COMPAÑIA GENERAL DE COMBUSTIBLES S.A.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

AT JUNE 30, 2016

(Presented in comparative format with 2015)

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.

Legal address: Bonpland 1745 - Autonomous City of Buenos Aires, Argentina

FISCAL YEAR NO. 97

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

AT JUNE 30, 2016

Company's main line of business:	Exploration and exploitation of hydrocarbons and byproducts
Date of registration with the Public Registry of Commerce:	October 15, 1920
Latest three amendments to Bylaws:	April 18, 2007, September 12, 2007, December 19, 2013 and April 17, 2015
Registration number with the Superintendency of Commercial Companies:	1648
Date of termination of the incorporation agreement:	September 1, 2100
Name of parent company:	Latin Exploration S.L. (1)
Parent company's main line of business:	Investment and financial activities

Equity interest held by the parent company in capital stock and votes: 70.00% (1)

CAPITAL STATUS(1) - In pesos -

	Subscribed, issued and paid-up
Ordinary shares with a par value of 1 per share:	
Class A shares entitled to 1 vote	279,396,499
Class B shares entitled to 1 vote	119,741,357
	399,137,856

(1) Note 13 to the consolidated financial statements

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2016 AND DECEMBER 31, 2015
(presented in comparative format)
(In thousands of pesos)

	Note	6.30.2016	12.31.2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	3,376,261	3,153,638
Investments in associates	7	357,543	268,773
Other investments	11	9,141	7,662
Deferred tax assets	22	56,234	53,683
Other receivables	8	121,551	109,626
Trade receivables	10	64,083	-
Total Non-Current Assets		**3,984,813**	**3,593,382**
CURRENT ASSETS			
Inventories	9	381,066	140,093
Other receivables	8	722,260	531,742
Trade receivables	10	409,219	791,080
Other investments	11	297,544	171,405
Cash and other equivalent liquid assets	12	20,991	112,414
Total Current Assets		**1,831,080**	**1,746,734**
TOTAL ASSETS		**5,815,893**	**5,340,116**
EQUITY			
Capital stock	13	399,138	399,138
Reserves		841,350	771,534
Retained earnings		(61,891)	69,816
Other comprehensive income		121,739	107,759
Total equity attributable to the equity holders of the Company		**1,300,336**	**1,348,247**
Non-controlling interests		**7,130**	**7,455**
TOTAL EQUITY		**1,307,466**	**1,355,702**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	14	14,561	14,581
Other provisions	15	618,067	528,626
Other liabilities	18	-	208
Tax payables	16	58,177	63,354
Deferred tax liabilities	22	9,674	37,258
Financial debts	17	1,809,822	2,356,231
Trade payables	19	75,200	-
Total Non-Current Liabilities		**2,585,501**	**3,000,258**
CURRENT LIABILITIES			
Contingent liabilities for lawsuits and other legal proceeding	14	27,105	-
Provisions	15	11,398	11,322
Other liabilities	18	40,378	35,794
Tax payables	16	29,753	21,099
Salaries and social security contributions		27,037	20,243
Financial debts	17	1,231,781	325,721
Trade payables	19	555,474	569,977
Total Current Liabilities		**1,922,926**	**984,156**
TOTAL LIABILITIES		**4,508,427**	**3,984,414**
TOTAL EQUITY AND LIABILITIES		**5,815,893**	**5,340,116**

The accompanying notes 1 to 26 are an integral part of these consolidated financial statements.

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015
(presented in comparative format)
(In thousands of pesos)

		Three-month period ended		Six-month period ended	
	Note	6.30.2016	6.30.2015	6.30.2016	6.30.2015
Net sales	20 a)	1,179,812	701,650	1,857,919	957,747
Cost of sales	20 b)	(898,006)	(598,321)	(1,306,322)	(797,098)
Gross profit		**281,806**	**103,329**	**551,597**	**160,649**
Selling expenses	20 c)	(25,093)	(17,011)	(38,848)	(24,282)
Administrative expenses	20 d)	(69,705)	(41,626)	(118,231)	(80,661)
Exploration expenses	20 e)	-	(27,794)	-	(27,938)
Other operating income and expenses	20 f)	(68,438)	418,422	(88,659)	380,456
Operating income		**118,570**	**435,320**	**305,859**	**408,224**
Gains and losses on investments valued under the equity method	20 g)	46,229	(30,988)	(3,818)	(60,566)
Financial income	20 h)	52,911	9,229	84,401	62,792
Financial costs	20 h)	(170,665)	(120,916)	(478,790)	(136,214)
Income before taxes		**47,045**	**292,645**	**(92,348)**	**274,236**
Income tax	22	228	28,714	30,132	20,981
Net income (loss) for the period		**47,273**	**321,359**	**(62,216)**	**295,217**
OTHER COMPREHENSIVE INCOME					
Financial statement translation difference		2,795	3,135	13,980	6,959
Total other comprehensive income for the period, net of taxes		2,795	3,135	13,980	6,959
Total comprehensive income for the period - Income (Loss)		**50,068**	**324,494**	**(48,236)**	**302,176**
Net income, attributable to:					
Company shareholders		47,474	321,401	(61,891)	295,259
Non-controlling interests		(201)	(42)	(325)	(42)
		47,273	**321,359**	**(62,216)**	**295,217**
Total comprehensive income, attributable to:					
Company shareholders		50,269	324,536	(47,911)	302,218
Non-controlling interests		(201)	(42)	(325)	(42)
		50,068	**324,494**	**(48,236)**	**302,176**
Basic and diluted earnings per share		**0.118**	**0.805**	**(0.156)**	**0.740**

The accompanying notes 1 to 26 are an integral part of these consolidated financial statements.

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016
(In thousands of pesos)

	Capital stock (Note 13)	Legal Reserve	Discretionary Reserve (1)	Other	Unappropriated retained earnings	Other comprehensive income	Equity attributable to Company shareholders	Non-controlling interest	Total
Balances at December 31, 2015	**399,138**	**14,000**	**890,323**	**(132,789)**	**69,816**	**107,759**	**1,348,247**	**7,455**	**1,355,702**
Resolution of the Ordinary Meeting of Shareholders dated March 31, 2016:									
- Allocation of earnings	-	3,491	66,325	-	(69,816)	-	-	-	-
Net loss for the period	-	-	-	-	(61,891)	-	(61,891)	(325)	(62,216)
Changes in other comprehensive income for the period	-	-	-	-	-	13,980	13,980	-	13,980
Balances at June 30, 2016	**399,138**	**17,491**	**956,648**	**(132,789)**	**(61,891)**	**121,739**	**1,300,336**	**7,130**	**1,307,466**

(1) For maintenance of working capital and future dividends

The accompanying notes 1 to 26 are an integral part of these consolidated financial statements.

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(In thousands of pesos)

	Capital stock (Note 13)	Irrevocable Contributions	Legal Reserve	Discretionary Reserve (1)	Other	Unappropriated retained earnings	Other comprehensive income	Equity attributable to Company shareholders	Non-controlling interest	Total
Balances at December 31, 2014	**70,000**	**97,986**	**14,000**	**777,283**	**-**	**123,915**	**75,141**	**1,158,325**	**-**	**1,158,325**
Decision adopted by Ordinary and Extraordinary Shareholders' Meeting dated April 17, 2015.	-	-	-	113,040	-	(113,040)	-	-	-	-
- Reserve increase	329,138	(97,986)	-	-	-	-	-	231,152	-	231,152
- Capital increase										
Effect of the purchase of Unitec Energy S.A.	-	-	-	-	(132,789)	-	-	(132,789)	8,872	(123,917)
Net income for the period	-	-	-	-	-	295,259	-	295,259	(42)	295,217
Changes in other comprehensive income for the period	-	-	-	-	-	-	6,959	6,959	-	6,959
Balances at June 30, 2015	**399,138**	**-**	**14,000**	**890,323**	**(132,789)**	**306,134**	**82,100**	**1,558,906**	**8,830**	**1,567,736**

(1) For maintenance of working capital and future dividends

The accompanying notes 1 to 26 are an integral part of these consolidated financial statements.

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016 AND 2015
(presented in comparative format)
(In thousands of pesos)

	Note	6.30.2016	6.30.2015
Cash flow from operating activities			
Net income/(loss) for the period		(62,216)	295,217
Adjustments to arrive at net cash flow from operating activities:			
Depreciation of property, plant and equipment	6	383,037	147,531
Gain/(loss) on deletions of property, plant and equipment	6	1,795	35,645
Gains and losses on investments valued under the equity method	20 g)	3,818	60,566
Financial results, net	20 h)	394,389	73,422
Increase in allowances for receivables, net	20 f)	18,600	1,291
Increase in provision for lawsuits and administrative claims, net	20 f)	27,201	1,574
Increase in impairment allowance of non-financial assets	20 f)	5,592	6,751
Gas imbalance charges	20.b)	(1,008)	(1,113)
Income accrued net of collections under the Petróleo Plus Program, Gas Plan, Propane Gas Plan, Incentive Program for the Production of Crude Oil and Export Refunds from Patagonia ports.	20.a) and 20 f)	(78,776)	(94,279)
Income/(loss) for business combination	20 f) and 23 d)	-	(406,444)
Accrued income tax	22	(30,132)	(20,981)
Changes in operating assets and liabilities:			
Receivables		192,676	(322,166)
Inventory		(240,973)	63,027
Non-financial debts		78,438	92,738
Income tax paid		(35,953)	(80,366)
Net cash flow provided by / (used in) operating activities		**656,488**	**(147,587)**
Net cash flow provided by investment activities			
Acquisition of property, plant and equipment	6	(440,347)	(244,893)
Increase in investments in companies	7 b)	(78,608)	(12,495)
Acquisition of Petrobras Argentina S.A.´s business in the Austral basin	23 d)	-	(728,393)
Change in non-cash investments		-	1,679
Variance of placements of funds - current		(187,011)	7,441
Dividends collected	7 b)	-	7,151
Net cash flow used in investment activities		**(705,966)**	**(969,510)**
Net cash flow provided by financing activities			
Interest paid on financial debts	17	(242,249)	(72,407)
Financial debts incurred	17	274,769	1,400,761
Financial debts settled	17	(181,295)	(15,911)
Net cash flow (used in) provided by financing activities		**(148,775)**	**1,312,443**
(Decrease) Increase in cash, cash equivalents, and bank overdraft facilities, net		**(198,253)**	**195,346**
Cash, cash equivalents and bank overdraft facilities at the beginning For the period		199,522	20,402
Financial results generated by cash and cash equivalents		46,214	13,954
Cash, cash equivalents and bank overdraft facilities at the end of the period (Note 12)		**47,483**	**229,702**
<u>Changes not implying movement of funds:</u>			
Cost of wells retirement capitalized in property, plant and equipment		73,650	21,038
Acquisition of property, plant and equipment pending settlement		99,050	-

The accompanying notes 1 to 26 are an integral part of these consolidated financial statements.

NOTE 1 – GENERAL INFORMATION

1.1 - The Company

Compañía General de Combustibles S.A. ("CGC" or "the Company", or jointly with its subsidiaries "the Group") is a corporation organized under the laws of the Republic of Argentina, registered with the Public Registry of Commerce on October 15, 1920. The incorporation agreement will expire on September 1, 2100 and its legal address is Bonpland 1745, Autonomous City of Buenos Aires, Argentina.

CGC business activities are focused on the energy sector, specifically consisting of the exploration and production of oil and gas (upstream) and gas carriage. Upstream activities are carried out both individually and through joint ventures, and gas carriage activities through Company associates. Company business extends to Argentina, Chile and Venezuela.

These consolidated condensed interim financial statements of CGC were approved for issuance by the Company's Board of Directors on August 09, 2016.

1.2 - Control Group

The Company is controlled by Latin Exploration S.L.U. ("LE"), a Spanish company.

In April 2013 Corporación América acquired through Cedicor S.A. 100% of the corporate capital of LE, which held 81% of CGC capital stock (see Note 13).

This implied a change of Company control by a local Group with interests in energy, construction and infrastructure, airport operation, agribusiness, financial and other services.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION

These consolidated interim financial statements of the Company for the six-month period ended June 30, 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared in compliance with Technical Pronouncements No. 26 and No. 29 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), adopting the International Financing Reporting Standards (IFRS) issued by the IASB, for entities included in the public offering regime under Law No.17811 and its amendments, either due to their capital or their corporate bonds, or entities that have requested authorization to be included in the aforementioned regime. According to the professional accounting standard and regulatory provisions mentioned above, IFRS are of mandatory application by the Company as from its inclusion in the public offering regime, as informed in Note 1.1. to the Company's financial statements at December 31, 2015.

Under IAS 29 Financial Reporting in Hyperinflationary Economies, an entity's functional currency is that of a hyperinflationary economy, irrespective of whether the financial statements are based on a historical cost or current cost approach. Financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date. To this end, in general terms, non-monetary items include inflation from the acquisition date of the item or the restatement date, as applicable. To determine whether there is a hyperinflationary economy, the standard provides a series of factors to be taken into account, among others, a cumulative inflation rate over three years that is approaching, or exceeds, 100%.

At June 30, 2016, it is not possible to calculate the cumulative inflation rate over three years ended as of that date based on the official information published by INDEC (National Institute of Statistics and Census) since in October 2015 the Institute discontinued the calculation of the Wholesale Consumer Price Index ("IPIM", for its acronym in Spanish) and resumed calculation in January 2016.

At the end of the reporting period, the Board of Directors considers that the Argentine peso is not a currency of a hyperinflationary economy based on the guidelines set in IAS 29 and the government expectation that inflation levels will fall, and therefore these consolidated condensed interim financial statements have not been restated in constant currency.

However, over the last years, some macroeconomic variables affecting the Company's business, like salaries and input prices, have changed significantly. This situation must be considered when assessing and interpreting the Company's financial situation and results disclosed in these consolidated condensed interim financial statements.

These consolidated interim financial statements must be read jointly with the Company's audited consolidated financial statements at December 31, 2015, prepared in accordance with International Financing Reporting Standards (IFRS) and issued on March 10, 2016.

2.1 - Deposit of corporate and accounting documentation

Pursuant to General Resolution No. 629/14 of the National Securities Commission, we report that the documentation supporting the Company's accounting and management operations and the accounts books and corporate books of CGC are deposited in the offices located at Bonpland 1745, City of Buenos Aires, and in the warehouses of the supplier Iron Mountain Argentina S.A., with business address at Amancio Alcorta 2482, City of Buenos Aires.

2.2 - Accounting policies and financial statements used

These condensed interim financial statements have been prepared following the same accounting policies used for the preparation of the audited consolidated financial statements at December 31, 2015.

2.2.1 – a) New mandatory standards, modifications and interpretations for years commenced on January 1, 2016 that have not been early adopted

Subsequent to the financial statements at December 31, 2015 there have been no significant changes in the standards applicable for the Company.

2.2.1 – b) New mandatory standards, modifications and interpretations not yet effective at June 30, 2016 and not early adopted by the Company

IFRS 16 "Leases": in January 2016, the IASB issued IFRS 16 "Leases", which sets out the principles for recognition, measurement, presentation and disclosure of leases. The standard is applicable for all years commencing on or after January 1, 2019. These standards are not yet effective for the fiscal year starting on January 1, 2016 and were not, nor are they estimated to be, early adopted. Management is analyzing the possible impact that the adoption of these standards could have on the Company's financial position and the results of its operations.

IAS 7 “Statement of cash flows”: In February 2016, IASB published an amendment whereby an entity is required to disclose information for users to understand the changes in liabilities generated by financing activities. This includes the changes arising from cash flows, such as use of funds and amortization of loans, and the changes not involving cash flows, such as acquisitions, sales and unrealized exchange differences. It is applicable for all annual periods commencing on or after January 1, 2017.

IAS 12 “Income tax”: In February 2016, the IASB published some amendments to clarify the requirements relating to the recognition of deferred tax assets for unrealized losses. The amendments clarify how deferred tax will be recognized when assets are measured at fair value and fair value is lower than the tax base of the asset. Furthermore, other aspects relating to the recognition of deferred tax assets are addressed. These amendments will become effective on January 1, 2017.

IFRS 2 Share-based payments: In June 2016, an amendment was published which clarifies the measurement basis for cash-settled share-based payments and the accounting for amendments that change a compensation from cash-settled to equity-settled. It sets forth an exception for IFRS 2 as to requiring that the compensation be treated as fully settled with equity instruments when the employer is compelled to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authorities. It is applicable for all annual periods commencing on or after January 1, 2018.

2.2.2 - Financial statements used

For the purpose of preparing these financial statements, the financial statements of the subsidiaries and associates at June 30, 2016 and 2015 and at December 31, 2015 were used, or the best financial information available at these dates. Certain figures of the consolidated condensed interim financial statements at June 30, 2015 have been reclassified for comparative purposes with those for this period.

2.2.3 - Consolidation – Subsidiaries

The financial statements of CGC at June 30, 2016 were consolidated with the financial statements or management reports at these dates of the following companies:

Company	Country	Functional currency	Number of shares (direct and indirect participation)	Participation % (direct and indirect)	Number of possible votes
Unitec Energy S.A.(1)	Argentina	Argentina	93.26	93.26%	93.26
Compañía General de Combustibles Chile Ltda.	Chile	Chile	100	100%	100
Compañía General de Combustibles Internacional Corp.	Panama	United States dollar	100	100%	100

(1) On March 30, 2016 and June 24, 2016, the Board of Directors of Unitec Energy S.A. accepted the funds received from Compañía General de Combustibles S.A. for $12,550,000, as irrevocable contributions which will be computable as future capital increases. CGC’s equity interests in Unitec Energy S.A. at June 30, 2016 account for 93.26% of the capital and voting rights; the irrevocable contributions of CGC are not included.

2.3 - Estimates

The preparation of the condensed interim financial statements requires the Company's Management to make estimates and evaluations relating to the future, to apply critical judgment and to determine assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

In preparing these condensed interim financial statements, the critical judgments made by Management when applying the Company's accounting policies and the information sources used for the respective estimates are the same as those applied to the financial statements as for the year ended December 31, 2015.

These estimates and judgments are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual future results may differ from those estimates and assessments made at the date these condensed interim financial statements were prepared.

2.4 - Segment reporting

The Board of Directors has determined the operating segments based on reports reviewed and used to make strategical decisions. Segment reporting is presented in a manner consistent with the internal reporting. The Board of the Company as well as management are responsible for allocating resources and assessing the performance of operating segments.

The detail of this information is disclosed in Note 5.

NOTE 3 - CAPITAL AND FINANCIAL RISKS MANAGEMENT

In the course of its operations, the Company is exposed to various risks associated to the markets in which it operates.

The Company's Board of Directors approves the policies for risk management, which were consistently applied during the periods under analysis included in these financial statements.

Subsequent to the financial statements at December 31, 2015 there have been no significant changes in the Company's risks management or in the policies related to risk management, except for the situation with OIL Combustibles S.A. mentioned in note 10 and recent changes in the regulatory market of Natural Gas reported in note 25.

NOTE 4 - FAIR VALUE MEASUREMENT

IFRS 13 requires disclosure of fair value into levels, for financial instruments measured at fair value.

The Company classifies the measurements of financial instruments at fair value using a fair value hierarchy, which reflects the relevance of the variables used to carry out such measurements. The fair value hierarchy has the following levels:

- Level 1: (Unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: data other than the quoted prices included in Level 1 observable for assets or liabilities, whether directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: data on assets and liabilities not based on information observable in the market (i.e. not observable information).

The following table shows the financial assets measured at fair value at June 30, 2016 and December 31, 2015. There are no financial liabilities measured at fair value.

At 6.30.2016	Level 1	Level 2	Level 3	Total
Current assets				
Other short-term investments:				
Government securities	271,052	-	-	271,052
Total current assets	**271,052**	**-**	**-**	**271,052**
At 6.30.2016				
Non-current assets				
Investments in companies:				
Petronado S.A. (Venezuela)	-	-	9,920	9,920
Total non-current assets	**-**	**-**	**9,920**	**9,920**

At 12.31.2015	Level 1	Level 2	Level 3	Total
Current assets				
Other short-term investments:				
Mutual funds	76,589	-	-	76,589
Listed shares (Note 21 a))	82,572	-	-	82,572
Total current assets	**159,161**	**-**	**-**	**159,161**
At 12.31.2015				
Non-current assets				
Investments in companies:				
Petronado S.A. (Venezuela)	-	-	9,920	9,920
Total non-current assets	**-**	**-**	**9,920**	**9,920**

NOTE 5 – INFORMATION BY SEGMENTS

The business segments were defined in the usual manner with which management analyzes the information during the decision making process.

The representative manner followed by management for decision-making purposes has been determined as the “adjusted EBITDA”. The adjusted EBITDA is the Company's ordinary income (excepting tax on bank credits and debits) before interest, income tax, depreciation and amortization of all tangible and intangible assets of the Company, and before any other income/loss not implying movement of funds in cash. It includes sales revenue and net income from operations less (i) operating expenses (without including amortization charges or tax on bank credits and debits), exploration (without including dry exploration wells and deletion of capitalized exploration costs), production and carriage, and (ii) business and administrative expenses and other taxes (excepting tax on bank credits and debits), including withholdings on exports.

Management information used for decision-making purposes is prepared monthly and includes the breakdown of the following segments of the Company:

1) Oil and gas exploration and production (“Oil and gas”), made up by investments in oil and gas areas and investments in the public private partnership Petronado S.A. of Venezuela.

2) Natural gas carriage made up by the direct and indirect investments in the related companies TGN, TGM and Gas Andes.

3) Net income from operations corresponding to the Central Structure, those not identified with any business segment, and intra-segment deletions are disclosed together.

The Central Structure includes expenses common to the various business segments, such as administrative expenses, tax on financial transactions, interest on financial liabilities and income tax, incurred by the Company during the normal course of its operations and which for control purposes are managed from the Central Structure and are not reallocated among the operating segments.

Below is a detail of the information on each business segment identified by Company Management:

	At 6.30.2016			
	Exploration and production of oil and gas	**Gas carriage**	**Central structure**	**TOTAL**
Net sales	1,857,919	-	-	1,857,919
Cost of sales	(918,039)	-	-	(918,039)
Gross profit	**939,880**	**-**	**-**	**939,880**
Selling expenses	(38,848)	-	-	(38,848)
Central structure expenses	-	-	(101,519)	(101,519)
Exploration expenses	-	-	-	-
Other operating income and expenses	(40,652)	10,980	(7,835)	(37,507)
Adjusted EBITDA	**860,380**	**10,980**	**(109,354)**	**762,006**
Other operating income and expenses	-	-	(45,560)	(45,560)
Depreciation	(379,952)	-	(3,085)	(383,037)
Impairment allowance for non-financial assets	(5,592)	-	-	(5,592)
Tax on bank credits and debits	(8,331)	-	(13,627)	(21,958)
Dry wells and unsuccessful studies	-	-	-	-
Gains/losses on long-term investments	-	(3,818)	-	(3,818)
Subtotal	**466,505**	**7,162**	**(171,626)**	**302,041**
Financial income	-	-	84,401	84,401
Financial costs	-	-	(478,790)	(478,790)
Income before taxes	**466,505**	**7,162**	**(566,015)**	**(92,348)**
Income tax	(164,130)	(3,843)	198,105	30,132
Income (Loss) for the period	**302,375**	**3,319**	**(367,910)**	**(62,216)**

	At 6.30.2015			
	Exploration and production of oil and gas	**Gas carriage**	**Central structure**	**TOTAL**
Net sales	957,747	-	-	957,747
Cost of sales	(643,424)	-	-	(643,424)
Gross profit	**314,323**	**-**	**-**	**314,323**
Selling expenses	(24,282)	-	-	(24,282)
Central structure expenses	-	-	(69,873)	(69,873)
Exploration expenses	(185)	-	-	(185)
Other operating income and expenses	(25,985)	4,861	-	(21,124)
Adjusted EBITDA	**263,871**	**4,861**	**(69,873)**	**198,859**
Other operating income and expenses	406,444	-	1,888	408,332
Depreciation	(146,495)	-	(1,036)	(147,531)
Impairment allowance for non-financial assets	(6,751)	-	-	(6,751)
Tax on bank credits and debits	(7,180)	-	(9,752)	(16,932)
Dry wells and unsuccessful studies	(27,753)	-	-	(27,753)
Gains/losses on long-term investments	(43,643)	(16,923)	-	(60,566)
Subtotal	**438,493**	**(12,062)**	**(78,773)**	**347,658**
Financial income	-	-	62,792	62,792
Financial costs	-	-	(136,214)	(136,214)
Income before taxes	**438,493**	**(12,062)**	**(152,195)**	**274,236**
Income tax	(30,585)	(1,702)	53,268	20,981
Income (Loss) for the period	**407,908**	**(13,764)**	**(98,927)**	**295,217**

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Changes in this caption are as follows:

Main account	Original values: Value at the beginning of year	Additions	Transfers	Deletions	Value at the end of the period	Depreciation: Accumulated at the beginning of the fiscal year	Deletions	For the period	Accumulated at the end of the period	Net at 6.30.2016	Net at 12.31.2015
DEVELOPMENT AND PRODUCTION ASSETS											
Wells and production facilities	3,160,696	176,853	469,780	(1,457)	3,805,872	1,161,443	60	344,612	1,506,115	2,299,757	1,999,253
Other production-related assets	15,105	145	8,071	-	23,321	8,030	(33)	1,917	9,914	13,407	7,075
Mining property	930,563	-	-	-	930,563	241,081	-	33,421	274,502	656,061	689,482
Materials and spare parts	8,261	142	-	(195)	8,208	-	-	-	-	8,208	8,261
Works in progress	350,602	427,866	(477,851)	-	300,617	-	-	-	-	300,617	350,602
Subtotal	**4,465,227**	**605,006**	**-**	**(1,652)**	**5,068,581**	**1,410,554**	**27**	**379,950**	**1,790,531**	**3,278,050**	**3,054,673**
EXPLORATION AND EVALUATION ASSETS	**184,803**	**4,644**	**-**	**-**	**189,447**	**-**	**-**	**-**	**-**	**189,447**	**184,803**
CENTRAL MANAGEMENT ASSETS	**26,784**	**3,397**	**-**	**(235)**	**29,946**	**14,067**	**(119)**	**3,087**	**17,035**	**12,911**	**12,717**
TOTAL AT 6.30.2016	**4,676,814**	**613,047**	**-**	**(1,887)**	**5,287,974**	**1,424,621**	**(92)**	**383,037**	**1,807,566**	**3,480,408**	**3,252,193**
Impairment allowance for non-financial assets										**(104,147)**	**(98,555)**
TOTAL										**3,376,261**	**3,153,638**

Main account	Original values						Depreciation				Net	Net
	Value at the beginning of year	**Additions**	**Acquisition of the assets of Petrobras Argentina S.A. (Note 23.d)**	**Effect of consolidation with Unitec Energy (Note 2.2.3)**	**Deletions**	**Value at the end of period**	**Accumulated at the beginning of the fiscal year**	**Effect of consolidation with Unitec Energy (Note 2.2.3)**	**For the period**	**Accumulated at the end of the period**	**at 6.30.2015**	**at 12.31.2014**
DEVELOPMENT AND PRODUCTION ASSETS												
Wells and production facilities	1,183,119	56,667	1,193,596	59,327	(610)	2,492,099	857,872	16,045	119,641	993,558	1,498,541	325,247
Other production-related assets	4,347	130	9,603	983	-	15,063	3,693	686	1,274	5,653	9,410	654
Mining property	286,796	-	653,899	-	-	940,695	174,894	-	25,354	200,248	740,447	111,902
Materials and spare parts	11,096	2,890	-	453	(7,065)	7,374	-	-	-	-	7,374	11,096
Works in progress	36,148	200,090	38,788	-	(20)	275,006	-	-	-	-	275,006	36,148
Subtotal	**1,521,506**	**259,777**	**1,895,886**	**60,763**	**(7,695)**	**3,730,237**	**1,036,459**	**16,731**	**146,269**	**1,199,459**	**2,530,778**	**485,047**
EXPLORATION AND EVALUATION ASSETS	**369,903**	**35**	**(191,577)**	**59,936**	**(27,950)**	**210,347**	**-**	**-**	**234**	**234**	**210,113**	**369,903**
CENTRAL MANAGEMENT ASSETS	**15,025**	**6,119**	**-**	**-**	**-**	**21,144**	**9,994**	**-**	**1,028**	**11,022**	**10,122**	**5,031**
TOTAL AT 6.30.2015	**1,906,434**	**265,931**	**1,704,309**	**120,699**	**(35,645)**	**3,961,728**	**1,046,453**	**16,731**	**147,531**	**1,210,715**	**2,751,013**	**859,981**
Impairment allowance for non-financial assets (1)											**(76,907)**	**(34,393)**
TOTAL											**2,674,106**	**825,588**

(1) The impairment allowance of non-financial assets includes in 2015 the effect of the consolidation with Unitec Energy in the amount of $ 35,763.

The changes in the allowance for non-financial assets impairment are as follows:

	6.30.2016	6.30.2015
Balance at the beginning of year	98,555	34,393
Effect of consolidation of Unitec Energy S.A. (Note 2.2.3)	-	35,763
Increases	5,592	6,751
Balance at period end	**104,147**	**76,907**

NOTE 7 - INVESTMENTS IN COMPANIES

a) Below is a detail of the investments in companies at June 30, 2016 and December 31, 2015:

Company	6.30.2016	12.31.2015
Investments in Associates		
Gasinvest S.A. (4)	101,688	53,229
Gasoducto GasAndes Argentina S.A.	120,002	107,059
Gasoducto GasAndes S.A. (Chile)	97,516	72,403
Transportadora de Gas del Norte S.A. (3) (4)	75	97
Andes Operaciones y Servicios S.A. (Chile)	9,766	7,489
Subtotal	**329,047**	**240,277**
Other investments		
Transportadora de Gas del Mercosur S.A. (2)	-	-
Petronado S.A. (Venezuela)	9,920	9,920
Other investments	10,000	10,000
Subtotal	**19,920**	**19,920**
Goodwill (1)	8,576	8,576
Total investments in companies	**357,543**	**268,773**

(1) Originated in the acquisition of interest in Gasandes Chile on October 7, 2014.
(2) See Note 24 (1)
(3) See Note 24 (2)
(4) See Note 24 (3)

b) Below are the changes in the investments in associates as of June 30, 2016 and 2015:

	6.30.2016	6.30.2015
At the beginning of the year	268,773	377,681
Translation differences	13,980	6,959
Acquisition of investments	78,608	-
Purchase of Unitec Energy S.A. (1)	-	110,858
Consolidation of Unitec Energy S.A. (1)	-	(110,858)
Gains and losses on investments (Note 20 g))	(3,818)	(60,566)
Dividends collected	-	(7,151)
At period end	**357,543**	**316,923**

(1) At June 30, 2015 the acquisition of Unitec Energy S.A. for $110,858 is made up of purchase of shares for $12,495 and shares received from Unitec Energy S.A. as a result of a capital increase of Compañía General de Combustibles S.A. for $98,363.

NOTE 8 - OTHER RECEIVABLES

The breakdown of other receivables is as follows:

	6.30.2016	12.31.2015
Non-current:		
Related parties (Note 21 a))	154,668	131,987
Minimum notional income tax	30,522	30,531
Value added tax	21,109	19,508
Other tax credits	-	1,105
Sundry	502	502
Allowance for other receivables	(85,250)	(74,007)
Total	**121,551**	**109,626**
Current:		
Receivables from Petróleo Plus Program	24,768	21,452
Receivables from the incentive program to boost the production of oil	40,088	40,088
Receivables from the incentive program for Gas Injection	374,122	322,195
Receivables from the propane gas supply agreement	16,536	-
Receivables from export refunds from Patagonia ports	10,354	-
Related parties (Note 21 a))	8,205	7,148
Value added tax	71,054	56,110
Income tax, net of provision	76,583	42,208
Other tax credits	22,297	15,227
Advances to suppliers	1,955	1,232
Expenses to be recovered	40,899	20,420
Pre-paid insurance	18,663	691
Prepaid mining fees	12,860	-
Sundry	3,876	4,971
Total	**722,260**	**531,742**

Activity in the allowance for other receivables has been as follows:

	6.30.2016	6.30.2015
Non-Current		
Balance at the beginning of year	74,007	48,934
Increases (1)	11,243	2,981
Balance at period end	**85,250**	**51,915**
Current		
Balance at the beginning of year	-	482
Decreases (2)	-	(482)
Balance at period end	**-**	**-**

(1) $688 and $147 were charged to Other operating income and expenses, and $10,555 and $2,834 were charged to Financial results in 2016 and 2015, respectively.

(2) $472 allocated to Other operating income and expenses and $10 to Financial results in 2015.

NOTE 9 - INVENTORIES

The breakdown of inventories is as follows:

	6.30.2016	12.31.2015
Oil and byproducts	248,195	54,101
Materials and spare parts	132,871	85,992
Total	**381,066**	**140,093**

NOTE 10 - TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

	6.30.2016	12.31.2015
Non-Current		
Ordinary (1)	64,083	-
Total	**64,083**	**-**
Current		
Ordinary	431,738	795,687
Less: Allowance for bad debts	(22,519)	(4,607)
Total	**409,219**	**791,080**

(1) On April 8, 2016, the First Instance Court No. 1 with jurisdiction over summary proceedings, in and for the city of Comodoro Rivadavia, Office No. 2 of Comodoro Rivadavia, Province of Chubut, ordered the reorganization proceedings of Oil Combustibles S.A. be commenced and established July 25, 2016 as the deadline for creditors holding claims of cause or title prior to March 30, 2016 to file a proof of claims within the terms of section 32 of Law 24522.
On July 21, 2016 the Company filed the proof of claims with the trustee for trade receivables in US dollars and pesos of cause prior to March 30, 2016 for a nominal value of USD 3,954,985 and $14,334, respectively. At June 30, 2016 the Company disclosed these receivables under non-current assets for $ 64,083.
At the date of these financial statements, the Company continues operating with Oil Combustibles S.A. under certain business conditions, which have been complied in full by the customer.

Activity in the allowance for bad debts is as follows:

	6.30.2016	6.30.2015
Balance at the beginning of year	4,607	2,726
Increases (1)	17,912	1,616
Balance at period end	**22,519**	**4,342**

(1) Allocated to other operating income and expenses.

NOTE 11 - OTHER INVESTMENTS

The breakdown of other investments is as follows:

Non-Current:	6.30.2016	12.31.2015
Placements of funds - Related parties (Note 21 a))	7,641	6,362
Other placements – Negotiable Obligations	1,500	1,300
Total	**9,141**	**7,662**

Current:	6.30.2016	12.31.2015
Related parties (Note 21 a))	-	82,572
Time deposits	26,492	12,244
Government securities (2)	271,052	-
Mutual funds (1)	-	76,589
Total	**297,544**	**171,405**

(1) At December 31, 2015, it includes 18,484 units of the fixed-income mutual fund “Toronto Trust Renta Fija”.
(2) At June 30, 2016, they include 15,713,165 Argentine Bonds in US dollars 8% 2020 (Bonar 2020 US dollars). Pursuant to the provisions of Decree No. 704/2016 (see Note 25), published in the Official Gazette on May 23, 2016, the subsidies accrued until December 2015 under the Program for the Excess Natural Gas Injection amounting to $242,486 were settled to the beneficiaries through the delivery of Argentine government bonds in US dollars (Argentine Bonds in US dollars 8%, 2020, Bonar 2020 USD).

NOTE 12 - CASH AND OTHER EQUIVALENT LIQUID ASSETS

	6.30.2016	12.31.2015
Cash, imprest fund and checks to be deposited	251	342
Banks	20,740	112,072
Total	**20,991**	**112,414**

For purposes of the statement of cash flows, cash and cash equivalents include:

	6.30.2016	6.30.2015
Cash and cash equivalents	20,991	68,736
Mutual funds	-	140,559
Fixed-term deposits (less than 3 months)	26,492	20,407
Total	**47,483**	**229,702**

Bank overdrafts at June 30, 2016 are not included because they have been agreed with the under the same conditions as bank loans.

NOTE 13 - CAPITAL STOCK AND IRREVOCABLE CONTRIBUTIONS

Capital stock

The Extraordinary Shareholders' Meeting held on December 19, 2013 decided to modify the number of Class "A" and "B" shares, due to the transfer of shares of Latin Exploration, S.L. to Sociedad Comercial del Plata S.A. (see Note 21); as a result, the capital stock was set in the amount of $ 70,000, represented by 70,000,000 ordinary, registered, non-endorsable shares of one (1) vote per share, of which 49,000,000 are Class "A" shares and 21,000,000 are Class "B" shares, in the same proportion as the 70% ownership of Latin Exploration S.L. and 30% ownership of Sociedad Comercial del Plata S.A.

At December 31, 2014 the capital stock amounted to $ 70,000 and has been fully subscribed, paid-up and registered with the Superintendency of Commercial Companies.

At June 30, 2016 and December 31, 2015, the capital stock amounts to $ 399,138 and has been fully subscribed, paid-up and registered.

NOTE 14 - PROVISIONS

The provision for lawsuits and administrative claims was determined considering the opinion of the legal advisors, based on the amounts estimated to face contingent situations that would probably create obligations for the Company, taking into account the likelihood of the amounts involved and their possibility of occurrence.

At the date of issuance of these financial statements, the Company and the regulatory authorities have interpretation differences referred to the calculation of hydrocarbon royalties. It is estimated that the resolution of these situations will not cause significant impacts not considered in these financial statements.

Furthermore, the Company is facing tax claims in Venezuela related to income tax and municipal duties, which to date are still pending resolution. The Company's Board of Directors and Management, based on the elements available to date, believe that the final resolution of this situation will not significantly affect the Company's equity and financial position or the results of its operations.

Reorganization Plan: On June 28, 2012, the Court of First Instance declared CGC's reorganization plan fulfilled. However, at the date of these consolidated financial statements, there is only one ancillary proceeding for review in the case captioned "Cía. General de Combustibles S.A. s/ concurso s/ incidente de revisión por AFIP." The payment of these potential tax liabilities is sufficiently secured with a surety bond taken out by CGC, which will remain in force until final judgment is passed. CGC Managers and Directors estimate that the amounts provided for cover the potential costs that may arise from the resolution of these ancillary proceedings.

The changes in the provision for lawsuits and administrative claims are as follows:

	6.30.2016	6.30.2015
Non-Current		
Balance at the beginning of year	14,581	12,941
Increases (1)	96	1,574
Decreases (2)	(116)	(344)
Balance at period end	**14,561**	**14,171**
Current		
Balance at the beginning of year	-	-
Increases (3)	27,105	-
Balance at period end	**27,105**	**-**

(1) Allocated to Other operating income and expenses in 2016 and 2015, respectively.
(2) Allocated to Financial results in 2016 and 2015, respectively.
(3) The Company received 15,713,165, Argentine government bonds in US dollars 8% 2020 (Bonar 2020 USD) the sale of which is restricted. If sold, a fine will be imposed equivalent to 10% the market value of Bonar 2020 USD. This is why a provision was recognized in the amount of $27,105 at June 30, 2016 for the probable amount of the fine.

NOTE 15 - PROVISIONS

The breakdown of provisions is as follows:

	6.30.2016	12.31.2015
Non-current:		
Gas imbalance	15,616	16,337
Asset retirement obligation and provision for environmental remediation	599,695	509,534
Sundry	2,756	2,755
Total	**618,067**	**528,626**
Current:		
Gas imbalance	1,862	1,958
Fees for reorganization trustees	1,838	1,738
Provision for environmental remediation	1,113	1,922
Sundry	6,585	5,704
Total	**11,398**	**11,322**

The changes in the provision for gas imbalance and asset retirement obligation at June 30, 2016 and 2015 are as follows:

	Balance at the beginning of the year	Increases	Decreases	Balance at period-end
Non-current:				
Gas imbalance (1)	16,337	-	(721)	15,616
Asset retirement obligation and provision for environmental remediation (2)	509,534	90,161	-	599,695
Current:				
Gas imbalance (1)	1,958	-	(96)	1,862
Asset retirement obligation and provision for environmental remediation (2)	1,922	-	(809)	1,113
Total at 6.30.2016	**529,751**	**90,161**	**(1,626)**	**618,286**

(1) (1) $191 correspond to exchange differences and interest, charged to financial costs; and ($1,008) correspond to the return of gas, charged to cost of sales.

(2) $16,820 correspond to current value, charged to financial costs, $73,650 correspond to the adjustment of future cost, charged to property, plant and equipment, and ($1,118) correspond to applications of funds for the period.

	Balance at the beginning of the year	Increases	Decreases	Balance at period-end
Non-current:				
Gas imbalance (1)	18,481	169	(1,036)	17,614
Asset retirement obligation and provision for environmental remediation (2)	183,123	572,078	-	755,201
Current:				
Gas imbalance (1)	1,655	-	(77)	1,578
Asset retirement obligation and provision for environmental remediation (2)	1,997	4,129	-	6,126
Total at 6.30.2015	**205,256**	**576,376**	**(1,113)**	**780,519**

(1) $169 correspond to exchange differences and interest, charged to financial costs; and ($1,113) correspond to the return of gas, charged to cost of sales.

(2) $24,098 correspond to current value, charged to financial costs, $523,168 to the business combination as a result of the purchase of Petrobras Argentina S.A.'s assets (Note 23.d)) and $28,941 correspond to the adjustment of future cost, charged to property, plant and equipment.

NOTE 16 - TAX PAYABLES

The breakdown of tax payables is as follows:

	6.30.2016	12.31.2015
Non-current:		
Payment plan, Section 32 Law No. 11683	51,223	55,733
Payment plan Law No. 26476	2,297	2,753
Payment plan General Resolution No. 3451 (AFIP)	4,657	4,868
Total	**58,177**	**63,354**
Current:		
Provision for turnover tax	5,660	5,767
Provision for income tax	7	6
Value added tax payable	21	21
Other taxes	187	294
Tax withholdings and collections	13,733	5,631
Payment plan, Section 32 Law No. 11683	8,671	8,000
Payment plan Law No. 26476	883	827
Payment plan General Resolution No. 3451 (AFIP)	407	376
Sundry	184	177
Total	**29,753**	**21,099**

NOTE 17 - FINANCIAL DEBTS

The breakdown of financial debts is as follows:

	6.30.2016	12.31.2015
Non-current:		
Bank loans	467,027	662,026
Negotiable obligations	1,342,795	1,694,205
Total	**1,809,822**	**2,356,231**

	6.30.2016	12.31.2015
Current:		
Overdraft facilities	96,374	1,725
Bank loans	532,766	323,048
Negotiable obligations	602,641	948
Total	**1,231,781**	**325,721**

The activity in financial debts at June 30, 2016 and 2015 is shown below:

	6.30.2016	6.30.2015
Balance at the beginning	2,681,952	107,483
Short-term bank overdraft facilities, net	(1,725)	(43,372)
Interest accrued	251,686	94,302
Effect of quotation variance	258,465	8,019
Loans obtained	274,769	1,400,761
Payment of principal	(181,295)	(15,911)
Payment of interest	(242,249)	(72,407)
Balance at period end	**3,041,603**	**1,478,875**

Due dates of financial debts at June 30, 2016 and at December 31, 2015 are as follows:

	6.30.2016	12.31.2015
Less than 1 year	1,231,781	325,721
From 1 to 2 years	1,249,910	1,615,079
From 2 to 3 years	246,125	396,136
More than 3 years	313,787	345,016
Total	**3,041,603**	**2,681,952**

During the period, the following bank loans were taken out: USD 2,750,000 from Banco Itaú to be repaid in 60 days, accruing interest at an annual rate of 6.5%, USD 10,000,000 from Citibank N.A. to be repaid in 60 days, accruing interest at an annual rate of 7% and overdraft facilities for $96,374,688 at an average annual rate of 34%.

Syndicated loan at March 30, 2015, extended on April 20, 2015 and partially settled on December 10, 2015

Except as mentioned in the following paragraphs, over the six-month period ended June 30, 2016, no significant changes were introduced to the syndicated loan agreement entered into on March 30, 2015, extended on April 20, 2015 and partially settled on December 10, 2015, as reported in the financial statements at December 31, 2015.

On March 11, 2016, a new addendum to the syndicated loan agreement was agreed upon, to allow for more flexibility in certain restrictions to make investments, modify financial ratios and increase the maximum amount of debt that can be incurred by the Company, and the encumbrance and disposal of the Company's interests in other companies were authorized.

The first principal installment of the syndicated loan was paid on March 30, 2016 in the amount of $82,692 and the second was paid on June 30, 2016 in the amount of $82,692; the balance outstanding at June 30, 2016 is $791,005.

Programs for the issue of Negotiable Obligations

The Directors and Shareholders of Compañia General de Combustibles S.A. approved on October 2, 2014 the creation of a program for the issue of negotiable obligations for a total outstanding nominal value of up to USD 250,000,000, as described in the Program prospectus of December 16, 2014. The creation of the Program and the public offering of the Negotiable Obligations to be issued thereunder were authorized by CNV Resolution No. 17,570 dated December 10, 2014, so the Company is subject to the regulations of the CNV and of the Buenos Aires Stock Exchange.

The Negotiable Obligations shall be placed and issued in conformity with the Negotiable Obligations Law No. 23576 and its amendments (the "Negotiable Obligations Law"), the Capital Markets Law No. 26831 and its amendments and decrees of implementation (the "Capital Markets Law") and the regulations of the CNV, as per the text restated by General Resolution No. 622/13 (the "CNV Regulations").

At June 30, 2016, the following negotiable obligations were paid in: Class 4 Negotiable Obligations in the amount of USD 40,000,000, Class 6 Negotiable Obligations in the amount of USD 31,730,300, Class 2 Negotiable Obligations in the amount of USD 20,880,968, Class 7 Negotiable Obligations in the amount of USD 30,000,000 and Class 8 Negotiable Obligations in the amount of $103,977,272, all of them issued in fiscal year 2015 under the global program of negotiable obligations for a maximum nominal value of USD 250,000,000 approved by Resolution No. 17750 issued by the National Securities Commission ended December 10, 2014.

In addition, the Directors and Shareholders of Compañía General de Combustibles S.A. approved on February 1, 2016 the creation of a new program for the issue of negotiable obligations for a total outstanding nominal value of up to USD 300,000,000, aimed at the issue of negotiable obligations in foreign and local stock exchanges. On April 21, 2016, the National Securities Commission authorized the creation of the program. At the date of issue of these financial statements, no Negotiable Obligations were issued under this program.

NOTE 18 - OTHER LIABILITIES

The breakdown of other liabilities is as follows:

	6.30.2016	12.31.2015
Non-Current:		
Sundry	-	208
Total	**-**	**208**
Current:		
Oil and gas royalties	39,962	35,378
Sundry	416	416
Total	**40,378**	**35,794**

NOTE 19 - TRADE PAYABLES

The breakdown of trade payables is as follows:

	6.30.2016	12.31.2015
Non-current:		
Ordinary suppliers (1)	75,200	-
Total	**75,200**	**-**

	6.30.2016	12.31.2015
Current:		
Ordinary suppliers (1)	343,649	250,911
Ordinary suppliers of joint ventures	17,177	15,165
Invoices to be received	194,648	303,901
Total	**555,474**	**569,977**

(1) At June 30, 2016, USD 7 million are pending settlement due to the agreement for the acquisition of a gas compression plan in Campo Boleadoras, province of Santa Cruz. Out of this balance, $75,200 is disclosed under ordinary suppliers - non-current and $30,080 under ordinary suppliers - current.

NOTE 20 - BREAKDOWN OF MAIN INCOME STATEMENT CAPTIONS

a) Net sales

	Three-month period ended		Six-month period ended	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Crude oil delivered	650,899	483,350	860,857	663,687
Gas	262,775	96,285	480,291	160,388
Other	62,122	26,458	117,899	39,101
Government subsidies	194,510	95,588	389,366	95,588
Export refunds	10,312	-	10,312	-
Withholdings from exports of hydrocarbons	(806)	(31)	(806)	(1,017)
Total	**1,179,812**	**701,650**	**1,857,919**	**957,747**

b) Cost of sales

	Three-month period ended		Six-month period ended	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Stocks at the beginning	457,611	55,367	140,093	63,707
Acquisition of the assets of Petrobras Argentina S.A. (Note 23.d)	-	132,733	-	132,733
Purchases	31,194	18,011	46,863	18,011
Expenses attributable to cost of sales (1)	790,267	525,623	1,500,432	716,060
Stocks at the end of year (Note 9)	(381,066)	(133,413)	(381,066)	(133,413)
Cost of sales	**898,006**	**598,321**	**1,306,322**	**797,098**

(1) Expenses attributable to cost of sales

	Three-month period ended		Six-month period ended	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Fees and compensation for services	1,377	1,281	2,822	5,308
Outsourced services	292,741	235,978	552,631	298,416
Salaries, wages and social security contributions	37,206	15,496	62,907	23,915
Other expenses on personnel	3,482	1,099	6,985	6,256
Depreciation of property, plant and equipment	198,867	115,704	379,952	146,495
Taxes, duties and contributions	4,848	5,318	12,640	8,671
Fuel, gas and electricity	4,490	11,526	19,924	15,036
General insurance	10,080	3,995	19,602	5,134
Spare parts and repairs	51,473	27,152	93,250	46,767
Wells maintenance	13,588	26,480	31,235	37,793
Office expenses	7,215	4,246	12,607	6,217
Travel and per diem	1,140	280	1,790	348
Royalties, fee and easements	144,602	78,337	272,241	113,295
Gas imbalance	(501)	(552)	(1,008)	(1,113)
Other	19,659	(717)	32,854	3,522
Total	**790,267**	**525,623**	**1,500,432**	**716,060**

c) Selling expenses

	Three-month period ended		Six-month period ended	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Turnover tax	25,093	17,011	38,848	24,282
Total	**25,093**	**17,011**	**38,848**	**24,282**

d) Administrative expenses

	Three-month period ended		Six-month period ended	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Fees and compensation for services	21,106	7,002	35,132	24,594
Salaries, wages and social security contributions	31,580	25,423	47,266	34,735
Other expenses on personnel	620	196	1,949	771
Depreciation of property, plant and equipment	1,575	537	3,085	1,036
Taxes, duties and contributions	6,219	4,125	14,071	9,928
General insurance	540	303	849	526
Spare parts and repairs	1,799	403	5,832	2,377
Office expenses	2,199	1,092	3,959	2,079
Travel and per diem	1,365	1,613	2,515	2,554
Communications	754	309	1,014	461
Miscellaneous	1,948	623	2,559	1,600
Total	**69,705**	**41,626**	**118,231**	**80,661**

e) Exploration expenses

	Three-month period ended		Six-month period ended	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Geological and geophysical expenses	-	22,934	-	23,078
Unsuccessful studies and wells	-	4,860	-	4,860
Total	**-**	**27,794**	**-**	**27,938**

f) Other operating income and expenses

	Three-month period ended		Six-month period ended	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Fees for services rendered	6,718	3,696	10,980	6,714
Outsourced services	(31,379)	(5,924)	(40,652)	(24,824)
Incentives under Petróleo Plus program	-	18,169	-	(1,309)
(Charge) recovery of allowance for other receivables (Note 8)	(108)	(61)	(688)	325
Charge for allowance for trade receivables (Note10)	(14,095)	(1,535)	(17,912)	(1,616)
(Charge) recovery of provision for lawsuits and administrative claims (Note 14)	(27,105)	49	(27,201)	(1,574)
Impairment allowance of non-financial assets	(849)	(6,751)	(5,592)	(6,751)
Income/ (loss) for business combination - Acquisition of assets of Petrobras Argentina S.A. (Note 23.d))	-	406,444	-	406,444
Turnover tax	(1,495)	(970)	(7,835)	(1,705)
Sundry	(125)	5,305	241	4,752
Total	**(68,438)**	**418,422**	**(88,659)**	**380,456**

g) Gains and losses on investments valued under the equity method

Associate	Three-month period ended		Six-month period ended	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Gasinvest S.A.	29,741	(9,119)	(31,480)	(13,929)
Gasoducto GasAndes Argentina S.A.	5,775	(495)	12,944	(763)
Gasoducto GasAndes S.A. (Chile)	10,426	(3,378)	13,775	(273)
Andes Operaciones y Servicios S.A. (Chile)	227	(1,396)	1,127	(1,405)
Transportadora de Gas del Norte S.A.	60	(18)	(184)	(28)
Petronado S.A. (Venezuela)	-	(16,582)	-	(44,168)
Total	**46,229**	**(30,988)**	**(3,818)**	**(60,566)**

h) Financial results

	Three-month period ended		Six-month period ended	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Financial income				
Interest	2,213	804	5,101	1,246
Income from measurement of financial instruments at fair value	30,381	700	28,414	45,869
Exchange differences	20,317	7,725	50,886	15,677
Total	**52,911**	**9,229**	**84,401**	**62,792**
Financial costs				
Interest	(125,523)	(92,901)	(246,969)	(100,671)
Exchange differences	(44,917)	(27,563)	(230,289)	(34,781)
Other financial expenses	(225)	(452)	(1,532)	(762)
Total	**(170,665)**	**(120,916)**	**(478,790)**	**(136,214)**

NOTE 21 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

At June 30, 2016 and December 31, 2015 the Company was controlled by Latin Exploration S.L.U., a company based in Spain. The ultimate parent company of the Group is Southern Cone Foundation, a foundation set up in Liechtenstein.

In February, 2013, Cedicor S.A. acquired 100% of the capital stock of Latin Exploration S.L.U., a company that held 81% of CGC's share capital. As a result of that acquisition, Cedicor S.A. granted Sociedad Comercial del Plata S.A. (SCP) an irrevocable, unconditioned and exclusive option to purchase up to an 11% of CGC shares; the term for SCP to exercise the purchase option was one year. SCP exercised the option in December, 2013. At June 30, 2016 and December 31, 2015, LE holds 70% of the shares and voting rights, and SCP the remaining 30%.

a) Balances with related parties at June 30, 2016 and December 31, 2015 are included below:

	6.30.2016	12.31.2015
Other investments		
Non-Current:		
Transportadora Gas del Mercosur S.A.	7,641	6,362
Total	**7,641**	**6,362**
Current:		
Sociedad Comercial del Plata S.A. (1)	-	82,572
Total	**-**	**82,572**
Other receivables		
Non-Current:		
Petronado S.A.	54,128	46,882
Latin Exploration S.L.	20,018	15,139
Transportadora Gas del Norte S.A.	80,522	69,966
Total	**154,668**	**131,987**
Current:		
Gasoducto GasAndes S.A. (Argentina)	2	1,655
Transportadora Gas del Norte S.A.	1,876	-
Petronado S.A.	6,327	5,493
Total	**8,205**	**7,148**

(1) The investment corresponds to SCP shares received with the swap of unsecured debt.

b) The main transactions with related parties for the six-month periods ended June 30, 2016 and 2015 are included below:

Company	6.30.2016			
	Sale of services	**Fees and compensation for services**	**Interest earned**	**Dividends collected**
Associates				
Transportadora Gas del Norte S.A.	2,653	-	-	-
Transportadora Gas del Mercosur S.A.	-	-	287	-
Gasoducto GasAndes Argentina S.A.	8,327	-	-	-

Company	6.30.2015			
	Sale of services	**Fees and compensation for services**	**Interest earned**	**Dividends collected**
Associates				
Transportadora Gas del Norte S.A.	1,678	-	-	-
Transportadora Gas del Mercosur S.A.	-	-	173	-
Cedicor S.A.	-	-	92	-
Corporación América S.A.	-	-	322	-
Unitec Energy S.A.	-	1,170	-	-
Petronado S.A.	175	-	-	-
Gasoducto GasAndes Argentina S.A.	4,861	-	-	7,151

NOTE 22 - INCOME TAX

Accounting standards require income tax to be accounted for under the deferred tax method. This criterion implies recognizing assets and liabilities items for deferred tax, in the cases in which there are temporary differences between the accounting valuation and the tax valuation of assets and liabilities and also for the recoverable tax losses.

	6.30.2016	**12.31.2015**
Deferred tax is as follows:		
Deferred tax assets	433,555	386,496
Deferred tax liabilities	(386,995)	(370,071)
Net deferred tax assets	**46,560**	**16,425**

	6.30.2016	**12.31.2015**
Classification of deferred tax:		
Net deferred tax asset (Unitec Energy S.A.)	56,234	53,683
Net deferred tax liability (CGC)	(9,674)	(37,258)
Net deferred tax assets, consolidated	**46,560**	**16,425**

The breakdown of the income tax included in the Consolidated Statement of Income and the breakdown of deferred tax is the following:

	Three-month period ended		**Six-month period ended**	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Income tax for the period				
Current tax - Income (Loss)	2,953	4,315	(28,117)	11,185
Deferred tax - Income (Loss)	(2,725)	24,399	58,249	9,796
Total Income tax	**228**	**28,714**	**30,132**	**20,981**

Reconciliation between the income tax charge and what would result from applying the tax rate imposed by the legislation in force on the accounting income for the period/year is as follows:

	Three-month period ended		**Six-month period ended**	
	6.30.2016	**6.30.2015**	**6.30.2016**	**6.30.2015**
Income before income tax	47,045	292,645	(92,348)	274,236
Tax rate in effect, applied on income for the period/year	35%	35%	35%	35%
Subtotal	(16,466)	(102,426)	32,322	(95,983)
Effect of permanent differences and provisions (1)	16,694	131,140	(2,190)	116,964
Total Income tax	**228**	**28,714**	**30,132**	**20,981**

(1) It includes $142,255 as permanent difference for the effect of the business combination - acquisition of assets of Petrobras Argentina S.A. (Note 23 d)) in 2015.

NOTE 23 - PARTICIPATION IN OIL AND GAS AREAS

The Company recognizes in its financial statements the assets, liabilities, revenue from ordinary activities and expenses relating to its participation in joint operations of the various consortiums and joint ventures for hydrocarbon exploration and production. At June 30, 2016 and December 31, 2015 the financial statements and management reports of joint ventures at those dates were used.

a) The areas and joint ventures in which CGC participated during the periods ended June 30, 2016 and December 31, 2015 are shown below.

Basin	Area	Participation %		Operator	Term Until	Activity
Argentina						
Northwestern	Aguaragüe	5.00		Tecpetrol S.A.	2027	Exploration and exploitation
	Palmar Largo	17.85		High Luck	2017	Exploitation
Austral	Santa Cruz I	100.00	(1 and4)	CGC	2016 / 23	Exploration and exploitation
	Santa Cruz I Oeste	100.00	(1)	CGC	2033	Exploitation
	Santa Cruz II	100.00	(1 and 4)	CGC	2033	Exploitation
	Glencross	87.00	(1)	CGC	2033	Exploitation
	Estancia Chiripa	87.00	(1)	CGC	2033	Exploitation
	CA2-Laguna de los Capones	100.00	(4)	CGC	2016	Exploration and exploitation
	Piedrabuena	100.00	(2 and 3)	Unitec Energy S.A.	23 e)	Exploration
	Mata Amarilla	100.00	(2 and 3)	Unitec Energy S.A.	23 e)	Exploration
Neuquén	Angostura	100.00		CGC	23 e)	Exploration
	CNQ6-El Sauce	50.00		Central International Corp. Suc. Argentina	2025	Exploration and exploitation
Golfo San Jorge	Sarmiento	100.00	(2)	Unitec Energy S.A.	2017	Production
Venezuela	Campo Onado	26.004		Petronado S.A.	2026	Exploitation
Guatemala	A-9-96	100.00		CGC	23 e)	Exploration

(1) See breakdown of acquisition of assets of Petrobras Argentina S.A. effective April 1, 2015 in item d) of this note.
(2) Consolidated areas in the business combination of Unitec Energy S.A. (Note 3.2.2 (1))
(3) Decree No. 2439, dated December 2, 2015 establishes completion of the first exploration period in the areas of Laguna Grande, Lago Cardiel and Guanaco Muerto and their total reversion.
(4) On June 27, 2016 an agreement for the extension of the concession terms of Santa Cruz I Fractions A, B, C and D, Santa Cruz II Fraction A and B and Laguna de los Capones was entered into with the Energy Institute of Santa Cruz. The agreement was confirmed by a Decree issued by the Provincial Executive Branch and approved by law passed by the Honorable House of Representatives of the Province.

b) The total amounts of the consolidated statements of financial position relating to the participation of the Company in joint operations at June 30, 2016 and December 31, 2015 and the income statements for the six-month periods ended June 30, 2016 and 2015 are shown below:

	6.30.2016	12.31.2015
Non-current assets	75,958	85,724
Current assets	4,285	3,164
Total assets	**80,243**	**88,888**
Non-current liabilities	31,812	29,266
Current liabilities	17,388	15,333
Total liabilities	**49,200**	**44,599**

	6.30.2016	6.30.2015
Operating loss (*)	40,711	153,772
Net loss (*)	47,110	208,247

(*) Sales in joint ventures are not included since production is directly assigned to each of the participants.

c) Investment commitments: at June 30, 2016 the Company's participation in minimum commitments in these areas amounted to USD 19.4 million approximately, USD 16.5 million of which correspond to the Angostura area.

d) Business Combinations - Acquisition of Petrobras Argentina S.A. ("PESA")'s business, effective as from April 1, 2015.

- Name and description of the business acquired, acquisition date, percentage acquired, and reasons for acquisition.

On March 30, 2015, PESA accepted the offer submitted by the Company for the acquisition, effective as from April 1, 2015, of the following rights and obligations:

a) Its equity interests in the operating concessions of Santa Cruz I – Fraction A, Santa Cruz I – Fraction B, Santa Cruz I – Fraction C, Santa Cruz I – Fraction D, Santa Cruz II – Fraction A, Santa Cruz II – Fraction B, An –Aike, Bajada Fortaleza, Barda Las Vegas, Campo Boleadoras, Campo Indio, La Porfiada, Laguna del Oro, María Inés, María Inés Oeste, Puesto Peter, Cañadón Deus, Dos Hermanos, El Cerrito, La Paz, Estancia Chiripá, Glencross, Estancia Agua fresca, El Campamento, El Cerrito Oeste and Puesto Oliverio;

b) Its transportation concessions (on gas pipe and oil pipes), facilities and other related assets in Punta Loyola sea terminal;

c) PESA's interest in the Joint Ventures Santa Cruz I (71%), Santa Cruz I Oeste (50%), Glencross (87%), and Estancia Chiripá (87%). Compañía General de Combustibles S.A. is the holder of the remaining interest in the Joint Ventures Santa Cruz I (29%) and Santa Cruz I Oeste (50%), and Fomento Minero de Santa Cruz S.E. is the holder of the remaining interest in the Joint Ventures Glencross (13%) and Estancia Chiripá (13%); and

d) The co-ownership of 29% of Punta Loyola Port.

This acquisition is strategic since the concessions are granted on an area of approximately 11,500 sq. km. for a term ranging from 2017 to 2037, located in the Province of Santa Cruz, and with a production of approximately 15,000 bbl/day, equivalent to PESA's interests.

The fair value of the consideration transferred and the fair value of the main assets subject-matter of the acquisition are detailed in the audited consolidated financial statements of the Company at December 31, 2015.

e) Subsequent to December 31, 2015 there have been no significant changes in the status of the concession contracts for the oil and gas areas.

NOTE 24 - SITUATION OF ASSOCIATES AND OTHER COMPANIES

Investments in companies where CGC does not have a controlling interest are mainly investments in companies engaged in natural gas carriage. The list of investments is included below:

Company	Ref.	Participation %	
		6.30.2016	12.31.2015
Associated companies			
Gasinvest S.A.	(3)	40.8574	27.2383
Gasoducto GasAndes Argentina S.A.		39.9999	39.9999
Gasoducto GasAndes S.A. (Chile)		39.9999	39.9999
Andes Operaciones y Servicios S.A. (Chile)		50.0000	50.0000
Transportadora de Gas del Norte S.A.	(2) (3)	0.0465	0.0310
Other companies			
Transportadora de Gas del Mercosur S.A.	(1)	10.8988	10.8988
Petronado S.A. (Venezuela)		26.0040	26.0040

There are no significant changes in the situation of associates and other companies in relation to the financial statements at December 31, 2015, except as described below:

(1) With regard to the dispute between Transportadora Gas del Mercosur S.A. (TGM) and its only customer, YPF S.A. ("YPF"), after following the procedural steps described in the audited financial statements at December 31, 2015, the Argentine court accepted jurisdiction over the case and ordered the provisional stay of the arbitration proceeding. TGM appealed the ruling to the Argentine Supreme Court of Justice, and the appeal was dismissed. In September 2015 the Arbitral Tribunal decided to resume the arbitral proceeding and carried out the hearings to question the expert witnesses summoned by the parties. In December 2015, the Argentine court, at the request of YPF, declared the annulment of the initial award. In February 2016 TGM filed an extraordinary appeal against this decision. Also, on April 26, 2016, the Company was notified of the award in relation to damages estimation issued by a majority of votes in the arbitration proceedings before the International Chamber of Commerce, ordering YPF to pay the amount of US$ 319,067,022 to TGM, as the principal amount corresponding to invoices, irrevocable contributions and indemnities for early termination of the carriage contract.

This situation generates uncertainty as to the future evolution of the contractual relationship and the activity of gas carriage for export purposes performed by the Company, which is its main source of revenue.

In this situation, there is uncertainty as to the generation of future cash flows to settle liabilities, the recovery of non-current assets, the future development of business and the continuation of the Company as a going concern. For this reason, Compañía General de Combustibles S.A. has recorded an impairment of its direct investment in Transportadora de Gas del Mercosur S.A. ("TGM"), so its valuation at June 30, 2016 is zero.

(2) The financial statements of Transportadora Gas del Norte S.A. (TGN) show that due to the significant changes that have occurred in the main macroeconomic variables in Argentina since 2001, the National Government has passed laws and issued decrees and regulations since January 2002 that deeply changed the economic model in force since then and had a major impact on the economic and financial situation of the Company, its business and regulatory framework. With the Public Emergency Law No. 25561 ("LEP") being passed in early 2002 and its constant renewal ever since, gas carriage tariffs were pesified and frozen. Given that the regulatory provisions of the LEP did not set forth an alternative mechanism for tariff revision, this situation directly caused the disruption of the economic and financial equation for the License (as explained in Note 1 to the financial statements of TGN at December 31, 2015). Between July 1999 and March 2014, TGN's tariffs were frozen in pesos; this deprived the Company of the possibility of continuing with the investments for extensions of the transportation system, and it was replaced in this role by public trust funds organized as from 2004 by the former National Energy Secretariat, financed by means of tariff charges that, at that time, largely surpassed the tariff received by TGN. Apart from this, the strong upward pressure on prices had a significant impact on the Company's expenses and, despite continued efforts towards efficient use of the resources, operating costs have suffered severe increases. The joint effect of the tariff freezing and the sustained increase in costs substantially impaired TGN's operating result, which is negative since 2011 and until the first quarter of 2016, inclusive. TGN does not receive, or has received, any subsidies from the National Government. In February 2016, TGN entered into a second Temporary Agreement with the Ministry of Economy and Public Finance and the Ministry of Energy and Mining ("MINEM"), setting the basic guidelines for a temporary adjustment of the tariffs and a future Comprehensive Tariff Review, subject to the

execution of a comprehensive renegotiation agreement. On March 29, 2016 the MINEM issued Resolution No. 31/16 ordering ENARGAS to move forward with the Comprehensive Tariff Review process (within a term of one year counted from the date of issue of the resolution) with all natural gas distribution and carriage licensees and make a temporary adjustment of natural gas distribution and carriage tariffs to cover their costs, on account of the future Comprehensive Tariff Review. The resolution ordering the temporary increase of tariffs must be linked to the execution of a mandatory investment plan. Licensees shall not distribute dividends unless the investment plan is completed and have obtained prior authorization from ENARGAS. A mandatory hearing should be held within the framework of the Comprehensive Tariff Review. On March 28, 2016 the MINEM issued Resolution No. 28/16 (jointly with Resolution 31/16, the "MINEM Resolutions") approving the new natural gas tariff schedule at the Carriage System Entry Points ("PIST", for its acronym in Spanish), and determining users eligible for the so-called Social Tariff. On March 31, 2016 ENARGAS issued Resolution I/ 3723 dictating a temporary increase of 289.2% in TGN's tariffs, as from April 1, 2016. In addition, ENARGAS set out a plan of mandatory investments for $ 1,041 million that must be implemented within a year, under warning of penalties. In the meantime, TGN is not allowed to distribute dividends without prior authorization from ENARGAS. Since May 2016 several provisional remedies were granted in different courts of various jurisdictions suspending or limiting the temporary increases of distribution tariffs, which include the gas price and the carriage tariffs. The courts granted these remedies mostly due to the fact that the public hearing had not been held before the new tariff entered into force. In this context, in June 2016, the MINEM issued Resolution No. 99 ordering ENARGAS to set caps to the increases for residential users and businesses, which were extended in July 2016 through MINEM Resolution No. 129. From the recitals of the resolution, it appears that the caps only apply to the gas price, but not to the distribution and carriage regulated market. In the meantime, Panel II of the Federal Court of Appeals sitting in La Plata passed judgment in favor of the annulment of MINEM Resolutions for failure to hold the public hearing. Although TGN is neither a party to the proceeding pending before Panel II of the Court of Appeals nor was it served notice of the decision, on July 27 the ENARGAS reported that the temporary increase in tariffs cannot be applied until judgement is passed on the extraordinary appeal filed by the MINEM against the decision of the court of appeals. The extraordinary appeal filed by the MINEM was granted by Panel II on August 4 without stay of execution in relation to the annulment judgment; therefore, the annulment is effective until the Argentine Supreme Court of Justice decides on this case. TGN billed $433.8 million under ENARGAR Resolution I/3723 allowing the increase in the months of April, May and June 2016, and collected 74% of the amounts billed. If the uncertainty relating to the legal proceedings is removed and TGN is authorized to collect the temporary tariff increase effective April 1, 2016, the Company may face its operating, maintenance, administrative and selling expenses in the fiscal year ended December 31, 2016, comply with its obligations and execute the mandatory investment plan. Otherwise, TGN will have serious difficulties to operate normally and will be again in a financial-economic imbalance, accumulating new gross and operating losses, which may result in the mandatory reduction of its capital in accordance with section 206 of the General Companies Law. Both Law No. 24076 and the LEP express that tariff rates must be enough to cover operating costs and also to obtain a reasonable profit margin; in addition, the License states that the National Government must pay a compensation to TGN in case of tariff freezing or price controls, as in fact was the case ever since July 1999. Further on, accumulated losses at June 30, 2016 amount to $286.8 million, and therefore TGN still falls within the scope of the provisions of Section 206 of the General Companies Law (see Note 1.3.3 to the financial statements of TGN at December 31, 2015). In this regard, we can mention that the Ordinary and Extraordinary Shareholders' Meeting of TGN held on April 14, 2016 decided to monitor the equity and financial position of the company during the current year, and to defer application of Section 206 of the General Companies Law until the Shareholders' Meeting that will discuss the financial statements for the current fiscal year, ending on December 31, 2016.

The financial statements of TGN at June 30, 2016 show that the estimates are affected by the uncertainties related to the changes in the economic context and the legal and contractual conditions under which the company operates, as well as by the consequences of the gas shortage described in Note 1 to the financial statements at December 31, 2015, jointly with the status of the License renegotiation mentioned in the previous paragraph of these condensed interim financial statements. Within this context, there is a material uncertainty as to the generation of future cash flows that allow for the recovery of non-current assets, the repayment of the financial debt, the future development of the Company's business and the possibility of continuing as a going concern.

Compañía General de Combustibles S.A. has estimated the recoverable value of its direct and indirect investment in Transportadora de Gas del Norte ("TGN") whose carrying amount is $101.8 million at June 30, 2016. As mentioned in the preceding paragraphs, the materialization of certain significant estimates made by the Company in order to determine the recoverable value of this asset will depend on future events and actions, some of which are beyond their direct control and might, eventually, affect the recorded value of these assets. Also, there is uncertainty as to TGN possibility to continue to operate as a going concern.

CGC's direct and indirect interest in TGN accounts for 23.07% at June 30, 2016.

(3) On July 10, 2014 Compañía General de Combustibles S.A. and Tecpetrol Internacional S.L.U. (jointly referred to as the "Buyers") and Total Gas y Electricidad Argentina S.A. and Total GasAndes S.A. (jointly referred to as the "Sellers") entered into a share purchase agreement relating to the equity interests the Sellers hold in Transportadora Gas del Norte S.A. ("TGN") and in its parent company GASINVEST S.A. ("GASINVEST"). The Sellers jointly hold 0.0309% of TGN capital, plus 15.35% indirectly through GASINVEST.

This transaction was mainly subject to the ENARGAS approval of the sale of the GASINVEST shares described above and of the assignment of the Technical Assistance Contract. Once the terms for the purchase and sale agreements were fulfilled in February 2016, the price, which amounted to USD 4.75 million was paid, and the shares were actually transferred on March 3, 2016, CGC's interest in TGN and GASINVEST amounts to 0.0466% and 40.85% of capital, respectively, and then CGC's direct and indirect interest in TGN amounts to 23.07% at June 30, 2016.

NOTE 25 - CHANGES IN THE REGULATORY FRAMEWORK

a) Through Resolution No. 28/2016, the Ministry of Energy and Mining (MINEM) established the new rates for producers of natural gas for residential user purposes effective April 1, 2016. The resolution, among other things:

- Establishes new prices for natural gas at the Carriage System Entry Points, broken down by basin and user category,
- Provides discounts to residential users who reduce their consumption by fifteen percent (15%) or more compared to the same period of the previous year, effective for consumption from April 1, 2016.
- Instructs the ENARGAS to update the Registry of Persons Exempt from the Argentine Government Policy of Subsidy Reallocation through which ENARGAS adopts for residential users the eligibility criteria to benefit from the “Social Tariff”, with a one hundred percent (100%) discount on the price of natural gas or propane gas consumed by such users.

On June 6, 2016, the MINEM issued Resolution No. 99/2016 establishing a cap of 400% for residential users and 500% for businesses.

On July 12, 2016, the MINEM issued Resolution No. 129/2016 establishing caps to bills issued by natural gas distributors for residential user and business consumption. The resolution, which amends Resolution No. 99/2016 sets forth that caps will not be calculated based on the tariff schedule but will be computed for all users in Argentina on the billing of the same period of the prior year. It will be effective until December 31, 2016.

<u>Legal actions brought against Resolution No. 28/2016</u>

Within the framework of the action for the protection of constitutional rights filed on July 6, 2016 by the Non-Governmental Organization called Centro de Estudios para la Promoción de la Igualdad y la Solidaridad (CEPIS), the Federal Court of Appeals sitting in La Plata annulled Resolution No. 28, reinstating the tariff schedule in force prior to the resolutions mentioned above. Considering the special characteristics of the case, once final, the judgement would prevent the licensees of the natural gas carriage and distribution service from billing the utility services rendered in accordance with the new tariff schedules effective April 1, 2016.

The National Government filed an extraordinary appeal with the Federal Court of Appeals sitting in La Plata so that the Argentine Supreme Court of Justice could review the decision of the lower court, and expressly requested that the mere filing of the appeal suspended the effects of the judgement. The request was dismissed on the grounds that only the granting of the appeal would suspend the effectiveness of a judgement, which suspension is immediate.

On August 4, 2016 the Federal Court of Appeals granted the extraordinary appeal without a stay of execution; therefore, until the Supreme Court does not pass judgement on the case, the decision annulling the increases in gas tariffs in the whole country remains effective.

b) Decree No 704/2016

On May 20, 2016, Decree No. 704/2016 ordered the additional issue of Argentine Bonds in US dollars at an annual rate of 8% maturing in 2020 ("BONAR 2020"), which will be used, among others, to settle outstanding obligations under the Program for the Excess Natural Gas Injection ("Gas Plan"). As a result, on May 24, 2016, the Company expressed its consent in writing to the terms and scope of Decree No. 704/2016 (the "Letter of Acceptance"). Through this letter, the settlement of the amounts outstanding was accepted in consideration of the Gas Plan until December 31, 2015. According to the settlement methodology reported by the Office of Hydrocarbons the amount due was $242,485,569. In June 2016 the Company received BONAR 2020 for an original nominal value of USD 15,713,165. At June 30, 2016, the balance of Receivables from the Program for the Excess Natural Gas Injection shows a 6-month accrual of $ 374 million, which has not been paid. At the date of issue of these financial statements, the Company has not received payments relating to the accumulated balances mentioned above.

NOTE 26 - SUBSEQUENT EVENTS

After June 30, 2016, no event, situation or circumstance that is not publicly known and that affects or may significantly affect the Company's financial or economic position has occurred in addition to those mentioned in the notes to these consolidated interim financial statements.

REPORT ON REVIEW OF INTERIN FINANCIAL INFORMATION

To the Shareholders, President and Directors of
Compañía General de Combustibles S.A.

Introduction

We have reviewed the accompanying condensed consolidate interim statement of financial position of Compañía General de Combustibles S.A. and its subsidiaries (the 'Group') as of June 30, 2016 and the related condensed consolidated statements of comprehensive income for the three-month and six-month periods then ended, and condensed consolidated statements changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Condensed Consolidated Financial Statements

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34'). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Autonomous City of Buenos Aires, August 9, 2016

PRICE WATERHOUSE & CO. S.R.L.

By (Partner)

Alejando P. Frechou

SYNDICS' COMMITTEE REPORT

To the Shareholders of
Compañía General de Combustibles S.A.

In our capacity of members of the Syndics' Committee of Compañía General de Combustibles S.A., as called for sub-section 5 of section 294 of the General Companies Law No. 19550 and regulatory provisions on accounting information of the National Securities Commission and the Buenos Aires Stock Exchange, we have performed a review of the documents detailed in section I below, with the scope mentioned in section II. Preparation and issuance of those documents is the responsibility of the Company Board of Directors in the exercise of their exclusive functions. Our responsibility is to report on those documents based on the work done with the scope mentioned in section II.

I. DOCUMENTS REVIEWED

a) Consolidated interim statement of financial position at June 30, 2016.
b) Consolidated interim statement of comprehensive income for the three-month and six-month periods ended June 30, 2016.
c) Interim statement of changes in equity for the six-month period ended June 30, 2016.
d) Consolidated interim statement of cash flow for the six-month period ended June 30, 2016.
e) Notes 1 to 26 to the consolidated condensed interim financial statements for the six-month period ended June 30, 2016.

II. SCOPE OF THE REVIEW

We conducted our work in accordance with the standards applicable to syndics in effect in Argentina, which require that the review of the financial statements be performed in accordance with auditing standards for the review of financial statements for interim periods established by Technical Pronouncement No. 33 of the Argentine Federation of Professional Councils in Economic Sciences; therefore, they do not include all the procedures required to express an opinion on the financial position of the Company, its comprehensive income, changes in equity and cash flows.

To perform our professional work on the documents detailed in section I, we have considered the limited review conducted by the external auditors, Price Waterhouse & Co. S.R.L., who issued their report on August 9, 2016. Our task included the review of the work, the nature, scope and timeliness of the procedures applied and the conclusions of the review performed by those professionals.

The standards for limited reviews consist principally in applying analytical procedures to the figures included in the financial statements, performing global validations and requesting information from the personnel in charge of preparing the information included in the financial statements. The provisions of these standards are substantially less in scope than applying all the audit procedures required for the issuance of a professional opinion on the financial statements taken as a whole. Accordingly, we express no such opinion.

Further, our review did not include an assessment of the administrative, marketing or production business criteria, as they are the exclusive responsibility of the Board of Directors.

III. REPRESENTATION BY THE SYNDICS' COMMITTEE

Based on the work performed, as stated in section II of this report, which did not include the application of all the procedures required for the issuance of an opinion on the reasonableness of the financial statements subject to review, taken as a whole, we are able to report that:

a) the significant facts and circumstances that are known to us, and that are not affected by uncertainties, are given consideration in the financial statements;

b) we are not aware of any significant changes that should be made to the condensed interim financial statements of Compañía General de Combustibles S.A. described in paragraphs a) to e) of section I of this report, for their presentation in accordance with International Accounting Standard 34; and

IV. REPORT ON COMPLIANCE WITH CURRENT REGULATIONS

In compliance with regulations in force, we report that:

a) The accompanying financial statements are based on the provisions of the General Companies Law No. 19550, have been transcribed to the "Inventory and Balance Sheet book" and arise from accounting records of the Company, which are kept in all formal respects, in conformity with current legal provisions.

b) In performance of the legality control that is part of our field of competence, during this year we have applied all the procedures described in Section 294 of Law No. 19550 which we deemed necessary according to the circumstances, and we have no observations to make in this regard.

Autonomous City of Buenos Aires, August 9, 2016

CARLOS OSCAR BIANCHI
Syndics' Committee