COMPAÑIA GENERAL DE COMBUSTIBLES S.A.

Condensed interim consolidated financial statements at June 30, 2017

(Presented in comparative format with 2016)

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.

CONSOLIDATED AND SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2017

Contents

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.

Summary of Activity for the second quarter at June 30, 2017

This Summary of Activity, prepared in compliance with the rules issued by the National Securities Commission (Periodical Information System – Title IV – Chapter III – Section 4), is supplementary to the consolidated financial statements of the Company for the six-month period commenced on January 1, 2017 and ended June 30, 2017.

1. Brief description of the activities of the Company during the second quarter, ended June 30, 2017, including reference to relevant circumstances subsequent to the closing date.

The adjusted EBITDA for the second quarter of 2017 amounted to $ 153,094 thousand, which represents a decrease of $ 218,643 thousand compared with the second quarter of 2016. This is mainly related to higher costs allocated to sales.

The production of oil, natural gas, liquefied petroleum gas and gasoline during the second quarter of 2017 was 319 Mm3 (1) of oil equivalent, reflecting a decrease of 22.0 Mm3 (1) (6%) compared with the amounts produced in the same period of the prior year.

Liquid hydrocarbon accounted for 27% of the total produced and natural gas accounted for 73%.

The Company has a significant presence in the activity of natural gas transportation through trunk pipelines as a result of its interest in the companies Transportadora de Gas del Norte S.A. (23.07%), Gasoducto GasAndes (Argentina) S.A. (40%), Gasoducto GasAndes S.A.-Chile- (40%), and Transportadora de Gas del Mercosur S.A. (10.9%). Transported gas volumes by these companies in the second quarter of 2017 reached 5,915 million cubic meters, 6.5 % below the same period in 2016.

Changes in Company indicators

	Q2 2017	Q2 2016	Q2 2015
Adjusted EBITDA (thousands of pesos)	153,094	371,737	183,587
Oil production (m3/day) (2) (3)	963.8	1,115.7	1,241.1
Gas production (Mm3/day) (1) (3)	2,543.0	2,633.1	2,468.6
Transported gas (MMm3) (4)	5,915	6,326	6,214

(1) Thousands of m3
(2) It includes liquefied petroleum gas and gasoline.
(3) Argentine areas only
(4) Millions of m3

Significant events in the second quarter ended June 30, 2017 including subsequent events

Company's financing structure

Considering the total redemption of negotiable obligations issued under the local program on March 7, 2017 and the execution of the US$ syndicated loan of US$ 72,000,000 on February 20, 2017, at June 30, 2017 the Company's financial debt is related to the issuance of Class A Negotiable Obligations due November 7, 2021 amounting to US$ 300,000,000, issued under an international program on November 7, 2016 and the US$ syndicated loan of US$ 72,000,000 executed on February 20, 2017, due in five equal, consecutive monthly installments the first one falling due on February 21, 2018 and the last one on February 21, 2019. In the quarter under analysis, interest on the first installment of Class A Negotiable Obligations amounting to US$ 14,250,000 as well as interest on the first installment of the US$ syndicated loan amounting to US$ 1,091,781 were paid on May 21, 2017 and May 23, 2017, respectively. (See Note 17 to the consolidated financial statements)

Dividends and capital decrease of associated companies during this quarter

On April 4, 2017 dividends amounting to $ 2,720 outstanding at March 31, 2017 were collected from the associated company Gasoducto Gasandes (Argentina) S.A. In the six-month period ended June 30, 2017 dividends were collected from the associated companies Gasoducto Gasandes (Argentina) S.A. and Gasoducto Gasandes S.A. (Chile) in the amount of $ 64,228; in addition, $ 26,935 was received as a result of a capital reduction of Gasoducto Gasandes S.A. (Chile).

2. Consolidated balance sheet figures at June 30, 2017, comparative with the same period of the prior years 2016 and 2015

(In thousands of pesos)

	6.30.2017	6.30.2016	6.30.2015
Non-current assets	5,471,235	3,984,813	3,262,742
Current assets	3,327,419	1,831,080	1,157,929
Total assets	**8,798,654**	**5,815,893**	**4,420,671**
Equity attributable to the Company's shareholders	784,182	1,300,336	1,558,906
Non-controlling interests	5,989	7,130	8,830
Total equity	**790,171**	**1,307,466**	**1,567,736**
Non-current liabilities	6,465,770	2,585,501	2,149,964
Current liabilities	1,542,713	1,922,926	702,971
Total liabilities	**8,008,483**	**4,508,427**	**2,852,935**
Total equity and liabilities	**8,798,654**	**5,815,893**	**4,420,671**

The increase in the different figures at June 30, 2017 compared with June 30, 2016 is mainly due to the rise in Property, plant and equipment and Cash and other current investments, resulting from the significant funding obtained through the issuance of Class A Negotiable Obligations for US$ 300 million on November 7, 2016 under the international program and the execution of US$ syndicated loan for US$ 72 million on February 20, 2017.

3. Structure of Company's results for the six-month period ended June 30, 2017, comparative with the same period of the prior years 2016 and 2015
(In thousands of pesos)

	6.30.2017	6.30.2016	6.30.2015
Net sales	2,142,804	1,857,919	957,747
Cost of sales	(2,157,354)	(1,306,322)	(797,098)
Gross profit	**(14,550)**	**551,597**	**160,649**
Selling expenses	(47,998)	(38,848)	(24,282)
Administrative expenses	(141,628)	(118,231)	(80,661)
Exploration expenses	-	-	(27,938)
Other operating income and expenses	(12,043)	(88,659)	380,456
Operating income	**(216,219)**	**305,859**	**408,224**
Gains and losses on investments valued under the equity method	90,471	(3,818)	(60,566)
Financial results, net	(472,510)	(394,389)	(73,422)
Income before taxes	**(598,258)**	**(92,348)**	**274,236**
Income tax	234,833	30,132	20,981
Net income	**(363,425)**	**(62,216)**	**295,217**
Other comprehensive income	**8,205**	**13,980**	**6,959**
Consolidated comprehensive income	**(355,220)**	**(48,236)**	**302,176**

The decrease noted in gross profit in the quarter ended June 30, 2017 is mainly due to the decline in the average sale price of oil and the rise in production costs.

4. Cash flow structure for the six-month period ended June 30, 2017, comparative with the same period of the prior years 2016 and 2015
(In thousands of pesos)

	6.30.2017	6.30.2016	6.30.2015
Net cash (used in) provided by operating activities	610,525	592,960	(147,587)
Net cash used in investment activities	(761,364)	(642,380)	(969,510)
Net cash (used in) provided by financing activities	(484,958)	(148,775)	1,312,443
(Decrease) Increase in cash, cash equivalents, and bank overdraft facilities, net	**(635,797)**	**(198,253)**	**195,346**
Cash at the beginning of year	1,873,185	199,522	20,402
Financial results generated by cash	50,555	46,214	13,954
Cash at period-end	**1,287,943**	**47,483**	**229,702**

The variance in cash flows in the six-month period ended June 30, 2017 arise mainly from the issuance on November 7, 2016 of Negotiable Obligations for US$ 300 million under the international program, the early settlement of the Negotiable Obligations under the local program and the execution of a syndicated loan in dollars on February 20, 2017. (See Note 17 to the consolidated financial statements)

5. Statistical data for the six-month period ended June 30, 2017 comparative with the same period of the prior years 2016 and 2015

See production of crude oil and gas and gas transportation for the second quarter of the period ended June 30, 2017 comparative with the same period of the prior years 2016 and 2015 in point 1 of this Summary of Activity.

6. Ratios for the six-month period ended June 30, 2017 comparative with the same period of the prior years 2016 and 2015

		6.30.2017	6.30.2016	6.30.2015
Liquidity	(a)	2.16	0.95	1.65
Solvency	(b)	0.10	0.29	0.55
Lock-up capital	(c)	0.62	0.69	0.73

(a) Current assets on current liabilities

(b) Shareholders' equity/ Total liabilities

(c) Non-current assets on total assets

The profitability index is included only for the annual financial statements.

7. Prospects

The Company looks forward to a continuous and deep development of conventional hydrocarbon. In line with the position adopted in fiscal year 2016, we will work towards new discoveries of reserves through exploration, and the development of the areas we exploit by improving current production using best practices for the optimization of costs. Since the negotiation with the province of Santa Cruz for the extension of some concessions was brought to an end in 2016, new horizons open for the Company in connection with long-term reserves. The Company will continue giving priority to short-cycle production and exploration projects.

Autonomous City of Buenos Aires, August 9, 2017

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
AT JUNE 30, 2017

(Presented in comparative format with 2016)

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.

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

FISCAL YEAR No. 98

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AT JUNE 30, 2017

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:	September 12, 2007, December 19, 2013 and April 17, 2015 (1)
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. (2)
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% (2)

CAPITAL STATUS (2)- 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) On July 25, 2017 a request for registration of amendment to bylaws was filed with the CNV.
(2) Note 13 to the consolidated financial statements.

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2017 AND DECEMBER 31, 2016
(presented in comparative format)
(In thousands of pesos)

	Note	6.30.2017	12.31.2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	4,438,629	3,813,141
Investments in subsidiaries and associates	7	398,332	390,819
Other investments	11	10,771	9,978
Deferred tax assets	22	373,831	138,254
Other receivables	8	198,436	190,364
Trade receivables	10	51,236	63,839
Total Non-Current Assets		**5,471,235**	**4,606,395**
CURRENT ASSETS			
Inventories	9	346,523	675,337
Other receivables	8	864,548	910,556
Trade receivables	10	558,391	480,829
Other investments	4 and 11	1,174,973	926,218
Cash and other equivalent liquid assets	12	382,984	1,261,775
Total Current Assets		**3,327,419**	**4,254,715**
TOTAL ASSETS		**8,798,654**	**8,861,110**
EQUITY			
Capital stock	13	399,138	399,138
Reserves		610,259	841,350
Retained earnings		(363,087)	(231,091)
Other comprehensive income		137,872	129,667
Total equity attributable to the Company's shareholders		**784,182**	**1,139,064**
Non-controlling interests		**5,989**	**6,327**
TOTAL EQUITY		**790,171**	**1,145,391**
LIABILITIES			
NON-CURRENT LIABILITIES			
Contingent liabilities for lawsuits and other legal proceedings	14	11,387	11,048
Provisions	15	713,188	658,656
Tax payables	16	46,518	52,576
Financial debts	17	5,644,787	4,910,686
Trade payables	19	49,890	79,450
Total Non-Current Liabilities		**6,465,770**	**5,712,416**
CURRENT LIABILITIES			
Contingent liabilities for lawsuits and other legal proceedings	14	26,911	31,324
Provisions	15	11,814	10,432
Other liabilities	18	100,186	97,085
Tax payables	16	45,473	36,727
Salaries and social security contributions		36,719	34,638
Financial debts	17	537,640	1,199,731
Trade payables	19	783,970	593,366
Total Current Liabilities		**1,542,713**	**2,003,303**
TOTAL LIABILITIES		**8,008,483**	**7,715,719**
TOTAL EQUITY AND LIABILITIES		**8,798,654**	**8,861,110**

The accompanying notes 1 to 25 are an integral part of these consolidated financial statements.

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017 AND 2016
(presented in comparative format)
(In thousands of pesos)

		Three-month period ended		**Six-month period ended**	
	Note	**6.30.2017**	**6.30.2016**	**6.30.2017**	**6.30.2016**
Net income	20 a)	960,528	1,179,812	2,142,804	1,857,919
Cost of sales	20 b)	(947,663)	(898,006)	(2,157,354)	(1,306,322)
Gross profit		**12,865**	**281,806**	**(14,550)**	**551,597**
Selling expenses	20 c)	(19,211)	(25,093)	(47,998)	(38,848)
Administrative expenses	20 d)	(69,921)	(69,705)	(141,628)	(118,231)
Other operating income and expenses	20 e)	(26,854)	(68,438)	(12,043)	(88,659)
Operating income		**(103,121)**	**118,570**	**(216,219)**	**305,859**
Gain/(loss) on investments valued under the equity method	20 f)	34,192	46,229	90,471	(3,818)
Financial income	20 g)	10,057	2,213	12,051	5,101
Financial costs	20 g)	(95,739)	(125,523)	(251,867)	(246,969)
Other financial results	20 g)	(304,831)	5,556	(232,694)	(152,521)
Income before taxes		**(459,442)**	**47,045**	**(598,258)**	**(92,348)**
Income tax	22	167,770	228	234,833	30,132
Net income (loss) for the period		**(291,672)**	**47,273**	**(363,425)**	**(62,216)**
OTHER COMPREHENSIVE INCOME					
Financial statement translation difference		16,225	2,795	8,205	13,980
Total other comprehensive income for the period, net of taxes		16,225	2,795	8,205	13,980
Total comprehensive (loss)/income for the period		**(275,447)**	**50,068**	**(355,220)**	**(48,236)**
Net income, attributable to:					
Company shareholders		(291,492)	47,474	(363,087)	(61,891)
Non-controlling interests		(180)	(201)	(338)	(325)
		(291,672)	**47,273**	**(363,425)**	**(62,216)**
Total comprehensive income, attributable to:					
Company shareholders		(275,267)	50,269	(354,882)	(47,911)
Non-controlling interests		(180)	(201)	(338)	(325)
		(275,447)	**50,068**	**(355,220)**	**(48,236)**
Basic and diluted earnings (losses) per share		**(0.730)**	**0.119**	**(0.910)**	**(0.155)**

The accompanying notes 1 to 25 are an integral part of these consolidated financial statements.

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017
(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, 2016	**399,138**	**17,491**	**956,648**	**(132,789)**	**(231,091)**	**129,667**	**1,139,064**	**6,327**	**1,145,391**
Resolution of the Ordinary Meeting of Shareholders dated April 21, 2017:									
- Absorption of accumulated losses	-	-	(231,091)	-	231,091	-	-	-	-
Net loss for the period	-	-	-	-	(363,087)	-	(363,087)	(338)	(363,425)
Changes in other comprehensive income for the period	-	-	-	-	-	8,205	8,205	-	8,205
Balances at June 30, 2017	**399,138**	**17,491**	**725,557**	**(132,789)**	**(363,087)**	**137,872**	**784,182**	**5,989**	**790,171**

(1) For maintenance of working capital and future dividends

The accompanying notes 1 to 25 are an integral part of these consolidated financial statements.

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED 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	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 25 are an integral part of these consolidated financial statements.

COMPAÑIA GENERAL DE COMBUSTIBLES S.A.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017 AND 2016

(presented in comparative format)
(In thousands of pesos)

	Note	6.30.2017	6.30.2016
Cash flow from operating activities			
Net income/(loss) for the period		(363,425)	(62,216)
Adjustments to arrive at net cash flow from operating activities:			
Depreciation of property, plant and equipment	6	405,912	383,037
Gain/(loss) on deletions of property, plant and equipment	6	153	1,795
Gain/(loss) on investments valued under the equity method	20 f)	(90,471)	3,818
Financial results, net	20 g)	316,006	330,861
Increase in allowances for receivables, net	20 e)	18,767	18,600
(Decrease)/Increase in provisions for lawsuits and contingencies, net	20 e)	(4,072)	27,201
(Decrease)/Increase in impairment provision for non-financial asset	20 e)	(5,259)	5,592
Gas imbalance charges	20.b)	(905)	(1,008)
Income accrued net of collections under the Petróleo Plus Program, the Gas Plan and the Propane Gas Plan		(286,179)	(78,776)
Accrued income tax	22	(234,833)	(30,132)
Changes in operating assets and liabilities:			
Receivables		282,732	192,676
Inventory		328,814	(240,973)
Non-financial debts		295,315	78,438
Income tax paid		(52,030)	(35,953)
Net cash flow provided by operating activities		**610,525**	**592,960**
Net cash flow provided by investment activities			
Acquisition of property, plant and equipment	6	(903,037)	(376,819)
Decrease/(Increase) in investments in companies	7 b)	26,935	(78,608)
Variance in placements of funds - current		50,510	(187,011)
Dividends collected	7 b)	64,228	-
Net cash flow used in investment activities		**(761,364)**	**(642,438)**
Net cash flow provided by financing activities			
Interest paid on financial debts	17	(276,246)	(242,249)
Financial debts incurred	17	1,119,480	274,769
Financial debts settled	17	(1,328,192)	(181,295)
Net cash flow used in financing activities		**(484,958)**	**(148,775)**
Decrease in cash, cash equivalents, and bank overdraft facilities, net		**(635,797)**	**(198,253)**
Cash, cash equivalents and bank overdraft facilities at the beginning For the period		1,873,185	199,522
Financial results generated by cash and cash equivalents		50,555	46,214
Cash, cash equivalents and bank overdraft facilities at the end of the period (Note 12)		**1,287,943**	**47,483**

Changes not entailing movements of funds:

Cost of wells retirement capitalized in property, plant and equipment	39,134	73,650
Payments of property, plant and equipment previously acquired	(31,920)	-
Capitalization of financial costs	116,043	63,528
Acquisition of property, plant and equipment pending settlement	-	99,050

The accompanying notes 1 to 25 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 condensed interim consolidated financial statements of CGC were approved for issuance by the Company's Board of Directors on August 9, 2017.

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 interim consolidated financial statements for the six-month period ended June 30, 2017 are presented in accordance with International Financial Reporting Standards (IFRS), 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.17,811 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.

These consolidated financial statements are stated in thousands of pesos ($), legal tender in Argentina, and were prepared based on the accounting records of CGC and its controlled companies. They have been stated at historical cost, except for the revaluation of some financial assets and some non-current assets.

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, 2017, the Board of Directors considers that due to the lack of consistent data published on inflation and other indicators that can lead to a final conclusion on the matter, there is no evidence to affirm that Argentina is a hyperinflationary economy. Therefore, these financial statements have not been restated as would otherwise be required under IAS 29.

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 financial statements.

These interim consolidated financial statements must be read jointly with the Company's consolidated financial statements at December 31, 2016, prepared in accordance with International Financing Reporting Standards (IFRS) and issued on March 9, 2017.

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, 2016.

2.2.1 – a) New mandatory standards, modifications and interpretations for years commenced on January 01, 2017 that have not been early adopted

Subsequent to the financial statements at December 31, 2016 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, 2017 and not early adopted by the Company

None of the new standards issued from December 31, 2016 until the date of issuance of these condensed interim financial statements have an adverse effect on the financial position of the Company and the results of its operations.

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, 2017 and 2016 and at December 31, 2016 were used, or the best financial information available at these dates.

2.2.3 - Consolidation – Subsidiaries

The financial statements of CGC at June 30, 2017 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	Argentine peso	94.47	94.47%	94.47
Compañía General de Combustibles Chile Ltda.	Chile	Chilean peso	100	100%	100
Compañía General de Combustibles Internacional Corp.	Panama	United States dollar	100	100%	100

(1) At December 31, 2016, CGC's interest in Unitec Energy S.A. accounted for 93.26% of capital and votes. On March 23, 2017 the Shareholders of Unitec Energy S.A. decided to capitalize the irrevocable contributions amounting to $24,090 received in 2016. As a result, at June 30, 2017, CGC’s interest in Unitec Energy S.A. accounts to 94.47% of capital and votes, without considering the effects of the irrevocable contributions made by CGC in 2017 amounting to $ 12,550.

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, 2016.

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, 2016 there have been no significant changes in the Company's risks management or in the policies related to risk management.

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, 2017 and December 31, 2016. There are no financial liabilities measured at fair value.

At 6.30.2017	Level 1	Level 2	Level 3	Total
Current assets				
Other short-term investments:				
Mutual funds	905,860	-	-	905,860
Government securities	269,113	-	-	269,113
Total current assets	**1,174,973**	**-**	**-**	**1,174,973**
Non-current assets				
Investments in companies:				
Petronado S.A. (Venezuela) (Note 7)	-	-	10,117	10,117
Total non-current assets	**-**	**-**	**10,117**	**10,117**

At 12.31.2016	Level 1	Level 2	Level 3	Total
Current assets				
Other short-term investments:				
Mutual funds	40,079	-	-	40,079
Government securities	313,244	-	-	313,244
Total current assets	**353,323**	**-**	**-**	**353,323**
Non-current assets				
Investments in companies:				
Petronado S.A. (Venezuela) (Note 7)	-	-	10,117	10,117
Total non-current assets	**-**	**-**	**10,117**	**10,117**

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 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, plus cash dividends collected by the Company. It includes sales revenue and net income from operations plus cash dividends collected by the Company less (i) operating expenses (without including amortization charges), exploration (without including dry exploration wells and deletion of capitalized exploration costs), production and carriage, and (ii) business and administrative expenses and other taxes, 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:

	At 6.30.2017			
	Exploration and production of oil and gas	**Gas carriage**	**Central structure**	**TOTAL**
Net sales	2,142,804	-	-	2,142,804
Cost of sales	(1,744,030)	-	-	(1,744,030)
Gross profit	**398,774**	**-**	**-**	**398,774**
Selling expenses	(47,998)	-	-	(47,998)
Central structure expenses	-	-	(124,812)	(124,812)
Other operating income and expenses	1,566	9,029	-	10,595
Adjusted EBITDA	**352,342**	**9,029**	**(124,812)**	**236,559**
Other operating income and expenses	-	-	(27,897)	(27,897)
Depreciation	(401,970)	-	(3,942)	(405,912)
Impairment provision for non-financial assets	5,259	-	-	5,259
Tax on financial transactions	(11,354)	-	(12,874)	(24,228)
Gains/losses on long-term investments	-	90,471	-	90,471
Subtotal	**(55,723)**	**99,500**	**(169,525)**	**(125,748)**
Financial income	-	-	12,051	12,051
Financial costs	-	-	(251,867)	(251,867)
Other financial results	-	-	(232,694)	(232,694)
Income before taxes	**(55,723)**	**99,500**	**(642,035)**	**(598,258)**
Income tax	13,281	(3,160)	224,712	234,833
Income (Loss) for the period	**(42,442)**	**96,340**	**(417,323)**	**(363,425)**
Adjusted EBITDA				**236,559**
Dividends collected in this period				**64,228**
Adjusted EBITDA as per dividends collected				**300,787**

	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)
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 provision for non-financial assets	(5,592)	-	-	(5,592)
Tax on financial transactions	(8,331)	-	(13,627)	(21,958)
Gains/losses on long-term investments	-	(3,818)	-	(3,818)
Subtotal	**466,505**	**7,162**	**(171,626)**	**302,041**
Financial income	-	-	5,101	5,101
Financial costs	-	-	(246,969)	(246,969)
Other financial results	-	-	(152,521)	(152,521)
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)**
Adjusted EBITDA				**762,006**
Dividends collected in this period				**-**
Adjusted EBITDA as per dividends collected				**762,006**

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 the beginning of year	Deletions	For the period	Accumulated at the end of the period	Carrying amount at 06.30.2017	Carrying amount at 12.31.2016
DEVELOPMENT AND PRODUCTION ASSETS											
Wells and production facilities	4,232,820	39,134	676,052	-	4,948,006	1,853,200	-	343,024	2,196,224	2,751,782	2,379,620
Other production-related assets	23,293	-	-	-	23,293	11,864	-	1,630	13,494	9,799	11,429
Mining property	1,054,571	3,697	-	-	1,058,268	319,975	-	57,261	377,236	681,032	734,596
Materials and spare parts	7,832	218	-	(40)	8,010	-	-	-	-	8,010	7,832
Works in progress (1)	555,201	929,086	(675,999)	(113)	808,175	-	-	-	-	808,175	555,201
Subtotal	**5,873,717**	**972,135**	**53**	**(153)**	**6,845,752**	**2,185,039**	**-**	**401,915**	**2,586,954**	**4,258,798**	**3,688,678**
EXPLORATION AND EVALUATION ASSETS	**237,227**	**50,641**	**(53)**	**-**	**287,815**	**-**	**-**	**-**	**-**	**287,815**	**237,227**
CENTRAL MANAGEMENT ASSETS	**35,891**	**3,518**	**-**	**(104)**	**39,305**	**21,103**	**(104)**	**3,997**	**24,996**	**14,309**	**14,788**
TOTAL AT 06.30.2017	**6,146,835**	**1,026,294**	-	**(257)**	**7,172,872**	**2,206,142**	**(104)**	**405,912**	**2,611,950**	**4,560,922**	**3,940,693**
Impairment provision for non-financial assets										**(122,293)**	**(127,552)**
TOTAL										**4,438,629**	**3,813,141**

(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 June 30, 2017 financial costs amounting to 116,043 were capitalized while in the year ended December 31, 2016 113,873 were registered for the capitalization of financial costs.

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 6.30.2016	Carrying amount 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 (1)	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 provision for non-financial assets										**(104,147)**	**(98,555)**
TOTAL										**3,376,261**	**3,153,638**

(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 June 30, 2016 financial costs amounting to 63,528 were capitalized while in the year ended December 31, 2015 92,953 were registered for the capitalization of financial costs.

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

	6.30.2017	6.30.2016
Balance at the beginning of year	127,552	98,555
(Decreases)/Increases	(5,259)	5,592
Balance at period end	**122,293**	**104,147**

NOTE 7 - INVESTMENTS IN COMPANIES

a) Below is a detail of the investments in companies at June 30, 2017 and December 31, 2016:

Company	6.30.2017	12.31.2016
Investments in Associates		
Gasinvest S.A.	146,454	79,504
Gasoducto GasAndes Argentina S.A.	120,261	139,858
Gasoducto GasAndes S.A. (Chile)	90,951	132,181
Transportadora de Gas del Norte S.A.	169	26
Andes Operaciones y Servicios S.A. (Chile)	11,804	10,557
Subtotal	**369,639**	**362,126**
Other investments		
Transportadora de Gas del Mercosur S.A. (2)	-	-
Petronado S.A. (Venezuela) (3)	10,117	10,117
Other investments	10,000	10,000
Subtotal	**20,117**	**20,117**
Goodwill (1)	8,576	8,576
Total investments in companies	**398,332**	**390,819**

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

b) Below are the changes in the investments in associates as of June 30, 2017 and 2016:

	6.30.2017	6.30.2016
At the beginning of the year	390,819	268,773
Translation differences	8,205	13,980
Acquisition of investments	-	78,608
Capital decrease	(26,935)	-
Gains and losses on investments (Note 20 f))	90,471	(3,818)
Dividends collected	(64,228)	-
At period end	**398,332**	**357,543**

NOTE 8 - OTHER RECEIVABLES

The breakdown of other receivables is as follows:

	6.30.2017	12.31.2016
Non-current:		
Related parties (Note 21 a))	174,107	162,234
Minimum notional income tax	96,252	94,888
Value added tax	23,272	22,776
Sundry	541	539
Allowance for other receivables	(95,736)	(90,073)
Total	**198,436**	**190,364**

	6.30.2017	6.30.2016
Current:		
Receivables under Petróleo Plus Program	-	26,177
Receivables under the incentive program for Gas Injection	399,514	567,657
Receivables from the propane gas supply agreement	31,621	19,012
Receivables from export refunds from Patagonia ports	11,456	10,943
Related parties (Note 21 a))	11,381	13,244
Value added tax	206,524	158,212
Income tax	106,985	40,002
Other tax credits	22,306	32,423
Advances to suppliers	680	1,651
Expenses to be recovered	37,419	34,889
Pre-paid insurance	8,360	5,367
Prepaid mining fees	13,618	-
Sundry	14,684	979
Total	**864,548**	**910,556**

Activity in the allowance for other receivables is as follows:

	6.30.2017	6.30.2016
Non-Current		
Balance at the beginning of year	90,073	74,007
Increases (1)	5,663	11,243
Balance at period end	**95,736**	**85,250**

(1) $ 1,757 and $ 688 were charged to Other operating income and expenses, and $ 3,906 and $ 10,555 were charged to Financial results in 2017 and 2016, respectively.

NOTE 9 - INVENTORIES

The breakdown of inventories is as follows:

	6.30.2017	12.31.2016
Oil and byproducts	178,550	506,685
Materials and spare parts	167,973	168,652
Total	**346,523**	**675,337**

NOTE 10 - TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

	6.30.2017	12.31.2016
Non-Current		
Ordinary (1)	51,236	63,839
Total	**51,236**	**63,839**
Current		
Ordinary	606,113	511,541
Less: Allowance for doubtful accounts	(47,722)	(30,712)
Total	**558,391**	**480,829**

(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 24,522.

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 US$ 3,954,985 and $14,334, respectively. At June 30, 2017 the Company disclosed these receivables under non-current assets for $ 51,236.
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:

	6.30.2017	6.30.2016
Balance at the beginning of year	30,712	4,607
Increases (1)	17,010	17,912
Balance at period end	**47,722**	**22,519**

(1) Allocated to other operating income and expenses.

NOTE 11 - OTHER INVESTMENTS

The breakdown of other investments is as follows:

Non-Current:	6.30.2017	12.31.2016
Placements of funds - Related parties (Note 21 a))	9,111	8,392
Negotiable obligations	1,660	1,586
Total	**10,771**	**9,978**

Current:	6.30.2017	12.31.2016
Time deposits	-	572,895
Government securities (2)	269,113	313,244
Mutual funds (1)	905,860	40,079
Total	**1,174,973**	**926,218**

(1) At June 30, 2017 it includes 9,935,860 units of the mutual fund "Toronto Trust Abierto Ley 27260 – Clase C", 1,949,650 units of the mutual fund "Alpha Renta Fija Global", 21,612,003 units of the mutual fund "Alpha Pesos", and 39,909,684 units of the mutual fund "Axis Ahorro Plus – Clase C". At December 31, 2016, it includes 14,260,051 units of the mutual fund "Alpha Pesos".

(2) At June 30, 2017 and December 31, 2016, they include 14,284,148 and 16,314,792 Argentine Bonds denominated in US dollars 8% due in 2020 (Bonar 2020 US$). Pursuant to the provisions of Decree No. 704/2016, 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, subsidies accrued as of the same date under the Propane Gas Supply Agreement amounting to $9,290, and subsidies accrued as of the same date under the Petroleo Plus Program amounting to US$ 2,021 were paid to the beneficiaries through the delivery of Argentine government bonds denominated in US dollars (Argentine Bonds denominated in US dollars 8% due in 2020, Bonar 2020 US$).

NOTE 12 - CASH AND OTHER EQUIVALENT LIQUID ASSETS

	6.30.2017	12.31.2016
Cash, imprest fund and checks to be deposited	192	218
Banks	382,792	1,261,557
Total	**382,984**	**1,261,775**

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

	6.30.2017	6.30.2016
Cash and cash equivalents	382,984	20,991
Mutual funds	905,860	-
Time deposits (less than 3 months)	-	26,492
Overdraft facilities	(901)	-
Total	**1,287,943**	**47,483**

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. (Note 21); as a result, the capital stock was set in the amount of $ 70,000, represented by 70 million ordinary, registered, non-endorsable shares of one (1) vote per share, of which 49 million are Class "A" shares and 21 million 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, 2017 and December 31, 2016 and 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 PROCEEDINGS

The contingent liability for lawsuits, administrative claims and contingencies 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. On May 17, 2016, the Argentine Supreme Court of Justice dismissed the appeal by the AFIP in the case captioned "Cia. General de Combustibles S.A. s/ concurso s/ incidente de revisión por AFIP", thus confirming the judgment of the lower court. Payment of this tax liability is secured by a bond insurance policy taken out by CGC, which will be maintained until CGC settles the receivable recognized in favor of AFIP, and included in an installment payment plan regulated by Law No. 26,476.

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

	6.30.2017	6.30.2016
Non-Current		
Balance at the beginning of year	11,048	14,581
Increases (1)	341	96
Decreases (2)	(2)	(116)
Balance at period end	**11,387**	**14,561**
Current		
Balance at the beginning of year	31,324	-
(Decreases) Increases (1) (3)	(4,413)	27,105
Balance at period end	**26,911**	**27,105**

(1) Allocated to Other operating income and expenses in 2017 and 2016, respectively.
(2) Allocated to Financial results in 2017 and 2016, respectively.
(3) The Company received 15,713,165, Argentine government bonds in US dollars 8% 2020 (Bonar 2020 US$) the sale of which is restricted. If sold, a fine will be imposed equivalent to 10% the market value of Bonar 2020 US$. This is why a provision was recognized in the amount of $ 26,911 and $ 27,105 at June 30, 2017 and 2016, respectively for the probable amount of the fine.

NOTE 15 - PROVISIONS

The breakdown of provisions is as follows:

	6.30.2017	12.31.2016
Non-current:		
Gas imbalance	15,584	15,371
Asset retirement obligation and provision for environmental remediation	694,848	640,530
Sundry	2,756	2,755
Total	**713,188**	**658,656**
Current:		
Gas imbalance	443	1,345
Fees for reorganization trustees	1,875	2,127
Sundry	9,496	6,960
Total	**11,814**	**10,432**

The changes in the provision for gas imbalance and asset retirement obligation at June 30, 2017 and 2016 are as follows:

	Balance at beginning of year	Increases	Decreases	Balance At period-end
Non-current:				
Gas balancing (1)	15,371	216	(3)	15,584
Asset retirement obligation and provision for environmental remediation (2)	640,530	54,318	-	694,848
Current:				
Gas balancing (1)	1,345	-	(902)	443
Total at 6.30.2017	**657,246**	**54,534**	**(905)**	**710,875**

(1) $ 216 correspond to exchange differences and interest, charged to financial costs; ($ 905) correspond to the return of gas, charged to cost of sales.
(2) $ 15,184 correspond to current value, charged to financial costs; $ 39,134 correspond to adjustment of future cost, charged to property, plant and equipment.

	Balance at beginning of year	Increases	Decreases	Balance At period-end
Non-current:				
Gas balancing (1)	16,337	-	(721)	15,616
Asset retirement obligation and provision for environmental remediation (2)	509,534	90,161	-	599,695
Current:				
Gas balancing (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) $ 191 correspond to exchange differences and interest, charged to financial costs; ($ 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.

NOTE 16 - TAX PAYABLES

The breakdown of tax payables is as follows:

	6.30.2017	12.31.2016
Non-current:		
Payment plan, Section 32 Law No. 11,683	41,038	46,335
Payment plan Law No. 26,476	1,303	1,814
Payment plan - AFIP General Resolution No. 3,451	4,177	4,427
Total	**46,518**	**52,576**
Current:		
Provision for turnover tax	3,200	2,570
Other taxes	436	375
Tax withholdings and collections	29,911	22,885
Payment plan, Section 32 Law No. 11,683	10,184	9,397
Payment plan Law No. 26,476	995	939
Payment plan - AFIP General Resolution No. 3,451	479	441
Sundry	268	120
Total	**45,473**	**36,727**

NOTE 17 - FINANCIAL DEBTS

The breakdown of financial debts is as follows:

	6.30.2017	12.31.2016
Non-current:		
Bank loans	716,459	-
Negotiable obligations	4,928,328	4,910,686
Total	**5,644,787**	**4,910,686**

	6.30.2017	12.31.2016
Current:		
Overdraft facilities	901	1,564
Bank loans	483,708	560,462
Negotiable obligations	53,031	637,705
Total	**537,640**	**1,199,731**

The activity in financial debts at June 30, 2017 and 2016 is shown below:

	6.30.2017	6.30.2016
Balance at the beginning	6,110,417	2,681,952
Short-term bank overdraft facilities, net	(663)	(1,725)
Interest accrued	284,096	251,686
Effect of quotation variance	273,535	258,465
Loans obtained	1,119,480	274,769
Payments of principal	(1,328,192)	(181,295)
Payments of interest	(276,246)	(242,249)
Balance at period end	**6,182,427**	**3,041,603**

Due dates of financial debts at June 30, 2017 and at December 31, 2016 are as follows:

	6.30.2017	12.31.2016
Less than 1 year	537,640	1,199,731
From 1 to 2 years	698,396	50,657
From 2 to 3 years	-	125,080
After 3 years	4,946,391	4,734,949
Total	**6,182,427**	**6,110,417**

International Program of Negotiable Obligations

On November 7, 2016, Class "A" Negotiable Obligations for US$ 300,000,000 were issued and settled at a nominal annual fixed rate of 9.5%, expiring on November 7, 2021 under the simple (non-convertible) Negotiable Obligations Program for a maximum nominal value of up to US$ 300,000,000, outstanding at any time, authorized by CNV on April 21, 2016. Interest is paid semi-annually, on May 7 and November 7.

Below is a description of the main variations in the Company's financing structure during the six-month period ended June 30, 2017, and until the date of issue of these condensed interim financial statements.

Full early redemption of all Class 2, 4, 6, 7 and 8 Negotiable Obligations issued under the local program.

Class 2, 4, 6, 7 and 8 Negotiable Obligations issued under the local program in fiscal year 2015 were fully redeemed on March 7, 2017. As set out in the pricing supplements, the redemption price of the negotiable obligations consisted of the redemption premium that is equivalent to 101% plus accrued and unpaid interest, calculated until the redemption date.

The total principal amount redeemed on the Class 2, 4, 6, 7 and 8 negotiable obligations issued under the local program corresponds to 100% of their residual value.

- Class 4 Negotiable Obligations US$ 15,471,025
- Class 6 Negotiable Obligations US$ 18,454,300
- Class 2 Negotiable Obligations US$ 8,975,849
- Class 7 Negotiable Obligations US$ 2,962,000, and
- Class 8 Negotiable Obligations $68,477,272.

Syndicated Loan Agreement in US Dollars executed on February 20, 2017 and disbursed on February 21 and March 15, 2017

On February 20, 2017, the Company executed a Syndicated Loan Agreement in US Dollars with Industrial and Commercial Bank of China (Argentina) S.A. (ICBC), as administrative agent, for an amount of up to US$ 72,000,000. Funds for US$ 64,000,000 were received on February 21, 2017 and US$ 8,000,000 on March 15, 2017 and will be applied to capital expenditures and working capital.

The syndicated loan in US dollars accrues interest at a fixed annual rate of 6.25%. Interest will be paid on a quarterly basis, and the first interest installment will fall due on May 21, 2017. Principal will be repaid in five equal and consecutive quarterly installments, with the first one falling due on February 21, 2018 and the last installment, on February 21, 2019.

Syndicated Loan Agreement in US Dollars amortized on February 3, 2017 and disbursed on October 5, 2016

The syndicated loan in US dollars with ICBC, as administrative agent, was amortized on February 3, 2017 for US$ 35.0 million. The loan was disbursed on October 5, 2016 for US$ 127.3 million and was early amortized by the company on November 8, 2016 for US$ 92.3 million.

NOTE 18 - OTHER LIABILITIES

The breakdown of other liabilities is as follows:

	6.30.2017	12.31.2016
Current:		
Oil and gas royalties	35,299	34,460
Sundry (1)	64,887	62,625
Total	**100,186**	**97,085**

(1) It includes $ 64,887 and $62,417 at June 30, 2017 and December 31, 2016, respectively, corresponding to the balance payable under the agreement for the extension of the concession terms (Note 23 a) (2)).

NOTE 19 - TRADE PAYABLES

The breakdown of trade payables is as follows:

	6.30.2017	12.31.2016
Non-current:		
Ordinary suppliers (1)	49,890	79,450
Total	**49,890**	**79,450**
Current:		
Ordinary suppliers (1)	473,745	343,882
Ordinary suppliers of joint ventures	21,836	25,260
Related parties (Note 21 a))	82,752	38,453
Invoices to be received	205,637	185,771
Total	**783,970**	**593,366**

(1) At June 30, 2017 and December 31, 2016, US$ 5,000,000 and US$ 7,000,000, respectively, 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, $ 49,890 and $ 79,450 is disclosed under ordinary suppliers - non-current and $ 33,260 and $ 31,780 under ordinary suppliers - current.

NOTE 20 - BREAKDOWN OF MAIN INCOME STATEMENT CAPTIONS

a) Net income

	Three-month period ended		Six-month period ended	
	6.30.2017	**6.30.2016**	**6.30.2017**	**6.30.2016**
Crude oil delivered	415,023	650,899	1,133,301	860,857
Gas	347,259	262,775	655,456	480,291
Other	38,506	62,122	73,429	117,899
Government subsidies	159,740	194,510	280,618	389,366
Export refunds	-	10,312	-	10,312
Withholdings from exports of hydrocarbons	-	(806)	-	(806)
Total	**960,528**	**1,179,812**	**2,142,804**	**1,857,919**

b) Cost of sales

	Three-month period ended		Six-month period ended	
	6.30.2017	**6.30.2016**	**6.30.2017**	**6.30.2016**
Stocks at the beginning	322,524	457,611	675,337	140,093
Purchases	63,443	42,095	97,136	75,035
Inventory consumption	(50,493)	(10,901)	(98,060)	(28,172)
Expenses attributable to cost of sales (1)	958,712	790,267	1,829,464	1,500,432
Closing stocks (Note 9)	(346,523)	(381,066)	(346,523)	(381,066)
Cost of sales	**947,663**	**898,006**	**2,157,354**	**1,306,322**

(1) Expenses attributable to cost of sales

	Three-month period ended		Six-month period ended	
	6.30.2017	**6.30.2016**	**6.30.2017**	**6.30.2016**
Fees and compensation for services	1,815	1,377	3,075	2,822
Outsourced services	367,173	292,741	709,098	552,631
Salaries, wages and social security contributions	55,942	37,206	94,490	62,907
Other expenses on personnel	4,404	3,482	8,547	6,985
Depreciation of property, plant and equipment	212,822	198,867	401,970	379,952
Taxes, duties and contributions	6,386	4,848	11,976	12,640
Fuel, gas and electricity	13,181	4,490	25,829	19,924
General insurance	3,333	10,080	10,127	19,602
Spare parts and repairs	66,246	51,473	117,673	93,250
Wells maintenance	48,563	13,588	89,737	31,235
Office expenses	13,581	7,215	25,264	12,607
Travel and per diem	761	1,140	1,986	1,790
Royalties, fee and easements	137,429	144,602	274,177	272,241
Gas imbalance	(450)	(501)	(905)	(1,008)
Other	27,526	19,659	56,420	32,854
Total	**958,712**	**790,267**	**1,829,464**	**1,500,432**

c) Selling expenses

	Three-month period ended		Six-month period ended	
	6.30.2017	**6.30.2016**	**6.30.2017**	**6.30.2016**
Turnover tax	19,211	25,093	47,998	38,848
Total	**19,211**	**25,093**	**47,998**	**38,848**

d) Administrative expenses

	Three-month period ended		Six-month period ended	
	6.30.2017	**6.30.2016**	**6.30.2017**	**6.30.2016**
Fees and compensation for services	19,241	21,106	38,695	35,132
Salaries, wages and social security contributions	28,526	31,580	55,406	47,266
Other expenses on personnel	1,004	620	2,544	1,949
Depreciation of property, plant and equipment	1,935	1,575	3,942	3,085
Taxes, duties and contributions	6,254	6,219	13,605	14,071
General insurance	445	540	860	849
Spare parts and repairs	5,447	1,799	11,987	5,832
Office expenses	2,015	2,199	4,307	3,959
Travel and per diem	1,909	1,365	4,588	2,515
Communications	994	754	1,879	1,014
Other	2,151	1,948	3,815	2,559
Total	**69,921**	**69,705**	**141,628**	**118,231**

e) Other operating income and expenses

	Three-month period ended		Six-month period ended	
	6.30.2017	**6.30.2016**	**6.30.2017**	**6.30.2016**
Fees for services rendered	7,292	6,718	12,940	10,980
Outsourced services	(3,975)	(31,379)	(3,995)	(40,652)
Incentives under Petróleo Plus program	-	-	5,561	-
Charge for allowance for other receivables (Note 8)	(1,159)	(108)	(1,757)	(688)
Charge for allowance for trade receivables (Note 10)	(14,119)	(14,095)	(17,010)	(17,912)
(Charge) recovery of provision for lawsuits and administrative claims (Note 14)	(4,754)	(27,105)	4,072	(27,201)
(Charge) recovery of impairment provision for non-financial asset	(5,779)	(849)	5,259	(5,592)
Turnover tax	(2,044)	(1,495)	(3,911)	(7,835)
Sundry	(2,316)	(125)	(13,202)	241
Total	**(26,854)**	**(68,438)**	**(12,043)**	**(88,659)**

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

Associate	Three-month period ended		Six-month period ended	
	6.30.2017	**6.30.2016**	**6.30.2017**	**6.30.2016**
Gasinvest S.A.	22,916	29,741	67,101	(31,480)
Gasoducto GasAndes Argentina S.A.	4,204	5,775	10,854	12,944
Gasoducto GasAndes S.A. (Chile)	6,536	10,426	11,648	13,775
Andes Operaciones y Servicios S.A. (Chile)	489	227	726	1,127
Transportadora de Gas del Norte S.A.	47	60	142	(184)
Total	**34,192**	**46,229**	**90,471**	**(3,818)**

g) Financial results

	Three-month period ended		Six-month period ended	
	6.30.2017	**6.30.2016**	**6.30.2017**	**6.30.2016**
Financial income				
Interest	10,057	2,213	12,051	5,101
Total	**10,057**	**2,213**	**12,051**	**5,101**
Financial costs				
Interest	(95,739)	(125,523)	(251,867)	(246,969)
Total	**(95,739)**	**(125,523)**	**(251,867)**	**(246,969)**

Other financial results				
Income from measurement of financial instruments at fair value	25,575	30,381	5,787	28,414
Fereing exchange differences, net	(327,958)	(24,600)	(198,020)	(179,403)
Other financial expenses	(2,448)	(225)	(40,461)	(1,532)
Total	**(304,831)**	**5,556**	**(232,694)**	**(152,521)**

NOTE 21 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

At June 30, 2017 and December 31, 2016 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, 2017 and December 31, 2016, LE holds 70% of the shares and voting rights, and SCP the remaining 30%.

a) Balances with related parties at June 30, 2017 and December 31, 2016 are included below:

	6.30.2017	**12.31.2016**
Other investments		
Non-Current:		
Transportadora Gas del Mercosur S.A.	9,111	8,392
Total	**9,111**	**8,392**
Other receivables		
Non-Current:		
Petronado S.A.	59,888	57,207
Latin Exploration S.L.	20,019	20,019
Transportadora Gas del Norte S.A.	94,200	85,008
Total	**174,107**	**162,234**
Current:		
Gasoducto GasAndes S.A. (Argentina)	1,835	2,591
Transportadora Gas del Norte S.A.	-	1,519
Petronado S.A.	9,546	9,134
Total	**11,381**	**13,244**
Trade payables		
Corredor Americano S.A.	82,752	38,453
Total	**82,752**	**38,453**

b) The main transactions with related parties for the six-month periods ended June 30, 2017 and 2016 are included below:

Company	6.30.2017 Sale of services	Dividends collected	Interest earned	Outsourced services
Associated companies				
Transportadora Gas del Norte S.A.	3,093	-	-	-
Gasoducto GasAndes Argentina S.A.	9,846	35,519	-	-
Gasoducto GasAndes S.A. (Chile)	-	28,709	-	-
Other companies				
Transportadora Gas del Mercosur S.A.	-	-	310	-
Corredor Americano S.A. (1)	-	-	-	211,777

Company	6.30.2016 Sale of services	Fees and compensation for services	Interest earned	Services hired
Associated companies				
Transportadora Gas del Norte S.A.	2,653	-	-	-
Gasoducto GasAndes Argentina S.A.	8,327	-	-	-
Other companies				
Transportadora Gas del Mercosur S.A.	-	-	287	-
Corredor Americano S.A. (1)		-	-	59,898

(1) Corredor Americano S.A. is a related entity since it is under the indirect control of the same shareholders as CGC

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.

	6.30.2017	12.31.2016
Deferred tax is as follows:		
Deferred tax assets	812,167	497,389
Deferred tax liabilities	(438,336)	(359,135)
Net deferred tax assets	**373,831**	**138,254**

	6.30.2017	12.31.2016
Classification of deferred tax:		
Net deferred tax asset (Unitec Energy S.A.)	57,164	53,844
Net deferred tax asset (CGC)	316,667	84,410
Net deferred tax assets, consolidated	**373,831**	**138,254**

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	
	6.30.2017	6.30.2016	6.30.2017	6.30.2016
Income tax for the period				
Current tax - Income (Loss)	-	2,953	(744)	(28,117)
Deferred tax - Income (Loss)	167,770	(2,725)	235,577	58,249
Total income tax	**167,770**	**228**	**234,833**	**30,132**

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	
	6.30.2017	**6.30.2016**	**6.30.2017**	**6.30.2016**
Income before income tax	(459,442)	47,045	(598,258)	(92,348)
Tax rate in effect, applied on income for the period/year	35%	35%	35%	35%
Subtotal	160,804	(16,466)	209,390	32,322
Effect of permanent differences and provisions	6,966	16,694	25,443	(2,190)
Total income tax	**167,770**	**228**	**234,833**	**30,132**

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 June 30, 2017 and December 31, 2016 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 on June 30, 2017 and December 31, 2016 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
Southern	Santa Cruz I	100.00	(2)	CGC	2023/35	Exploration and exploitation
	Santa Cruz I Oeste	100.00		CGC	2033	Exploitation
	Santa Cruz II	100.00	(2)	CGC	2027/33	Exploitation
	Glencross	87.00		CGC	2033	Exploitation
	Estancia Chiripa	87.00		CGC	2033	Exploitation
	CA2-Laguna de los Capones	100.00	(2)	CGC	2026	Exploration and exploitation
	Piedrabuena	100.00	(1)	Unitec Energy S.A.	23 d)	Exploration
	Mata Amarilla	100.00	(1)	Unitec Energy S.A.	23 d)	Exploration
Neuquina	Angostura	100.00		CGC	23 d)	Exploration
	CNQ6-El Sauce	50.00		Central International LLC. Suc. Argentina (3)	2025	Exploration and exploitation
Golfo San Jorge	Sarmiento	100.00	(1)	Unitec Energy S.A.	2017	Production
Venezuela	Campo Onado	26.004		Petronado S.A.	2026	Exploitation
Guatemala	A-9-96	100.00		CGC	23 d)	Exploration

(1) Consolidated areas of Unitec Energy S.A. (Note 2.2.3.(1))
(2) 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 from the Provincial Executive Branch, and by the Legislative Branch for the Province of Santa Cruz through Law No. 3,500, published in the Official Gazette in the Province of Santa Cruz on November 22, 2016.

(3) On March 29, 2017 CGC agreed with Central International LLC. Suc. Argentina to appoint Compañía General de Combustibles S.A. as the new operator of the “El Sauce” area effective April 1, 2017.

b) The total amounts of the consolidated statements of financial position relating to the participation of the Company in joint operations at June 30, 2017 and December 31, 2016 and the income statements for the six-month periods ended June 30, 2017 and 2016 are shown below:

	6.30.2017	**12.31.2016**
Non-current assets	41,357	71,744
Current assets	11,446	2,557
Total assets	**52,803**	**74,301**
Non-current liabilities	46,505	35,271
Current liabilities	24,415	25,537
Total liabilities	**70,920**	**60,808**

	6.30.2017	**6.30.2016**
Operating loss (*)	56,049	40,711
Net loss (*)	76,934	47,110

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

c) Investment commitments: at June 30, 2017 the Company's participation in minimum commitments in these areas amounted to US$ 21.4 million approximately, US$ 16.5 million of which correspond to the Angostura area.

d) Subsequent to December 31, 2016 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 %**	
		6.30.2017	**12.31.2016**
Associated companies			
Gasinvest S.A.	(1) (5) (7)	40.8574	40.8574
Gasoducto GasAndes (Argentina) S.A.	(6) (7)	39.9999	39.9999
Gasoducto GasAndes S.A. (Chile)	(7)	39.9999	39.9999
Andes Operaciones y Servicios S.A. (Chile)	(7)	50.0000	50.0000
Transportadora de Gas del Norte S.A.	(3) (7)	0.0465	0.0465
Other companies			
Transportadora de Gas del Mercosur S.A.	(2) (5) (7)	10.8988	10.8988
Petronado S.A. (Venezuela)	(4)	26.0040	26.0040

(1) Parent company of Transportadora de Gas de Norte S.A. holding 56.3538% of equity interests.

(2) Subsequent to December 31, 2016 there have been no significant changes in the situation of Transportadora de Gas del Mercosur S.A. (TGM). Compañía General de Combustibles S.A. has recorded an impairment of its direct investment in TGM, so its valuation at June 30, 2017 is zero.

(3) Following December 31, 2016, the significant changes in the situation of Transportadora de Gas del Norte S.A. (TGN) are the following: On March 30, 2017, TGN entered into an agreement with the Ministry of Finance and the MINEM for the comprehensive renegotiation of the License (the “Comprehensive Agreement”), whose effective

date is subject to the PEN's approval, after intervention of the Federal Treasury Attorney's Office, Argentina's General Accounting Office, and both chambers of the National Congress following the opinion of a bicameral commission. On the same date, TGN was granted a new temporary average rate increase of 49% on account of a higher increase to be applied as a result of a comprehensive rate review carried out by the ENARGAS and tied to the execution of mandatory investments.

The Comprehensive Agreement, ratified by the Extraordinary Shareholders' Meeting held on June 14, 2017, ends a fifteen-year period of legal and regulatory instability that started in 2002 with the LEP. It sets forth the terms and conditions agreed to between the PEN and TGN to adapt the License, establishes the guidelines under which the ENARGAS conducted the ITR (Integral Tariff Review) for the period 2017-2022 and concludes the renegotiation process developed within the framework of the LEP. Once this agreement comes into force, its provisions will cover the contract period from January 6, 2002 to the termination date of the License.

Between April 1, 2017 and March 31, 2022, TGN must implement a Mandatory Investment Plan for approximately $ 5,600 million. The Comprehensive Agreement also established the guidelines under which the ENARGAS carried out the ITR for the period 2017-2022.

As a condition precedent to the ratification of the Comprehensive Agreement, TGN must stay the suit filed against the National State claiming damages suffered by the Company as a result of the pesification and subsequent freeze of its rates (see Note 18.1.6 to the Financial Statements of TGN as of December 31, 2016). Additionally, within ninety calendar days counted from the date on which the ENARGAS resolution that approves the rate schedule resulting from the ITR comes into force and stays effective, or from the last step of the increase, which shall not exceed April 1, 2018, or from the resolutions approving the distribution rate schedules including the aforementioned rate schedules, as appropriate, TGN shall fully and expressly waive the right and dismiss the action brought against the National State, as well as all rights it might invoke or bring against the National State, based on or related to facts or legal measures ordered with respect to the License under the LEP and/or because the Producer Price Index ("PPI") became ineffective due to its cancellation. The same must be done by the TGN's controlling shareholder, Gasinvest S.A. ("Gasinvest"), and the shareholders representing at least two thirds of Gasinvest's capital stock.

The Comprehensive Agreement contains an indemnity clause for the benefit of the National State. On the one hand, TGN agrees to hold the National State harmless in the event that any of TGN's and/or Gasinvest's shareholders and/or any of their possible assignees obtain a final and conclusive award or judgment, in the Argentine Republic or abroad, consisting of any type of economic indemnity, relief or compensation whether based on or related to facts or legal measures ordered with respect to the License, under the emergency situation established by the LEP and/or the cancellation of the PPI, including costs and fees.

In such a case, TGN shall not be entitled to seek any relief, indemnity or compensation from the National State, and the costs and expenses that TGN incurs shall in no case be transferred to the users of the carriage service.

On the other hand, and in relation to arbitration awards obtained prior to the signing of the Comprehensive Agreement by former shareholders CMS and Total, TGN agrees to hold the National State harmless. The amount of the indemnity, to be determined, will not include the pro rata percentage of reduction that would have been established or will be established in the related payment agreements, will exclude the amount of default interest payable by the National State and will be calculated at present value. As a reference, we include the amounts established in some awars: CMS Gas Transmission Company v. Argentine Republic (case ARB/01/8, award in favor of CMS of US$ 133.2 million dated May 12, 2005), and Total S.A. v. Argentine Republic (case ARB/04/1, award in favor of Total of US$ 85.2 million dated November 27, 2013).

TGN shall be liable for those amounts, only through sustainable investments, additional to those established by the ENARGAS as mandatory investments under the ITR, in gas pipelines and complementary installations in the Neuquina Basin. These investments shall not be included in TGN's rate base.

The rate increases implemented since 2016 have enabled TGN to break the series of 21 consecutive quarters with negative operating results, finance its operating and maintenance expenses, execute certain works and settle financial debts by the respective maturities. However, in light of the demands of the gas pipeline system operation and maintenance, it is still necessary that the new rate levels resulting from ITR are maintained in real values over time. In this sense, the ITR conducted by the ENARGAS introduces non-automatic bi-annual carriage rate adjustments, between five-year rate reviews, regarding observable variations in the prices related to the cost of the service, in order to maintain the economic-financial balance of the rendered service and its quality.

Once the implementation of tariff increases under the ITR has been completed (December 2017 and April 2018) in accordance with Resolution I 4363/17 of ENARGAS dated March 30, 2017 and the non-automatic bi-annual carriage rates adjustments for observable variations in the prices related to the cost of the service have been applied, TGN would have eliminated the uncertainty as to the generation of future cash flow that allows repayment of the financial debt and the normal course of its business.

CGC has estimated the recoverable value of its direct and indirect investment in TGN whose carrying amount is $ 146.6 million at June 30, 2017. As mentioned in the preceding paragraphs, the materialization of certain significant estimates made by TGN 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 23.07% at June 30, 2017.

(4) Subsequent to December 31, 2016 there have been no significant changes in the situation of Petronado S.A.

(5) There were no significant changes after December 31, 2016, in the situation reported in the financial statements as of December 31, 2016, regarding CGC's interests in TGM and Gasinvest.

(6) Taking into account that the revenues of Gasoducto Gasandes (Argentina) S.A. come from the export of services, and considering that during the 2016 fiscal year the new government administration in Argentina adopted a series of economic measures aimed at removing the restrictions that had historically affected its economic environment, it was concluded that the functional currency should be US dollar. The effect of this change is shown since January 1, 2017.

(7) At the date of approval of these financial statements, the Company is looking for acquirers for the gas transportation system (midstream) where the Company has interests through Gasinvest S.A., Transportadora de Gas de Norte S.A., Gasoducto Gasandes (Argentina) S.A., Gasoducto Gasandes S.A. (Chile), Andes Operaciones y Servicios S.A. (Chile) and Transportadora de Gas del Mercosur S.A.

NOTE 25 - SUBSEQUENT EVENTS

After June 30, 2017, 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.

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REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
Compañía General de Combustibles S.A.
Legal address: Bonpland 1745
Autonomous City of Buenos Aires
Tax Registration No. 30-50673393-2

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Compañía General de Combustibles S.A. and its subsidiaries (the "Company"), including the consolidated statement of financial position as at June 30, 2017, the consolidated statement of comprehensive income for the three and six-month periods ended June 30, 2017, the consolidated statements of changes in equity and of cash flows for the six-month period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2016 and to its interim periods are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Responsibility of the Board of Directors

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the condensed interim consolidated financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34).

Scope of our review

Our review was limited to the application of the procedures established by International Standard on Review Engagements (ISRE) 2410 "Review of the interim financial information performed by the independent auditor of the entity", adopted as a review standard in Argentina through Technical Pronouncement No. 33 of the FACPCE, as approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries to the Company's personnel responsible for preparing the information included in the condensed interim consolidated financial statements and performing analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) 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 on the consolidated financial position, the consolidated comprehensive income, or the consolidated cash flows of the Company.

Conclusion

On the basis of our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements mentioned in the first paragraph of this report have not been prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on compliance with current regulations

In accordance with current regulations, we report that, in connection with Compañía General de Combustibles S.A.:

a) the condensed interim consolidated financial statements of Compañía General de Combustibles S.A. have been transcribed into the Balance Sheet book and as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) the separate condensed interim financial statements of Compañía General de Combustibles S.A. stem from accounting records kept in all formal respects in conformity with legal regulations;

c) we have read the summary of activity, on which, as regards those matters that are within our competence, we have no observations to make;

d) at June 30, 2017, the debt accrued by Compañía General de Combustibles S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $9,172,059, none of which was claimable at that date;

Autonomous City of Buenos Aires, August 9, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. V. 1 F. 17

Alejandro P. Frechou

Public Accountant (UBA)

C.P.C.E.C.A.B.A. V. 156 F. 85

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SYNDICS' COMMITTEE REPORT

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

In our capacity as 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. 19,550 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) Separated and consolidated statement of financial position at June 30, 2017.
b) Separated and consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2017.
c) Separated and consolidated statement of changes in equity for the six-month period ended June 30, 2017.
d) Separated and consolidated statement of cash flow for the six-month period ended June 30, 2017.
e) Notes 1 to 25 to the condensed interim separated financial statements for the six-month period ended June 30, 2017.
f) Notes 1 to 25 to the condensed interim consolidated financial statements for the six-month period ended June 30, 2017.
g) Summary of Activity and Additional Information on the Notes to the June 30, 2017 condensed interim financial statements required by article 1, paragraph b.2), of Chapter I, Title IV of the the National Securities Commission regulations (N.T. 2013) and by article 12 of Chapter III, Title IV of the National Securities Commission regulations (N.T. 2013), respectively.

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, 2017. 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.

In relation to the Summary of Activity and Additional Information on the Notes to the condensed interim financial statements required by article 1, paragraph b.2), of Chapter I, Title IV of the National Securities Commission regulations (N.T. 2013) and by article 12 of Chapter III, Title IV of the National Securities Commission regulations (N.T. 2013), we verified that these documents contain, respectively, the information required by article 1, paragraph b.2), of Chapter I, Title IV of the National Securities Commission regulations (N.T. 2013), and by Section 12 of Chapter III, Title IV of the National Securities Commission regulations, with all the assertions on the economic environment in which the Company has operated, the corporate management and future events, all of them included in those documents, falling under the exclusive responsibility of the Company’s Board of Directors. In addition, we have verified that insofar as concerns our field of competence, the numerical data contained in the above-mentioned documents arise from the Company’s accounting records and other relevant documentation.

Further, our review did not include an assessment of the business criteria regarding the administrative, marketing or production areas, 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 which are known to us and are not affected by uncertainties, have been considered 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 f) of section I of this report, for their presentation in accordance with International Accounting Standard 34; and

c) In relation to the Summary of Activity and Additional Information on the notes to the condensed interim financial statements required by article 1, paragraph b.2), of Chapter I, Title IV of the National Securities Commission regulations (N.T. 2013) and by article 12 of Chapter III, Title IV of the National Securities Commission regulations (N.T. 2013), mentioned in Chapter I, paragraph g), on which we have no observations to make regarding matters that are within our competence.

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 General Companies Law No. 19,550, 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. 19,550 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, 2017

CARLOS OSCAR BIANCHI
Syndics' Committee