COMPAÑIA GENERAL DE COMBUSTIBLES S.A.

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

AT SEPTEMBER 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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AT SEPTEMBER 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 votef	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.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AT SEPTEMBER 30, 2016 AND DECEMBER 31, 2015
(presented in comparative format)
(In thousands of pesos)

	Note	9.30.2016	12.31.2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	3,415,675	3,153,638
Investments in companies	7	353,180	268,773
Other investments	11	9,427	7,662
Deferred tax assets	22	51,354	53,683
Other receivables	8	131,049	109,626
Trade receivables	10	65,051	-
Total Non-Current Assets		**4,025,736**	**3,593,382**
CURRENT ASSETS			
Inventories	9	406,564	140,093
Other receivables	8	832,130	531,742
Trade receivables	10	340,832	791,080
Other investments	11	309,279	171,405
Cash and other equivalent liquid assets	12	17,159	112,414
Total Current Assets		**1,905,964**	**1,746,734**
TOTAL ASSETS		**5,931,700**	**5,340,116**
EQUITY			
Capital stock	13	399,138	399,138
Reserves		841,350	771,534
Retained earnings		(100,783)	69,816
Other comprehensive income		123,925	107,759
Total equity attributable to the equity holders of the Company		**1,263,630**	**1,348,247**
Non-controlling interests		**6,539**	**7,455**
TOTAL EQUITY		**1,270,169**	**1,355,702**
LIABILITIES			
NON-CURRENT LIABILITIES			
Contingent liabilities for lawsuits and other legal proceedings	14	9,673	14,581
Provisions	15	636,420	528,626
Other liabilities	18	-	208
Tax payables	16	55,431	63,354
Deferred tax liabilities	22	752	37,258
Financial debts	17	1,266,702	2,356,231
Trade payables	19	76,550	-
Total Non-Current Liabilities		**2,045,528**	**3,000,258**
CURRENT LIABILITIES			
Contingent liabilities for lawsuits and other legal proceedings	14	28,284	-
Provisions	15	10,899	11,322
Other liabilities	18	19,265	35,794
Tax payables	16	37,347	21,099
Salaries and social security contributions		30,075	20,243
Financial debts	17	2,006,139	325,721
Trade payables	19	483,994	569,977
Total Current Liabilities		**2,616,003**	**984,156**
TOTAL LIABILITIES		**4,661,531**	**3,984,414**
TOTAL EQUITY AND LIABILITIES		**5,931,700**	**5,340,116**

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

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

		Three-month period ended		Nine-month period ended	
	Note	9.30.2016	9.30.2015	9.30.2016	9.30.2015
Net income	20 a)	948,899	689,747	2,806,818	1,647,494
Cost of sales	20 b)	(785,868)	(561,689)	(2,092,190)	(1,358,787)
Gross profit		**163,031**	**128,058**	**714,628**	**288,707**
Selling expenses	20 c)	(18,048)	(15,072)	(56,896)	(39,354)
Administrative expenses	20 d)	(61,091)	(48,312)	(179,322)	(128,973)
Exploration expenses	20 e)	-	-	-	(27,938)
Other operating income and expenses	20 f)	16,684	5,603	(71,975)	386,059
Operating income		**100,576**	**70,277**	**406,435**	**478,501**
Gains and losses on investments valued under the equity method	20 g)	(6,549)	(36,405)	(10,367)	(96,971)
Financial income	20 h)	19,716	40,306	104,117	103,098
Financial costs	20 h)	(157,269)	(114,110)	(636,059)	(250,324)
Income before taxes		**(43,526)**	**(39,932)**	**(135,874)**	**234,304**
Income tax	22	4,043	589	34,175	21,570
Net (loss) / income for the period		**(39,483)**	**(39,343)**	**(101,699)**	**255,874**
OTHER COMPREHENSIVE INCOME					
Financial statement translation difference		2,186	2,774	16,166	9,733
Total other comprehensive income for the period, net of taxes		2,186	2,774	16,166	9,733
Total comprehensive income for the period - (Loss) / Income		**(37,297)**	**(36,569)**	**(85,533)**	**265,607**
Net (Loss) / income, attributable to:					
Company shareholders		(38,892)	(39,409)	(100,783)	255,850
Non-controlling interests		(591)	66	(916)	24
		(39,483)	**(39,343)**	**(101,699)**	**255,874**
Total comprehensive income, attributable to:					
Company shareholders		(36,706)	(36,635)	(84,617)	265,583
Non-controlling interests		(591)	66	(916)	24
		(37,297)	**(36,569)**	**(85,533)**	**265,607**
Basic and diluted earnings per share		**(0.099)**	**(0.099)**	**(0.255)**	**0.641**

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

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

	Capital stock (Note 13)	Legal Reserve	Discretionary Reserve (1)	Other	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	-	-	-	-	(100,783)	-	(100,783)	(916)	(101,699)
Changes in other comprehensive income for the period	-	-	-	-	-	16,166	16,166	-	16,166
Balances at September 30, 2016	**399,138**	**17,491**	**956,648**	**(132,789)**	**(100,783)**	**123,925**	**1,263,630**	**6,539**	**1,270,169**

(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.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015
(In thousands of pesos)

	Capital stock (Note 13)	Irrevocable Contributions	Legal Reserve	Discretionary Reserve (1)	Other	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 taken 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										
	-	-	-	-	(132,789)	-	-	(132,789)	8,872	(123,917)
Effect of the purchase of Unitec Energy S.A.										
Net income for the period	-	-	-	-	-	255,850	-	255,850	24	255,874
Changes in other comprehensive income for the period	-	-	-	-	-	-	9,733	9,733	-	9,733
Balances at September 30, 2015	**399,138**	**-**	**14,000**	**890,323**	**(132,789)**	**266,725**	**84,874**	**1,522,271**	**8,896**	**1,531,167**

(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.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 AND 2015
(presented in comparative format)
(In thousands of pesos)

	Note	9.30.2016	9.30.2015
Cash flow from operating activities			
Net income/(loss) for the period		(101,699)	255,874
Adjustments to arrive at net cash flow from operating activities:			
Depreciation of property, plant and equipment	6	602,787	277,099
Gain on deletions of property, plant and equipment	6	1,921	35,764
Gains and losses on investments valued under the equity method	20 g)	10,367	96,971
Financial results, net	20 h)	531,942	147,226
Increase in allowances for receivables, net	20 f)	24,187	876
Increase in contingent liabilities for lawsuits and other legal proceeding, net	20 f)	23,493	1,750
Increase in impairment provision for non-financial asset	20 f)	6,117	8,387
Gas imbalance charges	20.b)	(1,498)	(1,659)
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)	(157,214)	(138,694)
Income/(loss) for business combination – Acquisition of Petrobras Argentina S.A. 's business	20 f) and 23 d)	-	(406,444)
Accrued income tax	22	(34,175)	(21,570)
Changes in operating assets and liabilities:			
Receivables		242,049	(389,372)
Inventory		(266,471)	65,928
Non-financial debts		8,104	129,495
Income tax paid		(58,316)	(105,620)
Net cash flow provided by / (used in) operating activities		**831,594**	**(43,989)**
Net cash flow provided by investment activities			
Acquisition of property, plant and equipment	6	(689,428)	(516,024)
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		-	3,741
Variance in placements of funds – current		(197,174)	16,519
Dividends collected	7 b)	-	7,151
Net cash flow used in investment activities		**(965,210)**	**(1,229,501)**
Net cash flow provided by financing activities			
Interest paid on financial debts	17	(360,438)	(170,542)
Financial debts incurred	17	557,950	1,694,881
Financial debts settled	17	(271,943)	(23,866)
Net cash flow (used in) / provided by financing activities		**(74,431)**	**1,500,473**
(Decrease) / increase in cash and cash equivalents, net		**(208,047)**	**226,983**
Cash and cash equivalents at beginning of the period		199,522	20,402
Financial results generated by cash and cash equivalents		52,126	40,330
Cash and cash equivalents at the end of the period (Note 12)		**43,601**	**287,715**
Changes not entailing movements of funds:			
Cost of wells retirement obligations capitalized in property, plant and equipment		84,384	48,558
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 transportation. Upstream activities are carried out both individually and through joint ventures, and gas transportation 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 November 9, 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 nine-month period ended September 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 system 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 system. 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 system, as reported 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 September 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 September 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, the IASB published an amendment whereby an entity is required to disclose information to enable users to understand the changes in liabilities incurred in 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 certain 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 September 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 September 30, 2015 have been reclassified for comparative purposes with those of this period.

2.2.3 - Consolidation – Subsidiaries

The financial statements of CGC at September 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, June 24, 2016 and September 26, 2016, the Board of Directors of Unitec Energy S.A. accepted the funds received from Compañía General de Combustibles S.A. for $21,740,000, as irrevocable contributions which will be computable as future capital increases. CGC’s equity interests in Unitec Energy S.A. at September 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.

This detailed 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 September 30, 2016 and December 31, 2015. There are no financial liabilities measured at fair value.

At 9.30.2016	Level 1	Level 2	Level 3	Total
Current assets				
Other short-term investments:				
Government securities	282,837	-	-	282,837
Total current assets	**282,837**	**-**	**-**	**282,837**

At 9.30.2016	Level 1	Level 2	Level 3	Total
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 – SEGMENT REPORTING

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 financial transactions) before interest, income tax, depreciation and amortization of all tangible and intangible assets of the Company, and before any other income/loss not entailing changes in cash. It includes sales revenue and net income from operations less (i) operating expenses (without including amortization charges or tax on financial transactions), exploration (without including dry exploration wells and deletion of capitalized exploration costs), production and transportation, and (ii) business and administrative expenses and other taxes (excepting tax on financial transactions), 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 transportation 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:

	9.30.2016			
	Exploration and production of oil and gas	**Gas transportation**	**Central structure**	**TOTAL**
Net sales	2,806,818	-	-	2,806,818
Cost of sales	(1,481,706)	-	-	(1,481,706)
Gross profit	**1,325,112**	**-**	**-**	**1,325,112**
Selling expenses	(56,896)	-	-	(56,896)
Central structure expenses	-	-	(152,255)	(152,255)
Exploration expenses	-	-	-	-
Other operating income and expenses	(24,252)	17,978	(9,900)	(16,174)
Adjusted EBITDA	**1,243,964**	**17,978**	**(162,155)**	**1,099,787**
Other operating income and expenses	-	-	(49,684)	(49,684)
Depreciation	(597,861)	-	(4,926)	(602,787)
Impairment provision for Non-financial asset	(6,117)	-	-	(6,117)
Tax on financial transactions	(12,623)	-	(22,141)	(34,764)
Dry wells and unsuccessful studies	-	-	-	-
Losses on long-term investments	-	(10,367)	-	(10,367)
Subtotal	**627,363**	**7,611**	**(238,906)**	**396,068**
Financial income	-	-	104,117	104,117
Financial costs	-	-	(636,059)	(636,059)
Income before taxes	**627,363**	**7,611**	**(770,848)**	**(135,874)**
Income tax	(229,330)	(6,292)	269,797	34,175
Income / (Loss) for the period	**398,033**	**1,319**	**(501,051)**	**(101,699)**

	9.30.2015			
	Exploration and production of oil and gas	**Gas transportation**	**Central structure**	**TOTAL**
Net sales	1,647,494	-	-	1,647,494
Cost of sales	(1,073,695)	-	-	(1,073,695)
Gross profit	**573,799**	**-**	**-**	**573,799**
Selling expenses	(39,354)	-	-	(39,354)
Central structure expenses	-	-	(110,613)	(110,613)
Exploration expenses	(185)	-	-	(185)
Other operating income and expenses	(24,602)	7,635	-	(16,967)
Adjusted EBITDA	**509,658**	**7,635**	**(110,613)**	**406,680**
Other operating income and expenses	406,444	-	4,969	411,413
Depreciation	(274,710)	-	(2,389)	(277,099)
Impairment provision for non-financial asset	(8,387)	-	-	(8,387)
Tax on financial transactions	(10,382)	-	(15,971)	(26,353)
Dry wells and unsuccessful studies	(27,753)	-	-	(27,753)
Gains/losses on long-term investments	(69,954)	(27,017)	-	(96,971)
Subtotal	**524,916**	**(19,382)**	**(124,004)**	**381,530**
Financial income	-	-	103,098	103,098
Financial costs	-	-	(250,324)	(250,324)
Income before taxes	**524,916**	**(19,382)**	**(271,230)**	**234,304**
Income tax	(71,075)	(2,672)	95,317	21,570
Income / (Loss) for the period	**453,841**	**(22,054)**	**(175,913)**	**255,874**

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Changes in this caption are as follows:

Main account	Original values					Depreciation					
	Value at the beginning of year	Additions	Transfers	Deletions	Value at end of period	Accumulated at beginning of the year	Deletions	For the period	Accumulated at the end of the period	Carrying amount at 9.30.16	Carrying amount at 12.31.2015
DEVELOPMENT AND PRODUCTION ASSETS											
Wells and production facilities	3,160,696	205,198	575,981	(1,599)	3,940,276	1,161,443	60	546,052	1,707,555	2,232,721	1,999,253
Other production-related assets	15,105	14	8,211	-	23,330	8,030	-	3,118	11,148	12,182	7,075
Mining property	930,563	-	-	-	930,563	241,081	-	48,658	289,739	640,824	689,482
Materials and spare parts	8,261	185	-	(322)	8,124	-	-	-	-	8,124	8,261
Works in progress	350,602	617,318	(592,251)	-	375,669	-	-	-	-	375,669	350,602
Subtotal	**4,465,227**	**822,715**	**(8,059)**	**(1,921)**	**5,277,962**	**1,410,554**	**60**	**597,828**	**2,008,442**	**3,269,520**	**3,054,673**
EXPLORATION AND EVALUATION ASSETS	**184,803**	**44,468**	**8,059**	**-**	**237,330**	**-**	**-**	**-**	**-**	**237,330**	**184,803**
CENTRAL MANAGEMENT ASSETS --	**26,784**	**5,679**	**-**	**(92)**	**32,371**	**14,067**	**(152)**	**4,959**	**18,874**	**13,497**	**12,717**
TOTAL AT 9.30.2016	**4,676,814**	**872,862**	-	**(2,013)**	**5,547,663**	**1,424,621**	**(92)**	**602,787**	**2,027,316**	**3,520,347**	**3,252,193**
Impairment provision for non-financial asset										**(104,672)**	**(98,555)**
TOTAL										**3,415,675**	**3,153,638**

Main account	Original values							Depreciation					Carrying amount at 9.30.2015	Carrying amount at 12.31.2014
	Value at the beginning of year	Additions	Acquisition of Petrobras Argentina S.A. 's business (Note 23.d)	Effect of consolidation with Unitec Energy	Reclassi fications	Deletions	Value at the end of period	Accumulat ed at beginning of the year	Effect of consolidati on with Unitec Energy	Deletions	For the period	Accumulate d At the end of the period		
DEVELOPMENT AND PRODUCTION ASSETS														
Wells and production facilities	1,183,119	85,905	1,186,007	59,327	11,482	(1,580)	2,524,260	857,872	16,045	(871)	223,663	1,096,709	1,427,551	325,247
Other production-related assets	4,347	130	9,420	983	196	(50)	15,026	3,693	686	(50)	2,495	6,824	8,202	654
Mining property	286,796	-	653,899	-	-	-	940,695	174,894	-	-	48,577	223,471	717,224	111,902
Materials and spare parts	11,096	4,277	-	453	-	(7,064)	8,762	-	-	-	-	-	8,762	11,096
Works in progress (1)	36,148	464,916	46,560	-	(7,875)	(38)	539,711	-	-	-	-	-	539,711	36,148
Subtotal	**1,521,506**	**555,228**	**1,895,886**	**60,763**	**3,803**	**(8,732)**	**4,028,454**	**1,036,459**	**16,731**	**(921)**	**274,735**	**1,327,004**	**2,701,450**	**485,047**
EXPLORATION AND EVALUATION ASSETS	**369,903**	**62**	**(191,577)**	**59,936**	**(3,803)**	**(27,953)**	**206,568**	**-**	**-**	**-**	**-**	**-**	**206,568**	**369,903**
CENTRAL MANAGEMENT ASSETS	**15,025**	**9,292**	**-**	**-**	**-**	-	**24,317**	**9,994**	**-**	**-**	**2,364**	**12,358**	**11,959**	**5,031**
TOTAL AT 9.30.2015	**1,906,434**	**564,582**	**1,704,309**	**120,699**	**-**	**(36,685)**	**4,259,339**	**1,046,453**	**16,731**	**(921)**	**277,099**	**1,339,362**	**2,919,977**	**859,981**
Impairment provision for non-financial asset (2)													**(78,543)**	**(34,393)**
TOTAL													**2,841,434**	**825,588**

(1) The cost of works in progress the construction of which extends over time includes, where applicable, financial costs accrued from financing through third party capital. In the period ended September 30, 2015 the amount of $27,473 was recorded as a result of the capitalization of financial costs.
(2) The non-financial asset impairment allowance includes in 2015 the effect of the consolidation with Unitec Energy in the amount of $ 35,763.

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

	9.30.2016	9.30.2015
Balance at the beginning of year	98,555	34,393
Effect of Unitec Energy S.A. consolidation	-	35,763
Increases	6,117	8,387
Balance at period end	**104,672**	**78,543**

NOTE 7 - INVESTMENTS IN COMPANIES

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

Company	9.30.2016	12.31.2015
Investments in Associates		
Gasinvest S.A. (4)	75,054	53,229
Gasoducto GasAndes Argentina S.A.	131,127	107,059
Gasoducto GasAndes S.A. (Chile)	108,193	72,403
Transportadora de Gas del Norte S.A. (3) (4)	17	97
Andes Operaciones y Servicios S.A. (Chile)	10,293	7,489
Subtotal	**324,684**	**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	**353,180**	**268,773**

(1) Originated in the acquisition of an 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 at September 30, 2016 and 2015:

	9.30.2016	9.30.2015
At the beginning of the year	268,773	377,681
Translation differences	16,166	9,733
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))	(10,367)	(96,971)
Dividends collected	-	(7,151)
At period end	**353,180**	**283,292**

(1) At September 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:

	9.30.2016	12.31.2015
Non-current:		
Related parties (Note 21 a))	157,072	131,987
Minimum notional income tax	37,895	30,531
Value added tax	21,137	19,508
Other tax credits	1,204	1,105
Sundry	502	502
Allowance for other receivables	(86,761)	(74,007)
Total	**131,049**	**109,626**
Current:		
Receivables under Petróleo Plus Program	25,215	21,452
Receivables under the Oil Production Incentive Program	40,088	40,088
Receivables under the incentive program for Gas Injection	445,310	322,195
Receivables from the propane gas supply agreement	23,787	-
Receivables from export refunds from Patagonia ports	10,541	-
Related parties (Note 21 a))	8,235	7,148
Value added tax	91,955	56,110
Income tax	88,044	42,208
Other tax credits	27,884	15,227
Advances to suppliers	2,225	1,232
Expenses to be recovered	34,467	20,420
Prepaid insurance	12,398	691
Prepaid mining fee	6,430	-
Sundry	15,551	4,971
Total	**832,130**	**531,742**

Activity in the allowance for other receivables is as follows:

	9.30.2016	9.30.2015
Non-Current		
Balance at the beginning of year	74,007	48,934
Increases (1)	12,754	4,848
Balance at period end	**86,761**	**53,782**
Current		
Balance at the beginning of year	-	482
Decreases (1)	-	(482)
Balance at period end	**-**	**-**

(1) $774 and $(220) were charged to other operating income and expenses, and $11,980 and $4,586, to financial results in 2016 and 2015, respectively.

NOTE 9 - INVENTORIES

The breakdown of inventories is as follows:

	9.30.2016	12.31.2015
Oil and byproducts	255,303	54,101
Materials and spare parts	151,261	85,992
Total	**406,564**	**140,093**

NOTE 10 - TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

	9.30.2016	12.31.2015
Non-Current		
Ordinary (1)	65,051	-
Total	**65,051**	**-**
Current		
Ordinary	368,852	795,687
Less: Allowance for doubtful accounts	(28,020)	(4,607)
Total	**340,832**	**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 that 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 under the terms of section 32 of Law 24522.
On July 21, 2016 the Company filed a proof of claims with the trustee in reorganization for its trade receivables in US dollars and pesos upon cause arising prior to March 30, 2016 for a nominal value of USD 3,954,985 and $14,334, respectively. At September 30, 2016 the Company disclosed these receivables under non-current assets for $65,051.
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 doubtful accounts is as follows:

	9.30.2016	9.30.2015
Balance at the beginning of year	4,607	2,726
Increases (1)	23,413	1,096
Balance at period end	**28,020**	**3,822**

(1) Allocated to other operating income and expenses.

NOTE 11 - OTHER INVESTMENTS

The breakdown of other investments is as follows:

Non-Current:	9.30.2016	12.31.2015
Placements of funds - Related parties (Note 21 a))	7,932	6,362
Other placements – Negotiable Obligations	1,495	1,300
Total	**9,427**	**7,662**

Current:	9.30.2016	12.31.2015
Related parties (Note 21 a))	-	82,572
Time deposits	26,442	12,244
Government securities (2)	282,837	-
Mutual funds (1)	-	76,589
Total	**309,279**	**171,405**

(1) At December 31, 2015, it includes 18,484 units of the fixed-income mutual fund "Toronto Trust Renta Fija".
(2) At September 30, 2016, they include 15,713,165 Argentine Bonds denominated 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 Incentive Program for the Excess Natural Gas Injection amounting to $242,486 were paid to the beneficiaries through the delivery of Argentine government bonds denominated in US dollars (Argentine Bonds denominated in US dollars 8%, 2020, Bonar 2020 USD).

NOTE 12 - CASH AND OTHER EQUIVALENT LIQUID ASSETS

	9.30.2016	12.31.2015
Cash, imprest fund and checks to be deposited	256	342
Banks	16,903	112,072
Total	**17,159**	**112,414**

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

	9.30.2016	9.30.2015
Cash and cash equivalents	17,159	74,607
Mutual funds	-	98,301
Time deposits (less than 3 months)	26,442	12,203
Government securities	-	102,604
Total	**43,601**	**287,715**

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

NOTE 14 – CONTINGENT LIABILITIES FOR LAWSUITS AND OTHER LEGAL PROCEEDING

The contingent liabilities for lawsuits and other legal proceeding 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 contingent liability for lawsuits and other legal proceeding are as follows:

	9.30.2016	9.30.2015
Non-Current		
Balance at the beginning of year	14,581	12,941
Increases (1)	-	1,750
Decreases (2)	(4,908)	(341)
Balance at period end	**9,673**	**14,350**
Current		
Balance at the beginning of year	-	-
Increases (1) (3)	28,284	-
Balance at period end	**28,284**	**-**

(1) Allocated to Other operating income and expenses in 2016 and 2015.
(2) $(117) and $(341) allocated to financial results in 2016 and 2015, and $(4,791), to other operating income and expenses in 2016.
(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 $28,284 at September 30, 2016 for the probable amount of the fine.

NOTE 15 - PROVISIONS

The breakdown of provisions is as follows:

	9.30.2016	12.31.2015
Non-current:		
Gas imbalance	15,269	16,337
Asset retirement obligation and provision for environmental remediation	618,395	509,534
Sundry	2,756	2,755
Total	**636,420**	**528,626**

	9.30.2016	12.31.2015
Current:		
Gas imbalance	1,820	1,958
Fees for reorganization trustees	1,809	1,738
Provision for environmental remediation	566	1,922
Provisions for Guatemala Branch commitments	6,704	5,704
Total	**10,899**	**11,322**

The changes in the provision for gas imbalance and asset retirement obligation at September 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	-	(1,068)	15,269
Asset retirement obligation and provision for environmental remediation (2)	509,534	108,861	-	618,395

Current:				
Gas imbalance (1)	1,958	-	(138)	1,820
Asset retirement obligation and provision for environmental remediation (2)	1,922	-	(1,356)	566
Total at 9.30.2016	**529,751**	**108,861**	**(2,562)**	**636,050**

(1) $292 correspond to exchange differences and interest, charged to financial costs; and ($1,498) correspond to the return of gas, charged to cost of sales.
(2) $24,827 correspond to current value, charged to financial costs, $84,384 correspond to the adjustment of future cost, charged to property, plant and equipment, and ($1,706) correspond to applications of funds for the period.

	Balance at beginning of year	**Increases**	**Decreases**	**Balance at period-end**
Non-current:				
Gas imbalance (1)	18,481	258	(1,040)	17,699
Asset retirement obligation and provision for environmental remediation (2)	183,123	619,495	-	802,618
Current:				
Gas imbalance (1)	1,655	-	(619)	1,036
Asset retirement obligation and provision for environmental remediation (2)	1,997	3,605	-	5,602
Total at 9.30.2015	**205,256**	**623,358**	**(1,659)**	**826,955**

(1) $258 correspond to exchange differences and interest, charged to financial costs; and ($1,659) correspond to the return of gas, charged to cost of sales.
(2) $43,817 correspond to current value, charged to financial costs, $523,168 to the business combination as a result of the acquisition of Petrobras Argentina S.A.'s business (Note 23 d)), $57,271 correspond to the adjustment of future cost, charged to property, plant and equipment and ($1,156) correspond to applications of funds for the period.

NOTE 16 - TAX PAYABLES

The breakdown of tax payables is as follows:

	9.30.2016	**12.31.2015**
Non-current:		
Payment plan, Section 32 Law No. 11683	48,828	55,733
Payment plan Law No. 26476	2,059	2,753
Payment plan - AFIP General Resolution No. 3451	4,544	4,868
Total	**55,431**	**63,354**

	9.30.2016	**12.31.2015**
Current:		
Provision for turnover tax	52	5,767
Provision for income tax	7	6
Value added tax payable	15	21
Other taxes	173	294
Tax withholdings and collections	26,647	5,631
Payment plan, Section 32 Law No. 11683	9,027	8,000
Payment plan Law No. 26476	911	827
Payment plan - AFIP General Resolution No. 3451	423	376
Sundry	92	177
Total	**37,347**	**21,099**

NOTE 17 - FINANCIAL DEBTS

The breakdown of financial debts is as follows:

	9.30.2016	12.31.2015
Non-current:		
Bank loans	386,041	662,026
Negotiable obligations	880,661	1,694,205
Total	**1,266,702**	**2,356,231**

	9.30.2016	12.31.2015
Current:		
Overdraft facilities	225,934	1,725
Bank loans	680,296	323,048
Negotiable obligations	1,099,909	948
Total	**2,006,139**	**325,721**

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

	9.30.2016	9.30.2015
Balance at the beginning	2,681,952	107,483
Overdraft facilities, net	224,209	(43,372)
Interest accrued	372,686	174,234
Effect of exchange rate variation	294,359	24,757
Loans obtained	332,016	1,694,881
Payments of principal	(271,943)	(23,866)
Interest payments	(360,438)	(170,542)
Balance at period end	**3,272,841**	**1,763,575**

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

	9.30.2016	12.31.2015
Less than 1 year	2,006,139	325,721
From 1 to 2 years	781,863	1,615,079
From 2 to 3 years	165,234	396,136
After 3 years	319,605	345,016
Total	**3,272,841**	**2,681,952**

Negotiable obligation issue programs

Under the Program for the Issue of ordinary Negotiable Obligations (not convertible into shares) for up to USD 250,000,000 dated December 16, 2014, CGC issued during the 2015 fiscal year the following Negotiable Obligations:

- Class 4 Negotiable Obligations for USD 40,000,000, accruing interest at a nominal annual fixed rate of 4.75% and maturing on April 30, 2017;
- Class 6 Negotiable Obligations for USD 31,730,300, accruing interest at a nominal annual fixed rate of 5.00% and maturing on September 9, 2017;
- Class 2 Negotiable Obligations for USD 20,880,968, accruing interest at a nominal annual fixed rate of 0.00% and maturing on November 12, 2019;
- Class 7 Negotiable Obligations for USD 30,000,000, accruing interest at a nominal annual fixed rate of 1.50% and maturing on November 24, 2017;
- Class 8 Negotiable Obligations for $103,977,272, accruing interest at variable rates measured by Badlar rate + 450 basis points, and maturing on December 10, 2018.

Below is a description of the main variations in the Company's financing structure during the nine-month period ended September 30, 2016, and until the date of issue of these condensed interim financial statements.

Loan agreement with Banco Itaú Argentina S.A.

CGC and Banco Itaú Argentina S.A. entered into a loan agreement for USD 2,750,000 on June 30, 2016, accruing interest at a nominal annual fixed rate of 6.5 % and falling due on October 6, 2016. Interest is payable at maturity, together with principal.

The loan was repaid on October 5, 2016 with the funds disbursed under the Syndicated Loan in US Dollars reported in the subsequent events note to these financial statements (see Note 26).

Loan agreements with the Branch of Citibank N.A. established in Argentina

On June 3, 2016, CGC and the Branch of Citibank N.A. entered into a loan agreement for USD 10,000,000, which was renewed on a bi-monthly basis at the nominal annual fixed rates of 7.0% and 7.5%, and fell due on October 6, 2016. Interest is payable at maturity, together with principal.

On September 29, 2016, CGC and the Branch of Citibank N.A. entered into a loan agreement for USD 10,000,000, at a nominal annual fixed rate of 7.5%, and falling due on October 6, 2016. Interest is payable at maturity, together with principal.

The loans were repaid on October 5, 2016 with the funds disbursed under the Syndicated Loan in US Dollars reported in the subsequent events note to these financial statements (see Note 26).

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

On March 11, 2016, a new addendum to the syndicated loan agreement was agreed upon, to allow for more flexibility in certain restrictions on 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.

Three principal installments for $248,076 were paid in the period under analysis. The balance at September 30, 2016 is $710,020.

The Syndicated Loan in Pesos was fully repaid by the Company on October 5, 2016 with the funds disbursed under the Syndicated Loan in US Dollars reported in the subsequent events note to these financial statements (see Note 26).

Programs for the issuance of Negotiable Obligations for local and foreign investors - International Offer

The Directors and Shareholders of Compañía General de Combustibles S.A. approved on February 1, 2016 the creation of a new program for the issuance in local and foreign stock markets of negotiable obligations for a total outstanding nominal value of up to USD 300,000,000. On April 21, 2016, the National Securities Commission authorized the creation of the program.

On November 7, 2016, Class "A" Negotiable Obligations for USD 300,000,000 were issued and settled at a nominal annual fixed rate of 9.5%. See the issue terms and conditions in the subsequent events note to these financial statements (Note 26).

NOTE 18 - OTHER LIABILITIES

The breakdown of other liabilities is as follows:

	9.30.2016	12.31.2015
Non-Current:		
Sundry	-	208
Total	**-**	**208**

	9.30.2016	12.31.2015
Current:		
Oil and gas royalties	19,056	35,378
Sundry	209	416
Total	**19,265**	**35,794**

NOTE 19 - TRADE PAYABLES

The breakdown of trade payables is as follows:

	9.30.2016	12.31.2015
Non-current:		
Ordinary suppliers (1)	76,550	-
Total	**76,550**	**-**

	9.30.2016	12.31.2015
Current:		
Ordinary suppliers (1)	316,109	250,911
Ordinary suppliers of joint ventures	20,235	15,165
Invoices to be received	147,650	303,901
Total	**483,994**	**569,977**

(1) At September 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, $76,550 is disclosed under ordinary suppliers - non-current and $30,620 under ordinary suppliers - current.

NOTE 20 - BREAKDOWN OF MAIN INCOME STATEMENT CAPTIONS

a) Net income

	Three-month period ended		Nine-month period ended	
	9.30.2016	9.30.2015	9.30.2016	9.30.2015
Crude oil delivered	520,517	446,409	1,381,374	1,110,096
Gas	101,001	71,114	581,292	231,502
Other	42,427	27,956	160,326	67,057
Government subsidies	284,954	144,268	674,320	239,856
Export refunds	-	-	10,312	-
Withholdings from exports of hydrocarbons	-	-	(806)	(1,017)
Total	**948,899**	**689,747**	**2,806,818**	**1,647,494**

b) Cost of sales

	Three-month period ended		Nine-month period ended	
	9.30.2016	9.30.2015	9.30.2016	9.30.2015
Stocks at the beginning	381,066	133,413	140,093	63,707
Acquisition of of Petrobras Argentina S.A. 's business (Note 23.d)	-	-	-	132,733
Purchases	18,399	9,040	65,262	27,051
Expenses attributable to cost of sales (1)	792,967	549,749	2,293,399	1,265,809
Stock at the end of the year (Note 9)	(406,564)	(130,513)	(406,564)	(130,513)
Cost of sales	**785,868**	**561,689**	**2,092,190**	**1,358,787**

(1) Expenses attributable to cost of sales

	Three-month period ended		Nine-month period ended	
	9.30.2016	**9.30.2015**	**9.30.2016**	**9.30.2015**
Fees and compensation for services	1,570	1,605	4,392	6,913
Outsourced services	294,933	229,609	847,564	528,025
Salaries, wages and social security contributions	33,352	19,094	96,259	43,009
Other expenses on personnel	5,930	2,096	12,915	8,352
Depreciation of property, plant and equipment	217,909	128,215	597,861	274,710
Taxes, duties and contributions	4,623	3,685	17,263	12,356
Fuel, gas and electricity	13,848	231	33,772	15,267
General insurance	7,774	5,389	27,376	10,523
Spare parts and repairs	66,844	35,475	160,094	82,242
Wells maintenance expenses	30,880	25,845	62,115	63,638
Office expenses	7,471	3,196	20,078	9,413
Travel and per diem	1,033	663	2,823	1,011
Royalties, fee and easements	77,201	77,862	349,442	191,157
Gas imbalance	(490)	(546)	(1,498)	(1,659)
Other	30,089	17,330	62,943	20,852
Total	**792,967**	**549,749**	**2,293,399**	**1,265,809**

c) Selling expenses

	Three-month period ended		Nine-month period ended	
	9.30.2016	**9.30.2015**	**9.30.2016**	**9.30.2015**
Turnover tax	18,048	15,072	56,896	39,354
Total	**18,048**	**15,072**	**56,896**	**39,354**

d) Administrative expenses

	Three-month period ended		Nine-month period ended	
	9.30.2016	**9.30.2015**	**9.30.2016**	**9.30.2015**
Fees and compensation for services	17,153	12,679	52,285	37,273
Salaries, wages and social security contributions	21,890	21,632	69,156	56,367
Other expenses on personnel	1,292	1,089	3,241	1,860
Depreciation of property, plant and equipment	1,841	1,353	4,926	2,389
Taxes, duties and contributions	9,091	6,247	23,162	16,175
General insurance	282	295	1,131	821
Spare parts and repairs	1,527	507	7,359	2,884
Office expenses	1,821	1,130	5,780	3,209
Travel and per diem	2,961	1,261	5,476	3,815
Communications	1,064	477	2,078	938
Other	2,169	1,642	4,728	3,242
Total	**61,091**	**48,312**	**179,322**	**128,973**

e) Exploration expenses

	Three-month period ended		Nine-month period ended	
	9.30.2016	**9.30.2015**	**9.30.2016**	**9.30.2015**
Geological and geophysical expenses	-	-	-	23,078
Unsuccessful studies and wells	-	-	-	4,860
Total	**-**	**-**	**-**	**27,938**

f) Other operating income and expenses

	Three-month period ended		Nine-month period ended	
	9.30.2016	**9.30.2015**	**9.30.2016**	**9.30.2015**
Fees for services rendered	6,998	4,945	17,978	11,659
Outsourced services	16,400	(3,428)	(24,252)	(28,252)
Incentives under Petróleo Plus program	-	2,246	-	937
(Charge) recovery of allowance for other receivables (Note 8)	(86)	(105)	(774)	220
Charge for allowance for trade receivables (Note 10)	(5,501)	520	(23,413)	(1,096)
(Charge) recovery of contingent liabilities for lawsuits and other legal proceeding (Note 14)	3,708	(176)	(23,493)	(1,750)
Impairment provision for non-financial asset	(525)	(1,636)	(6,117)	(8,387)
Income/ (loss) for business combination - Acquisition of Petrobras Argentina S.A. 's business (Note 23.d))	-	-	-	406,444
Turnover tax	(2,065)	(897)	(9,900)	(2,602)
Sundry	(2,245)	4,134	(2,004)	8,886
Total	**16,684**	**5,603**	**(71,975)**	**386,059**

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

	Three-month period ended		Nine-month period ended	
Associate	**9.30.2016**	**9.30.2015**	**9.30.2016**	**9.30.2015**
Gasinvest S.A.	(26,765)	(11,150)	(58,245)	(25,079)
Gasoducto GasAndes Argentina S.A.	11,125	(496)	24,069	(1,259)
Gasoducto GasAndes S.A. (Chile)	8,783	1,516	22,558	1,243
Andes Operaciones y Servicios S.A. (Chile)	363	(466)	1,490	(1,871)
Transportadora de Gas del Norte S.A.	(55)	(23)	(239)	(51)
Petronado S.A. (Venezuela)	-	(25,786)	-	(69,954)
Total	**(6,549)**	**(36,405)**	**(10,367)**	**(96,971)**

h) Financial results

	Three-month period ended		Nine-month period ended	
	9.30.2016	**9.30.2015**	**9.30.2016**	**9.30.2015**
Financial income				
Interest	1,852	2,045	6,953	3,291
Income from measurement of financial instruments at fair value	11,946	26,792	40,360	72,661
Exchange differences	5,918	11,469	56,804	27,146
Total	**19,716**	**40,306**	**104,117**	**103,098**
Financial costs				
Interest	(121,545)	(83,054)	(368,514)	(183,725)
Exchange differences	(29,591)	(30,651)	(259,880)	(65,432)
Other financial expenses	(6,133)	(405)	(7,665)	(1,167)
Total	**(157,269)**	**(114,110)**	**(636,059)**	**(250,324)**

NOTE 21 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

At September 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 September 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 September 30, 2016 and December 31, 2015 are included below:

	9.30.2016	12.31.2015
Other investments		
Non-Current:		
Transportadora Gas del Mercosur S.A.	7,932	6,362
Total	**7,932**	**6,362**

	9.30.2016	12.31.2015
Current:		
Sociedad Comercial del Plata S.A. (1)	-	82,572
Total	**-**	**82,572**
Other receivables		
Non-Current:		
Petronado S.A.	55,106	46,882
Latin Exploration S.L.	20,019	15,139
Transportadora Gas del Norte S.A.	81,947	69,966
Total	**157,072**	**131,987**
Current:		
Gasoducto GasAndes S.A. (Argentina)	6	1,655
Transportadora Gas del Norte S.A.	758	-
Petronado S.A.	7,471	5,493
Total	**8,235**	**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 nine-month periods ended September 30, 2016 and 2015 are detailed below:

	9.30.2016			
Company	**Sale of services**	**Fees and compensation for services**	**Interest earned**	**Dividends collected**
Associates				
Transportadora Gas del Norte S.A.	3,278	-	-	-
Transportadora Gas del Mercosur S.A.	-	-		-
Petronado S.A.	1,017	-	437	-
Gasoducto GasAndes Argentina S.A.	13,683	-	-	-

	9.30.2015			
Company	**Sale of services**	**Fees and compensation for services**	**Interest earned**	**Dividends collected**
Associates				
Transportadora Gas del Norte S.A.	2,094	-	-	-
Transportadora Gas del Mercosur S.A.	-	-	265	-
Cedicor S.A.	-	-	132	-
Corporación América S.A.	-	-	322	-
Unitec Energy S.A.	-	1,755	-	-
Petronado S.A.	175	-	-	-
Gasoducto GasAndes Argentina S.A.	7,635	-	-	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.

	9.30.2016	12.31.2015
Deferred tax is as follows:		
Deferred tax assets	416,056	386,496
Deferred tax liabilities	(365,454)	(370,071)
Net deferred tax assets	**50,602**	**16,425**

	9.30.2016	12.31.2015
Classification of deferred tax:		
Net deferred tax asset (Unitec Energy S.A.)	51,354	53,683
Net deferred tax liability (CGC)	(752)	(37,258)
Net deferred tax assets, consolidated	**50,602**	**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		Nine-month period ended	
	9.30.2016	9.30.2015	9.30.2016	9.30.2015
Income tax for the period				
Current tax - Income (Loss)	(2,988)	(2,135)	(31,105)	9,050
Deferred tax – Income	7,031	2,724	65,280	12,520
Total Income tax	**4,043**	**589**	**34,175**	**21,570**

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		Nine-month period ended	
	9.30.2016	9.30.2015	9.30.2016	9.30.2015
Income before income tax	(43,526)	(39,932)	(135,874)	234,304
Tax rate in effect, applied on income for the period/year	35%	35%	35%	35%
Subtotal	15,234	13,976	47,556	(82,006)
Effect of permanent differences and provisions (1)	(11,191)	(13,387)	(13,381)	103,576
Total Income tax	**4,043**	**589**	**34,175**	**21,570**

(1) Includes $142,255 as a 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 consortia and joint ventures for hydrocarbon exploration and production. At September 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 September 30, 2016 and December 31, 2015 are shown below.

Basin	Area	% participation		Operator	Term Until	Activity
Argentina						
Noroeste	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 and 4)	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
Neuquina	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 Petrobras Argentina S.A. 's business in the Austral Basin effective on April 1, 2015 in item d) of this note.
(2) Consolidated areas in the purchase 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 ratified on July 5, 2016 by a Decree issued by the Provincial Executive Branch, and is pending approval by a 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 September 30, 2016 and December 31, 2015 and the income statements for the nine-month periods ended September 30, 2016 and 2015 are shown below:

	9.30.2016	**12.31.2015**
Non-current assets	72,905	85,724
Current assets	3,349	3,164
Total assets	**76,254**	**88,888**
Non-current liabilities	33,005	29,266
Current liabilities	20,554	15,333
Total liabilities	**53,559**	**44,599**

	9.30.2016	**9.30.2015**
Operating loss (*)	65,994	176,578
Net loss (*)	73,247	231,852

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

c) Investment commitments: at September 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 acquired business, acquisition date, percentage acquired, and reasons for the 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 oil and gas pipelines), 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 cover an area of approximately 11,500 sq. km., they are granted between 2017 and 2037, are located in the Province of Santa Cruz, and have a production of approximately 15,000 bbl/day, equivalent to PESA's interest percentage.

The fair value of the consideration transferred and the fair value of the main acquired assets 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 transportation. The list of investments is included below:

Company	Ref.	Participation %	
		9.30.2016	**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 transportation contract.

This situation generates uncertainty as to the future evolution of the contractual relationship and the activity of gas transportation 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 September 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 then in effect, and had a major impact on the economic and financial equation 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 transportation tariffs were pesified and frozen.

Given that the regulatory provisions of the LEP did not set forth an alternative mechanism for a tariff review, 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 peso tariffs were frozen; this deprived the Company of the possibility of continuing investing in extensions of the gas transportation system, and it was replaced in this role by public trusts organized as from 2004 by the former National Energy Secretariat, financed with tariff charges that, at that time, largely surpassed the tariff collected by TGN.

The joint effect of the tariff freeze and the sustained increase in operating costs have substantially impaired TGN's operating result, which was reported as a loss from 2011 up to and including the first quarter of 2016.

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 to tariffs and a future Comprehensive Tariff Review, subject to the execution of a comprehensive renegotiation agreement.

On March 29, 2016 the MINEM adopted Resolution No. 31/16 ordering ENARGAS to carry out a Comprehensive Tariff Review process (within a term of one year counted as from the date of adoption of the resolution) with all natural gas distribution and transportation licensees, and to make a temporary adjustment to the gas distribution and transportation tariffs to cover their costs, on account of the future Comprehensive Tariff Review. Under that resolution, the temporary ariff increase was to be related to the execution of a mandatory investment plan, upon compliance therewith licensees would not be allowed to distribute dividends unless they have obtained the prior authorization from the ENARGAS, and a public hearing should be held within the framework of the Comprehensive Tariff Review.

On March 28, 2016 the MINEM adopted Resolution No. 28/16 (jointly with Resolution 31/16, the “MINEM Resolutions”) approving the new natural gas tariff schedule at the transportation System Entry Points (“PIST”, for its acronym in Spanish), and determining users eligible for the so-called Social Tariff.

On March 31, 2016 ENARGAS adopted Resolution I/ 3723 dictating a temporary increase of 289.2% in TGN's tariffs, effective April 1, 2016. In addition, ENARGAS set out a plan of mandatory investments for $ 1.04 billion, to be implemented within one year, under penalty of imposing fines. In the meantime, TGN would not be allowed to distribute dividends without ENARGAS prior authorization.

In July 2016, Panel II of the Federal Court of Appeals in and for La Plata declared MINEM Resolutions Nos. 28 and 31 null and void, due to the omission of the prior public hearing.

This ruling led to the breakage of the payment chain and obliged TGN to suspend the mandatory investment plan and to delay payments to its suppliers (see new gas tariff schedule in the regulated market for residential and commercial customers (Note 25 a)).

On October 6, 2016, MINEM adopted Resolution No. 212/16 approving new prices of natural gas at the transportation systems entry points. ENARGAS also adopted Resolution I/4053 reinstating effective October 7, 2016 the temporary increase of 289.2% in TGN tariffs. ENARGAS maintained the mandatory investment plan for $1.04 billion and the prohibition to distribute dividends without its prior authorization.

In the Company's opinion, the investment plan should be revised considering the adverse effect of the judicial measures regarding billings for the April-September 2016 period, and the extension of the works performance time frames.

Although Resolution I/4053 provides certainty about future revenues, there is still uncertainty as to the probabilities of collecting the remunerations for the transport services provided by TGN between April and September to the distributors to serve their non-residential customers, inasmuch as certain distributors are against the proration criteria applied by TGN according to instructions issued by the ENARGAS under Resolution I/3961.

Furthermore, a provisional remedy requested by an association that had claimed to represent small and medium-sized enterprises, and issued by a federal court in the Province of Córdoba suspending the increases set by the Resolutions that were in effect from April 1 to October 6, 2016 for failure to previously hold a public hearing, was subsequently revoked by the Federal Court of Appeals in and for the Province of Córdoba on grounds that said association did not have legal standing to sue.

To the extent that TGN regularizes collections and/or receives financial assistance from Government, the Company will be able to defray in the fiscal year ending on December 31, 2016 its operating, maintenance, administrative and selling expenses, meet its obligations and implement the mandatory investment plan under a tight schedule. Otherwise, TGN will have great difficulty in operating normally and will be again in a financial and economic imbalance, accumulating new gross and operating losses, which might 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 provide 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 freezes or price controls, as in fact was the case ever since July 1999.

Further, accumulated losses at September 30, 2016 amount to $404 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 the Company at December 31, 2015). In this regard, the Ordinary and Extraordinary Meeting of Shareholders of TGN held on April 14, 2016 decided to monitor the evolution of the Company's equity and financial position during the current year, and to defer application of Section 206 of the General Companies Law until the Meeting of Shareholders that will deal with the financial statements for the current fiscal year, ending on December 31, 2016.

The financial statements of TGN at September 30, 2016 show that the estimates are affected by the uncertainties as 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 and the judicial proceedings related to tariff issues mentioned in the preceding paragraph of these condensed interim financial statements. Within this context, there is considerable uncertainty about 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 operating as a going concern.

CGC has estimated the recoverable value of its direct and indirect investment in TGN whose carrying amount is $75.1 million at September 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 its direct control and might, eventually, affect the carrying amount of this asset. Also, there is uncertainty as to TGN possibility of continuing operating as a going concern.

CGC's direct and indirect interest in TGN accounts for 15.38% at September 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 approval by the ENARGAS of the sale of the GASINVEST shares described above and of the assignment of the Technical Assistance Contract. Upon compliance with the purchase and sale conditions in February 2016, and after payment of the price of USD 4,750, and the transfer of the shares on March 3, 2016, CGC's interest in TGN and GASINVEST amounts to 0.0466% and 40.85% of capital, respectively, and CGC's direct and indirect interest in TGN amounts to 23.07% at September 30, 2016.

NOTE 25 - CHANGES IN THE REGULATORY FRAMEWORKS

a) New gas tariff schedule in the regulated market for residential and commercial customers

On March 28, 2016 the Argentine Ministry of Energy and Mining (MINEM) had adopted Resolution No. 28/16 approving the new natural gas prices at the Transportation System Entry Points, and the eligibility criteria for residential customers' entitlement to the so-called *social tariff* benefit.

As a result of certain legal actions against the above-mentioned natural gas price increases, with different outcomes at the various instances and territorial jurisdictions, MINEM Resolution No. 129/2016 was published in the Official Gazette on July 13, 2016, whereby: (i) amendments were ordered to MINEM Resolution No. 99/2016 dated June 6, 2016 setting a limit on the total amounts that residential and commercial customers were to pay for natural gas consumption after April 1, 2016: in no case could the total amount payable for a given period exceed by five times and six times, respectively, the amount paid for the same period of billings of the previous year, and (ii) the GAS REGULATORY AUTHORITY (ENARGAS) was instructed to adopt the necessary measures to conclude before December 31, 2016 the Comprehensive Tariff Review process referred to by Section 1 of MINEM Resolution No. 31/2016 dated March 29, 2016, and the public hearing required therein was to be held prior to October 31, 2016.

The National State appealed both the court judgments that had granted provisional remedies and the ruling issued by Panel II of the Federal Court of Appeals in and for La Plata, which declared MINEM Resolutions Nos. 28/2016 and 31/2016 null and void, due to the omission of the prior public hearing.

The ruling issued by Panel II was confirmed by the Argentine Supreme Court in August 2016, which benefited all residential customers in Argentina. As a result, between September 16 and 18, 2016, the MINEM and the ENARGAS held a public hearing at which three components of the tariff were dealt with: the price of well head gas, the distribution margin and the transport margin.

On August 18, 2016, MINEM adopted Resolution No. 152 - E/2016 instructing the ENARGAS to order, in the exercise of its powers, the necessary measures for the providers of the public utility services of distribution of natural gas through networks nationwide to charge to residential customers the tariffs in force at March 31, 2016 for consumption made as from April 1, 2016. The Company recognized in its September 30, 2016 condensed interim financial statements the estimated effects of MINEM Resolution No. 152-E/2016.

Finally, after the public hearing has been held, Resolution No. 212-E/2016 of the Ministry of Energy and Mining was published in the Official Gazette on October 7, 2016, approving a gas tariff increase denominated in United States dollars, effective October 1, 2016, and adjustable semi-annually until the market prices are reached in 2019 and, in the case of Patagonia, Malargüe and the Puna, in 2022.

The main provisions of Resolution No. 212-E/2016 are as follows:

- The new gas tariff schedule was set in the regulated market (at the transportation system entry point) for commercial and residential customers, applicable for the period from October 1, 2016 to March 31, 2017; tariffs in effect at March 31, 2016 were maintained during the period from April 1, 2016 to September 30, 2016;
- Caps ranging between 300% and 500% were set on tariff increases for gas bills in excess of $250 issued by the distributors to commercial or residential customers. The caps were set on the basis of the amounts billed during the same period of the preceding year;
- A 30% tariff reduction was established for commercial and residential customers that achieve 15% savings in consumption, compared to the same period of the preceding year;
- A social tariff was set for certain low-income residential customers. In this case, users will receive a rebate of 100% of their gas bill.
- Prices were set for the normalization of the well head gas price for gas production in the regulated market. Well head gas prices were set in dollars and would be passed on to the peso tariffs charged to users by the distributors at the exchange rate in effect at the time of the increase. For the Patagonia, prices range from USD 1.29/MMBtu effective October 1, 2016, until the USD 6.72/MMBtu target is reached by October 1, 2022; and
- The Office of Hydrocarbons was instructed, until the gas prices are determined by the free interaction between supply and demand in the regulated market, to prepare semi-annually and send to the Ministry of Energy and Mining for its approval, the proposal for the gas price at the transportation system entry point for each six-month period comprised between April 1 and October 1 of the respective year, based on the prices and gradual reduction of subsidies set forth in the whereas clauses of Resolution No. 212-E/2016 of the Ministry of Energy and Mining.
- In the Province of Santa Cruz, the gas tariffs at October 1, 2016 were increased at an average of 233%, with increases ranging between 80% and 560%.

Furthermore, the ENARGAS regulations on the passing of prices of natural gas at the transportation system entry points on to the tariffs charged to residential and commercial customers of the gas distributors were published on October 7, 2016.

b) Decree No 704/2016

On May 20, 2016, Decree No. 704/2016 ordered the issuance of additional Argentine Bonds in US dollars at an annual rate of 8% maturing in 2020 ("BONAR 2020"), which will be used, among other purposes, 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"), whereby it accepted the settlement of the outstanding amounts 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 September 30, 2016, the balance of the account receivable under the Program for the Excess Natural Gas Injection shows a 6-month accrual not yet paid for approximately $ 445 million. 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

No event, situation or circumstance that is not publicly known and that affects or may significantly affect the Company's economic or financial position has occurred after September 30, 2016, in addition to those mentioned in the notes to these interim consolidated financial statements and the change in financial debt subsequent to period end reported below.

Change in Financial Debt subsequent to period end:

- **Contract of Syndicated Loan in US Dollars disbursed on October 5, 2016**

On September 30, 2016, the Company executed a contract of Syndicated Loan in US Dollars with Industrial and Commercial Bank of China (Argentina) S.A (ICBC), as administrative agent, for an amount of USD 127,289.000, for the purpose of repaying the Syndicated Loan in Pesos, as well as other short-term indebtedness incurred by the Company (see Note 17 to the financial statements). The funds were disbursed on October 5, 2016.

On November 8, 2016 the amount of USD 92,289,000 was amortized before the due date with the proceeds from the Issuance of Negotiable Obligations for local and foreign investors, as reported below.

The syndicated loan in US dollars has thus become effective with the lender ICBC for USD 35,000,000. Furthermore, on November 8, 2016, it was agreed with the bank to modify: a) the interest rate by replacing it with a nominal annual fixed rate of 4.5%; b) the due date shall be February 3, 2017; c) the senior security interest on the Company's shares to be provided by the Company's shareholders (Latin Exploration S.L.U. and Sociedad Comercial del Plata S.A.) will now be 14% of capital stock and voting rights; d) the assignment of the trust ownership as collateral for the collection rights has been revoked.

- **Issuance of Negotiable Obligations for local and foreign investors - International Offer**

On November 7, 2016, Class “A” Negotiable Obligations for USD 300,000,000 were issued and settled at a nominal annual fixed rate of 9.5%, under the negotiable obligation issue program for a maximum nominal value of up to USD 300,000,000, outstanding at any time, as approved by the Ordinary and Extraordinary Meeting of Shareholders held on February 1, 2016 and authorized by CNV Resolution 18026 dated April 21, 2016. Principal amortization and maturity shall be in a sole payment within five years counted as from the issue date (November 7, 2021). Interest shall be paid semi-annually, on May 7 and November 7. The first interest payment date shall be May 7, 2017.

The Company has traded the Negotiable Obligations in the MERVAL, through the Buenos Aires Stock Exchange, and in the Euro MTF market, through the Luxembourg Stock Exchange.

The proceeds from this International Offer shall be applied, in compliance with the requirements of Section 36 of the Negotiable Obligations Law and other regulations in effect in Argentina, to the full repayment of the Company's Syndicated Loan in US Dollars and to the full settlement of the series of negotiable obligations issued by the Company in the domestic market. Also, it is the Company's intention to use the remainder of the proceeds in making investments in property, plant and equipment, particularly for the exploration and exploitation of hydrocarbons in the Austral Basin, investments in working capital, and for other general corporate purposes.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

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

Management's Responsibility for the Condensed Consolidated Interim 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, November 9, 2016

PRICE WATERHOUSE & CO. S.R.L.

By (Partner)