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

Unaudited Condensed Interim Consolidated Financial Statements as of March 31, 2017 and for the three-month ended March 31, 2017 and 2016

Free translation from the original prepared in Spanish for publication in Argentina

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

Index to Unaudited Condensed Interim Consolidated Statements Statements

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REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
Compañía de Transporte de Energía Eléctrica en
Alta Tensión Transener S.A.
Legal address: Avda. Paseo Colón 728 – 6° Piso
City of Buenos Aires
Tax Code N° 30-66314877-6

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 subsidiary (hereinafter "Transener S.A.") including the interim condensed consolidated statement of financial position at March 31, 2017, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flow for the three months period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2016 and interim periods are an integral part of the financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Board responsability

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 interim condensed consolidated financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34).

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 to the Company's personnel responsible for preparing the information included in the interim condensed consolidated financial statements and performing analytical and other review procedures. This review is substantially less in scope than an audit examination conducted in accordance with international standards on auditing and consequently it does not enable us to be sure that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion on the Company's consolidated financial position, consolidated comprehensive income and consolidated cash flows.

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Conclusion

On the basis of our review, nothing has come to our attention that make us think that the interim condensed consolidated 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.

Report on compliance with regulations in force

In accordance with current regulations, we report that Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.:

a) the interim condensed consolidated financial statements of Transener S.A. are pending transcription into the "Inventory and Balance Sheet" book and, except for the matters mentioned above, comply with the provisions of the General Companies Law and pertinent regulations of the National Securities Commission, as regards matters within our field of competence;

b) the interim condensed separate financial statements of Compañía de Transporte de Energía Eléctrica en Alta Tension Transener S.A., except as mentioned in paragraph a), arise from accounting records carried in all formal aspects in conformity with legal provisions;

c) we have read the summary of activity, on which we have no observation to make insofar as concerns matters within our field of competence;

d) at March 31, 2017, the debt accrued by Transener S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records and calculations amounted to $14,699,076, none of which was claimable at that date.

City of Buenos Aires, May 10, 2017.

PRICE WATERHOUSE & CO.S.R.L.

(Partner)

Dr. Fernando A. Rodríguez

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Compañía de Transporte de Energía Eléctrica en Alta Tensión TransenerS.A.

Unaudited Condensed Interim Consolidated Statements of Operations
for the three-month periods ended March 31, 2017 and 2016
(In Argentine Pesos, except as otherwise indicated)

		Three-month period ended	
Consolidated income statement	Note	**31.03.2017**	**31.03.2016**
Net Revenues	7	1,194,664,480	374,052,496
Operating expenses	8	(435,095,373)	(325,875,788)
Gross income		759,569,107	48,176,708
Administrative expenses	8	(95,805,322)	(69,989,315)
Other expenses net		(34,290,814)	(14,130,116)
Operating income / (loss)		629,472,971	(35,942,723)
Finance income	9	36,563,732	95,074,688
Finance costs	9	(46,610,736)	(45,417,796)
Other financial results	9	50,597,146	(184,528,206)
Income / (loss) before taxes		670,023,113	(170,814,037)
Income tax	10	(236,027,449)	59,181,809
Income / (loss) for the period		433,995,664	(111,632,228)
Income / (loss) attributable to :			
Owners of the parent		423,215,346	(112,231,957)
Non-controlling interests		10,780,318	599,729
Total for the period		433,995,664	(111,632,228)
Other consolidated comprehensive income			
Income / (loss) for the period		433,995,664	(111,632,228)
Items that will not be reclassified to profit or loss			
Recognition of actuarial income / (loss) in retirement benefits plans		0	0
Tax effect on actuarial (loss) / income in retirement benefits plans		0	0
Total comprehensive (loss) / income for the year		433,995,664	(111,632,228)
Attributable to :			
Owners of the parent		423,215,346	(112,231,957)
Non-controlling interests		10,780,318	599,729
Total for the period		433,995,664	(111,632,228)
Income / (loss) per share attributable to the equity holders of the Company:			
Total for the period	23	0.95	(0.25)

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.

Consolidated Balance Sheets as of March 31, 2017 and December 31, 2016

(In Argentine Pesos, except as otherwise indicated)

	Note	31.03.2017	31.12.2016
Assets			
Non-current assets			
Property, plant and equipment	11	2,057,452,352	1,978,669,761
Other receivables	12	28,334,450	17,552,954
Deferred tax assets	10	18,445,199	40,004,187
Total Non-current assets		2,104,232,001	2,036,226,902
Current Assets			
Trade accounts receivables	13	914,689,685	532,444,214
Other receivables	12	172,927,748	125,475,908
Investments at fair value		377,237,392	584,951,522
Cash and cash equivalents	14	53,234,118	66,522,894
Total Current assets		1,518,088,943	1,309,394,538
Total Assets		3,622,320,944	3,345,621,440
Equity and liabilities			
Common Stock		444,673,795	444,673,795
Inflation adjustment on common stock		352,996,229	352,996,229
Share premium		31,978,847	31,978,847
Legal reserve		42,628,456	42,628,456
Accumulated other comprehensive loss		(41,385,579)	(41,385,579)
Retained earnings		191,025,025	(232,190,321)
Equity attributable to owners of the parent		1,021,916,773	598,701,427
Non-controlling interests		64,168,208	53,387,890
Total equity		1,086,084,981	652,089,317
Liabilities			
Non-current liabilities			
Debt and other indebtedness	15	1,467,575,742	1,513,041,249
Taxes payable	26	37,785,941	35,209,629
Employee benefits payable	16	289,449,483	278,420,061
Trade accounts payable	17	2,935,373	3,023,615
Total Non-current liabilities		1,797,746,539	1,829,694,554
Current liabilities			
Provisions	25	67,982,975	70,015,237
Other liabilities	2	778,781	778,781
Debt and other indebtedness	15	18,071,074	58,518,829
Taxes payable		316,837,812	237,198,286
Payroll and social securities taxes payable		150,248,705	300,606,347
Trade accounts payable	17	184,570,077	196,720,089
Total Current liabilities		738,489,424	863,837,569
Total Liabilities		2,536,235,963	2,693,532,123
Total Equity and liabilities		3,622,320,944	3,345,621,440

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.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity for the three-month periods ended March 31, 2017 and 2016

(In Argentine Pesos, except as otherwise indicated)

	Attributable to owners of the parent								
	Common Stock	**Inflation adjustment on common stock**	**Share premium**	**Legal reserve**	**Other comprehensive income**	**Retained earnings**	**Subtotal**	**Non-controlling interests**	**Total equity**
Balance as of December 31, 2015	**444,673,795**	**352,996,229**	**31,978,847**	**42,628,456**	**(22,569,627)**	**(175,376,988)**	**674,330,712**	**48,210,194**	**722,540,906**
Comprehensive loss for the three-month period	0	0	0	0	0	(112,231,957)	(112,231,957)	599,729	(111,632,228)
Other comprehensive results for the three-month period	0	0	0	0	0	0	0	0	0
Balance as of March 31, 2016	**444,673,795**	**352,996,229**	**31,978,847**	**42,628,456**	**(22,569,627)**	**(287,608,945)**	**562,098,755**	**48,809,923**	**610,908,678**
Comprehensive income for the nine-month complementary period	0	0	0	0	0	55,418,624	55,418,624	5,100,161	60,518,785
Other comprehensive loss for the nine-month period	0	0	0	0	(18,815,952)	0	(18,815,952)	(522,194)	(19,338,146)
Balance as of December 31, 2016	**444,673,795**	**352,996,229**	**31,978,847**	**42,628,456**	**(41,385,579)**	**(232,190,321)**	**598,701,427**	**53,387,890**	**652,089,317**
Comprehensive income for the three-month period	0	0	0	0	0	423,215,346	423,215,346	10,780,318	433,995,664
Other comprehensive results for the nine-month period	0	0	0	0	0	0	0	0	0
Balance as of March 31, 2017	**444,673,795**	**352,996,229**	**31,978,847**	**42,628,456**	**(41,385,579)**	**191,025,025**	**1,021,916,773**	**64,168,208**	**1,086,084,981**

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.

Unaudited Condensed Interim Consolidated Statements of Cash Flows for the three-month periods ended March 31, 2017 and 2016

(In Argentine Pesos, except as otherwise indicated)

	Note	Three-month period ended **31.03.2017**	**31.03.2016**
Cash flows from operating activities:			
Income / (loss) for the period		433,995,664	(111,632,228)
Adjustments:			
Depreciation of property, plant and equipment	11	26,234,440	23,794,437
Instrumental Agreement	2	(320,258,467)	(240,000,003)
Provisions	25	(1,109,717)	3,499,114
Employee benefits plan	16	21,795,573	20,560,792
Income tax expense accrued during the period	10	236,027,449	(59,181,809)
Interest on taxes payable		2,576,312	0
Foreign exchange and other financial results	15	(11,505,788)	234,409,870
Mutual funds results	9	(23,195,943)	(70,028,781)
Retirements of property, plant and equipment	11	11,135,107	2,648,637
Changes in certain assets and liabilities, net of non-cash:			
(Increase) Decrease in trade receivables		(803,987,004)	(101,205,463)
(Increase) Decrease in other receivables		(58,233,336)	(6,693,427)
Increase (Decrease) in trade accounts payable		(12,238,254)	(31,310,806)
Increase (Decrease) in provisiones	25	(922,545)	0
Increase (Decrease) in payroll and social securities taxes payable		(150,357,642)	(110,239,751)
Increase (Decrease) in taxes payable		(134,828,935)	(7,869,981)
Increase (Decrease) of employee benefits payable	16	(10,766,151)	(6,373,484)
Net cash used in operating activities		(795,639,237)	(459,622,883)

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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, 2017 and 2016
(continued)

(In Argentine Pesos, except as otherwise indicated)

	Note	Three-month period ended 31.03.2017	31.03.2016
Cash flows from investing activities:			
Acquisition of property, plant and equipment	11	(116,152,138)	(78,752,030)
Decrease in investments at fair value		230,910,073	139,090,341
Cash used in investing activities		114,757,935	60,338,311
Cash flows from financing activities:			
Funds from CAMMESA Financing	2	742,000,000	471,900,000
Payments and repurchase of bonds and other indebtedness - Interests	15	(74,407,474)	(70,300,412)
Net cash generated by financing activities		667,592,526	401,599,588
Decrease / (Increase) in cash and cash equivalents		(13,288,776)	2,315,016
Cash and cash equivalents at the beginning of the period		66,522,894	50,673,505
Cash and cash equivalents at period end	14	53,234,118	52,988,521
Significant non-cash transactions			
Decrease in accounts receivable	2	742,000,000	471,900,000
Decrease in other liabilities - CAMMESA Financing	2	(742,000,000)	(471,900,000)
		0	0

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 Unaudited Condensed Interim 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 companies mentioned 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 July 17, 1993 the takeover of Transener by the Consortium took place, starting its operations on the mentioned date.

On July 30, 1997, the province of Buenos Aires privatized Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Sociedad AnónimaTransba 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. As of the date of these unaudited condensed interim consolidated 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 August 16, 2002, Transener S.A. created Transener International Ltda., located in the city of Brasilia, Brazil Republic. As of the date of the issuance of these unaudited condensed interim consolidated statements, Transener holds 99.93% of Transener International Ltda's 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 statements (hereinafter referred to as "financial statements"), have been approved for issuance by the Board of Directors on May 10, 2017.

2. Tariff Review

The Emergency Law No. 25561, 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.

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 cost variations 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 cost variations 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 established with the Renewal Agreement foresees 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 cost variations 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 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 cost variations 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.

Also, on September 2, 2014, Transener and Transba entered into with CAMMESA their Financing Agreements to implement the Renewal Agreements during 2013 and 2014 (New Financing Agreements), by which it was agreed: i) to consider fulfilled the Financing Agreements and their Addenda I, II and III entered into with CAMMESA; ii) to grant a new loan amounting to $ 622.2 million and $ 240.7 million for Transener S.A. and Transba S.A., respectively, related to the credits recognized by SE and ENRE corresponding to cost variations from January 2013 to May 2014; and iii) the collateral assignment of the credits recognized for higher costs at May 31, 2014 under the Renewal Agreement of the Instrumental Agreement to pay off the amounts receivable for the implementation of the New Financing Agreements.

On March 17, 2015, Transener and Transba entered into with CAMMESA the Addendas to the Financing Agreements (New Addendas), by which it was agreed to grant a new loan amounting to $563.6 million and $178.3 million for Transener and Transba, respectively, related to: (i) the outstanding balance from the Financing Agreements as of January 30, 2015, and (ii) the credits recognized by the SE and ENRE corresponding to variations of costs from June 2014 to November 2014. Additionally, it was agreed the cession of credits resulting from the recognition of the variations of costs as of November 30,2014 according to the Instrumental Agreements in order to cancel the amounts to be received through the application of the New Addendas.

On September 17, 2015 Transener and Transba entered into with the Secretariat of Energy and the ENRE the Addendas to the Renewal Agreement, approving the 2015 Financial and Economic Projection and establishing an investment plan of $ 431.9 and $ 186.6 million for Transener and Transba, respectively, for 2015. Moreover, additional non-refundable amounts were granted for the implementation of said investment plan.

On November 25, 2015 Transener and Transba entered into with CAMMESA the new Financing Agreements (the New Agreements), by which it was agreed to provide funding in the amount of $ 508.9 and $ 317.6 million for Transener and Transba, respectively, corresponding to: i) credits recognized by the SE and the ENRE for cost variations from December 2014 to May 2015 and ii) the amounts for additional investments under the Addenda to the Renewal Agreements.

In addition, it was agreed to transfer the credits recognized for higher costs to May 31, 2015 under the Renewal Agreements of Instrumental Agreements in order to cancel the amounts to be received pursuant to the new contracts signed.

On September 28, 2016, under the instruction given by the National Ministry of Energy and Mining by Res. MEyM No. 196/16, the ENRE through Resolution No. 524/16 approved the program to apply for FTR of Electricity Transmission in 2016, which foresees for the entry into force of the resulting rate schedule as from February 2017.

On December 26, 2016, Transener entered into a new agreement with the SE and ENRE, within the framework of the commitments set forth in the fourth and eleventh clauses of the Definitive Agreement for the Adaptation of the Concession Contract of the Public High Voltage Electric Power Transmission Service ("Definitive Agreement") ratified by the National Executive Power through Decree PEN No. 1462/2005, celebrated on May 17, 2005 with UNIREN, in effect until January 31st, 2017 or until the entry into force of the tariff system that must result from the FTR, whichever comes first.

Under the Agreement, and in order that the Company may have the necessary and sufficient resources to sustain its normal operation and to perform other tasks that are necessary to properly maintain the operation of the electric transmission system under the Concession, the SE (i) recognized in favor of Transener credits for cost variation in the amount of $ 602,9 million, from the period from December 1, 2015 to July 31, 2016, and (ii) determined in favor of Transener credits for higher costs in the amount of $ 899,9 million, respectively, from the period from August 1, 2016 to January 31, 2017. For these purposes, the SE will instruct CAMMESA to enter into a Financing Agreement and Cession of Credits in Warranty, which will be canceled through the cession of the recognized and established credits above mentioned. In addition, the Agreements provide for an "Investment Plan", for the period October 2016 to March 2017, for an amount of approximately $ 299,1 million.

Likewise, on December 26, 2016, Transba entered into a new agreement with the SE and ENRE, within the framework of the commitments set forth in the fourth and eleventh clauses of the Definitive Agreement for the Adaptation of the Definitive Agreement for the Adaption of the Contract of the Concession of the Public Service of Transmission of Electric Power by Trunk Distribution of the Province of Buenos Aires ("Definitive Agreement Transba"), ratified by the National Executive Power through Decree PEN No. 1460/2005, celebrated on May 17, 2005 with UNIREN, in effect until January 31st, 2017 or until the entry into force of the tariff system that must result from the FTR, whichever comes first.

Under the Agreement, and in order that Transba may have the necessary and sufficient resources to sustain its normal operation and to perform other tasks that are necessary to properly maintain the operation of the electric transmission system under the Concession, the SE (i) recognized in favor of Transba credits for cost variation in the amount of $ 151,9 million, respectively, from the period from December 1, 2015 to July 31, 2016, and (ii) determined in favor of Transba credits for higher costs in the amount of $ 362,8 million, respectively, from the period from August 1, 2016 to January 31, 2017. For these purposes, the SE will instruct CAMMESA to enter into a Financing Agreement and Cession of Credits in Warranty, which will be canceled through the cession of the recognized and established credits above mentioned. In addition, the Agreement provide for an "Investment Plan", for the period October 2016 to March 2017, for an amount of approximately $ 121,4 million for Transba.

At period end, the results of the recognition of the cost variations by SE and ENRE have been recorded in these unaudited condensed interim consolidated statements up to the amounts received under Addenda II and III and / or under signing process as indicated in the following. Consequently, Transener has recognized revenues for $260.6 million and $153.7 million plus interest for $7.9 million and $15.5 million, for the three-month periods ended March 31, 2017 and 2016, respectively. Accordingly, Transba has recognized revenues for $51.6 million and $65.0 million plus interest for $0.1 million and $5.7 million, for the same periods, respectively. The liability for the whole disbursements received up to the amount of the credits recognized as higher costs, according to the Instrumental Agreement and the Renewal Agreement, has been cancelled through the cession of the mentioned credits.

Within the framework of the above mentioned resolution, on January 31st, 2017 the ENRE issued Resolutions Nº 66/17 and Nº 73/17, by which the new tariff system in force for the five-year period 2017/2021 was established for Transener and Transba, resulting in the annual amounts of AR$ 3.274 million and AR$ 1.499 million in currency of February 2017, for Transener and Transba, respectively. Those resolutions also provide for the execution of an investment plan during the five-year period 2017/2021 for the amounts of AR$ 3.336 million and AR$ 2.251 million for Transener and Transba, respectively.

Likewise, the ENRE also established the tariff adjustment mechanism, the quality of service and penalties regime, the system of awards.

Due to the differences between the tariff proposals formulated under the framework of the RTI process initiated by the ENRE, on April 7th, 2017 and April 21st, 2017, Transener and Transba filed an appeal for reconsideration with a subsidy appeal against the ENRE Resolutions Nº 66/2017, Nº 84/2017 and Nº 139/2017, and Nº 73/17, Nº 88/17 and Nº 138/17, by which the ENRE approved the applicable tariff system for the period 2017/2021 for Transener and Transba, respectively.

3. Purpose of financial statements

The accompanying unaudited condensed interim consolidated 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.

4. Basis of preparation

These condensed interim consolidated statements for the three-month period ended March 31, 2017 have not been audited. The Management of the Company estimates that they include all the necessary adjustments to reasonably present the results of each period. The results for the three-month period ended March 31, 2017 do not necessarily reflect the proportion of the Company's results for the full year.

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

These interim condensed separate financial statements of the Company for the three-month period ended March 31, 2017 were prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" (IAS 34).

The presentation in the statement of financial position segregates current and non-current assets and liabilities. Current assets and liabilities are those which are expected to be recovered or settled within the twelve months after the end of the reporting period/year. In addition, the Company reports on the cash flows from operating activities using the indirect method. The fiscal year commences on January 1 and ends December 31 of each year. Economic and financial results are presented on the basis of the fiscal year.

These financial statements are stated in pesos. They have been prepared under the historical cost convention, modified by the measurement of certain financial assets and liabilities at fair value through profit or loss.

IAS 29 "Financial reporting in hyperinflationary economies" requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy, regardless of whether they are based on the historical cost method or the current cost method, are restated in constant currency at the end of the reporting period. To this purpose, in general terms, for non-cash items it is necessary to compute the inflation recorded since the acquisition date or since the date of revaluation, as applicable. To conclude on the existence of a hyperinflationary economy, the standard establishes a series of factors to be considered; among them, a cumulative inflation rate over three years that is approaching, or exceeds, 100%.

At March 31, 2017, it is not possible to calculate the cumulative inflation rate for the three-year period then ended based on official data from the National Institute of Statistics and Census (INDEC), given that in October 2015 this agency discontinued the calculation of the Domestic Wholesale Price Index, only resuming its calculation from January 2016 onwards.

At the end of the reporting period, Management has evaluated and concluded that the Argentine peso does not meet the characteristics to be classified as the currency of a hyperinflationary economy, according to the guidelines of IAS 29 and Government's expectations towards a lower inflation level; therefore, these condensed interim financial statements have not been restated in constant currency.

Nevertheless, in the last few years certain macroeconomic variables that affect the Company's business, such as labor costs and the prices of inputs, have recorded yearly variations of some importance. This circumstance must be taken into account in the assessment and interpretation of the financial position and the results disclosed by the Company in these condensed interim financial statements.

5. Significant accounting policies

The main accounting policies used in the preparation of these consolidated financial statements are explained below. These accounting policies have been applied consistently in all the years presented, except when otherwise indicated.

5.1 Changes related to the accounting policies under IFRS

a) New accounting standards, modifications and interpretations effective for fiscal years beginning on January 1st, 2017 and not early adopted by the Company

In relation to IAS 1 "Presentation of Financial Statements" and Annual improvements to IFRS - Cycle 2012-2014, in force as from January 1st, 2016, the application by the Company did not have significant impact on the presentation of the financial statements and the Company's results of the operations and financial situation.

- IAS 7 "Statement of cash flows": it was amended in January 2016. An entity is required to disclose information to enable users to understand the changes in liabilities incurred in financing activities. This includes the changes arising from cash flows, such as use of funds and amortization of loans, and the changes not involving cash flows, such as acquisitions, sales and unrealized exchange differences. It is applicable for all annual periods commencing on or after January 1, 2017. The application of these amendments will not have an impact on the Company's financial position or the results of its operations, but will only imply new disclosures.

- IAS 12 "Income tax": it was amended in January 2016, to clarify the requirements relating to the recognition of deferred tax assets for unrealized losses. The amendments clarify how deferred tax will be recognized when assets are measured at fair value and fair value is lower than the tax base of the asset. Furthermore, other aspects relating to the recognition of deferred tax assets are addressed. These amendments become effective on January 1, 2017. The Company estimates that their application will not have an impact on the results of operations or the financial position of the Company.

b) New standards, modifications and interpretations not yet effective and not early adopted by the Company

- IFRS 15 "Revenue from Contracts with Customers": it was issued in May 2014 and in September 2015, its effective date was modified so that it is applied for annual periods beginning on or after January 1, 2018. This standard is about the principles for revenue recognition and it addresses the information requirements on the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The underlying principle implies the recognition of revenues representing the transfer of goods or services promised to customers in exchange for an amount reflecting the consideration to which the entity expects to be entitled. The Company is analyzing the impact of its application; however, it estimates that it will not have a significant impact on the results of operations or the financial position of the Company.

- IFRS 16 "Leases": it was issued in January 2016 and supersedes the current guidelines of the IAS 17. It defines a lease as a contract, or part of a contract, that conveys the right to control the use of an asset (underlying assets) for a period of time in exchange for consideration. Under this standard, the lessee must recognize a liability for lease arrangements to show the present value of future lease payments and a right-of-use asset. This is a significant change compared with IAS 17, which required that lessee make a distinction between a financial lease (disclosed in the statement of financial position) and an operating lease (without impact on the statement of financial position). IFRS 16 contains an optional exception for lessees, in the case of short-term leases and leases of low-value underlying assets. IFRS 16 is effective for the annual periods starting as from January 1, 2019.

5.2 Risk policy and accounting estimates

In the preparation of these financial statements, the Company has applied the risk policies and accounting estimates consistently with those of the previous year. There are no significant variations at March 31, 2017 compared with the previous year as regards the risk analysis.

5.3 Impairment of non-financial long-term assets

For the purpose of preparing these financial statements, the Company has applied the policy for impairment of non-financial long-term assets consistently with that of the previous year.

Thus, Management has defined certain assumptions to estimate future cash flows applied to assess the recoverability of its assets. These assumptions consider various scenarios which include projections of expected future tariff increases, inflation, exchange rates, operating and maintenance expenses, investments and discount rates.

Cash flows are generally projected for a period which covers the remaining useful life of long-term assets or the duration of the concession, whichever is lower.

Cash flows were estimated considering the tariff adjustment guidelines submitted to the ENRE, in compliance with the parameters established by Law No. 24065, which regulates the tariff renegotiation in process. Consequently, cash flows and future actual results may differ from the estimates and evaluations made at the date of preparation of these financial statements.

The Company has not recognized impairment losses for any of the periods mentioned.

5.4 Impairment of financial assets at amortized cost

The Company assesses each closing date whether there is objective evidence of impairment or deterioration in the value of a financial asset or group of financial assets measured at amortized cost.

A financial asset or group of financial assets is impaired and the loss for impairment recognized directly in the statement of operations if there is objective evidence of devaluation as result of one or more events that occurred after the initial of the asset recognition and said event (or events) have an impact on the estimated future of the cash flows of the financial asset or group of financial assets.

Some of the indicators of impairment or devaluation which the Company assesses to determine whether there is objective evidence of loss of value include the following: delays in payments received from customers, the disappearance of an active market for a financial instrument due to the existence of difficulties, declaration of bankruptcy of customers, observable information that indicates a measurable decrease in the future cash flows of a portfolio of financial assets, etc.

6. Segment reporting

The sales and assets of the Company are basically carried out in Argentina, therefore, no segments by geographic area have been identified.

The operating segments have been adapted to the guidelines of ENRE Resolution 176/2013, which establishes that a regulatory accounting system will enter into force since January 1, 2014, differentiating regulated from non-regulated activity pursuant to the resolution.

The segment information submitted to the General Director, who takes the business strategic decisions, for the reportable segments for the three-month periods ended March 31, 2017 and 2016 is as follows:

(In Argentine Pesos, except as otherwise indicated)

	Regulated activity $	Non-regulated activity $	Total $
Three-month period ended March 31, 2017			
Net revenues	1,113,649,728	81,014,752	1,194,664,480
Operating results	578,824,789	50,648,182	629,472,971
Total assets	3,582,127,681	40,193,263	3,622,320,944
Total liabilities	2,209,393,664	326,842,299	2,536,235,963
Acquisition of property, plant and equipment	116,152,138	0	116,152,138
Property, plant and equipment depreciation	26,234,440	0	26,234,440
Three-month period ended March 31, 2016			
Net revenues	326,469,436	47,583,060	374,052,496
Operating results	(55,609,289)	19,666,566	(35,942,723)
Total assets	2,799,891,832	49,891,632	2,849,783,464
Total liabilities	1,869,741,552	369,133,234	2,238,874,786
Acquisition of property, plant and equipment	78,752,030	0	78,752,030
Property, plant and equipment depreciation	23,794,437	0	23,794,437

No sales between operating segments identified by the Company are perfected. Sales revenues reported to the Direction of the Company are measured in the same way as for the preparation of the statement of operations. Assets and liabilities are allocated based on the segment.

7. Net Revenues

	Three-month period ended 31.03.2017	31.03.2016
Net Regulated Revenue	1,113,649,728	326,469,436
Net Non-Regulated Revenue	81,014,752	47,583,060
Net Revenues	1,194,664,480	374,052,496

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8. Expenses by Nature

Items	Three-month period ended March 31, 2017			Three-month period ended March 31, 2016		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	345,640,280	282,403,005	63,237,275	270,208,683	222,303,383	47,905,300
Other personnel costs	2,396,243	1,469,844	926,399	2,690,216	1,561,144	1,129,072
Fees for operating services	19,370,359	19,370,359	0	5,088,844	5,088,844	0
Professional fees	11,917,037	2,639,461	9,277,576	3,902,456	943,012	2,959,444
Equipment maintenance	9,754,187	9,754,187	0	4,884,812	4,884,812	0
Fuel and lubricants	5,695,748	5,430,745	265,003	4,977,355	4,750,708	226,647
General Maintenance	14,700,027	14,254,192	445,835	11,086,389	10,827,616	258,773
Electricity	1,240,276	1,121,356	118,920	963,349	919,261	44,088
Depreciation of property, plant and equipment	26,234,440	23,608,960	2,625,480	23,794,437	21,412,957	2,381,480
Administration expenses related to WEM	142,008	142,008	0	237,848	237,848	0
Regulatory fees	500,732	500,732	0	599,033	599,033	0
ATEERA membership fees	499,574	0	499,574	253,005	0	253,005
Communications	2,571,329	2,143,436	427,893	1,801,263	1,316,760	484,503
Transportation	3,654,888	3,632,721	22,167	2,883,091	2,877,972	5,119
Insurance	16,854,076	15,410,585	1,443,491	11,281,810	10,875,295	406,515
Rents	5,825,584	2,219,424	3,606,160	3,962,130	1,276,375	2,685,755
Travel and lodging expenses	15,138,703	14,003,663	1,135,040	12,175,123	11,428,745	746,378
Licences, stationary and printing	6,485,549	857,349	5,628,200	6,223,662	853,893	5,369,769
Taxes and government contributions	4,155,874	3,830,758	325,116	2,914,441	1,934,240	980,201
Directors and syndics	1,986,139	0	1,986,139	1,230,892	0	1,230,892
Security	16,447,902	16,411,868	36,034	11,288,228	11,184,159	104,069
Office and substation cleaning	8,683,643	8,057,955	625,688	6,049,180	5,646,648	402,532
Electroduct maintenance	2,134,872	2,134,872	0	308,636	308,636	0
Others	8,871,225	5,697,893	3,173,332	7,060,220	4,644,447	2,415,773
TOTAL	530,900,695	435,095,373	95,805,322	395,865,103	325,875,788	69,989,315

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9. Net Financial Results

	Three-month period ended	
	31.03.2017	**31.03.2016**
Finance Income		
Renewal Agreement interest (Note 2)	8,022,964	21,238,693
Mutual funds	23,195,943	70,028,781
Other finance income	5,344,825	3,807,214
Total finance income	36,563,732	95,074,688
Finance Costs		
Interests generated by loans	(37,983,178)	(41,702,195)
Other finance costs	(8,627,558)	(3,715,601)
Total finance costs	(46,610,736)	(45,417,796)
Other financial results		
Foreign exchange generated by loans	49,488,966	(192,707,675)
Other foreign exchenge net	1,108,180	8,179,469
Total Other financial results	50,597,146	(184,528,206)
Total Other financial results, net	40,550,142	(134,871,314)

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	Trade accounts receivable	Other receivables	Emloyee benefits payable	Other liabilities	Total
As of January 1, 2017	37,015,479	1,471,661	714,407	97,447,021	49,137,490	185,786,058
Charged to the income statement	(37,015,479)	0	0	3,860,298	(4,473,767)	(37,628,948)
Charged to other comprehensive income	0	0	0	0	0	0
As of March 31, 2017	0	1,471,661	714,407	101,307,319	44,663,723	148,157,110
As of January 1, 2016	19,364,369	565,198	714,407	67,734,760	37,141,161	125,519,895
Charged to the income statement	43,573,875	0	0	4,965,558	2,689,937	51,229,370
Charged to other comprehensive income	0	0	0	0	0	0
As of March 31, 2016	62,938,244	565,198	714,407	72,700,318	39,831,098	176,749,265

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Deferred Tax Liabilities

	Property, plant and equipment	Investments at fair value	Debt and other indebtedness	Total
As of January 1, 2017	101,249,361	26,094,545	18,437,965	145,781,871
Charged to the income statement	(2,761,387)	(11,977,876)	(1,330,697)	(16,069,960)
Charged to other comprehensive income	0	0	0	0
As of March 31, 2017	98,487,974	14,116,669	17,107,268	129,711,911
As of January 1, 2016	111,215,928	30,767,868	18,089,424	160,073,220
Charged to the income statement	(2,923,494)	(14,912,512)	1,482,535	(16,353,471)
Charged to other comprehensive income	0	0	0	0
As of March 31, 2016	108,292,434	15,855,356	19,571,959	143,719,749

Deferred Tax Assets as of March 31, 2017 and December 31, 2016 amounts to $18,445,199 and $40,004,187, respectively.

The income tax charge for the period is as follows:

	Three-month period ended	
	31.03.2017	**31.03.2016**
Current tax	214,468,461	8,401,032
Deferred tax	21,558,988	(67,582,841)
Income tax	236,027,449	(59,181,809)

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 profit / (loss).

	Three-month period ended	
	31.03.2017	**31.03.2016**
Net income before income taxes	670,023,113	(170,814,037)
Tax rate in force	35%	35%
Net income at the tax rate	234,508,090	(59,784,913)
Taxable effects by:		
- Other non taxable and/or non deductible items	1,519,359	603,104
Income tax	236,027,450	(59,181,809)

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11. Property, plant and equipment

	Three-month period ended	
	31.03.2017	**31.03.2016**
Net value as of the beggining of the period	1,978,669,761	1,742,868,714
Additions	116,152,138	78,752,030
Decreases	(11,135,107)	(2,648,637)
Depreciations	(26,234,440)	(23,794,437)
Net value as of the end of the period	2,057,452,352	1,795,177,670

12. Other receivables

	31.03.2017	**31.12.2016**
Non-Current		
Minimum Notional Income Tax Credit	23,005,020	12,223,524
Stock Ownership Pogram	5,329,430	5,329,430
Total	28,334,450	17,552,954

	31.03.2017	**31.12.2016**
Current		
Prepaid expenses	86,922,062	25,452,029
Advances to suppliers	52,353,689	67,723,341
Tax credits	23,799,224	22,437,515
Loans to employees	4,604,727	4,614,974
Judicial seizure	4,382,695	4,382,695
Stock Ownership Pogram - Dividends receivable	778,780	778,780
Others	86,571	86,574
Total	172,927,748	125,475,908

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

13. Trade account receivables

	31.03.2017	**31.12.2016**
CAMMESA	755,994,166	376,463,332
Other services	156,971,133	144,881,985
Other related parties (Note 18)	1,724,386	11,098,897
Total	914,689,685	532,444,214

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

(In Argentine Pesos, except as otherwise indicated)

Irrecoverable receivables prevision

	31.03.2017	31.12.2016
CAMMESA	755,994,166	376,463,332
Other services	165,266,615	153,177,467
Prevision for irrecoverable receivables	(8,295,482)	(8,295,482)
Other related parties (Note 18)	1,724,386	11,098,897
Total	914,689,685	532,444,214

14. Cash and cash equivalents

	31.03.2017	31.12.2016
Cash in local currency	1,408,991	1,367,991
Cash in foreign currency	238,645	222,017
Banks in local currency	4,819,017	16,578,141
Banks in foreign currency	46,767,465	48,354,745
Cash and cash equivalents, net	53,234,118	66,522,894

15. Debt and other indebtedness

	31.03.2017	31.12.2016
Non-current bonds and other indebtedness		
Corporate Bonds 2021	1,467,575,742	1,513,041,249
Total Non-current	1,467,575,742	1,513,041,249
Current bonds and other indebtedness		
Corporate Bonds 2021	18,071,074	58,518,829
Total Current	18,071,074	58,518,829

Total at the beginning of the period	1,571,560,078	1,513,768,880
Accrued interests	37,983,178	42,544,869
Foreign Exchange	(49,488,966)	191,865,001
Interest payments	(74,407,474)	(70,300,412)
Total at the end of the period	1,485,646,816	1,677,878,338

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

The structure of indebtedness of the Company is described in Note 22.

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16. Employee benefit expense

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

	Three-month period ended	
	31.03.2017	**31.03.2016**
Charges to Results		
Services Cost	4,799,675	3,410,477
Interest Cost	16,995,898	17,150,315
Total	21,795,573	20,560,792

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

	31.03.2017	**31.03.2016**
Benefits Obligations at the beginning of the period	278,420,061	193,527,886
Services Cost	4,799,675	3,410,477
Interest Cost	16,995,898	17,150,315
Beneficios pagados a los participantes	(10,766,151)	(6,373,484)
Benefits Obligations at the end of the period	289,449,483	207,715,194

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

Discount rate	26.00%	37.80%
Current interest rate	5.00%	6.00%
Salary growth rate	2%	2%

17. Trade accounts payable

	31.03.2017	**31.12.2016**
Non-Current		
Billings in advance	2,935,373	3,023,615
Total	2,935,373	3,023,615

	31.03.2017	**31.12.2016**
Current		
Suppliers	56,916,542	69,612,595
Provisions	22,230,962	32,077,490
Other related parties (Note 20)	32,754,311	21,175,208
Billings in advance	5,122,986	9,968,230
Other liabilites	67,545,276	63,886,566
Total	184,570,077	196,720,089

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

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18. Provisions

As of March 31, 2017 and 2016 the balances of foreign currency assets and liabilities are as follows:

	31.03.2017	31.03.2016
Labor lawsuits		
Total at the beginning of the year	24,656,872	20,073,040
Increases	0	0
Decreases	(922,545)	0
Total at the end of the year	23,734,327	20,073,040
Regulatory judgments		
Total at the beginning of the year	3,008,700	9,528,604
Increases	0	0
Decreases	0	0
Total at the end of the year	3,008,700	9,528,604
Commercial judgments		
Total at the beginning of the year	42,349,665	34,686,961
Increases	0	3,499,114
Decreases	(1,109,717)	0
Total at the end of the year	41,239,948	38,186,075
Total at the end of the year	67,982,975	67,787,719

19. Taxes payable

	31.03.2017	31.12.2016
Income tax provision	246,129,672	33,054,894
V.A.T. payable	57,557,489	181,079,825
Withholding tax to be deposited – Income tax	6,773,623	17,682,551
Others	6,377,029	5,381,016
Totales	316,837,813	237,198,286

20. Balances and transactions with related parties

As a part of a program instituted by the Argentine Government consisting in privatizing State-run companies, it created Transener on May 31, 1993 in order to hold and operate the transmission assets that make up Transener's network. Transener's privatization entailed the sale of Transener's majority shareholding through a public call for tenders as required by the Electricity Law. On July 16, 1993 Transener's majority shareholding was awarded to Citelec.

Citelec is the controlling shareholder, and owns 52.652% of Transener's outstanding share capital, 51% corresponds to Class A shares and the remaining participation corresponds to Class B shares (the latter are traded on the BCBA). The remaining 47.348% of the share capital is publicly held and is listed and traded on the BCBA.

(In Argentine Pesos, except as otherwise indicated)

On September 30, 2016 Grupo Eling S.A. transferred all of its shareholding in Citelec S.A. to Energía Argentina S.A. Consequently, Citelec's capital stock is comprised as follows: (i) 50% owned by Transelec Argentina SA, and (ii) 50% owned by Energía Argentina SA (Enarsa).

The following is a brief description of Citelec's current shareholders and their respective shareholdings in Citelec:

- Transelec Argentina S.A., which own 50% of the share capital of Citelec, is a corporation (*sociedad anónima*) organized under the laws of Argentina, whose main business consists of investment and investment management activities. Transelec Argentina S.A. is controlled by Pampa Energia S.A., an Argentine corporation, that is controlled directly and indirectly by legal entities under common control with Grupo Emes S.A.

- Energía Argentina S.A., which owns 50% of the share capital of Citelec, is an Argentine corporation (*sociedad anónima*) controlled by the Government through the Ministry of Federal Planning, Public Investment and Services under Law No. 25,943.

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

On September, 30, 2016 Grupo Eling S.A. has ceded in favor of Energía Argentina S.A. all their rights and obligations under the Technical Assistance contract for the Operation, Maintenance and Administration of the High Voltage Electric Power Transportation System dated November 9, 1994, with the exception of the amounts accrued by Grupo Eling S.A. until that date.

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	
	31.03.2017	**31.03.2016**
Sales of assets and services rendered to Pampa Energía S.A.	115,305	0
Fees for operating services		
*Pampa Energía S.A.	9,685,180	2,544,421
*Energía Argentina S.A.	9,685,180	1,272,211
*Grupo Eling S.A. (1)	0	1,272,211

Free translation from the original prepared in Spanish for publication in Argentina

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(In Argentine Pesos, except as otherwise indicated)

Other related parties

	Three-month period ended	
	31.03.2017	**31.03.2016**
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	375,000	44,000
Sales of assets and services rendered to C.T.Loma de la Lata S.A.	27,774	594,448
Sales of assets and services rendered to Integración Eléctrica Sur Argentina S.A. (1)	0	4,270,042
Sales of assets and services rendered to Electroingeniería S.A. (1)	0	2,014,909
Sales of assets and services rendered to Yacylec S.A. (1)	0	894,390
Sales of assets and services rendered to Litsa S.A. (1)	0	384,172
Sales of assets and services rendered to Central Piedra Buena S.A.	0	13,440

(1) On September 30, 2016, Grupo Eling SA sold its interest in Citelec S.A., for that reason the companies of that Group, as well as the group as such, are no longer related companies.

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

Companies Law No.19,550 – Sect. 33

Assets	**31.03.2017**	**31.12.2016**
Trade account receivables		
Pampa Energía S.A.	55,808	0
Total	55,808	0
Liabilities		
Trade accounts payable		
Pampa Energía S.A.	12,481,528	10,587,604
Energía Argentina S.A.	20,272,783	10,587,604
Total	32,754,311	21,175,208

Other related parties

Assets		
Trade account receivables		
Enecor S.A.	1,614,850	1,614,850
Transportadora de Gas del Sur S.A.	32,250	0
CT. Loma de la Lata S.A.	21,478	6,737,298
C.T. Piedra Buena S.A.	0	2,746,749
Total	1,668,578	11,098,897

21. Investment in Transener Internacional Ltda.

As of March 31, 2017, both value of the equity interest of Transener S.A. in Transener Internacional Ltda. and receivables, have been fully provided for due to the uncertainty as to their recovery.

22. Financing structure

22.1 Series 2 Notes

On August 2011, Series 2 Notes were issued for the amount of US$ 100,535,000. These Notes accrue an annual interest rate of 9,75% and will mature on August 15, 2021.

As of March 31, 2017, the remaining balance of the Series 2 Notes, net of those hold by the Company amounted to US$ 98,535,000.

22.2 Restrictions in relation to the Series 2 Notes

The Company and its Restricted Subsidiaries have to comply with the following restrictions, according to the refinancing terms, including among others:

- i) Incurring or ensuring additional indebtedness;
- ii) Paying dividends or making other distributions as regards either the redemption or repurchase of the Company's capital stock or indebtedness;
- iii) Making other restricted payments, including investments;
- iv) Placing liens or making sale & leaseback transactions;
- v) Selling or otherwise disposing of assets, including the subsidiaries' capital stock;
- vi) Entering into agreements that restrict the dividends of the subsidiaries;
- vii) Carrying out transactions with affiliates; and
- viii) Performing mergers or consolidation transactions.

As of March 31, 2017 there is not any default related to those restrictions.

22.3 Global program for the issuance of simple notes or convertible into shares, for an amount up to US$ 500 million (or its equivalent in any other currency)

On April 18, 2017, an Extraordinary General Meeting of Shareholders resolved to create a global program for the issuance of simple or convertible notes, denominated in US dollars or in any other currency, for a maximum amount outstanding, in any time during its term for up to US $ 500 million or its equivalent in other currencies. The Program is pending authorization by the National Securities Commission.

23. Income per share

The result 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.

	Three-month periods ended	
	31.03.2017	**31.03.2016**
Results from operations attributable to the equity holders of the Company	423,215,346	(112,231,957)
Ordinary shares average	444,673,795	444,673,795
Income / (loss) per share attributable to the equity holders of the Company ($/Share)	0.95	(0.25)

(In Argentine Pesos, except as otherwise indicated)

24. Stored documentation

For the purposes of complying with CNV Resolution 629/14, the Company informs that the accounting and management documentation and information related to economic-financial operations is partially stored in the facilities of Iron Mountain SA, located at (i) Av. Amancio Alcorta 2482, City of Buenos Aires, (ii) San Miguel de Tucumán 605, Spegazzini and (iii) Cañada de Gómez 3825, Lugano (temporarily suspended plant), and Custodia de Archivos SRL located at Gorriti 375, Rosario, Province of Santa Fe.

The detail of the documentation stored with third parties is available at Company Headquarters.

25. Foreign currency assets and liabilities

As of March 31, 2017 and 2016 the balances of foreign currency assets and liabilities are as follows:

Captions	March 31, 2017			March 31, 2016	
	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$ 3,072,696	15.290	46,981,525	US$ 3,076,365	48,575,805
Cash and banks	R$ 5,000	4.917	24,585	R$ 197	957
Total current assets			47,006,110		48,576,762
Total assets			47,006,110		48,576,762
Liabilities					
Non current liabilities					
Debt and other indebtedness	US$ 95,359,048	15.390	1,467,575,742	US$ 95,219,714	1,513,041,249
Total non current liabilities			1,467,575,742		1,513,041,249
Current liabilities					
Account payable	CHF 236,108	15.256	3,602,064	CHF 61.810	966,429
Account payable		0	0	€ 218,269	3,660,447
Account payable		0	0	US$ 37,263	592,114
Debt and other indebtedness	US$ 1,174,209	15.390	18,071,074	US$ 3.682.746	58,518,829
Total current liabilities			21,673,138		63,737,819
Total liabilities			1,489,248,880		1,576,779,068

US$: United States Dollars
R$: Reales
€: Euros
CHF: Swiss francs

26. Contingencies

Income tax

Transba S.A. has determined the income tax corresponding to fiscal period 2015, which resulted in a computed tax of $ 47,068,202, applying the inflation adjustment mechanisms comprised in Title VI of the Income Tax Law and the adjustment of fixed assets depreciation (Sections 83, 84 and 89); the index used for this purpose was the Domestic Wholesale Price Index (IPIM) published by the National Institute of Statistics and Census, because the Company resorted to the similarity with the criteria argued for in the case “Candy S.A.” with a decision of the Argentine Supreme Court of Justice dated July 3, 2009, in which the highest Court ordered the application of the inflation adjustment mechanism.

Should the inflation adjustment mechanisms not been applied, the tax computed for fiscal year 2015 would have amounted to $ 75,693,915. At March 31, 2017 and until the matter has a final resolution, the Company will continue providing for the liability for the additional income tax that would have been determined for fiscal period 2015-within the caption non-current taxes, for if the inflation adjustment had not been subtracted. The provision amounts to $ 37,785,941, including compensatory interest.