

Gas Natural de Lima y Callao S.A.

Financial Statements

As of June 30, 2014 and December 31, 2013

GAS NATURAL DE LIMA Y CALLAO S.A.

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DECEMBER 31, 2013

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GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2014 AND DECEMBER 31, 2013

| | <u>30/06/2014</u> | <u>31/12/2013</u> | | <u>30/06/2014</u> | <u>31/12/2013</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 | 19,839 | 104,958 | Other financial Liabilities | - | - |
| Trade receivables (net) | 71,311 | 62,630 | Accounts payable | 51,526 | 49,693 |
| Accounts receivable from related parties | 50,087 | 697 | Accounts payable from related parties | - | - |
| Inventories | 22,361 | 20,958 | Current income tax payable | 13,968 | 22,195 |
| Other receivables | 13,595 | 5,411 | Other accounts payable | 2,212 | 3,042 |
| Pre-paid expenses | 7,560 | 7,386 | | | |
| Other non financial Assets | 1,768 | 415 | | | |
| | | | | | |
| Total Current Assets | <u>186,521</u> | <u>202,455</u> | Total current liabilities | <u>67,706</u> | <u>74,930</u> |
| | | | | | |
| NON-CURRENT ASSETS | | | NON CURRENT LIABILITIES | | |
| Trade receivables (net) | 10,297 | 8,261 | Other financial Liabilities | 317,958 | 317,863 |
| Property, plant and equipment (net) | 9,980 | 9,756 | Deferred tax liabilities | - | 291 |
| Intangible assets | 440,967 | 410,928 | Provisions | 2,761 | 2,684 |
| Deferred taxes assets | 213 | - | Deferred income | 1,654 | 632 |
| Other receivables | 15,719 | 16,602 | Other accounts payable | 10,093 | 7,386 |
| | | | | | |
| Total non-current assets | <u>477,176</u> | <u>445,547</u> | Total non-current liabilities | <u>332,466</u> | <u>328,856</u> |
| | | | | | |
| | | | Total liabilities | <u>400,172</u> | <u>403,786</u> |
| | | | | | |
| | | | EQUITY | | |
| | | | Issued capital | 235,583 | 220,528 |
| | | | Legal reserve | 8,633 | 6,960 |
| | | | Retained earnings | 19,309 | 16,728 |
| | | | | | |
| | | | Total equity | <u>263,525</u> | <u>244,216</u> |
| | | | | | |
| TOTAL | <u>663,697</u> | <u>648,002</u> | TOTAL | <u>663,697</u> | <u>648,002</u> |

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

| | <u>30/06/2014</u> | <u>30/06/2013</u> |
|---|-------------------|-------------------|
| | <u>US\$000</u> | <u>US\$000</u> |
| OPERATIONAL INCOME | | |
| Income from natural gas sales, transport distributions sales, transport distributions and associated services | 208,233 | 167,959 |
| Income from the main grid extension | 42,095 | 29,682 |
| Other operational income | 2,501 | 1,695 |
| Total operational income | 252,829 | 199,336 |
| COST OF SALES | | |
| Cost of natural gas sales, transport distributions and associated services | (158,117) | (128,866) |
| Cost of sales from the main grid extension | (42,095) | (29,682) |
| Gross profit | 52,617 | 40,788 |
| Administrative expenses | (13,478) | (12,070) |
| Commercialization expenses | (4,544) | (4,983) |
| Other (expenses) income | 111 | 230 |
| Operative profit | 34,706 | 23,965 |
| Financial income | 215 | 1,049 |
| Financial expenses | (7,159) | (13,369) |
| Exchange difference, net | (892) | (6,502) |
| Pre-income tax result | 26,870 | 5,143 |
| Income tax expense | (7,561) | (1,648) |
| Net profit of the year | 19,309 | 3,495 |
| Other integral result of the year | - | - |
| Total integral result of the year | 19,309 | 3,495 |
| Net profit per share: | | |
| Basic and diluted (in USD) | 0.092 | 0.024 |

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

| | <u>Issued Capital</u> US\$000 | <u>Legal Reserve</u> US\$000 | <u>Retained earnings</u> US\$000 | <u>Total Equity</u> US\$000 |
|----------------------------------|----------------------------------|---------------------------------|-------------------------------------|--------------------------------|
| BALANCE AS OF JANUARY 1, 2013 | 133,301 | 4,310 | 64,877 | 202,488 |
| Net profit for the year | - | - | 3,495 | 3,495 |
| Other integral result | - | - | - | - |
| Provision for legal reserve | - | 2,650 | -2,650 | - |
| Issue of share capital | 25,000 | - | - | 25,000 |
| Retained earnings Capitalization | 62,227 | - | -62,227 | - |
| BALANCE AS OF JUNE 31, 2013 | <u>220,528</u> | <u>6,960</u> | <u>3,495</u> | <u>230,983</u> |
| BALANCE AS OF JANUARY 1, 2014 | 220,528 | 6,960 | 16,728 | 244,216 |
| Net profit for the year | - | - | 19,309 | 19,309 |
| Other integral result | - | - | - | - |
| Provision for legal reserve | - | 1,673 | -1,673 | - |
| Issue of share capital | - | - | - | - |
| Retained earnings Capitalization | 15,055 | - | -15,055 | - |
| BALANCE AS OF JUNE 31, 2014 | <u>235,583</u> | <u>8,633</u> | <u>19,309</u> | <u>263,525</u> |

GAS NATURAL DE LIMA Y CALLAO S.A.

STATEMENT OF CASH FLOW FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

| | <u>30/06/2014</u> | <u>30/06/2013</u> |
|---|-------------------|-------------------|
| | US\$000 | US\$000 |
| OPERATING ACTIVITIES: | | |
| Collection corresponding to: | | |
| Income for distribution services | 200,643 | 170,235 |
| Other cash income related to operating activities | 962 | 4,967 |
| Payments corresponding to: | | |
| Suppliers of goods and services | (145,062) | (122,488) |
| Employee benefits | (11,975) | (12,445) |
| Income tax | (8,228) | (13,194) |
| Interests | (7,259) | (25,092) |
| Other cash payments related to operating activities | (9,918) | (9,306) |
| Net cash provided by operating activities | <u>19,163</u> | <u>(7,323)</u> |
| INVESTMENT ACTIVITIES: | | |
| Collection corresponding to: | | |
| Sale of Property, plant and equipment | 49 | 140 |
| Payments corresponding to: | | |
| Investment in concession goods | (45,546) | (8,889) |
| Software purchase | - | - |
| Purchase of machinery and equipment and ongoing works | (883) | (1,642) |
| Net cash provided by operating activities | <u>(46,380)</u> | <u>(10,391)</u> |
| FINANCING ACTIVITIES: | | |
| Collection corresponding to: | | |
| Loans received | - | 320,000 |
| Capital contribution | - | 25,000 |
| Financial contribution and overcharge | - | - |
| Payments corresponding to: | | |
| Financial contribution and overcharge refund | (7,902) | (815) |
| Payment of related entity loans | - | (47,000) |
| Payment to related entity loans | (50,000) | - |
| Payment of loan received | - | (154,125) |
| Net cash provided by operating activities | <u>(57,902)</u> | <u>143,060</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>(85,119)</u> | <u>125,346</u> |
| CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR | <u>104,958</u> | <u>45,186</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>19,839</u> | <u>170,532</u> |