

YPF SOCIEDAD ANONIMA
Form 6-K
March 06, 2015
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of March, 2015

Commission File Number: 001-12102

YPF Sociedad Anónima

(Exact name of registrant as specified in its charter)

Macacha Güemes 515

C1106BKK Buenos Aires, Argentina

(Address of principal executive office)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

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YPF Sociedad Anonima

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ITEM

1 Translation of Consolidated Financial Statements as of December 31, 2014 and Comparative Information, including the Independent Auditor's Report issued in connection with the audit of such financial statements.

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SOCIEDAD ANONIMA

Consolidated Financial Statements

as of December 31, 2014

and Comparative Information

Independent Auditors' Report

Statutory Audit Committee's Report

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Independent Auditors Report

To the President and Board of Directors of

YPF SOCIEDAD ANONIMA

Macacha Güemes 515

Buenos Aires City

Report on financial statements

1. Identification of the financial statements subject to audit

We have audited the accompanying consolidated financial statements of YPF SOCIEDAD ANONIMA (an Argentine corporation, hereinafter mentioned "YPF SOCIEDAD ANONIMA" or the "Company") and its controlled companies (which are detailed in the Exhibit I of such consolidated financial statements) which comprise the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information included in their notes 1 to 15 and Exhibits I, II and III.

The figures and other information corresponding to the years ended on December 31, 2013 and 2012 are an integral part of these consolidated financial statements above mentioned and are intended to be read only in relation to the amounts and other disclosures relating to the current year.

2. Company's Board of Directors responsibility for the consolidated financial statements

The Company's Board of Directors is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with International Financial Reporting Standards adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional financial standard as they were approved by the International Accounting Standards Board (IASB) and incorporated by the Argentine Securities Commission to its regulations. Moreover, the Board of Directors is responsible of an internal control system as it determines necessary to enable the preparation of consolidated financial statements that are free from material misstatements.

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3. Auditor s responsibility

Our responsibility is to express an opinion about the accompanying consolidated financial statements, based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA) adopted by Technical Resolution No. 32 issued by the FACPCE. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures, substantially on a test basis, to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor s professional judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the Company s preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company s Board of Directors and Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion, the consolidated financial statements referred to in the first paragraph of section 1 of this report, presents fairly, in all material respects, the financial position of YPF SOCIEDAD ANONIMA and its controlled companies as of December 31, 2014, and the comprehensive results of their operations, changes in its shareholders equity and their cash flow for the year then ended, in accordance with the International Financial Reporting Standards.

5. English translation of statutory financial statements

This report and the consolidated financial statements referred to in section 1, have been translated into English for the convenience of English-speaking readers. The accompanying consolidated financial statements are the English translation of those originally issued by YPF SOCIEDAD ANÓNIMA in Spanish and presented in accordance with International Financial Reporting Standards.

Buenos Aires City, Argentina

February 26, 2015

Deloitte & Co. S.A.

Guillermo D. Cohen

Partner

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www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

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English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission (CNV).

In case of discrepancy, the financial statements filed with the CNV prevail over this translation.

YPF SOCIEDAD ANONIMA

Macacha Güemes 515 Ciudad Autónoma de Buenos Aires, Argentina

FISCAL YEAR NUMBER 38

BEGINNING ON JANUARY 1, 2014

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014 AND COMPARATIVE INFORMATION

Principal business of the Company: exploration, development and production of oil, natural gas and other minerals and refining, transportation, marketing and distribution of oil and petroleum products and petroleum derivatives, including petrochemicals, chemicals and non-fossil fuels, biofuels and their components; production of electric power from hydrocarbons; rendering telecommunications services, as well as the production, industrialization, processing, marketing, preparation services, transportation and storage of grains and its derivatives.

Date of registration with the Public Commerce Register: June 2, 1977.

Duration of the Company: through June 15, 2093.

Last amendment to the bylaws: April 14, 2010.

Optional Statutory Regime related to Compulsory Tender Offer provided by Decree No. 677/2001 art. 24: not incorporated (modified by Law No. 26,831).

Capital structure as of December 31, 2014

(expressed in Argentine pesos)

Subscribed, paid-in and authorized for stock exchange listing	3,933,127,930 ⁽¹⁾
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(1) Represented by 393,312,793 shares of common stock, Argentine pesos 10 per value and 1 vote per share.

MIGUEL MATÍAS GALUCCIO
President

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English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission (CNV).

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES**CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2014 AND COMPARATIVE INFORMATION**

(amounts expressed in millions of Argentine pesos Note 1.b.1)

	Note	2014	2013	2012
Noncurrent Assets				
Intangible assets	2.f	4,393	2,446	1,492
Fixed assets	2.g	156,930	93,496	56,971
Investments in companies	2.e	3,177	2,124	1,914
Deferred income tax assets	10	244	34	48
Other receivables and advances	2.c	1,691	2,927	1,161
Trade receivables	2.b	19	54	15
Total noncurrent assets		166,454	101,081	61,601
Current Assets				
Inventories	2.d	13,001	9,881	6,922
Other receivables and advances	2.c	7,170	6,506	2,635
Trade receivables	2.b	12,171	7,414	4,044
Cash and equivalents	2.a	9,758	10,713	4,747
Total current assets		42,100	34,514	18,348
Total assets		208,554	135,595	79,949
Shareholders equity				
Shareholders contributions		10,400	10,600	10,674
Reserves, other comprehensive income and retained earnings		62,230	37,416	20,586
Shareholders equity attributable to the shareholders of the parent company		72,630	48,016	31,260
Non-controlling interest		151	224	
Total shareholders equity (per corresponding statements)		72,781	48,240	31,260

Noncurrent Liabilities

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Provisions	2.j	26,564	19,172	10,663
Deferred income tax liabilities	10	18,948	11,459	4,685
Other taxes payable		299	362	101
Salaries and social security			8	48
Loans	2.i	36,030	23,076	12,100
Accounts payable	2.h	566	470	162
Total noncurrent liabilities		82,407	54,547	27,759
Current Liabilities				
Provisions	2.j	2,399	1,396	820
Income tax liability		3,972	122	541
Other taxes payable		1,411	1,045	920
Salaries and social security		1,903	1,119	789
Loans	2.i	13,275	8,814	5,004
Accounts payable	2.h	30,406	20,312	12,856
Total current liabilities		53,366	32,808	20,930
Total liabilities		135,773	87,355	48,689
Total liabilities and shareholders equity		208,554	135,595	79,949

Notes 1 to 15 and the accompanying exhibits I, II and III are an integral part of these statements.

MIGUEL MATÍAS GALUCCIO
President

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English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission (CNV).

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED DECEMBER 31, 2014 AND COMPARATIVE INFORMATION**

(amounts expressed in millions of Argentine pesos, except for per share amounts in Argentine pesos Note 1.b.1)

	Note	2014	2013	2012
Revenues	2.k	141,942	90,113	67,174
Cost of sales	2.k	(104,492)	(68,094)	(50,267)
Gross profit		37,450	22,019	16,907
Selling expenses	2.k	(10,114)	(7,571)	(5,662)
Administrative expenses	2.k	(4,530)	(2,686)	(2,232)
Exploration expenses	2.k	(2,034)	(829)	(582)
Other (expense) income, net	2.k	(1,030)	227	(528)
Operating income		19,742	11,160	7,903
Income on investments in companies	5	558	353	114
Financial income (expense), net:				
Gains (losses) on assets				
Interests		1,326	924	198
Exchange differences		(2,490)	(2,175)	(337)
(Losses) gains on liabilities				
Interests		(7,336)	(3,833)	(1,557)
Exchange differences		10,272	7,919	2,244
Net income before income tax		22,072	14,348	8,565
Current Income tax	10	(7,323)	(2,844)	(2,720)
Deferred income tax	10	(5,900)	(6,425)	(1,943)
Net income for the year		8,849	5,079	3,902
Net income for the year attributable to:				
Shareholders of the parent company		9,002	5,125	3,902
Non-controlling interest		(153)	(46)	
Earnings per share attributable to shareholders of the parent company basic and diluted	9	22.95	13.05	9.92

Other comprehensive income			
Actuarial gains (losses) Pension Plan ⁽²⁾	25	6	18
Translation differences from investments in companies ⁽³⁾	(677)	(416)	(198)
Translation differences from YPF S.A. ⁽⁴⁾	16,928	12,441	4,421
Total other comprehensive income for the year⁽¹⁾	16,276	12,031	4,241
Total comprehensive income for the year	25,125	17,110	8,143

(1) Entirely assigned to the parent company's shareholders.

(2) Immediately reclassified to retained earnings.

(3) Will be reversed to net income at the moment of the sale of the investment or full or partial reimbursement of the capital.

(4) Will not be reversed to net income.

Notes 1 to 15 and the accompanying exhibits I, II and III are an integral part of these statements.

MIGUEL MATÍAS GALUCCIO
President

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English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission (CNV).

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY****FOR THE YEAR ENDED DECEMBER 31, 2014 AND COMPARATIVE INFORMATION**

(amounts expressed in millions of Argentine pesos, except for the amounts per share expressed in pesos Note 1.b.1)

Attributable to Shareholders	Adjustment attributable to Treasury shares	Adjustment on treasury shares	Shareholders contributions			Share - cost of Share Issuance	Share Premium	Total	Reserves			Parent Company Retained Earnings		
			Acquisition	Benefit Plans	Treasury Shares				Future Dividends	Investments	Purchase of treasury shares		Initial IFRS adjustment	Other Comprehensive Income
3	6,101				640	10,674	2,007	1,057			1,864	7,818	23,4	
									(1,057)			1,057		
										5,751		(5,751)		
													303	
													(303)	

											(303)	(3)	
											4,241	4,2	
											(18)	18	
											3,902	3,9	
3	6,101						640	10,674	2,007	5,751	6,087	6,741	31,2
2)	(19)	12	19	(120)			(120)					(1	
		81 ⁽²⁾									81		
3	5	(3)	(5)	(41)	10	(4)	(35)					(
											2,643	(2,643)	
											330	(330)	

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English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission (CNV).

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014 AND COMPARATIVE INFORMATION

(amounts expressed in millions of Argentine pesos, except for the amounts per share expressed in pesos Note 1.b.1)

Adjustment to Treasury shares	Shareholders contributions							Total	Reserves					Retained earnings	Parent company share	
	Contributions	Acquisition	Share - cost	Share	Share	Share	Share		Future	Investments	of	Initial	Other			Comprehensive
Contributions	Share	Share	Share	Share	Share	Share	Share	Legal	Investments	of	Initial	Other	Comprehensive	Retained	Parent	
Contributions	Share	Share	Share	Share	Share	Share	Share	Legal	Investments	of	Initial	Other	Comprehensive	Retained	Parent	
4	6,087	9	14	40	(110)	(4)	640	10,600	2,007	4	8,394	120	3,648	18,112	5,131	48,0
5)	(10)	6	10		(200)			(200)								(2
4	6	(4)	(6)	(69)		(11)		(80)								(
				80				80								

														4,460		(4,460)
														200		(200)
														465		(465)
														(464)		(4)
															16,276	16,2
														(25)	25	
															9,002	9,0
2	6,083	11	18	51	(310)	(15)	640	10,400	2,007	5	12,854	320	3,648	34,363 ⁽¹⁾	9,033	72,6

- (1)Includes 35,764 corresponding to the effect of the translation of the financial statements of YPF S.A. and (1,401) corresponding to the effect of the translation of the financial statements of investments in companies with functional currency different to dollar, as detailed in Note 1.b.1.
- (2)Includes 38 corresponding to long-term benefit plans as of December 31, 2012, which were converted to share-based benefit plans (see Note 1.b.10) and 43 corresponding to the accrual of share-based benefit plans for the year ended December 31, 2013.
- (3)Net of employees income tax withholding related to the share-based benefit plans.
- Notes 1 to 15 and the accompanying exhibits I, II and III are an integral part of these statements.

MIGUEL MATÍAS GALUCCIO
President

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YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES**CONSOLIDATED STATEMENTS OF CASH FLOW****FOR THE YEAR ENDED DECEMBER 31, 2014 AND COMPARATIVE INFORMATION**

(amounts expressed in millions of Argentine pesos Note 1.b.1)

	2014	2013	2012
Cash flows from operating activities			
Net income	8,849	5,079	3,902
Adjustments to reconcile net income to cash flows provided by operating activities:			
Income on investments in companies	(558)	(353)	(114)
Depreciation of fixed assets	19,936	11,236	8,129
Amortization of intangible assets	469	197	152
Consumption of materials and retirement of fixed assets and intangible assets, net of provisions	4,041	2,336	1,170
Income tax	13,223	9,269	4,663
Net increase in provisions	5,561	3,272	2,207
Exchange differences, interest and other ⁽¹⁾	(2,116)	(3,551)	(1,660)
Share-based benefit plan	80	81	
Accrued insurance	(2,041)	(1,956)	
Changes in assets and liabilities:			
Trade receivables	(3,824)	(2,627)	(517)
Other receivables and advances	248	(1,332)	22
Inventories	(244)	(732)	(81)
Accounts payable	5,067	3,243	1,857
Other taxes payables	218	272	374
Salaries and social security	727	253	262
Decrease in provisions from payment	(1,974)	(713)	(1,406)
Dividends from investments in companies	299	280	388
Proceeds from collection of lost profit insurance	1,689		
Income tax payments	(3,496)	(3,290)	(2,047)
Net cash flows provided by operating activities	46,154	20,964	17,301
Cash flows used in investing activities⁽²⁾			
Acquisition of fixed assets and intangible assets	(50,213)	(27,639)	(16,403)
Capital contributions to investments in companies	(106)	(20)	

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Proceeds from sale of fixed and intangible assets (Notes 11.c and 13, respectively)	2,060	5,351	
Acquisition of participation in joint operations	(861)		
Acquisition of subsidiaries net of acquired cash and equivalents	(6,103)	107	
Proceeds from collection of damaged property's insurance	1,818		
Net cash flows used in investing activities	(53,405)	(22,201)	(16,403)
Cash flows used in financing activities			
Payments of loans	(13,320)	(6,804)	(28,253)
Payments of interest	(5,059)	(2,696)	(920)
Proceeds from loans	23,949	16,829	32,130
Dividends paid	(464)	(326)	(303)
Purchase of treasury shares	(200)	(120)	
Non-controlling capital contributions	80	96	
Net cash flows provided by financing activities	4,986	6,979	2,654
Translation differences generated by cash and equivalents	1,310	224	83
Net (decrease) increase in cash and equivalents	(955)	5,966	3,635
Cash and equivalents at the beginning of year	10,713	4,747	1,112
Cash and equivalents at the end of year	9,758	10,713	4,747
Net (decrease) increase in cash and equivalents	(955)	5,966	3,635
COMPONENTS OF CASH AND EQUIVALENTS AT THE END OF YEAR			
- Cash	6,731	4,533	950
- Other financial assets	3,027	6,180	3,797
TOTAL CASH AND EQUIVALENTS AT THE END OF YEAR	9,758	10,713	4,747

- (1) Does not include translation differences generated by cash and equivalents, which is exposed separately in the statement.
- (2) The main investing activities that have not affected cash and equivalents correspond to unpaid acquisitions of fixed assets and concession extension easements not paid for 7,567, 5,604 and 3,325 as of December 31, 2014, 2013 and 2012, respectively, increases related to hydrocarbon wells abandonment obligation costs for (268), 4,357 and (276) as of December 31, 2014, 2013 and 2012, respectively, capital contributions in kind for 342 and 133 as of December 31, 2014 and 2013, respectively, and transfer of interest in areas as of December 31, 2014 for 325.

Notes 1 to 15 and the accompanying exhibits I, II and III are an integral part of these statements.

MIGUEL MATÍAS GALUCCIO
President

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English translation of the financial statements originally filed in Spanish with the Argentine Securities Commission (CNV).

In case of discrepancy, the financial statements filed with the CNV prevail over this translation.

YPF SOCIEDAD ANONIMA AND CONTROLLED COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014 AND COMPARATIVE INFORMATION

(amounts expressed in millions of Argentine pesos, except where otherwise indicated Note 1.b.1)

1. CONSOLIDATED FINANCIAL STATEMENTS

1.a) Presentation Basis

Application of International Financial Reporting Standards

The consolidated financial statements of YPF S.A. (hereinafter YPF) and its controlled companies (hereinafter and all together, the Group or the Company) for the year ended December 31, 2014 are presented in accordance with International Financial Reporting Standard (IFRS). The adoption of these standards as issued by the International Accounting Standards Board (IASB) was determined by the Technical Resolution No. 26 (ordered text) issued by Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and the Regulations of the Argentine Securities Commission (CNV).

The amounts and other information corresponding to the years ended on December 31, 2013 and 2012 are an integral part of the consolidated financial statements mentioned above and are intended to be read only in relation to these statements.

If applicable, the comparative balances have been adjusted to unify disclosure criteria.

Criteria adopted by YPF in the transition to IFRS

At the date of the transition to IFRS (January 1, 2011, hereinafter the transition date), the Company has followed the following criteria in the context of the alternatives and exemptions provided by IFRS 1 First-Time Adoption of International Financial Reporting Standards :

- I. Fixed assets and intangible assets have been measured at the transition date at the functional currency defined by the Company according to the following basis:

- a) Assets as of the transition date which were acquired or incorporated before March 1, 2003, date on which General Resolution No. 441 of the CNV established the discontinuation of the remeasurement of financial statements in constant pesos: the value of these assets measured according to the accounting standards outstanding in Argentina before the adoption of IFRS (hereinafter the Previous Argentine GAAP) have been adopted as deemed cost as of March 1, 2003 and remeasured into U.S. dollars using the exchange rate in effect on that date;
- b) Assets as of the transition date which were acquired or incorporated subsequently to March 1, 2003: have been valued at acquisition cost and remeasured into U.S. dollars using the exchange rate in effect as of the date of incorporation or acquisition of each asset.

II. The cumulative translation differences generated by investments in foreign companies as of the transition date were reclassified to retained earnings. Under previous Argentine GAAP, these differences were recorded under shareholders' equity as deferred earnings.

The effect arising from the initial application of IFRS, considering the mentioned criteria has been recorded in the Initial IFRS adjustment reserve account within Shareholders' equity. See additionally Note 1.b.17).

Use of estimations

The preparation of the consolidated financial statements in accordance with IFRS, which is YPF's Board of Directors responsibility, require certain accounting estimates to be made and the Board of Directors and Management to make judgments when applying accounting standards. Areas of greater complexity or that require further judgment, or those where assumptions and estimates are significant, are detailed in Note 1.c) Accounting Estimates and Judgments .

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Consolidation policies

a) General criteria

For purpose of presenting the consolidated financial statements, the full consolidation method was used with respect to those subsidiaries in which the Company holds, either directly or indirectly, control, understood as the ability to establish/manage the financial and operating policies of a company to obtain benefits from its activities. This capacity is, in general but not exclusively, obtained by the ownership, directly or indirectly of more than 50% of the voting shares of a company.

Interest in joint operations and other agreements which gives the Company a percentage contractually established over the rights of the assets and obligations that emerge from the contract (joint operations), have been consolidated line by line on the basis of the mentioned participation over the assets, liabilities, income and expenses related to each contract. Assets, liabilities, income and expenses of joint operations are presented in the consolidated balance sheet and in the consolidated statement of comprehensive income, in accordance with their respective nature.

Paragraph a) of Exhibit I details the controlled companies which were consolidated using the full consolidation method and Exhibit II details the main joint operations which were proportionally consolidated.

In the consolidation process, balances, transactions and profits between consolidated companies and joint operations have been eliminated.

The Company's consolidated financial statements are based on the most recent available financial statements of the companies in which YPF holds control, taking into consideration, where necessary, significant subsequent events and transactions, information available to the Company's management and transactions between YPF and such controlled companies, which could have produced changes to their shareholders' equity. The date of the financial statements of such controlled companies used in the consolidation process may differ from the date of YPF's financial statements due to administrative reasons. The accounting principles and procedures used by controlled companies have been homogenized, where appropriate, with those used by YPF in order to present the consolidated financial statements based on uniform accounting and presentation policies. The financial statements of controlled companies whose functional currency is different from the presentation currency are translated using the procedure set out in Note 1.b.1.

YPF, directly and indirectly, holds approximately 100% of capital of the consolidated companies. With the exception of the indirect holdings in MetroGAS S.A. (MetroGAS) and YPF Tecnología S.A. (YPF Tecnología). In accordance with the previously mentioned, there are no material non-controlling interests to be disclosed, as required by IFRS 12 Disclosure of Interests in Other Entities .

b) Business combinations

As detailed in Note 13, on February 12, 2014, YPF and its subsidiary YPF Europe B.V. accepted the offer made by Apache Overseas Inc. and Apache International S.à.r.l. for the acquisition of 100% of its interest in companies controlling Apache Group assets in Argentina completing the precedent conditions set forth in that agreement on March 13, 2014 (take over control date). Additionally, during the second quarter of 2013 the Company obtained control over Gas Argentino S.A. (GASA), parent company of MetroGAS, and as from August, 2013, over YPF Energía Eléctrica S.A. (YPF Energía Eléctrica), a company resulting from the spin-off of Pluspetrol Energy S.A.

The Company has consolidated the results of operations of Apache Group (hereinafter YSUR), GASA, and consequently of its subsidiaries, and of YPF Energía Eléctrica as from the moment in which it obtained control over such companies. The accounting effects of the above mentioned transactions, which include the purchase price allocation to the assets and liabilities acquired, are disclosed in Note 13.

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1.b) Significant Accounting Policies

1.b.1) Functional and Reporting Currency and tax effect on Other Comprehensive Income

Functional Currency

YPF based on parameters set out in IAS 21 The effects of change in foreign exchange rates , has defined the U.S. dollar as its functional currency.

Consequently, non-monetary cost-based measured assets and liabilities, as well as income or expenses, are remeasured into functional currency by applying the exchange rate prevailing at the date of the transaction.

Transactions in currencies other than the functional currency of YPF are deemed to be foreign currency transactions and are remeasured into functional currency by applying the exchange rate prevailing at the date of the transaction (or, for practical reasons and when exchange rates do not fluctuate significantly, the average exchange rate for each month). At the end of each year or at the time of cancellation the balances of monetary assets and liabilities in currencies other than the functional currency are measured at the exchange prevailing at such date and the exchange differences arising from such measurement are recognized as Financial income (expense), net in the consolidated statement of comprehensive income for the year in which they arise.

Assets, liabilities and income and expenses related to controlled companies and investments in companies are measured using their respective functional currency. The effects of translating into U.S. dollars the financial information of companies with a functional currency different from the U.S. dollar are recognized in Other comprehensive income for the year.

Reporting Currency

According to General Resolution No. 562 of the CNV, the Company must file its financial statements in pesos. Accordingly, the financial statements prepared by YPF in its functional currency have to be translated into reporting currency, following the criteria described below:

Assets and liabilities of each balance sheet presented are translated at the closing exchange rate outstanding at the date of each balance sheet presented;

Items of the statement of comprehensive income are translated at the exchange rate prevailing at the date of each transaction (or, for practical reasons and when exchange rates do not fluctuate significantly, the average exchange rate of each month); and

The exchange differences resulting from this process are reported in Other comprehensive income .

Tax effect on other comprehensive income:

Results accounted for in Other comprehensive income related to exchange differences arising from investments in companies with functional currencies other than U.S. dollars and also as a result of the translation of the financial statements of YPF to its reporting currency (pesos), have no effect on the current or deferred income tax because as of

the time that such transactions were generated, they had no impact on net income nor taxable income.

1.b.2) Financial assets

The Company classifies its financial assets when they are initially recognized and reviews their classification at the end of each year, according to IFRS 9, Financial Instruments .

A financial asset is initially recognized at its fair value. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset are capitalized upon initial recognition of the asset, except for those assets designated as financial assets at fair value through profit or loss.

Following their initial recognition, the financial assets are measured at its amortized cost if both of the following conditions are met: (i) the asset is held with the objective of collecting the related contractual cash flows (i.e., it is held for non-speculative purposes); and (ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on its outstanding amount. If either of the two criteria is not met, the financial instrument is classified at fair value through profit or loss.

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A financial asset or a group of financial assets measured at its amortized cost is impaired if there is objective evidence that the Company will not be able to recover all amounts according to its (or their) original terms. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate computed at its initial recognition, and the resulting amount of the loss is recognized in the consolidated statement of comprehensive income. Additionally, if in a subsequent period the amount of the impairment loss decreases, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount that exceeds the amortized cost that would have been determined if no impairment loss had been recognized at the date the impairment was reversed.

The Company writes off a financial asset when the contractual rights on the cash flows of such financial asset expire, or the financial asset is transferred.

In cases where current accounting standards require the valuation of receivables at discounted values, the discounted value does not differ significantly from their face value.

1.b.3) Inventories

Inventories are valued at the lower of their cost and their net realizable value. Cost includes acquisition costs (less trade discount, rebates and other similar items), transformation and other costs which have been incurred when bringing the inventory to its present location and condition.

In the case of refined products, costs are allocated in proportion to the selling price of the related products (isomargen method) due to the difficulty for distributing the production costs to each product.

The Company assesses the net realizable value of the inventories at the end of each year and recognizes in profit or loss in the consolidated statement of comprehensive income the appropriate valuation adjustment if the inventories are overstated. When the circumstances that previously caused impairment no longer exist or when there is clear evidence of an increase in the inventories' net realizable value because of changes in economic circumstances, the amount of a write-down is reversed.

Raw materials, packaging and others are valued at their acquisition cost.

1.b.4) Intangible assets

The Company initially recognizes intangible assets at their acquisition or development cost. This cost is amortized on a straight-line basis over the useful lives of these assets (see Note 2.f). At the end of each year, such assets are measured at cost, considering the criteria adopted by the Company in the transition to IFRS (see Note 1.a), less any accumulated amortization and any accumulated impairment losses.

The main intangible assets of the Company are as follows:

- I. *Service concessions arrangements*: includes transportation and storage concessions (see Note 2.f). These assets are valued at their acquisition cost considering the criteria adopted by the Company in the transition to IFRS (see Note 1.a), net of accumulated amortization. They are depreciated using the straight-line method during the course of the concession period.

- II. *Exploration rights*: the Company recognizes exploration rights as intangible assets, which are valued at their cost considering the criteria adopted by the Company in the transition to IFRS (see Note 1.a), net of the related impairment, if applicable. Investments related to unproved properties are not depreciated. These investments are reviewed for impairment at least once a year or whenever there are indicators that the assets may have become impaired. Any impairment loss or reversal is recognized in profit or loss in the consolidated statement of comprehensive income. Exploration costs (geological and geophysical expenditures, expenditures associated with the maintenance of unproved reserves and other expenditures relating to exploration activities), excluding exploratory wells drilling costs, are charged to expense in the consolidated statement of comprehensive income as incurred.

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III. *Other intangible assets*: mainly includes costs relating to computer software development expenditures, as well as assets that represent the rights to use technology and knowledge (know how) for the manufacture and commercial exploitation of equipment related to oil extraction. These items are valued at their acquisition cost considering the criteria adopted by the Company in the transition to IFRS (see Note 1.a), net of the related depreciation and impairment, if applicable. These assets are amortized on a straight-line basis over their useful lives, which range between 3 and 14 years. Management reviews annually the mentioned estimated useful life.

The Company has no intangible assets with indefinite useful lives as of December 31, 2014, 2013 and 2012.

1.b.5) Investments in companies

Investments in affiliated companies and Joint Ventures are valued using the equity method. Affiliated companies are considered those in which the Company has significant influence, understood as the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies. Significant influence is presumed when the Company has an interest of 20% or more in a company.

Under the provisions of IFRS 11, *Joint Arrangements* , and IAS 28 (2011), *Investments in Associates and Joint Ventures* , investments in which two or more parties have joint control (defined as a *Joint Arrangement*) shall be classified as either a *Joint Operation* (when the parties that have joint control have rights to the assets and obligations for the liabilities relating to the *Joint Arrangement*) or a *Joint Venture* (when the parties that have joint control have rights to the net assets of the *Joint Arrangement*). Considering such classification, *Joint Operations* shall be proportionally consolidated and *Joint Ventures* shall be accounted for under the equity method.

The equity method consists in the incorporation in the balance sheet line *Investments in companies* , of the value of net assets and goodwill, if any, of the participation in the affiliated company or *Joint Venture*. The net income or expense for each year corresponding to the interest in these companies is reflected in the statement of comprehensive income in the *Income on investments in companies* line.

Investments in companies have been valued based upon the latest available financial statements of these companies as of the end of each year, taking into consideration, if applicable, significant subsequent events and transactions, available management information and transactions between YPF and the related company which have produced changes on the latter's shareholders' equity. The dates of the financial statements of such related companies and *Joint Operations* used in the consolidation process may differ from the date of the Company's financial statements due to administrative reasons. The accounting principles and procedures used by affiliated companies have been homogenized, where appropriate, with those used by YPF in order to present the consolidated financial statements based on uniform accounting and presentation policies. The financial statements of affiliated companies whose functional currency is different from the presentation currency are translated using the procedure set out in Note 1.b.1).

Investments in companies in which the Company has no joint control or significant influence, have been valued at cost.

Investments in companies with negative shareholders' equity are disclosed in the *Accounts payable* account.

The carrying value of the investments in companies does not exceed their estimated recoverable value.

In paragraph b) of Exhibit I are detailed the investments in companies.

As from the effective date of Law No. 25,063, dividends, either in cash or in kind, that the Company receives from investments in other companies and which are in excess of the accumulated income that these companies carry upon distribution shall be subject to a 35% income tax withholding as a sole and final payment. The Company has not recorded any charge for this tax since it has estimated that dividends from earnings recorded by the equity method will not be subject to such tax.

Table of Contents**1.b.6) Fixed assets***i. General criteria:*

Fixed assets are valued at their acquisition cost, plus all the costs directly related to the location of such assets for their intended use, considering the criteria adopted by the Company in the transition to IFRS (see Note 1.a).

Borrowing costs of assets that require a substantial period of time to be ready for their intended use are capitalized as part of the cost of these assets.

Major inspections, necessary to restore the service capacity of the related asset (overhauls), are capitalized and depreciated on a straight-line basis over the period until the next overhaul is scheduled.

The costs of renewals, betterments and enhancements that extend the useful life of properties and/or improve their service capacity are capitalized. As fixed assets are retired, the related cost and accumulated depreciation are eliminated from the balance sheet.

Repair and maintenance expenses are recognized in the statement of comprehensive income as incurred.

These assets are reviewed for impairment at least once a year or whenever there are indicators that the assets may have become impaired.

The carrying value of the fixed assets based on each cash generating unit, as defined in Note 1.b.8, does not exceed their estimated recoverable value.

ii. Depreciation:

Fixed assets, other than those related to oil and gas exploration and production activities, are depreciated using the straight-line method, over the years of estimated useful life of the assets, as follows:

	Years of Estimated Useful Life
Buildings and other constructions	50
Refinery equipment and petrochemical plants	20-25
Infrastructure of natural gas distribution	20-50
Transportation equipment	5-25
Furniture, fixtures and installations	10
Selling equipment	10
Electric power generation facilities	15-20
Other property	10

Land is classified separately from the buildings or facilities that may be located on it and is deemed to have an indefinite useful life. Therefore, it is not depreciated.

The Company reviews annually the estimated useful life of each class of assets.

iii. Oil and gas exploration and production activities:

The Company recognizes oil and gas exploration and production transactions using the successful-efforts method. The costs incurred in the acquisition of new interests in areas with proved and unproved reserves are capitalized as incurred under Mineral properties, wells and related equipment. Costs related to exploration permits are classified as intangible assets (see Notes 1.b.4 and 2.f).

Exploration costs, excluding the costs associated to exploratory wells, are charged to expense as incurred. Costs of drilling exploratory wells, including stratigraphic test wells, are capitalized pending determination as to whether the wells have found proved reserves that justify commercial development. If such reserves are not found, the mentioned costs are charged to expense. Occasionally, an exploratory well may be determined to have found oil and gas reserves, but classification of those reserves as proved cannot be made. In those cases, the cost of drilling the exploratory well shall continue to be capitalized if the well has found a sufficient quantity of reserves to justify its completion as a producing well, and the company is making sufficient progress assessing the reserves as well as the economic and operating viability of the project. If any of the mentioned conditions are not met, cost

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of drilling exploratory wells is charged to expense. In addition, the exploratory activity involves, in many cases, the drilling of multiple wells through several years in order to completely evaluate a project. As a consequence some exploratory wells may be kept in evaluation for long periods, pending the completion of additional wells and exploratory activities needed to evaluate and quantify the reserves related to each project. The detail of the exploratory well costs in evaluation stage is described in Note 2.g).

Intangible drilling costs applicable to productive wells and to developmental dry holes, as well as tangible equipment costs related to the development of oil and gas reserves, have been capitalized.

The capitalized costs described above are depreciated as follows:

- a) The capitalized costs related to productive activities have been depreciated by field on a unit-of-production basis by applying the ratio of produced oil and gas to the estimated proved and developed oil and gas reserves.

- b) The capitalized costs related to the acquisition of property and the extension of concessions with proved reserves have been depreciated by field on a unit-of-production basis by applying the ratio of produced oil and gas to the estimated proved oil and gas reserves.

Revisions in oil and gas proved reserves are considered prospectively in the calculation of depreciation. Revisions in estimates of reserves are performed at least once a year. Additionally, estimates of reserves are audited by independent petroleum engineers on a three-year rotation plan.

iv. Costs related to hydrocarbon wells abandonment obligations:

Costs related to hydrocarbon wells abandonment obligations are capitalized at their discounted value along with the related assets, and are depreciated using the unit-of-production method. As compensation, a liability is recognized for this concept at the estimated value of the discounted payable amounts. Revisions of the payable amounts are performed upon consideration of the current costs incurred in abandonment obligations on a field-by-field basis or other external available information if abandonment obligations were not performed. Due to the number of wells in operation and/or not abandoned and likewise the complexity with respect to different geographic areas where the wells are located, current costs incurred in plugging activities are used for estimating the plugging activities costs of the wells pending abandonment. Current costs incurred are the best source of information in order to make the best estimate of asset retirement obligations. Future changes in the costs above mentioned, as well as changes in regulations related to abandonment obligations, which are not possible to be predicted at the date of issuance of these financial statements, could affect the value of the abandonment obligations and, consequently, the related asset, affecting the results of future operations.

v. Environmental tangible assets:

The Company capitalizes the costs incurred in limiting, neutralizing or preventing environmental pollution only in those cases in which at least one of the following conditions is met: (a) the expenditure improves the safety or efficiency of an operating plant (or other productive assets); (b) the expenditure prevents or limits environmental pollution at operating facilities; or (c) the expenditure is incurred to prepare assets for sale and do not raise the assets

carrying value above their estimated recoverable value.

The environmental related assets and the corresponding accumulated depreciation are disclosed in the consolidated financial statements together with the other elements that are part of the corresponding assets which are classified according to their accounting nature.

1.b.7) Provisions

The Company makes a distinction between:

- a) Provisions: represent legal or assumed obligations, arising from past events, the settlement of which is expected to give rise to an outflow of resources and which amount and timing are uncertain. Provisions are recognized when the liability or obligation giving rise to an indemnity or payment arises, to the extent that its amount can be reliably estimated and that the obligation to settle is probable or certain. Provisions include both obligations whose occurrence does not depend on future events (such as provisions for environmental liabilities and provision for hydrocarbon wells

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abandonment obligations), as well as those obligations that are probable and can be reasonably estimated whose realization depends on the occurrence of a future events that are out of the control of the Company (such as provisions for contingencies). The amount recorded as provision corresponds to the best estimate of expenditures required to settle the obligation, taking into consideration the relevant risks and uncertainties; and

- b) **Contingent liabilities:** represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company, or present obligations arising from past events, the amount of which cannot be estimated reliably or whose settlement is not likely to give rise to an outflow of resources embodying future economic benefits. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed to the extent they are significant, as required by IAS No 37, Provisions, contingent liabilities and contingent assets (see Notes 3 and 11).

When a contract qualifies as onerous, the related unavoidable liabilities are recognized in the consolidated financial statements as provisions, net of the expected benefits.

Except for provisions for hydrocarbon wells abandonment obligations, where the timing of settlement is estimated on the basis of the work plan of the Company, and considering the estimated production of each field (and therefore its abandonment) and provisions for pension plans, in relation to other noncurrent provisions, it is not possible to reasonably estimate a specific schedule of settlement of the provisions considering the characteristics of the concepts included.

1.b.8) Impairment of fixed assets and intangible assets

For the purpose of evaluating the impairment of fixed assets and intangible assets, the Company compares their carrying value with their recoverable value at the end of each year, or more frequently, if there are indicators that the carrying amount of an asset may not be recoverable. In order to assess impairment, assets are grouped into cash-generating units (CGUs), whereas the asset does not generate cash flows that are independent of those generated by other assets or CGUs, considering regulatory, economic, operational and commercial conditions. Considering the above mentioned, and specifically in terms of assets corresponding to the Upstream, they have been grouped into six CGUs (one of them grouping the assets of fields with oil reserves, and three units that group assets of fields with reserves of natural gas of YPF S.A. considering the country's basins -Neuquina, Noroeste and Austral basins- and two of them grouping the assets of fields with reserves of natural gas of YSUR Neuquina and Austral), which are the best reflect of how the Company currently manage them in order to generate independent cash flows. The remaining assets are grouped at the Downstream CGU which mainly includes the assets assigned to the refining of crude oil (or that complement such activity) and marketing of such products, in MetroGAS CGU which includes assets related to the distribution of natural gas and in YPF Energía Eléctrica CGU, which includes assets related to generation and commercialization of electric energy.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a rate that reflects the weighted average capital cost employed for each CGU.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount, and an impairment loss is recognized as an expense under Impairment losses recognized and losses on disposal of fixed assets/intangible assets in the consolidated statement of comprehensive income.

Any impairment loss is allocated to the assets comprising the CGU on a pro-rata basis based on their carrying amount. Consequently, the basis for future depreciation or amortization will take into account the reduction in the value of the asset as a result of any accumulated impairment losses.

Upon the occurrence of new events or changes in existing circumstances, which prove that an impairment loss previously recognized could have disappeared or decreased, a new estimate of the recoverable value of the corresponding asset is calculated to determine whether a reversal of the impairment loss recognized in previous periods needs to be made.

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In the event of a reversal, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined in case no impairment loss had been recognized for the asset (or the CGU) in the past.

There were no impairment charges or reversals for the years ended on December 31, 2014, 2013 and 2012.

1.b.9) Methodology used in the estimation of recoverable amounts

Company's General Criteria: The recoverable amount of fixed assets and intangible assets is generally estimated on the basis of their value in use, calculated on the basis of future expected cash flows derived from the use of the assets, discounted at a rate that reflects the weighted average capital cost.

In the assessment of the value in use, cash flow forecasts based on the best estimate of income and expense available for each CGU using sector inputs, past results and future expectations of business evolution and market development are utilized. The most sensitive aspects included in the cash flows used in all the CGUs are the purchase and sale prices of hydrocarbons (including gas distribution applicable fees), outstanding regulations, estimates of cost increases, employee costs and investments.

The cash flows from the exploration and production assets are generally projected for a period that covers the economically productive useful lives of the oil and gas fields and is limited by the contractual expiration of the concessions permits, agreements or exploitation contracts. The estimated cash flows are based on production levels, commodity prices and estimates of the future investments that will be necessary in relation to undeveloped oil and gas reserves, production costs, field decline rates, market supply and demand, contractual conditions and other factors. The unproved reserves are weighted with risk factors, on the basis of the type of each one of the exploration and production assets.

Cash flows of the Downstream and YPF Energía Eléctrica CGUs are estimated on the basis of the projected sales trends, unit contribution margins, fixed costs and investment or divestment flows, in line with the expectations regarding the specific strategic plans of each business. However, cash inflows and outflows relating to planned restructurings or productivity enhancements are not considered.

The reference prices considered are based on a combination of market prices available in those markets where the Company operates, also taking into consideration specific circumstances that could affect different products the Company commercializes and management's estimations and judgments.

Estimated net future cash flows are discounted to its present value using a rate that reflects the average capital cost for each CGU.

For the valuation of the assets of the MetroGAS CGU, cash flows are developed based on estimates of the future behavior of certain variables that are sensitive in determining the recoverable value, among which stands out: (i) the nature, timing and extension of tariff increases and cost adjustments recognition, (ii) gas demand projections, (iii) evolution of costs to be incurred, and (iv) macroeconomic variables such as growth rate, inflation rate, foreign currency exchange rate, among others.

MetroGAS prepared its projections on the understanding that it will get tariff increases according to the current economic and financial situation of MetroGAS. Within these premises, and in terms of tariff increase estimations, the

scenarios range from a tariff adjustment in order to meet adjustments obtained by other companies in that business up to a recovery of tariff levels prevailing in 2001 and in relation to regional tariffs in South America, especially in Brazil and Chile. A probability approach has been used to weight the different scenarios assigning an outcome probability to each cash flow scenario projected, based on current objective information. However, MetroGAS is unable to ensure that the realization of the assumptions used to develop these projections will be in line with its estimates, so they might differ significantly from the estimates and assumptions used as of the date of preparation of these consolidated financial statements.

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1.b.10) Pension plans and other similar obligations

i. Retirement plan:

Effective March 1, 1995, YPF and certain subsidiaries have established a defined contribution retirement plan that provides benefits for each employee who elects to join the plan. Each plan member will pay an amount between 3% and 10% of his monthly compensation and YPF will pay an amount equal to that contributed by each member.

The plan members will receive from YPF and certain subsidiaries the contributed funds before retirement only in the case of voluntary termination under certain circumstances or dismissal without cause and, additionally, in case of death or incapacity. Such companies have the right to discontinue this plan at any time, without incurring termination costs.

The total charges recognized under the Retirement Plan amounted to approximately 49, 42 and 41. for the years ended December 31, 2014, 2013 and 2012, respectively.

ii. Performance Bonus Programs:

These programs cover certain YPF and its controlled companies personnel. These bonuses are based on compliance with business unit objectives and performance. They are calculated considering the annual compensation of each employee, certain key factors related to the fulfillment of these objectives and the performance of each employee and are paid in cash.

The amount charged to expense related to the Performance Bonus Programs was 781, 466 and 372 for the years ended December 31, 2014, 2013 and 2012, respectively.

iii. Share-based benefit plan:

From the year 2013, YPF has decided to implement share-based benefits plans. These plans cover certain executive and management positions and key personnel with critical technical knowledge. The above mentioned plans are aimed at aligning the performance of executives and key technical staff with the objectives of the strategic plan of the Company.

These plans are to give participation, through shares of the Company, to each selected employee with the condition of remaining in it for the previously defined period (up to three years from the grant date, hereinafter service period), being this the only condition necessary to access the agreed final retribution. During the year 2013, the implementation of these plans has included the conversion of certain long term compensation plans existing to date of implementation. Consequently, during the month of June 2013, the Company has converted these existing plans to new share-based schemes, reversing a liability of 38 corresponding to existing plans as of December 31, 2012.

Consistent with share-based benefit plans approved in 2013, the Board of Directors at its meeting held on June 11, 2014, approved the creation of a new share-based benefit plan 2014-2016, which will be valid for three years from July 1, 2014 (grant date), with similar characteristics to those of the 2013-2015 plan.

For accounting purposes, YPF recognizes the effects of the plans in accordance with the guidelines of IFRS 2, Share-based Payment . In this order, the total cost of the plans granted is measured at the grant date, using the fair value or market price of the Company s share in the United States market. The above mentioned cost is accrued in the Company s net income for the year, over the vesting period, with the corresponding increase in Shareholders equity in the Share-based Benefit Plans account.

The amounts recognized in net income in relation with the share-based plans previously mentioned, which are disclosed according to their nature, amounted to 80 and 43 for the years ended on December 31, 2014 and 2013 respectively.

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Information related to the evolution of the quantity of shares of the plans at the end of the years ended on December 31, 2014 and 2013 is as follows:

Plan 2013-2015

	2014	2013
Amount at beginning of year	1,289,841	
- Granted		1,769,015
- Settled	(563,754)	(479,174)
- Expired	(31,072)	
Amount at the end of year⁽¹⁾	695,015	1,289,841
Expense recognized during the year	53	43
Fair value of shares on grant date (in dollars)	14.75	14.75

(1) The average remaining life of the plan is between 10 and 22 months as of December 31, 2014 and between 10 and 34 months as of December 31, 2013.

Plan 2014-2016

	2014
Amount at beginning of year	
- Granted	356,054
- Settled	
- Expired	
Amount at the end of year⁽¹⁾	356,054
Expense recognized during the year	27
Fair value of shares on grant date (in dollars)	33.41

(1) The average remaining life of the plan is between 10 and 30 months as of December 31, 2014.

iv. Pension Plans and other Post-retirement and Post-employment benefits

YPF Holdings Inc., which has operations in the United States of America, has certain defined benefit plans and post-retirement and post-employment benefits.

The funding policy related to the defined benefit plan, is to contribute amounts to the plan sufficient to meet the minimum funding requirements under governmental regulations, plus such additional amounts as management may determine to be appropriate.

In addition, YPF Holdings Inc. provides certain health care and life insurance benefits for eligible retired employees, and also certain insurance, and other post-employment benefits for eligible individuals in the event employment is terminated by YPF Holdings Inc. before their normal retirement. Employees become eligible for these benefits if they meet minimum age and years-of-service requirements. YPF Holdings Inc. accounts for benefits provided when payment of the benefit is probable and the amount of the benefit can be reasonably estimated. No assets were specifically reserved for the post-retirement and post-employment benefits, and consequently, payments related to them are funded as claims are received.

The plans mentioned above are valued at their net present value, are accrued based on the years of active service of the participating employees and are disclosed as noncurrent liabilities in the Salaries and social security account. The actuarial gains and losses arising from the remeasurement of the defined benefit liability of pension plans are recognized in Other Comprehensive Income as a component of shareholders equity, and are transfer directly to the retained earnings. YPF Holdings Inc. updates its actuarial assumptions at the end of each fiscal year.

Additional disclosures related to the pension plans and other post-retirement and post-employment benefits, are included in Note 7.

Additionally, the Company's management believes that the deferred tax asset generated by the cumulative actuarial losses related to the pension plans of YPF Holdings Inc., will not be recoverable based on estimated taxable income generated in the jurisdiction in which they are produced.

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1.b.11) Revenue recognition criteria

Revenue is recognized on sales of crude oil, refined products and natural gas, in each case, when title and risks are transferred to the customer following the conditions described below:

the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

the Company does not retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

the amount of revenue can be measured reliably;

it is probable that the economic benefits associated with the transaction will flow to the Company; and

the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Grants for capital goods

Argentine tax authorities provide a tax incentive for investment in capital goods, computers and telecommunications for domestic manufacturers through a fiscal bonus, provided that manufacturers have industrial establishments located in Argentina, a requirement that is satisfied by the controlled company A-Evangelista S.A. The Company recognizes such incentive when the formal requirements established by Decrees No. 379/01, 1551/01, its amendments and regulations are satisfied, to the extent that there is reasonable certainty that the grants will be received.

The bonus received may be computed as a tax credit for the payment of national taxes (i.e., Income Tax, Tax on Minimum Presumed Income, Value Added Tax and Domestic Taxes) and may also be transferred to third parties.

1.b.12) Recognition of revenues and costs associated with construction contracts

Revenues and costs related to construction activities performed by A-Evangelista S.A., controlled company, are accounted for in the consolidated statement of comprehensive income for the year using the percentage of completion method, considering the final contribution margin estimated for each project at the date of issuance of the financial statements, which arises from technical studies on sales and total estimated costs for each of them, as well as their physical progress.

The adjustments in contract values, changes in estimated costs and anticipated losses on contracts in progress are reflected in earnings in the year when they become evident.

The table below details information related to the construction contracts as of December 31, 2014, 2013 and 2012:

Contracts in progress

	Revenues of the year	Costs incurred plus accumulated recognized profits	Advances received	Retentions
2014	419	418		
2013	312	2,359	368	
2012	684	889	122	

1.b.13) LeasesOperating leases

A lease is classified as an operating lease when the lessor does not transfer substantially to the lessee the entire risks and rewards incidental to ownership of the asset.

Costs related to operating leases are recognized on a straight-line basis in Rental of real estate and equipment and Operation services and other service contracts of the Consolidated Statement of Comprehensive income for the year in which they arise.

Financial Leases

The Company has no financial leases as they are defined by IFRS.

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1.b.14) Earnings per share

Basic earnings per share are calculated by dividing the net income for the year attributable to YPF's shareholders by the weighted average of shares of YPF outstanding during the year net of repurchased shares as mentioned in Note 4.

Additionally, diluted earnings per share are calculated by dividing the net income for the year attributable to YPF's shareholders by the weighted average of ordinary shares of YPF outstanding during the period adjusted by the weighted average of ordinary shares of YPF that would be issued on the conversion of all the dilutive potential ordinary shares into YPF ordinary shares. As of the date of the issuance of these financial statements there are no instruments outstanding that imply the existence of potential ordinary shares, thus the basic earnings per share matches the diluted earnings per share.

1.b.15) Financial liabilities

Financial liabilities (loans and account payables) are initially recognized at their fair value less the transaction costs incurred. Since the Company does not have financial liabilities whose characteristics require the recognition at their fair value, according to IFRS, after their initial recognition, financial liabilities are measured at amortized cost.

Any difference between the financing received (net of transaction costs) and the repayment value is recognized in the consolidated statement of comprehensive income over the life of the related debt instrument, using the effective interest rate method.

Accounts payable and Other liabilities are recognized at their face value since their discounted value does not differ significantly from their face value.

The Company derecognizes financial liabilities when the related obligations are settled or expire.

In order to account for the exchange of debt obligations arising from the voluntary reorganization petition of MetroGAS and GASA for new negotiable obligations executed on January 11, 2013 and March 15, 2013, respectively, as described in Note 2.i, the Company has followed the guidelines provided by IFRS 9, Financial Instruments .

IFRS 9 states that an exchange of debt instruments between a borrower and a lender shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability when the instruments have substantially different terms. The difference between the carrying amount of the financial liability extinguished and the consideration paid, which includes any non-cash assets transferred or liabilities assumed, is recognized in net income. The Company considers that the terms of the outstanding debt obligations, arising from the voluntary reorganization petition, subject to the exchange are substantially different from the new negotiable obligations. Additionally, the Company has evaluated and positively concluded over the estimated funds that such companies will have to comply with the terms of the debt and that allows the recognition of the debt relief. Consequently, MetroGAS and GASA have recorded the debt instruments' exchange following the guidelines mentioned above. Also, according to IFRS 9 the new negotiable obligations were recognized initially at fair value, net of transaction costs incurred and subsequently measured at amortized cost (see additionally Note 2.i). In the initial recognition, the fair value of such debt has been estimated using the discounted cash flow method, in the absence of quoted prices in active markets representative for the amount issued.

1.b.16) Taxes, withholdings and royalties

Income tax and tax on minimum presumed income

The Company recognizes the income tax applying the liability method, which considers the effect of the temporary differences between the financial and tax basis of assets and liabilities and the tax loss carry forwards and other tax credits, which may be used to offset future taxable income, at the current statutory rate of 35%.

Additionally, the Company calculates tax on minimum presumed income applying the current 1% tax rate to taxable assets as of the end of each year. This tax complements income tax. The Company's tax liability will coincide with the higher between the determination of tax on minimum presumed income and the Company's tax liability related to income tax, calculated applying the current 35% income tax

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rate to taxable income for the year. However, if the tax on minimum presumed income exceeds income tax during one tax year, such excess may be computed as prepayment of any income tax excess over the tax on minimum presumed income that may be generated in the next ten years.

For the years ended December 31, 2013 and 2012, the amounts determined for YPF as current income tax were higher than tax on minimum presumed income and they were included in the Income tax account of the statement of comprehensive income.

Additionally, YPF estimates that in the current year, the amount to determine as tax liability for income tax will be higher than the tax on minimum presumed income; therefore it has not recorded any charge for this item.

Under Law No. 25,063, dividends distributed, either in cash or in kind, in excess of accumulated taxable income as of the end of the year immediately preceding the dividend payment or distribution date, shall be subject to a 35% income tax withholding as a sole and final payment, except for those distributed to shareholders resident in countries benefited from treaties for the avoidance of double taxation, which will be subject to a minor tax rate.

Additionally, on September 20, 2013, Law No. 26,893 was enacted, establishing changes to the Income Tax Law, and determining, among other things, an obligation respecting such tax as a single and final payment of 10% on dividends paid in cash or in kind (except in shares) to foreign beneficiaries and individuals residing in Argentina, in addition to the 35% retention mentioned above. The dispositions of this Law came in force on September 23, 2013, date of its publication in the Official Gazette.

Personal assets tax Substitute responsible

Individuals and foreign entities, as well as their undistributed estates, regardless of whether they are domiciled or located in Argentina or abroad, are subject to personal assets tax of 0.5% of the value of any shares or ADSs issued by Argentine entities, held at December 31 of each year. The tax is levied on the Argentine issuers of such shares or ADSs, such as YPF, which must pay this tax in substitution of the relevant shareholders, and is based on the equity value (following the equity method), or the book value of the shares derived from the latest financial statements at December 31 of each year. Pursuant to the Personal Assets Tax Law, YPF is entitled to seek reimbursement of such paid tax from the applicable shareholders, using the method YPF considers appropriate.

Royalties and withholding systems for hydrocarbon exports

A 12% royalty is payable on the estimated value at the wellhead of crude oil production and the commercialized natural gas volumes. The estimated value is calculated based upon the approximate sale price of the crude oil and gas produced, less the costs of transportation and storage. To calculate royalties, the Company has considered price agreements according to crude oil buying and selling operations obtained in the market for certain qualities of such product, and has applied these prices, net of the discounts mentioned above, according to regulations of Law No. 17,319 and its amendments. In addition, and pursuant to the extension of the original terms of exploitation concessions, the Company has agreed to pay an extraordinary Production Royalty and in some cases a royalty of 10% is payable over the production of unconventional hydrocarbons (see Note 11).

Royalty expense and the extraordinary production royalties are accounted for as a production cost.

Law No. 25,561 on Public Emergency and Exchange System Reform (Public emergency law), issued in January 2002, established duties for hydrocarbon exports for a five-year period. In January 2007, Law No. 26,217 extended this export withholding system for an additional five-year period and also established specifically that this regime is also

applicable to exports from Tierra del Fuego province , which were previously exempted. In addition, Law No. 26,732 published in the Official Gazette in December 2011 extended for an additional 5 years the mentioned regime. On November 16, 2007, the Ministry of Economy and Production (MEP) published Resolution No. 394/2007, modifying the withholding regime on exports of crude oil and other refined products. In addition, the Resolution No. 1/2013, published on January 3, 2013 and the Resolution No. 803/2014 published on October 21, 2014 from the Ministry of Economy and Public Finance, modified the reference and floor prices.

Resolution No. 1,077/2014 dated on December 29, 2014 repealed Resolution No. 394/2007 and amended, and established a new withholding system based on the International Price of crude oil (IP), calculated on the basis of the Brent value applicable to the export month minus eight dollars per barrel

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(US\$8.0 per barrel). The new regime establishes a general nominal rate of 1% while IP is below US\$71 per barrel. Additionally, the Resolution establishes an increasing variable rate for export of crude oil while IP is above US\$71 per barrel; therefore, the producer will collect a maximal value of about US\$ 70 per exported barrel, depending on the quality of crude oil sold. Likewise, the Resolution establishes a variable increasing withholding rate for exports of diesel, gasoline, lubricants and other petroleum derivatives when IP exceeds US\$71 per barrel by using formulas allowing the producer to collect a portion of such higher price.

Furthermore, in March 2008, Resolution No. 127/2008 of the MEP increased the natural gas export withholding rate to 100% of the highest price from any natural gas import contract. This resolution has also established a variable withholding system applicable to liquefied petroleum gas, similar to the one established by the Resolution No. 394/2007.

1.b.17) Shareholders equity accounts

Shareholders equity accounts have been valued in accordance with accounting principles in effect as of the transition date. The accounting transactions that affect shareholders equity accounts were accounted for in accordance with the decisions taken by the Shareholders meetings, and legal standards or regulations.

Subscribed capital stock and adjustments to contributions

Consists of the shareholders contributions represented by shares and includes the outstanding shares at face value net of treasury shares mentioned in the following paragraph Treasury shares and adjustment to treasury shares . The subscribed capital account has remained at its historical value and the adjustment required previous Argentine GAAP to state this account in constant Argentine pesos is disclosed in the Adjustments to contributions account.

The adjustment to contributions cannot be distributed in cash or in kind, but is allowed its capitalization by issuing shares. Also, this item may be used to compensate accumulated losses, considering the absorption order stated in the paragraph Retained earnings .

Treasury shares and adjustments to treasury shares

Corresponds to the reclassification of the nominal value and the corresponding adjustment in constant peso (Adjustment to Contributions) of shares issued and repurchased by YPF in market transactions, as is required by the CNVs regulations in force.

Share-based benefit plans

Corresponds to the balance related to the share-based benefit plans as mentioned in Note 1.b.10.iii).

Acquisition cost of repurchased shares

Corresponds to the cost incurred in the acquisition of the shares that YPF holds as treasury shares (see Note 4).

Considering the CNV regulations RG 562, the distribution of retained earnings is restricted by the balance of this account.

Issuance premiums

Corresponds to the difference between the amount of subscription of the capital increase and the corresponding face value of the shares issued.

Share trading premium

Corresponds to the difference between accrued amount in relation to the shared-based benefit plan and acquisition cost of the shares settled during the year in relation with the mentioned plan.

Considering the debit balance of the premium, distribution of retained earnings is restricted by the balance of this premium.

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Legal reserve

In accordance with the provisions of Law No. 19,550, YPF has to appropriate to the legal reserve no less than 5% of the algebraic sum of net income, prior year adjustments, transfers from other comprehensive income to retained earnings and accumulated losses from previous years, until such reserve reaches 20% of the subscribed capital plus adjustment to contributions. As of December 31, 2014, the legal reserve has been fully integrated amounting 2,007.

Reserve for future dividends

Corresponds to the allocation made by the YPF's Shareholders' meeting, whereby a specific amount is transferred to the reserve for future dividends.

Reserve for investments and reserve for purchase of treasury shares

Corresponds to the allocation made by the YPF's Shareholders' meeting, whereby a specific amount is being assigned to be used in future investments and in the purchase of YPF's shares to meet the obligations arising from share-based benefit plan described in Note 4.

Initial IFRS adjustment reserve

Corresponds to the initial adjustment in the transition to IFRS application, which was approved by the Shareholders' meeting of April 30, 2013, in accordance with the General Resolution No. 609 of the CNV.

Such reserve cannot be used in distributions in cash or in kind to the shareholders or owners of YPF and may only be reversed for capitalization or absorption of an eventual negative balance on the Retained earnings' account according to the aforementioned Resolution.

Other comprehensive income

Includes income and expenses recognized directly in equity accounts and the transfer of such items from equity accounts to the income statement of the year or to retained earnings, as defined by IFRS.

Retained earnings

Includes accumulated gains or losses without a specific appropriation that being positive can be distributed upon the decision of the Shareholders' meeting, while not subject to legal restrictions. Additionally, it includes the net income of previous years that was not distributed, the amounts transferred from other comprehensive income and adjustments to income of previous years produced by the application of new accounting standards.

Additionally, pursuant to the regulations on the CNV, when the net balance of other comprehensive income account is positive, it shall not be distributed, capitalized nor used to compensate accumulated losses, and when the net balance of these results at the end of a year is negative, a restriction on the distribution of retained earnings for the same amount will be imposed.

Non-controlling interest

Corresponds to the interest in the net assets acquired and net income of MetroGAS (30%) and YPF Tecnología (49%), representing the rights on shares that are not owned by YPF.

1.b.18) Business combinations

Business combinations are accounted for by applying the acquisition method when YPF takes effective control over the acquired company.

YPF recognizes in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest and, goodwill, if any, in accordance with IFRS 3.

The acquisition cost is measured as the sum of the consideration transferred, measured at fair value at their acquisition date and the amount of any non-controlling interest in the acquired entity. YPF will measure the non-controlling interest in the acquired entity at fair value or at the non-controlling interest's proportionate share of the acquired entity's identifiable net assets.

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If the business combination is achieved in stages, YPF shall remeasure its previously held equity interest in the acquired entity at its acquisition date fair value and recognize a gain or loss in the statement of comprehensive income.

The goodwill cost is measured as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed net by YPF. If this consideration is lower than the fair value of the assets identifiable and liabilities assumed, the difference is recognized in the statement of comprehensive income.

1.b.19) New standards issued

The standards, interpretations and related amendments published by the IASB and endorsed by the FACPCE and the CNV that are being applied by the Company, are the following:

IFRIC 21 Levies

In May 2013, IASB issued the IFRIC Interpretation 21, Levies, which is effective for fiscal years beginning on or after January 1, 2014, with early application permitted.

IFRIC 21 addresses the accounting for a liability to pay a levy imposed by governments on entities in accordance with legislation.

IAS 36 Impairment of assets

In May 2013, the IASB issued an amendment to IAS 36, Impairment of assets, which is effective for fiscal years beginning on or after January 1, 2014, with early application permitted.

The amendment to IAS 36 changes disclosures requirements regarding the determination of impairment of assets.

The adoption of the standards and interpretations or amendments mentioned in the previous paragraphs did not have a significant impact on the financial statements.

In addition to IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, as well as the amendments to IAS 27, Separate financial statements and IAS 28, Investments in Associated and Joint ventures which have been early applied as of the date of transition, the Company has not applied early any other standard or interpretation permitted by the IASB.

The standards and interpretations or amendments of them, published by the IASB and adopted or in process to be adopted by the Federation of Professional Councils in Economic Sciences and the CNV, that are not in force because their effective date is subsequent to December 31, 2014 and that are not applied in advance to the effective date by the Company are the following:

IFRS 9 Financial Instruments

In July 2014, IASB introduced an amendment to supersede IAS 39. The standard includes the requirements for classification and measurement, impairment and hedge accounting of financial instruments. It is effective for fiscal years beginning on or after January 1, 2018 with early application permitted.

IAS 19 Employee Benefits

In November 2013, IASB issued an amendment to IAS 19, to simplify the accounting on employees' contribution or third party to the defined benefit plans, allowing recognition of the aforementioned contribution as a reduction in the service cost in the period in which the related service was rendered rather than recognizing it at the service period.

In September 2014, as part of their annual cycle of improvements to IFRS, IASB introduced an amendment clarifying that high-quality corporate bond used to estimate the discount rate for post-employment benefits should be denominated in the same currency as benefits payable.

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Annual improvements cycle to IFRS

On September 2014, IASB issued two documents with amendments to IFRS which are effective for fiscal years beginning on or after July 1, 2016, with early application permitted.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

In May 2014, IASB amended IAS 16 and IAS 38 clarifying the depreciation and amortization accepted methods. It is effective for fiscal years beginning on or after 2016.

IFRS 11 Joint Arrangements

In May 2014, IASB amended IFRS 11 in order to establish that acquisitions of participations in joint operations whose activities constitute a business as defined by IFRS 3, apply the accounting principles set out in this standard. It is effective for fiscal years beginning on or after January 1, 2016, with the early application permitted.

IFRS 15 Revenue from contracts with customers

In May 2014, IASB issued IFRS 15 which will supersede the application of IAS 11,18 and IFRIC 13, 15, 18 and SIC 31, beginning on or after 2017, with early application permitted.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Venture

In September 2014, IASB modified IFRS 10 and IAS 28 to clarify that in transactions involving a subsidiary, the degree of profit or loss to be recognized in the financial statements depends on if the subsidiary sold or contributed constitute or not a business according to IFRS 3. It is applicable to the fiscal years beginning in 2016 or thereafter, with early application permitted.

The Company is analysing the impact of the adoption of these amendments and new standards.

1.c) Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires Management to make assumptions and estimates that affect the amounts of the assets and liabilities recognized, the presentation of contingent assets and liabilities at the end of each year and the income and expenses recognized during the year. Future results may differ depending on the estimates made by Management.

The items in the financial statements and areas which require the highest degree of judgment and estimates in the preparation of the financial statements are: (1) crude oil and natural gas reserves; (2) provisions for litigation and other contingencies; (3) impairment test of assets (see Note 1.b.9), (4) provisions for environmental liabilities and hydrocarbon wells abandonment obligations (see Note 1.b.6, paragraph iv), and (5) the calculation of income tax and deferred income tax.

Crude oil and natural gas reserves

Estimating crude oil and gas reserves is an integral part of the Company's decision-making process. The volume of crude oil and gas reserves is used to calculate the depreciation using unit of production ratio and to assess the impairment of the capitalized costs related to the exploration and production assets (see Notes 1.b.8 and 1.b.9).

The company prepares its estimates of crude oil and gas reserves in accordance with the rules and regulations established for the crude oil and natural gas industry by the U.S. Securities and Exchange Commission (SEC).

Provisions for litigation and other contingencies

The final costs arising from litigation and other contingencies, and the perspective given to each issue by the Management may vary from their estimates due to different interpretations of laws, contracts, opinions and final assessments of the amount of the claims. Changes in the facts or circumstances related to these types of contingencies can have, as a consequence, a significant effect on the amount of the provisions for litigation and other contingencies recorded or the perspective given by the Management.

Table of Contents***Provisions for environmental costs***

Given the nature of its operations, YPF is subject to various provincial and national laws and regulations relating to the protection of the environment. These laws and regulations may, among other things, impose liability on companies for the cost of pollution clean-up and environmental damages resulting from operations. YPF management believes that the Company's operations are in substantial compliance with Argentine laws and regulations currently in force relating to the protection of the environment as such laws have historically been interpreted and enforced.

The Company periodically conducts new studies to increase its knowledge of the environmental situation in certain geographic areas where it operates in order to establish the status, cause and remedy of a given environmental issue and, depending on its years of existence, analyze the Argentine Government's possible responsibility for any environmental issue existing prior to December 31, 1990. The Company cannot estimate what additional costs, if any, will be required until such studies are completed and evaluated; however, provisional remedial or other measures may be required.

In addition to the hydrocarbon wells abandonment legal obligation for 18,463 as of December 31, 2014, the Company has accrued 2,414 corresponding to environmental remediation which evaluations and/or remediation works are probable and can be reasonably estimated, based on the Company's existing remediation program. Legislative changes, on individual costs and/or technologies may cause a re-evaluation of the estimates. The Company cannot predict what environmental legislation or regulation will be enacted in the future or how future laws or regulations will be administered. In the long-term, these potential changes and ongoing studies could materially affect the Company's future results of operations.

Additionally, certain environmental contingencies in the United States of America were assumed by Tierra Solutions Inc. and Maxus Energy Corporation, indirect controlled companies through YPF Holdings Inc. The detail of these contingencies is disclosed in Note 3.

Income tax and deferred income tax assets and liabilities

The proper assessment of income tax expenses depends on several factors, including interpretations related to tax treatment for transactions and/or events that are not expressly provided for by current tax law, as well as estimates of the timing and realization of deferred income taxes. The actual collection and payment of income tax expenses may differ from these estimates due to, among others, changes in applicable tax regulations and/or their interpretations, as well as unanticipated future transactions impacting the Company's tax balances.

1.d) Financial Risk Management

The Company's activities involve various types of financial risks: market, liquidity and credit. The Company maintains an organizational structure and systems that allow the identification, measurement and control of the risks to which it is exposed.

In addition, the table below details the classes of financial instruments of the Company classified in accordance to IFRS 9:

	2014	2013	2012
Financial Assets			

At amortized cost

Cash and equivalents ⁽¹⁾	8,223	8,691	3,870
Other receivables and advances ⁽¹⁾	3,096	4,018	1,392
Trade receivables ⁽¹⁾	12,190	7,468	4,059

At fair value through profit or loss

Cash and equivalents ⁽²⁾	1,535	2,022	877
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Financial Liabilities***At amortized cost***

Accounts payable ⁽¹⁾	30,843	20,655	13,014
Loans ⁽³⁾	49,305	31,890	17,104
Provisions ⁽¹⁾	718	485	416

- (1) Fair value does not differ significantly from their book value.
- (2) Corresponds to investments in mutual funds with price quotation. The fair value was determined based on unadjusted quoted prices (Level 1) in the markets where those financial instruments trade. The net gains (losses) for the years ended December 31, 2014, 2013 and 2012 for these instruments are disclosed as Interest on assets in the Statements of Comprehensive Income.
- (3) Their fair value, considering unadjusted quoted prices (Level 1) for Negotiable Obligations and interest rates offered to the Company (Level 3) for the other financial loans, at the end of the year, as appropriate, amounted to 53,108, 33,784 and 17,238 as of December 31, 2014, 2013 and 2012, respectively.

Table of Contents**Market Risk**

The market risk to which the Company is exposed is the possibility that the valuation of the Company's financial assets or financial liabilities as well as certain expected cash flows may be adversely affected by changes in interest rates, exchange rates or certain other price variables.

The following is a description of these risks as well as a detail of the extent to which the Company is exposed and a sensitivity analysis of possible changes in each of the relevant market variables.

Exchange Rate Risk

The value of financial assets and liabilities denominated in a currency different from the Company's functional currency is subject to variations resulting from fluctuations in exchange rates. Since YPF's functional currency is the U.S. dollar, the currency that generates the greatest exposure is the Argentine peso, the Argentine legal currency. The Company does not use derivatives as a hedge against exchange rate fluctuations. Otherwise, according to the Company's functional currency, and considering the conversion process to presentation currency, the fluctuations in the exchange rate related to the value of financial assets and liabilities in pesos does not have any effect in Shareholders' equity.

The following table provides a breakdown of the effect a variation of 10% in the prevailing exchange rates on the Company's net income, taking into consideration the exposure of financial assets and liabilities denominated in pesos as of December 31, 2014:

	Appreciation (+) / depreciation (-) of exchange rate of peso against dollar	December 31, 2014
Impact on net income before income tax corresponding to financial assets and liabilities	+10%	1,492
	-10%	(1,492)

Interest Rate Risk

The Company is exposed to the risk associated with fluctuations in the interest rates which depend on the currency and maturity date of its loans or of the currency it has invested in financial assets.

The Company's short-term financial liabilities as of December 31, 2014 include negotiable obligations, pre-financing of exports and imports' financing arrangements, local bank credit lines and financial loans with local and international financial institutions. Long-term financial liabilities include negotiable obligations and financial loans with local and international financial institutions. Approximately 65% (32,185) of the total of the financial loans of the Company is denominated in U.S. dollars and the rest in Argentine pesos, as of December 31, 2014. These loans are basically used for working capital and investments. Financial assets mainly include, in addition to trade receivable which have low exposure to interest rate risk, bank deposits, fixed-interest deposits and investments in mutual funds such as money market or short-term fixed interest rate instruments.

Historically, the strategy for hedging interest rates is based on the fragmentation of financial counterparts, the diversification of the types of loans taken and, essentially, the maturities of such loans, taking into consideration the

different levels of interest along the yield curve in pesos or U.S. dollars, and the amount of the loans based on future expectations and the timing of the future investment outlays to be financed.

The Company does not usually use derivative financial instruments to hedge the risks associated with interest rates. Changes in interest rates may affect the interest income or expenses derived from financial assets and liabilities tied to a variable interest rate. Additionally, the fair value of financial assets and liabilities that accrue interests based on fixed interest rates may also be affected.

The table below provides information about the financial assets and liabilities as of December 31, 2014 that accrues interest considering the applicable rate:

	December 31, 2014	
	Financial Assets⁽¹⁾	Financial Liabilities⁽²⁾
Fixed interest rate	1,067	32,256
Variable interest rate	1,960	17,049
Total	3,027	49,305

(1) Includes only short-term investments. Does not include trade receivables which mostly do not accrue interest.

(2) Includes only financial loans. Does not include accounts payable which mostly do not accrue interest.

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The portion of liabilities which accrues variable interest rate is mainly exposed to the fluctuations in LIBOR and BADLAR. Approximately 13,558 accrues variable interest of BADLAR plus a maximum spread of 4.75% and 3,287 accrues variable interest of LIBOR plus a spread between 4% and 7.5%. Additionally 204 accrues annual interest at a rate of 20% plus the proportion of the increase in crude oil and natural gas production of the Company with an annual cap of 26%.

The table below shows the estimated impact on the consolidated comprehensive income that an increase or decrease of 100 basis points in the interest rate would have.

	Increase (+) / decrease (-) in the interest rates (basis points)	For the year ended December 31, 2014
Impact on the net income after income tax	+100 -100	(103) 103

Other Price Risks

The Company is not significantly exposed to commodity price risks, as a result, among other reasons, of the existing regulatory, economic and government policies, which determines that local prices charged for gasoline, diesel and other fuels are not affected in the short-term by fluctuations in the price of such products in international and regional markets.

Additionally, the Company is reached by certain regulations that affect the determination of export prices received by the Company, such as those mentioned in Note 1.b.16 and 11.c, which consequently limits the effects of short-term price volatility in the international market.

As of December 31, 2014, 2013 and 2012, the Company has not used derivative financial instruments to hedge risks related to fluctuations in commodity prices.

Liquidity Risk

Liquidity risk is associated with the possibility of a mismatch between the need of funds (related, for example, to operating and financing expenses, investments, debt payments and dividends) and the sources of funds (such as net income, disinvestments and credit-line agreements by financial institutions).

As mentioned in previous paragraphs, YPF pretends to align the maturity profile of its financial debt to be related to its ability to generate enough cash flows for its payment, as well as to finance the projected expenditures for each year. As of December 31, 2014 the availability of liquidity reached 22,058, considering cash for 6,731, other liquid financial assets for 3,027 and available credit lines with banks for 3,800 and from the National Treasury of 8,500. Additionally, YPF has the ability to issue debt under the negotiable obligations global program originally approved by the Shareholders meeting in 2008 expanded in September 2012, in April 2013 (see Note 2.i) and in February 2015 (see Note 15).

After the process which concluded with the change of shareholders mentioned in Note 4, the Company is still focused in structuring more efficiently the structure of maturity of its debt, in order to facilitate the daily operations and to allow the proper financing of planned investments.

The table below sets forth the maturity dates of the Company's financial liabilities as of December 31, 2014:

	December 31, 2014						Total
	Maturity date						
	0 - 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	
Financial Liabilities							
Accounts payable ⁽¹⁾	30,404	418				21	30,843
Loans	13,275	8,619	4,341	8,784	2,830	11,456	49,305
Provisions		718					718

(1) The amounts disclosed are the contractual, undiscounted cash flows associated to the financial liabilities given that they do not differ significantly from their face values.

Most of the Company's financial debt contains usual covenants for contracts of this nature. With respect to a significant portion of the financial loans, as of December 31, 2014, the Company has agreed, among other things and subject to certain exceptions, not to establish liens or charges on assets. Additionally, approximately 33% of the outstanding financial debt as of December 31, 2014 is subject to financial covenants related to the leverage ratio and debt service coverage ratio of the Company.

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A portion of the Company's financial debt provides that certain changes in the Company's control and/or nationalization may constitute an event of default. Moreover, the Company's financial debt also contains cross-default provisions and/or cross acceleration provisions that could cause all of the financial debt to be accelerated if the debt having changes in control and/or nationalization events provisions is defaulted. As of the issuance date of these financial statements, the Company has obtained formal waivers from all the financial creditors in relation to its outstanding debt subject to the mentioned terms at the moment in which the change in control occurred mentioned in Note 4. Additionally and related to the outstanding debt of YPF subsidiaries, GASA and MetroGAS, see Note 2.i) of these consolidated financial statements.

Credit Risk

Credit risk is defined as the possibility of a third party not complying with its contractual obligations, thus negatively affecting results of operations of the Company.

Credit risk in the Company is measured and controlled on an individual customer basis. The Company has its own systems to conduct a permanent evaluation of credit performance of all of its debtors and customers, and the determination of risk limits with respect to customers, in line with best practices using for such end internal customer records and external data sources.

Financial instruments that potentially expose the Company to a concentration of credit risk consist primarily of cash and equivalents, trade receivables and other receivables and advances. The Company invests excess cash primarily in high liquid investments with financial institutions with a strong credit rating both in Argentina and abroad. In the normal course of business, the Company provides credit based on ongoing credit evaluations to its customers and certain related parties. Additionally, the Company accounts for credit losses in the other comprehensive income statement, based on specific information regarding its clients. As of the date of these consolidated financial statements, the Company's customer portfolio is diversified.

The allowances for doubtful accounts are measured by the following criteria:

The aging of the receivable;

The analysis of the customer's capacity to return the credit granted, also taking into consideration special situations such as the existence of a voluntary reorganization petition, bankruptcy and arrears, guarantees, among others.

The maximum exposure to credit risk of the Company as of December 31, 2014 based on the type of its financial instruments and without excluding the amounts covered by guarantees and other arrangements mentioned below, is set forth below:

	Maximum exposure as of December 31, 2014
Cash and equivalents	9,758
Other financial assets	15,286

Following is the breakdown of the financial assets past due as of December 31, 2014.

	Current trade receivable	Other current receivables and advances
Less than three months past due	343	269
Between three and six months past due	125	32
More than six months past due	1,987	226
	2,455	527

At such date, the provision for doubtful trade receivables amounted to 873 and the provisions for other doubtful receivables amounted to 28. These allowances are the Company's best estimate of the losses incurred in relation with accounts receivables.

Guarantee Policy

As collateral of the credit limits granted to customers, YPF has several types of guarantees received from them. In the service stations and distributors market, where generally long-term relationships with customers are established, mortgages prevail. For foreign customers the joint and several bonds from their parent companies prevail. In the industrial and transport market, bank guarantees prevail. With a lower presence, YPF also has obtained other guarantees as credit insurances, surety bonds, guarantee customer supplier, car pledges, etc.

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YPF has effective guarantees granted by third parties for a total amount of 3,676, 2,131 and 1,965 as of December 31, 2014, 2013 and 2012, respectively.

During the year ended December 31, 2014, YPF executed guarantees received for an amount of 1. As of December 31, 2013 and 2012, YPF executed guarantees received for an amount of 4 and 2, respectively.

2. ANALYSIS OF THE MAIN ACCOUNTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Details regarding the significant accounts included in the consolidated financial statements are as follows:

Consolidated Balance Sheet as of December 31, 2014 and Comparative Information**2.a) Cash and equivalents:**

	2014	2013	2012
Cash	6,731	4,533	950
Short-term investments	1,492	4,158	2,920
Financial assets at fair value through profit or loss	1,535	2,022	877
	9,758	10,713	4,747

2.b) Trade receivables:

	2014		2013		2012	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Accounts receivable and related parties ⁽¹⁾	26	13,037	60	8,066	20	4,538
Provision for doubtful trade receivables	(7)	(866)	(6)	(652)	(5)	(494)
	19	12,171	54	7,414	15	4,044

(1) See Note 6 for additional information about related parties.

Changes in the provision for doubtful trade receivables

	2014		2013		2012	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Amount at beginning of year	6	652	5	494	454	454
Increases charged to expenses		210		191		56
Decreases charged to income		(41)		(73)		(25)
Amounts incurred		(4)				(2)
Translation differences	1	49	1	40		16

Reclassifications and others 5 (5)

Amount at end of year 7 866 6 652 5 494

2.c) Other receivables and advances:

	2014		2013		2012	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Trade		664		377		223
Tax credit, export rebates and production incentives	130	1,066	22	1,233	10	750
Trust contributions - Obra Sur	56	22	67	34	83	17
Loans to clients and balances with Related parties ⁽¹⁾	231	53	517	81	385	77
Collateral deposits	528	435	397	253	7	193
Prepaid expenses	39	451	11	490	8	239
Advances and loans to employees	7	299	3	166		106
Advances to suppliers and custom agents ⁽²⁾		2,224		1,062		542
Receivables with partners in Joint Operations	612	764	1,852 ⁽³⁾	595 ⁽³⁾	600	129
Insurance receivables (Note 11.b)		1,068		1,956		
Miscellaneous	95	227	62	357	69	455
	1,698	7,273	2,931	6,604	1,162	2,731
Provision for other doubtful accounts		(102)		(98)		(96)
Provision for valuation of other receivables to their estimated realizable value	(7)	(1)	(4)		(1)	
	1,691	7,170	2,927	6,506	1,161	2,635

(1) See Note 6 for additional information about related parties.

(2) Includes among others, advances to customs agents for the payment of taxes and import rights related to the imports of fuels and other products.

(3) Includes the receivables related to the investment agreement with Chevron Corporation (see Note 11.c).

Table of Contents**2.d) Inventories:**

	2014	2013	2012
Refined products	7,720	5,713	4,316
Crude oil and natural gas	4,187	3,451	1,813
Products in process	99	115	106
Construction works in progress	271	107	230
Raw materials and packaging materials	724	495	457
	13,001 ⁽¹⁾	9,881 ⁽¹⁾	6,922 ⁽¹⁾

(1) As of December 31, 2014, 2013 and 2012, the net realizable value of the inventories does not differ, significantly, from their cost.

2.e) Investments in companies:

	2014	2013	2012
Investments in companies (Exhibit I)	3,189	2,136	1,926
Provision for reduction in value of investments in companies	(12)	(12)	(12)
	3,177	2,124	1,914

2.f) Evolution of intangible assets:

Main account	Amounts at beginning of year		2014 Cost Translation effect	Net decreases, reclassifications and transfers	Amounts at the end of year
		Increases			
Service concessions	3,917	572	1,212	6	5,707
Exploration rights	801	3,033	399	(2,258)	1,975
Other intangibles	1,879	129	594	5	2,607
Total 2014	6,597	3,734 ⁽¹⁾	2,205	(2,247) ⁽¹⁾⁽²⁾	10,289
Total 2013	4,443	624	1,547	(17)	6,597
Total 2012	3,724	145	571	3	4,443

	2014					2013	2012		
	Amortization								
Main account	Accumulated Net			Increases	Translation effect	Accumulated at the end of year	Net book value 12-31	Net book value 12-31	Net book value 12-31
	at beginning of year	decreases, transfers	and Depreciation rate						
Service concessions	2,551		4-5%	135	789	3,475	2,232	1,366	930
Exploration rights	8	(39)		179	2	150	1,825	793	402
Other intangibles	1,592	1	7-33%	155	523	2,271	336	287	160
Total 2014	4,151	(38)		469	1,314	5,896	4,393		
Total 2013	2,951	(24)		197	1,027	4,151		2,446	
Total 2012	2,424	(4)		152	379	2,951			1,492

(1) Includes 2,784 of increases corresponding to YSUR Group in Argentina at acquisition date and 1,538 of the decrease of assets by the assignment of areas to Pluspetrol S.A. (see Note 13).

(2) Includes 682 reclassified to Mineral property, wells and related equipment of fixed assets.

The Company does not have intangible assets with indefinite useful lives as of December 31, 2014, 2013 and 2012.

Service concessions: the Argentine Hydrocarbons Law permits the executive branch of the Argentine government to award 35-year concessions for the transportation of oil, gas and petroleum products following submission of competitive bids. The term of a transportation concession may be extended for an additional ten-year term. Pursuant to Law No. 26,197, provincial governments have the same powers. Holders of production concessions are entitled to receive a transportation concession for the oil, gas and petroleum products that they produce. The holder of a transportation concession has the right to:

transport oil, gas and petroleum products; and

construct and operate oil, gas and products pipelines, storage facilities, pump stations, compressor plants, roads, railways and other facilities and equipment necessary for the efficient operation of a pipeline system.

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The holder of a transportation concession is obligated to transport hydrocarbons for third parties on a non-discriminatory basis for a fee. This obligation, however, applies to producers of oil or gas only to the extent that the concession holder has surplus capacity available and is expressly subordinated to the transportation requirements of the holder of the concession. Transportation tariffs are subject to approval by the Argentine Secretariat of Energy for oil pipelines and petroleum products and by the National Gas Regulatory Authority (Ente Nacional Regulador del Gas or ENARGAS) for gas pipelines. Upon expiration of a transportation concession, the pipelines and related facilities automatically revert to the Argentine State without payment to the holder.

The Privatization Law granted YPF a 35-year transportation concession with respect to the pipelines operated by Yacimientos Petrolíferos Fiscales S.A. at the time. The main pipelines related to such transport concessions are:

La Plata / Dock Sud

Puerto Rosales / La Plata

Monte Cristo / San Lorenzo

Puesto Hernández / Luján de Cuyo

Luján de Cuyo / Villa Mercedes

Management considers that the assets referred to above meet the criteria set forth by IFRIC 12, and should be therefore recognized as intangible assets.

2.g) Composition and evolution of fixed assets:

	2014	2013	2012
Net book value of fixed assets	157,243	93,662	57,103
Provision for obsolescence of materials and equipment	(313)	(166)	(132)
	156,930	93,496	56,971

Main account	Amounts at beginning of year		Increases	2014 Cost	Translation effect	Net decreases, reclassifications and transfers	Amounts at the end of year
Land and buildings	6,965	13		1,996		110	9,084

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Mineral property, wells and related equipment	179,877	9,248	56,540	19,711	265,376
Refinery equipment and petrochemical plants	29,267	13	9,171	3,630	42,081
Transportation equipment	1,466	119	431	144	2,160
Materials and equipment in warehouse	5,576	8,013	1,571	(6,919)	8,241
Drilling and work in progress	19,840	38,531	6,275	(19,595)	45,051
Exploratory drilling in progress ⁽³⁾	927	2,264	231	(1,641)	1,781
Furniture, fixtures and installations	2,267	82	690	275	3,314
Selling equipment	4,084		1,284	152	5,520
Infrastructure for natural gas distribution	2,722	169	1	(4)	2,888
Electric power generation facilities	1,542	20		5	1,567
Other property	4,070	141	1,112	13	5,336
Total 2014	258,603	58,613⁽⁴⁾⁽⁵⁾⁽¹⁰⁾	79,302	(4,119)⁽⁶⁾	392,399
Total 2013	170,843	39,220⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	59,121	(10,581)⁽⁷⁾	258,603
Total 2012	135,618	16,209⁽¹⁰⁾	20,282	(1,266)⁽⁶⁾	170,843

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Main account	2014				Translation effect	Accumulated at the end of year	Net book value	2013	2012
	Accumulated at beginning of year	Net decreases, transfers and classifications	Depreciation rate	Increases				Net book value	Net book value
Land and buildings	2,804		2%	161	814	3,779	5,305	4,161	2,906
Mineral property, wells and related equipment	133,672	(348)	(1)	17,057	41,789	192,170	73,206 ⁽²⁾	46,205 ⁽²⁾	28,007 ⁽²⁾
Refinery equipment and petrochemical plants	17,611	(7)	4-5%	1,751	5,487	24,842	17,239	11,656	5,845
Transportation equipment	1,022	(21)	4-20%	152	302	1,455	705	444	321
Materials and equipment in warehouse							8,241	5,576	3,375
Drilling and work in progress							45,051	19,840	13,658
Exploratory drilling in progress ⁽³⁾							1,781	927	955
Furniture, fixtures and installations	1,990	(4)	10%	235	596	2,817	497	277	249
Selling equipment	3,034		10%	239	942	4,215	1,305	1,050	708
Infrastructure for natural gas distribution	1,107	(10)	2-5%	87	2	1,186	1,702	1,615	
Electric power generation facilities	1,060		5-7%	110	1	1,171	396	482	
Other property	2,641	(2)	10%	144	738	3,521	1,815	1,429	1,079
Total 2014	164,941	(392)⁽⁶⁾		19,936	50,671	235,156	157,243		
Total 2013	113,740	(1,530)⁽⁷⁾		13,830⁽⁸⁾⁽⁹⁾	38,901	164,941		93,662	
Total 2012	91,973	(84)⁽⁶⁾		8,129	13,722	113,740			57,103

- (1) Depreciation has been calculated according to the unit of production method (Note 1.b.6).
- (2) Includes 6,343, 3,748 and 2,800 of mineral property as of December 31, 2014, 2013 and 2012, respectively.
- (3) As of December 31, 2014, there are 55 exploratory wells in progress. During year ended on such date, 56 wells were drilled, 32 wells were charged to exploratory expenses and 24 were transferred to proved properties which are included in the account Mineral property, wells and related equipment.
- (4) Includes 858, 210, 39 and 866 of increases corresponding to Puesto Hernandez, Lajas, La Ventana and Bajada Añelo Amarga Chica joint operations, respectively, on the additional interest acquisition date.
- (5) Includes 5,469 of increases corresponding to YSUR Group in Argentina on the acquisition date (see Note 13).
- (6) Includes 32 and 4 of net book value charged to fixed assets provisions for the years ended December 31, 2014 and 2012, respectively.
- (7) Includes, among others, the write-down of the assets of Coke A unit as a consequence of the incident in La Plata refinery on April 2013, as a result of the storm that took place in that city (see also Note 11.b) and 6,708 from the decrease of assets related to the investment project agreement (see also Note 11.c).
- (8) Includes 3,137 and 1,352 of increases and accumulated depreciation, respectively, corresponding to GASA on the acquisition date (see Note 13).
- (9) Includes 1,878 and 1,242 of increases and accumulated depreciation, respectively, corresponding to YPF Energía Eléctrica at the split-off date (see Note 13).
- (10) Includes (268), 4,357 and (276) corresponding to hydrocarbon wells abandonment costs for the years ended December 31, 2014, 2013 and 2012, respectively.

As described in Note 1.b.6, YPF capitalizes the financial cost as a part of the cost of the assets. For the years ended on December 31, 2014, 2013 and 2012 the annual average rate of capitalization were 12.29%, 12.03% and 8.55% and the capitalized amount were 574, 605 and 340, respectively, for the years above mentioned.

Set forth below is the evolution of the provision for obsolescence of materials and equipment for the years ended on December 31, 2014, 2013 and 2012:

	2014	2013	2012
Amount at beginning of year	166	132	123
Increase charged to expenses	133	16	22
Decreases charged to income	(4)		(23)
Amounts incurred	(32)		(4)
Translation differences	50	18	14
Amount at end of year	313	166	132

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Set forth below is the evolution of the exploratory wells in evaluation stage for the years ended on December 31, 2014, 2013 and 2012:

	2014	2013	2012
Amount at beginning of year	710	815	160
Additions pending the determination of proved reserves	921	424	683
Decreases charged to exploration expenses	(336)	(255)	(35)
Decrease of assets assignment	(336)		
Reclassifications to mineral property, wells and related equipment with proved reserves	(188)	(481)	(63)
Translation difference	222	207	70
Amount at end of year	993	710	815

The following table shows exploratory wells capitalized for a period longer than a year and the number of projects related to such costs as of December 31, 2014:

	Amount	Number of projects	Number of wells
Between 1 and 5 years	113	2	3

2.h) Accounts payable:

	2014		2013		2012	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Trade and related parties ⁽¹⁾	66	28,331	153	18,553	35	11,503
Investments in companies with negative shareholders equity		2		127		4
Extension of Concessions (see Note 11.c)	332	884	275	1,036	104	936
Miscellaneous	168	1,189	42	596	23	413
	566	30,406	470	20,312	162	12,856

(1) For more information about related parties, see additionally Note 6.

2.i) Loans:

Interest rate ⁽¹⁾	Principal maturity	2014		2013		2012	
		Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
0.10	26.00% 2015-2028	33,330	3,586	20,474	4,296	9,216	725

Negotiable Obligations ⁽²⁾									
Other financial debts	2.00	26.00%	2015-2019	2,700 ⁽³⁾⁽⁴⁾	9,689 ⁽³⁾⁽⁴⁾	2,602	4,518	2,884	4,279
				36,030	13,275	23,076	8,814	12,100	5,004

(1) Annual interest rate as of December 31, 2014.

(2) Disclosed net of 252, 137 and 450, corresponding to YPF's outstanding Negotiable Obligations repurchased through open market transactions as of December 31, 2014, 2013 and 2012, respectively.

(3) Includes approximately 8,392 corresponding to loans agreed in U.S. dollars, which accrue interest at rates between 2% and 7.25%.

(4) Includes 1,702 corresponding to loans granted by Banco Nación Argentina, denominated in Argentine pesos of which 315 accrue fixed interest rate of 15% until December 2015 and then accrue variable interest of BADLAR plus a spread of 4 percentage points and 167 accrue variable interest of BADLAR plus a spread of 4 percentage points with a maximum lending interest rate of the overall portfolio of Banco Nación and 1,220 accrue fixed interest rate of 22% corresponding to overdrafts. See additionally Note 6.

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Details regarding the Negotiable Obligations of the Company are as follows:

(in millions)		Book value										
Issuance						2014		2013		2012		
Month	Year	Principal value	Class	Interest rate ⁽³⁾	Principal maturity	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	
PF:	1998	US\$ 15 ⁽¹⁾⁽⁶⁾		Fixed	10.00%	2028	62	2	534	10	40	
ch	2010	US\$ 70 ⁽²⁾⁽⁶⁾	Class III								3	
ember	2012	\$ 100 ⁽²⁾⁽⁷⁾	Class VI								1	
ember	2012	\$ 200 ⁽²⁾⁽⁶⁾	Class VII							202	200	
ember	2012	\$ 1,200 ⁽²⁾⁽⁴⁾⁽⁶⁾	Class VIII	BADLAR plus 4%	24.02%	2015		809	800	413	1,200	
ober	2012	US\$ 130 ⁽²⁾⁽⁵⁾⁽⁶⁾	Class IX							853	636	
ober and												
ember	2012	US\$ 552 ⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Class X	Fixed	6.25%	2016	4,690	59	3,587	45	2,702	
ember				BADLAR plus								
ember	2012	\$ 2,110 ⁽²⁾⁽⁴⁾⁽⁶⁾	Class XI	4.25%	24.72%	2017	2,110	70	2,110	64	2,110	
ember	2012	\$ 150 ⁽²⁾⁽⁶⁾	Class XII								1	
ember				BADLAR plus								
ch	2012/3	\$ 2,828 ⁽²⁾⁽⁴⁾⁽⁶⁾	Class XIII	4.75%	24.70%	2018	2,828	23	2,828	22	2,328	
ch	2013	\$ 300 ⁽²⁾⁽⁶⁾	Class XIV							304		
ch	2013	US\$ 230 ⁽²⁾⁽⁵⁾⁽⁶⁾	Class XV							1,497		
y	2013	\$ 300 ⁽²⁾⁽⁶⁾	Class XVI							303		
il				BADLAR plus								
	2013	\$ 2,250 ⁽²⁾⁽⁴⁾⁽⁶⁾	Class XVII	2.25%	22.99%	2020	2,250	89	2,250	83		
il	2013	US\$ 61 ⁽²⁾⁽⁵⁾⁽⁶⁾	Class XVIII	Fixed	0.1%	2015		502	397			
il	2013	US\$ 89 ⁽²⁾⁽⁵⁾⁽⁶⁾	Class XIX	Fixed	1.29%	2017	757	2	579	1		
e				BADLAR plus								
	2013	\$ 1,265 ⁽²⁾⁽⁴⁾⁽⁶⁾	Class XX	2.25%	22.22%	2020	1,265	11	1,265	10		
	2013	\$ 100 ⁽²⁾⁽⁶⁾	Class XXI							101		
	2013	US\$ 92 ⁽²⁾⁽⁵⁾⁽⁶⁾	Class XXII	Fixed	3.50%	2020	515	107	510	89		
ober				LIBOR plus								
	2013	US\$ 150 ⁽²⁾	Class XXIV	7.50%	7.73%	2018	825	311	860	125		
ober				BADLAR plus								
	2013	\$ 300 ⁽²⁾⁽⁶⁾	Class XXV	3.24%	24.10%	2015		314	300	13		
ember	2013	US\$ 587 ⁽²⁾	Class XXVI	Fixed	8.875%	2018	4,899	16	3,251	10		
ember	2013	\$ 150 ⁽²⁾⁽⁶⁾	Class XXVII							151		

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ch	2014	\$	500 ⁽²⁾⁽⁶⁾	Class XXIX	BADLAR	20.09%	2020	500	7	
ch					BADLAR plus					
	2014	\$	379 ⁽²⁾⁽⁶⁾	Class XXX	3.50%	23.47%	2015		384	
il	2014	US\$	1,000 ⁽²⁾	Class XXVIII	Fixed	8.75%	2024	8,501	180	
e	2014	\$	201 ⁽²⁾⁽⁶⁾	Class XXXI	Variable ⁽⁷⁾	26.00%	2015		205	
e					BADLAR plus					
	2014	\$	465 ⁽²⁾	Class XXXII	3.20%	23.27%	2016	155	316	
e	2014	US\$	66 ⁽²⁾⁽⁵⁾	Class XXXIII	Fixed	2.00%	2017	563	1	
tember					BADLAR plus					
	2014	\$	1,000 ⁽²⁾	Class XXXIV	0.10%	20.16%	2024	1,000	54	
tember					BADLAR plus					
	2014	\$	750 ⁽²⁾⁽⁴⁾	Class XXXV	3.50%	23.56%	2019	750	47	
etroGAS:										
ary	2013	US\$	177	Series A-L	Fixed	8.875%	2018	1,186	1	840
ary	2013	US\$	13	Series A-U	Fixed	8.875%	2018	120		91
ASA:										
ch	2013	US\$	57	Series A-L	Fixed	8.875%	2015	347	76	262
ch	2013	US\$	1 ⁽⁸⁾	Series A-U	Fixed	8.875%	2016	7		10
								33,330	3,586	20,474
								4,296	9,216	7

(1) Corresponds to the 1997 M.T.N. Program for US\$1,000 million.

(2) Corresponds to the 2008 M.T.N. Program for US\$5,000 million.

(3) Interest rate as of December 31, 2014.

(4) The ANSES and/or the Argentine Hydrocarbons Fund have participated in the primary subscription of these negotiable obligations, which may at the discretion of the respective holders, be subsequently traded in the securities market where these negotiable obligations are authorized to be traded.

(5) The payment currency of these Negotiable Obligations is the Argentine Peso at the Exchange rate applicable under the terms of the series issued.

(6) As of the date of issuance of these financial statements, the Company has fully complied with the use of proceeds disclosed in the pricing supplements.

(7) Accrue an annual variable interest rate equivalent to the sum of a floor interest rate of 20% plus a spread related to YPF's total hydrocarbons production (natural gas, oil-condensate and gasoline), according to the information of the National Secretariat of Energy with a maximum interest rate of 26%.

(8) The expiration date of the original capital is December 2015, with the possibility of being extended to December 2016, if certain conditions are fulfilled. See GASA section below.

For additional information about covenants assumed by the Company and maturity of loans see Note 1.d) Financial risk management.

YPF's Negotiable Obligations

The Shareholders' meeting held on January 8, 2008, approved a Notes Program for an amount up to US\$ 1,000 million. Subsequently the amount of the program was extended by the corresponding approval of the Shareholders' meeting, totalizing a maximum nominal amount outstanding of US\$ 5,000 million as of December 31, 2014 and US\$

8,000 million as of February 26, 2015, date of issuance of these financial statements (see Note 15), or its equivalent in other currencies. The funds from this Program may be used for any of the alternatives provided in art. 3 of Law No. 23,576 of negotiable obligations and its supplementary rules.

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Negotiable Obligations of MetroGAS S.A. and Gas Argentino S.A. Debt Restructuring:

MetroGAS:

In compliance with the preventive agreement between MetroGAS and its creditors, in relation with MetroGAS voluntary reorganization petition, on January 11, 2013 new negotiable obligations were issued by MetroGAS (the new negotiable obligations of MetroGAS) which were granted in exchange to the financial and non-financial creditors verified and declared acceptable.

On February 1 and February 13, 2013 MetroGAS presented to the Court the documentation that demonstrates the fulfillment of the debt exchange and the issuance of the new negotiable obligations of MetroGAS in order to obtain the removal of the general prohibition and obtain the legal declaration of the accomplishment of the preventive agreement under the terms and conditions of art. 59 of the Bankruptcy law.

The issuance of the new negotiable obligations of MetroGAS was approved by the CNV on December 26, 2012, within the framework of the Global Negotiable Obligation Issuance Program of MetroGAS for a nominal value of up to US\$ 600 million.

MetroGAS issued the new negotiable obligations to be exchanged for existing negotiable obligations:

Series A-L for an amount of US\$ 163,003,452.

Series B-L for an amount of US\$ 122,000,000.
and in exchange of non-financial debt of MetroGAS negotiable obligations:

Series A-U for an amount of US\$ 16,518,450.

Series B-U for an amount of US\$ 13,031,550.

From the date of issuance, all MetroGAS obligations under the terms of the Previous Negotiable Obligations and the previous non-financial debt were terminated and all rights, interests and benefits stipulated therein were annulled and canceled. Consequently, the previous Negotiable Obligation and the previous non-financial debt were extinguished and no longer constitute MetroGAS enforceable obligations. In this order, the debt exchange was accounted for as a debt extinguishment following the guidelines of IFRS 9. The result, before tax effect, of the restructuring of the outstanding debt obligations of MetroGAS was recognized by that company during the three months ended on March 31, 2013. Since this result was recognized by MetroGAS prior to the YPF's acquisition, the effect arising thereof has been considered in the initial accounting of the acquisition of MetroGAS (see Note 13).

The principal value of the Class A New Negotiable Obligations of MetroGAS shall be fully redeemed at its maturity on December 31, 2018 in a single payment. The Class A New Negotiable Obligations of MetroGAS will accrue an annual nominal interest rate of 8.875%. The Class A New Negotiable Obligations will accrue an annual nominal interest rate of 8.875% over outstanding Negotiable Obligations, from date of issue until the date of cancellation which shall be calculated and paid in accordance with its terms and conditions. The Class B New Negotiable

Obligations would only had accrued interest over the amount of capital corresponding to the Class B New Negotiable Obligations if a triggering event had occurred (which includes the anticipated maturity in case of an event of default under the terms of the new issued negotiable obligations) before the Deadline and since such triggering event occurred. This interest also had being accrued at an annual nominal interest rate of 8.875% from the date of the triggering event and until the date of cancellation which had been computed and paid in accordance with its terms and conditions. Interest on the Series AL and AU will be paid every six months on June 30 and December 31 of each year, although MetroGAS has exercised the option to capitalize 100% of the interest accrued between the date of issuance and June 30, 2013 and 50% of the interest accrued between July 1, 2013 and June 30, 2014.

Consequently, after the initial issuance aforementioned, MetroGAS has issued Negotiable Obligations of late verification:

Series A-U for an amount of US\$ 5,087,459

Series B-U for an amount of US\$ 4,013,541

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and Negotiable Obligations of capitalization

Series A-L additionally for an amount of US\$ 7,033,000

Series A-U additionally for an amount of US\$ 742,500

Additionally, in accordance with the terms and conditions of issuance of the New Negotiable obligations of MetroGAS, it and its subsidiaries, must comply with certain restrictions relating to indebtedness, restricted payments (including dividends), liens, among others.

GASA:

In compliance with the preventive agreement between GASA and its creditors, in relation with the voluntary reorganization petition of GASA, on March 15, 2013 GASA proceeded to exchange the existing negotiable obligations held by its financial creditors and the credits of nonfinancial creditors verified and declared acceptable by the New Negotiable obligations.

GASA issued new negotiable obligations (the new negotiable obligations of GASA) to be delivered in exchange for previous existing negotiable obligations:

Series A-L for an amount of US\$ 50,760,000.

Series B-L for an amount of US\$ 67,510,800.
and in exchange for the financial debt of GASA Previous Negotiable Obligations:

Series A-U for an amount of US\$ 1,306,528.

Series B-U for an amount of US\$ 1,737,690.

The issuance of the new negotiable obligations of GASA AL and BL series were approved by the CNV on February 5, 2013.

From the date of issuance, all GASA obligations under the terms of the previous negotiable obligations and the previous financial debt were terminated and all rights, interests and benefits stipulated therein were annulled and canceled. Consequently, the Previous Negotiable obligations and the previous financial debt were extinguished and no longer constitute an enforceable obligation for GASA. The debt exchange was accounted for as an extinguishment of debt following the guidelines of IFRS 9. The result before tax effect of the debt restructuring of GASA was recognized in the statement of income during the three months ended on March 31, 2013. Since this result was recognized by GASA prior to YPF's acquisition, the effect arising thereof has been considered in the initial accounting of the acquisition of GASA (see Note 13).

The principal value of the Class A new negotiable obligations of GASA will be fully redeemed at its maturity on December 31, 2015 in a single payment. If GASA pays the total accrued non-capitalized interest to that date and the capital corresponding that would have been capitalized in accordance with the terms of issuance up to that date, then the maturity of the new negotiable obligations of GASA will be on December 31, 2016. The Class A new negotiable obligations of GASA will accrue an annual nominal interest of 8.875%. The Class B new negotiable obligations of GASA, maturing on 2015, will only accrue interest if there is a triggering event (which includes the anticipated maturity in case of an event of default under the terms of the negotiable obligations issued) occurs before the Deadline, and if the triggering event has not occur, the Class B new negotiable obligations of GASA will be automatically canceled and will no longer constitute enforceable obligations for GASA. Interest will be paid every six months on June 15 and December 15 of each year, GASA will have the option to capitalize 100% of the interest accrued between the date of issuance and December 15, 2015. GASA has exercised this option for the accrued interest from the date of issuance to December 15, 2014.

Subsequent to the issuance mentioned, GASA has issued additional Negotiable Obligations:

Class A-L for an amount of US\$ 8,491,085
and Negotiable Obligations of interest capitalization:

Class A-U for an amount of US\$ 215,532
Additionally, in accordance with the terms and conditions of issuance of the new negotiable obligations, GASA and its subsidiaries, must comply with certain restrictions relating to indebtedness, restricted payments (including dividends), liens, among others.

Table of Contents**2.j) Provisions:**

	Provision for pensions		Provision for pending lawsuits and contingencies		Provision for environmental liabilities		Provision for hydrocarbon wells abandonment obligations	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current
Amount as of December 31, 2013	168	22	5,020	159	764	926	13,220	289
Increases charged to expenses	11		3,367	24	1,066		1,366	3
Decreases charged to income	(27)		(465)	(82)				
Increase from subsidiaries acquisition			20		21	2	724	14
Decrease from payments	(14)	(11)	(5)	(1,126)		(621)	(61)	(136)
Translation differences	67	5	930	23	175	81	2,772	48
Increase from joint operation interest acquisition							339	153
Reclassifications and others	(11)	11	(1,853)	1,853	(757)	757	(273) ⁽¹⁾	5 ⁽¹⁾
Amount as of December 31, 2014	194	27	7,014	851	1,269	1,145	18,087	376

	Provision for pensions		Provision for pending lawsuits and contingencies		Provision for environmental liabilities		Provision for hydrocarbon wells abandonment obligations	
	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current