

Gas Natural de Lima y Callao S.A.

Financial Statements

As of June 30, 2017 and December 31, 2016

GAS NATURAL DE LIMA Y CALLAO S.A.

TABLE OF CONTENTS

	Páginas
FINANCIAL STATEMENTS FOR THE YEARS ENDED ON JUNE 30, 2017 AND DECEMBER 31, 2016	1 - 2
Statement of Financial Position	3
Statement of comprehensive Income	4
Statement of change in Equity	5
Statements of Cash Flow	6

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2017 AND DECEMBER 31, 2016

	<u>30/06/2017</u>	<u>31/12/2016</u>		<u>30/06/2017</u>	<u>31/12/2016</u>
	US\$000	US\$000		US\$000	US\$000
ASSETS			EQUITY AND LIABILITIES		
CURRENT ASSETS:			CURRENT LIABILITIES		
Cash and cash equivalents	28,334	14,705	Other financial Liabilities	9,738	14,078
Trade receivables (net)	81,637	79,552	Accounts payable	47,803	41,704
Accounts receivable from related parties	74	60	Accounts payable from related parties	77	77
Inventories	20,648	18,372	Accounts payable to employee	4,986	7,133
Other receivables	13,802	1,538	Current income tax payable	3,208	6,840
Other non financial Assets	439	954	Other accounts payable	12,765	13,989
			Deferred income	19,865	23,878
Total Current Assets	<u>144,934</u>	<u>115,181</u>	Total current liabilities	<u>98,442</u>	<u>107,699</u>
NON-CURRENT ASSETS			NON CURRENT LIABILITIES		
Trade receivables (net)	23,534	29,780	Other financial Liabilities	403,753	327,231
Property, plant and equipment (net)	7,788	8,509	Provisions	5,387	5,564
Intangible assets	613,050	588,963	Other accounts payable	8,095	7,068
Deferred taxes assets	1,850	530			
Other receivables	109	215	Total non-current liabilities	<u>417,235</u>	<u>339,863</u>
Total non-current assets	<u>646,331</u>	<u>627,997</u>	Total liabilities	<u>515,677</u>	<u>447,562</u>
			EQUITY		
TOTAL	<u>791,265</u>	<u>743,178</u>	Issued capital	224,804	224,804
			Legal reserve	21,083	15,546
			Other capital reserves	(456)	(106)
			Retained earnings	30,157	55,372
			Total equity	<u>275,588</u>	<u>295,616</u>
			TOTAL	<u>791,265</u>	<u>743,178</u>

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>30/06/2017</u>	<u>30/06/2016</u>
	US\$000	US\$000
OPERATIONAL INCOME		
Income from natural gas sales, transport distributions sales, transport distributions and associated services	239,511	218,040
Income from the main grid extension	40,705	39,168
Other operational income	4,322	4,370
Total operational income	284,538	261,578
COST OF SALES		
Cost of natural gas sales, transport distributions and associated services	(173,546)	(156,064)
Cost of sales from the main grid extension	(40,705)	(39,168)
Gross profit	70,287	66,346
Administrative expenses	(14,311)	(12,378)
Commercialization expenses	(7,427)	(4,727)
Other (expenses) income	477	431
Operative profit	49,026	49,672
Financial income	377	905
Financial expenses	(10,677)	(10,481)
Exchange difference, net	2,969	2,256
Pre-income tax result	41,695	42,352
Income tax expense	(11,538)	(12,309)
Net profit of the year	30,157	30,043
Other integral result of the year	(350)	(501)
Total integral result of the year	29,807	29,542
Net profit per share:		
Basic and diluted (in USD)	0.133	0.129

GAS NATURAL DE LIMA Y CALLAO S.A.**STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>Issued Capital</u> US\$000	<u>Legal Reserve</u> US\$000	<u>Other capital reserves</u> US\$000	<u>Retained earnings</u> US\$000	<u>Total Equity</u> US\$000
BALANCE AS OF JANUARY 1, 2016	230,352	12,163	-	33,836	276,351
Net profit for the year	-	-	-	30,043	30,043
Other integral result	-	-	-501	-	-501
Provision for legal reserve	-	3,383	-	-3,383	-
Reduction of share capital	-5,548	-	-	-	-5,548
Dividend Distribution	-	-	-	-30,453	-30,453
BALANCE AS OF JUNE 30, 2016	<u>224,804</u>	<u>15,546</u>	<u>-501</u>	<u>30,043</u>	<u>269,892</u>
BALANCE AS OF JANUARY 01, 2017	224,804	15,546	-106	55,372	295,616
Net profit for the year	-	-	-	30,157	30,157
Other integral result	-	-	-350	-	-350
Provision for legal reserve	-	5,537	-	-5,537	-
Dividend Distribution	-	-	-	-49,835	-49,835
BALANCE AS OF JUNE 30, 2017	<u>224,804</u>	<u>21,083</u>	<u>-456</u>	<u>30,157</u>	<u>275,588</u>

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF CASH FLOW FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>30/06/2017</u>	<u>30/06/2016</u>
	<u>US\$000</u>	<u>US\$000</u>
OPERATING ACTIVITIES:		
Collection corresponding to:		
Income for distribution services	244,789	210,139
Fondo descuento osinergmin		
Other cash income related to operating activities	737	4,013
Payments corresponding to:		
Suppliers of goods and services	(158,954)	(147,979)
Employee benefits	(13,005)	(11,943)
Income tax	(18,462)	(14,500)
Interests	(10,461)	(8,702)
Other cash payments related to operating activities	(17,126)	(3,021)
Net cash provided by operating activities	<u>27,517</u>	<u>28,007</u>
INVESTMENT ACTIVITIES:		
Collection corresponding to:		
Sale of Property, plant and equipment	-	-
Payments corresponding to:		
Investment in concession goods	(38,055)	(38,164)
Software purchase		
Purchase of machinery and equipment and ongoing works	(38)	(924)
Net cash provided by operating activities	<u>(38,093)</u>	<u>(39,087)</u>
FINANCING ACTIVITIES:		
Collection corresponding to:		
Loans received	78,830	23,926
Financial contribution and overcharge	694	49
Payments corresponding to:		
Dividend payments	(48,040)	(29,356)
Capital reduction	-	(5,363)
Payment of loan received	(7,280)	(9,795)
Net cash provided by operating activities	<u>24,204</u>	<u>(20,539)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>13,629</u>	<u>(31,619)</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>28,334</u>	<u>37,922</u>