

Gas Natural de Lima y Callao S.A.

Financial Statements

As of September 30, 2016 and December 31, 2015

GAS NATURAL DE LIMA Y CALLAO S.A.

TABLE OF CONTENTS

Páginas

FINANCIAL STATEMENTS FOR THE YEARS ENDED ON SEPTEMBER 30, 2016 AND DECEMBER 31, 2015

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 SEPTEMBER 30, 2016 AND DECEMBER 31, 2015

	<u>30/09/2016</u>	<u>31/12/2015</u>		<u>30/09/2016</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	19,347	69,541	Other financial Liabilities	14,481	9,813
Trade receivables (net)	80,845	74,910	Accounts payable	47,510	46,073
Accounts receivable from related parties	89	103	Accounts payable from related parties	77	1,269
Inventories	19,784	20,248	Employee benefit liabilities	6,481	6,573
Other receivables	2,186	1,605	Current income tax payable	6,577	6,562
Pre-paid expenses	1,674	1,115	Other accounts payable	14,654	21,378
Other non financial Assets			Deferred income	27,174	29,349
Total Current Assets	<u>123,925</u>	<u>167,522</u>	Total current liabilities	<u>116,954</u>	<u>121,017</u>
NON-CURRENT ASSETS			NON CURRENT LIABILITIES		
Trade receivables (net)	32,329	24,325	Other financial Liabilities	329,356	325,512
Property, plant and equipment (net)	8,965	8,394	Deferred tax liabilities	-	128
Intangible assets	576,179	534,308	Provisions	4,827	4,115
Deferred taxes assets	376	-	Other accounts payable	8,027	7,444
Other receivables	167	18			
			Total non-current liabilities	<u>342,210</u>	<u>337,199</u>
Total non-current assets	<u>618,016</u>	<u>567,045</u>	Total liabilities	<u>459,164</u>	<u>458,216</u>
			EQUITY		
			Issued capital	224,804	230,352
			Legal reserve	15,546	12,163
			Other capital reserves	(642)	-
			Retained earnings	43,069	33,836
			Total equity	<u>282,777</u>	<u>276,351</u>
TOTAL	<u><u>741,941</u></u>	<u><u>734,567</u></u>	TOTAL	<u><u>741,941</u></u>	<u><u>734,567</u></u>

GAS NATURAL DE LIMA Y CALLAO S.A.

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

	<u>30/09/2016</u>	<u>30/09/2015</u>
	<u>US\$000</u>	<u>US\$000</u>
OPERATIONAL INCOME		
Income from natural gas sales, transport distributions sales, transport distributions and associated services	331,431	333,777
Income from the main grid extension	60,618	55,781
Other operational income	<u>6,773</u>	<u>5,280</u>
Total operational income	398,822	394,838
COST OF SALES		
Cost of natural gas sales, transport distributions and associated services	(238,988)	(250,278)
Cost of sales from the main grid extension	<u>(60,618)</u>	<u>(55,781)</u>
Gross profit	<u>99,216</u>	<u>88,779</u>
Administrative expenses	(18,624)	(19,591)
Commercialization expenses	(7,828)	(6,736)
Other (expenses) income	<u>535</u>	<u>271</u>
Operative profit	73,299	62,723
Financial income	2,344	1,484
Financial expenses	(15,094)	(11,537)
Exchange difference, net	<u>364</u>	<u>(4,497)</u>
Pre-income tax result	<u>60,913</u>	<u>48,173</u>
Income tax expense	<u>(17,844)</u>	<u>(17,606)</u>
Net profit of the year	43,069	30,567
Other integral result of the year	<u>(642)</u>	<u>-</u>
Total integral result of the year	<u>42,427</u>	<u>30,567</u>
Net profit per share:		
Basic and diluted (in USD)	<u>0.189</u>	<u>0.130</u>

GAS NATURAL DE LIMA Y CALLAO S.A.**STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 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	-	-	-	30,567	30,567
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 SEPTEMBER 30, 2015	<u>230,352</u>	<u>12,163</u>	<u>-</u>	<u>30,567</u>	<u>273,082</u>
BALANCE AS OF JANUARY 31, 2016	230,352	12,163	-	33,836	276,351
Net profit for the year	-	-	-	43,069	43,069
Other integral result	-	-	-642	-	-642
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 SEPTEMBER 30, 2016	<u>224,804</u>	<u>15,546</u>	<u>-642</u>	<u>43,069</u>	<u>282,777</u>

GAS NATURAL DE LIMA Y CALLAO S.A.

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

	<u>30/09/2016</u>	<u>30/09/2015</u>
	US\$000	US\$000
OPERATING ACTIVITIES:		
Collection corresponding to:		
Income for distribution services	320,566	325,908
Other cash income related to operating activities	5,127	10,279
Payments corresponding to:		
Suppliers of goods and services	(224,570)	(238,621)
Employee benefits	(16,167)	(14,720)
Income tax	(22,296)	(3,653)
Interests	(16,801)	(14,344)
Other cash payments related to operating activities	(8,133)	(3,861)
Net cash provided by operating activities	<u>37,726</u>	<u>60,988</u>
INVESTMENT ACTIVITIES:		
Collection corresponding to:		
Sale of Property, plant and equipment	-	80
Payments corresponding to:		
Investment in concession goods	(60,156)	(56,965)
Software purchase	-	-
Purchase of machinery and equipment and ongoing works	(1,379)	(149)
Net cash provided by operating activities	<u>(61,535)</u>	<u>(57,034)</u>
FINANCING ACTIVITIES:		
Collection corresponding to:		
Loans received	23,988	28,441
Capital contribution	-	-
Financial contribution and overcharge	(60)	-
Payments corresponding to:		
Financial contribution and overcharge refund	-	(338)
Dividend payments	(29,356)	(31,768)
Capital reduction	(5,363)	(5,888)
Payment of loan received	(15,593)	-
Net cash provided by operating activities	<u>(26,385)</u>	<u>(9,553)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(50,194)</u>	<u>(5,599)</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>19,347</u>	<u>73,814</u>