YPF SOCIEDAD ANONIMA
Form 6-K
May 16, 2007
Table of Contents

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

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

the Securities Exchange Act of 1934

For the month of May, 2007

Commission File Number: 001-12102

YPF Sociedad Anónima

(Exact name of registrant as specified in its charter)

Av. Pte. R.S. Peña 777 8th Floor

1354 Buenos Aires, Argentina

(Address of principal executive office)

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 __X__ 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 __X__

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 __X__

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ______ No __X__

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Table of Contents

YPF Sociedad Anónima

TABLE OF CONTENTS

Table of Contents

Item 1

SOCIEDAD ANONIMA

Financial Statements as of March 31, 2007 and Comparative Information

Limited Review Report on Interim Period Financial Statements

Statutory Audit Committee s Report

Table of Contents

English translation of the report originally issued in Spanish, except for the omission of certain disclosures related to formal legal requirements for reporting in Argentina and the addition of the last paragraph See Note 12 to the primary financial statements

Limited Review Report on Interim

Period Financial Statements

To the Board of Directors of

YPF SOCIEDAD ANONIMA

Av. Pte Roque Sáenz Peña 777

Buenos Aires City

CUIT Nº 30-54668997-9

1. Identification of financial statements subject to limited review

We have reviewed the balance sheet of YPF SOCIEDAD ANONIMA (an Argentine Corporation) as of March 31, 2007, and the related statements of income, changes in shareholders equity and cash flows for the three-month period then ended. We have also reviewed the consolidated balance sheet of YPF SOCIEDAD ANONIMA and its controlled and jointly controlled companies as of March 31, 2007, and the related consolidated statements of income and cash flows for the three-month period then ended, which are presented as supplemental information in Schedule I. These financial statements are the responsibility of the Company s Management.

2. Scope of our work

We conducted our review in accordance with generally accepted auditing standards in Argentina for a review of interim period financial statements. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for accounting and financial matters. A review is substantially less in scope than an audit of financial statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Table of Contents

3. Limited review report

Based on our review, we are not aware of any material modification that should be made to the financial statements of YPF SOCIEDAD ANONIMA referred to in the first paragraph for them to be in conformity with generally accepted accounting principles in Argentina.

In relation to the financial statements as of December 31, 2006 and March 31, 2006, which are presented for comparative purposes, we issued our unqualified auditors report dated March 6, 2007, and our unqualified limited review report on interim period financial statements dated May 10, 2006, respectively.

Certain accounting practices of YPF SOCIEDAD ANONIMA used in preparing the accompanying financial statements conform with generally accepted accounting principles in Argentina, but do not conform with generally accepted accounting principles in the United States of America (see Note 12 to the accompanying financial statements).

Buenos Aires City, Argentina

May 4, 2007

Deloitte & Co. S.R.L.

Ricardo C. Ruiz

Partner

Table of Contents

YPF SOCIEDAD ANONIMA

FINANCIAL STATEMENTS AS OF MARCH 31, 2007 AND COMPARATIVE INFORMATION

INDEX

Table of Contents

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA

Avenida Presidente Roque Sáenz Peña 777 Ciudad Autómona de Buenos Aires, Argentina

FISCAL YEARS NUMBER 31 AND 30

BEGINNING ON JANUARY 1, 2007 AND 2006

FINANCIAL STATEMENTS AS OF MARCH 31, 2007 AND COMPARATIVE INFORMATION

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

Principal business of the Company: exploration, development and production of oil and natural gas and other minerals and refining, transportation, marketing and distribution of oil and petroleum products and petroleum derivatives, including petrochemicals and chemicals, generation of electric power from hydrocarbons, as well as rendering telecommunications services.

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 13, 2007 (pending registration).

Optional Statutory Regime related to Compulsory Tender Offer provided by Decree No. 677/2001 art. 24: not incorporated.

Capital structure as of March 31, 2007

(expressed in Argentine pesos)

	Subscribed, paid-in and authorized for stock exchange listing (Note 4 to primary financial statements)
Shares of Common Stock, Argentine pesos 10 par value, 1 vote per share	3,933,127,930

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

Schedule I

1 of 3

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2007 AND DECEMBER 31, 2006

(amounts expressed in millions of Argentine pesos - Note 1 to the primary financial statements)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007	**2006**
Current Assets		
Cash	77	118
Investments (Note 2.a)	881	971
Trade receivables (Note 2.b)	2,296	2,242
Other receivables (Note 2.c)	3,694	5,033
Inventories (Note 2.d)	1,873	1,697
Other assets		1,128
Total current assets	8,821	11,189
Noncurrent Assets		
Trade receivables (Note 2.b)	43	44
Other receivables (Note 2.c)	789	852
Investments (Note 2.a)	809	788
Fixed assets (Note 2.e)	23,846	22,513
Intangible assets	8	8
Total noncurrent assets	25,495	24,205
Total assets	34,316	35,394
Current Liabilities		
Accounts payable (Note 2.f)	3,086	3,495
Loans (Note 2.g)	926	915
Salaries and social security	156	207
Taxes payable	1,481	1,298
Net advances from crude oil purchasers	80	96
Reserves	289	273
Total current liabilities	6,018	6,284
Noncurrent Liabilities		
Accounts payable (Note 2.f)	2,737	2,448
Loans (Note 2.g)	521	510
Salaries and social security	194	202
Taxes payable	26	20

Net advances from crude oil purchasers		7
Reserves	1,636	1,578
Total noncurrent liabilities	5,114	4,765
Total liabilities	11,132	11,049
Shareholders Equity	23,184	24,345
Total liabilities and shareholders equity	34,316	35,394

Notes 1 to 4 and the accompanying exhibits A and H to Schedule I and the primary financial statements

of YPF, are an integral part of and should be read in conjunction with these statements.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

2

Table of Contents

Schedule I

2 of 3

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

(amounts expressed in millions of Argentine pesos, except for per share amounts in Argentine pesos - Note 1 to the primary financial statements)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007	**2006**
Net sales (Note 4)	6,375	6,006
Cost of sales	(3,946)	(3,338)
Gross profit	2,429	2,668
Administrative expenses (Exhibit H)	(171)	(135)
Selling expenses (Exhibit H)	(503)	(469)
Exploration expenses (Exhibit H)	(112)	(87)
Operating income	1,643	1,977
Income (loss) on long-term investments (Note 4)	21	(2)
Other (expense) income, net (Note 2.h)	(33)	47
Financial income (expense), net and holding gains:		
Gains on assets		
Interests	128	84
Exchange differences	37	53
Holding gains on inventories	121	219
Losses on liabilities		
Interests	(73)	(70)
Exchange differences	(9)	(63)
Reversal of impairment of other current assets	69	
Net income before income tax	1,904	2,245
Income tax	(701)	(853)
Net income	1,203	1,392
Earnings per share	3.06	3.54

Notes 1 to 4 and the accompanying exhibits A and H to Schedule I and the primary financial statements

of YPF, are an integral part of and should be read in conjunction with these statements.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

Table of Contents

Schedule I

3 of 3

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

(amounts expressed in millions of Argentine pesos - Note 1 to the primary financial statements)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007	**2006**
Cash Flows from Operating Activities		
Net income	1,203	1,392
Adjustments to reconcile net income to net cash flows provided by operating activities:		
(Loss) income on long-term investments	(21)	2
Reversal of impairment of other current assets	(69)	
Dividends from long-term investments	2	2
Depreciation of fixed assets	989	816
Income tax	701	853
Income tax payments	(368)	(764)
Consumption of materials and fixed assets retired, net of allowances	73	92
Increase in allowances for fixed assets	8	40
Increase in reserves	75	23
Changes in assets and liabilities:		
Trade receivables	(53)	165
Other receivables	1,502	(1,049)
Inventories	(176)	(265)
Accounts payable	(233)	(97)
Salaries and social security	(70)	(51)
Taxes payable	(205)	85
Net advances from crude oil purchasers	(22)	(25)
Decrease in reserves	(1)	(16)
Interests, exchange differences and others	74	(20)
Net cash flows provided by operating activities	3,409(1)	1,183(1)
Cash Flows from Investing Activities		
Acquisitions of fixed assets	(1,202)	(879)
Investments (non cash and equivalents)	(3)	(3)
Net cash flows used in investing activities	(1,205)	(882)
Cash Flows from Financing Activities		
Payment of loans	(106)	(259)
Proceeds from loans	130	240

Dividends paid	(2,360)	
Net cash flows used in financing activities	(2,336)	(19)
(Decrease) increase in Cash and Equivalents	(132)	282
Cash and equivalents at the beginning of year	1,087	515
Cash and equivalents at the end of period	955	797

For supplemental information on cash and equivalents, see Note 2.a.

---

(1) Includes (40) and (39) corresponding to interest payments for the three-month periods ended March 31, 2007 and 2006, respectively.

Notes 1 to 4 and the accompanying exhibits A and H to Schedule I and the primary financial statements

of YPF, are an integral part of and should be read in conjunction with these statements.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

4

Table of Contents

Schedule I

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND COMPARATIVE INFORMATION

(amounts expressed in millions of Argentine pesos - Note 1 to the primary financial statements, except where otherwise indicated)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

1. CONSOLIDATED FINANCIAL STATEMENTS

Under General Resolution No. 368 from the Argentine Securities Commission (CNV), YPF Sociedad Anónima (the Company or YPF) discloses its consolidated financial statements, included in Schedule I, preceding its primary financial statements. Consolidated financial statements are supplemental and should be read in conjunction with the primary financial statements.

a) Consolidation policies:

Following the methodology established by Technical Resolution No. 21 of the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.), the Company has consolidated its balance sheets and the related statements of income and cash flows as follows:

- Investments and income (loss) related to controlled companies in which YPF has the number of votes necessary to control corporate decisions are substituted for such companies assets, liabilities, net revenues, cost and expenses, which are aggregated to the Company s balances after the elimination of intercompany profits, transactions, balances and other consolidation adjustments.

- Investments and income (loss) related to companies in which YPF holds joint control are consolidated line by line on the basis of the Company s proportionate share in their assets, liabilities, net revenues, cost and expenses, considering intercompany profits, transactions, balances and other consolidation adjustments.

Investments in companies under control and joint control are detailed in Exhibit C to the primary financial statements.

b) Financial statements used for consolidation:

The consolidated financial statements are based upon the last available financial statements of those companies in which YPF holds control or joint control, taking into consideration, if applicable, significant subsequent events and transactions, available management information and transactions between YPF and the related companies which could have produced changes to their shareholders equity.

Table of Contents

c) Valuation criteria:

In addition to the valuation criteria disclosed in the notes to YPF primary financial statements, the following additional valuation criteria have been applied in the preparation of the consolidated financial statements:

Fixed assets

Mineral properties on foreign unproved reserves have been valued at cost and translated into pesos as detailed in Note 2.e to the primary financial statements. Capitalized costs related to unproved properties are reviewed periodically by Management to ensure the carrying value does not exceed their estimated recoverable value.

As of March 31, 2007, YPF Holding Inc. has approximately 29 of exploratory drilling costs that have been capitalized for a period greater than one year, representing one project and one well. The project is pending the results of drilling on an adjacent block.

Salaries and Social Security Pensions and other Postretirement and Postemployment Benefits

YPF Holdings Inc., which has operation in United States of America, has a number of trustee defined-benefits pension plans and postretirement and postemployment benefits.

The funding policy related to trustee pension plans is to contribute amounts to the plans sufficient to meet the minimum funding requirements under governmental regulations, plus such additional amounts as Management may determine to be appropriate. The benefits related to the plans were valued at net present value and accrued based on the years of active service of employees. The net liability for defined-benefits plans is disclosed as non-current liabilities in the Salaries and social security account and is the amount resulting from the sum of: the present value of the obligations, net of the fair value of the plan assets and net of the unrecognized actuarial losses generated since December 31, 2003. The unrecognized actuarial losses and gains are recognized as expense during the expected average remaining work of the employees participating in the plans and the life expectancy of the retired employees. The company updates the actuarial assumptions at the end of each year. As of December 31, 2006, the unrecognized actuarial losses amounted to 52.

YPF Holdings Inc. also has a noncontributory supplemental retirement plan for executive officers and other selected key employees.

YPF Holding Inc. provides certain health care and life insurance benefits for eligible retired employees, and also certain insurance, and other postemployment benefits for eligible individuals in the case employment is terminated by YPF Holdings Inc. before their normal retirement. YPF Holdings Inc. accrues the estimated cost of retiree benefit payments, other than pensions, during employees active service periods. Employees become eligible for these benefits if they meet minimum age and years of service requirements. YPF Holdings Inc. accounts for benefits provided when the minimum service period is met, payment of the benefit is probable and the amount of the benefit can be reasonably estimated. Other postretirement and postemployment benefits are recorded as claims are incurred.

Table of Contents

Recognition of revenues and costs of construction activities

Revenues and costs related to construction activities are accounted by the percentage of completion method. When adjustments in contract values or estimated costs are determined, any change from prior estimates is reflected in earnings in the current year. Anticipated losses on contracts in progress are expensed as soon as they become evident.

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

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

Consolidated Balance Sheets Accounts as of March 31, 2007 and December 31, 2006

Assets

a) Investments:

	2007		2006	
	Current	Noncurrent	Current	Noncurrent
Short-term investments and government securities	881 (1)	158 (3)	971 (1)	156 (3)
Long-term investments		859 (2)		843 (2)
Allowance for reduction in value of holdings in long-term investments		(208) (2)		(211) (2)
	881 (1)	809	971	788

-

(1) Includes 878 and 969 as of March 31, 2007 and December 31, 2006, respectively, with an original maturity of less than three months.

(2) In addition to the amounts detailed in Exhibit C to the primary financial statements, includes interest in Gas Argentino S.A.

(3) Restricted cash.

b) Trade receivables:

	2007		2006	
	Current	Noncurrent	Current	Noncurrent
Accounts receivable	2,352	43	2,280	44
Related parties	410		391	
	2,762	43	2,671	44
Allowance for doubtful trade receivables	(466)		(429)	
	2,296	43	2,242	44

Table of Contents

c) Other receivables

	2007		2006	
	Current	Noncurrent	Current	Noncurrent
Deferred income tax		449		510
Tax credits and export rebates	617	17	692	18
Trade	47		71	
Prepaid expenses	129	64	130	73
Concessions charges	17	91	17	88
Related parties	2,592(1)		3,883(1)	
Loans to clients	9	97	12	69
From joint ventures and other agreements	60		46	
Miscellaneous	354	122	319	146
	3,825	840	5,170	904
Allowance for other doubtful accounts	(131)		(137)	
Allowance for valuation of other receivables to their estimated realizable value		(51)		(52)
	3,694	789	5,033	852

-

(1) In addition to the amounts detailed in Note 3.c to the primary financial statements, includes mainly 201 as of March 31, 2007, which accrue interest at 5.36% and 48 as of December 31, 2006, with Repsol Netherlands Finance B.V. and 218 as of December 31, 2006, with Repsol International Finance B.V.

d) Inventories:

	2007	2006
Refined products	1,116	1,047
Crude oil and natural gas	499	441
Products in process	73	47
Raw materials, packaging materials and others	185	162
	1,873	1,697

e) Fixed assets:

	2007	2006
Net book value of fixed assets (Exhibit A)	23,895	22,562
Allowance for unproductive exploratory drilling	(3)	(3)
Allowance for obsolescence and assets to be disposed of	(46)	(46)
	23,846	22,513

Liabilities

f) Accounts payable:

	2007		2006	
	Current	**Noncurrent**	**Current**	**Noncurrent**
Trade	2,532	25	2,617	27
Hydrocarbon wells abandonment obligations		2,513	233	2,210
Related parties	128		238	
From joint ventures and other agreements	293		256	
Environmental liabilities	93	151	93	164
Miscellaneous	40	48	58	47
	3,086	2,737	3,495	2,448

8

Table of Contents

g) Loans:

	Interest rates (1)	Principal maturity	2007 Current	2007 Noncurrent	2006 Current	2006 Noncurrent
YPF Negotiable Obligations	7.75 - 10.00%(2)	2007 - 2028	553	515	559	509
Other bank loans and other creditors(3)	1.25 - 9.70%	2007 - 2008	373	6	356	1
			926	521	915	510

-

(1) Annual interest rates as of March 31, 2007.
(2) Fixed interest rates.
(3) As of March 31, 2007, includes 340 which accrue fixed interest at annual rates between 1.25% and 9.70% and 39 which accrue interest at LIBOR plus 1.60%.

Consolidated Statements of Income as of March 31, 2007 and 2006

h) Other (expense) income, net:

	Income (Expense) 2007	Income (Expense) 2006
Reserve for pending lawsuits and other claims	(2)	(14)
Environmental remediation	(37)	
Defined-benefits pension plans and other postretirement benefits	(2)	
Miscellaneous	8	61
	(33)	47

3. COMMITMENTS AND CONTINGENCIES IN CONTROLLED COMPANIES

Laws and regulations relating to health and environmental quality in the United States affect nearly all of the operations of YPF Holdings Inc. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances remedial obligations.

YPF Holdings Inc. believes that its policies and procedures in the area of pollution control, product safety and occupational health are adequate to prevent unreasonable risk of environmental and other damage, and of resulting financial liability, in connection with its business. Some risk of environmental and other damage is, however, inherent in particular operations of YPF Holdings Inc. and, as discussed below, Maxus Energy Corporation (Maxus) and Tierra Solutions, Inc. (Tierra) have certain potential liabilities associated with operations of Maxus former chemical subsidiary. YPF Holdings Inc. cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies, could in the future require material expenditures by YPF Holdings Inc. for the installation and operation of systems and equipment for remedial measures, possible dredging requirements and in certain other respects. Also, certain laws allow for recovery of natural resource damages from responsible parties and ordering the implementation of interim remedies to abate an imminent and substantial endangerment to the environment. Potential expenditures for any such actions cannot be reasonably estimated.

Table of Contents

As of March 31, 2007, reserves for the environmental contingencies discussed herein totaled approximately 336. Management believes it has adequately reserved for all environmental contingencies, which are probable and can be reasonably estimated as of such time; however, changes in circumstances could result in changes, including additions, to such reserves in the future.

In connection with the sale of Maxus former chemical subsidiary, Diamond Shamrock Chemicals Company (Chemicals) to Occidental Petroleum Corporation (Occidental) in 1986, Maxus agreed to indemnify Chemicals and Occidental from and against certain liabilities relating to the business or activities of Chemicals, including environmental liabilities relating to chemical plants and waste disposal sites used by Chemicals prior to the selling date.

In addition, under the agreement pursuant to which Maxus sold Chemicals to Occidental, Maxus is obligated to indemnify Chemicals and Occidental for 50% of certain environmental cost incurred on projects involving remedial activities relating to chemical plant sites or other property used in the conduct of the business of Chemicals as of the selling date and for any year of time following the selling date which relate to, result from or arise out of conditions, events or circumstances discovered by Chemicals and as to which Chemicals provided written notice prior to September 4, 1996, irrespective when Chemicals incurs and gives notice of such costs, with Maxus aggregate exposure for this cost sharing being limited to US$75 million. The obligation under this cost sharing arrangement was satisfied in the first quarter of 2006. Tierra agreed to assume essentially all of Maxus obligations to Occidental.

Newark, New Jersey. A consent decree, previously agreed upon by the U.S. Environmental Protection Agency (EPA), the New Jersey Department of Environmental Protection and Energy (DEP) and Occidental, as successor to Chemicals, was entered in 1990 by the United States District Court of New Jersey and requires implementation of a remedial action plan at Chemicals former Newark, New Jersey agricultural chemicals plant. The approved remedy has been completed and paid for by Tierra. This project is in the operation and maintenance phase. YPF Holdings Inc. has reserved approximately 51 as of March 31, 2007, in connection with such activities.

Passaic River, New Jersey. Studies have indicated that sediments of the Newark Bay watershed, including the Passaic River adjacent to the former Newark plant, are contaminated with hazardous chemicals from many sources. Maxus, on behalf of Occidental, negotiated an agreement with the EPA under which Tierra has conducted further testing and studies near the plant site. While some work remains, these studies were substantially completed in 2005. In addition:

The EPA and other agencies are addressing the lower Passaic River in a joint federal, state, local and private sector cooperative effort designated as the Lower Passaic River Restoration Project (PRRP). Tierra, along with approximately seventy two other entities, participated in an initial remedial investigation and feasibility study (RIFS) in connection with the PRRP. The parties are discussing the possibility of further work with the EPA and how the costs of any such work will be allocated among them.

In 2003, the DEP issued Directive No. 1 to approximately 66 entities, including Occidental and Maxus and certain of their respective related entities. Directive No. 1 seeks to address natural resource damages allegedly resulting from almost 200 years of historic industrial and commercial development of the lower 17 miles of the Passaic River and a part of its watershed. Directive No. 1 asserts that the named entities are jointly and severally liable for the alleged natural resource damages without regard to fault. The DEP has asserted jurisdiction in this matter even though all or part of the lower Passaic River has been designated as a Superfund site and is a subject of the PRRP. Directive No. 1 calls for the following actions: interim compensatory restoration, injury identification, injury quantification and value determination. Maxus and Tierra responded to Directive No. 1 setting forth good faith defenses. Settlement discussions between the DEP and the named entities have been held; however, no agreement has been reached or is assured.

Table of Contents

In December 2005, the DEP sued YPF, YPF Holdings Inc., Tierra, Maxus and several affiliated entities, in addition to Occidental, in connection with dioxin contamination allegedly emanating from Chemicals former Newark plant and contaminating the lower 17-mile portion of the Passaic River, Newark Bay, other nearby waterways and surrounding areas. The DEP seeks unspecified and punitive damages and other matters. YPF, YPF Holdings Inc. and its subsidiary, CLH Holdings Inc., had filed papers seeking dismissal of these issues.

As of March 31, 2007, there is a total of approximately 47 reserved in connection with the foregoing matters related to the Passaic River, and surrounding area. Until these studies are completed and evaluated, YPF Holdings Inc. cannot estimate what additional costs, if any, will be required to be incurred. However, it is possible that other works, including interim remedial measures, may be ordered. In addition, at such time as more is known about the aforesaid directives and litigation, additional costs may be required to be incurred or additional reserves may need to be established.

Hudson County, New Jersey. Until 1972, Chemicals operated a chromite ore processing plant at Kearny, New Jersey (Kearny Plant). According to the DEP, wastes from these ore processing operations were used as fill material at a number of sites in and near Hudson County. The DEP and Occidental, as successor to Chemicals, signed an administrative consent order with the DEP in 1990 for investigation and remediation work at certain chromite ore residue sites in Kearny and Secaucus, New Jersey. Tierra, on behalf of Occidental, is presently performing the work and funding Occidental s share of the cost of investigation and remediation of these sites and is providing financial assurance in the amount of US$20 million for performance of the work. The ultimate cost of remediation is uncertain.

Additionally, in May 2005, the DEP took two actions in connection with the chrome sites in Hudson and Essex Counties. First, the DEP issued a directive to Maxus, Occidental and two other chromium manufacturers directing them to arrange for the cleanup of chromite ore residue at three sites in Jersey City and the conduct of a study by paying the DEP a total of US$20 million. While YPF Holdings Inc. believes that Maxus is improperly named and there is little or no evidence that Chemicals chromite ore residue was sent to any of these sites, the DEP claims these companies are jointly and severally liable without regard to fault. Second, the State of New Jersey filed a lawsuit against Occidental and two other entities in state court in Hudson County seeking, among other things, cleanup of various sites where chromite ore residue is allegedly located, recovery of past costs incurred by the State at such sites and, with respect to certain costs at 18 sites, treble damages. The DEP claims that the defendants are jointly and severally liable, without regard to fault, for much of the damages alleged. During mediation, the parties have engaged in discussion regarding possible settlement; however, there is no assurance that these discussions will be successful.

As of March 31, 2007, there is a total of 68 reserved in connection with the foregoing chrome-related matters. Studies levels for chromium in New Jersey have not been finalized, and the DEP is still reviewing the proposed action levels. The cost of addressing these chrome-related matters could increase depending upon the final soil action levels, the DEP s response to Tierra s reports and other developments.

Painesville, Ohio. In connection with the operation until 1976 of one chromite ore processing plant (Chrome Plant), from Chemicals, the Ohio Environmental Protection Agency (OEPA) ordered to conduct a remedial investigation and feasibility study (RIFS) at the former Painesville s Plant area. Tierra has agreed to participate in the RIFS as required by the OEPA. YPF Holdings Inc. has reserved a total of 41 as of March 31, 2007 for its estimated share of the cost to perform the RIFS, the remediation work and other operation and maintenance activities at this site. The scope and nature of any further investigation or remediation that may be required cannot be determined at this time; however, as the RIFS progresses, YPF Holdings Inc. will continuously assess the condition of the Painesville s plants works site and make any changes, including additions, to its reserve as may be required.

Third Party Sites. Pursuant to settlement agreements with the Port of Houston Authority and other parties, Tierra and Maxus are participating (on behalf of Chemicals) in the remediation of property adjoining Chemicals former Greens Bayou facility where DDT and certain other chemicals were manufactured. As of March 31, 2007, YPF Holdings Inc. has reserved 72 for its estimated share of future remediation activities associated with the Greens Bayou facility. Additionally, efforts have been initiated in connection with claims for natural resources damages. The amount of natural resources damages and the party s obligations in respect therof are unknown at the present time.

In June 2005, the EPA designated Maxus as a potentially responsible party (PRP) at the Milwaukee Solvay Coke & Gas Site in Milwaukee, Wisconsin. The basis for this designation is Maxus alleged status as the successor to Pickands Mather & Co. and Milwaukee Solvay Coke Co., companies that the EPA has asserted are former owners or operators of such site. Preliminary work in connection with the RIFS of this site commenced in the second half of 2006. Maxus has reserved 1 as of March 31, 2007 for its estimated share of the costs of the RIFS. Maxus lacks sufficient information to determine additional exposure or costs, if any, it might have in respect of this site.

Maxus has agreed to defend Occidental, as successor to Chemicals, in respect of the Malone Services Company Superfund Site in Galveston County, Texas. This site is a former waste disposal site where Chemicals is alleged to have sent waste products prior to September 1986. It is the subject of enforcement activities by the EPA. Although Occidental is one of many PRPs that have been identified and have agreed to an Administrative Order on Consent, Tierra (which is handling this matter on behalf of Maxus) presently believes the degree of Occidental s alleged involvement as successor to Chemicals is relatively small.

Chemicals has also been designated as a PRP with respect to a number of third party sites where hazardous substances from Chemicals plant operations allegedly were disposed or have come to be located. At several of these, Chemicals has no known exposure. Although PRPs are typically jointly and severally liable for the cost of investigations, cleanups and other response costs, each has the right of contribution from other PRPs and, as a practical matter, cost sharing by PRPs is usually effected by agreement among them. At a number of these sites, the ultimate response cost and Chemicals share of such costs cannot be estimated at this time. At March 31, 2007, YPF Holdings Inc. has reserved 8 in connection with its estimated share of costs related to these sites.

Legal Proceedings. In 1998, a subsidiary of Occidental filed a lawsuit in state court in Ohio seeking a declaration of the parties rights with respect to obligations for certain costs allegedly related to Chemicals Ashtabula, Ohio facility, as well as certain other costs. A settlement of this matter has reached in March 2007, with those activities required by the settlement to be completed in the second quarter of 2007. In 2002, Occidental sued Maxus and Tierra in state court in Dallas, Texas seeking a declaration that Maxus and Tierra have the obligation under the agreement pursuant to which Maxus sold Chemicals to Occidental to defend and indemnify Occidental from and against certain historical obligations of Chemicals, including claims related to Agent Orange and vinyl chloride monomer (VCM), notwithstanding the fact that said agreement contains a 12-year cut-off for defense and indemnity obligations with respect to most litigation. Tierra was dismissed as a party, and the matter was tried in May 2006. Following trial, judgment was entered against Maxus. Maxus has appealed. The cash component of the judgment is approximately 8 plus corresponding interest. The judgment will accrue post judgment interest at the rate of 8% per annum in the event Maxus does not prevail on appeal. In December 2006, the trial court set the amount of Maxus obligation in an amount of approximately 46, which have been entirely reserved.

In March 2005, Maxus agreed to defend Occidental, as successor to Chemicals, in respect of an action seeking the contribution of costs incurred in connection with the remediation of the Turtle Bayou waste disposal site in Liberty County, Texas. The plaintiffs alleged that certain wastes attributable to Chemicals found their way to the Turtle Bayou site. As of March 31, 2007, YPF Holdings Inc. has reserved 2 million in respect of this matter.

Skidmore Energy Company and others (Skidmore) have sued Maxus (U.S.) Exploration Company (Maxus US), a subsidiary of YPF Holdings Inc., in state court in Texas. Skidmore claims it was entitled to an assignment of approximately five oil and gas leases in the US Gulf of Mexico. Maxus US denies Skidmore s claims.

YPF Holdings Inc., including its subsidiaries, is a party to various other lawsuits, the outcome of which are not expected to have a material adverse effect on YPF s financial condition or operations. The Company. has established reserves for legal contingencies in situations where a loss is probable and can be reasonably estimated.

YPF Holdings Inc. has entered into various operating agreements and capital commitments associated with the exploration and development of its oil and gas properties. Such contractual, financial and/or performance commitments are not material.

Table of Contents

4. CONSOLIDATED BUSINESS SEGMENT INFORMATION

The Company organizes its business into four segments which comprise: the exploration and production, including contractual purchases of natural gas and crude oil purchases arising from service contracts and concession obligations, as well as crude oil intersegment sales, natural gas and its derivatives sales and electric power generation (Exploration and Production); the refining, transport and marketing of crude oil to unrelated parties and refined products (Refining and Marketing); the petrochemical operations (Chemical); and other activities, not falling into these categories, are classified under Corporate and Other , which principally includes corporate administration costs and assets, construction activities and environmental remediation activities related to YPF Holdings Inc. preceding operations (Note 3).

Operating income (loss) and assets for each segment have been determined after intersegment adjustments. Sales between business segments are made at internal transfer prices established by YPF, which approximate market prices.

	Exploration and Production	Refining and Marketing	Chemical	Corporate and Other	Consolidation Adjustments	Total
Three-month period ended March 31, 2007						
Net sales to unrelated parties	824	4,311	651	26		5,812
Net sales to related parties	147	416				563
Net intersegment sales	2,854	193	199	77	(3,323)	
Net sales	3,825	4,920	850	103	(3,323)	6,375
Operating income (loss)	974	486	240	(143)	86	1,643
Income on long-term investments	15	6				21
Depreciation	864	94	20	11		989
Acquisitions of fixed assets	946	178	33	45		1,202
Assets	19,247	9,358	1,870	4,656	(815)	34,316
Three-month period ended March 31, 2006						
Net sales to unrelated parties	748	4,025	553	37		5,363
Net sales to related parties	193	450				643
Net intersegment sales	3,203	377	161	53	(3,794)	
Net sales	4,144	4,852	714	90	(3,794)	6,006
Operating income (loss)	1,846	140	133	(104)	(38)	1,977
Loss on long-term investments	(2)					(2)
Depreciation	697	87	21	11		816
Acquisitions of fixed assets	738	99	19	23		879
Year ended December 31, 2006						
Assets	18,987	9,349	1,876	6,049	(867)	35,394

Export sales for the three-month periods ended March 31, 2007 and 2006 were 2,048 and 2,159, respectively. Export sales were mainly to the United States of America, Brazil and Chile.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

Table of Contents

Schedule I

Exhibit A

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2007 AND COMPARATIVE INFORMATION

FIXED ASSETS EVOLUTION

(amounts expressed in millions of Argentine pesos - Note 1 to the primary financial statements)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007 Cost				
Main account	**Amounts at beginning of year**	**Translation net effect (5)**	**Increases**	**Net decreases, transfers and reclassifications**	**Amounts at end of period**
Land and buildings	2,326			22	2,348
Mineral property, wells and related equipment	42,534	4		5,587	48,125
Refinery equipment and petrochemical plants	8,650		2	282	8,934
Transportation equipment	1,850			10	1,860
Materials and equipment in warehouse	611		236	(214)	633
Drilling and work in progress	3,569	(1)	929	(487)	4,010
Exploratory drilling in progress	135	1	31	(6)	161
Furniture, fixtures and installations	556		3	3	562
Selling equipment	1,341			8	1,349
Other property	367		1	1	369
Total 2007	61,939	4	1,202	5,206(1)(6)	68,351
Total 2006	61,812	30	883(2)	(170)(1)	62,555

	2007 Depreciation						2006	
Main account	**Accumulated at beginning of year**	**Net decreases, transfers and reclassifications**	**Depreciation rate**	**Increases**	**Accumulated at end of period**	**Net book value as of 03-31-07**	**Net book value as of 03-31-06**	**Net book value as of 12-31-06**
Land and buildings	1,053		2%	14	1,067	1,281	1,261	1,273
Mineral property, wells and related equipment	29,496	4,085	(4)	851	34,432	13,693(3)	13,191(3)	13,038(3)
Refinery equipment and petrochemical plants	5,793	(1)	4 - 10%	83	5,875	3,059	2,950	2,857
Transportation equipment	1,273		4 - 5%	14	1,287	573	579	577

Materials and equipment in warehouse						633	472	611
Drilling and work in progress						4,010	2,863	3,569
Exploratory drilling in progress						161	190	135
Furniture, fixtures and installations	479	1	10%	8	488	74	89	77
Selling equipment	1,001		10%	14	1,015	334	309	340
Other property	282	5	10%	5	292	77	68	85
Total 2007	39,377	4,090[(1)(6)]		989	44,456	23,895		
Total 2006	39,803	(36)[(1)]		816	40,583		21,972	22,562

---

(1) Includes 8 and 42 of net book value charged to fixed assets allowances for the three-month periods ended March 31, 2007 and 2006, respectively.

(2) Includes 4 corresponding to the cost of hydrocarbon wells abandonment obligations for the three-month period ended March 31, 2006.

(3) Includes 967, 1,204 and 1,014 of mineral property as of March 31, 2007 and 2006 and December 31, 2006, respectively.

(4) Depreciation has been calculated according to the unit of production method.

(5) Includes the net effect of the exchange differences arising from the translation of net book values at beginning of the year of fixed assets in foreign companies.

(6) Includes 5,291 of acquisition cost and 4,094 of accumulated depreciation corresponding to oil and gas exploration and producing areas, which were disposed by sale as of December 31, 2006 (Note 2.d to the primary financial statements).

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

14

Table of Contents

Schedule I

Exhibit H

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 to the primary financial statements in the English translation

YPF SOCIEDAD ANONIMA AND CONTROLLED AND JOINTLY CONTROLLED COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

EXPENSES INCURRED

(amounts expressed in millions of Argentine pesos Note 1 to the primary financial statements)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007					2006
	Production costs	Administrative expenses	Selling expenses	Exploration expenses	Total	Total
Salaries and social security taxes	190	51	43	15	299	221
Fees and compensation for services	33	55	10	1	99	70
Other personnel expenses	62	15	7	6	90	76
Taxes, charges and contributions	55	5	63		123	97
Royalties and easements	474		1		475	458
Insurance	24	1	4	1	30	22
Rental of real estate and equipment	75		12		87	77
Survey expenses				63	63	16
Depreciation of fixed assets	953	9	27		989	816
Industrial inputs, consumable materials and supplies	156	3	5	3	167	132
Construction and other service contracts	148	3	17	10	178	135
Preservation, repair and maintenance	369	3	11	1	384	279
Unproductive exploratory drillings				8	8	40
Transportation, products and charges	176		235		411	373
Allowance for doubtful trade receivables			34		34	49
Publicity and advertising expenses		12	19		31	22
Fuel, gas, energy and miscellaneous	196	14	15	4	229	170
Total 2007	2,911	171	503	112	3,697	
Total 2006	2,362	135	469	87		3,053

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

15

Table of Contents

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

BALANCE SHEETS AS OF MARCH 31, 2007 AND DECEMBER 31, 2006

(amounts expressed in millions of Argentine pesos Note 1)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007	**2006**
Current Assets		
Cash	51	88
Investments (Note 3.a)	507	552
Trade receivables (Note 3.b)	2,168	2,138
Other receivables (Note 3.c)	3,923	5,116
Inventories (Note 3.d)	1,711	1,522
Other assets (Note 2.d)		1,128
Total current assets	8,360	10,544
Noncurrent Assets		
Trade receivables (Note 3.b)	42	44
Other receivables (Note 3.c)	758	826
Investments (Note 3.a)	2,727	2,634
Fixed assets (Note 3.e)	22,143	20,893
Total noncurrent assets	25,670	24,397
Total assets	34,030	34,941
Current Liabilities		
Accounts payable (Note 3.f)	3,737	3,968
Loans (Note 3.g)	829	813
Salaries and social security	119	162
Taxes payable	1,351	1,173
Net advances from crude oil purchasers (Note 3.h)	80	96
Reserves (Exhibit E)	207	206
Total current liabilities	6,323	6,418
Noncurrent Liabilities		
Accounts payable (Note 3.f)	2,714	2,425
Loans (Note 3.g)	516	510
Taxes payable	9	10
Net advances from crude oil purchasers (Note 3.h)		7
Reserves (Exhibit E)	1,284	1,226
Total noncurrent liabilities	4,523	4,178
Total liabilities	10,846	10,596

Shareholders Equity (per corresponding statements)	23,184	24,345
Total liabilities and shareholders equity	34,030	34,941

Notes 1 to 12 and the accompanying exhibits A, C, E, F, G and H and Schedule I

are an integral part of these statements.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

Table of Contents

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

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

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007	**2006**
Net sales (Note 3.i)	5,901	5,503
Cost of sales (Exhibit F)	(3,713)	(3,080)
Gross profit	2,188	2,423
Administrative expenses (Exhibit H)	(148)	(116)
Selling expenses (Exhibit H)	(476)	(444)
Exploration expenses (Exhibit H)	(98)	(68)
Operating income	1,466	1,795
Income on long-term investments	93	129
Other income, net (Note 3.j)	2	31
Financial income, net and holding gains:		
Gains on assets		
Interests	123	73
Exchange differences	33	43
Holding gains on inventories	124	219
(Losses) gains on liabilities		
Interests	(68)	(65)
Exchange differences	(10)	(57)
Reversal of impairment of other current assets (Note 2.d)	69	
Net income before income tax	1,832	2,168
Income tax (Note 3.k)	(629)	(776)
Net income	1,203	1,392
Earnings per share (Note 1)	3.06	3.54

Notes 1 to 12 and the accompanying exhibits A, C, E, F, G and H and Schedule I

are an integral part of these statements.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

17

Table of Contents

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

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

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007			
		Shareholders Contributions		
	Subscribed Capital	Adjustment to Contributions	Issuance Premiums	Total
Balances at the beginning of year	3,933	7,281	640	11,854
As decided by the Board of Directors meeting of March 6, 2007:				
- Cash dividends (6 per share)				
Net (decrease) increase in deferred earnings (Note 2.k)				
Net income				
Balances at the end of period	3,933	7,281	640	11,854

	2007					2006
	Legal Reserve	Deferred Earnings	Reserve for Future Dividends	Unappropriated Retained Earnings	Total Shareholders Equity	Total Shareholders Equity
Balances at the beginning of year	1,797	(124)	2,710	8,108	24,345	22,249
As decided by the Board of Directors meeting of March 6, 2007:						
- Cash dividends (6 per share)			(2,360)		(2,360)	
Net (decrease) increase in deferred earnings (Note 2.k)		(4)			(4)	2
Net income				1,203	1,203	1,392
Balances at the end of period	1,797	(128)	350	9,311	23,184	23,643

Notes 1 to 12 and the accompanying exhibits A, C, E, F, G and H and Schedule I

are an integral part of these statements.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

18

Table of Contents

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

(amounts expressed in millions of Argentine pesos Note 1)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007	2006
Cash Flows from Operating Activities		
Net income	1,203	1,392
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Income on of long-term investments	(93)	(129)
Reversal of impairment of other current assets	(69)	
Dividends from long-term investments	40	2
Depreciation of fixed assets	964	789
Income tax	629	776
Income tax payments	(320)	(723)
Consumption of materials and fixed assets retired, net of allowances	80	64
Increase in allowances for fixed assets	8	40
Increase in reserves	59	17
Changes in assets and liabilities:		
Trade receivables	(28)	112
Other receivables	1,289	(954)
Inventories	(189)	(297)
Accounts payable	(87)	(170)
Salaries and social security	(43)	(37)
Taxes payable	(68)	86
Net advances from crude oil purchasers	(22)	(25)
Decrease in reserves		(9)
Interests, exchange differences and others	11	1
Net cash flows provided by operating activities	3,364(1)	935(1)
Cash Flows from Investing Activities		
Acquisitions of fixed assets	(1,105)	(826)
Investments (non cash and equivalents)	(1)	(3)
Net cash flows used in investing activities	(1,106)	(829)
Cash Flows from Financing Activities		
Payment of loans	(101)	(225)
Proceeds from loans	120	208
Dividends paid	(2,360)	
Net cash flows used in financing activities	(2,341)	(17)

(Decrease) increase in Cash and Equivalents	(83)	89
Cash and equivalents at the beginning of period	638	214
Cash and equivalents at the end of period	555	303

For supplemental information on cash and equivalents, see Note 3.a.

(1) Includes (40) and (39) corresponding to interest payments for the three-month periods ended March 31, 2007 and 2006, respectively.

Notes 1 to 12 and the accompanying exhibits A, C, E, F, G and H and Schedule I

are an integral part of these statements.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

19

Table of Contents

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND COMPARATIVE INFORMATION

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

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of YPF Sociedad Anónima have been prepared in accordance with generally accepted accounting principles in Argentina, considering the regulations of the CNV.

The financial statements for the three-month periods ended March 31, 2007 and 2006 are unaudited, but reflect all adjustments which, in the opinion of the Management, are necessary to present the financial statements for such periods on consistent basis with the audited annual financial statements.

Presentation of financial statements in constant Argentine pesos

The financial statements reflect the effect of changes in the purchasing power of money by the application of the method for restatement in constant Argentine pesos set forth in Technical Resolution No. 6 of the F.A.C.P.C.E. and taking into consideration General Resolution No. 441 of the CNV, which established the discontinuation of the restatement of financial statements in constant Argentine pesos as from March 1, 2003.

Cash and equivalents

In the statements of cash flows, the Company considers cash and all highly liquid investments with an original maturity of less than three months to be cash and equivalents.

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.

Joint ventures and other agreements

The Company s interests in oil and gas related joint ventures and other agreements involved in oil and gas exploration and production, have been consolidated line by line on the basis of the Company s proportional share in their assets, liabilities, revenues, costs and expenses (Note 6).

Production concessions and exploration permits

According to Argentine Law No. 24,145 issued in November 1992, YPF s areas were converted into production concessions and exploration permits under Law No. 17,319, which has been currently amended by Law No. 26,197. Pursuant to these laws, the hydrocarbon reservoirs located in argentine onshore territories and offshore continental shelf, belong to national or provincial governments, depending on the location. Exploration permits may have a term of up to 17 years and production concessions have a term of 25 years, which may be extended for an additional ten-year term.

Table of Contents

Fair value of financial instruments and concentration of credit risk

The carrying value of cash, current investments and trade receivables approximates its fair value due to the short maturity of these instruments. Furthermore, the fair value of loans receivable, which has been estimated based on current interest rates offered to the Company at the end of each period or year, for investments with the same remaining maturity, approximates its carrying value. As of March 31, 2007 and December 31, 2006 the fair value of loans payable estimated based on market prices or current interest rates at the end of the period or year amounted to 1,406 and 1,392, respectively.

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash, current investments, accounts receivable and other receivables. The Company invests cash excess primarily in high liquid investments in financial institutions both in Argentina and abroad with strong credit rating and providing credit to foreign related parties. 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 based on specific information of its clients. Credit risk on trade receivables is limited, as a result of the Company s large customer base.

Since counterparties to the Company s derivative transactions are major financial institutions with strong credit rating, exposure to credit losses in the event of nonperformance by such counterparties is minimal.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect reported assets, liabilities, revenues and expenses and disclosure of contingencies. Future results could differ from the estimations made by Management.

Earnings per share

Earnings per share have been calculated based on the 393,312,793 shares outstanding during the three-month periods ended as of March 31, 2007 and 2006.

2. VALUATION CRITERIA

The principal valuation criteria used in the preparation of the financial statements are as follows:

a) Cash:

Amounts in Argentine pesos have been stated at face value.

Amounts in foreign currencies have been valued at the relevant exchange rates as of the end of each period or year, as applicable. Exchange differences have been credited (charged) to current income.

b) Current investments, trade and other receivables and payables:

Amounts in Argentine pesos have been stated at face value, which includes accrued interest through the end of each period or year, if applicable. Mutual funds have been valued at fair value as of the end of each period or year. When required by generally accepted accounting principles, discounted value does not differ significantly from their face value as of the end of each period or year.

Amounts in foreign currency have been valued at face value at the relevant exchange rates in effect as of the end of each period or year, including accrued interest, if applicable. Exchange differences have been credited (charged) to current income. Mutual funds have been valued at fair valued at the relevant exchange rate in effect as of the end of each period or year. Investments in government securities have been valued at its fair value as of the end of each year. Additional information on assets and liabilities denominated in foreign currency is disclosed in Exhibit G.

If applicable, allowances have been made to reduce receivables to their estimated realizable value.

Table of Contents

c) Inventories:

Refined products, products in process, crude oil and natural gas have been valued at replacement cost as of the end of each period or year.

Raw materials and packaging materials have been valued at cost, which does not differ significantly from its replacement cost as of the end of each period or year.

Valuation of inventories does not exceed their estimated realizable value.

d) Other assets:

As of December 31, 2006, included oil and gas exploration and producing fields to be disposed by sale, which had been valued at the lower of their carrying amount and fair value less cost to sell. In April, 2007, The Company decided to suspend the process of selling those assets and incorporate their book value as fixed assets under depreciation since January 1, 2007, process which had no significant effect in net income.

e) Noncurrent investments:

These include the Company s investments in companies under control, joint control or significant influence and holdings in other companies. These investments are detailed in Exhibit C and have been valued using the equity method, except for holdings in other companies, which have been valued at its acquisition cost restated as detailed in Note 1.

Investments in Gasoducto del Pacífico (Argentina) S.A., Gasoducto del Pacífico (Cayman) Ltd., Oleoducto Trasandino (Argentina) S.A., A&C Pipeline Holding Company and Petróleos Trasandinos YPF S.A., where less than 20% direct or indirect interest is held, are accounted by the equity method since YPF exercises significant influence over these companies in making operation and financial decisions based on its representation on the Boards of Directors and/or the significant transactions between YPF and such companies.

If applicable, allowances have been made to reduce investments to their estimated recoverable value. The main factors for the recognized impairment were the devaluation of the Argentine peso, certain events of debt default and the de-dollarization and freezing of utility rates.

Foreign subsidiaries in which YPF participates have been defined as non-integrated companies as they collect cash and other monetary items, incur expenses and generate income. Corresponding assets and liabilities have been translated into Argentine pesos at the exchange rate prevailing as of the end of each period or year. Income statements have been translated using the relevant exchange rate at the date of each transaction. Exchange differences arising from the translation process have been included as a component of shareholder s equity in the account Deferred earnings, which will be maintained until the sale or complete or partial reimbursement of capital of the related investment occur.

Holdings in preferred shares have been valued as defined in the respective bylaws.

Investments in companies with negative shareholders equity were disclosed in the Accounts payable account in the balance sheet provided that the Company has the intention to provide the corresponding financial support.

22

If necessary, adjustments have been made to conform the accounting principles used by controlled, jointly controlled or under significant influence companies to those of the Company. Main adjustments are related to the application of the general accepted accounting principles in Argentina to foreign related companies financial statements and the elimination of the appraisal revaluation of fixed assets from certain investees.

The investments in companies under control, joint control or significant influence, have been valued based upon the last available financial statements of these companies as of the end of each period or 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 Company includes supplemental consolidated financial statements as part of the primary financial statements (Schedule I).

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 taxable income that these companies carry upon distribution shall be subject to a 35% income tax withholding as a sole and final payment. YPF has not recorded any charge for this tax since it has estimated that dividends from earnings recorded by the equity method would not be subject to such tax.

f) Fixed assets:

Fixed assets have been valued at acquisition cost restated as detailed in Note 1, less related accumulated depreciation. Depreciation rates, representative of the useful life assigned, applicable to each class of asset, are disclosed in Exhibit A. For those assets whose construction requires an extended period of time, financial costs corresponding to third parties financing have been capitalized during the assets construction period.

Oil and gas producing activities

The Company follows the successful effort method of accounting for its oil and gas exploration and production operations. Accordingly, exploratory costs, excluding the costs of exploratory wells, have been charged to expense as incurred. Costs of drilling exploratory wells, including stratigraphic test wells, have been capitalized pending determination as to whether the wells have found proved reserves that justify commercial development. If such reserves were 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 when drilling is completed. 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 enterprise is making sufficient progress assessing the reserves and the economic and operating viability of the project. If any of the mentioned conditions is not met, cost of drilling exploratory wells is charged to expense.

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 related to producing activities have been depreciated by field on the unit-of-production basis by applying the ratio of produced oil and gas to estimate recoverable proved and developed oil and gas reserves.

The capitalized costs related to acquisitions of properties with proved reserves have been depreciated by field on the unit-of-production basis by applying the ratio of produced oil and gas to proved oil and gas reserves.

Table of Contents

Revisions of crude oil and natural 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 as of the end of each year.

Costs related to hydrocarbon wells abandonment obligations are capitalized 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.

Other fixed assets

The Company s other fixed assets are depreciated using the straight-line method, with depreciation rates based on the estimated useful life of each class of property.

Maintenance and major repairs to the fixed assets have been charged to expense as incurred.

Renewals and betterments that materially extend the useful life and/or increase the productive capacity of properties are capitalized. As fixed assets are retired, the related cost and accumulated depreciation are eliminated from the balance sheet.

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 asset); (b) the expenditure prevents or limits environmental pollution at operating facilities; or (c) the expenditures are incurred to prepare assets for sale and do not raise the assets carrying value above their estimated recoverable value.

The carrying value of the fixed asset of each business segment, as defined in Note 4 to the consolidated financial statements, does not exceed their estimated recoverable value.

g) 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 carryforwards and other tax credits, which may be used to offset future taxable income, at the current statutory rate of 35%.

In deferred income tax computations, the difference between the book value of fixed assets restated into constant Argentine pesos and their corresponding historical cost used for tax purposes is a temporary difference to be considered in deferred income tax computations. However, generally accepted accounting principles in Argentina allow the option to disclose the mentioned effect in a note to the financial statements. The Company adopted this latter criterion (Note 3.k).

Table of Contents

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 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.

The company expects that the amount to be determined as income tax for the current year will be higher than tax on minimum presumed income, consequently, the company has not recorded any charge for this latter tax.

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 natural gas volumes commercialized. 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. Royalty expense is accounted for as a production cost.

Law No. 25,561 on Public Emergency and Exchange System Reform, issued in January 2002, established new 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 specially that this regime is also applicable to exports from Tierra del Fuego region. Outstanding rates as of March 31, 2007, are 20% for liquefied petroleum gas, 5% for gasoline, diesel and other refined products and between 25% and 45% for crude oil based on the West Texas Intermediate price. On July 25, 2006, Resolution No. 534/2006 of the Ministry of Economy and Production entered in force, raising the natural gas withholding rate from 20% to 45% and establishing the natural gas import price from Bolivia as the basis for its determination. YPF is negotiating with its export clients the effect of the above mentioned increase and the transfer of a significant part of these incremental costs to them.

Hydrocarbon export withholdings are charged to the Net sales account of the statement of income.

h) Allowances and reserves:

Allowances: amounts have been provided in order to reduce the valuation of trade receivables, other receivables, noncurrent investments and fixed assets based on analysis of doubtful accounts and on the estimated recoverable value of these assets.

Reserves for losses: amounts have been provided for various contingencies which are probable and can be reasonably estimated, based on Management s expectations and in consultation with legal counsels. If required by generally accepted accounting principles, their discounted value at the end of each period or year does not differ significantly from the recorded face value.

The activity in the allowances and reserves accounts is set forth in Exhibit E.

i) Environmental liabilities:

Environmental liabilities are recorded when environmental assessments and/or remediation are probable and can be reasonably estimated. Such estimates are based on either detailed feasibility studies of remediation approach and cost for individual sites or on the Company s estimate of costs to be incurred based on historical experience and available information based on the stage of assessment and/or remediation of each site. As additional information becomes available regarding each site or as environmental standards change, the Company revises its estimate of costs to be incurred in environmental assessment and/or remediation matters.

j) Derivative instruments:

Although YPF does not use derivative instruments to hedge the effects of fluctuations in market prices, as of March 31, 2007, the Company maintains a price swap agreement that hedges the fair value of the crude oil future committed deliveries under the forward crude oil sale agreement mentioned in Note 9.c (hedged item). Under this price swap agreement the Company will receive variable selling prices, which will depend upon market prices, and will pay fixed prices. As of March 31, 2007, approximately 3 million of barrels of crude oil are hedged under this agreement.

This fair value hedge is carried at fair value and is disclosed in the Net advances from crude oil purchasers account in the balance sheet. Changes in fair value are recognized in earnings together with the offsetting loss or gain from changes in the fair value of the hedged item caused by the risk being hedged. As hedge relationship is effective, changes in the fair value of this derivative instrument and of the hedged item do not have effect on net income.

k) Shareholders equity accounts:

These accounts have been stated in Argentine pesos as detailed in Note 1, except for Subscribed Capital account, which is stated at its historical value. The adjustment required to state this account in constant Argentine pesos is disclosed in the Adjustment to Contributions account.

The account Deferred earnings includes the effect generated by the foreign companies translation.

l) Statements of income accounts:

The amounts included in the income statement accounts have been recorded by applying the following criteria:

Accounts which accumulate monetary transactions at their face value.

Cost of sales has been calculated by computing units sold in each month at the replacement cost of that month.

Depreciation of nonmonetary assets, valued at acquisition cost, has been recorded based on the restated cost of such assets as detailed in Note 1.

Holding gains (losses) on inventories valued at replacement cost have been included in the Holding gains on inventories account.

Income (Loss) on long-term investments in which control, joint control or significant influence is held, has been calculated on the basis of the income (loss) of those companies and was included in the Income on long-term investments account.

Table of Contents

3. ANALYSIS OF THE MAIN ACCOUNTS OF THE FINANCIAL STATEMENTS

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

Balance Sheet accounts as of March 31, 2007 and December 31, 2006

Assets

a) Investments:

	2007		2006	
	Current	Noncurrent	Current	Noncurrent
Short-term investments and government securities	507(1)(2)		552(1)	
Long-term investments (Exhibit C)		2,752		2,659
Allowance for reduction in value of holdings in long-term investments (Exhibit E)		(25)		(25)
	507	2,727	552	2,634

-

(1) Includes 504 and 550 as of March 31, 2007 and December 31, 2006, respectively, with an original maturity of less than three months.

(2) Accrues interest at annual fixed rates between 4.75% and 8.50%.

b) Trade receivables:

	2007		2006	
	Current	Noncurrent	Current	Noncurrent
Accounts receivable	2,127	42	2,061	44
Related parties (Note 7)	497		496	
	2,624(1)	42	2,557	44
Allowance for doubtful trade receivables (Exhibit E)	(456)		(419)	
	2,168	42	2,138	44

-

(1) Includes 286 in litigation, 54 due from one to three months past due, 235 in excess of three months past due, 2,016 due within three months and 33 due after three months.

c) Other receivables:

	2007		2006	
	Current	Noncurrent	Current	Noncurrent
Deferred income tax (Note 3.k)		436		500
Tax credits and export rebates	510	15	588	16
Trade	44		70	

Prepaid expenses	82	55	76	64
Concessions charges	17	91	17	88
Related parties (Note 7)	2,979(3)		4,199	
Loans to clients	9	97	12	69
From joint ventures and other agreements	60		46	
Miscellaneous	335	114	224	140
	4,036(1)	808(2)	5,232	877
Allowance for other doubtful accounts (Exhibit E)	(113)		(116)	
Allowance for valuation of other receivables to their estimated realizable value (Exhibit E)		(50)		(51)
	3,923	758	5,116	826

-

(1) Includes 53 of less than three months past due, 171 in excess of three months past due and 3,812 due as follows: 2,799 from one to three months, 869 from three to six months, 23 from six to nine months and 121 from nine to twelve months.

(2) Includes 632 due from one to two years, 23 due from two to three years and 153 due after three years.

(3) Includes 974 with Repsol International Finance B.V. that accrues variable interest at LIBOR plus 0.2%, 1,366 with Repsol YPF Brasil S.A., which accrues variable interest at LIBOR plus 1.5% and 592 with YPF Holdings Inc. that accrues variable interest at LIBOR plus 0.4%.

Table of Contents

d) Inventories:

	2007	2006
Refined products	1,032	946
Crude oil and natural gas	488	430
Products in process	73	47
Raw materials and packaging materials	118	99
	1,711	1,522

e) Fixed assets:

	2007	2006
Net book value of fixed assets (Exhibit A)	22,192	20,942
Allowance for unproductive exploratory drilling (Exhibit E)	(3)	(3)
Allowance for obsolescence and assets to be disposed of (Exhibit E)	(46)	(46)
	22,143	20,893

Liabilities

f) Accounts payable:

	2007		2006	
	Current	Noncurrent	Current	Noncurrent
Trade	2,322	15	2,425	17
Hydrocarbon wells abandonment obligations		2,501	233(3)	2,198
Related parties (Note 7)	252		247	
Investment in controlled company YPF Holdings Inc.	772		705	
From joint ventures and other agreements	293		256	
Environmental liabilities (Note 9.b)	93	151	93	164
Miscellaneous	5	47	9	46
	3,737(1)	2,714(2)	3,968	2,425

-

(1) Includes 3,663 due within three months, 22 due from three to six months and 52 due after six months.
(2) Includes 676 due from one to two years and 2,038 due after two years.
(3) Corresponds to the hydrocarbon wells abandonment obligations associated with other current assets (Note 2.d).

g) Loans:

	Interest Rates[1]	Principal Maturity	2007		2006	
			Current	Noncurrent	Current	Noncurrent

Negotiable Obligations[2]	7.75	10.00%	2007 - 2028	553	515	559	509
Other bank loans and other creditors [3]	1.25	7.00%	2007 - 2008	276	1	254	1
				829	516	813	510

-

(1) Annual interest rates as of March 31, 2007.

(2) Disclosed net of 884 and 873, corresponding to YPF outstanding negotiable obligations repurchased through open market transactions as of March 31, 2007 and December 31, 2006, respectively.

(3) Includes 39 which accrues variable interest at annual rate of LIBO plus 1.60% and 238 that accrues fixed interest at annual rates between 1.25% and 5%.

Table of Contents

The maturities of the Company s current and noncurrent loans, as of March 31, 2007, are as follows:

	From 1 to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	Total
Current loans	230	597	1	1	829

	From 1 to 2 years	Over 5 years	Total
Noncurrent loans	314	202	516

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

M.T.N. Program	Issuance (in millions)		Fixed Interest Rates	Principal Maturity	Book Value			
					2007		2006	
	Year	Principal Value			Current	Noncurrent	Current	Noncurrent
US$ 1.000	1997	US$ 300	7.75%	2007	542		546	
US$ 1.000	1998	US$ 100	10.00%	2028	8	202	3	199
US$ 1.000	1999	US$ 225	9.13%	2009	3	313	10	310
					553	515	559	509

In connection with the issuance of the Negotiable Obligations, the Company has agreed for itself and its controlled companies to certain covenants, including among others, to pay all liabilities at their maturity and not to create other encumbrances that exceed 15% of total consolidated assets. If the Company does not comply with any covenant, the trustee or the holders of not less than 25% in aggregate principal amount of each outstanding Negotiable Obligations may declare the principal and accrued interest immediately due and payable.

Financial debt contains customary covenants for contracts of this nature, including negative pledge, material adverse change and cross-default clauses. Almost all of YPF s total outstanding debt is subject to cross-default provisions, which may be triggered if an event of default occurs with respect to the payment of principal or interest on indebtedness equal to or exceeding US$20 million.

h) Net advances from crude oil purchasers:

	2007		2006	
	Current	Noncurrent	Current	Noncurrent
Advances from crude oil purchasers	471		412	152
Derivative instrument - Crude oil price swap	(391)		(316)	(145)
	80		96	7

Statements of Income Accounts as of March 31, 2007 and 2006

i) Net sales:

	Income (Expense)	
	2007	**2006**
Sales	6,245	5,773
Turnover tax	(109)	(103)
Hydrocarbon export withholdings	(235)	(167)
	5,901	5,503

Table of Contents

j) Other income, net:

	Income (Expense) 2007	2006
Reserve for pending lawsuits and other claims	(2)	(14)
Miscellaneous	4	45
	2	31

k) Income tax:

Current income tax	(565)	(783)
Deferred income tax	(64)	7
	(629)	(776)

The reconciliation of pre-tax income at the statutory tax rate, to the income tax as disclosed in the income statements for the three-month periods ended March 31, 2007 and 2006 is as follows:

	2007	2006
Net income before income tax	1,832	2,168
Statutory tax rate	35%	35%
Statutory tax rate applied to net income before income tax	(641)	(759)
Effect of the restatement into constant Argentine pesos	(56)	(84)
Income on long-term investments	33	45
Tax free income Law No. 19,640 (Tierra del Fuego)	24	11
Non taxable exchange differences		8
Miscellaneous	11	3
	(629)	(776)

The breakdown of the net deferred tax asset as of March 31, 2007 and December 31, 2006, is as follows:

	2007	2006
Deferred tax assets		
Non deductible allowances and reserves	679	707
Tax return credit	42	42
Miscellaneous	5	5
Total deferred tax assets	726	754
Deferred tax liabilities		
Fixed assets	(274)	(238)
Miscellaneous	(16)	(16)

Total deferred tax liabilities	(290)	(254)
Net deferred tax asset	436	500

As explained in Note 2.g, the difference between the book value of fixed assets restated into constant Argentine pesos and their corresponding historical cost used for tax purposes, at the current tax rate, is a deferred tax liability of 1,547 and 1,603 as of March 31, 2007 and December 31, 2006, respectively. Had this deferred tax liability been recorded, the amount charged to income for the three-month period ended March 31, 2007 would have been 56. The Company estimates that the difference will be reversed as follows:

	2007	**2008 - 2009**	**2010 Thereafter**	**Total**
Deferred income tax	251	468	828	1,547

30

Table of Contents

4. CAPITAL STOCK

The Company s subscribed capital, as of March 31, 2007, is 3,933 and is represented by 393,312,793 shares of common stock and divided into four classes of shares (A, B, C and D), with a par value of Argentine pesos 10 and one vote per share. These shares are fully subscribed, paid-in and authorized for stock exchange listing.

As of March 31, 2007, Repsol YPF, S.A. (Repsol YPF) controls the Company, directly and indirectly, through a 99.04% shareholding. Repsol YPF s legal address is Paseo de la Castellana 278, 28046 Madrid, Spain.

Repsol YPF s principal business is the exploration, development and production of crude oil and natural gas, transportation of petroleum products, liquefied petroleum gas and natural gas, petroleum refining, production of a wide range of petrochemicals and marketing of petroleum products, petroleum derivatives, petrochemicals, liquefied petroleum gas and natural gas.

As of March 31, 2007, the Argentine Government holds 1,000 Class A shares. So long as any Class A share remains outstanding, the affirmative vote of such shares is required for: 1) mergers, 2) acquisitions of more than 50% of the Company s shares in an agreed or hostile bid, 3) transfers of all the Company s production and exploration rights, 4) the voluntary dissolution of YPF or 5) change of corporate and/or tax address outside the Argentine Republic. Items 3) and 4) will also require prior approval by the Argentine Congress.

5. RESTRICTED ASSETS AND GUARANTEES GIVEN

As of March 31, 2007, YPF has signed guarantees in relation to the financing activities of Pluspetrol Energy S.A. and Central Dock Sud S.A. in an amount of approximately US$28 million and US$91 million, respectively. The corresponding loans have final maturity in 2011 and 2013, respectively.

6. PARTICIPATION IN JOINT VENTURES AND OTHER AGREEMENTS

As of March 31, 2007, the exploration and production joint ventures and the main other agreements in which the Company participates are the following:

Name and Location	Ownership Interest	Operator	Activity
Acambuco *Salta*	22.50%	Pan American Energy LLC	Exploration and production
Aguada Pichana *Neuquén*	27.27%	Total Austral S.A.	Exploration and production
Aguaragüe *Salta*	30.00%	Tecpetrol S.A.	Exploration and production
Bandurria *Neuquén*	27.27%	YPF S.A.	Exploration
CAM-2/A SUR *Tierra del Fuego*	50.00%	Sipetrol S.A.	Production
CAM-3 *National Continental Shelf*	50.00%	Sipetrol S.A.	Exploration

Campamento Central / Cañadón Perdido *Chubut*	50.00%	YPF S.A.	Exploration and production

Table of Contents

Name and Location	Ownership Interest	Operator	Activity
CCA-1 GAN GAN *Chubut*	50.00%	Wintershall Energía S.A.	Exploration
CGSJ - V/A *Chubut*	50.00%	Wintershall Energía S.A.	Exploration
El Tordillo *Chubut*	12.20%	Tecpetrol S.A.	Exploration and production
La Tapera y Puesto Quiroga *Chubut*	12.20%	Tecpetrol S.A.	Production
Llancanelo *Mendoza*	51.00%	YPF S.A.	Exploration and production
Magallanes *Santa Cruz, Tierra del Fuego and National Continental Shelf*	50.00%	Sipetrol S.A.	Production
Palmar Largo *Formosa*	30.00%	Pluspetrol S.A.	Production
Puesto Hernández *Neuquén and Mendoza*	61.55%	Petrobras Energía S.A.	Production
Ramos *Salta*	15.00%(1)	Pluspetrol Energy S.A.	Production
San Roque *Neuquén*	34.11%	Total Austral S.A.	Exploration and production
Tierra del Fuego *Tierra del Fuego*	30.00%	Petrolera L.F. Company S.R.L.	Production
Zampal Oeste *Mendoza*	70.00%	YPF S.A.	Exploration and production

(1) Additionally, YPF has a 27% indirect ownership interest through Pluspetrol Energy S.A.

As of March 31, 2007, the Company has been awarded the bids on its own or with other partners and received exploration permits for acreage in several areas.

The assets and liabilities as of March 31, 2007 and December 31, 2006 and productions cost of the joint ventures and other agreements for the three-month periods ended March 31, 2007 and 2006 included in the financial statements are as follows:

	2007	2006
Current assets	137	537
Noncurrent assets	2,693	2,199
Total assets	2,830	2,736
Current liabilities	363	404
Noncurrent liabilities	386	343
Total liabilities	749	747
Production costs	312	265

Participation in joint ventures and other agreements have been calculated based upon the last available financial statements as of the end of each period or year, taking into account significant subsequent events and transactions as well as available management information.

Table of Contents

7. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The principal outstanding balances as of March 31, 2007 and December 31, 2006 from transactions with controlled companies, jointly controlled companies, companies under significant influence, the parent company and other related parties under common control are as follows:

	2007			2006		
	Trade receivables Current	Other receivables Current	Accounts payable Current	Trade receivables Current	Other receivables Current	Accounts payable Current
Controlled companies:						
Operadora de Estaciones de Servicios S.A.	16	8	22	18	8	17
A - Evangelista S.A.		1	44			42
YPF Holdings Inc.		592	6		577	6
Argentina Private Development Company Limited			44			44
	16	601	116	18	585	109
Jointly controlled companies:						
Profertil S.A.	12		7	10		4
Compañía Mega S.A. (Mega)	159			170	1	
Refinería del Norte S.A. (Refinor)	85	22	13	94	18	13
	256	22	20	274	19	17
Companies under significant influence:	41	2	24	43		33
Parent company and other related parties under common control:						
Repsol YPF		8	25		979	22
Repsol YPF Transporte y Trading S.A.	101		34	72		34
Repsol YPF Gas S.A.	30	2	1	34	5	2
Repsol YPF Brasil S.A.	8	1,366		12	1,305	
Repsol International Finance B.V.		974			1,302	
Others	45	4	32	43	4	30
	184	2,354	92	161	3,595	88
	497	2,979	252	496	4,199	247

The Company maintains purchase, sale and financing transactions with related parties. The prices and rates of these transactions approximate the amounts charged to unrelated third parties. The principal purchase, sale and financing transactions with these companies for the three-month periods ended March 31, 2007 and 2006 include the following:

	2007				2006			
	Sales	Purchases and services	Loans (granted) collected	Interest gains (losses)	Sales	Purchases and services	Loans (granted) collected	Interest gains (losses)
Controlled companies:								
Operadora de Estaciones de Servicios S.A.	7	45				33		
A - Evangelista S.A.	1	77			1	53		
YPF Holdings Inc.			(9)	8		1	(142)	3
	8	122	(9)	8	1	87	(142)	3

Jointly controlled companies:				
Profertil S.A.	18	1	15	9
Mega	218		241	
Refinor	81	34	97	48
	317	35	353	57

33

Table of Contents

	2007				2006			
	Sales	Purchases and services	Loans (granted) collected	Interest gains (losses)	Sales	Purchases and services	Loans (granted) collected	Interest gains (losses)
Companies under significant influence:	39	23			67	67		
Parent company and other related parties under common control:								
Repsol YPF		3	926	15		2		18
Repsol YPF Transporte y Trading S.A.	225	94			271	147		
Repsol YPF Brasil S.A.	22		(51)	23	20		(649)	13
Repsol YPF Gas S.A.	45	1			41	1		
Repsol International Finance B.V.			364	24			(242)	15
Repsol YPF E&P de Bolivia S.A.						135		
Others	48	1			41			
	340	99	1,239	62	373	285	(891)	46
	704	279	1,230	70	794	496	(1,033)	49

8. SOCIAL AND OTHER EMPLOYEE BENEFITS

a) 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 will be paid in cash.

The amount charged to expense related to the Performance Bonus Programs was 12 and 9 for the three-month periods ended March 31, 2007 and 2006, respectively.

b) Retirement Plan:

Effective March 1, 1995, the Company 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 2% and 9% of his monthly compensation and the Company will pay an amount equal to that contributed by each member.

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

The total charges recognized under the Retirement Plan amounted to approximately 2 and 2 for the three-month periods ended March 31, 2007 and 2006, respectively.

9. COMMITMENTS AND CONTINGENCIES

a) Pending lawsuits and contingencies:

As of March 31, 2007, the Company has recorded the pending lawsuits, claims and contingencies which are probable and can be reasonably estimated. The most significant pending lawsuits and contingencies reserved are described in the following paragraphs.

- *Pending lawsuits:* In the normal course of its business, the Company has been demanded in numerous labor, civil and commercial actions and lawsuits. Management, in consultation with the external counsels, has reserved an allowance considering its best estimation, based on the information available as of the date of the issuance of these financial statements, including counsel fees and judicial expenses.

Table of Contents

- *Liquefied petroleum gas market:* On March 22, 1999, YPF was notified of Resolution No. 189/1999 from the former Department of Industry, Commerce and Mining of Argentina, which imposed a fine on the Company of 109, stated in Argentine pesos as of that date, based on the interpretation that YPF had purportly abused of its dominant position in the bulk liquefied petroleum gas (LPG) market due to the existence of different prices between the exports of LPG and the sales to the domestic market from 1993 through 1997. In July 2002, the Argentine Supreme Court confirmed the fine and YPF carried out the claimed payment.

Additionally, Resolution No. 189/1999 provided the beginning of an investigation in order to prove whether the penalized behavior continued from October 1997 to March 1999. On December 19, 2003, the National Antitrust Protection Board (the Antitrust Board) imputed the behavior of abuse of dominant position during the previously mentioned period to the Company. On January 20, 2004, the Company answered the notification: (i) opposing the preliminary defense claiming the application of the statutes of limitation and alleging the existence of defects in the imputation procedure (absence of majority in the resolution that decided the imputation and pre-judgment by its signers); (ii) arguing the absence of abuse of dominant position; and (iii) offering the corresponding evidence.

The request of invalidity by defects in the imputation procedure mentioned above was rejected by the Antitrust Board. This resolution of the Antitrust Board was confirmed by the Economic Penal Appellate Court, and it was confirmed, on September 27, 2005, pursuant to the Argentine Supreme Court s rejection of the complaint made by YPF due to the extraordinary appeal denial.

Additionally, on August 31, 2004, YPF filed an appeal with the Antitrust Board in relation to the resolution that denied the claim of statutes of limitation. The Antitrust Board conceded the appeal and remitted proceedings for its resolution by the Appeal Court. However, in March 2006, YPF was notified that the proceedings were opened for the production of evidence.

Despite the solid arguments expressed by YPF, the mentioned circumstances make evident that, preliminary, the Antitrust Board denies the defenses filed by the Company and that it is reluctant to modify the doctrine provided by the Resolution No. 189/1999 and, furthermore, the Court of Appeals decisions tend to confirm the decisions made by the Antitrust Board.

- *Tax claims*: On January 31, 2003, the Company received a claim from the Federal Administration of Public Revenue (AFIP), stating that the sales corresponding to forward oil sale agreements entered into by the Company, should have been subject to an income tax withholding. On March 8, 2004, the AFIP formally communicated to YPF the claim for approximately 45 plus interests and fines. Additionally, on June 24, 2004, YPF received a new formal claim from the AFIP, considering that the services related to these contracts should have been taxed with the value added tax. Consequently, during 2004, YPF presented its defense to the AFIP rejecting the claims and arguing its position. However, on December 28, 2004, the Company was formally communicated of a resolution from the AFIP confirming its original position in both claims. The Company has appealed such resolution in the National Fiscal Court.

In addition, the Company has received several claims from the AFIP and from the provincial and municipal fiscal authorities.

- *Liabilities and contingencies assumed by the Argentine Government:* YPF Privatization Law provided for the assumption by the Argentine Government of certain liabilities of the predecessor as of December 31, 1990. In certain lawsuits related to events or acts that took place before December 31, 1990, YPF has been required to advance the payment established in certain judicial decisions. YPF has the right to be reimbursed for these payments by the Argentine Government pursuant to the above-mentioned indemnity. As of March 31, 2007, all claims related to the predecessor presented to the Company have been or are in the process of being formally notified to the Argentine Government.

35

Table of Contents

- *Natural gas market:*

Export sales: Pursuant to Resolution No. 265/2004 of the Secretary of Energy, the Argentine Government created a program of useful curtailment of natural gas exports and their associated transportation service. Such Program was initially implemented by means of Regulation No. 27/2004 of the Under-Secretary of Fuels, which was subsequently substituted by the Program of Rationalization of Gas Exports and Use of Transportation Capacity (the Program) approved by Resolution No. 659/2004 of the Secretary of Energy. Additionally, Resolution No. 752/2005 of the Secretary of Energy provided that industrial users and thermal generators (which according to this resolution will have to request volumes of gas directly from the producers) could also acquire the natural gas from the cutbacks on natural gas export through the Permanent Additional Injections mechanism created by this resolution. By means of the Program and/or the Permanent Additional Injection, the Argentine Government, requires natural gas exporting producers to deliver additional volumes to the domestic market in order to satisfy natural gas demand of certain domestic consumers of the Argentine market (Additional Injection Requirements). Such additional volumes are not contractually committed by YPF, who is thus forced to affect natural gas exports, which execution has been conditioned. Pursuant to Resolution No. 1,886/2006 of the Secretary of Energy the program was extended until December 31, 2016. As a result of the Program and the mentioned resolutions, in several occasions since 2004, YPF has been forced to reduce, either totally or partially, its natural gas deliveries to some of its export clients, with whom YPF has undertaken long-term firm commitments to deliver natural gas.

The Company has challenged the Program, the Permanent Additional Injection and the Additional Injection Requirements, as arbitrary and illegitimate, and has invoked vis-à-vis the relevant clients that such measures of the Argentine Government constitute a force majeure event (act of authority) that releases the Company from any liability and/or penalty for the failure to deliver the contractual volumes. A large number of clients have rejected the force majeure argument invoked by the Company, demanding the payment of indemnifications and/or penalties for the failure to comply with firm supply commitments, and/or reserving their rights to future claims in such respect.

Electroandina S.A. and Empresa Eléctrica del Norte Grande S.A. (Edelnor) have rejected the force majeure argument invoked by the Company and have invoiced the penalty stipulated under the deliver of pay clause of the contract as of November 2006 for total amount of US$41 million. The invoices have been rejected by the Company. Furthermore the above mentioned companies have notified the formal start-up period of negotiations previous to any arbitration demand. In addition, YPF has been notified of an arbitration demand from Innergy Soluciones Energéticas (Innergy). The Company has answered the arbitration complaint, and has filed a counterclaim based on the hardship provisions (teoría de la imprevisión) of the Argentine Civil Code. As of March 31, 2007 the nomination of the Arbitral Court is still in process. The damages claimed by Innergy amount to US$24 million plus interests. Such amount might be increased if Innergy incorporates to the demand penalties related to periods subsequent to June 2006.

Domestic sales: Central Puerto S.A. has claimed YPF for cutbacks in natural gas supply pursuant to their respective contracts. The Company has formally denied such breach, based on the fact that, pending the restructuring of such contracts, is not obliged to confirm nominations of natural gas to those clients during certain periods of the year.

As of March 31, 2007, the Company has reserved costs for penalties associated with the failure to deliver the contractual volumes of natural gas in the export and domestic markets which are probable and can be reasonably estimated.

36

- *La Plata environmental claims:* There are certain claims that require a compensation for individual damages purportedly caused by the operation of the La Plata Refinery and the environmental remediation of the western channel adjacent to the mentioned refinery. During year 2006, the Company submitted a presentation before the Environmental Ministry of the Province of Buenos Aires which put forward for consideration the performance of a study for the characterization of environmental associated risks. As previously mentioned, YPF has the right of indemnity for events and claims previous to January 1, 1991, according to Law No. 22,145 and Decree No. 546/1993.

Additionally, YPF s Management, in consultation with its external counsels, believes that the following contingencies and claims, individually significant, have possible outcome:

- *Arbitration with Empresa Nacional de Electricidad S.A. (ENDESA)*: In January, 2005, YPF was notified of a request made by ENDESA for an arbitration to resolve a dispute relating to an alleged breach of a contractual clause in an export contract signed in June 2000. The clause was related to the increase of natural gas deliveries and ENDESA has requested payment of damages. Such an increase on the original maximum contracted volumes were subject to, among other things, getting the export permits from the Secretary of Energy before December, 2002. The export permit was not obtained by YPF. The contract term is for 15 years and establishes that a compensation for non-delivery may not exceed US$ 9 million per year but, under certain circumstances, such limit could be increased in US$ 9 million in addition per year. Notwithstanding the forgoing, ENDESA s claim exceeds this limit and amounts to US$ 354 million, alleging a deceitful conduct on the part of YPF. The Company requested the rejection of this claim.

- *Availability of foreign currency deriving from exports*: Decree Nº 1,589/1989 of the Federal Executive provides that, producers enjoying free availability of crude oil, natural gas and/or liquefied gas under Law No. 17,319 and its supplemented Decrees and producers that may agree so in the future will have free availability of the percentage of foreign currency coming from the exports of crude oil, petroleum derivatives, natural gas and/or liquefied gas of free availability established in biddings and/or renegotiations, or agreed-upon in the respective contracts. In no cases will the maximum freely available percentage be allowed to exceed 70% of each transaction.

During year 2002, several government organizations considered that free availability of foreign currency provided by Decree No. 1,589/1989 was implicitly abolished by Decree No. 1,606/2001.

On December 31, 2002, Decree No. 2,703/2002 was enforced, ratifying such date the 70% limit as the maximum freely available percentage of foreign currency deriving from the exports of crude oil and petroleum derivatives, without providing a conclusion in regards to the exports performed during the year 2002, after the issuance of Decree No. 1,606/2001.

In the assumption of an eventual Central Bank s liquidation request of foreign currency deriving from the exports of hydrocarbons during the period between the issuance of Decree No. 1,606/01 and the enforcement of Decree No. 2,703/2002, YPF has the right to administratively discuss such decision, as well as to request an injunction within the judicial procedure.

- *Asociación Superficiarios de la Patagonia (ASSUPA):* On August 21, 2003, ASSUPA sued the companies operating exploitation concessions and exploration permits in the Neuquén Basin, YPF being one of them, claiming the remediation of the general environmental damage purportedly caused in the execution of such activities, and if it is not possible to constitute an environmental restoration fund and the implementation of measures to prevent environmental damages in the future. The plaintiff requested that the National Government, the Federal Environmental Council (Consejo Federal de Medio Ambiente), the provinces of Buenos Aires, La Pampa, Neuquén, Río

Negro and Mendoza and the Ombudsman of the Nation be summoned. It requested, as a preliminary injunction, that the defendants refrain from carrying out activities affecting the environment. Both the Ombudsman s summon as well as the requested preliminary injunction were rejected by the Supreme Court of Justice of Argentina. YPF has answered the demand and has required the summon of the National Government, due to it s obligation to indemnify YPF for events and claims previous to January 1, 1991, according to Law No. 22,145 and Decree 546/1993.

- *Dock Sud environmental claims:* Without being notified, YPF has information regarding that a group of neighbours of Dock Sud, Province of Buenos Aires, have sued 44 companies, among which YPF is included, the National Government, the Province of Buenos Aires, the City of Buenos Aires and 14 municipalities, before the Supreme Court of Justice of Argentina, seeking the remediation and the indemnification of the environmental collective damage produced in the basin of the Matanza and Riachuelo rivers. Additionally, another group of neighbours of the Dock Sud area, have filed two other environmental lawsuits, one of them has not been notified to YPF, claiming several companies located in that area, among which YPF is included, the Province of Buenos Aires and several municipalities, for the remediation and the indemnification of the environmental collective damage of the Dock Sud area and for the individual damage they claim to have suffered. YPF has the right of indemnity by the Argentine Government for events and claims previous to January 1, 1991, according to Law No. 22,145 and Decree No. 546/1993.

- *EDF International S.A. (EDF):* EDF has initiated an international arbitration proceeding under the Arbitration Regulations of the International Chamber of Commerce against Endesa Internacional S.A. and YPF. EDF claims from YPF the payment of US$ 103 million plus interest in connection with the sale of Electricidad Argentina S.A., parent company of Edenor S.A. EDF claims an adjustment in the purchase price it paid arguing that under the stock purchase agreement, the price it paid would be reviewed if changes in the exchange rate of the Argentine peso occurred prior to December 31, 2001. EDF considers that this had happened. YPF s Management, based on the opinion given by its external counsels, believes that the Convertibility Law No. 23,928 was rescinded by Public Emergency and Exchange System Reform Law No. 25,561, enacted on January 6, 2002. As a result of this, YPF s position is that the claim is without merit.

- *Customs claims*: Custom Offices from Neuquen and Comodoro Rivadavia have notified the Company the beginning of indictments due to alleged formal faults YPF had committed in the export permit forms issued in relation to the crude oil future commitment sales. YPF´s Management, in consultation with its legal counsels, believes these claims are without merit.

Additionally, YPF has received labor, civil and commercial claims and several claims from the AFIP and from several provincial and municipal fiscal authorities, which have not been reserved since Management, based on the evidence available to date and upon the opinion of its external counsels, has considered them to be possible contingencies.

b) Environmental liabilities:

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. 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.

Table of Contents

However, the Company is periodically conducting new studies to increase its knowledge concerning the environmental situation in certain geographic areas where the Company operates in order to establish their status, causes and solutions and, based on the aging of the environmental issue, to analyze the possible responsibility of Argentine Government, in accordance with the contingencies assumed by the Argentine Government for liabilities existing prior December 31, 1990.

In addition to the hydrocarbon wells abandonment legal obligations for 2,501 as of March 31, 2007, the Company has reserved 244 corresponding to environmental remediations, which evaluations and/or remediation works are probable, significant and can also be reasonably estimated, based on the Company s existing remediation program. Future legislative and technological changes 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, this potential changes and ongoing studies, could materially affect future results of operations.

Additionally, certain environmental contingencies related to Chemicals operations in the United States of America were assumed by Tierra and Maxus, indirect subsidiaries through YPF Holdings Inc. YPF committed to contribute capital up to a maximum amount that will enable to satisfy certain assumed environmental obligations and to meet its operating expenses (Note 3 to the consolidated financial statements).

c) Other matters:

- *Contractual commitments:* In June 1998, YPF has received an advanced payment for a crude oil future delivery commitment for approximately US$315 million. Under the terms of this agreement, the Company has agreed to sell and deliver approximately 23.9 million crude oil barrels during the term of ten years. To satisfy the contract deliveries, the Company may deliver crude oil from different sources, including its own produced crude oil and crude oil acquired from third parties. This payment has been classified as Net advances from crude oil purchasers on the balance sheet and is being reduced as crude oil is delivered to the purchaser under the term of the contract. As of March 31, 2007, approximately 3 million crude oil barrels are pending of delivery.

Additionally, the Company has signed contracts by means of which it has committed to buy certain products and services, and to sell natural gas, liquefied petroleum gas and other products. Some of the mentioned contracts include penalty clauses that stipulate compensations for a breach of the obligation to receive deliver or transport the product object of the contract.

- *Regulatory requirements:* YPF is subject to certain regulations requiring the domestic hydrocarbon market demand supply. In October 11, 2006, Secretary of Domestic Commerce issued Resolution No. 25/2006 which requires refiners and/or wholesale and/or retail sellers to meet domestic market diesel demand. The resolution requires, at least, to supply volumes equivalent to those of previous year corresponding month, plus the positive correlation between the rise in diesel demand and the rise of the Gross Domestic Product, accrued from the reference month. The mentioned commercialization should be performed with no distortion nor damage to the diesel market normal operation.

In connection with certain natural gas exportation contracts from the Noroeste basin in Argentina, YPF presented to the Secretary of Energy the accreditation of the existence of natural gas reserves of that basin in adherence to exports permits. The Secretary of Energy could resolve the partial or total suspension of one or several export permits.

During 2005, the Secretary of Energy by means of Resolution No. 7,857/2005, created the National Program of Hydrocarbons Warehousing Aerial Tank Loss Control, measure aimed at reducing and correcting environmental pollution caused by hydrocarbons warehousing-aerial tanks. YPF s Management is evaluating the effect of the resolution.

- *Operating leases:* As of March 31, 2007, the main lease contracts correspond to the rental of oil and gas production equipment, natural gas compression equipment and real estate for service stations. Charges recognized under these contracts for the three-month periods ended March 31, 2007 and 2006, amounted to 109 and 71, respectively.

As of March 31, 2007, estimated future payments related to these contracts are as follows:

	Within 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	More than 5 years
Estimated future payments	393	300	214	204	143	188

- *Agreement with the Federal Government and the Province of Neuquén*: On December 28, 2000, through Decree No. 1,252/2000, the Argentine Federal Executive Branch (the Federal Executive) extended for an additional term of 10 years, until November 2027, the concession for the exploitation of Loma La Lata - Sierra Barrosa area granted to YPF. The extension was granted under the terms and conditions of the Extension Agreement executed between the Federal Government, the Province of Neuquén and YPF on December 5, 2000. Under this agreement, YPF paid US$300 million to the Federal Government for the extension of the concession mentioned above, which were recorded in fixed assets and committed among other things to define an investment program of US$8,000 million in the Province of Neuquén from 2000 to 2017 and to pay to the Province of Neuquén 5% of the net cash flows arising out of the concession during each year of the extension term. The previously mentioned commitments have been affected by the changes in economic rules established by Public Emergency and Exchange System Reform Law No. 25,561.

d) Changes in Argentine economic rules:

During year 2002, a deep change was implemented in the economic model of the country to overcome the economic crisis in the medium-term. Therefore, the Argentine Federal Government abandoned the parity between the Argentine peso and the US dollar, in place since March 1991, and adopted a set of economic, monetary, financial, fiscal and exchange measures. These financial statements include the effects derived from the new economic policies known to the release date thereof. The effects of any additional measures to be implemented by the Argentine Federal Government will be recognized in the financial statements once Management becomes aware of their existence.

10. MAIN CHANGES IN COMPANIES COMPRISING THE YPF GROUP

During the year ended December 31, 2006:

- In December, 2006, YPF International S.A., controlled by YPF, sold for an amount of US$ 10.6 million its interest in Greenstone Assurance Ltd., recording a gain of 11.

11. RESTRICTIONS ON UNAPPROPRIATED RETAINED EARNINGS

In accordance with the provisions of Law No. 19,550, 5% of net income for each fiscal year is to be appropriated to the legal reserve until such reserve reaches 20% of the Company s capital (subscribed capital plus adjustment to contributions). The Shareholder s meeting held on April 13, 2007 approved the following appropriation of unappropriated retained earnings: 223 to legal reserve and 4,234 to reserve for future dividends. Additionally, YPF s shareholders resolved an amendment to YPF s bylaw which broadens the scope of YPF s principal activities to include the production, industrialization, processing, marketing, transport and storage of grains and their derivatives. The amendment is pending of registration and authorization by the CNV.

Table of Contents

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 conventions for the avoidance of double taxation, which will be subject to a minor tax rate.

12. DIFFERENCES BETWEEN ACCOUNTING PRINCIPLES FOLLOWED BY THE COMPANY AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These financial statements are presented on the basis of generally accepted accounting principles in Argentina, but do not conform with certain generally accepted accounting principles in the United States of America. The effects of the differences between generally accepted accounting principles in Argentina and generally accepted accounting principles in other places in which these financial statements may be used have not been quantified. Accordingly, these financial statements are not intended to present the information on the Company´s financial position, and the related results of its operations and cash flows in accordance with generally accepted accounting principles in places other than in Argentina.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

Exhibit A

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

BALANCE SHEET AS OF MARCH 31, 2007 AND COMPARATIVE INFORMATION

FIXED ASSETS EVOLUTION

(amounts expressed in millions of Argentine pesos - Note 1)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

			2007 Cost	
Main account	**Amounts at beginning of year**	**Increases**	**Net decreases, transfers and reclassifications**	**Amounts at end of period**
Land and buildings	1,977		13	1,990
Mineral property, wells and related equipment	42,156		5,522	47,678
Refinery equipment and petrochemical plants	7,325		267	7,592
Transportation equipment	1,766		7	1,773
Materials and equipment in warehouse	609	222	(200)	631
Drilling and work in progress	3,517	850	(420)	3,947
Exploratory drilling in progress(5)	108	31	(6)	133
Furniture, fixtures and installations	473	2	3	478
Selling equipment	1,341		8	1,349
Other property	295		9	304
Total 2007	59,567	1,105	5,203 (1)(6)	65,875
Total 2006	59,695	830 (3)	(142) (1)	60,383

	2007 Depreciation						2006	
Main account	**Accumulated at beginning of year**	**Net decreases, transfers and reclassifications**	**Depreciation rate**	**Increases**	**Accumulated at end of period**	**Net book value as of 03-31-07**	**Net book value as of 03-31-06**	**Net book value as of 12-31-06**
Land and buildings	876		2%	11	887	1,103	1,080	1,101
Mineral property, wells and related equipment	29,455	4,088	(2)	850	34,393	13,285 (4)	13,100 (4)	12,701(4)
Refinery equipment and petrochemical plants	5,408		4 - 5%	68	5,476	2,116	1,970	1,917
Transportation equipment	1,235		4 - 5%	12	1,247	526	534	531

Materials and equipment in warehouse						631	472	609
Drilling and work in progress						3,947	2,756	3,517
Exploratory drilling in progress[5]						133	136	108
Furniture, fixtures and installations	400	1	10%	7	408	70	87	73
Selling equipment	1,002		10%	13	1,015	334	308	339
Other property	249	5	10%	3	257	47	38	46
Total 2007	38,625	4,094 [6]		964	43,683	22,192		
Total 2006	39,149	(36) [1]		789	39,902		20,481	20,942

(1) Includes 8 and 42 of net book value charged to fixed assets allowances for the three-month periods ended March 31, 2007 and 2006, respectively.

(2) Depreciation has been calculated according to the unit of production method (Note 2.f).

(3) Includes 4 corresponding to the costs of hydrocarbon wells abandonment obligations for the three-month periods ended March 31, 2006.

(4) Includes 914, 1,150 and 961 of mineral property as of March 31, 2007 and 2006 and December 31, 2006, respectively.

(5) At the end of the three-month period ended March 31, 2007, there are 16 exploratory wells in progress. During that period 9 wells were drilled, 3 well were charged to exploratory expenses and 1 wells were transferred to proved properties which are included in the account mineral property, wells and related equipment.

(6) Includes 5.291 of acquisition cost and 4.094 of accumulated depreciation corresponding to oil and gas exploration and producing areas to be disposed by sale (Note 2.d).

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

Table of Contents

Exhibit C

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

BALANCE SHEETS AS OF MARCH 31, 2007 AND DECEMBER 31, 2006

INVESTMENTS IN SHARES AND HOLDINGS IN OTHER COMPANIES

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

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

						2007								
							Information of the Issuer							
Description of the Securities								Last Financial Statements Issued						
ssuer	Class	Face Value		Amount	Book Value	Cost (8)	Main Business	Registered Address	Date	Capital Stock	Income (Loss)	Equity	Holding in Capital Stock	Boo
companies:														
tional	Common	Bs.	100	147,693	378 (3)	1,392	Investment	Av. José Estenssoro 100, Santa Cruz de la Sierra, República de Bolivia	12/31/06	6	38	368	99.99%	
gs	Common	US$0.01		100	(7)	421	Investment and finance	717 North Harwood Street, Dallas, Texas, U.S.A.	09/30/06	1,655	(112)	(556)	100.00%	
e e A.	Common	$	1	243,700,940	262	185	Commercial management of YPF s gas stations	Av. Roque Sáenz Peña 777, Buenos Aires, Argentina	03/31/07	244	13	262	99.99%	
ta	Common	$	1	8,683,498	88	31	Engineering and construction services	Av. Roque Sáenz Peña 777, P. 7º, Buenos Aires, Argentina	03/31/07	9	(2)	88	99.91%	
rivate t mited on)	Common	US$0.01		769,414	44	84	Investment and finance	P.O. Box 1109, Gran Caimán, British West Indies	12/31/01	(2)	3	44	100.00%	
					772	2,113								
lega	Common	$	1	77,292,000	577		Separation, fractionation and transportation of natural gas liquids	San Martín 344, P. 10º, Buenos Aires, Argentina	12/31/06	203	596	1,398	38.00%	

.	Common	$	1	391,291,320	521	39	Production and marketing of fertilizers	Alicia Moreau de Justo 740, P. 3, Buenos Aires, Argentina	12/31/06	783	400	1,038	50.00%
l	Common	$	1	45,803,655	208		Refining	Maipú 1, P. 2º, Buenos Aires, Argentina	09/30/06	92	83	452	50.00%
					1,306	39							
ficant													
del	Common	$	10	4,072,749	103 (1)		Oil transportation by pipeline	Florida 1, P. 10°, Buenos Aires, Argentina	12/31/06	110	23	325	37.00%
S.A.	Common	$	10	476,034	46		Oil storage and shipment	Av. Leandro N. Alem 1180, P.11°, Buenos Aires, Argentina	12/31/06	14	23	139	33.15%
.	Common	$	10	351,167	45 (3)	7	Hydrocarbon transportation and storage	Terminal Marítima Puerto Rosales Provincia de Buenos Aires, Argentina.	12/31/06	12	16	100	30.00%
el S.A.	Preferred	$	1	737,361	18	4	Gas transportation by pipeline	Av. Leandro N. Alem 928, P. 7º, Buenos Aires, Argentina	12/31/06	7	34	192	10.00%
k Sud	Common	$	0.01	3,847,189,961	12 (3)	46	Electric power generation and bulk marketing	Reconquista 360, P. 6°, Buenos Aires, Argentina	12/31/06	484	(17)	234	9.98% (5)
ock	Common	$	1	103,497,738	132 (3)	193	Investment and finance	Reconquista 360, P. 6°, Buenos Aires, Argentina	12/31/06	241	(7)	222	42.86%
	Common	$	1	30,006,540	291	98	Exploration and exploitation of hydrocarbons and electric power generation, production and marketing	Lima 339, Buenos Aires, Argentina	12/31/06	67	78	641	45.00%
S.A.	Preferred	$	1	8,099,280	14		Oil transportation by pipeline	Esmeralda 255, P. 5°, Buenos Aires, Argentina	12/3106	45	(4)	76	18.00%
					13	13							
					674	361							
					2,752	2,513							

(1) Holding in shareholders equity, net of intercompany profits.
(2) No value is disclosed, as book value is less than $ 1 million.
(3) Holding in shareholders equity plus adjustments to conform to YPF accounting methods.
(4)

Includes YPF Inversora Energética S.A., A-Evangelista Construções e Serviços Ltda., Gasoducto del Pacífico (Cayman) Ltd., A&C Pipeline Holding Company, Poligás Luján S.A.C.I., Petróleos Transandinos YPF and Mercobank S.A.

(5) Additionally, the Company has a 29.93% indirect holding in capital stock through Inversora Dock Sud S.A.

(6) As stipulated by shareholders agreement, joint control is held in this company by shareholders.

(7) As of March 31, 2007 and December 31, 2006, holding in negative shareholders equity is disclosed in Accounts payable after adjustments in shareholders equity to conform YPF accounting methods.

(8) Cost net of cash dividends and capital distributions from long-term investements restated in accordance with Note 1.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

Table of Contents

Exhibit E

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

BALANCE SHEETS AS OF MARCH 31, 2007 AND 2006

ALLOWANCES AND RESERVES

(amounts expressed in millions of Argentine pesos - Note 1)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007				2006
Account	**Amounts at beginning of year**	**Increases**	**Decreases**	**Amounts at end of period**	**Amounts at end of period**
Deducted from current assets:					
For doubtful trade receivables	419	57	20	456	390
For other doubtful accounts	116		3	113	119
	535	57	23	569	509
Deducted from noncurrent assets:					
For valuation of other receivables to their estimated realizable value	51		1	50	53
For reduction in value of holdings in long-term investments	25			25	175
For unproductive exploratory drilling	3	8	8	3	3
For obsolescence and fixed assets to be disposed of	46			46	46
	125	8	9	124	277
Total deducted from assets, 2007	660	65	32	693	
Total deducted from assets, 2006	779	87	80		786
Reserves for losses - current:					
For various specific contingencies (Note 9.a)	206	1		207	167
	206	1		207	167
Reserves for losses - noncurrent:					
For pending lawsuits and various specific contingencies (Note 9.a)	1,226	58		1,284	771
	1,226	58		1,284	771
Total included in liabilities, 2007	1,432	59		1,491	

Total included in liabilities, 2006	930	17	9	938

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

44

Table of Contents

Exhibit F

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

STATEMENTS OF INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

COST OF SALES

(amounts expressed in millions of Argentine pesos - Note 1)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007	**2006**
Inventories at beginning of year	1,522	1,164
Purchases for the period	990	929
Production costs (Exhibit H)	2,788	2,229
Holding gains on inventories	124	219
Inventories at end of period	(1,711)	(1,461)
Cost of sales	3,713	3,080

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

Table of Contents

Exhibit G

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

BALANCE SHEETS AS OF MARCH 31, 2007 AND DECEMBER 31, 2006

FOREIGN CURRENCY ASSETS AND LIABILITIES

(amounts expressed in millions)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

Account	Foreign currency and amount 2006		Foreign currency and amount 2007		Exchange rate in pesos as of 03-31-07	Book value as of 03-31-07
Current Assets						
Investments	US$	51	US$	22	3.06 (1)	67
Trade receivables	US$	535	US$	540	3.06 (1)	1,652
		15		18	4.09 (1)	73
Other receivables	US$	1,329	US$	959	3.06 (1)	2,934
	CH$	34,743				
		5		5	4.09 (1)	20
Total current assets						4,746
Noncurrent Assets						
Other receivables	US$	6	US$	6	3.06 (1)	18
Total noncurrent assets						18
Total assets						4,764
Current Liabilities						
Accounts payable	US$	492	US$	422	3.10 (2)	1,308
		12				
Loans	US$	264	US$	266	3.10 (2)	825
Net advances from crude oil purchasers	US$	31	US$	26	3.10 (2)	80
Total current liabilities						2,213
Noncurrent Liabilities						
Accounts payable	US$	728	US$	816	3.10 (2)	2,531
Loans	US$	166	US$	166	3.10 (2)	515
Net advances from crude oil purchasers	US$	2				
Reserves	US$	194	US$	209	3.10 (2)	648
Total noncurrent liabilities						3,694
Total liabilities						5,907

(1) Buying exchange rate.
(2) Selling exchange rate.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

Exhibit H

English translation of the financial statements originally issued in Spanish,

except for the inclusion of Note 12 in the English translation

YPF SOCIEDAD ANONIMA

STATEMENT OF INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2007 AND 2006

EXPENSES INCURRED

(amounts expressed in millions of Argentine pesos - Note 1)

(The financial statements as of March 31, 2007 and March 31, 2006 are unaudited)

	2007					2006
	Production costs	Administrative expenses	Selling expenses	Exploration expenses	Total	Total
Salaries and social security taxes	128	45	40	10	223	156
Fees and compensation for services	33	51 (1)	10		94	63
Other personnel expenses	46	13	5	3	67	55
Taxes, charges and contributions	52	2	57		111	87
Royalties and easements	474		1		475	458
Insurance	21	1	4		26	19
Rental of real estate and equipment	69		12		81	71
Survey expenses				63	63	15
Depreciation of fixed assets	931	8	25		964	789
Industrial inputs, consumable materials and supplies	155	2	4	1	162	128
Construction and other service contracts	213	1	15	10	239	170
Preservation, repair and maintenance	335	2	9	1	347	247
Unproductive exploratory drillings				8	8	40
Transportation, products and charges	175		231		406	367
Allowance for doubtful trade receivables			34		34	47
Publicity and advertising expenses		11	15		26	19
Fuel, gas, energy and miscellaneous	156	12	14	2	184	126
Total 2007	2,788	148	476	98	3,510	
Total 2006	2,229	116	444	68		2,857

(1) Includes 1 of Directors and Statutory Auditor s fees.

ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

47

Table of Contents

YPF SOCIEDAD ANONIMA

FINANCIAL STATEMENTS AS OF MARCH 31, 2007 AND COMPARATIVE INFORMATION

RATIFICATION OF LITHOGRAPHED SIGNATURES

I hereby ratify the signatures appearing in lithographed form on the preceding sheets from page 1 through page 47.

ENRIQUE LOCUTURA RUPEREZ

Executive Vicepresident

Table of Contents

English translation of the report originally issued in Spanish, except for the omission of certain disclosures related to formal legal requirements for reporting in Argentina and the addition of the last paragraph See Note 12 to the primary financial statements

Statutory Audit Committee s Report

To the Shareholders of

YPF SOCIEDAD ANONIMA

Av. Pte. Roque Sáenz Peña 777

Buenos Aires, City

CUIT Nº 30-54668997-9

Dear Sirs,

In accordance with clause 5, article 294 of Law No. 19,550, the requirements of the Buenos Aires Stock Exchange and current professional requirements, we have performed the work mentioned in the following paragraph on the balance sheet of YPF SOCIEDAD ANONIMA as of March 31, 2007 and the related statements of income, changes in shareholders equity and cash flows for the three-month period then ended and the consolidated balance sheet of YPF SOCIEDAD ANONIMA and its controlled and jointly controlled companies as of March 31, 2007 and the related consolidated statements of income and cash flows for the three-month period then ended, disclosed as supplemental information in Schedule I. These financial statements are the responsibility of the Company s Board of Directors within the scope of its exclusive functions. Our responsability is to report on these documents based on the work mentioned in the following paragraph.

Our work on the accompanying financial statements consisted in assessing the consistency of significant information contained in those statements with the corporate decisions set forth in minutes, and the conformity of those decisions with the law and the Company s bylaws, insofar as formal and documentary aspects are concerned. In conducting our work, we have principally considered the limited review report on interim period financial statements issued by the firm Deloitte & Co. S.R.L. dated May 4, 2007, in accordance with generally accepted auditing standards in Argentina for a limited review of interim period financial statements. We have not performed any management control and, accordingly, we have not assessed the criteria and business decisions in matters of administration, financing, sales and production, because these issues are the responsibility of the Company s Board of Directors. We consider that our work and the above mentioned external auditor s report provide a reasonable basis for our report.

Based on our work, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles in Argentina.

In compliance with current legal requirements, and in exercise of the control of lawfulness which is our duty, we also report that during the period we have applied the procedures described in article No. 294 of Law No. 19,550 as we considered necessary in the circumstances, and we have no comments to made in this regard.

Table of Contents

Certain accounting practices of YPF SOCIEDAD ANONIMA used in preparing the accompanying financial statements conform with generally accepted accounting principles in Argentina, but do not conform with generally accepted accounting principles in the United States of America (see Note 12 to the accompanying financial statements).

Buenos Aires City, Argentina

May 4, 2007

For Statutory Audit Committee

Juan A. Gelly y Obes

Statutory Auditor

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

YPF Sociedad Anónima

Date: May 16, 2007

By:	/s/ Walter Cristian Forwood
Name:	Walter Cristian Forwood
Title:	Chief Financial Officer