

METROGAS S.A.

CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AS OF MARCH 31, 2017 AND COMPARATIVES

TABLE OF CONTENTS

LEGAL INFORMATION.....	1
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME.....	3
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	4
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS.....	5
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	
1. GENERAL INFORMATION.....	6
2. ECONOMIC AND FINANCIAL POSITION AND REGULATORY FRAMEWORK	6
3. BASIS FOR PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	10
4. ACCOUNTING POLICIES	10
5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS.....	10
6. FINANCIAL RISK MANAGEMENT	11
7. FINANCIAL INSTRUMENTS	11
8. INTERESTS IN SUBSIDIARIES	11
9. SEGMENT REPORTING	12
10. PROPERTIES, PLANT AND EQUIPMENT.....	14
11. INVESTMENT PROPERTIES	15
12. INTANGIBLE ASSETS.....	16
13. TRADE RECEIVABLES.....	17
14. OTHER RECEIVABLES.....	19
15. CASH AND CASH EQUIVALENTS.....	21
16. SHAREHOLDERS' EQUITY AND ISSUED CAPITAL.....	21
17. OTHER TAXES PAYABLES.....	22
18. FINANCIAL DEBT	23
19. REORGANIZATION LIABILITIES	25
20. PROVISIONS.....	25
21. TRADE PAYABLES	26
22. SALARIES AND SOCIAL SECURITY	27
23. OTHER ACCOUNTS PAYABLE	28
24. REVENUES	28
25. EXPENSES BY NATURE.....	29
26. OTHER INCOME AND EXPENSES	29
27. NET FINANCIAL RESULTS.....	30
28. INCOME TAX AND MINIMUM PRESUMED INCOME TAX	30
29. NET RESULT PER SHARE	33
30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES	33
INFORMATIVE SUMMARY OF ACTIVITY	39
INDEPENDENT AUDITORS' REPORT	

METROGAS S.A.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2017 AND COMPARATIVES

LEGAL INFORMATION

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

Fiscal Year: No. 26 (initiated on January 1, 2017).

Financial Statements: Condensed Interim Consolidated as of March 31, 2017 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 03.31.17:

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 03.31.17	569,171

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

METROGAS S.A.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2017 AND DECEMBER 31, 2016 (stated in thousands of pesos)

	Notes	03.31.17	12.31.16
Assets			
Non current Assets			
Properties, plant and equipment	10	2,540,157	2,436,979
Intangible assets	12	153,051	125,295
Deferred tax assets and minimum presumed income tax ("MPIT")	28	338,034	157
Investment properties	11	2,318	2,333
Other receivables	14	7,534	7,299
Total Non current assets		<u>3,041,094</u>	<u>2,572,063</u>
Current assets			
Inventories		3,204	2,696
Trade receivables	13	2,310,657	2,731,286
Other receivables	14	205,132	943,824
Cash and cash equivalents	15	1,235,959	357,904
Total Current assets		<u>3,754,952</u>	<u>4,035,710</u>
Total assets		<u>6,796,046</u>	<u>6,607,773</u>
Shareholders' Equity			
Issued capital	16	569,171	569,171
Accumulated results (losses)		(1,427,020)	(1,943,940)
Equity attributable to the owners of the parent		<u>(857,849)</u>	<u>(1,374,769)</u>
Non-controlling interest		3,255	2,591
Total Shareholders' Equity	16	<u>(854,594)</u>	<u>(1,372,178)</u>
Liabilities			
Non current Liabilities			
Trade payable	21	-	57,631
Financial debt	18	2,690,158	2,740,933
Deferred tax liabilities	28	287	115,957
Reorganization liabilities	19	10,269	10,269
Other taxes payable	17	3,838	4,180
Provisions	20	333,028	260,998
Total Non current Liabilities		<u>3,037,580</u>	<u>3,189,968</u>
Current Liabilities			
Trade payable	21	3,792,642	4,120,568
Salaries and social securities	22	142,284	173,071
Other taxes payable	17	453,787	327,490
Financial debt	18	209,157	153,661
Other accounts payable	23	15,190	15,193
Total Current Liabilities		<u>4,613,060</u>	<u>4,789,983</u>
Total Liabilities		<u>7,650,640</u>	<u>7,979,951</u>
Total Liabilities and Shareholders' Equity		<u>6,796,046</u>	<u>6,607,773</u>

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

Marcelo Adrián Núñez
Chairperson

English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV").
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-MONTHS PERIODS ENDED MARCH 31, 2017 AND 2016 (stated in thousands of pesos)

	Notes	For the three months periods ended,	
		03.31.17	03.31.16
Revenues	24	1,848,573	1,007,495
Operating costs	25	(1,285,937)	(963,108)
Gross profit		562,636	44,387
Administration expenses	25	(179,655)	(122,457)
Selling expenses	25	(204,321)	(107,382)
Other income and expenses	26	(71,828)	(22,212)
Operating income (loss)		106,832	(207,664)
Finance income	27	15,822	39,130
Finance cost	27	(51,648)	(410,918)
Net financial results		(35,826)	(371,788)
Result before income tax and MPIT		71,006	(579,452)
Income tax and MPIT	28	446,578	(6,671)
Net result for the period		517,584	(586,123)
Other comprehensive result		-	-
Net and comprehensive result for the period		517,584	(586,123)
Net and comprehensive result for the period attributable to controlling interest		516,920	(586,579)
Net and comprehensive result for the period attributable to non-controlling interest		664	456
Net and comprehensive result for the period		517,584	(586,123)
Net result per share			
Basic and diluted	29	0.91	(1.03)

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 CHANGES IN SHAREHOLDERS' EQUITY
AS OF MARCH 31, 2017 AND COMPARATIVES *(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, 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)
Net and comprehensive result for the nine months period ended December 31, 2016	-	(13,103)	(13,103)	(5,182)	(18,285)
Balance as of December 31, 2016	569,171	(1,943,940)	(1,374,769)	2,591	(1,372,178)
Net and comprehensive result for the three months period ended March 31, 2017	-	516,920	516,920	664	517,584
Balance as of March 31, 2017	569,171	(1,427,020)	(857,849)	3,255	(854,594)

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 CASH FLOWS FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2017 AND 2016 (stated in thousands of pesos)

	03.31.17	03.31.16
Cash flows generated by (used in) operating activities		
Net result for the period	517,584	(586,123)
Adjustments to arrive to the net cash flow from operating activities		
Income tax and MPIT	(446,578)	6,671
Depreciation of properties, plant and equipment and investment properties and intangible assets	27,641	24,782
Net book value of disposals of properties, plant and equipment	-	4,311
Net charge on provisions	86,844	25,128
Net financial results	44,881	399,213
Changes in assets and liabilities		
Trade receivables	408,761	190,458
Other receivables	734,686	(84,202)
Inventories	(508)	-
Trade payable	(392,096)	71,442
Salaries and social securities	(30,787)	(29,967)
Other taxes payable	125,955	(44,979)
Provisions	(2,578)	(281)
Other accounts payable	337	1,370
Income tax and MPIT paid in the period	(3,517)	(2,359)
Net cash flows generated by (used in) operating activities	<u>1,070,625</u>	<u>(24,536)</u>
Cash flows used in investing activities		
Increase in properties, plant and equipment	(129,441)	(81,251)
Increase in intangible assets	(29,510)	(13,975)
Net cash flows used in investing activities	<u>(158,951)</u>	<u>(95,226)</u>
Cash flows used in financing activities		
Financial debt interest payment	(18,648)	(6,948)
Commercial debt interest payment	(14,864)	(21,626)
Net cash flows used in financing activities	<u>(33,512)</u>	<u>(28,574)</u>
Net increase (decrease) in cash and cash equivalents	<u>878,162</u>	<u>(148,336)</u>
Cash and cash equivalents at the beginning of year	357,904	596,223
Exchange differences on cash and cash equivalents	(107)	202
Cash and cash equivalents at the end of the period (1)	<u>1,235,959</u>	<u>448,089</u>
Net increase (decrease) in cash and cash equivalents	<u>878,162</u>	<u>(148,336)</u>

(1) As of March 31, 2017 and 2016, funds collected and pending to be deposited for Trust Funds and Resolution I-2,621/2013 amount to 40,793 and 65,018, respectively.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

1. GENERAL INFORMATION

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

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

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

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

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

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

2. ECONOMIC AND FINANCIAL POSITION AND REGULATORY FRAMEWORK

Changes in the country's economic conditions and the amendments introduced by the Public Emergency and Foreign-Exchange System Law No. 25,561 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: (i) the Letter of Understanding subscribed on November 21, 2012 with the Ente Nacional Regulador del Gas (“ENARGAS”), (ii) the Provisional Agreement subscribed on March 26, 2014 (“Provisional Agreement 2014”) with the Unit for the Renegotiation and Analysis of Public Services Contracts (“UNIREN”), (iii) the temporary economic assistance granted by the Energy Secretariat (“ES”) through Resolution No. 263/2015 dated on June 8, 2015, (iv) the Provisional Agreement signed on February 24, 2016 with the Ministries of Energy and Mining (“MINEM”), and Economy and Public Finances (“Provisional Agreement 2016”), and (v) the

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

temporary economic assistance granted by the MINEM Resolution No. 312 - E/2016 dated on December 28, 2016, have not allowed, up to this date, to restore the economic and financial position of the Company.

In this context, as of March 31, 2017, the Company registered accumulated losses attributable to controlling interest amounting to 1,427,020 and kept a consolidated negative working capital to 858,108.

In Note 2 of the consolidated financial statements as of December 31, 2016 the aspects related to the economic and financial situation and regulatory framework are described.

The significant developments occurred during the three months period ended March 31, 2017 are described as follows.

2.1 Provisional Agreement 2017

On March 30, 2017, the Company signed with MINEM and the Economy Ministry a Temporary Agreement (“Provisional Agreement 2017”) which provides the temporary adjustment of prices and tariffs of the Public Natural Gas Distribution Service, the specific allocation of the amounts therein provided until the execution of the Memorandum of Agreement of the Integral Contract Renegotiation and the enforcement of the final tariff schedule resulting from the Integral Tariff Review. The Provisional Agreement 2017 complements the agreement approved by Decree No. 234 dated March 26, 2009, which extends the one approved by Decree No. 445 dated April 1, 2014, and the Provisional Agreement 2016.

The Provisional Agreement 2017, which is not subject to confirmation by the National Executive Power (“PEN”), establishes a temporary tariff Schedule as of April 1, 2017, which consists of the readjustment of tariffs considering the necessary guidelines to maintain the continuity of the service in order to allow the Licensee to afford the operation and maintenance, and management and marketing expenses, as well as expenses for executing the mandatory investment plan determined by ENARGAS and fulfill the corresponding payment obligations, respecting its chain of payments to ensure the continuing rendering of its public service until the enforcement of the tariff regime resulting from the Memorandum of Agreement of Integral Contract Renegotiation.

Furthermore, the Provisional Agreement 2017 incorporates a Mandatory Investments Plan for MetroGAS.

Finally, MetroGAS may not distribute dividends without prior presentation before ENARGAS of the integral fulfillment of the Mandatory Investments Plan.

On March 30, 2017, MINEM instructed ENARGAS, through Resolution No. 74 - E/2017, to enforce the tariff schedules resulting from the Integral Tariff Review process in article 1 of MINEM Resolution No. 31 dated March 29, 2016, and carried on according to the provisions of the Memorandum of Agreement of the Integral Contract Renegotiation signed with Licensees within the framework of Law 25,561, its amendments and complementary.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

In this respect, it was decided that, for the gradual and progressive implementation of this measure, ENARGAS had to apply in stages the tariff increases resulting from the Integral Tariff Review according to the following progression: thirty per cent (30%) of the increase as from April 1, 2017; forty per cent (40%) of the increase as from December 1, 2017; and the remaining thirty per cent (30%) as from April 1, 2018.

Furthermore, and for the events in which the corresponding Memorandum of Agreement of the Integral Contract Renegotiation had not been enforced yet, the ENARGAS was instructed to apply to Licensees (MetroGAS among them) a temporary adjustment of the tariffs awaiting the Integral Tariff Review.

Under the Provisional Agreement 2017, on March 31, 2017 ENARGAS Resolution No. 4,356/2017 was published in the Official Gazette, approving, as from April 1, 2017, the tariff schedules resulting from the MetroGAS Integral Tariff Review and transition tariff schedules to be applied to MetroGAS customers. Through differentiated tariffs, ENARGAS Resolution No. 4,356/2017 determined tariff schedules for the residential customers with savings in consumption of or above 15% with respect to the same period of 2015, as well as those that would be applied to beneficiaries of the “Social Tariff” (MINEM Resolution No. 28/2016 and ENARGAS Resolutions No. I-2,905/2014 and No. 3,784/2016) and Welfare Institutions (Law No. 27,218). The tariff schedules for beneficiaries of the “Social Tariff” were corrected by Resolution ENARGAS No. 4,369/2017. The invoicing resulting from the application of the new temporary tariff schedules shall respect the limits established in Article 10 of MINEM Resolution No. 212/2016, so the criteria of ENARGAS Resolution No. I-4,044/2016 applies.

ENARGAS Resolution No. 4,356/2017 further dismissed ENARGAS Resolutions No. I-2,407/12 and No. I-3,249/15 that allow the collection of a fixed amount per invoice under the heading “FOCEGAS”.

Finally, ENARGAS Resolution No. 4,356/2017 approved the Six-monthly Adjustment Methodology incorporated as Annex V and which will become effective together with the Memorandum of Agreement of License Adjustment.

2.2 Memorandum of Agreement of the Adequacy Natural Gas Distribution License Contract

On March 30, 2017, the Company signed with MINEM and the Ministry of Economy a Memorandum of Agreement of Adequacy of the Natural Gas Distribution License Contract. The contract terms establish a number of guidelines that shall consider the Integral Tariff Review process (non-automatic mechanisms of the six-monthly adjustment of the distribution tariff between the five-year tariff reviews, criteria for determining the Capital Base and the Rate of Profitability to be applied, rates and charges, investment plan, etc.) and, subject to the effective validity of the Memorandum of Agreement, it provides for the suspension and dismissal of all the claims, remedies and actions filed, in progress, or to be executed, both via administrative, arbitration or court proceedings, in Argentina or abroad, founded on or connected to the facts or measures in dispute, with respect to the License Agreement, as from the Emergency Law and/or the annulment of the US PPI Index.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

For the effective application of the Memorandum of Agreement, the Memorandum shall be confirmed by the MetroGAS Shareholders’ Meeting so that the National Executive Power may issue the Decree that ratifies its terms.

Furthermore, the Memorandum of Agreement provides for the commitment of the Company to perform, for the duration of the license plus the possible ten-year extension and within the license area, additional and sustainable investments equivalent to the amount of the award of the arbitration proceedings “BG Group Plc. vs. The Argentine Republic (UNC 54 KGA)” with the proportional percentage of deduction established in the payment agreement and excluding the amounts corresponding to the default interest on the payment of the award. The additional investment plan shall be determined by ENARGAS upon the Company’s proposal and they will not be incorporated into the tariff base.

2.3 2016 Temporary Economic Assistance

On March 31, 2017, MetroGAS received 759,200 corresponding to MINEM Resolution No. 312 – E/2016.

2.4 Unbundling of natural gas

As from May 1, 2017, and under the Terms of MINEM Resolution No. 80 – E/2017, there has been an extension of the purchase options of natural gas by the owners of CNG stations, who can buy gas through Distribution Companies (complete service – MEM Resolution No. 34/2016) or directly via gas producers or marketers (respecting the mix of basins and percentages of fuel gas allocated to the regional distribution company). The CNG stations that modify their purchase modality shall remain in that modality at least twelve months from the moment they make that choice.

2.5 Complementary Agreement with Natural Gas Producers

Through Resolution No. 74 – E/2017, MINEM determined the new prices of the natural gas at the City Gate for the Transportation System of natural gas to be applied, as of April 1, 2017, to the customer categories mentioned therein. Furthermore, the resolution also established the new prices at the City Gate for the Transportation System subsidized for Residential customers with savings in their gas consumption of or above 15% with respect to the same period in 2015. These new prices at the City Gate for the transportation system have been provided for in ENARGAS Resolution No. 4,356/2017.

2.6 Promotion Program for Investments in Natural Gas Production Developments from Non-Conventional Reservoirs

On March 2, 2017, through Resolution No. 46-E/2017 MINEM created the “Promotion Program for Investments in Natural Gas Developments from Non-Conventional Reservoirs”, to promote investments for natural gas production from non-conventional reservoirs in the Neuquina Basin. The Program will be effective from March 2017 to December 31, 2021, and establishes a minimum price of (i) 7.50 USD/MMBTU for 2018, (ii) 7.00 USD/MMBTU for 2019, (iii) 6.50 USD/MMBTU for 2020, (iv) 6.00 USD/MMBTU for 2021.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

3. BASIS FOR PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

These condensed interim consolidated financial statements should be read together with the Company’s annual consolidated financial statements as of December 31, 2016 and comparatives.

The condensed interim consolidated financial statements for the three months periods ended March 31, 2017 and 2016 have not been audited. In the Company’s opinion these financial statements reflect all the adjustments necessary to be presented on a basis consistent with the annual consolidated financial statements.

These condensed interim consolidated financial statements, originally issued in Spanish, have been approved by the Board of Directors for issuance on May 8, 2017.

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, 2016 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.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

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, 2016, 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, 2017 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, 2016.

7. FINANCIAL INSTRUMENTS

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

8. INTERESTS IN SUBSIDIARIES

The table below shows the Company’s controlling interest:

Directly controlled company	Percentage of capital stock and voting rights held	
	03.31.2017	12.31.2016
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, 2017. The equity of MetroENERGÍA at March 31, 2017 amounts to 65,107 and a positive result amounts to 13,290.

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.

According to the provisions of MetroENERGÍA’s Board of Directors on August 21, 2015 and on May 11, 2016, considering cash flow availability and the financial conditions of the business, total dividends for the amount of 20,000 and for 42,174, respectively, were made available to the company’s main shareholder, MetroGAS, and cancelled considering that the minority shareholder has resigned to collect these dividends.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

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

MetroENERGÍA’s General Ordinary Shareholders’ Meeting held on April 27, 2017, decided the distribution of the profit for the year 2016 to 51,506 to the payment of a dividend in cash, in the opportunity that the Boards of Directors is deemed relevant, taking into account cash availability and financial conditions of the business and any other factor deemed the organ of Administration. In this meeting, the representatives of YPF (in representation of YPFIESA within the terms of the prior merger agreement dated March 3, 2016 and CNV Resolution 18,415 dated December 22, 2016) decided to maintain their commitment by means of which they have renounced for the collection of dividends for as long as the financial debt of MetroGAS arising as a result of the restructuring and/or refinancing of the outstanding debt, is cancelled, pursuant to which the dividends approved shall be paid in full to the major shareholder MetroGAS.

9. SEGMENT REPORTING

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

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

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

	03.31.17			
	MetroGAS Distribution	MetroENERGÍA Trading	Eliminations	Total
Revenues	1,311,141	549,487	(12,055)	1,848,573
Operating income	96,292	23,166	(12,626)	106,832
Results of interest in subsidiaries	12,626	-	(12,626)	-
Finance income	12,892	2,930	-	15,822
Finance cost	(46,255)	(5,393)	-	(51,648)
Result before income tax	62,929	20,703	(12,626)	71,006
Income tax and MPIT	453,991	(7,413)	-	446,578
Total net and comprehensive result for the period	516,920	13,290	(12,626)	517,584
Total assets	6,555,823	473,835	(233,612)	6,796,046
Total liabilities	7,413,672	408,728	(171,760)	7,650,640
Depreciation of properties, plant and equipment, Investment properties and Intangible assets	(27,524)	(117)	-	(27,641)
Increase in properties, plant and equipment	129,441	-	-	129,441
Increase in Intangible Assets	29,358	152	-	29,510
Investments in subsidiaries	61,852	-	(61,852)	-

	03.31.16			
	MetroGAS Distribution	MetroENERGÍA Trading	Eliminations	Total
Revenues	357,057	654,411	(3,973)	1,007,495
Operating (loss) income	(210,368)	11,371	(8,667)	(207,664)
Results on investments 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 and Investment properties	(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)	-

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

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 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 03.31.17	NET BOOK VALUE 12.31.16
	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	30,663	-	356	31,019	40,981	41,337
High pressure mains	387,642	-	-	-	387,642	216,934	-	1,608	218,542	169,100	170,708
Medium and low pressure mains	2,255,694	-	48,509	-	2,304,203	777,289	-	12,908	790,197	1,514,006	1,478,405
Pressure regulating stations	82,394	-	-	-	82,394	52,287	-	679	52,966	29,428	30,107
Consumption measurement installations	382,280	-	6,025	(7)	388,298	224,491	(4)	3,787	228,274	160,024	157,789
Other technical installations	61,854	-	-	-	61,854	51,030	-	252	51,282	10,572	10,824
Machinery, equipment and tools	39,106	-	-	-	39,106	30,441	-	336	30,777	8,329	8,665
Computer and telecommunications equipment	250,601	-	7,804	(13)	258,392	206,007	(13)	4,266	210,260	48,132	44,594
Vehicles	35,180	-	-	-	35,180	13,032	-	1,274	14,306	20,874	22,148
Furniture and fixtures	6,475	-	14	-	6,489	5,587	-	26	5,613	876	888
Materials	74,308	37,971	(18,470)	(3,524)	90,285	-	-	-	-	90,285	74,308
Gas in pipelines	214	-	-	-	214	-	-	-	-	214	214
Work in progress	339,294	91,470	(44,221)	-	386,543	-	-	-	-	386,543	339,294
Distribution network extensions constructed by third parties	75,869	-	339	-	76,208	21,921	-	380	22,301	53,907	53,948
Subtotal	4,078,565	129,441	-	(3,544)	4,204,462	1,629,682	(17)	25,872	1,655,537	2,548,925	2,448,883
Allowance for obsolescence of materials	(6,441)	286	-	3,524	(2,631)	-	-	-	-	(2,631)	(6,441)
Allowance for disposal of properties, plant and equipment	(5,463)	(677)	-	3	(6,137)	-	-	-	-	(6,137)	(5,463)
Total as of March 31, 2017	4,066,661	129,050	-	(17)	4,195,694	1,629,682	(17)	25,872	1,655,537	2,540,157	
Total as of December 31, 2016	3,641,732	477,855	-	(52,926)	4,066,661	1,565,060	(32,645)	97,267	1,629,682		2,436,979

As mentioned in Note 2.7.1 to the consolidated financial statements as of December 31, 2016, 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.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

11. INVESTMENT PROPERTIES

MAIN ACCOUNT	ORIGINAL VALUE		DEPRECIATION				NET BOOK VALUE 03.31.17	NET BOOK VALUE 12.31.16
	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	1,445	2.00%	15	1,460	1,589	1,604
Total as of March 31, 2017	3,778	3,778	1,445		15	1,460	2,318	
Total as of December 31, 2016	3,778	3,778	1,384		61	1,445		2,333

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

12. INTANGIBLE ASSETS

MAIN ACCOUNT	ORIGINAL VALUE					DEPRECIATION					NET BOOK VALUE 03.31.17	NET BOOK VALUE 12.31.16
	AT BEGINNING OF YEAR	INCREASES	TRANSFERS	DECREASE	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	ANNUAL RATE	INCREASES	DECREASE	ACCUMULATED AT END OF PERIOD		
Software development in progress	103,412	29,510	(11,218)	-	121,704	-		-	-	-	121,704	103,412
Software	25,960	-	11,218	-	37,178	4,077	20%	1,754	-	5,831	31,347	21,883
Total as of March 31, 2017	129,372	29,510	-	-	158,882	4,077		1,754	-	5,831	153,051	
Total as of December 31, 2016	70,157	59,665	-	(450)	129,372	258		3,894	(75)	4,077		125,295

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

13. TRADE RECEIVABLES

	<u>03.31.17</u>	<u>12.31.16</u>
Current		
Trade receivables	1,423,830	1,040,771
Unbilled revenues	933,828	1,701,937
Related parties	42,738	79,891
Tax on banking transactions to be recovered	34,502	22,317
Allowance for doubtful accounts	<u>(124,241)</u>	<u>(113,630)</u>
Total Current	<u>2,310,657</u>	<u>2,731,286</u>

The aging analysis of the trade receivables is as follows:

	<u>03.31.17</u>	<u>12.31.16</u>
-Past due		
under 3 months	344,316	60,157
from 3 to 6 months	51,585	21,169
from 6 to 9 months	17,999	14,269
from 9 to 12 months	10,114	14,019
from 1 to 2 years	66,130	61,966
more than 2 years	<u>45,423</u>	<u>42,542</u>
Subtotal	<u>535,567</u>	<u>214,122</u>
-Becoming due		
under 3 months	1,859,245	2,613,010
from 3 to 6 months	22,218	6,473
from 6 to 9 months	9,152	5,732
from 9 to 12 months	<u>8,716</u>	<u>5,579</u>
Subtotal	<u>1,899,331</u>	<u>2,630,794</u>
Allowance for doubtful accounts	<u>(124,241)</u>	<u>(113,630)</u>
Total	<u>2,310,657</u>	<u>2,731,286</u>

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

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

	<u>03.31.17</u>	<u>12.31.16</u>
Pesos	2,040,636	2,371,242
US Dollars	270,021	360,044
Total	<u>2,310,657</u>	<u>2,731,286</u>

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

	<u>03.31.17</u>	<u>12.31.16</u>
Balance at beginning of year	115,814	68,466
Revaluation of foreign currency	(1,500)	(9,748)
Increases (*)	12,185	68,493
Decreases	-	(3,708)
Uses	-	(7,689)
Balance at end of period/year	<u>126,499</u>	<u>115,814</u>

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

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

14. OTHER RECEIVABLES

	<u>03.31.17</u>	<u>12.31.16</u>
Non current:		
Social security and tax credits	7,374	7,271
Expenses paid in advance	160	28
Total non current	<u>7,534</u>	<u>7,299</u>
Current:		
Advances to employees	1,766	791
Insurance paid in advance	1,019	47
Expenses paid in advance	18,028	4,012
Trust Fund Resolution No. 2,407	1,348	1,351
Social security and tax credits	82,327	85,344
Recoverable expenses	10,436	14,188
Related parties	6,449	3,058
Advances to suppliers	31,027	26,773
Temporary Economic Assistance - Related parties	-	759,200
Advances and anticipated purchases of gas	6,980	9,622
Management service for third parties constructions	2,375	9,382
Miscellaneous	45,635	32,240
Allowance for doubtful accounts	(2,258)	(2,184)
Total current	<u>205,132</u>	<u>943,824</u>
Total	<u>212,666</u>	<u>951,123</u>

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

The aging analysis of the other receivables is as follows:

	<u>03.31.17</u>	<u>12.31.16</u>
-Past due		
under 3 months	15,702	14,585
from 3 to 6 months	16,099	2,830
from 6 to 9 months	410	736
from 9 to 12 months	554	287
from 1 to 2 years	1,372	1,249
more than 2 years	962	935
Subtotal	<u>35,099</u>	<u>20,622</u>
-Without due	<u>33,423</u>	<u>785,973</u>
-Becoming due		
under 3 months	112,576	94,783
from 3 to 6 months	13,237	35,894
from 6 to 9 months	12,750	4,777
from 9 to 12 months	305	3,959
from 1 to 2 years	148	20
more than 2 years	7,386	7,279
Subtotal	<u>146,402</u>	<u>146,712</u>
Allowance for doubtful accounts	<u>(2,258)</u>	<u>(2,184)</u>
Total	<u>212,666</u>	<u>951,123</u>

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

	<u>03.31.17</u>	<u>12.31.16</u>
Pesos	207,125	946,548
US Dollars	4,220	3,095
Euros	1,321	1,480
Total	<u>212,666</u>	<u>951,123</u>

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

15. CASH AND CASH EQUIVALENTS

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

	<u>03.31.17</u>	<u>12.31.16</u>
Cash and banks	878,588	154,385
Mutual funds	357,371	203,519
Total	<u>1,235,959</u>	<u>357,904</u>

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

	<u>03.31.17</u>	<u>12.31.16</u>
Pesos	1,232,029	353,988
US Dollars	3,930	3,916
Total	<u>1,235,959</u>	<u>357,904</u>

As of March 31, 2017 and December 31, 2016, funds collected and pending to be deposit for Trust Funds and Resolution I-2,621/2013 amount to 40,793 and 45,428, respectively.

16. SHAREHOLDERS' EQUITY AND ISSUED CAPITAL

As of March 31, 2017, 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 03.31.17	<u>569,171</u>

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

Of the total corporate stock as at March 31, 2017, 70% belongs to YPF S.A. whom is involved in a merger agreement for the absorption of Gas Argentino and YPFIESA, approved by the Gas Argentino Ordinary and Extraordinary Shareholders Meetings held on April 29, 2016, which was agreed by CNV through Resolution 18,415 dated December 22, 2016. Furthermore, the execution of said resolution under the terms of section 83. Subsection 5 of the General Corporations Law in order to cancel the merger process and which would have a retroactive effect as at January 1, 2016.

As of December 31, 2016, the Company recorded accumulated losses for 1,943,940 and kept a negative Shareholders’ equity attributable to the controlling interest of 1,374,769, 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 27, 2017, the shareholders of MetroGAS estimates that the Company’s economic-financial situation will gradually improve through the implementation of the new tariff schedule and the non-automatic tariff adjustment mechanisms resulting from the signing of the Adequacy Act and Provisional Agreement 2017 (See Notes 2.1 and 2.2), which will make it possible to recompose the Company’s economic and financial situation.

As a consequence of the magnitude of the accumulated losses, as of March 31, 2017, the Company registered a negative Shareholders’ equity attributable to controlling interest of 857,849, being subject to the provisions of Art. 94, paragraph 5 and Art. 96 of the General Corporations Law.

17. OTHER TAXES PAYABLES

	<u>03.31.17</u>	<u>12.31.16</u>
Non current:		
Others taxes	3,838	4,180
Subtotal non current	<u>3,838</u>	<u>4,180</u>
Current:		
Value added tax	167,598	66,180
GCABA study, revision and inspection of works in public space levy	106,881	86,012
GNC Tax	38,825	43,149
Turnover tax	15,845	46,589
Provincial and municipal taxes	95,434	56,497
Hydric infrastructure rate	18,456	10,630
Withholding to third parties	8,935	16,258
Others taxes	1,813	2,175
Subtotal current	<u>453,787</u>	<u>327,490</u>
Total	<u>457,625</u>	<u>331,670</u>

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

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

The aging analysis of other taxes payables is as follows:

	<u>03.31.17</u>	<u>12.31.16</u>
-Without due	154,255	130,600
-Becoming due		
under 3 months	298,524	195,897
from 3 to 6 months	331	326
from 6 to 9 months	336	331
from 9 to 12 months	341	336
from 1 to 2 years	686	748
more than 2 years	3,152	3,432
Subtotal	<u>303,370</u>	<u>201,070</u>
Total	<u>457,625</u>	<u>331,670</u>

18. FINANCIAL DEBT

	<u>03.31.17</u>	<u>12.31.16</u>
Non current:		
Negotiable Obligations ("Notes")	2,628,918	2,678,537
Related parties ("Notes")	61,240	62,396
Subtotal Non current	<u>2,690,158</u>	<u>2,740,933</u>
Current:		
Interest to be paid ("Notes")	66,593	2,284
Related parties (Line of credit)	141,053	151,377
Related parties (Interest "Notes")	1,511	-
Subtotal Current	<u>209,157</u>	<u>153,661</u>
Total	<u>2,899,315</u>	<u>2,894,594</u>

As of March 31, 2017, financial debt denominated in U.S. dollars amounted to 2,758,262 and financial debt denominated in pesos amounted to 141,053. As of December 31, 2016, financial debt denominated in U.S. dollars amounted to 2,743,217 thousand and financial debt denominated in pesos amounted to 151,377.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

The table below shows the changes occurred in the balance of financial debt as of March 31, 2017 and December 31, 2016:

	<u>03.31.17</u>	<u>12.31.16</u>
Balance at beginning of year	2,894,594	2,280,807
Accrued interest at effective interest rate - Notes (1)	103,253	381,634
Accrued interest on YPF line of credit	7,704	35,568
Exchange difference	(87,588)	481,520
Interest payment	(18,648)	(284,935)
Balance at end of period/year	<u>2,899,315</u>	<u>2,894,594</u>

(1) Includes accrued interest on notes issued to YPF.

The aging analysis of financial debt is as follows:

	<u>03.31.17</u>	<u>12.31.16</u>
-Becoming due		
under 3 months	138,734	86,239
from 3 to 6 months	70,423	67,422
from 1 to 2 years	2,690,158	2,740,933
Subtotal	<u>2,899,315</u>	<u>2,894,594</u>
Total	<u>2,899,315</u>	<u>2,894,594</u>

18.1 Negotiable Obligations

Information related with negotiable obligations is detailed in Note 18 to the consolidated financial statements as of December 31, 2016.

No event of default has occurred as of March 31, 2017. During the present period the Company has complied with the terms and covenants established under the Offering Circular.

18.2 Related parties

On December 12, 2013, the Board of Directors of MetroGAS unanimously approved a contract with YPF where YPF granted MetroGAS a “Non-Committed” credit facility for up to 180,000 for a period of 180 days as from the date of the proposal. This credit facility has a BADLAR cost plus an annual 6% spread and MetroGAS was entitled to request any drawdown as it deemed necessary up to the maximum amount of the credit facility and for the above mentioned period, and to make partial or total advance payments without penalty. Finally, an annual 10% default interest will be applied in the event of default. On February 26, 2015 an extension was granted for 365 days counted from its corresponding due dates in the same conditions, limiting the amount to 140,000. Dated February 25, 2016 and April 18, 2016, new extensions were granted being the new due dates of February 27, 2017, for the first drawdown request, and April 21, 2017 for the second. On February 27, 2017, interest on the first tranche of the financial debt was canceled and an extension for 180 days was established. As of March 31, 2017, the Company has taken 90,000 and has

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

capitalized interest by 36,043 of this credit facility. On April 21, 2017, the Company paid the capital of the second stage of the loan for 57,134.

19. REORGANIZATION LIABILITIES

	<u>03.31.17</u>	<u>12.31.16</u>
Non current:		
Taxes payable	9,910	9,910
Trade payables	23	23
Salaries and social security	336	336
Total Non current	<u><u>10,269</u></u>	<u><u>10,269</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	Claims against The Government	Total
Balance at 12.31.16	113,283	4,257	19,700	123,758	260,998
Net increases of the period (*)	5,575	1,145	73	67,475	74,268
Reclassification to other accounts payable	-	-	340	-	340
Decreases of the period	(1,649)	(929)	-	-	(2,578)
Balance at 03.31.17	117,209	4,473	20,113	191,233	333,028

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

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

21. TRADE PAYABLES

	<u>03.31.17</u>	<u>12.31.16</u>
Non current:		
Gas creditors	-	23,057
Related parties	-	34,574
Total Non current	<u>-</u>	<u>57,631</u>
Current:		
Gas and transportation creditors	1,983,351	2,055,147
Other purchases and services creditors	237,967	250,523
Trust Funds	40,793	45,428
Related parties	1,530,531	1,769,470
Total current	<u>3,792,642</u>	<u>4,120,568</u>
Total	<u><u>3,792,642</u></u>	<u><u>4,178,199</u></u>

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

	<u>03.31.17</u>	<u>12.31.16</u>
Pesos	3,533,600	3,876,778
US Dollars	256,997	300,448
Euros	1,465	973
Sterling pound	580	-
Total	<u><u>3,792,642</u></u>	<u><u>4,178,199</u></u>

The aging analysis of the trade payables is as follows:

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

	<u>03.31.17</u>	<u>12.31.16</u>
-Past due		
under 3 months	679,061	983,560
from 3 to 6 months	827,319	823,930
from 6 to 9 months	708,140	201
from 9 to 12 months	981	33,193
from 1 to 2 years	52,120	145,600
more than 2 years	63,221	167
Subtotal	<u>2,330,842</u>	<u>1,986,651</u>
-Becoming due		
under 3 months	1,298,940	1,980,699
from 3 to 6 months	51,010	47,989
from 6 to 9 months	54,219	51,010
from 9 to 12 months	57,631	54,219
from 1 to 2 years	-	57,631
Subtotal	<u>1,461,800</u>	<u>2,191,548</u>
Total	<u>3,792,642</u>	<u>4,178,199</u>

22. SALARIES AND SOCIAL SECURITY

	<u>03.31.17</u>	<u>12.31.16</u>
Salaries	6,765	19,993
Social securities	22,958	33,626
Related parties	5,850	13,624
Thirteenth month salary provision	16,677	-
Vacation provision	64,803	69,863
Bonus provision	21,568	35,753
Others	3,663	212
Total	<u>142,284</u>	<u>173,071</u>

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

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

	<u>03.31.17</u>	<u>12.31.16</u>
-Becoming due		
under 3 months	77,076	131,979
from 3 to 6 months	12,176	13,698
from 6 to 9 months	16,099	13,697
from 9 to 12 months	36,933	13,697
Subtotal	<u>142,284</u>	<u>173,071</u>
Total	<u>142,284</u>	<u>173,071</u>

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

23. OTHER ACCOUNTS PAYABLE

	<u>03.31.17</u>	<u>12.31.16</u>
Payables for works on behalf of third parties	11,383	10,686
ENARGAS' Fines	2,346	2,346
GCBA' Fines	706	1,406
Miscellaneous	755	755
Total	<u>15,190</u>	<u>15,193</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>03.31.17</u>	<u>12.31.16</u>
-Without due	2,346	2,346
-Becoming due		
under 3 months	12,542	4,265
from 3 to 6 months	302	8,442
from 6 to 9 months	-	140
Subtotal	<u>12,844</u>	<u>12,847</u>
Total	<u>15,190</u>	<u>15,193</u>

24. REVENUES

	For the three-month periods ended,	
	<u>03.31.17</u>	<u>03.31.16</u>
Gas sales	1,101,683	288,574
MetroENERGÍA's gas sales and transportation	549,617	650,927
Transportation and distribution services	177,420	55,910
Other sales	19,853	10,953
Natural gas liquids processing	-	1,131
Total	<u>1,848,573</u>	<u>1,007,495</u>

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

25. EXPENSES BY NATURE

	For the three-month period ended,				03.31.16
	03.31.17		03.31.16		
	OPERATING COSTS	ADMINISTRATION EXPENSES	SELLING EXPENSES	TOTAL	TOTAL
Payroll and other employees benefits	73,760	78,842	44,760	197,362	152,167
Social security contributions	16,346	9,942	9,654	35,942	16,382
Cost of natural gas	847,585	-	-	847,585	724,926
Transportation of natural gas and natural gas liquids processing	236,144	-	-	236,144	91,815
Directors and Supervisory committee fees	-	756	-	756	453
Fees for professional services	472	3,118	1,090	4,680	2,077
Sundry materials	1,680	-	-	1,680	5,586
Fees for sundry services	22,896	4,659	28,980	56,535	36,969
Post and telephone	567	2,082	19,757	22,406	14,869
Rent and leases	136	3	1,512	1,651	1,320
Transportation and freight charges	-	2,776	-	2,776	2,560
Office materials	307	610	495	1,412	1,024
Travelling expenses	387	179	136	702	484
Insurance premium	-	5,211	2	5,213	4,216
Properties, plant and equipment maintenance and repair	24,633	23,559	40	48,232	43,222
Properties, plant and equipment, Investment properties and Intangible assets depreciation	21,229	6,412	-	27,641	24,782
Taxes, rates and contributions	39,593	41,009	63,053	143,655	61,528
Publicity	-	-	2,464	2,464	668
Doubtful accounts	-	-	12,185	12,185	706
Bank expenses and commissions	-	327	19,738	20,065	4,979
Others expenses	202	170	455	827	2,214
Total as of March 31, 2017	1,285,937	179,655	204,321	1,669,913	
Total as of March 31, 2016	963,108	122,457	107,382		1,192,947

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 9,639 at March 31, 2017 and for 7,738 at March 31, 2016.

26. OTHER INCOME AND EXPENSES

	For the three-month periods ended,	
	03.31.17	03.31.16
GCBA' Fines	(73)	-
Publicity	-	244
Contractors penalties	695	292
Management service for third parties constructions	1,410	5
Other income / (expenses)	408	(1,195)
Revenues from rendering services to Controlling Company	-	1,100
Increases in provisions for claims and contingencies and others	(74,268)	(22,658)
Total	(71,828)	(22,212)

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

27. NET FINANCIAL RESULTS

Finance income

	For the three-month periods ended,	
	03.31.17	03.31.16
Financial assets at fair value	16,430	36,231
Exchange difference on cash and cash equivalents	(107)	202
Other financial expenses	(501)	2,697
	15,822	39,130

Finance costs

	For the three-month periods ended,	
	03.31.17	03.31.16
Exchange difference on financial debt	(87,588)	271,177
Accrued interest on financial debt	103,253	93,163
Accrued interest on YPF line of credit	7,704	11,331
Accrued interest on commercial debt	21,405	23,744
Other financial expenses	6,874	11,503
	51,648	410,918

28. INCOME TAX AND MINIMUM PRESUMED INCOME TAX

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

MetroGAS

Deferred income tax assets and MPIT assets

	MPIT Assets	Tax losses	Trade receivables and Other receivables	Provisions	Total deferred tax assets and MPIT
Balances at 12.31.16	-	-	131,868	71,257	203,125
Movements of the period	69,073	327,629	13,359	25,007	435,068
Balances at 03.31.17	69,073	327,629	145,227	96,264	638,193

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

Deferred income tax liabilities

	Properties, plant and equipment	Financial debt	Cash and cash equivalents	Others	Total deferred tax liabilities	Total net deferred tax assets (liabilities) and MPIT
Balances at 12.31.16	(196,179)	(121,558)	(1,265)	(80)	(319,082)	(115,957)
Movements of the period	1,380	16,240	856	447	18,923	453,991
Balances at 03.31.17	(194,799)	(105,318)	(409)	367	(300,159)	338,034

MetroENERGÍA

Deferred income tax assets (liabilities)

	Others	Total
Balances at 12.31.16	157	157
Movements of the period	(444)	(444)
Balances at 03.31.17	(287)	(287)

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 periods ended,	
	03.31.17	03.31.16
Income tax expense on result before income tax	(24,852)	202,808
<u>Tax effect due to:</u>		
Net non deductible expenses and non taxable income	(545)	71
Tax loss carry forwards MPIT recognized (not recognized)	471,975	(209,550)
Total income tax credit / (charged) to results	446,578	(6,671)

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

	For the three-month periods ended,	
	03.31.17	03.31.16
Income tax determined for fiscal purposes MetroGAS	(75,273)	202,612
Current income tax MetroENERGÍA	(6,969)	(7,636)
Temporary differences	56,845	965
Tax loss carry forward adjustment (before years)	-	6,938
Tax loss carry forwards MPIT recognized (not recognized)	471,975	(209,550)
Total income tax credit / (charged) to results	446,578	(6,671)

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

According to notes 2.1 and 2.2 of these financial statements, the Company considers it will produce tax profits in fiscal year 2017 and following. Therefore, the Company has acknowledged a credit for tax losses arising from previous years of 402,902 (75,273 of which have been compensated with the income tax provision of this period) and a 69,073 credit for MPIT. Credits arising from remaining tax losses estimated as at March 31, 2017, amounting to 312,804, which were not acknowledged in the financial statements at the end of the period, are deemed to be compensated and recognized as tax profits in the next periods of this fiscal year by the effective rate method following the guidelines of NIC 34.

The table below sets forth the years in which the credits for tax losses as of March 31, 2017 expire:

Expiration year	Deferred tax losses assets	Recognized credit	Not Recognized credit
2017	67,290	67,290	-
2019	239,099	239,099	-
2020	254,695	96,513	158,183
2021	154,622		154,621
TOTAL	715,706	402,902	312,804

The table below shows the years in which credits for MPIT expire as of March 31, 2017:

Expiration year	MPIT credit	Recognized credit	Not Recognized credit
2017	9,687	-	9,687
2018	10,399	10,399	-
2020	14,211	14,211	-
2021	14,442	14,442	-
2022	14,842	14,842	-
2023	15,179	15,179	-
TOTAL	78,760	69,073	9,687

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 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 periods ended,	
	03.31.17	03.31.16
Net and comprehensive result for the period attributable to controlling interest	516,920	(586,579)
Average of common shares outstanding	569,171	569,171
Net basic and diluted result per share	0.91	(1.03)

30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

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

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

The information described in the following charts shows the balances with related companies as of March 31, 2017 and December 31, 2016, as well as operations with these companies for the three months periods ended on March 31, 2017 and 2016.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

The transactions shown below have been made with related parties:

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

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

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

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

	For the three-month period ended,								
	03.31.16								
	Gas & transportation sales	Gas purchases	Fee for sundry services and supplies	Sundry material - Operating cost	Insurance premium	Finance costs on loans	Finance costs on commercial debt	Post and telephone expenses	Salaries and others employee benefits
Controlling company:									
YPF	2	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	-	-	-	-	-	-	-	-
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	181,284	392	1,117	1,525	11,331	14,349	256	9,394

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

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

The balances shown below are outstanding with related parties:

	03.31.17					
	Trade receivables	Other receivables	Trade payable	Financial debt		Salaries and social securities
	Current	Current	Current	Current	Non current	Current
Controlling company:						
YPF (1)	1,668	3,058	834,073	142,564	61,240	-
Other related parties:						
Central Dock Sud S.A.	23,072	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	43	-	-	-	-	-
A-Evangelista S.A.	74	-	-	-	-	-
ENARSA	5	-	688,417	-	-	-
Profertil S.A.	12,731	-	-	-	-	-
YPF Energía Eléctrica S.A	-	-	7,859	-	-	-
Nación Seguros S.A.	-	3,391	22	-	-	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	5,134	-	-	-	-	-
Correo Argentino	-	-	160	-	-	-
Others (2)	11	-	-	-	-	-
Key directors and management:	-	-	-	-	-	5,850
	42,738	6,449	1,530,531	142,564	61,240	5,850

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

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

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

	12.31.16						
	Trade receivables	Other receivables	Trade payable		Financial debt		Salaries and social securities
	Current	Current	Current	Non current	Current	Non current	Current
Controlling company:							
YPF	1,677	3,058	977,253	23,267	151,377	59,918	-
Other related parties:							
YSUR Energía Argentina S.R.L.	-	-	52,165	843	-	2,478	-
YSUR Petrolera Argentina S.A.	-	-	8,853	-	-	-	-
Central Dock Sud S.A.	19,767	-	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	3,258	-	-	-	-	-	-
A-Evangelista S.A.	256	-	-	-	-	-	-
ENARSA	5	-	714,825	10,464	-	-	-
Profertil S.A.	50,862	-	-	-	-	-	-
YPF Energía Eléctrica S.A	-	-	14,763	-	-	-	-
Nación Seguros S.A.	-	-	1,611	-	-	-	-
MINEM	-	759,200 ⁽²⁾	-	-	-	-	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	4,055	-	-	-	-	-	-
Others (1)	11	-	-	-	-	-	-
Key directors and management:	-	-	-	-	-	-	13,624
	79,891	762,258	1,769,470	34,574	151,377	62,396	13,624

(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".

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED AS OF MARCH 31, 2017 AND COMPARATIVE INFORMATION

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

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

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

Also, as mentioned in Note 2.4.1 to the consolidated financial statements as of December 31, 2016 and pursuant to Resolution No. I-2,621/13 of ENARGAS, MetroGAS was invoicing 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, 2016, 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, 2016, include a detailed description of the economic and regulatory context, the impact of Emergency Law and regulations thereunder on MetroGAS S.A. (“MetroGAS” or the “Company”).

Significant developments during the three-month period ended on March 31, 2017 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, 2016), on April 20, 2005 the Board of Directors of MetroGAS resolved to create MetroENERGÍA S.A. (“MetroENERGÍA”), a corporation whose equity is owned 95% by MetroGAS and whose corporate purpose is to engage, on its own account and on behalf of or in association with third parties, in the sale and purchase and/or transportation of natural gas.

Under the terms of the Provisional Agreement, on April 4, 2016, the ENARGAS Resolution No. 3,726/2016 was published in the Official Gazette to approve, as from April 1, 2016, transition tariffs of application to users of MetroGAS (See Note 2.2.2.4 of the consolidated financial statements as of December 31, 2016).

The MINEM Resolution No. 129/2016 instructed ENARGAS to take the necessary measures so that during 2016, the total amount ,including taxes, of the invoices issued by gas distributors across the country to residential customers (R category and subcategories) and General Service P (“SGP”) customers for gas full service consumption as from April 1, 2016 does not exceed 400% and 500%, respectively, the total amount including taxes of the invoice issued for that same customer in relation with the same invoicing period of previous year. Therefore, invoices shall not exceed 5 or 6 times the total amount billed to that same customer for that same period on previous year.

On October 7, 2016, the ENARGAS Resolution No. 4,044/2016 was published in the Official Gazette detailing tariff schedules for MetroGAS users.

Under the Provisional Agreement 2017, on March 31, 2017 ENARGAS Resolution No. 4,356/2017 was published in the Official Gazzette, approving, as from April 1, 2017, the tariff schedules resulting from the MetroGAS Integral Tariff Review and transition tariff schedules to be applied to MetroGAS customers. Through differentiated tariffs, ENARGAS Resolution No. 4,356/2017 determined tariff schedules for the residential customers with savings in consumption of or above 15% with respect to the same period of 2015, as well as those that would be applied to beneficiaries of the “Social Tariff” (MINEM Resolution No. 28/2016 and ENARGAS Resolutions No. I-2,905/2014 and No. 3,784/2016) and Welfare Institutions (Law 27,218). The tariff schedules for beneficiaries of the “Social Tariff” were corrected by Resolution ENARGAS No. 4,369/2017. The invoicing resulting from the application of the new temporary tariff schedules shall respect the limits established in Article 10 of MINEM Resolution No. 212/2016, so the criteria of ENARGAS Resolution No. I-4,044/2016 applies.

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

On March 30, 2017, the Company signed with MINEM and the Ministry of Economy a Memorandum of Agreement of Adequacy of the Natural Gas Distribution License Contract. The contract terms establish a number of guidelines that shall consider the Integral Tariff Review process (non-automatic mechanisms of the six-monthly adjustment of the distribution tariff between the five-year tariff reviews, criteria for determining the Capital Base and the Rate of Profitability to be applied, rates and charges, investment plan, etc.) and, subject to the effective validity of the Memorandum of Agreement, it provides for the suspension and dismissal of all the claims, remedies and actions filed, in progress, or to be executed, both via administrative, arbitration or court proceedings, in Argentina or abroad, founded on or connected to the facts or measures in dispute, with respect to the License Agreement, as from the Emergency Law and/or the annulment of the US PPI Index.

Analysis of transactions for the three months periods ended March 31, 2017 and 2016

The sales of the Company for the three months period ended on March 31, 2017 increased by 83.5%, and operating costs rose by 33.5% as compared with the same period in previous fiscal year, as a result of which gross profit increased by 518,249, amounted to 562,636 during the three-month period ended on March 31, 2017, as compared with 44,387 shown for the same period in the preceding fiscal year.

Administrative expenses increased by 46.7%, from 122,457 during the three-month period ended on March 31, 2016, as compared with 179,655 shown for the same period of the present fiscal year, and selling expenses increased by 90.3%, from 107,382, during the three months period ended March 31, 2016, to 204,321 shown for the same period of the present fiscal year.

Other income and expenses went from a loss 22,212 in the period of three months ended on March 31, 2016 to a loss of 71,828 in the same period of the present fiscal year.

Consequently, during the three-month period ended on March 31, 2017 an operating income of 106,832 was recorded, as compared to an operating loss of 207,664 for the same period in previous fiscal year.

During the three months period ended on March 31, 2017 net financial results was a loss of 35,826, as compared with a loss of 371,788 in the same period in previous fiscal year.

During the three months period ended on March 31, 2017 a profit was recorded in the income tax for 446,578, because the Company has acknowledged a credit for tax losses and a credit for Minimum Presumed Income Tax ("MPIT") arising from previous years, as the Company estimates that it will generate taxable profits as a result of what is described in Note 2.1 and 2.2.

Consequently, the Company's net income for the three months period ended on March 31, 2017 amounted to 517,584, as compared to a net loss of 586,123 for the same period in previous fiscal year.

Results of operations and financial condition**Sales**

Total consolidated sales increased by 83.5% during the three months period ended on March 31, 2017, amounted to 1,848,573, as compared with 1,007,495 shown for the same period in previous fiscal year.

The increase in sales for the three months period ended on March 31, 2017, was mainly due to increase in MetroGAS sales to residential customers and Compressed Natural Gas ("CNG"), partially offset by a decrease in MetroENERGÍA's sales.

MetroGAS gas sales to residential customers increased by 176.4%, from 256,428 to 708,791 for the three months period ended on March 31, 2016 and 2017, respectively, mainly due to the increase in tariffs for the Resolution No. 4,044/2016, effective as of October 7, 2016, partially offset by a decrease of the 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 59.5%, to 51,258 during the three months period ended on March 31, 2017 from 32,146 during the same period in previous fiscal year, mainly on account of an increase to the tariff according to Resolution No. 4,044/2016 effective as of October 7, 2016, partially offset by a decrease of the volumes delivered to this customer category by 18.4%.

Gas sales to CNG stations amounted to 341,634 during the three months period ended on March 31, 2017, with no sales of this type recorded in the same prior year, due to the fact that resolution No. 34/2016 in effect from May 1, 2016, established a new regime applicable to CNG supply stations establishing the obligation for these users to purchase natural gas for supply by the distributor in their area or distribution area in a manner that they provide the complete service (gas, transportation and distribution).

Consequently, no sales of transportation and distribution services to CNG recorded during the three months period ended on March 31, 2017, while during the three months period ended March 31, 2016 revenue was amounted to 9,989.

Sales of transportation and distribution services to power stations increased by 194.1%, from 31,897 during the three months period ended on March 31, 2016 to 93,795 for the same period of the present fiscal year, due to higher average tariff the incidence of transport cost component and increase in volumes delivered to this customer category by 23.8%.

On the other hand, sales of transportation and distribution services to industrial and commercial customers and governmental entities increased by 496.3%, from 14,024 during the three months period ended on March 31, 2016 to 83,625 for the same period in the present fiscal year, due to higher average tariff the incidence of transport cost component, partially offset by a decrease of the volumes delivered to this customer category by 25.6%.

During the three months period ended on March 31, 2016 sales were recorded in relation with the processing of natural gas amounted to 1,131, while no sales of this customer category during the three months period ended on March 31, 2017.

MetroENERGÍA gas sales during the three months period ended on March 31, 2017 amounted to 549,617 decreasing by 15.6% as compared of the same period in previous fiscal year amounted to 650,927. This decrease was mainly due to a decreased by 30.5% 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 periods ended on March 31, 2017 and 2016, in thousands of pesos:

	Revenues			
	For the three months periods ended March 31,			
	2017		2016	
	Thousands of Ps.	% of Total Sales	Thousands of Ps.	% of Total Sales
MetroGAS				
Gas sales:				
Residential	708,791	38.3 %	256,428	25.5 %
Industrial, Commercial and Governmental entities	51,258	2.8 %	32,146	3.2 %
Compressed Natural Gas	341,634	18.5 %	-	-
Subtotal	1,101,683	59.6 %	288,574	28.7 %
Transportation and Distribution Services				
Power Plants	93,795	5.1 %	31,897	3.2 %
Industrial, Commercial and Governmental entities	83,625	4.5 %	14,024	1.4 %
Compressed Natural Gas	-	-	9,989	1.0 %
Subtotal	177,420	9.6 %	55,910	5.6 %
Processed Natural Gas	-	-	1,131	0.1 %
MetroENERGÍA				
Gas and transport sales	549,617	29.7 %	650,927	64.6 %
Other sales	19,853	1.1 %	10,953	1.0 %
Total of Sales	1,848,573	100.0 %	1,007,495	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, 2017 and 2016, in millions of cubic meters:

	Volumes			
	For the three months periods ended March 31,			
	2017		2016	
	MMMC	% of Volumes of gas delivered	MMMC	% of Volumes of gas delivered
MetroGAS				
<i>Gas sales:</i>				
Residential	202.6	11.9 %	207.7	12.8 %
Industrial, Commercial and Governmental entities	61.4	3.6 %	75.2	4.6 %
Compressed Natural Gas	117.6	6.9 %	-	-
Subtotal	<u>381.6</u>	<u>22.4 %</u>	<u>282.9</u>	<u>17.5 %</u>
<i>Transportation and Distribution Services:</i>				
Power Plants	1,029.5	60.4 %	831.9	51.3 %
Industrial, Commercial and Governmental entities	129.3	7.6 %	173.7	10.7 %
Compressed Natural Gas	-	-	126.9	7.8 %
Subtotal	<u>1,158.8</u>	<u>68.0 %</u>	<u>1,132.5</u>	<u>69.9 %</u>
Other Gas Sales and Transportation and Distribution Services	164.1	9.6 %	205.5	12.7 %
Total delivered volume by MetroGAS	<u>1,704.5</u>	<u>100.0 %</u>	<u>1,620.9</u>	<u>100.0 %</u>
Total gas volumes delivered and transported by MetroENERGÍA	<u>216.1</u>	<u>100.0 %</u>	<u>311.1</u>	<u>100.0 %</u>

Operating Costs

Operating costs increased by 33.5% amounting to 1,285,937 during the three months period ended on March 31, 2017, respect to 963,108 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, taxes, rates and contributions and fees for sundry services.

The costs of natural gas purchases increased by 16.9%, from 724,926 for the three months period ended on March 31, 2016 to 847,585 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 MetroGAS. During the three months period ended on March 31, 2017, 453 million cubic meters were purchased by MetroGAS, and 216 million cubic meters by MetroENERGÍA, which as a whole represent 9.3% increase with respect to gas volumes purchased in the same period in previous fiscal year.

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

Gas transportation costs increased by 157.2% during the three months period ended on March 31, 2017 as compared with the same period in previous fiscal year mainly due to the increase in average prices of transportation of MetroGAS. As a consequence the application of ENARGAS Resolution No. 4,053/2016 for TGN and Resolution No. 4,054/2016 for TGS to power plants, industries and CNG customers.

The table below shows the operating costs of the Company by type of expenses for the three month periods ended on March 31, 2017 and 2016, in thousands of pesos:

	Operating costs			
	For the three months periods ended March 31,		2016	
	2017	%	2016	%
Thousands of Ps.	of Total Operating Costs	Thousands of Ps.	of Total Operating Costs	
Cost of natural gas	847,585	65.8%	724,926	75.2%
Transportation of natural gas	236,144	18.4%	91,815	9.5%
Depreciation of properties, plant and equipment, investment properties and intangible assets	21,229	1.7%	19,073	2.0%
Payroll and other employees benefits	90,106	7.0%	65,041	6.8%
Maintenance and repair	24,633	1.9%	25,341	2.6%
Sundry materials	1,680	0.1%	5,586	0.6%
Fees for sundry services	22,896	1.8%	13,114	1.4%
Taxes, rates and contributions	39,593	3.1%	15,291	1.6%
Other operating expenses	2,071	0.2%	2,921	0.3%
Total	1,285,937	100.0%	963,108	100.0%

Administrative expenses

Administrative expenses increased by 46.7%, from 122,457 for the three months period ended on March 31, 2016 to 179,655 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 of Properties, Plant & Equipment.

Selling expenses

Selling expenses increased by 90.3%, from 107,382 for the three months period ended on March 31, 2016 to 204,321 for the same period in present fiscal year. This increase was mainly due to the increase in taxes, rates and contributions, in commissions in bank expenses, increased of doubtful account charge, in payroll and other employee's benefits, in fees for sundry services and in post and telecommunication expenses.

Other income and expenses

Other income and expenses amounted to a loss of 22,212 for the three months period ended March 31, 2016 and amounted a loss of 71,828 in the same period in present fiscal year, mainly due to the increase in the provision for contingencies during for the three months period ended on March 31, 2017.

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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

Net financial results

During the three months period ended on March 31, 2017 net financial results was a loss of 35,826, as compared to a loss of 371,788 for the same period in previous fiscal year. The variation in financial results was mainly due to an increase in the income of the exchange difference on financial debt during the three months period ended on March 31, 2017, partially offset by increased in the interest of financial debt.

Income tax

During the three months period ended on March, 2017 the Company accrued income of 446,578, as compared to a loss of 6,671 shown for the same period in previous fiscal year. This variation was mainly due to the Company has acknowledged a credit for tax losses arising from previous years of 402,902 (75,273 of which have been compensated with the income tax provision of this period) and a 69.073 credit for MPIT. Credits arising from remaining tax losses estimated as at March 31, 2017, amounting to 312,804, which were not acknowledged in the financial statements at the end of the period, are deemed to be compensated and recognized as tax profits in the next periods of this fiscal year.

Net cash flows generated by (used in) operating activities

Net cash flows generated by operating activities for the three months period ended on March 31, 2017 amounted to 1,070,625, as compared with 24,536 used in for the same period in previous fiscal year. This variation was mainly due to higher cash funds generated by operating results and by the higher funds generated from working capital.

Net cash flows used in investing activities

Net cash flows used in investment activities amounted to 158,951 for the three months period ended on March 31, 2017 mainly due to increases in properties, plant and equipment and intangible assets, as compared with 95,226 for the same period in previous fiscal year.

Net cash flows used in financing activities

Net cash flows used in financing activities amounted to 33,512 for the three months period ended on March 31, 2017 as a consequence of the increase in the payment of interests from the financial debt as compared with 28,574 cash flows used in the same period in previous fiscal year.

Liquidity and capital resources**Financing**

As of March 31, 2017, the financial debt accounted for by Company amounted to 2,899,315 (See Note 18 to these condensed interim consolidated statements as of March 31, 2017).

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⁾**

Condensed Interim Consolidated Statement of Financial Positions as of March 31, 2017, 2016, 2015, 2014 and 2013.

	03.31.17	03.31.16	03.31.15	03.31.14	03.31.13
	Thousands of Ps.				
Non current Assets	3,041,094	2,229,370	2,008,503	1,867,695	1,795,672
Current assets	3,754,952	1,597,462	878,479	499,092	478,922
Total assets	6,796,046	3,826,832	2,886,982	2,366,787	2,274,594
Non current Liabilities	3,037,580	2,970,790	1,757,158	1,521,264	1,093,602
Current Liabilities	4,613,060	2,209,935	1,456,350	764,430	567,105
Total Liabilities	7,650,640	5,180,725	3,213,508	2,285,694	1,660,707
Non-controlling interest	3,255	7,773	4,296	642	1,338
Equity attributable to the owners of the parent	(857,849)	(1,361,666)	(330,822)	80,451	612,549
Total Liabilities and Shareholders' Equity	6,796,046	3,826,832	2,886,982	2,366,787	2,274,594

⁽¹⁾ 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⁾

Condensed Interim Consolidated Statements of Profit and Loss and Other Comprehensive Income for the three months periods ended on March 31, 2017, 2016, 2015, 2014 and 2013.

	03.31.17	03.31.16	03.31.15	03.31.14	03.31.13
	Thousands of Ps.				
Revenues	1,848,573	1,007,495	774,442	454,337	371,459
Operating costs	(1,285,937)	(963,108)	(595,610)	(391,364)	(280,257)
Gross profit	562,636	44,387	178,832	62,973	91,202
Administration expenses	(179,655)	(122,457)	(102,120)	(65,485)	(43,366)
Selling expenses	(204,321)	(107,382)	(90,703)	(58,386)	(55,711)
Other income and expenses	(71,828)	(22,212)	813	(7,870)	(772)
Operating income (loss)	106,832	(207,664)	(13,178)	(68,768)	(8,647)
Finance income	15,822	39,130	5,083	5,322	2,815
Finance cost	(51,648)	(410,918)	(107,067)	(266,552)	(56,965)
Net financial results	(35,826)	(371,788)	(101,984)	(261,230)	(54,150)
Debt restructuring result	-	-	-	-	757,470
Result before income tax	71,006	(579,452)	(115,162)	(329,998)	694,673
Income tax and minimum presumed income tax	446,578	(6,671)	(4,302)	(13,026)	(248,073)
Net result for the period	517,584	(586,123)	(119,464)	(343,024)	446,600
Other comprehensive result	-	-	-	-	-
Net and comprehensive result for the period	517,584	(586,123)	(119,464)	(343,024)	446,600

⁽¹⁾ 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, 2017, 2016, 2015, 2014 and 2013.

	03.31.17	03.31.16	03.31.15	03.31.14	03.31.13
	Volumes				
	In millions of cubic meters				
Gas purchased by MetroGAS	453	301	322	335	388
Gas contracted by third parties	1,390	1,458	1,536	1,418	1,821
	1,843	1,759	1,858	1,753	2,209
Volume of gas withheld:					
- Transportation	(113)	(99)	(105)	(101)	(129)
- Loss in distribution	(25)	(39)	(41)	(44)	(47)
- Transportation and processing of natural gas	-	-	-	-	(2)
Volume of gas delivered by MetroGAS	1,704	1,621	1,712	1,608	2,031
Volume of gas purchased and delivered by MetroENERGÍA	216	311	280	214	200

Comparative ratios ⁽¹⁾

The information below makes reference to the three months periods ended on March 31, 2017, 2016, 2015, 2014 and 2013.

	03.31.17	03.31.16	03.31.15	03.31.14	03.31.13
Liquidity	0.81	0.72	0.60	0.65	0.84
Solvency	(0.11)	(0.26)	(0.10)	0.04	0.37
Immobilization	0.45	0.58	0.70	0.79	0.79

⁽¹⁾ 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	2013	0.70
March	2014	1.74
March	2015	4.24
January	2016	8.45
February	2016	8.75
March	2016	9.00
January	2017	14.50
February	2017	21.90
March	2017	24.40

(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 Integral Tariff Review process as set forth in the Comprehensive Letter of Understanding of Contractual 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 8, 2017

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.

Tel.: (+54-11) 4320-2700
Fax: (+54-11) 4325-8081/4326-7340
www.deloitte.com/ar

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

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

Review report of the condensed interim consolidated financial statements

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

We have reviewed the accompanying condensed interim consolidated financial statements of METROGAS SOCIEDAD ANÓNIMA (an Argentine corporation, hereinafter mentioned as "METROGAS S.A." or the "Company") which comprise the condensed interim consolidated statement of financial position as of March 31, 2017, the condensed interim consolidated statements of profit and loss and other comprehensive income, the related statements of changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information included in their notes 1 to 30.

The figures and other information corresponding to the year ended on December 31, 2016 and for the three-month period ended March 31, 2016, are an integral part of the condensed interim consolidated financial statements above mentioned and are intended to be read only in relation to the amounts and other disclosures relating to those financial statements.

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

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

3. Auditors' responsibility

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

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

4. Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of METROGAS S.A. corresponding to the three-month period ended on March 31, 2017 are not presented, in all material respects, in accordance 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, as a consequence of the magnitude of the accumulated losses recorded at March 31, 2017, the Company has a negative Shareholders' Equity attributable to the parent company of thousands of Ps. 857,849, being subject to the provisions of Art. 94 paragraph 5 and Art. 96 of the General Corporations Law N° 19,550.

In addition, in Notes 2.1 and 2.2 of the accompanying condensed interim consolidated financial statements, the Company describes the progress made in the Integral Tariff Review process under the Provisional Agreement and Memorandum of Agreement of Adequacy of the Natural Gas Distribution License Contract signed on March 2017.

English translation of statutory condensed interim consolidated financial statements

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

Buenos Aires, Argentina
May 8, 2017

Deloitte & Co. S.A.

Ricardo C. Ruiz
Partner