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

Unaudited Condensed Consolidated Financial Statements as of June 30, 2019 and for the six-month period ended June 30, 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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Free translation from the original in Spanish published in Argentina.

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 June 30, 2019, the related condensed interim consolidated statement of operations for the three and six months period ended on that date, the condensed interim consolidated statements of changes in equity and cash flows for the six 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.

Conclusion

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

City of Buenos Aires, August 6, 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 six-month period ended June 30, 2019 and 2018

(Expressed in thousands of Argentine Pesos)

		Three-month period ended		Six-month period ended	
Consolidated income statement	Note	**June 30, 2019**	**June 30, 2018**	**June 30, 2019**	**June 30, 2018**
Net Revenues	7	2,859,020	3,076,282	5,781,606	6,266,243
Operating expenses	8	(1,227,023)	(1,196,838)	(2,362,162)	(2,335,644)
Gross income		1,631,997	1,879,444	3,419,444	3,930,599
Administrative expenses	8	(168,135)	(168,561)	(308,434)	(331,012)
Other expenses net		102,339	(10,564)	99,282	(33,893)
Operating income		1,566,201	1,700,319	3,210,292	3,565,694
Finance income	9	197,594	214,434	498,958	438,458
Finance costs	9	(204,075)	(124,949)	(386,013)	(229,933)
Other financial results	9	387,610	(464,729)	249,549	(646,956)
Income before taxes		1,947,330	1,325,075	3,572,786	3,127,263
Income tax	10	(1,018,107)	(480,945)	(1,766,835)	(1,182,285)
Income for the period		929,223	844,130	1,805,951	1,944,978
Income attributable to :					
Owners of the parent		917,357	802,770	1,748,213	1,862,593
Non-controlling interests		11,865	41,360	57,738	82,385
Total for the period		929,223	844,130	1,805,951	1,944,978
OTHER COMPREHENSIVE CONSOLIDATED RESULTS					
Income for the period		929,223	844,130	1,805,951	1,944,978
Items that will not be reclassified to profit or loss					
Other comprehensive results for the period, net of taxes		0	0	0	0
Comprehensive income for the period		929,223	844,130	1,805,951	1,944,978
Attributable to :					
Owners of the parent		917,357	802,770	1,748,213	1,862,593
Non-controlling interests		11,865	41,360	57,738	82,385
Total for the period		929,222	844,130	1,805,951	1,944,978
Income per share attributable to the equity holders of the Company ($ per share):					
Total for the period	25	2.06	1.81	3.93	4.19

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 June 30, 2019 and December 31, 2018

(Expressed in thousands of Argentine Pesos)

	Note	June 30, 2019	December 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	11	15,428,701	14,826,277
Inventories		591,314	528,045
Other receivables	12	0	6,514
Total Non-current assets		16,020,015	15,360,836
Current Assets			
Trade accounts receivable	13	2,411,287	2,048,051
Other receivables	12	620,475	1,102,623
Investments at fair value	15	2,388,034	2,051,522
Investments at amortized cost	15	20,000	323,398
Cash and cash equivalents	14	14,891	3,400,880
Total Current assets		5,454,687	8,926,474
Total Assets		21,474,702	24,287,310
Equity and liabilities			
Common Stock		444,674	444,674
Inflation adjustment on common stock		7,104,086	7,104,086
Legal reserve		407,706	185,023
Optional reserve		350,773	114,964
Reserve for future dividends		0	1,579,872
Rserve for acquisition of non-controlling interests		414,015	0
Voluntary reserve		1,965,460	0
Other comprehensive results		(350,773)	(350,773)
Retained earnings		1,748,213	4,453,652
Equity attributable to owners of the parent		12,084,154	13,531,498
Non-controlling interests		0	594,024
Total equity		12,084,154	14,125,522
Liabilities			
Non-current liabilities			
Bonds and other indebtedness	16	3,901,965	4,444,938
Deferred tax payable	10	2,235,087	1,705,531
Employee benefits payable	17	505,188	543,151
Trade accounts payable	18	35,954	464
Total Non-current liabilities		6,678,194	6,694,084
Current liabilities			
Provisions	19	84,585	102,335
Bonds and other indebtedness	16	145,255	169,710
Income tax payable		870,312	699,126
Taxes payable	20	195,843	198,986
Payroll and social securities taxes payable	21	562,172	750,660
Employee benefits payable	17	96,436	102,859
Trade accounts payable	18	757,751	1,444,028
Total Current liabilities		2,712,354	3,467,704
Total Liabilities		9,390,548	10,161,788
Total Equity and liabilities		21,474,702	24,287,310

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 six-month period ended June 30, 2019 and 2018

(Expressed in thousands of Argentine Pesos)

	Attributable to owners of the parent											
	Common Stock	**Inflation adjustment on common stock**	**Legal reserve**	**Optional reserve**	**Reserve for future dividends**	**Rserve for acquisition of non-controlling interests**	**Voluntary reserve**	**Other comprehensive income**	**Retained earnings**	**Subtotal**	**Non-controlling interests**	**Total equity**
Balance as of December 31, 2017	**444,674**	**7,104,086**	**0**	**0**	**0**	**0**	**0**	**(205,729)**	**4,419,906**	**11,762,937**	**449,441**	**12,212,378**
Ordinary General Meeting of Shareholders held on April 12, 2018:												
- Legal reserve	0	0	185,023	0	0	0	0	0	(185,023)	0	0	0
- Voluntary reserve	0	0	0	114,964	0	0	0	0	(114,964)	0	0	0
- Reserve for future dividends	0	0	0	0	3,400,446	0	0	0	(3,400,446)	0	0	0
Income for the six-month period	0	0	0	0	0	0	0	0	1,862,593	1,862,593	82,385	1,944,978
Balance as of June 30, 2018	**444,674**	**7,104,086**	**185,023**	**114,964**	**3,400,446**	**0**	**0**	**(205,729)**	**2,582,066**	**13,625,530**	**531,826**	**14,157,356**
Board of Directors held on December 12, 2018:												
- Distribution of dividends	**0**	**0**	**0**	**0**	**(1,820,574)**	**0**	**0**	**0**	**0**	**(1,820,574)**	**0**	**(1,820,574)**
Income for the six-month complementary period	0	0	0	0	0	0	0	0	1,871,586	1,871,586	66,379	1,937,965
Other comprehensive loss for the six - month complementary period	0	0	0	0	0	0	0	(145,044)	0	(145,044)	(4,181)	(149,225)
Balance as of December 31, 2018	**444,674**	**7,104,086**	**185,023**	**114,964**	**1,579,872**	**0**	**0**	**(350,773)**	**4,453,652**	**13,531,498**	**594,024**	**14,125,522**
Ordinary General Meeting of Shareholders held on April 25, 2019:												
- Legal reserve	0	0	222,683	0	0	0	0	0	(222,683)	0	0	0
- Optional reserve	0	0	0	235,809	0	0	0	0	(235,809)	0	0	0
- Voluntary reserve	0	0	0	0	(1,579,872)	0	1,965,460	0	(385,588)	0	0	0
- Reserve for future dividends	0	0	0	0	0	0	0	0	(3,609,572)	(3,609,572)	0	(3,609,572)
Income for the six-month complementary period	0	0	0	0	0	0	0	0	1,748,213	1,748,213	57,738	1,805,951
Other comprehensive income / (loss) for the six - month period	0	0	0	0	0	0	0	0	0	0	0	0
Rserve for acquisition of non-controlling interests	0	0	0	0	0	414,015	0	0	0	414,015	(651,762)	(237,747)
Balance as of June 30, 2019	**444,674**	**7,104,086**	**407,706**	**350,773**	**0**	**414,015**	**1,965,460**	**(350,773)**	**1,748,213**	**12,084,154**	**0**	**12,084,154**

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 six-month period ended June 30, 2019 and 2018

(Expressed in thousands of Argentine Pesos)

	Note	Six-month period ended June 30, 2019	June 30, 2018
Cash flows from operating activities:			
Income for the year		1,805,951	1,944,978
Adjustments:			
Depreciation of property, plant and equipment	11	444,139	382,727
Allowances for bad debt	13	4,862	18,575
Provisions		4,402	29,124
Employee benefits plan	17	106,461	76,930
Income tax expense accrued during the year	10	1,766,835	1,182,285
Interest and foreign exchange results generated by loans	16	(166,511)	1,294,437
Investments at fair value	9	(365,620)	(526,201)
Investments at amortized cost	9	(6,153)	(1,237,447)
Interests on fiscal payable		7,112	0
RECPPC investments		395,233	887,844
Financial results from cash ans cash equivalents, net		131,653	(49,259)
Retirements of property, plant and equipment	11	386	81,839
Changes in certain assets and liabilities, net of non-cash:			
(Increase) Decrease in trade receivables		(368,098)	132,357
Decrease (Increase) in other receivables		488,662	(72,038)
(Decrease) Increase in trade accounts payable		(650,787)	146,052
Decrease in payroll and social securities taxes payable		(188,488)	(296,754)
Decrease in taxes payable		(274,451)	(402,678)
Decrease in provisions		(22,152)	(19,006)
Increase in other payable		0	1,212
Decrease in employee benefits payable	17	(150,847)	(137,724)
Income tax payment		(801,897)	(2,138,302)
Net cash generated by operating activities		2,160,692	1,298,951

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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 six-month period ended June 30, 2019 and 2018

(continued)

(Expressed in thousands of Argentine Pesos)

		Six-month period ended	
	Note	**June 30, 2019**	**June 30, 2018**
Cash flows from investing activities:			
Acquisition of property, plant and equipment	11	(1,046,949)	(935,841)
(Increase) Decrease in inventories		(63,269)	7,600
(Increase) Decrease in investments at fair value		(331,753)	387,664
Decrease (Increase) in financial assets at amortized cost		275,179	(158,835)
Acquisition of non-controlling interests	24	(237,747)	0
Cash generated by (used in) investing activities		(1,404,539)	(699,412)
Cash flows from financing activities:			
Payment of dividends		(3,609,572)	0
Repurchase Corporate Bonds 2021		(230,906)	0
Payments and repurchase of bonds and other indebtedness - Interest	16	(170,011)	(167,883)
Net cash used in financing activities		(4,010,489)	(167,883)
Increase in cash and cash equivalents		(3,254,336)	431,656
Financial results from cash ans cash equivalents, net		(131,653)	49,259
Cash and cash equivalents at the beginning of the year		3,400,880	45,458
Cash and cash equivalents at year end	14	14,891	526,373

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.

Notes to the Unaudited Condensed Consolidated Financial Statements

(In thousands of Argentine Pesos, except as otherwise indicated)

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

Notes to the Unaudited Condensed 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 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.

In June 28, 2019 Transener S.A. became the owner of all the shares that were affected by the PPAP (41,806,717 Class C shares). In this way, 99.9999995216% of Transba´s common stock corresponds to Transener.

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 2019, as established in the FTR, the ENRE continued with the application of 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".

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 accumulated for the period December 2016 - December 2018, to be applied to the remuneration schedule as of February 2019.

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 six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 August 6, 2019.

4.2 Comparative information

The comparative information as of December 31, 2018 and for the six-month period ended June 30, 2018 has been restated in terms of the current unit of measurement as of June 30, 2019, in accordance with IAS No. 29 "Financial information in hyperinflationary economies".

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 six-month and twelve-month periods ended June 30, 2019 was 22.2% and 55.6%, respectively.

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 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 June 30, 2019 and December 31, 2018 is as follows:

	30.06.2019	31.12.2018
Total assets	8,203,470	7,826,119
Total liabilities	1,685,849	1,885,872
Total equity	6,517,621	5,940,247
Total comprehensive income for the period	577,374	1,445,832

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 chose to apply IFRS 16 in a simplified retroactive manner, in relation to the lease agreements identified as such under IAS 17.

Management has reviewed the existing lease agreements and has recognized lease assets for a total of $ 68 million, and lease liabilities for a total of $ 61 million equivalent to the present value of the remaining lease payments.

- 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.

- 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. Its application did 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 to annual periods beginning on or after 1 January 2019, allowing early adoption. Its application did 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 application of these amendments did 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. Its application did not have an impact 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 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.

- 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. The Company is analyzing the impact of its application on the results of operations and the financial position.

- 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. The Company is analyzing the impact of its application on the results of operations and the financial position.

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 June 30, 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 June 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Investments at fair value	2,388,034	0	0	2,388,034
Total Assets	2,388,034	0	0	2,388,034

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	2,051,522	0	0	2,051,522
Total Assets	2,051,522	0	0	2,051,522

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 June 30, 2019 and 2018 is as follows:

	Regulated activity	Non-regulated activity	Adjustment according to IAS 29	Total
Six - month period ended June 30, 2019				
Net revenues	4,756,000	599,515	426,091	5,781,606
Operating results	2,966,320	320,905	(76,933)	3,210,292
Property, plant and equipment depreciation	97,267	3,299	343,573	444,139
Six - month period ended June 30, 2018				
Net revenues	3,312,687	445,911	2,507,645	6,266,243
Operating results	2,023,636	279,891	1,262,167	3,565,694
Property, plant and equipment depreciation	64,827	0	317,900	382,727

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		Six-month period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net Regulated Revenue	2,550,029	2,721,035	5,133,572	5,523,853
Net Non-Regulated Revenue	308,991	355,247	648,034	742,390
Net Revenues	2,859,020	3,076,282	5,781,606	6,266,243

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8. Expenses by Nature

Items	Three-month period ended June 30, 2019			Three-month period ended June 30, 2018		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	794,717	713,584	81,133	756,447	659,876	96,571
Other personnel costs	10,760	7,596	3,164	7,741	6,158	1,583
Fees for operating services	0	0	0	22,158	22,158	0
Professional fees	24,334	16,072	8,262	26,296	18,617	7,679
Equipment maintenance	10,899	10,899	0	11,449	11,449	0
Fuel and lubricants	14,958	14,846	112	15,120	14,935	185
General Maintenance	48,323	47,758	565	44,704	44,403	301
Electricity	8,219	7,858	361	5,157	4,747	410
Depreciation of property, plant and equipment	217,181	196,154	21,027	209,319	188,387	20,932
Administration expenses related to WEM	1,810	1,810	0	1,843	1,843	0
Regulatory fees	3,182	3,182	0	5,699	5,699	0
ATEERA membership fees	618	0	618	539	0	539
Communications	8,270	8,077	193	6,450	6,314	136
Transportation	14,260	14,202	58	8,651	8,647	4
Insurance	51,251	50,269	982	38,673	37,108	1,565
Rents	1,940	1,908	32	15,806	15,671	135
Travel and lodging expenses	32,351	31,638	713	36,602	36,314	288
Stationery and printing	3,791	3,314	477	2,548	2,169	379
Licences	8,785	8,785	0	9,028	9,001	27
Taxes and government contributions	55,505	15,700	39,805	42,141	10,237	31,904
Directors and syndics	6,598	0	6,598	3,121	0	3,121
Security	28,693	28,685	8	34,432	34,424	8
Office and substation cleaning	17,935	16,744	1,191	17,874	16,429	1,445
Electroduct maintenance	14,154	14,154	0	15,449	15,449	0
Prevision for bad debts	(17)	(17)	0	11,245	11,245	0
Others	16,641	13,805	2,836	16,907	15,558	1,349
TOTAL	1,395,158	1,227,023	168,135	1,365,399	1,196,838	168,561

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Items	Six-month period ended June 3, 2019			Six-month period ended June 30, 2018		
	Total	Operating Expenses	Administrative Expenses	Total	Operating Expenses	Administrative Expenses
Salaries and social security charges	1,504,044	1,349,857	154,187	1,482,275	1,311,140	171,135
Other personnel costs	18,020	11,852	6,168	15,081	11,577	3,504
Fees for operating services	0	0	0	46,071	46,071	0
Professional fees	47,910	31,150	16,760	52,977	36,455	16,522
Equipment maintenance	23,399	23,399	0	28,782	28,782	0
Fuel and lubricants	29,299	29,018	281	29,568	29,222	346
General Maintenance	91,123	90,283	840	91,881	91,078	803
Electricity	12,999	12,315	684	10,777	10,043	734
Depreciation of property, plant and equipment	444,139	401,142	42,997	382,727	344,454	38,273
Administration expenses related to WEM	3,761	3,761	0	4,716	4,716	0
Regulatory fees	7,739	7,739	0	12,735	12,735	0
ATEERA membership fees	1,765	0	1,765	1,244	0	1,244
Communications	15,373	15,129	244	13,055	12,739	316
Transportation	26,248	26,176	72	16,027	16,017	10
Insurance	105,679	103,614	2,065	78,390	75,493	2,897
Rents	6,644	6,570	74	26,063	25,894	169
Travel and lodging expenses	58,152	56,675	1,477	68,170	67,345	825
Stationary and printing	7,075	6,434	641	5,897	5,290	607
Licences	21,249	21,249	0	16,639	16,039	600
Taxes and government contributions	86,615	25,968	60,647	90,300	16,505	73,795
Directors and syndics	11,846	0	11,846	7,429	0	7,429
Security	52,981	52,963	18	67,820	67,801	19
Office and substation cleaning	34,123	31,730	2,393	36,415	33,499	2,916
Electroduct maintenance	21,327	21,327	0	22,019	22,019	0
Prevision for bad debtors	4,862	4,862	0	18,575	18,575	0
Others	34,224	28,949	5,275	41,023	32,155	8,868
TOTAL	2,670,596	2,362,162	308,434	2,666,656	2,335,644	331,012

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9. Net Financial Results

	Three-month period ended		Six-month period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Finance Income				
Results from investments at fair value	113,490	120,510	348,373	303,442
Interests from investments at amortized cost	190	72,828	4,376	107,551
Other finance income	83,914	21,096	146,209	27,465
Total finance income	197,594	214,434	498,958	438,458
Finance Costs				
Interest generated by loans	(111,932)	(102,796)	(224,394)	(187,648)
Other interest	(92,143)	(22,153)	(161,619)	(42,285)
Total finance costs	(204,075)	(124,949)	(386,013)	(229,933)
Other financial results				
Foreign exchange generated by loans	69,789	(1,359,826)	(537,906)	(1,621,891)
Foreign exchange generated by investments at fair value	489	192,400	17,247	222,759
Foreign exchange generated by investments at amortized cost	2,652	971,698	1,777	1,129,896
Other foreign exchenge net	64,983	846	573,485	46,970
RECPPC	249,697	(269,847)	194,946	(424,690)
Total Other financial results	387,610	(464,729)	249,549	(646,956)
Total Other financial results, net	381,129	(375,244)	362,494	(438,431)

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	Tax payable	Total
As of January 1, 2019	42,788	873	0	166,160	82,853	0	292,674
Charged to the income statement	(6,117)	(741)	0	(15,754)	(7,417)	1,110	(28,919)
Charged to other comprehensive income	0	0	0	0	0	0	0
As of June 30, 2019	36,671	132	0	150,406	75,436	1,110	263,755
As of January 1, 2018	1,479	1,290	7,124	171,744	88,606	0	270,243
Charged to the income statement	4,876	(178)	(7,124)	(18,662)	2,160	0	(18,928)
Charged to other comprehensive income	0	0	0	0	0	0	0
As of June 30, 2018	6,355	1,112	0	153,082	90,766	0	251,315

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Deferred Tax Liabilities

	Property, plant and equipment	Inventories	Investments at fair value	Loans	Total
As of January 1, 2019	1,830,696	68,550	73,816	25,143	1,998,205
Charged to the income statement	512,210	18,991	(23,798)	(6,766)	500,637
Charged to other comprehensive income	0	0	0	0	0
As of June 30, 2019	2,342,906	87,541	50,018	18,377	2,498,842
As of January 1, 2018	1,833,244	40,187	0	25,302	1,898,733
Charged to the income statement	18,577	1,896	24,524	3,870	48,867
Charged to other comprehensive income	0	0	0	0	0
As of June 30, 2018	1,851,821	42,083	24,524	29,172	1,947,600

Deferred Tax Liabilities as of June 30, 2019 and December 31, 2018 amounts to $2,235,087 and $1,705,531, respectively.

The income tax charge for the year is as follows:

	Six-month period ended	
	June 30, 2019	**June 30, 2018**
Current tax	1,237,279	1,114,490
Deferred tax	529,556	67,795
Income tax	1,766,835	1,182,285

The Company has recognized the income tax charge according to the deferred tax liability method, thus considering the timing differences between measurements of accounting and taxable assets and liabilities.

For purposes of determining the deferred assets and liabilities, the tax rate that is expected to be in force at the moment of their reversal or use has been applied to the timing differences identified, under legal provisions enacted at the date of issue of these financial statements.

Tax inflation adjustment: On a temporary basis, the law sets forth that, in case the inflation adjustment should be applied to the first, second or third year commenced as from January 1, 2018, it must be allocated as follows: one third (1/3) in the current fiscal year and the remaining two thirds (2/3) in equal parts in the immediate following two fiscal years.

The Tax Reform Law No. 27,430 establishes the application of the fiscal inflation adjustment provided in Title VI of the Income Tax Law with respect to the first, second and third fiscal year as of its validity (in 2018), in case the Cumulative variation in 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 years 2018, 2019 and 2020, respectively.

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Although as of December 31, 2018, there was no accumulated variation in the CPI above the 55% expected for the application of the fiscal inflation adjustment in said first year, the Company, based on its evaluation of the local context, the evolution of the financial factors (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 end of the 2019 financial year, the accumulated variation in the CPI will exceed the condition 30% planned for the second year of transition of the fiscal inflation adjustment and for that reason, has given effect to the adjustment for fiscal inflation in the calculation of the provision of current and deferred income tax.

Tax determined by Transba S.A. for fiscal year 2018

Transba S.A. has determined the income tax for fiscal year 2018 considering the overall application of the tax inflation adjustment mechanisms provided for in Title VI of the ITL, and the restatement of fixed asset depreciation provided for by Sections 83 and 84 of that law. Without the application of the inflation adjustments, the tax determined for this period would represent an amount to be deposited that exceeds any reasonable tax limit, thus implying an alleged confiscatory situation and infringing the constitutional guarantee of not violating property rights. This procedure has been approved by the Supreme Court in similar cases, with the ruling of the case Candy S.A. dated July 3, 2009 being the most renowned.

Should the inflation adjustment mechanisms have not been applied, the tax computed for fiscal year 2018 would have amounted to $ 637,816. At June 30, 2019 and until the matter has a final resolution, Transba S.A. will keep a provision within the caption Income tax liabilities- current for the liability for the additional income tax that would have been determined for fiscal period 2018 if the inflation adjustment had not been subtracted. The provision amounts to $ 127,842, including compensatory interest.

11. Property, plant and equipment

Principal account	Original Value				
	At the beginning of the year	Additions	Deductions	Reclassifications	At the end of the year
Land	40,586	0	0	0	40,586
Vehicles	841,371	12,335	(2,233)	0	851,473
Air and heavy equipment	506,221	53,554	0	0	559,775
Furniture and fixtures	100,384	385	0	0	100,769
Information systems	321,605	23,105	0	0	344,710
Transmission lines	11,837,960	11	0	62,653	11,900,624
Substations and related works	12,484,848	27,027	0	352,664	12,864,539
Building and civil works	1,154,029	21	0	0	1,154,050
Labs and maintenance	266,809	4,510	0	0	271,319
Communication equipment	1,479,602	3,244	0	29,904	1,512,750
Miscellaneous	290,690	13,513	0	0	304,203
Work in progress	5,492,594	829,516	0	(445,221)	5,876,889
Lease assets	0	79,728	0	0	79,728
Total June 30, 2019	34,816,699	1,046,949	(2,233)	0	35,861,415
Total June 30, 2018	31,730,914	935,841	(142,749)	0	32,524,006

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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	40,586	36,547
Vehicles	(532,035)	1,847	(34,357)	(564,545)	286,928	246,788
Air and heavy equipment	(171,678)	0	(10,944)	(182,622)	377,153	287,260
Furniture and fixtures	(71,582)	0	(1,851)	(73,433)	27,336	29,246
Information systems	(239,262)	0	(21,756)	(261,018)	83,692	50,002
Transmission lines	(9,246,202)	0	(128,530)	(9,374,732)	2,525,892	2,914,896
Substations and related works	(7,660,327)	0	(175,602)	(7,835,929)	5,028,610	4,921,781
Building and civil works	(488,933)	0	(15,579)	(504,512)	649,538	571,194
Labs and maintenance	(103,170)	0	(7,301)	(110,471)	160,848	147,879
Communication equipment	(1,254,439)	0	(22,479)	(1,276,918)	235,832	244,675
Miscellaneous	(222,794)	0	(14,241)	(237,035)	67,168	56,712
Work in progress	0	0	0	0	5,876,889	3,448,508
Lease assets	0	0	(11,499)	(11,499)	68,229	0
Total June 30, 2019	(19,990,422)	1,847	(444,139)	(20,432,714)	15,428,701	-
Total June 30, 2018	(19,246,701)	60,910	(382,727)	(19,568,518)	-	12,955,488

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

During the six-month periods ended June 30, 2019 and 2018, the Company has not capitalized interest costs.

12. Other receivables

	June 30, 2019	December 31, 2018
Non-Current		
Stock Ownership Program (22)	0	6,514
Total	0	6,514

	June 30, 2019	December 31, 2018
Current		
Advances to suppliers	489,098	848,304
Prepaid expenses	107,663	235,123
Judicial seizure	12,219	3,424
Loans to employees	8,374	10,631
Tax credits	3,034	5,047
Others	87	94
Total	620,475	1,102,623

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

As of June 30, 2019 and December 31, 2018, there are no other past due credits.

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13. Trade accounts receivable

	June 30, 2019	December 31, 2018
Current		
CAMMESA	2,131,252	1,816,769
Other services	388,329	370,127
Other related parties (Note 22)	15,498	7,042
Allowances for bad debt	(123,792)	(145,887)
Total	2,411,287	2,048,051

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

Allowances for bad debt

	June 30, 2019	June 30, 2018
Total at the beginning of the year	145,887	8,450
Increases	5,443	19,895
Decreases	(27,538)	(3,084)
Total at the end of the year	123,792	25,261

14. Cash and cash equivalents

	June 30, 2019	December 31, 2018
Cash in local currency	1,474	1,801
Cash in foreign currency	647	701
Banks in local currency	982	46,125
Banks in foreign currency	11,788	3,352,253
Cash and cash equivalents, net	14,891	3,400,880

15. Investments

	June 30, 2019	December 31, 2018
Current investments		
Investments at fair value:		
Mutual funds	2,388,034	1,815,986
Bonos de la Nación Argentina (Bonar)	0	235,536
Total	2,388,034	2,051,522
Investments at amortized cost:		
Mutual guarantee companies	20,000	24,447
Letras del tesoro (Letes)	0	298,951
	20,000	323,398

16. Loans

	June 30, 2019	December 31, 2018
Non-current bonds and other indebtedness		
Corporate Bonds 2021	3,901,965	4,444,938
Total Non-current	3,901,965	4,444,938
Current bonds and other indebtedness		
Corporate Bonds 2021	145,255	169,710
Total Current	145,255	169,710

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

	June 30, 2019	June 30, 2018
Total at the beginning of the period	4,614,648	3,349,122
Accrued interests	224,394	187,648
Foreign Exchange	537,906	1,621,891
Repurchase Corporate Bonds 2021	(230,906)	0
Interest payments	(170,011)	(167,883)
RECPPC	(928,811)	(515,102)
Total at the end of the period	4,047,220	4,475,676

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

The fair value of loans of the Company as of June 30, 2019 amounts approximately to thousands of $ 3,978,850. 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:

	Six-month period ended	
	June 30, 2019	June 30, 2018
Charges to Income		
Services Cost	20,785	19,271
Interest Cost	85,676	57,659
Total	106,461	76,930

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

	June 30, 2019	June 30, 2018
Benefits Obligations at the beginning of the year	646,010	642,694
Services Cost	20,785	19,271
Interest Cost	85,676	57,659
Benefits paid to participants	(27,581)	(46,690)
RECPPC	(123,266)	(91,034)
Benefits Obligations at the end of the year	601,624	581,900

Non - current benefits obligations	505,188	484,798
Current benefits obligations	96,436	97,102
Benefits Obligations at the end of the year	601,624	581,900

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

	June 30, 2019	December 31, 2018
Non-Current		
Lease liabilities	35,853	0
Advances from customers	101	464
Total	35,954	464

	June 30, 2019	December 31, 2018
Current		
Suppliers	290,813	783,677
Provisions	169,514	356,061
Lease liabilities	25,090	0
Advances from customers	32,428	94,649
Other liabilites	239,906	209,641
Total	757,751	1,444,028

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

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19. Provisions

As of June 30, 2019 and 2018 the balances of foreign currency assets and liabilities are as follows:

	June 30, 2019	June 30, 2018
Labor lawsuits		
Total at the beginning of the year	55,293	56,221
Increases	0	0
Decreases	(10,057)	(11,416)
Total at the end of the year	45,236	44,805
Regulatory lawsuits		
Total at the beginning of the year	9,056	13,374
Increases	0	0
Decreases	(4,656)	(8,693)
Total at the end of the year	4,400	4,681
Commercial lawsuites		
Total at the beginning of the year	37,986	60,295
Increases	6,608	30,227
Decreases	(9,645)	0
Total at the end of the year	34,949	90,522
Total at the end of the year	84,585	140,008

20. Taxes payable

	June 30, 2019	December 31, 2018
V.A.T. payable	169,321	174,435
Withholding tax to be deposited – Income tax	8,065	10,924
Others	18,457	13,627
Totales	195,843	198,986

21. Payroll and social securities taxes payable

	June 30, 2019	December 31, 2018
Salaries and social security charges	327,368	358,675
Provision for variable remuneration	177,921	319,675
Provision for holidays	56,883	72,310
Total	562,172	750,660

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 Energia 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.

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.

On April 25, 2019 the Ordinary General Meeting of Shareholders of Transener resolved the distribution of dividends for thousands of $ 3,609,572, corresponding to Citelec S.A. 52.65%, equivalent to thousands of $ 1,900,440.

(In Argentine Pesos, except as otherwise indicated)

The transactions with related parties are as follows:

Companies Law No. 19550 – Sect. 33

	Six-month period ended	
	June 30, 2019	June 30, 2018
Sales of assets and services rendered to Pampa Energía S.A.	11,768	3,202
Fees for operating services		
*Pampa Energía S.A.	0	23,036
*Integración Energética Argentina S.A.	0	23,036

Other related parties

	Six-month period ended	
	June 30, 2019	June 30, 2018
Sales of assets and services rendered to Transportadora de Gas del Sur S.A.	86	250
Sales of assets and services rendered to Enecor S.A.	2,280	2,487

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

Companies Law No. 19550 – Sect. 33

	June 30, 2019	December 31, 2018
Companies Law No. 19,550 - Sect. 33		
Assets	**June 30, 2019**	**December 31, 2018**
Other credits		
Stock Ownership Program (Note 25)	0	6,514
Total	0	6,514
Trade account receivables		
Pampa Energía S.A.	13,386	4,649
Total	13,386	4,649

Other related parties

Assets		
Trade account receivable		
Enecor S.A.	2,112	2,314
Transportadora de Gas del Sur S.A.	0	79
Total	2,112	2,393

23. Investment in Transener Internacional Ltda.

As of June 30, 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 June 30, 2019, the remaining balance of the Series 2 Notes amounted to thousands of US$ 98,535, of which US$5.0 million were purchased by Transba and are in its portfolio.

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 June 30, 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.

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

25. Employee Stock Ownership Program – Transba S.A.

In 1997, the Executive Branch of the Province of Buenos Aires awarded to Transener S.A. 100% of the Class A, B and C shares in Transba S.A. for USD 220.2 million. As for Class C shares, they were awarded with the condition of being transferred to the Employee Share Participation Program (PPAP, for its acronym in Spanish) under the terms of Chapter XII of the Bidding Terms and Conditions of Transba S.A. This program was created for the benefit of certain employees of Transba S.A.

Consequently, Transener S.A. held 89.9999995216 % of the shares in Transba S.A. The remaining participation belonged: a) 0.0000004784% to Citelec S.A. and b) 10% to PPAP, for a price whose balance at historical value was recorded in due time under “Other non-current receivables”.

(In Argentine Pesos, except as otherwise indicated)

Last June 28, 2019 Transener S.A. became the owner of all shares affected to the PPAP (41,806,717 Class C shares). In this way, Transener S.A. owns 99.9999995216 % of the capital stock of Transba S.A.

The result of the operation is disclosed under Reserve for acquisition of non-controlling interest, in the Shareholders' equity.

The amount of the operation amounted to thousands $ 237,747.

26. 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.

	Six-month period ended	
	June 30, 2019	**June 30, 2018**
Results from operations attributable to the equity holders of the Company	1,748,213	1,892,593
Ordinary shares average	444,674	444,674
Income per share attributable to the equity holders of the Company ($/Share)	3,93	4,19

27. 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.

28. Interruption of the service in the Argentine Interconnection System (SADI) - June 16, 2019

Last June 16, at 7.07 am a total interruption of the Argentine Interconnection System (SADI) service occurred.

The full interruption of the service was due to the concurrence of multiple inconveniences within SADI, some of them outside the scope of the System of Transport under the operation and maintenance of Transener S.A.

As to the System of Transport under the responsibility of Transener S.A., the fault was due to a specific technical issue, and not to a lack of investment and maintenance. Given the change of setting of the Litoral corridor, as a result of the bypass between the 500kV lines Colonia Elía - Campana and Colonia Elía - Manuel Belgrano, the mechanism for Automatic Disconnection of Generation (DAG) was not correctly adapted and did not recognize the signals emitted by the protection system. This bypass was made due to the transfer of tower 412 and with the aim of maintaining the greatest possible transport of energy capacity of the Litoral corridor.

Due to the great volume of energy dispatched from said corridor and the fault in DAG, an imbalance occurred between offer and supply, which could not be supported by the remaining containment barriers of the system outside the scope of the electrical transport, thus generating the total interruption of the service.

The transport system at 500 kV was available immediately after the disturbance, with 100% of the transmission lines available to provide service and resume the system activity. The restoration of service was quick, in general, (by 8.30am 75% of the country's supply had been restored).

The Company estimated that due to the event described above, a fine of $ 6.0 million will be imposed, which has been recorded in these financial statements. The estimate is made based on the application of the Rules on Quality Service and Penalties of the High-Tension Transport System which form part of the Concession Contract of Transener S.A. as amended and supplemented, under Sub-annex II-B.

At the date of these financial statements, the Company has not been notified by ENRE on the fine to the applied to the Company. The fine finally imposed by ENRE could differ from the estimate made by the Company.

29. Foreign currency assets and liabilities

As of June 30, 2019 and December 31, 2018 the balances of foreign currency assets and liabilities are as follows:

Captions	June 30, 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 assests					
Cash and banks	US$ 293	42.263	12,380	US$ 73,147	3,352,916
Cash and banks	R$ 5	11.055	55	US$ 3	38
Investments at fair value	R$ 54,961	42.263	2,322,820	US$ 5,138	235,537
Investments at amortized cost			0	US$ 6,522	298,952
Total current assets			2,335,255		3,887,443
Total assets			2,335,255		3,887,443
Liabilities					
Non current liabilities					
Debt and other indebtedness	US$ 91,891	42.463	3,901,965	US$ 96,456	4,444,938
Total non current liabilities			3,901,965		4,444,938
Current liabilities					
Debt and other indebtedness	US$ 3,421	42.463	145,255	US$ 3,683	169,710
Accounts payable	US$ 406	42.463	17,230	US$ 8,072	371,959
Account payable	US$ 77	42.463	3,716	€ 11	602
Total current liabilities			166,201		542,271
Total liabilities			4,068,166		4,987,209

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

30. Recent events

On July 16, 2019, Transba's Board of Directors approved the allocation of the retained earnings for the amount of thousands of $ 292,017.