

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

**Unaudited Condensed Consolidated Financial Statements as of March 31, 2019 and for
the three-month period ended March 31, 2019 and 2018**



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

Introduction

We have reviewed the accompanying condensed interim consolidated balance sheets of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiary (hereinafter 'The Company') which comprise the consolidated statement of financial position at March 31, 2019 and the related condensed interim consolidated statement of operations, the condensed interim consolidated statements of changes in equity and cash flows for the three months period then ended, and the selected explanatory notes.

The balances and other information corresponding to the fiscal year 2018 and interim period 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 balance sheets, consolidated statement of operations and consolidated cash flows.

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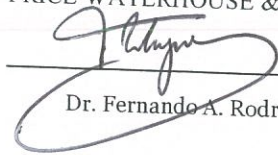


Conclusion

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 8, 2019.

PRICE WATERHOUSE & CO.S.R.L.

 (Partner)

Dr. Fernando A. Rodríguez



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Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Consolidated Statements of Operations
for the three-month period ended March 31, 2019 and 2018
 (Expressed in thousands of Argentine Pesos)

Consolidated income statement	Note	Three-month period ended	
		March 31, 2019	March 31, 2018
Net Revenues	7	2,671,932	2,916,377
Operating expenses	8	(1,037,784)	(1,050,956)
Gross income		1,634,148	1,865,421
Administrative expenses	8	(128,267)	(138,698)
Other expenses net		(2,795)	(21,329)
Operating income		1,503,086	1,705,394
Finance income	9	275,518	204,810
Finance costs	9	(166,334)	(95,980)
Other financial results	9	(126,221)	(166,599)
Income before taxes		1,486,049	1,647,625
Income tax	10	(684,513)	(641,191)
Income for the period		<u>801,536</u>	<u>1,006,434</u>
Income attributable to :			
Owners of the parent		759,599	968,927
Non-controlling interests		41,937	37,507
Total for the period		<u>801,536</u>	<u>1,006,434</u>
 OTHER COMPREHENSIVE CONSOLIDATED RESULTS			
Income for the period		801,536	1,006,434
Items that will not be reclassified to profit or loss			
Other comprehensive results for the period, net of taxes		0	0
Comprehensive income for the period		<u>801,536</u>	<u>1,006,434</u>
 Attributable to :			
Owners of the parent		759,599	968,927
Non-controlling interests		41,937	37,507
Total for the period		<u>801,536</u>	<u>1,006,434</u>
 Income per share attributable to the equity holders of the Company:			
Total for the period	25	1.71	2.18

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

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Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018
 (Expressed in thousands of Argentine Pesos)

	Note	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Assets			
Non-current assets			
Property, plant and equipment	11	13,792,745	13,554,713
Inventories		518,917	482,756
Other receivables	12	5,329	5,956
Total Non-current assets		<u>14,316,991</u>	<u>14,043,425</u>
Current Assets			
Trade accounts receivable	13	2,210,071	1,872,401
Other receivables	12	535,839	1,008,057
Investments at fair value	15	1,474,782	1,875,575
Investments at amortized cost	15	23,500	295,662
Cash and cash equivalents	14	3,725,966	3,109,207
Total Current assets		<u>7,970,158</u>	<u>8,160,902</u>
Total Assets		<u>22,287,149</u>	<u>22,204,327</u>
Equity and liabilities			
Common Stock		444,674	444,674
Inflation adjustment on common stock		6,456,671	6,456,671
Legal reserve		169,155	169,155
Voluntary reserve		105,105	105,105
Reserve for future dividends		1,444,375	1,444,375
Other comprehensive results		(320,689)	(320,689)
Retained earnings		4,831,287	4,071,688
Equity attributable to owners of the parent		<u>13,130,578</u>	<u>12,370,979</u>
Non-controlling interests		<u>585,016</u>	<u>543,079</u>
Total equity		<u>13,715,594</u>	<u>12,914,058</u>
Liabilities			
Non-current liabilities			
Bonds and other indebtedness	16	4,188,789	4,063,721
Deferred tax payable	10	1,775,232	1,559,258
Employee benefits payable	17	470,187	496,568
Trade accounts payable	18	229	424
Total Non-current liabilities		<u>6,434,437</u>	<u>6,119,971</u>
Current liabilities			
Provisions	19	85,306	93,558
Bonds and other indebtedness	16	50,902	155,155
Income tax payable		737,551	639,166
Taxes payable	20	149,579	181,920
Payroll and social securities taxes payable	21	427,283	686,280
Employee benefits payable	17	89,285	94,037
Trade accounts payable	18	597,212	1,320,182
Total Current liabilities		<u>2,137,118</u>	<u>3,170,298</u>
Total Liabilities		<u>8,571,555</u>	<u>9,290,269</u>
Total Equity and liabilities		<u>22,287,149</u>	<u>22,204,327</u>

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

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Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Consolidated Statements of Changes in Equity for the three-month period ended March 31, 2019 and 2018
(Expressed in thousands of Argentine Pesos)

	Attributable to owners of the parent										
	Common Stock	Inflation adjustment on common stock	Share premium	Legal reserve	Voluntary reserve	Reserve for future dividends	Other comprehensive income	Retained earnings	Subtotal	Non-controlling interests	Total equity
Balance as of December 31, 2017	444,674	6,456,671	0	0	0	0	(188,085)	4,040,836	10,754,096	410,896	11,164,992
Income for the three-month period	0	0	0	0	0	0	0	968,927	968,927	37,507	1,006,434
Other comprehensive loss for the three - month period	0	0	0	0	0	0	0	0	0	0	0
Balance as of March 31, 2018	444,674	6,456,671	0	0	0	0	(188,085)	5,009,763	11,723,023	448,403	12,171,426
Income for the nine-month complementary period	0	0	0	0	0	0	0	2,444,994	2,444,994	98,498	2,543,492
Other comprehensive income for the nine-month complementary period	0	0	0	0	0	0	(132,604)	0	(132,604)	(3,822)	(136,426)
Ordinary General Meeting of Shareholders held on April 12, 2018:											
- Legal reserve	0	0	0	169,155	0	0	0	(169,155)	0	0	0
- Voluntary reserve	0	0	0	0	105,105	0	0	(105,105)	0	0	0
- Reserve for future dividends	0	0	0	0	0	3,108,809	0	(3,108,809)	0	0	0
Board of Directors held on December 12, 2018:											
Distribution of dividends	0	0	0	0	0	(1,664,434)	0	0	(1,664,434)	0	(1,664,434)
Balance as of December 31, 2018	444,674	6,456,671	0	169,155	105,105	1,444,375	(320,689)	4,071,688	12,370,979	543,079	12,914,058
Income for the three-month period	0	0	0	0	0	0	0	759,599	759,599	41,937	801,536
Other comprehensive loss for the three - month period	0	0	0	0	0	0	0	0	0	0	0
Balance as of March 31, 2019	444,674	6,456,671	0	169,155	105,105	1,444,375	(320,689)	4,831,287	13,130,578	585,016	13,715,594

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



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Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.
Unaudited Condensed Consolidated Statements of Cash Flows for the three-month period ended March 31,
2019 and 2018

(Expressed in thousands of Argentine Pesos)

	Note	Three-month period ended	
		March 31, 2019	March 31, 2018
Cash flows from operating activities:			
Income for the year		801,536	1,006,434
Adjustments:			
Depreciation of property, plant and equipment	11	202,924	158,536
Allowances for bad debt	13	4,460	6,702
Provisions		4,639	4,266
Employee benefits plan	17	51,234	36,506
Income tax expense accrued during the year	10	684,513	641,191
Interest and foreign exchange results generated by loans	16	213,930	118,493
Investments at fair value	9	(230,058)	(194,998)
Investments at amortized cost	9	(3,026)	(176,375)
RECPPC investments		222,545	353,645
Financial results from cash and cash equivalents, net		(108,048)	571
Retirements of property, plant and equipment	11	353	74,821
Changes in certain assets and liabilities, net of non-cash:			
(Increase) Decrease in trade receivables		(342,130)	(146,442)
(Increase) Decrease in other receivables		472,845	(125,382)
Increase (Decrease) in trade accounts payable		(723,165)	139,427
Increase (Decrease) in payroll and social securities taxes payable		(258,997)	(352,337)
Increase (Decrease) in taxes payable		(116,066)	(241,747)
Increase (Decrease) in provisions		(12,891)	(7,575)
Increase (Decrease) of employee benefits payable	17	(82,367)	(55,898)
Income tax payment		(286,429)	0
Net cash generated by operating activities		<u>495,802</u>	<u>1,239,838</u>



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Unaudited Condensed Consolidated Statements of Cash Flows for the three-month period ended March 31,
2019 and 2018
(continued)

(Expressed in thousands of Argentine Pesos)

	Note	Three-month period ended	
		<u>March 31, 2019</u>	<u>March 31, 2018</u>
Cash flows from investing activities:			
Acquisition of property, plant and equipment	11	(441,309)	(328,307)
Increase in inventories		(36,161)	5,701
Decrease / (Increase) in investments at fair value		439,729	(1,620,768)
Increase in financial assets at amortized cost		243,765	975,761
Cash generated by (used in) investing activities		<u>206,024</u>	<u>(967,613)</u>
Cash flows from financing activities:			
Payments and repurchase of bonds and other indebtedness - Interest	16	(193,115)	(152,134)
Net cash used in financing activities		<u>(193,115)</u>	<u>(152,134)</u>
Increase in cash and cash equivalents		508,711	120,091
Financial results from cash and cash equivalents, net		108,048	(571)
Cash and cash equivalents at the beginning of the year		3,109,207	41,559
Cash and cash equivalents at year end	14	<u><u>3,725,966</u></u>	<u><u>161,079</u></u>

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

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

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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 Anónima Transba 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 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 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.

2. Tariff Review

During the year 2018, as established in the FTR, the ENRE applied the tariff adjustment mechanism every six months, according to the corresponding formula, which depends on Wholesale Price, Consumer Price and Salaries indexes, as long as the compliance with the "Trigger Clause".

With respect to Transener, on February 19th, 2018, the ENRE issued Res. No. 37/18, which was rectified by Res. ENRE No. 99/18 of April 5th, 2018. This last resolution adjusted Transener revenues in 24.15% for the period December 2016 - December 2017, to be applied to the remuneration schedule as of February 2018.

With respect to Transba, on February 19th, 2018, the ENRE issued Res. No. 38/18, which was rectified by Res. ENRE No. 100/18 of April 5th, 2018. This last resolution adjusted Transba revenues in 23.39% for the period December 2016 - December 2017, to be applied to the remuneration schedule as of February 2018.

Subsequently, on November 16th, 2018, the ENRE issued Resolutions No. 280/18 and 281/18, with the adjustment of the remuneration of Transener and Transba in 42,55% and 43,25%, respectively for the period December 2016 - June 2018, to be applied to the remuneration schedule as of August 2018. This adjustment was settled by CAMMESA in December 2018 with retroactivity as of August 1st, 2018. Since CAMMESA did not recognize the interest for months of August 2018 and September 2018, the Company presented a claim to the ENRE and CAMMESA in order to receive the corresponding interest.

On March 22nd, 2019, the ENRE issued Resolutions No. 67/19 and 68/19, with the adjustment of the remuneration of Transener and Transba in 78,81% and 81,66%, respectively for the period December 2016 - December 2018, to be applied to the remuneration schedule as of February 2019.

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On the other hand, on July 3rd, 2018, the ENRE informed that it has begun the procedure to determine the remuneration of the Independent Transmitters under the operation and maintenance period: TIBA (Transba), Fourth Line (Transener), YACYLEC and LITSA. Regarding this, on October 8th, 2018, the costs, investments and tariff pretension corresponding to Fourth Line and TIBA were presented to the ENRE.

3. Purpose of financial statements

The accompanying unaudited condensed 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 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 interim condensed financial statements for the three-month period ended March 31, 2019 have been prepared in accordance with CNV's financial reporting framework, which is based on the adoption of IFRS – particularly IAS 34 ("IAS 34" – Interim Financial Reporting), approved by the International Accounting Standards Board (IASB).

These condensed interim consolidated statements for the three-month period ended March 31, 2019 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, 2019 do not necessarily reflect the proportion of the Company's results for the full year.

These condensed interim consolidated financial statements are presented in thousands of pesos without cents, as are the notes, except for the net profit per share.

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.

The Company makes estimates to calculate depreciations and amortizations, the recoverable value of non-current assets, income tax charge, certain labor charges, provision for contingencies, labor, civil and commercial lawsuits, and allowance for doubtful accounts. Future actual results may differ from estimates and assessments used at the date of preparation of these interim condensed financial statements.

These unaudited condensed consolidated financial statements (hereinafter referred to as "financial statements"), have been approved for issuance by the Board of Directors on May 8, 2019.

4.2 Comparative information

The comparative information as of December 31, 2018 and for the three-month period ended March 31, 2018 has been restated in terms of the current unit of measurement as of March 31, 2019, in accordance with IAS No. 29 "Financial information in hyperinflationary economies".

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Certain reclassifications have been made on the figures corresponding to the financial statements presented in comparative form in order to maintain consistency in the exposure with the figures for the current period.

4.3 Measurement Unit

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, be 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. Said requirements also apply to comparative information included in financial statements.

In order to conclude on whether an economy is categorized as high inflation in the terms of IAS 29, the standard details a series of factors to be considered among which is a cumulative rate of inflation in three years that approximates or exceeds The 100%. It is for this reason that, in accordance with IAS 29, the Argentine economy must be considered as high inflation starting on July 1, 2018.

In turn, Law No. 27,468 (published in Official Gazette on December 4, 2018) amended Article 10 of Law No. 23,928 and its amendments, by repealing all statutory or regulatory pieces of legislation that established or authorized price adjustment based on price increases, currency restatement, cost variation or other forms of boosting debts, taxes, prices or rates for goods, works or services This does not apply to financial statements in respect of which the provisions of article 62 in fine of the General Company Law No 19,550 (as restated in 1984) as amended will continue to apply. Likewise, the aforementioned legal body provided for the repeal of Decree No. 1269/2002 of July 16, 2002, as amended, and delegated to the National Executive Branch (PEN), through its controlling agencies, the establishment of the date from which the aforementioned provisions will take effect in relation to the financial statements presented to them. Therefore, CNV instructed, through General Resolution 777/2018 (published in Official Gazette on December 28, 2018), that issuing entities subject to its supervision shall restate their annual, interim or special financial statements closed after December 31, 2018 in constant currency as per IAS 29.

Pursuant to IAS 29, any entity reporting its financial statements in the currency of a hyperinflationary economy shall report them in the measuring unit current as of the date of those financial statements. All such amounts in the balance sheet as are not reported in terms of the measuring unit as of the date of the financial statements shall be adjusted by applying a general price index. All items in the statement of income shall be reported in terms of the measuring unit adjusted as of the date of the financial statements, by applying the general Price index variation experienced since the date when income and expenses were originally recognized in the financial statements.

The inflation adjustment to initial balances was determined considering the indexes established by FACPCE based on price indexes published by INDEC.

Considering this index, inflation for the three-month and twelve-month periods ended March 31, 2019 was 11.8% and 54.7%, respectively.

The main procedures for the inflation adjustment above mentioned are as follows:

- Monetary assets and liabilities reported at the balance sheet closing currency are not restated as they are already stated in terms of the measuring unit current at the date of the financial statements.
- Non-monetary assets and liabilities reported at cost at the balance sheet, and equity items, are restated by applying relevant adjustment rates.
- All statement of income items are adjusted by applying relevant conversion factors.
- The effect of inflation on the Company’s net monetary position is shown in the statement of income, under “Net financial income”, under "Result from exposure to change in purchasing power of currency" (RECPPC).
- Comparative figures are adjusted for inflation following the same procedure described in the preceding items.

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-The RECPPC is presented in a separate line and reflects the effect of inflation on monetary items that was not computed in the determination of financial results in real terms.

- Income and expenses are restated from the date of its accounting recording, except for those items of the result that reflect or include in their determination the consumption of assets measured in currency of purchasing power of a date prior to the recording of consumption, which are restated based on the date of origin of the asset to which the item is related (depreciation and other consumptions of assets valued at historical cost); and except also those results that arise from comparing two measurements expressed in currency of purchasing power of different dates, for which it is necessary to identify the compared amounts, restate them separately, and carry out the comparison again, but with the amounts already restated.

In initially applying the inflation adjustment, equity items have been restated as follows:

- Common stock was restated from the date of the last accounting inflation adjustment. The resulting amount was incorporated in the "Comprehensive adjustment of capital" account.
- Other comprehensive income was restated from each accounting allocation date.
- Other income reserves were not restated in the initial application.
- The legal reserve was restated from the beginning date of the comparative period meaning that the book value is maintained at that date.
- The share premium was restated from the date of subscription.

4.4 Consolidation

The 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 between the 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.

Transba S.A. significant information corresponding to assets, liabilities and results of operations as of March 31, 2019 and December 31, 2018 is as follows:

	<u>31.03.2019</u>	<u>31.12.2018</u>
Total assets	7,460,286	7,154,918
Total liabilities	1,610,128	1,724,132
Total equity	5,850,158	5,430,786
Total comprehensive income for the period	419,372	1,321,831

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4.5 Changes related to the accounting policies under IFRS**a) New accounting standards, modifications and interpretations effective for fiscal years beginning on January 1, 2019 and which have not been adopted early by the Company**

The Company has applied the following standards and / or modifications for the first time as of January 1, 2019.

- 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. Due to the current lease contracts in force, in which the Company acts as a lessee, have terms of maturity of less than twelve months, the Company has optionally adopted the exemption contained in said standard.

- 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.

Adjustment for fiscal inflation

Law No. 27,430 establishes the application of the adjustment for fiscal inflation set forth in Title VI of the Income Tax Law with respect to the first, second and third year as of its validity (in 2018), in case the cumulative variation of the CPI, calculated from the beginning until the end of each year, exceeds fifty-five percent (55%), thirty percent (30%) and fifteen percent (15%) for the years 2018, 2019 and 2020, respectively.

Although as of December 31, 2018 there was no cumulative variation in the CPI above the 55% foreseen for the application of the adjustment for fiscal inflation in said first year, the Company, based on its evaluation of the local context, the evolution of the Financial variables (including the inflation rate and the devaluation rate) and the average of the inflation forecasts of the BCRA Market Expectations Survey report, estimates that at the close of the 2019 fiscal year, the cumulative variation in the CPI will exceed the projected 30% for the second year of transition of the adjustment for fiscal inflation and for that reason, has given effect to the adjustment for fiscal inflation in the calculation of the current and deferred income tax provision.

- IFRS 9 "Financial Instruments": application guidance amended in October 2017 in relation to the classification of financial assets in the event of contractual terms that change the timing or amount of contractual cash flows to determine whether the flows that might arise because of that condition are only principal and interest payments. It is applicable to annual periods beginning on or after 1 January 2019, allowing early adoption. The Company estimates that its application will not have an impact on the results of operations or on the Company's financial position.

- IAS 28 "Investments in Associates and Joint Ventures": modified in October 2017. It clarifies that IFRS 9 is applied to other financial instruments in an associate or joint venture to which the equity method is not applied. It is applicable

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to annual periods beginning on or after 1 January 2019, allowing early adoption. The Company estimates that its application will not have an impact on the results of operations or on the Company's financial position.

- Annual improvements to IFRS - Cycle 2015-2017: the amendments were issued in December 2017 and are applicable for annual periods beginning on or after 1 January 2019. The Company considers that the application of these amendments will not have an impact on the results of operations or on the Company's 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.

b) New standards, amendments and interpretations issued by the IASB that are not effective and not adopted early by 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 be applied for annual reporting periods beginning on or after January 1, 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.

- 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.

- IFRS 3 "Business Combinations": amended in October 2018. It clarifies the definition of business and establishes guidelines for determining whether a transaction should be accounted for as a business combination or as an acquisition of assets. Applies to acquisition transactions on or after 1 January 2020 and allows for early adoption.

- IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors": amended in October 2018. They clarify the definition of materiality and incorporate the concept of "information shadowing" when there is an effect similar to omitting or reporting inaccurate information. It applies prospectively to annual periods starting on 1 January 2020 and allows for early adoption.

4.6 Política de riesgos y estimaciones contables

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, 2019 compared with the previous year as regards the risk analysis.

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5. Financial instruments by category and level fair value hierarchy

Description	Measurement at fair value as of March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments at fair value	1,474,782	0	0	1,474,782
Total Assets	1,474,782	0	0	1,474,782

Description	Measurement at fair value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments at fair value	1,890,266	0	0	1,890,266
Total Assets	1,890,266	0	0	1,890,266

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.

The Company does not have financial liabilities measured at fair value at the dates indicated.

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.

Segment information, used for decision making, has been prepared in historical currency, while these financial statements have been prepared in accordance with IAS29.

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The segment information submitted to the General Director, who takes the business strategic decisions, for the reportable segments for the periods ended March 31, 2019 and 2018 is as follows:

	Regulated activity	Non-regulated activity	Adjustment according to IAS 29	Total
Fiscal year ended December 31, 2018				
Net revenues	2,274,950	297,422	99,560	2,671,932
Operating results	1,437,008	168,014	(101,936)	1,503,086
Total assets	12,433,331	684,383	9,169,435	22,287,149
Total liabilities	6,001,944	932,732	1,636,879	8,571,555
Acquisition of property, plant and equipment	422,158	0	19,151	441,309
Property, plant and equipment depreciation	38,769	0	164,155	202,924
Fiscal year ended December 31, 2017				
Net revenues	1,618,171	224,703	1,073,503	2,916,377
Operating results	998,287	149,917	557,190	1,705,394
Total assets	8,199,983	295,156	12,440,493	20,935,632
Total liabilities	4,220,525	430,559	4,113,122	8,764,206
Acquisition of property, plant and equipment	205,134	0	123,173	328,307
Property, plant and equipment depreciation	31,476	0	127,060	158,536

No sales between operating segments identified by the Company are perfected. Assets and liabilities are allocated based on the segment.

7. Net Revenues

	Three-month period ended	
	March 31, 2019	March 31, 2018
Net Regulated Revenue	2,361,967	2,562,437
Net Non-Regulated Revenue	309,965	353,940
Net Revenues	<u>2,671,932</u>	<u>2,916,377</u>



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8. Expenses by Nature

Items	Three-month period ended March 31, 2019			Three-month period ended March 31, 2018		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	648,492	581,703	66,789	663,578	595,409	68,169
Other personnel costs	6,637	3,891	2,746	6,709	4,953	1,756
Fees for operating services	0	0	0	21,863	21,863	0
Professional fees	21,554	13,785	7,769	24,392	16,307	8,085
Equipment maintenance	11,428	11,428	0	15,847	15,847	0
Fuel and lubricants	13,111	12,957	154	13,209	13,062	147
General Maintenance	39,130	38,878	252	43,131	42,672	459
Electricity	4,370	4,075	295	5,138	4,842	296
Depreciation of property, plant and equipment	202,924	182,838	20,086	158,536	142,682	15,854
Administration expenses related to WEM	1,784	1,784	0	2,626	2,626	0
Regulatory fees	4,166	4,166	0	6,432	6,432	0
ATEERA membership fees	1,049	0	1,049	644	0	644
Communications	6,493	6,447	46	6,038	5,874	164
Transportation	10,959	10,946	13	6,743	6,738	5
Insurance	49,760	48,770	990	36,311	35,093	1,218
Rents	8,871	8,832	39	9,376	9,346	30
Travel and lodging expenses	23,588	22,890	698	28,860	28,370	490
Stationery and printing	3,002	2,852	150	3,062	2,854	208
Licences	11,395	11,395	0	6,958	6,434	524
Taxes and government contributions	28,442	9,387	19,055	44,028	15,546	28,482
Directors and syndics	4,798	0	4,798	3,939	0	3,939
Security	22,205	22,196	9	30,524	30,514	10
Office and substation cleaning	14,800	13,701	1,099	16,952	15,606	1,346
Electroduct maintenance	6,558	6,558	0	6,007	6,007	0
Provision for bad debts	4,460	4,460	0	6,702	6,702	0
Others	16,075	13,845	2,230	22,049	15,177	6,872
TOTAL	1,166,051	1,037,784	128,267	1,189,654	1,050,956	138,698



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9. Net Financial Results

	Three-month period ended	
	March 31, 2019	March 31, 2018
<u>Finance Income</u>		
Results from investments at fair value	214,738	167,243
Interests from investments at amortized cost	3,826	31,745
Other finance income	56,954	5,822
Total finance income	<u>275,518</u>	<u>204,810</u>
<u>Finance Costs</u>		
Interest generated by loans	(102,817)	(77,574)
Other interest	(63,517)	(18,406)
Total finance costs	<u>(166,334)</u>	<u>(95,980)</u>
<u>Other financial results</u>		
Foreign exchange generated by loans	(555,577)	(239,590)
Foreign exchange generated by investments at fair value	15,320	27,755
Foreign exchange generated by investments at amortized cost	(800)	144,630
Other foreign exchange net	464,891	42,168
RECPPC	(50,055)	(141,562)
Total Other financial results	<u>(126,221)</u>	<u>(166,599)</u>
Total Other financial results, net	<u>(17,037)</u>	<u>(57,769)</u>

10. Income tax and deferred income tax

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

Deferred Tax Assets

	Trade accounts receivables	Other receivables	Investments at fair value	Employee benefits payable	Other liabilities	Total
As of January 1, 2019	39,119	798	0	151,909	75,746	267,572
Charged to the income statement	(2,440)	(666)	0	(12,041)	(4,854)	(20,001)
Charged to other comprehensive income	0	0	0	0	0	0
As of March 31, 2019	<u>36,679</u>	<u>132</u>	<u>0</u>	<u>139,868</u>	<u>70,892</u>	<u>247,571</u>
As of January 1, 2018	1,352	1,179	6,513	157,014	81,007	247,065
Charged to the income statement	1,628	(73)	(6,513)	(6,362)	427	(10,893)
Charged to other comprehensive income	0	0	0	0	0	0
As of March 31, 2018	<u>2,980</u>	<u>1,106</u>	<u>0</u>	<u>150,652</u>	<u>81,434</u>	<u>236,172</u>



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Deferred Tax Liabilities

	Property, plant and equipment	Inventories	Investments at fair value	Loans	Total
As of January 1, 2019	1,673,687	62,671	67,485	22,987	1,826,830
Charged to the income statement	158,262	10,296	29,726	(2,311)	195,973
Charged to other comprehensive income	0	0	0	0	0
As of March 31, 2019	1,831,949	72,967	97,211	20,676	2,022,803
As of January 1, 2018	1,676,017	36,741	0	23,132	1,735,890
Charged to the income statement	56,833	(4,856)	18,260	(1,276)	68,961
Charged to other comprehensive income	0	0	0	0	0
As of March 31, 2018	1,732,850	31,885	18,260	21,856	1,804,851

Deferred Tax Liabilities as of March 31, 2019 and December 31, 2018 amounts to \$1,775,232 and \$1,559,258, respectively.

The income tax charge for the year is as follows:

	Three-month period ended	
	March 31, 2019	March 31, 2018
Current tax	468,539	561,337
Deferred tax	215,974	79,854
Income tax	<u>684,513</u>	<u>641,191</u>

Tax reform in Argentina

On December 29, 2017, the National Executive Branch promulgated Law N° 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).



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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.

11. Property, plant and equipment

Principal account	Original Value				
	At the beginning of the year	Additions	Deductions	Reclasifications	At the end of the year
Land	37,105	0	0	0	37,105
Vehicles	769,212	2,343	(2,042)	0	769,513
Air and heavy equipment	462,806	13,058	0	0	475,864
Furniture and fixtures	91,774	0	0	0	91,774
Information systems	294,023	17,663	0	0	311,686
Transmission lines	10,822,686	0	0	0	10,822,686
Substations and related works	11,414,094	11,882	0	0	11,425,976
Building and civil works	1,055,055	19	0	0	1,055,074
Labs and maintenance	243,927	2,999	0	0	246,926
Communication equipment	1,352,705	0	0	0	1,352,705
Miscellaneous	265,759	6,367	0	0	272,126
Work in progress	5,021,525	386,978	0	0	5,408,503
Total December 31, 2018	31,830,671	441,309	(2,042)	0	32,269,938
Total December 31, 2017	29,009,535	328,307	(130,506)	0	29,207,336

Principal account	Depreciation				Net carrying value	
	At the beginning of the year	Deductions	From the period	At the end of the year	At December 31, 2018	At December 31, 2017
Land	0	0	0	0	37,105	37,105
Vehicles	(486,406)	1,689	(16,882)	(501,599)	267,914	241,952
Air and heavy equipment	(156,955)	0	(4,869)	(161,824)	314,040	253,457
Furniture and fixtures	(65,443)	0	(928)	(66,371)	25,403	25,688
Information systems	(218,742)	0	(10,733)	(229,475)	82,211	30,989
Transmission lines	(8,453,208)	0	(58,416)	(8,511,624)	2,311,062	2,712,068
Substations and related works	(7,003,344)	0	(82,483)	(7,085,827)	4,340,149	4,459,881
Building and civil works	(447,000)	0	(7,700)	(454,700)	600,374	512,590
Labs and maintenance	(94,321)	0	(3,351)	(97,672)	149,254	120,451
Communication equipment	(1,146,853)	0	(10,478)	(1,157,331)	195,374	226,727
Miscellaneous	(203,686)	0	(7,084)	(210,770)	61,356	49,403
Work in progress	0	0	0	0	5,408,503	2,838,152
Total December 31, 2018	(18,275,958)	1,689	(202,924)	(18,477,193)	13,792,745	-
Total December 31, 2017	(17,596,022)	55,685	(158,536)	(17,698,873)	-	11,508,463



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

During the three-month periods ended March 31, 2019 and 2018, the Company has not capitalized interest costs.

12. Other receivables

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Non-Current		
Stock Ownership Program (1)	5,329	5,956
Total	<u>5,329</u>	<u>5,956</u>
	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Current		
Advances to suppliers	358,937	775,550
Prepaid expenses	150,773	214,957
Judicial seizure	12,053	3,130
Loans to employees	8,362	9,720
Tax credits	5,637	4,614
Others	77	86
Total	<u>535,839</u>	<u>1,008,057</u>

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

As of March 31, 2019 and December 31, 2018, there are no other past due credits.

13. Trade accounts receivable

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Current		
CAMMESA	2,034,385	1,660,955
Other services	298,111	338,383
Other related parties (Note 22)	1,385	6,438
Allowances for bad debt	<u>(123,810)</u>	<u>(133,375)</u>
Total	<u>2,210,071</u>	<u>1,872,401</u>

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

Allowances for bad debt

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Total at the beginning of the year	133,375	3,543
Increases	4,921	6,702
Decreases	<u>(14,486)</u>	<u>(2,013)</u>
Total at the end of the year	<u>123,810</u>	<u>8,232</u>



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14. Cash and cash equivalents

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Cash in local currency	1,474	1,647
Cash in foreign currency	660	641
Banks in local currency	40,791	42,169
Banks in foreign currency	<u>3,683,041</u>	<u>3,064,750</u>
Cash and cash equivalents, net	<u><u>3,725,966</u></u>	<u><u>3,109,207</u></u>

15. Investments

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Current investments		
Investments at fair value:		
Mutual funds	1,474,782	1,660,239
Bonos de la Nación Argentina (Bonar)	<u>0</u>	<u>215,336</u>
Total	<u><u>1,474,782</u></u>	<u><u>1,875,575</u></u>
Investments at amortized cost:		
Mutual guarantee companies	23,500	22,350
Letras del tesoro (Letes)	<u>0</u>	<u>273,312</u>
	<u><u>23,500</u></u>	<u><u>295,662</u></u>

16. Loans

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Non-current bonds and other indebtedness		
Corporate Bonds 2021	<u>4,188,789</u>	<u>4,063,721</u>
Total Non-current	<u><u>4,188,789</u></u>	<u><u>4,063,721</u></u>
Current bonds and other indebtedness		
Corporate Bonds 2021	<u>50,902</u>	<u>155,155</u>
Total Current	<u><u>50,902</u></u>	<u><u>155,155</u></u>

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

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Total at the beginning of the period	4,218,876	3,061,887
Accrued interests	102,817	77,574
Foreign Exchange	555,577	239,590
Interest payments	(193,115)	(152,134)
RECPPC	<u>(444,464)</u>	<u>(198,671)</u>
Total at the end of the period	<u><u>4,239,691</u></u>	<u><u>3,028,246</u></u>



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The indebtedness structure of the Company is described in Nota 23.

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

The fair value of non-current loans of the Company as of March 31, 2019 amounts approximately to thousands of \$ 4,279,394. 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:

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Charges to Income		
Services Cost	10,003	9,145
Interest Cost	41,231	27,361
Total	<u>51,234</u>	<u>36,506</u>

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

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Benefits Obligations at the beginning of the year	590,605	587,574
Services Cost	10,003	9,145
Interest Cost	41,231	27,361
Benefits paid to participants	(18,643)	(18,747)
RECPPC	(63,724)	(37,151)
Benefits Obligations at the end of the year	<u>559,472</u>	<u>568,182</u>
Non - current benefits obligations	470,187	473,514
Current benefits obligations	89,285	94,668
Benefits Obligations at the end of the year	<u>559,472</u>	<u>568,182</u>

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

Discount rate	34.40%	20.75%
Current interest rate	6%	5%
Salary growth rate	2%	2%

18. Trade accounts payable

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Non-Current		
Advances from customers	229	424
Total	<u>229</u>	<u>424</u>



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	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Current		
Suppliers	274,030	716,465
Provisions	82,971	325,524
Advances from customers	30,864	86,532
Other liabilities	209,347	191,661
Total	<u>597,212</u>	<u>1,320,182</u>

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

19. Provisions

As of March 31, 2019 and 2018 the balances of foreign currency assets and liabilities are as follows:

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Labor lawsuits		
Total at the beginning of the year	50,551	51,399
Increases	0	0
Decreases	(5,316)	(3,209)
Total at the end of the year	<u>45,235</u>	<u>48,190</u>
Regulatory lawsuits		
Total at the beginning of the year	8,279	12,227
Increases	0	0
Decreases	(3,879)	(763)
Total at the end of the year	<u>4,400</u>	<u>11,464</u>
Commercial lawsuits		
Total at the beginning of the year	34,728	55,124
Increases	4,948	4,266
Decreases	(4,005)	(3,602)
Total at the end of the year	<u>35,671</u>	<u>55,788</u>
Total at the end of the year	<u>85,306</u>	<u>115,442</u>

20. Taxes payable



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	March 31, 2019	December 31, 2018
V.A.T. payable	132,028	159,474
Withholding tax to be deposited – Income tax	8,785	9,987
Others	8,766	12,459
Totales	149,579	181,920

21. Payroll and social securities taxes payable

	March 31, 2019	December 31, 2018
Salaries and social security charges	289,278	327,913
Provision for variable remuneration	84,196	292,258
Provision for holidays	53,809	66,109
Total	427,283	686,280

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.

Citelec's capital stock is comprised as follows: (i) 50% owned by Transelec Argentina SA, and (ii) 50% owned by Integración Energética Argentina S.A.

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 Energía S.A., an Argentine corporation, that is controlled directly and indirectly by legal entities under common control with Grupo Emes S.A.
- Integración Energética 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. The change in the corporate name of Energía Argentina S.A. (ENARSA) by Integración Energética Argentina S.A., in the terms of art. 215 of the General Companies Law, took place on June 18, 2018.

Transener has entered into an operating agreement under which Pampa Energía S.A. and Integración Energética Argentina S.A. provide services, expertise and know-how in connection with certain Company activities.



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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. These fees amounted to single and final sums of \$ 60 million and \$ 30 million, respectively.

Said amendment established the validity of the technical assistance agreement until July 15, 2018.

The transactions with related parties are as follows:

Companies Law No. 19550 – Sect. 33

	Three-month period ended	
	March 31, 2019	March 31, 2018
Sales of assets and services rendered to Pampa Energía S.A.	272	2,491
Fees for operating services		
*Pampa Energía S.A.	0	10,931
*Integración Energética Argentina S.A.	0	10,931

Other related parties

	Three-month period ended	
	March 31, 2019	March 31, 2018
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	78	119
Sales of assets and services rendered to Enecor S.A.	0	1,174

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, 2019	December 31, 2018
Other credits		
Stock Ownership Program (1)	5,329	5,956
Total	5,329	5,956

Trade account receivables

Pampa Energía S.A.	73	4,250
Total	73	4,250

Other related parties

Assets

Trade account receivable

Enecor S.A.	1,280	2,116
Transportadora de Gas del Sur S.A.	32	72
Total	1,312	2,188



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- (1) In 1997, the Executive Power of the Province of Buenos Aires awarded Transener. 100% of shares "A", "B" and "C" of Transba in the amount of US \$ 220.2 million.

Transener maintains 90% of the capital stock of Transba because the remaining 10% was affected by a Stock Ownership Program for the benefit of certain employees of Transba in exchange for a price whose balance at historical values was recorded under "Non-current other receivables".

As of the date of presentation of these financial statements, said program is still in the process of being implemented, for reasons beyond Transener.

The Company has recorded such credit at its historical values based on the uncertainty in the collection of any adjustment that corresponds in favor of Transener.

23. Investment in Transener Internacional Ltda.

As of March 31, 2019, 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 thousands of US\$ 100,535. These Notes accrue an annual interest rate of 9,75% and will mature on August 15, 2021.

As of March 31, 2019, 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, 2019 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.



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The creation of the program was authorized by the National Securities Commission through Resolution No. 18.941 of September 20, 2017.

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 year, excluding those own shares acquired by the Company.

	Three-month period ended	
	March 31, 2019	March 31, 2018
Results from operations attributable to the equity holders of the Company	759,599	968,927
Ordinary shares average	444,674	444,674
Income per share attributable to the equity holders of the Company (\$/Share)	1,71	2,18

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.



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27. Foreign currency assets and liabilities

As of March 31, 2019 and December 31, 2018 the balances of foreign currency assets and liabilities are as follows:

Captions	March 31, 2019			December 31, 2018	
	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 assets					
Cash and banks	US\$ 85,368	43.150	3,683,646	US\$ 73,147	3,065,356
Cash and banks	R\$ 5	11.114	55	US\$ 3	35
Investments at fair value			0	US\$ 5,138	215,336
Investments at amortized cost			0	US\$ 6,522	273,312
Total current assets			3,683,701		3,554,039
Total assets			3,683,701		3,554,039
Liabilities					
Non current liabilities					
Debt and other indebtedness	US\$ 96,627	43.350	4,188,789	US\$ 96,456	4,063,721
Total non current liabilities			4,188,789		4,063,721
Current liabilities					
Debt and other indebtedness	US\$ 1,174	43.350	50,902	US\$ 3,683	155,155
Accounts payable	US\$ 3	43.350	110	US\$ 8,072	340,058
Account payable			0	€ 11	550
Total current liabilities			51,012		495,763
Total liabilities			4,239,801		4,559,484

US\$: thousands of United States Dollars

R\$: thousands of Reais

€: thousands of Euros

28. Recent events

On April 25, 2019, the Ordinary General Meeting of the Company approved the allocation of the retained earnings as of December 31, 2018.

In accordance with the provisions of article 1 of General Resolution N ° 777/2018 that modifies Article 3 clause e) of Chapter III of Title IV of the CNV Rules (NT 2013 and amendments), the decisions taken by the Assembly have been taken with the accounting information restated in constant pesos of March 31, 2019, consequently, the Meeting approved to allocate a) thousands of pesos 203,585 to the legal reserve, b) thousand pesos 215,584 to facultative reserve for 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, c) thousand pesos 3,300,000 to the payment of Dividends in cash, delegating to the Board the implementation of the payment to the shareholders within the terms of the regulations effective and d) thousands of pesos 1,796,894 to the constitution of a reserve, which may be allocated to: (i) future investments related to the projects and businesses included in the business plan of the Company, including System Expansions of Transportation under the regime of Public Private Participation (PPP) and / or (ii) to investment projects that are already committed and / or (iii) reduction of debt and / or (iv) working capital and / or (v) to the payment of dividends based on the evolution of the financial condition of the Company and the macroeconomic variables.