March 31, 2010 disclosed in these consolidated financial statements for comparative purposes, arises from the financial statements as of such dates.

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

In accordance with professional accounting standards, the Company shows the information included in the unaudited consolidated interim balance sheet as of March 31, 2011 in comparative format with those as of March 31 and December 31, 2010, since it is engaged in seasonal activities.

Certain amounts in the financial statements for the three months ended March 31, 2010 were reclassified for presentation on a comparative basis with those for the current period.

3.5. Valuation criteria

a) Cash and deposits in banks

Have been recorded at its nominal value.

b) Foreign currency assets and liabilities

Foreign currency assets and liabilities were valued at period-end exchange rates.

c) Short-term investments

National Government Bonds (“BODEN”) were valued at their market value at the end of the period.

Units in mutual funds were valued at their market value at the end of the period.

Saving accounts were valued at their nominal value plus interest accrued at the end of the period.

d) Trade receivables and accounts payable

Trade receivables and accounts payable were valued at their nominal value incorporating financial results accrued through period-end, where applicable. The values thus obtained do not significantly differ from those that would have been obtained had current accounting standards been applied, which establish that they must be valued at their spot price at the time of the transaction plus interest and implicit financial components accrued at the internal rate of return determined at each moment.

Trade receivables include accrued services pending billing at period-end.

The line headed PURE corresponds to the Program for the Rational Use of Energy, comprising the recognition of incentives and additional charges for excess consumption. The credit balance for this item included in trade receivables corresponds to bonuses for consumption net of additional charges for excess consumption pending to bill.

The line headed Trust Funds within accounts payable corresponds to the collected amounts, which were pending of deposit at the end of each period.

Additionally to his own behalf, MetroENERGÍA, trades, on behalf of producers and/or third buying parties, natural gas, receiving a fee included under the line headed Sales in the Statements of Income.

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

Trade receivables and accounts payable generated in this way have been valuated following the general criterion above mentioned.

Trade receivables are shown net of the allowance for doubtful accounts, which is based on management’s collection estimates.

e) Other receivables and payables

Sundry receivables and payables were valued at their nominal value incorporating, when it concern, financial results accrued at period-end, except for the amounts to be recovered through tariffs included in long term Other receivables which were valued on the basis of the best possible estimation of the sums to be received discounted using the rate that reflects the time value of the money and the specific risks of the receivables; and for the deferred income tax which was valued at their nominal value.

Values thus obtained incorporating financial results accrued through period-end do not significantly differ from those that would have been obtained had current accounting standards been applied, which establish that they must be valued on the basis of the best estimation possible of the sum to receive and to pay, respectively, discounted using a rate that reflects the value time of the money and the specific risks of the transaction considered at the moment of its incorporation to the assets and liabilities, respectively.

The value registered in Other receivables does not exceed its respective recoverable value.

f) Inventories

Warehouse materials were valued at their period-end replacement cost. The value thus obtained, net of the allowance for obsolescence, is less than the respective recoverable value estimated at the end of each period.

g) Fixed assets

For assets received at the time of granting of the License, the global transfer value defined in the Transfer Agreement arising as an offsetting item of contributions made and transferred liabilities restated following the guidelines indicated in Note 3.3. to consolidated financial statements has been considered as original value of fixed assets.

Based on special work performed by independent experts, the global original value mentioned above was appropriated among the various categories of items making up that value, assigning as useful life the remaining years of service estimated by the Company on the basis of type of item, current status, and renewal and maintenance plans.

Assets incorporated to net worth after granting of the License were valued at restated acquisition cost, following the guidelines indicated in Note 3.3. to consolidated financial statements except in the case of distribution networks built by third parties (various associations and cooperatives) which, as established by ENARGAS, are valued at amounts equivalent to certain cubic meters of gas.

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

Fixed assets are depreciated by the straight-line method, using annual rates sufficient to extinguish their values by the end of their estimated useful lives. Depreciation was computed based on the amount of these assets adjusted for inflation following the guidelines indicated in Note 3.3..

The Company capitalizes the portion of operating costs attributable to planning, execution and control of investments in fixed assets. The amounts capitalized during the three months ended March 31, 2011 and 2010 amounted to Ps. 1,297 thousand and to Ps. 1,164 thousand, respectively, and Ps. 6,347 for the year ended December 31, 2010.

Gas in pipelines is valued at acquisition cost restated following the guidelines indicated in Note 3.3. to consolidated financial statements.

Net value of fixed assets does not exceed its economic utilization value at the end of the period.

h) Income tax

The Company and its controlled company recognized the income tax charge by the deferred tax liability method, recognizing temporary differences between accounting and tax assets and liabilities measurements.

Deferred tax asset is mainly generated by: i) tax loss carry forward, ii) the temporary differences of the allowance for doubtful accounts, iii) the accounting contingency provision and iv) the other non-current receivables discount.

Deferred tax liability is mainly generated by temporary differences between the accounting valuation and the tax value of fixed assets, mainly due to different depreciation criteria and the treatment accounting of the financial results (interest and exchange differences) capitalized under those items.

To determine deferred assets and liabilities, the tax rate in force at the date of issuance of these consolidated financial statements has been applied to the temporary differences identified and tax loss carry forwards.

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

Deferred assets

	Estimated loss carry forward	Trade receivables	Other liabilities	Other receivables	Other	Total
	Thousand of Ps.					
Balances as of December 31, 2010	4,989	22,997	28,496	21,280	47	77,809
Movements of the period	10,121	(552)	819	(499)	(200)	9,689
Balances as of March 31, 2011	15,110	22,445	29,315	20,781	(153)	87,498

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

Deferred liabilities

	Fixed assets	Other	Total
	Thousands of Ps.		
Balances as of December 31, 2010	(9,478)	3,507	(5,971)
Movements of the period	374	979	1,353
Balances as of March 31, 2011	(9,104)	4,486	(4,618)

Deferred income tax assets generated by the tax loss carry forward recorded by the Company amount to Ps. 15,110 thousand at the end of the period. That tax loss carry forward can be offset against profits for future years expiring Ps. 4,989 thousand in 2014 and Ps. 10,121 in 2015.

The realization of deferred tax assets depends on the future generation of taxable profits in those years in which temporary differences become deductible. To determine the realization of assets, the Company considers the projection of future taxable profits based on its best estimation.

Net deferred assets derived from the information included in the preceding tables amount to Ps. 71,838 thousand at the beginning of the year and Ps. 82,880 thousand at the end of the period.

Below is the reconciliation between income tax (credit) charged in results and the amount resulting from the application of the corresponding tax rate to the accounting profit before income tax:

	March 31,	
	2011	2010
	Thousands of Ps.	
Income tax expense over pre-tax income	(11,603)	(5,015)
Permanent differences		
Restatement into constant currency	3,006	3,486
Non deductible expenses and non-computable income	1,720	2,284
Total income tax (credit) charged in results	(6,877)	755

Below is the reconciliation between income tax (credit) charged in results and the income tax determined for fiscal purpose:

	March 31,	
	2011	2010
	Thousands of Ps.	
Income tax determined for fiscal purpose	(5,956)	1,807
Temporary differences	(921)	(1,052)
Total income tax (credit) charged in results	(6,877)	755

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

The Company, in accordance with the accounting standards in force, has decided not to recognize the deferred tax liability caused by inflation adjustment on fixed assets to the effects of the calculation of the deferred tax. Had the deferred tax liability been recognized in this item, its value would amount, at nominal values, to Ps. 246 million at the end of the period and Ps. 249 million at the beginning of the year. The difference of Ps. 3 million would have impacted in the result of the period.

i) Minimum presumed income tax

The Company calculates minimum presumed income tax by applying the current 1% rate on computable assets at the end of the year. This tax complements income tax. The Company's tax obligation for each year will agree with the higher of the two taxes. If in a fiscal year, however, minimum presumed income tax obligation exceeds income tax liability, the surplus will be computable as a down payment of income tax through the next ten years.

The Company has recognized minimum presumed income tax accrued during the year and paid in previous years as a credit. That credit is shown under the heading Other non-current credits and expires between the years 2012 and 2020.

In order to determine the realization of such asset, the Company considers the projections of future taxable revenues based on the best estimation. Considering the estimates made by the Company, it registered an allowance for impairment of the minimum presumed income tax which amounts to Ps. 21,066 thousand at the end of the period.

j) Severance pay

Severance payments made to employees are expensed as incurred.

k) Balances with related parties

Balances with related parties mainly generated by commercial operations and sundry services were valued based on conditions agreed between the parties.

l) Reorganization liabilities

Liabilities in local currency were valued at their nominal value incorporating, when it concern, the financial results accrued until the date of presentation of reorganization proceeding (*concurso preventivo*).

Liabilities in foreign currency were valued at period-end exchange rates.

Financial interests were accrued until the date of presentation of reorganization proceeding (*concurso preventivo*), according to Article 19 of the Bankruptcy Law. Since that date, the accrual of interests has been suspended.

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

m) Contingencies provisions

Set up to cover labor or commercial contingencies and sundry risks that could give rise to liabilities to the Company. In estimating the amounts and probability of occurrence the opinion of the Company's legal counsel has been taken into account.

Insurance coverage taken out by the Company has also been considered. At the date of issuance of these consolidated financial statements, management considers that there are no elements to determine other contingencies that could have a negative impact on the consolidated financial statements.

n) Revenue recognition

The Company recognizes sales revenue based on gas deliveries to customers, including estimated gas volumes delivered pending billing at the end of each period.

Volumes delivered were determined based on gas volumes purchased and other data.

o) Statements of operations accounts

Statements of operations accounts are shown at nominal value, except depreciations of fixed assets that are restated following the guidelines indicated in Note 3.3. to consolidated financial statements.

3.6. Basic and diluted loss per share

Basic and diluted loss per share is calculated based on weighted average shares at March 31, 2011 and 2010, respectively, amounting to 569,171,208. As the Company does not hold preferred shares or debt convertible into shares, both indicators are equivalent.

3.7. Information by segment

The Company mainly operates in providing gas distribution services and, through MetroENERGÍA, in buying and selling natural gas and/or its transportation on its own, on behalf of or associated to third parties.

Details regarding certain information classified by segment of business, in accordance with the guidelines of Technical Resolution No. 18 of the FACPCE are as follows:

METROGAS S.A.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

	March 31, 2011			
	MetroGAS Distribution	MetroENERGIA Trading	Eliminations	Total
	Thousands of Ps.			
Sales	171,278	62,741	(2,441)	231,578
Operating income	(23,448)	11,572	(2,105)	(13,981)
Equity in income of subsidiary	3,346	-	(3,346)	-
(Loss) income before income tax	(37,337)	11,958	(7,773)	(33,152)
Income tax	11,062	(4,185)	-	6,877
Net (loss) income for the period	(26,275)	7,773	(7,773)	(26,275)
Total assets	2,420,011	84,646	(32,023)	2,472,634
Total liabilities	1,620,382	44,793	5,837	1,671,012
Increase in fixed assets	16,976	-	-	16,976
Depreciation of fixed assets	17,589	-	-	17,589
Investment in subsidiary	28,886	-	(28,886)	-
Other significant items in Statement of Cash Flows non generating cash movements				
Allowance for disposal of fixed assets	1,455	-	-	1,455
Contingencies provision	2,414	-	-	2,414
Allowance for doubtful accounts	1,679	-	-	1,679
Exchange differences on financial operations	30,295	-	-	30,295
Result on present-valuing of long term other receivables	(1,823)	-	-	(1,823)

	March 31, 2010			
	MetroGAS Distribution	MetroENERGIA Trading	Eliminations	Total
	Thousands of Ps.			
Sales	174,405	56,448	(5,134)	225,719
Operating income	6,661	14,999	(4,135)	17,525
Equity in income of subsidiary	3,020	-	(3,020)	-
(Loss) income before income tax	(19,238)	14,025	(9,116)	(14,329)
Income tax	4,154	(4,909)	-	(755)
Net (loss) income for the period	(15,084)	9,116	(9,116)	(15,084)
Total assets	2,115,518	71,448	(34,035)	2,152,931
Total liabilities	1,233,001	35,414	197	1,268,612
Increase in fixed assets	22,575	-	-	22,575
Depreciation of fixed assets	18,154	-	-	18,154
Investment in subsidiary	29,037	-	(29,037)	-
Other significant items in Statement of Cash Flows non generating cash movements				
Allowance for disposal of fixed assets	2,042	-	-	2,042
Contingencies provision	(1,388)	-	-	(1,388)
Allowance for doubtful accounts	1,213	361	-	1,574
Exchange differences on financial operations	11,722	-	-	11,722
Result on present-valuing of long term financial debt	4,592	-	-	4,592
Result on present-valuing of long term other receivables	308	-	-	308

Sales operations from MetroGAS to MetroENERGÍA were valued according to tariffs applied by MetroGAS to its commercial operations with third parties under the legislation in force.

In turn, there is a Professional Service Agreement between MetroGAS and MetroENERGÍA for the provision of administrative, accounting, tax, financial, legal and all other services related to the normal development of MetroENERGÍA´s operations. This agreement was valued under reasonable market conditions for this type of services.

NOTE 4 - ANALYSIS OF THE MAIN ACCOUNTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Details regarding the significant amounts included in the accompanying consolidated financial statements are as follows:

	March 31, 2011	December 31, 2010	March 31, 2010
		Thousands of Ps.	
Assets			
Current assets			
a) Cash and banks			
Cash	686	938	682
Banks	159,488	45,824	9,248
Collections to be deposited	1,604	2,797	2,016
	161,778	49,559	11,946
b) Trade receivables, net			
Trade accounts receivable	171,195	146,360	139,080
Unbilled revenues	34,540	31,829	19,249
Receivables from sales on behalf third parties	37,863	47,363	13,339
Tax on banking transactions to be recovered	5,315	6,004	5,158
Related parties (Note 6)	486	442	401
PURE	(2,938)	(2,797)	(4,361)
Allowance for doubtful accounts (Exhibit E)	(21,327)	(21,896)	(18,876)
	225,134	207,305	153,990
c) Other receivables			
Other advances	7,978	6,827	5,905
Insurance and other prepaid expenses	4,966	3,671	3,667
Receivables tax	4,377	1,422	2,120
Other receivables	2,017	1,399	1,040
	19,338	13,319	12,732
d) Inventories, net			
Warehouse materials	6,809	6,343	5,239
Allowance for inventory obsolescence (Exhibit E)	(1,734)	(1,751)	(1,533)
	5,075	4,592	3,706
Non-current assets			
e) Other receivables			
Deferred tax assets			
Net deferred income tax (Note 3.5 h))	82,880	71,838	46,596
Receivables for minimum presumed income tax (Note 3.5 i))	105,552	101,914	90,306
Valuation allowance on minimum presumed income tax (Exhibit E)	(21,066)	(21,066)	(21,066)
	167,366	152,686	115,836
Study, revision and inspection of works in public space levy to be recovered GCABA (Note 8.4.5. to the primary financial statements)	61,717	60,407	52,364
Occupancy of public space levy to be recovered (Note 8.4.5. to the primary financial statements)	85,425	83,168	76,097
Others	12	16	238
Present value discount	(43,731)	(45,486)	(11,292)
	270,789	250,791	233,243

METROGAS S.A.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 4 - ANALYSIS OF THE MAIN ACCOUNTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	March 31, 2011	December 31, 2010	March 31, 2010
		Thousands of Ps.	
Liabilities			
Current liabilities			
f) Accounts payable			
Gas and transportation	84,711	107,857	69,560
Other purchases and services	48,376	85,949	68,025
Related parties (Note 6)	15,967	37,594	5,410
Payables from sales on behalf third parties	24,604	8,997	14,790
Transportation trust Funds	63,550	67,427	2,449
	237,208	307,824	160,234
g) Financial debt (Note 9 to the primary financial statements)			
Negotiable bonds (Face value) (Exhibit G)	-	-	81,766
Interest and other expenses payable to foreign financial institutions (Exhibit G)	-	-	17,956
Overdraft with financial institutions	-	-	271
	-	-	99,993
h) Taxes payable			
Value added tax	5,779	6,796	9,969
Occupancy of public space levy	538	89	8,610
GCABA study, revision and inspection of works in public space levy	6,951	4,889	15,246
CNG tax	5,224	3,464	4,449
Income tax	22,074	18,332	9,699
Gross revenue tax	3,202	2,325	408
Other taxes	2,290	1,804	4,527
	46,058	37,699	52,908
i) Financial debt (Note 9 to the primary financial statements)			
Negotiable bonds (Exhibit G)	-	-	896,959
Present value discount	-	-	(44,420)
	-	-	852,539
j) Reorganization liabilities			
Accounts payable	121,248	109,373	-
Financial debt (Exhibit G)	1,067,587	1,034,556	-
Payroll and social security payable	3,534	3,534	-
Taxes payable	44,799	45,461	-
Related parties (Note 6)	31,595	27,380	-
Other liabilities	27	27	-
	1,268,790	1,220,331	-
Statements of Operations			
k) Sales			
MetroGAS's gas sales	91,577		89,736
MetroENERGíA's sales on own behalf	59,995		50,068
MetroGAS's transportation and distribution services	51,260		55,502
MetroGAS's other sales	8,058		10,012
MetroGAS's processed natural gas sales	17,942		14,021
MetroENERGíA's selling commission	2,746		6,380
	231,578		225,719

METROGAS S.A.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 5 - DUE DATES OF INVESTMENTS, RECEIVABLES AND PAYABLES

The due dates of investments, receivables and payables are as follows:

	March 31, 2011	December 31, 2010	March 31, 2010
	Thousands of Ps.		
5.1. Investments			
- Becoming due			
under 3 months	-	156,183	1,153
- Without due date	69,847	106,274	45,739
Total	69,847	262,457	46,892
5.2. Receivables			
- Past due			
under 3 months	13,295	10,931	37,500
from 3 to 6 months	2,932	9,591	16,374
from 6 to 9 months	8,186	24,249	8,172
from 9 to 12 months	1,465	1,297	526
from 1 to 2 years	6,553	14,023	7,919
more than 2 years	15,868	7,478	8,291
Sub-total	48,299	67,569	78,782
- Without due date	3,722	2,998	677
- Becoming due			
under 3 months	206,863	163,753	99,895
from 3 to 6 months	2,793	3,976	2,714
from 6 to 9 months	2,104	2,380	2,002
from 9 to 12 months	2,018	1,844	1,528
from 1 to 2 years	24,549	20,058	94,863
more than 2 years	246,240	230,733	138,380
Sub-total	484,567	422,744	339,382
Allowance for doubtful accounts	(21,327)	(21,896)	(18,876)
Total	515,261	471,415	399,965

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 5 - DUE DATES OF INVESTMENTS, RECEIVABLES AND PAYABLES (Contd.)

	March 31, 2011	December 31, 2010	March 31, 2010
		Thousands of $	
5.3. Payables			
- Past due			
under 3 months	28,185	68,935	7,961
from 3 to 6 months	288	1,793	68
from 6 to 9 months	72	72	52
from 9 to 12 months	70	-	-
from 1 to 2 years	3	-	7,511
Sub-total	28,618	70,800	15,592
- Without due date (*)	1,277,028	1,228,218	7,224
- Becoming due			
under 3 months	265,808	287,383	216,117
from 3 to 6 months	-	5,507	43,728
from 6 to 9 months	15,421	-	11,250
from 9 to 12 months	2,720	12,386	45,822
from 1 to 2 years	-	-	131,906
more than 2 years	-	-	727,592
Sub-total	283,949	305,276	1,176,415
Total	1,589,595	1,604,294	1,199,231

(*) As of March 31, 2011, the Reorganization liability is included for an amount of Ps. 1,268,790 thousand.

Investments bearing interest according to the following detail: 1) “BODEN” at an annual rate of 2.00% as of March 31, 2011 and December 31, 2010 and of 4.00% as of March 31, 2010; 2) time deposits at an annual average rate in dollars of 0.19% as of December 31, 2010 and 0.25% as of March 31, 2010 and at an annual average rate in pesos of 11.13% as of December 31, 2010 and 11.50% as of March 31, 2010 and 3) mutual funds with an average annual yield of 6.1% as of March 31, 2011, 4.67% as of December 31, 2010 and 5.40% as of March 31, 2010.

Pursuant legislation in force, in the case of invoices for services not paid when due, the Company is entitled to collect interest on overdue amounts from the due date through the date of payment. As these are overdue receivables, and following standards of prudence, the Company recognizes this income at the time of actual collection.

Payables do not accrue interest, except for the Financial debts (Note 9 to the primary financial statements) and Taxes payable in relation to the payment facilitation plans which accrued interest until the date of presentation of reorganization proceeding (*concurso preventivo*, Note 2 to the primary financial statements), according to Article 19 of the Bankruptcy Law. Since that date, the accrual of interests should be suspended.

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES

Gas Argentino S.A. (“Gas Argentino”), as owner of 70% of the Company’s Common Stock, is the controlling shareholder of MetroGAS.

MetroGAS carries out certain transactions with certain affiliates of the shareholders of Gas Argentino. As of March 31, 2011, the shareholders of Gas Argentino are BG Inversiones Argentinas S.A. (“BG”) (54.67%) and YPF Inversora Energética S.A. (“YPF”) (45.33%).

These consolidated financial statements include the following transactions and balances with related companies:

- Gas supply, sales and services contracts with companies directly and indirectly related to YPF.
- Fees accrued under the terms of a Personnel Supply Agreement with YPF S.A..

METROGAS S.A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES (Contd.)

Significant transactions with related companies are as follows:

	March 31,						
	2011			2010			
	Thousands of Ps.						
	Gas & transportation sales	Gas & transportation purchases	Fees for professional services	Gas & transportation sales	Commission by operations on behalf third parties	Gas & transportation purchases	Fees for professional services
Controlling company							
Gas Argentino S.A.	-	-	-	-	-	-	-
Related parties:							
YPF S.A.	1	10,981	229	2	392	10,729	177
Operadora de Estaciones de Servicios S.A.	223	-	-	294	-	-	-
Astra Evangelista S.A.	8	-	-	4	-	-	-
Board of directors and management:	-	-	-	-	-	-	-
	232	10,981	229	300	392	10,729	177

METROGAS S.A.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES (Contd.)

The outstanding balances as of March 31, 2011, December 31, 2010 and March 31, 2010 from transactions with related companies are as follows:

	March 31, 2011			December 31, 2010			March 31, 2010	
	Trade receivables	Accounts payable	Rorganization liabilities	Trade receivables	Accounts payable	Rorganization liabilities	Trade receivables	Accounts payable
	Current	Current	Non Current	Current	Current	Non Current	Current	Current
	Thousands of Ps.							
Controlling company:								
Gas Argentino S.A.	-	-	-	-	-	-	-	-
Other related parties:								
YPF S.A.	227	15,967	31,595	226	37,594	27,380	169	5,410
Operadora de Estaciones de Servicios S.A.	259	-	-	216	-	-	227	-
Astra Evangelista S.A.	-	-	-	-	-	-	5	-
Board of directors and management:	-	-	-	-	-	-	-	-
	486	15,967	31,595	442	37,594	27,380	401	5,410

EXHIBIT A

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010 AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010
FIXED ASSETS

MAIN ACCOUNT	ORIGINAL VALUE					DEPRECIATION					NET
								FOR THE PERIOD			BOOK
	AT BEGINNING OF YEAR	INCREASE	TRANSFERS	RETIREMENTS	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	RETIREMENT	ANNUAL RATE (1)	AMOUNT (2)	ACCUMULATED AT END OF PERIOD	VALUE 03-31-11
	Thousands of Ps.										
Land	17,501	-	-	-	17,501	-	-	-	-	-	17,501
Building and civil constructions	76,156	-	-	-	76,156	25,708	-	2.0%	356	26,064	50,092
High pressure mains	294,312	-	-	-	294,312	185,460	-	2.22% to 10%	1,226	186,686	107,626
Medium and low pressure mains	1,720,532	-	16,696	-	1,737,228	540,795	-	1.19% to 10%	9,864	550,659	1,186,569
Pressure regulating stations	65,253	-	-	-	65,253	37,942	-	4% to 12.5%	528	38,470	26,783
Consumption measurement installations	345,670	-	-	(15)	345,655	150,778	(7)	2.85% to 5%	3,214	153,985	191,670
Other technical installations	50,735	-	991	-	51,726	43,893	-	6.67%	608	44,501	7,225
Machinery, equipment and tools	28,311	-	-	-	28,311	26,004	-	6.67% to 20%	105	26,109	2,202
Computer and telecommunications equipment	169,348	-	-	(59)	169,289	154,437	(43)	5% to 50%	1,171	155,565	13,724
Vehicles	10,986	-	-	-	10,986	8,378	-	10% to 20%	215	8,593	2,393
Furniture and fixtures	5,466	-	-	-	5,466	5,453	-	10% to 20%	2	5,455	11
Materials	9,848	2,869	(3,097)	(107)	9,513	-	-	-	-	-	9,513
Gas in pipelines	214	-	-	-	214	-	-	-	-	-	214
Work in progress	69,795	13,926	(15,411)	-	68,310	-	-	-	-	-	68,310
Advances to fixed assets suppliers	445	181	(119)	-	507	-	-	-	-	-	507
Subtotal	2,864,572	16,976	(940)	(181)	2,880,427	1,178,848	(50)	-	17,289	1,196,087	1,684,340
Distribution network extensions constructed by third parties	66,261	-	958	-	67,219	14,430	-	1.82% to 2.38%	333	14,763	52,456
Offsetting item for distribution network extensions	(5,969)	-	(18)	-	(5,987)	(662)	-	2% to 2.38%	(33)	(695)	(5,292)
Allowance for obsolescence of materials (Exhibit E)	(615)	(13)	-	-	(628)	-	-	-	-	-	(628)
Allowance for disposal of fixed assets (Exhibit E)	(8,756)	(1,455)	-	8	(10,203)	-	-	-	-	-	(10,203)
Total as of March 31, 2011	2,915,493	15,508	-	(173)	2,930,828	1,192,616	(50)	-	17,589	1,210,155	1,720,673
Total as of December 31, 2010	2,814,164	110,442	-	(9,113)	2,915,493	1,125,734	(7,539)	-	74,421	1,192,616	1,722,877
Total as of March 31, 2010	2,814,164	20,478	-	(781)	2,833,861	1,125,734	(449)	-	18,154	1,143,439	1,690,422

Notes:

(1) The depreciation rates are variable and based on the useful lives assigned to the assets at the Takeover Date. The useful lives were estimated according to the type, current condition and renewal and maintenance programs of assets.

(2) Depreciation of fixed assets has been included in Exhibit H.

Juan Carlos Fronza
President

EXHIBIT D

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010 AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010
CURRENT INVESTMENTS

ISSUER	FACE VALUE	QUANTITY	LISTED PRICE AS OF 03-31-11	FACE VALUE PLUS ACCRUED INTEREST	BOOK VALUE AS OF 03-31-11	BOOK VALUE AS OF 12-31-10	BOOK VALUE AS OF 03-31-10
		Thousands	Ps.	Thousands of Ps.			
CURRENT INVESTMENTS							
Government Securities							
National Government bonds (BODEN 2012)	1.4	2	1	2	2	2	20
Units of mutual funds							
Fima Premium - Clase B	-	5,757.8	1.38572	-	7,979	16,122	23,542
Optimum CDB Pesos - Clase B	-	-	-	-	-	5,094	-
Goal Pesos - Clase B	-	12,447.4	3.3316	-	41,469	65,266	21,742
Goal Capital Plus - Clase B	-	11,815.9	1.6626	-	19,645	19,059	-
Bank deposits							
Saving account	64	1	-	64	64	63	54
Time deposits	-	-	-	-	-	156,183	1,153
TOTAL CURRENT INVESTMENTS					69,159	261,789	46,511
NON CURRENT INVESTMENTS							
Units of mutual funds							
RJ Delta Ahorro - Clase B	-	233.7	1.81542	-	424	412	381
Schroder Argentina	-	163.9	1.61124	-	264	256	-
TOTAL NON CURRENT INVESTMENTS					688	668	381
Total					69,847	262,457	46,892

Juan Carlos Fronza
President

Free translation from the original financial statements prepared in Spanish for publication in Argentina

EXHIBIT E

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010 AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010
ALLOWANCES

MAIN ACCOUNT	03-31-11				12-31-10	03-31-10
	BALANCE AT BEGINNING OF YEAR	INCREASE	DECREASE	BALANCE AT END OF PERIOD	BALANCE AT END OF YEAR	BALANCE AT END OF PERIOD
	Thousands of Ps.					
Deducted from assets						
For doubtful accounts	21,896	762 (1)	(1,331)	21,327	21,896	18,876
For obsolescence of materials						
Inventories	1,751	103 (2)	(120)	1,734	1,751	1,533
Fixed assets	615	13	-	628	615	582
For disposal of fixed assets	8,756	1,455 (3)	(8)	10,203	8,756	9,477
Valuation allowance on minimum presumed income tax	21,066	-	-	21,066	21,066	21,066
Total	54,084	2,333	(1,459)	54,958	54,084	51,534
Included in liabilities						
For contingencies						
Executive proceedings	21,834	692	(95)	22,431	21,834	15,710
Turnover tax GACBA	16,670	679	-	17,349	16,670	14,635
Rates and charges	22,326	263	-	22,589	22,326	21,522
Fines GACBA	2,415	-	-	2,415	2,415	1,795
Interpretation disagreements with the Regulatory Authority	9,169	750	-	9,919	9,169	8,935
Others	6,684	30	-	6,714	6,684	6,784
Total contingencies	79,098	2,414 (4)	(95)	81,417	79,098	69,381

Notes:

(1) The charge in results is disclosed in Exhibit H.
(2) Charged in results in the line Sundry materials of Exhibit H.
(3) Charged in results in the line Operating expenses - Others of Exhibit H.
(4) Charged in results in the line Contingencies reserve of Exhibit H.

Juan Carlos Fronza
President

EXHIBIT F

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010
OPERATING COST

MAIN ACCOUNT	03-31-11	03-31-10
	Thousands of Ps.	
Stock at the beginning of the year		
Natural gas	-	-
Processed natural gas	-	-
	-	-
Plus		
Purchases		
Natural gas	75,573	65,921
Processed natural gas	-	-
	75,573	65,921
Transportation of natural gas	55,868	53,699
Transportation of processed natural gas	494	494
	56,362	54,193
Operating Expenses (Exhibit H)		
Natural gas	44,739	40,402
Processed natural gas	(8)	9
	44,731	40,411
Less		
Stock at the end of the period		
Natural gas	-	-
Processed natural gas	-	-
	-	-
Operating Cost	176,666	160,525
Natural gas	176,180	160,022
Processed natural gas	486	503

Juan Carlos Fronza
President

Free translation from the original financial statements prepared in Spanish for publication in Argentina

EXHIBIT G

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010 AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010

FOREIGN CURRENCY ASSETS AND LIABILITIES

MAIN ACCOUNT	03-31-11				12-31-10		03-31-10	
	FOREIGN CURRENCY AND AMOUNT		EXCHANGE RATE	BOOK VALUE	FOREIGN CURRENCY AND AMOUNT	BOOK VALUE	FOREIGN CURRENCY AND AMOUNT	BOOK VALUE
	Thousands			Thousands of Ps.	Thousands	Thousands of Ps.	Thousands	Thousands of Ps.
ASSETS								
CURRENT ASSETS								
Cash and banks								
Cash	US$	29	4.0140	116	29	114	30	115
	LBE	4	6.4489	26	4	24	4	23
	Euros	3	5.6959	17	3	16	3	16
	Real	5	2.3400	12	5	12	3	6
	Canadian dollars	-	4.1361	-	-	-	1	4
	Russian rublo	-	0.1428	-	-	-	8	1
Banks	US$	33,387	4.0140	134,015	2,682	10,556	482	1,850
	Euros	-	5.6959	-	1	5	9	47
Investments	US$	16	4.0140	64	38,037	149,714	315	1,209
Trade receivables	US$	15,490	4.0140	62,177	13,865	54,573	9,850	37,804
Other receivables	US$	352	4.0140	1,413	495	1,948	305	1,171
Total Current Assets				197,840		216,962		42,246
TOTAL ASSETS				197,840		216,962		42,246
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable	US$	3,495	4.0540	14,169	11,363	45,179	7,297	28,298
	Euros	7	5.7530	40	2	11	3	16
	LBE	3	6.5213	20	27	165	-	-
Financial debts								
Negotiable bonds (Face value)	US$	-	4.0540	-	-	-	21,085	81,766
Interest and other expenses payable to foreign financial institutions	US$	-	4.0540	-	-	-	4,295	16,656
	Euros	-	5.7530	-	-	-	248	1,300
Total Current Liabilities				14,229		45,355		128,036
NON-CURRENT LIABILITIES								
Financial debts								
Negotiable bonds (Face value)	US$	-	4.0540	-	-	-	196,016	760,150
	Euros	-	5.7530	-	-	-	26,070	136,809
Reorganization liabilities								
Accounts payable	US$	9	4.0540	36	12	48	-	-
Financial debt	US$	225,022	4.0540	912,239	225,022	894,688	-	-
	Euros	27,003	5.7530	155,348	26,527	139,868	-	-
Total Non-Current Liabilities				1,067,623		1,034,604		896,959
TOTAL LIABILITIES				1,081,852		1,079,959		1,024,995

US$: United States Dollars

LBE: Pounds Sterling

Juan Carlos Fronza
President

EXHIBIT H

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH ENDED MARCH 31, 2011 AND 2010 EXPENSES INCURRED

MAIN ACCOUNT	03-31-11						03-31-10
		OPERATING EXPENSES					
	FIXED ASSETS EXPENSES	GAS SALES	PROCESSED NATURAL GAS	ADMINISTRATIVE EXPENSES	SELLING EXPENSES	TOTAL	TOTAL
	Thousands of Ps.						
Payroll and other employees benefits	1,297	11,681	-	12,597	10,292	35,867	26,151
Social security contributions	-	4,007	-	3,348	3,439	10,794	7,920
Directors´and members of Surveillance committee fee	-	-	-	335	-	335	304
Fees for professional services	-	86	-	3,864	33	3,983	1,151
Sundry materials	-	1,178	-	-	-	1,178	782
Fees for sundry services	-	3,998	-	144	3,933	8,075	6,362
Postage, telephone and fax	-	157	-	573	2,938	3,668	2,858
Leases	-	37	-	809	370	1,216	803
Transportation and freight charges	-	-	-	341	-	341	247
Office materials	-	186	-	254	35	475	491
Travelling expenses	-	83	-	45	18	146	207
Insurance premium	-	-	-	909	-	909	794
Fixed assets maintenance	-	7,028	-	4,897	(1)	11,924	9,684
Fixed assets depreciation	-	16,094	-	1,495	-	17,589	18,154
Taxes, rates and contributions	-	648	(8)	3,797	9,720	14,157	11,262
Publicity	-	-	-	-	338	338	139
Doubtful accounts	-	-	-	-	762	762	1,574
Bank expenses and commissions	-	-	-	43	1,061	1,104	1,284
Contingencies reserve	-	-	-	2,414	-	2,414	(1,388)
Others	-	(444)	-	31	59	(354)	465
Total as of March 31, 2011	1,297	44,739	(8)	35,896	32,997	114,921	89,244

Total as of March 31, 2010	1,164	40,402	9	21,568	26,101	89,244

Juan Carlos Fronza
President

METROGAS S.A.

UNAUDITED INTERIM BALANCE SHEETS AS OF MARCH 31, 2011 AND 2010 AND AUDITED BALANCE SHEET AS OF DECEMBER 31, 2010

	March 31, 2011	December 31, 2010	March 31, 2010
	Thousands of Ps.		
ASSETS			
CURRENT ASSETS			
Cash and banks (Note 4 a))	161,196	45,243	10,671
Investments (Exhibit D)	61,180	240,573	22,969
Trade receivables, net (Note 4 b))	156,718	149,115	114,076
Other receivables (Note 4 c))	15,913	12,858	12,567
Inventories, net (Note 4 d))	5,075	4,592	3,706
Total current assets	400,082	452,381	163,989
NON-CURRENT ASSETS			
Other receivables (Note 4 e))	270,370	250,352	232,070
Investments (Exhibit C)	28,886	25,540	29,037
Fixed assets, net (Exhibit A)	1,720,673	1,722,877	1,690,422
Total non-current assets	2,019,929	1,998,769	1,951,529
Total assets	2,420,011	2,451,150	2,115,518
LIABILITIES			
CURRENT LIABILITIES			
Debts			
Accounts payable (Note 4 f))	191,869	254,273	132,671
Financial debt (Note 4 g))	-	-	99,993
Payroll and social security payable	27,438	28,988	17,858
Taxes payable (Note 4 h))	40,985	33,361	44,990
Other liabilities	9,883	9,195	8,610
Total debts	270,175	325,817	304,122
Contingencies provision (Exhibit E)	81,417	79,098	69,381
Total current liabilities	351,592	404,915	373,503
NON-CURRENT LIABILITIES			
Financial debt (Note 4 i))	-	-	852,539
Taxes payable	-	-	6,959
Reorganization liabilities (Note 4 j))	1,268,790	1,220,331	-
Total non-current liabilities	1,268,790	1,220,331	859,498
Total liabilities	1,620,382	1,625,246	1,233,001
SHAREHOLDERS' EQUITY (as per related statements)	799,629	825,904	882,517
Total	2,420,011	2,451,150	2,115,518

Notes 1 to 15 and Exhibits A, C, D, E, F, G and H are an integral part of these financial statements.

Juan Carlos Fronza
President

METROGAS S.A.

UNAUDITED INTERIM STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

	March 31,	
	2011	2010
	Thousands of Ps., except for per share information	
Sales (Note 4 k))	171,278	174,405
Operating cost (Exhibit F)	(128,847)	(122,669)
Gross profit	42,431	51,736
Administrative expenses (Exhibit H)	(35,769)	(21,470)
Selling expenses (Exhibit H)	(30,110)	(23,605)
Operating (loss) income	(23,448)	6,661
Equity in income of subsidiary	3,346	3,020
Financing and holding results generated by assets		
Holding results	1,220	82
Result on present-valuing long term other receivables	1,823	(308)
Interest on commercial operations	1,466	871
Interest on financial operations	130	108
Exchange gain on financial operations	3,982	111
Financing and holding results generated by liabilities		
Interest on commercial operations	(668)	(102)
Interest on financial operations	(1)	(17,906)
Result on present-valuing long term financial debt	-	(4,592)
Exchange (loss) gain on comercial operations	(113)	39
Exchange loss on financial operations	(30,295)	(11,722)
Others	(238)	(437)
Other income net	5,459	4,937
Loss before income tax	(37,337)	(19,238)
Income tax (Note 3.5.i))	11,062	4,154
Net loss for the period	**(26,275)**	**(15,084)**
Basic loss per share (Note 3.6.)	**(0.05)**	**(0.03)**
Diluted loss per share (Note 3.6.)	**(0.05)**	**(0.03)**

Notes 1 to 15 and Exhibits A, C, D, E, F, G and H are an integral part of these financial statements.

Juan Carlos Fronza
President

Free translation from the original financial statements prepared in Spanish for publication in Argentina

METROGAS S.A.

UNAUDITED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

MAIN ACCOUNTS	SHAREHOLDERS´ CONTRIBUTIONS			LEGAL RESERVE	UNAPPROPRIATED RETAINED EARNINGS (ACCUMULATED DEFICIT)	TOTAL SHAREHOLDERS´ EQUITY
	COMMON STOCK SHARES OUTSTANDING	ADJUSTMENT TO COMMON STOCK	TOTAL			
	Thousands of Ps.					
Balance as of December 31, 2009	569,171	684,769	1,253,940	45,376	(401,715)	897,601
Net loss for the three month ended March 31, 2010	-	-	-	-	(15,084)	(15,084)
Balance as of March 31, 2010	569,171	684,769	1,253,940	45,376	(416,799)	882,517
Net loss for the nine months ended December 31, 2010	-	-	-	-	(56,613)	(56,613)
Balance as of December 31, 2010	569,171	684,769	1,253,940	45,376	(473,412)	825,904
Net loss for the three months ended March 31, 2011	-	-	-	-	(26,275)	(26,275)
Balance as of March 31, 2011	569,171	684,769	1,253,940	45,376	(499,687)	799,629

Notes 1 to 15 and Exhibits A, C, D, E, F, G and H are an integral part of these financial statements.

Juan Carlos Fronza
President

METROGAS S.A.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

	March 31, 2011	March 31, 2010
	Thousands of Ps.	
Cash flow from operating activities		
Net loss for the period	(26,275)	(15,084)
Financial debt interest expense accrued during the period	1	17,906
Income tax accrued during the period	(11,062)	(4,154)
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of controlled company	(3,346)	(3,020)
Depreciation of fixed assets	17,589	18,154
Net book value of fixed assets retired	123	332
Allowance for doubtful accounts	760	1,213
Allowance for inventory obsolescence	116	(247)
Allowance for disposal of fixed assets	1,455	2,042
Contingencies provision	2,414	(1,388)
Materials consumed	1,679	559
Exchange differences on financial operations	30,295	11,722
Result on present-valuing long term financial debt	-	4,592
Result on present-valuing long term other receivables	(1,823)	308
Other financial results	2,735	(2,561)
Changes in assets and liabilities		
Trade receivables	(8,363)	6,922
Other receivables	(10,188)	(8,362)
Inventories	(2,265)	(129)
Accounts payable	(46,314)	(65,817)
Payroll and social security payable	(1,550)	(4,999)
Taxes payable	6,962	(3,171)
Other liabilities	688	530
Contingencies provision	(95)	(7)
Minimum presumed income tax paid for the period	-	(7,698)
Net cash used in operating activities	(46,464)	(52,357)
Cash flow used in investing activities		
Purchase of fixed assets	(16,976)	(22,575)
Net cash used in investing activities	(16,976)	(22,575)
Cash flow provided by financing activities		
Loans	-	240
Net cash provided by financing activities	-	240
Decrease in cash and cash equivalents	(63,440)	(74,692)
Cash and cash equivalents at the beginning of the year	285,816	108,332
Cash and cash equivalents at the end of the period	222,376	33,640

Notes 1 to 15 and Exhibits A, C, D, E, F, G and H are an integral part of these financial statements.

Juan Carlos Fronza
President

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 1 - THE COMPANY'S BUSINESS

MetroGAS S.A. (the "Company" or "MetroGAS"), a gas distribution company, was incorporated on November 24, 1992 and began operations on December 29, 1992, when the privatization of Gas del Estado S.E. ("GdE") (an Argentine Government-owned enterprise) was completed.

Through Executive Decree No. 2,459/92 dated December 21, 1992, the Argentine Government granted MetroGAS an exclusive license to provide the public service of natural gas distribution in the area of the Federal Capital and southern and eastern Greater Buenos Aires, by operating the assets allocated to the Company by GdE for a 35 year period from the Takeover Date (December 28, 1992). This period can be extended for an additional 10 year period under certain conditions.

MetroGAS' controlling shareholder is Gas Argentino S.A. ("Gas Argentino") who holds 70% of the Common Stock of the Company. The 20%, which was originally owned by the National Government, was offered in public offering as described in Note 10 and the remaining 10% is under the Employee Stock Ownership Plan ("Programa de Propiedad Participada" or "PPP") (Note 13).

As further described in Note 2, Note 8 and Note 14, the conditions under which the Company develops its activity and its regulatory framework have been significantly modified.

NOTE 2 – REORGANIZATION PROCEEDING

Given the adverse conditions the Company is currently undergoing, arisen from the lack of the increase in the distribution tariff, on June 17, 2010, the Board of Directors of MetroGAS filed for a reorganization proceeding with the National Court on Commercial Matters No. 26, Clerk of the Court Office No. 51, Case No. 056.999. On July 15, 2010, the Court admitted the reorganization proceeding. Among the relevant measures, the following may be pointed out: a) the end of the proof of claim period fixed originally for February 21, 2011, and later brought forward by a judicial order to November 10, 2010; b) the deadline for MetroGAS to establish creditor's categories, fixed originally for September 20, 2011, and later brought forward by a judicial order to April 20, 2011 and c) the deadline for the exclusivity period (the period during which the debtor may submit a proposal to each creditor individually) fixed originally for August 21, 2012, and later brought forward by a judicial order to March 9, 2012. The Company's Shareholders Meeting held on August 2, 2010 ratified the decision made by the Board of Directors.

NOTE 2 – REORGANIZATION PROCEEDING (Cont.)

The filing for a reorganization proceeding gives rise to, among other effects:

- unsecured debts due or undue for services rendered prior to the filing for the reorganization proceeding shall be subject to the case procedure, and therefore shall not be paid up to the date set in the ultimately agreed proposal.
- the suspension of interest payments, and
- the impossibility of filing for new legal actions against the Company for causes or claims prior to the filing date, as well as of carrying on of pending actions.

The debts included in the reorganization procedure, which may be subject to positive or negative adjustments after the corresponding proof of claim, have been displayed in the current financial statement under a category identified as "Reorganization Liabilities" included in the long-term liabilities, given the mentioned suspension of the deadlines and the ordinary conditions foreseen for the conclusion of the reorganization proceeding. The mentioned category includes commercial, tax, financial and social debts among others.

As of the date of issuance of these financial statements, the term for verification of credits has ended as well as the period for credits' observance, the report of Article 35 from the Bankruptcy Law has been issued, as well as the resolution of Article 36 of the same law (court resolution about the origin of the said credits) on April 20, 2011, which was scheduled originally for April 6, 2011. As a consequence, the deadline for MetroGAS to establish creditor's categories was extended to May 6, 2011. On May 3, 2011, only one category of subordinated creditors was proposed by MetroGAS, being pending the judge resolution to establish final creditor´s categories, originally scheduled by June 21, 2011. Without detriment to that it is neither possible to foresee the outcome of the process nor to determine its final consequences on the Company's results and operations.

NOTE 3 - ACCOUNTING STANDARDS

Below are the most relevant accounting standards used by the Company to prepare its financial statements, which were applied consistently with those for the same period of the previous year.

3.1. Preparation and presentation of financial statements

The financial statements are stated in Argentine pesos and were prepared in accordance with accounting disclosure and valuation standards contained in the technical pronouncements issued by the FACPCE approved by the CPCECABA and in accordance with the resolutions issued by the CNV, assuming that the Company will continue as a going concern. However, the Company's Annual Consolidated Financial Statements do not include any adjustments or reclassifications that might result either from the successful outcome of the voluntary reorganization proceeding (*concurso preventivo*) described above or from the non occurrence of the event. These financial statements should be read under these circumstances.

The interim financial statements for the three months ended March 31, 2011 and 2010 have been subject to limited reviews. Management estimates that such unaudited consolidated interim financial statements include all the necessary adjustments to fairly present the results of each period. The results for the three months ended March 31, 2011 and 2010 do not necessarily reflect the proportion of the Company's results for the full years.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

The CNV has established the application of the Technical Resolution No. 26 of the FACPCE which adopts, for entities included in the public offer under Law No. 17,811, for its capital or for negotiable obligations, or for having requested authorization to be included in the public offer, the international financial reporting standards issued by the IASB (International Accounting Standard Board).

The application of such standards will became obligatory for companies with fiscal year beginning on January 1, 2012.

On April 22, 2010, the Board of Directors approved the specific implementation plan. Since that date, the implementation process has been implemented according to the plan. Actually, the Company is ending the impact evaluation of the IFRS´implementation.

3.2. Accounting estimates

The preparation of financial statements at a given date requires that management make estimates and evaluations affecting the amount of assets and liabilities recorded and contingent assets and liabilities disclosed at the date of issue of the financial statements, as well as income and expenses recorded during the period. Management makes estimates to calculate, at a given moment, for example, the allowance for doubtful accounts, depreciation, the recoverable value of assets, the income tax charge and contingency provision. Actual future results might differ from estimates and evaluations made at the date of preparation of these financial statements.

3.3. Recognition of the effects of inflation

The financial statements have been prepared in constant currency, reflecting the overall effects of inflation through August 31, 1995. Between that date and December 31, 2001, restatement of the financial statements was discontinued due to the existence of a period of monetary stability. Between January 1, 2002 and March 1, 2003, the effects of inflation were recognized to reflect the inflation recorded during that period. As from that date, restatement of financial statements has been discontinued.

This criterion is not in accordance with prevailing professional accounting standards, under which financial statements must be restated until September 30, 2003. The effect of the mentioned professional accounting standards deviation is not significant over the financial statements as of March 31, 2011 and 2010.

The rate used for restatement of items was the Internal Wholesale Price Index ("IPM") published by the National Institute of Statistic and Census.

3.4. Comparative information

Balances as of March 31 and December 31, 2010 and results for the three months ended as of March 31, 2010 disclosed in these consolidated financial statements for comparative purposes, arises from the financial statements as of such dates.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

In accordance with professional accounting standards, the Company shows the information included in the unaudited consolidated interim balance sheet as of March 31, 2011 in comparative format with those as of March 31 and December 31, 2010, since it is engaged in seasonal activities.

Certain amounts in the financial statements for the three months ended March 31, 2010 were reclassified for presentation on a comparative basis with those for the current period.

3.5. Valuation criteria

a) Cash and deposits in banks

Have been recorded at its nominal value.

b) Foreign currency assets and liabilities

Foreign currency assets and liabilities were valued at period-end exchange rates.

c) Short-term investments

National Government Bonds (“BODEN”) were valued at their nominal value plus interest accrued at the end of the period.

Units in mutual funds were valued at their market value at the end of the period.

Saving accounts deposits were valued at their nominal value plus interest accrued at the end of the period.

d) Trade receivables and accounts payable

Trade receivables and accounts payable were valued at their nominal value incorporating financial results accrued through period-end, where applicable. The values thus obtained do not significantly differ from those that would have been obtained had current accounting standards been applied, which establish that they must be valued at their spot price at the time of the transaction plus interest and implicit financial components accrued at the internal rate of return determined at each moment.

Trade receivables include accrued services pending billing at period-end.

The line headed PURE corresponds to the Program for the Rational Use of Energy, comprising the recognition of incentives and additional charges for excess consumption. The credit balance for this item included in trade receivables corresponds to bonuses for consumption net of additional charges for excess consumption pending to bill.

The line headed Trust Funds within accounts payable corresponds to the collected amounts, which were pending of deposit at the end of each period.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

Trade receivables are shown net of the allowance for doubtful accounts, which is based on management's collection estimates.

e) Other receivables and payables

Sundry receivables and payables were valued at their nominal value incorporating, when it concern, financial results accrued through period-end, except for the amounts to be recovered through tariffs included in long term Other receivables which were valued on the basis of the best possible estimation of the sums to be received discounted using the rate that reflects the time value of the money and the specific risks of the receivables; and for the deferred income tax which was valued at their nominal value.

Values thus obtained incorporating financial results accrued through period-end do not significantly differ from those that would have been obtained had current accounting standards been applied, which establish that they must be valued on the basis of the best estimation possible of the sum to receive and to pay, respectively, discounted using a rate that reflects the value time of the money and the specific risks of the transaction considered at the moment of its incorporation to the assets and liabilities, respectively.

The value registered in Other receivables does not exceed its respective recoverable value.

f) Inventories

Warehouse materials were valued at their period-end replacement cost. The value thus obtained, net of the allowance for obsolescence, is less than the respective recoverable value estimated at the end of each period.

g) Non-current investments

The permanent investment in the controlled company MetroENERGÍA has been valuated according to the equity method based on the financial statements as of March 31, 2011, December 31, 2010 and March 31, 2010 issued by the company.

The accounting standards used by MetroENERGÍA for preparing its financial statements are the same used by MetroGAS.

The value thus obtained is less than the respective recoverable value estimated at the end of the period.

h) Fixed assets

For assets received at the time of granting of the License, the global transfer value defined in the Transfer Agreement arising as an offsetting item of contributions made and transferred liabilities restated following the guidelines indicated in Note 3.3. has been considered as original value of fixed assets.

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

Based on special work performed by independent experts, the global original value mentioned above was appropriated among the various categories of items making up that value, assigning as useful life the remaining years of service estimated by the Company on the basis of type of item, current status, and renewal and maintenance plans.

Assets incorporated to net worth after granting of the License were valued at restated acquisition cost, following the guidelines indicated in Note 3.3., except in the case of distribution networks built by third parties (various associations and cooperatives) which, as established by ENARGAS, are valued at amounts equivalent to certain cubic meters of gas.

Fixed assets are depreciated by the straight-line method, using annual rates sufficient to extinguish their values by the end of their estimated useful lives. Depreciation was computed based on the amount of these assets adjusted for inflation following the guidelines indicated in Note 3.3..

The Company capitalizes the portion of operating costs attributable to planning, execution and control of investments in fixed assets. The amounts capitalized during the three months ended March 31, 2011 and 2010 amounted to Ps. 1,297 thousand and to Ps. 1,164 thousand, respectively, and Ps. 6,347 for the year ended December 31, 2010.

Gas in pipelines is valued at acquisition cost restated following the guidelines indicated in Note 3.3..

Net value of fixed assets does not exceed its economic utilization value at the end of the period.

i) Income tax

The Company recognized the income tax charge by the deferred tax liability method, recognizing temporary differences between accounting and tax assets and liabilities measurements.

Deferred tax asset is mainly generated by: i) tax loss carry forward, ii) the temporary differences of the allowance for doubtful accounts, iii) the accounting contingency provision and iv) the other non-current receivables discount.

Deferred tax liability is mainly generated by temporary differences between the accounting valuation and the tax value of fixed assets, mainly due to different depreciation criteria and the treatment of financial results (interest and exchange differences) capitalized under those items.

To determine deferred assets and liabilities, the tax rate in force at the date of issuance of these financial statements has been applied to the temporary differences identified and tax loss carry forwards.

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

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

Deferred assets

	Estimated loss carry forward	Trade receivables	Other liabilities	Other receivables	Other	Total
	Thousand of Ps.					
Balances as of December 31, 2010	4,989	22,419	28,496	21,280	186	77,370
Movements of the period	10,121	(552)	819	(499)	(180)	9,709
Balances as of March 31, 2011	15,110	21,867	29,315	20,781	6	87,079

Deferred liabilities

	Fixed assets	Other	Total
	Thousands of Ps.		
Balances as of December 31, 2010	(9,478)	3,507	(5,971)
Movements of the period	374	979	1,353
Balances as of March 31, 2011	(9,104)	4,486	(4,618)

Deferred income tax assets generated by the tax loss carry forward recorded by the Company amount to Ps. 15,110 thousand at the end of the period. That tax loss carry forward can be offset against profits for future years expiring Ps. 4,989 thousand in 2014 and Ps. 10,121 thousand in 2015.

The realization of deferred tax assets depends on the future generation of taxable profits in those years in which temporary differences become deductible. To determine the realization of assets, the Company considers the projection of future taxable profits based on its best estimation.

Net deferred assets derived from the information included in the preceding tables amount to Ps. 71,399 thousand at the beginning of the year and Ps. 82,461 thousand at the end of the period.

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

	March 31, 2011	March 31, 2010
	Thousands of Ps.	
Income tax expense over pre-tax income	(13,068)	(6,733)
Permanent differences		
Restatement into constant currency	3,006	3,486
Non deductible expenses and non-computable income	(1,000)	(907)
Total income tax credit in results	(11,062)	(4,154)

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

Below is the reconciliation between income tax credit in results and the income tax determined for fiscal purpose:

	March 31,	
	2011	2010
	Thousands of Ps.	
Income tax determined for fiscal purpose	(10,121)	(3,273)
Temporary differences	(941)	(881)
Total income tax credit in results	(11,062)	(4,154)

The Company, in accordance with the accounting standards in force, has decided not to recognize the deferred tax liability caused by inflation adjustment on fixed assets to the effects of the calculation of the deferred tax. Had the deferred tax liabilities been recognized in this item, this value would amount at nominal values to Ps. 246 million at end of the period and Ps. 249 million at the beginning of the year. The difference of Ps. 3 million would have impacted in the result of the period.

j) Minimum presumed income tax

The Company calculates minimum presumed income tax by applying the current 1% rate on computable assets at the end of the year. This tax complements income tax. The Company's tax obligation for each year will agree with the higher of the two taxes. If in a fiscal year, however, minimum presumed income tax obligation exceeds income tax liability, the surplus will be computable as a down payment of income tax through the next ten years.

The Company has recognized minimum presumed income tax accrued during the period and paid in previous years as a credit. That credit is shown under the heading Other non-current credits and expires between the years 2012 and 2020.

In order to determine the realization of such asset, the Company considers the projections of future taxable revenues based on the best estimation. Considering the estimates made by the Company, it registered an allowance for impairment of the minimum presumed income tax which amounts to Ps. 21,066 thousand at the end of the period.

k) Severance pay

Severance payments made to employees are expensed as incurred.

l) Balances with related parties

Balances with related parties mainly generated by commercial operations and sundry services were valued based on conditions agreed between the parties.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

m) Reorganization liabilities

Liabilities in local currency were valued at their nominal value incorporating, when it concern, the financial results accrued until the date of presentation of reorganization proceeding (*concurso preventivo*).

Liabilities in foreign currency were valued at period-end exchange rates.

Financial interests were accrued until the date of presentation of reorganization proceeding (*concurso preventivo*), according to Article 19 of the Bankruptcy Law. Since that date, the accrual of interests should be suspended.

n) Contingency provision

Set up to cover labor or commercial contingencies and sundry risks that could give rise to liabilities to the Company. In estimating the amounts and probability of occurrence the opinion of the Company's legal counsel has been taken into account.

Insurance coverage taken out by the Company has also been considered. At the date of issuance of these financial statements, management considers that there are no elements to determine other contingencies that could have a negative impact on the financial statements.

o) Shareholders' equity accounts

Movements in shareholders' equity accounts were restated following the guidelines detailed in Note 3.3..

The "Common Stock" account has been stated at historical nominal value. The difference between the amount stated in uniform currency and historical nominal value was shown in the "Adjustment to Common Stock" account making up the shareholders' equity.

p) Revenue recognition

The Company recognizes sales revenue based on gas deliveries to customers, including estimated gas volumes delivered pending billing at the end of each period.

Volumes delivered were determined based on gas volumes purchased and other data.

q) Statements of income accounts

Statements of income accounts are shown at nominal value, except depreciation of fixed assets that are restated following the guidelines indicated in Note 3.3..

3.6. Basic and diluted loss per share

Basic and diluted loss per share is calculated based on weighted average shares at March 31, 2011 and 2010, respectively, amounting to 569,171,208. As the Company does not hold preferred shares or debt convertible into shares, both indicators are equivalent.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 3 - ACCOUNTING STANDARDS (Contd.)

3.7. Information by segment

The Company mainly operates in providing gas distribution services and, through MetroENERGÍA, in buying and selling natural gas and/or its transportation on its own, on behalf of or associated to third parties.

Details regarding certain information classified by segment of business, in accordance with the guidelines of Technical Resolution No. 18 of the FACPCE are disclosured in Note 3.7 to the consolidated financial statement.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 4 - ANALYSIS OF THE MAIN ACCOUNTS OF THE FINANCIAL STATEMENTS

Details regarding the significant amounts included in the accompanying financial statements are as follows:

	March 31, 2011	December 31, 2010	March 31, 2010
		Thousands of Ps.	
Assets			
Current assets			
a) Cash and banks			
Cash	668	920	664
Banks	158,924	41,526	7,991
Collections to be deposited	1,604	2,797	2,016
	161,196	45,243	10,671
b) Trade receivables, net			
Trade accounts receivable	149,061	135,299	113,627
Unbilled revenues	20,514	23,850	11,915
Tax on banking transactions to be recovered	5,315	6,004	5,158
Related parties (Note 6)	2,421	4,970	3,250
PURE	(2,938)	(2,797)	(4,361)
Allowance for doubtful accounts (Exhibit E)	(17,655)	(18,211)	(15,513)
	156,718	149,115	114,076
c) Other receivables			
Other advances	7,951	6,827	5,880
Insurance and other prepaid expenses	4,966	3,671	3,667
Other receivables	2,017	1,399	1,040
Related parties (Note 6)	979	961	1,980
	15,913	12,858	12,567
d) Inventories, net			
Warehouse materials	6,809	6,343	5,239
Allowance for inventory obsolescence (Exhibit E)	(1,734)	(1,751)	(1,533)
	5,075	4,592	3,706
Non-current assets			
e) Other receivables			
Deferred tax assets			
Net deferred income tax (Note 3.5.i))	82,461	71,399	45,621
Receivables for minimum presumed income tax (Note 3.5.j))	105,552	101,914	90,306
Valuation allowance on minimum presumed income tax (Exhibit E)	(21,066)	(21,066)	(21,066)
	166,947	152,247	114,861
Study, revision and inspection of works in public space levy to be recovered GCABA (Note 8.4.5.)	61,717	60,407	52,364
Occupancy of public space levy to be recovered (Note 8.4.5.)	85,425	83,168	76,097
Others	12	16	40
Present value discount	(43,731)	(45,486)	(11,292)
	270,370	250,352	232,070

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 4 - ANALYSIS OF THE MAIN ACCOUNTS OF THE FINANCIAL STATEMENTS (Contd.)

	March 31, 2011	December 31, 2010	March 31, 2010
		Thousands of Ps.	
Liabilities			
Current liabilities			
f) Accounts payable			
Gas and transportation	65,806	87,971	57,829
Other purchases and services	48,232	85,684	67,804
Related parties (Note 6)	14,281	13,191	4,589
Transportation trust Funds	63,550	67,427	2,449
	191,869	254,273	132,671
g) Financial debt (Note 9)			
Negotiable bonds (Face value) (Exhibit G)	-	-	81,766
Interest and other expenses payable to foreign financial institutions (Exhibit G)	-	-	17,956
Overdraft with financial institutions	-	-	271
	-	-	99,993
h) Taxes payable			
Value added tax	5,779	6,796	7,762
Occupancy of public space levy	538	89	8,610
GCABA study, revision and inspection of works in public space levy	6,951	4,889	15,246
CNG tax	5,224	3,464	4,449
Income tax	17,691	14,134	3,996
Gross revenue tax	2,519	2,185	408
Other taxes	2,283	1,804	4,519
	40,985	33,361	44,990
Non-current liabilities			
i) Financial debt (Note 9)			
Negotiable bonds (Exhibit G)	-	-	896,959
Present value discount	-	-	(44,420)
	-	-	852,539
j) Reorganization liabilities			
Accounts payable	121,248	109,373	-
Financial debt (Exhibit G)	1,067,587	1,034,556	-
Payroll and social security payable	3,534	3,534	-
Taxes payable	44,799	45,461	-
Related parties (Note 6)	31,595	27,380	-
Other liabilities	27	27	-
	1,268,790	1,220,331	-
Statements of operations			
k) Sales			
Gas sales	91,577		89,736
Transportation and distribution services	51,260		55,502
Other sales	10,499		15,146
Processed natural gas sales	17,942		14,021
	171,278		174,405

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 5 - DUE DATES OF INVESTMENTS, RECEIVABLES AND PAYABLES

The due dates of investments, receivables and payables are as follows:

	March 31, 2011	December 31, 2010	March 31, 2010
		Thousands of Ps.	
5.1. Investments			
- Becoming due			
under 3 months	-	156,183	1,153
- Without due date	90,066	109,930	50,853
Total	90,066	266,113	52,006
5.2. Receivables			
- Past due			
under 3 months	7,503	8,648	34,703
from 3 to 6 months	1,976	4,879	16,082
from 6 to 9 months	8,021	24,247	7,334
from 9 to 12 months	439	642	183
from 1 to 2 years	5,906	13,308	6,985
more than 2 years	12,969	4,834	6,800
Sub-total	36,814	56,558	72,087
- Without due date	3,722	2,998	677
- Becoming due			
under 3 months	142,932	112,568	63,249
from 3 to 6 months	2,753	3,922	2,682
from 6 to 9 months	2,057	2,333	1,965
from 9 to 12 months	2,008	1,805	1,496
from 1 to 2 years	24,130	19,619	93,750
more than 2 years	246,240	230,733	138,320
Sub-total	420,120	370,980	301,462
Allowance for doubtful accounts	(17,655)	(18,211)	(15,513)
Total	443,001	412,325	358,713

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 5 - DUE DATES OF INVESTMENTS, RECEIVABLES AND PAYABLES (Contd.)

	March 31, 2011	December 31, 2010	March 31, 2010
		Thousands of Ps.	
5.3. Payables			
- Past due			
under 3 months	28,140	67,446	5,084
from 3 to 6 months	288	1,793	68
from 6 to 9 months	72	-	4
from 9 to 12 months	1	-	-
from 1 to 2 years	3	-	7,511
Sub-total	28,504	69,239	12,667
- Without due date (*)	1,277,028	1,228,218	7,224
- Becoming due			
under 3 months	215,482	235,069	183,526
from 3 to 6 months	-	1,309	43,728
from 6 to 9 months	15,349	-	11,204
from 9 to 12 months	2,602	12,313	45,773
from 1 to 2 years	-	-	131,906
more than 2 years	-	-	727,592
Sub-total	233,433	248,691	1,143,729
Total	1,538,965	1,546,148	1,163,620

(*) As of March 31, 2011, the Reorganization liability is included for an amount of Ps. 1,268,790 thousand.

Investments bearing interest according to the following detail: 1) “BODEN” at an annual rate of 2.00% as of March 31, 2011 and December 31, 2010 and 4.00% as of March 31, 2010; 2) time deposits at an annual average rate in dollars of 0.19% as of December 31, 2010 and 0.25% as of March 31, 2010 and at an annual average rate in pesos of 11.13% as of December 31, 2010 and 11.50% as of March 31, 2010; and 3) mutual funds at an annual average rate of 6.28% as of March 31, 2011, 6.0% as of December 31, 2010 and 5.3% as of March 31, 2010.

Pursuant legislation in force, in the case of invoices for services not paid when due, the Company is entitled to collect interest on overdue amounts from the due date through the date of payment. As these are overdue receivables, and following standards of prudence, the Company recognizes this income at the time of actual collection.

Payables do not accrue interest, except for the Financial debt (Note 9) and Taxes payable in relation to the payment facilitation plans which accrued interest until the date of presentation of reorganization proceeding (*concurso preventivo*) (See Note 2), according to Article 19 of the Bankruptcy Law. Since that date, the accrual of interests should be suspended.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES

Gas Argentino S.A. ("Gas Argentino"), as owner of 70% of the Company's Common Stock, is the controlling shareholder of MetroGAS.

MetroGAS carries out certain transactions with certain affiliates of the shareholders of Gas Argentino. As of March 31, 2011, the shareholders of Gas Argentino are BG Inversiones Argentinas S.A. ("BG") (54.67%) and YPF Inversora Energética S.A. ("YPF") (45.33%).

MetroGAS holds 95% of the Common Stock of MetroENERGÍA and is therefore the controlling shareholder. The remaining shareholders are BG Argentina S.A. and YPF Inversora Energética S.A., holding 2.73% and 2.27% of MetroENERGÍA Common Stock respectively. MetroGAS renders certain services to MetroENERGÍA.

These financial statements include the following transactions and balances with related companies:

- Gas supply, sales and services contracts with companies directly and indirectly related to YPF.
- Fees accrued under the terms of a Personnel Supply Agreement YPF S.A.
- Rendering of services and gas and transportation sales to MetroENERGÍA.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES (Contd.)

Significant transactions with related companies are as follows:

	March 31,								
	2011					2010			
	Gas & transportation sales	Financial and holding results	Other income net	Gas purchases	Fees for professional services	Gas & transportation sales	Other income net	Gas purchases	Fees for professional services
	Thousands of Ps.								
Controlling company									
Gas Argentino	-	-	-	-	-	-	-	-	-
Controlled company:									
MetroENERGÍA	2,441	1	1,933	-	-	5,134	1,505	-	-
Other related parties:									
YPF S.A.	1	-	-	10,981	229	2	-	10,729	177
Operadora de Estaciones de Servicios S.A.	223	-	-	-	-	294	-	-	-
Astra Evangelista S.A.	8	-	-	-	-	4	-	-	-
Board of directors and management:	-	-	-	-	-	-	-	-	-
	2,673	1	1,933	10,981	229	5,434	1,505	10,729	177

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED COMPANIES (Contd.)

The outstanding balances as of March 31, 2011, December 31, 2010 and March 31, 2010 from transactions with related companies are as follows:

	March 31, 2011				December 31, 2010				March 31, 2010		
	Thousands of Ps.										
	Trade receivables	Other receivables	Accounts payable	Reorganization liabilities	Trade receivables	Other receivables	Accounts payable	Reorganization liabilities	Trade receivables	Other receivables	Accounts payable
	Current	Current	Current	Non Current	Current	Current	Current	Non- current	Current	Current	Current
Controlling company:											
Gas Argentino	-	-	-	-	-	-	-	-	-	-	-
											-
Controlled company:											
MetroENERGÍA	2,158	979	-	-	4,751	961	-	-	3,018	1,980	-
Other related parties:											
Operadora de Estaciones de Servicios S.A.	259	-	-	-	216	-	-	-	227	-	-
YPF S.A.	4	-	14,281	31,595	3	-	13,191	27,380	-	-	4,589
Astra Evangelista S.A.	-	-	-	-	-	-	-	-	5	-	-
Board of directors and management:	-	-	-	-	-	-	-	-	-	-	-
	2,421	979	14,281	31,595	4,970	961	13,191	27,380	3,250	1,980	4,589

NOTE 7 - RESTRICTED ASSETS

A substantial portion of the assets transferred to MetroGAS by GdE has been defined in the License as “Essential Assets” for the performance of licensed service. The Company is obliged to segregate and maintain them, together with any future improvements, in accordance with certain standards defined in the License.

The Company must not, for any reason, dispose of, encumber, lease, sublease or loan Essential Assets for purposes other than providing licensed service without prior authorization from the ENARGAS. Any extensions and improvements that the Company may make to the gas distribution system after the Takeover Date may only be encumbered to collateralize loans maturing after a year of one year and used to finance new extensions of and improvements to the distribution network.

Upon expiration of the License, the Company will be obliged to transfer to the Government, or its designee, the Essential Assets listed in the updated inventory as of the expiration date, free of any debt, encumbrance or attachment.

As a general rule, upon expiration of the License, the Company will be entitled to collect the lesser of the following two amounts:

a) The value of the Company’s property, plant and equipment determined on the basis of the price paid by Gas Argentino, and the original cost of subsequent investments carried in US Dollars and adjusted by the Producer Price Index (“PPI”), net of the accumulated depreciation.

b) The proceeds of a new competitive bidding, net of costs and taxes paid by the successful bidder (Note 8.1.).

NOTE 8 - REGULATORY FRAMEWORK

The natural gas distribution system is regulated by the Gas Act, which, together with Executive Order No. 1,738/92, other regulatory decrees, the specific bidding rules (“Pliego”), the Transfer Agreement and the License establishes the Regulatory Framework for the Company’s business.

The License, the Transfer Agreement and regulations promulgated pursuant to the Gas Act contain requirements regarding quality of service, capital expenditures, restrictions on transfer and encumbrance of assets, restrictions on cross ownership among gas production, transportation and distribution companies and restrictions on transfers of Common Stock of MetroGAS.

The Gas Act and the License establish ENARGAS as the regulatory entity to administer and enforce the Gas Act and applicable regulations. ENARGAS’ jurisdiction extends to transportation, marketing, storage and distribution of natural gas. Its mandate, as stated in the Gas Act, includes the protection of consumers, the fostering of competition in the supply of and demand for gas, and the encouragement of long-term investment in the gas industry.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

During 2010 and based on the Consumer Protection Act, Chamber K of the Civil Court made MetroGAS responsible for an irregularity in an internal installation without taking into account neither the regulatory framework in force nor the precedent case law as regards this matter. The Company applied for an extraordinary appeal before the National Supreme Court but it was rejected, encouraging to the Company to apply for a direct appeal that was also rejected for the Court, becaming firm the sentence of Chamber K mentioned before. Opportunely the Company gave due notice to the ENARGAS.

Tariffs for gas distribution services were established in the License and are regulated by the ENARGAS.

8.1. Distribution License

Upon expiration of the original 35-year term, MetroGAS may apply to ENARGAS for a renewal of the License for an additional ten-year term. ENARGAS is required at that time to evaluate the Company's performance and make a recommendation to the Government. MetroGAS would be entitled to such ten-year extension of its License unless ENARGAS can prove that MetroGAS is not in substantial compliance with all its obligations stated in the Gas Act and its regulations and in the License.

At the end of the 35-year or 45-year term, as the case may be, the Gas Act requires that a new competitive bidding be held for the License, in which MetroGAS would have the option, if it has complied with its obligations, to match the best bid offered to the Government by any third party.

As a general rule, upon termination of the License, MetroGAS will be entitled to receive the lower of the value of specified assets of MetroGAS or the proceeds paid by the successful bidder in a new competitive bidding process (Note 7).

MetroGAS has various obligations under the Gas Act, including the obligation to comply with all reasonable requests for service within its service area. A request for service is not considered reasonable if it would be uneconomic for a distribution company to undertake the requested extension of service. MetroGAS also has the obligation to operate and maintain its facilities in a safe manner. Such obligation may require certain investments for the replacement or improvement of facilities as set forth in the License.

The License details further obligations of MetroGAS, which include the obligation to provide distribution service, to maintain continuous service, to operate the system in a prudent manner, to maintain the distribution network, to carry out mandatory investment program, to keep certain accounting records and to provide periodic reports to ENARGAS.

The License may be revoked by the Argentine Government upon the recommendation of ENARGAS under the following circumstances:

- Serious and repeated failure by the Company to meet its obligations.
- Total or partial interruption of not interruptible service for reasons attributable to the Company of duration in excess of the periods stipulated in the License within a calendar year.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

- Sale, assignment or transfer of the Company's essential assets or encumbrances thereon without ENARGAS' prior authorization, unless such encumbrances serve to finance extensions and improvements to the gas pipeline system.
- Bankruptcy, dissolution or liquidation of the Company. The reorganization proceeding does not affect the normal course of the operations of the Company or, consequently, the Company's license.
- Ceasing and abandoning the provision of the licensed service, attempting to assign or unilaterally transfer the License in full or in part (without ENARGAS' prior authorization) or giving up the License, other than as permitted therein.
- Transfer of the technical assistance agreement mentioned above or delegation of the functions granted in that agreement without ENARGAS' prior authorization.

The License stipulates that the Company cannot assume the debts of Gas Argentino or grant loans to encumber assets, to secure debt of, or grant any other benefit to creditors of, Gas Argentino.

8.2. US PPI semi-annual adjustment

ENARGAS through Resolution No. 1,477 adjusted MetroGAS' tariffs as from January 1, 2000 without including adjustments to reflect changes in the US PPI, which would have resulted in a 3.78% increase in the transportation and distribution components of the tariffs as of that date. This was due to the fact that in negotiations with ENARGAS and the Government, the distribution and transportation companies agreed to defer the collection of the amounts related to the US PPI adjustment corresponding to the year 2000. Moreover, ENARGAS established, through the same resolution, the methodology to recover the accrued revenues corresponding to the application of the US PPI adjustment to the first semester of 2000 during the ten months beginning July 1, 2000.

On July 17, 2000, the gas distribution and transportation companies, ENARGAS and the Government agreed to pass through to the tariffs, as from July 1, 2000: a) the US PPI adjustment deferred for the first six months of 2000; and b) an increase in the tariffs to reflect the US PPI increase (3.78%). Additionally, they agreed to defer the billing of the amounts related to the US PPI adjustments corresponding to the period from July 1, 2000 through September 30, 2002. The deferred amounts were guaranteed by the Government and therefore the corresponding accrued revenues would be recovered through the tariffs as from July 1, 2002 to June 30, 2004.

On August 4, 2000, Executive Order No. 669 was issued by the Government, confirming the terms of this agreement.

With reference to proceedings brought by the Ombudsman, on August 29, 2000 MetroGAS was notified of a court order, suspending Decree No. 669, referring mainly to the unconstitutionality of the tariff adjustment according to a mechanism of indexation based on a foreign index within the applicability of the Convertibility Law. Accordingly, ENARGAS informed the Company that the tariffs should be reduced to exclude the US PPI adjustment. MetroGAS, as well as most gas distribution and transportation companies, appealed this ruling and the corresponding ENARGAS resolution.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

Additionally, ENARGAS and the Government also appealed the court order. On October 5, 2001 the Chamber of Appeals rejected this appeal. The Government and several gas companies have appealed the decision before the Supreme Court of Justice of Argentina. It is not possible to predict when the Court will rule on this matter. The resolution of the main issue of the debate is still pending. Notice has been served upon the various licensees to participate in that matter.

As a result of the measures adopted, mentioned in Note 2 to the consolidated financial statements, the National Government issued the Emergency Law, which, among other provisions, and specifically as regards contracts for public works and services, made clauses providing for adjustments in dollars or other foreign currency ineffective, as well as indexation clauses based on the price indexes of other countries and any other indexation mechanisms, in addition to fixing a one peso to one dollar rate for tariffs and ordering renegotiations of utility contracts, passing US PPI on to tariffs, as rightfully claimed by the Company, becomes impracticable. Both a transfer to the tariffs of the US PPI as well as the possibility of recovery through the National Government, which endorsed the related credits, are contingent on future events that are beyond the Company's control.

In view of the above mentioned scenario, the net effect of income accrued during 2001 and 2000 in connection with the deferral of US PPI adjustments has been reversed in the financial statements as of December 31, 2001 in the "Extraordinary Loss" item.

The reversal should not be understood as a waiver of rights arising out of the Regulatory Framework that governs the Company's activities or as an abandonment of any of the actions filed by the Company so far.

On February 1, 2002, ENARGAS, according to the Emergency Law, approved tariffs without including the US PPI adjustment. Consequently, MetroGAS has filed an administrative action, claiming the PPI adjustment for the years 2000 and 2001, which resolution as of the date of issuance of these financial statements is pending.

8.3. Tariff renegotiation

On February 12, 2002, the Government issued Executive Order No. 293, which entrusted the Economy Ministry ("EM") with the renegotiation of public utility licenses and created a Committee for the Renegotiation of Contracts for Public Works and Services ("CRC").

On July 3, 2003, by means of Executive Order No. 311/03, the "Unit for the Renegotiation and Analysis of Utility Contracts" ("UNIREN") was created, aiming at giving advice during the renegotiation process of public works and services contracts and developing a regulatory framework common to all public services. The UNIREN continues the renegotiation process developed by the previous CRC.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

Although MetroGAS strictly complied with the submittance of all information required, and the very reports made by the CRC and the UNIREN stated that the gas sector posed no difficulties as to the execution of license contracts and the compliance of conditions and obligations committed, and although licensees, among them MetroGAS, complied with the necessary conditions to continue with the process of renegotiation, there was an exchange of proposals between the parties and the National Government the process is still delayed being not possible to achieve an agreement.

The Emergency Law, which was originally to be due in December 2003, was consecutively extended up to December 31, 2011. As a consequence, the renegotiation terms for licenses and concessions of utility services were also extended.

Although several draft copies with proposals have been exchanged with the UNIREN during the last years, the Company has not been able to reach a definite agreement, among other reasons, because the Government strictly requires that the Company's direct and indirect shareholders suspend and eventually release any domestic or international claim against the National State as a consequence of the emergency condition and , that the Company grants an indemnity to the National State regarding any measure, decision or ruling which may imply an economic compensation, claim for damages or indemnity, whatever nature , based on or related to the facts or measures stipulated as from the emergency situation established by Law 25,561 and/or the cancellation of the PPI as regards the License agreement . Among the relevant issues where no consensus was reached in order to move forward in the process of subscribing a letter of understanding, we can mention, the amount of tariffs increases and the lack of certainty regarding an effective collection of these increases by the Company within an appropriate term considering the situation the Company is undergoing. Without ruling out other alternatives, and taking into account the delicate situation the Company is in, it is still fostering negotiations to reach an agreement contemplating tariffs increases which may allow the Company to make a proposal to its creditors and put an end to the legal proceedings the Company is involved in, thus restoring the business feasibility. According to the Company's legal advisors, a letter of understanding with the characteristics of the one sent by the UNIREN has to be authorized by the judge in charge of the judicial proceeding.

On October 1, 2008, MetroGAS signed a Temporary Agreement with the UNIREN which was ratified by the Shareholder's Meeting on October 14, 2008 and approved by the Executive Power on March 26, 2009 by Decree No. 234 published on April 14, 2009. The mentioned Temporary Agreement establishes a Transitional Tariff Regime as from September 1, 2008, with a readequacy of prices and tariffs including price variation of gas, transportation and distribution services.

The amounts resulting from the effectively received increase in distribution tariffs must be deposited by MetroGAS in a specific trust fund created to carry out infrastructure works in the licensee area.

The Temporary Agreement establishes general guidelines for final tariff increases on average invoices, including adjustments of gas prices at well head and adjustments of transportation and distribution services, and it is complemented with ENARGAS Resolution No. I/409, which sets up a segmentation of residential customers according to their annual consumption, and Resolution No. 1,070/08 from the ES, which includes the Complementary Agreement signed

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

with gas producers through which gas prices at well head are established as from September 2008 until December 2009 for each customer category according their annual consumption.

The Temporary Agreement stipulates that residential customers with consumption up to 800 CM/year will have no increase in tariffs (62% of the customers and 25% of volumes of MetroGAS´ residential customers). Tariff increases will be applied to charges per unit of consumption and reserve capacity charge but will not be applied neither to fixed charges nor minimum charges. The increase will be higher for higher level of consumption, and daily differences accumulated for gas purchases of previous periods will be eliminated. Likewise, the rates and charges that the Company is authorized to charge are adjusted by 25%.

On September 24, 2009, the ENARGAS sent the previous background and the MetroGAS´ tariff chart provided by the Temporary Agreement to the Undersecretary of Coordination and Management Control dependent on the Ministry of Federal Planning, Public Investment and Services ("MPFIPyS"). On February 17, 2010, MetroGas filed a legal protection proceeding before the Federal Administrative Court of Appeals requiring the issuing of an order of quick dispatch against the Sub-Secretariat of Coordination and Management Control in order to make the Sub-Secretary to finally issue the file in which the tariff scheme to be approved by ENARGAS is considered.

On December 16, 2009, the UNIREN sent to MetroGAS a new version of the Letter of Understanding with the proposal of the license renegotiation. Unfortunately no consensus has been reached so far to achieve an agreement that may satisfy both, the interests of the National Government and the ones of the Company and its shareholders.

Although ENARGAS has not yet issued the respective tariff charts arise from the Temporary Agreement, on June 2010, the Company sent to the ENARGAS and the UNIREN the support documentation refereed to investments made from September 2008 to December 2009 and the Investment Plan 2010, according to the Temporary Agreement requests.

As regards the Trust fund destined to the construction of infrastructure works, MetroGAS complied with all the necessary steps to the constitution of an administration trust fund with Nación Fideicomisos S.A.. At first, the Letter of Understanding ("Memorando de Entendimiento") was subscribed by both parties and sent to the ENARGAS and the MPFIPyS on March 22, 2010. Afterwards, administration trust fund contract conditions were settled and approved on March 14, 2011 by ENARGAS and the UNIREN. It is worth mentioning that the Company will include this contract into the reorganization procedure to receive the judicial authorization, if applicable, according to the Article No. 16 *in fine* of the Law No. 24,522.

During 2010, notes were sent to the ENARGAS, UNIREN and the MPFIPyS insisting on the Company's vital need to reach a definite consensus to successfully end the legal proceedings that the Company is undergoing.

In face of the difficult financial situation affecting MetroGAS and the lack of response from state bodies regarding the proceedings started, on June 8, 2010 the Company filed a legal protection proceeding against the ENARGAS and the Undersecretary of Coordination and Management Control under the authority of the Ministry of Federal Planning, Public Investment and Services ("MINPLAN"), as a consequence of their omission to implement the "Temporary

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

Tariff Scheme" (RTT) established in the Temporary Agreement subscribed on October 1, 2008 and approved by the National Executive Power through Executive Order No. 234/09.

When filing the appeal, the Company stated that both the ENARGAS and the Undersecretary of Coordination, within the sphere of their respective responsibilities, have had to implement, since March 2009, the tariff scheme derived from the Temporary Tariff Scheme. However, they omitted to carry out due actions to implement the said scheme, resulting in prejudice of the Company's constitutional rights. Therefore, it was requested that the defendants carry out, without delay, the necessary actions to put in force the tariff increase before mentioned.

On November 30, 2010 the Judge rejected the legal protection proceeding, decision which was then appealed by the Company on December 7, 2010.

As of the date of issuance of these financial statements, the Company was niether invoiced nor registered the effects of the mentioned Temporary Agreement.

It is important to point out that tariffs for distribution services have not been increased since 1999, which has caused unbalances between MetroGAS´ income and expenses. If the issuance of the tariff charts continues delayed, the economic and financial condition of the Company will continue to deteriorate.

Given the adverse condition the Company is currently undergoing, as a result of the delay in the increase in its tariffs, on June 17, 2010, the Board of Directors of MetroGAS filed for a reorganization proceeding (as described in Note 2).

On that same date, through Resolution No. I-1,260 issued on June 17, 2010, ENARGAS notified MetroGAS that the Company would be under the supervision of Ing. Antonio Gomez, an ENARGAS-appointed Supervisor ("Interventor") for the term of 120 days. This measure ordered by ENARGAS followed the decision reached by the Board of Directors of MetroGAS as to the filing for a reorganization proceeding.

The mentioned Resolution states that the Interventor will supervise and control all MetroGAS's activities that could have an impact on the public service gas supply rendered by Metrogas, which is the core of the license agreement. In addition, the Resolution also ordered to initiate a corporate audit of MetroGAS and to individualize and assess the value of all MetroGAS' assets transferred by the PEN through Decree No. 2,459/92 and those added at a later date.

On July 14, 2010, MetroGAS lodged a direct appeal with the Court of Claims ("*Cámara Nacional de Apelaciones en lo Contencioso Administrativo Federal")* pursuant to Article 70 of Law 24,076 in relation with ENARGAS Resolution No. I-1,260, together with a request for an injuction to suspend the intervention effects during the process of the mentioned direct appeal. This injunction request was rejected by a judicial resolution notified to MetroGAS on September 8, 2010.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

On October 22, 2010, ENARGAS resolution No. I-1,431 was published in the Official Gazette, by means of which the ENARGAS Interventor, Ing. Antonio Luis Pronsato, decided to extend the company's intervention for 120 calendar days and appoint Ing. Antonio Gómez as interventor. On February 22, 2011, Resolution ENARGAS No. 1,612 was published in the Official Gazette, which solve to extend the intervention for 120 calendar days more.

8.4. Changes in Regulation

8.4.1 Unbundling of natural gas

In mid-February 2004 the Executive Power issued two Executive Orders which provisions have influence on the Company's operating activities and its economic and financial performance. Executive Order No. 180/04 established an investment scheme for basic gas infrastructure works and created an Electronic Gas Market ("EGM") to coordinate transactions associated to gas purchase at the Spot market and to secondary gas transportation and distribution markets. Executive Order No. 181/04 enabled the energy authorities to enter into agreements with gas producers to determine an adjustment in the price of gas purchased by gas distributors and the implementation of applicable mechanisms to users who purchase their own gas directly as distributors would no longer be able to supply them. Furthermore, the Order divided "residential" customers in three categories according to consumption.

Later on a set of resolutions and provisions was issued to regulate the above mentioned executive orders. The main provisions refer to: i) suspension of the exportation of surpluses of natural gas useful for internal supply, ii) development of a Rationalization Program for the Exportation of Natural Gas and Use of Transportation Capacity, iii) ratification of the Agreement for the Implementation of the Schedule for the Normalization of Gas Prices at Points of Entry into the Transportation System, through which the Company has restructured all of its natural gas purchase contracts, iv) prizes for reduced consumption below defined thresholds and the application of additional charges to certain customers that exceed them, established by the Program for the Rational Use of Energy ("PURE"), suspended from September to April of each year, v) creation and constitution of a Trust System through a Trust Fund, vi) approval of a useful cut-off mechanism to ensure supply to non interruptible customers and vii) approval of the Implementation Agreement of the Electronic Gas Market between the Buenos Aires Stock Exchange and the Energy Secretariat throw which EGM started functioning.

Dated on December 22, 2005, the Energy Secretariat ("ES") passed Resolution No. 2,020/05. Such resolution established a schedule to start purchasing natural gas in a direct way for General Service "P" customers and CNG stations. This process was called "gas unbundling".

The schedule stipulated that: a) users with annual equal or over 30,000m3/month and up to 150,000m3/month had to purchase gas in a direct way as from January 1, 2006, b) users with annual consumptions equal or over 15,000m3/month and under 30,000m3/month had to purchase gas in a direct way as from March 1, 2006, c) users with annual consumptions over 9,000m3/month and under 15,000m3/month do not have a specified date yet for the purchase of gas in a direct way and d) as regards CNG stations, they had to purchase gas in a direct way as from March 1, 2006 (extended until April 1, 2006 through Resolution No. 275/06).

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

Moreover, such Resolution excluded non-profit civil associations, labor unions, trade associations or mutual benefit associations, health institutions and private or public educational institutions from the spectrum of customers that as from the stated dates have to acquire natural gas directly from producers and/or marketers.

Additionally, Resolution No. 2,020/05 established a set of restrictions for representing CNG stations in the purchase of natural gas, in order to limit possible vertical associations among people from the gas industry and stipulated a Mechanism for Assigning Natural Gas to CNG stations, through which, CNG stations get natural gas by means of an offer and demand system within the EGM.

In this context, the process of conforming MetroENERGÍA as a natural gas trading company was finished during 2005, in order to keep the biggest number of customers as possible and count on a proper tool in accordance with the new scenario where the Company has to perform.

Dated February 28, 2006, the Energy Secretariat issued Resolution No. 275/06, which modifies Resolution No. 2,020/05. These modifications are related to: (i) the extension, up to April 1, 2006, for CNG stations to purchase gas in a direct way, (ii) the limitation, up to April 30, 2007, of the effective date of CNG bargain and sale contracts to be signed as from April 1, 2006, (iii) the obligation, of the gas distributing service companies to represent CNG stations regarding their natural gas purchases, just for the first time that realize the procedure established for CNG purchase in the EGM. This obligation applicable to gas distribution companies was extended to any purchase made under such procedure.

On March 14, 2006 the National Government signed an agreement with natural gas producers and CNG stations to freeze prices for CNG was in force until December 31, 2007.

The procedures established for CNG to acquire natural gas directly from gas producers, with the volumes of gas established by the EGM, are carried out periodically. The most recent was celebrated in October 2010, which take effects until April 2011.

On September 22, 2006 Energy Secretariat issued Resolution No. 1,329/06, by which the following aspects of the industry were regulated: (i) specifies the different concepts that conform natural gas global volumes that producers commit to inject into the transportation system, (ii) sets a priority regime regarding nominations and natural gas nominations' confirmation to be complied with by producers and transportation companies, contemplating a penalty for non-fulfillment of their duties, (iii) categorizes as uninterruptible the "initial minimum reserve" of CNG stations operating in February 2004, (iv) incorporates a mechanism through which natural gas distribution companies will have to register unbalanced volumes resulting from the consumption of CNG stations that are below the distribution companies' nominations; being those unbalanced volumes then invoiced by the corresponding producers to the distribution companies at CNG price, or else compensated between them in the sphere of bargain and sale agreements that they may have in force, and (v) enables natural gas distribution companies to use specific natural gas volumes included in natural gas bargain and sale agreements that users enter into in a direct way with producers, under certain conditions.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

As regards CNG stations, ENARGAS Resolution No. 1,174/10 extended until April, 30, 2011 the effects of ENARGAS Resolution No. 3,569/06, by which the Regulator ordered the distribution companies to ensure those stations with interruptible service contracts a minimum daily volume of 5000 m3 for them to guarantee the ordinary CNG supply to customers (thus increasing by 2000 m3 the volume originally established through ENARGAS Resolution No. 3,515/06).

8.4.2 Complementary Agreement with Natural Gas Producers

Resolution No. 1,070/08 by the ES was published on October 1st, 2008 approving the "Complementary Agreement with Natural Gas Producers" subscribed on September 19, 2008 aimed at restructuring gas prices at well head, segmenting natural gas residential demand, and establishing natural gas producers´ contribution to the Trust Fund created by Law No. 26,020 to finance the sale of LPG cylinders for residential use at differential prices.

In accordance with the Complementary Agreement approved by the ES Resolution No. 1,070/08, the ENARGAS Resolution No. I/409/08, published on September 19, 2008, established the segmentation of the category of residential customers "R" in 8 subcategories according to their consumption levels and based on such segmentation an increase on the value of natural gas at the point of entry into the transportation system was stipulated ; such increase did not apply to the first three residential subcategories and sub-distributors.

As in virtue of the Complementary Agreement approved by ES Resolution No. 1,070/08 increases on the price of natural gas had to be fairly allocated on the different components of the users final tariff so as to guarantee that the distributors´ equation is kept unaltered after this raise, the ENARGAS made the necessary tariff adjustments, issuing as regards the Company the ENARGAS Resolution No. I/446/08 by means of which it approved a new tariff scheme reflecting the mentioned increases in force as from September 1, 2008 (as from October 1 , 2008 for CNG increases) without considering in this tariff scheme the readjustment of the distribution tariff.

Afterwards, on December 23, 2008, ES Resolution No. 1,417/08 was Published by means of which and based on the Complementary Agreement approved by ES Resolution No. 1,070/08, the ES fixed new natural gas prices at the point of entry into the transportation system. As a result of this the ENARGAS issued Resolution No. I/566/08, published on the same day approving the new tariff scheme to be applied reflecting those new increased prices for natural gas.

On October 4, 2010 ENARGAS Resolution No. 1,410/10 was published in the Official Gazette; it approved the new Procedure for Gas Applications, Confirmations and Control that shall be complied with by the different acting parties within the natural gas industry, including natural gas distributors. This Resolution made an impact on daily nominations, transportation and distribution of natural gas. Since October 1, 2010, when such Procedure started to be in force, MetroGAS has daily counted on the total natural gas volume that is necessary to supply the uninterruptible demand.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

8.4.3 Total Energy Plans and Gas Plus

The National Government implemented the Total Energy Plan in 2007 and kept it in force during 2008 and 2009; the said plan aimed at guaranteeing the supply of energetic resources, of both liquid and gas fuels, and at encouraging the replacement of natural gas and/or electrical energy consumption for the use of alternative fuels. As a matter of fact, Resolution No. 459/07 by the MPFIPyS created the above mentioned Total Energy Plan which was then ruled by different resolutions that enlarged and extended its enforcement.

The total Energy Plan includes a propane-air provision plan under the responsibility of ENARSA. In connection to this last matter, ENARGAS Resolution No. I/831/09 was published on August 20, 2009 by means of which new specifications were set for synthetic natural gas to be injected into the system of distribution. At present a plant injecting gas (propane-air) into MetroGAS' distribution system is operating. The said plant is operated by ENARSA. MetroGAS is responsible for controlling that all quality measures which are required by the ENARGAS to ensure a safe operation, are met at all times.

Through ES Resolution No. 24/08, modified by Resolution ES No. 1,031/08 and Resolution ES No. 695/09, the government launched in 2008 a program called "Gas Plus" to encourage production of natural gas in virtue of which every new gas volume produced under the said program shall not be considered part of the volumes included in the 2007-2011 Agreement nor it shall be under its price conditions, however, it can not be exported and its price has to cover associated costs and generate a reasonable profitability.

8.4.4 Trust Funds

Regarding the so called "specific charges" for financing extension works of the natural gas transportation system that natural gas distribution companies charge their industrial customers and thermoelectric generators (and CNG stations, but only in the case of the specific charges of trust charges I) on behalf and order of Nación Fideicomisos S.A, according to the provisions that created and ruled them (among others, Law No. 26,095, Executive Power, Executive Order No. 180/04 and No. 1,216/06, MPFIPyS Resolutions No.185/04, No. 2008/06 and No. 409/07, No. 161/08 and No. 2,289/10, ENARGAS Resolution No. 3,689/07 and ENARGAS Notes No. 6,398 /07, No. 4,381/07, No. 808/07, No. 1,989/05, No. 3,937/05 and No. 14,924), there are cases in which MetroGAS´ customers who, being compelled to pay such charges have resorted to justice in order to determine such charge as unconstitutional and ask for a non-innovative precautionary measure until reaching a solution. In some cases, justice has effectively granted the requested precautionary measures, compelling MetroGAS not to invoice or collect such charges. MetroGAS has been complying with this measure up to this date. In other cases, the said precautionary measures were judicially revoked at subsequent proceedings. After some discussions between the ENARGAS and Nación Fideicomisos S.A., mid June 2009, Nación Fideicomisos S.A. authorized to MetroGAS to offer payment plans to debtors customers for specific charges.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

Moreover, Executive Order No. 2,067/08, Published on December 3, 2008, established the creation of a Fund Trust to take care of natural gas imports and every necessary measure to complete the natural gas injection required to meet all national needs, while MPFIPyS Resolution No. 1,451/08 published on December 23, 2008, ruled the activities of the said Trust Funds stating the creation of the corresponding trust system, and ENARGAS Resolution No. I/563/08, also published on December 23, 2008, stipulated the implementation, as from November 1, 2008, of the corresponding tariff charges for financing the trust fund at issue being those charges payable by residential customers with annual consumptions over 1,000 m3.

On June 4, 2009, ENARGAS issued Resolution No.768, establishing, to MetroGAS´s residential customers with annual consumptions between 1,001 and 1,500 m3, categories R3 1o. y R3 2o., an exception in charges imposed by Resolution No. 2,067/08, for the period between May 1 and August 31, 2009.

On August 18, 2009, the ENARGAS notified the Resolution No. 828/08 which extended the exemption implemented by the Resolution No. 768 mentioned before up to October 1st, 2009, and ruled a subsidy of 100 % for consumptions between June and July, 2009, and of 70 % for consumptions between August and September, 2009 for customers obliged to pay charges imposed by the mentioned Resolution.

Provisions mentioned in paragraphs above were repeated in 2010 winter by Resolution ENARGAS No. 1,179/10.

On August 19, 2009, the ENARGAS notified the Note No. 9,097 whereby MetroGAS was requested to highlight in the invoices the amount corresponding to the subsidy derived from the implementation of the Resolution No. 828, and to incorporate diagonally and with special typography the legend that reads "Consume subsidised by the National State", and also attaching to the invoice a document with the specification of the cost of the service if same were provided in cities of Brazil, Uruguay and Chile, as well as the indication of the hypothetical consumption of the volume invoiced by means of gas bottles of liquefied fuel gas. This provision was repeated in 2010 winter by Note ENARGAS No. 4,862/10.

Finally, through Note No. 11,821, the ENARGAS notified the protective order issued in the case entitled *"Defensor del Pueblo de la Nación – Inc. Med. C/Estado Nacional – Decreto Nro. 2,067/08 - Resolución No. 1,451/08 y Otro S/Proceso de Conocimiento"*, Case No. 6,530/09 before the National Court of Appeals with jurisdiction on federal administrative claims, informing the continuity of the validity and the application of the regime established by Decree 2,067/08 and the mandatory implementation of a process allowing users obliged to pay the charge to cancel their invoices, excluding the Charge 2,067/08 plus the corresponding VAT, this payment being thus considered an advance payment. Should the applicability of the Charge 2,067/08 be confirmed, MetroGAS could duly claim the Charge 2,067/08. This judicial resolution not applies to users domiciled in municipalities of Avellaneda and Quilmes´s jurisdictions. These users are obligated to pay the mentioned charge, but are reached for judicial resolutions issued in the frame of the judicial measures requested and obtained by Ombudsmen's municipalities, which prevent MetroGAS from invoicing the specific charge resulting from Decree No. 2,067/08. Additionally, at least one judicial verdict pronounced in

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

first instance exists declaring the unconstitutionality of the mentioned Decree in a process initiated by a user of our distribution area, for which also MetroGAS is prevented from invoicing the mentioned charge.

In December 2010, by Resolution MPFIPyS No. 2,289/10 and ENARGAS Note No. 14,924, specified charges I and II have been modified, without changes of its total joined amount.

8.4.5 Municipal Rates

The regulatory framework in force and duly applicable to the distribution of natural gas contemplates the reallocation on tariffs of all new taxes or levies or rate increases, applicable since the beginning of the operations on December 29, 1992, as well as, under certain conditions, the free use of public space concerning the laying of natural gas pipelines.

Notwithstanding this, and without detriment to the many requests presented by MetroGAS, and the right it posses, as of the date of issuance of these financial statements the ENARGAS has not authorized any reallocation on tariffs of payments made to the different municipalities, not only from the province of Buenos Aires but also from the Autonomous City of Buenos Aires (“CABA”), regarding these concepts.

As there was no approval as regards the reallocation on tariffs of the Study, Revision and Inspection of Works in Public Spaces Levy of the GACBA and of the Occupation of Public Space Levy not only of the GACBA but also of the Municipalities of the Province of Buenos Aires already mentioned, MetroGAS during 2009 and 2010, filed legal protection proceedings concerning default payments against the Undersecretary of Coordination and Management Control who has to answer in accordance with the terms of MPFIPyS Resolution No. 2,000/05 and against the ENARGAS as regards the Study, Revision and Inspection of Works in Public Spaces Levy and the Occupation of Public Spaces Levy of the GACBA and as regards the Occupation of Public Spaces Levy of the Municipalities of the Province of Buenos Aires. The Company is still filing the said legal protection proceedings before the different courts.

MetroGAS considers there is an acquired right concerning the reallocation on tariffs of amounts paid for the Study, Revision and Inspection of Works in Public Spaces Levy of the GACBA and for the Occupation of Public Space Levy of the Autonomous City of Buenos Aires, Esteban Echeverría, Almirante Brown, Ezeiza and Florencio Varela every time it is thus stipulated by the regulatory framework of the gas industry. Law No. 24,076 (Article 41) and Executive Order No. 2,255/92 (Article 9.6.2) stipulate that variations of costs originated in tax changes shall be reflected on tariffs, for this reason Ps. 61,717 thousand and Ps. 85,425 thousand have been registered for these concepts under the heading “Other Non-current Credits”, respectively. (Note 4.e)).

This consideration is supported by the ruling of the Argentine Supreme Court of Justice that, in the cases “Gas Natural BAN c/ Municipalidad de Campana y Litoral Gas c/ Municipalidad de Villa Constitución s/ Acción meramente declarativa”, stated that point 9.6.2 of Executive Decree No. 2,255/92 stipulated that costs variations originated by changes in tax regulations shall be reallocated on tariffs in accordance to what is laid down in Article 41 of Law No. 24,076.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 8 - REGULATORY FRAMEWORK (Contd.)

In virtue of what has been expressed, and in accordance to what is established in the legislation in force and the resolution issued by the General Directorate of Legal Affairs from the Ministry of Economy, MetroGAS considers that these said credits are recoverable.

NOTE 9 - FINANCIAL DEBT

The following table sets forth the conditions of the Company's Financial Debt as of March 31, 2011 and 2010:

	March 31,					
	2011			2010		
	Thousands of Ps.	Interest Rate	Maturity	Thousands of Ps.	Interest Rate	Maturity
Negotiable Bonds (1)						
Series B	-	-	-	-	7.375%	09/27/2002
Interest payable	-	-	-	17,956	-	-
Overdraft	-	-	-	271	11%	-
Negotiable Bonds (2)						
Series 1	854,768	8% (8)	12/31/2014 (8)	817,659	8% (3)	12/31/2014 (6)
Series 2 Class A	25,357	5% (8)	12/31/2014 (8)	24,256	5% (4)	12/31/2014 (7)
Series 2 Class B	151,726	3.8% (8)	12/31/2014 (8)	136,810	3.8% (5)	12/31/2014 (7)
Interest Payable	35,736	-	-	-	-	-
Present value discount	-	-	-	(44,420)	-	-
Total financial debt	1,067,587			952,532		

(1) Correspond to the Global Program for issuing unsecured non-convertible Negotiable Bonds, approved by the Extraordinary Shareholders´ Meeting held on December 22, 1998.
(2) Correspond to the Global Program mentioned in point (1) extended for 5 years by the Extraordinary Shareholders´ Meeting held on October 15, 2004 and subsequently extended for an additional period of 5 years by the Extraordinary Shareholders´ Meeting held on February 24, 2010.
(3) Interest rates for this series are 8% for the years 2006-2010 and 9% subsequently.
(4) Interest rates for this series are 3% for the year 2006, 4 % for the years 2007-2008, 5% for the years 2009-2010, 7% for the years 2011-2012 and 8% subsequently.
(5) Interest rates for this series are 1.8% for the year 2006, 2.8% for the years 2007-2008, 3.8% for the years 2009-2010, 5.8% for the years 2011-2012 and 6.8% for the years 2013-2014.
(6) The amortization schedule for the principal amount of this series is the following: 5% on June 30 and December 31, 2010, 10% each subsequent June 30, and December 31 until December 31, 2012 and 12.5% each subsequent June 30 and December 31 until December 31, 2014.
(7) The amortization schedule for the principal amount of this series is the following: 16-2/3% on June 30 and December 31, 2012, 16-2/3% each subsequent June 30 and December 31 until December 31, 2014.
(8) Financial interest were accrued until the date of presentation of reorganization proceeding (*concurso preventivo*), according to Article 19 of the Bankruptcy Law. Since that date, the accrual of interests should be suspended.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 9 - FINANCIAL DEBT (Contd.)

On March 25, 2002, MetroGAS announced the suspension of principal and interest payments on all of its financial indebtedness due to the fact that the Emergency Law, together with implementing regulations, altered fundamental parameters of the Company's license, including the suspension of the tariff adjustment formula and the redenomination of the tariff into pesos, and also the announcement of the devaluation of the peso.

On November 9, 2005, the Company announced the commencement of a solicitation of consents to restructure its unsecured financial indebtedness pursuant to an APE under Argentine law.

On May 12, 2006, the Company concluded the financial debt restructuring process, performing the effective exchange of the bonds. Consequently, it issued in exchange for its Existing Debt Series 1 Notes amounting to US$ 236,285,638 in principal amount, Series 2 Notes Class A amounting to US$ 6,254,764 in principal amount and Series 2 Class B amounting to Euros 26,070,450 in principal amount. Additionally the Company made payments amounting to US$105,608,445, for cash options received along with US$ 19,090,494 and Euros 469,268 to pay accrued interest on Series 1 notes and Series 2 notes through December 30, 2005.

The offering of the Series 1 and 2 was made in full compliance with the Fund Allocation Plan. The funds obtained were allocated to the refinancing of short-term indebtedness.

MetroGAS, and its subsidiaries, must comply with a series of restrictions under the Company's new debt obligations, which, among others, include the following:

- Mandatory redemption with excess cash: the company will apply an amount of excess cash (not allocated for Restricted Payments) (i) to redeem (ratably among the holders of the Series 1 Notes) any Outstanding Series 1 Notes through note prepayments and (ii) after all Outstanding Series 1 Notes have been paid in full, to redeem (ratably among the holders of the Series 2 Notes) any Outstanding Series 2 Notes through note prepayments, in each case to the extent the Company not used such amount of net available excess cash to make market purchase transactions.
- Limitations on indebtedness: the Company will not be able to incur in additional indebtedness, except in certain specific instances, and not to exceed US$ 20 million.
- Limitations on investments: until the Company had redeemed, repaid or purchased at least US$ 75 million principal amount of the Series 1 Notes, MetroGAS will make no Investments other than Permitted Investments. Furthermore, deductible capital expenditures, for the excess cash computation, will not excess US$ 15 million by each computation year.
- Limitations on restricted payments: until the Company had redeemed, repaid or purchased at least US$ 75 million principal amount of the Series 1 Notes, restricted payments (including dividends) will be subject to the company's indebtedness ratio.

NOTE 9 - FINANCIAL DEBT (Contd.)

- Limitations on the sale of assets: the Company will not make any asset sale unless the following conditions are met: a) the asset sale is at the fair market value, b) at least 75% of the value under consideration is in the form of cash or Cash Equivalents and, c) such asset sale does not materially and adversely affect the Company's ability to meet these obligations.
- Limitation on transactions with controlling company, controlled company or under common control.

Pursuant to the excess cash provision mentioned on the first bullet, the Company calculated the respective amount for the period began on October 1st, 2008 and finished on March 31, 2009 and for the period began on April 1st , and finished on September 30, 2009, from which no excess cash was computed as a result. Moreover, all of the mentioned restrictions have been complied by the Company, including the payment obligations acquired under the actual global program of Negotiable bonds.

As from the time that new Series were issued up to March 31, 2011, the Company carried out market purchases amounting to accumulative principal amount of the Series 1 Notes of US$ 25.4 million.

The adverse financial conditions that the Company faces as a result of this continued delay in the increase in its tariff led its Board of Directors to approve the Company's filing of a petition for voluntary reorganization (*concurso preventivo*) in an Argentine court on June 17, 2010 (see Note 2 for further details on this proceeding). This reorganization filing generated an event of default under its outstanding debt obligations. Pursuant to the terms of its outstanding debt obligations, this default resulted in the automatic acceleration of the Company's outstanding debt obligations. Nevertheless, upon the reorganization filing, an automatic stay was put into place on the payment of principal and interest on the Company's outstanding debt obligations.

On April 13, 2011, MetroGAS has hired Banco Macro S.A. as financial advisor in order to receive advise in relation to making a debt restructuration proposal of its negotiable Obligations and others debts included in the reorganization procedure.

NOTE 10 - COMMON STOCK

As of March 31, 2011, the Company's Common Stock totaled Ps. 569,171 thousand, all of which is fully subscribed, paid-in and registered.

Class of Shares	Thousands of Ps.
Ordinary certified shares of Ps. 1 par value and 1 vote each:	
Class "A"	290,277
Class "B"	221,977
Class "C"	56,917
Common Stock as of March 31, 2011	569,171

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 10 - COMMON STOCK (Contd.)

The Shareholders at the Extraordinary Shareholders' Meeting held on March 12, 1997 approved the most recent capital increase resulting in total Common Stock of Ps. 569,171 thousand. This increase was authorized by the CNV on April 8, 1997 and by the Buenos Aires Stock Exchange on April 10, 1997 and was registered with the Public Registry of Commerce on June 17, 1997 under No. 6,244, Corporations Book 121, Volume A.

Gas Argentino owns 70% of the Company's Common Stock, 20% of the Company's Common Stock was distributed in an initial public offering as specified below and 10% of the Company's Common Stock is hold by the Employee Stock Ownership Plan (Programa de Propiedad Participada or "PPP") (Note 13).

In accordance with the Transfer Agreement, the Government sold through an initial public offering the 20% of the Company's Common Stock it held, represented by 102,506,059 Class "B" Shares. At the date of these financial statements this Common Stock is property of private investors.

On November 2, 1994, the CNV, pursuant to Resolution No. 10,706, authorized to public offering all the Company's outstanding shares at such date. The Class "B" Shares offered in the United States are represented by American Depositary Shares ("ADSs") and were registered with the SEC. The Class "B" Shares and the ADSs were approved for listing on the BCBA and the New York Stock Exchange ("NYSE"), respectively. On June 17, 2010, we received a notice from the NYSE that MetroGAS´ ADSs had been suspended from trading on the NYSE as a result of our filing for voluntary reorganization.

NOTE 11 - RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

The Company is required to keep in effect the authorization to offer the Company's Common Stock to the public and the authorization for the shares to be listed on the Argentine Republic's authorized securities markets for a minimum period of fifteen years as of the respective dates on which such authorizations were granted.

Any voluntary decrease, redemption or distribution of the Company's shareholders' equity, except for dividends payment, will require prior authorization by ENARGAS.

In accordance with the Argentine Corporations Law, the Company's by-laws and Resolution No. 434/03 of the CNV, 5% of the Company's net income for the year plus (less) prior year adjustments must be transferred to the Company's Legal Reserve, until it reaches 20% of the subscribed capital including the adjustments to Common Stock.

Dividend distribution in cash will depend on the Company's indebtedness ratio until the Company has redeemed, repaid or purchased at least US$ 75 million principal amount of the Series 1 Notes.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 12 - LIMITATION ON THE TRANSFERABILITY OF GAS ARGENTINO SHARES

The “Pliego” stipulates that Gas Argentino, as controlling shareholder of MetroGAS, may sell part of its shares in the Company, provided it retains 51% of MetroGAS’ equity.

In addition, the Company’s by-laws provide that ENARGAS’ approval must be obtained prior to the transfer of the Class “A” shares (representing 51% of Common Stock). The “Pliego” states that such prior approval will be granted three years after the Takeover Date provided that:

- The sale covers 51% of MetroGAS’ Common Stock or, if the proposed transaction is not a sale, it will result in the acquisition of at least 51% of MetroGAS’ equity by another company,
- The applicant provides evidence that the transaction will not affect the operating quality of the licensed service.

Sales of Gas Argentino shares in excess of 49% require authorization by the ENARGAS.

Dated December 7, 2005, Gas Argentino entered into an agreement to restructure its financial debt with all of its creditors, funds administered by Ashmore (“Ashmore Funds”) and by Marathon (“Marathon Funds”), by means of which Gas Argentino would cancel all of its liabilities related to such debt in exchange for issuing and/or transferring, by the current shareholders of Gas Argentino, Common Stock of the said company representing 30% of its Common Stock post-issuing to Ashmore Funds and transferring 3.65% and 15.35% of MetroGAS’ Common Stock, owned by Gas Argentino, to Ashmore Funds and Marathon Funds, respectively. Such agreement was, among other conditions, subject to the approval of the ENARGAS and of the Secretariat of Interior Commerce with prior agreement of the National Antitrust Committee (Comisión Nacional para la Defensa de la Competencia - “CNDC”). Through Resolution No. I/097 dated September 14, 2007, the ENARGAS approved the transference of shares, remaining pending the agreement of the CNDC and the approval of the Secretariat of Interior Commerce.

On May 15, 2008, Gas Argentino received a letter from Marathon Funds stating their willingness to terminate the financial debt restructuring agreement signed by Gas Argentino on December 7, 2005 with all its creditors. Marathon exercised the power as set forth in said agreement, which stated that any holder of the Gas Argentino’s financial indebtedness would be able to terminate the agreement if corresponding approvals were not obtained.

As a consequence of that, many creditors started claims against Gas Argentino, including a bankruptcy proceeding filed on May 11, 2009. Consequently, on May 19, 2009, Gas Argentino´ Board of Directors decided to file a judicial motion for Reorganisation Proceedings. On June 8, 2009, the National Court decided the opening of the Reorganisation Proceedings, ordering the suspension of trials for equity reasons against Gas Argentino.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 12 - LIMITATION ON THE TRANSFERABILITY OF GAS ARGENTINO SHARES (Contd.)

The verification period of credits is ended, the Bankruptcy Receiver submitted its individual report on credits and the judge issued, on February 2010, the resolution that determines the acceptance of verification requests.

By judicial resolution issued on August 9, 2010, it was decided to readjust the Reorganisation Proceeding schedule of Gas Argentino to the Reorganisation Proceeding schedule of MetroGAS. The exclusivity period (the period during which the debtor may submit a proposal to each creditor individually) on the Company´s Reorganisation Proceedings was extended to March 9, 2012, and was settled for March 2, 2012, at 12.00 noon the informative hearing and for February 10, 2012 the due date to publish the proposal.

Appeals against the before mentioned judicial resolution were presented by the creditors that claimed credits based on Negotiable Obligations and by the Audit Committee. The appeals were accepted by a resolution issued on August 19, 2010.

After the remedies were justified and the offenses were answered by the Company, the file was submitted to the Court of Appeals on October 4, 2010, who confirmed the decision of first instance on December 21, 2010, which has become in force.

NOTE 13 - EMPLOYEE STOCK OWNERSHIP PLAN

Executive Decree No. 1,189/92 of the Government, which provided for the creation of the Company, establishes that 10% of the Common Stock represented by Class "C" shares is to be included in the PPP, as required under Chapter III of Law No. 23,696. The transfer of the Class "C" Shares was approved on February 16, 1994 by Executive Order No. 265/94. The Class "C" shares are held by a trustee for the benefit of GdE employees transferred to MetroGAS who remained employed by MetroGAS on July 31, 1993 and who elected to participate in the PPP.

In addition, the Company's by-laws provide for the issuance of profit sharing bonuses as defined in Article 230 of Law No. 19,550 in favor of all regular employees so as to distribute 0.5% of the net income of each year among the beneficiaries of this program. The accrued amounts will be deductible as expense in the income statements of each year, since inappropriate retained earnings exist.

Participants in the PPP purchased their shares from the Government for Ps. 1.10 per share, either by paying cash for them or by applying dividends on such shares and 50% of their profit sharing bonus to the purchase price. The trustee will retain custody of the Class "C" shares until they are fully paid.

Once the Class "C" shares are fully paid, they may be converted at the request of the holders thereof into freely transferable Class "B" shares. The decision to convert Class "C" Shares to Class "B" Shares must be taken by the Class "C" shareholders, acting as a single class. While the PPP is in effect, neither the by-laws of the Company nor the proportions of the various shareholdings may be changed until the requirements set forth in the PPP are fully complied with.

METROGAS S.A.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

NOTE 13 - EMPLOYEE STOCK OWNERSHIP PLAN (Contd.)

On March 6, 2008, the Board of Directors of MetroGAS approved Class "C" shares conversion to Class "B" shares, requested by the PPP Executive Committee on March 3, 2008.

On May 21, 2008, MetroGAS received a letter from the CNV notifying that share conversion will remain subject to the presentation of the Resolution of National Government approving the fully payment of the outstanding balance of the acquisition price of the Class "C" shares. The mentioned fully payment was approved by the ME through Resolution of National Government No. 252, on August 22, 2008.

On December 30, 2008, the PPP Executive Committee requested MetroGAS to suspend the conversion procedure presented before the CNV and the BCBA until further notices.

NOTE 14 - LONG-TERM CONTRACTS

In order to assure itself of sufficient gas supply and transportation capacity to enable it to provide the licensed service, since the beginning of the concession, MetroGAS has entered into long-term contracts for the purchase of gas and gas transportation services.

14.1. Gas supply

The Company operates with the following mainly suppliers: YPF, Total Austral, Wintershall Energía, Pan American Energy, and other producers in Tierra del Fuego, Neuquén and Santa Cruz.

On June 14, 2007, Resolution No. 599/07 of the Energy Secretariat was published in the Official Bulletin through which was approved the proposed draft of the "Agreement with Natural Gas Producers 2007 – 2011 ", then executed by certain natural gas producers, triggering its enforceability. Basically, the Agreement 2007-2011: i) set forth the volumes to be injected in the points of entry to the transportation system by the natural gas producers for residential and commercial consumers, industries, power plants and CNG supply stations until December 31, 2011 (although with different contractual terms depending the type of consumer), (ii) indicates certain price adjustment parameters depending the type of consumer, and (iii) establishes the mechanisms of natural gas re-routing and additional injections to guarantee the supply of the domestic market in case of shortages. By virtue of said Agreement, the natural gas producers and natural gas distributors should execute gas purchase agreements including its terms and conditions. At the date of issuance of these financial statements, MetroGAS did not execute any of these agreements given the fact that it is our understanding that the offers received from the natural gas producers neither comply with the terms and conditions of the "Agreement with Natural Gas Producers 2007-2011" nor would allow MetroGAS to guarantee the supply of natural gas to its non interruptible consumers, considering the volumes included in said offers.

Contracts that originally due on December 31, 2006 were kept in the same conditions, including prices, until July 31, 2007. As from August 1, 2007, the natural gas producers are supplying natural gas to MetroGAS in the volumes set forth under the Agreement with Natural Gas Producers 2007-2011 and based on several notes issued by the Sub-secretary of fuels and EGM, as delivery arrangements considering that those contracts with gas producers do not exists.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 14 - LONG-TERM CONTRACTS (Contd.)

On September 19, 2008 the ES subscribed with natural gas producers the “Complementary Agreement with Natural Gas Producers” (Resolution No. 1,070) aimed at restructuring gas prices at well head and segmenting the residential demand for natural gas, complementary to the Agreement approved by Resolution No. 599/07. The said Agreement was in force as from September 1, 2008, except for CNG which was applied as from October 1, 2008.

Finally, on December 16, 2008 the ES issued Resolution No. 1,417/08 fixing new basin prices to be applied as from November 1, 2008.

Due to the fact that MetroGAS understood that the volumes, basins of injection and routes of transportation foreseen in the Agreement 2007-2011 would prevent the normal supplying of the non interruptible demand, the Company carried out presentations to the ENARGAS, the ES and the Fuel Sub secretariat tending to raise this situation and to request its remediation.

On October 4, 2010 the ENARGAS issued a Resolution approving the Procedure for Gas Applications, Confirmations and Control. Since October 1, 2010, when such Procedure started to be in force, MetroGAS has daily counted on the total natural gas volume that is necessary to supply uninterruptible demands.

14.2. Gas transportation

MetroGAS has entered into a number of transportation contracts, with expiration dates ranging between 2010 and 2021, with Transportadora de Gas del Sur S.A. ("TGS"), Transportadora de Gas del Norte S.A. ("TGN") and other companies, which provide for firm transportation capacity of 24.6 MMCM per day, considering contracts in force as of March 31, 2011.

The estimated annual valuation of firm transportation under these contracts is, as follows:

Periods	Contractual commitments (Million of Ps.)
April-December 2011	142.53
2012	184.41
2013	184.41
2014	69.62
2015	12.22
2016/21	7.14

The contracts entered into by MetroGAS with gas transportation companies could be subject to modifications due to Emergency Law provisions applicable to utility services contracts, which include natural gas transportation. As of the date of issuance of these financial statements it is not possible to assess the impact of these modifications.

14.3 Transportation and distribution commitments

The contracts entered into with power plants include clauses to cede transportation during the winter period; these clauses allow MetroGAS to restrict the transportation and distribution service for a determinate volume to supply its non-interruptible demand.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 14 - LONG-TERM CONTRACTS (Contd.)

In case MetroGAS is obligated to restrict the transportation and distribution service for a higher volume than the established in each contract, mainly due to a higher firm demand, those contracts establish penalties to pay to power plants due to these restrictions.

NOTE 15 - FISCAL AND LEGAL MATTERS

15.1. Turnover tax (Province of Buenos Aires)

During 1994, the Province of Buenos Aires agreed with the Argentine Government that the Province would not impose gross revenue taxes on sales of natural gas at a rate in excess of 3.5% of the invoice prices of those sales. Notwithstanding the above, the Province imposed gross revenue taxes on sales of natural gas at a higher rate and instructed us to include gross revenue taxes at the higher rate in our invoices to our customers and to remit the taxes so collected to the Province. MetroGAS declined to follow those instructions, citing the agreement between the Province and the Argentine government described above.

On December 22, 2005, through Resolution No. 907/05, the Revenue Department of the Province of Buenos Aires requested the payment of amounts corresponding to the period from 2001 to march 2003, that would have been received from customers, if the mentioned rate increase had been applied in the invoices (actually amount approximately Ps. 21 million, including interests and fines). Such Resolution was appealed on January 16, 2006, before the Tax Court of the Province of Buenos Aires.

On September 27, 2006 the "Comisión Federal de Impuestos" (Federal Tax Commission) through its judgment No. 112/06 ratified the criterion followed by the Company and rejected a motion of revision filed by the Province of Buenos Aires within a file that analyzes a situation identical to MetroGAS. Against such judgment, the Province of Buenos Aires filed and extraordinary motion of revision against the same Federal Tax Commission to be decided by the Federal Supreme Court of Justice. Said extraordinary motion was granted and up to date the same is pending of definitive decision by the Federal Supreme Court of Justice.

On March 3, 2008, through Resolutions No. 95/08, No. 96/08 and No. 97/08, the Revenue Department of the Province of Buenos Aires requested the payment of amounts corresponding to the period from January 2004 to October 2005 of the above mentioned rate increase, and for difference in the income and expenses rate. Those amounts approximately Ps. 34 million, including interests and fines. On March 27, 2008, those resolutions were appealed before the Tax Court of the Province of Buenos Aires.

In the event that MetroGAS is finally compelled to pay for such amounts, it will request a reallocation of such rate increase to the tariffs paid by customers in compliance with the terms of the License.

As of March 31, 2011, the Company registered an allowance of Ps. 17,349 thousand for the contingency related to the difference on the determination of the income and expenses rate.

METROGAS S.A.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

NOTE 15 - FISCAL AND LEGAL MATTERS (Contd.)

15.2. Rates and charges

Through resolution No. 2,778/03, the ENARGAS stated that MetroGAS had collected excessive rates and charges from its customers amounting to Ps. 3.8 million and stipulated a fine for Ps. 0.5 million. The Company duly filed an appeal for reconsideration with a subsidy appeal against the mentioned Resolution and against the interest rate applied on the fine. As of March 31, 2011 the total amount demanded by the ENARGAS amounted to Ps. 22,589 thousand, including interests and fines, which has been recorded as a provision.

15.3. Fines Government of the City of Buenos Aires – Works in public roadway.

On January 25, 2008, through Law No. 2,634, and its Regulation Decree No. 238/08 published on March 28, 2008, the new regime of openings and/or breaks in public roadway of the City of Buenos Aires was created and regulated, which specifies charges to pay for works in public spaces and establishes that closing works have to be made by GACBA, previous payment from the authorized companies to make openings. After that and in force as from November 1, 2009, the Government of the Autonomous City of Buenos Aires modified the procedure to repair sidewalks once more and stated that those companies which made holes in sidewalks have to repair and close them for good.

The GACBA´s Control of Special Misdemeanours Agency sanctioned MetroGAS in several causes. The Company is discharging the notified administrative infractions, and requesting the pass to the contravencional justice to made the corresponding defenses, in order to obtain the declaration of the law unconstitutionality and the irrationality of the fines and, consequently, the rejection of the imposed sanctions. As of March 31, 2011, the Company has registered an allowance of Ps. 2,415 thousand related to this concept.

15.4. Interpretation disagreements with the Regulatory Authority.

At the date of issuance of these financial statements, there are disagreements between the Company and the regulatory authorities as to the interpretation of various legal matters. As of March 31, 2011, the Company has registered an allowance of Ps. 9,919 thousand related to this concept.

Juan Carlos Fronza
President

METROGAS S.A.

EXHIBIT A

UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010 AND AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010
FIXED ASSETS

MAIN ACCOUNT	ORIGINAL VALUE					DEPRECIATION					NET BOOK VALUE 03-31-11
								FOR THE PERIOD			
	AT BEGINNING OF YEAR	INCREASE	TRANSFERS	RETIREMENTS	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	RETIREMENT	ANNUAL RATE (1)	AMOUNT (2)	ACCUMULATED AT END OF PERIOD	
	Thousands of Ps.										
Land	17,501	-	-	-	17,501	-	-	-	-	-	17,501
Building and civil constructions	76,156	-	-	-	76,156	25,708	-	2%	356	26,064	50,092
High pressure mains	294,312	-	-	-	294,312	185,460	-	2.22% to 10%	1,226	186,686	107,626
Medium and low pressure mains	1,720,532	-	16,696	-	1,737,228	540,795	-	1.19% to 10%	9,864	550,659	1,186,569
Pressure regulating stations	65,253	-	-	-	65,253	37,942	-	4% to 12.5%	528	38,470	26,783
Consumption measurement installations	345,670	-	-	(15)	345,655	150,778	(7)	2.85% to 5%	3,214	153,985	191,670
Other technical installations	50,735	-	991	-	51,726	43,893	-	6.67%	608	44,501	7,225
Machinery, equipment and tools	28,311	-	-	-	28,311	26,004	-	6.67% to 20%	105	26,109	2,202
Computer and telecommunications equipment	169,348	-	-	(59)	169,289	154,437	(43)	5% to 50%	1,171	155,565	13,724
Vehicles	10,986	-	-	-	10,986	8,378	-	10% to 20%	215	8,593	2,393
Furniture and fixtures	5,466	-	-	-	5,466	5,453	-	10% to 20%	2	5,455	11
Materials	9,848	2,869	(3,097)	(107)	9,513	-	-	-	-	-	9,513
Gas in pipelines	214	-	-	-	214	-	-	-	-	-	214
Work in progress	69,795	13,926	(15,411)	-	68,310	-	-	-	-	-	68,310
Advances to fixed assets suppliers	445	181	(119)	-	507	-	-	-	-	-	507
Subtotal	2,864,572	16,976	(940)	(181)	2,880,427	1,178,848	(50)	-	17,289	1,196,087	1,684,340
Distribution network extensions constructed by third parties	66,261	-	958	-	67,219	14,430	-	1.82% to 2.38%	333	14,763	52,456
Offsetting item for distribution network extensions	(5,969)	-	(18)	-	(5,987)	(662)	-	2% to 2.38%	(33)	(695)	(5,292)
Allowance for obsolescence of materials (Exhibit E)	(615)	(13)	-	-	(628)	-	-	-	-	-	(628)
Allowance for disposal of fixed assets (Exhibit E)	(8,756)	(1,455)	-	8	(10,203)	-	-	-	-	-	(10,203)
Total as of March 31, 2011	2,915,493	15,508	-	(173)	2,930,828	1,192,616	(50)	-	17,589	1,210,155	1,720,673
Total as of December 31, 2010	2,814,164	110,442	-	(9,113)	2,915,493	1,125,734	(7,539)	-	74,421	1,192,616	1,722,877
Total as of March 31, 2010	2,814,164	20,478	-	(781)	2,833,861	1,125,734	(449)	-	18,154	1,143,439	1,690,422

Notes:

(1) The depreciation rates are variable and based on the useful lives assigned to the assets at the Takeover Date. The useful lives were estimated according to the type, current condition and renewal and maintenance programs of assets.

(2) Depreciation of fixed assets has been included in Exhibit H.

Juan Carlos Fronza
President

METROGAS S.A.

EXHIBIT C

UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010
AND AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010
NON-CURRENT INVESTMENTS

ISSUER	TYPE OF SECURITY	FACE VALUE	QUANTITY	COST VALUE	EQUITY VALUE	BOOK VALUE AS OF 03-31-11	BOOK VALUE AS OF 12-31-10	BOOK VALUE AS OF 03-31-10	ISSUER INFORMATION – LAST FINANCIAL STATEMENTS ISSUED: MAIN BUSINESS	DATE	COMMON STOCK	RESULT FOR THE PERIOD	SHAREHOLDER'S EQUITY	PERCENTAGE OF COMMON STOCK
		Ps.	Thousands	Thousands of Ps.							Thousands of Ps.			%
NON CURRENT INVESTMENTS														
Companies art.33 - Law No. 19,550														
MetroENERGÍA S.A.	Ordinary	1	219	219	28,886	28,886 (1)	25,540 (1)	29,037 (1)	BUY AND SELL NATURAL GAS AND /OR ITS TRANSPORTATION	03-31-11	230	7,773	39,853	95
Total					28,886	28,886	25,540	29,037			230	7,773	39,853	

(1) Interest in MetroENERGÍA´s equity, net of not-transcended to third parties intragroup results.

Juan Carlos Fronza
President

Free translation from the original financial statements prepared in Spanish for publication in Argentina

METROGAS S.A.

EXHIBIT D

UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010
AND AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010
CURRENT INVESTMENTS

ISSUER	FACE VALUE	QUANTITY	LISTED PRICE AS OF 03-31-11	FACE VALUE PLUS ACCRUED INTEREST	BOOK VALUE AS OF 03-31-11	BOOK VALUE AS OF 12-31-10	BOOK VALUE AS OF 03-31-10
		Thousands		Thousands of Ps.			
CURRENT INVESTMENTS							
Government Securities							
National Government bonds (BODEN 2012)	1.4	2	1	2	2	2	20
Units of mutual funds							
GOAL Pesos Clase B	-	12,447.4	3.3316	-	41,469	65,266	21,742
Goal Capital Plus - Clase B	-	11,815.9	1.6626	-	19,645	19,059	-
Bank deposits							
Saving account	64	1	-	64	64	63	54
Time deposits	-	-	-	-	-	156,183	1,153
Total					61,180	240,573	22,969

Juan Carlos Fronza
President

METROGAS S.A.

EXHIBIT E

UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010 AND AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010

ALLOWANCES

MAIN ACCOUNT	03-31-11				12-31-10	03-31-10
	BALANCE AT BEGINNING OF YEAR	INCREASE	DECREASE	BALANCE AT END OF PERIOD	BALANCE AT END OF YEAR	BALANCE AT END OF PERIOD
	Thousands of Ps.					
Deducted from assets						
For doubtful accounts (Note 4.b))	18,211	760 (1)	(1,316)	17,655	18,211	15,513
For obsolescence of materials						
Inventories (Note 4.d))	1,751	103 (2)	(120)	1,734	1,751	1,533
Fixed assets	615	13	-	628	615	582
For disposal of fixed assets	8,756	1,455 (3)	(8)	10,203	8,756	9,477
Valuation allowance on minimum presumed income tax	21,066	-	-	21,066	21,066	21,066
Total	50,399	2,331	(1,444)	51,286	50,399	48,171
Included in liabilities						
For contingencies						
Executive proceedings	21,834	692	(95)	22,431	21,834	15,710
Turnover tax GCABA (Note 15.1)	16,670	679	-	17,349	16,670	14,635
Rates and charges (Note 15.2)	22,326	263	-	22,589	22,326	21,522
Fines GACBA (Note 15.3)	2,415	-	-	2,415	2,415	1,795
Interpretation disagreements with the Regulatory Authority (Note 15.4)	9,169	750	-	9,919	9,169	8,935
Others	6,684	30	-	6,714	6,684	6,784
Total contingencies	79,098	2,414 (4)	(95)	81,417	79,098	69,381

Notes:

(1) The charge in results is disclosed in Exhibit H.
(2) Charged in results in the line Sundry materials of Exhibit H.
(3) Charged in results in the line Operating expenses - Others of Exhibit H.
(4) Charged in results in the line Contingencies reserve of Exhibit H.

Juan Carlos Fronza
President

METROGAS S.A.

EXHIBIT F

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010
OPERATING COST

MAIN ACCOUNT	03-31-11	03-31-10
	Thousands of Ps.	
Stock at the beginning of the year		
Natural gas	-	-
Processed natural gas	-	-
	-	-
Plus		
Purchases		
Natural gas	30,226	29,461
Processed natural gas	-	-
	30,226	29,461
Transportation of natural gas	51,625	50,747
Transportation of processed natural gas	494	494
	52,119	51,241
Operating Expenses (Exhibit H)		
Natural gas	46,510	41,958
Processed natural gas	(8)	9
	46,502	41,967
Less		
Stock at the end of the period		
Natural gas	-	-
Processed natural gas	-	-
	-	-
Operating Cost	128,847	122,669
Natural gas	128,361	122,166
Processed natural gas	486	503

Juan Carlos Fronza
President

METROGAS S.A.

EXHIBIT G

UNAUDITED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010 AND AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010
FOREIGN CURRENCY ASSETS AND LIABILITIES

MAIN ACCOUNT	03-31-11				12-31-10		03-31-10	
	FOREIGN CURRENCY AND AMOUNT		EXCHANGE RATE	BOOK VALUE	FOREIGN CURRENCY AND AMOUNT	BOOK VALUE	FOREIGN CURRENCY AND AMOUNT	BOOK VALUE
	Thousands			Thousands of Ps.	Thousands	Thousands of Ps.	Thousands	Thousands of Ps.
ASSETS								
CURRENT ASSETS								
Cash and banks								
Cash	US$	27	4.0140	108	27	106	28	107
	LBE	4	6.4489	26	4	24	4	23
	Euros	3	5.6959	17	3	16	3	16
	Real	5	2.3400	12	5	12	3	6
	Canadian dollars	-	4.1361	-	-	-	1	4
	Russian rublo	-	0.1428	-	-	-	8	1
Banks	US$	33,387	4.0140	134,015	2,682	10,556	482	1,850
	Euros	-	5.6959	-	1	5	9	47
Investments	US$	16	4.0140	64	38,037	149,714	315	1,209
Other receivables	US$	352	4.0140	1,413	495	1,948	305	1,171
TOTAL CURRENT ASSETS				135,655		162,381		4,434
TOTAL ASSETS				135,655		162,381		4,434
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable	US$	980	4.0540	3,973	1,655	6,580	2,271	8,807
	Euros	7	5.7530	40	2	11	3	16
	LBE	3	6.5213	20	27	165	-	-
Financial debts								
Negotiable bonds (Face value)	US$	-	4.0540	-	-	-	21,085	81,766
Interest and other expenses payable	US$	-	4.0540	-	-	-	4,295	16,656
to foreign financial institutions	Euros	-	5.7530	-	-	-	248	1,300
Total Current Liabilities				4,033		6,756		108,545
NON-CURRENT LIABILITIES								
Financial debts								
Negotiable bonds (Face value)	US$	-	4.0540	-	-	-	196,016	760,150
	Euros	-	5.7530	-	-	-	26,070	136,809
Reorganization liabilities								
Accounts payable	US$	9	4.0540	36	12	48	-	-
Financial debts	US$	225,022	4.0540	912,239	225,022	894,688	-	-
	Euros	27,003	5.7530	155,348	26,527	139,868	-	-
Total Non-Current Liabilities				1,067,623		1,034,604		896,959
TOTAL LIABILITIES				1,071,656		1,041,360		1,005,504

US$: United States Dollars
LBE: Pounds Sterling

Juan Carlos Fronza
President

METROGAS S.A.

EXHIBIT H

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010
EXPENSES INCURRED

MAIN ACCOUNT	03-31-11						03-31-10
		OPERATING EXPENSES					
	FIXED ASSETS EXPENSES	GAS SALES	PROCESSED NATURAL GAS	ADMINISTRATIVE EXPENSES	SELLING EXPENSES	TOTAL	TOTAL
	Thousands of Ps.						
Payroll and other employees benefits	1,297	11,681	-	12,597	10,093	35,668	26,032
Social security contributions	-	4,007	-	3,348	3,391	10,746	7,885
Directors´and members of Surveillance committee fee	-	-	-	335	-	335	304
Fees for professional services	-	86	-	3,782	3	3,871	1,082
Sundry materials	-	1,178	-	-	-	1,178	782
Fees for sundry services	-	3,998	-	143	3,933	8,074	6,362
Postage, telephone and fax	-	157	-	573	2,938	3,668	2,858
Leases	-	37	-	809	370	1,216	803
Transportation and freight charges	-	-	-	325	-	325	234
Office materials	-	186	-	245	35	466	480
Travelling expenses	-	83	-	45	14	142	203
Insurance premium	-	-	-	909	-	909	794
Fixed assets maintenance	-	7,028	-	4,897	(1)	11,924	9,684
Fixed assets depreciation	-	16,094	-	1,495	-	17,589	18,154
Taxes, rates and contributions	-	648	(8)	3,790	7,142	11,572	9,357
Publicity	-	-	-	-	327	327	107
Doubtful accounts	-	-	-	-	760	760	1,213
Bank expenses and commissions	-	-	-	33	1,057	1,090	1,257
Contingencies reserve	-	-	-	2,414	-	2,414	(1,388)
Others	-	1,327	-	29	48	1,404	2,003
Total as of March 31, 2011	1,297	46,510	(8)	35,769	30,110	113,678	88,206

Total as of March 31, 2010	1,164	41,958	9	21,470	23,605	88,206

Juan Carlos Fronza
President

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION

Basis of Presentation

The consolidated financial statements are stated in Argentine pesos and were prepared in accordance with accounting disclosure and valuation standards contained in the technical pronouncements issued by the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE") approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires ("CPCECABA") and in accordance with the resolutions of the National Securities Commission ("CNV ") assuming that the Company will continue as a going concern . However, the Company's Annual Consolidated Financial Statements do not include any adjustments or reclassifications that might result either from the successful outcome of the voluntary reorganization proceeding (*concurso preventivo*) on the effects on the valuation and classification of the reorganization liabilities or from the non occurrence of the event, according to our current standards. These financial statements should be read under these circumstances.

The consolidated financial statements have been prepared in constant currency, reflecting the overall effects of inflation through August 31, 1995. Between that date and December 31, 2001, restatement of the financial statements was discontinued due to the existence of a period of monetary stability. Between January 1, 2002 and March 1, 2003, the effects of inflation were recognized to reflect the inflation recorded during that period. As from that date, restatement of consolidated financial statements has been discontinued. The rate used for restatement of items was the internal wholesale price index published by the National Institute of Statistic and Census.

The Company has consolidated line by line its balance sheet as of March 31, 2011, December 31, 2010 and March 31, 2010, as well as its statements of income and cash flow for the three months ended March 31, 2011 and 2010, with the financial statements of its controlled company ("MetroENERGÍA") in compliance with Technical Resolution No. 21 issued by FACPCE, approved by the CPCECABA.

Advances on the compliance with the International Financial Reporting Standards ("IFRS") implementation plan.

The CNV has established the application of the Technical Resolution No. 26 of the FACPCE which adopts, for entities included in the public offer under Law No. 17,811, for its capital or for negotiable obligations, or for having requested authorization to be included in the public offer, the international financial reporting standards issued by the IASB (International Accounting Standard Board).

The application of such standards will became obligatory for companies with fiscal year beginning on January 1, 2012.

On April 22, 2010, the Board of Directors approved the specific implementation plan. Since that date, the implementation process has been implemented according to the plan. Actually, the Company is ending the impact evaluation of the IFRS´implementation.

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

The Argentine Economic Scenario and its impact on the Company

As from the passing of the Emergency Law and its subsequent decrees, MetroGAS' activity has been significantly affected. Among the measures adopted the most important are the devaluation registered during the first months of year 2002, the pesification of certain assets and liabilities in foreign currency deposited in the country, the consequent increase in internal prices and the pesification of prices and tariffs of public services.

Moreover, the provisions of the Emergency Law modified standards of the Regulatory Framework applicable to the transportation and distribution of natural gas, mainly those which establish that the tariffs are calculated in U.S. dollars and stated in pesos and that are adjustable according to international indexes.

In Note 2 to the consolidated financial statements and in Notes 2, 8 and 14 to primary financial statements, there is a detailed description of the economic context, the impacts of the Emergency Law and its ruling decrees, the adverse economic and financial condition that the Company faces as a result of the continue delay in the increase in its tariff, the consequent Company's filing of a petition for voluntary reorganization (*concurso preventivo*) in an Argentine court and the uncertainties generated about the future results of the Company.

These situations have been considered by the Company's Management when calculating significant accounting estimates included in these consolidated financial statements, including those related to the recoverable value of non current assets. For that purpose, the Company's Management periodically elaborates economic-financial projections from alternative scenarios based on macroeconomic, financial, market and regulatory assumptions.

As a consequence of the situations described above, such projections have considered modifications to the tariffs and adjustments to the operative costs of the Company in order to restore its economic-financial equation. Actual future results could differ from those estimates.

General Considerations

MetroGAS' sales are highly sensitive to weather conditions in Argentina. Demand for natural gas and, consequently, MetroGAS' sales, are significantly higher during the winter months (May to September), due to larger gas volumes sold and the tariff mix affecting revenues and gross profit.

According to changes in regulations (see Note 8.4.1 to the primary financial statements) the Board of Directors of MetroGAS decided to constitute MetroENERGÍA, on April 20, 2005; MetroGAS holds 95 % of the Common Stock and whose purpose is to buy and sell natural gas and/or its transportation on its own, on behalf of or associated to third parties.

In the framework of the license renegotiation process, on October 1, 2008 MetroGAS signed a Temporary Agreement with the UNIREN, which involves the celebration of, which establishes a Transitional Tariff Regime as from September 1, 2008, with a readequacy of prices and tariffs including price variation of gas, transportation and distribution services. The above mentioned agreement was ratified by the Shareholders' Assembly of MetroGAS on October 14, 2008 and

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

approved by the Executive Power on March 26, 2009 by the Decree No. 234 (date of publication in the Official Gazzete: April 14, 2009).

The amounts resulting from the effectively received increase in distribution tariffs must be deposited by MetroGAS in a specific trust fund created to carry out infrastructure works in the licensee area.

The Temporary Agreement establishes general guidelines for final tariff increases on average invoices, including adjustments of gas prices at well head and adjustments of transportation and distribution services, and it is complemented with ENARGAS Resolution No. I/409, which sets up a segmentation of residential customers according to their annual consumption, and Resolution No.1,070 from the ES, which includes the Complementary Agreement signed with gas producers through which gas prices at well head are established as from September 2008 until December 2009 for each customer category according their annual consumption.

On September 24, 2009, the ENARGAS sent the previous background and the MetroGAS´ tariff chart provided by the Temporary Agreement to the Undersecretary of Coordination and Management control dependent on the MPFIPyS. On February 17, 2010, MetroGas filed a legal protection proceeding before the Federal Administrative Court of Appeals requiring the issuing of an order of quick dispatch against the Sub-Secretariat of Coordination and Management Control in order to make the Sub-Secretary to finally issue the file in which the tariff scheme to be approved by ENARGAS is considered.

On December 16, 2009, the UNIREN sent to MetroGAS a new version of the Letter of Understanding with the proposal of the license renegotiation. Unfortunately no consensus has been reached so far to achieve an agreement that may satisfy both, the interests of the National Government and the ones of the Company and its shareholders.

Although ENARGAS has not yet issued the respective tariff charts arise from the Temporary Agreement, on June 2010, the Company sent to the ENARGAS and the UNIREN the support documentation refereed to investments made from September 2008 to December 2009 and the Investment Plan 2010, according to the Temporary Agreement requests.

As regards the Trust fund destined to the construction of infrastructure works, MetroGAS complied with all the necessary steps to the constitution of an administration trust fund with Nación Fideicomisos S.A.. At first, the Letter of Understanding ("Memorando de Entendimiento") was subscribed by both parties and sent to the ENARGAS and the MPFIPyS on March 22, 2010. Afterwards, administration trust fund contract conditions were settled and approved on March 14, 2011 by ENARGAS and the UNIREN. It is worth mentioning that the Company will include this contract into the reorganization procedure to receive the judicial authorization, if applicable, according to the Article No. 16 *in fine* of the Law No. 24,522.

During 2010, notes were sent to the ENARGAS, UNIREN and the MPFIPyS insisting on the Company's vital need to reach a definite consensus to successfully end the legal proceedings that the Company is undergoing.

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

In face of the difficult financial situation affecting MetroGAS and the lack of response from state bodies regarding the proceedings started, on June 8, 2010 the Company filed a legal protection proceeding against the ENARGAS and the Undersecretary of Coordination and Management Control under the authority of the Ministry of Federal Planning, Public Investment and Services ("MINPLAN"), as a consequence of their omission to implement the "Temporary Tariff Scheme" (RTT) established in the Temporary Agreement subscribed on October 1, 2008 and approved by the National Executive Power through Executive Order No. 234/09 .

When filing the appeal, the Company stated that both the ENARGAS and the Undersecretary of Coordination, within the sphere of their respective responsibilities, have had to implement, since March 2009, the tariff scheme derived from the Temporary Tariff Scheme. However, they omitted to carry out due actions to implement the said scheme, resulting in prejudice of the Company's constitutional rights. Therefore, it was requested that the defendants carry out, without delay, the necessary actions to put in force the tariff increase before mentioned.

On November 30, 2010 the Judge rejected the legal protection proceeding, decision which was then appealed by the Company on December 7, 2010.

As of the date of issuance of these financial statements, the Company was niether invoiced nor registered the effects of the mentioned Temporary Agreement.

It is important to point out that tariffs for distribution services have not been increased since 1999, which has caused unbalances between MetroGAS´ income and expenses. If the issuance of the tariff charts continues delayed, the economic and financial condition of the Company will continue to deteriorate.

Given the adverse condition, MetroGAS is currently undergoing, as a result of the delay in the increase in its tariffs, on June 17, 2010, the Board of Directors of MetroGAS S.A. filed for a reorganization proceeding (as described in Note 2 to the financial statements).

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

Through ENARGAS Resolution No. I-1,260 issued on June 17, 2010 MetroGAS was notified that it would be under intervention for a 120 day term, appointing Engineer Antonio Gomez as an ENARGAS-appointed Supervisor ("Interventor"). This measure followed the decision taken by MetroGAS' Board of Directors file a petition for voluntary reorganization.

The resolution states that the interventor will (a) supervise and control all of our activities that could have an impact in the public service gas supply rendered by us, which supply is the core of the license agreement; (b) initiate a corporate audit of us; and (c) itemize and appraise all our assets.

On July 14, 2010, MetroGAS lodged a direct appeal with the Court of Claims ("*Cámara Nacional de Apelaciones en lo Contencioso Administrativo Federal")* pursuant to Article 70 of Law 24,076 in relation with ENARGAS Resolution No. I-1260, together with a request for an injuction to suspend the intervention effects during the process of the mentioned direct appeal. This injunction request was rejected by a judicial resolution notified to MetroGAS on September 8, 2010.

On October 22, 2010, was published in the Official Gazzette ENARGAS resolution No. I-1,431, by means of which the ENARGAS Interventor, Ing. Antonio Luis Pronsato, decided to extend the company's intervention for 120 calendar days and appoint Ing. Antonio Gómez as interventor. On February 22, 2011, was published in the Official Gazzette ENARGAS Resolution No. 1,612, wich extended for 120 days the company´s intervention.

Analysis of Operations for the three months ended March 31, 2011 and 2010

The Company's sales increased by 2.6% during the three months ended March 31, 2011, and operating cost increased by 10.1% compared to the same period of the previous year, thus producing a decrease in gross profit of Ps. 10,282 thousand, amounting to Ps. 54,912 thousand during the three months ended March 31, 2011 compared to Ps. 65,194 thousand in the same period of the previous year.

Administrative and selling expenses increased 44.5% from Ps. 47,669 thousand during the three months ended March 31, 2010 to Ps. 68,893 thousand during the same period of the present year.

Consequently, during the three months ended March 31, 2011 an operating income of Ps. 13,981 thousand was recorded compared to Ps. 17,525 thousand recorded in the same period of the previous year.

During the three months ended March 31, 2011 a financial and holding loss of Ps. 22,339 thousand was recorded compared to a loss of Ps. 34,744 thousand recorded in the same period of the previous year.

The Company's net loss for the three months ended March 31, 2011 amounted to Ps. 26,275 thousand compared to a net loss of Ps. 15,084 thousand recorded in the same period of the previous year.

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

Operating results and financial position

Sales

The Company's consolidated sales during the three months ended March 31, 2011 increased by 2.6%, amounting to Ps. 231,578 thousand compared to Ps. 225,719 thousand in the same period of the previous year.

Sales increase during the three months ended March 31, 2011 was mainly originated by higher MetroENERGÍA´s sales traded on its own behalf, partially offset by lower transportation and distribution MetroGAS´s sales.

Although volumes delivered to residential customer increase 9.6%, during the three months ended March 31, 2011 compared to the same period of the previous year, sales to this category of customer increased by 5.0% as of March 31, 2011 from Ps. 73,580 thousand during the three months ended March 31, 2010 to Ps. 77,295 thousand in the same period of the present year, mainly due to lower average prices as a consequence of changes in the mix of sales.

MetroGAS's sales with gas to industrial, commercial and governmental customers decreased by 11.6% from Ps. 16,156 thousand during the three months ended March 31, 2010 to Ps. 14,282 thousand in the same period of the present year, with a decrease of 12.2% in gas volumes delivered.

Sales of transportation and distribution services to power plants decreased by 4.3% from Ps. 28,152 thousand during the three months ended March 31, 2010 to Ps. 26,939 thousand in the same period of the present year, due to a lower average prices as a consequence of changes in mix of sales and to the decrease of 0.2% in gas volumes delivered.

On the other hand, sales of transportation and distribution service to industrial, commercial and governmental customers decreased 14.6% from Ps. 18,535 thousand during the three months ended March 31, 2010, to Ps. 15,838 thousand in the same period of the present year, mainly due to a decrease of 3.5% in gas volumes delivered. It is important to point out that in the first quarter of 2010, penalties to this customer category were higher than penalties from the same period of the previous year, due to the fact that, although natural gas deliveries to this cuestomer category were cut off in the previous winter, it continued consumming natural gas.

Sale of transportation and distribution service to CNG decreased by 3.8% from Ps. 8,815 thousand during the three months ended March 31, 2010 to Ps. 8,483 thousand during the same period of the present year, mainly due to a decrease of 2.8% in volumes delivered.

Sale of processed natural gas increase 28.0% during the three months ended March 31, 2011 compared to the same period of the previous year, mainly due to an increase in average prices.

MetroENERGÍA's gas and transportation sales on its own behalf increased 19.8%, from Ps. 50,068 thousand during the three months ended March 31, 2010 to Ps. 59,995 thousand during the same period of the present year, mainly as a consequence of an increase in average prices due to changes in mix of sales.

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

Commission for operations on behalf of third parties carried out by MetroENERGÍA, decreased from Ps. 6,380 thousand during the three months ended March 31, 2010 to Ps. 2,746 thousand during the same period of the present year, mainly as a consequence of a decrease in volumes delivered on behalf of third parties.

The following chart shows the consolidated Company's sales by customer category for the three months ended March 31, 2011 and 2010, expressed in thousands of pesos:

	For the three months ended March 31, 2011	**% of Sales**	**For the three months ended March 31, 2010**	**% of Sales**
MetroGAS				
Gas sales:				
Residential	77,295	33.4	73,580	32.6
Industrial, Commercial and Governmental	14,282	6.2	16,156	7.2
Subtotal	91,577	39.6	89,736	39.8
Transportation and Distribution Services				
Power Plants	26,939	11.6	28,152	12.5
Industrial, Commercial and Governmental	15,838	6.8	18,535	8.2
Compressed Natural Gas	8,483	3.7	8,815	3.9
Subtotal	51,260	22.1	55,502	24.6
Processed Natural Gas	17,942	7.7	14,021	6.2
Other Gas Sales and Transportation and Distribution Services	8,058	3.5	10,012	4.4
MetroENERGÍA				
Gas and transportation sales on its own behalf	59,995	25.9	50,068	22.2
Selling commission	2,746	1.2	6,380	2.8
Total of Sales	**231,578**	**100.0**	**225,719**	**100.0**

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

The following chart shows the Company's natural gas sales and transportation and distribution services by customer category for the three months ended March 31, 2011 and 2010, expressed in million of cubic meters:

	For the three months ended March 31, 2011	% of Sales	For the three months ended March 31, 2010	% of Sales
Gas sales:				
Residential	217.8	10.7	198.8	9.6
Industrial, Commercial and Governmental	74.5	3.6	84.9	4.1
Subtotal	292.3	14.3	283.7	13.7
Transportation and Distribution Services				
Power Plants	1,268.1	62.2	1,270.3	61.6
Industrial, Commercial and Governmental	202.6	9.9	209.9	10.2
Compressed Natural Gas	123.0	6.0	126.5	6.1
Subtotal	1,593.7	78.1	1,606.7	77.9
Processed Natural Gas	34.8	1.7	34.8	1.7
Other Gas Sales and Transportation and Distribution Services	119.5	5.9	137.3	6.7
Total delivered volume by MetroGAS	**2,040.3**	**100.0**	**2,062.5**	**100.0**
Total gas and transportation delivered volume by MetroENERGÍA on its own behalf	**197.2**	**100.0**	**206.2**	**100.0**

Operating costs

Operating costs totaled Ps. 176,666 thousand during the three months ended March 31, 2011 generating a 10.1% increase compared to Ps. 160,525 thousand recorded in the same period of the previous year. This variation was mainly due to the increase in gas and transportation costs and in payroll and social contributions.

Gas purchases of natural gas increased by 14.6% from Ps. 65,921 thousand during the three months ended March 31, 2010 to Ps. 75,573 thousand during the same period of the present year, mainly due to an increase in purchased gas volumes and cost from MetroENERGÍA. During the three months ended March 31, 2011, 356.9 million of cubic meters were acquired by MetroGAS and 134.2 million of cubic meters were acquired by MetroENERGÍA representing an increase of 3.6% compared to the gas volumes purchased in the same period of the previous year.

METROGAS S.A.

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2011 AND 2010**

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

Gas transportation costs increase by 4.0% during the three months ended March 31, 2011 compared to the same period of the previous year, due to the increase of MetroENERGÍA transportation costs to resale and to exchange and movement.

During the three months ended March 31, 2011 and 2010, the Company capitalized Ps. 1,297 thousand and Ps. 1,164 thousand, respectively, corresponding to the portion of operating costs attributable to the planning, execution and control of investments in fixed assets.

The following chart shows the Company's operating costs by type of expense for the three months ended March 31, 2011 and 2010, expressed in thousands of pesos:

	For the three months ended March 31, 2011	% of Total Operating Costs	For the three months ended March 31, 2010	% of Total Operating Costs
Gas purchases of natural gas and processed natural gas	75,573	42.8	65,921	41.1
Gas transportation	56,362	31.9	54,193	33.7
Depreciation of fixed assets	16,094	9.1	17,022	10.6
Payroll and social contributions	16,985	9.6	12,791	8.0
Fixed assets maintenance	7,028	4.0	6,487	4.0
Sundry materials	1,178	0.7	782	0.5
Fees for sundry services	3,998	2.3	3,174	2.0
Other operating expenses	745	0.4	1,319	0.8
Capitalization of operating costs in fixed assets	(1,297)	(0.7)	(1,164)	(0.7)
Total	**176,666**	**100.0**	**160,525**	**100.0**

Administrative expenses

Administrative expenses increased 66.4% from Ps. 21,568 thousand during the three months ended March 31, 2010 to Ps. 35,896 thousand during the same period of the present year. This increase was mainly due to the increase in payroll and social contributions, in the contingency provision, in fees for professional services and in fixed assets maintenance.

Selling expenses

Selling expenses increased 26.4% from Ps. 26,101 thousand during the three months ended March 31, 2010 to Ps. 32,997 thousand during the same period of the present year, mainly due to the increase in payroll and social contributions, in tax, rates and surcharges, in fees for sundry services and in postage, telephone and fax expenses, partially offset by a decrease in the allowance for doubtful accounts.

Financing and holding results

During the three months ended March 31, 2011 a financial and holding loss of Ps. 22,339 thousand was recorded compared to a loss of Ps. 34,744 thousand recorded in the same period of the

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

previous year. Such variation in financial and holding results was mainly due to the decrease of the exchange loss registered in the three months ended March 31, 2011, as a consequence of the lower financial interest charges and the discount of long term financial debt result, as well as the increase in the discount of long term other receivables compared to the same period of the previous year, partially offset by the higher loss exchange difference due to the higher variation on the exchange rate.

Other income net

Other income net, for the three months ended March 31, 2011 totaled a gain of Ps. 3,557 thousand compared to a gain of Ps. 3,346 thousand recorded in the same period of the previous year.

Income tax

During the three months ended March 31, 2011, the Company registered a gain amounted to Ps. 6,887 thousand for income tax compared to a loss of Ps. 755 thousand registered in previous year. Such variation was mainly due to a higher credit generated by MetroGAS during the present period compared to the same period of the previous year.

Net cash flows used in operating activities

Net cash flows used in operating activities amounted to Ps. 63,435 thousand during the three months ended March 31, 2011 compared to Ps. 47,493 thousand used in the same period of the previous year. Such variation was mainly due to a decrease in operating results.

Net cash flows used in investing activities

Net cash flows provided by investing activities totaled Ps. 16,976 thousand during the three months ended March 31, 2011, due to higher fixed assets additions, compared to Ps. 22,575 provided by the same period of the previous year.

Net cash flows provided by financing activities

During the period of three months ended March 31, 2011, any net cash flows were no used in financing activities, while Ps. 240 thousand were provided in the same period of the previous year. The decrease in net cash flows used in financing activities is mainly due to the suspension of the payment of principal and interest on the Company's outstanding debt obligations and the Company's filing of a petition for voluntary reorganization (*concurso preventivo*) (see Note 9 to the primary financial statements).

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

Liquidity and capital resources

Financing

As of March 31, 2011, the total indebtedness of the Company was Ps. 1,067,587 thousand.

At the Extraordinary Shareholders' Meeting held on December 22, 1998 the Shareholders approved the creation of a Global Program for issuing unsecured non-convertible Negotiable Bonds, for an amount of up to US$ 600 million (or the equivalent in other currencies or currency combinations) over a five-year term as from the August 19, 1999, date of authorization of the Program by the CNV. On October 15, 2004, Extraordinary Shareholders Meeting approved the five years extension of the Global program, that was authorized by CNV on March 31, 2005.

Later, on February 24, 2010, the Shareholders' Extraordinary Assembly approved the extension of the Global Program for 5 additional years, which was authorized for the CNV by Resolution No. 16,318 on April 27, 2010.

Under the mentioned Global Program, the following Negotiable Obligations were placed and issued (i) Series A, on March 27, 2000, by the amount of US$ 100 million, maturing in 2003, bearing interest at the rate of 9.875% per annum, (ii) Series B, on September 27, 2000, by the amount of Euros 110 million maturing in 2002, bearing interest at the rate of 7.375% per annum and (iii) Series C, on May 7, 2001, by the amount of US$ 130 million, maturing in May 2004 and bearing interest at LIBOR plus a margin ranging from 2.625% to 3.25%.

On March 25, 2002, MetroGAS announced the suspension of principal and interest payments on all of its financial indebtedness due to the fact that the Emergency Law, together with implementing regulations, altered fundamental parameters of the Company's license, including the suspension of the tariff adjustment formula and the redenomination of the tariff into pesos, and also the announcement of the devaluation of the peso.

On November 9, 2005, the Company announced the commencement of a solicitation of consents to restructure its unsecured financial indebtedness pursuant to an APE under Argentine law.

On May 12, 2006, the Company concluded the financial debt restructuring process, performing the effective exchange of the bonds. Consequently, it issued in exchange for its Existing Debt Series 1 Notes amounting to US$ 236,285,638 in principal amount, Series 2 Notes Class A amounting to US$ 6,254,764 in principal amount and Series 2 Class B amounting to Euros 26,070,450 in principal amount. Additionally the Company made payments amounting to US$ 105,608,445 for the cash options received, along with US$ 19,090,494 and Euros 469,268 to pay accrued interest on Series 1 notes and Series 2 notes through December 30, 2005.

The offering of the Series 1 and 2 was made in full compliance with the Fund Allocation Plan. The funds obtained were allocated to the refinancing of short-term indebtedness.

The adverse financial conditions that the Company faces as a result of this continued delay in the increase in its tariff led its Board of Directors to approve the Company's filing of a petition for

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

voluntary reorganization (*concurso preventivo*) in an Argentine court on June 17, 2010 (see Note 2 for further details on this proceeding). This reorganization filing generated an event of default under its outstanding debt obligations. Pursuant to the terms of its outstanding debt obligations, this default resulted in the automatic acceleration of the Company's outstanding debt obligations. Nevertheless, upon the reorganization filing, an automatic stay was put into place on the payment of principal and interest on the Company's outstanding debt obligations.

Comparative consolidated balance sheets

In order to appraise the development of the Company's activities, the chart below set forth comparative consolidated balance sheet information from the Company's unaudited consolidated interim financial statements as of March 31, 2011, 2010, 2009, 2008 and 2007.

	03.31.11	03.31.10	03.31.09	03.31.08	03.31.07
			Balance Sheet		
			Thousand of Ps.		
Current assets	480,484	228,885	260,422	222,685	273,621
Non-current assets	1,992,150	1,924,046	1,877,356	1,817,029	1,800,954
Total assets	2,472,634	2,152,931	2,137,778	2,039,714	2,074,575
Current liabilities	402,222	409,114	305,694	263,081	353,368
Non-current liabilities	1,268,790	859,498	894,545	783,733	753,107
Total liabilities	1,671,012	1,268,612	1,200,239	1,046,814	1,106,475
Minority interest	1,993	1,802	1,317	1,064	663
Shareholders' equity	799,629	882,517	936,222	991,836	967,437
Total	2,472,634	2,152,931	2,137,778	2,039,714	2,074,575

Comparative consolidated statements of income

The chart below contains a summary of the consolidated statements of operations for the three months ended March 31, 2011, 2010, 2009, 2008 and 2007.

	03.31.11	03.31.10	03.31.09	03.31.08	03.31.07
			Thousand of Ps.		
Gross profit	54,912	65,194	59,605	68,309	54,242
Administrative and Selling expenses	(68,893)	(47,669)	(41,814)	(40,649)	(32,932)
Operating (loss) income	(13,981)	17,525	17,791	27,660	21,310
Financial and holding results	(22,339)	(34,744)	(74,033)	(27,126)	(29,513)
Other income net	3,557	3,346	(322)	869	2,788
Minority interest	(389)	(456)	(269)	(261)	(205)
(Loss) income before income tax	(33,152)	(14,329)	(56,833)	1,142	(5,620)
Income tax	6,877	(755)	17,112	1,202	(648)
Net (loss) income	(26,275)	(15,084)	(39,721)	2,344	(6,268)

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

Comparative statistical data

The chart below shows a summary of operating data for the three months ended March 31, 2011, 2010, 2009, 2008 and 2007.

	03.31.11	03.31.10	03.31.09	03.31.08	03.31.07
	Million of CM				
Gas purchased by MetroGAS	356.9	349.6	346.4	347.0	328.1
Gas contracted by third parties	1,860.9	1,892.2	2,076.6	2,043.2	2,079.9
	2,217.8	2,241.8	2,423.0	2,390.2	2,408.0
Volume of gas withheld:					
-Transportation	(134.4)	(136.2)	(139.2)	(129.6)	(138.4)
-Loss in distribution	(41.3)	(41.3)	(45.3)	(45.1)	(45.1)
-Transportation and processing gas production	(1.8)	(1.8)	(1.6)	(2.2)	(3.0)
Volume of gas delivered by MetroGAS	2,040.3	2,062.5	2,236.9	2,213.3	2,221.5
Volume of gas purchased and delivered by MetroENERGÍA on its own behalf	134.2	124.3	108.6	139.1	315.0

Comparative ratios

The chart below contains certain financial ratios as of March 31, 2011, 2010, 2009, 2008 and 2007.

	03.31.11	03.31.10	03.31.09	03.31.08	03.31.07
Liquidity	1.19	0.56	0.85	0.85	0.77
Solvency	0.48	0.70	0.78	0.95	0.87
Immobilization	0.81	0.89	0.88	0.89	0.87

METROGAS S.A.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2011 AND 2010

SUMMARY OF ACTIVITY REQUIRED BY RESOLUTION No. 368/01 ISSUED BY THE NATIONAL SECURITIES COMMISSION (Contd.)

Other information

The chart below contains information regarding the price per share of the Company's common shares and its ADSs:

		Share Price on the Buenos Aires Stock Exchange (1)	ADSs Price on the New York Stock Exchange (1)
		Ps.	US$
March	2007	1.32	4.42
March	2008	1.25	3.90
March	2009	0.50	1.52
January	2010	0.81	2.09
February	2010	0.77	1.98
March	2010	0.75	1.94
April	2010	0.80	2.20
May	2010	0.69	1.67
June	2010	0.61	1.50 (2)
July	2010	0.67	-
August	2010	0.61	-
September	2010	0.69	-
October	2010	0.74	-
November	2010	1.16	-
December	2010	1.16	-
January	2011	1.31	-
February	2011	1.17	-
March	2011	1.04	-

(1) Prices on the last business day of the month, except for (2).
(2) On June 17, 2010, we received a notice from the NYSE that MetroGAS´ ADRs had been suspended from trading on the NYSE as a result of our filing for voluntary reorganization.

Outlook

Based on the economic context and the provisions issued by the National Government, which include the modification of MetroGAS' Regulatory Framework and its reorganization proceeding, the Company will continue, while be financially possible, concentrating its efforts towards ensuring business continuity, maintaining the quality and reliability of gas supplies, meeting the Basic License Rules and finally, and depending on the outcome of the renegotiation of the License MetroGAS will define its new future strategy and matters such as company planning, commercial policy and development of the investment plan.

Autonomous City of Buenos Aires, May 9, 2011.

Juan Carlos Fronza
President