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

Unaudited Condensed Interim Consolidated Financial Statements as of March 31, 2018 and for the three-month periods ended March 31, 2018 and 2017

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

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

Index to Unaudited Condensed Interim Consolidated Statements

Free translation from the original in Spanish published in Argentina.

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 March 31, 2018 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flow for the three months period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2017 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 on the Company's consolidated financial position, consolidated comprehensive income and consolidated cash flows.

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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, May 9, 2018.

PRICE WATERHOUSE & CO.S.R.L.

(Partner)

Dr. Fernando A. Rodríguez

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Interim Consolidated Statements of Operations
for the three-month periods ended March 31, 2018 and 2017
(Expressed in thousands of Argentine Pesos)

		Three-month period ended	
Consolidated income statement	Note	**March 31, 2018**	**March 31, 2017**
Net Revenues	7	1,842,874	1,194,664
Operating expenses	8	(592,129)	(474,097)
Gross income		1,250,745	720,567
Administrative expenses	8	(89,614)	(72,196)
Other expenses net		(12,927)	(18,899)
Operating income		1,148,204	629,472
Finance income	9	129,399	36,564
Finance costs	9	(60,646)	(46,611)
Other financial results	9	(15,661)	50,597
Income before taxes		1,201,296	670,022
Income tax	10	(361,539)	(236,027)
Income for the period		839,757	433,995
Income attributable to :			
Owners of the parent		807,985	423,215
Non-controlling interests		31,772	10,780
Total for the period		839,757	433,995

Other consolidated comprehensive income			
Income for the period		839,757	433,995
Items that will not be reclassified to profit or loss			
Recognition of actuarial income in retirement benefits plans		0	0
Tax effect on actuarial income in retirement benefits plans		0	0
Total comprehensive income for the period		839,757	433,995
Attributable to :			
Owners of the parent		807,985	423,215
Non-controlling interests		31,772	10,780
Total for the period		839,757	433,995
Income per share attributable to the equity holders of the Company:			
Total for the period	25	1.82	0.95

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.

Unaudited Condensed Interim Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017

(Expressed in thousands of Argentine Pesos)

	Note	March 31, 2018	December 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	11	2,622,845	2,453,084
Other receivables	12	5,329	5,329
Deferred tax assets	10	60,383	66,993
Investments at amortized cost	15	20,000	20,000
Total Non-current assets		2,708,557	2,545,406
Current Assets			
Trade accounts receivable	13	1,542,685	1,361,704
Other receivables	12	499,027	391,616
Investments at fair value	15	2,171,693	1,477,860
Investments at amortized cost	15	1,469,075	1,532,793
Cash and cash equivalents	14	104,101	25,182
Total Current assets		5,786,581	4,789,155
Total Assets		8,495,138	7,334,561
Equity and liabilities			
Common Stock		444,674	444,674
Inflation adjustment on common stock		352,996	352,996
Share premium		31,979	31,979
Legal reserve		42,628	42,628
Accumulated other comprehensive loss		(63,686)	(63,686)
Retained earnings		2,857,888	2,049,903
Equity attributable to owners of the parent		3,666,479	2,858,494
Non-controlling interests		177,575	145,803
Total equity		3,844,054	3,004,297
Liabilities			
Non-current liabilities			
Debt and other indebtedness	16	1,933,427	1,786,610
Employee benefits payable	17	306,021	294,706
Trade accounts payable	18	1,595	1,008
Total Non-current liabilities		2,241,043	2,082,324
Current liabilities			
Provisions	19	74,607	71,954
Other liabilities		779	779
Debt and other indebtedness	16	23,659	68,680
Income tax payable		1,445,392	1,097,134
Taxes payable	20	90,719	149,428
Payroll and social securities taxes payable	21	233,910	432,799
Employee benefits payable	17	61,182	61,323
Trade accounts payable	18	479,793	365,843
Total Current liabilities		2,410,041	2,247,940
Total Liabilities		4,651,084	4,330,264
Total Equity and liabilities		8,495,138	7,334,561

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

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

Unaudited Condensed Interim Consolidated Statements of Changes in Equity for the three-month periods ended March 31, 2018 and 2017

(Expressed in thousands of Argentine Pesos)

	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, 2016	**444,674**	**352,996**	**31,979**	**42,628**	**(41,386)**	**(232,190)**	**598,701**	**53,388**	**652,089**
Comprehensive income for the three-month period	0	0	0	0	0	423,215	423,215	10,780	433,995
Other comprehensive income for the three-month period	0	0	0	0	0	0	0	0	0
Balance as of March 31, 2017	**444,674**	**352,996**	**31,979**	**42,628**	**(41,386)**	**191,025**	**1,021,916**	**64,168**	**1,086,084**
Comprehensive income for the nine-month period	0	0	0	0	0	1,858,878	1,858,878	82,173	1,941,051
Other comprehensive income for the nine-month period	0	0	0	0	(22,300)	0	(22,300)	(538)	(22,838)
Balance as of December 31, 2017	**444,674**	**352,996**	**31,979**	**42,628**	**(63,686)**	**2,049,903**	**2,858,494**	**145,803**	**3,004,297**
Comprehensive income for the three-month period	0	0	0	0	0	807,985	807,985	31,772	839,757
Other comprehensive income for the three-month period	0	0	0	0	0	0	0	0	0
Balance as of March 31, 2018	**444,674**	**352,996**	**31,979**	**42,628**	**(63,686)**	**2,857,888**	**3,666,479**	**177,575**	**3,844,054**

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 the three-month periods ended March 31, 2018 and 2017

(Expressed in thousands of Argentine Pesos)

	Note	Three-month period ended March 31, 2018	March 31, 2017
Cash flows from operating activities:			
Income for the period		839,757	433,995
Adjustments:			
Depreciation of property, plant and equipment	11	31,476	26,234
Instrumental Agreement		0	(320,258)
Allowances for bad debt	13	4,196	0
Provisions	19	2,653	(1,110)
Employee benefits plan	17	23,043	21,796
Income tax expense accrued during the period	10	361,539	236,027
Interest and foreign exchange results generated by loans	16	197,868	(11,506)
Investments at fair value	9	(122,212)	(23,196)
Investments at amortized cost	9	(123,393)	0
Interest on taxes payable		0	2,576
Retirements of property, plant and equipment	11	14,176	2,377
Changes in certain assets and liabilities, net of non-cash:			
(Increase) Decrease in trade receivables		(185,177)	(803,987)
(Increase) Decrease in other receivables		(107,411)	(45,228)
Increase (Decrease) in trade accounts payable		114,537	(12,238)
Increase (Decrease) in payroll and social securities taxes payable		(198,889)	(150,358)
Increase (Decrease) in taxes payable		(65,380)	(134,829)
Increase (Decrease) in provisions	19	0	(923)
Increase (Decrease) of employee benefits payable	17	(11,869)	(10,766)
Net cash generated by (used in) operating activities		774,914	(791,394)

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

Unaudited Condensed Interim Consolidated Statements of Cash Flows for the three-month periods ended March 31, 2018 and 2017

(continued)

(Expressed in thousands of Argentine Pesos)

	Note	Three-month period ended March 31, 2018	March 31, 2017
Cash flows from investing activities:			
Acquisition of property, plant and equipment	11	(215,413)	(120,398)
(Increase) / Decrease in investments at fair value		(571,621)	230,910
Decrease in financial assets at amortized cost		187,111	0
Cash used in investing activities		(599,923)	110,512
Cash flows from financing activities:			
Funds from CAMMESA Financing	2	0	742,000
Payments and repurchase of bonds and other indebtedness - Interest	16	(96,072)	(74,407)
Net cash generated by financing activities		(96,072)	667,593
Increase / (Decrease) in cash and cash equivalents		78,919	(13,289)
Cash and cash equivalents at the beginning of the period		25,182	66,523
Cash and cash equivalents at period end	14	104,101	53,234
Significant non-cash transactions			
Decrease in accounts receivable		0	742,000
Decrease in other liabilities - CAMMESA Financing		0	(742,000)
		0	0

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

Index

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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. General information

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 Nos. 23696 and 24065 and the Decree No. 2743/92 which stated the privatization of the high-voltage electricity transmission system in Argentina, which up to that date was 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. (hereinafter "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. (hereinafter "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 financial statements Transener holds 90% of the share 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. As of the date of the issuance of these unaudited condensed interim consolidated financial 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 financial statements (hereinafter referred to as "financial statements"), have been approved for issuance by the Board of Directors on May 9, 2018.

2. Tariff Review

On September 28th, 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 Full Tariff Review of Electricity Transmission (FTR) in 2016, which provided for the entry into force of the resulting tariff system as from February 2017.

Within the framework of the above mentioned resolution, on January 31st, 2017 the ENRE issued Resolutions Nos. 66/17, 84/17 and 139/17, and Nos. 73/17, 88/17 and 138/17, by which the new tariff system in force for the five-year period 2017/2021 was established, resulting in the annual amounts of AR$ 3.274 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 and AR$ 2.251 million for Transener and Transba, respectively.

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

Due to the differences between the tariff proposals formulated under the framework of the FTR process initiated by the ENRE, on April 7th and 21st, 2017, Transener and Transba filed, respectively, an appeal for reconsideration with a subsidy appeal against the ENRE Resolutions Nos. 66/17, 84/17 and 139/17, and Nos. 73/17, 88/17 and 138/17.

On October 31st, 2017, Transener and Transba were notified of ENRE Resolutions Nos. 516/17 and 517/17, through which the ENRE partially accepted the reconsideration appeals filed against ENRE Resolutions Nº 66/17, 84/17 and 139/17 and Nº 73/17, 88/17 and 138/17 by Transener and Transba, respectively.

These resolutions established a new tariff system for Transener and Transba, retroactively to February 2017, resulting in annual regulated revenues of AR$ 3.534 and AR$ 1.604 million, respectively.

On December 15th, 2017, the ENRE issued Resolutions Nos. 627/17 and 628/17, through which the new tariff system was established, as a result of the tariff adjustment mechanism established in the FTR, effective as from August 2017, resulting in regulated annual revenues of AR$ 3.933 and AR$ 1.771 million for Transener and Transba, respectively.

On February 15th, 2018, the ENRE issued Resolutions Nos. 37/18 and 38/18, which were modified by Resolutions Nos. 99/18 and 100/18 on April 5th, 2018, establishing the new tariff system as from February 2018, resulting the annual regulated revenues in AR$ 4.388 and AR$ 1.979 million for Transener and Transba, respectively.

Additionally, during the fiscal year 2017, Transener and Transba requested the recognition of the damages from the breaches by the National State with respect to (i) the lack of the adjustment of the remuneration for the provision of the public service of transmission of high voltage electricity and by trunk distribution of the Province of Buenos Aires, in accordance with the real cost variations according to the Transition Tariff Regime and (ii) the lack of the reasonable profitability that should result from the FTR process, both concepts for the period May 2013 – January 2017.

Nevertheless, the claims made by Transener and Transba regarding the valuation of the capital base on which the profitability set by ENRE Resolution Nº 553/16 is applied, and other aspects not favorably resolved, will continue their process before the Secretariat of Electrical Energy under the appeals filed on a subsidiary basis to the reconsideration resources.

3. Purpose of financial statements

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

4.1 Basis of preparation

These condensed interim consolidated statements for the three-month period ended March 31, 2018 have not been audited. The Management of the Company estimates that they include all the necessary adjustments to reasonably present the results of each period. The results for the three-month period ended March 31, 2018 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 nine-month period ended September 30, 2017 were prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" (IAS 34), approved by the IASB.

The presentation in the Balance Sheet distinguishes between current and non-current assets and liabilities. Current assets and liabilities are those that are expected to be recovered or canceled within the twelve months following the close of the fiscal year / reporting period. In addition, the Company reports cash flows from operating activities using the indirect method. The fiscal year begins on January 1 and ends on December 31 of each year. The economic and financial results are presented on the basis of the fiscal year.

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

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

At March 31, 2018, 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.

4.2 Consolidation

The unaudited condensed interim consolidated financial statements include the financial statements of the Company and its subsidiary Transba. 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 betweenthe controlling company and the subsidiary, so that the financial statements present balances maintained with third parties.
2. Elimination of transactions/operations between the controlling company and the subsidiary, 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 the subsidiary.
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.

(In Argentine Pesos, except as otherwise indicated)

Transba S.A. significant information corresponding to assets, liabilities and results of operations as of March 31, 2018 and December 31, 2017 is as follows:

	March 31, 2018	December 31, 2017
Total assets	2,655,961	2,267,048
Total liabilities	880,208	809,015
Total equity	1,775,753	1,458,033
Total comprehensive income for the period	317,720	924,154

4.3 Changes related to the accounting policies under IFRS

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

- 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 modifications 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. As of the date of issuance of these financial statements, its application has not had an impact, for which reason the Company will apply this amendment, if applicable, in future transactions.

- 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.

- 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.

- 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.

Below we describe the impact of initial application of IFRS 15 and IFRS 9, as these standards had impact on accounting policies as from January 1, 2018.

The application of the other amendments and interpretations did not have an impact on the results of operations or the financial position of the Company.

Impact of the adoption on accounting policies:

- *IFRS 15:* The Company applied IFRS 15 retrospectively, in relation to contracts not completed at the initial application date.

  The Management analyzed the effects of the application of IFRS 15 regarding the agreements in effect at January 1, 2018, and did not detect differences in connection with the identification of performance obligations or the pricing methodology for those obligations, that could affect the recognition or the opportunity to recognize revenue of the Company. As a result, the Company did not recognize any adjustments in the balance of the breakdown of accumulated profits at the beginning of the period. Finally, no contract assets or liabilities that must be presented separately pursuant to IFRS 15 have been identified.

- *IFRS 9:* The Company applied the revised IFRS 9 retrospectively as from January 1, 2018, with the practical resources allowed by the standard, without restatement of the comparative periods.

  The Company has reviewed the financial assets currently measured and classified at fair value through profit or loss or at amortized cost, and it has concluded that the conditions to maintain this classification are fulfilled; therefore, initial adoption of IFRS 9 has not affected the classification and measurement of financial assets.

  Further, in connection with the new hedge accounting model, the Company has not opted for designating any hedging relationship at the date of initial adoption of the revised IFRS 9; therefore, this adoption did not have an impact on the Company’s financial position or the results of its operations.

  Lastly, in relation to the change in methodology for the calculation of impairment based on expected credit losses, the Company applies the simplified approach of IFRS 9 for trade receivables. To measure expected credit losses, trade receivables are grouped on the basis of shared credit risk characteristics and the days past after due date.

  Trade receivables are derecognized when there is no reasonable expectation of their recovery. The Company understands that these are indicators of defaulted payment: i) reorganization proceedings, bankruptcy or litigation; ii) a situation of insolvency implying a high degree of impossibility of collection, and iii) unpaid balances for a period over 360 days.

  Although cash and cash equivalents are also subject to IFRS 9 requirements about impairment, identified impairment losses are immaterial. As for financial assets at amortized cost, the application of the expected credit risk model did not have an impact on the Company’s financial position or the results of its operations.

  The Company applies the simplified approach of IFRS 9 for trade receivables, regardless of the objective evidence of impairment indications.

The recording of impairment losses of trade receivables is based on the best estimation if the Company regarding the risk of non-compliance and the calculation of the ratios of expected loss, according to historical information of the behavior of the customers of the Company, conditions of the current market and forward-looking estimations at the end of each reporting period.

b) New standards, modifications and interpretations not yet effective and which have not been adopted early by 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. The Company is analyzing the impact of its application, however it estimates that it will not have an impact on the results of the operations or the financial position.

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

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 its application on the results of the operations and the financial position.

- IAS 19 “Employee benefits”: it was amended in February 2018. It specifies changes in the way of measuring costs of past services and net interest, when changes (amendments, curtailment or settlement) to defined post-employment benefits plans occur. It is applicable for amendments, curtailments or settlements as from January 1, 2019. The Company is analyzing the impact of its application on the results of operations and the financial position.

Conceptual Framework: the IASB published a revised Conceptual Framework, replacing the previous version of the Framework. However, this Framework does not comprise a standard in itself, nor does it supersede any existing standard. The concepts included in the revised Conceptual Framework will be immediately applied for future standards issued by the IASB and the IFRIC. Preparers of financial statements under IFRS will consider the revised Conceptual Framework for the development of accounting policies on matters not specifically addressed by the IFRS for the annual periods beginning on or after January 1, 2020. The Company is analyzing the impact of its application on the results of operations and the financial position.

4.4 Risk policy and accounting estimates

In the preparation of these financial statements, the Company has applied the risk policies and accounting estimates consistently with those of the previous year. There are no significant variations at March 31, 2018 compared with the previous year as regards the risk analysis.

(In Argentine Pesos, except as otherwise indicated)

5 Financial instruments by category and level of fair value hierarchy

Description	Measurement at fair value as of March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments at fair value	2,171,693	0	0	2,171,693
Total Assets	2,171,693	0	0	2,171,693

Description	Measurement at fair value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments at fair value	1,477,860	0	0	1,477,860
Total Assets	1,477,860	0	0	1,477,860

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.

There were no relevant transfers between levels 1, 2 and 3 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.

6. Segment reporting

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

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

The segment information submitted to the General Director, who takes the business strategic decisions, for the reportable segments for the three-month periods ended March 31, 2018 and 2017 is as follows:

(In Argentine Pesos, except as otherwise indicated)

	Regulated activity $	Non-regulated activity $	Total $
Three-month period ended March 31, 2018			
Net revenues	1,618,171	224,703	1,842,874
Operating results	998,287	149,917	1,148,204
Total assets	8,199,982	295,156	8,495,138
Total liabilities	4,220,525	430,559	4,651,084
Acquisition of property, plant and equipment	215,413	0	215,413
Property, plant and equipment depreciation	31,476	0	31,476
Three-month period ended March 31, 2017			
Net revenues	1,113,650	81,014	1,194,664
Operating results	578,824	50,648	629,472
Total assets	3,582,127	40,193	3,622,320
Total liabilities	2,209,394	326,842	2,536,236
Acquisition of property, plant and equipment	120,398	0	120,398
Property, plant and equipment depreciation	26,234	0	26,234

No sales between operating segments identified by the Company are perfected. Sales revenues reported to Company Management 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 March 31, 2018	March 31, 2017
Net Regulated Revenue	1,618,171	1,113,650
Net Non-Regulated Revenue	224,703	81,014
Net Revenues	1,842,874	1,194,664

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

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

8. Expenses by Nature

Items	Three-month period ended March 31, 2018			Three-month period ended March 31, 2017		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	418,369	375,393	42,976	345,640	309,763	35,877
Other personnel costs	4,241	3,214	1,027	2,396	1,499	897
Fees for operating services	13,800	13,800	0	19,370	19,370	0
Professional fees	15,388	10,435	4,953	11,917	6,215	5,702
Equipment maintenance	9,922	9,922	0	9,754	9,754	0
Fuel and lubricants	8,331	8,283	48	5,696	5,642	54
General Maintenance	27,184	26,927	257	14,700	14,588	112
Electricity	3,248	3,067	181	1,240	1,125	115
Depreciation of property, plant and equipment	31,476	28,326	3,150	26,234	23,609	2,625
Administration expenses related to WEM	1,655	1,655	0	142	142	0
Regulatory fees	4,061	4,061	0	501	501	0
ATEERA membership fees	407	0	407	500	0	500
Communications	3,837	3,762	75	2,571	2,471	100
Transportation	4,260	4,257	3	3,655	3,655	0
Insurance	22,898	22,130	768	16,854	15,411	1,443
Rents	5,903	2,754	3,149	5,826	2,896	2,930
Travel and lodging expenses	18,217	17,954	263	15,139	14,846	293
Licences, stationery and printing	6,321	5,892	429	6,486	6,411	75
Taxes and government contributions	27,790	3,614	24,176	19,548	3,873	15,675
Directors and syndics	2,490	0	2,490	1,986	0	1,986
Security	19,301	19,295	6	16,448	16,440	8
Office and substation cleaning	10,711	9,882	829	8,684	8,061	623
Electroduct maintenance	3,793	3,793	0	2,135	2,135	0
Prevision for bad debts	4,196	4,196	0	0	0	0
Others	13,944	9,517	4,427	8,871	5,690	3,181
TOTAL	681,743	592,129	89,614	546,293	474,097	72,196

(In Argentine Pesos, except as otherwise indicated)

9. Net Financial Results

	Three-month period ended	
	March 31, 2018	**March 31, 2017**
Finance Income		
Results from investments at fair value	104,969	23,196
Interests from investments at amortized cost	10,501	0
Renewal Agreement interest (Note 2)	0	8,023
Other finance income	13,929	5,345
Total finance income	129,399	36,564
Finance Costs		
Interest generated by loans	(48,974)	(37,983)
Other interest	(11,672)	(8,628)
Total finance costs	(60,646)	(46,611)
Other financial results		
Foreign exchange generated by loans	(148,894)	49,489
Foreign exchange generated by investments at fair value	17,243	0
Foreign exchange generated by investments at amortized cost	112,892	0
Other foreign exchenge net	3,098	1,108
Total Other financial results	(15,661)	50,597
Total Other financial results, net	53,092	40,550

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 receivables	Other receivables	Investments at fair value	Employee benefits payable	Other liabilities	Total
As of January 1, 2018	0	820	714	3,946	95,140	49,084	149,704
Charged to the income statement	0	1,106	0	(3,946)	2,224	3,544	2,928
Charged to other comprehensive income	0	0	0	0	0	0	0
As of March 31, 2018	0	1,926	714	0	97,364	52,628	152,632
As of January 1, 2017	37,015	2,904	714	0	97,447	49,138	187,218
Charged to the income statement	(37,015)	0	0	0	3,860	(4,474)	(37,629)
Charged to other comprehensive income	0	0	0	0	0	0	0
As of March 31, 2017	0	2,904	714	0	101,307	44,664	149,589

(In Argentine Pesos, except as otherwise indicated)

Deferred Tax Liabilities

	Property, plant and equipment	Investments at fair value	Debt and other indebtedness	Total
As of January 1, 2018	68,694	0	14,017	82,711
Charged to the income statement	(2,371)	11,801	108	9,538
Charged to other comprehensive income	0	0	0	0
As of March 31, 2018	66,323	11,801	14,125	92,249
As of January 1, 2017	101,249	26,095	18,438	145,782
Charged to the income statement	(2,761)	(11,978)	(1,331)	(16,070)
Charged to other comprehensive income	0	0	0	0
As of March 31, 2017	98,488	14,117	17,107	129,712

Deferred Tax Assets as of March 31, 2018 and December 31, 2017 amounts to thousands of $60,383 and $66,993, respectively.

The income tax charge for the period is as follows:

	Three-month period ended	
	March 31, 2018	**March 31, 2017**
Current tax	354,929	214,468
Deferred tax	6,610	21,559
Income tax	361,539	236,027

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

	Three-month period ended	
	March 31, 2018	**March 31, 2017**
Net income / (loss) before income taxes	1,201,296	670,022
Tax rate in force	30%	35%
Net income at the tax rate	360,389	234,508
Taxable effects by:		
- Other non taxable and/or non deductible items	1,150	1,519
Income tax	361,539	236,027

Tax reform in Argentina

On December 29, 2017, the National Executive Branch promulgated Law Nº 27430 - Income Tax. This law has introduced several changes in the treatment of income tax whose key components are the following:

Income Tax Rate: The Income Tax rates for Argentine companies would be reduced gradually from 35% to 30% for fiscal periods beginning from January 1, 2018 to December 31, 2019, and 25% for fiscal periods beginning on or after January 1, 2020, inclusive.

Tax on dividends: A tax is introduced on dividends or profits distributed, among others, by Argentine companies or permanent establishments to: individuals, undivided estates or foreign beneficiaries, with the following considerations: (i) the dividends derived from the profits generated during fiscal years that begin on January 1, 2018 and until December 31, 2019, will be subject to a 7% withholding; tax and (ii) Dividends arising from gains obtained for years beginning on or after January 1, 2020, will be subject to a 13% withholding tax.

Dividends arising from benefits obtained up to the year prior to that commenced on or after January 1, 2018 will continue to be subject, for all the beneficiaries, to withholdings at a 35% rate on the amount that exceeds the distributable tax-free profits (transition period of the equalization tax).

Optional tax revaluation: The regulation establishes that, at the option of the Companies, the tax revaluation of the assets located in the country and affected to the generation of taxable profits may be carried out. The special tax on the amount of the revaluation depends on the asset, being of 8% for the real estate property that do not meet the conditions of goods to sell, of 15% for the real estate property that meet the condition of goods to sell, and of 10 % for personal property and other items of property. Once the option for a certain asset is exercised, all other assets in the same category must be revalued. This tax is not deductible from income tax, and the tax result that originates from the revaluation is not subject to it.

As of the date of these unaudited condensed interim financial statements, the Company is evaluating the exercise of said option.

Index-adjustments to deductions: Acquisitions or investments made in fiscal years beginning on or after January 1, 2018, will be adjusted on the basis of the percentage variations of the Domestic Wholesale Price Index (IPIM) provided by the National Institute of Statistics and Census, situation that will increase the deductible depreciation and its computable cost in case of sale.

(In Argentine Pesos, except as otherwise indicated)

11. Property, plant and equipment

Principal account	Original Value				
	At the beginning of the period	Additions	Deductions	Reclasifications	At the end of the period
Land	3,864	0	0	0	3,864
Vehicles	155,457	37,288	(67)	0	192,678
Air and heavy equipment	87,657	2,298	0	0	89,955
Furniture and fixtures	17,668	2,977	0	0	20,645
Information systems	46,222	1,120	(314)	0	47,028
Transmission lines	996,895	14	(3,302)	65,301	1,058,908
Substations and related works	1,284,118	2,944	(11,986)	70,281	1,345,357
Building and civil works	106,691	2,199	0	11,243	120,133
Labs and maintenance	60,101	3,865	0	0	63,966
Communication equipment	119,776	1,022	0	6,991	127,789
Miscellaneous	51,183	3,970	0	0	55,153
Work in progress	995,683	147,437	0	(145,091)	998,029
Spare parts	197,383	10,279	(4,287)	(8,725)	194,650
Total March 31, 2018	4,122,698	215,413	(19,956)	0	4,318,155
Total March 31, 2017	3,445,159	120,398	(2,504)	0	3,563,053

Principal account	Depreciation				Net carrying value	
	At the beginning of the period	Deductions	From the period	At the end of the period	At March 31, 2018	At March 31, 2017
Land	0	0	0	0	3,864	3,864
Vehicles	(78,944)	67	(5,820)	(84,697)	107,981	71,487
Air and heavy equipment	(17,161)	0	(951)	(18,112)	71,843	44,511
Furniture and fixtures	(7,045)	0	(381)	(7,426)	13,219	3,870
Information systems	(28,248)	314	(2,070)	(30,004)	17,024	13,279
Transmission lines	(732,058)	3,302	(6,023)	(734,779)	324,129	249,699
Substations and related works	(630,417)	2,097	(10,878)	(639,198)	706,159	547,110
Building and civil works	(45,124)	0	(866)	(45,990)	74,143	50,985
Labs and maintenance	(11,859)	0	(1,039)	(12,898)	51,068	27,268
Communication equipment	(86,114)	0	(1,664)	(87,778)	40,011	33,837
Miscellaneous	(32,644)	0	(1,784)	(34,428)	20,725	16,197
Work in progress	0	0	0	0	998,029	780,773
Spare parts	0	0	0	0	194,650	133,547
Total March 31, 2018	(1,669,614)	5,780	(31,476)	(1,695,310)	2,622,845	-
Total March 31, 2017	(1,560,519)	127	(26,234)	(1,586,626)	-	1,976,427

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

During the three-month periods ended March 31, 2018 and 2017, the Company has not capitalized interest costs.

(In Argentine Pesos, except as otherwise indicated)

12. Other receivables

	March 31, 2018	December 31, 2017
Non-Current		
Stock Ownership Program	5,329	5,329
Total	5,329	5,329

	March 31, 2018	December 31, 2017
Current		
Advances to suppliers	392,312	266,167
Prepaid expenses	74,986	95,825
Tax credits	10,597	13,716
Claims recovery	9,889	0
Loans to employees	7,951	9,217
Judicial seizure	2,426	2,435
Stock Ownership Program - Dividends receivable	779	779
Others	87	3,477
Total	499,027	391,616

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

13. Trade accounts receivable

	March 31, 2018	December 31, 2017
Current		
CAMMESA	1,312,171	1,190,936
Other services	227,612	170,931
Other related parties (Note 22)	10,268	3,007
Allowances for bad debt	(7,366)	(3,170)
Total	1,542,685	1,361,704

The fair values of trade accounts receivable do not differ significantly from their respective book values.

Allowances for bad debt

	March 31, 2018	March 31, 2017
Total at the beginning of the year	3,170	8,295
Increases	4,196	7,824
Decreases	0	(12,949)
Total at the end of the year	7,366	3,170

14. Cash and cash equivalents

	March 31, 2018	December 31, 2017
Cash in local currency	1,420	1,414
Cash in foreign currency	312	288
Banks in local currency	5,288	3,692
Banks in foreign currency	97,081	19,788
Cash and cash equivalents, net	104,101	25,182

15. Investments

Non-current investments	**March 31, 2018**	**December 31, 2017**
Investments at amortized cost:		
Mutual guarantee companies	20,000	20,000
Total	20,000	20,000
Current investments		
Investments at fair value:		
Mutual funds	2,054,693	1,369,160
Bonos de la Nación Argentina (Bonar)	117,000	108,700
Total	2,171,693	1,477,860
Investments at amortized cost:		
Letras del tesoro (Letes)	1,303,416	1,377,680
Letras del Banco Central (Lebacs)	165,659	155,113
	1,469,075	1,532,793

16. Loans

	March 31, 2018	**December 31, 2017**
Non-current bonds and other indebtedness		
Corporate Bonds 2021	1,933,427	1,786,610
Total Non-current	1,933,427	1,786,610
Current bonds and other indebtedness		
Corporate Bonds 2021	23,659	68,680
Total Current	23,659	68,680
Total at the beginning of the period	1,855,290	1,571,560
Accrued interests	48,974	37,983
Foreign Exchange	148,894	(49,489)
Interest payments	(96,072)	(74,407)
Total at the end of the period	1,957,086	1,485,647

The fair value of current loans is equivalent to their book value, since it does not differ from their amortized cost.

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

The fair value of non-current loans of the Company as of March 31, 2017 amounts approximately to thousands of $ 2,042,342. This value was calculated based on the market price.

17. Employee benefit expense

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

	Three-month period ended	
	March 31, 2018	**March 31, 2017**
Charges to Income		
Services Cost	5,772	4,800
Interest Cost	17,271	16,996
Total	23,043	21,796

(In Argentine Pesos, except as otherwise indicated)

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

	March 31, 2018	March 31, 2017
Benefits Obligations at the beginning of the year	356,029	278,420
Services Cost	5,772	4,800
Interest Cost	17,271	16,996
Amortization of (profits) and losses	0	0
Actuarial (profits) and losses	0	0
Benefits paid to participants	(11,869)	(10,766)
Benefits Obligations at the end of the year	367,203	289,450
Non - current benefits obligations	61,182	48,025
Current benefits obligations	306,021	241,425
Benefits Obligations at the end of the year	367,203	289,450

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

Discount rate	20.75%	26.00%
Current interest rate	5.00%	5.00%
Salary growth rate	2%	2%

18. Trade accounts payable

	March 31, 2018	December 31, 2017
Non-Current		
Advances from customers	1,595	1,008
Total	1,595	1,008

	March 31, 2018	December 31, 2017
Current		
Suppliers	236,194	98,774
Provisions	101,823	148,857
Other related parties (Note 21)	13,800	10,502
Advances from customers	10,314	11,652
Other liabilites	117,662	96,058
Total	479,793	365,843

The fair value of trade accounts payable is equivalent to their book value, since the impact of applying the discount is not significant.

(In Argentine Pesos, except as otherwise indicated)

19. Provisions

As of March 31, 2018 and 2017 the balances of foreign currency assets and liabilities are as follows:

	March 31, 2018	March 31, 2017
Labor lawsuits		
Total at the beginning of the period	28,800	24,657
Increases	0	0
Decreases	0	(923)
Total at the end of the period	28,800	23,734
Regulatory lawsuits		
Total at the beginning of the period	3,009	3,009
Increases	0	0
Decreases	0	0
Total at the end of the period	3,009	3,009
Commercial lawsuites		
Total at the beginning of the period	40,145	42,349
Increases	2,653	0
Decreases	0	(1,110)
Total at the end of the period	42,798	41,239
Total at the end of the period	74,607	67,982

20. Taxes payable

	March 31, 2018	March 31, 2017
V.A.T. payable	77,036	125,764
Withholding tax to be deposited – Income tax	6,803	8,779
Others	6,880	14,885
Totales	90,719	149,428

21. Payroll and social securities taxes payable

	March 31, 2018	March 31, 2017
Salaries and social security charges	147,985	177,559
Provision for variable remuneration	43,292	204,054
Provision for holidays	42,633	51,186
Total	233,910	432,799

22. 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.

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 notice 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 assigned 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.

On December 14, 2017, the Company's Board of Directors approved the amendment of the technical assistance contract to reduce the fees payable by the Company to the operators for the 2017 and 2018 contractual periods.

Said amendment established the validity of the technical assistance agreement until July 15, 2018, unless the parties agree its continuation or amendment prior to its termination date and set the fee for the 2017 and 2018 contractual periods in the single and final sums of $ 60 million and $ 30 million, respectively.

(In Argentine Pesos, except as otherwise indicated)

The transactions with related parties are as follows:

Companies Law No. 19550 – Sect. 33

	Three-month period ended	
	March 31, 2018	**March 31, 2017**
Sales of assets and services rendered to Pampa Energía S.A.	1,575	115
Fees for operating services		
*Pampa Energía S.A.	6,900	9,685
*Energía Argentina S.A.	6,900	9,685

Other related parties

	Three-month period ended	
	March 31, 2018	**March 31, 2017**
Sales of assets and services rendered to Enecor S.A.	750	0
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	75	375
Sales of assets and services rendered to C.T.Loma de la Lata S.A.	0	28

The balances with Companies Law No. 19550 – Sect. 33 and other related parties are as follows:

Companies Law No. 19550 – Sect. 33

Assets	**March 31, 2018**	**December 31, 2017**
Trade account receivables		
Grupo Eling S.A.	7,060	0
Pampa Energía S.A.	1,055	1,114
Total	8,115	1,114
Liabilities		
Trade accounts payable		
Pampa Energía S.A.	6,900	5,251
Energía Argentina S.A.	6,900	5,251
Total	13,800	10,502

Other related parties

Assets		
Trade account receivable		
Enecor S.A.	2,121	1,829
Transportadora de Gas del Sur S.A.	32	64
Total	2,153	1,893

23. Investment in Transener Internacional Ltda.

As of March 31, 2018, both the 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.

24. Financing structure

24.1 Series 2 Notes

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

As of March 31, 2018, the remaining balance of the Series 2 Notes, net of those held by the Company amounted to thousands of US$ 98,535.

24.2 Restrictions in relation to the Series 2 Notes

The Company and its Restricted Subsidiaries have to comply with some restrictions, according to the refinancing terms, in order to carry out, among others, the following transactions:

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

As of March 31, 2018 there is not any default related to those restrictions.

24.3 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.

25. Income per share

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

	Three-month periods ended	
	March 31, 2018	**March 31, 2017**
Results from operations attributable to the equity holders of the Company	807,985	423,215
Ordinary shares average	444.674	444.674
Income per share attributable to the equity holders of the Company ($/Share)	1,82	0,95

26. 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.

27. Foreign currency assets and liabilities

As of March 31, 2018 and December 31, 2017 the balances of foreign currency assets and liabilities are as follows:

Captions	March 31, 2018			December 31, 2017	
	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$ 4,856	20.049	97,362	US$ 1,081	20,048
Cash and banks	R$ 5	6.200	31	US$ 5	28
Investments at amortized cost	US$ 65,012	20.049	1,303,416	US$ 74,272	1,377,679
Investments at fair value	US$ 13,750	20.049	275,682	US$ 15,496	287,443
Total current assets			1,676,491		1,685,198
Total assets			1,676,491		1,685,198
Liabilities					
Non current liabilities					
Debt and other indebtedness	US$ 95,956	20.149	1,933,427	US$ 95,802	1,786,610
Total non current liabilities			1,933,427		1,786,610
Current liabilities					
Accounts payable	US$ 108	20.149	2,177	US$ 141	2,630
Debt and other indebtedness	US$ 1,174	20.149	23,659	US$ 3,683	68,680
Total current liabilities			25,836		71,310
Total liabilities			1,959,263		1,857,920

US$: thousands of United States Dollars
R$: thousands of Reais

28. Subsequent Events

Through Ordinary General Meeting of Shareholders held on April 12, 2018, it has been approved that the positive retained earnings as of December 31, 2017 of thousands of $ 2,049,903 are destined: a) 5% of said positive result, that is thousands of $ 102,496, to the Legal Reserve, b) thousands of $ 63,686 to voluntary reserve, in order to comply with the provisions of Title IV, Chapter III, Article 8 point B.1. of the CNV Rules by virtue of the negative balance of the Other Comprehensive Income, and c) thousands of $ 1,883,721 to a reserve account for future dividends, delegating to the board the power to decide its distribution during the current fiscal year on the occasion and for the amount it deems necessary.