

METROGAS S.A.

CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AS OF MARCH 31, 2016 AND COMPARATIVES

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METROGAS S.A.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2016 AND COMPARATIVES

LEGAL INFORMATION

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

Fiscal Year: No. 25 (initiated on January 1, 2016).

Financial Statements Condensed Interim Consolidated: as of March 31, 2016 and comparatives.

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

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

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

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

Parent Company: YPF S.A.

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

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

Percentage of votes held by parent company: 70%

Composition of Issued Capital as of 03.31.16:

Classes of Shares	Subscribed, Registered and Paid-in
Outstanding	
Common Certified Shares of Ps. 1 Par Value and 1 Vote each:	
Class "A"	290,277
Class "B"	275,026
Class "C"	3,868
Issued Capital as of 03.31.16	569,171

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2016 AND DECEMBER 31, 2015

(stated in thousands of pesos)

	Notes	03.31.16	12.31.15
Assets			
Non current Assets			
Properties, plant and equipment	10	2,127,856	2,076,672
Intangible assets	12	83,099	69,899
Deferred tax assets	28	12,098	9,375
Investment properties	11	2,379	2,394
Other receivables	14	3,938	9,519
Total Non current assets		2,229,370	2,167,859
Current assets			
Trade receivables	13	829,482	1,031,403
Other receivables	14	319,891	230,012
Cash and cash equivalents	15	448,089	596,223
Total Current assets		1,597,462	1,857,638
Total assets		3,826,832	4,025,497
Shareholders' Equity			
Issued capital	16	569,171	569,171
Accumulated results (losses)		(1,930,837)	(1,344,258)
Equity attributable to the owners of the parent		(1,361,666)	(775,087)
Non-controlling interest		7,773	7,317
Total Shareholders' Equity	16	(1,353,893)	(767,770)
Liabilities			
Non current Liabilities			
Trade payable	21	151,358	172,055
Financial debt	18	2,436,835	2,135,949
Deferred tax liabilities	28	224,919	223,161
Reorganization liabilities	19	13,642	13,642
Other taxes payable	17	5,250	5,647
Provisions	20	138,786	116,258
Total Non current Liabilities		2,970,790	2,666,712
Current Liabilities			
Trade payable	21	1,709,865	1,611,215
Salaries and social securities	22	98,362	128,329
Income tax and minimum presumed income tax ("MPIT")		30,356	43,113
Other taxes payable	17	134,615	176,217
Financial debt	18	212,695	144,858
Other accounts payable	23	24,042	22,823
Total Current Liabilities		2,209,935	2,126,555
Total Liabilities		5,180,725	4,793,267
Total Liabilities and Shareholders' Equity		3,826,832	4,025,497

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

Marcelo Adrián Núñez
Chairperson

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

METROGAS S.A.

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

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015

(stated in thousands of pesos)

	Notes	For the three months period ended,	
		03.31.16	03.31.15
Revenues	24	1,007,495	774,442
Operating costs	25	(963,108)	(595,610)
Gross profit		44,387	178,832
Administration expenses	25	(122,457)	(102,120)
Selling expenses	25	(107,382)	(90,703)
Other income and expenses	26	(22,212)	813
Operating loss		(207,664)	(13,178)
Finance income	27	39,130	5,083
Finance cost	27	(410,918)	(107,067)
Net financial results		(371,788)	(101,984)
Result before income tax and MPIT		(579,452)	(115,162)
Income tax and MPIT	28	(6,671)	(4,302)
Net result for the period		(586,123)	(119,464)
Other comprehensive result		-	-
Net and comprehensive result for the period		(586,123)	(119,464)
Net and comprehensive result for the period attributable to controlling interest		(586,579)	(120,636)
Net and comprehensive result for the period attributable to non-controlling interest		456	1,172
Net and comprehensive result for the period		(586,123)	(119,464)
Net result per share			
Basic and diluted	29	(1.03)	(0.21)

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016 AND 2015 *(stated in thousands of pesos)*

	Issued capital	Accumulated results	Equity attributable to the owners of the parent	Non-controlling interest	Total Shareholders' Equity
Balance as of December 31, 2014	569,171	(779,357)	(210,186)	3,124	(207,062)
Net and comprehensive result for the three months period ended March 31, 2015	-	(120,636)	(120,636)	1,172	(119,464)
Balance as of March 31, 2015	569,171	(899,993)	(330,822)	4,296	(326,526)
Net and comprehensive result for the nine months period ended December 31, 2015	-	(444,265)	(444,265)	3,021	(441,244)
Balance as of December 31, 2015	569,171	(1,344,258)	(775,087)	7,317	(767,770)
Net and comprehensive result for the three months period ended March 31, 2016	-	(586,579)	(586,579)	456	(586,123)
Balance as of March 31, 2016	569,171	(1,930,837)	(1,361,666)	7,773	(1,353,893)

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

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METROGAS S.A.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016 AND 2015 (stated in thousands of pesos)

	03.31.16	03.31.15
Cash flows (used in) generated by operating activities		
Net result for the period	(586,123)	(119,464)
Adjustments to arrive to the net cash flow from operating activities		
Income tax and MPIT	6,671	4,302
Depreciation of properties, plant and equipment and investment properties and intangible assets	24,782	22,792
Net book value of disposals of properties, plant and equipment and investment properties	4,311	1,553
Net charge on provisions	25,128	7,958
Net financial results	399,213	101,967
Changes in assets and liabilities		
Trade receivables	190,458	17,017
Other receivables	(84,202)	(37,699)
Other non current investments	-	1,066
Trade payable	71,442	133,972
Salaries and social securities	(29,967)	(29,990)
Income tax and MPIT liability	-	(6,845)
Other taxes payable	(44,979)	523
Provisions	(281)	(146)
Other accounts payable	1,370	(3,864)
Income tax and MPIT paid in the period	(2,359)	(3,044)
Net cash flows (used in) generated by operating activities	<u>(24,536)</u>	<u>90,098</u>
Cash flows used in investing activities		
Increase in properties, plant and equipment	(81,251)	(65,371)
Increase in intangible assets	(13,975)	-
Net cash flows used in investing activities	<u>(95,226)</u>	<u>(65,371)</u>
Cash flows used in financing activities		
Financial debt interest payment	(6,948)	(333)
Commercial debt interest payment	(21,626)	-
Net cash flows used in financing activities	<u>(28,574)</u>	<u>(333)</u>
Net (decrease) increase in cash and cash equivalents	<u>(148,336)</u>	<u>24,394</u>
Cash and cash equivalents at the beginning of year (1)	596,223	97,586
Exchange differences on cash and cash equivalents	202	255
Cash and cash equivalents at the end of the period (1)	<u>448,089</u>	<u>122,235</u>
Net (decrease) increase in cash and cash equivalents	<u>(148,336)</u>	<u>24,394</u>

(1) As of March 31, 2016 and 2015, funds collected and pending to be deposited for Trust Funds and Resolution I-2,621/2013 amount to 65,018 and 138,783, respectively.

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

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

Marcelo Adrián Núñez
Chairperson

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METROGAS S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

1. GENERAL INFORMATION

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

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

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

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

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

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

2. ECONOMIC AND FINANCIAL POSITION AND REGULATORY FRAMEWORK

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

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

In this context, as of March 31, 2016, the Company registered accumulated losses attributable to controlling interest amounting to 1,930,837 and kept a consolidated negative working capital to 612,473.

In Note 2 of the consolidated financial statements as of December 31, 2015 the aspects related to the economic and financial situation and regulatory framework are described.

There follow are described the significant developments occurred during the three months period ended March 31, 2016.

2.1 Provisional Agreement 2016

On February 24, 2016, within the framework of the public service contracts renegotiation process, as provided by Law No. 25,561 and complementary regulations, the Company signed a Provisional Agreement with the Ministries of Energy and Mining (“MINEM”), and Economy and Public Finances, which provides a temporary tariff schedule that will enable the provision of additional resources to those received by the application of the Provisional Agreement 2014 and ENARGAS Resolution No. I/2,407/2012 dated November 27, 2012.

The new Provisional Agreement, which is not subject to ratification by the Argentine Executive Power, establishes a transition tariff schedule as from April 1, 2016, consisting of the re-adjustment of tariffs based on the guidelines required to maintain the service and criteria common to the remaining distribution companies, following the current tariff legislation, including gas price variations at the point of entry into the transportation system.

The Provisional Agreement also anticipates the incorporation of the transfer resulting from changes in tax rules, with the exception of the income tax, which were pending of resolution, and establishes for MetroGAS a mandatory investment plan of seven hundred fifteen million three hundred thousand pesos (\$715,300,000).

The Provisional Agreement states on the other hand that, between the date the agreement is entered into and December 31, 2016, the parties must agree on the modalities, deadlines and timeliness of the signature of the Comprehensive Contract Renegotiation Memorandum of Understanding. Additionally, MINEM shall instruct ENARGAS to undertake an Integral Tariff Review, which shall be completed within one year as from March 29, 2016 (MINEM Resolution No. 31/2016).

On April 4, 2016, the Official Gazette published ENARGAS Resolution No. 3,726/2016, which approves, effective April 1, 2016, new tariff schedules to be applied to MetroGAS customers. ENARGAS Resolution No. 3,726/2016 also determines tariff schedules for residential customers with 15% or more saving in their consumption compared to the same period of the previous year as well as those to be applied to customers registered with the registry provided for in ENARGAS Resolution No. I-2,905/2015 with the amendments introduced by the provisions of section 5 of MINEM Resolution No. 28/2016 (referred to the social tariff).

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

With respect to the social tariff, section 5 of MINEM Resolution No. 28/2016 provides the reimbursement of one hundred per cent (100%) of the price of Natural Gas or Propane Gas consumed by customers included in the registry as per ENARGAS Resolution No. I-2,905/2015. To date, the Registry of Exempt Customers has not been adjusted to the National Policy for the Redirection of Subsidies.

On the other hand, the new tariff schedules include the amounts corresponding to FOCEGAS as a “Fixed Amount”, according to Resolutions ES No. I-2,407/2012 and I-3,249/2015.

Furthermore, ENARGAS Resolution No. 3,726/2016 instructs MetroGAS to (i) discontinue the inclusion of amounts resulting from the charge provided for in Decree No. 2,067/2008; and (ii) that the collection of the bills issued every two months, shall be effected as a monthly payment obligation, with two monthly payments each of them equivalent to 50% of the total amount of the bi-monthly bill, thirty days apart one from the other.

Finally, the Resolution states that MetroGAS may not distribute dividends if the company has not previously proved before ENARGAS the integral fulfillment of the Mandatory Investment Plan.

With the above considerations, the real impact on MetroGAS’ income and cost levels shall depend on a variable beyond its control, which is the reduction in consumption that consumers may have. This reduction shall not depend exclusively on the actions that every one of them may individually take to reduce consumption but also on the effects of changes in the weather variables between the two periods to compare.

Furthermore, the Company believes it will reach an agreement with the National Government with respect to the guidelines of the Annex to the 2016 Provisional Agreement as to modalities, deadlines and timeliness of the signature of the Comprehensive Contract Renegotiation Memorandum of Understanding, in order to enable the remediation of the Company’s economic-financial situation.

2.2. Unbundling of Natural Gas

Due to regulatory changes that have been made to the natural gas sector since 2005, the so called “natural gas unbundling” process took place, by which the different categories of customers (except for residential customers and small commercial customers, as well as non-profit civil associations, labor unions, trade associations or mutual benefit associations, health institutions and private or public educational institutions) had to purchase natural gas volumes at the point of entry into the transportation system directly from producers and/or sellers of natural gas, leaving the regional distribution companies limited to exclusively give transportation and or distribution services of natural gas.

Additionally, and in the same year, a Mechanism for Assigning Natural Gas to CNG stations was established, by which CNG stations get natural gas by means of a mechanism of periodic assignments of natural gas volumes in the Electronic Gas Market (“EGM”).

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METROGAS S.A.

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

In that context, in 2005 MetroENERGÍA was created as a natural gas trading company with the aim of keeping the highest amount of customers possible and count on a proper tool in accordance with the new scenario where the Company had to perform.

MetroENERGÍA was authorized by the ENARGAS to act as a natural gas trading company and or gas transportation company, and registered as agent of the EGM.

Actions taken by MetroENERGÍA since its formation made it possible to retain most of the industrial and commercial customers duly contemplated in the "unbundling" process of the Company's area, thus being able to maintain the participation of these categories of customers within MetroGAS' sales portfolio.

On April 1, 2016, through Resolution No. 34/2016, the MINEM ordered a new arrangement for the supply of CNG stations establishing the obligation regarding these users purchase natural gas for supply by the distributor of its area or range so that they provide full service (gas, transportation and distribution).

3. BASIS FOR PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements have been issued in accordance with the Technical Resolution ("TR") No. 26 and 29 of the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE") which adopt International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") for entities included in the public offer regime of Law No. 17,811, - Now repealed and replaced by Law No. 26,831 of Capital Markets-, due to their capital stock or to their notes, or those that have applied to be included in said regime, except for the accounting policy in the individual financial statements of the Company of the investments in subsidiaries, jointly controlled entities and associates, which are accounted for using the equity method (equity).

In April 2016, FACPCE issued TR No. 43 which only admits the alternative of applying the equity method to measure investments in controlled companies in the separate financial statements of a controlling company under IAS 27, effective January 1, 2016, with earlier application permitted for fiscal years as from January 1, 2015.

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

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

These condensed interim consolidated financial statements should be read together with the Company's annual consolidated financial statements as of December 31, 2015 and comparatives.

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METROGAS S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

These condensed interim consolidated financial statements, originally issued in Spanish, have been approved by the Board of Directors for issuance on May 9, 2016.

The condensed interim consolidated financial statements for the three months periods ended March 31, 2016 and 2015 have not been audited. In the Company’s opinion these financial statements reflect all the adjustments necessary to be presented on a basis consistent with the annual consolidated financial statements.

4. ACCOUNTING POLICIES

The accounting policies adopted for these condensed interim consolidated financial statements are consistent with the ones applied in the consolidated financial statements for the year ended on December 31, 2015 which are detailed in Note 4 to those consolidated financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

For the preparation of these condensed interim consolidated financial statements, the key judgments made by the Company when applying its accounting policies and the sources of information used for the respective estimates are consistent with those that were applied in the consolidated financial statements for the year ended on December 31, 2015, which are detailed in Note 5 to those financial statements.

6. FINANCIAL RISK MANAGEMENT

The business of the Company exposes it to various financial risks: market risk, credit risk and liquidity risk. No significant changes have occurred during the three month period ended on March 31, 2016 in relation to financial risk factors and management policies with respect thereto, which are detailed in Note 6 to the consolidated financial statements as of December 31, 2015.

7. FINANCIAL INSTRUMENTS

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

8. INTERESTS IN SUBSIDIARIES

The table below shows the Company’s controlling interest:

Directly controlled company	Percentage of capital stock and voting rights held	
	03.31.2016	12.31.2015
MetroENERGÍA	95%	95%

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

MetroGAS has used for the calculation of its share in MetroENERGÍA, the latest separate financial statements of such company, as of March 31, 2016. The equity of MetroENERGÍA at March 31, 2016 amounts to 155,464 and a positive result amounts to 9,123.

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

MetroENERGÍA’s General Ordinary Shareholders’ Meeting held on April 15, 2015, decided the distribution of the profit for the year 2014 to 62,174 to the payment of a dividend in cash, in the opportunity that the Boards of Directors is deemed relevant, taking into account cash availability and financial conditions of the business and any other factor deemed the organ of Administration. In this meeting, the representatives of YPF Inversora Energética S.A. decided to maintain their commitment by means of which they have renounced for the collection of dividends for as long as the financial debt of MetroGAS arising as a result of the restructuring and/or refinancing of the outstanding debt, is cancelled, pursuant to which the dividends approved shall be paid in full to the major shareholder MetroGAS.

According to the provisions of MetroENERGÍA’s Board of Directors on August 21, 2015, considering cash flow availability and the financial conditions of the business, total dividends for the amount of 20,000 were made available to the company’s main shareholder, MetroGAS, and cancelled in August 2015. The minority shareholder has waived collection of those dividends.

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

9. SEGMENT REPORTING

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

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

	03.31.16			
	MetroGAS Distribution	MetroENERGIA Trading	Eliminations	Total
Revenues	357,057	654,411	(3,973)	1,007,495
Operating loss	(210,368)	11,371	(8,667)	(207,664)
Results of interest in subsidiaries	8,667	-	(8,667)	-
Finance income	28,024	11,106	-	39,130
Finance cost	(402,477)	(8,441)	-	(410,918)
Result before income tax	(584,821)	14,036	(8,667)	(579,452)
Income tax and MPIT	(1,758)	(4,913)	-	(6,671)
Total net and comprehensive result for the period	(586,579)	9,123	(8,667)	(586,123)
Total assets	3,493,852	531,441	(198,461)	3,826,832
Total liabilities	4,855,518	375,977	(50,770)	5,180,725
Depreciation of properties, plant and equipment, Investment properties and Intangible assets	(24,782)	-	-	(24,782)
Increase in properties, plant and equipment	81,251	-	-	81,251
Increase in Intangible Assets	13,975	-	-	13,975
Investments in subsidiaries	147,691	-	(147,691)	-

	03.31.15			
	MetroGAS Distribution	MetroENERGIA Trading	Eliminations	Total
Revenues	399,840	377,181	(2,579)	774,442
Operating loss	(29,207)	38,296	(22,267)	(13,178)
Results on investments in subsidiaries	22,267	-	(22,267)	-
Finance income	2,643	2,440	-	5,083
Finance cost	(102,391)	(4,676)	-	(107,067)
Result before income tax	(128,955)	36,060	(22,267)	(115,162)
Income tax and MPIT	8,319	(12,621)	-	(4,302)
Total net and comprehensive result for the period	(120,636)	23,439	(22,267)	(119,464)
Total assets	2,682,734	326,147	(121,899)	2,886,982
Total liabilities	3,013,556	240,223	(40,271)	3,213,508
Depreciation of properties, plant and equipment and Investment properties	(22,792)	-	-	(22,792)
Increase in properties, plant and equipment	65,371	-	-	65,371
Investments in subsidiaries	81,628	-	(81,628)	-

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

10. PROPERTIES, PLANT AND EQUIPMENT

MAIN ACCOUNT	ORIGINAL VALUE					DEPRECIATION				NET BOOK VALUE 03.31.16	NET BOOK VALUE 12.31.15
	AT BEGINNING OF YEAR	INCREASES	TRANSFERS	RETIREMENTS	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	RETIREMENTS	INCREASES	ACCUMULATED AT END OF PERIOD		
Land	15,654	-	-	-	15,654	-	-	-	-	15,654	15,654
Building and civil constructions	72,000	-	-	-	72,000	29,238	-	356	29,594	42,406	42,762
High pressure mains	387,634	-	-	-	387,634	210,515	-	1,607	212,122	175,512	177,119
Medium and low pressure mains	2,109,883	-	30,969	-	2,140,852	730,572	-	12,007	742,579	1,398,273	1,379,311
Pressure regulating stations	82,627	-	-	-	82,627	49,702	-	681	50,383	32,244	32,925
Consumption measurement installations	374,599	-	5,271	(3,506)	376,364	213,664	(2,310)	3,626	214,980	161,384	160,935
Other technical installations	59,839	-	2,015	-	61,854	50,035	-	233	50,268	11,586	9,804
Machinery, equipment and tools	36,991	-	-	-	36,991	29,142	-	294	29,436	7,555	7,849
Computer and telecommunications equipment	254,796	-	94	-	254,890	214,760	-	4,554	219,314	35,576	40,036
Vehicles	14,888	-	-	-	14,888	11,493	-	256	11,749	3,139	3,395
Furniture and fixtures	6,240	-	-	-	6,240	5,504	-	20	5,524	716	736
Materials	59,180	14,597	(11,488)	(3,120)	59,169	-	-	-	-	59,169	59,180
Gas in pipelines	214	-	-	-	214	-	-	-	-	214	214
Work in progress	100,227	66,654	(26,888)	-	139,993	-	-	-	-	139,993	100,227
Distribution network extensions constructed by third parties	72,628	-	27	-	72,655	20,435	-	358	20,793	51,862	52,193
Subtotal	3,647,400	81,251	-	(6,626)	3,722,025	1,565,060	(2,310)	23,992	1,586,742	2,135,283	2,082,340
Allowance for obsolescence of materials	(1,386)	(1,106)	-	2	(2,490)	-	-	-	-	(2,490)	(1,386)
Allowance for disposal of properties, plant and equipment	(4,282)	(658)	-	3	(4,937)	-	-	-	-	(4,937)	(4,282)
Total as of March 31, 2016	3,641,732	79,487	-	(6,621)	3,714,598	1,565,060	(2,310)	23,992	1,586,742	2,127,856	
Total as of December 31, 2015	3,424,874	225,350	-	(8,492)	3,641,732	1,474,156	(2,762)	93,666	1,565,060		2,076,672

As mentioned in Note 2.7.1 to the consolidated financial statements as of December 31, 2015, according to the license a substantial portion of the Properties, plant and equipment are defined as “Essential Assets” and there are certain restrictions over them described in the mentioned note.

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11. INVESTMENT PROPERTIES

MAIN ACCOUNT	ORIGINAL VALUE		DEPRECIATION				NET BOOK VALUE 03.31.16	NET BOOK VALUE 12.31.15
	AT BEGINNING OF YEAR	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	ANNUAL RATE	INCREASES	ACCUMULATED AT END OF PERIOD		
Land	729	729	-	-	-	-	729	729
Building	3,049	3,049	1,384	2.00%	15	1,399	1,650	1,665
Total as of March 31, 2016	3,778	3,778	1,384		15	1,399	2,379	
Total as of December 31, 2015	3,778	3,778	1,323		61	1,384		2,394

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

12. INTANGIBLE ASSETS

MAIN ACCOUNT	ORIGINAL VALUE			DEPRECIATION			NET BOOK VALUE 03.31.16	NET BOOK VALUE 12.31.15
	AT BEGINNING OF YEAR	INCREASES	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	INCREASES	ACCUMULATED AT END OF PERIOD		
Software development in progress	54,673	13,901	68,574	-	-	-	68,574	54,673
Software	15,484	74	15,558	258	775	1,033	14,525	15,226
Total as of March 31, 2016	70,157	13,975	84,132	258	775	1,033	83,099	
Total as of December 31, 2015	-	70,157	70,157	-	258	258		69,899

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

13. TRADE RECEIVABLES

	<u>03.31.16</u>	<u>12.31.15</u>
Current		
Trade receivables	440,495	536,275
Unbilled revenues	391,967	416,493
Related parties	64,066	128,643
Tax on banking transactions to be recovered	11,250	17,168
Allowance for doubtful accounts	<u>(78,296)</u>	<u>(67,176)</u>
Total Current	<u>829,482</u>	<u>1,031,403</u>

The aging analysis of the trade receivables is as follows:

	<u>03.31.16</u>	<u>12.31.15</u>
-Past due		
under 3 months	128,156	85,932
from 3 to 6 months	31,217	51,208
from 6 to 9 months	22,999	28,861
from 9 to 12 months	28,168	10,655
from 1 to 2 years	15,991	16,393
more than 2 years	<u>28,492</u>	<u>18,309</u>
Subtotal	<u>255,023</u>	<u>211,358</u>
-Becoming due		
under 3 months	644,316	873,943
from 3 to 6 months	2,813	4,694
from 6 to 9 months	2,813	4,292
from 9 to 12 months	<u>2,813</u>	<u>4,292</u>
Subtotal	<u>652,755</u>	<u>887,221</u>
Allowance for doubtful accounts	<u>(78,296)</u>	<u>(67,176)</u>
Total	<u>829,482</u>	<u>1,031,403</u>

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

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

	<u>03.31.16</u>	<u>12.31.15</u>
Pesos	575,194	662,678
US Dollars	254,288	368,725
Total	<u>829,482</u>	<u>1,031,403</u>

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

	<u>03.31.16</u>	<u>12.31.15</u>
Balance at beginning of year	68,466	28,983
Revaluation of foreign currency	10,464	12,599
Increases (*)	706	31,140
Decreases	(147)	(4,256)
Balance at end of period/year	<u>79,489</u>	<u>68,466</u>

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

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

14. OTHER RECEIVABLES

	03.31.16	12.31.15
	<u> </u>	<u> </u>
Non current:		
Social security and tax credits	3,689	9,171
Expenses paid in advance	249	348
Total non current	<u>3,938</u>	<u>9,519</u>
Current:		
Advances to employees	983	569
Insurance paid in advance	1,284	303
Expenses paid in advance	17,979	2,275
Trust Fund Resolution No. 2,407	1,443	1,474
Social security and tax credits	56,708	18,308
Recoverable expenses	21,911	13,961
Related parties	7,122	7,760
Advances to suppliers	9,260	11,432
Temporary Economic Assistance - Related parties	149,310	149,310
Advances and anticipated purchases of gas	44,921	15,742
Management service for third parties constructions	4,774	3,365
Miscellaneous	5,389	6,803
Allowance for doubtful accounts	(1,193)	(1,290)
Total current	<u>319,891</u>	<u>230,012</u>
Total	<u><u>323,829</u></u>	<u><u>239,531</u></u>

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The aging analysis of the other receivables is as follows:

	<u>03.31.16</u>	<u>12.31.15</u>
-Past due		
under 3 months	1,829	152,592
from 3 to 6 months	149,913	771
from 6 to 9 months	627	235
from 9 to 12 months	214	33
from 1 to 2 years	422	615
more than 2 years	800	700
Subtotal	<u>153,805</u>	<u>154,946</u>
-Without due	40,320	25,667
-Becoming due		
under 3 months	82,192	46,198
from 3 to 6 months	39,347	7,516
from 6 to 9 months	5,117	2,195
from 9 to 12 months	303	471
from 1 to 2 years	767	802
more than 2 years	3,171	3,026
Subtotal	<u>130,897</u>	<u>60,208</u>
Allowance for doubtful accounts	<u>(1,193)</u>	<u>(1,290)</u>
Total	<u>323,829</u>	<u>239,531</u>

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

	<u>03.31.16</u>	<u>12.31.15</u>
Pesos	316,146	235,115
US Dollars	6,570	4,244
Pound sterling	1,113	172
Total	<u>323,829</u>	<u>239,531</u>

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15. CASH AND CASH EQUIVALENTS

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

	<u>03.31.16</u>	<u>12.31.15</u>
Cash and banks	112,325	79,702
Mutual funds	335,764	516,521
Total	<u>448,089</u>	<u>596,223</u>

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

	<u>03.31.16</u>	<u>12.31.15</u>
Pesos	445,530	593,937
US Dollars	2,424	2,161
Sterling pound	84	77
Euros	33	28
Reales	18	20
Total	<u>448,089</u>	<u>596,223</u>

As of March 31, 2016 and December 31, 2015, funds collected and pending to be deposit for Trust Funds and Resolution I-2,621/2013 amount to 65,018 and 59,593, respectively.

16. SHAREHOLDERS' EQUITY AND ISSUED CAPITAL

As of March 31, 2016, the issued capital of MetroGAS amounts to 569,171, which is fully subscribed, registered and paid-in and it is composed of the following classes of shares:

Classes of shares	Subscribed, registered and paid in
Outstanding:	
Common Certified Shares, of Ps. 1 Par Value and 1 Vote each:	
Class "A"	290,277
Class "B"	275,026
Class "C"	3,868
Issued Capital at 03.31.16	<u>569,171</u>

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Seventy per cent (70%) of the whole capital stock belongs to Gas Argentino S.A. (“Gas Argentino”). In the meeting on March 3, 2016 Gas Argentino approved the merger by absorption by YPF of YPF Inversora Energética S.A. (“YPFIESA”) and of Gas Argentino, therefore, the latter shall be dissolved without liquidation effective January 1, 2016. Furthermore, on that same date YPF, as absorbing company, and YPFIESA and Gas Argentino, as absorbed companies, signed a Commitment Prior to Merger, under which YPF shall incorporate YPFIESA and Gas Argentino, effective January 1, 2016, based on the individual annual financial statements of each of the companies as at December 31, 2015, which shall be used as Special Merger Balance Sheets, and on the special consolidated merger balance sheet as at the same date.

The General Ordinary and Extraordinary Shareholders Meeting of Gas Argentino on April 29, 2016 approved: i) Merger by absorption of Gas Argentino and YPFIESA by YPF under the terms of Article 82, following and matching ones in the General Corporation Law No. 19,950; ii) the Special Merger Balance Sheet of Gas Argentino and the Consolidated Merger Balance Sheet of YPFIESA, Gas Argentino and YPF, closed on December 31, 2015, iii) the Merger Commitment celebrated between YPFIESA and Gas Argentino and YPF, and iv) the Merger Prospect.

As of December 31, 2015, the Company recorded accumulated losses for 1,344,258 and kept a negative shareholders equity attributable to the controlling interest of 775,087, being subject to the provisions of Article 94, paragraph 5, and Article 96 of the General Corporations Law. Considering the aforementioned, having discussed the issue at the Shareholders Meeting held on April 29, 2016, the shareholders of MetroGAS estimates that the Company’ economic-financial situation will gradually improve through the implementation of the Provisional Agreement subscribed on February 24, 2016 with the MINEM and the Ministry of Economic and Public Finances (see Note 2.1 to the consolidated financial statements as of March 31, 2016), regarding the terms include the subscription of an “Acta Acuerdo de Renegociación Contractual Integral” (Comprehensive Letter of Understanding of Contractual Renegotiation), in order to facilitate the recomposition of the economic-financial situation of the Company. Nonetheless, the above, the Company cannot guarantee that the estimates aforementioned finally implemented or to be implemented under the terms provided. For these reasons, the shareholders of MetroGAS will monitor the evolution of the equity of the Company during the year as well as the effect of the tariff increase. In the case that application of the agreements suscripted with the National Government to date are insufficient to gradually rebuild the equity of the Company, the MetroGAS Board of Directors will evaluate the actions to be taken.

As a consequence of the magnitude of the accumulated losses, as of March 31, 2016, the Company registered a negative Shareholders’ equity attributable to controlling interest of 1,361,666, being subject to the provisions of Art. 94, paragraph 5 and Art. 96 of the General Corporations Law.

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17. OTHER TAXES PAYABLES

	<u>03.31.16</u>	<u>12.31.15</u>
Non current:		
Others taxes	5,250	5,647
Subtotal non current	<u>5,250</u>	<u>5,647</u>
Current:		
Value added tax	-	32,761
GCABA study, revision and inspection of works in public space levy	61,454	57,052
GNC Tax	5,462	6,102
Turnover tax	15,030	26,917
Provincial and municipal taxes	47,458	49,360
Hydric infrastructure rate	3,406	2,231
Others taxes	1,805	1,794
Subtotal current	<u>134,615</u>	<u>176,217</u>
Total	<u>139,865</u>	<u>181,864</u>

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

The aging analysis of other taxes payables is as follows:

	<u>03.31.16</u>	<u>12.31.15</u>
-Without due	100,953	93,975
-Becoming due		
under 3 months	32,487	81,053
from 3 to 6 months	547	521
from 6 to 9 months	314	334
from 9 to 12 months	314	334
from 1 to 2 years	1,003	1,011
more than 2 years	4,247	4,636
Subtotal	<u>38,912</u>	<u>87,889</u>
Total	<u>139,865</u>	<u>181,864</u>

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18. FINANCIAL DEBT

	<u>03.31.16</u>	<u>12.31.15</u>
Non current:		
Negotiable Obligations (“Notes”)	2,381,363	2,087,326
Related parties (“Notes”)	55,472	48,623
Subtotal Non current	<u>2,436,835</u>	<u>2,135,949</u>
Current:		
Interest to be paid (“Notes”)	63,072	1,587
Related parties (Line of credit)	148,179	143,271
Related parties (Interest “Notes”)	1,444	-
Subtotal Current	<u>212,695</u>	<u>144,858</u>
Total	<u>2,649,530</u>	<u>2,280,807</u>

As of March 31, 2016, financial debt denominated in U.S. dollars amounted to 2,501,351 and financial debt denominated in pesos amounted to 148,179. As of December 31, 2015, financial debt denominated in U.S. dollars amounted to 2,137,536 and financial debt denominated in pesos amounted to 143,271.

The table below shows the changes occurred in the balance of financial debt as of March 31, 2016 and December 31, 2015:

	<u>03.31.16</u>	<u>12.31.15</u>
Balance at beginning of year	2,280,807	1,445,776
Accrued interest at effective interest rate - Notes (1)	93,163	234,169
Accrued interest on YPF loan	11,331	35,029
Exchange loss	271,177	741,247
Interest payment	(6,948)	(175,414)
Balance at end of period/year	<u>2,649,530</u>	<u>2,280,807</u>

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

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The aging analysis of financial debt is as follows:

	<u>03.31.16</u>	<u>12.31.15</u>
-Becoming due		
under 3 months	141,496	74,504
from 3 to 6 months	-	70,354
from 9 to 12 months	71,199	-
more than 2 years	2,436,835	2,135,949
Subtotal	<u>2,649,530</u>	<u>2,280,807</u>
Total	<u><u>2,649,530</u></u>	<u><u>2,280,807</u></u>

Negotiable Obligations

Information related with negotiable obligations is detailed in Note 18 to the consolidated financial statements as of December 31, 2015.

No event of default has occurred as of March 31, 2016. During the present period the Company has complied with the terms and covenants established under the Offering Circular.

Related parties

On December 12, 2013, the Board of Directors of MetroGAS unanimously approved an agreement that contemplated the opening of a credit facility with YPF. YPF’s credit facility proposal had a BADLAR cost plus an annual 6% spread. YPF made available to MetroGAS a “Non-Committed” credit facility for up to 180,000 for a period of 180 days as from the date of the proposal. MetroGAS may require such drawdowns as it may deem advisable according to its needs up to the maximum amount of the credit facility and for the above mentioned period, and make partial or total advance payments without penalty. An annual 10% default interest is applied in the event of default. On February 26, 2016 an extension of 365 days as from their corresponding maturity date and with the same terms and conditions was established, limiting the amount to 140,000. On April 18, 2016 an extension for the second disbursement request to operate on April 21, 2017 is established. As of March 31, 2016, the Company has taken 90,000 and has capitalized interest by 36,043 of this facility.

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19. REORGANIZATION LIABILITIES

	<u>03.31.16</u>	<u>12.31.15</u>
Non current:		
Taxes payable	13,283	13,283
Trade payables	23	23
Salaries and social security	336	336
Total Non current	<u><u>13,642</u></u>	<u><u>13,642</u></u>

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

20. PROVISIONS

Provisions	Civil, labor and other claims	Tax claims and other fines	Regulatory claims and interpretation disagreements	Total
Balance at 12.31.15	69,610	32,196	14,452	116,258
Increases of the year (*)	20,957	1,701	-	22,658
Reclassification to other accounts payable	-	-	151	151
Decreases of the period	(281)	-	-	(281)
Balance at 03.31.16	90,286	33,897	14,603	138,786

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

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METROGAS S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

21. TRADE PAYABLES

	<u>03.31.16</u>	<u>12.31.15</u>
Non current:		
Gas creditors	24,866	18,478
Related parties	126,492	153,577
Total Non current	<u>151,358</u>	<u>172,055</u>
Current:		
Gas and transportation creditors	874,091	860,435
Other purchases and services creditors	147,428	128,220
Trust Funds	64,711	56,666
Related parties	623,328	562,967
Resolution I-2,621/2013	307	2,927
Total current	<u>1,709,865</u>	<u>1,611,215</u>
Total	<u><u>1,861,223</u></u>	<u><u>1,783,270</u></u>

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

	<u>03.31.16</u>	<u>12.31.15</u>
Pesos	1,587,425	1,464,731
US Dollars	273,258	317,615
Euros	519	924
Sterling pound	21	-
Total	<u><u>1,861,223</u></u>	<u><u>1,783,270</u></u>

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METROGAS S.A.

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

The aging analysis of the trade payables is as follows:

	<u>03.31.16</u>	<u>12.31.15</u>
-Past due		
under 3 months	249,153	672,485
from 3 to 6 months	365,215	-
from 6 to 9 months	204,155	7
from 9 to 12 months	9,722	-
from 1 to 2 years	155,308	1,149
more than 2 years	127	117
Subtotal	<u>983,680</u>	<u>673,758</u>
-Becoming due		
under 3 months	634,595	856,461
from 3 to 6 months	28,687	25,268
from 6 to 9 months	30,492	26,859
from 9 to 12 months	32,411	28,869
from 1 to 2 years	151,358	133,322
more than 2 years	-	38,733
Subtotal	<u>877,543</u>	<u>1,109,512</u>
Total	<u>1,861,223</u>	<u>1,783,270</u>

22. SALARIES AND SOCIAL SECURITY

	<u>03.31.16</u>	<u>12.31.15</u>
Salaries	5,077	19,253
Social security	16,727	24,091
Related parties	4,044	9,773
Thirteenth month salary provision	11,663	-
Vacation provision	45,378	46,754
Bonus provision	14,076	28,262
Others	1,397	196
Total	<u>98,362</u>	<u>128,329</u>

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

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METROGAS S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

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

	<u>03.31.16</u>	<u>12.31.15</u>
-Becoming due		
under 3 months	71,147	99,554
from 3 to 6 months	2,627	9,485
from 6 to 9 months	5,757	9,485
from 9 to 12 months	18,831	9,805
Subtotal	<u>98,362</u>	<u>128,329</u>
Total	<u>98,362</u>	<u>128,329</u>

23. OTHER ACCOUNTS PAYABLE

	<u>03.31.16</u>	<u>12.31.15</u>
Payables for works on behalf of third parties	10,610	10,739
ENARGAS' Fines	2,386	2,386
GCBA' Fines	10,593	9,234
Miscellaneous	453	464
Total	<u>24,042</u>	<u>22,823</u>

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

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

	<u>03.31.16</u>	<u>12.31.15</u>
-Without due	2,386	2,386
-Becoming due		
under 3 months	8,578	7,813
from 3 to 6 months	5,922	5,189
from 6 to 9 months	4,223	4,567
from 9 to 12 months	2,933	2,868
Subtotal	<u>21,656</u>	<u>20,437</u>
Total	<u>24,042</u>	<u>22,823</u>

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METROGAS S.A.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

24. REVENUES

	For the three-month period ended,	
	03.31.16	03.31.15
Gas sales	288,574	336,851
MetroENERGÍA's gas sales and transportation	650,927	374,398
Transportation and distribution services	55,910	52,433
Other sales	7,469	7,362
Natural gas liquids processing	1,131	615
MetroENERGÍA's other revenues	3,484	2,783
Total	1,007,495	774,442

25. EXPENSES BY NATURE

	For the three-month period ended,				
	03.31.16				03.31.15
	OPERATING COSTS	ADMINISTRATION EXPENSES	SELLING EXPENSES	TOTAL	TOTAL
Payroll and other employees benefits	57,283	55,431	39,453	152,167	102,348
Social security contributions	7,758	3,206	5,418	16,382	19,032
Cost of natural gas	724,926	-	-	724,926	430,242
Transportation of natural gas and processed natural gas	91,815	-	-	91,815	60,102
Directors and Supervisory committee fees	-	453	-	453	494
Fees for professional services	197	1,612	268	2,077	2,142
Sundry materials	5,586	-	-	5,586	2,906
Fees for sundry services	13,114	4,372	19,483	36,969	26,003
Post and telephone	507	1,808	12,554	14,869	11,783
Rent and leases	80	293	947	1,320	716
Transportation and freight charges	-	2,560	-	2,560	1,666
Office materials	139	395	490	1,024	770
Travelling expenses	192	186	106	484	406
Insurance premium	-	4,216	-	4,216	2,682
Properties, plant and equipment maintenance and repair	25,341	17,841	40	43,222	32,228
Property, plant and equipment, Investment properties and Intangible assets depreciation	19,073	5,709	-	24,782	22,792
Taxes, rates and contributions	15,291	23,904	22,333	61,528	50,962
Publicity	-	-	668	668	459
Doubtful accounts	-	-	706	706	4,804
Bank expenses and commissions	-	217	4,762	4,979	4,459
Others expenses	1,806	254	154	2,214	11,437
Total as of March 31, 2016	<u>963,108</u>	<u>122,457</u>	<u>107,382</u>	<u>1,192,947</u>	
Total as of March 31, 2015	<u>595,610</u>	<u>102,120</u>	<u>90,703</u>		<u>788,433</u>

The expenses included in the above table are net of the Company's own expenses capitalized in properties, plant and equipment and intangible assets for 7,738 at March 31, 2016 and for 3,789 at March 31, 2015.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

26. OTHER INCOME AND EXPENSES

	For the three-month period ended,	
	03.31.16	03.31.15
Publicity	244	-
Contractors penalties	292	613
Management service for third parties constructions	5	-
Other (expenses) income	(1,195)	2,343
Revenues from rendering services to Controlling Company	1,100	404
Increases in provisions for claims and contingencies and others	(22,658)	(2,547)
Total	(22,212)	813

27. NET FINANCIAL RESULTS

Finance income

	For the three-month period ended,	
	03.31.16	03.31.15
Financial assets at fair value	36,231	4,828
Exchange difference on cash and cash equivalents	202	255
Other financial expenses	2,697	-
	<u>39,130</u>	<u>5,083</u>

Finance costs

	For the three-month period ended,	
	03.31.16	03.31.15
Exchange difference on financial debt	271,177	42,910
Accrued interest on notes	93,163	52,358
Accrued interest on YPF loan	11,331	6,954
Accrued interest on commercial debt	23,744	-
Other financial expenses	11,503	4,845
	<u>410,918</u>	<u>107,067</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

28. INCOME TAX AND MINIMUM PRESUMED INCOME TAX

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

MetroGAS

Deferred income tax assets

	Trade receivables and Other receivables	Provisions	Total deferred tax assets
Balances at 12.31.15	100,917	26,221	127,138
Movements of the period	(1,082)	7,541	6,459
Balances at 03.31.16	99,835	33,762	133,597

Deferred income tax liabilities

	Properties, plant and equipment	Financial debt	Cash and cash equivalents	Others	Total deferred tax liabilities	Total net deferred tax liabilities
Balances at 12.31.15	(207,040)	(139,437)	(3,923)	101	(350,299)	(223,161)
Movements of the period	3,807	(7,608)	(4,268)	(148)	(8,217)	(1,758)
Balances at 03.31.16	(203,233)	(147,045)	(8,191)	(47)	(358,516)	(224,919)

MetroENERGÍA

Deferred income tax assets

	Trade receivables	Others	Total
Balances at 12.31.15	10,090	(715)	9,375
Movements of the period	3,139	(416)	2,723
Balances at 03.31.16	13,229	(1,131)	12,098

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

	For the three-month period ended,	
	03.31.16	03.31.15
Income tax expense on result before income tax	202,808	40,307
<u>Tax effect due to:</u>		
Net non deductible expenses and non taxable income	71	302
Tax loss carry forwards not recognized	(209,550)	(44,911)
Total income tax charged to results	(6,671)	(4,302)

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

	For the three-month period ended,	
	03.31.16	03.31.15
Income tax determined for fiscal purposes MetroGAS	202,612	44,911
Current income tax MetroENERGÍA	(7,636)	(14,556)
Temporary differences	965	10,254
2015 Tax loss carry forward adjustment	6,938	-
Tax loss carry-forward not recognized	(209,550)	(44,911)
Total income tax charged to results	(6,671)	(4,302)

The remaining tax losses carry-forward as of March, 2016 amounted to 763,716, were not recognized in the financial statements at the end of the period. That tax loss carry-forward could be offset against future results expiring 67,290 in 2017, 239,099 in 2019, 254,715 in 2020 and 202,612 thousand in 2021.

As of March 31, 2016, the Company has not set MPIT since it believes that the assets do not have potential to produce taxable income reached by this tax in the present period.

In addition, the tax credit on minimum presumed income tax not recognized in the financial statements as of March 31, 2016 amounted to 99,711, expiring between the years 2016 and 2024.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

29. NET RESULT PER SHARE

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

	For the three-month period ended,	
	03.31.16	03.31.15
Net and comprehensive result for the period attributable to controlling interest	(586,579)	(120,636)
Average of common shares outstanding	569,171	569,171
Net basic and diluted result per share	<u>(1.03)</u>	<u>(0.21)</u>

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

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

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

The information described in the following charts shows the balances with related companies as of March 31, 2016 and December 31, 2015, as well as operations with these companies for the three months periods ended on March 31, 2016 and 2015.

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

The transactions shown below have been made with related parties:

	For the three months period ended,									
	03.31.16									
	Gas & transportation sales	Other income and expenses	Gas purchases	Fee for sundry services and supplies	Sundry material - Operating cost	Insurance premium	Finance costs on loans	Finance costs on commercial debt	Post and telephone expenses	Salaries and others employee benefits
Controlling company:										
YPF	2	1,100	145,876	392	1,117	-	11,331	9,656	-	-
Other related parties:										
YSUR Energía Argentina S.R.L.	-	-	1,900	-	-	-	-	350	-	-
Central Dock Sud S.A.	9,104	-	-	-	-	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	2,109	-	-	-	-	-	-	-	-	-
A-Evangelista S.A.	41	-	-	-	-	-	-	-	-	-
Energía Argentina S.A. ("ENARSA")	-	-	-	-	-	-	-	4,343	-	-
Profertil S.A.	193,602	-	-	-	-	-	-	-	-	-
YPF Energía Eléctrica S.A.	-	-	33,508	-	-	-	-	-	-	-
Nación Seguros S.A.	-	-	-	-	-	1,525	-	-	-	-
Correo Argentino S.A.	-	-	-	-	-	-	-	-	256	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	3,177	-	-	-	-	-	-	-	-	-
Others (1)	172	-	-	-	-	-	-	-	-	-
Key directors and management:	-	-	-	-	-	-	-	-	-	9,394
	208,207	1,100	181,284	392	1,117	1,525	11,331	14,349	256	9,394

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

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

	For the three months period ended,							
	03.31.15							
	Gas & transportation sales	Gas purchases	Fee for sundry services and supplies	Sundry material - Operating cost	Other income and expenses	Insurance premium	Finance costs	Salaries and others employee benefits
Controlling company:								
Gas Argentino S.A.	-	-	-	-	404	-	-	-
Other related parties:								
YSUR Energía Argentina S.R.L.	-	13,173	-	-	-	-	-	-
Central Dock Sud S.A.	7,973	-	-	-	-	-	-	-
YPF	37	68,562	111	315	-	-	6,954	-
Operadora de Estaciones de Servicio S.A.	1,633	-	-	-	-	-	-	-
A-Evangelista S.A.	101	-	-	-	-	-	-	-
ENARSA	-	-	-	-	2	-	-	-
Profertil S.A.	97,434	-	-	-	-	-	-	-
YPF Energía Eléctrica S.A	-	8,548	-	-	-	-	-	-
Nación Seguros S.A.	-	-	-	-	-	938	-	-
Others (1)	93	-	-	-	-	-	-	-
Key directors and management:	-	-	-	-	-	-	-	6,875
	107,271	90,283	111	315	406	938	6,954	6,875

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

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The balances shown below are outstanding with related parties:

	03.31.16						
	Trade receivables	Other receivables	Trade payable		Financial debt		Salaries and social securities
	Current	Current	Current	Non current	Current	Non current	Current
Controlling company:							
YPF	(8)	4,012	438,950	85,124	149,564	53,270	-
Other related parties:							
YSUR Energía Argentina S.R.L.	-	-	16,881	3,084	59	2,202	-
Central Dock Sud S.A.	13,357	-	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	668	-	-	-	-	-	-
A-Evangelista S.A.	39	-	-	-	-	-	-
ENARSA	5	-	144,769	38,284	-	-	-
Profertil S.A.	45,939	-	-	-	-	-	-
YPF Energía Eléctrica S.A	-	-	22,728	-	-	-	-
Nación Seguros S.A.	-	3,110	-	-	-	-	-
MINEM	-	149,310 ⁽²⁾	-	-	-	-	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	4,052	-	-	-	-	-	-
Others (1)	14	-	-	-	-	-	-
Key directors and management:	-	-	-	-	-	-	4,044
	64,066	156,432	623,328	126,492	149,623	55,472	4,044

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

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2016 AND COMPARATIVE INFORMATION

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

	12.31.15						
	Trade receivables	Other receivables	Trade payable		Financial debt		Salaries and social securities
	Current	Current	Current	Non current	Current	Non current	Current
Controlling company:							
Gas Argentino	-	910	-	-	-	-	-
Other related parties:							
YSUR Energía Argentina S.R.L.	-	-	14,056	3,743	-	1,930	-
Central Dock Sud S.A.	11,360	-	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	183	-	-	-	-	-	-
YPF	(8)	3,058	389,986	103,352	143,271	46,693	-
A-Evangelista S.A.	76	-	-	-	-	-	-
ENARSA	5	-	136,568	46,482	-	-	-
Profertil S.A.	115,179	-	-	-	-	-	-
YPF Energía Eléctrica S.A	-	-	22,324	-	-	-	-
Nación Seguros S.A.	-	3,792	33	-	-	-	-
MINEM	-	149,310 ⁽²⁾	-	-	-	-	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	1,829	-	-	-	-	-	-
Others (1)	19	-	-	-	-	-	-
Key directors and management:	-	-	-	-	-	-	9,773
	128,643	157,070	562,967	153,577	143,271	48,623	9,773

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

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

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In the same way, YPF provided MetroGAS with the professional services for setting up, installing and starting up the new system SCADA (Supervisory Control and Data Acquisition in real time). The amount invoiced for services during the three month period ended on March 31, 2016 amounted to 338 these were capitalized under Intangible Assets (Note 12).

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

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

Also, as mentioned in Note 2.4.1 to the consolidated financial statements as of December 31, 2015 and pursuant to Resolution I-2,621/2013 of ENARGAS, MetroGAS currently bills on behalf and for the account of ENARSA the injected volumes in relation to CNG as from June 2013. The net balance at the end of each period of this operation is shown in Note 21.

Furthermore, as explained in Note 2.5 to the consolidated financial statements as of December 31, 2015, MetroGAS must invoice, collect and settle three specific charges, with different appropriations, which is done for the order and account of Nación Fideicomisos S.A. Balances of this operation are stated in Note 21.

Marcelo Adrián Núñez
Chairperson

METROGAS S.A.**INFORMATIVE SUMMARY OF ACTIVITY**
RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION**Argentine Economic Context and its impact on the Company**

Note 2 to the consolidated financial statements as of December 31, 2015, include a detailed description of the economic and regulatory context, the impact of Emergency Law and regulations thereunder on the Company.

Significant developments during the three-month period ended on March 31, 2016 are described in Note 2 to these condensed interim consolidated financial statements.

These circumstances have been taken into account by the Management of the Company when making any significant accounting estimates included in these condensed interim consolidated financial statements, which include estimates for the recoverable value of non-current assets. For this purpose, the Company prepares from time to time an economic and financial forecast on the basis of alternative scenarios based on macroeconomic, financial, market and regulatory assumptions. See Note 5.

General considerations

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

On account of regulatory changes (see Note 2.2.4 to the consolidated financial statements as of December 31, 2015), on April 20, 2005 the Board of Directors of MetroGAS S.A. ("MetroGAS") resolved to create MetroENERGÍA S.A. ("MetroENERGÍA"), a corporation whose equity is owned 95% by MetroGAS and whose corporate purpose is to engage, on its own account and on behalf of or in association with third parties, in the sale and purchase and/or transportation of natural gas.

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

The Provisional Agreement 2014, ratified by Decree No. 445/2014 dated April 1, 2014 and published in the Official Gazette on April 7, 2014, establishes a provisional tariff regime as from April 1, 2014, consisting in readjust prices and tariffs considering the guidelines necessary to maintain the continuity of service and also sets forth common criteria applicable to all distribution licensees, in accordance with tariff regulations in force, including changes in the gas price at the transmission system entry point (see Note 2.2.2.2 to the consolidated financial statements as of December 31, 2015).

On June 8, 2015, the Official Gazette published Resolution No. 263/2015 whereby the Energy Secretariat ("ES") approved the allocation of funds as a temporary economic assistance to be paid in ten consecutive installments in benefit of MetroGAS and the rest of the natural gas distributors effective as from March 2015, in order to cover expenditures and investments related to the regular operation of the natural gas public service and in advance for the Comprehensive Tariff Revision to be carried out in due time (see Note 2.2.2.3 to the consolidated financial statements as of December 31, 2015).

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

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

On February 24, 2016, within the framework of the public service contracts renegotiation process, as provided by Law No. 25,561 and complementary regulations, the Company signed a Provisional Agreement with the Ministries of Energy and Mining (“MINEM”), and Economy and Public Finances, which provides a temporary tariff schedule that will enable the provision of additional resources to those received by the application of the Provisional Agreement 2014 and ENARGAS Resolution No. I/2,407/2012 dated November 27, 2012.

Analysis of transactions for the three months period ended March 31, 2016 and 2015

The sales of the Company for the three months period ended on March 31, 2016 increased by 30.1%, and operating costs rose by 61.7% as compared with the same period in previous fiscal year, as a result of which gross profit decreased by 134,445, amounted to 44,387 during the three-month period ended on March 31, 2016, as compared with 178,832 shown for the same period in the preceding fiscal year.

Administrative expenses increased by 19.9%, from 102,120 during the three-month period ended on March 31, 2015, as compared with 122,457 shown for the same period of the present fiscal year, and selling expenses increased by 18.4%, from 90,703, during the three months period ended March 31, 2015, to 107,382 shown for the same period of the present fiscal year.

Other income and expenses went from a gain 813 in the period of three months ended on March 31, 2015 to a loss of 22,212 in the same period of the present fiscal year.

Consequently, during the three-month period ended on March 31, 2016 an operating loss of 207,664 was recorded, as compared to an operating loss of 13,178 for the same period in previous fiscal year.

During the three months period ended on March 31, 2016 net financial results was a loss of 371,788, as compared with a loss of 101,984 in the same period in previous fiscal year.

Consequently, the Company’s net loss for the three months period ended on March 31, 2016 amounted to 586,123, as compared to a net loss of 119,464 for the same period in previous fiscal year.

Results of Operations and Financial Condition**Sales**

Total consolidated sales increased by 30.1% during the three months period ended on March 31, 2016, amounted to 1,007,495, as compared with 774,442 shown for the same period in previous fiscal year.

The increase in sales for the three months period ended on March 31, 2016, was mainly due to increase in MetroENERGÍA’s sales, partially offset by a decrease in MetroGAS sales to residential customers.

MetroGAS gas sales to residential customers decreased by 16.9%, from 308,510 to 256,428 for the three months period ended on March 31, 2015 and 2016, respectively, mainly due to a decrease in average tariffs as a result of the saving generated by customers and a decrease in volumes delivered to this customer category by 2.5%.

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

MetroGAS gas sales to industrial and commercial customers and governmental entities increased by 13.4%, to 32,146 during the three months period ended on March 31, 2016 from 28,341 during the same period in previous fiscal year, due to an increase in average prices remained stable volumes delivered to this customer category.

Sales of transportation and distribution services to power stations increased by 2.5%, from 31,112 during the three months period ended on March 31, 2015 to 31,897 for the same period of the present fiscal year, due to higher average tariff the incidence of transport cost component, according to the tariff established by ENARGAS for Transportadora de Gas del Sur S.A. ("TGS") and Transportadora de Gas del Norte S.A. ("TGN") Resolutions No. I/3,347/15 and No. I/3,348/15, respectively, applicable from May 1, 2015, partially offset by a decrease in volumes delivered to this customer category by 8.5%.

On the other hand, sales of transportation and distribution services to industrial and commercial customers and governmental entities increased by 11.3%, from 12,601 during the three months period ended on March 31, 2015 to 14,024 for the same period in the present fiscal year, due to higher average tariff the incidence of transport cost component, according to the tariff established by ENARGAS for TGS and TGN, previously mentioned, partially offset by a decrease in volumes delivered to this customer category by 7.9%.

Sales of transportation and distribution services to Compressed Natural Gas ("CNG") stations increased by 14.6%, from 8,720 during the three months period ended on March 31, 2015, to 9,989 thousand for the same period of the present fiscal year, mainly on account of an increase average tariff the incidence of transport cost component, partially offset by a decrease of volumes delivered to this customer category by 1.2%.

On July 2014, the agreement with TGS to assign hydrocarbons at the head of the TGS gas pipeline in exchange of a monthly rate has been renewed. On April 29, 2015 an addendum to the agreement that set a new duration and prices until April 2016 is performed. During the three months period ended on March 31, 2015 sales were recorded in relation with the processing of natural gas amounted to 615, while during the three months period ended on March 31, 2016 revenue was amounted to 1,131.

MetroENERGÍA gas sales during the three months period ended on March 31, 2016 amounted to 650,927 increasing by 73.9% as compared of the same period in previous fiscal year amounted to 374,398. This increase was mainly due to an increase in average prices and an increased by 11.0% in delivered volumes.

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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

The table below shows the consolidated sales of the Company by type of service and customer categories for the three months period ended on March 31, 2016 and 2015, in thousands of pesos:

	Revenues			
	For the three months period ended March 31,			
	2016		2015	
	Thousands of Ps.	% of Total Sales	Thousands of Ps.	% of Total Sales
MetroGAS				
Gas sales:				
Residential	256,428	25.5 %	308,510	39.8 %
Industrial, Commercial and Governmental entities	32,146	3.2 %	28,341	3.7 %
Subtotal	288,574	28.7 %	336,851	43.5 %
Transportation and Distribution Services				
Power Plants	31,897	3.2 %	31,112	4.0 %
Industrial, Commercial and Governmental entities	14,024	1.4 %	12,601	1.6 %
Compressed Natural Gas	9,989	1.0 %	8,720	1.1 %
Subtotal	55,910	5.6 %	52,433	6.7 %
Processed Natural Gas	1,131	0.1 %	615	0.1 %
Other Gas Sales and Transportation and Distribution Services	7,469	0.7 %	7,362	1.0 %
MetroENERGÍA				
Gas and transport sales	650,927	64.6 %	374,398	48.3 %
Other income	3,484	0.3 %	2,783	0.4 %
Total of Sales	1,007,495	100.0 %	774,442	100.0 %

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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

The table below presents the volumes of sales of natural gas and transportation and distribution services by MetroGAS by customer category for the three months periods ended on March 31, 2016 and 2015, in millions of cubic meters:

	Volumes			
	For the three months period ended March 31			
	2016		2015	
MMMC	% of Volumes of gas delivered	MMMC	% of Volumes of gas delivered	
MetroGAS				
Gas sales:				
Residential	207.7	12.8 %	213.1	12.4 %
Industrial, Commercial and Governmental entities	75.2	4.7 %	75.3	4.4 %
Subtotal	282.9	17.5 %	288.4	16.8 %
Transportation and Distribution Services				
Power Plants	831.9	51.3 %	908.9	53.1 %
Industrial, Commercial and Governmental entities	173.7	10.7 %	188.5	11.0 %
Compressed Natural Gas	126.9	7.8 %	128.5	7.5 %
Subtotal	1,132.5	69.8 %	1,225.9	71.6 %
Other Gas Sales and Transportation and Distribution Services	205.5	12.7 %	197.7	11.5 %
Total delivered volume by MetroGAS	1,620.9	100.0 %	1,712.0	100.0 %
Total gas volumes delivered and transported by MetroENERGÍA	311.1	100.0 %	280.3	100.0 %

Operating Costs

Operating costs increased by 61.7% amounting to 963,108 during the three months period ended on March 31, 2016, respect to 595,610 registered during the same period in previous fiscal year. This variation was mainly due to increase in gas purchase costs, in gas transportation cost, in payroll and other employees' benefits, in maintenance and repair, fees for sundry services, taxes, rates and contributions and sundry materials.

The costs of natural gas purchases increased by 68.5%, from 430,242 for the three months period ended on March 31, 2015 to 724,926 during the same period in present fiscal year, mainly due to the increase in average purchased price MetroGAS and MetroENERGÍA, and at a lesser extent, the increase in volumes purchased by MetroENERGÍA. During the three months period ended on March 31, 2016, 301 million cubic meters were purchased by MetroGAS, and 311 million cubic meters by MetroENERGÍA, which as a whole represent 1.5% increase with respect to gas volumes purchased in the same period in previous fiscal year.

Gas transportation costs increased by 52.8% during the three months period ended on March 31, 2016 as compared with the same period in previous fiscal year mainly due to the increase in average prices of transportation of MetroGAS.

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

The table below shows the operating costs of the Company by type of expenses for the three month periods ended on March 31, 2016 and 2015, in thousands of pesos.

	Operating costs			
	For the three months period ended March 31,			
	2016		2015	
Thousands of Ps.	% of Total Operating Costs	Thousands of Ps.	% of Total Operating Costs	
Cost of natural gas	724,926	75.2%	430,242	72.2%
Transportation of natural gas	91,815	9.5%	60,102	10.1%
Depreciation of properties, plant and equipment, investment properties and intangible assets	19,073	2.0%	17,819	3.0%
Payroll and other employees benefits	65,041	6.8%	45,781	7.7%
Maintenance and repair	25,341	2.6%	18,261	3.1%
Sundry materials	5,586	0.6%	2,906	0.5%
Fees for sundry services	13,114	1.4%	8,190	1.4%
Taxes, rates and contributions	15,291	1.6%	11,260	1.9%
Other operating expenses	2,921	0.3%	1,049	0.1%
Total	963,108	100.0%	595,610	100.0%

Administrative expenses

Administrative expenses increased by 19.9%, from 102,120 for the three months period ended on March 31, 2015 to 122,457 for the same period of the present fiscal year. This increase was mainly due to the increase in payroll and other employee's benefits, in taxes, rates and contributions, and in maintenance and repair.

Selling expenses

Selling expenses increased by 18.4%, from 90,703 for the three months period ended on March 31, 2015 to 107,382 for the same period in present fiscal year. This increase was mainly due to the increase in payroll and other employee's benefits, in fees for sundry services, in post and telecommunication expenses and in commissions in bank expenses, partially offset by decreased of doubtful account charge.

Other income and expenses

Other income and expenses amounted to a gain of 813 for the three months period ended March 31, 2015 and amounted a loss of 22,212 in the same period in present fiscal year, mainly due to the increase in the provision for contingencies mainly by increasing civil, labor and other claims.

Net financial results

During the three months period ended on March 31, 2016 net financial results was a loss of 371,788, as compared to a loss of 101,984 for the same period in previous fiscal year. The variation in financial results was mainly due to an increase the loss of the exchange difference on financial debt an increase in accrued interest from the financial, which includes commercial interest by 23,744, partially offset by increased gain generated by the mutual funds.

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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

Income tax

During the three months period ended on March, 2016 the Company accrued loss of 6,671, as compared to a loss of 4,302 shown for the same period in previous fiscal year. This variation was mainly due to the effect of the variation in deferred tax assets and liabilities of MetroENERGÍA and MetroGAS, partially offset by lower tax determined of MetroENERGÍA in the current period with respect to the same period in previous fiscal year.

Net cash flows (used in) generated by operating activities

Net cash flows used in operating activities for the three months period ended on March 31, 2016 amounted to 24,536, as compared with 90,098 generated for the same period in previous fiscal year. This variation was mainly due to lower cash funds generated by operating results, partially offset by the higher funds generated from working capital.

Net cash flows used in investing activities

Net cash flows used in investment activities amounted to 95,226 for the three months period ended on March 31, 2016 mainly due to increases in properties, plant and equipment and intangible assets, as compared with 65,371 for the same period in previous fiscal year.

Net cash flows used in financing activities

Net cash flows used in financing activities amounted to 28,574 for the three months period ended on March 31, 2016 as a consequence to the payment of interests from the financial and commercial debt as compared with cash flows used in the same period in previous fiscal year amounted to 333 as a consequence the payments of interest from financial debt.

Liquidity and capital resources**Financing**

As of March 31, 2016, the financial debt accounted for by Company amounted to 2,649,530 (See Note 18 to these condensed interim consolidated statements as of March 31, 2016).

METROGAS S.A.**INFORMATIVE SUMMARY OF ACTIVITY**
RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION**Comparative Structure of Condensed Interim Consolidated statement of financial position** ^{(1) (2)}

Condensed interim consolidated statement of financial positions as of March 31, 2016, 2015, 2014 and 2013.

	03.31.16	03.31.15	03.31.14	03.31.13
	Thousands of Ps.			
Non current Assets	2,229,370	2,008,503	1,867,695	1,795,672
Current assets	1,597,462	878,479	499,092	478,922
Total assets	<u>3,826,832</u>	<u>2,886,982</u>	<u>2,366,787</u>	<u>2,274,594</u>
Non current Liabilities	2,970,790	1,757,158	1,521,264	1,093,602
Current Liabilities	2,209,935	1,456,350	764,430	567,105
Total Liabilities	<u>5,180,725</u>	<u>3,213,508</u>	<u>2,285,694</u>	<u>1,660,707</u>
Non-controlling interest	7,773	4,296	642	1,338
Equity attributable to the owners of the parent	<u>(1,361,666)</u>	<u>(330,822)</u>	<u>80,451</u>	<u>612,549</u>
Total Liabilities and Shareholders' Equity	<u>3,826,832</u>	<u>2,886,982</u>	<u>2,366,787</u>	<u>2,274,594</u>

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

(2) Information covered by the Independent auditors report.

METROGAS S.A.**INFORMATIVE SUMMARY OF ACTIVITY**
RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION**Comparative condensed interim consolidated structure of results** ^{(1) (2)}

Condensed Interim Consolidated Statements of Profit and Loss and Other Comprehensive Income for the three months periods ended on March 31, 2016, 2015, 2014 and 2013.

	03.31.16	03.31.15	03.31.14	03.31.13
	Thousands of Ps.			
Revenues	1,007,495	774,442	454,337	371,459
Operating costs	(963,108)	(595,610)	(391,364)	(280,257)
Gross profit	44,387	178,832	62,973	91,202
Administration expenses	(122,457)	(102,120)	(65,485)	(43,366)
Selling expenses	(107,382)	(90,703)	(58,386)	(55,711)
Other income and expenses	(22,212)	813	(7,870)	(772)
Operating loss	(207,664)	(13,178)	(68,768)	(8,647)
Finance income	39,130	5,083	5,322	2,815
Finance cost	(410,918)	(107,067)	(266,552)	(56,965)
Net financial results	(371,788)	(101,984)	(261,230)	(54,150)
Debt restructuring result	-	-	-	757,470
Result before income tax	(579,452)	(115,162)	(329,998)	694,673
Income tax and minimum presumed income tax	(6,671)	(4,302)	(13,026)	(248,073)
Net result for the period	(586,123)	(119,464)	(343,024)	446,600
Other comprehensive result	-	-	-	-
Net and comprehensive result for the period	(586,123)	(119,464)	(343,024)	446,600

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

⁽²⁾ Information covered by the Independent auditors report.

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

The information shown below makes reference to the three months periods ended on March 31, 2016, 2015, 2014 and 2013.

	03.31.16	03.31.15	03.31.14	03.31.13
	Volumes			
	In millions of cubic meters			
Gas purchased by MetroGAS	301	322	335	388
Gas contracted by third parties	1,458	1,536	1,418	1,821
	<u>1,759</u>	<u>1,858</u>	<u>1,753</u>	<u>2,209</u>
Volume of gas withheld:				
- Transportation	(99)	(105)	(101)	(129)
- Loss in distribution	(39)	(41)	(44)	(47)
- Transportation and processing of natural gas	-	-	-	(2)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
Volume of gas delivered by MetroGAS	<u>1,621</u>	<u>1,712</u>	<u>1,608</u>	<u>2,031</u>
Volume of gas purchased and delivered by MetroENERGÍA	<u>311</u>	<u>280</u>	<u>214</u>	<u>200</u>

Comparative Ratios ^{(1) (2)}

The information below makes reference to the three months periods ended on March 31, 2016, 2015, 2014 and 2013.

	03.31.16	03.31.15	03.31.14	03.31.13
Liquidity	0.72	0.60	0.65	0.84
Solvency	(0.26)	(0.10)	0.04	0.37
Immobilization	0.58	0.70	0.79	0.79

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

⁽²⁾ Information covered by the Independent auditors report.

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

		Share Price on the Buenos Aires Stock Exchange (1)
		\$
March	2012	0.70
March	2013	0.70
March	2014	1.74
January	2015	2.90
February	2015	3.83
March	2015	4.24
January	2016	8.45
February	2016	8.75
March	2016	9.00

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

Perspectives

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

Autonomous City of Buenos Aires, May 9, 2016

Marcelo Adrián Núñez
Chairperson

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

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Independent Auditors' Report (Review of condensed interim consolidated financial statements)

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

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

We have reviewed the accompanying condensed interim consolidated financial statements of METROGAS SOCIEDAD ANÓNIMA (an Argentine corporation, hereinafter mentioned as "METROGAS S.A." or the "Company") which comprise the consolidated statement of financial position as of March 31, 2016, and the related consolidated statements of profit and loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and the supplemental information included in their Notes 1 to 30.

The amounts and other information corresponding to the fiscal year ended December 31, 2015 and for the three-month period ended March 31, 2015, are an integral part of the condensed interim consolidated financial statements mentioned above and are intended to be read only in relation to the amounts and other information of the current interim period.

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

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

3. Auditors' responsibility

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

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

4. Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of METROGAS S.A. corresponding to the three-month period ended March 31, 2016 are not presented, in all material respects, in conformity with International Accounting Standard 34.

5. Emphasis of matter

Without modifying our previous conclusion, we emphasize that as mentioned in more detail in Note 16 to the accompanying condensed financial statements, as a consequence of the magnitude of the accumulated losses recorded at December 31, 2015 and at March 31, 2016, the Company recorded a negative Shareholders' Equity attributable to the owners of thousands of Ps. 775,087 and of thousands Ps. 1,361,666, respectively, being subject to the provisions of Art. 94 paragraph 5 and Art. 96 of the General Corporations Law No. 19,550.

6. English translation of the statutory condensed interim consolidated financial statements

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

Buenos Aires City, Argentina
May 9, 2016

Deloitte & Co. S.A.

Ricardo C. Ruiz
Partner