

# **Gas Natural de Lima y Callao S.A.**

## **Financial Statements**

As of December 31, 2016 and December 31, 2015

# **GAS NATURAL DE LIMA Y CALLAO S.A.**

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## GAS NATURAL DE LIMA Y CALLAO S.A.

### STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2016 AND DECEMBER 31, 2015

|  | <u>31/12/2016</u> | <u>31/12/2015</u> |                                       | <u>31/12/2016</u> | <u>31/12/2015</u> |
|--|-------------------|-------------------|---------------------------------------|-------------------|-------------------|
|  | US\$000           | US\$000           |                                       | US\$000           | US\$000           |
| <b>ASSETS</b>                            |                   |                   | <b>EQUITY AND LIABILITIES</b>         |                   |                   |
| <b>CURRENT ASSETS:</b>                   |                   |                   | <b>CURRENT LIABILITIES</b>            |                   |                   |
| Cash and cash equivalents                | 14,705            | 69,541            | Other financial Liabilities           | 14,078            | 9,813             |
| Trade receivables (net)                  | 79,552            | 74,910            | Accounts payable                      | 41,704            | 46,073            |
| Accounts receivable from related parties | 60                | 103               | Accounts payable from related parties | 77                | 1,269             |
| Inventories                              | 18,372            | 20,248            | Current income tax payable            | 6,840             | 6,562             |
| Other receivables                        | 1,538             | 1,605             | Other accounts payable                | 21,122            | 27,951            |
| Pre-paid expenses                        | 954               | 1,115             | Deferred income                       | 23,878            | 29,349            |
| Other non financial Assets               |                   |                   |                                       |                   |                   |
| <b>Total Current Assets</b>              | <u>115,181</u>    | <u>167,522</u>    | <b>Total current liabilities</b>      | <u>107,699</u>    | <u>121,017</u>    |
| <b>NON-CURRENT ASSETS</b>                |                   |                   | <b>NON-CURRENT LIABILITIES</b>        |                   |                   |
| Trade receivables (net)                  | 29,780            | 24,325            | Other financial Liabilities           | 327,231           | 325,512           |
| Property, plant and equipment (net)      | 8,509             | 8,394             | Deferred tax liabilities              | -                 | 128               |
| Intangible assets                        | 588,963           | 534,308           | Provisions                            | 5,564             | 4,115             |
| Deferred taxes assets                    | 530               | -                 | Other accounts payable                | 7,068             | 7,444             |
| Other receivables                        | 215               | 18                |                                       |                   |                   |
| <b>Total non-current assets</b>          | <u>627,997</u>    | <u>567,045</u>    | <b>Total non-current liabilities</b>  | <u>339,863</u>    | <u>337,199</u>    |
|  |                   |                   | <b>Total liabilities</b>              | <u>447,562</u>    | <u>458,216</u>    |
|  |                   |                   | <b>ISSUED CAPITAL</b>                 |                   |                   |
|  |                   |                   | Issued capital                        | 224,804           | 230,352           |
|  |                   |                   | Legal reserve                         | 15,546            | 12,163            |
|  |                   |                   | Other capital reserves                | (106)             | -                 |
|  |                   |                   | Retained earnings                     | 55,372            | 33,836            |
|  |                   |                   | <b>Total equity</b>                   | <u>295,616</u>    | <u>276,351</u>    |
| <b>TOTAL</b>                             | <u>743,178</u>    | <u>734,567</u>    | <b>TOTAL</b>                          | <u>743,178</u>    | <u>734,567</u>    |

## **GAS NATURAL DE LIMA Y CALLAO S.A.**

### **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

|   | <u>31/12/2016</u> | <u>31/12/2015</u> |
|---|-------------------|-------------------|
|   | <u>US\$000</u>    | <u>US\$000</u>    |
| <b>OPERATIONAL INCOME</b>   |                   |                   |
| Income from natural gas sales, transport distributions sales, transport distributions and associated services | 445,130           | 449,722           |
| Income from the main grid extension   | 81,490            | 83,839            |
| Other operational income  | 9,183             | 7,216             |
| <b>Total operational income</b>   | <b>535,803</b>    | <b>540,777</b>    |
| <b>COST OF SALES</b>  |                   |                   |
| Cost of natural gas sales, transport distributions and associated services                                    | (321,750)         | (335,991)         |
| Cost of sales from the main grid extension  | (81,490)          | (83,839)          |
| Gross profit  | 132,563           | 120,947           |
| Administrative expenses   | (26,943)          | (34,117)          |
| Commercialization expenses  | (10,925)          | (9,905)           |
| Other (expenses) income   | 442               | 2,524             |
| Operative profit  | 95,137            | 79,449            |
| Financial income  | 2,952             | 2,335             |
| Financial expenses  | (20,791)          | (15,350)          |
| Exchange difference, net  | 1,144             | (9,853)           |
| Pre-income tax result   | 78,442            | 56,581            |
| Income tax expense  | (23,070)          | (22,745)          |
| <b>Net profit of the year</b>   | <b>55,372</b>     | <b>33,836</b>     |
| Other integral result of the year   | (106)             | -                 |
| <b>Total integral result of the year</b>  | <b>55,266</b>     | <b>33,836</b>     |
| Net profit per share:   |                   |                   |
| Basic and diluted (in USD)  | 0.244             | 0.145             |

**GAS NATURAL DE LIMA Y CALLAO S.A.****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

|                                 | <u>Issued Capital</u> | <u>Legal Reserve</u> | <u>Other capital</u> | <u>Retained earnings</u> | <u>Total Equity</u> |
|---------------------------------|-----------------------|----------------------|----------------------|--------------------------|---------------------|
|                                 | <u>US\$000</u>        | <u>US\$000</u>       | <u>reserves</u>      | <u>US\$000</u>           | <u>US\$000</u>      |
|                                 |                       |                      | <u>US\$000</u>       |                          |                     |
| BALANCE AS OF JANUARY 1, 2015   | 235,583               | 8,633                | -                    | 35,298                   | 279,514             |
| Net profit for the year         | -                     | -                    | -                    | 33,836                   | 33,836              |
| Other integral result           | -                     | -                    | -                    | -                        | -                   |
| Provision for legal reserve     | -                     | 3,530                | -                    | -3,530                   | -                   |
| Issue of share capital          | -                     | -                    | -                    | -                        | -                   |
| Capital reduction               | -5,231                | -                    | -                    | -                        | -5,231              |
| Dividend Distribution           | -                     | -                    | -                    | -31,768                  | -31,768             |
| BALANCE AS OF DECEMBER 31, 2015 | <u>230,352</u>        | <u>12,163</u>        | <u>-</u>             | <u>33,836</u>            | <u>276,351</u>      |
| BALANCE AS OF JANUARY 31, 2016  | 230,352               | 12,163               | -                    | 33,836                   | 276,351             |
| Net profit for the year         | - 0                   | -                    | -                    | 55,372                   | 55,372              |
| Other integral result           | -                     | -                    | -106                 | -                        | -106                |
| Provision for legal reserve     | -                     | 3,383                | -                    | -3,383                   | -                   |
| Issue of share capital          | -                     | -                    | -                    | -                        | -                   |
| Capital reduction               | -5,548                | -                    | -                    | -                        | -5,548              |
| Dividend Distribution           | -                     | -                    | -                    | -30,453                  | -30,453             |
| BALANCE AS OF DECEMBER 31, 2016 | <u>224,804</u>        | <u>15,546</u>        | <u>-106</u>          | <u>55,372</u>            | <u>295,616</u>      |

## **GAS NATURAL DE LIMA Y CALLAO S.A.**

### **STATEMENT OF CASH FLOW FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

|   | <u>31/12/2016</u> | <u>31/12/2015</u> |
|---|-------------------|-------------------|
|   | <u>US\$000</u>    | <u>US\$000</u>    |
| <b>OPERATING ACTIVITIES:</b>                              |                   |                   |
| Collection corresponding to:                              |                   |                   |
| Income for distribution services                          | 509,315           | 549,136           |
| Fondo descuento osinergmin                                | -                 | 9,583             |
| Other cash income related to operating activities         | 16,165            | 12,384            |
| Payments corresponding to:                                |                   |                   |
| Suppliers of goods and services                           | (380,491)         | (428,488)         |
| Employee benefits   | (20,377)          | (19,858)          |
| Income tax  | (24,016)          | (13,980)          |
| Interests   | (18,898)          | (14,827)          |
| Other cash payments related to operating activities       | (25,386)          | (7,403)           |
| Net cash provided by operating activities                 | <u>56,312</u>     | <u>86,547</u>     |
| <b>INVESTMENT ACTIVITIES:</b>                             |                   |                   |
| Collection corresponding to:                              |                   |                   |
| Sale of Property, plant and equipment                     | -                 | 80                |
| Payments corresponding to:                                |                   |                   |
| Investment in concession goods                            | (77,981)          | (76,696)          |
| Software purchase   | (677)             | (595)             |
| Purchase of machinery and equipment and ongoing works     | (1,885)           | (331)             |
| Net cash provided by operating activities                 | <u>(80,543)</u>   | <u>(77,542)</u>   |
| <b>FINANCING ACTIVITIES:</b>                              |                   |                   |
| Collection corresponding to:                              |                   |                   |
| Loans received  | 24,989            | 28,441            |
| Capital contribution                                      | -                 | -                 |
| Financial contribution and overcharge                     | (167)             | -                 |
| Payments corresponding to:                                |                   |                   |
| Financial contribution and overcharge refund              | -                 | (488)             |
| Dividend payments   | (30,453)          | (31,768)          |
| Capital reduction   | (5,548)           | (5,231)           |
| Payment of loan received                                  | (19,426)          | (9,831)           |
| Net cash provided by operating activities                 | <u>(30,605)</u>   | <u>(18,877)</u>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>          | <u>(54,836)</u>   | <u>(9,872)</u>    |
| <b>CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR</b> | <u>69,541</u>     | <u>79,413</u>     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>   | <u>14,705</u>     | <u>69,541</u>     |