

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

**Consolidated Financial Statements as of December 31, 2013 and for the years ended  
December 31, 2013 and 2012**



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

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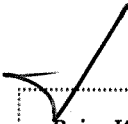
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## Report of Independent Auditors

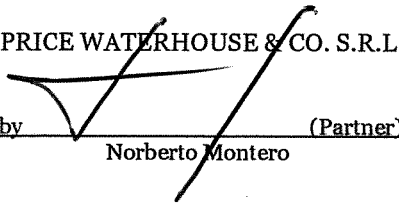
To the shareholders, President and Directors of  
Compañía de Transporte de Energía Eléctrica en  
Alta Tensión Transener S.A.  
City of Buenos Aires

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, 2013, 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 selected explanatory Notes. Balances and other information for the year 2012 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. 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.

  
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5. In Note 2. to the consolidated financial statements, the Company Management reports although the execution of the Renewal Contract is presented as a significant milestone that will consolidate the economic and financial equation of the Companies in the future, the delay in obtaining a tariff schedule from the Overall Tariff Review gives rise to uncertainty as to the capacity 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.") to generate the necessary revenues to settle their short-term liabilities. 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.
6. 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. and 5., 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, 2013, 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)  
Norberto Montero

Autonomous City of Buenos Aires, Argentina

February 28, 2014

**Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.**  
**Consolidated Statements of Operations**  
**for the years ended December 31, 2013 and 2012**  
(In Argentine Pesos, except as otherwise indicated)

<b>Consolidated income / (loss) statement</b>	Note	<b>Fiscal year ended</b>	
		<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Continuing operations</b>			
Net Revenues	7	873,761,354	528,868,659
Operating expenses	8	(730,363,145)	(556,158,265)
<b>Gross income / (loss)</b>		<u>143,398,209</u>	<u>(27,289,606)</u>
Administrative expenses	8	(158,974,172)	(129,204,323)
Other gains net		<u>19,351,454</u>	<u>9,121,043</u>
<b>Operating results</b>		<u>3,775,491</u>	<u>(147,372,886)</u>
Finance income	9	349,009,407	161,205,698
Finance costs	9	(124,631,119)	(100,198,168)
Other financial results	9	(223,120,025)	(69,031,913)
<b>Income / (loss) before taxes</b>		<u>5,033,754</u>	<u>(155,397,269)</u>
Income tax expense	10	(1,733,312)	54,420,881
<b>Income / (loss) for the year from continuing operations</b>		<u><u>3,300,442</u></u>	<u><u>(100,976,388)</u></u>
<b>Discontinued operations</b>			
Loss for the year		(9,710,152)	(6,991,701)
Income tax expense	10	3,398,553	2,447,095
<b>Loss for the year from discontinued operations</b>	19	<u>(6,311,599)</u>	<u>(4,544,606)</u>
<b>Income / (loss) for the year</b>		<u><u>(3,011,157)</u></u>	<u><u>(105,520,994)</u></u>
<b>Income / (loss) attributable to :</b>			
Owners of the parent		(5,613,348)	(103,467,161)
Non-controlling interests		<u>2,602,191</u>	<u>(2,053,833)</u>
		<u><u>(3,011,157)</u></u>	<u><u>(105,520,994)</u></u>
<b>Income / (loss) attributable to the equity holders of the Company:</b>			
Continuing operations		698,251	(98,922,555)
Discontinued operations		(6,311,599)	(4,544,606)
<b>Total for the year</b>		<u><u>(5,613,348)</u></u>	<u><u>(103,467,161)</u></u>
<b>Other consolidated comprehensive income / (loss)</b>			
Income / (loss) for the year		(3,011,157)	(105,520,994)
Other comprehensive income		(267,040)	(290,568)
<b>Total comprehensive income / (loss) for the year</b>		<u><u>(3,278,197)</u></u>	<u><u>(105,811,562)</u></u>
<b>Attributable to :</b>			
Owners of the parent		(5,881,387)	(103,722,104)
Non-controlling interests		<u>2,603,190</u>	<u>(2,089,458)</u>
		<u><u>(3,278,197)</u></u>	<u><u>(105,811,562)</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 Comprehensive Income**  
**for the years ended December 31, 2013 and 2012 (Continued)**  
(In Argentine Pesos, except as otherwise indicated)

		Fiscal year ended	
	Note	<u>31.12.2013</u>	<u>31.12.2012</u>
<b>Total comprehensive income / (loss) attributable to the equity holders of the Company:</b>			
Continuing operations		430,212	(99,177,498)
Discontinued operations		<u>(6,311,599)</u>	<u>(4,544,606)</u>
Total for the year		<u><u>(5,881,387)</u></u>	<u><u>(103,722,104)</u></u>
<b>Income / (loss) per share attributable to the equity holders of the Company:</b>			
	23		
Continuing operations		0.00	(0.22)
Discontinued operations		<u>(0.01)</u>	<u>(0.01)</u>
Total for the year		<u><u>(0.01)</u></u>	<u><u>(0.23)</u></u>

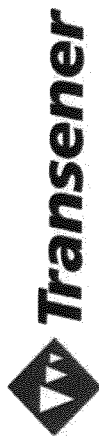
The accompanying notes are an integral part of these consolidated financial statements.



**Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.**  
**Consolidated Balance Sheets as of December 31, 2013 and 2012**  
(In Argentine Pesos, except as otherwise indicated)

	Note	<u>31.12.2013</u>	<u>31.12.2012</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,301,689,415	1,178,664,221
Other receivables	12	50,070,705	79,063,821
<b>Total Non-current assets</b>		<u>1,351,760,120</u>	<u>1,257,728,042</u>
<b>Current Assets</b>			
Trade accounts receivables	13	386,446,312	205,463,103
Other receivables	12	73,429,131	57,775,993
Financial assets at amortized cost		0	1,960,344
Cash and cash equivalents	14	73,624,888	130,130,229
<b>Total Current assets</b>		<u>533,500,331</u>	<u>395,329,669</u>
<b>Total Assets</b>		<u>1,885,260,451</u>	<u>1,653,057,711</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to owners of the parent</b>			
		481,783,448	487,664,835
<b>Equity attributable to owners of the parent</b>		<u>481,783,448</u>	<u>487,664,835</u>
Non-controlling interests		27,894,989	25,291,799
<b>Total equity</b>		<u>509,678,437</u>	<u>512,956,634</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Debt and other indebtedness	15	812,471,249	676,495,986
Deferred tax payable	10	61,920,147	76,931,788
Employee benefits payable	16	107,552,722	86,982,633
Trade accounts payable	17	4,333,734	4,749,953
<b>Total Non-current liabilities</b>		<u>986,277,852</u>	<u>845,160,360</u>
<b>Current liabilities</b>			
Provisions		50,072,545	27,564,722
Other liabilities		2,425,099	2,254,203
Debt and other indebtedness	15	112,608,063	84,436,586
Taxes payable		46,920,222	14,870,560
Payroll and social securities taxes payable		99,892,802	85,482,070
Trade accounts payable	17	77,385,431	80,332,576
<b>Total Current liabilities</b>		<u>389,304,162</u>	<u>294,940,717</u>
<b>Total Liabilities</b>		<u>1,375,582,014</u>	<u>1,140,101,077</u>
<b>Total Equity and liabilities</b>		<u>1,885,260,451</u>	<u>1,653,057,711</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 Equity for the years ended December 31, 2013 and 2012**  
(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		
<b>Balance as of December 31, 2011</b>	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 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)
<b>Balance as of December 31, 2012</b>	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
Reversal of Voluntary Reserve	0	0	0	0	(210,206,496)	210,206,496	0	0	0
Loss for year	0	0	0	0	0	(5,613,348)	(5,613,348)	2,602,191	(3,011,157)
Other comprehensive loss for the year	0	0	0	0	0	(268,039)	(268,039)	999	(267,040)
<b>Balance as of December 31, 2013</b>	444,673,795	352,996,229	31,978,847	42,628,456	0	(390,493,879)	481,783,448	27,894,989	509,678,437

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, 2013 and 2012**  
(In Argentine Pesos, except as otherwise indicated)

	Note	<b>Fiscal year ended</b>	
		<u>31.12.2013</u>	<u>31.12.2012</u>
<b>Cash flows from operating activities:</b>			
<b>Loss for the year</b>		(3,278,197)	(105,811,562)
Adjustments:			
Depreciation of property, plant and equipment	11	83,889,462	76,592,686
Instrumental Agreement	2	(580,991,745)	(109,954,769)
Loss from discontinued operations	19	9,710,152	6,991,701
Other comprehensive loss for the year		267,040	290,568
Provisions	8	13,433,138	466,322
Employee benefits plan	16	33,528,852	23,934,959
Income tax expense accrued during the year	10	(1,665,241)	(56,867,976)
Foreign exchange and other financial results		327,774,886	165,978,491
Other results generated by assets		(9,736,031)	(7,721,724)
Retirements of property, plant and equipment	11	9,826,689	11,054,073
<b>Changes in certain assets and liabilities, net of non-cash:</b>			
(Increase) Decrease in trade receivables		(154,991,481)	(76,543,455)
(Increase) Decrease in other receivables		13,339,978	30,818,326
Increase (Decrease) in trade accounts payable		(3,363,364)	37,965,225
Increase (Decrease) in payroll and social securities taxes payable		14,410,732	28,113,183
Increase (Decrease) in taxes payable		18,847,054	(5,144,565)
Increase (Decrease) in provisions		9,074,685	4,632,000
Increase (Decrease) of employee benefits payable	16	(13,369,595)	(6,811,630)
<b>Net cash (used in) / generated by operating activities</b>		<u>(233,292,986)</u>	<u>17,981,853</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, 2013 and 2012 (continued)**  
(In Argentine Pesos, except as otherwise indicated)

		<b>Fiscal year ended</b>	
	Note	<u><b>31.12.2013</b></u>	<u><b>31.12.2012</b></u>
<b>Cash flows from investing activities:</b>			
Purchases of the acquisition of property, plant and equipment	11	(216,741,345)	(76,285,270)
Decrease in financial assets at amortized cost		1,986,223	2,300,000
<b>Cash used in investing activities</b>		<u>(214,755,122)</u>	<u>(73,985,270)</u>
<b>Cash flows from financing activities:</b>			
Funds from CAMMESA Financing	2	555,000,017	122,000,000
Payments and repurchase of bonds and other indebtedness - Principal		(83,493,001)	0
Payments and repurchase of bonds and other indebtedness - Interests		(79,964,249)	(70,059,376)
<b>Net cash generated by financing activities</b>		<u>391,542,767</u>	<u>51,940,624</u>
Decrease in cash and cash equivalents		(56,505,341)	(4,062,793)
Cash and cash equivalents at the beginning of the year	14	<u>130,130,229</u>	<u>134,193,022</u>
<b>Cash and cash equivalents at year end</b>	14	<u><u>73,624,888</u></u>	<u><u>130,130,229</u></u>
<b>Significant non-cash transactions</b>			
Decrease in accounts receivable	2	555,000,017	122,000,000
Decrease in other liabilities	2	(555,000,017)	(122,000,000)
		<u>0</u>	<u>0</u>

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

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

**1. Organization and description of business**

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

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

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

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

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

These 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 February 28, 2014.

**2. Tariff Review and economic and financial situation**

**a) Tariff Review**

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

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

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

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



**Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.**  
**Notes to the Consolidated Financial Statements**  
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Opportunately, Transener and Transba submitted their respective tariff proposals, based on the term stated in the Definitive Agreements, and also in accordance with Article 45 and others of the Law No. 24,065, for the purpose of dealing with the matter, calling for a Public Hearing and defining a new tariff regime, under the expectation of the FTR celebration.

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

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

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

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

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

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

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

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

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



**Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.**  
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(In Argentine Pesos, except as otherwise indicated)

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

On December 31, 2013, the results arising from the recognition of the variation of costs by the SE and the ENRE have been recorded in these consolidated financial statements up to the amounts received under Addenda II and III. Consequently, Transener has recognized revenues for \$ 250.7 million and \$ 32.7 million plus interest for \$ 149.3 million and \$ 33.5 million, for the fiscal year ended December 31, 2013 and 2012, respectively. Accordingly, Transba has recognized revenues for \$ 116.5 million and \$ 20.2 million plus interest for \$ 64.5 million and \$ 23.6 million, for the same fiscal years, respectively. The liability for the whole disbursements has been settled through the assignment of credits recognized as higher costs, according to the Instrumental Agreement and the Renewal Agreement.

b) Economic and financial situation

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

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

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

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

**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 4.17.



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**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.
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 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 results".

**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.



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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".

**(b) Depreciation**

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 long-term assets**

Companies analyze the recoverability of its long-term assets periodically or whenever events or changes occur in circumstances involving a potential indication of impairment of the value of goods in respect of their recoverable value, measured as the use value to year end. The use value is determined on the basis of cash flows projected and discounted using discount rates that reflect the time value of money and the risks specific to the assets concerned. The cash flow is made based on estimates regarding the future behavior of certain variables that are sensitive in determining the recoverable value, among which are: i) the nature, timing and form of tariff increases and recognition of cost adjustments, in accordance with the agreements described in Note 2, ii) projections of demand, iii) changes in costs to be incurred, and iv) macroeconomic variables such as growth rates, inflation rates, exchange change, among others.

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

The Company believes that impairment exists when the carrying amount of an asset exceeds its recoverable amount. In that case, the Company recognizes a loss for the excess. When the conditions that gave rise to the recognition of an impairment loss disappear, the carrying amount of the asset (or cash-generating unit) is increased to bring it to its new estimated recoverable value, without exceeding the carrying amount that would have resulted if the impairment loss mentioned above would have not been registered. The reversal of an impairment loss is recognized in the income statement.

However, the current economic and financial situation, described Note 2, the Company has prepared its projections on the understanding that it will get tariff improvements according to the circumstances.

Nevertheless, the Company is unable to ensure that the future behavior of the assumptions used to develop projections will be in line with estimates, so they may differ significantly from the estimates and assumptions made at the date of preparation of these consolidated financial statements.

The Company has considered four alternative scenarios based on weighted probabilities of occurrence to estimate risk in its projections of the variables mentioned..





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Although in all of them an acceptable agreement with the Federal Government results in a gradual tariff increase, the Company has considered different times and magnitudes of a tariff increase.

The scenarios considered are:

- a) Pessimistic scenario: in this scenario the Company does not consider an increase in remuneration, in addition to that recognized under the Renewal Convention, referred to in Note 2.  
Likelihood allocated 1%.
- b) Semi intermediate scenario: in this case, the Company considers an increase in remuneration, in addition to that recognized under the Renewal Convention, which would allow the Company to maintain the balance of its financial situation as a transitional measure until the definitive implementation of a RTI.  
Likelihood assigned 60%.
- c) Intermediate scenario: in this case, the Company considers an increase in remuneration, in addition to that recognized under the Renewal Convention, as a result of the definitive implementation of a RTI contemplating a tariff schedule under the claims of the Company.  
Likelihood assigned 35%.
- d) Optimistic scenario: in this case, the Company considers an increase in remuneration, in addition to that recognized under the Renewal Convention, as a result of the definitive implementation of a RTI, contemplating a tariff schedule in accordance with the claims of the Company.  
Likelihood allocated 4%.

Applied probability percentages are based mainly on the occurrence of various past events (experience) in the backlog in the process of tariff renegotiation and permanent Companies negotiations which are underway with the National Government.

In all scenarios, a discount rate of post- tax (WACC) in pesos expressed in real terms of 11.8% was used.

Sensitivity Analysis:

The main factors that could result in impairment charges in future periods are: i) a distortion in the nature, timing and mode of tariff increases and recognition of cost adjustments and ii) changes in the costs to be incurred. These factors have been considered in the weighting of scenarios mentioned above. Given the uncertainties inherent in these assumptions, the Company believes that any sensitivity analysis that considers changes in any of them taken individually may lead to distorting conclusions.

Based on the above mentioned, the Company determined that the valuation of property, plant and equipment, taken together, does not exceed their recoverable value at December 31, 2013.

**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



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(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.

#### **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.



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**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, 2013 and 2012 respectively, based on an actuarial study conducted by an independent professional as of December 31, 2013 and 2012. 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".

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.



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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 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



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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 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.



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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 39<sup>th</sup> 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.

(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, 2013 and adopted by the Company:***

***IFRS 12 and 13 and IAS 32***

Effective for fiscal years beginning on or after January 1, 2013, the IASB issued the following standards: IFRS 12, relating to disclosure of interests in other entities, IFRS 13, which defines a single framework for measuring fair value, and IAS 32, that alters the application guidance in matters relating to the compensation of financial assets and liabilities.

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



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***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 9 "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.

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 effective and not adopted by the Company:***

- 1) NIC 32 "Financial instruments: presentation"

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.



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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.

**4.16 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. Those consolidated financial statements were the first consolidated financial statements prepared in accordance with IFRS.

**4.17 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, 4.8 and 4.15.

**5. Financial risk and capital risk management**

**5.1 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.

For these reasons the risk of change derives basically from financial debts held in US dollars.

As of December 31, 2013 the Company has valued the financial debt in US dollars to year end.

The events subsequent to December 31, 2013 with respect to the variation of the exchange rate generate a foreign exchange loss of approximately \$ 199 million.





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The Company's management is currently discussing a plan of action to mitigate the severe impact that the aforementioned economic context has on the results of the Company.

This should be read in conjunction with Note 2 to the consolidated financial statements.

(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 to 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.

(iii) Interest rate risks

The Company is not exposed to the risk of interest rate given that as of December 31, 2013 and 2012 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, 2013, the accounts receivable debts amounted to approximately \$113 million (2012: \$15 million). As of December 31, 2013, the financial statements included an estimate of \$0.5 million (2012: \$0.5 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 88% of the total portfolio of accounts receivable of the Company to December 31, 2013 (2012: 70%).

(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, 2013



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the Company remained cash and cash equivalents by \$74 million that is expected to generate immediate cash inflows for the liquidity risk management (2012: \$130 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, 2013	Matured	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years
Debt and other indebtedness	0	25,611,402	86,996,661	93,043,146	752,841,411
Accounts payable	0	77,385,431	0	0	4,333,734
Tax payable	0	46,920,222	0	0	61,920,147
Payroll and social securities taxes payable	0	99,892,802	0	0	107,552,722
Other liabilities	0	2,425,099	0	0	0

**5.2 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, 2013 and 2012 and the date of transition to IFRS are as follows:

	<u>31.12.2013</u>	<u>31.12.2012</u>
Total Debt and other indebtedness	925,079,312	760,932,572
Less: Cash and cash equivalents	<u>(73,624,888)</u>	<u>(130,130,229)</u>
Net debt	851,454,424	630,802,343
Total Equity	<u>509,678,437</u>	<u>512,956,634</u>
Total capital	<u>1,361,132,861</u>	<u>1,143,758,977</u>
Leverage ratio	<u>63%</u>	<u>55%</u>



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**5.3 Financial instruments by category and level fair value hierarchy**

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

	<u>31.12.2013</u>	<u>31.12.2012</u>
<b>Financial assets</b>		
Cash and cash equivalents at fair value	51,450,735	123,008,546
Investments	0	1,960,344
Trade accounts receivables	386,446,312	205,463,103
Other receivables	40,917,568	69,206,248
Cash and cash equivalents	<u>22,174,153</u>	<u>7,121,683</u>
Total	<u>500,988,768</u>	<u>406,759,924</u>
<b>Financial Liabilities</b>		
Debt and other indebtedness	925,079,312	760,932,572
Trade accounts payable	68,612,588	61,423,693
Taxes payable	46,920,222	14,870,560
Payroll and social securities taxes payable	99,892,802	85,482,070
Other liabilities	<u>2,425,099</u>	<u>2,254,203</u>
Total	<u>1,142,930,023</u>	<u>924,963,098</u>

As of December 31, 2013 and 2012, 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, 2013			
	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>				
Cash and cash equivalents	51,450,735	0	0	51,450,735
Total Assets	<u>51,450,735</u>	<u>0</u>	<u>0</u>	<u>51,450,735</u>

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

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



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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.

**6. Segment reporting**

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

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

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

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

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

The segment information submitted to the General Director, who takes the business strategic decisions, for the reportable segments for the fiscal years ended December 31, 2013 and 2012 is as follows:

	<b>Main activity</b>	<b>Other segments</b>	<b>Total</b>
	\$	\$	\$
<b>Fiscal year ended December 31, 2013</b>			
Net revenues	685,986,794	187,774,560	873,761,354
Operating results	(51,852,443)	55,627,934	3,775,491
Total assets	1,830,215,321	55,045,130	1,885,260,451
Total liabilities	1,362,475,437	13,106,577	1,375,582,014
Acquisition of property, plant and equipment	216,741,345	0	216,741,345
Property, plant and equipment depreciation	83,889,462	0	83,889,462
<b>Fiscal year ended December 31, 2012</b>			
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

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

**7. Net Revenues**

	<b>Fiscal year ended</b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>
Net Regulated Revenue	670,797,909	357,858,570
Net Fourth Line Revenue	15,188,885	14,326,207
Net Other Revenue	187,774,560	156,683,882
<b>Net Revenues</b>	<b>873,761,354</b>	<b>528,868,659</b>



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8. Expenses by Nature

Items	Fiscal year ended December 31, 2013			Fiscal year ended December 31, 2012		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	516,875,855	431,298,524	85,577,331	376,657,169	307,729,082	68,928,087
Other personnel costs	10,103,966	7,144,888	2,959,078	7,706,255	5,769,030	1,937,225
Fees for operating services	16,575,743	16,575,743	0	9,584,250	9,584,250	0
Professional fees	12,441,370	4,203,140	8,238,230	11,172,613	3,514,312	7,658,301
Equipment maintenance	8,783,637	8,783,637	0	6,318,939	6,318,939	0
Work for third-party materials	24,121,809	24,121,809	0	36,829,705	36,829,705	0
Fuel and lubricants	11,398,750	10,844,491	554,259	9,265,940	8,804,608	461,332
General Maintenance	33,112,980	31,922,572	1,190,408	32,242,113	31,284,899	957,214
Electricity	2,125,082	2,022,756	102,326	2,128,061	2,047,671	80,390
Depreciation of property, plant and equipment	83,889,462	75,491,424	8,398,038	76,592,686	68,929,824	7,662,862
Administration expenses related to WEM	906,557	906,557	0	768,261	768,261	0
Regulatory fees	1,772,469	1,772,469	0	1,987,175	1,987,175	0
ATEERA membership fees	431,773	0	431,773	459,982	0	459,982
Communications	4,059,522	3,325,834	733,688	3,878,475	3,393,052	485,423
Transportation	5,868,338	5,794,207	74,131	4,611,547	4,532,618	78,929
Insurance	31,290,036	748,310	30,541,726	25,182,565	705,187	24,477,378
Rents	9,517,650	5,698,060	3,819,590	7,235,734	4,030,720	3,205,014
Travel and lodging expenses	32,368,498	31,096,756	1,271,742	22,499,379	21,666,493	832,886
Stationary and printing	6,896,195	930,665	5,965,530	4,779,565	1,128,220	3,651,345
Taxes and government contributions	5,108,933	4,540,979	567,954	4,801,593	4,113,459	688,134
Directors and syndics	3,447,424	0	3,447,424	3,694,214	0	3,694,214
Security	16,164,401	16,164,401	0	12,623,721	12,604,535	19,186
Office and substation cleaning	11,528,070	10,747,940	780,130	8,351,204	7,774,036	577,168
Electroduct maintenance	8,064,969	8,064,969	0	5,459,363	5,459,363	0
Provisions	13,433,138	13,433,138	0	466,322	466,322	0
Others	19,050,690	14,729,876	4,320,814	10,065,757	6,716,504	3,349,253
<b>TOTAL</b>	<b>889,337,317</b>	<b>730,363,145</b>	<b>158,974,172</b>	<b>685,362,588</b>	<b>556,158,265</b>	<b>129,204,323</b>



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**9. Financial Results Net**

	Fiscal year ended	
	31.12.2013	31.12.2012
<u>Financial Income</u>		
Interests	349,009,407	161,205,698
Total financial income	<u>349,009,407</u>	<u>161,205,698</u>
<u>Financial Costs</u>		
Interests generated by loans	(124,631,119)	(100,198,168)
Total financial costs	<u>(124,631,119)</u>	<u>(100,198,168)</u>
<u>Other financial results</u>		
Foreign exchange	(237,280,455)	(74,605,908)
Result from receivables measured at fair value	14,961,664	6,392,142
Result from liabilities measured at fair value	(801,234)	(818,147)
Total Other financial results	<u>(223,120,025)</u>	<u>(69,031,913)</u>
Total Other financial results, net	<u>1,258,263</u>	<u>(8,024,383)</u>

**10. Income tax and Deferred income tax**

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

Deferred Tax Assets

	Tax loss carryforward	Allowance for investments	Accounts receivable	Employee benefits payable	Provisions	Fourth Line	Total
<b>As of January 1, 2013</b>	37,280,067	12,169,118	142,195	30,443,922	8,157,578	9,524,062	97,716,942
Charged to the income statement	1,669,644	(12,169,118)	0	7,055,739	3,639,210	(4,834,130)	(4,638,655)
Charged to other comprehensive income	0	0	0	143,792	0	0	143,792
<b>As of December 31, 2013</b>	<u>38,949,711</u>	<u>0</u>	<u>142,195</u>	<u>37,643,453</u>	<u>11,796,788</u>	<u>4,689,932</u>	<u>93,222,079</u>
<b>As of January 1, 2012</b>	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
<b>As of December 31, 2012</b>	<u>37,280,067</u>	<u>12,169,118</u>	<u>142,195</u>	<u>30,443,922</u>	<u>8,157,578</u>	<u>9,524,062</u>	<u>97,716,942</u>

Deferred Tax Liabilities

	Property, plant and equipment	Other receivables	Debt and other indebtedness	Total
<b>As of January 1, 2013</b>	145,064,287	19,854,108	9,730,335	174,648,730
Charged to the income statement	(12,103,510)	(9,367,617)	1,964,623	(19,506,504)
Charged to other comprehensive income	0	0	0	0
<b>As of December 31, 2013</b>	<u>132,960,777</u>	<u>10,486,491</u>	<u>11,694,958</u>	<u>155,142,226</u>
<b>As of January 1, 2012</b>	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
<b>As of December 31, 2012</b>	<u>145,064,287</u>	<u>19,854,108</u>	<u>9,730,335</u>	<u>174,648,730</u>

Deferred Tax Liabilities as of December 31, 2013 and 2012 amounts to \$61,920,147 and \$76,931,788, respectively.



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

	<u><b>31.12.2013</b></u>
Deferred Tax Assets	
Deferred Tax Assets to be recovered in more than 12 months	88,532,147
Deferred Tax Assets to be recovered within 12 months	<u>4,689,932</u>
	<u><u>93,222,079</u></u>
Deferred Tax Liabilities	
Deferred Tax Liabilities to be recovered in more than 12 months	130,092,930
Deferred Tax Liabilities to be recovered within 12 months	<u>25,049,296</u>
	<u><u>155,142,226</u></u>

The income tax charge for the period is as follows:

	<b>Fiscal year ended</b>	
	<u><b>31.12.2013</b></u>	<u><b>31.12.2012</b></u>
Current tax	13,202,608	0
Deferred tax	<u>(14,867,849)</u>	<u>(56,867,976)</u>
Income tax	<u><u>(1,665,241)</u></u>	<u><u>(56,867,976)</u></u>

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

	<b>Fiscal year ended</b>	
	<u><b>31.12.2013</b></u>	<u><b>31.12.2012</b></u>
Net loss before income taxes	(4,676,398)	(162,388,970)
Tax rate in force	<u>35%</u>	<u>35%</u>
Loss at the tax rate	(1,636,739)	(56,836,140)
Taxable effects by:		
- Other non taxable and/or non deductible items	<u>(28,502)</u>	<u>(31,836)</u>
Income tax	<u><u>(1,665,241)</u></u>	<u><u>(56,867,976)</u></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, 2013			
Actuarial losses in retirement benefits obligations	<u>(410,832)</u>	143,792	<u>(267,040)</u>
Other comprehensive income	<u>(410,832)</u>	143,792	<u>(267,040)</u>
Current Tax		0	
Deferred tax		<u>143,792</u>	
		<u>143,792</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>	



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**11. Property, plant and equipment**

Principal account	Original Value				
	At the beginning of the year	Additions	Deductions	Reclasifications	At the end of the year
Land	3,864,279	0	0	0	3,864,279
Vehicles	42,642,699	30,447,416	(186,747)	0	72,903,368
Air and heavy equipment	23,172,098	13,965,977	0	0	37,138,075
Furniture and fixtures	6,899,059	300,495	0	0	7,199,554
Information systems	18,206,944	1,762,686	(365,766)	0	19,603,864
Transmission lines	914,236,411	234,790	0	728,883	915,200,084
Substations and related works	911,631,882	12,127,967	(13,844)	90,863,103	1,014,609,108
Building and civil works	83,857,681	188,363	0	0	84,046,044
Labs and maintenance	9,928,807	1,298,744	0	33,597	11,261,148
Communication equipment	105,781,187	374,322	0	92,810	106,248,319
Miscellaneous	16,343,158	1,317,356	0	28,045	17,688,559
Work in progress	192,558,608	50,305,208	(4,741,164)	(85,053,022)	153,069,630
Spare parts	56,317,167	11,559,147	(4,825,082)	(3,416,855)	59,634,377
Advances to suppliers	2,661,515	92,858,874	(260,443)	(3,276,561)	91,983,385
<b>Total 31.12.2013</b>	<b>2,388,101,495</b>	<b>216,741,345</b>	<b>(10,393,046)</b>	<b>0</b>	<b>2,594,449,794</b>
<b>Total 31.12.2012</b>	<b>2,322,902,576</b>	<b>76,285,270</b>	<b>(11,086,351)</b>	<b>0</b>	<b>2,388,101,495</b>

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	(32,401,770)	186,747	(5,080,257)	(37,295,280)	35,608,088
Air and heavy equipment	(7,506,711)	0	(1,172,054)	(8,678,765)	28,459,310
Furniture and fixtures	(5,022,743)	0	(398,207)	(5,420,950)	1,778,604
Information systems	(16,658,748)	365,766	(1,047,362)	(17,340,344)	2,263,520
Transmission lines	(567,634,352)	0	(35,144,738)	(602,779,090)	312,420,994
Substations and related works	(470,283,223)	13,844	(3,162,019)	(501,889,577)	512,719,531
Building and civil works	(32,878,912)	0	(2,279,816)	(35,158,728)	48,887,316
Labs and maintenance	(5,076,313)	0	(493,988)	(5,570,301)	5,690,847
Communication equipment	(56,770,566)	0	(5,810,035)	(62,580,601)	43,667,718
Miscellaneous	(15,203,936)	0	(842,807)	(16,046,743)	1,641,816
Work in progress	0	0	0	0	153,069,630
Spare parts	0	0	0	0	59,634,377
Advances to suppliers	0	0	0	0	91,983,385
<b>Total 31.12.2013</b>	<b>(1,209,437,274)</b>	<b>566,357</b>	<b>(83,889,462)</b>	<b>(1,292,760,379)</b>	<b>1,301,689,415</b>
<b>Total 31.12.2012</b>	<b>(1,132,876,866)</b>	<b>32,278</b>	<b>(76,592,686)</b>	<b>(1,209,437,274)</b>	<b>1,178,664,221</b>

The depreciation charge has been included in operating and administrative expenses as detailed in Note 8.

During the years ended December 31, 2013 and 2012, the Company has not capitalized interest costs.





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**12. Other receivables**

	<u>31.12.2013</u>	<u>31.12.2012</u>
<b>Non-Current</b>		
Minimum Notional Income Tax Credit	39,594,600	39,594,600
Stock Ownership Program	5,329,430	5,329,430
Financial Credit - Fourth Line	<u>5,146,675</u>	<u>34,139,791</u>
Total	<u>50,070,705</u>	<u>79,063,821</u>
	<u>31.12.2013</u>	<u>31.12.2012</u>
<b>Current</b>		
Financial Credit - Fourth Line	27,492,043	27,492,043
Prepaid expenses	23,423,996	16,766,109
Insurantee recoveries	9,142,315	0
Advances to suppliers	7,259,854	4,919,860
Guarantees received	3,161,503	6,352,997
Loans to employees	1,534,497	722,926
Stock Ownership Program - Dividends receivable	778,780	778,780
Judicial seizure	611,135	626,274
Others	<u>25,008</u>	<u>117,004</u>
Total	<u>73,429,131</u>	<u>57,775,993</u>

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

As of December 31, 2013, the current other credits unexpired amounted to \$ 73,429,131 (2012: \$ 57,775,993).

As of December 31, 2013 and 2012, there are no other credits expired.

The book value of other credits is denominated in Pesos.

	<u>31.12.2013</u>	<u>31.12.2012</u>
Pesos	123,499,836	136,839,814
	<u>123,499,836</u>	<u>136,839,814</u>

**13. Trade accounts receivables**

	<u>31.12.2013</u>	<u>31.12.2012</u>
CAMMESA	341,118,479	144,673,976
Other services	33,957,717	20,323,936
Other related parties (Note 18)	<u>11,370,116</u>	<u>40,465,191</u>
Total	<u>386,446,312</u>	<u>205,463,103</u>

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



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As of December 31, 2013, accounts receivables unexpired amount to \$ 273,766,224 (2012: \$ 190,292,960).

As of December 31, 2013, accounts receivables from customers amounting to \$ 112,680,088 (2012: \$ 15,170,143) 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>31.12.2013</u>	<u>31.12.2012</u>
Less than 3 months	112,680,088	11,494,242
Between 3 and 6 months	0	211,091
Between 6 months and 1 year	0	3,464,810
	<u>112,680,088</u>	<u>15,170,143</u>

The book value of accounts receivables is denominated in Pesos.

	<u>31.12.2013</u>	<u>31.12.2012</u>
Pesos	<u>386,446,312</u>	<u>205,463,103</u>
	386,446,312	205,463,103

**14. Cash and cash equivalents**

	<u>31.12.2013</u>	<u>31.12.2012</u>
Cash in local currency	921,991	894,991
Cash in foreign currency	91,278	67,925
Banks in local currency	1,727,442	2,334,236
Banks in foreign currency	19,433,442	3,824,531
Mutual funds	51,450,735	85,656,724
Highly liquid investments	0	37,351,822
Cash and cash equivalents, net	<u>73,624,888</u>	<u>130,130,229</u>

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

	<u>31.12.2013</u>	<u>31.12.2012</u>
US Dolar	19,524,176	41,243,358
Reales	544	920
Pesos	<u>54,100,168</u>	<u>88,885,951</u>
Total	<u>73,624,888</u>	<u>130,130,229</u>



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**15. Debt and other indebtedness**

	<u>31.12.2013</u>	<u>31.12.2012</u>
<b>Non-current bonds and other indebtedness</b>		
Corporate Bonds 2021 (1)	642,546,735	484,595,130
Corporate Bonds 2016	173,015,172	195,726,564
Nordic Investment Bank (NIB)	30,322,650	23,975,250
Internal rate of return adjustment to Corporate Bonds 2021	(30,904,510)	(25,197,005)
Net present value adjustment to NIB and Par Notes	<u>(2,508,798)</u>	<u>(2,603,953)</u>
Total Non-current	<u>812,471,249</u>	<u>676,495,986</u>
<b>Current bonds and other indebtedness</b>		
Corporate Bonds 2016	87,531,259	66,271,565
Corporate Bonds 2021 (1)	24,015,184	18,111,743
Nordic Investment Bank (NIB)	<u>1,061,620</u>	<u>53,278</u>
Total Current	<u>112,608,063</u>	<u>84,436,586</u>

(1) The balances as of December 31, 2012 are net of \$10,203,621 corresponding to the own notes portfolio.

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

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

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

	<u>31.12.2013</u>	<u>31.12.2012</u>
To be matured in 6 months or less	25,611,402	19,194,398
To be matured from 6 to 12 months	86,996,661	65,242,188
To be matured from 1 to 5 years	173,015,172	195,726,564
More than 5 years	<u>672,869,385</u>	<u>508,570,380</u>
	<u>958,492,620</u>	<u>788,733,530</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>31.12.2013</u>	<u>31.12.2012</u>
US Dolar	<u>958,492,620</u>	<u>788,733,530</u>
Total	<u>958,492,620</u>	<u>788,733,530</u>

**16. Employee benefit expense**

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

	<u>31.12.2013</u>	<u>31.12.2012</u>
<b>Charges to Results</b>		
Services Cost	6,817,494	4,689,760
Interest Cost	<u>26,711,358</u>	<u>19,245,199</u>
Total	<u>33,528,852</u>	<u>23,934,959</u>



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

Benefits Obligations at the beginning of the year	86,982,633	69,412,278
Services Cost	6,817,494	4,689,760
Interest Cost	26,711,358	19,245,199
Actuarial losses	410,832	447,026
Payments of benefits	<u>(13,369,595)</u>	<u>(6,811,630)</u>
Benefits Obligations at the end of the year	<u>107,552,722</u>	<u>86,982,633</u>

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

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

**17. Trade accounts payable**

	<u>31.12.2013</u>	<u>31.12.2012</u>
<b>Non-Current</b>		
Billings in advance	<u>4,333,734</u>	<u>4,749,953</u>
Total	<u>4,333,734</u>	<u>4,749,953</u>
<b>Current</b>		
Suppliers	68,612,588	61,400,720
Billings in advance	8,772,843	18,908,883
Other related parties (Note 18)	<u>0</u>	<u>22,973</u>
Total	<u>77,385,431</u>	<u>80,332,576</u>

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

**18. Balances and transactions with related parties**

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

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

The operating fees are 2.75% of certain regulated revenues.



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The transactions with related parties are as follows:

**Companies Law No. 19,550 – Sect. 33**

	Fiscal year ended	
	31.12.2013	31.12.2012
Sales of assets and services rendered to Energía Argentina S.A.	2,600	113,200
Fees for operating services		
*Pampa Energía S.A.	8,287,871	4,792,125
*Energía Argentina S.A.	4,143,936	2,396,063
*Grupo Eling S.A.	4,143,936	2,396,063
Interest generated by assets (Citelec S.A.)	25,879	745,253

**Other related parties**

	Fiscal year ended	
	31.12.2013	31.12.2012
Sales of assets and services rendered to Integración Eléctrica Sur Argentina S.A.	9,774,558	29,311,204
Sales of assets and services rendered to Yacylec S.A.	5,137,735	4,899,102
Sales of assets and services rendered to C.T.Loma de la Lata S.A.	1,012,554	1,024,242
Sales of assets and services rendered to Litsa S.A.	889,258	1,044,420
Sales of assets and services rendered to Central Piedra Buena S.A.	568,051	214,180
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	264,330	264,000
Sales of assets and services rendered to Empresa Distribuidora de Energía Norte S.A.	0	15,643,409
Sales of assets and services rendered to Edenor S.A.	0	695,000

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

	31.12.2013	31.12.2012
<b>Companies Law No. 19,550 - Sect. 33</b>		
<b>Assets</b>		
<b>Trade account receivables</b>		
Energía Argentina S.A.	0	105,594
<b>Total</b>	<b>0</b>	<b>105,594</b>
<b>Financial assets at amortized cost</b>		
Loan Citelec S.A.	0	1,960,344
<b>Total</b>	<b>0</b>	<b>1,960,344</b>
<b>Liabilities</b>		
<b>Trade accounts payable</b>		
Pampa Energía S.A.	0	22,973
<b>Total</b>	<b>0</b>	<b>22,973</b>
<b>Provisions</b>		
Pampa Energía S.A.	4,472,655	1,014,245
Grupo Eling S.A.	2,236,328	507,122
Energía Argentina S.A.	2,236,328	507,122
<b>Total</b>	<b>8,945,311</b>	<b>2,028,489</b>



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<b>Assets</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Trade account receivables</b>		
Integración Eléctrica Sur Argentina S.A.	10,644,453	33,325,807
Yacylec S.A.	554,570	732,319
CT. Loma de la Lata S.A.	102,355	102,355
Litsa S.A.	68,408	178,174
Transportadora de Gas del Sur S.A.	330	660
Empresa Distribuidora de Energía Norte S.A.	0	5,994,267
C.T. Piedra Buena S.A.	0	26,015
<b>Total</b>	<b>11,370,116</b>	<b>40,359,597</b>

**19. Investment in Transener Internacional Ltda.**

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

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

As of December 31, 2013, due to the uncertainty as to the Company ability to fully recover the above-mentioned loans and credits granted, the book value of such investments remains fully impaired.

No loan has been assigned to the mentioned subsidiary during fiscal year 2012 and 2013.

**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,



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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 22.4.

**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, 2013, the negative retained earnings exposed in the financial statements under Argentine accounting standards and CNV regulations amounts to \$390,493,879.

**21. 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



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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.

By ENRE Resolution No. 346/2013 dated December 4, 2013, the ENRE upheld the appeal lodged against the ENRE Resolution No. 244/2013, and approved the annual fee adjustment to settle on by CAMMESA as of August/2012 equivalent to \$ 132.2 million plus VAT plus interest provided in section 5.5. Cap. 5 of Procedures for retroactive payments.





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**22. Financing structure**

**22.1 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.

**22.1.1 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, 2013 was US\$ 39,798,000 (See Notes 22.1.2. Refinancing of Series 1 Notes – 2021 Series 2 Notes).

**22.1.2 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, 2013, the remaining balance of the Series 2 Notes, net of those hold by the Company amounted to US\$ 98,535,000 (See note 22.5 Repurchase of Notes).

**22.2 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



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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.

**22.3 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 22.1.2 Refinancing of Series 1 Notes – 2021 Series 2 Notes (“Refinancing 2011”).

**22.4 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, 2013 there is not any default related to those restrictions.

**22.5 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.

**23. Loss per share**

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

	<b>Fiscal year ended</b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>
Comprehensive results from continuing operations attributable to the equity holders of the Company	430,212	(99,177,498)
Comprehensive results from discontinuing operations attributable to the equity holders of the Company	(6,311,599)	(4,544,606)
<b>Total</b>	<b>(5,881,387)</b>	<b>(103,722,104)</b>
Ordinary shares average	444,673,795	444,673,795
Loss per share attributable to the equity holders of the Company (\$/Share)	(0.01)	(0.23)



**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)

**24. Foreign currency assets and liabilities**

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

Captions	December 31, 2013			December 31, 2012	
	Amount and class of foreign currency	Current exchange rate	Amount in local currency	Amount and class of foreign currency	Amount in local currency
Assets			\$		\$
Current assests					
Cash and banks	US\$ 3,012,525	6.481	19,524,176	797,773	3,891,536
Cash and banks	R\$ 197	2.763	544	385	920
Investments			0	US\$ 7,657,200	37,351,822
Total current assets			19,524,720		41,244,278
Total assets			19,524,720		41,244,278
Liabilities					
Current liabilities					
Account payable	US\$ 255,034	6.521	1,663,079	3,062,835	15,063,024
Account payable	€ 10,737	9.011	96,749		0
Debt and other indebtedness	US\$ 17,268,527	6.521	112,608,063	17,168,887	84,436,586
Total current liabilities			114,367,891		99,499,610
Non current liabilities					
Debt and other indebtedness	US\$ 129,717,000	6.521	845,884,557	143,208,000	704,296,944
Total non current liabilities			845,884,557		704,296,944
Total liabilities			960,252,448		803,796,554

US\$: United States Dollars

€: Euros

R\$: Reales

**25. Allowance**

Captions	At the beginning of the year	Additions	Deductions	At the end of the year
	\$			
Deducted from current assets				
Loans to subsidiary (1)	36,524,496	9,710,152	(46,234,648)	0
Bad debtors	466,497	0	0	466,497
Other irrecoverable receivables (1)	1,983,686	0	(472,909)	1,510,777
Total at December 31, 2013	38,974,679	9,710,152	(46,707,557)	1,977,274
Total at December 31, 2012	31,922,753	7,051,926	0	38,974,679

(1) See Note 19.