

Gas Natural de Lima y Callao S.A.

Financial Statements

As of March 31, 2017 and March 31, 2016

GAS NATURAL DE LIMA Y CALLAO S.A.

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GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF FINANCIAL POSITION MARCH 30, 2016 AND DECEMBER 31, 2016

	<u>31/03/2017</u>	<u>31/12/2016</u>		<u>31/03/2017</u>	<u>31/12/2016</u>
	<u>US\$000</u>	<u>US\$000</u>		<u>US\$000</u>	<u>US\$000</u>
ASSETS			EQUITY AND LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	13,336	14,705	Other financial Liabilities	26,243	14,078
Trade receivables (net)	80,921	79,552	Accounts payable	42,525	41,704
Accounts receivable from related parties	110	60	Accounts payable from related parties	77	77
Inventories	18,373	18,372	Provisions for Employee benefits	3,265	7,133
Other receivables	6,537	1,538	Current income tax payable	3,642	6,840
Other non-financial Assets	746	954	Other accounts payable	8,986	13,989
			Deferred income	22,835	23,878
Total Current Assets	<u>120,023</u>	<u>115,181</u>	Total current liabilities	<u>107,573</u>	<u>107,699</u>
NON-CURRENT ASSETS			NON CURRENT LIABILITIES		
Trade receivables (net)	26,663	29,780	Other financial Liabilities	325,580	327,231
Property, plant and equipment (net)	8,156	8,509	Provisions	5,249	5,564
Intangible assets	601,845	588,963	Other account payable	7,189	7,068
Other receivables	36	215			
				<u>338,018</u>	<u>339,863</u>
			Total non-current liabilities		
Total non-current assets	<u>637,017</u>	<u>627,997</u>		<u>445,591</u>	<u>447,562</u>
			Total liabilities		
			EQUITY		
			Issued Capital	224,804	224,804
			Legal Reserve	21,083	15,546
			Other Equity Reserve	(1,057)	(106)
			Retained earnings	66,619	55,372
			Total Equity	<u>311,449</u>	<u>295,616</u>
TOTAL	<u>757,040</u>	<u>743,178</u>	TOTAL	<u>757,040</u>	<u>743,178</u>

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	31/03/2017	31/03/2016
	US\$000	US\$000
OPERATIONAL INCOME		
Income from natural gas sales, transport distributions sales and associated services	118,344	104,209
Income from the main grid extension	20,772	19,163
Other operational income	2,280	2,049
Total operational income	141,396	125,421
COST OF SALES		
Cost of natural gas sales, transport distributions and associated services	(83,076)	(75,483)
Cost of sales from the main grid extension	(20,772)	(19,163)
Gross profit	37,548	30,775
Administrative expenses	(7,375)	(6,209)
Commercialization expenses	(3,627)	(2,300)
Other (expenses) income	142	174
Operative profit	26,688	22,440
Financial income	22	395
Financial expenses	(5,988)	(5,029)
Exchange difference, net	2,911	1,369
Pre-income tax result	23,633	19,175
Income tax expense	(6,849)	(5,428)
Net profit of the year	16,784	13,747
Other integral result of the year	-	-
Total integral result of the year	16,784	13,747
Net profit per share:		
Basic and diluted (in USD)	0.074	0.059

GAS NATURAL DE LIMA Y CALLAO S.A.**STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**

	<u>Issued Capital</u>	<u>Legal Reserve</u>	<u>Retained Earnings</u>	<u>Total Equity</u>	<u>Total patrimonio</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
BALANCE AS OF JANUARY 1, 2015	230,352	12,163	-	33,836	276,351
Net profit of the year	-	-	-	13,747	13,747
Other integral result	-	-	-	-	-
Provision for legal reserve	-	3,383	-	-3,383	-
Issue of share capital	-	-	-	-	-
Retained earnings Capitalization	-	-	-	-30,453	-30,453
BALANCE AS OF MARCH 31, 2015	<u>230,352</u>	<u>15,546</u>	<u>-</u>	<u>13,747</u>	<u>259,645</u>
BALANCE AS OF JANUARY, 2016	224,804	15,546	-106	55,372	295,616
Net profit of the year	-	-	-	16,784	16,784
Other integral result	-	-	-951	-	-951
Provision for legal reserve	-	5,537	-	-5,537	-
Issued capital reduction	-	-	-	-	-
Retained earnings Capitalization	-	-	-	-	-
Dividends distribution	-	-	-	-	-
BALANCE AS OF MARCH 31, 2016	<u>224,804</u>	<u>21,083</u>	<u>-1,057</u>	<u>66,619</u>	<u>311,449</u>

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF CASH FLOW FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	<u>31/03/2017</u>	<u>31/03/2016</u>
	<u>US\$000</u>	<u>US\$000</u>
OPERATING ACTIVITIES		
Collection corresponding to:		
Income for distribution services	123,121	101,882
Other cash income related to operating activities	213	866
Payments corresponding to:		
Suppliers of goods and services	(77,372)	(74,313)
Employee Benefits	(9,423)	(8,497)
Income tax	(9,090)	(7,568)
Interests	(9,556)	(7,256)
Other cash payments related to operating activities	(8,703)	(197)
Net cash provided by operating activities	<u>9,190</u>	<u>4,918</u>
INVESTMENT ACTIVITIES		
Collection corresponding to:		
Sale of property, plant and equipment	-	-
Payments corresponding to:		
Investment in concession goods	(20,351)	(16,535)
Loans to related parties	-	-
Software purchase	-	-
Purchase of machinery and equipment ongoing works	(27)	(9)
Net cash provided by operating activities	<u>(20,377)</u>	<u>(16,544)</u>
FINANCING ACTIVITIES		
Collection corresponding to:		
Loans received	15,695	23,931
Capital contribution	-	176
Payments corresponding to:		
Financial contribution and overcharge refund	(33)	-
Payment of loan received	(5,843)	(3,289)
Net cash provided by operating activities	<u>9,818</u>	<u>20,818</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,369)</u>	<u>9,192</u>
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	<u>14,705</u>	<u>69,541</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>13,336</u>	<u>78,733</u>