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

Unaudited Condensed Interim Consolidated Financial Statements as of June 30, 2017 and for the three-month and six-month periods ended June 30, 2017 and 2016

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

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

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REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiary (hereinafter "Transener S.A.") as of June 30, 2017 and the related interim condensed consolidated statement of operations for the three and six months period then ended, the interim condensed consolidated statements of changes in equity and cash flow for the six months period then ended, and the selected explanatory notes.

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

Board responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and included by the National Securities Commission (CNV) in its regulations, as approved by the International Accounting Standards Board (IASB), and is therefore responsible for the preparation and presentation of the interim condensed consolidated financial statements mentioned in the first paragraph, in accordance with International Accounting Standard 34 "Interim Financial Information" (IAS 34).

Scope of our review

We conducted our review in accordance with International Standards on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", adopted as a review standard in Argentina by Technical Pronouncement No. 33 of the FACPCE and approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit examination conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

Price Waterhouse & Co. S.R.L. es una firma miembro de la red global de PricewaterhouseCoopers International Limited (PwCIL). Cada una de las firmas es una entidad legal separada que no actúa como mandataria de PwCIL ni de cualquier otra firma miembro de la red.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34.

City of Buenos Aires, August 7, 2017.

PRICE WATERHOUSE & CO.S.R.L.

(Socio)

Dr. Fernando A. Rodríguez

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

Unaudited Condensed Interim Consolidated Statements of Operations
for the three-month and six-month periods ended June 30, 2017 and 2016
(In Argentine Pesos, except as otherwise indicated)

		Three-month period ended		Six-month period ended	
Consolidated income statement	Note	**30.06.2017**	**30.06.2016**	**30.06.2017**	**30.06.2016**
Net Revenues	7	1,447,980,396	275,560,060	2,642,644,876	649,612,556
Operating expenses	8	(504,233,997)	(407,344,732)	(939,899,346)	(733,220,520)
Gross income		943,746,399	(131,784,672)	1,702,745,530	(83,607,964)
Administrative expenses	8	(104,873,943)	(88,996,337)	(200,109,289)	(158,985,652)
Other expenses net		(25,801,890)	(3,556,147)	(57,172,877)	(17,686,263)
Operating income / (loss)		813,070,566	(224,337,156)	1,445,463,364	(260,279,879)
Finance income	9	44,756,015	54,787,632	78,399,920	149,862,320
Finance costs	9	(50,768,089)	(46,158,461)	(97,378,825)	(91,576,257)
Other financial results	9	(82,056,323)	(34,175,499)	(31,459,177)	(218,703,705)
Income / (loss) before taxes		725,002,169	(249,883,484)	1,395,025,282	(420,697,521)
Income tax	10	(255,867,867)	86,219,656	(491,895,316)	145,401,465
Income / (loss) for the period		469,134,302	(163,663,828)	903,129,966	(275,296,056)
Income / (loss) attributable to :					
Owners of the parent		452,717,911	(159,191,674)	875,933,257	(271,423,631)
Non-controlling interests		16,416,391	(4,472,154)	27,196,709	(3,872,425)
Total for the period		469,134,302	(163,663,828)	903,129,966	(275,296,056)

Other consolidated comprehensive income					
Income / (loss) for the period		469,134,302	(163,663,828)	903,129,966	(275,296,056)
Items that will not be reclassified to profit or loss					
Recognition of actuarial income / (loss) in retirement benefits plans		0	0	0	0
Tax effect on actuarial (loss) / income in retirement benefits plans		0	0	0	0
Total comprehensive (loss) / income for the year		469,134,302	(163,663,828)	903,129,966	(275,296,056)
Attributable to :					
Owners of the parent		452,717,911	(159,191,674)	875,933,257	(271,423,631)
Non-controlling interests		16,416,391	(4,472,154)	27,196,709	(3,872,425)
Total for the period		469,134,302	(163,663,828)	903,129,966	(275,296,056)
Income / (loss) per share attributable to the equity holders of the Company:					
Total for the period	23	1.02	(0.36)	1.97	(0.61)

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

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

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

Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016

(In Argentine Pesos, except as otherwise indicated)

	Note	30.06.2017	31.12.2016
Assets			
Non-current assets			
Property, plant and equipment	11	2,038,101,938	1,884,641,019
Other receivables	12	5,329,430	17,552,954
Deferred tax assets	10	14,205,973	41,435,944
Total Non-current assets		2,057,637,341	1,943,629,917
Current Assets			
Trade accounts receivables	13	987,012,807	532,444,214
Other receivables	12	222,548,729	219,504,650
Investments at fair value		1,081,169,925	584,951,522
Investments at amortized cost		195,918,902	0
Cash and cash equivalents	14	55,854,611	66,522,894
Total Current assets		2,542,504,974	1,403,423,280
Total Assets		4,600,142,315	3,347,053,197
Equity and liabilities			
Common Stock		444,673,795	444,673,795
Inflation adjustment on common stock		352,996,229	352,996,229
Share premium		31,978,847	31,978,847
Legal reserve		42,628,456	42,628,456
Accumulated other comprehensive loss		(41,385,579)	(41,385,579)
Retained earnings		643,742,936	(232,190,321)
Equity attributable to owners of the parent		1,474,634,684	598,701,427
Non-controlling interests		80,584,599	53,387,890
Total equity		1,555,219,283	652,089,317
Liabilities			
Non-current liabilities			
Debt and other indebtedness	15	1,588,219,026	1,513,041,249
Taxes payable	26	92,215,457	35,209,629
Employee benefits payable	16	305,392,334	278,420,061
Trade accounts payable	17	1,511,807	3,023,615
Total Non-current liabilities		1,987,338,624	1,829,694,554
Current liabilities			
Provisions	25	67,646,528	70,015,237
Other liabilities	2	778,781	778,781
Debt and other indebtedness	15	59,912,668	58,518,829
Income tax payable		423,342,733	34,486,651
Taxes payable	19	73,388,868	204,143,392
Payroll and social securities taxes payable		224,955,942	300,606,347
Trade accounts payable	17	207,558,888	196,720,089
Total Current liabilities		1,057,584,408	865,269,326
Total Liabilities		3,044,923,032	2,694,963,880
Total Equity and liabilities		4,600,142,315	3,347,053,197

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

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

Unaudited Condensed Interim Consolidated Statements of Changes in Equity for the six-month periods ended June 30, 2017 and 2016

(In Argentine Pesos, except as otherwise indicated)

	Attributable to owners of the parent								
	Common Stock	Inflation adjustment on common stock	Share premium	Legal reserve	Other comprehensive income	Retained earnings	Subtotal	Non-controlling interests	Total equity
Balance as of December 31, 2015	**444,673,795**	**352,996,229**	**31,978,847**	**42,628,456**	**(22,569,627)**	**(175,376,988)**	**674,330,712**	**48,210,194**	**722,540,906**
Comprehensive loss for the six-month period	0	0	0	0	0	(271,423,631)	(271,423,631)	(3,872,425)	(275,296,056)
Other comprehensive results for the six-month period	0	0	0	0	0	0	0	0	0
Balance as of June 30, 2016	**444,673,795**	**352,996,229**	**31,978,847**	**42,628,456**	**(22,569,627)**	**(446,800,619)**	**402,907,081**	**44,337,769**	**447,244,850**
Comprehensive income for the six-month complementary period	0	0	0	0	0	214,610,298	214,610,298	9,572,315	224,182,613
Other comprehensive loss for the six-month period	0	0	0	0	(18,815,952)	0	(18,815,952)	(522,194)	(19,338,146)
Balance as of December 31, 2016	**444,673,795**	**352,996,229**	**31,978,847**	**42,628,456**	**(41,385,579)**	**(232,190,321)**	**598,701,427**	**53,387,890**	**652,089,317**
Comprehensive income for the six-month period	0	0	0	0	0	875,933,257	875,933,257	27,196,709	903,129,966
Other comprehensive results for the six-month period	0	0	0	0	0	0	0	0	0
Balance as of June 30, 2017	**444,673,795**	**352,996,229**	**31,978,847**	**42,628,456**	**(41,385,579)**	**643,742,936**	**1,474,634,684**	**80,584,599**	**1,555,219,283**

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

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

Unaudited Condensed Interim Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2017 and 2016

(In Argentine Pesos, except as otherwise indicated)

	Note	Six-month period ended 30.06.2017	30.06.2016
Cash flows from operating activities:			
Income / (loss) for the period		903,129,966	(275,296,056)
Adjustments:			
Depreciation of property, plant and equipment	11	53,586,729	47,984,814
Instrumental Agreement	2	(478,252,604)	(346,494,802)
Provisions	18	(1,446,164)	7,721,844
Employee benefits plan	16	43,591,142	41,121,585
Income tax expense accrued during the period	10	491,895,316	(145,401,465)
Interest on taxes payable	26	7,262,947	1,202,280
Interest and foreign exchange results generated by loans	15	150,979,090	314,270,643
Investments at fair value	9	(83,738,204)	(107,913,955)
Investments at amortized cost	9	(10,851,127)	0
Retirements of property, plant and equipment	11	3,955,056	8,219,993
Changes in certain assets and liabilities, net of non-cash:			
(Increase) Decrease in trade receivables		(909,488,896)	(192,690,257)
(Increase) Decrease in other receivables		(3,044,079)	32,787,980
Increase (Decrease) in trade accounts payable		9,326,991	(27,052,884)
Increase (Decrease) in payroll and social securities taxes payable		(75,650,405)	(37,206,658)
Increase (Decrease) in taxes payable		(144,597,382)	(8,618,063)
Increase (Decrease) in provisions	18	(922,545)	(6,519,904)
Increase (Decrease) of employee benefits payable	16	(16,618,869)	(10,573,292)
Net cash used in operating activities		(60,883,038)	(704,458,197)

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

Unaudited Condensed Interim Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2017 and 2016

(continued)

(In Argentine Pesos, except as otherwise indicated)

		Six-month period ended	
	Note	**30.06.2017**	**30.06.2016**
Cash flows from investing activities:			
Acquisition of property, plant and equipment	11	(211,002,704)	(191,082,260)
(Increase) / Decrease in investments at fair value		(412,480,199)	199,042,394
(Increase) / Decrease in financial assets at amortized cost		(185,067,775)	0
Cash used in investing activities		(808,550,678)	7,960,134
Cash flows from financing activities:			
Funds from CAMMESA Financing	2	933,172,907	811,900,000
Payments and repurchase of bonds and other indebtedness - Principal	15	0	(31,207,500)
Payments and repurchase of bonds and other indebtedness - Interests	15	(74,407,474)	(80,649,911)
Net cash generated by financing activities		858,765,433	700,042,589
Decrease / (Increase) in cash and cash equivalents		(10,668,283)	3,544,526
Cash and cash equivalents at the beginning of the period		66,522,894	50,673,505
Cash and cash equivalents at period end	14	55,854,611	54,218,031
Significant non-cash transactions			
Decrease in accounts receivable	2	933,172,907	782,258,705
Decrease in other liabilities - CAMMESA Financing	2	(933,172,907)	(782,258,705)
		0	0

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

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(In Argentine Pesos, except as otherwise indicated)

1. Organization and description of business

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

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

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

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

On August 16, 2002, Transener created Transener International Ltda., located in the city of Brasilia, Brazil Republic. As of the date of the issuance of these unaudited condensed interim consolidated statements, Transener holds 99.93% of Transener International Ltda's shares. On March 25, 2012, the Board of Directors approved to discontinue the Transener International Ltda's operation and maintenance contracts.

These unaudited condensed interim consolidated statements (hereinafter referred to as "financial statements"), have been approved for issuance by the Board of Directors on August 7, 2017.

2. Tariff Review

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

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

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

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

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

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

According to what was stated in the Instrumental Agreements, on May 2, 2011 new extensions of the Financing Agreements (Addendas II) were entered into with CAMMESA. The funds which comprised 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 that were generated and the corresponding interest up to the effective cancellation.

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

The Investment Plan established with the Renewal Agreement foresees investments of approximately $ 286 million and $ 207 million for Transener, and of $ 113 million and $ 100 million for Transba, for the years 2013 and 2014 respectively.

The Renewal Agreements state that in case they are not renewed at expiration, as from January 1, 2016, CAMMESA should consider as remuneration for the services rendered by the Companies, the values established by ENRE Resolutions 327/08 and 328/08 by application of section 4.2 of the clause Four of the Definitive Agreements, which had 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 would be free to resume and/or bring in again legal actions seeking the enforcement of the Definitive Agreements, the Instrumental Agreements and the Renewal Agreements.

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

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

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

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

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

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

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

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

On December 26, 2016, Transener entered into a new agreement with the SE and ENRE, within the framework of the commitments set forth in the fourth and eleventh clauses of the Definitive Agreement for the Adaptation of the Concession Contract of the Public High Voltage Electric Power Transmission Service

("Definitive Agreement") ratified by the National Executive Power through Decree PEN No. 1462/2005, celebrated on May 17, 2005 with UNIREN, in effect until January 31st, 2017 or until the entry into force of the tariff system that must result from the FTR, whichever comes first.

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

On the other hand, on June 19, 2017 CAMMESA made the last disbursement under the Financing Agreements entered into with Transener, thus canceling all the credits recognized therein under the Instrumental Agreement, the Renewal Agreement and its Addenda, and the Agreement signed on December 26, 2016.

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

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

On the other hand, on June 19, 2017 CAMMESA made the last disbursement under the Financing Agreements entered into with Transba, thus canceling all the credits recognized therein under the Instrumental Agreement, the Renewal Agreement and its Addenda, and the Agreement signed on December 26, 2016.

At period end, the results of the recognition of the cost variations by SE and ENRE have been recorded in these unaudited condensed interim consolidated statements up to the amounts received under Addenda II and III and / or under the Financial Agreements. Consequently, Transener has recognized revenues for $397,7 million and $242,0 million plus interest for $14,2 million and $26,5 million, for the six-month periods ended June 30, 2017 and 2016, respectively. Accordingly, Transba has recognized revenues for $65,6 million and $72,2 million plus interest for $0.8 million and $5.8 million, for the same periods, respectively. The liability for the whole disbursements received up to the amount of the credits recognized as higher costs, according to the Instrumental Agreement and the Renewal Agreement, has been cancelled through the cession of the mentioned credits.

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

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

Due to the differences between the tariff proposals formulated under the framework of the RTI process initiated by the ENRE, on April 7th, 2017 and April 21st, 2017, Transener and Transba filed an appeal for reconsideration with a subsidy appeal against the ENRE Resolutions Nº 66/2017, Nº 84/2017 and Nº 139/2017, and Nº 73/17, Nº 88/17 and Nº 138/17, by which the ENRE approved the applicable tariff system for the period 2017/2021 for Transener and Transba, respectively. As of the date of these financial statements, the Company has not received any response from the ENRE regarding these resources.

3. Purpose of financial statements

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

4. Basis of preparation

These condensed interim consolidated statements for the six-month period ended June 30, 2017 have not been audited. The Management of the Company estimates that they include all the necessary adjustments to reasonably present the results of each period. The results for the six-month period ended June 30, 2017 do not necessarily reflect the proportion of the Company's results for the full year.

These interim condensed separate financial statements of the Company for the six-month period ended June 30, 2017 were prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" (IAS 34).

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

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

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

At June 30, 2017, it is not possible to calculate the cumulative inflation rate for the three-year period then ended based on official data from the National Institute of Statistics and Census (INDEC), given that in October 2015 this agency discontinued the calculation of the Domestic Wholesale Price Index, only resuming its calculation from January 2016 onwards.

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

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

5. Significant accounting policies

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

5.1 Changes related to the accounting policies under IFRS

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

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

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

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

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

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

- IFRS 9 "Financial instruments": it was amended in July 2014. This version includes in a single document all phases of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement". These phases comprise classification and measurement, impairment and hedge accounting. This version adds a new impairment model based on expected losses and introduces some minor changes to the classification and measurement of financial assets. The new version replaces all earlier versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018. The Company adopted the first phase of IFRS 9 at the date of transition to IFRS and is now analyzing the impact of the second and third phases; however, it estimates that the application of these phases will not have a significant impact on the results of operations or the financial position of the Company.

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

- IFRS 2 “Share-based payments”: it was amended in June 2016, to clarify the measurement basis for cash-settled share-based payments and the accounting for amendments that change a compensation from cash-settled to equity-settled. It sets forth an exception for IFRS 2 as to requiring that the compensation be treated as fully settled with equity instruments when the employer is compelled to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authorities. It is applicable for the annual periods commencing on or after January 1, 2018. The Company is analyzing the impact of its application on the results of operations and the financial position of the Company.

- IFRIC 22 “Foreign currency transactions and Advance consideration”: issued in December 2016. The interpretation addresses the determination of the “date of the transaction” for establishing the exchange rate to be used when recognizing an asset, expense or income related to an entity that has received or paid advance consideration in a foreign currency. The date of the transaction is the date of recognition of the non-monetary asset or liability arising from the receipt or payment of the advance. It is applicable for the annual periods commencing on or after January 1, 2018. The Company is analyzing the impact of its application on the results of operations and the financial position of the Company.

- IFRS 17 "Insurance contracts": in May 2017, the IASB issued IFRS 17 that replaces IFRS 4, which was brought in as an interim standard in 2004 establishing the dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. IFRS 17 establishes the principles for recognition, measurement, presentation and disclosure related to insurance contracts and shall by applied for annual reporting periods beginning on or after January1, 2021, permitting early application for entities that apply IFRS 9 and IFRS 15.

The Company is analyzing the impact of the application of IFRS 17, however, it estimates that the application of IFRS 17 will not have an impact on the results of operations or financial position of the Company.

- IFRIC 23 "Uncertainty over Income Tax Treatments" : in June 2017, the IASB issued IFRIC 23 clarifying how to apply IAS 12 when there is uncertainty over income tax treatments to determine income tax. According to the interpretation, an entity shall reflect the effect of the uncertain tax treatment by using the method that better predicts the resolution of the uncertainty, either through the most likely amount method or the expected value method. Additionally, an entity shall assume that the taxation authority will examine the amounts and has full knowledge of all related information in assessing an uncertain tax treatment in the determination of income tax. The interpretation shall apply for annual reporting periods beginning on or after January 1, 2019, permitting early application.

The Company is analyzing the impact of the application of IFRIC 23, however, it estimates that the application of IFRIC 23 will not have material impact on the results of operations or the financial situation of the Company.

5.2 Risk policy and accounting estimates

In the preparation of these financial statements, the Company has applied the risk policies and accounting estimates consistently with those of the previous year. There are no significant variations at June 30, 2017 compared with the previous year as regards the risk analysis.

5.3 Impairment of non-financial long-term assets

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

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

Cash flows are generally projected for a period which covers the remaining useful life of long-term assets or the duration of the concession, whichever is lower.
The Company has not recognized impairment losses for any of the periods mentioned.

5.4 Impairment of financial assets at amortized cost

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

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

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

6. Segment reporting

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

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

The segment information submitted to the General Director, who takes the business strategic decisions, for the reportable segments for the six-month periods ended June 30, 2017 and 2016 is as follows:

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	Regulated activity $	Non-regulated activity $	Total $
Six-month period ended June 30, 2017			
Net revenues	2,477,274,286	165,370,590	2,642,644,876
Operating results	1,347,481,684	97,981,680	1,445,463,364
Total assets	4,537,525,021	62,617,294	4,600,142,315
Total liabilities	2,682,334,059	362,588,973	3,044,923,032
Acquisition of property, plant and equipment	211,002,704	0	211,002,704
Property, plant and equipment depreciation	53,586,729	0	53,586,729
Six-month period ended June 30, 2016			
Net revenues	557,767,656	91,844,900	649,612,556
Operating results	(295,435,826)	35,155,947	(260,279,879)
Total assets	2,766,505,178	70,967,519	2,837,472,697
Total liabilities	2,012,667,783	377,560,064	2,390,227,847
Acquisition of property, plant and equipment	191,112,260	0	191,112,260
Property, plant and equipment depreciation	47,984,814	0	47,984,814

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

7. Net Revenues

	Three-month period ended		Six-month period ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Net Regulated Revenue	1,363,624,558	231,298,220	2,477,274,286	557,767,656
Net Non-Regulated Revenue	84,355,838	44,261,840	165,370,590	91,844,900
Net Revenues	1,447,980,396	275,560,060	2,642,644,876	649,612,556

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8. Expenses by Nature

Items	Three-month period ended June 30, 2017			Three-month period ended June 30, 2016		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	401,369,421	323,396,733	77,972,688	327,362,321	266,522,846	60,839,475
Other personnel costs	2,681,103	1,945,680	735,423	3,013,612	1,744,696	1,268,916
Fees for operating services	24,120,152	24,120,152	0	3,535,545	3,535,545	0
Professional fees	7,462,908	2,382,981	5,079,927	7,971,657	2,211,649	5,760,008
Equipment maintenance	8,123,278	8,123,278	0	16,866,699	16,866,699	0
Fuel and lubricants	6,934,388	6,565,426	368,962	7,459,704	7,160,330	299,374
General Maintenance	16,373,369	16,000,284	373,085	25,712,160	25,426,345	285,815
Electricity	1,444,856	1,239,909	204,947	1,503,774	1,400,157	103,617
Depreciation of property, plant and equipment	27,352,289	24,615,024	2,737,265	24,190,377	21,769,304	2,421,073
Administration expenses related to WEM	1,416,784	1,416,784	0	90,370	90,370	0
Regulatory fees	220,054	220,054	0	335,095	335,095	0
ATEERA membership fees	380,205	0	380,205	276,378	0	276,378
Communications	3,516,303	3,021,010	495,293	3,529,986	1,771,637	1,758,349
Transportation	3,895,968	3,885,282	10,686	3,298,862	3,288,830	10,032
Insurance	16,177,291	15,566,034	611,257	12,418,408	10,826,236	1,592,172
Rents	5,583,127	1,973,808	3,609,319	4,417,303	1,629,820	2,787,483
Travel and lodging expenses	21,006,044	20,220,171	785,873	19,228,074	18,416,847	811,227
Licences, stationary and printing	6,057,585	164,501	5,893,084	5,722,756	432,988	5,289,768
Taxes and government contributions	4,447,459	3,064,308	1,383,151	4,279,221	2,760,845	1,518,376
Directors and syndics	2,470,588	0	2,470,588	1,200,175	0	1,200,175
Security	16,143,412	16,078,344	65,068	10,887,256	10,813,867	73,389
Office and substation cleaning	9,452,540	8,719,442	733,098	6,366,419	5,892,039	474,380
Electroduct maintenance	1,670,813	1,670,813	0	435,731	435,731	0
Prevision for bad debtors	9,212,700	9,212,700	0	0	0	0
Others	11,595,303	10,631,279	964,024	6,239,186	4,012,856	2,226,330
TOTAL	609,107,940	504,233,997	104,873,943	496,341,069	407,344,732	88,996,337

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Items	Six-month period ended June 30, 2017			Six-month period ended June 30, 2016		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	747,009,701	605,799,738	141,209,963	597,571,004	488,826,229	108,744,775
Other personnel costs	5,077,346	3,415,524	1,661,822	5,703,828	3,305,840	2,397,988
Fees for operating services	43,490,511	43,490,511	0	8,624,389	8,624,389	0
Professional fees	19,379,945	5,022,442	14,357,503	11,874,113	3,154,661	8,719,452
Equipment maintenance	17,877,465	17,877,465	0	21,751,511	21,751,511	0
Fuel and lubricants	12,630,136	11,996,171	633,965	12,437,059	11,911,038	526,021
General Maintenance	31,073,396	30,254,476	818,920	36,798,549	36,253,961	544,588
Electricity	2,685,132	2,361,265	323,867	2,467,123	2,319,418	147,705
Depreciation of property, plant and equipment	53,586,729	48,223,984	5,362,745	47,984,814	43,182,261	4,802,553
Administration expenses related to WEM	1,558,792	1,558,792	0	328,218	328,218	0
Regulatory fees	720,786	720,786	0	934,128	934,128	0
ATEERA membership fees	879,779	0	879,779	529,383	0	529,383
Communications	6,087,632	5,164,446	923,186	5,331,249	3,088,397	2,242,852
Transportation	7,550,856	7,518,003	32,853	6,181,953	6,166,802	15,151
Insurance	33,031,367	31,546,595	1,484,772	23,700,218	21,701,531	1,998,687
Rents	11,408,711	4,193,232	7,215,479	8,379,433	2,906,195	5,473,238
Travel and lodging expenses	36,144,747	34,223,834	1,920,913	31,403,197	29,845,592	1,557,605
Licences, stationary and printing	12,543,134	1,021,850	11,521,284	11,946,418	1,286,881	10,659,537
Taxes and government contributions	8,603,333	6,895,066	1,708,267	7,193,662	4,695,085	2,498,577
Directors and syndics	4,456,727	0	4,456,727	2,431,067	0	2,431,067
Security	32,591,314	32,490,212	101,102	22,175,484	21,998,026	177,458
Office and substation cleaning	18,136,183	16,777,397	1,358,786	12,415,599	11,538,687	876,912
Electroduct maintenance	3,805,685	3,805,685	0	744,367	744,367	0
Prevision for bad debtors	9,212,700	9,212,700	0	0	0	0
Others	20,466,528	16,329,172	4,137,356	13,299,406	8,657,303	4,642,103
TOTAL	1,140,008,635	939,899,346	200,109,289	892,206,172	733,220,520	158,985,652

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9. Net Financial Results

	Three-month period ended		Six-month period ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Finance Income				
Renewal Agreement interest (Note 2)	6,900,069	11,016,304	14,923,033	32,254,997
Results from investments at fair value	36,253,316	37,885,174	59,449,259	107,913,955
Inerests from investments at amortized cost	590,163	0	590,163	0
Other finance income	1,012,467	5,886,154	3,437,465	9,693,368
Total finance income	44,756,015	54,787,632	78,399,920	149,862,320
Finance Costs				
Interests generated by loans	(41,290,227)	(43,236,605)	(79,273,405)	(84,938,800)
Other interests	(9,477,862)	(2,921,856)	(18,105,420)	(6,637,457)
Total finance costs	(50,768,089)	(46,158,461)	(97,378,825)	(91,576,257)
Other financial results				
Foreign exchange generated by loans	(121,194,651)	(36,624,168)	(71,705,685)	(229,331,843)
Foreign exchange generated by investments at fair value	24,288,945	0	24,288,945	0
Foreign exchange generated by investments at amortized cost	10,260,964	0	10,260,964	0
Other foreign exchenge net	4,588,419	2,448,669	5,696,599	10,628,138
Total Other financial results	(82,056,323)	(34,175,499)	(31,459,177)	(218,703,705)
Total Other financial results, net	(88,068,397)	(25,546,328)	(50,438,082)	(160,417,642)

10. Income tax and deferred income tax

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

Deferred Tax Assets

	Tax loss carryforward	Trade accounts receivable	Other receivables	Emloyee benefits payable	Other liabilities	Total
As of January 1, 2017	37,015,479	2,903,418	714,407	97,447,021	49,137,490	187,217,815
Charged to the income statement	(37,015,479)	3,224,445	0	9,440,296	(3,862,128)	(28,212,866)
Charged to other comprehensive income	0	0	0	0	0	0
As of June 30, 2017	0	6,127,863	714,407	106,887,317	45,275,362	159,004,949
As of January 1, 2016	19,364,369	565,198	714,407	67,734,760	37,141,161	125,519,895
Charged to the income statement	129,191,828	0	0	10,691,903	2,415,754	142,299,485
Charged to other comprehensive income	0	0	0	0	0	0
As of June 30, 2016	148,556,197	565,198	714,407	78,426,663	39,556,915	267,819,380

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Deferred Tax Liabilities

	Property, plant and equipment	Investments at fair value	Debt and other indebtedness	Total
As of January 1, 2017	101,249,361	26,094,545	18,437,965	145,781,871
Charged to the income statement	(5,072,657)	4,881,418	(791,656)	(982,895)
Charged to other comprehensive income	0	0	0	0
As of June 30, 2017	96,176,704	30,975,963	17,646,309	144,798,976
As of January 1, 2016	111,215,928	30,767,868	18,089,424	160,073,220
Charged to the income statement	(5,617,967)	1,506,890	1,009,097	(3,101,980)
Charged to other comprehensive income	0	0	0	0
As of June 30, 2016	105,597,961	32,274,758	19,098,521	156,971,240

Deferred Tax Assets as of June 30, 2017 and December 31, 2016 amounts to $14,205,973 and $41,435,944, respectively.

The income tax charge for the period is as follows:

	Six-month period ended	
	30.06.2017	**30.06.2016**
Current tax	464,665,345	0
Deferred tax	27,229,971	(145,401,465)
Income tax	491,895,316	(145,401,465)

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).

	Six-month period ended	
	30.06.2017	**30.06.2016**
Net income / (loss) before income taxes	1,395,025,282	(420,697,521)
Tax rate in force	35%	35%
Net income at the tax rate	488,258,849	(147,244,132)
Taxable effects by:		
- Other non taxable and/or non deductible items	3,636,467	1,842,667
Income tax	491,895,316	(145,401,465)

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11. Property, plant and equipment

Principal account	Original Value				
	At the beginning of the period	Additions	Deductions	Reclassifications	At the end of the period
Land	3,864,279	0	0	0	3,864,279
Vehicles	113,811,654	30,491,459	(3,069,682)	0	141,233,431
Air and heavy equipment	51,802,935	8,105,639	0	0	59,908,574
Furniture and fixtures	9,957,320	394,471	0	0	10,351,791
Information systems	30,091,253	9,373,970	0	150,838	39,616,061
Transmission lines	947,880,148	374,597	0	19,784,839	968,039,584
Substations and related works	1,079,282,412	2,674,861	(196,344)	94,662,423	1,176,423,352
Building and civil works	92,346,258	636,581	0	2,840,940	95,823,779
Labs and maintenance	32,103,534	15,776,456	0	0	47,879,990
Communication equipment	115,274,374	143,398	0	2,288,782	117,706,554
Miscellaneous	40,322,994	3,035,231	0	3,582,450	46,940,675
Work in progress	809,688,138	97,331,408	0	(120,659,193)	786,360,353
Spare parts	118,734,229	42,664,633	(3,831,007)	(2,651,079)	154,916,776
Total 30.06.2017	3,445,159,528	211,002,704	(7,097,033)	0	3,649,065,199
Total 30.06.2016	3,108,686,173	191,082,260	(9,757,804)	0	3,290,010,629

Principal account	Depreciation				Net carrying value	
	At the beginning of the period	Deductions	Reclasifications for the period	At the end of the period	At the end of the period	As of 30.06.2016
Land	0	0	0	0	3,864,279	4,694,846
Vehicles	(63,645,076)	3,069,682	(9,047,748)	(69,623,142)	71,610,289	45,346,871
Air and heavy equipment	(14,488,445)	0	(1,206,775)	(15,695,220)	44,213,354	37,841,474
Furniture and fixtures	(6,200,296)	0	(320,593)	(6,520,889)	3,830,902	1,696,666
Information systems	(22,342,457)	0	(2,534,353)	(24,876,810)	14,739,251	7,617,400
Transmission lines	(702,329,042)	0	(14,643,479)	(716,972,521)	251,067,063	244,589,386
Substations and related works	(593,897,598)	72,295	(17,252,202)	(611,077,505)	565,345,847	474,386,658
Building and civil works	(42,297,622)	0	(1,368,413)	(43,666,035)	52,157,744	49,886,182
Labs and maintenance	(8,833,676)	0	(1,198,362)	(10,032,038)	37,847,952	23,566,135
Communication equipment	(79,995,988)	0	(3,026,424)	(83,022,412)	34,684,142	36,086,338
Miscellaneous	(26,488,309)	0	(2,988,380)	(29,476,689)	17,463,986	14,783,956
Work in progress	0	0	0	0	786,360,353	795,073,247
Spare parts	0	0	0	0	154,916,776	103,901,279
Total 30.06.2017	(1,560,518,509)	3,141,977	(53,586,729)	(1,610,963,261)	2,038,101,938	1,839,470,438
Total 30.06.2016	(1,384,056,045)	1,537,811	(49,990,170)	(1,432,508,404)	1,860,691,641	-

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12. Other receivables

	30.06.2017	31.12.2016
Non-Current		
Minimum Notional Income Tax Credit	0	12,223,524
Stock Ownership Pogram	5,329,430	5,329,430
Total	5,329,430	17,552,954

	30.06.2017	31.12.2016
Current		
Prepaid expenses	163,263,174	119,480,771
Advances to suppliers	36,863,330	67,723,341
Tax credits	10,938,491	22,437,515
Loans to employees	6,218,739	4,614,974
Judicial seizure	4,399,645	4,382,695
Stock Ownership Pogram - Dividends receivable	778,780	778,780
Others	86,570	86,574
Total	222,548,729	219,504,650

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

13. Trade account receivables

	30.06.2017	31.12.2016
Current		
CAMMESA	807,596,382	376,463,332
Other services	194,720,999	153,177,467
Allowance for doubtful accounts	(17,508,182)	(8,295,482)
Other related parties (Note 20)	2,203,608	11,098,897
Total	987,012,807	532,444,214

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

Irrecoverable receivables prevision

	30.06.2017	30.06.2016
Total at the beginning of the period	8,295,482	1,675,075
Increases	9,212,700	0
Decreases	0	0
Total at the end of the period	17,508,182	1,675,075

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14. Cash and cash equivalents

	30.06.2017	31.12.2016
Cash in local currency	1,408,991	1,367,991
Cash in foreign currency	256,536	222,017
Banks in local currency	3,409,987	16,578,141
Banks in foreign currency	50,779,097	48,354,745
Cash and cash equivalents, net	55,854,611	66,522,894

15. Loans

	30.06.2017	31.12.2016
Non-current bonds and other indebtedness		
Corporate Bonds 2021	1,588,219,026	1,513,041,249
Total Non-current	1,588,219,026	1,513,041,249
Current bonds and other indebtedness		
Corporate Bonds 2021	59,912,668	58,518,829
Total Current	59,912,668	58,518,829

Total at the beginning of the period	1,571,560,078	1,513,768,880
Accrued interests	79,273,405	84,938,800
Foreign Exchange	71,705,685	229,331,843
Principal paymnets	0	(31,207,500)
Interest payments	(74,407,474)	(80,649,911)
Total at the end of the period	1,648,131,694	1,716,182,112

The fair value of current loans 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.

16. Employee benefit expense

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

	Six-month period ended	
	30.06.2017	30.06.2016
Charges to Results		
Services Cost	9,599,348	6,820,953
Interest Cost	33,991,794	34,300,632
Total	43,591,142	41,121,585

(In Argentine Pesos, except as otherwise indicated)

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

	30.06.2017	30.06.2016
Benefits Obligations at the beginning of the period	278,420,061	193,527,886
Services Cost	9,599,348	6,820,953
Interest Cost	33,991,794	34,300,632
Benefits paid to participants	(16,618,869)	(10,573,292)
Benefits Obligations at the end of the period	305,392,334	224,076,179

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

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

17. Trade accounts payable

	30.06.2017	31.12.2016
Non-Current		
Advances from customers	1,511,807	3,023,615
Total	1,511,807	3,023,615

	30.06.2017	31.12.2016
Current		
Suppliers	54,182,743	69,612,595
Provisions	14,945,668	32,077,490
Other related parties (Note 20)	24,613,775	21,175,208
Advances from customers	29,897,694	9,968,230
Other liabilites	83,919,008	63,886,566
Total	207,558,888	196,720,089

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

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18. Provisions

As of June 30, 2017 and 2016 the balances of foreign currency assets and liabilities are as follows:

	30.06.2017	30.06.2016
Labor lawsuits		
Total at the beginning of the period	24,656,872	20,073,040
Increases	3,450,465	4,676,703
Decreases	(922,545)	0
Total at the end of the period	27,184,792	24,749,743
Regulatory lawsuits		
Total at the beginning of the period	3,008,700	9,528,604
Increases	0	0
Decreases	0	(6,519,904)
Total at the end of the period	3,008,700	3,008,700
Commercial lawsuits		
Total at the beginning of the period	42,349,665	34,686,961
Increases	0	3,045,141
Decreases	(4,896,629)	0
Total at the end of the period	37,453,036	37,732,102
Total at the end of the period	67,646,528	65,490,545

19. Taxes payable

	31.03.2017	31.12.2016
V.A.T. payable	60,910,593	181,079,825
Withholding tax to be deposited – Income tax	6,470,242	17,682,551
Others	6,008,033	5,381,016
Totales	73,388,868	204,143,392

20. Balances and transactions with related parties

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

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

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

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

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

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

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

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

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

The operating fees are 2.75% of certain regulated revenues.

The transactions with related parties are as follows:

Companies Law No. 19,550 – Sect. 33

	Six-month period ended	
	30.06.2017	**30.06.2016**
Sales of assets and services rendered to Pampa Energía S.A.	571,548	0
Fees for operating services		
*Pampa Energía S.A.	21,745,256	4,312,195
*Energía Argentina S.A.	21,745,256	2,156,097
*Grupo Eling S.A. (1)	0	2,156,097

(In Argentine Pesos, except as otherwise indicated)

Other related parties

	Six-month period ended	
	30.06.2017	**30.06.2016**
Sales of assets and services rendered to Enecor S.A.	876,000	0
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	450,000	44,000
Sales of assets and services rendered to Central Piedra Buena S.A.	231,450	13,440
Sales of assets and services rendered to C.T.Loma de la Lata S.A.	81,024	1,303,900
Sales of assets and services rendered to Integración Eléctrica Sur Argentina S.A. (1)	0	28,805,392
Sales of assets and services rendered to Electroingeniería S.A. (1)	0	2,564,430
Sales of assets and services rendered to Yacylec S.A. (1)	0	1,060,213
Sales of assets and services rendered to Litsa S.A. (1)	0	848,809

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

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

Companies Law No.19,550 – Sect. 33

Assets	**30.06.2017**	**31.12.2016**
Trade account receivables		
Pampa Energía S.A.	92,303	0
Total	92,303	0
Liabilities		
Trade accounts payable		
Pampa Energía S.A.	12,306,888	10,587,604
Energía Argentina S.A.	12,306,887	10,587,604
Total	24,613,775	21,175,208

Other related parties

Assets		
Trade account receivables		
Enecor S.A.	1,804,650	1,614,850
C.T. Piedra Buena S.A.	231,450	2,746,749
CT. Loma de la Lata S.A.	42,955	6,737,298
Transportadora de Gas del Sur S.A.	32,250	0
Total	2,111,305	11,098,897

21. Investment in Transener Internacional Ltda.

As of June 30, 2017, both value of the equity interest of Transener in Transener Internacional Ltda. and receivables, have been fully provided for due to the uncertainty as to their recovery.

22. Financing structure

22.1 Series 2 Notes

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

As of June 30, 2017, the remaining balance of the Series 2 Notes, net of those hold by the Company amounted to US$ 98,535,000.

22.2 Restrictions in relation to the Series 2 Notes

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

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

As of June 30, 2017 there is not any default related to those restrictions.

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

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

23. Income per share

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

	Six-month periods ended	
	30.06.2017	**30.06.2016**
Results from operations attributable to the equity holders of the Company	875,933,257	(271,4223,631)
Ordinary shares average	444,673,795	444,673,795
Income / (loss) per share attributable to the equity holders of the Company ($/Share)	1.97	(0.61)

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24. Stored documentation

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

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

25. Foreign currency assets and liabilities

As of June 30, 2017 and 2016 the balances of foreign currency assets and liabilities are as follows:

Captions	June 30, 2017			December 31, 2016	
	Amount and class of foreign currency	Current exchange rate	Amount in local currency	Amount and class of foreign currency	Amount in local currency
			$		$
Assets					
Current assests					
Cash and banks	US$ 3,085,936	16.530	51,010,517	US$ 3,076,365	48,575,805
Cash and banks	R$ 5,000	5.023	25,116	R$ 197	957
Investments at fair value	R$ 25,100,595	16.530	414,912,840		0
Investments at amortized cost	R$ 11,852,323	16.530	195,918,902		0
Total current assets			661,867,375		48,576,762
Total assets			661,867,375		48,576,762
Liabilities					
Non current liabilities					
Debt and other indebtedness	US$ 95,503,249	16.630	1,588,219,026	US$ 95,219,714	1,513,041,249
Total non current liabilities			1,588,219,026		1,513,041,249
Current liabilities					
Debt and other indebtedness	US$ 3,602,686	16.630	59,912,668	US$ 3,682,746	58,518,829
Account payable	US$ 41,744	16.630	694,196	US$ 37,263	592,114
Account payable	€ 3,187	19.003	60,567	€ 218,269	3,660,447
Account payable			0	CHF 61.810	966,429
Total current liabilities			60,667,431		63,737,819
Total liabilities			1,648,886,457		1,576,779,068

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

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26. Contingencies

Income tax

Transba has determined the income tax corresponding to fiscal periods 2016 and 2015, which resulted in a tax loss of $6,455,797 and a tax payable of $ 47,068,202, respectively, applying the inflation adjustment mechanisms comprised in Title VI of the Income Tax Law and the adjustment of fixed assets depreciation (Sections 83, 84 and 89); the index used for this purpose was the Domestic Wholesale Price Index (IPIM) published by the National Institute of Statistics and Census, because the Company resorted to the similarity with the criteria argued for in the case "Candy S.A." with a decision of the Argentine Supreme Court of Justice dated July 3, 2009, in which the highest Court ordered the application of the inflation adjustment mechanism.

Should the inflation adjustment mechanisms not been applied, the tax computed for fiscal periods 2016 and 2015 would have amounted to $ 49,742,883 and $ 75,693,915, respectively. At June 30, 2017 and until the matter has a final resolution, the Company will continue providing for the liability for the additional income tax that would have been determined for fiscal periods 2016 and 2015-within the caption non-current taxes, for if the inflation adjustment had not been subtracted. The provision amounts to $ 92,215,457, including compensatory interest.

27. Financial instruments

As of June 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Investments at fair value				
Mutual Funds investments	1,081,169,925	-	-	1,081,169,925
Total assets	1,081,169,925	-	-	1,081,169,925

As of December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Investments at fair value				
Mutual Funds investments	584,951,522	-	-	584,951,522
Total assets	584,951,522	-	-	584,951,522