

Gas Natural de Lima y Callao S.A.

Financial Statements

As of June 30, 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 JUNE 30, 2016 AND DECEMBER 31, 2015

	<u>30/06/2016</u>	<u>31/12/2015</u>		<u>30/06/2016</u>	<u>31/12/2015</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	37,922	69,541	Other financial Liabilities	18,047	9,813
Trade receivables (net)	81,432	74,910	Accounts payable	47,576	46,073
Accounts receivable from related parties	120	103	Accounts payable from related parties	74	1,269
Inventories	20,428	20,248	Employee benefit liabilities	5,169	6,573
Other receivables	1,384	1,605	Current income tax payable	5,336	6,562
Pre-paid expenses	345	1,115	Other accounts payable	22,393	21,378
Other non financial Assets			Deferred income	28,691	29,349
Total Current Assets	<u>141,631</u>	<u>167,522</u>	Total current liabilities	<u>127,286</u>	<u>121,017</u>
NON-CURRENT ASSETS			NON CURRENT LIABILITIES		
Trade receivables (net)	31,362	24,325	Other financial Liabilities	332,530	325,512
Property, plant and equipment (net)	8,842	8,394	Deferred tax liabilities	-	128
Intangible assets	560,589	534,308	Provisions	4,800	4,115
Deferred taxes assets	31	-	Other accounts payable	<u>7,954</u>	<u>7,444</u>
Other receivables	<u>7</u>	<u>18</u>			
			Total non-current liabilities	<u>345,284</u>	<u>337,199</u>
Total non-current assets	<u>600,831</u>	<u>567,045</u>	Total liabilities	<u>472,570</u>	<u>458,216</u>
			EQUITY		
			Issued capital	224,804	230,352
			Legal reserve	15,546	12,163
			Other capital reserves	(501)	-
			Retained earnings	<u>30,043</u>	<u>33,836</u>
			Total equity	<u>269,892</u>	<u>276,351</u>
TOTAL	<u><u>742,462</u></u>	<u><u>734,567</u></u>	TOTAL	<u><u>742,462</u></u>	<u><u>734,567</u></u>

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>30/06/2016</u>	<u>30/06/2015</u>
	<u>US\$000</u>	<u>US\$000</u>
OPERATIONAL INCOME		
Income from natural gas sales, transport distributions sales, transport distributions and associated services	218,040	224,835
Income from the main grid extension	39,168	37,274
Other operational income	4,370	3,376
Total operational income	261,578	265,485
COST OF SALES		
Cost of natural gas sales, transport distributions and associated services	(156,064)	(168,734)
Cost of sales from the main grid extension	(39,168)	(37,274)
Gross profit	66,346	59,477
Administrative expenses	(12,378)	(12,507)
Commercialization expenses	(4,727)	(4,405)
Other (expenses) income	431	(43)
Operative profit	49,672	42,522
Financial income	905	1,199
Financial expenses	(10,481)	(7,297)
Exchange difference, net	2,256	(3,707)
Pre-income tax result	42,352	32,717
Income tax expense	(12,309)	(12,532)
Net profit of the year	30,043	20,185
Other integral result of the year	(501)	-
Total integral result of the year	29,542	20,185
Net profit per share:		
Basic and diluted (in USD)	0.129	0.086

GAS NATURAL DE LIMA Y CALLAO S.A.**STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<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, 2015	235,583	8,633	-	35,298	279,514
Net profit for the year	-	-	-	20,185	20,185
Other integral result	-	-	-	-	-
Provision for legal reserve	-	-	-	-3,530	-3,530
Issue of share capital	-	-	-	-	-
Dividend Distribution	-	-	-	-31,768	-31,768
BALANCE AS OF JUNE 30, 2015	<u>235,583</u>	<u>8,633</u>	<u>-</u>	<u>20,185</u>	<u>264,401</u>
BALANCE AS OF JANUARY 31, 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	-
Issue of share capital	-	-	-	-	-
Capital reduction	-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>

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF CASH FLOW FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>30/06/2016</u>	<u>30/06/2015</u>
	US\$000	US\$000
OPERATING ACTIVITIES:		
Collection corresponding to:		
Income for distribution services	210,139	219,259
Other cash income related to operating activities	4,013	9,156
Payments corresponding to:		
Suppliers of goods and services	(147,979)	(158,724)
Employee benefits	(11,943)	(11,076)
Income tax	(14,500)	(891)
Interests	(8,702)	(7,169)
Other cash payments related to operating activities	(3,021)	(3,620)
Net cash provided by operating activities	<u>28,007</u>	<u>46,935</u>
INVESTMENT ACTIVITIES:		
Collection corresponding to:		
Sale of Property, plant and equipment	-	80
Payments corresponding to:		
Investment in concession goods	(38,164)	(38,608)
Software purchase	-	-
Purchase of machinery and equipment and ongoing works	(924)	(94)
Net cash provided by operating activities	<u>(39,087)</u>	<u>(38,621)</u>
FINANCING ACTIVITIES:		
Collection corresponding to:		
Loans received	23,926	28,441
Capital contribution	-	-
Financial contribution and overcharge	49	-
Payments corresponding to:		
Financial contribution and overcharge refund	-	(372)
Dividend payments	(29,356)	(31,768)
Capital reduction	(5,363)	-
Payment of loan received	(9,795)	-
Net cash provided by operating activities	<u>(20,539)</u>	<u>(3,699)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(31,619)</u>	<u>4,615</u>
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	<u>69,541</u>	<u>79,413</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>37,922</u>	<u>84,028</u>