

YPF SOCIEDAD ANONIMA
Form 6-K
October 11, 2006
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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 October, 2006

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 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

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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

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Financial Statements as of June 30, 2006 and Comparative Information

Limited Review Report on Interim Period Financial Statements

Statutory Audit Committee's Report

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Item 1

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:

1. We have reviewed the balance sheet of YPF SOCIEDAD ANONIMA (an Argentine Corporation) as of June 30, 2006, and the related statements of income, changes in shareholders' equity and cash flows for the six-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 June 30, 2006, and the related consolidated statements of income and cash flows for the six-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. 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.
3. Based on our review, we are not aware of any material modification that should be made to the financial statements referred to in the first paragraph for them to be in conformity with generally accepted accounting principles in Argentina.
4. In relation to the financial statements as of December 31, 2005 and June 30, 2005, which are presented for comparative purposes, we issued our unqualified auditors' report dated March 8, 2006, and our unqualified limited review report on interim period financial statements dated August 4, 2005, respectively. These financial statements include the effects of the application of the new generally accepted accounting principles in Argentina, as described in Note 1.b to the accompanying primary financial statements.

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5. 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

August 11, 2006

Deloitte & Co. S.R.L.

Ricardo C. Ruiz

Partner

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YPF SOCIEDAD ANONIMA

FINANCIAL STATEMENTS AS OF JUNE 30, 2006 AND COMPARATIVE INFORMATION

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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 Autónoma de Buenos Aires, Argentina.

FISCAL YEARS NUMBER 30 AND 29

BEGINNING ON JANUARY 1, 2006 AND 2005

FINANCIAL STATEMENTS AS OF JUNE 30, 2006 AND COMPARATIVE INFORMATION

(The financial statements as of June 30, 2006 and June 30, 2005 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 19, 2005.

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

Capital structure as of June 30, 2006

(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
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ENRIQUE LOCUTURA RUPEREZ
Executive Vicepresident

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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 JUNE 30, 2006 AND DECEMBER 31, 2005**

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

(The financial statements as of June 30, 2006 and June 30, 2005 are unaudited)

	2006	2005
Current Assets		
Cash	73	122
Investments (Note 2.a)	569	408
Trade receivables (Note 2.b)	2,228	2,212
Other receivables (Note 2.c)	4,388	4,433
Inventories (Note 2.d)	1,775	1,315
Total current assets	9,033	8,490
Noncurrent Assets		
Trade receivables (Note 2.b)	52	53
Other receivables (Note 2.c)	826	1,223
Investments (Note 2.a)	451	495
Fixed assets (Note 2.e)	22,249	21,958
Intangible assets	1	5
Total noncurrent assets	23,579	23,734
Total assets	32,612	32,224
Current Liabilities		
Accounts payable (Note 2.f)	3,037	2,932
Loans (Note 2.g)	351	346
Salaries and social security	123	153
Taxes payable	1,680	1,831
Net advances from crude oil purchasers	96	95
Reserves	259	230
Total current liabilities	5,546	5,587
Noncurrent Liabilities		
Accounts payable (Note 2.f)	1,978	1,915
Loans (Note 2.g)	1,091	1,107
Salaries and social security	47	56
Taxes payable	19	17
Net advances from crude oil purchasers	55	101
Reserves	1,006	1,007

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Total noncurrent liabilities	4,196	4,203
Total liabilities	9,742	9,790
Shareholders Equity	22,870	22,434
Total liabilities and shareholders equity	32,612	32,224

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

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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 SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005**

(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 June 30, 2006 and June 30, 2005 are unaudited)

	2006	2005
Net sales (Note 4)	12,436	10,664
Cost of sales	(6,890)	(5,223)
Gross profit	5,546	5,441
Administrative expenses (Exhibit H)	(313)	(241)
Selling expenses (Exhibit H)	(892)	(782)
Exploration expenses (Exhibit H)	(154)	(113)
Operating income	4,187	4,305
Income on long-term investments (Note 4)	14	9
Other income (expense), net (Note 2.h)	2	(202)
Financial income (expense), net and holding gains:		
Gains (Losses) on assets		
Interests	164	96
Exchange differences	67	(149)
Holding gains on inventories	304	114
(Losses) Gains on liabilities		
Interests	(88)	(185)
Exchange differences	(91)	100
Income from sale of long-term investments		75
Net income before income tax	4,559	4,163
Income tax	(1,764)	(1,651)
Net income	2,795	2,512
Earnings per share	7.11	6.39

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.

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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 SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005**

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

(The financial statements as of June 30, 2006 and June 30, 2005 are unaudited)

	2006	2005
Cash Flows from Operating Activities		
Net income	2,795	2,512
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Income on long-term investments	(14)	(9)
Dividends from long-term investments	32	4
Depreciation of fixed assets	1,690	1,310
Income tax	1,764	1,651
Income tax payments	(1,562)	(1,725)
Income from sale of long-term investments		(75)
Consumption of materials and fixed assets retired, net of allowances	135	115
Increase in allowances for fixed assets	45	11
Increase in reserves	90	106
Changes in assets and liabilities:		
Trade receivables	(15)	174
Other receivables	615	492
Inventories	(460)	(165)
Accounts payable	24	(89)
Salaries and social security	(48)	(24)
Taxes payable	(251)	(18)
Net advances from crude oil purchasers	(48)	(131)
Decrease in reserves	(62)	(88)
Interests, exchange differences and others	(57)	98
Net cash flows provided by operating activities	4,673 ⁽¹⁾	4,149 ⁽¹⁾
Cash Flows from Investing Activities		
Acquisitions of fixed assets	(2,151)	(1,442)
Capital distributions from long-term investments		7
Proceeds from sale of long-term investments		285
Investments (non cash and equivalents)	1	
Net cash flows used in investing activities	(2,150)	(1,150)
Cash Flows from Financing Activities		
Payment of loans	(520)	(282)

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Proceeds from loans	470	47
Dividends paid	(2,360)	(3,147)
Net cash flows used in financing activities	(2,410)	(3,382)
Increase (Decrease) in Cash and Equivalents	113	(383)
Cash and equivalents at the beginning of year	515	887
Cash and equivalents at the end of period	628	504

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

- (1) Includes (49) and (105) corresponding to interest payments for the six-month periods ended June 30, 2006 and 2005, 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

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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 SIX-MONTH PERIOD ENDED JUNE 30, 2006 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 June 30, 2006 and June 30, 2005 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 as of June 30, 2006 and December 31, 2005 and the related statements of income and cash flows for the six-month periods ended June 30, 2006 and 2005, 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 have produced changes on the latter's shareholders' equity.

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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.d 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 June 30, 2006, YPF Holding Inc. has approximately 62 of exploratory drilling costs that have been capitalized for a period greater than one year, representing two projects and four wells. Development of one of these projects is scheduled to begin in 2006, while the other is pending the results of drilling on an adjacent block.

Salaries and Social Security Pensions and other Postretirement and Postemployment Benefits

YPF Holdings Inc., YPF subsidiary with operations in United States of America, has a number of trustee noncontributory pension plans and postretirement and postemployment benefits.

The funding policy related to trustee noncontributory 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 are accrued based on years of service and compensation earned during the period of active service of employees. 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 funded as claims are incurred.

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 period. Anticipated losses on contracts in progress are expensed when identified.

Derivative instruments

As of June 30, 2005, Profertil S.A., a jointly controlled company, held a cash flow hedge contract to establish a protection against variability in cash flows due to changes in loans interest rates. Changes in the fair value of cash flow hedges, were initially deferred in shareholders equity and charged to financial expenses of the statement of income as the related transactions were recognized. Fair value of these instruments (interest rate swaps) were included in the Loans account of the balance sheet.

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

Consolidated Balance Sheet Accounts as of June 30, 2006 and December 31, 2005**Assets****a) Investments:**

	2006		2005	
	Current	Noncurrent	Current	Noncurrent
Short-term investments and government securities	569 ⁽¹⁾	4	408 ⁽¹⁾	4
Long-term investments		733 ⁽²⁾		802 ⁽²⁾
Allowance for reduction in value of holdings in long-term investments		(286) ⁽²⁾		(311) ⁽²⁾
	569	451	408	495

(1) Includes 555 and 393 as of June 30, 2006 and December 31, 2005, 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 the ownership in Gas Argentino S.A.

b) Trade receivables:

	2006		2005	
	Current	Noncurrent	Current	Noncurrent
Accounts receivable	2,230	52	2,240	53
Related parties	398		352	
	2,628	52	2,592	53
Allowance for doubtful trade receivables	(400)		(380)	
	2,228	52	2,212	53