

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

**Consolidated Financial Statements as of December 31, 2012 and for the years ended
December 31, 2012 and 2011**



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

Index to Consolidated Financial Statements

	<u>Page</u>
Report of Independent Accountants	2
Consolidated Statements of Operations for the years ended December 31, 2012 and 2011.....	4
Consolidated Balance Sheets as of December 31, 2012 and 2011	6
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2012 and 2011	7
Consolidated Statements of Cash Flows for the years ended December 31, 2012 and 2011	8
Notes to the Consolidated Financial Statements	10



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

1. We have audited the accompanying consolidated financial statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. ("Transener S.A.") and its subsidiary, including the consolidated statements of financial position at December 31, 2012, the consolidated statements of comprehensive income and the consolidated statement of changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and selected explanatory Notes. Balances and other information for the year 2011 are an integral part of the audited financial statements mentioned above and therefore must be considered in relation to these financial statements.
2. The Company's Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), adopted by the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE") as professional accounting standards and added by the National Securities Commission ("CNV") to its regulations, as approved by the International Accounting Standard Board ("IASB"). Also, the Company's Board of Directors is responsible for the existence of internal control that it deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express an opinion based on the review that we have performed with the scope detailed in paragraph 3.
3. We conducted our audit in accordance with auditing standards generally accepted in Argentina. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and to form an opinion about the reasonableness of the relevant information contained in those financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.
4. In Note 2. to the consolidated financial statements, the Company Management reports that the delay in obtaining rate increases and recognition of higher costs under the Agreements entered into with the National Government and the constant rises in operating costs to keep the service level continue to badly affect the economic and financial position of Transener S.A. and its subsidiary Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Sociedad Anónima Transba S.A. ("Transba S.A."). In the year ended December 31, 2012, the Company recorded a net loss of \$ 105,521 thousand, operating losses for \$ 147,373 thousand, and cash flow deficit of \$ 4,063 thousand. The Company Management believes that if the conditions existing at the date of these consolidated financial statements persist, the situation will worsen, with deficits in operating results being expected for the next year.

Price Waterhouse & Co. S.R.L., Bouchard 557, piso 8º, C1106ABG - Ciudad de Buenos Aires
T: +(54.11) 4850.0000, F: +(54.11) 4850.1800, www.pwc.com/ar



5. As stated in Note 4.6. to the consolidated financial statements, the Company has prepared its projections to determine the recoverable value of its non-current assets within the framework of Law 24065, assuming that rate increases will be obtained and higher costs will be recognized under the terms of the Agreements mentioned in paragraph 4. Future actual results and cash flows might differ from the estimates and assessments made by Management at the date of these consolidated financial statements. In this regard, we are not in a position to anticipate whether the premises used by Management in preparing the projections will materialize in the future and, therefore, if the recoverable values of non-current assets will exceed their respective net carrying amounts.
6. The circumstances described in paragraphs 4. and 5. could affect the future development of the operations of Transener S.A. and its subsidiary, since it depends on the evolution of factors uncontrollable by the Company. The Company has prepared these consolidated financial statements using accounting principles applicable to a going concern. Therefore, the consolidated financial statements do not include the effects of possible adjustments and reclassifications, if any, that might be required if the situations described above are not remedied in favor of the Company's continuing to operate as a going concern and the Company were obliged to sell its assets and settle its liabilities, including contingent liabilities, in conditions other than in the normal course of its business.
7. In our opinion, except for the effects on the consolidated financial statements of possible adjustments and/or reclassifications, if any, that might be required from the resolution of the situations described in paragraph 4., 5. and 6., the consolidated financial statements referred to paragraph 1., present fairly, in all material respects, the financial position of Transener S.A. and its subsidiary at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with IFRS.

PRICE WATERHOUSE & CO. S.R.L

by  (Partner)
Carolina García Zúñiga

Autonomous City of Buenos Aires, Argentina
March 5, 2013

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Consolidated Statements of Operations for the years ended December 31, 2012 and 2011
(In Argentine Pesos, except as otherwise indicated)

Consolidated (loss) / Income Statement	Note	Fiscal year ended	
		31.12.2012	31.12.2011
Continuing operations			
Net Revenues	9	528,868,659	522,922,902
Operating expenses	10	<u>(556,158,265)</u>	<u>(456,030,722)</u>
Gross income / (loss)		(27,289,606)	66,892,180
Administrative expenses	10	<u>(129,204,323)</u>	<u>(102,427,104)</u>
Other gains net		9,121,043	<u>(31,253)</u>
Operating results		<u>(147,372,886)</u>	<u>(35,566,177)</u>
Finance income	11	161,205,698	110,204,468
Finance costs	11	<u>(100,198,168)</u>	<u>(88,710,454)</u>
Other financial results	11	<u>(69,031,913)</u>	<u>(27,584,640)</u>
Loss before taxes		<u>(155,397,269)</u>	<u>(41,656,803)</u>
Income tax expense	12	<u>54,420,881</u>	<u>14,124,949</u>
Loss for the year from continuing operations		<u><u>(100,976,388)</u></u>	<u><u>(27,531,854)</u></u>
Discontinued operations			
Loss for the year		(6,991,701)	(26,030,256)
Income tax expense	12	<u>2,447,095</u>	<u>9,110,590</u>
Loss for the year from discontinued operations	22	<u><u>(4,544,606)</u></u>	<u><u>(16,919,666)</u></u>
Loss for the year		<u><u>(105,520,994)</u></u>	<u><u>(44,451,520)</u></u>
Loss attributable to :			
Owners of the parent		(103,467,161)	(42,786,307)
Non-controlling interests		<u>(2,053,833)</u>	<u>(1,665,213)</u>
		<u><u>(105,520,994)</u></u>	<u><u>(44,451,520)</u></u>
Loss attributable to the equity holders of the Company:			
Continuing operations		(98,922,555)	(25,866,641)
Discontinued operations	22	<u>(4,544,606)</u>	<u>(16,919,666)</u>
Total for the year		<u><u>(103,467,161)</u></u>	<u><u>(42,786,307)</u></u>
Other consolidated comprehensive (loss) / income			
	Note	31.12.2012	31.12.2011
Loss for the year		(105,520,994)	(44,451,520)
Recognition of actuarial losses and gains related to employees benefits plans		<u>(290,568)</u>	<u>(9,320,561)</u>
Total comprehensive loss for the year		<u><u>(105,811,562)</u></u>	<u><u>(53,772,081)</u></u>
Attributable to :			
Owners of the parent		(103,722,104)	(51,895,922)
Non-controlling interests		<u>(2,089,458)</u>	<u>(1,876,159)</u>
		<u><u>(105,811,562)</u></u>	<u><u>(53,772,081)</u></u>

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Consolidated Statements of Operations for the years ended December 31, 2012 and 2011 (Continued)
(In Argentine Pesos, except as otherwise indicated)

		Fiscal year ended	
		<u>31.12.2012</u>	<u>31.12.2011</u>
Total comprehensive loss attributable to the equity holders of the Company:			
Continuing operations		(99,177,498)	(34,976,256)
Discontinued operations	22	<u>(4,544,606)</u>	<u>(16,919,666)</u>
Total for the year		<u>(103,722,104)</u>	<u>(51,895,922)</u>
Loss per share attributable to the equity holders of the Company:			
	25		
Continuing operations		(0.22)	(0.08)
Discontinued operations		<u>(0.01)</u>	<u>(0.04)</u>
Total for the year		<u>(0.23)</u>	<u>(0.12)</u>

Balances of other comprehensive results are net of taxes. The income tax related to each component is exposed in Note 12.

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Consolidated Balance Sheets as of December 31, 2012 and 2011
(In Argentine Pesos, except as otherwise indicated)

	Note	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Assets				
Non-current assets				
Property, plant and equipment	13	1,178,664,221	1,190,025,710	1,217,381,032
Other receivables	14	79,063,821	111,339,154	122,794,803
Total Non-current assets		<u>1,257,728,042</u>	<u>1,301,364,864</u>	<u>1,340,175,835</u>
Current Assets				
Trade accounts receivables	15	205,463,103	140,964,879	121,333,422
Other receivables	14	57,775,993	56,318,986	52,498,768
Financial assets at amortized cost		1,960,344	3,530,321	2,806,015
Cash and cash equivalents	16	130,130,229	134,436,549	104,790,378
Total Current assets		<u>395,329,669</u>	<u>335,250,735</u>	<u>281,428,583</u>
Total Assets		<u>1,653,057,711</u>	<u>1,636,615,599</u>	<u>1,621,604,418</u>
Equity and liabilities				
Capital and reserves attributable to owners of the parent				
		487,664,835	591,386,939	643,282,861
Equity attributable to owners of the parent		<u>487,664,835</u>	<u>591,386,939</u>	<u>643,282,861</u>
Non-controlling interests		25,291,799	27,381,257	30,036,196
Total equity		<u>512,956,634</u>	<u>618,768,196</u>	<u>673,319,057</u>
Liabilities				
Non-current liabilities				
Debt and other indebtedness	17	676,495,986	646,875,815	534,491,699
Deferred tax payable	12	76,931,788	133,956,224	162,210,526
Employee benefits payable	18	86,982,633	69,412,278	46,531,562
Trade accounts payable	19	4,749,953	5,120,460	5,490,966
Other liabilities		0	390,000	1,184,652
Total Non-current liabilities		<u>845,160,360</u>	<u>855,754,777</u>	<u>749,909,405</u>
Current liabilities				
Provisions		27,564,722	22,466,400	32,101,110
Other liabilities		2,254,203	1,710,650	6,625,000
Debt and other indebtedness	17	84,436,586	18,534,720	52,565,777
Taxes payable		14,870,560	20,015,125	26,493,773
Payroll and social securities taxes payable		85,482,070	57,368,887	35,614,399
Trade accounts payable	19	80,332,576	41,996,844	44,975,897
Total Current liabilities		<u>294,940,717</u>	<u>162,092,626</u>	<u>198,375,956</u>
Total Liabilities		<u>1,140,101,077</u>	<u>1,017,847,403</u>	<u>948,285,361</u>
Total Equity and liabilities		<u>1,653,057,711</u>	<u>1,636,615,599</u>	<u>1,621,604,418</u>

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



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2012 and 2011
(In Argentine Pesos, except as otherwise indicated)

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Common Stock	Inflation adjustment on common stock	Share premium	Legal reserve	Voluntary reserve	Retained earnings	Subtotal			
Balance as of January 1, 2011	444,673,795	352,996,229	31,978,847	41,468,034	0	(227,834,044)	643,282,861	30,036,196	673,319,057	
Dividends controlled company	0	0	0	0	0	0	0	(778,780)	(778,780)	
Approved by Shareholders' meeting held on April 13, 2011										
- Legal Reserve	0	0	0	1,160,422	0	(1,160,422)	0	0	0	
- Voluntary Reserve	0	0	0	0	210,206,496	(210,206,496)	0	0	0	
Loss for the year	0	0	0	0	0	(42,786,307)	(42,786,307)	(1,665,213)	(44,451,520)	
Other comprehensive loss for the year	0	0	0	0	0	(9,109,615)	(9,109,615)	(210,946)	(9,320,561)	
Balance as of December 31, 2011	444,673,795	352,996,229	31,978,847	42,628,456	210,206,496	(491,096,884)	591,386,939	27,381,257	618,768,196	
Loss for the year	0	0	0	0	0	(103,467,161)	(103,467,161)	(2,053,833)	(105,520,994)	
Other comprehensive loss for the year	0	0	0	0	0	(254,943)	(254,943)	(35,625)	(290,568)	
Balance as of December 31, 2012	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	

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



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Consolidated Statements of Cash Flows for the years
ended December 31, 2012 and 2011
(In Argentine Pesos, except as otherwise indicated)

	Note	<u>Fiscal year ended</u> <u>31.12.2012</u>	<u>31.12.2011</u>
Cash flows from operating activities:			
Loss for the year		(105,811,562)	(53,772,081)
Adjustments:			
Depreciation of property, plant and equipment	13	76,592,686	77,702,204
Instrumental Agreement	3	(109,954,769)	(59,420,090)
Loss from discontinued operations	22	6,991,701	26,030,256
Other comprehensive loss for the year		290,568	9,320,561
Provisions	10	466,322	(14,747,649)
Employee benefits plan	18	23,934,959	19,006,257
Income tax expense accrued during the year	12	(56,867,976)	(23,235,539)
Foreign exchange and other financial results		165,978,491	111,599,411
Loss from repurchase of notes	11	0	(1,760,882)
Other results generated by assets		(7,721,724)	(4,411,194)
Retirements of property, plant and equipment	13	11,054,073	3,358,340
Changes in certain assets and liabilities, net of non-cash:			
(Increase) Decrease in trade receivables		(76,543,455)	(53,049,662)
(Increase) Decrease in other receivables		30,818,326	1,790,100
Increase (Decrease) in trade accounts payable		37,965,225	(3,349,559)
Increase (Decrease) in payroll and social securities taxes payable		28,113,183	21,754,488
Increase (Decrease) in taxes payable		(5,144,565)	(6,478,648)
Increase (Decrease) in provisions		4,632,000	7,165,941
Increase (Decrease) of employee benefits payable	18	(6,811,630)	(10,464,865)
Net cash generated by operating activities		<u>17,981,853</u>	<u>47,037,389</u>

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



Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Consolidated Statements of Cash Flows for the years
ended December 31, 2012 and 2011 (continued)
(In Argentine Pesos, except as otherwise indicated)

	Note	Fiscal year ended	
		<u>31.12.2012</u>	<u>31.12.2011</u>
Cash flows from investing activities:			
Purchases of the acquisition of property, plant and equipment	13	(76,285,270)	(53,705,222)
Loans to subsidiary		0	(24,206,400)
Decrease / (Increase) in financial assets at amortized cost		2,300,000	(189,971)
Cash used in investing activities		<u>(73,985,270)</u>	<u>(78,101,593)</u>
Cash flows from financing activities			
Funds from CAMMESA Financing	3	122,000,000	92,000,014
Increase in bonds and other indebtedness		0	250,099,500
Collection generated by debt and other indebtedness		0	(23,320,629)
Payments and repurchase of bonds and other indebtedness - Principal		0	(168,096,618)
Payments and repurchase of bonds and other indebtedness - Interests		(70,059,376)	(46,733,670)
Collection of reduction of capital stock		0	(888)
Net cash used in financing activities		<u>51,940,624</u>	<u>103,947,709</u>
(Decrease) / Increase in cash and cash equivalents		(4,062,793)	72,883,505
Cash and cash equivalents at the beginning of the year	16	<u>134,193,022</u>	<u>61,309,517</u>
Cash and cash equivalents at year end	16	<u>130,130,229</u>	<u>134,193,022</u>
Significant non-cash transactions			
Decrease in accounts receivable	3	122,000,000	235,409,633
Decrease in other liabilities	3	(122,000,000)	(241,254,964)
Decrease in other receivables		0	5,845,331
		<u>0</u>	<u>0</u>

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

Index

1. Organization and description of business
2. Tariff Review and economic and financial situation
3. Purpose of financial statements
4. Summary of significant accounting policies
5. Adoption of International Financial Reporting Standards
6. Financial risk and capital risk management
7. Critical accounting estimates and judgements
8. Segment reporting
9. Net revenues
10. Expenses by nature
11. Financial results net
12. Income tax and deferred income tax
13. Property, plant and equipment
14. Other receivables
15. Trade accounts receivables
16. Cash and cash equivalents
17. Debt and other indebtedness
18. Employee benefit expense
19. Trade accounts payable
20. Contingencies, commitments and restrictions on the distribution of profits
21. Balances and transactions with related parties
22. Investment in Transener Internacional Ltda.
23. Fourth Line of the Comahue-Buenos Aires electricity transmission system
24. Financing structure
25. Loss per share



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. The main activity of the company is the provision of electric energy transmission services, operation, maintenance, consulting services and others related to the electric energy transmission, in the Federal Republic of Brazil and in other countries. On March 25, 2012, the Board of Directors approved to discontinue the Transener international Ltda's operation and maintenance contracts.

These consolidated financial statements (in hereinafter referred to interchangeably as "financial statements" or "consolidated financial statements"), have been approved for issuance by the Board of Directors on March 5, 2013.

2. Tariff Review and economic and financial situation

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 (In Argentine Pesos, except as otherwise indicated)

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.

In spite of that, as of the date, the ENRE has not called for a Public Hearing yet, and did not deal with the tariff requirements demanded by Transener and Transba within the FTR framework.

In order to regularize the tariff situation, Transener and Transba entered into the Instrumental Agreements (the "Instrumental Agreements") related to the Definitive Agreements with the SE and the ENRE, setting forth as follows:

- (i) the recognition of Transener and Transba's credits resulting from the variations of costs occurred during the period June 2005 – November 2010, which have been calculated according to the costs variation index (CVI) foreseen in the Instrumental Agreements,
- (ii) the mandatory cancellation of the financing received from CAMMESA, through the cession of credits resulting from the recognition of the above-mentioned variations of costs,
- (iii) a mechanism of cancellation of the pending balances, during 2011
- (iv) the recognition of an additional amount to receive from CAMMESA for capital expenditures in the system, for an amount of \$ 34.0 million for Transener and \$ 18.4 million for Transba,
- (v) a procedure for the updating and payment of the cost variations, arising from the sequence of the semesters as from December 1, 2010 up to December 31, 2011.

CAMMESA made an estimation of the amounts owed to Transener and Transba due to variations of costs occurred during the period June 2005 – November 2010 up to January 17, 2011. The mentioned amounts were \$ 294.1 million and \$ 119.1 million, respectively.

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, which provide the following: i) the amounts received as of January 17, 2011 by Transener and Transba by virtue of the loans granted by the CAMMESA Financing would be cancelled, ii) a new loan for Transener and Transba for the amount of \$ 289.7 million and \$ 134.1 million respectively, corresponding to the credits recognized by the SE and the ENRE resulting from the variations of costs occurred during the period June 2005 – November 2010 would be granted, and iii) all the amounts owed to the Company by mayor costs as of November 2010, 30 under the Instrumental Agreements would serve as a guarantee for the Addendas II.

It must be pointed out that the funds that comprise the new loans under the Addendas II will be destined to the operation and maintenance and to the 2011 capital expenditure plans; and will be disbursed through partial payments in advance according to the availability of funds on behalf of CAMMESA, according to the instructions of the SE.

However, such commitments are not being met in full since as of December 31, 2011 the amounts received from CAMMESA do not reach 21% of the corresponding amounts for variations of costs from June 2005 to November 2010, and the Company did not receive any amount for the remuneration adjustment that should have been applied from December 1, 2010.

CAMMESA continued to pay the remuneration to Transener and Transba, for the electric power transmission public service applying the same values as established in ENRE's Resolutions N° 328/08 and 327/08, and not considering the values informed by the ENRE to the SE through Note N° 99,868 on June 21, 2011, N° 102,539 on January 19, 2012 and N° 102,731 on January 6, 2012, according to what was stated in the first clause, inc B) of the Instrumental Agreement.

Thus, the remuneration adjustments as from December 1, 2010, the payment of the credits for this concept and the interests accrued up to its effective cancellation are still pending. Said amounts should be included in new Addendas, to be entered into with CAMMESA.

Due to the delay above-mentioned, the Company asked the SE to adopt the corresponding measures in order to regularize the disbursements foreseen in the Addendas II in such a way that they are made within the deadline established in the Instrumental Agreements.

On March 19, 2012, the Secretariat of Energy instructed CAMMESA to calculate the amounts owed to Transener and Transba in concept of costs variations occurred during the period December 2010-December 2011, including the corresponding interests; although the extension of the Financing Agreement plus the amounts resulting from the calculations made by the ENRE for such period remains pendant.



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)

For its part, on May 22, 2012, CAMMESA referred to the Secretariat of Energy the results of the calculations. They have been observed by the company through note DG N ° 46/12 on June 28, 2012, sent to the Secretariat of Energy. To date, the extension of the Financial Agreement is still pending.

On March 2012, Transener and Transba filed the corresponding legal actions due to the lack of response on behalf of the Secretariat of Energy, the ENRE and/or CAMMESA regarding the various administrative presentations already made, in order to achieve the fulfillment of the Definitive Agreement and the Instrumental Agreement, namely: (a) a judicial claim for the Secretariat of Energy to remit CAMMESA the payment for the period June 2005-November 2010, according to the Financing Agreement entered into with CAMMESA; (b) a judicial claim for the Secretariat of Energy to instruct CAMMESA to extend the Financing Agreement for the difference of the period December 2010-December 2011 among the paid remuneration according to ENRE Resolutions N° 327/08 and 328/08 and the remunerative amounts determined in the Instrumental Agreement; and to remit the funds for the disbursements; (c) an appeal for protection against the Secretariat of Energy in order to approve the costs variation index (CVI), which has already been calculated and informed by the ENRE through notes 102.539 and 102.731; and to instruct CAMMESA to extend the Financing Agreement and to remit the funds for the disbursements; and (d) an appeal for protection for the ENRE to instruct CAMMESA to pay the remuneration as from January 2012, taking into account the remunerative amounts stated in the Instrumental Agreement.

On July 16 2012, the Company received copy of the SE Note N° 4309, by virtue of which the SE instructed CAMMESA to enter into a third Addenda to the Financing Agreement with Transener and Transba, increasing the amount for the sum of \$ 231.8 million and \$ 98.2 million, respectively (which were informed by CAMMESA to the SE through Note B-70754-1).

Without prejudice of that, the SE pointed out that previously to the fulfillment of the third Addenda, Transener and Transba should submit before CAMMESA the corresponding evidence of the withdrawal of all the suits which could have been presented, with respect to the issue mentioned in the SE Note N° 4309/2012, which is under analysis up to date.

As of December 31, 2012 the disbursements received from CAMMESA did not reach 50% of the amounts foreseen in the Addendas II, not having received any amount in relation to the additional amounts for investments in the system foreseen in the Instrumental Agreement.

The amounts received and the remaining balances to be disbursed in relation to the Addendas II are as follows:

	Millions of Pesos		
	Transener S.A.	Transba S.A.	Total
Amounts to be disbursed under the Instrumental Agreement	294.1	119.1	413.2
Financing cancelations as of 17.01.11	(107.3)	(32.2)	(139.5)
Amounts for investments and other items	102.9	47.2	150.1
Total amount Addendas II	289.7	134.1	423.8
Amounts perceived Addendas II as of 31.12.12	(136.0)	(71.0)	(207.0)
Remaining balance to be disbursed as of 31.12.12	153.7	63.1	216.8

The liabilities for the total amount of disbursements received under the Addendas II as from December 31, 2012, have been cancelled through the cession of credits resulting from the recognition of the variations of costs, according to the Instrumental Agreements. After December 31, 2012 and up to date, the Company has received disbursements for the amount of \$ 12.0 million and \$ 8.0 million for Transener and Transba, respectively. The results arising from the recognition of the variation of costs on behalf of the Secretariat of Energy and the ENRE has been registered up to the amounts received through the Addendas II. Consequently, Transener has recognized revenues for the amount of \$ 32.7 million and \$ 19.8 million and interest income for the amount of \$ 33.5 million and \$ 22.0 million, for the fiscal years ended December 31, 2012 and 2011, respectively.

In the same way, Transba has registered results due to the recognition of the variations of costs on behalf of the Secretariat of Energy and the ENRE up to the amounts received through the CAMMESA Financing (See Note 2.1.). Consequently, Transba has recognized revenues for the amount of \$ 20.2 million and \$ 7.8 million and interest income for the amount of \$ 23.6 million and \$ 9.7 million, for the fiscal years ended December 31, 2012 and 2011, respectively.



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)

The delay in the fulfillment of the commitments made by the National State by virtue of the above-mentioned agreements and the constant increase in the operating costs, continue to significantly affect the economic and financial situation of both companies.

The Company estimates that in the case of continuing the existing conditions as of the end of these consolidated financial statements and if CAMMESA delays paying the monthly remuneration for the transportation of electric power service and the fourth line Canon registered as from October 2012, the situation would continue to deteriorate, thus foreseeing negative operating results for the next fiscal year.

The before mentioned circumstances could affect the future development of Transener and Transba's operations. The Company has prepared these consolidated interim financial statements using accounting principles applicable to a company as a going concern, since it depends on the evolution of factors uncontrollable by the Company. Therefore, these consolidated financial statements do not include the effects of any adjustments and reclassifications, if any, that could be required in the case that the before mentioned situations were not solved in favor of the continuation of the operations of the Company and it would be obliged to realize its assets and cancel its liabilities, including the contingent ones, under other conditions different to the ordinary course of its business.

3. 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.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations, issued by the IASB. The financial statements have been prepared under the historical costs convention and financial assets and financial liabilities at fair value through profit and loss.

The preparation of the financial statement in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.

4.2 Consolidation

(a) Subsidiaries

The consolidated financial statements include the financial statements of the society and entities controlled by this. The subsidiaries are all entities over which the group has the power to govern financial and operational policies in order to obtain variable benefits from its activities, affecting the profits of the same. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

Significant consolidation adjustments are as follows:

1. Elimination of balances of accounts of assets and liabilities between the Company owns and the controlled, so that the financial statements present balances maintained with third parties.
2. Elimination of transactions/operations between the society owns and the controlled, so that the financial statements present results with third parties.



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)

3. Elimination of the participations in the equity and the income / (loss) for each period corresponding to controlled companies as a whole.
4. Recognition of assets and liabilities identified in the processes of business combinations

The accounting policies of subsidiaries have been modified, if appropriate, to ensure consistency with the policies adopted by the group.

4.3 Segment reporting

The operating segments are consistent with the internal reporting provided to the highest authority in the Group in relation with operating decisions. The highest authority in relation with operating decisions, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer, who takes the strategic decisions.

4.4 Foreign currency transaction

(a) Functional and presentation currency

The items of each of the companies that make up the present consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Argentine pesos, which is group functional and presentation currency..

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuation where items are re-measured. Assets and liabilities in foreign currency are converted to the functional currency at the exchange rate prevailing at the end of the fiscal year/period. Gains and losses on exchange differences resulting from the cancellation of such asset/liability or its conversion using other exchange rates than those used at the time of its incorporation (or at the end of the previous fiscal year), are recognized in the statement of operations in the line "Other financial result".

4.5 Property, plant and equipment

(a) Cost

Property, plant and equipment is stated at historical cost less depreciation and impairment losses, if appropriate. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Costs incurred after are included in the values of the asset only to the extent that it is probable that they generate future economic benefits and its cost can be measured reliably. The value of the replaced parts is deducted.

When an item includes several significant components with different useful lives, each one of these components is accounted as a separate item.

Higher maintenance costs are recognized as part of the value of cost of the asset to the extent that meet the general criteria for the recognition of assets and depreciated within estimated up to the next higher maintenance. Any resulting residual value of the previous maintenance is charged to results.

Spare parts have been valued at the cost of acquisition and the works in progress include the costs of design, materials, direct labor and indirect costs of construction. The costs of financing, if appropriate, are activated within the cost of the works in progress in the measure that met the conditions laid down in IAS 23 "Borrowing costs".

The net proceeds are determined depending on the estimated value of sales in the ordinary course of business, net of direct selling costs.

(b) Depreciation



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)

Land is not depreciated. Depreciation on other assets is using the straight-line method, taking into consideration annual rates enough to extinguish the net carrying values at the end of useful lives, as follow:

- Buildings and civil works 50 years
- Transmission lines 30-50 years
- Vehicles 5 years
- Furniture and fixtures 10 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.6 Impairment of non-financial assets

At each end of the fiscal year, the Management assesses whether there are indicators of impairment of long-term assets subject to amortization. For this, internal and external information is analyzed. Internal information sources include obsolescence and wear and tear or physical damage, and significant changes in the use of the asset and its economic performance compared with the budgeted. External information sources include the market value of assets, changes in technology, market or laws, increases in market interest rates and the cost of capital used to assess investment opportunities, as well as a comparison between the value of the net assets of the company and its market capitalization.

The Company believes that there is impairment when an asset's carrying value exceeds its recoverable value. In this case, the society recognizes a loss by the excess.

The recoverable amount of an asset is the higher between its value in use and fair value less costs of sale. For the purposes of calculating the value of use, the estimated future cash flow are discounted to their present value using a discount rate that reflects current evaluations of the market on the value in the time of money and the risks specific to the asset.

When it is not possible to estimate the recoverable amount of an asset, the Company estimates the recoverable value of the cash generating unit to which the asset belongs. The Company has two cash generating units.

When the conditions that gave rise to the recognition of a loss for devaluation disappear, the value of books of the asset (or cash-generating unit) is increased up take it to its new recoverable value estimated without exceeding the value of books that would have resulted if the loss for devaluation mentioned above had not been registered. The reversal of a devaluation loss is recognized in the statement of operations.

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.



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)

4.7 Financial assets

According to the IFRS 9 the Company classifies its financial assets at initial recognition in the following categories: (i) in financial assets to fair value, and (ii) financial assets at amortized cost. The classification depends on the Company's business model to manage financial assets and the contractual cash flows of the financial asset characteristics.

(a) Financial assets at amortized cost

Financial assets must be classified in this category if (i) they are financial assets that are framed within a business model that aims to keep the assets to obtain contractual cash flows, and (ii) the financial asset contractual terms give rise, on specified dates, to cash flows that are solely payments of capital and interest on the amount of capital outstanding

(b) Financial assets to fair value

Financial assets at fair value are those that are not measured at amortized cost.

Purchases and regular sales of financial assets are recognized at the date of negotiation, date in which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus the transaction costs for all financial assets that are not registered at fair value with changes in results. Financial assets recognized at fair value with changes in results are initially recognized at fair value and transaction costs are recognized as an expense in the statement of operations.

Investments are not recognized any more when the rights to receive cash flows from investments expire or are transferred and the Company has transferred substantially all the risks and benefits of their property. Financial assets at fair value with changes in results are subsequently recorded at their fair value.

Gains and losses arising from changes in the fair value of financial assets at fair value through profit and loss are exposed in the statement of operations under "financial result", in the fiscal year in which the referred changes in the fair value occurs.

The Company's financial assets include the following:

•Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are recorded under current bonds and other indebtedness of the balance sheet.

Cash and deposits held at call with bank are valued at their nominal value, fixed-term deposits are valued at their amortized cost and investments in mutual funds are valued at their fair value with matching results.

•Trade accounts receivables and other receivables

Trade accounts receivables and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, net of the allowance for irrecoverable receivables. The allowance for irrecoverable receivables is established when there is objective evidence that the Company may not collect all amounts due according to the original terms.

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.



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)

4.8 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.

4.9 Financial liabilities

Financial liabilities include trade accounts payable, payroll and social securities taxes payable, taxes payable, bonds and other indebtedness and CAMMESA financing and other various debts.

Financial liabilities are recognized initially at fair value and subsequently at cost using the effective interest method. Bonds and other indebtedness are recognized initially at fair value, net of costs incurred on the transaction. The costs incurred in obtaining loans are capitalized and depreciated over the life of the contract which originates them, using the method of the effective interest.

The amounts arising from the CAMMESA financing are registered as "other liabilities" in the balance sheet. The amounts resulting from the recognition of the variation in costs of the Secretariat of Energy and the ENRE through the Instrumental Agreement, up to the amounts received under the CAMMESA financing, are recognized as receivables and are compensated with the amounts recorded in "other liabilities" in the balance sheet pending formalization of the assignment of the receivables. The recognized gain is recorded as "Electric power transmission service, net income" and is exposed within the line of "net revenues" and "interest income generated by assets" of the statement of operations, according to their respective proportions.

Under the CAMMESA financing outstanding balances are cancelled through the mechanism established by the Instrumental Agreement.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

4.10 Employee benefits

The benefits considered are as follows: a) a bonus for years of seniority to be paid, which consists of paying one salary after 20 years of continued employment and for every 5 years up to 40 years; and b) a bonus for those workers who have credited years of service in order to obtain the Ordinary Pension. The amounts and conditions may vary according to each collective bargaining agreement and for those workers, who are not included in them.

Liabilities related to accumulated seniority plans and to benefits given to employees before mentioned have been determined contemplating all rights accrued by the beneficiaries of the plans until the end of the year ended December 31, 2012 and 2011 respectively, based on an actuarial study conducted by an independent professional as of December 31, 2012 and 2011. The carried out actuarial method used by the Company is the projected unit credit method. The present value of the defined benefits obligation is determined by discounting the estimate future cash flow using the interest rate that Company consider appropriate for this kind of obligations. The before mentioned concepts are exposed under non-current "Payroll and social securities taxes payable".



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)

Actuarial gains and losses arising from experience and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service expenses are recognized immediately in income/loss.

4.11 Income tax and Minimum Notional Income tax

(a) Income tax

Income tax charge for the year comprises current and deferred tax. Tax is recognized in the statement of operations, except when it is items that are recognized directly in the statement of other comprehensive income. In this case, the related income tax of such items is also recognized in that statement.

The current income tax charge is calculated on the basis of tax laws enacted or substantially enacted at the time of the balance sheet. Management assesses periodically the position taken in the tax declaration with respect to situations in which the tax laws are subject to interpretation. The Company, where appropriate, makes allowance on the amounts expected to be paid to the tax authorities.

The deferred tax is determined in its entirety, by the liability method, on temporary differences arising between the tax bases of assets and liabilities and their respective accounting values. The deferred tax is determined using tax rates (and legislation) that have been enacted at the balance sheet date and is expected to be applicable when the active deferred tax is carried out or passive deferred taxes be paid.

Deferred assets are only recognized to the extent that future tax benefits against which the temporary differences can be used occur.

Balances of deferred tax income assets and liabilities are compensated when there is enforceable legal right to compensate current tax assets with current tax liabilities and when deferred income tax assets and liabilities relate to the same tax authority already is the entity or different taxable entities in where there is intention to liquidate a net basis balances.

(b) Minimum Notional Income tax

The Company determines the minimum notional income tax by applying the existing rate of 1% on computable assets at each closing date. This tax is complementary to the income tax. The tax obligation of the Company coincides with the greatest of both taxes. However, if the minimum notional income tax exceeds a fiscal year income tax, the excess can be computed as payment on account of the income tax that might occur in any of the ten following fiscal years.

The minimum notional income tax credit exposed under other non-current receivables, is the portion that the Company considers may be compensated for by the income tax in excess of the tax to the minimum notional income tax to be generated within the next ten fiscal years.

4.12 Provisions

Provisions for labor, civil and litigation trials, income tax and right of way are recognized when the Company has a present legal obligation or assumed as a result of past events, is likely that the outflow of resources is required to pay the obligation and the amount can be estimated reliably. Provisions for future operating losses are not recognized.

When there are several similar obligations, the probability of required outflow of resources for its payment is determined considering the kind of obligation as a whole. A provision is recognized even though the probability of the outflow of resources with respect to any specific item included in the same class of obligations is very small.

Provisions are measured at the present value of the disbursements which are expected will be required to cancel the obligation using an interest rate before tax that reflects the current market conditions on the value of



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)

money and the risks specific to this obligation. The increase in the provision for the passage of time is recognized under financial results of the statement of comprehensive operations as an interest expense.

4.13 Assets and liabilities balances with related parties

Assets and liabilities with the owner of the parent and other related parties generated by several transactions have been valued in accordance with the conditions agreed as if they were made between unrelated parties.

Persons and companies covered by the Decree N° 677/01 and regulations of the National Securities Commission have been included as related parties.

4.14 Revenue recognition

Revenues include the consideration received or to receive services in the normal course of business and sets out net of penalties and rewards

The Company recognized revenues from sales when the related amounts can be estimated

The Company recognizes revenues from sales when the related amounts can be estimated reliably, when it is probable that future economic benefits will flow to the entity and the specific criteria for each of the activities described below have been met. The Management based their estimates on historical experience, taking into consideration the type of customer, the type of transaction and the specific characteristics of each agreement.

The operating revenue is derived principally from three sources: (i) electric power transmission service, net of penalties and awards, (ii) Fourth Line operation and maintenance net revenue and (iii) net other revenues. These sources consist in regulated revenues or non-regulated revenues and other revenues.

(i) *Electric power transmission service, net*

Electric power transmission service, net consists of tariffs paid to the Company by CAMMESA on a monthly basis for putting its transmission assets at the SADI's disposal. Net revenues by service of electric power transmission include (a) income for electricity transmission (by transmit electricity through high-voltage networks (in hereinafter referred to as "Networks"), (b) income by transmission capacity (to operate and maintain the transmission equipment comprising networks), (c) income per connection (for operating and maintaining the connection and transformation equipment, which allows the transfer of electricity from, to and from networks through), (d) reactive equipment revenues (consisting in a payment by reactive equipment made with synchronous compensators), (e) any adjustment by IVC (including the recognition of changes in costs incurred between June 2005 and November of 2010, according to Definitive Agreement and the Instrumental Agreement), (f) other regulated revenues and (g) awards, net of penalties.

Electricity transmission revenues, transmission capacity revenues, connection revenues and reactive equipment revenues are recognized as the services are provided. On the other hand and due to the uncertainty in the collection, IVC adjustment is recognized as income when the Company has certainty about its collection.

(ii) *Fourth Line operation and maintenance net revenue*

The Canon of the fourth line includes reimbursement of certain amounts paid during the period of payment of the fourth line, in compensation for the construction, operation and maintenance of the project of the fourth line. According to what is required by IFRS, the society has segregated the result of construction of the result of operation and maintenance. The result of construction has been recognized as of the date of the start up of the fourth line, while the result of operation and maintenance is recognized as this service is provided.

(iii) *Net other revenues*

The Company receives net other revenues from services provided to third-party with assets not included in networks. These net other revenues derive from (a) the construction and installation of structures and electrical equipment (b) operation and maintenance of the lines outside of the network, (c) the supervision of the expansion



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)

of the SADI, (d) the supervision of operations and maintenance of the independent transmitters, and (e) other services. Net other revenues and costs related to them, except the service referred to in (a) are recognized as a result to these services are provided. The revenues generated by the construction and installation of electrical equipment and assets are recognized accounted for according to the degree of progress of work.

Significant implicit financial components contained in the statements of operations have been properly segregated.

(iv) *Penalties and rewards*

The Concession Agreements establish a system of penalties that Transener and Transba may incur if defined parts of the Networks are not available to transmit electricity. Non-availability is divided into two types: scheduled and forced. Scheduled outages, which typically result from planned maintenance, incur a reduced penalty of 10% of the rate for forced outages described below.

Penalties for forced outages are proportional to the connection and capacity revenues for the equipment involved, taking into account the following considerations: (i) duration of the outage in hours; (ii) number of previous forced outages during such year; and (iii) increase in electricity costs caused by restrictions in the transmission system.

The penalties which Transener may be required to pay in respect of any calendar month cannot exceed 50% of Transener's non-consolidated monthly regulated revenue (as determined by dividing annual regulated revenue by twelve). It is the Company policy to establish a reasonable provision for penalties based on information regarding the duration of an outage and the Company best estimate of the penalty that will be imposed.

Interest accrues on penalties commencing on the 39th day after the last day of the month in which the event that resulted in the assessment of penalties occurred, until the date the penalty amount is withheld by CAMMESA from its payments of regulated revenue to us. This interest is calculated at a fluctuating daily rate published by Banco de la Nación Argentina and set in accordance with regulations issued by the Secretariat of Energy, and is the same rate applicable to all debts owed by WEM agents. Interest that accrues on penalties is accounted for by us as penalties (not as an interest expense) and such interest is included in the amount of the provision which the Company makes for any given penalty.

As set forth in the Instrumental Agreements, penalties related to service quality under the Transener Concession Agreement may be applied by UNIREN as of June 2005 to additional investments, provided that the Company has met its service quality goals every six months as established by the Transener Definitive Agreement.

CAMMESA is responsible for monitoring the availability of the Networks, recording all incidents of non-availability and deducting penalties from Transener revenues.

In accordance with the penalty system, as of the second tariff review in July 1998, the ENRE established, through resolution No. 1,319/98, a monthly rewards system as an incentive to improve the quality of service Transener provides. Rewards are determined after applying any monthly sanctions under the penalty system, and taking into account the level of service quality in the first Transener Tariff Period.

If Transener reaches the level of service quality established in the Transener Definitive Agreement for any given six-month period, Transener will receive an increase of approximately 50% over the current amount of rewards to be received for such period. The Transener Definitive Agreement provides that if service rates are above the average applicable rate of service quality during the period from 2000 to 2004, Transener is entitled to such increase.

It is the Company policy to establish a reasonable provision for rewards based on the information regarding the level of service quality during the fiscal 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)

(v) *Interests*

Interest income is recognized on the basis of the proportion of elapsed time, using the effective rate method. When the value of an account receivable is impaired, the Company reduces its book value to its recoverable amount, which is the cash flow future estimated discounted at the effective interest rate original of the instrument and continues by reversing the discount as income interest. The interests of loans or provisioned placements are recognized using the original effective rate of the instrument.

4.15 Changes related to the accounting policies under IFRS

(a) *New standards, modifications and interpretations mandatory for the fiscal year beginning on January 1, 2012 and adopted by the Company:*

There were no new standards, modifications and interpretations mandatory issued to be applied to fiscal years beginning on January 1, 2012 which could have a material impact on the Company.

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

The Company has adopted early the following IFRS or IFRS revisions:

- 1) Revised IAS 1 "Presentation of Financial Statements": applicable to fiscal years beginning on or after July 1, 2012
- 2) Revised IAS 19 "Employee Benefits": applicable to fiscal years beginning on or after January 1, 2013.
- 3) IFRS "Financial Instruments": applicable to fiscal years beginning on or after January 1, 2013.
- 4) IFRS 10 "Consolidated Financial Statements": applicable to fiscal years beginning on or after January 1, 2013

IAS 1 was amended in June 2011. The modification improves the consistency and clarity of the presentation of concepts within other comprehensive results. The main change involves the grouping of concepts corresponding to other comprehensive income in relation with its potential reclassification to results of the period at a later time.

IAS 19 was amended in June 2011. The main impact on the financial statements is as follows:

- a) the corridor method is removed and all the actuarial gains and losses are recognized in other comprehensive results, when they occur.
- b) all the costs of past services are recognized immediately in results.
- c) interest costs and expected returns on plan assets associated are replaced by a similar amount calculated from apply the discount rate of the defined benefit plan.

IFRS 9 was issued in November 2009 and amended in October 2010 and introduces new requirements for the classification, measurement and retirement of financial assets and liabilities.

It requires that all financial assets that are within the scope of IAS 39 "Financial instruments - recognition and measurement", are subsequently measured at amortized cost or at fair value. In this way, investments in debt are maintained within a business model that aims to collect future contractual cash flows, and the same are only payments of principal and interest on existing capital, they are measured at cost amortized at the end of the period. The remaining investments in debt or capital are measured at fair value at the end of the year.

The most significant effect of IFRS 9 in relation to the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of financial liabilities (designated as financial liabilities at fair value with changes in results) attributable to changes in the credit risk of that liability. In this way, the amount of the change in the fair value of the financial liability that is attributable to changes in the credit risk of that debt is recognized through other comprehensive results, unless the recognition of these changes in other comprehensive results create or increase an accounting mismatch.



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)

IFRS 10 was issued in May 2011, and determines a single normative basis for the consolidation of entities of the same economic group, irrespective of the nature in which it invests. That basis is the control, which includes three elements:

- a) power over the entity where the Company invests
- b) exposure or rights to variable returns of the entity where the Company invests
- c) ability to use the power mentioned in a) in order to affect investor returns.

The 10 IFRS replaces the conceptual parts of IAS 27 addressing mode and the opportunity that the investor must prepare their consolidated financial statements and entirely replaces the SIC-12 "Consolidation of special purpose entities".

(b) New standards, modifications and interpretations not mandatory for the fiscal year beginning on January 1, 2012 and not adopted by the Company:

The Company and its subsidiary not early adopted IFRS or revisions of IFRS detailed below, which were issued, but to date have not been adopted given that its application is not required at the end of the period ending 31 December, 2012:

- 1) IFRS12 "Disclosure of interests in other entities"
- 2) IFRS 13 "Fair value measurements": applicable to the exercises beginning on or after January 1, 2013.
- 3) NIC 32 "Financial instruments: presentation"

In May 2011, the IASB issued IFRS 12 "Disclosure of interests in other entities", applicable for periods beginning on or after January 1, 2013, allowing early application.

IFRS 12 applies to entities that hold interests in subsidiaries, joint arrangements, associates or unconsolidated structures. IFRS 12 establishes disclosure objectives that help users of financial statements to evaluate the nature and risks associated with investments in other entities.

Applying IFRS 12 will not impact the results of operations or financial condition of the Company, but only involve new disclosures about the Company's holdings in other entities.

IFRS 13 was issued in the month of May 2011 and determines a single structure of measurement of fair value when it is required by other standards. This IFRS applies to financial elements such as non-financial measured at fair value, meaning the same as the price that would be received to sell an asset or paid to transfer a liability in a transaction ordered between participants of the market, as of the date of measurement.

IFRS 13 will be adopted in the financial statements of the company for the annual period beginning January 1, 2013. While it is not possible to determine the impact of the potential of the aforementioned standard effect in a reasonable manner unless it is done in detailed analysis, likely that changes will not affect significantly the revelations and exhibitions in the financial statements of the company.

In December 2011, the IASB amended IAS 32 "Financial Instruments - Presentation", which is applicable for periods beginning on or after January 1, 2014, allowing early application.

The amendment alters IAS 32 application guidance in matters relating to the compensation of financial assets and liabilities.

The Company is currently assessing the impact of the amendments to IAS 32, however, the application of this will not impact the results of operations or financial condition of the Company, but only will imply new revelations.

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. Adoption of International Financial Reporting Standards

The National Securities Commission (CNV), through Resolutions Nos. 562/09 and 576/10 has established the application of Technical Pronouncement No. 26 of the Argentine Federation of Professional Councils in Economic Sciences (subsequently amended by Technical Pronouncement No. 29 of the Argentine Federation of Professional Councils in Economic Sciences), which has adopted International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) for those entities included in the public offering regime under Law No. 17,811, either for their capital or corporate bonds, or which have requested authorization to be included in that regime.

The application of these standards has been mandatory for the Company as from the fiscal year beginning on January 1, 2012. These are the first consolidated financial statements prepared in accordance with IFRS..

As a consequence of that, the date of transition to IFRS for the Company, according to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, has been January 1, 2011.

These consolidated financial statements corresponding to fiscal year ended December 31, 2012, have been prepared in accordance with the IFRS, including the IFRS 1 “First-time Adoption of International Financial Reporting Standards”.

In the past, the financial statements were prepared under Argentine professional accounting standards in force (NCP ARG). Those standards differ in certain aspects from the IFRS. For the preparation of these consolidated financial statements, the management has modified certain valuation and exposure policies previously applied under NCP ARG to fulfill with the IFRS. The main accounting policies are described below.

The comparative amounts and the corresponding ones to the transition date (January 1, 2011) have been modified to reflect the adjustments between NCP ARG and the IFRS. In Note 5.2. is a reconciliation between the equity corresponding to the consolidated financial statements issued under NCP ARG to the transition date of January 1, 2011 and the adoption date of December 31, 2011, and results and other comprehensive results for the year ended December 31, 2011, and the figures presented in accordance with IFRS in the consolidated financial statements, as well as the effects of the adjustments on cash flow.

5.1 Mandatory exceptions and optional exemptions to the application of IFRS

In the preparation of the mentioned financial statements according to IFRS 1, the following mandatory exceptions issued by the IASB have been considered:

- **Estimates**

Estimates as of January 1, 2011 under IFRS are consistent with the estimates made in accordance with Argentine GAAP.

- **Classification and measurement of financial assets**

Financial assets are classified and measured according to IFRS 9, which will be early adopted by the Company as of January 1, 2011. That standard presents two measurement categories: amortized cost and fair value, and was applied by the Company according to the events and circumstances in place as of the date of transition.

The remaining mandatory exceptions provided by IFRS 1 have not been applied since they are not relevant to the Company. These exceptions are as follows:

- Derecognition of financial assets and liabilities
- Assets classified as kept for sale and discontinued operations
- Hedge accounting
- Non-controlling interests

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)**

IFRS 1 allows certain optional exemptions to the retroactive application of IFRS, with the Company having applied the following:

- **Fair value or revalued amount as deemed cost**

Fixed assets (recorded as property, plant and equipment) have been valued as of the date of transition to IFRS, using the respective book values, in compliance with Argentine GAAP.

- **Benefit plans**

IFRS 1 provides an exemption from retroactive application of IAS 19 revised, “Retribution to employees” regarding the recognition of actuarial losses and gains. In line with this exemption, the Company has chosen to recognize all the existing accumulated actuarial losses and gains as of the date of transition, in relation to all the employees benefit plans reflected in the opening balance of the retained earnings.

The remaining optional exemptions which are not applicable in the Company are as follows:

- Insurance contracts
- Rental agreements
- Cumulative translation differences
- Investments in subsidiaries, jointly and associated controlled entities
- Subsidiaries’ assets and liabilities, associated entities and joint businesses
- Compound financial instruments
- Dismantling liabilities included in the cost of property, plant and equipment
- Designation of previously recognized financial instruments
- Fair value measurement of financial assets or financial liabilities in the initial recognition

5.2 Requiered Reconciliations

Reconciliation between IFRS and Argentine GAAP

According IFRS 1, the reconciliation of the shareholders’ equity under Argentine GAAP and that one detemined under IFRS as of December 31, 2011 and January 1, 2011, and the reconciliation of the results and other comprehensive results for the year ended December 31, 2011.

a) *Effects of the application of IFRS on shareholders’ equity as of January 1, 2011 and as of December 31, 2011*

IFRS foresees the use of alternative criteria for the measurement after the initial recognition of each kind of assets which are included in Property, Plant and Equipment. The entity should choose between the “cost model” and the “revaluation on cost”. The Company’s Management has decided to go on applying the “cost model” for all the assets included in Property, Plant and Equipment.

After considering the voluntary exemptions chosen for the initial adoption and the use of the “cost model” in order to assess Property, Plant and Equipment, the main differences identified between the Argentine GAAP and IFRS, and their impact on the Company’s equity as of January 1, 2011 and December 31, 2011, as well as on the net income corresponding to the fiscal year ended December 31, 2011, are as follows:

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)**

	Shareholders' equity as of January 1, 2011	Shareholders' equity as of December 31, 2011
Balances according to Argentine GAAP	1,082,483,823	1,014,205,287
IFRS Adjustments		
1. Change of method in depreciation of Property, Plant and Equipment	(274,635,635)	(275,187,007)
2. Segregation of Fourth Line's construction, operating and maintenance	(24,057,111)	(12,984,338)
3. Recognition of deferred tax on adjusted for inflation	(241,383,827)	(222,971,864)
4. Recognition of income in relation to defined benefit plans	(26,301,371)	(39,469,804)
5. Non controlling participaion's equity under IFRS	13,429,040	13,120,263
6. Effects of the described adjustments in deferred tax	113,747,942	114,674,402
Shareholders' equity under IFRS	643,282,861	591,386,939

b) Effects of the application of IFRS on other comprehensive income as of December 31, 2011

	Net income as of December 31, 2011
Balances according to Argentine GAAP	(68,278,536)
IFRS Adjustments	
1. Change of method in depreciation of Property, Plant and Equipment	(551,372)
2. Segregation of Fourth Line's construction, operating and maintenance	11,072,773
3. Recognition of deferred tax on adjusted for inflation	18,411,963
4. Recognition of income in relation to defined benefit plans	1,170,891
5. Non controlling participaion's equity under IFRS	(308,778)
6. Effects of the described adjustments in deferred tax	(4,303,248)
Transener S.A. net income under IFRS	(42,786,307)
Transener S.A.'s other comprehensive income under IFRS	(9,109,615)
Comprehensive income under IFRS	(51,895,922)

5.3 Explanation of the adjustments
1. Change of depreciation method for Property, Plant and Equipment

In accordance with Argentine GAAP, Transener S.A. and Transba S.A. apply technical depreciation method for certain assets related to the electricity transmission activity. Under IFRS, the straight-line method has been applied.

The effect on shareholders' equity is a loss of \$ 274,635,635 and \$ 275,187,007 as of January 1, 2011 and December 31, 2011, respectively.

2. Segregation of assets related to the fourth-line's construction, operating and maintenancet

In accordance with Argentine GAAP, costs and expenses directly related to the Fourth-Line project were recorded as "Other non-current assets", and were depreciated as a single item on a straight-line basis over a 15-year period, considering the period for collection of the construction, operating and maintenance fee. Similarly, CAMMESA paid to Transener all the advances established under the COM contract arising from the excess subsidiary account due to restrictions to the transportation capacity of the Comahue-Buenos Aires corridor. These funds have been recorded as "Customers' prepayments" under "Non-current accounts payable" and recognized in

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)**

income in a 15-year basis according to the period for collecting the fees. Additionally, under Argentine GAAP, this asset was considered as a non-financial asset, and as such subject to inflation accounting and exchanges rate differences were capitalized.

In accordance with IFRS,

- a) agreements including multiple elements (construction, operating and maintenance, etc), should be segregated and recorded separately based on the service provision. Consequently, the result of the construction has been segregated from the result of the operating and maintenance, thus recognizing the financial asset based on future cash flows to receive, associated to the fourth- line construction services;
- b) the effect of inflation accounting was reversed, as well as capitalised exchanges differences.

The effect on shareholders' equity is a loss of \$ 24,057,111 and \$ 12,984,338 as of January 1, 2011 and December 31, 2011, respectively.

3. Recognition of deferred tax liabilities for inflation adjustment

In accordance with Argentine GAAP, the Company considers inflation adjustment of property, plant and equipment and other non cash assets as permanent differences for purposes of determining deferred income taxes. Under IFRS, inflation adjustment is considered as a temporary difference generating a higher deferred tax liability.

The effect on shareholders' equity is a loss of \$ 241,383,827 and \$ 222,971,864 as of January 1, 2011 and December 31, 2011, respectively.

4. Recognition of results related to defined benefit plans

In accordance with Argentine GAAP, the Company does not recognize in the consolidated financial statements actuarial losses and gains as well as costs for past services which have not yet been amortized. Under IFRS, and considering that the Company has early adopted IAS 19 revised, the Company has recognized actuarial losses and gains not recorded as of the date of transition in comprehensive income; and costs for past services not amortized as of the date of transition in retained earnings.

The effect on shareholders' equity is a loss of \$ 26,301,371 and \$ 39,469,804 as of January 1, 2011 and December 31, 2011, respectively.

5. Adjustment effects on the Subsidiary

	January 1, 2011	December 31, 2011
1. Change of method in depreciation of Property, Plant and Equipment	(87,627,344)	(86,893,883)
2. Recognition of deferred tax on adjusted for inflation	(59,679,761)	(55,683,563)
3. Recognition of income in relation to defined benefit plans	(6,498,189)	(9,104,262)
4. Effects of the described adjustments in tax	32,943,936	33,599,350
Shareholders' equity under IFRS	(120,861,358)	(118,082,358)

The explanation for each adjustment is informed by each referenced note to the Transener S.A. adjustment.

6. Deferred income tax on IFRS conversion adjustment

It corresponds to the effect on the deferred income tax of the before mentioned adjustments to convert into IFRS.



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)

6. Financial risk and capital risk management

6.1 Financial risk factors

Financial risk management is part of the policies of the Company which focuses on the uncertainty of global financial markets and tries to minimize the potential adverse effects on its financial profitability.

Financial risk management is controlled by the Administration and Finance Office which identifies, evaluates, and covers financial risks through risk management policies.

(a) Markets risks

(i) Exchange rate risk

The exchange rate risk is the risk that the fair value or future cash flows of a financial instrument vary as a result of variations in the exchange rate of the peso in respect with a foreign currency. The Company receives most of their income in pesos in accordance with rates that are not indexed in relation to the US dollar, while a significant portion of its existing financial debt is denominated in US dollars, which exposes it to the risk of a loss arising from a devaluation of the peso. In addition, a significant portion of operating expenses is nominated in, or calculated by reference to, US dollars or other foreign currencies.

Currently the Company seeks to partially cover this risk becoming part of its surplus funds pesos to US dollars or other stable currency investing these funds out of the Argentina, as permitting regulations of the Central Bank of the Republic Argentina and holding currency forward contracts and maintain portfolio of assets denominated in foreign currency, but continues to experience considerable exposure to the US dollar.

For these reasons the risk of change derives basically from financial debts held in US dollars partially covered by funds invested in foreign currency.

As of December 31, 2012 and 2011, approximately 100% of the financial debt is nominated in US dollars. Also, funds invested in US dollars represent 32% and 92% of the total of cash and equivalents balance maintained by the Company at those dates.

If as of December 31, 2012, the peso has been revalued/devalued 10% in relation to the US dollar; with all other variables held constant, the loss after tax for the fiscal year ended on that date would have been \$ 49 million minor/major, mainly as a result of the profits/losses of the exchange of cash and cash equivalents and trade accounts payable to suppliers denominated in US dollars.

If as of December 31, 2011, the peso has been revalued/devalued 10% in relation to the US dollar; with all other variables held constant, the loss after tax for the fiscal year ended on that date would have been \$ 37 million minor/major, mainly as a result of the profits/losses of the exchange of cash and cash equivalents and trade accounts payable to suppliers denominated in US dollars.

(ii) Price risk

The Company is exposed to the risk of fluctuations in the prices of their investments maintained and classified in the balance sheet at fair value through profit and loss. The Company is not exposed in their income to the risk of the commodity prices. To manage their exposure to price risk arising from their investments, the Company diversifies its portfolio. Diversification of the portfolio is made according to limits and parameters pre-established by the Administration and Finance Department.

In addition, the Company is exposed to the risk of rising prices of inputs used in the ordinary course of its business. In particular, since the tariffs collected by the Company from its customers are regulated, is exposed to the risk of not being able translate to tariffs increases in its operating costs. To manage their exposure to this risk, the management has business practices targeted to the selection of most suitable providers to ensure that minimize the costs of purchase of inputs without resign the quality of them.



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)

(iii) Interest rate risks

The Company is not exposed to the risk of interest rate given that as of December 31, 2012 and 2011 approximately 100% of the financial and banking debt was agreed at a fixed interest rate.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as exposure to the credit of customers, which includes the outstanding accounts receivable balances and committed transactions. With regard to banks and financial institutions, it is accepted only to institutions whose independent risk ratings are "Investment grade". In the case of the non-regulated business customers, if there are no independent risks ratings the Company evaluates the credit quality of the customer, taking into account its financial position, past experience and other factors. As of December 31, 2012, the accounts receivable debts amounted to approximately \$ 33 million (2011: \$17 million). As of December 31, 2012, the financial statements included an estimate of \$0.4 million (2011: \$0.4 million).

In the case of the regulated business, credit concentration focuses mainly on the balances held with CAMMESA, and accordingly the answer to the credit risk in this business is not subject to decisions or internal credit assessments of the Company, but currently matured balances by revenue invoiced in this business are not registered.

In relation to the accounts receivable, the Company's credit portfolio is distributed mainly between the balances held with CAMMESA and other clients. The concentration of appropriations focuses mainly on the balances held with CAMMESA, representing 70% of the total portfolio of accounts receivable of the Company to December 31, 2012 (2011: 62%).

(c) Liquidity risk

The Administration and Finance Department oversees the cash flow projections updated with the object of ensuring the cash needed to meet operational needs while maintaining credit lines with sufficient margin to cover any financial shortfall. These projections, as well as habitual operating income and expenses, take into consideration plans for financing of capital investments of the Company, fulfillment of the obligations of trust contracts that govern the long term debts (covenants), regulatory and legal requirements, for example, rules issued by Central Bank of the Republic Argentina.

The Company's Finance Department invests surplus cash in fixed-term deposits, deposits in foreign currency funds, mutual funds and corporate and sovereign bonds, choosing instruments with maturities suitable or sufficient liquidity to give sufficient margin as determined in the above projections. As of December 31, 2012 the Company remained cash and cash equivalents by \$130 million that is expected to generate immediate cash inflows for the liquidity risk management (2011; \$134 million).

The table below analyses the financial liabilities on a net basis grouped on the basis of the period remaining to the date of the balance sheet until the date of its expiry, on nominal without discounted basis.

As of December 31, 2012	Matured	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years
Bonds and other indebtedness	0	19,194,398	65,242,188	93,043,146	611,253,798
Accounts payable	0	80,332,576	0	0	0
Tax payable	0	14,870,560	0	0	0
Payroll and social securities taxes payable	0	85,482,070	0	0	0
Other liabilities	0	2,254,203	0	0	0

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)

6.2 The risk of capital management

The objectives of the Company to manage capital are to safeguard the ability of the Company to continue as a going concern for the purpose of generating returns to its shareholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce its debt.

Consistent with the industry, the Company monitors its capital on the basis of the ratio of leverage. This ratio is calculated by dividing net debt between the total capital. Net debt corresponds to the total of the debt (including current and non-current indebtedness) less cash and cash equivalents. The total capital corresponds to the equity as it is in the Balance Sheets more net debt.

The leverage ratio on December 31, 2012 and 2011 and the date of transition to IFRS are as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
Total Bonds and other indebtedness	760,932,572	665,410,535
Less: Cash and cash equivalents	<u>(130,130,229)</u>	<u>(134,436,549)</u>
Net debt	630,802,343	530,973,986
Total Equity	<u>512,956,634</u>	<u>618,768,196</u>
Total capital	<u>1,143,758,977</u>	<u>1,149,742,182</u>
Leverage ratio	<u>55%</u>	<u>46%</u>

6.3 Financial instruments by category and level fair value hierarchy

For financial instruments accounting policies have been applied to the items as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
Financial assets		
Cash and cash equivalents at fair value	123,008,546	107,999,064
Investments	1,960,344	3,530,321
Trade account receivables	205,463,103	140,964,879
Other receivables	69,206,248	97,148,818
Cash and cash equivalents	<u>7,121,683</u>	<u>26,437,485</u>
Total	<u>406,759,924</u>	<u>376,080,567</u>
Financial Liabilities		
Bonds and other indebtedness	760,932,572	665,410,535
Trade accounts payable	61,423,693	31,518,260
Taxes payable	14,870,560	20,015,125
Payroll and social securities taxes payable	85,482,070	57,368,887
Other liabilities	<u>2,254,203</u>	<u>2,100,650</u>
Total	<u>924,963,098</u>	<u>776,413,457</u>



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)

As of December 31, 2012 and 2011, a significant percentage of the accounts receivable and other credits do not have credit rating. The balances of cash and cash equivalents are held in banks and financial institutions whose independent risk ratings are "investment grade".

The Company categorizes each of the classes of financial instruments valued at fair value in the Balance Sheet using a hierarchy of fair value which has three levels, depending on the relevance of the variables used to carry out the measurements.

Level 1 includes financial assets and liabilities whose fair values are determined with reference to quote prices (unadjusted) in active markets for identical liabilities and assets. Level 2 includes financial assets and liabilities whose fair value is estimated using variables other than quote prices included in level 1 that are observable for assets and liabilities, either directly (for example, prices) or indirectly (for example, derivatives prices). Level 3 includes financial instruments for which the variables used in the estimation of the fair value are not based on observable market data.

Description	Measurement at fair value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Cash and cash equivalents	123,008,546	0	0	123,008,546
Total Assets	123,008,546	0	0	123,008,546

Description	Measurement at fair value as of January 1, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Cash and cash equivalents	107,999,064	0	0	107,999,064
Total Assets	107,999,064	0	0	107,999,064

There were no relevant transfers between levels 1 and 2 of the fair value hierarchy.

The estimated fair value of a financial instrument is the value to which this instrument can be exchanged in the market among interested parties, different from the value that can arise in a sale or forced liquidation. For the purpose of estimating the fair value of financial assets and liabilities, the Company uses quote prices in the market.

In connection with financial debt, since mostly fixed rates taken are close to market rates, the fair value of the financial debt is approaching its value in books and is not exposed separately.

7. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates. It also requires management to exercise its judgment of value in the process of applying the Company's accounting policies. Areas that require a greater degree of judgment and complexity, or areas where assumptions and estimates are significant to the financial statements are described in Notes 4.6 and 4.14.

8. 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:



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)

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 years ended December 31, 2012 and 2011 is as follows:

	Main activity \$	Other segments \$	Total \$
Fiscal year ended December 31, 2012			
Net revenues	372,184,777	156,683,882	528,868,659
Operating results	(191,352,790)	43,979,904	(147,372,886)
Total assets	1,583,275,765	69,781,946	1,653,057,711
Total liabilities	1,116,442,241	23,658,836	1,140,101,077
Acquisition of property, plant and equipment	76,285,270	0	76,285,270
Property, plant and equipment depreciation	76,592,686	0	76,592,686
Fiscal year ended December 31, 2011			
Net revenues	334,874,842	188,048,060	522,922,902
Operating results	(131,038,909)	95,472,732	(35,566,177)
Total assets	1,582,705,737	53,909,862	1,636,615,599
Total liabilities	1,002,248,359	15,599,044	1,017,847,403
Acquisition of property, plant and equipment	53,705,222	0	53,705,222
Property, plant and equipment depreciation	77,702,204	0	77,702,204

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.

9. Net Revenues

	Fiscal year ended	
	31.12.2012	31.12.2011
Net Regulated Revenue	357,858,570	323,333,205
Net Fourth Line revenue	14,326,207	11,541,637
Net Other Revenue	156,683,882	188,048,060
Net Revenues	<u>528,868,659</u>	<u>522,922,902</u>



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

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

10. Expenses by Nature

Items	Fiscal year ended December 31, 2012			Fiscal year ended December 31, 2011		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	376,657,169	307,729,082	68,928,087	306,672,981	257,589,420	49,083,561
Other personnel costs	7,706,255	5,769,030	1,937,225	7,561,166	5,801,065	1,760,101
Fees for operating services	9,584,250	9,584,250	0	6,012,527	6,012,527	0
Professional fees	11,172,613	3,514,312	7,658,301	9,929,639	4,689,230	5,240,409
Equipment maintenance	6,318,939	6,318,939	0	4,546,673	4,546,673	0
Work for third-party materials	36,829,705	36,829,705	0	28,713,704	28,713,704	0
Fuel and lubricants	9,265,940	8,804,608	461,332	6,767,134	6,396,250	370,884
General Maintenance	32,242,113	31,284,899	957,214	25,226,720	24,558,913	667,807
Electricity	2,128,061	2,047,671	80,390	1,956,368	1,859,939	96,429
Depreciation of property, plant and equipment	76,592,686	68,929,824	7,662,862	77,702,204	69,932,252	7,769,952
Administration expenses related to WEM	768,261	768,261	0	670,941	670,941	0
Regulatory fees	1,987,175	1,987,175	0	1,641,109	1,641,109	0
ATEERA membership fees	459,982	0	459,982	436,983	0	436,983
Communications	3,878,475	3,393,052	485,423	3,301,349	3,017,615	283,734
Transportation	4,611,547	4,532,618	78,929	4,062,783	4,049,344	13,439
Insurance	25,182,565	705,187	24,477,378	21,854,370	608,440	21,245,930
Rents	7,235,734	4,030,720	3,205,014	5,347,261	2,827,806	2,519,455
Travel and lodging expenses	22,499,379	21,666,493	832,886	18,621,504	17,666,121	955,383
Stationary and printing	4,779,565	1,128,220	3,651,345	2,757,292	618,402	2,138,890
Taxes and government contributions	4,801,593	4,113,459	688,134	4,061,866	2,389,456	1,672,410
Directors and syndics	3,694,214	0	3,694,214	3,491,391	0	3,491,391
Security	12,623,721	12,604,535	19,186	11,031,136	11,020,021	11,115
Office and substation cleaning	8,351,204	7,774,036	577,168	6,498,594	6,035,300	463,294
Electroduct maintenance	5,459,363	5,459,363	0	3,918,404	3,918,404	0
Provisions	466,322	466,322	0	(14,747,649)	(14,747,649)	0
Others	10,065,757	6,716,504	3,349,253	10,421,376	6,215,439	4,205,937
TOTAL	685,362,588	556,158,265	129,204,323	558,457,826	456,030,722	102,427,104



11. Financial Results Net

	Fiscal year	
	31.12.2012	31.12.2011
Financial Income		
Interests	161,205,698	110,204,468
Total financial income	161,205,698	110,204,468
Financial Costs		
Interests generated by loans	(100,198,168)	(88,710,454)
Total financial costs	(100,198,168)	(88,710,454)
Other financial results		
Foreign exchange	(74,605,908)	(34,329,182)
Result from receivables measured at fair value	0	7,408,633
Holding results on financial assets	6,392,142	0
(Loss) Gain from repurchase of notes	0	1,760,882
Result from liabilities measured at fair value	(818,147)	(2,424,973)
Total Other financial results	(69,031,913)	(27,584,640)
Total Other financial results, net	(8,024,383)	(6,090,626)

12. Income tax and Deferred income tax

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

Deferred Tax Assets

	Tax loss carryforward	Investments	Accounts receivable	Employee benefits payable	Provisions	Other assets	Total
As of January 1, 2012	5,502,354	10,336,478	142,195	24,294,297	6,852,100	14,358,193	61,485,617
Charged to the income statement	31,777,713	1,832,640	0	5,993,165	1,305,478	(4,834,131)	36,074,865
Charged to other comprehensive income	0	0	0	156,460	0	0	156,460
As of December 31, 2012	37,280,067	12,169,118	142,195	30,443,922	8,157,578	9,524,062	97,716,942
As of January 1, 2011	0	1,399,883	142,195	16,286,047	9,167,271	19,192,323	46,187,719
Charged to the income statement	5,502,354	8,936,595	0	2,989,487	(2,315,171)	(4,834,130)	10,279,135
Charged to other comprehensive income	0	0	0	5,018,763	0	0	5,018,763
As of December 31, 2011	5,502,354	10,336,478	142,195	24,294,297	6,852,100	14,358,193	61,485,617

Deferred Tax Liabilities

	Property, plant and equipment	Other receivables	Bonds and other indebtedness	Total
As of January 1, 2012	156,680,698	29,455,245	9,305,898	195,441,841
Charged to the income statement	(11,616,411)	(9,601,137)	424,437	(20,793,111)
Charged to other comprehensive income	0	0	0	0
As of December 31, 2012	145,064,287	19,854,108	9,730,335	174,648,730
As of January 1, 2011	169,404,020	37,181,882	1,812,343	208,398,245
Charged to the income statement	(12,723,322)	(7,726,637)	7,493,555	(12,956,404)
Charged to other comprehensive income	0	0	0	0
As of December 31, 2011	156,680,698	29,455,245	9,305,898	195,441,841

Deferred Tax Liabilities as of December 31, 2012 and 2011 amounts to \$76,931,788 and \$ 133,956,224, respectively.



Deferred assets and liabilities to be recovered in more than 12 months and within 12 months are as follows:

	<u>31.12.2012</u>
Deferred Tax Assets	
Deferred Tax Assets to be recovered in more than 12 months	92,882,811
Deferred Tax Assets to be recovered within 12 months	<u>4,834,131</u>
	<u>97,716,942</u>
Deferred Tax Liabilities	
Deferred Tax Liabilities to be recovered in more than 12 months	151,693,408
Deferred Tax Liabilities to be recovered within 12 months	<u>22,955,322</u>
	<u>174,648,730</u>

The income tax charge for the period is as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
Deferred tax	<u>(56,867,976)</u>	<u>(23,235,539)</u>
Income tax	<u>(56,867,976)</u>	<u>(23,235,539)</u>

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.

	<u>31.12.2012</u>	<u>31.12.2011</u>
Net loss before income taxes	(162,388,970)	(67,687,059)
Tax rate in force	35%	35%
Loss at the tax rate	<u>(56,836,140)</u>	<u>(23,690,471)</u>
Taxable effects by:		
- Other non taxable and/or non deductible	<u>(31,836)</u>	<u>454,932</u>
Income tax	<u>(56,867,976)</u>	<u>(23,235,539)</u>

The tax charge related to other components of other comprehensive income is as follows:

	<u>Before taxes</u>	<u>Taxes</u>	<u>After taxes</u>
Fiscal year ended December 31, 2012			
Actuarial losses in retirement benefits obligations	<u>(447,028)</u>	156,460	<u>(290,568)</u>
Other comprehensive income	<u>(447,028)</u>	156,460	<u>(290,568)</u>
Current Tax		0	
Deferred tax		<u>156,460</u>	
		<u>156,460</u>	
Fiscal year ended December 31, 2011			
Actuarial losses in retirement benefits obligations	<u>(14,339,324)</u>	5,018,763	<u>(9,320,561)</u>
Other comprehensive income	<u>(14,339,324)</u>	5,018,763	<u>(9,320,561)</u>
Current Tax		0	
Deferred tax		<u>5,018,763</u>	
		<u>5,018,763</u>	



13. Property, plant and equipment

Principal account	Original Value				At the end of the year
	At the beginning of the year	Additions	Deductions	Reclasifications	
Land	3,864,279	0	0	0	3,864,279
Vehicles	34,868,943	4,934,666	(32,278)	2,871,368	42,642,699
Air and heavy equipment	22,973,248	139,195	0	59,655	23,172,098
Furniture and fixtures	6,689,736	171,493	0	37,830	6,899,059
Information systems	16,847,387	949,858	0	409,699	18,206,944
Transmission lines	908,081,932	0	0	6,154,479	914,236,411
Substations and related works	888,988,495	4,689,170	0	17,954,217	911,631,882
Building and civil works	82,344,583	0	0	1,513,098	83,857,681
Labs and maintenance	8,455,814	1,472,993	0	0	9,928,807
Communication equipment	104,322,439	263,063	0	1,195,685	105,781,187
Miscellaneous	15,328,986	924,549	0	89,623	16,343,158
Work in progress	141,362,149	47,757,510	0	3,438,949	192,558,608
Spare parts	68,763,201	6,919,341	(2,922,052)	(16,443,323)	56,317,167
Advances to suppliers	20,011,384	8,063,432	(8,132,021)	(17,281,280)	2,661,515
Total 31.12.2012	2,322,902,576	76,285,270	(11,086,351)	0	2,388,101,495
Total 31.12.2011	2,278,025,509	53,705,222	(8,828,155)	0	2,322,902,576

Principal account	Depreciation				Net carrying value
	At the beginning of the year	Deductions	Reclasifications	At the end of the year	
Land	0	0	0	0	3,864,279
Vehicles	(29,493,080)	32,278	(2,940,968)	(32,401,770)	10,240,929
Air and heavy equipment	(6,569,734)	0	(936,977)	(7,506,711)	15,665,387
Furniture and fixtures	(4,646,784)	0	(375,959)	(5,022,743)	1,876,316
Information systems	(15,758,377)	0	(900,371)	(16,658,748)	1,548,196
Transmission lines	(534,600,694)	0	(33,033,658)	(567,634,352)	346,602,059
Substations and related works	(441,306,672)	0	(2,897,655)	(470,283,223)	441,348,659
Building and civil works	(30,632,208)	0	(2,246,704)	(32,878,912)	50,978,769
Labs and maintenance	(4,453,225)	0	(623,088)	(5,076,313)	4,852,494
Communication equipment	(510,56,813)	0	(5,713,753)	(56,770,566)	49,010,621
Miscellaneous	(14,359,279)	0	(844,657)	(15,203,936)	1,139,222
Work in progress	0	0	0	0	192,558,608
Spare parts	0	0	0	0	56,317,167
Advances to suppliers	0	0	0	0	2,661,515
Total 31.12.2012	(1,132,876,866)	32,278	(76,592,686)	(1,209,437,274)	1,178,664,221
Total 31.12.2011	(1,060,644,477)	5,469,815	(77,702,204)	(1,132,876,866)	1,190,025,710

The depreciation charge has been included in operating and administrative expenses as detailed in Note 10.

During the years ended December 31, 2012 and 2011, the Company has not capitalized interest costs.



14. Other receivables

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Non-Current			
Financial Credit - Fourth Line	34,139,791	59,816,023	82,476,128
Minimum Notional Income Tax Credit	39,594,600	46,193,701	35,291,595
Stock Ownership Program	<u>5,329,430</u>	<u>5,329,430</u>	<u>5,027,080</u>
Total	<u><u>79,063,821</u></u>	<u><u>111,339,154</u></u>	<u><u>122,794,803</u></u>
	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Current			
Financial Credit - Fourth Line	27,492,043	27,492,043	27,492,043
Prepaid expenses	16,766,109	13,579,895	11,540,296
Guarantees received	6,352,997	0	0
Advances to suppliers	4,919,860	5,704,133	5,542,620
Stock Ownership Program - Dividends receivable	778,780	778,780	0
Loans to employees	722,926	1,557,283	972,039
Judicial seizure	626,274	2,064,402	221,402
Stock Ownership Program - Reduction of capital	0	0	6,625,000
Tax credits	0	5,031,593	0
Others	<u>117,004</u>	<u>110,857</u>	<u>105,368</u>
Total	<u><u>57,775,993</u></u>	<u><u>56,318,986</u></u>	<u><u>52,498,768</u></u>

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

As of December 31, 2012, the current other credits unexpired amounted to \$ 57,775,993 (2011: \$ 56,318,986).

As of December 31, 2012 and 2011, there are no other credits expired.

The book value of other credits is denominated in Pesos.

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Pesos	<u>136,839,814</u>	<u>167,658,140</u>	<u>175,293,571</u>
	<u><u>136,839,814</u></u>	<u><u>167,658,140</u></u>	<u><u>175,293,571</u></u>

15. Trade account Receivables

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
CAMMESA	144,673,976	91,364,118	79,036,010
Other services	20,790,433	19,668,683	26,504,909
Other related parties (Note 21)	40,465,191	30,338,350	16,198,775
Previsión por desvalorización de cuentas a cobrar	<u>(466,497)</u>	<u>(406,272)</u>	<u>(406,272)</u>
Total	<u><u>205,463,103</u></u>	<u><u>140,964,879</u></u>	<u><u>121,333,422</u></u>

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

As of December 31, 2012, accounts receivables unexpired amount to \$ 190,292,960 (2011: \$ 123,420,235).



As of December 31, 2012, accounts receivables from customers amounting to \$ 15,170,143 (2011: \$ 17,544,644) were past due but not devalued. These balances correspond to a number of clients on which there is no history of default. The aging analysis of these accounts is as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Less than 3 months	11,494,242	8,475,348	9,588,593
Between 3 and 6 months	211,091	71,589	927,053
Between 6 months and 1 year	3,464,810	8,997,707	4,993,316
	<u>15,170,143</u>	<u>17,544,644</u>	<u>15,508,962</u>

The book value of accounts receivables is denominated in Pesos.

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Pesos	205,463,103	140,964,879	121,333,422
	<u>205,463,103</u>	<u>140,964,879</u>	<u>121,333,422</u>

16. Cash and cash equivalents

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Cash in local currency	894,991	1,759,491	764,842
Cash in foreign currency	67,925	88,314	83,695
Banks in local currency	2,334,236	1,558,540	2,441,864
Banks in foreign currency	3,824,531	23,031,140	64,662,423
Mutual funds	85,656,724	6,519,727	20,178,849
Bonds	0	35,797,868	0
Highly liquid investments	37,351,822	65,681,469	0
Financial investments	0	0	16,658,705
Cash and cash equivalents	<u>130,130,229</u>	<u>134,436,549</u>	<u>104,790,378</u>
Current accounts overdrafts (Note 15)	0	(243,527)	(43,480,861)
Cash and cash equivalents, net	<u>130,130,229</u>	<u>134,193,022</u>	<u>61,309,517</u>

The book value amount of cash and cash equivalents are known in the following currencies:

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
US Dolar	41,244,278	124,594,243	64,741,345
Pesos	88,885,951	9,837,758	40,044,260
Reales	0	4,548	4,773
Total	<u>130,130,229</u>	<u>134,436,549</u>	<u>104,790,378</u>



17. Debt and other indebtedness

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Non-current bonds and other indebtedness			
Nordic Investment Bank (NIB)	23,975,250	20,982,000	19,383,000
Corporate Bonds 2016 (1)	195,726,564	228,387,456	510,497,236
Corporate Bonds 2021 (2)	484,595,130	424,094,640	0
Costs related to the refinancing and issuance of Corporate Bonds 2021	(25,197,005)	(23,541,604)	0
Par Notes	0	0	9,781,086
Net present value adjustment to NIB and Par Notes	(2,603,953)	(3,046,677)	(5,169,623)
Total Non-current	<u>676,495,986</u>	<u>646,875,815</u>	<u>534,491,699</u>
Current bonds and other indebtedness			
Nordic Investment Bank (NIB)	53,278	46,627	43,074
Corporate Bonds 2016 (1)	66,271,565	900,862	2,014,166
Corporate Bonds 2021 (2)	18,111,743	17,343,704	0
Current accounts overdrafts	0	243,527	43,480,861
Banco Nación Argentina	0	0	6,708,060
Par Notes	0	0	328,117
Net present value adjustment to NIB and Par Notes	0	0	(8,501)
Total Current	<u>84,436,586</u>	<u>18,534,720</u>	<u>52,565,777</u>

- (1) The balances as of January 1, 2011 includes notes purchase by Transba S.A. for an amount of \$16.238.918 and is net of \$ 75.446.802 corresponding to the notes portfolio.
- (2) The balances as of December 31, 2012 and 2011 are net of \$10.203.621 and \$8.960.031 corresponding to the own notes portfolio, respectively.

The structure of indebtedness of the Company is described in Note 24

The maturities of the debt and other indebtedness under contractual dates are as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
		Fixed rate	
To be matured in 6 months or less	19,194,398	18,534,720	8,736,164
To be matured from 6 to 12 months	65,242,188	0	43,838,114
To be matured from 1 to 5 years	195,726,564	57,096,864	539,661,322
More than 5 years	508,570,380	616,367,232	0
	<u>788,733,530</u>	<u>691,998,816</u>	<u>592,235,600</u>

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

The book value amount of debt and other indebtedness is denominated in the following currencies:

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
US Dolar	788,733,530	691,755,289	542,046,679
Pesos	0	243,527	50,188,921
Total	<u>788,733,530</u>	<u>691,998,816</u>	<u>592,235,600</u>



18. Employee benefit expense

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

	<u>31.12.2012</u>	<u>31.12.2011</u>
Charges to Results		
Services Cost	4,689,760	9,014,778
Interest Cost	<u>19,245,199</u>	<u>9,991,479</u>
Total	<u><u>23,934,959</u></u>	<u><u>19,006,257</u></u>

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

Benefits Obligations at the beginning of the year	69,412,278	46,531,562
Services Cost	4,689,760	9,014,778
Interest Cost	19,245,199	9,991,479
Actuarial losses	447,026	14,339,324
Payments of benefits	<u>(6,811,630)</u>	<u>(10,464,865)</u>
Benefits Obligations at the end of the year	<u><u>86,982,633</u></u>	<u><u>69,412,278</u></u>

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

Discount rate	32.50%	29.32%
Current interest rate	6.00%	6.00%
Salary growth rate	2%	1%

19. Accounts payable

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Non-Current			
Billings in advance	<u>4,749,953</u>	<u>5,120,460</u>	<u>5,490,966</u>
Total	<u><u>4,749,953</u></u>	<u><u>5,120,460</u></u>	<u><u>5,490,966</u></u>
Current			
Suppliers	61,400,720	31,518,260	26,326,306
Billings in advance	18,908,883	10,478,584	18,172,500
Other related parties (Note 21)	<u>22,973</u>	<u>0</u>	<u>477,091</u>
Total	<u><u>80,332,576</u></u>	<u><u>41,996,844</u></u>	<u><u>44,975,897</u></u>

Maturities of the accounts payable according to the contractual date is as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
To be matured in 6 months or less	80,332,576	41,996,844	44,975,897
To be matured from 6 to 12 months	0	0	0
To be matured from 1 to 5 years	<u>4,749,953</u>	<u>5,120,460</u>	<u>5,490,966</u>
Total	<u><u>85,082,529</u></u>	<u><u>47,117,304</u></u>	<u><u>50,466,863</u></u>

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



The book value amount of the loan is denominated in the following currencies:

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
US Dolar	15,063,024	806,041	10,127
Pesos	70,019,505	46,311,263	50,456,736
Total	<u>85,082,529</u>	<u>47,117,304</u>	<u>50,466,863</u>

20. Contingencies, commitments and restrictions on the distribution of profits

Limitation to the transfer of Transener and Transba shares

Transener's by-laws prohibit the holder of Class A shares (Citelec S.A.) modify their participation and sell their shares without prior approval of the ENRE, or failing that of who replaces it. Transener may not modify or sell its interest in Transba without permission of that entity.

Under the concession agreements, Citelec S.A. with respect to Transener and Transener with respect to Transba, have constituted a pledge in favour of the Argentine government as a guarantee for the execution of the obligations assumed under such agreements. Citelec S.A. and Transener S.A. must increase the guarantee in the event of newly issued Class A shares as a result of capital contributions and/or capitalization of profits or inflation adjustment balances and eventual successive transfers of the majority package of Class A shares are transferred with inventory assessment.

Additionally, the Company's by-laws prohibit Class A shares to be pledged or granted as a guarantee, except for the exceptions stated in the concession agreements.

Restrictions on distribution of profits

The distribution of the earnings obtained by the Company is subject to the following restrictions:

In accordance with the Argentine Corporations Law, the Company's by-laws and resolution No. 368/01 of the CNV, not less than 5% of the net and realized profit for the year must be appropriated by resolution of shareholders to a legal reserve until such reserve equals 20% of the Company's outstanding capital.

The Terms and Conditions of the outstanding Bonds that have not been restructured establish that neither Transener nor any subsidiary can make any restricted payment unless, after making said payment, default has not occurred or continues to exist. Restricted payment means (i) a dividend or other distribution for corporate stock of the Company (with the exception of dividends paid only in shares of its corporate capital, as distinguished from preferred shares that can be redeemed in a mandatory manner) or (ii) an advanced payment for the purchase, redemption, repayment or acquisition of (a) shares in the Company's corporate capital, or (b) an option, purchase right, or any right to acquire shares in the Company's corporate capital (but without including capital payments, premiums –should there be any- or interest accrued according to the terms of convertible debt before the conversion).

The restrictions resulting from the restructuring and refinancing of the outstanding financial debt mentioned in Note 24.

Restrictions on distribution of dividends

The Company could only distribute dividends from retained earnings as the result from the Company's consolidated financial statements prepared in accordance with Argentine accounting standards in force and the regulations of the CNV. As of December 31, 2011, the negative retained earnings exposed in the financial statements under Argentine accounting standards and CNV regulations amounts to \$473,948,493.



21. 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:

a) Purchase and sales of assets and services

Companies Law No. 19,550 – Sect. 33

	<u>31.12.2012</u>	<u>31.12.2011</u>
Sales of assets and services rendered to Energía Argentina S.A.	82,000	1,842,280
Fees for operating services		
*Energía Argentina S.A.	2,396,063	1,503,132
*Grupo Eling S.A.	2,396,063	1,503,132
*Pampa Energía S.A.	4,792,125	0
Interest generated by assets (Citelec S.A.)	745,253	329,709

Other related parties

Sales of assets and services rendered to Yacylec S.A.	4,899,102	4,824,279
Sales of assets and services rendered to Litsa S.A.	1,044,420	981,920
Sales of assets and services rendered to Edenor S.A.	695,000	0
Sales of assets and services rendered to Central Piedra Buena S.A.	214,180	140,805
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	264,000	367,274
Sales of assets and services rendered to Integración Eléctrica Sur Argentina S.A.	29,311,204	41,212,583
Sales of assets and services rendered to Empresa Distribuidora de Energía Norte S.A.	15,643,409	10,585,782
Sales of assets and services rendered to C.T.Loma de la Lata S.A.	1,024,242	836,659
Fees for operating services		
*Pampa Generación S.A.	0	3,006,264

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

	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>01.01.2011</u>
Companies Law No. 19,550 - Sect. 33			
Assets			
Trade account receivables			
Energía Argentina S.A.	105,594	6,292	40,656
Total	<u>105,594</u>	<u>6,292</u>	<u>40,656</u>
Financial assets at amortized cost			
Loan Cíelco S.A.	1,960,344	3,530,321	2,806,015
Total	<u>1,960,344</u>	<u>3,530,321</u>	<u>2,806,015</u>
Liabilities			
Trade accounts payable			
Pampa Energía S.A.	22,973	0	0
Total	<u>22,973</u>	<u>0</u>	<u>0</u>
Provisions			
Grupo Eling S.A.	1,014,245	0	0
Energía Argentina S.A.	507,122	797,899	679,437
Pampa Energía S.A.	507,122	1,151,376	680,996
Total	<u>2,028,489</u>	<u>1,949,275</u>	<u>1,360,433</u>
Related parties			
Assets			
Cash and cash equivalents			
O.N. TGS 2017	0	15,308,149	0
Total	<u>0</u>	<u>15,308,149</u>	<u>0</u>
Trade account receivables			
Yacylec S.A.	732,319	796,802	855,472
Integración Eléctrica Sur Argentina S.A. (*)	33,325,807	28,332,476	14,659,023
Litsa S.A.	178,174	68,233	109,478
CT. Loma de la Lata S.A.	102,355	83,179	77,440
Transportadora de Gas del Sur S.A.	660	660	0
Edenor S.A.	26,015	0	0
Eden S.A.	5,994,267	1,050,708	456,706
Total	<u>40,359,597</u>	<u>30,332,058</u>	<u>16,158,119</u>

(*) On October 23, 2012 the Board of Directors approved the celebration of an agreement in order to refinance the debt that Integración Eléctrica Sur Argentina S.A. maintains with the Company.

Trade accounts payable			
Litsa S.A.	0	0	477,091
Total	<u>0</u>	<u>0</u>	<u>477,091</u>
Provisions			
Pampa Generación S.A.	0	1,590,264	1,348,966
Total	<u>0</u>	<u>1,590,264</u>	<u>1,348,966</u>
Bonds and other indebtedness			
Edenor S.A. ON 2016	0	0	17,643,239
Pampa Inversiones S.A. ON 2016	0	0	4,390,851
Total	<u>0</u>	<u>0</u>	<u>22,034,090</u>



22. 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. No loan has been assigned to the mentioned subsidiary during fiscal year 2012.

As of December 31, 2011, 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.

On March 25, 2012, the Board of Directors approved to discontinue Transener Internacional Ltda.'s operation and maintenance contracts. Due to this reason, the results related to the operation of the subsidiary are exposed as discontinued operations.

23. Fourth Line of the Comahue-Buenos Aires electricity transmission system

On October 27, 1997, Transener obtained the exclusive license to construct, maintain and operate the fourth line of the Comahue-Buenos Aires electricity transmission system pursuant to a contract entered into with the *Grupo de Generadores de Energía Eléctrica del Area del Comahue* (the "COM Contract"). The project involved the construction of approximately 1,300 km of 500kV electricity lines, the installation of approximately 2,550 high-tension towers and the expansion of 5 substations. The COM Contract was approved by ENRE in November 1997 and established a construction period of 23 months from that date.

The COM Contract establishes a fee to be paid to the Company in monthly equal and consecutive installments over 15 years, which started from the commissioning of the work, on December 20, 1999.

In addition, Transener S.A. has received all pre-payments as established in the COM Contract, arising from the surplus sub-account due to restrictions of the transmission capacity of the Comahue-Buenos Aires corridor, which constitute part of the remuneration of Transener S.A. These funds have been recognized as Customers' prepayments, under "Non-current accounts payable" and are recognized as net revenues on the basis of the 15 year agreement with the collection period of the canon.

Due to the pesification of the fee, stated by Law No. 25,561, the Company has requested the ENRE that in its character of Consignor of the Contract, it re-determines the canon. Due to the fact that said petition was never resolved by the ENRE, in November 2006 the Company filed an appeal before the Federal Court of Appeals. It is important to highlight that through Resolution ENRE No. 428/02 and its amendments, the mentioned fee denominated in pesos is adjusted monthly by the CER index (the reference stabilization coefficient).

On October 29, 2007, the ENRE replied to the request, asking for the rejection of the appeal; on December 19, 2007 Transener S.A. submitted a file rejecting the arguments stated by the ENRE and ratifying the source of the appeal submitted. On December 28, 2007 the Federal Court of Claims served notice of the principal file to the General Prosecutor, who formally admitted the appeal on February 22, 2008.

On October 23, 2008 the Federal Courts of Appeals Panel II determined to give back the request to the ENRE and to instruct the ENRE to give an answer to the claim submitted by Transener, within a term of thirty (30) days, as from the date of the corresponding notification.

On December 3, 2008, the ENRE issued Resolution No. 653/08, through which new calculations have been made for the recalculation of the canon. This resolution established a new annual canon of \$ 75.9 million, as from the month of October 2008. Due to the fact that the new annual canon does not consider an update, a reconsideration appeal was submitted to the ENRE –and subsidiarily to the Secretariat of Energy– requesting an updated scheme to be applied up to the finalization of the COM contract, similar to the one stated in the UNIREN Agreement and the redetermination of the charge for operation and maintenance in accordance with Transener S.A. tariff in force. In addition, the ENRE was requested to recognize a new readjustment of the canon in relation to the imbalance occurred beginning in October 2008, following the calculations according to the updating method foreseen in the UNIREN Agreement.



Through Resolution No. 180/2010 dated March 31, 2010, the ENRE rejected the appeal for reconsideration, so the case was submitted before the Secretariat of Energy, for it to decide upon the administrative appeal.

Before that instance, on August 26, 2010, a new presentation was made to the ENRE claiming an acknowledgement of the cost variations incurred since October 2008, making the calculation based on the same methodology used by the ENRE to determine the canon approved by the before mentioned Resolution No. 653/08.

On December 21, 2010 the Company, together with the Secretariat of Energy and the ENRE, entered into an Instrumental Agreement to the original Agreement entered into with the UNIREN which was ratified under Decree No. 1,462/2005, by virtue of which the ENRE ratified the fact that it is analyzing the redetermination of the canon of the IV Line COM Contract, within the framework of ENRE Resolution No. 653/08, and it was committed to issuing the corresponding administrative action, thus proceeding to instruct CAMMESA to make the corresponding invoicing.

On March 30, 2011, the ENRE issued the Resolution No. 150/2011 which establishes a new annual canon of \$ 95.9 million as from July 2010, and instructed CAMMESA to make the corresponding adjustments. Net Fourth Line revenues have been recognized for Pesos 10.0 million corresponding to the retroactive adjustment for year 2010 and for Pesos 20.0 million corresponding to fiscal year ended December 31, 2011.

On April 7, 2011, the Company filed an appeal against said Resolution because the interests which correspond to the delayed payment of the retroactive adjustment of the canon have been omitted. The resolution of this appeal is still pending.

On 7 September 2011, a new presentation was made to the ENRE claiming the recognition of variations in costs from July 2010 to July 2011, calculated on the basis of the same methodology used by ENRE to determine the canon approved by resolutions No. 653/08 and No. 150/11 before mentioned. As of the date, such request is pending of resolution by the ENRE

On April 25, 2012, the ENRE issued the Resolution N° 90/2012 which establishes a new annual canon of \$ 113.4 million as from August 2011 and instructed CAMMESA to make the corresponding adjustments, considering the corresponding interests. During the fiscal years ended December 31, 2012, revenues have been recognized for \$ 7.3 million corresponding to the retroactive adjustment for year 2011.

On September 12, 2012, a new presentation was made to the ENRE, asking for a new canon to be applied as from August 2012, according to the variations of costs of the services rendered within the fulfillment of the COM Contract, which occurred after the date considered in the redetermination settled by ENRE Resolution 90/2012, following the methodology of the mentioned resolution. The new canon requested amounts to \$ 131.2 million plus interests to be applied for out-of-date payment. The resolution of the request remains pendant on behalf of the ENRE.

24. Financing structure

24.1. Global program for the issuance of simple notes, non-convertible into shares, of medium term for US\$ 300 million (or its equivalent in any other currency)

Transener has issued Series 1 and Series 2 Notes under de global program for the issuance of simple notes, non-convertible into shares, of medium term for US\$ 300 million (or its equivalent in any other currency), authorized by the CNV Resolutions N° 15,523 and 16,944 of November 30, 2006 and October 17, 2012.

Likewise, those notes have been authorized for listing in the BASE and in the Luxemburg Stock Exchange, in accordance with the autorithations opportunely issued by said entities, and for trading in the Mercado Abierto Electrónico S.A.



It must be pointed out that the creation of the program was authorized by a resolution issued by the stockholders of November 15, 2006 and by a resolution issued by the board of directors of November 17, 2006. On the other hand, the renewal of the program term was authorized by a resolution issued by the stockholders of April 13, 2011 and by resolutions issued by the Board of Directors of December 13, 2011.

24.1.1. O.N. 2016 Clase 1

During 2006, Transener issued Series 1 Notes under the mentioned program. Series 1 Notes accrue an interest rate of 8.875% and will be amortized in four equal payments on December 15, 2013, 2014, 2015 and 2016.

The remaining outstanding amount of the nominal Series 1 Notes as of December 31, 2012 was US\$ 53,064,000 (See Notes 24.1.2. Refinancing of Series 1 Notes – 2021 Series 2 Notes).

24.1.2. Refinancing of Series 1 Notes – 2021 Series 2 Notes (“Refinancing 2011”)

Due to the appropriate conditions in the international capital markets at the beginning of the current year and that the partial amortization of the Series 1 Notes will begin in 2013, Transener decided to proceed to the refinancing of the mentioned notes with the main purpose of extending the debt maturity.

This process, which was initiated in April 2011, comprised a tender offer and an exchange offer of the Series 1 Notes. Up to the closing of said offers, approximately 65% had been validly tendered. This amount includes US\$ 29,076,000 notes held by Transener and Transba.

Additionally and as part of the refinancing process, Transener called a Series 1 Noteholders’ Meeting, in order to propose amendments to the Series 1 Notes and certain provisions of the First Supplemental Indenture to remove substantially all restrictive commitments and default events contained in such Notes terms and conditions. The Noteholders’ Meetings were held on July 29 and on August 10, 2011, in which the Series 1 Notes holders approved the amendment proposed by Transener.

In order to finance the tender offer and the exchange offer, Series 2 Notes for the amount of US\$ 53,100,000 were issued on August 2, 2011 and Series 2 Notes for the amount of US\$ 47,435,000 were issued on August 11, 2011. Consequently, the principal amount of Series 2 Notes was US\$ 100,535,000. These new notes due August 15, 2021, accrue interest at an annual interest rate of 9.75% and will be fully amortized at the maturity date.

As of December 31, 2012, the remaining balance of the Series 2 Notes, net of those held by the Company amounted to US\$ 98,535,000 (See note 24.5 Repurchase of Notes).

24.2. Global program for the issuance of simple notes, non-convertible into shares, for up to US\$ 200 million (or its equivalent in any other currency)

On November 5, 2009, an Ordinary General Shareholders’ Meeting decided the creation of a global program for the issuance of simple notes, non-convertible into shares, denominated in pesos or in any other currency, with ordinary, special, floating and/or any other guarantee, subordinated or not, for a maximum amount, which in any moment, can’t exceed \$ 200 million (Pesos two hundred million) or its equivalent in other currencies. The Program has been authorized for public offering in accordance with Resolution No. 16,244 of December 17, 2009 issued by the CNV.

24.3. Restrictions in relation to 2016 Series 1 Notes

Transener and its Restricted Subsidiaries, according to the terms and conditions of the Refinancing 2006, were subject to the compliance of a series of restrictions. Some of these restrictions have been eliminated as a consequence of the Refinancing 2011 (See 24.1.2 Refinancing of Series 1 Notes – 2021 Series 2 Notes (“Refinancing 2011”).



24.4. Restrictions in relation to the Refinancing 2011

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 December 31, 2012 there is not any default related to those restrictions.

24.5. Repurchase of notes

During the year ended December 31, 2011, Transener SA. Repurchased Class 2 Notes for a nominal value of US\$ 2 million. The mentioned Notes were canceled in the Trustee registers (Deutsche Bank Trust Company Americas) during January 2013.

Accordingly, the remaining balance of the Series 2 Notes as of the date of the issuance of these financial statements amounts to US\$ 98,535,000.

25. 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 year, excluding those own shares acquired by the Company.

	<u>31.12.2012</u>	<u>31.12.2011</u>
Results from continuing operations attributable to the equity holders of the Company	(99,177,498)	(34,976,256)
Results from discontinued operations attributable to the equity holders of the Company	<u>(4,544,606)</u>	<u>(16,919,666)</u>
Total	<u>(103,722,104)</u>	<u>(51,895,922)</u>
Ordinary shares average	444,673,795	444,673,795
Loss per share attributable to the equity holders of the Company (\$/Share)	(0.23)	(0.12)