

# **METROGAS S.A.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS AS OF SEPTEMBER 30, 2016 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
1. GENERAL INFORMATION.....	6
2. ECONOMIC AND FINANCIAL POSITION AND REGULATORY FRAMEWORK .....	6
3. BASIS FOR PRESENTATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS .....	11
4. ACCOUNTING POLICIES .....	12
5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS.....	12
6. FINANCIAL RISK MANAGEMENT .....	13
7. FINANCIAL INSTRUMENTS .....	13
8. INTERESTS IN SUBSIDIARIES .....	13
9. SEGMENT REPORTING .....	15
10. PROPERTIES, PLANT AND EQUIPMENT.....	16
11. INVESTMENT PROPERTIES .....	17
12. INTANGIBLE ASSETS.....	18
13. TRADE RECEIVABLES.....	19
14. OTHER RECEIVABLES.....	21
15. CASH AND CASH EQUIVALENTS.....	23
16. SHAREHOLDERS' EQUITY AND ISSUED CAPITAL.....	23
17. OTHER TAXES PAYABLES.....	25
18. FINANCIAL DEBT .....	26
19. REORGANIZATION LIABILITIES .....	28
20. PROVISIONS.....	28
21. TRADE PAYABLES .....	29
22. SALARIES AND SOCIAL SECURITY .....	30
23. OTHER ACCOUNTS PAYABLE .....	31
24. REVENUES .....	32
25. EXPENSES BY NATURE.....	32
26. OTHER INCOME AND EXPENSES .....	33
27. NET FINANCIAL RESULTS.....	34
28. INCOME TAX AND MINIMUM PRESUMED INCOME TAX .....	34
29. NET RESULT PER SHARE .....	36
30. BALANCES AND TRANSACTIONS WITH RELATED PARTIES .....	36
INFORMATIVE SUMMARY OF ACTIVITY .....	44
INDEPENDENT AUDITORS' REPORT	

## METROGAS S.A.

### CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2016 AND COMPARATIVES

#### LEGAL INFORMATION

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

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

**Financial Statements:** Condensed Interim Consolidated as of September 30, 2016 and comparatives.

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

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

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

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

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

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

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

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

#### Composition of Issued Capital as of 09.30.16:

Classes of Shares	Subscribed, Registered and Paid-in
Outstanding	
Common Certified Shares of Ps. 1 Par Value and 1 Vote each:	
Class "A"	290,277
Class "B"	275,026
Class "C"	3,868
<b>Issued Capital as of 09.30.16</b>	<b>569,171</b>

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

## METROGAS S.A.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2016 AND DECEMBER 31, 2015

(stated in thousands of pesos)

	Notes	09.30.16	12.31.15
<b>Assets</b>			
<b>Non current Assets</b>			
Properties, plant and equipment	10	2,293,889	2,076,672
Intangible assets	12	103,854	69,899
Deferred tax assets	28	18,845	9,375
Investment properties	11	2,348	2,394
Other receivables	14	3,382	9,519
<b>Total Non current assets</b>		<u>2,422,318</u>	<u>2,167,859</u>
<b>Current assets</b>			
Inventories		1,126	-
Trade receivables	13	2,554,078	1,031,403
Other receivables	14	195,648	230,012
Cash and cash equivalents	15	584,993	596,223
<b>Total Current assets</b>		<u>3,335,845</u>	<u>1,857,638</u>
<b>Total assets</b>		<u>5,758,163</u>	<u>4,025,497</u>
<b>Shareholders' Equity</b>			
Issued capital	16	569,171	569,171
Accumulated results (losses)		(2,226,216)	(1,344,258)
<b>Equity attributable to the owners of the parent</b>		<u>(1,657,045)</u>	<u>(775,087)</u>
Non-controlling interest		2,566	7,317
<b>Total Shareholders' Equity</b>	16	<u>(1,654,479)</u>	<u>(767,770)</u>
<b>Liabilities</b>			
<b>Non current Liabilities</b>			
Trade payable	21	111,850	172,055
Financial debt	18	2,604,464	2,135,949
Deferred tax liabilities	28	179,913	223,161
Reorganization liabilities	19	13,642	13,642
Other taxes payable	17	4,516	5,647
Provisions	20	129,297	116,258
<b>Total Non current Liabilities</b>		<u>3,043,682</u>	<u>2,666,712</u>
<b>Current Liabilities</b>			
Trade payable	21	3,668,546	1,611,215
Salaries and social securities	22	169,872	128,329
Income tax and minimum presumed income tax ("MPIT")		-	43,113
Other taxes payable	17	302,264	176,217
Financial debt	18	212,111	144,858
Other accounts payable	23	16,167	22,823
<b>Total Current Liabilities</b>		<u>4,368,960</u>	<u>2,126,555</u>
<b>Total Liabilities</b>		<u>7,412,642</u>	<u>4,793,267</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>5,758,163</u>	<u>4,025,497</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 NINE AND THREE-MONTHS PERIODS ENDED SEPTEMBER 30, 2016 AND 2015 (stated in thousands of pesos)

	Notes	For the nine months period ended,		For the three months period ended,	
		09.30.16	09.30.15	09.30.16	09.30.15
Revenues	24	5,984,308	3,394,336	2,888,353	1,481,794
Operating costs	25	(5,055,100)	(2,836,984)	(2,538,836)	(1,187,210)
<b>Gross profit</b>		<b>929,208</b>	<b>557,352</b>	<b>349,517</b>	<b>294,584</b>
Administration expenses	25	(440,034)	(311,263)	(158,256)	(100,895)
Selling expenses	25	(535,821)	(352,737)	(227,211)	(151,058)
Other income and expenses	26	(41,881)	(5,514)	(15,463)	(7,258)
<b>Result before Temporary Economic Assistance Resolution ES 263/15</b>		<b>(88,528)</b>	<b>(112,162)</b>	<b>(51,413)</b>	<b>35,373</b>
Temporary Economic Assistance Resolution ES 263/15		-	561,700	-	206,200
<b>Operating (loss) income</b>		<b>(88,528)</b>	<b>449,538</b>	<b>(51,413)</b>	<b>241,573</b>
Finance income	27	107,689	21,726	45,655	9,842
Finance cost	27	(921,653)	(463,336)	(218,983)	(164,769)
<b>Net financial results</b>		<b>(813,964)</b>	<b>(441,610)</b>	<b>(173,328)</b>	<b>(154,927)</b>
<b>Result before income tax and MPIT</b>		<b>(902,492)</b>	<b>7,928</b>	<b>(224,741)</b>	<b>86,646</b>
Income tax and MPIT	28	15,783	(23,525)	19,688	(8,025)
<b>Net result for the period</b>		<b>(886,709)</b>	<b>(15,597)</b>	<b>(205,053)</b>	<b>78,621</b>
Other comprehensive result		-	-	-	-
<b>Net and comprehensive result for the period</b>		<b>(886,709)</b>	<b>(15,597)</b>	<b>(205,053)</b>	<b>78,621</b>
<b>Net and comprehensive result for the period attributable to controlling interest</b>		<b>(881,958)</b>	<b>(17,207)</b>	<b>(205,205)</b>	<b>77,031</b>
<b>Net and comprehensive result for the period attributable to non-controlling interest</b>		<b>(4,751)</b>	<b>1,610</b>	<b>152</b>	<b>1,590</b>
<b>Net and comprehensive result for the period</b>		<b>(886,709)</b>	<b>(15,597)</b>	<b>(205,053)</b>	<b>78,621</b>
<b>Net result per share</b>					
Basic and diluted	29	(1.55)	(0.03)	(0.36)	0.14

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 SEPTEMBER 30, 2016 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
<b>Balance as of December 31, 2014</b>	569,171	(779,357)	(210,186)	3,124	(207,062)
Net and comprehensive result for the nine months period ended September 30, 2015	-	(17,207)	(17,207)	1,610	(15,597)
<b>Balance as of September 30, 2015</b>	569,171	(796,564)	(227,393)	4,734	(222,659)
Net and comprehensive result for the three months period ended December 31, 2015	-	(547,694)	(547,694)	2,583	(545,111)
<b>Balance as of December 31, 2015</b>	569,171	(1,344,258)	(775,087)	7,317	(767,770)
Net and comprehensive result for the nine months period ended September 30, 2016	-	(881,958)	(881,958)	(4,751)	(886,709)
<b>Balance as of September 30, 2016</b>	569,171	(2,226,216)	(1,657,045)	2,566	(1,654,479)

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016 AND 2015 (stated in thousands of pesos)

	09.30.16	09.30.15
<b>Cash flows generated by operating activities</b>		
Net result for the period	(886,709)	(15,597)
Adjustments to arrive to the net cash flow from operating activities		
Income tax and MPIT	(15,783)	23,525
Temporary Economic Assistance Resolution ES 263/15	-	(561,700)
Depreciation of properties, plant and equipment and investment properties and intangible assets	75,515	69,838
Net book value of disposals of properties, plant and equipment and investment properties	14,392	6,964
Net charge on provisions	90,513	28,330
Net financial results	892,396	384,794
Changes in assets and liabilities		
Trade receivables	(1,606,856)	(498,901)
Other receivables	56,752	246,940
Inventories	(1,126)	-
Other non current investments	-	1,066
Trade payable	1,947,047	743,535
Salaries and social securities	41,543	19,468
Income tax and MPIT liability	-	(126)
Other taxes payable	94,238	79,767
Provisions	(20,675)	(4,258)
Other accounts payable	(3,572)	(7,750)
Income tax and MPIT paid in the period	(34,972)	(5,659)
<b>Net cash flows generated by operating activities</b>	<u>642,703</u>	<u>510,236</u>
<b>Cash flows used in investing activities</b>		
Increase in properties, plant and equipment	(310,739)	(156,934)
Increase in intangible assets	(36,645)	(47,540)
Proceeds from sales of investment properties	-	2,908
<b>Net cash flows used in investing activities</b>	<u>(347,384)</u>	<u>(201,566)</u>
<b>Cash flows used in financing activities</b>		
Financial debt interest payment	(149,047)	(78,394)
Commercial debt interest payment	(157,718)	-
<b>Net cash flows used in financing activities</b>	<u>(306,765)</u>	<u>(78,394)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(11,446)</u>	<u>230,276</u>
Cash and cash equivalents at the beginning of year (1)	596,223	97,586
Exchange differences on cash and cash equivalents	216	737
Cash and cash equivalents at the end of the period (1)	<u>584,993</u>	<u>328,599</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(11,446)</u>	<u>230,276</u>

(1) As of September 30, 2016 and 2015, funds collected and pending to be deposited for Trust Funds and Resolution I-2,621/2013 amount to 52,408 and 139,246, respectively.

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

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

Marcelo Adrián Núñez  
Chairperson

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

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

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

The Company was 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 the Letter of Understanding subscribed on November 21, 2012 with the Ente Nacional Regulador del Gas (“ENARGAS”), the gas regulatory agency, the Provisional Agreement subscribed on March 26, 2014 with the Unit for the Renegotiation and Analysis of Public Services Contracts (“UNIREN”) and the Provisional Agreement signed on February 24, 2016 with the Ministries of Energy and Mining (“MINEM”), and Economy and Public Finances have not allowed, up to this date, to restore the economic and financial position of the Company.



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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

In this context, as of September 30, 2016, the Company registered accumulated losses attributable to controlling interest amounting to 2,226,216 and kept a consolidated negative working capital to 1,033,115.

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

The significant developments occurred during the nine months period ended September 30, 2016 are described as follows.

#### **2.1 Provisional Agreement 2016**

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

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

The Provisional Agreement provided the incorporation of the transfer resulting from changes in tax rules, with the exception of the income tax, which were pending of resolution, and established for MetroGAS a Mandatory Investment.

Also, established that, between the date the agreement is entered into and December 31, 2016, the parties must agree on the modalities, deadlines and timeliness of the signature of the Comprehensive Letter of Understanding of Contractual Renegotiation.

On March 29, 2016, MINEM instructed ENARGAS through Resolution No. 31/2016 to carry out the Integral Tariff Review process as set forth in the Comprehensive Letter of Understanding of Contractual Renegotiation entered into with the Licensees within the framework of Law No. 25,561, amendments and supplements, which shall be completed within a term no more of one year as from March 29, 2016.

On March 28, 2016, MINEM established, effective from April 1, 2016, through Resolution No. 28/2016 the new prices for natural gas at city gate into the PIST and introduced a discount scheme for residential customers that register the same consumption or savings over 15% compared with the same period on previous year. For lower-income customers unable to pay the tariff charts, a differential tariff denominated “Social Tariff” was established.

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

Under the terms of the Provisional Agreement, on April 4, 2016, the Official Gazette published ENARGAS Resolution No. 3,726/2016, were approved, effective April 1, 2016, tariff schedules transition to be applied to MetroGAS customers. Through differential tariff, the ENARGAS Resolution No. 3,726/2016, determinate tariff schedules for residential customers with 15% or more saving in their consumption compared to the same period of the previous year as well as those to be applied to customers registered with the registry provided for in ENARGAS Resolution No. I-2,905/2014 with the amendments introduced by the provisions of section 5 of MINEM Resolution No. 28/2016 respect to the Social Tariff.

As to the Social Tariff, section 5 of MINEM Resolution No. 28/2016 established that a discount of one hundred percent (100%) of the price of natural gas or of propane gas shall be granted to customers included in the register stipulated by ENARGAS Resolution No. I-2,905/2014. On May 6, 2016, through ENARGAS Resolution No. 3,784/2016 the Waived Customers Register was adjusted to the National Government Subsidies Redirecting Policy.

Furthermore, the tariff schedules established to ENARGAS Resolutions No. 3,726/2016 (i) include the amounts corresponding to Fund for Gas Distribution Consolidation and Expansion Works (“FOCEGAS”) as a “Fixed Amount”, according to ENARGAS Resolutions No. I-2,407/2012 and I-3,249/2015 and (ii) instruct MetroGAS to discontinue the inclusion of amounts resulting from the charge provided for in Decree No. 2,067/2008. Regarding service bills which are issued every two months, MetroGAS was instructed that the collection of the service bills shall be effected as a monthly payment obligation, with two monthly payments each of them equivalent to 50% of the total amount of the bi-monthly bill, thirty days apart one from the other.

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

In relation with the tariffs applicable to users of MetroGAS - as well as to the users of the other Distributors - they were limited by means of Resolutions MINEM No. 99/2016 and No. 129/2016.

The MINEM Resolution No. 129/2016 modified Resolution No. 99/2016 and 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.

Additionally, MINEM instructed ENARGAS to adopt the actions required in order to finish before December 31, 2016, the Integral Tariff Review process (mentioned in Section 1 of Resolution No. 31 dated March 29, 2016) to which end the public hearing therein provided for shall be conducted before October 31, 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

On July 27, 2016 ENARGAS informed through Note No. 6,877 that as a result of the decision in the case promoted by the Center of Studies for the Promotion of Equality and Solidarity (“CEPIS”), (See Note 2 to these financial statements) and until a final decision is reached in relation with the extraordinary appeal filed by MINEM, the application of ENARGAS Resolutions which implemented the tariff increase, which included ENARGAS’ Resolutions No. 3,726/2016 and No. 3,843/2016 would not be feasible.

On August 18, 2016, the National Supreme Court (“C.S.J.N.”) admitted the extraordinary appeal filed by MINEM in the CEPIS case and partially confirmed the appealed ruling as to the nullity of Resolutions No. 28/2016 and 31/2016 for residential consumers of natural gas, maintaining for them, and in the most beneficial way, the validity of the social tariff, founded on the absence of public hearings to establish the tariff increases. Therefore, and for residential customers, the tariff schedules established as from April 1, 2016, have been discarded.

As a result of the C.S.J.N.’s ruling, steps were taken in order to hold the public hearings required by C.S.J.N. for PIST prices and with reference to the temporary Transportation and Distribution tariffs (ENARGAS Resolutions No. I-3,953/16 and No. I-3,957/16).

Based on C.S.J.N.’s Resolution, MINEM issued Resolution No. 152-E/2016 which instructs ENARGAS on how to bill consumptions of residential and SGP customers as from April 1, 2016. On this matter, Resolution No. 3,961/2016 establishes that in order to bill residential customers for consumptions after April 1, 2016, the tariff schedules valid as at March 31, 2016 shall apply, and it repeals Article 1 of ENARGAS Resolution No. I-3,843/16, related to the bonus determined by MINEM Resolution No. 129/2016. Furthermore, ENARGAS issued Resolution No. 3,960/2016, instructing distributors about mechanisms for applying the bonus of MINEM Resolution No. 129/2016 to SGP customers.

After holding the public hearings demanded by MINEM (PIST prices) and ENARGAS (Transportation and Distribution Tariffs) and publishing the Final Report of the hearings (art. 21 ENARGAS Resolution No. 3,158/2005), on October 7 the Official Gazette published MINEM Resolution No. 212 – E/2016 (PIST prices), ENARGAS Resolution No. 4,044/2016 that describes tariff schedules for MetroGAS customers and ENARGAS Resolutions No. 4,053/2016 and 4,054/2016 with the tariff schedules for transportation companies Transportadora de Gas del Norte S.A. and Transportadora de Gas del Sur S.A., respectively. In this respect, MINEM Resolution No. 212 – E/2016 provides a gradual increase of PIST prices tending to reduce the application of the subsidies provided by the National Government according to a price proposal to be prepared – and subject to approval of MINEM - by the Secretariat of Hydrocarbon Resources.

ENARGAS Resolution No. 4,044/2016 decided to: (i) declare Public Hearing No. 83 valid; (ii) approve as from October 7, 2016, the new tariff schedules to be applied to customers within MetroGAS license area; (iii) approve as from October 7, 2016, the new tariff schedules to be applied to customers within MetroGAS license area that have a 15% saving or above on their consumption with respect to the same period of the previous year; and (iv) approve as from October 7, 2016, the new tariff schedules to be applied to customers within MetroGAS license area registered with the Registry provided by ENARGAS Resolution No. I-2,905/14 (Social Tariff).

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

Furthermore, ENARGAS Resolution No. 4,044/2016 provides limits to increases for R and SGP customers when the total amount of the invoice is above two hundred and fifty pesos (\$250). The final amount of the invoice plus taxes resulting from the application of the approved tariff schedules, and the amount actually invoiced based on the referred limit, shall be deducted from the invoice issued to the customer in a separate line below the tariff items, under the heading “Bonus Res. MEyM No. XX/16”. The sum of those bonuses shall be applied as a discount over the prices to be invoiced by the gas suppliers of the gas distribution companies. Such discount shall be applied proportionally by all gas suppliers based on the volume of gas provided to the Distributor. In line with the provisions of ENARGAS Resolution No. 3,726/2016 the monthly payment of the invoices shall be maintained and the Mandatory Investment Plan ratified.

Finally, on October 31, 2016, ENARGAS approved – valid as from October 7, 2016 – the tariff charts corresponding to the category “Social Welfare Institutions” (ENARGAS Resolution No. 4,092/2016) under the terms of MINEM Resolution No. 218 - E/2016 and Law 27,218 which established the Specific Utilities Tariff Regime for Social Welfare Institutions.

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

#### **2.2. Provisional remedies – Injunctions**

Following the 2016 Provisional Agreement and the tariff charts established therein, a significant number of legal actions (provisional remedies, injunctions, etc.) were registered across the Nation against the tariff charts in force (ENARGAS Resolution No. 3,726/2016).

After the decision of the C.S.J.N in the CEPIS case, MetroGAS expects no new legal actions to be filed to prevent the application of the tariff charts issued by ENARGAS following the public hearing held on September 16, 2016.

#### **2.3. Unbundling of Natural Gas**

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

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

On April 1, 2016, through Resolution No. 34/2016, the MINEM ordered a new arrangement for the supply of CNG stations establishing the obligation regarding these users to purchase natural gas for supply to the distributor of its area or range so that they provide full service (gas, transportation and distribution). ENARGAS Resolution No. 3,770/2016 dated April 26, 2016, and effective May 1, 2016, approved the tariff schedules to be applied to CNG stations within MetroGAS licensed area.

MINEM Resolution No. 212 – E/2016 established new PIST prices for natural gas allocated to GNC filling stations effective from October 7, 2016. As a consequence thereof, through ENARGAS Resolution No. 4,044/2016, new tariffs for GNC users were approved among others.

### **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 April 2016, FACPCE issued TR No. 43 which only admits the alternative of applying the equity method to measure investments in controlled companies in the separate financial statements of a controlling company under International Accounting Standard (“IAS”) 27, effective January 1, 2016.

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

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

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

The condensed interim consolidated financial statements for the nine months periods ended September 30, 2016 and 2015 have not been audited. In the Company’s opinion these financial statements reflect all the adjustments necessary to be presented on a basis consistent with the annual consolidated financial statements.

These condensed interim consolidated financial statements, originally issued in Spanish, have been approved by the Board of Directors for issuance on November 7, 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

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

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

As of September 30, 2016, the company's inventory is valued at the lowest value between cost and net realizable value. Cost includes the costs of acquisition (excluding discounts, returns or similar), transformation, and any other cost related to the location and the conditioning of stocks for the commercialization. Inventory includes natural gas and carbon monoxide detectors.

#### **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.

Except the described in section 5.1 of this note, for the preparation of these condensed interim consolidated financial statements, the key judgments made by the Company when applying its accounting policies and the sources of information used for the respective estimates are consistent with those that were applied in the consolidated financial statements for the year ended on December 31, 2015, which are detailed in Note 5 to those financial statements.

##### **5.1 Revenue recognition**

Revenues are recognized on an accrual basis upon delivery to customers which includes estimates of delivered gas or liquids amounts not yet billed at the end of each fiscal year, its transportation and distribution, if applicable. Amounts effectively delivered are estimated on the basis of purchased volumes and other historical information. These volumes are assigned to each type of customer for its valuation depending on the applicable tariff according to the estimate of the segment of the different category of customers that is carried out based on information regarding levels of consumption saving for each monthly invoice.

As a result of the delays in the invoicing process to residential customers, caused by the regulatory changes described in Note 2.1 of this financial statement, estimations covered the period April-September 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

According to the hereinabove mentioned, the Company estimated its revenue for the sale of gas and transport and distribution service, as well as the cost of the gas and transport supply as of September 30, 2016, applying to residential customers tariffs in force as of March 31, 2016 pursuant to ENARGAS Resolution No. 3,961/2016 and for all other categories of customer, the company applied Resolution No. 3,726/2016 with an increase cap of 500% for SGP customers as established by Resolution 129/2016 in accordance with ENARGAS Resolution No. 3,960/2016.

#### 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 nine month period ended on September 30, 2016 in relation to financial risk factors and management policies with respect thereto, which are detailed in Note 6 to the consolidated financial statements as of December 31, 2015.

#### 7. FINANCIAL INSTRUMENTS

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

#### 8. INTERESTS IN SUBSIDIARIES

The table below shows the Company’s controlling interest:

Directly controlled company	Percentage of capital stock and voting rights held	
	09.30.2016	12.31.2015
MetroENERGÍA	95%	95%

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

MetroGAS has used for the calculation of its share in MetroENERGÍA, the latest separate financial statements of such company, as of September 30, 2016. The equity of MetroENERGÍA at September 30, 2016 amounts to 51,320 and a positive result amounts to 51,009.

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.

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

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

According to the provisions of MetroENERGÍA’s Board of Directors on 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.

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 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.



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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

#### 9. SEGMENT REPORTING

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

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

	09.30.16			
	MetroGAS Distribution	MetroENERGÍA Trading	Eliminations	Total
Revenues	3,741,189	2,291,890	(48,771)	5,984,308
Operating loss / income	(109,589)	76,821	(55,760)	(88,528)
Results of interest in subsidiaries	55,760	-	(55,760)	-
Finance income	80,762	26,927	-	107,689
Finance cost	(896,380)	(25,273)	-	(921,653)
Result before income tax	(925,207)	78,475	(55,760)	(902,492)
Income tax and MPIT	43,249	(27,466)	-	15,783
Net and comprehensive result for the period	(881,958)	51,009	(55,760)	(886,709)
Total assets	5,448,752	536,992	(227,581)	5,758,163
Total liabilities	7,105,797	485,672	(178,827)	7,412,642
Depreciation of properties, plant and equipment, Investment properties and Intangible assets	(75,515)	-	-	(75,515)
Increase in properties, plant and equipment	310,739	-	-	310,739
Increase in Intangible Assets	35,013	1,632	-	36,645
Investments in subsidiaries	48,754	-	(48,754)	-

	09.30.15			
	MetroGAS Distribution	MetroENERGÍA Trading	Eliminations	Total
Revenues	1,768,307	1,645,829	(19,800)	3,394,336
Operating loss / income	(173,086)	153,696	(92,772)	(112,162)
Results on investments in subsidiaries	92,772	-	(92,772)	-
Finance income	12,897	8,829	-	21,726
Finance cost	(446,014)	(17,322)	-	(463,336)
Result before income tax	(44,503)	145,203	(92,772)	7,928
Income tax and MPIT	27,296	(50,821)	-	(23,525)
Net and comprehensive result for the period	(17,207)	94,382	(92,772)	(15,597)
Total assets	3,676,481	418,894	(150,706)	3,944,669
Total liabilities	3,903,874	324,201	(60,747)	4,167,328
Depreciation of properties, plant and equipment and Investment properties	(69,838)	-	-	(69,838)
Increase in properties, plant and equipment	156,934	-	-	156,934
Increase in Intangible Assets	47,540	-	-	47,540
Investments in subsidiaries	89,959	-	(89,959)	-

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

### 10. PROPERTIES, PLANT AND EQUIPMENT

MAIN ACCOUNT	ORIGINAL VALUE					DEPRECIATION				NET BOOK VALUE 09.30.16	NET BOOK VALUE 12.31.15
	AT BEGINNING OF YEAR	INCREASES	TRANSFERS	RETIREMENTS	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	RETIREMENTS	INCREASES	ACCUMULATED AT END OF PERIOD		
Land	15,654	-	-	-	15,654	-	-	-	-	15,654	15,654
Building and civil constructions	72,000	-	-	-	72,000	29,238	-	1,068	30,306	41,694	42,762
High pressure mains	387,634	-	39	-	387,673	210,515	-	4,823	215,338	172,335	177,119
Medium and low pressure mains	2,109,883	-	110,304	-	2,220,187	730,572	-	36,627	767,199	1,452,988	1,379,311
Pressure regulating stations	82,627	-	-	(233)	82,394	49,702	(136)	2,043	51,609	30,785	32,925
Consumption measurement installations	374,599	-	9,301	(3,835)	380,065	213,664	(2,505)	10,992	222,151	157,914	160,935
Other technical installations	59,839	-	2,015	-	61,854	50,035	-	742	50,777	11,077	9,804
Machinery, equipment and tools	36,991	-	2,115	-	39,106	29,142	-	959	30,101	9,005	7,849
Computer and telecommunications equipment	254,796	-	4,336	(183)	258,949	214,760	(183)	13,421	227,998	30,951	40,036
Vehicles	14,888	-	2,047	(63)	16,872	11,493	(63)	938	12,368	4,504	3,395
Furniture and fixtures	6,240	-	43	-	6,283	5,504	-	60	5,564	719	736
Materials	59,180	55,527	(33,839)	(13,100)	67,768	-	-	-	-	67,768	59,180
Gas in pipelines	214	-	-	-	214	-	-	-	-	214	214
Work in progress	100,227	255,212	(99,322)	-	256,117	-	-	-	-	256,117	100,227
Distribution network extensions constructed by third parties	72,628	-	2,961	-	75,589	20,435	-	1,106	21,541	54,048	52,193
Subtotal	3,647,400	310,739	-	(17,414)	3,940,725	1,565,060	(2,887)	72,779	1,634,952	2,305,773	2,082,340
Allowance for obsolescence of materials	(1,386)	(4,046)	-	120	(5,312)	-	-	-	-	(5,312)	(1,386)
Allowance for disposal of properties, plant and equipment	(4,282)	(2,305)	-	15	(6,572)	-	-	-	-	(6,572)	(4,282)
Total as of September 30, 2016	3,641,732	304,388	-	(17,279)	3,928,841	1,565,060	(2,887)	72,779	1,634,952	2,293,889	
Total as of December 31, 2015	3,424,874	225,350	-	(8,492)	3,641,732	1,474,156	(2,762)	93,666	1,565,060		2,076,672

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

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

**11. INVESTMENT PROPERTIES**

MAIN ACCOUNT	ORIGINAL VALUE		DEPRECIATION				NET BOOK VALUE 09.30.16	NET BOOK VALUE 12.31.15
	AT BEGINNING OF YEAR	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	ANNUAL RATE	INCREASES	ACCUMULATED AT END OF PERIOD		
Land	729	729	-	-	-	-	729	729
Building	3,049	3,049	1,384	2.00%	46	1,430	1,619	1,665
Total as of September 30, 2016	3,778	3,778	1,384		46	1,430	2,348	
Total as of December 31, 2015	3,778	3,778	1,323		61	1,384		2,394

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

**12. INTANGIBLE ASSETS**

MAIN ACCOUNT	ORIGINAL VALUE				DEPRECIATION			NET BOOK VALUE 09.30.16	NET BOOK VALUE 12.31.15
	AT BEGINNING OF YEAR	INCREASES	TRANSFERS	AT END OF PERIOD	ACCUMULATED AT BEGINNING OF YEAR	INCREASES	ACCUMULATED AT END OF PERIOD		
Software development in progress	54,673	36,645	(3,922)	87,396	-	-	-	87,396	54,673
Software	15,484	-	3,922	19,406	258	2,690	2,948	16,458	15,226
Total as of September 30, 2016	70,157	36,645	-	106,802	258	2,690	2,948	103,854	
Total as of December 31, 2015	-	70,157	-	70,157	-	258	258		69,899

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

#### 13. TRADE RECEIVABLES

	<u>09.30.16</u>	<u>12.31.15</u>
<b>Current</b>		
Trade receivables and unbilled revenues	2,575,822 (1)	952,768
Related parties	79,182	128,643
Tax on banking transactions to be recovered	28,135	17,168
Allowance for doubtful accounts	<u>(129,061)</u>	<u>(67,176)</u>
<b>Total Current</b>	<b><u>2,554,078</u></b>	<b><u>1,031,403</u></b>

The aging analysis of the trade receivables is as follows:

	<u>09.30.16</u>	<u>12.31.15</u>
-Past due		
under 3 months	176,489	85,932
from 3 to 6 months	25,995	51,208
from 6 to 9 months	26,267	28,861
from 9 to 12 months	25,605	10,655
from 1 to 2 years	50,541	16,393
more than 2 years	<u>57,273</u>	<u>18,309</u>
Subtotal	<b><u>362,170</u></b>	<b><u>211,358</u></b>
-Becoming due		
under 3 months	785,179	873,943
from 3 to 6 months	1,521,722 (1)	4,694
from 6 to 9 months	7,034	4,292
from 9 to 12 months	<u>7,034</u>	<u>4,292</u>
Subtotal	<b><u>2,320,969</u></b>	<b><u>887,221</u></b>
Allowance for doubtful accounts	<u>(129,061)</u>	<u>(67,176)</u>
Total	<b><u>2,554,078</u></b>	<b><u>1,031,403</u></b>

(1) The company estimates that the invoicing and collecting process as to residential customers, currently undergoing a delay as a result of the regulatory changes explained in Note 2.1, will return to normal during the first quarter of 2017.

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

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

	<u>09.30.16</u>	<u>12.31.15</u>
Pesos	2,217,861	662,678
US Dollars	336,217	368,725
<b>Total</b>	<b><u>2,554,078</u></b>	<b><u>1,031,403</u></b>

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

	<u>09.30.16</u>	<u>12.31.15</u>
<b>Balance at beginning of year</b>	68,466	28,983
Revaluation of foreign currency	11,008	12,599
Increases (*)	53,531	31,140
Decreases	(1,968)	(4,256)
<b>Balance at end of period/year</b>	<b><u>131,037</u></b>	<b><u>68,466</u></b>

(\*) Charged to Doubtfull 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

#### 14. OTHER RECEIVABLES

	<b>09.30.16</b>	<b>12.31.15</b>
	<u>                    </u>	<u>                    </u>
<b>Non current:</b>		
Social security and tax credits	3,329	9,171
Expenses paid in advance	53	348
<b>Total non current</b>	<u><b>3,382</b></u>	<u><b>9,519</b></u>
<b>Current:</b>		
Advances to employees	1,104	569
Insurance paid in advance	49	303
Expenses paid in advance	6,584	2,275
Trust Fund Resolution No. 2,407	1,380	1,474
Social security and tax credits	66,154	18,308
Recoverable expenses	11,816	13,961
Related parties	3,122	7,760
Advances to suppliers	47,753	11,432
Temporary Economic Assistance - Related parties	-	149,310
Advances and anticipated purchases of gas	38,421	15,742
Management service for third parties constructions	4,078	3,365
Miscellaneous	17,163	6,803
Allowance for doubtful accounts	<u>(1,976)</u>	<u>(1,290)</u>
<b>Total current</b>	<u><b>195,648</b></u>	<u><b>230,012</b></u>
<b>Total</b>	<u><b>199,030</b></u>	<u><b>239,531</b></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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

The aging analysis of the other receivables is as follows:

	<u>09.30.16</u>	<u>12.31.15</u>
-Past due		
under 3 months	4,583	152,592
from 3 to 6 months	1,114	771
from 6 to 9 months	238	235
from 9 to 12 months	550	33
from 1 to 2 years	938	615
more than 2 years	1,086	700
Subtotal	<u>8,509</u>	<u>154,946</u>
-Without due	49,926	25,667
-Becoming due		
under 3 months	119,163	46,198
from 3 to 6 months	826	7,516
from 6 to 9 months	18,917	2,195
from 9 to 12 months	283	471
from 1 to 2 years	39	802
more than 2 years	3,343	3,026
Subtotal	<u>142,571</u>	<u>60,208</u>
Allowance for doubtful accounts	(1,976)	(1,290)
<b>Total</b>	<u><u>199,030</u></u>	<u><u>239,531</u></u>

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

	<u>09.30.16</u>	<u>12.31.15</u>
Pesos	198,751	235,115
US Dollars	137	4,244
Euros	142	172
<b>Total</b>	<u><u>199,030</u></u>	<u><u>239,531</u></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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 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>09.30.16</u>	<u>12.31.15</u>
Cash and banks	45,009	79,702
Mutual funds	539,984	516,521
<b>Total</b>	<b><u>584,993</u></b>	<b><u>596,223</u></b>

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

	<u>09.30.16</u>	<u>12.31.15</u>
Pesos	583,361	593,937
US Dollars	1,400	2,161
Sterling pound	79	77
Euros	102	28
Reales	51	20
<b>Total</b>	<b><u>584,993</u></b>	<b><u>596,223</u></b>

As of September 30, 2016 and December 31, 2015, funds collected and pending to be deposit for Trust Funds and Resolution I-2,621/2013 amount to 52,408 and 59,593, respectively.

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

As of September 30, 2016, the issued capital of MetroGAS amounts to 569,171, which is fully subscribed, registered and paid-in and it is composed of the following classes of shares:

Classes of shares	Subscribed, registered and paid in
Outstanding:	
Common Certified Shares, of Ps. 1 Par Value and 1 Vote each:	
Class "A"	290,277
Class "B"	275,026
Class "C"	3,868
<b>Issued Capital at 09.30.16</b>	<b><u>569,171</u></b>

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

## METROGAS S.A.

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

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

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

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

As a consequence of the magnitude of the accumulated losses, as of September 30, 2016, the Company registered a negative Shareholders’ equity attributable to controlling interest of 1,657,045, being subject to the provisions of Art. 94, paragraph 5 and Art. 96 of the General Corporations Law.

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

#### 17. OTHER TAXES PAYABLES

	<u>09.30.16</u>	<u>12.31.15</u>
<b>Non current:</b>		
Others taxes	4,516	5,647
<b>Subtotal non current</b>	<u>4,516</u>	<u>5,647</u>
<b>Current:</b>		
Value added tax	45,337	32,761
GCABA study, revision and inspection of works in public space levy	76,239	57,052
GNC Tax	49,453	6,102
Turnover tax	47,055	26,917
Provincial and municipal taxes	49,693	49,360
Hydric infrastructure rate	22,978	2,231
Withholding to third parties	9,504	-
Others taxes	2,005	1,794
<b>Subtotal current</b>	<u>302,264</u>	<u>176,217</u>
<b>Total</b>	<u><b>306,780</b></u>	<u><b>181,864</b></u>

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

The aging analysis of other taxes payables is as follows:

	<u>09.30.16</u>	<u>12.31.15</u>
-Without due	120,175	93,975
-Becoming due		
under 3 months	181,111	81,053
from 3 to 6 months	321	521
from 6 to 9 months	326	334
from 9 to 12 months	331	334
from 1 to 2 years	809	1,011
more than 2 years	3,707	4,636
Subtotal	<u>186,605</u>	<u>87,889</u>
<b>Total</b>	<u><b>306,780</b></u>	<u><b>181,864</b></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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

#### 18. FINANCIAL DEBT

	<u>09.30.16</u>	<u>12.31.15</u>
<b>Non current:</b>		
Negotiable Obligations ("Notes")	2,545,175	2,087,326
Related parties ("Notes")	59,289	48,623
<b>Subtotal Non current</b>	<b><u>2,604,464</u></b>	<b><u>2,135,949</u></b>
<b>Current:</b>		
Interest to be paid ("Notes")	65,922	1,587
Related parties (Line of credit)	144,686	143,271
Related parties (Interest "Notes")	1,503	-
<b>Subtotal Current</b>	<b><u>212,111</u></b>	<b><u>144,858</u></b>
<b>Total</b>	<b><u>2,816,575</u></b>	<b><u>2,280,807</u></b>

As of September 30, 2016, financial debt denominated in U.S. dollars amounted to 2,671,889 and financial debt denominated in pesos amounted to 144,686. As of December 31, 2015, financial debt denominated in U.S. dollars amounted to 2,137,536 and financial debt denominated in pesos amounted to 143,271.

The table below shows the changes occurred in the balance of financial debt as of September 30, 2016 and December 31, 2015:

	<u>09.30.16</u>	<u>12.31.15</u>
Balance at beginning of year	2,280,807	1,445,776
Accrued interest at effective interest rate - Notes (1)	277,048	234,169
Accrued interest on YPF line of credit	28,877	35,029
Exchange difference	378,890	741,247
Interest payment	(149,047)	(175,414)
Balance at end of period/year	<b><u>2,816,575</u></b>	<b><u>2,280,807</u></b>

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

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

The aging analysis of financial debt is as follows:

	<u>09.30.16</u>	<u>12.31.15</u>
-Becoming due		
under 3 months	67,425	74,504
from 3 to 6 months	80,404	70,354
from 6 to 9 months	64,282	-
more than 2 years	2,604,464	2,135,949
Subtotal	<u>2,816,575</u>	<u>2,280,807</u>
<b>Total</b>	<u><b>2,816,575</b></u>	<u><b>2,280,807</b></u>

#### Negotiable Obligations

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

No event of default has occurred as of September 30, 2016. During the present period the Company has complied with the terms and covenants established under the Offering Circular.

#### Related parties

On December 12, 2013, the Board of Directors of MetroGAS unanimously approved an agreement that contemplated the opening of a credit facility with YPF. YPF’s credit facility proposal had a BADLAR cost plus an annual 6% spread. YPF made available to MetroGAS a “Non-Committed” credit facility for up to 180,000 for a period of 180 days as from the date of the proposal. MetroGAS may require such drawdowns as it may deem advisable according to its needs up to the maximum amount of the credit facility and for the above mentioned period, and make partial or total advance payments without penalty. An annual 10% default interest is applied in the event of default. On February 26, 2015 an extension of 365 days as from their corresponding maturity date and with the same terms and conditions was established, limiting the amount to 140,000. On February 25, 2016 and April 18, 2016 further extensions were set to be the new expiration dates February 27, 2017, for the first disbursement request, and April 21, 2017, for the second. As of September 30, 2016, the Company has taken 90,000 and has capitalized interest by 36,043 of this facility.

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

#### 19. REORGANIZATION LIABILITIES

	<u>09.30.16</u>	<u>12.31.15</u>
<b>Non current:</b>		
Taxes payable	13,283	13,283
Trade payables	23	23
Salaries and social security	336	336
<b>Total Non current</b>	<u><u>13,642</u></u>	<u><u>13,642</u></u>

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

#### 20. PROVISIONS

Provisions	Civil, labor and other claims	Tax claims and other fines	Regulatory claims and interpretation disagreements	Total
<b>Balance at 12.31.15</b>	<b>69,610</b>	<b>32,196</b>	<b>14,452</b>	<b>116,258</b>
Net increases of the period (*)	39,147	(8,516)	-	30,631
Reclassification to other accounts payable	-	-	3,083	3,083
Decreases of the period	(1,856)	(18,819)	-	(20,675)
<b>Balance at 09.30.16</b>	<b>106,901</b>	<b>4,861</b>	<b>17,535</b>	<b>129,297</b>

(\*) 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

#### 21. TRADE PAYABLES

	<u>09.30.16</u>	<u>12.31.15</u>
<b>Non current:</b>		
Gas creditors	44,750	18,478
Related parties	67,100	153,577
<b>Total Non current</b>	<u><b>111,850</b></u>	<u><b>172,055</b></u>
<b>Current:</b>		
Gas and transportation creditors	1,648,211	860,435
Other purchases and services creditors	218,158	128,220
Trust Funds	50,988	56,666
Related parties	1,749,769	562,967
Resolution I-2,621/2013	1,420	2,927
<b>Total current</b>	<u><b>3,668,546</b></u>	<u><b>1,611,215</b></u>
<b>Total</b>	<u><u><b>3,780,396</b></u></u>	<u><u><b>1,783,270</b></u></u>

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

	<u>09.30.16</u>	<u>12.31.15</u>
Pesos	3,472,874	1,464,731
US Dollars	307,333	317,615
Euros	189	924
<b>Total</b>	<u><u><b>3,780,396</b></u></u>	<u><u><b>1,783,270</b></u></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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

The aging analysis of the trade payables is as follows:

	<u>09.30.16</u>	<u>12.31.15</u>
-Past due		
under 3 months	96,844	672,485
from 3 to 6 months	255,444	-
from 6 to 9 months	148,508	7
from 9 to 12 months	231,048	-
from 1 to 2 years	564	1,149
more than 2 years	814	117
Subtotal	<u>733,222</u>	<u>673,758</u>
-Becoming due		
under 3 months	2,791,175 (1)	856,461
from 3 to 6 months	45,149	25,268
from 6 to 9 months	47,990	26,859
from 9 to 12 months	51,010	28,869
from 1 to 2 years	111,850	133,322
more than 2 years	-	38,733
Subtotal	<u>3,047,174</u>	<u>1,109,512</u>
<b>Total</b>	<u><b>3,780,396</b></u>	<u><b>1,783,270</b></u>

(1) Including invoices to producers and transport companies and provisions for pending invoices and credit notes to correct invoicing corresponding to the period April-September 2016.

## 22. SALARIES AND SOCIAL SECURITY

	<u>09.30.16</u>	<u>12.31.15</u>
Salaries	5,504	19,253
Social securities	20,530	24,091
Related parties	9,444	9,773
Thirteenth month salary provision	14,864	-
Vacation provision	76,187	46,754
Bonus provision	41,926	28,262
Others	1,417	196
<b>Total</b>	<u><b>169,872</b></u>	<u><b>128,329</b></u>

The carrying amount of the Company’s salaries and social security 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

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

	<u>09.30.16</u>	<u>12.31.15</u>
-Becoming due		
under 3 months	80,783	99,554
from 3 to 6 months	69,225	9,485
from 6 to 9 months	9,932	9,485
from 9 to 12 months	9,932	9,805
Subtotal	<u>169,872</u>	<u>128,329</u>
<b>Total</b>	<u><b>169,872</b></u>	<u><b>128,329</b></u>

### 23. OTHER ACCOUNTS PAYABLE

	<u>09.30.16</u>	<u>12.31.15</u>
Payables for works on behalf of third parties	10,670	10,739
ENARGAS' Fines	2,316	2,386
GCBA' Fines	2,425	9,234
Miscellaneous	756	464
<b>Total</b>	<u><b>16,167</b></u>	<u><b>22,823</b></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>09.30.16</u>	<u>12.31.15</u>
-Without due	2,316	2,386
-Becoming due		
under 3 months	11,980	7,813
from 3 to 6 months	1,641	5,189
from 6 to 9 months	230	4,567
from 9 to 12 months	-	2,868
Subtotal	<u>13,851</u>	<u>20,437</u>
<b>Total</b>	<u><b>16,167</b></u>	<u><b>22,823</b></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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

#### 24. REVENUES

	For the nine-months period ended,		For the three-months period ended,	
	09.30.16	09.30.15	09.30.16	09.30.15
Gas sales	3,399,399	1,572,715	1,851,297	782,437
MetroENERGÍA's gas sales and transportation	2,283,068	1,638,154	877,461	637,931
Transportation and distribution services	227,272	144,640	126,657	45,102
Other sales	64,253	28,038	32,950	13,205
Natural gas liquids processing	1,494	3,114	-	1,388
MetroENERGÍA's other revenues	8,822	7,675	(12)	1,731
<b>Total</b>	<b>5,984,308</b>	<b>3,394,336</b>	<b>2,888,353</b>	<b>1,481,794</b>

#### 25. EXPENSES BY NATURE

	For the nine-months period ended,				
	09.30.16			09.30.15	
	OPERATING COSTS	ADMINISTRATION EXPENSES	SELLING EXPENSES	TOTAL	TOTAL
Payroll and other employees benefits	185,658	200,554	125,592	511,804	371,567
Social security contributions	41,767	29,294	28,056	99,117	72,718
Cost of natural gas	4,198,379	-	-	4,198,379	2,229,783
Transportation of natural gas and natural gas liquids processing	360,765	-	-	360,765	240,541
Directors and Supervisory committee fees	-	1,958	-	1,958	1,851
Fees for professional services	647	6,262	3,295	10,204	6,398
Sundry materials	18,882	-	-	18,882	13,407
Fees for sundry services	44,433	14,614	64,596	123,643	92,764
Post and telephone	1,614	5,491	37,806	44,911	40,001
Rent and leases	245	46	3,065	3,356	2,781
Transportation and freight charges	-	7,267	-	7,267	6,284
Office materials	677	1,391	1,676	3,744	2,667
Travelling expenses	787	701	405	1,893	1,626
Insurance premium	-	13,075	1	13,076	9,007
Properties, plant and equipment maintenance and repair	82,186	54,154	274	136,614	118,906
Properties, plant and equipment, Investment properties and Intangible assets depreciation	58,259	17,256	-	75,515	69,838
Taxes, rates and contributions	57,965	86,190	191,967	336,122	187,008
Publicity	-	-	9,664	9,664	4,252
Doubtful accounts	-	-	53,531	53,531	8,027
Bank expenses and commissions	-	750	14,926	15,676	14,963
Others expenses	2,836	1,031	967	4,834	6,595
Total as of September 30, 2016	5,055,100	440,034	535,821	6,030,955	
Total as of September 30, 2015	2,836,984	311,263	352,737		3,500,984

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

	For the three-months period ended,				09.30.15
	09.30.16			TOTAL	
	OPERATING COSTS	ADMINISTRATION EXPENSES	SELLING EXPENSES		
Payroll and other employees benefits	67,802	69,884	42,548	180,234	139,761
Social security contributions	15,145	10,682	9,482	35,309	20,079
Cost of natural gas	2,186,929	-	-	2,186,929	954,336
Transportation of natural gas and natural gas liquids processing	172,357	-	-	172,357	97,875
Directors and Supervisory committee fees	-	756	-	756	617
Fees for professional services	387	2,435	2,530	5,352	2,579
Sundry materials	6,438	-	-	6,438	6,692
Fees for sundry services	16,910	5,468	22,726	45,104	33,110
Post and telephone	465	1,864	9,513	11,842	15,095
Leases	99	20	1,091	1,210	1,102
Transportation and freight charges	-	1,343	-	1,343	2,842
Office materials	301	560	574	1,435	931
Travelling expenses	303	268	134	705	708
Insurance premium	-	4,657	1	4,658	3,411
Properties, plant and equipment maintenance and repair	29,183	19,892	174	49,249	45,386
Properties, plant and equipment and Investment properties depreciation	19,736	5,735	-	25,471	23,682
Taxes, rates and contributions	22,333	34,328	101,615	158,276	75,796
Publicity	-	-	5,253	5,253	2,122
Doubtful accounts	-	-	28,242	28,242	3,897
Bank expenses and commissions	-	253	2,791	3,044	6,348
Others expenses	448	111	537	1,096	2,794
Total as of September 30, 2016	<u>2,538,836</u>	<u>158,256</u>	<u>227,211</u>	<u>2,924,303</u>	
Total as of September 30, 2015	<u>1,187,210</u>	<u>100,895</u>	<u>151,058</u>		<u>1,439,163</u>

The expenses included in the above table are net of the Company’s own expenses capitalized in properties, plant and equipment and intangible assets for 25,182 at September 30, 2016 and for 15,681 at September 30, 2015.

## 26. OTHER INCOME AND EXPENSES

	For the nine-months period ended,		For the three-months period ended,	
	09.30.16	09.30.15	09.30.16	09.30.15
	GCBA' Fines	(13,387)	-	(62)
Publicity	163	338	-	-
Contractors penalties	2,109	1,235	893	158
Management service for third parties constructions	613	-	517	-
Other (expenses) / income	(2,078)	5,555	(2,622)	1,420
Revenues from rendering services to Controlling Company	1,330	2,239	-	917
Increases in provisions for claims and contingencies and others	(30,631)	(14,881)	(14,189)	(9,753)
<b>Total</b>	<b>(41,881)</b>	<b>(5,514)</b>	<b>(15,463)</b>	<b>(7,258)</b>

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

## METROGAS S.A.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

#### 27. NET FINANCIAL RESULTS

##### Finance income

	For the nine-months period ended,		For the three-months period ended,	
	09.30.16	09.30.15	09.30.16	09.30.15
Financial assets at fair value	104,799	18,319	45,703	9,575
Exchange difference on cash and cash equivalents	216	737	32	267
Other financial expenses	2,674	2,670	(80)	-
	<u>107,689</u>	<u>21,726</u>	<u>45,655</u>	<u>9,842</u>

##### Finance costs

	For the nine-months period ended,		For the three-months period ended,	
	09.30.16	09.30.15	09.30.16	09.30.15
Exchange difference on financial debt	378,890	140,684	46,780	54,146
Accrued interest on financial debt	277,048	165,452	97,566	57,070
Accrued interest on YPF line of credit	28,877	21,856	7,430	7,897
Accrued interest on commercial debt	207,797	114,601	57,634	38,287
Other financial expenses	29,041	20,743	9,573	7,369
	<u>921,653</u>	<u>463,336</u>	<u>218,983</u>	<u>164,769</u>

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

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

##### MetroGAS

##### Deferred income tax assets

	Trade receivables and Other receivables	Provisions	Total deferred tax assets
Balances at 12.31.15	100,917	26,221	127,138
Movements of the period	24,885	(2,002)	22,883
Balances at 09.30.16	<u>125,802</u>	<u>24,219</u>	<u>150,021</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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 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 liabilities
Balances at 12.31.15	(207,040)	(139,437)	(3,923)	101	(350,299)	(223,161)
Movements of the period	10,588	9,568	(1,672)	1,881	20,365	43,248
Balances at 09.30.16	(196,452)	(129,869)	(5,595)	1,982	(329,934)	(179,913)

#### MetroENERGÍA

#### Deferred income tax assets

	Trade receivables	Others	Total
Balances at 12.31.15	10,090	(715)	9,375
Movements of the period	9,506	(36)	9,470
Balances at 09.30.16	19,596	(751)	18,845

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

	For the nine-months period ended,		For the three-months period ended,	
	09.30.16	09.30.15	09.30.16	09.30.15
Income tax expense on result before income tax	315,872	(2,775)	78,659	(30,326)
<u>Tax effect due to:</u>				
Net non deductible expenses and non taxable income	(2,582)	(174)	(1,431)	(3)
Tax loss carry forwards not recognized	(297,507)	(20,576)	(57,540)	22,304
Total income tax (charged)/credit to results	<b>15,783</b>	<b>(23,525)</b>	<b>19,688</b>	<b>(8,025)</b>

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

	For the nine-months period ended,		For the three-months period ended,	
	09.30.16	09.30.15	09.30.16	09.30.15
Income tax determined for fiscal purposes MetroGAS	290,592	20,576	57,541	(22,304)
Current income tax MetroENERGÍA	(36,936)	(52,871)	(7,149)	(16,181)
Temporary differences	52,718	29,346	26,836	8,156
2015 Tax loss carry forward adjustment	6,916	-	-	-
Tax loss carry-forward not recognized	(297,507)	(20,576)	(57,540)	22,304
Total income tax (charged)/credit to results	<b>15,783</b>	<b>(23,525)</b>	<b>19,688</b>	<b>(8,025)</b>

The remaining tax losses carry-forward as of September 30, 2016 amounted to 851,675, were not recognized in the financial statements at the end of the period. That tax loss carry-forward could be offset against future results expiring 67,290 in 2017, 239,099 in 2019, 254,695 in 2020 and 290,591 thousand in 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

As of September 30, 2016, the Company has not set MPIT since it believes that the assets do not have potential to produce taxable income reached by this tax in the present period.

In addition, the tax credit on minimum presumed income tax not recognized in the financial statements as of September 30, 2016 amounted to 99,711, expiring between the years 2016 and 2024.

#### 29. NET RESULT PER SHARE

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

	For the nine-months period ended,		For the three-months period ended,	
	09.30.16	09.30.15	09.30.16	09.30.15
Net and comprehensive result for the period attributable to controlling interest	(881,958)	(17,207)	(205,205)	77,031
Average of common shares outstanding	569,171	569,171	569,171	569,171
Net basic and diluted result per share	(1.55)	(0.03)	(0.36)	0.14

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

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

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

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

The information described in the following charts shows the balances with related companies as of September 30, 2016 and December 31, 2015, as well as operations with these companies for the nine and three months periods ended on September 30, 2016 and 2015.

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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

The transactions shown below have been made with related parties:

	<b>For the nine-months period ended,</b>									
	<b>09.30.16</b>									
	Gas & transportation sales	Gas purchases	Fee for sundry services and supplies	Sundry material - Operating cost	Other income and expenses	Insurance premium	Finance costs on loans	Finance costs on commercial debt	Post and telephone expenses	Salaries and others employee benefits
<b>Controlling company:</b>										
YPF	84	809,716	1,171	2,879	1,330	-	28,877	79,816	-	-
<b>Other related parties:</b>										
YSUR Energía Argentina S.R.L.	-	132,642	-	-	-	-	-	3,453	-	-
Central Dock Sud S.A.	37,336	-	-	-	-	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	28,587	-	-	-	-	-	-	-	-	-
A-Evangelista S.A.	1,453	-	-	-	-	-	-	-	-	-
Energía Argentina SA ("ENARSA")	-	388,411	-	-	-	-	-	34,114	-	-
Profertil S.A.	483,843	-	-	-	-	-	-	-	-	-
YPF Energía Eléctrica S.A	-	94,956	-	-	-	-	-	-	-	-
Nación Seguros S.A.	-	-	-	-	-	4,772	-	-	-	-
Correo Argentino S.A.	-	-	-	-	-	-	-	-	779	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	4,789	-	-	-	-	-	-	-	-	-
Others (1)	1,109	-	-	-	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	-	-	-	29,980
	557,201	1,425,725	1,171	2,879	1,330	4,772	28,877	117,383	779	29,980

(1) 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

	For the nine-months period ended,									
	09.30.15									
	Gas & transportation sales	Gas purchases	Fee for sundry services and supplies	Sundry material - Operating cost	Other income and expenses	Insurance premium	Finance costs on loans	Finance costs on commercial debt	Post and telephone expenses	Salaries and others employee benefits
<b>Controlling company:</b>										
Gas Argentino	-	-	-	-	2,239	-	-	-	-	-
<b>Other related parties:</b>										
YSUR Energía Argentina S.R.L.	-	43,049	-	-	-	-	-	1,290	-	-
Central Dock Sud S.A.	36,340	-	-	-	-	-	-	-	-	-
YPF	257	559,432	523	1,822	-	-	21,856	35,605	-	-
Operadora de Estaciones de Servicio S.A.	9,824	-	-	-	-	-	-	-	-	-
A-Evangelista S.A.	1,692	-	-	-	-	-	-	-	-	-
ENARSA	-	98,868	-	-	49	-	-	16,013	-	-
Profertil S.A.	403,757	-	-	-	-	-	-	-	-	-
YPF Energía Eléctrica S.A.	-	53,262	-	-	-	-	-	-	-	-
Nación Seguros S.A.	-	-	-	-	-	3,109	-	-	-	-
Correo Argentino S.A.	-	-	-	-	-	-	-	-	774	-
MINEM	-	-	-	-	-	-	-	-	-	-
Others (1)	1,801	-	-	-	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	-	-	-	20,748
	453,671	754,611	523	1,822	2,288	3,109	21,856	52,908	774	20,748

(1) 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

	For the three-months period ended,								
	09.30.16								
	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
<b>Controlling company:</b>									
YPF	51	325,062	529	1,041	-	7,430	27,889	-	-
<b>Other related parties:</b>									
YSUR Energía Argentina S.R.L.	-	122,418	-	-	-	-	1,179	-	-
Central Dock Sud S.A.	17,735	-	-	-	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	16,895	-	-	-	-	-	-	-	-
A-Evangelista S.A.	856	-	-	-	-	-	-	-	-
ENARSA	-	258,204	-	-	-	-	11,210	-	-
Profertil S.A.	163,276	-	-	-	-	-	-	-	-
YPF Energía Eléctrica S.A	-	30,756	-	-	-	-	-	-	-
Nación Seguros S.A.	-	-	-	-	1,654	-	-	-	-
Correo Argentino S.A.	-	-	-	-	-	-	-	167	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	679	-	-	-	-	-	-	-	-
Otros (1)	602	-	-	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	-	-	9,844
	200,094	736,440	529	1,041	1,654	7,430	40,278	167	9,844

(1) 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

	For the three-months period ended,									
	09.30.15									
	Gas & transportation sales	Gas purchases	Fee for sundry services and supplies	Sundry material - Operating cost	Other income and expenses	Insurance premium	Finance costs on loans	Finance costs on commercial debt	Post and telephone expenses	Salaries and others employee benefits
<b>Controlling company:</b>										
Gas Argentino	-	-	-	-	917	-	-	-	-	-
<b>Other related parties:</b>										
YSUR Energía Argentina S.R.L.	-	22,130	-	-	-	-	-	438	-	-
Central Dock Sud S.A.	3,422	-	-	-	-	-	-	-	-	-
YPF	9	234,839	180	946	-	-	7,897	12,101	-	-
Operadora de Estaciones de Servicio S.A.	1,121	-	-	-	-	-	-	-	-	-
A-Evangelista S.A.	354	-	-	-	-	-	-	-	-	-
ENARSA	-	58,876	-	-	1	-	-	5,438	-	-
Profertil S.A.	77,997	-	-	-	-	-	-	-	-	-
YPF Energía Eléctrica S.A.	-	24,627	-	-	-	-	-	-	-	-
Nación Seguros S.A.	-	-	-	-	-	1,095	-	-	-	-
Correo Argentino S.A.	-	-	-	-	-	-	-	-	302	-
MINEM										
Otros (1)	537	-	-	-	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	-	-	-	6,282
	83,440	340,472	180	946	918	1,095	7,897	17,977	302	6,282

(1) 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

The balances shown below are outstanding with related parties:

	<b>09.30.16</b>						
	Trade receivables	Other receivables	Trade payable		Financial debt		Salaries and social securities
	Current	Current	Current	Non current	Current	Non current	Current
<b>Controlling company:</b>							
YPF	(11)	3,058	1,036,586	45,156	146,129	56,935	-
<b>Other related parties:</b>							
YSUR Energía Argentina S.R.L.	-	-	74,186	1,636	60	2,354	-
Central Dock Sud S.A.	17,628	-	-	-	-	-	-
Operadora de Estaciones de Servicio S.A.	198	-	-	-	-	-	-
A-Evangelista S.A.	339	-	-	-	-	-	-
ENARSA	5	-	631,546	20,308	-	-	-
Profertil S.A.	59,787	-	-	-	-	-	-
YPF Energía Eléctrica S.A	-	-	7,451	-	-	-	-
Nación Seguros S.A.	-	64	-	-	-	-	-
Compañía Administradora del Mercado Mayorista Eléctrico S.A.	1,223	-	-	-	-	-	-
Others (1)	13	-	-	-	-	-	-
<b>Key directors and management:</b>	-	-	-	-	-	-	9,444
	<b>79,182</b>	<b>3,122</b>	<b>1,749,769</b>	<b>67,100</b>	<b>146,189</b>	<b>59,289</b>	<b>9,444</b>

(1) 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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION

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

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

(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 NINE-MONTHS PERIOD ENDED AS OF SEPTEMBER 30, 2016 AND COMPARATIVE INFORMATION**

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

In the same way, YPF provided MetroGAS with the professional services for setting up, installing and starting up the new system SCADA (Supervisory Control and Data Acquisition in real time). The amount invoiced for services during the nine months period ended on September 30, 2016 amounted to 338 these were capitalized under Intangible Assets (Note 12).

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

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

Also, as mentioned in Note 2.4.1 to the separate financial statements as of December 31, 2015 and pursuant to Resolution 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 and until April 30, 2016. 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 separate financial statements as of December 31, 2015, MetroGAS must invoice, collect and settle three specific charges, with different appropriations, which is done for the order and account of Nación Fideicomisos S.A. Balances of this operation are stated in Note 21.

Marcelo Adrián Núñez  
Chairperson

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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

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

Note 2 to the consolidated financial statements as of December 31, 2015, include a detailed description of the economic and regulatory context, the impact of Emergency Law and regulations thereunder on MetroGAS S.A. (“MetroGAS” or the “Company”).

Significant developments during the nine-month period ended on September 30, 2016 are described in Note 2 to these condensed interim consolidated financial statements.

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

**General considerations**

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

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

On March 26, 2014, within the process of renegotiation of utilities contracts pursuant to Law No. 25,561 and supplementary rules, the Company signed a Provisional Agreement with the Unit for the Renegotiation and Analysis of Utility Contracts (“UNIREN”) whereby a provisional tariff regime was agreed in order to obtain additional funds to those resulting from the enforcement of the Ente Nacional Regulador del Gas (“ENARGAS”) Resolution No. I/2,407 dated December 27, 2012, that established the collection of a fixed amount per invoice depending on the customers’ category, which should be transferred to a trust fund especially created for the execution of works.

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

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

On June 8, 2015, the Official Gazette published Resolution No. I/3,349 approving the new tariff charts effective as of May 1, 2015. The increases are connected with the rise of the transport component and reaches residential, commercial and industrial customers, with the exception of sub distributors, “waived” customers and those residential or commercial customers that saved more than 20% compared with the same two-month period of the previous year.

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

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

On April 4, 2016, the Official Gazette published ENARGAS Resolution No. 3,726/2016 that approves effective April 1, 2016, new tariff schedules for MetroGAS customers. ENARGAS Resolution No. 3,726/2016 additionally determines tariff schedules for residential customers with savings in their consumption of or above 15% with respect to the same period of the previous year, as well as those to be applied to customers registered with the registry provided for by ENARGAS Resolution No. I-2,905/2014 with the amendments provided for by article 5 of MINEM Resolution No. 28/2016 about the social tariff.

Later on, dated July 12, 2016, through Resolution No. 129/2016, MINEM amended Resolution No. 99/2016 and instructed ENARGAS to take necessary steps so that during 2016, the total amount, taxes included, of the bills issued by gas public utilities throughout the country, that residential (Category R and sub-categories) and General Service P (“SGP”) customers with complete service shall pay for consumptions as from April 1, 2016, does not exceed 400% or 500%, respectively, of the total amount, with taxes, of the bill issued to the same customer the same period of the previous year; that is, the amount billed shall not exceed an amount equivalent to 5 and 6 times, respectively, the total amount of the bill issued to the same customer, for the same billing period of the previous year.

Additionally, MINEM instructed ENARGAS to adopt the actions required in order to finish before December 31, 2016, the Integral Tariff Review process (mentioned in Article 1 of Resolution No. 31 dated March 29, 2016), and to this end the public hearing therein provided for shall be conducted before October 31, 2016.

On April 7, 2016, the Center of Studies for the Promotion of Equality and Solidarity (“CEPIS”) - a civil association registered with the Provincial Corporations Records Office – filed an injunction to declare MINEM Resolutions No. 28/2016 and 31/2016 null and void. The first instance ruling dismissed the action and ordered the National Government, MINEM, to summon a public hearing to confirm MINEM Resolutions No. 28/2016 and 31/2016. On July 7, 2016, and as a result of the appeals filed by the parties, Court II of the Federal Court of Appeals of La Plata ruled MINEM Resolutions No. 28/2016 and No. 31/2016 null and void, and returned the tariff situation throughout the country to the tariff schedule effective before both resolutions were issued. The ruling was appealed by MINEM on July 12, 2016 and, should Court II of the Federal Court of Appeals of La Plata accept the extraordinary appeal filed by MINEM, the National Supreme Court of Justice (“C.S.J.N.”) will have to solve this issue.

Although the Company is not a part of the CEPIS case and the resolution dated July 7, 2016 does not mention the tariff schedules approved by ENARGAS, on July 27, 2016 ENARGAS informed in Note No. 6,877 that, due to the decisions in the CEPIS case, and until the extraordinary appeal filed by MINEM is solved, the application of ENARGAS Resolution No. 3,726/2016 is not feasible.

On August 18, 2016, the C.S.J.N. admitted the extraordinary appeal filed by MINEM in the CEPIS case and partially confirmed the appealed ruling as to the nullity of Resolutions No. 28/2016 and 31/2016 for residential consumers of natural gas, maintaining for them, and in the most beneficial way, the validity of the social tariff, founded on the absence of public hearings to establish the tariff increases. Therefore, and for residential customers, the tariff schedules established as from April 1, 2016, have been discarded.

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

As a result of the C.S.J.N.'s ruling, steps were taken in order to hold the public hearings required by C.S.J.N. for PIST prices and with reference to the temporary Transportation and Distribution tariffs (ENARGAS Resolutions No. I-3,953/16 and No. I-3,957/16).

Based on C.S.J.N.'s Resolution, MINEM issued Resolution No. 152-E/2016 which instructs ENARGAS on how to bill consumptions of residential and SGP customers as from April 1, 2016. On this matter, Resolution No. 3,961/2016 establishes that in order to bill residential customers for consumptions after April 1, 2016, the tariff schedules valid as at March 31, 2016 shall apply, and it repeals Article 1 of ENARGAS Resolution No. I-3,843/16, related to the bonus determined by MINEM Resolution No. 129/2016. Furthermore, ENARGAS issued Resolution No. 3,960/2016, instructing distributors about mechanisms for applying the bonus of MINEM Resolution No. 129/2016 to SGP customers.

After holding the public hearings demanded by MINEM (PIST prices) and ENARGAS (Transportation and Distribution Tariffs) and publishing the Final Report of the hearings (art. 21 ENARGAS Resolution No. 3,158/2005), on October 7 the Official Gazette published MINEM Resolution No. 212 – E/2016 (PIST prices), ENARGAS Resolution No. 4,044/2016 that describes tariff schedules for MetroGAS customers and ENARGAS Resolutions No. 4,053/2016 and 4,054/2016 with the tariff schedules for transportation companies Transportadora de Gas del Norte S.A. (“TGN”) and Transportadora de Gas del Sur S.A. (“TGS”), respectively. In this respect, MINEM Resolution No. 212 – E/2016 provides a gradual increase of PIST prices tending to reduce the application of the subsidies provided by the National Government according to a price proposal to be prepared – and subject to approval of MINEM - by the Secretariat of Hydrocarbon Resources.

ENARGAS Resolution No. 4,044/2016 decided to: (i) declare Public Hearing No. 83 valid; (ii) approve as from October 7, 2016, the new tariff schedules to be applied to customers within MetroGAS license area; (iii) approve as from October 7, 2016, the new tariff schedules to be applied to customers within MetroGAS license area that have a 15% saving or above on their consumption with respect to the same period of the previous year; and (iv) approve as from October 7, 2016, the new tariff schedules to be applied to customers within MetroGAS license area registered with the Registry provided by ENARGAS Resolution No. I-2,905/14 (Social Tariff).

Furthermore, ENARGAS Resolution No. 4,044/2016 provides limits to increases for R and SGP customers when the total amount of the invoice is above two hundred and fifty pesos (\$250). The final amount of the invoice plus taxes resulting from the application of the approved tariff schedules, and the amount actually invoiced based on the referred limit, shall be deducted from the invoice issued to the customer in a separate line below the tariff items, under the heading “Bonus Res. MEyM No. XX/16”. The sum of those bonuses shall be applied as a discount over the prices to be invoiced by the gas suppliers of the gas distribution companies. Such discount shall be applied proportionally by all gas suppliers based on the volume of gas provided to the Distributor. In line with the provisions of ENARGAS Resolution No. 3,726/2016 the monthly payment of the invoices shall be maintained and the Mandatory Investment Plan ratified.

Finally, on October 31, 2016, ENARGAS approved – valid as from October 7, 2016 - the tariff schedules for the category “Welfare Organization” (ENARGAS Resolution No. 4,092/2016) under the terms of MINEM Resolution No. 218 - E/2016 and Law 27,218 that provides a Specific Public Utilities Tariff Schedule for Social Welfare Organizations.

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



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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

**Analysis of transactions for the nine months period ended September 30, 2016 and 2015**

The sales of the Company for the nine months period ended on September 30, 2016 increased by 76.3%, and operating costs rose by 78.2% as compared with the same period in previous fiscal year, as a result of which gross profit increased by 371,856, amounted to 929,208 during the nine-months period ended on September 30, 2016, as compared with 557,352 shown for the same period in the preceding fiscal year.

Administrative expenses increased by 41.4%, from 311,263 during the nine-months period ended on September 30, 2015, as compared with 440,034 shown for the same period of the present fiscal year, and selling expenses increased by 51.9%, from 352,737, during the nine months period ended September 30, 2015, to 535,821 shown for the same period of the present fiscal year.

Other income and expenses went from a loss 5,514 in the period of nine months ended on September 30, 2015 to a loss of 41,881 in the same period of the present fiscal year.

Also, during the nine months period ended September 30, 2015 MetroGas has recognized the amount of 561,700 in Temporary Economic Assistance Resolution ES 263/15.

Consequently, during the nine-months period ended on September 30, 2016 an operating loss of 88,528 was recorded, as compared to an operating gain of 449,538 for the same period in previous fiscal year.

During the nine months period ended on September 30, 2016 net financial results was a loss of 813,964, as compared with a loss of 441,610 in the same period in previous fiscal year.

Consequently, the Company's net loss for the nine months period ended on September 30, 2016 amounted to 886,709, as compared to a net loss of 15,597 for the same period in previous fiscal year.

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

Total consolidated sales increased by 76.3% during the nine months period ended on September 30, 2016, amounted to 5,984,308, as compared with 3,394,336 shown for the same period in previous fiscal year.

The increase in sales for the nine months period ended on September 30, 2016, was mainly due to an increase in MetroENERGÍA's sales and an increase in MetroGAS sales to residential customers, to Compressed Natural Gas ("CNG") stations and to industrial and commercial customers.

MetroGAS gas sales to residential customers increased by 39.8%, from 1,451,417 to 2,029,162 for the nine months period ended on September 30, 2015 and 2016, respectively, mainly due to an increase in average tariffs and an increase in volumes delivered to this customer category by 14.9%.

**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 387.1%, to 590,868 during the nine months period ended on September 30, 2016 from 121,298 during the same period in previous fiscal year, due to an increase in tariffs provided for Resolution No. 3,726/2016 with an increase cap of 500% for SGP customers as established by Resolution 129/2016 and, at a lesser extent, the increase in volumes delivered to this customer category by 8.4%.

Gas sales to CNG stations reached 779,369 during the nine months period ended on September 30, 2016. There had been no sales of this kind in the same period of the previous fiscal year, because resolution No. 34/2016 effective May 1, 2016, provided a new schedule applicable to CNG stations that states the obligation of these users to buy natural gas for their supply from the Distribution Company of their area or service territory so that the latter can provide a full service (gas, transportation and distribution).

On the other hand, sales of transportation and distribution services to CNG stations decreased by 51.3%, from 28,868 during the nine months period ended on September 30, 2015, to 14,072 for the same period of the present fiscal year, mainly on account of the decrease in volumes delivered to this customer category by 57.4%.

Sales of transportation and distribution services to power stations increased by 70.2%, from 71,624 during the nine months period ended on September 30, 2015 to 121,877 for the same period of the present fiscal year, due to an increase in average tariff as a result of the application of Resolution No. 3,726 / 2016 and the incidence of transport cost component, according to the tariff established by ENARGAS for TGS and TGN Resolutions No. 3,723/16 and No. 3,724/16, respectively, applicable from April 1, 2016, partially offset by a decrease in volumes delivered to this customer category by 9.1%.

On the other hand, sales of transportation and distribution services to industrial and commercial customers and governmental entities increased by 106.9%, from 44,148 during the nine months period ended on September 30, 2015 to 91,323 for the same period in the present fiscal year, mainly on account of an increase average tariff the incidence of transport cost component, according to the tariff established by ENARGAS for TGS and TGN, partially offset by a decrease in volumes delivered to this customer category by 4.1%.

On July 2014, the agreement with TGS to assign hydrocarbons at the head of the TGS gas pipeline in exchange of a monthly rate has been renewed. On April 29, 2015 an addendum to the agreement that set a new duration and prices until April 2016 is performed. This contract was not renewed to date.

During the nine months period ended on September 30, 2015 sales were recorded in relation with the processing of natural gas amounted to 3,114, while during the nine months period ended on September 30, 2016 revenue amounted to 1,494.

MetroENERGÍA gas sales during the nine months period ended on September 30, 2016 amounted to 2,283,068 increasing by 39.4% as compared of the same period in previous fiscal year amounted to 1,638,154. This increase was mainly due to an increase in average prices, partially offset by a decrease of volumes delivered by 14.1%.

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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

The table below shows the consolidated sales of the Company by type of service and customer categories for the nine months period ended on September 30, 2016 and 2015, in thousands of pesos:

	<b>Revenues</b>			
	For the nine months period ended September 30,			
	2016		2015	
	Thousands of Ps.	% of Total Sales	Thousands of Ps.	% of Total Sales
<b>MetroGAS</b>				
Gas sales:				
Residential	2,029,162	33.9 %	1,451,417	42.8 %
Industrial, Commercial and Governmental entities	590,868	9.9 %	121,298	3.6 %
Compressed Natural Gas	779,369	13.0 %	-	-
<b>Subtotal</b>	<b>3,399,399</b>	<b>56.8 %</b>	<b>1,572,715</b>	<b>46.4 %</b>
Transportation and Distribution Services				
Power Plants	121,877	2.1 %	71,624	2.1 %
Industrial, Commercial and Governmental entities	91,323	1.5 %	44,148	1.3 %
Compressed Natural Gas	14,072	0.2 %	28,868	0.9 %
<b>Subtotal</b>	<b>227,272</b>	<b>3.8 %</b>	<b>144,640</b>	<b>4.3 %</b>
Processed Natural Gas	1,494	0.0 %	3,114	0.1 %
Other Gas Sales and Transportation and Distribution Services	64,253	1.1 %	28,038	0.8 %
<b>MetroENERGÍA</b>				
Gas and transport sales	2,283,068	38.2 %	1,638,154	48.3 %
Other income	8,822	0.1 %	7,675	0.1 %
<b>Total of Sales</b>	<b>5,984,308</b>	<b>100.0 %</b>	<b>3,394,336</b>	<b>100.0 %</b>

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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

The table below presents the volumes of sales of natural gas and transportation and distribution services by MetroGAS by customer category for the nine months periods ended on September 30, 2016 and 2015, in millions of cubic meters:

	<b>Volumes</b>			
	For the nine months period ended September 30,			
	2016		2015	
	MMMC	% of Volumes of gas delivered	MMMC	% of Volumes of gas delivered
<b>MetroGAS</b>				
<i>Gas sales:</i>				
Residential	1,779.0	33.5 %	1,548.2	29.3 %
Industrial, Commercial and Governmental entities	367.0	6.9 %	338.6	6.4 %
Compressed Natural Gas	217.5	4.1 %	-	-
Subtotal	2,363.5	44.5 %	1,886.8	35.7 %
<i>Transportation and Distribution Services:</i>				
Power Plants	1,765.3	33.2 %	1,942.7	36.8 %
Industrial, Commercial and Governmental entities	540.2	10.2 %	563.3	10.7 %
Compressed Natural Gas	172.3	3.2 %	404.6	7.7 %
Subtotal	2,477.8	46.6 %	2,910.6	55.2 %
Other Gas Sales and Transportation and Distribution Services	471.5	8.9 %	483.1	9.1 %
<b>Total delivered volume by MetroGAS</b>	<u>5,312.8</u>	<u>100.0 %</u>	<u>5,280.5</u>	<u>100.0 %</u>
<b>Total gas volumes delivered and transported by MetroENERGÍA</b>	<u>889.3</u>	<u>100.0 %</u>	<u>1,034.7</u>	<u>100.0 %</u>

**Operating Costs**

Operating costs increased by 78.2% amounting to 5,055,100 during the nine months period ended on September 30, 2016, respect to 2,836,984 registered during the same period in previous fiscal year. This variation was mainly due to increase in gas purchase costs, in gas transportation cost, in payroll and other employees' benefits, in taxes, rates and contributions, in fees for sundry services, in maintenance and repair and sundry materials.

The costs of natural gas purchases increased by 88.3%, from 2,229,783 for the nine months period ended on September 30, 2015 to 4,198,379 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 nine months period ended on September 30, 2016, 2,754 million cubic meters were purchased by MetroGAS, and 889 million cubic meters by MetroENERGÍA, which as a whole represent 7.6% 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 50.0% during the nine months period ended on September 30, 2016 as compared with the same period in previous fiscal year mainly due to the increase in average prices of transportation of MetroGAS. As a result of the application of Resolutions No. 3,723 / 2016 and 3,724/2016 for transportation companies TGN and TGS, respectively, to the categories of customers, plants, industries and commerce and CNG.

The table below shows the operating costs of the Company by type of expenses for the nine month periods ended on September 30, 2016 and 2015, in thousands of pesos:

	<b>Operating costs</b>				
	For the nine months period ended September 30,				
	2016		2015		
Thousands of Ps.	% of Total Operating Costs	Thousands of Ps.	% of Total Operating Costs		
Cost of natural gas	4,198,379	83.1%	2,229,783	78.6%	
Transportation of natural gas	360,765	7.1%	240,541	8.5%	
Depreciation of properties, plant and equipment, investment properties and intangible assets	58,259	1.2%	54,826	1.9%	
Payroll and other employees benefits	227,425	4.5%	155,826	5.5%	
Maintenance and repair	82,186	1.6%	72,564	2.6%	
Sundry materials	18,882	0.4%	13,407	0.5%	
Fees for sundry services	44,433	0.9%	29,528	1.0%	
Taxes, rates and contributions	57,965	1.1%	36,448	1.3%	
Other operating expenses	6,806	0.1%	4,061	0.1%	
<b>Total</b>	<b>5,055,100</b>	<b>100.0%</b>	<b>2,836,984</b>	<b>100.0%</b>	

**Administrative expenses**

Administrative expenses increased by 41.4%, from 311,263 for the nine months period ended on September 30, 2015 to 440,034 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 plant and equipment maintenance and repair.

**Selling expenses**

Selling expenses increased by 51.9%, from 352,737 for the nine months period ended on September 30, 2015 to 535,821 for the same period in present fiscal year. This increase was mainly due to the increase in taxes, rates and contributions, in the increased in the charge for doubtful accounts, in fees for sundry services and in publicity.

**Other income and expenses**

Net other income and expenses increase from a loss of 5,514 for the nine months period ended September 30, 2015 to a loss of 41,881 in the same period in present fiscal year, mainly due to the increase in the provision for contingencies as a consequence by increased civil, labor and other claims and by the increase in GCBA' Fines.

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

RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION

**Net financial results**

During the nine months period ended on September 30, 2016 net financial results were a loss of 813,964, as compared to a loss of 441,610 for the same period in previous fiscal year. The variation in financial results was mainly due to an increase the loss of the exchange difference on financial debt an increase in accrued interest from the financial and commercial, partially offset by an increase in the gain generated by the financial assets measured at fair value.

**Income tax**

During the nine months period ended on September 30, 2016 the Company accrued a gain of 15,783, as compared to a loss of 23,525 shown for the same period in previous fiscal year. This variation was mainly due to the lower tax determined of MetroENERGÍA in the current period with respect to the same period in previous fiscal year, and the variation in deferred tax assets and liabilities of MetroENERGÍA and MetroGAS.

**Net cash flows generated by operating activities**

Net cash flows generated by operating activities for the nine months period ended on September 30, 2016 amounted to 642,703, as compared with 510,236 generated for the same period in previous fiscal year. This variation was mainly due to higher cash funds generated by operating results, partially offset by the lower funds generated from working capital.

**Net cash flows used in investing activities**

Net cash flows used in investment activities amounted to 347,384 for the nine months period ended on September 30, 2016 mainly due to increases in properties, plant and equipment, as compared with 201,566 for the same period in previous fiscal year.

**Net cash flows used in financing activities**

Net cash flows used in financing activities amounted to 306,765 for the nine months period ended on September 30, 2016 as a consequence to the payment of interests from the financial and commercial debt as compared with cash flows used in the same period in previous fiscal year amounted to 78,394 as a consequence the payments of interest from financial debt.

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

As of September 30, 2016, the financial debt accounted for by Company amounted to 2,816,575 (See Note 18 to these condensed interim consolidated statements as of September 30, 2016).

**METROGAS S.A.****INFORMATIVE SUMMARY OF ACTIVITY**  
RESOLUTION No. 368/01 OF THE ARGENTINE SECURITIES COMMISSION**Comparative structure of condensed interim consolidated statement of financial position** <sup>(1) (2)</sup>

Condensed Interim Consolidated Statement of Financial Positions as of September 30, 2016, 2015, 2014 and 2013.

	<b>09.30.16</b>	<b>09.30.15</b>	<b>09.30.14</b>	<b>09.30.13</b>
	Thousands of Ps.			
Non current Assets	2,422,318	2,092,070	1,924,301	1,833,577
Current assets	3,335,845	1,852,599	1,093,474	766,085
Total assets	<u>5,758,163</u>	<u>3,944,669</u>	<u>3,017,775</u>	<u>2,599,662</u>
Non current Liabilities	3,043,682	2,012,205	1,626,196	1,165,697
Current Liabilities	4,368,960	2,155,123	1,322,006	860,509
Total Liabilities	<u>7,412,642</u>	<u>4,167,328</u>	<u>2,948,202</u>	<u>2,026,206</u>
Non-controlling interest	2,566	4,734	2,650	1,968
Equity attributable to the owners of the parent	<u>(1,657,045)</u>	<u>(227,393)</u>	<u>66,923</u>	<u>571,488</u>
Total Liabilities and Shareholders' Equity	<u>5,758,163</u>	<u>3,944,669</u>	<u>3,017,775</u>	<u>2,599,662</u>

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

(2) Information covered by the Independent auditors' report.

## METROGAS S.A.

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

**Comparative condensed interim consolidated structure of results** <sup>(1) (2)</sup>

Condensed Interim Consolidated Statements of Profit and Loss and Other Comprehensive Income for the nine months periods ended on September 30, 2016, 2015, 2014 and 2013.

	09.30.16	09.30.15	09.30.14	09.30.13
	Thousands of Ps.			
Revenues	5,984,308	3,394,336	2,570,437	1,449,370
Operating costs	(5,055,100)	(2,836,984)	(1,947,600)	(1,056,963)
<b>Gross profit</b>	<b>929,208</b>	<b>557,352</b>	<b>622,837</b>	<b>392,407</b>
Administration expenses	(440,034)	(311,263)	(241,256)	(159,537)
Selling expenses	(535,821)	(352,737)	(262,882)	(193,298)
Other income and expenses	(41,881)	(5,514)	(11,977)	51,840
<b>Result before Temporary Economic Assistance Resolution ES 263/15</b>	<b>(88,528)</b>	<b>(112,162)</b>	<b>106,722</b>	<b>91,412</b>
Temporary Economic Assistance Resolution ES 263/15	-	561,700	-	-
<b>Operating (loss) income</b>	<b>(88,528)</b>	<b>449,538</b>	<b>106,722</b>	<b>91,412</b>
Finance income	107,689	21,726	14,027	12,621
Finance cost	(921,653)	(463,336)	(449,971)	(217,423)
<b>Net financial results</b>	<b>(813,964)</b>	<b>(441,610)</b>	<b>(435,944)</b>	<b>(204,802)</b>
Debt restructuring result	-	-	-	757,470
<b>Result before income tax</b>	<b>(902,492)</b>	<b>7,928</b>	<b>(329,222)</b>	<b>644,080</b>
Income tax and minimum presumed income tax	15,783	(23,525)	(25,322)	(237,911)
<b>Net result for the period</b>	<b>(886,709)</b>	<b>(15,597)</b>	<b>(354,544)</b>	<b>406,169</b>
Other comprehensive result	-	-	-	-
<b>Net and comprehensive result for the period</b>	<b>(886,709)</b>	<b>(15,597)</b>	<b>(354,544)</b>	<b>406,169</b>

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

(2) Information covered by the Independent auditors’ report.



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

The information shown below makes reference to the nine months periods ended on September 30, 2016, 2015, 2014 and 2013.

	09.30.16	09.30.15	09.30.14	09.30.13
	Volumes			
	In millions of cubic meters			
Gas purchased by MetroGAS	2,754	2,350	2,579	2,670
Gas contracted by third parties	3,237	3,593	3,378	3,823
	<u>5,991</u>	<u>5,943</u>	<u>5,957</u>	<u>6,493</u>
Volume of gas withheld:				
- Transportation	(357)	(370)	(378)	(408)
- Loss in distribution	(321)	(292)	(298)	(339)
- Transportation and processing of natural gas	-	-	-	(4)
	<u>5,313</u>	<u>5,281</u>	<u>5,281</u>	<u>5,742</u>
Volume of gas purchased and delivered by MetroENERGÍA	<u>889</u>	<u>1,035</u>	<u>706</u>	<u>584</u>

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

The information below makes reference to the nine months periods ended on September 30, 2016, 2015, 2014 and 2013.

	09.30.16	09.30.15	09.30.14	09.30.13
Liquidity	0.76	0.86	0.83	0.89
Solvency	(0.22)	(0.05)	0.02	0.28
Immobilization	0.42	0.53	0.64	0.71

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

<sup>(2)</sup> Information covered by the Independent auditors’ report.

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

		Share Price on the Buenos Aires Stock Exchange (1)
		\$
September	2012	0.48
September	2013	1.10
September	2014	4.85
January	2015	2.90
February	2015	3.83
March	2015	4.24
April	2015	4.35
May	2015	4.00
June	2015	3.57
July	2015	3.56
August	2015	3.60
September	2015	3.00
January	2016	8.45
February	2016	8.75
March	2016	9.00
April	2016	8.00
May	2016	7.00
June	2016	7.60
July	2016	8.15
August	2016	7.50
September	2016	9.02

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

**Perspectives**

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

Autonomous City of Buenos Aires, November 7, 2016

Marcelo Adrián Núñez  
Chairperson

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

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

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

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

The amounts and other information corresponding to the fiscal year ended December 31, 2015 and for the three and nine month periods ended September 30, 2015, are an integral part of the condensed interim consolidated financial statements mentioned above and are intended to be read only in relation to the amounts and other information of the current interim period.

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

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

### **3. Independent Auditors' responsibility**

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

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

### **4. Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of METROGAS S.A. corresponding to the nine-months period ended September 30, 2016 are not presented, in all material respects, in conformity with International Accounting Standard 34.

### **5. Emphasis of matters**

Without modifying our previous conclusion, we emphasize that as mentioned in more detail in Note 16, as a consequence of the magnitude of the accumulated losses recorded at December 31, 2015 and September 30, 2016, the Company recorded a negative Shareholders' Equity attributable to the owners of thousands of Ps. 775,087 and of thousands Ps. 1,657,045, respectively, being subject to the provisions of Art. 94 paragraph 5 and Art. 96 of the General Corporations Law N° 19,550.

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

The accompanying condensed interim consolidated financial statements are the English translation of those originally issued by METROGAS SOCIEDAD ANÓNIMA in Spanish and presented in accordance with International Accounting Standard 34. This report and the accompanying condensed interim consolidated financial statements have been translated into English for the convenience of English-speaking readers and may not be appropriate for other purposes.

Buenos Aires City, Argentina  
November 7, 2016

Deloitte & Co. S.A.  
Ricardo C. Ruiz  
Partner