



## **Tecpetrol Sociedad Anónima**

### **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**At March 31, 2018**

and for the three-month period ended on March 31, 2018

Translation of a document originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

# **Tecpetrol Sociedad Anónima**

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## TECPETROL SOCIEDAD ANÓNIMA

### SUMMARY OF INFORMATION

In accordance with the regulations issued by the National Securities Commission for Argentina (Comisión Nacional de Valores, CNV), the Board of Directors of the Company has approved this summary of information for the three-month period which commenced on January 1, 2018 and ended on March 31, 2018.

#### **1. Activity of the Company**

The operating profits or losses of the Company are principally affected by production levels; sale prices; the market demand for oil, gas and derivative products; fluctuations in operating costs; the economic conditions in Argentina and government regulations.

##### First quarter of 2018 analysis

During the first quarter of 2018, net sales totaled \$2,768.7 million, representing a 183% increase in relation to the same period of the previous year. Such increase was mainly caused by a significant rise in gas production accompanied by an increase in gas sale prices and the effect of the exchange rate fluctuation of the Argentine peso ("ARS") with respect to the US dollar ("USD").

During the first quarter of 2018, gas production rose up to 400 million m<sup>3</sup>, representing an increase of 148% in relation to the same period of the previous year which was of 161 million m<sup>3</sup>. The larger volume is explained by the development of Fortín de Piedra area in Neuquina basin. In both periods gas production was entirely sold to the domestic market.

Volumes of crude oil production reached 111 thousand m<sup>3</sup> (57% from escalante crude and 43% from medianito crude), keeping in line with the first quarter of 2017. During the first quarter of 2018, 58% of crude oil production was sold to the foreign market; whereas in the first quarter of 2017, 55% of the production was exported.

As regards gas net sales, they increased by \$1,416.3 million in relation to the first quarter of 2017, because of the abovementioned production increase and a sale prices increase, considering the price path the Company has been guaranteed for gas from Fortín de Piedra due to its adherence to the "Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs".

Revenues from escalante crude oil sales decreased by \$80.1 million, due to a decrease in the production of Golfo San Jorge basin and in average sales prices. Such effect was offset by the exchange rate fluctuation of the ARS against the USD.

Revenues from medianito crude oil sales increased by \$197.5 million compared to the first quarter of 2017, mainly as a result of an increase in the production of the period, an increase in sales prices and the effect of the exchange rate fluctuation of the ARS against the USD.

## TECPETROL SOCIEDAD ANÓNIMA

Operating costs totaled \$1,750.6 million in the first quarter of 2018, representing an increase of 107% compared to the amount recorded in the first quarter of 2017, that is, \$843.9 million. Said increase is mainly explained by: i) an increase in depreciation of property, plant and equipment and in the costs for maintenance operations and well services due to the development of Fortín de Piedra area; ii) greater labor costs, mainly because of a payroll increase; iii) the royalties expense related to an increase in the production; and iv) the effect of the exchange rate fluctuation of the ARS against the USD.

Selling and administrative expenses during the first quarter of 2018 amounted to \$384.9 million, representing a 98% increase in comparison with an amount of \$194.2 million recorded in the first quarter of 2017. Such increase is mainly explained by the higher storage, loading and taxation expenses, due to the larger volume in operations, together with the effect of the exchange rate fluctuation of the ARS against the USD.

Net financial profit (loss) showed a loss of \$235.1 million in the first quarter of 2018, compared to the loss of \$51.6 million recorded in the first quarter of 2017. Such variation is explained by the interest cost of a larger amount of borrowings and the exchange differences generated by the exchange rate fluctuation of the ARS against the USD, slightly offset by interest income fundamentally arising from short-term deposits.

During the first quarter of 2018, discontinued operations yielded a profit of \$0.02 million generated by the operations of Dapetrol S.A. (company under winding up); whereas during the first quarter of 2017, discontinued operations produced a loss of \$76.3 million from the operations of Tecpetrol de Bolivia S.A. and Dapetrol S.A.

The net profit (loss) for the first quarter of 2018 was a profit of \$350.7 million, while in the first quarter of 2017 the Company recorded a net loss of \$146.3 million.

### Liquidity and cash flows

Net cash used in operating activities during the first three months of 2018 totaled \$791.0 million.

During the three-month period ended on March 31, 2018, the Company received funds from borrowings from banks and related companies. These borrowings were obtained at similar interest rates as those of other companies in the Argentine market, considering comparable solvency, soundness, fund generation and risk characteristics.

## TECPETROL SOCIEDAD ANÓNIMA

On March 2018, the Company disbursed a USD 200 million loan with a pool of banks comprising Banco de Crédito del Perú S.A., BBVA Banco Continental, Citibank N.A. and J.P. Morgan Chase Bank N.A. This loan had been agreed on September 18, 2017 together with Tecpetrol del Perú S.A.C. and Tecpetrol Bloque 56 S.A.C. The agreed quarterly interest rate is LIBO rate plus 150 bps per year; repayment of the loan shall be performed in thirteen (13) consecutive and quarterly installments as from September 2019. The remaining terms and conditions are the ones regularly used for similar financing processes.

Moreover, in December 2017, the Company issued negotiable obligations with a par value of USD 500 million accruing interest at a 4.875% fixed rate and maturing on December 12, 2022. Funds obtained from the issuance of such negotiable obligations were used to invest in fixed assets in Fortín de Piedra area in Vaca Muerta formation, located in the province of Neuquén. As of the date of issuance of this document, the Company has fully complied with the use of the funds. The Parent Company, Tecpetrol Internacional S.L.U., unconditionally and irrevocably guarantees the negotiable obligations of the Company.

At March 31, 2018, the Company's borrowings totaled \$21,729.7 million and the equity totaled \$6,373.4 million.

Investments in property, plant and equipment during the three-month period ended on March 31, 2018, net of unpaid acquisitions at the end of such period, reached \$6,010.0 million (mainly because of the development of Fortín de Piedra area).

### 2. Structure of Consolidated Financial Position (comparative at March 31, 2017 – amounts stated in thousands of pesos)

	At March 31,	
	2018	2017
Non-current assets	24,904,369	10,386,662
Current assets	11,288,417	1,597,966
<b>Total Assets</b>	<b>36,192,786</b>	<b>11,984,628</b>
Equity attributable to Owners of the Parent	6,371,222	892,731
Non-controlling interest	2,179	(16,743)
<b>Total Equity</b>	<b>6,373,401</b>	<b>875,988</b>
Non-current liabilities	23,387,478	6,815,050
Current liabilities	6,431,907	4,293,590
<b>Total Liabilities</b>	<b>29,819,385</b>	<b>11,108,640</b>
<b>Total Equity and Liabilities</b>	<b>36,192,786</b>	<b>11,984,628</b>

**TECPETROL SOCIEDAD ANÓNIMA**

**3 Structure of Consolidated Income and Comprehensive Income** (comparative with the same period ended at March 31, 2017 – amounts stated in thousands of pesos)

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Operating profit (loss)	617,860	(60,182)
Net financial profit / (loss)	(235,104)	(51,580)
<b>Profit (loss) before taxes</b>	<b>382,756</b>	<b>(111,762)</b>
Income tax	(32,117)	41,728
<b>Profit (loss) from continuing operations</b>	<b>350,639</b>	<b>(70,034)</b>
Profit (loss) from discontinued operations	23	(76,264)
<b>Profit (loss) for the period</b>	<b>350,662</b>	<b>(146,298)</b>
 <b>Consolidated Statement of Comprehensive Income</b>		
Profit (loss) for the period	350,662	(146,298)
Other comprehensive income from continuing operations	444,748	(58,596)
Other comprehensive income from discontinued operations	6,811	28,492
<b>Comprehensive income for the period</b>	<b>802,221</b>	<b>(176,402)</b>

**4. Consolidated Cash Flow Structure** (comparative with the same period ended March 31, 2017 – amounts stated in thousands of pesos)

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Cash (used in) / generated by operating activities	(790,961)	535,548
Cash used in investment activities	(6,004,973)	(635,014)
Cash generated by financing activities	4,019,536	48,040
<b>Total cash used during the period</b>	<b>(2,776,398)</b>	<b>(51,426)</b>

**5. Consolidated Statistical Data** (comparative information with the same period ended March 31, 2017 – amounts stated in thousands of m<sup>3</sup>)

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Production volume (*)</b>		
Total production in equivalent units	511	271
Oil production	111	110
Gas production	400	161
Domestic market	447	211
Exports	64	60

(\*) Caloric equivalence (1,000 m<sup>3</sup> gas = 1 m<sup>3</sup> oil)

## TECPETROL SOCIEDAD ANÓNIMA

### 6. Consolidated Indicators (comparative at March 31, 2017)

	At March 31,	
	2018	2017
Liquidity	1.76	0.37
Solvency	0.21	0.08
Locked-up capital	0.69	0.87

Liquidity: Current assets/Current liabilities

Solvency: Total Equity/Total liabilities

Locked-up capital: Non-current assets/Total assets

### 7. Perspectives

During the second quarter of 2018 and throughout the year, Tecpetrol expects an increase in gas production and net sales due to the commencement of production in wells related to the development of Fortín de Piedra area, and estimates crude oil sales figures similar to those of the first quarter of the year, to be sold mainly in the domestic market.

Drilling activities and ground-level infrastructure work will continue in Fortín de Piedra, in order to boost the treatment and delivery capacity of gas in the area. It is expected that gas development from Vaca Muerta formation will continue to generate activity across the goods and services value chain associated with hydrocarbon production, and will provide energy under competitive conditions, favoring the economic and industrial development of Argentina and contributing to energy self-sufficiency.

It should be mentioned that on April 19, 2018, through Resolution No. 130/2018, the Energy and Mining Ministry determined that Fortín de Piedra Investment Project shall be deemed as a Critical Project, under the terms of the Investment Promotion Regime for Infrastructure Works set forth in Law No. 26.360 and complementary regulations.

Likewise, on January 24, 2018, Tecpetrol S.A. and YPF S.A. created the company "Oleoducto Loma Campana - Lago Pellegrini S.A.", aiming at the construction and exploitation of an oil pipe in Argentina which will enable the transport of liquid production from Fortín de Piedra to the terminal facilities. Tecpetrol S.A. holds a 15% interest in the capital stock of said company.

#### ***Early dissolution of Dapetrol S.A. (subsidiary company)***

After the sale of Oil Mine "José Segundo", main asset of Dapetrol S.A., on December 28, 2017, on February 27, 2018, the shareholders of Dapetrol S.A. at an Extraordinary Meeting approved the early dissolution of such company.

## **TECPETROL SOCIEDAD ANÓNIMA**

### ***Merger with América Petrogas Argentina S.A.***

On March 9, 2018, the Directors of the Company approved a Merger Preliminary Commitment between Americas Petrogas Argentina S.A. (hereinafter referred to as "APASA") and Tecpetrol S.A. (both companies are directly controlled by Tecpetrol Internacional S.L.U.), whereby Tecpetrol S.A., as the continuing company, would acquire APASA, which will dissolve (but will not wind up) concentrating both entities in a single operating unit for the purposes of optimizing all administrative, functional, financial and operating structures, for the benefit of the continuing company and the economic group as a whole. On April 26, 2018, the shareholders of both Companies approved the Merger Preliminary Commitment and the Merger Prospectus effective as from January 1, 2018.

At the date of issuance of this document, the Company is complying with the requirements provided for under section 83 of Law No. 19.550 on Companies; the last requirement being the registration of the merger with the Companies Registration Office.

City of Buenos Aires, May 10, 2018.





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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**


To the Shareholders, President and Directors of  
Teepetrol Sociedad Anónima  
Legal address: Pasaje Della Paolera 297/299 - 16<sup>th</sup> floor  
Autonomous City of Buenos Aires  
Tax Code No. 30-59266547-2

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Teepetrol Sociedad Anónima and its controlled subsidiaries (hereinafter, "the Company"), which comprise the interim condensed consolidated statement of financial position at March 31, 2018, the interim condensed consolidated income statement and the interim condensed consolidated statement of comprehensive income for the three-month period ended March 31, 2018, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement for the three-month period then ended, and selected explanatory notes.

The balances and other information corresponding to the year 2017 and to its intermediate periods, are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

### **Board's responsibility**



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, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) to its regulations, as approved by the International Accounting Standards Board (IASB) and, therefore, is responsible for the preparation and presentation of the interim condensed consolidated financial statements mentioned in the first paragraph in accordance with International Accounting Standard 34 "Interim Financial Reporting" (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 interim financial information performed by the

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independent auditor of the entity”, which was adopted as review standard in Argentina by Technical Resolution No. 33 of the FACPCE as it was 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 interim condensed consolidated financial statements and applying analytical and other review procedures. The scope of this review is substantially less than an audit conducted in accordance with International Standards on Auditing. Consequently, a review 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, consolidated comprehensive income and consolidated cash flows of the Company.

### **Conclusion**

Based on our review, nothing has come to our attention that caused us to believe that the interim condensed consolidated financial statements mentioned in the first paragraph of this report are not 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, regarding Tecpetrol Sociedad Anónima, that:

- a) the interim condensed consolidated financial statements of Tecpetrol Sociedad Anónima are transcribed into the “Inventory and Balance Sheet” book and, as regards those matters that are within our competence, comply with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) the interim condensed individual financial statements of Tecpetrol Sociedad Anónima arise from accounting records kept in all formal respects in conformity with legal provisions;
- c) we have read the supplementary information, on which, as regards those matters that are within our competence, we have no observations to make;



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d) as of March 31, 2018, the debt of Tecpetrol Sociedad Anónima accrued in favor of the Argentine Integrated Social Security System arising from the Company's accounting records amounted to \$ 19,718,653.06, none of which was claimable at that date.

Autonomous City of Buenos Aires, May 10, 2018

PRICE WATERHOUSE & CO. S.R.L.

by \_\_\_\_\_ (Partner)

Alejandro J. Rosa

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### LEGAL INFORMATION

#### Interim Condensed Consolidated Financial Statements at March 31, 2018

<b>Legal domicile:</b>	Pasaje Della Paolera 299/297 – 16th floor - Buenos Aires city
<b>Reported fiscal year:</b>	No. 39
<b>Company's main line of business:</b>	Exploration, exploitation and development of hydrocarbon fields; transport, distribution, transformation, distillation and industrial use of hydrocarbons and by-products and hydrocarbons trade; electric power generation and commercialization through the construction, operation and exploitation in any manner of power plants and equipment for the generation, production, self-generation and/or co-generation of electric power.
<b>Registration dates with the Companies Registration Office:</b>	By-laws: registered under No. 247 of Book 94, Volume of Companies by Shares on June 19, 1981.  Amendments to by-laws: March 25, 1983; October 16, 1985, July 1, 1987; February 24, 1989; December 12, 1989; August 18, 1992; December 21, 1992; April 6, 1993; December 14, 1995; October 30, 1997; October 13, 2000; September 14, 2005; November 16, 2007; March 23, 2009; September 20, 2010; March 2, 2016; November 25, 2016; and September 28, 2017.
<b>Date of expiry of Company's by-laws:</b>	June 19, 2080.
<b>Correlative registration number with the Companies Controlling Office (Inspección General de Justicia, IGJ):</b>	802.207
<b>Name of Parent Company:</b>	Tecpetrol Internacional S.L.U.
<b>Legal domicile of Parent Company:</b>	Calle García de Paredes 94, 1st floor, apartment A, 28010 Madrid, Spain.
<b>Parent Company's main line of business:</b>	Investment.
<b>Equity interest held by Parent Company after share swap</b>	95.99%.
<b>Percentage of votes of Parent Company after share swap</b>	98.1750%

		<b>At March 31, 2018</b>		
<b>Capital status (Note 21)</b>	<b>Type of shares</b>	<b>Total subscribed, paid-up and registered</b>	<b>Incorporation by merger (i).</b>	<b>Total after share swap (i)</b>
	<b>Book entry shares</b>		<b>\$</b>	
	Class A common shares of \$1 par value -1 vote per share	2,459,102,936	647,239,486	3,106,342,422
	Class B common shares of \$1 par value -5 votes per share	1,340,897,064	(10,791,418)	1,330,105,646
		<u>3,800,000,000</u>	<u>636,448,068</u>	<u>4,436,448,068</u>

(i) See Note 1.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**for the three-month periods ended on March 31, 2018 and March 31, 2017**

(Amounts stated in thousands of pesos, unless otherwise specified)

	Notes	Three-month period ended March 31,	
		2018	2017
<b>Continuing operations</b>		<b>(Unaudited)</b>	
Net sales	5	2,768,734	977,663
Operating costs	6	(1,750,585)	(843,888)
<b>Gross margin</b>		<b>1,018,149</b>	<b>133,775</b>
Selling expenses	7	(110,111)	(34,149)
Administrative expenses	8	(274,785)	(160,069)
Exploration costs		(19,658)	(525)
Other operating income	10	4,847	1,367
Other operating expenses	10	(582)	(581)
<b>Operating profit (loss)</b>		<b>617,860</b>	<b>(60,182)</b>
Financial income	11	30,453	4,071
Financial costs	11	(219,586)	(56,377)
Other net financial profit (loss)	11	(45,971)	726
<b>Profit (loss) before income tax</b>		<b>382,756</b>	<b>(111,762)</b>
Income tax	12	(32,117)	41,728
<b>Profit (loss) for the period from continuing operations</b>		<b>350,639</b>	<b>(70,034)</b>
<b>Discontinued operations</b>			
Profit (loss) for the period from discontinued operations	32	23	(76,264)
<b>Profit (loss) for the period</b>		<b>350,662</b>	<b>(146,298)</b>
<b>Profit (loss) attributable to:</b>			
Owners of the parent		350,661	(144,732)
Non-controlling interest		1	(1,566)
Basic and diluted profit (loss) per share attributable to the shareholders of the Parent Company (\$ per share)	22	0.08	(0.14)
Basic and diluted profit (loss) per share of continuing operations attributable to the shareholders of the Parent Company (\$ per share)	22	0.08	(0.07)

The accompanying notes 1 to 33 form an integral part of these Interim Condensed Consolidated Financial Statements. These Interim Condensed Consolidated Financial Statements must be read together with audited Consolidated Financial Statements at December 31, 2017.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the three-month periods ended on March 31, 2018 and March 31, 2017**

(Amounts stated in thousands of pesos, unless otherwise specified)

	Notes	Three-month period ended March 31,	
		2018	2017
		(Unaudited)	
<b>Profit (loss) for the period</b>		<b>350,662</b>	<b>(146,298)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
<b>Continuing operations</b>			
Changes in the fair value of investments in equity instruments	15	-	223
Income tax related to components of other comprehensive income (i)		-	5
<b>Discontinued operations</b>			
Currency translation differences		6,811	28,492
<i>Items that will not be reclassified to profit or loss:</i>			
<b>Continuing operations</b>			
Currency translation differences - Tecpetrol S.A.		448,815	(58,824)
Changes in the fair value of investments in equity instruments	15	727	-
Income tax related to components of other comprehensive income (i)		(4,794)	-
<b>Total other comprehensive income for the period</b>		<b>451,559</b>	<b>(30,104)</b>
<b>Total comprehensive income for the period</b>		<b>802,221</b>	<b>(176,402)</b>
<b>Comprehensive income attributable to:</b>			
Owners of the parent		802,159	(175,388)
Non-controlling interest		62	(1,014)
		<b>802,221</b>	<b>(176,402)</b>
<b>Comprehensive income attributable to the Owners of the Parent</b>			
Continuing operations		795,496	(128,629)
Discontinued operations		6,663	(46,759)
		<b>802,159</b>	<b>(175,388)</b>

(i) Generated by changes in the fair value of investments in equity instruments.

The accompanying notes 1 to 33 form an integral part of these Interim Condensed Consolidated Financial Statements. These Interim Condensed Consolidated Financial Statements must be read together with audited Consolidated Financial Statements at December 31, 2017.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**at March 31, 2018 and December 31, 2017**

(Amounts stated in thousands of pesos, unless otherwise specified)

	Notes	March 31, 2018 (Unaudited)	December 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment. Exploration, evaluation and development assets	13	23,903,481	15,376,138
Investments in entities accounted for using the equity method	14	15	-
Investments in equity instruments at fair value	15	343,834	317,549
Deferred tax asset	27	329,087	335,424
Other receivables and prepayments	16	243,267	85,245
Income tax credit		84,685	79,210
<b>Total Non-current assets</b>		<b>24,904,369</b>	<b>16,193,566</b>
<b>Current assets</b>			
Inventories	18	214,226	255,961
Other receivables and prepayments	16	3,234,759	1,665,561
Trade receivables	17	1,500,568	622,647
Cash and cash equivalents	19	6,338,864	8,466,786
<b>Total Current assets</b>		<b>11,288,417</b>	<b>11,010,955</b>
<b>Total Assets</b>		<b>36,192,786</b>	<b>27,204,521</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	4,436,448	3,800,000
Capital contributions		897,941	897,941
Special reserve		1,017,867	435,751
Other reserves		1,499,907	1,048,409
Retained earnings		(1,480,941)	(1,450,360)
<b>Total equity attributable to Owners of the parent</b>		<b>6,371,222</b>	<b>4,731,741</b>
Non-controlling interest		2,179	2,117
<b>Total Equity</b>		<b>6,373,401</b>	<b>4,733,858</b>
<b>Non-current liabilities</b>			
Borrowings	23	21,455,886	15,545,770
Employee benefits programs	24	502,138	448,984
Provisions	25	1,429,252	1,289,072
Trade and other payables	26	202	523
<b>Total Non-current liabilities</b>		<b>23,387,478</b>	<b>17,284,349</b>
<b>Current liabilities</b>			
Borrowings	23	273,853	146,155
Employee benefits programs	24	33,403	30,916
Provisions	25	139,237	63,970
Income tax debt		4,360	-
Trade and other payables	26	5,981,054	4,945,273
<b>Total Current Liabilities</b>		<b>6,431,907</b>	<b>5,186,314</b>
<b>Total Liabilities</b>		<b>29,819,385</b>	<b>22,470,663</b>
<b>Total Equity and Liabilities</b>		<b>36,192,786</b>	<b>27,204,521</b>

The accompanying notes 1 to 33 form an integral part of these Interim Condensed Consolidated Financial Statements. These Interim Condensed Consolidated Financial Statements must be read together with audited Consolidated Financial Statements at December 31, 2017.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the three-month periods ended on March 31, 2018 and March 31, 2017**

(Amounts stated in thousands of pesos, unless otherwise specified)

	Attributable to the Shareholders of the Company						Non- controlling interest	Total
	Shareholders' contributions			Accumulated profits (losses)				
	Share capital		Reserved earnings		Retained earnings	Total		
	Subscribed capital (i)	Capital contributions	Special reserve (ii)	Other reserves				
Notes								
<b>Balances at December 31, 2017</b>	<b>3,800,000</b>	<b>897,941</b>	<b>435,751</b>	<b>1,048,409</b>	<b>(1,450,360)</b>	<b>4,731,741</b>	<b>2,117</b>	<b>4,733,858</b>
Incorporation by merger (See note 1)	636,448	-	582,116	-	(381,242)	837,322	-	837,322
Profit (loss) for the period	-	-	-	-	350,661	350,661	1	350,662
Currency translation differences	-	-	-	455,456	-	455,456	170	455,626
Changes in the fair value of investments in equity instruments	15	-	-	727	-	727	-	727
Income tax related to components of other comprehensive income	-	-	-	(4,685)	-	(4,685)	(109)	(4,794)
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451,498</b>	<b>-</b>	<b>451,498</b>	<b>61</b>	<b>451,559</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451,498</b>	<b>350,661</b>	<b>802,159</b>	<b>62</b>	<b>802,221</b>
<b>Balances at March 31, 2018</b>	<b>4,436,448</b>	<b>897,941</b>	<b>1,017,867</b>	<b>1,499,907</b>	<b>(1,480,941)</b>	<b>6,371,222</b>	<b>2,179</b>	<b>6,373,401</b>

(i) See note 21.

(ii) Corresponds to General Resolution No. 609/12 of the CNV (See note 29.iii)

The accompanying notes 1 to 33 form an integral part of these Interim Condensed Consolidated Financial Statements. These Interim Condensed Consolidated Financial Statements must be read together with audited Consolidated Financial Statements at December 31, 2017.



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the three-month periods ended March 31, 2018 and March 31, 2017 (Cont'd)**

(Amounts stated in thousands of pesos, unless otherwise specified)

		Attributable to the Shareholders of the Company				Non-controlling interest	Total	
		Shareholders' contributions	Accumulated profits (losses)					
		Share capital	Reserved earnings					
Notes		Subscribed capital	Special reserve (i)	Other reserves	Retained earnings	Total		
	<b>Balances at December 31, 2016</b>	<b>1,024,000</b>	<b>435,751</b>	<b>273,607</b>	<b>(665,239)</b>	<b>1,068,119</b>	<b>(15,729)</b>	<b>1,052,390</b>
	Profit (loss) for the period	-	-	-	(144,732)	(144,732)	(1,566)	(146,298)
	Currency translation differences	-	-	(30,885)	-	(30,885)	553	(30,332)
	Changes in the fair value of investments in equity instruments	-	-	224	-	224	(1)	223
	Income tax related to components of other comprehensive income	-	-	5	-	5	-	5
	<b>Other comprehensive income for the period</b>	-	-	<b>(30,656)</b>	-	<b>(30,656)</b>	<b>552</b>	<b>(30,104)</b>
	<b>Total comprehensive income for the period</b>	-	-	<b>(30,656)</b>	<b>(144,732)</b>	<b>(175,388)</b>	<b>(1,014)</b>	<b>(176,402)</b>
	<b>Balances at March 31, 2017</b>	<b>1,024,000</b>	<b>435,751</b>	<b>242,951</b>	<b>(809,971)</b>	<b>892,731</b>	<b>(16,743)</b>	<b>875,988</b>

(i) Corresponds to General Resolution No. 609/12 of the CNV (See note 29.iii)

The accompanying notes 1 to 33 form an integral part of these Interim Condensed Consolidated Financial Statements. These Interim Condensed Consolidated Financial Statements must be read together with audited Consolidated Financial Statements at December 31, 2017.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

for the three-month periods ended March 31, 2018 and March 31, 2017

(Amounts stated in thousands of pesos, unless otherwise specified)

	Notes	Three-month period ended March 31,	
		2018	2017
(Unaudited)			
<b>OPERATING ACTIVITIES</b>			
Profit (loss) for the period		350,662	(146,298)
<i>Adjustments for: (*)</i>			
Depreciation of property, plant and equipment	13	741,956	365,462
Profit from the sale of property, plant and equipment	10	(782)	(1,251)
Exploration costs		578	525
Income tax	12	32,117	(41,728)
Accrued and unpaid interest		173,639	66,522
Allowances and provisions		14,909	21,270
Loss from employee benefits programs	9	25,469	16,541
<i>Changes in operating assets and liabilities:</i>			
(Increase) / decrease in trade and other receivables		(2,469,163)	265,302
Decrease in inventories		50,436	28,284
Increase / (decrease) in trade and other payables		438,579	(38,007)
Others, including currency translation differences		(143,406)	10,077
Payment of employee benefit programs		(1,161)	(1,388)
Payment of income tax		(4,794)	(9,763)
<b>Cash (used in) / generated by operating activities</b>		<b>(790,961)</b>	<b>535,548</b>
<b>INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment		(6,009,982)	(636,415)
Collection from the sale of property, plant and equipment		1,041	1,501
Contributions to associated companies and joint ventures		(4)	(100)
Proceeds from the sale of interest in associates		3,972	-
<b>Cash used in investing activities</b>		<b>(6,004,973)</b>	<b>(635,014)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings		4,027,678	710,703
Payment of borrowings		(8,142)	(662,663)
<b>Cash generated by financing activities</b>		<b>4,019,536</b>	<b>48,040</b>
<b>Decrease in cash and cash equivalents</b>		<b>(2,776,398)</b>	<b>(51,426)</b>
<b>Changes in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		8,466,786	216,288
Decrease in cash and cash equivalents		(2,776,398)	(51,426)
Incorporation of cash and cash equivalents due to merger (see Note 1)		30,375	-
Currency translation differences		618,101	(6,168)
<b>Cash and cash equivalents at the end of the period</b>		<b>6,338,864</b>	<b>158,694</b>
<b>At March 31,</b>			
		<b>2018</b>	<b>2017</b>
Cash and cash equivalents		6,338,864	158,694
<b>Cash and cash equivalents at the end of the period</b>		<b>6,338,864</b>	<b>158,694</b>

(\*) There is no significant difference between interest income and interest collected.

The accompanying notes 1 to 33 form an integral part of these Interim Condensed Consolidated Financial Statements. These Interim Condensed Consolidated Financial Statements must be read together with audited Consolidated Financial Statements at December 31, 2017.

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Consolidated Financial Statements at March 31, 2018**

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# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018

(Amounts stated in thousands of pesos, unless otherwise specified)

#### 1. General information

Tecpetrol S.A. (hereinafter referred to as the "Company") was incorporated on June 5, 1981 and its main activity consists in the exploration and exploitation of oil and gas in Argentina. Its legal domicile is Pasaje Della Paolera 299/297, 16th floor, city of Buenos Aires, Argentina.

The Company has an important presence in Vaca Muerta area, through (i) unconventional exploitation concessions in the areas of Fortín de Piedra and Punta Senillosa, which were granted in July 2016 for a period of 35 years and over which the Company holds all rights and obligations; and (ii) the exploration permission in Loma Ancha area.

In addition, the Company operates in conventional hydrocarbon areas in Neuquina and Noroeste - San Jorge basins through joint operations (see Note 31) and holds all exploitation rights over the area Los Bastos in the province of Neuquén.

The Interim Condensed Consolidated Financial Statements were approved for issuance by the members of the Board of Directors on May 10, 2018.

At March 31, 2018 and 2017 and December 31, 2017, the Company consolidated the following subsidiaries:

Company	Main line of business	Capital share and voting rights percentages		
		Mar-2018	Dec-2017	Mar-2017
Dapetrol S.A. (i)	Exploration, discovery, exploitation and sale of gas and liquid hydrocarbons.	97.50%	97.50%	97.50%
Tecpetrol de Bolivia S.A (i)	Exploration, exploitation, production and sale of oil and gas.	-	-	98.05%
GEA-GEO Energy Alternatives S.A. (i)	Operation of gas pipes and oil pipes; transport and distribution.	-	-	70%

(i) Included as discontinued operations (see note 32)

Reference to "Tecpetrol" in these Financial Statements includes Tecpetrol S.A. and its consolidated subsidiaries.

#### *Merger with América Petrogas Argentina S.A.*

On March 9, 2018, the Directors of the Company approved a Merger Preliminary Commitment between Americas Petrogas Argentina S.A. (hereinafter referred to as "APASA") and Tecpetrol S.A. (both companies are directly controlled by Tecpetrol Internacional S.L.U.), whereby Tecpetrol S.A. as the continuing company, would acquire APASA, which will dissolve (but will not wind up), concentrating both entities in a single operating unit for the purposes of optimizing all administrative, functional, financial and operating structures, for the benefit of the continuing company and the economic group as a whole. On April 26, 2018, the Shareholders of both Companies approved the Merger Preliminary Commitment and the Merger Prospectus, effective as from January 1, 2018. From such date onwards, Tecpetrol S.A. has unrestricted access to all business and financial information of APASA and participates in the decision-making process related to the business. Therefore, these Interim Condensed Consolidated Financial Statements contemplate such merger. APASA transactions during the first quarter of 2018 represent an increase of 1.9% in net sales and a decrease of 0.9% in the profit (loss) for the year.

As a result of the merger with APASA, Tecpetrol S.A. incorporates mainly joint operations in unconventional hydrocarbon exploration and exploitation areas in the province of Neuquén (Los Toldos and Loma Ranqueles).

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Consolidated Financial Statements at March 31, 2018**

### **Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

#### **1. General information (Cont'd)**

##### *Seasonality*

Crude oil and gas demand for industrial use and compressed natural gas (CNG) stations does not significantly vary throughout the year. Although it should be noted that gas demand for residential use is seasonal (considerably increasing during winter), such effect is compensated by the fluctuations in the production used for electricity generation, which decreases in winter due to lack of gas availability for such market (as a result of a greater residential consumption).

Regarding prices, wellhead gas price for industrial use increases during winter, as a result of a lower gas supply for such market. Gas prices for residential consumption, electricity generation and CNG stations are not affected by demand seasonality as they are regulated. Notwithstanding the foregoing, Tecpetrol S.A. has guaranteed a price path for gas from Fortín de Piedra due to its adherence to the "Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs". Crude oil sale price does not vary due to seasonality.

As a consequence, the operations of Tecpetrol S.A. are not greatly affected by seasonality.

#### **2. Basis for preparation**

The Interim Condensed Consolidated Financial Statements of the Company and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), under a historical cost convention, modified by the revaluation of financial assets and liabilities at fair value.

The National Securities Commission for Argentina (Comisión Nacional de Valores, CNV) by means of General Resolution No. 622/13, has established the application of Technical Resolutions No. 26 and 29 issued by the Argentine Federation of Professional Councils in Economic Sciences (Federación Argentina de Consejos Profesionales de Ciencias Económicas, FACPCE) which adopt IFRS issued by the IASB, for entities included in the public offering regime under Law No. 17.811 and amendments, either due to their capital stock or negotiable obligations, or because they have requested authorization to be included in such regime.

These Interim Condensed Consolidated Financial Statements of the Company and its subsidiaries for the three-month period ended on March 31, 2018 were prepared in accordance with International Accounting Standard (IAS) 34 titled "Interim Financial Reporting."

The Interim Condensed Consolidated Financial Statements, except as specified in Note 3.a, were prepared pursuant to the same accounting policies applied in the preparation of the audited Consolidated Financial Statements at December 31, 2017; thus, they must be read together.

The functional currency of the Company is the United States Dollar ("USD"), since this is the currency which best reflects the economic substance of the transactions. The presentation currency of the Financial Statements is the Argentine peso ("ARS").

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 2. Basis for preparation (Cont'd)

The Interim Condensed Consolidated Financial Statements are disclosed in thousands of Argentine pesos, unless otherwise stated.

All information corresponding to the three-month period ended on March 31, 2017 is part of these financial statements at March 31, 2018 and is presented for comparative purposes only. Such information does not contain the effect of the merger with APASA, since said merger is effective as from January 1, 2018 (see Note 1); therefore, figures comparability might be affected.

Pursuant to the IFRS, the preparation of these Interim Condensed Consolidated Financial Statements requires the management of the Company to make certain estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the income and expense figures for the reported period. Actual profits or losses might differ from these estimates.

If applicable, some figures from the Consolidated Financial Statements for the year ended December 31, 2017 have been reclassified in order to present comparative information in respect of the current Consolidated Financial Statements.

#### 3. New accounting standards

*(a) New standards, interpretations and amendments to published standards effective as from the current year*

- *IFRS 9 "Financial instruments"*

IFRS 9 "Financial Instruments" was issued in July 2014; it replaces the current IAS 39 "Financial Instruments"; introduces principles for the classification and measurement of financial instruments; and simplifies its valuation in three main categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. Additionally, it sets forth that an entity can make an irrevocable choice at initial recognition of investments in equity instruments not held for trading to disclose subsequent changes in the fair value under other comprehensive income. Should this be the case, changes in the fair value registered under other comprehensive income cannot be subsequently transferred to profit or loss for the period. Dividends resulting from these investments are recognized in profit or loss for the period.

Moreover, IFRS 9 simplifies the requirements related to hedge accounting effectiveness testing and introduces a new model for the impairment of financial assets, which requires the recognition of impairment provisions based upon expected credit losses rather than incurred credit losses.

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 3. New accounting standards (Cont'd)

##### *(a) New standards, interpretations and amendments to published standards effective as from the current year (Cont'd)*

The Company applied IFRS 9 as from January 1, 2018, exercising the irrevocable option to disclose changes in the fair value of investments in equity instruments under other comprehensive income. At December 31, 2017; such investments were classified as *Available-for-sale financial assets* and, as required in IAS 39, the effect of the changes in fair value under other comprehensive income was exposed as an item which may be subsequently reclassified to profit or loss. At March 31, 2018, due to the implementation of IFRS 9, such investments are classified as investments *at fair value through other comprehensive income*; thus, maintaining the valuation criterion adopted at December 31, 2017, exposing changes in the fair value under other comprehensive income as an item which will not be subsequently reclassified to profit or loss. As a result of IFRS 9 application, the accumulated sum of the reserve at December 31, 2017 which amounted to \$59,355 will not be reclassified to profit or loss.

The application of IFRS 9 did not have a material impact on these Interim Condensed Consolidated Financial Statements. Comparative figures for previous periods were not restated.

##### *- IFRS 15 "Revenue from contracts with customers"*

In May 2014; the IASB issued IFRS 15 "Revenue from contracts with customers", which sets forth principles of disclosure of information related to revenue recognition and requirements for the accounting of revenue arising from contracts with customers.

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services to third parties net of value-added tax, withholding taxes and discounts. Revenues from sales are recognized when the control of goods or services is transferred to the client, at fair value of the consideration received or receivable.

The Company prospectively applied IFRS 15 as from January 1, 2018; and it caused no material impact on these Interim Condensed Consolidated Financial Statements.

The Management assessed the importance of other new standards, interpretations and amendments in force as from the current year and concluded that they are irrelevant for the Company.

##### *(b) New standards, interpretations and amendments to published standards not yet effective and not early adopted*

##### *- IFRS 16 "Leases"*

In January 2016, the IASB issued IFRS 16 "Leases", which modifies the accounting of these operations, basically by removing the distinction between operating and financial leases. This modification will entail changes for most lease agreements both in assets recognition, given the right to use the leased item; and in liabilities, due to the payment of the lease. There is an optional exemption for short-term and low value leases. IFRS 16 is applicable to all years commencing on or after January 1, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**3. New accounting standards (Cont'd)**

*(b) New standards, interpretations and amendments to published standards not yet effective and not early adopted (Cont'd)*

The Management has not yet estimated the potential impact the application of IFRS 16 will have on the Financial Statements.

The Management assessed the importance of other new standards, interpretations and amendments not yet effective and concluded that they are irrelevant for the Company.

**4. Segment information**

	Three-month period ended on March 31, 2018 (unaudited)			
	Neuquina Basin	Noroeste - San Jorge Basin	Others (i)	Total continuing operations
Oil and gas	2,070,175	695,431	-	2,765,606
Other services	-	1,959	1,169	3,128
<b>Net sales - IFRS</b>	<b>2,070,175</b>	<b>697,390</b>	<b>1,169</b>	<b>2,768,734</b>
<b>Operating profit (loss) - Managerial Vision</b>	<b>801,596</b>	<b>166,227</b>	<b>(20,223)</b>	<b>947,600</b>
Depreciation and impairment differences	(22,254)	(42,569)	1,175	(63,648)
Administrative expenses (*)				(266,092)
<b>Operating profit (loss) IFRS</b>				<b>617,860</b>
Depreciation and impairment of property, plant and equipment - Managerial Vision	(560,934)	(102,341)	(15,033)	(678,308)
Depreciation and impairment differences	(22,254)	(42,569)	1,175	(63,648)
<b>Depreciation and impairment of property, plant and equipment - IFRS</b>				<b>(741,956)</b>
	<b>Neuquina Basin</b>	<b>Noroeste - San Jorge Basin</b>	<b>Others (i)</b>	<b>Total</b>
Property, plant and equipment - Managerial Vision	20,593,084	3,287,168	156,658	24,036,910
Accumulated depreciation and impairment differences				(133,429)
<b>Property, plant and equipment - IFRS</b>				<b>23,903,481</b>
Investments in property, plant and equipment	6,223,603	140,788	4,971	6,369,362
				<b>6,369,362</b>

(i) Corresponds to other activities of the Company not included under the defined operating segments.

(\*) Corresponds to expenses not allocated to operating profit (loss) of defined reportable segments.



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**4. Segment information (Cont'd)**

	Three-month period ended on March 31, 2017 (unaudited)			
	Neuquina Basin	Noroeste - San Jorge Basin	Others (i)	Total continuing operations
Oil and gas	406,216	565,711	-	971,927
Other services	-	4,210	1,526	5,736
<b>Net sales - IFRS</b>	<b>406,216</b>	<b>569,921</b>	<b>1,526</b>	<b>977,663</b>
<b>Operating profit (loss) - Managerial Vision</b>	<b>58,737</b>	<b>71,832</b>	<b>4,845</b>	<b>135,414</b>
Depreciation and impairment differences	(3,873)	(38,787)	366	(42,294)
Administrative expenses (*)				(153,302)
<b>Operating profit (loss) IFRS</b>				<b>(60,182)</b>
Depreciation and impairment of property, plant and equipment - Managerial Vision	(146,070)	(103,283)	(11,760)	(261,113)
Depreciation and impairment differences	(3,873)	(38,787)	366	(42,294)
<b>Depreciation and impairment of property, plant and equipment – IFRS</b>				<b>(303,407)</b>
	Neuquina Basin	Noroeste - San Jorge Basin	Others (i)	Total
Property, plant and equipment - Managerial Vision	2,453,520	2,844,626	147,328	5,445,474
Accumulated depreciation and impairment differences				(303,998)
Property, plant and equipment - Tecpetrol de Bolivia S.A. and Dapetrol S.A.				4,293,280
<b>Property, plant and equipment - IFRS</b>				<b>9,434,756</b>
Investments in property, plant and equipment	545,171	50,819	1,882	597,872
Investments in property, plant and equipment - Tecpetrol de Bolivia S.A. and Dapetrol S.A.				38,543
				<b>636,415</b>

(i) Corresponds to other activities of the Company not included under the defined operating segments.

(\*) Corresponds to expenses not allocated to operating profit (loss) of defined reportable segments.

Depreciation and impairment differences mainly arise from the difference in acquisition costs resulting from the Property, plant and equipment valuation criteria adopted upon transition to IFRS; and from the different criteria of depreciation of seismic exploration, which is depreciated, under Managerial Vision, according to the straight line method in a four-year period; and, under IFRS, pursuant to the depletion method.

At March 31, 2018 and 2017, net sales arose from China (17.6% and 30.58%, respectively) and the remaining percentage from Argentina. The designation of net sales is based upon customer location.

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 4. Segment information (Cont'd)

At March 31, 2018, customers representing or surpassing 10% of the income from regular activities of the Company are: CAMMESA (23.47%), BP Oil Supply Co. Inc. (17.63%), Shell C.A.P.S.A. (12.26%) and Siderca S.A.I.C. (10.19%), whereas at March 31, 2017; they were: Vitol Inc. (30.58%), Shell C.A.P.S.A. (21.08%) and CAMMESA (13.91%).

#### 5. Net sales

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
Gas (i)	1,881,352	465,031
Oil	884,396	617,771
Other services	3,128	5,736
	<b>2,768,876</b>	<b>1,088,538</b>
From discontinued operations	(142)	(110,875)
	<b>2,768,734</b>	<b>977,663</b>

(i) It includes \$526,826 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution 46-E/2017 for the three-month period ended on March 31, 2018.

#### 6. Operating costs

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
Materials and spare parts at the beginning of the period	136,294	125,816
Purchases, uses and production costs	1,742,507	952,382
Materials and spare parts at the end of the period	(138,942)	(117,478)
Inventory conversion differences	10,771	(3,876)
<b>Cost of sales</b>	<b>1,750,630</b>	<b>956,844</b>
From discontinued operations	(45)	(112,956)
	<b>1,750,585</b>	<b>843,888</b>
Labor costs	198,130	52,115
Fees and services	55,656	41,337
Maintenance operations and wells service costs	346,366	286,285
Depreciation of property, plant and equipment	733,263	358,695
Treatment, storage and loading	38,823	27,734
Royalties and other taxes (i)	321,051	146,792
Others	57,341	43,886
	<b>1,750,630</b>	<b>956,844</b>
From discontinued operations	(45)	(112,956)
	<b>1,750,585</b>	<b>843,888</b>

(i) Royalties are paid for the production of crude oil and natural gas ranging, in most areas, from 12% to 17% of said production, valued on the basis of the prices actually obtained in the commercialization of hydrocarbons in the area, less deductions provided for in the legislation for the treatment of the product to make it fit for delivery to third parties.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**7. Selling expenses**

	Three-month period ended March 31,	
	2018	2017
	<b>(Unaudited)</b>	
Taxes	53,146	21,938
Storage and loading	54,404	11,098
Allowance for doubtful accounts	1,679	3,251
Others	1,039	380
	<b>110,268</b>	<b>36,667</b>
From discontinued operations	(157)	(2,518)
	<b>110,111</b>	<b>34,149</b>

**8. Administrative expenses**

	Three-month period ended March 31,	
	2018	2017
	<b>(Unaudited)</b>	
Labor costs	180,283	146,597
Fees and services	44,062	33,664
Depreciation of property, plant and equipment	8,693	6,767
Taxes	85,155	21,847
Office expenses	40,984	25,629
Reimbursement of expenses (*)	(83,630)	(69,158)
	<b>275,547</b>	<b>165,346</b>
From discontinued operations	(762)	(5,277)
	<b>274,785</b>	<b>160,069</b>

(\*) These are not liable to association or proration in connection with each line involved in the costs and/or expenses notes, but rather in connection with the tasks which constitute the function of the operator.

**9. Labor costs (included in Operating Costs and Administrative Expenses) (\*\*)**

	Three-month period ended March 31,	
	2018	2017
	<b>(Unaudited)</b>	
Salaries, wages and other costs	297,871	151,942
Social security costs	55,073	30,229
Employee benefits programs (Note 24)	25,469	16,541
	<b>378,413</b>	<b>198,712</b>

(\*\*) It includes discontinued operations.

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**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**10. Other operating income (expenses), net**

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
<i>Other operating income</i>		
Income from the sale of property, plant and equipment	782	1,251
Net recovery of allowances	1,168	-
Income from other sales	1,935	-
Others	2,064	116
	<b>5,949</b>	<b>1,367</b>
From discontinued operations	(1,102)	-
	<b>4,847</b>	<b>1,367</b>
<i>Other operating expenses</i>		
Provision for legal claims and contingencies	(456)	(318)
Others	(837)	(380)
	<b>(1,293)</b>	<b>(698)</b>
From discontinued operations	711	117
	<b>(582)</b>	<b>(581)</b>

**11. Net financial profit (loss)**

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
Interest income	30,732	4,278
<b>Financial income</b>	<b>30,732</b>	<b>4,278</b>
Interest cost	(219,603)	(121,411)
<b>Financial costs</b>	<b>(219,603)</b>	<b>(121,411)</b>
Net profit (loss) from exchange differences - (Loss) / Profit	(43,789)	261
Other net financial loss	(1,990)	(956)
<b>Other net financial profit (loss)</b>	<b>(45,779)</b>	<b>(695)</b>
<b>Net financial profit (loss)</b>	<b>(234,650)</b>	<b>(117,828)</b>
From discontinued operations - (Profit) / Loss	(454)	66,248
	<b>(235,104)</b>	<b>(51,580)</b>

Each item included in this note differs from their respective line in the Interim Condensed Consolidated Income Statement, as this note includes the profit (loss) from discontinued operations.

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**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**12. Income tax**

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
Deferred income tax - Loss / (Profit) (Note 27)	32,117	(41,728)
	<u>32,117</u>	<u>(41,728)</u>

*Tax Reform in Argentina*

On December 28, 2017, the President promulgated Law No. 27.430; and on December 29, 2017 such Law was published in the Official Gazette. Among other topics, under Title I, Law No. 27.430 introduces several modifications to the income tax law, namely:

- Income tax rate: income tax rates for Argentine companies shall be gradually reduced from 35% to 30% for all fiscal years commencing as from January 1, 2018 and until December 31, 2019; and to 25% for all fiscal years commencing on or after January 1, 2020.
- Tax levied upon dividends: an additional tax will be levied on dividends or profits distributed, among others, by Argentine companies or permanent entities to physical persons, undivided estates or foreign beneficiaries, pursuant to the following schedule: (i) 7% dividend withholding tax rate for distributions of profits accrued for years between 1 January, 2018 and 31 December, 2019; and (ii) 13% dividend withholding tax rate for distributions of profits accrued for years starting on or after 1 January, 2020.

Dividends arising from benefits obtained up to the year prior to the one commenced on or after January 1, 2018 shall remain subject, for all beneficiaries, to the 35% withholding tax on the amount exceeding distributable accumulated profits which have not paid income tax.

Under Title X, Chapter I; Law No. 27.430 also sets forth an optional tax revaluation. According to the new legislation, the companies might, at their option, reevaluate their assets located in the country that are affected by taxable profits. The companies that elect to be included in this regime will be subject to a special tax which will depend upon the different rates applicable to the different assets: real estate not accounted for as inventories – 8%; real estate accounted for as inventories – 15%; other assets - 10%. Once the option is exercised in relation to a specific asset, all other assets of the same nature shall also be revaluated. The abovementioned special tax is not deductible when assessing income tax. The tax result originated by the revaluation is not subject to either income tax or minimum notional income tax.

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Consolidated Financial Statements at March 31, 2018**

### **Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

#### **12. Income tax (Cont'd)**

As of the reporting date of these Financial Statements, Law No. 27.430 has been partially regulated by the Executive Office and the Federal Administration of Public Revenue (Administración Federal de Ingresos Públicos, AFIP) has not yet issued the related regulations determining the operating aspects which will allow for the payment of the abovementioned special tax. The Management of the Company is still assessing the exercise of the option, which can only be used once.

Moreover, Law No. 27.430 establishes that acquisitions of or investments in goods carried out during fiscal years commencing as from January 1, 2018, shall be updated upon the base of percentage variation of Internal Basic Price Index Wholesale (Índice de Precios Internos al por Mayor, IPIM) as indicated by the Argentine National Institute of Statistics (Instituto Nacional de Estadística y Censos, INDEC); situation which will increase deductible depreciation and cost in the event of sale.

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Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

**13. Property, plant and equipment. Exploration, evaluation and development assets**

	Three-month period ended March 31,						2017	
	2018							
	Development and production assets	Machinery and equipment	Asset retirement obligations	Exploration and evaluation	Work in progress	Others	Total	Total
<u>Cost</u>							(Unaudited)	
At the beginning of the period	18,484,528	3,720,908	543,157	357,149	9,787,997	759,172	33,652,911	23,626,737
Incorporation by merger	65,799	18,649	10,870	1,131,015	175,190	44,752	1,446,275	-
Currency translation differences	1,601,356	311,575	44,563	119,588	828,356	67,170	2,972,608	(754,334)
Additions	-	-	-	-	6,262,148	107,214	6,369,362	636,717
Transfers	4,642,946	458,453	-	14,411	(5,115,765)	(45)	-	-
Write-offs	-	-	-	(19,080)	-	(633)	(19,713)	(41,454)
At the end of the period	24,794,629	4,509,585	598,590	1,603,083	11,937,926	977,630	44,421,443	23,467,666
<u>Depreciation</u>								
At the beginning of the period	14,605,574	3,118,154	258,633	-	-	294,412	18,276,773	14,119,162
Incorporation by merger	-	11,189	-	-	-	-	11,189	-
Currency translation differences	1,189,604	253,581	21,155	-	-	24,078	1,488,418	(450,949)
Depreciation of the period	629,882	79,755	14,932	-	-	17,387	741,956	365,462
Write-offs	-	-	-	-	-	(374)	(374)	(765)
At the end of the period	16,425,060	3,462,679	294,720	-	-	335,503	20,517,962	14,032,910
<b>Residual value</b>	<b>8,369,569</b>	<b>1,046,906</b>	<b>303,870</b>	<b>1,603,083</b>	<b>11,937,926</b>	<b>642,127</b>	<b>23,903,481</b>	<b>9,434,756</b>

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 13. Property, plant and equipment. Exploration, evaluation and development assets (Cont'd)

##### Impairment of long-term assets

The Company analyzes Property, plant and equipment. Exploration, evaluation and development assets for impairment periodically or whenever events or changes in the circumstances indicate a potential evidence of impairment.

The recoverable value of each CGU (considering CGU as each area in which the Company has interest) is estimated by the Company as the higher of an asset's fair value less direct costs of disposal and value in use. The value in use is calculated based on the discounted cash flows, applying a discount rate based on the weighted average cost of capital (WACC), which considers the risks of the country where the CGU operates and its specific characteristics.

The determination of the discounted cash flows is based on projections approved by the Management and includes a set of sensitive estimates and assumptions, such as changes in hydrocarbons production levels, sales prices, curve of future prices of oil, inflation, exchange rates, costs and other cash expenditures, on the basis of the best estimate the Company foresees regarding its operations and the available market information.

Cash flows derived from the different CGUs are usually projected for a period that covers the existence of commercially exploitable reserves and is limited to the existence of reserves for the term of the concession or contract.

During the three-month periods ended on March 31, 2018 and March 31, 2017; the Company did not recognize impairment charges under Property, plant and equipment. Exploration, evaluation and development assets.

#### 14. Investments in entities accounted for using the equity method

The evolution of investments in entities accounted for using the equity method is disclosed below:

##### *Investments in associates and joint ventures*

	Three-month period ended	
	March 31,	
	2018	2017
	<u>(Unaudited)</u>	
At the beginning of the period	-	1,190
Currency translation differences	-	1
Contributions	15	100
<b>At the end of the period</b>	<b>15</b>	<b>1,291</b>



# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 14. Investments in entities accounted for using the equity method (Cont'd)

##### *Investments in associates*

On February 22, 2017 Tecpetrol S.A. acquired from GEA-GEO Energy Alternatives S.A. a 20% interest in Parque Eólico Pampa S.A. for USD 75 thousand. On October 18, 2017, Tecpetrol S.A. sold its interest in Parque Eólico Pampa S.A. for USD 1,014 thousand, USD 50 thousand of which were collected on the execution date of the agreement and the remaining amount, subject to certain clauses, will be collected until January 2, 2020.

##### *Investments in joint ventures*

On January 24, 2018, Tecpetrol S.A. and YPF S.A. created the company "Oleoducto Loma Campana - Lago Pellegrini S.A.", whose objective is the construction and exploitation of an oil pipe for the transportation of crude oil production of partners and third parties, with entrance located at the crude oil treatment plant in Loma Campana area (province of Neuquén) and exit in the facilities of Oleoducto del Valle S.A. (province of Río Negro). Tecpetrol S.A. owns 15% of the capital of such company, and YPF S.A., the remaining 85%. However, they exercise joint control over Oleoducto Loma Campana - Lago Pellegrini S.A., since they appoint the same number of Directors and all decisions about relevant matters must be adopted unanimously, pursuant to the Shareholders' Agreement.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**14. Investments in entities accounted for using the equity method (Cont'd)**

There follows a detail of investments in entities accounted for using the equity method:

***Investments in joint ventures***

Company	Main line of business	Common shares 1 vote	Country	interest %		March 31, 2018 (Unaudited)	December 31, 2017	Latest financial information			
				Mar-2018	Dec-2017			Date	Share capital	Profit (loss) for the period	Equity
Oleoducto Loma Campana - Lago Pellegrini S.A.	Construction and exploitation of an oil pipe in Argentina.	15,000	Argentina	15%	-	15	-	03.31.2018	100	-	100
<b>Total</b>						<b>15</b>	<b>-</b>				

**Tecpetrol Sociedad Anónima**  
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**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**15. Investments in equity instruments at fair value**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>(Unaudited)</b>	
Non-quoted investments	343,834	317,549

There follows the evolution of investments in equity instruments at fair value:

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
At the beginning of the period	317,549	219,043
Currency translation differences	25,558	(6,897)
Changes in fair value	727	223
<b>At the end of the period</b>	<b>343,834</b>	<b>212,369</b>

There follows a detail of the main investments in equity instruments at fair value:

<b>Company</b>	<b>Country</b>	<b>interest %</b>		<b>March 31, 2018 (Unaudited)</b>	<b>December 31, 2017</b>
		<b>Mar-2018</b>	<b>Dec-2017</b>		
Tecpetrol del Perú S.A.C.	Peru	2.00	2.00	196,009	181,417
Tecpetrol Bloque 56 S.A.C.	Peru	2.00	2.00	67,202	62,199
Oleoducto del Valle S.A.	Argentina	2.10	2.10	51,411	47,583
Terminales Marítimas Patagónicas S.A.	Argentina	4.20	4.20	15,138	14,011
Tecpetrol de México S.A. de C.V.	Mexico	1.77	1.77	7,539	6,580
Burgos Oil Services S.A. de C.V.	Mexico	0.94	0.94	2,847	2,434
Norpower S.A de C.V.	Mexico	0.60	0.60	2,414	2,146
Other investments				1,274	1,179
<b>Total</b>				<b>343,834</b>	<b>317,549</b>

The fair value of these investments is estimated on the basis of discounted cash flows, which includes a set of sensitive estimates and assumptions, such as changes in hydrocarbons production levels, sale price, curve of future prices of oil, inflation, exchange rates, collection of dividends, costs and other cash expenditures, on the basis of the best estimate the Company foresees regarding its operations and all available market information.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**16. Other receivables and prepayments**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Receivables	163,473	13,546
Expenses paid in advance	44,191	37,321
Employees loans and advances	35,603	34,378
	<b>243,267</b>	<b>85,245</b>
<b>Current</b>		
Receivables	638,793	301,515
Expenses paid in advance	27,796	38,790
Tax credits	2,508,409	1,229,827
Employees loans and advances	37,252	28,571
Other receivables from related parties (Note 30)	48,423	87,664
	<b>3,260,673</b>	<b>1,686,367</b>
Allowance for doubtful accounts	(25,914)	(20,806)
	<b>3,234,759</b>	<b>1,665,561</b>

There follows the evolution in the allowance for doubtful accounts:

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	(20,806)	(33,029)
Incorporation by merger	(4,338)	-
Exchange and translation differences	(116)	1,327
Net additions	(654)	(1,779)
Balance at the end of the period	<b>(25,914)</b>	<b>(33,481)</b>

**17. Trade receivables**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>(Unaudited)</b>	
Trade receivables	1,472,240	696,074
Trade receivables from related parties (Note 30)	117,769	7,767
	<b>1,590,009</b>	<b>703,841</b>
Allowance for doubtful accounts	(89,441)	(81,194)
	<b>1,500,568</b>	<b>622,647</b>

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**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**17. Trade receivables (Cont'd)**

The evolution of the allowance for doubtful accounts is disclosed below:

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
Balance at the beginning of the period	(81,194)	(152,500)
Exchange and translation differences	(6,568)	3,794
Net additions	(1,679)	(1,472)
Balance at the end of the period	<b>(89,441)</b>	<b>(150,178)</b>

**18. Inventories**

	March 31, 2018	December 31, 2017
	(Unaudited)	
Hydrocarbons	75,284	119,667
Materials and spare parts	138,942	136,294
	<b>214,226</b>	<b>255,961</b>

**19. Cash and cash equivalents**

	March 31, 2018	December 31, 2017
	(Unaudited)	
Cash and banks	55,966	14,270
Mutual funds	82,009	22,012
Short-term deposits with related parties (Note 30)	6,200,889	8,430,504
	<b>6,338,864</b>	<b>8,466,786</b>

**20. Financial instruments**

**20.1 Financial instruments by category**

Financial instruments by category are disclosed below:

	At fair value through profit or loss	Amortized cost	At fair value through other comprehensive income	Total
<b>At March 31, 2018</b>				
<b>Assets</b>				
Investments in equity instruments at fair value	-	-	343,834	343,834
Other receivables	-	820,242	-	820,242
Trade receivables	-	1,500,568	-	1,500,568
Cash and cash equivalents	82,009	6,256,855	-	6,338,864
<b>Total</b>	<b>82,009</b>	<b>8,577,665</b>	<b>343,834</b>	<b>9,003,508</b>
	Amortized cost	Total		
<b>At March 31, 2018</b>				
<b>Liabilities</b>				
Borrowings	21,729,739	21,729,739		
Trade and other payables	5,577,005	5,577,005		
<b>Total</b>	<b>27,306,744</b>	<b>27,306,744</b>		

**Tecpetrol Sociedad Anónima**  
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**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**20. Financial instruments (Cont'd)**

**20.1 Financial instruments by category (Cont'd)**

<b>At December 31, 2017</b>	<b>At fair value through profit or loss</b>	<b>Amortized cost</b>	<b>Available-for- sale</b>	<b>Total</b>
<b>Assets</b>				
Investments in equity instruments at fair value	-	-	317,549	317,549
Other receivables	-	385,783	-	385,783
Trade receivables	-	622,647	-	622,647
Cash and cash equivalents	22,012	8,444,774	-	8,466,786
<b>Total</b>	<b>22,012</b>	<b>9,453,204</b>	<b>317,549</b>	<b>9,792,765</b>

<b>At December 31, 2017</b>	<b>Amortized cost</b>	<b>Total</b>
<b>Liabilities</b>		
Borrowings	15,691,925	15,691,925
Trade and other payables	4,735,518	4,735,518
<b>Total</b>	<b>20,427,443</b>	<b>20,427,443</b>

**20.2 Fair value estimate**

As from December 31, 2017 up to the date of these Interim Condensed Consolidated Financial Statements, there were no significant changes in the commercial or economic circumstances affecting the fair value of the assets and liabilities of the Company. Moreover, there were no transfers among fair value hierarchies of financial instruments of Tecpetrol during the three-month period ended on March 31, 2018.

Financial instruments measured at fair value can be classified into any of the following hierarchical levels, depending on how the fair value is estimated:

Level 1 – Based on quoted prices in active markets for identical assets and liabilities. A market is considered active when the quoted prices are available and such prices represent transactions regularly conducted between independent parties.

Level 2 – Based on market inputs (other than quoted market prices included within Level 1) that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices). The fair value of financial instruments that are not traded in an active market is determined by means of standard valuation techniques which maximize the use of observable market inputs.

Level 3 – Based on information not observable in the market (for example, discounted cash flows).

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 20. Financial instruments (Cont'd)

##### 20.2 Fair value estimate (Cont'd)

The following table presents the assets measured at fair value by hierarchy level at March 31, 2018 and December 31, 2017:

<b>At March 31, 2018</b>	<b>Level 1</b>	<b>Level 3</b>
<b>Assets</b>		
Investments in equity instruments at fair value	-	343,834
Cash and cash equivalents	82,009	-
<b>Total</b>	<b>82,009</b>	<b>343,834</b>
<b>At December 31, 2017</b>	<b>Level 1</b>	<b>Level 3</b>
<b>Assets</b>		
Investments in equity instruments at fair value	-	317,549
Cash and cash equivalents	22,012	-
<b>Total</b>	<b>22,012</b>	<b>317,549</b>

#### 21. Share capital

At March 31, 2017, the Company's subscribed capital amounted to \$1,024,000 and was represented by 1,024,000,000 common shares carrying a nominal value of \$1 each. On June 26, 2017, the Shareholders at an Extraordinary Meeting approved a capital raise of \$2,776,000, increasing the capital share up to \$3,800,000.

At December 31, 2017, the Company's subscribed capital amounted to \$3,800,000 and was represented by 3,800,000,000 common shares carrying a nominal value of \$1 each.

As mentioned in Note 1, on April 26, 2018, the Shareholders at an Annual and Extraordinary Meeting approved the merger with APASA effective as from January 1, 2018; therefore, the share capital of Tecpetrol S.A. reached \$4,436,448 (represented by 4,436,448,068 common shares carrying a nominal value of \$1 each). At the date of issuance of these Interim Condensed Consolidated Financial Statements, the Company is complying with the requirements provided for under section 83 of Law No. 19.550 on Companies; the last requirement being the registration of the merger with the Companies Registration Office. Once the merger is registered, the Company will issue new shares.

#### 22. Dividends and earnings per share

The weighted average number of outstanding shares during the three-month period ended on March 31, 2018 was 4,436,448, whereas at March 31, 2017 it was 1,024,000.

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**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**22. Dividends and earnings per share (Cont'd)**

	Three-month period ended March 31,	
	2018	2017
	<b>(Unaudited)</b>	
Profit (loss) from continuing operations attributable to the shareholders of the Parent Company	350,639	(70,034)
Profit (loss) from discontinued operations attributable to the shareholders of the Parent Company	22	(74,698)
Profit (loss) attributable to the shareholders of the Parent Company	350,661	(144,732)
Weighted average of common shares (*)	4,436,448	1,024,000
Basic and diluted profit (loss) per share of continuing operations attributable to the shareholders of the Parent Company (\$ per share)	0.08	(0.07)
Basic and diluted profit (loss) per share of discontinued operations attributable to the shareholders of the Parent Company (\$ per share)	-	(0.07)
Basic and diluted profit (loss) per share attributable to the shareholders of the Parent Company (\$ per share)	0.08	(0.14)

(\*) It includes the effect of the merger at March 31, 2018. See Notes 1 and 21.

During the three-month periods ended on March 31, 2018 and March 31, 2017 there was no distribution of dividends.

**23. Borrowings**

	March 31, 2018	December 31, 2017
		<b>(Unaudited)</b>
<b>Non-current</b>		
Bank borrowings	5,501,889	1,403,013
Borrowings from related parties (Note 30)	5,949,096	4,883,046
Negotiable obligations	10,004,901	9,259,711
	<b>21,455,886</b>	<b>15,545,770</b>
<b>Current</b>		
Bank borrowings	41,672	45,242
Borrowings from related parties (Note 30)	102,459	93,464
Negotiable obligations	129,722	7,449
	<b>273,853</b>	<b>146,155</b>

The Company must comply with certain obligations such as maintaining financial ratios in accordance with the conditions set forth in borrowing agreements, which have been complied with at March 31, 2018 and December 31, 2017.



**Tecpetrol Sociedad Anónima**  
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**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**23. Borrowings (Cont'd)**

There follows the evolution of borrowings:

	<b>Three-month period ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
Balance at the beginning of the period	15,691,925	8,567,604
Incorporation by merger	498,007	-
Proceeds from borrowings	4,027,678	710,703
Payment of borrowings	(8,142)	(662,663)
Accrued interest	199,198	102,735
Paid interest	(25,559)	(36,213)
Reclassifications	(45,464)	-
Exchange and translation differences	1,392,096	(277,609)
<b>Balance at the end of the period</b>	<b>21,729,739</b>	<b>8,404,557</b>

The main bank borrowings and borrowings from related parties are detailed below:

<b>Lender</b>	<b>March 31, 2018</b>	<b>Interest rate</b>	<b>Contract's currency</b>	<b>Maturity date</b>
Tecpetrol Internacional S.L.U.	5,886,526	Libor 12M +1.13% / Libor 12M+1.16% / Libor 12M+1.21%	USD	08/09/20 - 08/28/20 - 12/04/20
Tecpetrol Libertador B.V.	165,029	between 2.19% and 5.92%	USD	04/30/18 - 12/31/19
J.P. Morgan Chase Bank, Citibank and others	3,996,193	Libor 3M +1.50%	USD	09/19/22
Banco Santander Río	1,012,621	between 3.5% and 4.25%	USD	07/03/20 - 11/07/22
Banco HSBC	304,235	3.50%	USD	07/20/20
Banco Provincia	230,403	3.50% / BADLAR + 2.0%	USD/ARS	11/23/20 - 11/15/20

<b>Lender</b>	<b>December 31, 2017</b>	<b>Interest rate</b>	<b>Contract's currency</b>	<b>Maturity date</b>
Tecpetrol Internacional S.L.U.	4,825,134	Libor 12M +1.13%	USD	08/09/20
Tecpetrol Libertador B.V.	151,376	between 2.19% and 5.92%	USD	04/30/18 - 12/31/19
Banco Santander Río	934,681	between 3.5% and 4.25%	USD	07/03/20 - 11/07/22
Banco HSBC	284,134	3.50%	USD	07/20/20
Banco Provincia	229,338	3.50% / BADLAR + 2.0%	USD/ARS	11/23/20 - 11/15/20

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 23. Borrowings (Cont'd)

##### *Issuance of Negotiable Obligations*

On May 15, 2017 the shareholders at an Annual General and Extraordinary Meeting decided to request the incorporation of Tecpetrol S.A. into the Public Offering Regime regulated by Law No. 26.831, as well as the issuance of a global program of simple Negotiable Obligations, not convertible into shares, for up to a nominal amount of USD 1,000 million or its equivalent sum in any other currency (hereinafter referred to as the "Program").

On October 30, 2017, by means of CNV Resolution RESFC-2017-18994-APN-DIR#CNV, the CNV authorized the admission of the Company into the Public Offering Regime and the creation of the abovementioned Program.

On December 12, 2017, the Company issued Class 1 Negotiable obligations for a nominal value of USD 500 million, with an issuance price of 100%, which bear interest at a fixed rate of 4.875% and whose maturity date is on December 12, 2022. Interest is payable semi-annually as from June 12, 2018. Capital shall be payable upon maturity; and the Company has the right to redeem the Negotiable obligations with no premium, in whole or in part, at any time as from December 12, 2020. Funds obtained from the issuance of such negotiable obligations will be mainly used to invest in fixed assets in Fortín de Piedra area in Vaca Muerta formation, located in the province of Neuquén. As of the date of issuance of these financial statements, the Company has fully complied with the use of the funds as detailed in the Pricing Supplement. The Parent Company, Tecpetrol Internacional S.L.U., unconditionally and irrevocably guarantees the negotiable obligations of the Company.

#### 24. Employee benefits programs

The liability recognized in the Interim Condensed Consolidated Statement of Financial Position and the amounts disclosed in the Interim Condensed Consolidated Income Statement are detailed below:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Pension programs and other plans (i)	311,649	288,270
Employee retention and long-term incentive program	190,489	160,714
	<b>502,138</b>	<b>448,984</b>
<b>Current</b>		
Employee retention and long-term incentive program	33,403	30,916
	<b>33,403</b>	<b>30,916</b>

(i) There are no enforceable debts at March 31, 2018 and December 31, 2017.

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
Pension programs and other plans	9,008	7,485
Employee retention and long-term incentive program	16,461	9,056
<b>Total included in Labor costs (Note 9)</b>	<b>25,469</b>	<b>16,541</b>

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**25. Provisions**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Asset retirement obligations	1,299,914	1,162,590
Provision for other contingencies	129,338	126,482
	<b>1,429,252</b>	<b>1,289,072</b>
<b>Current</b>		
Asset retirement obligations	87,700	54,211
Provision for other contingencies	51,537	9,759
	<b>139,237</b>	<b>63,970</b>

The evolution of provisions is disclosed below:

*Asset retirement obligations*

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	1,216,801	1,039,984
Incorporation by merger	50,117	-
Exchange and translation differences	102,334	(33,054)
Increases	20,022	18,003
Uses	(1,660)	-
Balance at the end of the period	<b>1,387,614</b>	<b>1,024,933</b>

*Other contingencies*

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	136,241	106,910
Incorporation by merger	41,903	-
Exchange and translation differences	9,523	(2,067)
(Recoveries) / Net increases	(6,792)	318
Balance at the end of the period	<b>180,875</b>	<b>105,161</b>

**26. Trade and other payables**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Tax payables	202	523
	<b>202</b>	<b>523</b>
<b>Current</b>		
Trade payables	4,559,219	3,878,299
Payables to related parties (Note 30)	1,012,396	851,916
Social security debts and other taxes	404,049	209,755
Other liabilities	5,390	5,303
	<b>5,981,054</b>	<b>4,945,273</b>

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**27. Deferred income tax**

There follows the evolution of deferred income tax:

	Three-month period ended March 31,	
	2018	2017
	<b>(Unaudited)</b>	
Balance at the beginning of the period - Net deferred asset	335,424	104,832
Charged directly to other comprehensive income	(434)	5
Profit (loss) for the period	(32,117)	41,728
Currency translation differences	26,214	(4,063)
<b>Balance at the end of the period - Net deferred asset</b>	<b>329,087</b>	<b>142,502</b>

**28. Assets and liabilities in currency other than Argentine peso <sup>(1)</sup>**

Item	Type (2)	03.31.2018 (Unaudited)		12.31.2017	
		Amount in currency other than Argentine peso (3)	Amount in Argentine pesos at 20.149 (4)	Amount in currency other than Argentine peso (3)	Amount in Argentine pesos at 18.649 (4)
<b>Assets</b>					
<b>Non-current assets</b>					
Other receivables and prepayments	USD	315	6,355	2,684	50,062
<b>Current assets</b>					
Other receivables and prepayments	USD	3,299	66,462	5,913	110,268
Trade receivables	USD	33,207	669,091	24,417	455,348
Cash and cash equivalents	USD	310,280	6,251,832	452,367	8,436,192
<b>Total assets</b>			<b>6,993,740</b>		<b>9,051,870</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	USD	1,062,136	21,400,978	830,172	15,481,889
Provisions	USD	64,515	1,299,914	62,341	1,162,590
<b>Current liabilities</b>					
Borrowings	USD	11,906	239,901	5,991	111,725
Provisions	USD	4,353	87,700	2,907	54,211
Trade and other payables	USD	232,829	4,691,273	245,778	4,583,510
<b>Total liabilities</b>			<b>27,719,766</b>		<b>21,393,925</b>

(1) This information is presented for the purposes of complying with the provisions of the CNV. Foreign currency is the currency which is different from the Company's presentation currency.

(2) USD = US dollar

(3) Amounts stated in thousands.

(4) USD quotation: Banco de la Nación Argentina exchange rate in force at March 31, 2018 and December 31, 2017, respectively.

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 29. Contingencies, commitments and restrictions on the distribution of profits

##### (i) Contingencies

Tecpetrol has contingent liabilities in respect of claims arising from the ordinary course of business. Moreover, there are certain interpretations of controlling authorities as to the calculation and payment of certain taxes that differ from the criterion applied by the Company.

Based on the Management's assessment and the opinion of the legal counsels, the Company does not anticipate incurring in any material expenses derived from contingent liabilities other than those provided for in these Financial Statements.

##### *Tecpetrol S.A. – Income tax assessment*

In September 2017, the National Supreme Court of Justice entered judgment in favor of Tecpetrol S.A. with all costs to be borne by the Federal Administration of Public Revenue (Administración Federal de Ingresos Públicos, AFIP); regarding a presumably incorrect use of profits (losses) accrued on certain crude oil derivatives for the fiscal years 2000 and 2001. This official income tax assessment carried out by AFIP amounted to \$9.6 million (plus interest and fines). AFIP filed an appeal against the judgment (favorable to the Company) issued by the National Appellate Court on Administrative and Tax Matters with the Argentine Supreme Court of Justice.

##### (ii) Main investment commitment and guarantees

At March 31, 2018 the Company has assumed the following guarantees for investment commitments:

(Amounts disclosed in millions of USD, according to the interest in each area):

Company	Area	Commitment	Maturity
Tecpetrol S.A.	Río Colorado	0.57	End of the first exploration period
Tecpetrol S.A.	Loma Ancha	25.72	December 2019

Moreover, there follows a detail of all commitments assumed by Tecpetrol S.A. through surety bonds:

- Guarantee of compliance with labor obligations of Tecpetrol Colombia S.A.S. in CPO6, CPO7 and CPO13 areas in Colombia for USD 0.21 million with maturity dates between October, 2019 and July, 2020 (phase II); in CP07 area in Colombia for USD 0.13 million (commercial phase) falling due in April 2021; and in CP013 area in Colombia for USD 0.08 million (exploration and production phase) falling due between December 2022 and July 2023.

- Guarantee for the obligations in connection with environmental remediation liabilities in the area of Río Colorado for USD 0.7 million maturing at the end of the first exploration period.

- Guarantee for judicial counter-bond insurance policies in favor of National Trial Court on Commercial Matters No. 3 in relation to injunctive reliefs for USD 1.60 million.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**29. Contingencies, commitments and restrictions on the distribution of profits (Cont'd)**

(ii) Main investment commitments and guarantees (Cont'd)

- Guarantee, in favor of the Energy and Mining Ministry, of all obligations set forth under Section V, Subsection 3 of Exhibit to Resolution 46-E/2017 and amendments, for USD 13 million for the period covering from January to December 2018.

- Guarantee for offices lease and other commitments in favor of the Federal Trial Court for Río Negro, the Secretary of State of Energy of Rio Negro, Customs Administration, Energy and Mining Ministry and the Trial Court on Labor Matters for Neuquén, for USD 0.25 and USD 0.30 million, respectively.

Furthermore, the Company has the following investment commitments in the areas where it operates:

Basin	Area	Pending investment commitments
Noroeste - San Jorge	Tordillo and La Tapera-Puesto Quiroga	<ul style="list-style-type: none"> <li>· Implementation of 28 months of activity of drilling equipment until December 2021</li> <li>· Drilling of 2 wells P2/P3 until December 2021</li> <li>· Keeping 3 items of work-over equipment and 3 items of pulling (or work-over) equipment active until March 2019</li> </ul>
	Aguaragüe	<ul style="list-style-type: none"> <li>· Drilling of 1 development well for an amount of USD 26 million and 1 exploration well for USD 4 million to be performed before July 2018</li> </ul>
	Lago Argentino	<ul style="list-style-type: none"> <li>· Three works with drilling rig before April 2019.</li> </ul>
Neuquina	Agua Salada	<ul style="list-style-type: none"> <li>· Development and exploratory investments for USD 53.4 million to be made before 2025 consisting of the drilling of 3 exploratory wells, 7 extension wells, 5 work-overs, asset retirement obligations and facilities.</li> </ul>
	Los Bastos	<ul style="list-style-type: none"> <li>· Exploratory investments for USD 9.6 million to be made until 2026 outside the exploitation area</li> </ul>
	Fortin de Piedra	<ul style="list-style-type: none"> <li>· Investments for USD 1,200 million to be made up to 2021 under Resolution 46/2017.</li> </ul>
	Loma Ancha	<ul style="list-style-type: none"> <li>· Unconventional termination of 1 exploratory well with horizontal branch of 1,500 meters to be performed before December 2018.</li> </ul>
	Loma Ranqueles	<ul style="list-style-type: none"> <li>· Drilling and testing of 1 exploratory well with horizontal branch of 1,500 meters to be drilled before May 2020.</li> </ul>
	Los Toldos I Norte	<ul style="list-style-type: none"> <li>· Termination of 1 exploratory well to be drilled before May 2019.</li> </ul>

(iii) Restrictions on the distribution of profits

In accordance with Companies Law No. 19.550, the Company's by-laws and General Resolution No. 622/13 issued by the CNV, 5% of the net profits for the year must be allocated to a legal reserve until such reserve equals 20% of the adjusted capital.

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 29. Contingencies, commitments and restrictions on the distribution of profits (Cont'd)

(iii) Restrictions on the distribution of profits (Cont'd)

CNV General Resolution No. 609/12 sets forth that the difference between the initial balance of retained earnings disclosed in the financial statements of the first year-end under IFRS implementation and the final balance of retained earnings at the end of the last fiscal year under the previous accounting standards then in force shall be allocated to a Special Reserve. Such reserve shall not be used for distribution (whether in cash or in kind) among shareholders or owners of the entity and shall only be used for capitalization purposes or to compensate potential negative balances under "Retained earnings." On April 26, 2018, the Shareholders at an Annual General Meeting approved the setting up of this reserve and the restrictions upon its use.

#### 30. Related-party balances and transactions

Tecpetrol S.A. is controlled by Tecpetrol Internacional S.L.U., which holds 95.99% of the Company's shares.

San Faustin S.A. ("San Faustin"), a *Société Anonyme* based in Luxembourg, controls the Company through its subsidiaries.

Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a Dutch private foundation (Stichting) ("R&P STAK") holds enough voting shares in San Faustin to control it. No person neither any group of persons control R&P STAK.

*Main transactions with related parties (including discontinued operations):*

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
<b>Net sales</b>		
Other related companies	303,755	-
<b>Purchases of goods and services</b>		
Other related companies	(590,080)	(60,242)
<b>Reimbursement of expenses</b>		
Other related companies	15,515	9,697
<b>Interest income</b>		
Other related companies	23,796	277
<b>Interest cost</b>		
Tecpetrol International S.A.	-	(15,122)
Tecpetrol Internacional S.L.U.	(41,563)	(14,447)
Other related companies	(1,444)	(62,087)
	<u>(43,007)</u>	<u>(91,656)</u>

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Consolidated Financial Statements at March 31, 2018**

**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**30. Related-party balances and transactions (Cont'd)**

*Balances with related parties*

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>(Unaudited)</b>	
<b>Other receivables from related parties (Note 16) (i):</b>		
Current - Tecpetrol Internacional S.L.U.	380	431
Current - Other related companies	48,043	87,233
	<u>48,423</u>	<u>87,664</u>
<b>Trade receivables from related parties (Note 17):</b>		
Current - Other related companies	117,769	7,767
<b>Short-term deposits with related parties (Note 19):</b>		
Current - Other related companies	6,200,889	8,430,504
<b>Borrowings from related parties (Note 23):</b>		
Non-current - Tecpetrol Internacional S.L.U.	5,886,526	4,825,134
Non-current - Other related companies	62,570	57,912
	<u>5,949,096</u>	<u>4,883,046</u>
Current - Other related companies	102,459	93,464
	<u>102,459</u>	<u>93,464</u>
<b>Trade and other payables with related parties (Note 26) (ii):</b>		
Current - Tecpetrol International S.A.	293	263
Current - Other related companies	1,012,103	851,653
	<u>1,012,396</u>	<u>851,916</u>

- (i) It mainly includes balances from reimbursement of expenses.  
(ii) It mainly includes balances from purchases of materials and services.



**Tecpetrol Sociedad Anónima**  
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**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**31. Main joint operations**

Joint operations

a) Areas operated by Tecpetrol

Name	Location	% at March 31, 2018	% at December 31, 2017	Expiration date of the concession
Aguaragüe	Salta	23.0	23.0	Nov-27
Agua Salada	Río Negro	70.0	70.0	Sep-25
El Tordillo	Chubut	52.1	52.1	Nov-27
La Tapera-Puesto Quiroga	Chubut	52.1	52.1	Aug-27
Lago Argentino (i)	Santa Cruz	74.6	74.6	Nov-33
Loma Ancha (ii)	Neuquén	95.0	95.0	Dec-18
Loma Ranqueles(iii)	Neuquén	65.0	-	May-20
Los Toldos I Norte (iii) (iv)	Neuquén	90.0	-	May-18
Los Toldos II Este (iii) (iv)	Neuquén	90.0	-	May-18
Los Toldos III and IV (iii) (iv)	Neuquén	90.0	-	May-18
Medanito Sur (iii)	La Pampa	60.0	-	Sep-35

(i) Tecpetrol S.A. assumes 100% of the costs and investments pursuant to an agreement among private parties and Alianza Petrolera S.A. and a joint venture agreement between Fomento Minero de Santa Cruz S.E. and Alianza Petrolera S.A.

(ii) Tecpetrol S.A. assumes 100% of the costs and investments during the basic exploration period under an agreement with its partner Gas y Petróleo del Neuquén S.A.

(iii) Areas incorporated as a result of the merger with APASA. See Note 1.

(iv) As of the date of issuance of these Interim Condensed Consolidated Financial Statements the Company is negotiating with the government of Neuquén a one-year-extension of the exploratory period.

Additionally, on August 16, 2017, the Company entered into an agreement for the sale of its interest in joint venture Río Atuel to Petrolera El Trébol S.A. for USD 1.75 million. Tecpetrol S.A. was the operator and representative of the joint venture until September 26, 2017 (date on which the transaction became effective) and Petrolera El Trébol S.A. was appointed as the new joint venture's operator effective as from the execution date.

b) Areas operated by third parties

Name	Location	% at March 31, 2018	% at December 31, 2017	Expiration date of the concession
Ramos	Salta	25	25	Jan-26
Los Toldos I Sur (*)	Neuquén	10.0	-	May-52

(\*) Areas incorporated as a result of the merger with APASA. See note 1.

# Tecpetrol Sociedad Anónima

## Interim Condensed Consolidated Financial Statements at March 31, 2018

### Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)

#### 32. Discontinued operations

On April 6, 2017, the Company sold its interest in GEA-GEO Energy Alternatives S.A. to Techint Inversiones S.A.I.F. for USD 145 thousand.

Abroad, the Company owned a 20% interest in the Ipati and Aquío Blocks through its subsidiary Tecpetrol de Bolivia S.A., in which it had a non-operator role. On May 23, 2017, the Company sold its interest in Tecpetrol de Bolivia S.A. to its parent company Tecpetrol Internacional S.L.U. for USD 189 thousand.

On December 28, 2017, Dapetrol S.A. transferred control over its main asset, namely, oil mine "José Segundo" for USD 491 thousand. As a consequence, on February 27, 2018, the Shareholders of said company at an Extraordinary Meeting approved the early dissolution of the entity pursuant to Section 94, subsection 1 of Law No. 19.550 on Companies.

There follows a detail of profits (losses) classified as *Discontinued operations* in the Interim Condensed Consolidated Income Statement at March 31, 2018 and March 31, 2017 as well as net cash flows:

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
Profit (loss) from discontinued operations of Dapetrol S.A.	23	(8,414)
Loss from discontinued operations of Tecpetrol de Bolivia S.A.	-	(67,721)
Loss from discontinued operations of GEA-GEO Energy Alternatives S.A.	-	(129)
<b>Profit (loss) from discontinued operations</b>	<b>23</b>	<b>(76,264)</b>

#### *Dapetrol S.A.*

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
Net sales	142	11,948
Operating costs	(45)	(17,096)
<b>Gross margin</b>	<b>97</b>	<b>(5,148)</b>
Other operating loss	(528)	(1,384)
Net financial profit (loss)	454	(1,882)
<b>Profit (loss) from discontinued operations</b>	<b>23</b>	<b>(8,414)</b>

#### *Net cash flows*

	<b>Three-month period ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	
Cash used in operating activities	(11,154)	(15,284)

**Tecpetrol Sociedad Anónima**  
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**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**32. Discontinued operations (Cont'd)**

*GEA-GEO Energy Alternatives S.A.*

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
Other net losses	-	(129)
<b>Loss for the period from Discontinued operations</b>	<b>-</b>	<b>(129)</b>

*Net cash flows*

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
Cash used in operating activities	-	(33)
Cash generated by investment activities	-	1,156

*Tecpetrol de Bolivia S.A.*

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
Net sales	-	98,927
Operating costs	-	(95,860)
<b>Gross margin</b>	<b>-</b>	<b>3,067</b>
Other operating loss	-	(6,493)
Net financial loss	-	(64,295)
<b>Loss from discontinued operations</b>	<b>-</b>	<b>(67,721)</b>

*Net cash flows*

	Three-month period ended March 31,	
	2018	2017
	(Unaudited)	
Cash generated by operating activities	-	72
Cash used in investing activities	-	(38,542)
Cash generated by financing activities	-	36,672

**Tecpetrol Sociedad Anónima**  
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**Notes to Interim Condensed Consolidated Financial Statements at March 31, 2018 (Cont'd)**

**33. Subsequent events**

No events, situations or circumstances have taken place as from March 31, 2018 other than the ones mentioned in the notes to these Interim Condensed Consolidated Financial Statements, which are not publicly known, and affect or might significantly affect the economic and financial position of the Company.