

**Compañía de Transporte de Energía
Eléctrica en Alta Tensión Transener S.A.**

**Unaudited Condensed Interim Consolidated Financial Statements as of March 31, 2014
and for the three-month periods ended March 31, 2014 and 2013**



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

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Report of Independent Auditors

To the shareholders, President and Directors of
Compañía de Transporte de Energía Eléctrica en
Alta Tensión Transener S.A.
City of Buenos Aires

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiaries ("Transener S.A.") including the consolidated statement of financial position at March 31, 2014, the statements of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, and the selected explanatory notes.

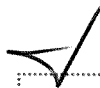
The balances and other information corresponding to the fiscal year 2013 and to its interim periods are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Management's responsibilities

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the condensed interim financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34). Our responsibility is to express a conclusion based on the review that we have performed with the scope detailed in the paragraph "Scope of our review".

Scope of our review

Our review was limited to the application of the procedures established under International Standards on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", adopted as a review standard in Argentina by Technical Pronouncement No. 33 of the FACPCE and approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries of the Company's personnel responsible for preparing the information included in the condensed interim consolidated financial statements and performing analytical and other review procedures. Such a review is substantially less in scope than an audit conducted in accordance with international standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated financial position, the consolidated comprehensive income, or the consolidated cash flows of the Company.



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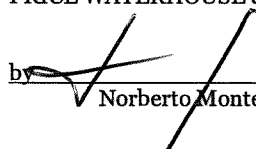
Conclusion

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

Emphasis paragraph

We wish to emphasize on the situation described in Note 2, which caused that the Company, in the three-month period ended March 31, 2014, recorded a net loss of 92,848 (in thousands of pesos) and accumulated losses for 483,342 (in thousands of pesos). The Company has prepared these condensed interim consolidated financial statements using accounting principles that are applicable to a going concern. Therefore, the condensed interim consolidated financial statements do not include the possible effects of any future adjustments or reclassifications, if any, that could be required if the situations described above cannot be solved in favor of the continuity of operations of the Company and its subsidiary, and it were obliged to realize its assets and to settle its liabilities, including the contingent ones, in conditions other than those for the normal course of business. Our conclusion includes no qualifications as regards this situation.

PRICE WATERHOUSE & CO. S.R.L.

by  (Partner)
Norberto Montero

Autonomous City of Buenos Aires, Argentina
May 7, 2014



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Interim Consolidated Statements of Operations
for the three-month periods ended March 31, 2014 and 2013
(In Argentine Pesos, except as otherwise indicated)

Consolidated income / (loss) statement	Note	Three-month period ended	
		31.03.2014	31.03.2013
Net Revenues	7	283,963,481	131,603,310
Operating expenses	8	<u>(229,185,181)</u>	<u>(156,564,352)</u>
Gross income / (loss)		54,778,300	(24,961,042)
Administrative expenses	8	(36,102,968)	(29,671,439)
Other gains net		<u>(16,914,367)</u>	2,579,703
Operating results		1,760,965	(52,052,778)
Finance income	9	108,285,037	42,321,106
Finance costs	9	(26,970,677)	(21,865,043)
Other financial results	9	<u>(201,005,201)</u>	<u>(24,226,177)</u>
Loss before taxes		(117,929,876)	(55,822,892)
Income tax expense	10	25,193,158	19,263,629
Loss for the period		<u>(92,736,718)</u>	<u>(36,559,263)</u>
Loss attributable to :			
Owners of the parent		(92,847,993)	(35,679,565)
Non-controlling interests		111,275	(879,698)
Total for the period		<u>(92,736,718)</u>	<u>(36,559,263)</u>
Other consolidated comprehensive income / (loss)			
Loss for the period		(92.736.718)	(36.559.263)
Other comprehensive income		0	0
Total comprehensive loss for the period		<u>(92.736.718)</u>	<u>(36.559.263)</u>
Attributable to :			
Owners of the parent		(92.847.993)	(35.679.565)
Non-controlling interests		111.275	(879.698)
Total for the period		<u>(92.736.718)</u>	<u>(36.559.263)</u>
Loss per share attributable to the equity holders of the Company:			
	20		
Total for the period		(0,21)	(0,08)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Interim Consolidated Balance Sheets as of March 31, 2014 and December 31, 2013
(In Argentine Pesos, except as otherwise indicated)

	Note	<u>31.03.2014</u>	<u>31.12.2013</u>
Assets			
Non-current assets			
Property, plant and equipment	11	1,344,034,588	1,301,689,415
Other receivables	12	34,097,104	50,070,705
Total Non-current assets		<u>1,378,131,692</u>	<u>1,351,760,120</u>
Current Assets			
Trade accounts receivables	13	341,367,910	386,446,312
Other receivables	12	52,658,064	73,429,131
Cash and cash equivalents	14	131,138,365	73,624,888
Total Current assets		<u>525,164,339</u>	<u>533,500,331</u>
Total Assets		<u>1,903,296,031</u>	<u>1,885,260,451</u>
Equity and liabilities			
Capital and reserves attributable to owners of the parent			
		388,935,455	481,783,448
Equity attributable to owners of the parent		<u>388,935,455</u>	<u>481,783,448</u>
Non-controlling interests		28,006,264	27,894,989
Total equity		<u>416,941,719</u>	<u>509,678,437</u>
Liabilities			
Non-current liabilities			
Debt and other indebtedness	15	998,108,781	812,471,249
Deferred tax payable	10	34,436,749	61,920,147
Employee benefits payable	16	112,265,292	107,552,722
Trade accounts payable	17	4,234,689	4,333,734
Total Non-current liabilities		<u>1,149,045,511</u>	<u>986,277,852</u>
Current liabilities			
Provisions		54,659,036	50,072,545
Other liabilities		2,454,528	2,425,099
Debt and other indebtedness	15	125,751,494	112,608,063
Taxes payable		40,037,343	46,920,222
Payroll and social securities taxes payable		46,789,678	99,892,802
Trade accounts payable	17	67,616,722	77,385,431
Total Current liabilities		<u>337,308,801</u>	<u>389,304,162</u>
Total Liabilities		<u>1,486,354,312</u>	<u>1,375,582,014</u>
Total Equity and liabilities		<u>1,903,296,031</u>	<u>1,885,260,451</u>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Interim Consolidated Statements of Changes in Equity for the three-month periods ended March 31, 2014 and 2013
(In Argentine Pesos, except as otherwise indicated)

	Attributable to owners of the parent							Total equity	
	Common Stock	Inflation adjustment on common stock	Share premium	Legal reserve	Voluntary reserve	Retained earnings	Subtotal		Non-controlling interests
Balance as of January 31, 2013	444,673,795	352,996,229	31,978,847	42,628,456	210,206,496	(594,818,988)	487,664,835	25,291,799	512,956,634
Comprehensive loss for the three-month period	0	0	0	0	0	(35,679,565)	(35,679,565)	(879,698)	(36,559,263)
Balance as of March 31, 2013	444,673,795	352,996,229	31,978,847	42,628,456	210,206,496	(630,498,553)	451,985,270	24,412,101	476,397,371
Reversal of Voluntary Reserve	0	0	0	0	(210,206,496)	210,206,496	0	0	0
Loss for the nine-month complementary period	0	0	0	0	0	30,066,217	30,066,217	3,481,889	33,548,106
Other comprehensive loss for the nine-month complementary period	0	0	0	0	0	(268,039)	(268,039)	999	(267,040)
Balance as of December 31, 2013	444,673,795	352,996,229	31,978,847	42,628,456	0	(390,493,879)	481,783,448	27,894,989	509,678,437
Comprehensive loss for the three-month period	0	0	0	0	0	(92,847,993)	(92,847,993)	111,275	(92,736,718)
Other comprehensive loss for the period	0	0	0	0	0	0	0	0	0
Balance as of March 31, 2014	444,673,795	352,996,229	31,978,847	42,628,456	0	(483,341,872)	388,935,455	28,006,264	416,941,719

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Interim Consolidated Statements of Cash Flows for the three-month periods ended
March 31, 2014 and 2013
 (In Argentine Pesos, except as otherwise indicated)

	Note	Three-month period ended	
		<u>31.03.2014</u>	<u>31.03.2013</u>
Cash flows from operating activities:			
Loss for the period		(92,736,718)	(36,559,263)
Adjustments:			
Depreciation of property, plant and equipment	11	21,299,963	20,489,311
Instrumental Agreement	2	(204,958,685)	(37,190,089)
Provisions	8	2,166,905	2,783,674
Employee benefits plan	16	10,174,892	8,036,212
Income tax expense accrued during the period	10	(25,193,158)	(19,263,629)
Foreign exchange and other financial results		236,440,826	49,907,367
Other results generated by assets		0	(25,879)
Retirements of property, plant and equipment	11	5,802,338	4,832,388
Changes in certain assets and liabilities, net of non-cash:			
(Increase) Decrease in trade receivables		(69,962,913)	9,534,319
(Increase) Decrease in other receivables		36,744,668	18,286,613
Increase (Decrease) in trade accounts payable		(9,867,754)	(26,826,208)
Increase (Decrease) in payroll and social securities taxes payable		(53,103,124)	(47,273,963)
Increase (Decrease) in taxes payable		(9,173,119)	(970,425)
Increase (Decrease) in provisions		2,419,586	(231,766)
Increase (Decrease) of employee benefits payable	16	(5,462,322)	(2,176,098)
Net cash used in operating activities		<u>(155,408,615)</u>	<u>(56,647,436)</u>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Interim Consolidated Statements of Cash Flows for the three-month periods ended
March 31, 2014 and 2013 (continued)
(In Argentine Pesos, except as otherwise indicated)

	Note	Three-month period ended	
		<u>31.03.2014</u>	<u>31.03.2013</u>
Cash flows from investing activities:			
Purchases of the acquisition of property, plant and equipment	11	(69,447,474)	(9,552,972)
Decrease in financial assets at amortized cost		0	1,986,223
Cash used in investing activities		<u>(69,447,474)</u>	<u>(7,566,749)</u>
Cash flows from financing activities:			
Funds from CAMMESA Financing	2	320,000,000	65,000,009
Payments and repurchase of bonds and other indebtedness - Interests		(37,630,434)	(24,099,567)
Net cash generated by financing activities		<u>282,369,566</u>	<u>40,900,442</u>
Increase / (Decrease) in cash and cash equivalents		57,513,477	(23,313,743)
Cash and cash equivalents at the beginning of the period	14	<u>73,624,888</u>	<u>130,130,229</u>
Cash and cash equivalents at period end	14	<u><u>131,138,365</u></u>	<u><u>106,816,486</u></u>
Significant non-cash transactions			
Decrease in accounts receivable	2	320,000,000	65,000,009
Decrease in other liabilities	2	(320,000,000)	(65,000,009)
		<u>0</u>	<u>0</u>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Notes to the Consolidated Financial Statements

(In Argentine Pesos, except as otherwise indicated)

1. Organization and description of business

The concessionaire company Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. was constituted on May 31, 1993, as a result of the laws No. 23,696 and 24,065 and the Decree No. 2,743/92 which stated the privatization of the high-voltage electricity transmission system in Argentina, which up to that date were provided by Agua y Energía Eléctrica Sociedad del Estado (AyEE), Hidroeléctrica Norpatagónica S.A. (Hidronor) and Servicios Eléctricos del Gran Buenos Aires S.A. (SEGBA) and resolved the creation of a company that would receive the concession to operate the service. The Ministry of Economy and Public Works and Services called for international bidding for the sale of the majority shares of the aforementioned company.

The privatization was finalized through the subscribed contract of transfer by the National Government, acting on behalf of the mentioned companies in the preceding paragraph, and Compañía Inversora en Transmisión Eléctrica Citelec S.A. (in later "Citelec S.A."), which has control on Transener S.A. The assets affected to the privatized service were received simultaneously.

Finally, on 17 July 1993 the takeover of Transener by the Consortium took place, starting on the mentioned date its operations.

On 30 July 1997, the province of Buenos Aires privatized Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Sociedad Anónima Transba S.A. (in later "Transba S.A."), which was created by the province of Buenos Aires, in March 1996, and subsequently acquired by Transener S.A., in order to own and operate the network of Transba S.A. The date of these financial statements Transener S.A. holds 90% of the shares of capital of Transba S.A., because the remaining 10% was transferred to a program of property owned for the personal benefit of Transba S.A. employees in exchange for a right to future dividends of Transba S.A. on such shares.

On 16 August 2002, Transener S.A. created Transener international Ltda. Located in the city of Brasilia, Brazil Republic, subscribing 99% of its shares. On March 25, 2012, the Board of Directors approved to discontinue the Transener international Ltda's operation and maintenance contracts.

These unaudited condensed interim consolidated financial statements (in hereinafter referred to interchangeably as "financial statements" or "Unaudited Condensed Interim Consolidated financial statements"), have been approved for issuance by the Board of Directors on May 7, 2014.

2. Tariff Review and economic and financial situation

a) Tariff Review

The Emergency Law No. 25,561, which fixed the prices and tariffs of the public services companies' contracts in Pesos at the exchange rate of Peso 1 for each US\$1, has imposed the obligation to renegotiate the concession agreements with the National Government to those companies that provide public services, such as Transener and Transba, while continuing to render the service. This situation has significantly affected the economic and financial situation of the Company and its subsidiary Transba.

In May 2005, Transener and Transba entered into the Definitive Agreements with the representatives of the Unit for the Renegotiation and Analysis of Public Utility Contracts ("UNIREN"), which contain the terms and conditions for the renegotiation of the Concession Contracts.

According to the guidelines stated in the mentioned Definitive Agreements, the following was foreseen: i) to carry out a Full Tariff Review ("FTR") before the ENRE and to determine a new tariff regime for Transener and Transba, which should have come into force during the months of February 2006 and May 2006, respectively; and ii) the recognition of the major operating costs incurred in the interim period up to the moment in which the tariff regime comes into force as a consequence of the above-mentioned FTR.

Since 2006 Transener and Transba have communicated to the ENRE the need to regularize the fulfillment of the commitments settled in the Definitive Agreement, describing the breaches of commitments established in that Agreement on behalf of said regulatory authority, the serious situation arising from such breaches, and its availability to continue with the FTR process, as long as the remaining commitments assumed by the parties continue in force, and the new tariff regime arising from the FTR process is resolved.



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Notes to the Consolidated Financial Statements
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Opportunely, Transener and Transba submitted their respective tariff proposals, based on the term stated in the Definitive Agreements, and also in accordance with Article 45 and others of the Law No. 24,065, for the purpose of dealing with the matter, calling for a Public Hearing and defining a new tariff regime, under the expectation of the FTR celebration.

In order to regularize the tariff situation, in December 2010, Transener and Transba entered into the Instrumental Agreements (the "Instrumental Agreements") related to the Definitive Agreements with the SE and the ENRE.

According to what was stated in the Instrumental Agreements, on May 2, 2011 new extensions of the Financing Agreements (Addendas II) were entered into with CAMMESA. The funds which conforms the Addendas II would be destined to the operation and maintenance, and to the investments plan corresponding to year 2011 and would be disbursed through partial payments in advance according to CAMMESA'S availability of funds, according to the instructions of the SE.

Due to the fact that the mentioned commitments were delayed, and in order to regularize the adjustment of the remuneration as from December 1, 2010, on May 13, 2013 and on May 20, 2013, Transener and Transba, respectively, entered into a Renewal Agreement of the Instrumental Agreement (Renewal Agreement), with the Secretariat of Energy (SE) and the ENRE (National Electricity Regulatory Commission) effective until December 31, 2015, in which the following was stated:

- i) the recognition of a credit for Transener and Transba due to variations of costs for the period December 2010-December 2012, which has been calculated according to the cost variation index (CVI) established in the Definitive Agreement,
- ii) a mechanism for the payment of credit balances pending under Addenda II, together with the amounts mentioned in i) above, during 2013,
- iii) a procedure for the automatic adjustment and payment of the variations of costs arising during the six-month periods starting as from January 1, 2013, and ending December 31, 2015,
- iv) the celebration of a new Addenda with CAMMESA in order to include the amount of credits to be generated and the corresponding interest up to the effective cancellation.

A Cash Flow and an Investment Plan were established under the Renewal Agreement, to be executed by the Companies in 2013 and 2014, taking into account the disbursements received under the Addendas to be entered into. The Cash Flow and Investment Plan in all cases will be adjusted in accordance with the income received by the Companies in each period.

The Investment Plan laid down under the Renewal Agreement establishes investments of approximately \$ 286 million and \$ 207 million for Transener, and of \$ 113 million and \$ 100 million for Transba, for the years 2013 and 2014 respectively.

The Renewal Agreements state that in case they are not renewed at expiration, as from January 1, 2016, CAMMESA should consider as remuneration for the services rendered by the Companies, the values established by ENRE Resolutions 327/08 and 328/08 by application of section 4.2 of the clause Four of the Definitive Agreements, which have been determined by the ENRE in the Instrumental Agreements and in the Renewal Agreements.

In order to execute the Third Extension of the CAMMESA Financing, the Companies abandoned the legal actions seeking the enforcement of the commitments under the Definitive Agreements and the Instrumental Agreements. In case of breach of the commitments under the Definitive Agreements, the Instrumental Agreements and the Renewal Agreements, the Companies may resume and/or bring in again legal actions seeking the enforcement of the Definitive Agreements, the Instrumental Agreements and the Renewal Agreements.

On October 25, 2013, Transba signed with CAMMESA an extension of the Financing Agreement (Addenda III) which provides as follows: i) grant a new loan to Transba for the amount of \$ 324.8 million, for credits recognized by the SE and ENRE, resulting from variations of costs occurred during the period December 2010 to December 2012 and ii) the collateral assignment of the credits recognized as higher costs as of December 31, 2012, in accordance with the Renewal Agreement under the Instrumental Agreement, so as to settle the amounts to be received by application of the new signed extensions.



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Notes to the Consolidated Financial Statements
(In Argentine Pesos, except as otherwise indicated)

On February 14, 2014, Transener signed with CAMMESA an extension of the Financing Agreement (Addenda III) which provides as follows: i) grant a new loan to Transener for the amount of \$ 785,8 million, for credits recognized by the SE and ENRE, resulting from variations of costs occurred during the period December 2010 to December 2012 and ii) the collateral assignment of the credits recognized as higher costs as of December 31, 2012, in accordance with the Renewal Agreement under the Instrumental Agreement, so as to settle the amounts to be received by application of the new signed extensions.

On March 31, 2014, the results arising from the recognition of the variation of costs by the SE and the ENRE have been recorded in these unaudited condensed interim consolidated financial statements up to the amounts received under Addenda II and III. Consequently, Transener has recognized revenues for \$ 112.6 million and \$ 11.7 million plus interest for \$ 52.7 million and \$ 10.7 million, for the three-month period ended March 31, 2014 and 2013, respectively. Accordingly, Transba has recognized revenues for \$ 27.4 million and \$ 7.8 million plus interest for \$ 12.3 million and \$ 7.1 million, for the same periods, respectively. The liability for the whole disbursements has been settled through the assignment of credits recognized as higher costs, according to the Instrumental Agreement and the Renewal Agreement.

b) Economic and financial situation

The execution of the Renewal Agreement is presented as a significant milestone that will consolidate the economic-financial equation of the Company in the future.

However, the delay in obtaining a tariff regime resulting from a FTR generates uncertainty about the capability of the Company to generate the necessary revenues in order to face its liabilities in the short term.

Besides, CAMMESA continues to be in arrears in the payment of the monthly remuneration for the electric power transportation service and the Fourth Line fee.

In relation to the above mentioned, it is still complex to foresee the evolution of the issues mentioned in section a) and b) , as well as its possible impact on the Company's businesses and cash flows. Transener has prepared these unaudited condensed interim consolidated financial statements using accounting principles applicable to a going concern. Therefore, these unaudited condensed interim consolidated financial statements do not include the effects of potential adjustments and reclassifications, if any, that could be required if the above situations were not resolved in favor of the continuity of the Company's operations and it would be obliged to realize its assets and settle its liabilities, including contingent ones, under conditions other than the ordinary course of its business. Thus, these unaudited condensed interim consolidated financial statements should be read under these circumstances.

3. Basis of preparation

These unaudited condensed interim consolidated financial statements are presented in accordance with IAS 34 "Interim Financial Reporting" issued by the IASB adopted by the CNV through Resolution No. 562/09 and its extensions.

These financial statements should be read in conjunction with the financial statements of the Company as of December 31, 2013, prepared on the basis of IFRS and issued on February 28, 2014.

4. Purpose of financial statements

The accompanying consolidated financial statements have been prepared solely to comply with Luxembourg's Listing requirements and with the provisions set forth in section 22.2 of the Second Supplemental Indenture dated August 2, 2011, entered into by and among Transener, Deutsche Bank Trust Company Americas, among others.

5. Accounting policies

Except as disclosed in Note 5.1, the accounting policies applied by the Company are consistent with those applied in the previous year.



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Notes to the Consolidated Financial Statements
(In Argentine Pesos, except as otherwise indicated)

5.1. IAS 32

Effective for periods beginning on or after January 1, 2014, the IASB issued the standard IAS 32 that alters the application guidance in matters relating to the compensation of financial assets and liabilities.

In the current period, the application of this standards had no material impact on results of operations or financial position of the Company, but only brings new revelations.

5.2. Risk policy and accounting estimates

In preparing these financial statements the Company has applied consistently with the previous year risk policies and accounting estimates. In relation to the risk analysis, to March 31, 2014 there are no significant changes from the previous year.

5.3. Impairment of non-financial assets

For the purposes of preparation of these financial statements the Company has applied consistently with previous year the policy for impairment of non-financial assets over time.

Regarding this, the direction has defined certain assumptions for estimating the future cash flows used to assess the recoverability of their assets. These premises include various scenarios involving projections about expected future tariff increases, inflation, exchange rate, operation and maintenance expenses, investments and discount rate.

The cash flows are generally projected for a period covering the useful life remaining long term assets or the term of the concession, the minor.

The flow of funds were estimated taking into consideration the patterns of tariff update which have been filed with the ENRE and according to the parameters established by law N° 24,065 which regulates pricing renegotiation which is in process. As a result, the flow of funds and the future actual results may differ from estimates and evaluations carried out at the time of preparation of the present financial statements.

The Company has not recognized losses by devaluation for none of the presented closures.

6. Segment reporting

The Company concentrates its businesses mainly on its primary and secondary activity. As the activity is basically carried out in Argentina, therefore, no segments by geographic area have been identified.

The business segments have been organized according to the following guidelines:

a) Main activity includes operations of high voltage electricity transportation and trunk distribution transmission, subject to regulation issued by the ENRE, and the construction, operation and maintenance of the Fourth Line.

b) Other includes participation in operations whose rate has not been determined by the ENRE, including the activities undertaken abroad.

Assets, liabilities, income and expenses not directly attributable to a specific segment have been allocated to the more significant segment, as they are reported within the main activity.

The segment information submitted to the General Director, who takes the business strategic decisions, for the reportable segments for the fiscal three-month periods ended March 31, 2014 and 2013 is as follows:



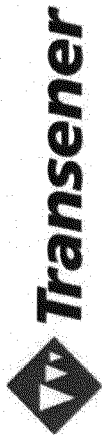
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	Main activity	Other segments	Total
	\$	\$	\$
Three-month period ended March 31, 2014			
Net revenues	217,826,662	66,136,819	283,963,481
Operating results	(8,862,833)	10,623,798	1,760,965
Total assets	1,859,858,384	43,437,647	1,903,296,031
Total liabilities	1,477,698,864	8,655,448	1,486,354,312
Acquisition of property, plant and equipment	69,447,474	0	69,447,474
Property, plant and equipment depreciation	21,299,963	0	21,299,963
Three-month period ended March 31, 2013			
Net revenues	97,033,164	34,570,146	131,603,310
Operating results	(62,955,193)	10,902,415	(52,052,778)
Total assets	1,518,203,585	38,180,460	1,556,384,045
Total liabilities	1,053,843,252	26,143,422	1,079,986,674
Acquisition of property, plant and equipment	9,552,972	0	9,552,972
Property, plant and equipment depreciation	20,489,311	0	20,489,311

Sales between operating segments identified by society is not finalized. Sales revenues reported to the General Director are measured in the same way as for the preparation of Statements of Operations.

7. Net Revenues

	Three-month period ended	
	31.03.2014	31.03.2013
Net Regulated Revenue	214,125,065	93,835,073
Net Fourth Line Revenue	3,701,597	3,198,091
Net Other Revenue	66,136,819	34,570,146
Net Revenues	<u>283,963,481</u>	<u>131,603,310</u>



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8. Expenses by Nature

Items	Three-month period ended March 31, 2014			Three-month period ended March 31, 2013		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	150,311,638	125,923,273	24,388,365	122,963,372	101,334,917	21,628,455
Other personnel costs	2,089,017	910,627	1,178,390	842,476	425,011	417,465
Fees for operating services	5,538,943	5,538,943	0	2,219,709	2,219,709	0
Professional fees	2,858,753	706,587	2,152,166	1,937,638	735,357	1,202,281
Equipment maintenance	2,093,699	2,093,699	0	637,514	637,514	0
Work for third-party materials	29,431,763	29,431,763	0	2,775,454	2,775,454	0
Fuel and lubricants	3,199,376	2,883,822	315,554	1,660,895	1,582,004	78,891
General Maintenance	7,356,082	7,195,519	160,563	3,740,180	3,473,584	266,596
Electricity	587,410	559,245	28,165	545,890	524,328	21,562
Depreciation of property, plant and equipment	21,299,963	19,167,931	2,132,032	20,489,311	18,439,090	2,050,221
Administration expenses related to WEM	225,179	225,179	0	209,698	209,698	0
Regulatory fees	494,036	494,036	0	537,165	537,165	0
ATEERA membership fees	101,520	0	101,520	114,995	0	114,995
Communications	1,552,969	1,173,290	379,679	1,001,008	858,864	142,144
Transportation	1,403,135	1,391,703	11,432	1,051,318	1,041,236	10,092
Insurance	8,916,801	8,509,279	407,522	6,661,293	6,365,847	295,446
Rents	2,340,935	1,296,460	1,044,475	1,868,406	1,020,411	847,995
Travel and lodging expenses	6,447,763	6,296,403	151,360	4,079,101	3,954,124	124,977
Stationary and printing	1,620,183	279,960	1,340,223	631,037	88,390	542,647
Taxes and government contributions	1,853,053	1,780,224	72,829	912,635	874,616	38,019
Directors and syndics	862,490	0	862,490	801,573	0	801,573
Security	5,272,505	5,272,505	0	3,014,721	3,014,721	0
Office and substation cleaning	3,116,282	2,895,707	220,575	1,871,994	1,713,288	158,706
Electroduct maintenance	726,123	726,123	0	303,778	303,778	0
Provisions	2,166,905	2,166,905	0	2,783,674	2,783,674	0
Others	3,421,626	2,265,998	1,155,628	2,580,956	1,651,582	929,374
TOTAL	265,288,149	229,185,181	36,102,968	186,235,791	156,564,352	29,671,439



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9. Financial Results Net

	Three-month period ended	
	31.03.2014	31.03.2013
Financial Income		
Interests	108,285,037	42,321,106
Total financial income	<u>108,285,037</u>	<u>42,321,106</u>
Financial Costs		
Interests generated by loans	(26,970,677)	(21,865,043)
Total financial costs	<u>(26,970,677)</u>	<u>(21,865,043)</u>
Other financial results		
Foreign exchange	(200,708,018)	(30,905,344)
Result from receivables measured at fair value	0	6,914,105
Result from liabilities measured at fair value	(297,183)	(234,938)
Total Other financial results	<u>(201,005,201)</u>	<u>(24,226,177)</u>
Total Other financial results, net	<u>(119,690,841)</u>	<u>(3,770,114)</u>

10. Income tax and Deferred income tax

The analysis of the deferred tax assets and liabilities is as follows:

Deferred Tax Assets

	Tax loss carryforward	Allowance for investments	Accounts receivable	Employee benefits payable	Provisions	Fourth Line	Total
As of January 1, 2014	38,949,711	0	142,195	37,643,453	11,796,788	4,689,932	93,222,079
Charged to the income statement	22,036,848	0	0	1,649,399	1,568,517	(1,208,533)	24,046,231
Charged to other comprehensive income	0	0	0	0	0	0	0
As of March 31, 2014	<u>60,986,559</u>	<u>0</u>	<u>142,195</u>	<u>39,292,852</u>	<u>13,365,305</u>	<u>3,481,399</u>	<u>117,268,310</u>
As of January 1, 2013	37,280,067	12,169,118	142,195	30,443,922	8,157,578	9,524,062	97,716,942
Charged to the income statement	10,151,656	773,054	0	2,051,040	1,643,362	(1,208,532)	13,410,580
Charged to other comprehensive income	0	0	0	0	0	0	0
As of March 31, 2013	<u>47,431,723</u>	<u>12,942,172</u>	<u>142,195</u>	<u>32,494,962</u>	<u>9,800,940</u>	<u>8,315,530</u>	<u>111,127,522</u>

Deferred Tax Liabilities

	Property, plant and equipment	Other receivables	Debt and other indebtedness	Total
As of January 1, 2014	132,961,077	10,486,491	11,694,658	155,142,226
Charged to the income statement	(3,165,939)	(2,536,898)	2,265,670	(3,437,167)
Charged to other comprehensive income	0	0	0	0
As of March 31, 2014	<u>129,795,138</u>	<u>7,949,593</u>	<u>13,960,328</u>	<u>151,705,059</u>
As of January 1, 2013	145,064,287	19,854,108	9,730,335	174,648,730
Charged to the income statement	(3,471,316)	(2,536,897)	155,164	(5,853,049)
Charged to other comprehensive income	0	0	0	0
As of March 31, 2013	<u>141,592,971</u>	<u>17,317,211</u>	<u>9,885,499</u>	<u>168,795,681</u>

Deferred Tax Liabilities as of March 31, 2014 and December 31, 2013 amounts to \$34,436,749 and \$61,920,147, respectively.



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The income tax charge for the period is as follows:

	Three-month period ended	
	31.03.2014	31.03.2013
Current tax	2,290,240	0
Deferred tax	(27,483,398)	(19,263,629)
Income tax	<u>(25,193,158)</u>	<u>(19,263,629)</u>

Below is the reconciliation between the income tax charged to results and that one that would result from the application of the tax rate in force on the accounting (loss) / profit.

	Three-month period ended	
	31.03.2014	31.03.2013
Net loss before income taxes	(117,929,876)	(55,822,892)
Tax rate in force	35%	35%
Loss at the tax rate	(41,275,457)	(19,538,012)
Taxable effects by:		
- Non-current investments	12,300,000	0
- Other non taxable and/or non deductible items	3,782,299	274,383
Income tax	<u>(25,193,158)</u>	<u>(19,263,629)</u>

11. Property, plant and equipment

	Three-month period ended	
	31.03.2014	31.03.2013
Net value as of the beginning of the period	1,301,689,415	1,178,664,221
Additions	69,447,474	9,552,972
Decreases	(5,802,338)	(4,832,388)
Depreciations	(21,299,963)	(20,489,311)
Net value as of the end of the period	<u>1,344,034,588</u>	<u>1,162,895,494</u>

12. Other receivables

	31.03.2014	31.12.2013
	Non-Current	
Minimum Notional Income Tax Credit	28,767,674	39,594,600
Stock Ownership Program	5,329,430	5,329,430
Financial Credit - Fourth Line	0	5,146,675
Total	<u>34,097,104</u>	<u>50,070,705</u>



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	<u>31.03.2014</u>	<u>31.12.2013</u>
Current		
Financial Credit - Fourth Line	25,390,439	27,492,043
Prepaid expenses	15,119,420	23,423,996
Advances to suppliers	9,338,905	7,259,854
Loans to employees	1,396,646	1,534,497
Stock Ownership Program - Dividends receivable	778,780	778,780
Judicial seizure	611,135	611,135
Insurantee recoveries	12,990	9,142,315
Guarantees received	0	3,161,503
Others	9,749	25,008
Total	<u>52,658,064</u>	<u>73,429,131</u>

The fair values of other receivables do not differ significantly from their respective book values.

13. Trade account receivables

	<u>31.03.2014</u>	<u>31.12.2013</u>
CAMMESA	301,517,266	341,118,479
Other services	27,508,061	33,957,717
Other related parties (Note 18)	12,342,583	11,370,116
Total	<u>341,367,910</u>	<u>386,446,312</u>

The fair values of trade account receivables do not differ significantly from their respective book values.

14. Cash and cash equivalents

	<u>31.03.2014</u>	<u>31.12.2013</u>
Cash in local currency	942,991	921,991
Cash in foreign currency	111,323	91,278
Banks in local currency	24,389,503	1,727,442
Banks in foreign currency	24,587,420	19,433,442
Mutual funds	81,107,128	51,450,735
Cash and cash equivalents, net	<u>131,138,365</u>	<u>73,624,888</u>



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15. Debt and other indebtedness

	<u>31.03.2014</u>	<u>31.12.2013</u>
Non-current bonds and other indebtedness		
Corporate Bonds 2021	788,477,070	642,546,735
Corporate Bonds 2016	212,309,064	173,015,172
Nordic Investment Bank (NIB)	37,209,300	30,322,650
Internal rate of return adjustment to Corporate Bonds 2021	(37,106,966)	(30,904,510)
Net present value adjustment to NIB and Par Notes	<u>(2,779,687)</u>	<u>(2,508,798)</u>
Total Non-current	<u>998,108,781</u>	<u>812,471,249</u>
Current bonds and other indebtedness		
Corporate Bonds 2016	114,476,605	87,531,259
Corporate Bonds 2021	9,396,019	24,015,184
Nordic Investment Bank (NIB)	<u>1,878,870</u>	<u>1,061,620</u>
Total Current	<u>125,751,494</u>	<u>112,608,063</u>

The fair value of current bonds and other indebtedness equals their book value, as the impact of applying the discounting is not significant.

16. Employee benefit expense

The amounts recognized in the Comprehensive Statements of operations are as follows:

	Three-month period ended	
	<u>31.03.2014</u>	<u>31.03.2013</u>
Charges to Results		
Services Cost	1,775,541	1,358,373
Interest Cost	<u>8,399,351</u>	<u>6,677,839</u>
Total	<u>10,174,892</u>	<u>8,036,212</u>

The breakdown of the amounts exposed in the Consolidated Balance Sheets are as follows:

	<u>31.03.2014</u>	<u>31.03.2013</u>
Benefits Obligations at the beginning of the year	107,552,722	86,982,633
Services Cost	1,775,541	1,358,373
Interest Cost	8,399,351	6,677,839
Payments of benefits	<u>(5,462,322)</u>	<u>(2,176,098)</u>
Benefits Obligations at the end of the year	<u>112,265,292</u>	<u>92,842,747</u>

The most important actuarial assumptions used for the calculation are as follows:

Discount rate	33.56%	32.50%
Current interest rate	6.00%	6.00%
Salary growth rate	2%	2%



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17. Trade accounts payable

	<u>31.03.2014</u>	<u>31.12.2013</u>
Non-Current		
Billings in advance	4,234,689	4,333,734
Total	<u>4,234,689</u>	<u>4,333,734</u>
	<u>31.03.2014</u>	<u>31.12.2013</u>
Current		
Suppliers	63,195,963	68,612,588
Billings in advance	4,420,759	8,772,843
Total	<u>67,616,722</u>	<u>77,385,431</u>

The fair value of trade accounts payables equals their carrying amount, as the impact of applying the discounting is not significant.

18. Balances and transactions with related parties

Transener has entered into an operating agreement under which Pampa Energía S.A. (formerly Pampa Holding S.A.), ENARSA S.A. and Electroingeniería S.A. provide services, expertise and know-how in connection with certain Company activities. In November 2009, Pampa Energía S.A. transferred its contract to Pampa Generación S.A. Electroingeniería S.A. gave notice in the month of November of 2010 of the transfer of its contract to Grupo Eling S.A.

The responsibility of the Operators includes advisory and coordination services in the areas of human resources, general administration, information systems, quality control and consulting.

The operating fees are 2.75% of certain regulated revenues.

The transactions with related parties are as follows:

Companies Law No. 19,550 – Sect. 33

	Three-month period ended	
	<u>31.03.2014</u>	<u>31.03.2013</u>
Sales of assets and services rendered to Energía Argentina S.A.	0	7,800
Fees for operating services		
*Pampa Energía S.A.	2,769,471	1,109,855
*Energía Argentina S.A.	1,384,736	554,927
*Grupo Eling S.A.	1,384,736	554,927
Interest generated by assets (Citelec S.A.)	0	25,879

Other related parties

	Three-month period ended	
	<u>31.03.2014</u>	<u>31.03.2013</u>
Sales of assets and services rendered to Yacylec S.A.	1,101,598	840,864
Sales of assets and services rendered to Empresa Distribuidora de Energía Norte S.A.	595,500	269,170
Sales of assets and services rendered to Litsa S.A.	280,459	193,712
Sales of assets and services rendered to Integración Eléctrica Sur Argentina S.A.	255,415	6,311,773
Sales of assets and services rendered to C.T.Loma de la Lata S.A.	253,773	169,182
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	66,000	66,000
Sales of assets and services rendered to Central Piedra Buena S.A.	41,100	0



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The balances with Companies Law No.19,550 – Sect. 33 and other related parties are as follows:

	<u>31.03.2014</u>	<u>31.12.2013</u>
Provisions		
Pampa Energía S.A.	4,534,968	4,472,655
Grupo Eling S.A.	2,267,484	2,236,328
Energía Argentina S.A.	2,267,484	2,236,328
Total	<u>9,069,936</u>	<u>8,945,311</u>

Related parties

	<u>31.03.2014</u>	<u>31.12.2013</u>
Assets		
Trade account receivables		
Integración Eléctrica Sur Argentina S.A.	10,953,504	10,644,453
Yacylec S.A.	1,196,858	554,570
CT. Loma de la Lata S.A.	104,893	102,355
Litsa S.A.	65,944	68,408
Transportadora de Gas del Sur S.A.	330	330
C.T. Piedra Buena S.A.	21,054	0
Total	<u>12,342,583</u>	<u>11,370,116</u>

19. Investment in Transener Internacional Ltda.

Transener Internacional Ltda. is undergoing operating and financing difficulties. As a consequence of that, and in order to support its operations, as of December 31, 2011, Transener granted loans to Transener Internacional Ltda. for the amount of US\$6.6 million.

On March 25, 2012, the Board of Directors approved to discontinue Transener Internacional Ltda.'s operation and maintenance contracts.

As of March 31, 2014, due to the uncertainty as to the Company ability to fully recover the above-mentioned loans and credits granted, the book value of such investments remains fully impaired. No loan has been assigned to the mentioned subsidiary during fiscal year 2013 and the three-month period ended March 31, 2014.

20. Loss per share

The loss per share is calculated dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, excluding those own shares acquired by the Company.

	<u>31.03.2014</u>	<u>31.03.2013</u>
Results from continuing operations attributable to the equity holders of the Company	(92,847,993)	(35,679,565)
Total	<u>(92,847,993)</u>	<u>(35,679,565)</u>
Ordinary shares average	444,673,795	444,673,795
Loss per share attributable to the equity holders of the Company (\$/Share)	(0.21)	(0.08)



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21. Foreign currency assets and liabilities

As of March 31, 2014 and December 31, 2013 the balances of foreign currency assets and liabilities are as follows:

Captions	March 31, 2014			December 31, 2013	
	Amount and class of foreign currency	Current exchange rate	Amount in local currency	Amount and class of foreign currency	Amount in local currency
Assets			\$		\$
Current assests					
Cash and banks	US\$ 3,125,544	7.902	24,698,048	US\$ 3,012,525	19,524,176
Cash and banks	R\$ 197	3.528	695	R\$ 197	544
Total current assets			24,698,743		19,524,720
Total assets			24,698,743		19,524,720
Liabilities					
Current liabilities					
Account payable	US\$ 129,963	8.002	1,039,963	US\$ 255,034	1,663,079
Account payable	€ 4,474	11.028	49,338	€ 10,737	96,749
Debt and other indebtedness	US\$ 15,715,008	8.002	125,751,494	US\$ 17,268,527	112,608,063
Total current liabilities			126,840,795		114,367,891
Non current liabilities					
Debt and other indebtedness	US\$ 129,717,000	8.002	1,037,995,434	US\$ 129,717,000	845,884,557
Total non current liabilities			1,037,995,434		845,884,557
Total liabilities			1,164,836,229		960,252,448

US\$: United States Dollars

€: Euros

R\$: Reales



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22. Allowance

As of March 31, 2014 and December 31, 2013 the balances of foreign currency assets and liabilities are as follows:

Captions	At the beginning of the year	Additions	Deductions	At the end of the year
	\$			
Deducted from current assets				
Bad debtors	466,497	0	0	466,497
Other irrecoverable receivables (1)	1,510,777	0	0	1,510,777
Total at March 31, 2014	1,977,274	0	0	1,977,274
Total at December 31, 2013	38,974,679	9,710,152	(46,707,557)	1,977,274
Deducted from non-current assets				
Minimum notional income tax credit	0	10,826,926	0	10,826,926
Deferred tax assets	0	12,300,000	0	12,300,000
Total at March 31, 2014	0	23,126,926	0	23,126,926
Total at December 31, 2013	0	0	0	0

(1) See Note 19.