

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

**Consolidated Financial Statements as of December 31, 2014 and for the years ended
December 31, 2014 and 2013**



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

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

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REPORT OF INDEPENDENT AUDITORS

To the shareholders, President and Directors of
Compañía de Transporte de Energía Eléctrica en
Alta Tensión Transener S.A.
Legal address: Av. Paseo Colón 728 – 6th Floor
City of Buenos Aires
Tax Code No. 30-66314877-6

Report on the financial statements

We have audited the attached consolidated financial statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiaries (the Company), which consist of the consolidated statement of financial position as of December 31, 2014 and the consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flow for the year then ended, as well as a summary of the most significant accounting policies and other explanatory information.

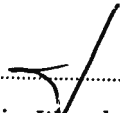
The balances and other information corresponding to the fiscal year 2013 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Management's responsibilities

The Board of Directors of the Company is responsible for the preparation and reasonable presentation of these consolidated financial statements under International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated into the regulations of the National Securities Commission (CNV), as approved by the International Accounting Standards Board (IASB). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare consolidated financial statements free of any material misstatements due to error or irregularities. Our responsibility is to express an opinion on these consolidated financial statements, based on the audit performed with the scope detailed in section "Auditors' responsibility".

Auditors' responsibility

Our responsibility is to express an opinion on the attached consolidated financial statements, based on our audit. We performed our audit in accordance with International Standards on Auditing (ISAs). These standards were adopted as review standard in Argentina through Technical Pronouncement No. 33 of the FACPCE (Argentine Federation of Professional Councils in Economic Sciences), as approved by the International Auditing and Assurance Standards Board (IAASB) and they require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.


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An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor must consider internal control relevant to the Company's preparation and reasonable presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements mentioned the first paragraph of this report present fairly, in all material respects, the consolidated financial position of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiaries as of December 31, 2014, as well as the consolidated comprehensive income and consolidated cash flows for the fiscal year then ended, in accordance with International Financing Reporting Standards.

Emphasis paragraph

We would like to emphasize the situation described in Note 2, which details the negotiations between the Company and Transba S.A. with pertinent authorities to restore their tariff schedules and impact on the economic-financial situation of both companies. The Company has prepared these consolidated financial statements using accounting principles that are applicable to a going concern. Therefore, the consolidated financial statements do not include the possible effects of any future adjustments or reclassifications, if any, that could be required if the situations described in the Note mentioned cannot be solved in favor of the continuity of operations of the Company and its subsidiary, and it were obliged to realize its assets and to settle its liabilities, including the contingent ones, in conditions other than those for the normal course of business. Our conclusion includes no qualifications as regards this situation.

City of Buenos Aires, February 26, 2015

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. V° F° 17
Norberto Montero
Public Accountant (UBA)
C.P.C.E.C.A.B.A. V° 167 F° 179

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Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Consolidated Statements of Operations
for the years ended December 31, 2014 and 2013
(In Argentine Pesos, except as otherwise indicated)

Consolidated income / (loss) statement	Note	Fiscal year ended	
		31.12.2014	31.12.2013
Net Revenues	7	1,476,888,470	873,761,354
Operating expenses	8	(1,071,602,022)	(781,113,413)
Gross income		<u>405,286,448</u>	<u>92,647,941</u>
Administrative expenses	8	(183,299,829)	(134,935,262)
Other (expenses) / gains net		<u>(15,133,584)</u>	<u>5,265,065</u>
Operating results		<u>206,853,035</u>	<u>(37,022,256)</u>
Finance income	9	452,249,248	345,983,640
Finance costs	9	(118,761,350)	(83,833,372)
Other financial results	9	<u>(284,023,304)</u>	<u>(229,804,410)</u>
Income / (loss) before taxes		<u>256,317,629</u>	<u>(4,676,398)</u>
Income tax expense	10	<u>(102,843,457)</u>	<u>1,665,241</u>
Income / (loss) for the year		<u>153,474,172</u>	<u>(3,011,157)</u>
Income / (loss) attributable to :			
Owners of the parent		145,199,339	(5,613,348)
Non-controlling interests		<u>8,274,833</u>	<u>2,602,191</u>
Total for de year		<u>153,474,172</u>	<u>(3,011,157)</u>
Other consolidated comprehensive income / (loss)			
Income / (loss) for the year		153,474,172	(3,011,157)
Recognition of actuarial income / (loss) in retirement benefits plans		(12,983,110)	(410,832)
Tax effect on actuarial income / (loss) in retirement benefits plans		<u>4,544,089</u>	<u>143,792</u>
Total comprehensive income / (loss) for the year		<u>145,035,151</u>	<u>(3,278,197)</u>
Attributable to :			
Owners of the parent		137,111,492	(5,881,387)
Non-controlling interests		<u>7,923,659</u>	<u>2,603,190</u>
Total for the year		<u>145,035,151</u>	<u>(3,278,197)</u>
Income / (loss) per share attributable to the equity holders of the Company:			
Total for the year	23	0.33	(0.01)

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.
Consolidated Balance Sheets as of December 31, 2014 and 2013
(In Argentine Pesos, except as otherwise indicated)

	Note	<u>31.12.2014</u>	<u>31.12.2013</u>
Assets			
Non-current assets			
Property, plant and equipment	11	1,589,000,341	1,301,689,415
Other receivables	12	16,270,225	50,070,705
Total Non-current assets		<u>1,605,270,566</u>	<u>1,351,760,120</u>
Current Assets			
Trade accounts receivables	13	471,289,606	386,446,312
Other receivables	12	48,139,013	73,429,131
Cash and cash equivalents	14	329,676,393	73,624,888
Total Current assets		<u>849,105,012</u>	<u>533,500,331</u>
Total Assets		<u>2,454,375,578</u>	<u>1,885,260,451</u>
Equity and liabilities			
Capital and reserves attributable to owners of the parent		618,894,940	481,783,448
Equity attributable to owners of the parent		<u>618,894,940</u>	<u>481,783,448</u>
Non-controlling interests		35,818,648	27,894,989
Total equity		<u>654,713,588</u>	<u>509,678,437</u>
Liabilities			
Non-current liabilities			
Debt and other indebtedness	15	955,667,363	812,471,249
Deferred tax payable	10	68,350,861	61,919,847
Employee benefits payable	16	147,353,395	107,552,722
Trade accounts payable	17	3,732,488	4,333,734
Total Non-current liabilities		<u>1,175,104,107</u>	<u>986,277,552</u>
Current liabilities			
Provisions	26	26,090,476	18,305,445
Other liabilities		778,781	2,425,099
Debt and other indebtedness	15	147,212,304	112,608,063
Taxes payable		88,048,947	46,920,522
Payroll and social securities taxes payable		161,675,961	99,892,802
Trade accounts payable	17	200,751,414	109,152,531
Total Current liabilities		<u>624,557,883</u>	<u>389,304,462</u>
Total Liabilities		<u>1,799,661,990</u>	<u>1,375,582,014</u>
Total Equity and liabilities		<u>2,454,375,578</u>	<u>1,885,260,451</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.
Consolidated Statements of Changes in Equity for the years ended December 31, 2014 and 2013
(In Argentine Pesos, except as otherwise indicated)

	Attributable to owners of the parent							Total equity	
	Common Stock	Inflation adjustment on common stock	Share premium	Legal reserve	Voluntary reserve	Retained earnings	Subtotal		Non-controlling interests
Balance as of December 31, 2012	444,673,795	352,996,229	31,978,847	42,628,456	210,206,496	(594,818,988)	487,664,835	25,291,799	512,956,634
Reversal of Voluntary Reserve	0	0	0	0	(210,206,496)	210,206,496	0	0	0
Income for the 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)
Balance as of December 31, 2013	444,673,795	352,996,229	31,978,847	42,628,456	0	(390,493,879)	481,783,448	27,894,989	509,678,437
Income for the year	0	0	0	0	0	145,199,339	145,199,339	8,274,833	153,474,172
Other comprehensive loss for the year	0	0	0	0	0	(8,087,847)	(8,087,847)	(351,174)	(8,439,021)
Balance as of December 31, 2014	444,673,795	352,996,229	31,978,847	42,628,456	0	(253,382,387)	618,894,940	35,818,648	654,713,588

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.
Consolidated Statements of Cash Flows for the years ended
December 31, 2014 and 2013
(In Argentine Pesos, except as otherwise indicated)

	Note	Fiscal year ended	
		31.12.2014	31.12.2013
Cash flows from operating activities:			
Income / (Loss) for the year		145,035,151	(3,278,197)
Adjustments:			
Depreciation of property, plant and equipment	11	86,374,111	83,889,462
Instrumental Agreement	2	(1,131,391,928)	(580,991,745)
Other comprehensive loss for the year		8,439,021	267,040
Employee benefits plan	16	42,972,450	33,528,852
Income tax expense accrued during the year	10	102,843,457	(1,665,241)
Foreign exchange and other financial results		400,476,830	334,459,271
Other results generated by assets		0	(6,710,264)
Retirements of property, plant and equipment	11	18,869,103	9,826,689
Changes in certain assets and liabilities, net of non-cash:			
(Increase) Decrease in trade receivables		(274,451,377)	(154,991,481)
(Increase) Decrease in other receivables		59,090,598	13,339,978
Increase (Decrease) in trade accounts payable		90,997,637	11,991,466
Increase (Decrease) in payroll and social securities taxes payable		61,783,159	14,410,732
Increase (Decrease) in taxes payable		(40,718,906)	18,847,054
Increase (Decrease) in provisions	26	7,785,031	7,152,993
Increase (Decrease) of employee benefits payable	16	(16,154,887)	(13,369,595)
Income tax payment		(10,021,023)	0
Net cash used in operating activities		(448,071,573)	(233,292,986)

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Consolidated Statements of Cash Flows for the years ended
December 31, 2014 and 2013 (continued)
(In Argentine Pesos, except as otherwise indicated)

	Note	Fiscal year ended	
		<u>31.12.2014</u>	<u>31.12.2013</u>
Cash flows from investing activities:			
Purchases of the acquisition of property, plant and equipment	11	(392,554,140)	(216,741,345)
Decrease in financial assets at amortized cost		0	1,986,223
Cash used in investing activities		<u>(392,554,140)</u>	<u>(214,755,122)</u>
Cash flows from financing activities:			
Funds from CAMMESA Financing	2	1,321,000,011	555,000,017
Payments and repurchase of bonds and other indebtedness - Principal		(114,923,223)	(83,493,001)
Payments and repurchase of bonds and other indebtedness - Interests		(109,399,570)	(79,964,249)
Net cash generated by financing activities		<u>1,096,677,218</u>	<u>391,542,767</u>
Increase / (Decrease) in cash and cash equivalents		256,051,505	(56,505,341)
Cash and cash equivalents at the beginning of the year		<u>73,624,888</u>	<u>130,130,229</u>
Cash and cash equivalents at year end	14	<u><u>329,676,393</u></u>	<u><u>73,624,888</u></u>
Significant non-cash transactions			
Decrease in accounts receivable	2	1,321,000,011	555,000,017
Decrease in other liabilities - CAMMESA Financing	2	(1,321,000,011)	(555,000,017)
		<u>0</u>	<u>0</u>

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

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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 26, 2015.

2. Tariff Review and economic and financial situation

a) Tariff Review

The Emergency Law No. 25561, which fixed the prices and tariffs of the public services companies' contracts in Pesos at the exchange rate of Peso 1 for each US\$1, has imposed the obligation to renegotiate the concession agreements with the National Government to those companies that provide public services, such as Transener and Transba, while continuing to render the service. This situation has significantly affected the economic and financial situation of the Company and its subsidiary Transba.

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

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

Since 2006 Transener and Transba have communicated to the ENRE the need to regularize the fulfillment of the commitments settled in the Definitive Agreement, describing the breaches of commitments established in that Agreement on behalf of said regulatory authority, the serious situation arising from such breaches, and its

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availability to continue with the FTR process, as long as the remaining commitments assumed by the parties continue in force, and the new tariff regime arising from the FTR process is resolved.

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

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

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

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

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

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

The Investment Plan 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.

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

On February 14, 2014, Transener signed with CAMMESA an extension of the Financing Agreement (Addenda III) which provides as follows: i) grant a new loan to Transener for the amount of \$ 785.8 million, for credits recognized by the SE and ENRE, resulting from cost variations occurred during the period December 2010 to December 2012 and ii) the collateral assignment of the credits recognized as higher costs as of December 31, 2012, in accordance with the Renewal Agreement under the Instrumental Agreement, so as to settle the amounts to be received by application of the new signed extensions.

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

At year end, the results of the recognition of the cost variations by SE and 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 \$ 601.5 million and \$ 250.7 million plus interest for \$ 200.9 million and \$ 149.3 million, for the fiscal years ended December 31, 2014 and 2013, respectively. Accordingly, Transba has recognized revenues for \$ 248.5 million and \$ 116.5 million plus interest for \$ 80.5 million and \$ 64.5 million, for the same periods, respectively. The liability for the whole disbursements has been settled through the assignment of credits recognized as higher costs, according to the Instrumental Agreement and the Renewal Agreement.

b) Economic and financial situation

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

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

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

In relation to the above mentioned, it is still complex to foresee the evolution of the issues mentioned in section a) and b), as well as its possible impact on the Company's businesses and cash flows. Transener has prepared these 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.

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

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. 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 financial statements have been prepared in accordance with Technical Pronouncement No. 26 of the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE"), which has adopted International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and International Financial Reporting Standards Committee ("IFRIC").

These financial statements are stated in Argentine pesos and have been prepared under the historical cost convention, as modified by measurement of certain financial assets at fair value with changes in profits and losses.

4.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are all entities in relation to which the economic group is exposed or entitled to variable benefits from its activities and has the ability to influence that return through its power over them. Subsidiaries are fully consolidated from the date on which control is transferred to the group and 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.

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4.4 Foreign currency transaction

(a) Functional and presentation currency

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

The Company has assessed and concluded that as of the date of these consolidated financial statements the conditions set out in IAS 29 *Financial Reporting in Hyperinflationary Economies* are not met and, as a result, Argentina is not considered a hyperinflationary economy. These conditions include that the accumulated inflation over the last three years amounts to or exceeds 100%. As of the date of issuance of these consolidated financial statements, this standard, measured as the variance in the Wholesale Price Index published by the National Institute of Statistics and Census ("INDEC"), is not met. As a result, these consolidated financial statements have not been restated.

IAS 29 establishes that if this standard is reached, the financial statements should be restated from the date of the last restatement (March 1, 2003) or the last revaluation of assets that had been revalued on transition to IFRS.

(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. 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.

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".

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(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. From the review performed, no adjustments were made to their value.

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.

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%.

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- 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 25%.
- 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 65%.
- 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 9%.

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 WACC discount rate of post- tax in pesos expressed in real terms of 13.8% 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, 2014.

4.7 Financial assets

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

(a) Financial assets at amortized cost

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

(b) Financial assets to fair value

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

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

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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.

The fair value of financial assets is similar to the amortized cost included in these financial statements.

4.8 Impairment of financial assets at amortized cost

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

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

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

4.9 Financial liabilities

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

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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 CAMESA 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 CAMESA 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 CAMESA 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.

As of the date of these financial statements, the fair value of financial liabilities does not significantly differ from amortized cost.

4.10 Derivative financial instruments

In fiscal year 2014, the Company entered into hedging instruments (futures currency) to protect itself against the risk of fluctuations in the exchange rate of the US dollar to meet its liabilities in that currency.

At December 31, 2014, the Company concentrates a position for the purchase of US dollars for US\$ 4,803,000, at an average rate of exchange agreed under a contract of \$ 9.002, falling due on January 30, 2015. Liabilities generated by these instruments are valued at fair value of cancellation.

These contracts are guaranteed. These guarantees are disclosed under Other receivables - current, net of the profit or loss generated by the contracts that they back.

At December 31, 2014, differences arising as a result of the application of measurement criteria detailed above, showed a net loss of \$ 5,959,096, which has been recognized as losses and disclosed in the line Other financial results of the Statement of Comprehensive Income.

4.11 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, 2014 and 2013 respectively, based on an actuarial study conducted by an independent professional as of December 31, 2014 and 2013. 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".

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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.

4.12 Income tax and Minimum Notional Income tax

(a) Income tax

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

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

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

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

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

(b) Minimum Notional Income tax

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

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

4.13 Provisions

Based on an individual analysis on the credit and investments portfolio at year-end, an allowance for bad debts was set up.

In addition, the Company is a party to various claims, lawsuits and other legal proceedings, including customer's claims, where third parties seek compensation, payment for damages or reimbursement for losses. The potential responsibility of the Company with respect to such claims, lawsuits and other legal proceedings cannot be estimated with certainty. The Management, with the aid of the legal counsel (lawyers) periodically reviews the status of each significant matter and assesses the potential financial exposure. If the loss arising from a lawsuit or claim is considered probable and the amount can be reasonably estimated, a provision is set up.

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The allowance for contingent losses show a reasonable estimate of the losses that will be incurred, based on information available to the Management at the date of preparation of the financial statements and considering the litigation and settlement strategies. Estimates are mainly made with the assistance of legal counsel. However, if the estimates of Management are incorrect, current provisions may be inadequate and a charge to earnings may be incurred that could have a material impact on the consolidated statements of financial position, comprehensive income, changes in equity and cash flows.

4.14 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 Law N° 26.831 (Capital Market) and regulations of the National Securities Commission have been included as related parties.

4.15 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 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 Fee 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.

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(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.

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

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

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

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

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

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

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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.

4.16 Changes related to the accounting policies under IFRS

a) New mandatory standards, amendments and interpretations for fiscal years beginning January 1, 2014 and not early adopted by the Company

The Company must apply the following standards this fiscal year, which have not had a significant impact on its financial position and results of operation.

IAS 32 Financial Instruments: Presentation: This standard introduces changes to aspects regarding offsetting financial assets and financial liabilities. These changes have not had an impact on the Company's financial position or results of operation nor have new disclosures been required.

IAS 36 (revised 2013) Impairment of Assets: This standard was issued in May 2013. It amends the disclosure requirements relating to impaired assets with a recoverable amount based on fair value less costs to sell.

IAS 39 Financial Instruments: Recognition and Measurement: It establishes the continuation of hedge accounting (fair value and cash flows) if a derivative designated as hedging instrument is novated to a central counterparty following the introduction of a new law or regulation. The application of this amendment has not had an impact on the Company's financial position or results of operation nor have new disclosures been required.

IFRIC 21 Levies: It was issued in May 2013 and provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

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

In December 2014, the IASB amended *IAS 1 Presentation of Financial Statements* by incorporating guidelines for the presentation of financial statements, which is effective for annual periods beginning on or after January 1, 2016; early adoption is permitted. The Company is considering the effect of this amendment on disclosures.

In September 2014, the IASB issued amendments to IFRS, which are effective for periods beginning on or after January 1, 2016; early adoption is permitted. The Company is considering the effect of this amendment on disclosures; however, it estimates that adoption will not have an impact on the Company's financial position or results of operation.

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IFRS 15 Revenue from Contracts with Customers: This standard was issued in May 2014 and is effective for periods beginning on or after January 1, 2017. It specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Company is considering the effect of this amendment; however, it estimates that adoption will not have a significant impact on the Company's financial position or results of operation.

IFRS 9 Financial Instruments: It was issued in July 2014 and includes all phases of the IASB project to replace *IAS 39 Financial Instruments: Recognition and Measurement*. The phases comprise classification and measurement, impairment and hedge accounting. This version adds a new expected loss impairment model and some minor changes to the classification and measurement of financial assets. The new standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The Company has already adopted the first phase of IFRS 9 at the date of transition to IFRS; however, it has not opted to early adopt phases 2 and 3 included in this latest version.

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 and 4.8.

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 partially covered by funds invested in foreign currency.

As of December 31, 2014, the Company valued its debt in US dollars at the current exchange rate as of that date.

(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

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Company diversifies its portfolio. Diversification of the portfolio is made according to limits and parameters pre-established by the Administration and Finance Department.

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

(iii) Interest rate risks

The Company is not exposed to the risk of interest rate given that as of December 31, 2014 and 2013 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, 2014, the accounts receivable debts amounted to approximately \$ 133 million (2013: \$ 113 million). As of December 31, 2014, the financial statements included an estimate of \$ 0.5 million (2013: \$ 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 82% of the total portfolio of accounts receivable of the Company to December 31, 2014 (2013: 88%).

(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, 2014 the Company remained cash and cash equivalents by \$ 330 million that is expected to generate immediate cash inflows for the liquidity risk management (2013: \$ 74 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.

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As of December 31, 2014	Matured	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Debt and other indebtedness	0	33,133,413	114,078,891	151,917,066	842,572,785
Accounts payable	0	194,976,030	3,392,698	0	0
Other liabilities	0	778,781	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, 2014 and 2013 and the date of transition to IFRS are as follows:

	<u>31.12.2014</u>	<u>31.12.2013</u>
Total Debt and other indebtedness	1,102,879,667	925,079,312
Less: Cash and cash equivalents	<u>(329,676,393)</u>	<u>(73,624,888)</u>
Net debt	773,203,274	851,454,424
Total Equity	<u>654,713,588</u>	<u>509,678,437</u>
Total capital	<u>1,427,916,862</u>	<u>1,361,132,861</u>
Leverage ratio	<u>54%</u>	<u>63%</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>31.12.2014</u>	<u>31.12.2013</u>
Financial assets		
Cash and cash equivalents - Mutual funds at fair value	286,602,973	51,450,735
Trade accounts receivables at amortized cost	471,289,606	386,446,312
Other receivables at amortized cost	9,274,156	40,917,568
Cash and cash equivalents at fair value	<u>43,073,420</u>	<u>22,174,153</u>
Total	<u><u>810,240,155</u></u>	<u><u>500,988,768</u></u>
Financial Liabilities		
Debt and other indebtedness	1,102,879,667	925,079,312
Trade accounts payable	198,368,728	100,379,688
Other liabilities	778,781	2,425,099
Total	<u><u>1,302,027,176</u></u>	<u><u>1,027,884,099</u></u>

As of December 31, 2014 and 2013, 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, 2014			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Cash and cash equivalents	286,602,973	0	0	286,602,973
Total Assets	<u>286,602,973</u>	<u>0</u>	<u>0</u>	<u>286,602,973</u>

Description	Measurement at fair value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
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>

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

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

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

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.

As of December 31, 2014, the operating segments have been adapted to the guidelines of ENRE Resolution 176/2013, which establishes that a regulatory accounting system will enter into force since January 1, 2014, differentiating regulated from non-regulated activity pursuant to the resolution.

As of December 31, 2013 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 years ended December 31, 2014 and 2013 is as follows:

	Regulated activity	Non-regulated activity	Total
	\$	\$	\$
Fiscal year ended December 31, 2014			
Net revenues	1,265,491,389	211,397,081	1,476,888,470
Operating results	183,710,266	23,142,769	206,853,035
Total assets	2,402,528,984	51,846,594	2,454,375,578
Total liabilities	1,557,028,463	242,633,527	1,799,661,990
Acquisition of property, plant and equipment	392,554,140	0	392,554,140
Property, plant and equipment depreciation	86,374,111	0	86,374,111
Fiscal year ended December 31, 2013			
Net revenues	685,986,794	187,774,560	873,761,354
Operating results	(92,650,190)	55,627,934	(37,022,256)
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

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

7. Net Revenues

	Fiscal year ended	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Net Regulated Revenue	1,154,498,470	670,797,909
Net Fourth Line Revenue	18,118,365	15,188,885
Net Other Revenue	<u>304,271,635</u>	<u>187,774,560</u>
Net Revenues	<u>1,476,888,470</u>	<u>873,761,354</u>



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8. Expenses by Nature

Items	Fiscal year ended December 31, 2014			Fiscal year ended December 31, 2013		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	725,289,120	595,886,406	129,402,714	543,587,213	452,627,457	90,959,756
Other personnel costs	13,501,388	8,647,816	4,853,572	10,103,966	7,144,888	2,959,078
Fees for operating services	21,898,374	21,898,374	0	16,575,743	16,575,743	0
Professional fees	16,991,917	5,419,316	11,572,601	12,441,370	4,203,140	8,238,230
Equipment maintenance	8,855,319	8,855,319	0	8,783,637	8,783,637	0
Work for third-party materials	105,204,527	105,204,527	0	24,121,809	24,121,809	0
Fuel and lubricants	18,742,601	17,915,631	826,970	11,398,750	10,844,491	554,259
General Maintenance	43,722,499	42,566,930	1,155,569	33,112,980	31,922,572	1,190,408
Electricity	2,181,267	2,091,079	90,188	2,125,082	2,022,756	102,326
Depreciation of property, plant and equipment	86,374,111	77,728,557	8,645,554	83,889,462	75,491,424	8,398,038
Administration expenses related to WEM	785,014	785,014	0	906,557	906,557	0
Regulatory fees	1,634,375	1,634,375	0	1,772,469	1,772,469	0
ATEERA membership fees	555,952	0	555,952	431,773	0	431,773
Communications	5,966,562	5,032,098	934,464	4,059,522	3,325,834	733,688
Transportation	7,539,053	7,514,025	25,028	5,868,338	5,794,207	74,131
Insurance	41,384,939	39,903,083	1,481,856	31,290,036	30,169,645	1,120,391
Rents	11,499,469	6,212,016	5,287,453	9,517,650	5,698,060	3,819,590
Travel and lodging expenses	39,725,421	38,470,194	1,255,227	32,368,498	31,096,756	1,271,742
Stationary and printing	8,930,104	1,404,107	7,525,997	6,896,195	930,665	5,965,530
Taxes and government contributions	7,006,226	6,544,210	462,016	3,447,424	4,540,979	567,954
Directors and syndics	2,888,595	0	2,888,595	3,447,424	0	3,447,424
Security	23,428,950	23,415,120	13,830	16,164,401	16,164,401	0
Office and substation cleaning	16,004,488	14,929,962	1,074,526	11,528,070	10,747,940	780,130
Electroduct maintenance	11,717,581	11,717,581	0	8,064,969	8,064,969	0
Provisions	13,072,894	13,072,894	0	13,433,138	13,433,138	0
Others	20,001,105	14,753,388	5,247,717	19,050,690	14,729,876	4,320,814
TOTAL	1,254,901,851	1,071,602,022	183,299,829	916,048,675	781,113,413	134,935,262

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9. Financial Results Net

	Fiscal year ended	
	31.12.2014	31.12.2013
<u>Financial Income</u>		
Interests	452,249,248	345,983,640
Total financial income	<u>452,249,248</u>	<u>345,983,640</u>
<u>Financial Costs</u>		
Interests generated by loans	(118,761,350)	(83,833,372)
Total financial costs	<u>(118,761,350)</u>	<u>(83,833,372)</u>
<u>Other financial results</u>		
Foreign exchange	(276,766,900)	(243,964,840)
Result from receivables measured at fair value	(5,959,096)	14,961,664
Result from liabilities measured at fair value	(1,297,308)	(801,234)
Total Other financial results	<u>(284,023,304)</u>	<u>(229,804,410)</u>
Total Other financial results, net	<u>49,464,594</u>	<u>32,345,858</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	Other receivables	Employee benefits payable	Provisions	Fourth Line	Total
As of January 1, 2014	38,949,711	0	142,195	0	37,643,453	11,796,788	4,689,932	93,222,079
Charged to the income statement	(38,949,711)	0	0	937,060	9,386,147	4,902,852	(4,689,932)	(28,413,584)
Charged to other comprehensive income	0	0	0	0	4,544,089	0	0	4,544,089
As of December 31, 2014	0	0	142,195	937,060	51,573,689	16,699,640	0	69,352,584
As of January 1, 2013	37,280,067	12,169,118	142,195	0	30,443,922	8,157,578	9,524,062	97,716,942
Charged to the income statement	1,669,644	(12,169,118)	0	0	7,055,739	3,639,210	(4,834,130)	(4,638,655)
Charged to other comprehensive income	0	0	0	0	143,792	0	0	143,792
As of December 31, 2013	38,949,711	0	142,195	0	37,643,453	11,796,788	4,689,932	93,222,079

Deferred Tax Liabilities

	Property, plant and equipment	Cash and cash equivalents	Other receivables	Debt and other indebtedness	Total
As of January 1, 2014	132,960,777	0	10,486,491	11,694,658	155,141,926
Charged to the income statement	(11,365,092)	2,519,889	(10,486,491)	1,893,213	(17,438,481)
Charged to other comprehensive income	0	0	0	0	0
As of December 31, 2014	121,595,685	2,519,889	0	13,587,871	137,703,445
As of January 1, 2013	145,064,287	0	19,854,108	9,730,335	174,648,730
Charged to the income statement	(12,103,510)	0	(9,367,617)	1,964,323	(19,506,804)
Charged to other comprehensive income	0	0	0	0	0
As of December 31, 2013	132,960,777	0	10,486,491	11,694,658	155,141,926



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Deferred Tax Liabilities as of December 31, 2014 and 2013 amounts to \$ 68,350,861 and \$ 61,919,847, respectively.

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

	<u>31.12.2014</u>
Deferred Tax Assets	
Deferred Tax Assets to be recovered in more than 12 months	69,352,584
Deferred Tax Assets to be recovered within 12 months	<u>0</u>
	<u>69,352,584</u>
Deferred Tax Liabilities	
Deferred Tax Liabilities to be recovered in more than 12 months	124,119,527
Deferred Tax Liabilities to be recovered within 12 months	<u>13,583,918</u>
	<u>137,703,445</u>

The income tax charge for the year is as follows:

	<u>Fiscal year ended</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Current tax	91,868,354	13,202,908
Deferred tax	<u>10,975,103</u>	<u>(14,868,149)</u>
Income tax	<u>102,843,457</u>	<u>(1,665,241)</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 profit / (loss).

	<u>Fiscal year ended</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Net loss before income taxes	256,317,629	(4,676,398)
Tax rate in force	35%	35%
Loss at the tax rate	<u>89,711,170</u>	<u>(1,636,739)</u>
Taxable effects by:		
- Allowance for tax bankruptcy	12,300,000	0
- Other non taxable and/or non deductible items	<u>832,287</u>	<u>(28,502)</u>
Income tax	<u>102,843,457</u>	<u>(1,665,241)</u>

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

	Before taxes	Taxes	After taxes
Fiscal year ended December 31, 2014			
Actuarial losses in retirement benefits obligations	(12,983,110)	4,544,089	(8,439,021)
Other comprehensive results	(12,983,110)	4,544,089	(8,439,021)
Current Tax		0	
Deferred tax		4,544,089	
		<u>4,544,089</u>	

	Before taxes	Taxes	After taxes
Fiscal year ended December 31, 2013			
Actuarial losses in retirement benefits obligations	(410,832)	143,792	(267,040)
Other comprehensive results	(410,832)	143,792	(267,040)
Current Tax		0	
Deferred tax		143,792	
		<u>143,792</u>	

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	72,903,368	5,572,106	(2,882,435)	760,007	76,353,046
Air and heavy equipment	37,138,075	11,735,791	0	317,777	49,191,643
Furniture and fixtures	7,199,554	79,129	0	0	7,278,683
Information systems	19,603,864	1,333,993	(538,209)	102,667	20,502,315
Transmission lines	915,200,084	470,738	0	359,833	916,030,655
Substations and related works	1,014,609,108	15,100,668	(892,243)	13,237,427	1,042,054,960
Building and civil works	84,046,044	878,180	0	295,620	85,219,844
Labs and maintenance	11,261,148	2,426,768	0	1,232,614	14,920,530
Communication equipment	106,248,319	1,033,034	0	459,087	107,740,440
Miscellaneous	17,688,559	5,115,269	0	1,453,513	24,257,341
Work in progress	153,069,630	185,104,995	0	127,267,447	465,442,072
Spare parts	59,634,377	23,768,357	(2,709,183)	(3,063,395)	77,630,156
Advances to suppliers	91,983,385	139,935,112	(15,862,940)	(142,422,597)	73,632,960
Total 31.12.2014	2,594,449,794	392,554,140	(22,885,010)	0	2,964,118,924
Total 31.12.2013	2,388,101,495	216,741,345	(10,393,046)	0	2,594,449,794

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Principal account	Depreciation				Net carrying value
	At the beginning of the year	Deductions	Reclassifications	At the end of the year	
Land	0	0	0	0	3,864,279
Vehicles	(37,295,280)	2,882,435	(7,263,320)	(41,676,165)	34,676,881
Air and heavy equipment	(8,678,765)	0	(1,646,619)	(10,325,384)	38,866,259
Furniture and fixtures	(5,420,950)	0	(411,367)	(5,832,317)	1,446,366
Information systems	(17,340,344)	538,209	(1,280,968)	(18,083,103)	2,419,212
Transmission lines	(602,779,090)	0	(33,178,703)	(635,957,793)	280,072,862
Substations and related works	(501,889,577)	595,263	(31,714,891)	(533,009,205)	509,045,755
Building and civil works	(35,158,728)	0	(2,293,644)	(37,452,372)	47,767,472
Labs and maintenance	(5,570,301)	0	(729,588)	(6,299,889)	8,620,641
Communication equipment	(62,580,601)	0	(5,750,668)	(68,331,269)	39,409,171
Miscellaneous	(16,046,743)	0	(2,104,343)	(18,151,086)	6,106,255
Work in progress	0	0	0	0	465,442,072
Spare parts	0	0	0	0	77,630,156
Advances to suppliers	0	0	0	0	73,632,960
Total 31.12.2014	(1,292,760,379)	4,015,907	(86,374,111)	(1,375,118,583)	1,589,000,341
Total 31.12.2013	(1,209,437,274)	566,357	(83,889,462)	(1,292,760,379)	1,301,689,415

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

During the years ended December 31, 2014 and 2013, the Company has not capitalized interest costs.

12. Other receivables

	<u>31.12.2014</u>	<u>31.12.2013</u>
Non-Current		
Minimum Notional Income Tax Credit	10,940,795	39,594,600
Stock Ownership Program	5,329,430	5,329,430
Financial Credit - Fourth Line	0	5,146,675
Total	<u>16,270,225</u>	<u>50,070,705</u>

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	<u>31.12.2014</u>	<u>31.12.2013</u>
Current		
Prepaid expenses	29,519,051	23,423,996
Advances to suppliers	11,726,066	7,259,854
Guarantees received	2,949,170	3,161,503
Loans to employees	2,527,551	1,534,497
Stock Ownership Program - Dividends receivable	778,780	778,780
Judicial seizure	611,135	611,135
Financial Credit - Fourth Line	0	27,492,043
Insurantee recoveries	0	9,142,315
Others	27,260	25,008
Total	<u>48,139,013</u>	<u>73,429,131</u>

The fair values of other receivables do not differ significantly from their respective book values. As of December 31, 2014, the current other credits unexpired amounted to \$ 48,139,013 (2013: \$ 73,429,131).

As of December 31, 2014 and 2013, there are no other credits expired.

The book value of other credits is denominated in Pesos.

	<u>31.12.2014</u>	<u>31.12.2013</u>
Pesos	64,409,238	123,499,836
	<u>64,409,238</u>	<u>123,499,836</u>

13. Trade account receivables

	<u>31.12.2014</u>	<u>31.12.2013</u>
CAMMESA	384,752,308	341,118,479
Other services	60,884,910	33,957,717
Other related parties (Note 18)	25,652,388	11,370,116
Total	<u>471,289,606</u>	<u>386,446,312</u>

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

As of December 31, 2014, accounts receivables unexpired amount to \$ 338,206,950 (2013: \$ 273,766,224).

	<u>31.12.2014</u>	<u>31.12.2013</u>
Less than 3 months	133,082,656	112,680,088
Between 3 and 6 months	0	0
Between 6 months and 1 year	0	0
	<u>133,082,656</u>	<u>112,680,088</u>

The book value of accounts receivables is denominated in Pesos.

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	<u>31.12.2014</u>	<u>31.12.2013</u>
Pesos	471,289,606	386,446,312
	<u>471,289,606</u>	<u>386,446,312</u>

14. Cash and cash equivalents

	<u>31.12.2014</u>	<u>31.12.2013</u>
Cash in local currency	962,991	921,991
Cash in foreign currency	118,974	91,278
Banks in local currency	15,829,941	1,727,442
Banks in foreign currency	26,161,514	19,433,442
Mutual funds	286,602,973	51,450,735
Cash and cash equivalents. net	<u>329,676,393</u>	<u>73,624,888</u>

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

	<u>31.12.2014</u>	<u>31.12.2013</u>
Pesos	303,395,905	54,100,168
US Dolar	26,279,828	19,524,176
Reales	660	544
Total	<u>329,676,393</u>	<u>73,624,888</u>

15. Debt and other indebtedness

	<u>31.12.2014</u>	<u>31.12.2013</u>
Non-current bonds and other indebtedness		
Corporate Bonds 2021	842,572,785	642,546,735
Corporate Bonds 2016	113,437,566	173,015,172
Nordic Investment Bank (NIB)	38,479,500	30,322,650
Internal rate of return adjustment to Corporate Bonds 2021	(36,880,137)	(30,904,510)
Net present value adjustment to NIB and Par Notes	(1,942,351)	(2,508,798)
Total Non-current	<u>955,667,363</u>	<u>812,471,249</u>
Current bonds and other indebtedness		
Corporate Bonds 2016	114,332,464	87,531,259
Corporate Bonds 2021	31,491,158	24,015,184
Nordic Investment Bank (NIB)	1,388,682	1,061,620
Total Current	<u>147,212,304</u>	<u>112,608,063</u>

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

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



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

	<u>31.12.2014</u>	<u>31.12.2013</u>
To be matured in 3 months or less	31,491,159	25,038,858
To be matured from 3 to 12 months	115,721,145	87,569,205
To be matured from 1 to 2 years	151,917,066	87,485,736
More than 2 years	<u>842,572,785</u>	<u>758,398,821</u>
	<u>1,141,702,155</u>	<u>958,492,620</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>31.12.2014</u>	<u>31.12.2013</u>
US Dolar	<u>1,141,702,155</u>	<u>958,492,620</u>
Total	<u>1,141,702,155</u>	<u>958,492,620</u>

16. Employee benefit expense

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

	Fiscal year ended	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Charges to Results		
Services Cost	9,375,045	6,817,494
Interest Cost	<u>33,597,405</u>	<u>26,711,358</u>
Total	<u>42,972,450</u>	<u>33,528,852</u>

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

	<u>31.12.2014</u>	<u>31.12.2013</u>
Benefits Obligations at the beginning of the period	107,552,722	86,982,633
Services Cost	9,375,045	6,817,494
Interest Cost	33,597,405	26,711,358
Actuarial losses	12,983,110	410,832
Payments of benefits	<u>(16,154,887)</u>	<u>(13,369,595)</u>
Benefits Obligations at the end of the period	<u>147,353,395</u>	<u>107,552,722</u>

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

Discount rate	43.10%	33.56%
Current interest rate	6.00%	6.00%
Salary growth rate	2%	2%

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17. Trade accounts payable

	<u>31.12.2014</u>	<u>31.12.2013</u>
Non-Current		
Billings in advance	3,732,488	4,333,734
Total	<u>3,732,488</u>	<u>4,333,734</u>
	<u>31.12.2014</u>	<u>31.12.2013</u>
Current		
Suppliers	155,701,937	68,612,588
Other related parties (Note 18)	7,079,380	8,945,311
Other liabilities	35,587,411	22,821,789
Billings in advance	2,382,686	8,772,843
Total	<u>200,751,414</u>	<u>109,152,531</u>

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

	<u>31.12.2014</u>	<u>31.12.2013</u>
To be matured in 6 months or less	197,358,716	102,686,982
To be matured from 6 to 12 months	3,392,698	6,465,549
To be matured from 1 to 5 years	3,732,488	4,333,734
Total	<u>204,483,902</u>	<u>113,486,265</u>

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

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

	<u>31.12.2014</u>	<u>31.12.2013</u>
Pesos	125,623,369	111,726,437
US Dolar	78,732,936	1,663,079
CHF Francos Suizos	127,597	0
Euros	0	96,749
Total	<u>204,483,902</u>	<u>113,486,265</u>

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. In January 2012, Pampa Generación S.A. transferred its contract to Pampa Energía 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	
	31.12.2014	31.12.2013
Sales of assets and services rendered to Energía Argentina S.A.	0	2,600
Fees for operating services		
*Pampa Energía S.A.	10,949,187	8,287,871
*Energía Argentina S.A.	5,474,594	4,143,936
*Grupo Eling S.A.	5,474,594	4,143,936
Interest generated by assets (Citelec S.A.)	0	25,879

Other related parties

	Fiscal year ended	
	31.12.2014	31.12.2013
Sales of assets and services rendered to Integración Eléctrica Sur Argentina S.A.	18,534,940	9,774,558
Sales of assets and services rendered to Yacylec S.A.	5,790,270	5,137,735
Sales of assets and services rendered to C.T.Loma de la Lata S.A.	1,366,471	1,012,554
Sales of assets and services rendered to Litsa S.A.	1,133,869	889,258
Sales of assets and services rendered to Edenor S.A.	595,500	0
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	264,000	264,330
Sales of assets and services rendered to Central Piedra Buena S.A.	117,600	568,051
Sales of assets and services rendered to Electroingeniería S.A.	104,042	0

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

Companies Law No.19,550 – Sect. 33

Liabilities	31.12.2014	31.12.2013
Trade accounts payable		
Pampa Energía S.A.	3,539,690	4,472,655
Grupo Eling S.A.	1,769,845	2,236,328
Energía Argentina S.A.	1,769,845	2,236,328
Total	7,079,380	8,945,311

Other related parties

Assets	31.12.2014	31.12.2013
Trade account receivables		
Integración Eléctrica Sur Argentina S.A.	22,847,901	10,644,453
Yacylec S.A.	2,453,640	554,570
CT. Loma de la Lata S.A.	163,093	102,355
Litsa S.A.	159,704	68,408
Transportadora de Gas del Sur S.A.	28,050	330
Total	25,652,388	11,370,116



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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.

On December 29, 2014, Transener Internacional Ltda. recorded a capital increase as a result of the capitalization of its liabilities. Currently, the share capital amounts to R\$19,307,673, of which R\$19,293,989 correspond to Transener and R\$13,684 to Citelec S.A.

As of December 31, 2014, both receivables and the value of the equity interest of Transener S.A. in Transener Internacional Ltda. have been fully provided for due to the uncertainty as to their recovery. In fiscal year 2014 no loans were granted to that subsidiary.

20. Restrictions on the distribution of profits

Limitation to the transfer of Transener and Transba shares

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

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

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

Restrictions on distribution of profits

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

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

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

The restrictions resulting from the restructuring and refinancing of the outstanding financial debt mentioned in Note 22.4.



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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, 2014, the negative retained earnings exposed in the financial statements under Argentine accounting standards and CNV regulations amounts to \$ 253,382,387.

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 fee.

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 fee. 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 fee. This resolution established a new annual fee of \$ 75.9 million, as from the month of October 2008. Due to the fact that the new annual fee does not consider an update, a reconsideration appeal was submitted to the ENRE -and subsidiarily to the Secretariat of Energy- requesting an updated scheme to be applied up to the finalization of the COM contract, similar to the one stated in the UNIREN Agreement and the redetermination of the charge for operation and maintenance in accordance with Transener S.A. tariff in force. In addition, the ENRE was requested to recognize a new readjustment of the fee 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.



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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 fee 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 fee 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.

Trough ENRE resolutions 150/2011, 90/2012, 244/2013, 346/2013, 79/2014 y 332/2014 the ENRE determined the values of the annual fee for the corresponding periods and instructed CAMMESA to make appropriate adjustments.

On September 12, 2014, Transener filed with ENRE a petition to adjust the fee corresponding to the period August 2014 to December 19, 2014 – the date of the fifteenth anniversary of the Fee Period.

In this regard, Transener requested the ENRE to determine the fee to be received for the operation and maintenance of the Fourth Line as from December 20, 2014.

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 are 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, 2014 was US\$ 26,532,000 (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 I Notes began 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 I 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.



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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, 2014, the remaining balance of the Series 2 Notes, net of those hold by the Company amounted to US\$ 98,535,000.

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 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, 2014 there is not any default related to those restrictions.



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23. Income 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.

	Fiscal years ended	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Results from operations attributable to the equity holders of the Company	145,199,339	(5,613,348)
Total	<u>145,199,339</u>	<u>(5,613,348)</u>
Ordinary shares average	444,673,795	444,673,795
Income / (loss) per share attributable to the equity holders of the Company (\$/Share)	0.33	(0.01)

24. Stored documentation

For the purposes of complying with CNV Resolution 629/14, the Company informs that the accounting and management documentation and information related to economic-financial operations is partially stored in the facilities of Iron Mountain SA, located at Av. Amancio Alcorta 2482, City of Buenos Aires and Custodia de Archivos SRL located at Gorriti 375, Rosario, Province of Santa Fe.

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



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25. Foreign currency assets and liabilities

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

Captions	December 31, 2014			December 31, 2013	
	Amount and class of foreign currency	Current exchange rate	Amount in local currency	Amount and class of foreign currency	Amount in local currency
			\$		\$
Assets					
Current assests					
Cash and banks	US\$ 3,109,671	8.451	26,279,828	US\$ 3,012,525	19,524,176
Cash and banks	R\$ 197	3.350	660	R\$ 197	544
Total current assets			26,280,488		19,524,720
Total assets			26,280,488		19,524,720
Liabilities					
Current liabilities					
Account payable	US\$ 9,207,453	8.551	78,732,936	US\$ 255,034	1,663,079
Account payable	CHF 14,646	8.712	127,597		
Account payable			0	€ 10,737	96,749
Debt and other indebtedness	US\$ 17,215,800	8.551	147,212,304	US\$ 17,268,527	112,608,063
Total current liabilities			226,072,837		114,367,891
Non current liabilities					
Debt and other indebtedness	US\$ 116,301,000	8.551	994,489,851	US\$ 129,717,000	845,884,557
Total non current liabilities			994,489,851		845,884,557
Total liabilities			1,220,562,688		960,252,448

US\$: United States Dollars

R\$: Reales

€: Euros

CHF: Swiss franc



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26. Provisions

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

Captions	At the beginning of the year	Additions	Deductions	At the end of the year
Deducted from current assets				
Bad debtors	466,497	0	0	466,497
Other irrecoverable receivables (1)	1,510,777	0	0	1,510,777
Total at December 31, 2014	1,977,274	0	0	1,977,274
Total at December 31, 2013	38,974,679	9,710,152	(46,707,557)	1,977,274
Deducted from non-current assets				
Deferred tax assets (2)	0	12,300,000	0	12,300,000
Total at December 31, 2014	0	12,300,000	0	12,300,000
Total at December 31, 2013	0	0	0	0
Included in current liabilities				
Labor lawsuits	4,824,412	1,937,437	0	6,761,849
Trade lawsuits	13,481,033	5,849,304	(1,710)	19,328,627
Total at December 31, 2014	18,305,445	7,786,741	(1,710)	26,090,476
Total at December 31, 2013	11,152,452	7,351,547	(198,554)	18,305,445

(1) See Note 19.

(2) See Note 10.