TRANSPORTADORA
DE GAS DEL NORTE S.A.

Financial Statements as of December 31, 2017 in thousand Pesos, on a comparative basis

TRANSPORTADORA DE GAS DEL NORTE S.A.
Registered address: Don Bosco 3672 – 3rd floor – City of Buenos Aires.

FINANCIAL STATEMENTS as of December 31, 2017, on a comparative basis.

Main activity of the Company: provision of natural gas transportation utility service.

Date of registration with the Public Registry: December 1st, 1992.

Registration number with the Superintendency of Corporations: 11,667 – Book 112 - Volume A - Corporations.

Amendments to by-laws registered with the Public Registry: March 7, 1994; June 9, 1994; July 5, 1994; February 14, 1995; August 9, 1995; June 27, 1996; December 23, 1996; September 20, 2000; July 7, 2004; August 24, 2005; August 18, 2006 and September 15, 2017.

Date of expiry of Company's existence: December 1st, 2091.

Controlling shareholder: Gasinvest S.A.
Registered address: Avda. Roque Sáenz Peña 938 – 3rd floor – City of Buenos Aires.
Main activity: investments in securities, real estate and financial activities.
Percentage of shares held by controlling shareholder: 56.354%.
Percentage of votes held by controlling shareholder: 56.354%.

Capital Structure (Note 14 to the Company's Financial Statements as of December 31, 2017)

Classes of Shares	**Subscribed and Paid-in**	
	12.31.17	**12.31.16**
	Thousand $	
Book-entry class A common shares, of $1 par value each and entitled to one vote per share	179,264	179,264
Book-entry class B common shares, of $1 par value each and entitled to one vote per share	172,235	172,235
Book-entry class C common shares, of $1 par value each and entitled to one vote per share[(1)]	87,875	87,875
Total	**439,374**	**439,374**

[(1)] Authorized for public offering (Argentine markets and stock exchanges).

See our report dated
March 7, 2018
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. Tº 1 Fº 17
Dr. Carlos N. Martínez
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. Tº 155 Fº 146

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

TRANSPORTADORA DE GAS DEL NORTE S.A.

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TRANSPORTADORA DE GAS DEL NORTE S.A.

To the Shareholders of Transportadora de Gas del Norte S.A.

In compliance with applicable legal and statutory provisions, the Board of Directors of Transportadora de Gas del Norte S.A., hereinafter "TGN" or "the Company", submits for the shareholders' consideration the Annual Report, Report on Extent of Compliance with the Code of Corporate Governance, Balance Sheets, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Statement of Cash Flows, Notes, Overview and Additional Information to the Notes as required under Title IV, Chapter III, Section 12 of the National Securities Commission ("CNV") regulations, for the twenty-sixth fiscal year beginning on January 1, 2017 and ending on December 31, 2017, which information must be read, analyzed and interpreted collectively so as to have a comprehensive view of relevant corporate matters for the fiscal year.

BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE

	Regular Directors	**Alternate Directors**
Chairman:	Emilio Daneri Conte-Grand	Juan Pablo Freijo
Vice Chairman:	Néstor Rafaelli	Fernando Victor Peláez
	Luis Alberto Santos	Martin Novillo
	Ricardo Markous	Jorge Dimopulos
	Ignacio Casares	Carlos Guillermo Pappier
	Ángel Carlos Rabuffetti	Juan José Mata
	Marcelo Brichetto	Leonardo Fernández
	Pablo Lozada	Marco Quiroga Cortínez
	Victor Díaz Bobillo	Manuel Goyenechea
	Enrique Waterhouse	Pablo Mautone
	Hugo Vivot	Rufino Arce
	Sergio Revilla Cornejo	Gustavo Palazzi
	Alberto Saggesse	Bernardo Velar de Irigoyen
	Andrés Leonardo Vittone	Patricio Jorge Richards

Regular Statutory Auditors	**Alternate Statutory Auditors**
Juan Carlos Pitrelli	Marcelo Urdampilleta
Juan José Valdez Follino	Andrea Barbagelata
Oscar Piccinelli	Graciela Gazzola

ANNUAL REPORT OF TRANSPORTADORA DE GAS DEL NORTE S.A. FOR THE TWENTY-SIXTH FISCAL YEAR BEGINNING ON JANUARY 1, 2017 AND ENDING ON DECEMBER 31, 2017.

1 – ECONOMIC CONTEXT

During 2017, the Argentine economy succeeded in strengthening the recovery that began by late 2016, ending the year with an increase in the Gross Domestic Product ("GDP") of 2.8%.

On its part, the Brazilian economy, of utmost importance to our local economy, started to recover from the recession experienced in 2015 and 2016, showing a growing GDP since the very beginning of the first quarter of 2017.

Such growth in the Argentine economy took place in a context of decelerating inflation. Even though the 17% target inflation rate aimed by the Central Bank of Argentina was not achieved, the price variation was lower than in 2016. According to data published by the National Institute of Statistics and Census ("INDEC"), the increase in the wholesale price index was 18.9% (versus 34.6% in 2016), while the consumer price index ("CPI") grew by 24.8% (versus 39.2% in 2016). In December, the government announced changes in inflation goals; for 2018 that goal has been set at 15% (previously 10%) while the 5% target was deferred until 2020 (previously 2019).

The exchange rate, in turn, showed minor adjustments which in December took a faster pace to close the year at 18.65 $/US$[1]. So the Argentine peso depreciated by 17% as against the dollar, i.e. below inflation.

As for the trade balance, imports increased strongly (19.7%) as compared to the growth in exports which was only 0.9%[2]. As a result, the trade balance went from a surplus of US$ 2,124 million in 2016 to a deficit of US$ 8,741 million in 2017.

In fiscal terms, the primary deficit reached $ 404,142 million, equivalent to 3.9% of the GDP, versus the 4.2% target.

The second year of the current Administration was characterized by the wide support received at October 22 nationwide mid-term legislative elections. In this context, even if not winning a legislative majority, the Government succeeded in getting major reforms passed, aimed at confirming the change of direction in the economy, lowering the fiscal deficit, encouraging investment, and promoting the creation of jobs. Major steps taken include:

- Tax reform: promotes cut in distorting taxes and changes internal assessments. Incentives were put in place toward reinvestment of profits, and a tax on financial income was created. This is a gradual reform that will take five years to be fully implemented.

- Pension reform: the pension adjustment formula was modified to include a CPI and nominal salary-based quarterly increase, instead of the previous salary and revenue-based formula. The choice to continue to work until the age of 70 was also included.

- Still pending is the Labor Reform which, according to the government, is a major step that will help gain competitiveness in the economy.

[1] *According to data from the Central Bank of Argentina (BCRA).*
[2] *According to data from the National Institute of Statistics and Census (INDEC).*

In energy matters, following 2016 announcements, the Comprehensive Rate Review ("CRR") took place both for the gas industry-regulated sector and the electricity sector. As a result, a gradual rate adjustment program was set up so that both sectors would eventually get back to normal. The new rate tables applicable to gas transportation and distribution were published in March and November. The most recent one includes an adjustment based on changes in the Wholesale Price Index ("WPI" or "IPIM") from December 2016 to October 2017. In April 2018 the third and last increase stage will apply, and then, in October and April each year, non-automatic WPI-based adjustments will apply.

2 – GAS INDUSTRY IN ARGENTINA

Unlike other countries in the region, natural gas is the predominant energy source in Argentina, representing almost 50% of the energy matrix.

Primary Energy Supply by Source (2016)

	Oil	Natural Gas	Coal	Nuclear	Hydroelectricity	Renewable	TOTAL
USA	38.0%	31.5%	15.8%	8.4%	2.6%	3.7%	100.0%
Canada	30.6%	27.3%	5.7%	7.0%	26.6%	2.8%	100.0%
Mexico	44.4%	43.2%	5.3%	1.3%	3.6%	2.2%	100.0%
Total average North America	37.7%	34.0%	8.9%	5.6%	11.0%	2.9%	100.0%
Argentina	35.9%	50.2%	1.2%	2.1%	9.8%	0.7%	100.0%
Brazil	46.6%	11.1%	5.5%	1.2%	29.2%	6.4%	100.0%
Chile	48.3%	11.1%	22.4%	0.0%	12.0%	6.2%	100.0%
Colombia	38.7%	23.1%	11.1%	0.0%	25.9%	1.2%	100.0%
Ecuador	72.2%	3.8%	0.0%	0.0%	23.1%	0.9%	100.0%
Peru	45.2%	28.0%	3.2%	0.0%	21.3%	2.2%	100.0%
Trinidad & Tobago	11.1%	88.9%	0.0%	0.0%	0.0%	0.0%	100.0%
Venezuela	38.5%	42.9%	0.1%	0.0%	18.6%	0.0%	100.0%
Other South and Central America	64.5%	6.3%	3.2%	0.0%	21.2%	4.8%	100.0%
Total average South and Central America	44.6%	29.5%	5.2%	0.4%	17.9%	2.5%	100.0%

Source: BP Statistical Review of World Energy.

In late 2016 (most recently published data) proven natural gas reserves amounted to approximately 336 thousand MMm3 and, as of that date, the reserve horizon was 7.5 years, considering 2017 production.

Additionally, in accordance with data published by the National Ministry of Energy and Mining, non-proven reserves and contingent resources, as of such date, represented over 150% of proven reserves, among which non-conventional reservoir projects such as Vaca Muerta stand out.

NATURAL GAS – Reserves as of December 2016 and Production as of December 2017 [MMm3]

Basin	Proven Reserves	Probable Reserves	Proven + 50% Probable	Production (*)
Austral	113,683	75,094	151,230	10,612
San Jorge Gulf	46,024	16,661	54,354	5,373
Neuquina and Cuyana	156,548	55,245	184,170	26,284
Northwest	20,271	1,578	21,060	2,424
TOTAL ARGENTINA	**336,526**	**148,578**	**410,815**	**44,693**

Source: National Ministry of Energy and Mining.
(*) 2017 Production: Actual data as of October 2017.

From the privatization of the natural gas utility service in late 1992 to 2017 there was an accumulated growth in domestic demand of approximately 116%, with a relevant 240% growth in demand for compressed natural gas ("CNG") and a 66% growth in industrial demand. Also, the electricity generation segment showed a significant 193% rise due to the greater electricity demand and growth of the thermoelectricity sector.

Domestic Gas Demand – [MMm3/d]

	1993 to 1997 (4)	1998 to 2002 (4)	2003 to 2007 (4)	2008 to 2012 (4)	2013	2014	2015	2016	2017 (5)
Residential (1)	16.5	18.8	22.0	27.2	31.6	30.4	30.9	32.6	29.1
Commercial	2.5	2.7	3.1	3.5	3.9	3.6	3.7	3.8	3.5
Industrial (2)	20.9	23.0	27.7	29.3	30.0	30.1	30.7	29.2	30.3
Electricity Generators	19.8	25.6	29.2	35.5	39.6	39.8	40.9	43.6	47.6
CNG	2.8	4.6	8.1	7.4	7.6	7.8	8.1	7.7	7.1
Official Entities	0.9	0.9	1.1	1.2	1.2	1.2	1.2	1.3	1.2
PTR + Patagonian gas pipelines (3)	8.5	10.7	18.9	18.1	15.7	17.2	16.4	15.4	14.6
Subtotal commercial use	**71.9**	**86.5**	**110.2**	**122.2**	**129.7**	**130.3**	**131.7**	**133.6**	**134.4**
Fuel gas and withheld at gas pipeline	8.4	13.3	15.7	17.7	17.1	17.3	18.3	19.5	19.5
Total demand	**80.2**	**99.8**	**125.9**	**139.8**	**146.8**	**147.6**	**150.0**	**153.1**	**152.9**

(1) Includes Sub-distributors.
(2) Does not include Cerri Plant comprised in Plant Thermal Reduction ("PTR").
(3) Includes volume used in PTR (Mega, Refinor, Cerri, Tierra del Fuego, etc.) and Patagonian gas pipelines.
(4) Five-year average.
(5) 2017, considering estimated data for November and December.
Sources: ENARGAS and Argentina's National Ministry of Energy and Mining.

Residential and commercial demand for natural gas decreased by approximately 10% as a result of a benign winter and certain resilience to rate increases. The industrial sector started to grow again after the decline experienced in 2016, with a 4% increase as compared to 2016. As for CNG, demand has decreased by 8% as compared to 2016. Finally, gas demand for power generation has continued to grow since 2015, with a 9% increase during the year.

The National Government entered into agreements to import natural gas from Bolivia, which represented 10.8% of the total volume used between 2013 and 2016 and 11.8% in 2017.

Additionally, in 2008, a liquefied natural gas ("LNG") regasification tanker was connected to Bahia Blanca node (Province of Buenos Aires), providing injections that contributed to cover the decline in domestic supply over the years. In order to increase the supply for winter peak demand in areas of Greater Buenos Aires and the City of Buenos Aires, a second regasification tanker was installed in the district of Escobar (Province of Buenos Aires) in 2011 to inject gas into an facility operated by YPF S.A., which was in turn connected to the Argentina's main gas pipeline system. Both regasification operations (Escobar and Bahia Blanca) accounted for 8.0% of the total volume of gas used in Argentina in 2017.

Finally, just like in 2016, imports from Chile were authorized, accounting for 0.5% of annual utilization.

Gas Supply by source

Source		Annual Volume (MMm3)				
		2013	2014	2015	2016	2017
Production from Argentine Basins (1)	AUSTRAL	10,514	10,015	9,654	10,592	10,612
	SAN JORGE GULF	5,234	5,302	5,715	5,704	5,373
	NEUQUINA and CUYANA	22,700	23,274	24,684	26,021	26,284
	NORTHWEST	3,260	2,893	2,852	2,671	2,424
Imports from Bolivia (2)		5,719	6,013	5,977	5,767	6,618
LNG injection (2)	BAHIA BLANCA	3,296	3,261	3,095	2,230	2,213
	ESCOBAR	2,706	2,653	2,473	2,592	2,258
Imports from Chile (2)		-	-	-	357	275

Sources:

(1) National Ministry of Energy and Mining. Gross production.

(2) Daily reports – ENARGAS.

3 – REGULATORY ASPECTS

As a provider of an essential utility service, TGN is subject to governmental regulation based on Law No. 24,076 (the "Gas Law"), the enforcement authority of which is the National Gas Regulatory Entity ("ENARGAS"). In January 2002, the Public Emergency and Exchange System Reform Law No. 25,561 ("LEP") unilaterally modified the rate regime established in the license agreements entered into in 1992 by and between the National Government and the licensees providing natural gas transportation and distribution services within the framework of the Gas Law, by establishing the "pesification" of rates and the cancellation of their semi-annual adjustment by the US Producer Price Index ("PPI"). The LEP authorized the National Executive Branch ("PEN") to renegotiate utility service contracts based on the following criteria: 1) the impact of rates on the economy's competitiveness and distribution of income; 2) service quality and investment plans, when contractually established; 3) users' interest and availability of service; 4) safety of the systems comprised; and 5) company profitability. The LEP also established that utility companies could not suspend or alter the fulfillment of their obligations. The National Congress successively extended the effective term of the LEP until December 2017.

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Renegotiation of License

From 2002 to 2015 no significant progress was made in the License renegotiation. Transitional rate increases granted to TGN in 2014 and 2015 were quite far from meeting the rate standards set forth under the Gas Law, and did not revert the continuous operating losses sustained by the Company to the point of finding itself covered by the situation foreseen in Section 206 of the General Company Law ("GCL").

In February 2016 the new Administration entrusted the renegotiation of natural gas distribution and transportation licenses to the Ministry of Energy and Mining ("MINEM") and the Ministry of Finance. After successfully reaching an interim agreement with the authorities, TGN obtained an average interim rate increase of 289.2% effective as of April 1, 2016 in exchange for a mandatory investment plan for $1,041 million through March 2017.

Simultaneously, in March 2016, the Ministry of Energy and Mining instructed ENARGAS to start a comprehensive rate review process with all natural gas transportation and distribution licensees. Said process was completed one year after, in March 2017. On March 30, 2017, the Company entered into an agreement with the Ministry of Finance and Ministry of Energy and Mining for the comprehensive renegotiation of the License (the "Comprehensive Agreement"), which is still subject to the National Executive Branch's approval. Once the Comprehensive Rate Review ("CRR") enters into force, TGN will be bound to make mandatory investments for approximately $5,600 million (adjustable in line with rate adjustments) between 2017 and 2022.

In March 2017 TGN obtained another average interim rate increase of 49%, to be followed by another average interim rate increase of 71.6% in December, in both cases toward a further increase as part of the ENARGAS-conducted CRR process, though subject to TGN making mandatory investments for an amount of $457 million throughout March 2018.

The National Treasury Department and National General Office of the Comptroller have already taken action toward ratification of the Comprehensive Agreement leading to TGN CRR. Both houses of the National Congress are also expected to vote on the agreement in the first quarter of 2018, based on a previous report from a bi-partisan committee. Once said legislative requirement is met, the Comprehensive Agreement may be ratified through a National Executive Branch decree.

As a condition precedent to the ratification of the Comprehensive Agreement, TGN requested that the lawsuit filed against the National Government claiming damages suffered by the Company as a result of the pesification and subsequent freeze of its rates be stayed. In due course, its controlling company Gasinvest S.A. ("Gasinvest") and those of its shareholders representing at least two thirds of Gasinvest capital shall fully and expressly waive their rights and dismiss the action brought against the National Government as a result of the rate pesification and PPI adjustment elimination set forth under the LEP. Note that the Comprehensive Agreement contains an indemnity clause for the benefit of the National Government, which requires TGN to hold the latter harmless from and against any final judgments or awards by which Argentina might be forced to pay damages in connection with the emergency situation established by the LEP and/or PPI adjustment elimination. Said indemnity will take the form of sustainable investments additional to those established under the CRR, the cost of which cannot be transferred to users of the transportation system, and shall not be reflected in TGN capital base (see Note 1.3.3 to the Company's Financial Statements as of December 31, 2017).

4 – FINANCIAL POSITION

On October 26, 2017 TGN contracted a syndicated loan with Industrial and Commercial Bank of China Limited (Dubai Branch), Citibank N.A. and Itaú Unibanco S.A. (Nassau Branch) for an amount of US$ 220 million (the most relevant terms and conditions of said loan are described in Note 15.1 to the Company's Financial Statements as of December 31, 2017). Said debt was incurred to repay notes then outstanding. So, on November 13, the Company early redeemed all of the Step-Up Notes and 5-year Notes for a total amount of US$ 208.3 million (said amount includes principal and interest).

The above means the Company's return to voluntary debt markets, deferral of due dates, elimination of certain covenants preventing potential business growth, and a significant reduction in TGN borrowing rate, which went down from 9% to 4.56%.

5 –TGN'S ACTIVITY

With a 6,806-km gas pipeline network, TGN provides the natural gas transportation service via high-pressure gas pipelines in the central and northern regions of Argentina.

Through its two main gas pipelines, *North*ern and *Central West*, TGN supplies gas to eight of the nine gas distributors as well as to several power plants and industries across fifteen Argentine provinces. TGN system is connected to "*GasAndes*" and "*NorAndino"* gas pipelines, built in due course to transport gas to the central and northern regions of Chile, respectively; to the "Entrerriano" Gas Pipeline, which transports gas to the Province of Entre Ríos and the Uruguayan coastline, and to Transportadora de Gas del Mercosur S.A and *"Northeastern" pipelines.*

Since the beginning of its operations in 1992, TGN has, with contributions of its own and from third parties, expanded its transportation from 22.6 MMm3/d to 59 MMm3/d, representing a 161% increase. These expansions, as well as the great number of maintenance and reliability works, required from TGN investments for approximately US$ 1,328 million. In physical terms, those expansions required the installation of 1,323 km of new gas pipelines, the construction of five new compressor plants and the installation of fourteen turbo-compressors, which added 150,000 HP of installed capacity.

At fiscal year-end, the Company's firm transportation contracts totaled 48.19 MMm3/d, of which 23.23 MMm3/d related to the Northern pipeline and 24.96 MMm3/d to the Central West.

6 – OPERATIONAL HIGHLIGHTS

Gas Transportation

Since winter temperatures were above usual ones, residential use was lower than historical figures for that season of the year. Therefore, gas delivery for power generation and industry use was above past years.

The volume of gas received by TGN reached 19,663 MMm3, that is to say, an average of 53.9 MMm3/d, distributed as follows: 21.7 MMm3/d, Central West pipeline (gas produced in Neuquén and received by *GasAndes*), 23.2 MMm3/d, Northern pipeline (gas produced in the country and received by Bolivia), and 9.0 MMm3/d, the Province of Buenos Aires through regasification tankers from the district of Escobar, plus volumes received from TGS.

Maximum injection values at intake were 26.6 MMm3/d in the Central West pipeline, and 26.0 MMm3/d in the Northern pipeline.

In the case of the Northern pipeline, average injection by local producers was 6.36 MMm3/d, while injection of gas from Bolivia reached an average of 17.4 MMm3/d with a daily peak of 20.1 MMm3/d.

In the Central West pipeline, in addition to domestic production, 276.0 MMm3 of LNG were received from Chile via GasAndes pipeline, at a rate of 3.0 MMm3/d between June and August.

Regarding injection received in the Province of Buenos Aires, an average of 6.2 MMm3/d of LNG was received in the district of Escobar, Province of Buenos Aires, and 2.8 MMm3/d was received from TGS, in the district of General Rodríguez, Province of Buenos Aires.

Integrity of Facilities

- The annual cathodic protection indicator required by ENARGAS was met, with positive results in the audit performed.

- Pipeline in-line inspection programs were carried out, consisting of running specific tools along 1,205 km of pipelines, and inspecting pipes with different technologies for a more in-depth detection of threats and system georeferencing.

- Progress was made in the implementation of a new method of quantitative risk calculation in order to improve the risk assessment process as required by “Part O” of the Argentine Gas Standard 100 (“NAG 100”).

- The new “Part G” of NAG 100 started to be implemented, initially along final sections of the Northern pipeline, and “San Jerónimo-Santa Fe” section. This standard also reviews the level of risk present around gas pipelines designed at taking appropriate risk mitigation steps.

- Recoating was performed along the Northern pipeline: Section 9, over 9 km; Section 10, over 7.2 km; and Section 20, over 4.7 km.

- Actions to repair and renew cathodic protection systems continued; a new current injection technology was implemented, with equipment operation and variable measurement being telemonitored.

- We continued with the implementation of the Damage Prevention Program in compliance with API 1,162 standard, with a focus on outreaching to target different audiences and strengthening the relationship between pipeline operators. Main actions carried out during the fiscal year are described below:

  - The damage prevention action plan stage I was implemented along layout 3-designated critical sections, in the Municipality of the City of Alderetes (Province of Tucumán).

  - The “*Door to Door*” campaign was carried out in the City of Pilar (Province of Buenos Aires) – Section 91 – and the town of San Jerónimo (Province of Santa Fe) – Section 35 –.

  - The “Radio broadcast program” continued to be implemented in the towns near locations of greater exposure, and was extended to localities close to Central West pipeline.

  - “Educational Damage Prevention Workshops” were started for 40 primary schools near gas pipelines.

  - The “Interference Management System” was developed in order to keep track and record all interferences.

  - A notarially certified letter was implemented with right-of-way affected landowners, construction companies and public entities, every two years.

Projects and works on gas pipelines, meter and regulating stations and compressor plants

Within the framework of the mandatory investment plan, TGN carried out a program of scheduled projects and works to maintain its transportation system. The main activities performed are described below:

- Pipes were upgraded (5.5 km) and hydraulic tests (120 km) were conducted within sensitive areas and along sections subject to layout class changes in Northern and Central West gas pipelines (Tartagal and Pichanal in the Province of Salta; Miraflores in the Province of Jujuy; and Cruce del Desierto in the Province of La Pampa).

- Pipes were replaced to accommodate the design factor along two crossings with National Route 34 (Province of Salta), the crossing with National Route 9 (Province of Salta) and crossings with Provincial Routes 31 (Province of Salta), 3 (Province of Tucumán) and 12 (Province Córdoba), all of them along the Northern pipeline.

- Works started within compressor plants to have Ruston control boards upgraded at La Carlota plant, Solar control boards were upgraded at Beazley and Pichanal plants, and boards were replaced at La Paz compressor plant, among others.

- The fire, smoke and gas detection system was replaced at Deán Funes motor-compressor plant.

- Works started at meter and regulating stations toward replacement of relief valves and flow computers at different locations.

- Erosion control works were implemented for crossing protection along different rivers and streams in the Northern pipeline system.

Operation and maintenance

- An overhaul program on turbo- and motor-compressors was carried out. In addition, the quality of Ruston turbo-compressors overhaul process was improved.

- Fifteen bypasses for new customers were implemented.

- The microwave communications trunk between Beazley (Province of San Luis) and Sierra Blanca II (Province of Neuquén) repeater stations, including works on fourteen stations, was upgraded. Said investment allowed to enhance the bandwidth available at La Mora, Cochicó and Puelén compressor plants from 16Mbps to approximately 200Mbps.

- The microwave communications trunk was extended between Lomitas 114 (Province of Salta) and Campo Duran Maintenance Base repeater stations, also in said province, including works on three stations. Said investment has enhanced the bandwidth available at the maintenance base from 2Mbps to approximately 155Mbps.

- Two optical fiber links were installed to connect the Company’s headquarters in the City of Buenos Aires and Pacheco Base (Province of Buenos Aires).

7 – SETTLEMENT AGREEMENTS WITH CUSTOMERS – PENDING CONTROVERSIES WITH FOREIGN CUSTOMERS

In 2004, as a result of an increased domestic demand for gas and a simultaneous drop in production and reserves, the National Government adopted measures, still in force, to ensure that natural gas supply be primarily allocated to meet domestic demand. This involved restrictions on gas exports, which significantly affected sales of gas transportation services to foreign destinations and caused a steady decline in the use of firm gas transportation services. Although TGN was able to enter into settlement agreements with some foreign customers for the early termination of contracts in exchange for economic compensation (which nevertheless have caused a negative net effect on TGN’s expected cash flows), two legal disputes with YPF S.A. and the Chilean distributor Metrogas S.A., which are described in Note 18 to the Company’s Financial Statements as of December 31, 2017, remain unsettled.

8 - QUALITY, SAFETY, HEALTH AND ENVIRONMENT

Several activities were carried out as part of the annual quality, safety, health and environment plan. Most notably:

- In terms of “Quality”, the annual audit plan on the Integrated Management System (“SIG”) was implemented, and the routine audit on said system certification was conducted.

- The SIG was updated to conform to ISO 9001 y 14001 standards.

- “Safety & Health Management” processes were reviewed with an improvement focus within the framework of new regulations. In terms of “Occupational Health”, TGN was finally certified as a cardio-protected company.
- In the field of “Environmental Management”, the annual monitoring program was completed, including measurement of gaseous emissions from stacks and noise measurement at compressor plants and meter and regulating stations, as required under service quality indicators set forth under applicable resolutions and standards.
- The “Environmental Awareness” campaign among all employees was further implemented, with a focus on efficient waste management and emission control.

9 – HUMAN RESOURCES

Development

The Development area promotes several activities aimed at training, retaining and motivating human resources to achieve business success, now and in the future, including:

- In line with our usual practice, Exchange Sessions and Integration Sessions were held in March and November, led by the Operations Department and General Management Department, respectively, where several organizational and wider aspects were reviewed, experiences were shared, certain issues (innovation and transformation) were discussed, and several challenges standing ahead of us for the next year were raised.

- The third “2017 Climate Survey” was conducted with a record 92% participation. Survey results were significantly better than those recorded in 2014, with 91% “satisfaction” and 78% ”engagement” rates. Work was advanced on a “Communication Plan” that consisted of several activities and outreach efforts through various channels and hearings. As part of this process, each management and sub-management implemented workshops aimed at the development of “2017-2018 Action Plan”. Finally, work was advanced on the creation of an overall action plan that was validated by the General Management Department.

- The “People Review” process was conducted; this effort includes a number of meetings with area leaders designed at defining specific development actions targeted at key people and a succession plan for TGN main positions.

- The “Success Factors” project aimed at human capital management was implemented; this project comprises several modules available on an integrated, online platform, and consists of streamlining human resources and internal communication processes in order to avail of better quality and readily accessible information that will allows us to work in a more integrated and collaborative environment.

- As part of the “Young Professionals” program, the following activities were undertaken:

    - Technical and management training
    - Technical visits
    - Development session
    - Face-to-face follow-up interviews

  As part of the program, three performance and potential reviews were implemented, and a final rating event was conducted with the participation of chief officers, managers, program instructors and key people from Human Resources.

- As part of career and internal development opportunity efforts, successful internal search processes based on the required profiles and needs in each area were conducted during the year.

- As part of the "Talking to Leaders" initiative, several meetings were held among leaders and staff, aimed at creating a communication space for sharing ideas and views.

Compensation

In line with salary guidelines for the oil and energy marketplace in 2017 the Company agreed to a 24.8% salary increase for unionized employees. Non-unionized employees (except for managerial staff) obtained increases in the order of 25% and, additionally, a year-end bonus equivalent to $20,000 that was paid in January 2018. Managerial staff received increases in line with market trends.

An agreement was reached with union organizations that salary increase would be subject to review in the event the CPI cumulative increase during the January 1-December 31, 2017 period were above 20%. If so, a monthly increase equivalent to the excess of said percentage would be automatically applied and paid jointly with the following month's salaries. The CPI for the year experienced a 24.8% increase, so salaries were adjusted accordingly as agreed.

Training

Training employees is an ongoing priority in order to support operational reliability of the pipeline system and the Company's growth. The Knowledge Transfer Center continued to develop training programs led by technical experts. Worth mentioning are the following:

- "Programmable Logic Controllers School": the entry-level was designed, and classes were given under the 'pilot' modality through a high-impact methodology that included training on hardware and software management toward the development of operational skills and basics.

- "Instrumentation, control and energy": modules on "control architecture" and "drawings and programs" were completed. Another module on "alarms and shutdown" was started.

- "Valves": modules about different controllers in a hands-on environment were designed and implemented.

- Young Professionals: the training plan, started in 2016, was completed in December; it comprised technical activities, management, on-site visits and training specific to each professional's profile.

- New regional hires: aimed at new employees from Operations Management divisions, including on-the-job training on each area of expertise: compression, pipelines, or measurement and regulation.

- "Cathodic protection – Level 2": workshops were held in each of the regions where current issues faced by the cathodic protection system were raised, theoretical fundamentals were reviewed, and actual solutions were discussed.

- "Motor-compression": the following modules "Key motor-compressor readings", "Status-based review maintenance", and "Maintenance practices" were completed.

- "Status-based review": designed and completed in every region.

Management programs were focused on business specific areas and positions. For example, the “Team Strengthening” program and the continuity of the “Leadership Forum”. For those employees with specific roles, the Company promoted activities with external entities at domestic and international level, as well as attendance to industry conferences.

Recruitment

TGN has recruited additional personnel in order to be able to meet commitments assumed under the mandatory works plan. Fifty-eight recruitment processes were completed, of which 43% will be assigned to the Operations Department, and secondly to the Administration and Finance Department.

10 – CORPORATE SOCIAL RESPONSIBILITY

Social Responsibility is, for TGN, a part of the sustainable development concept, and consists of embedding social and environmental variables into its operational practices. Social Responsibility programs and actions were structured around strategic axes: i) Education; ii) Citizenship building; iii) Environmental care; and iv) Local value chain development. The “RONDA” corporate volunteer program is designed to create scenarios that would help consolidate a common goal centered on the provision of the gas transportation utility service.

The following programs and actions were implemented at different locations close to the Northern and Central West pipelines during the year:

- “Juntos” Damage Prevention program: the objective of this program was to raise awareness among children and adults from 26 schools, about the importance of preventing damage in gas pipelines and facilities.

- Science Club: this activity was implemented in schools from towns close to gas pipelines in the provinces of Mendoza and San Luis. It aimed at promoting learning through play and experience. It was sponsored by the Organization of Ibero-American States (OEI) and supported by the Ministries of Education from concerned provinces.

- Promotion of Reading through “Fundación Leer”: this project was implemented along core teaching principles, aimed at promoting the habit of reading at a school in Lumbreras, Province of Salta.

- Rational Use of Energy program: workshops aimed at primary school students from the Province of Mendoza were conducted in order to raise awareness about the use of energy resources and actions families may adopt to contribute to an efficient energy use.

- Value Chain program: aimed at educating local suppliers in different towns closed to TGN facilities. This program was carried out in General Alvear, Province of Mendoza.

- Project Risk Management: practices and actions aimed at preventing the occurrence of damage to people in areas of high social conflict were implemented through partnerships with public sector institutions, grassroots organizations and other private players.

11 – COMPENSATION POLICY

The Board of Directors' compensation is determined by the Shareholders' Meeting for each fiscal year. The compensation policy for Company's managers establishes a monthly fixed basic compensation and an additional amount payable on an annual basis, consisting of a fixed and a variable component. While the fixed component is established according to the level of responsibility inherent to the position and market values, the variable component consists of an additional amount based on performance and achievement of the year's objectives. The Company's policy does not establish option or other plans for its personnel.

12 – DECISION-MAKING POLICY

The Company Bylaws establishes that the Board of Directors of the Company shall consist of 14 regular directors and an equal number of alternate directors, and shall be responsible for TGN's management and administration. The directors' term of office is one year from their appointment by the Shareholders' Meeting. Of the 14 directors: (i) nine regular directors and their respective alternates are elected by Class A shares at a Special Class A Shareholders' Meeting; (ii) four regular directors and their respective alternates are elected by Class B shares at a Special Class B Shareholders' Meeting, and (iii) one regular director and his or her respective alternate are elected by Class C shares at a Special Class C Shareholders' Meeting. Of these, at least one Class A director and one Class B director shall be independent as per Law N° 26,831 ("Capital Markets Act") and applicable provisions of the CNV. The director appointed by Class C shareholders shall not have such status.

TGN's controlling company, Gasinvest has the right to appoint the majority of regular and alternate directors. The shareholders of Gasinvest have entered into a Shareholders' Agreement ("the Agreement") in order to regulate certain aspects related to their indirect participation in TGN, such as the number of directors that each shareholder may appoint, and the decisions and actions that must be agreed upon unanimously.

The Agreement establishes that the following actions and decisions must be unanimously agreed upon by Compañía General de Combustibles S.A. and Tecpetrol Internacional SLU:

i. amendments to TGN bylaws or equivalent document,
ii. any consolidation or merger of TGN with another company,
iii. adoption of annual activity plans, investment plans and financial plans,
iv. budgets and any amendment thereto,
v. increase or decrease in number of members on TGN´s Board of Directors and/or any other Company committee,
vi. issuance or redemption of TGN shares,
vii. TGN dissolution, liquidation or bankruptcy proceedings,
viii. declaration or payment of dividends or other distribution by TGN that is not consistent with the dividend policy established in the activity plan,
ix. any investment by TGN in another company,
x. execution by TGN of any agreement which involves total payments or the purchase or sale by TGN of assets that, valued at their book value, exceed US$ 3 million in one or more transactions within a six-month period,
xi. any material change in TGN's management, and
xii. selection of TGN's independent auditor.

Additionally, a supplementary shareholders' agreement establishes that all contracts for the supply of goods and/or services must comply with mechanisms that assure a plurality of technically and economically qualified bidders to ensure that contracts are carried out on an arm's-length basis, in observance of TGN's organization and management policies and standards.

Also, contracts for the acquisition of goods and/or services with a company and/or its controlling and/or controlled companies that together exceed the amount of US$ 4 million must be approved by the Board of Directors.

The Company's internal audit is performed by a Supervisory Committee consisting of three regular and three alternate statutory auditors: (i) two regular members and their alternates are appointed at a Special Class A and Class B Shareholders' Meeting, acting jointly, of which at least one regular member must be independent; and (ii) a regular member and his or her alternate are appointed at a Special Class C Shareholders' meeting. Supervisory Committee meetings are held with the presence of an absolute majority of members, and decisions are adopted by a majority of present votes, without prejudice to the rights of the dissenting statutory auditor. The members of the Supervisory Committee have the duty and right to attend Board and Shareholders' Meetings, call such meetings, request that items be included on the agenda and, in general, supervise all matters related to the Company and its compliance with the law and Bylaws.

13 – AUDIT COMMITTEE

Pursuant to the provisions of the Public Offering Transparency Regime set forth in the Capital Markets Act No. 26,831 and regulations thereunder, companies that offer their shares to the public must set up an Audit Committee made up by at least three Board members, a majority of which must be independent as required by CNV regulations.

During the fiscal year, TGN's Audit Committee performed the functions entrusted to it by the law and its internal regulations, in line with an Annual Plan submitted to the Board of Directors and the Supervisory Committee. The audit report forms part of the Company's annual financial statements.

14 – COMPANY'S INTERNAL CONTROLS

The Internal Audit Department, which gives advice to the Board of Directors, is responsible for regularly reviewing internal controls in order to enhance the quality of our processes, their documentation and reporting. Internal control is a process carried out by Management and the rest of the personnel, designed to provide a reasonable degree of assurance that the objectives of the organization will be met, considering the effectiveness and efficiency of operations, reliability of financial information and compliance with applicable laws and standards. In this regard, the Internal Audit Department carries out procedures to comply with the "Annual Internal Audit Plan", which is intended to monitor critical and significant operating, equity, legal, regulatory and IT-related risks. TGN's Audit Committee is assisted by the Internal Audit Department to be informed about identified weaknesses in internal controls, as well as corrective actions taken.

15 – DISCLOSURE OF THE COMPANY'S BALANCES AND TRANSACTIONS WITH ITS CONTROLLING COMPANY, FOREIGN RELATED COMPANIES, OTHER RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

Balances and transactions between the Company and its controlling company, foreign related companies, other related parties and key management personnel are presented in Note 24 to TGN´s financial statements as of December 31, 2017. Individuals and companies comprised in Section 72 of the Capital Markets Act have been included as related parties.

16 – FUTURE OUTLOOK

Rate increases implemented during 2016 and 2017 have allowed the Company to finance its operation and maintenance expenses, carry out certain works and meet its financial liabilities when due. So that rates are maintained at fair values in the course of time to be able to meet pipeline operation and maintenance requirements, the CRR conducted by ENARGAS establishes non-automatic biannual transportation rate adjustments between five year rate reviews, due to variations seen in service costs, aimed at maintaining the economic-financial sustainability and the quality of the service rendered.

The Company believes that steps taken in 2016 and 2017 by the National Executive Branch, the National Ministry of Energy and Mining and ENARGAS mean a significant progress toward normalization of its rates and restoration of the sector's regulatory framework, particularly, Section 38 of the Gas Law, that establishes that rates must be enough to cover reasonable operating costs, taxes and depreciation, and also allow for a reasonable return. The Company also expects that the new rates that will come into force on April 1, 2018 will remain at constant values along time in order to be able to meet expenses and investments required for gas pipeline operation and maintenance.

17 – PROFIT ALLOCATION PROPOSAL

Fiscal year 2017 resulted in a profit of $ 841,856 thousand. Said profit, net of Retained Earnings, amounts to $ 455,552 thousand. Consequently, the Board of Directors proposes the Shareholders that the profit resulting from fiscal year 2017 – net of said balance – be allocated as follows: (i) $ 87,875 thousand, to the Statutory Reserve as required under Section 70 of the GCL; (ii) subject to the Comprehensive Agreement remaining in force as of the date of dividend payment, payment of a cash dividend for the amount of $ 367,677 thousand; and (iii) payment of a compensation of $ 18,744 thousand to the Board members, and $ 3,395 thousand to the Supervisory Committee's members.

The Board of Directors thanks customers, suppliers, third parties in general and the personnel of the Company for their support and cooperation during this fiscal year.

City of Buenos Aires, March 7, 2018

Juan José Valdez Follino Regular Statutory Auditor	Emilio Daneri Conte-Grand President

Transportadora de Gas del Norte S.A.

ANNEX
REPORT ON THE EXTENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
PRINCIPLE I. ESTABLISH TRANSPARENCY AMONG ISSUER, RELEVANT ECONOMIC GROUP AND RELATED PARTIES				
Recommendation I.1: Ensure disclosure by the Board of policies applicable to the relationship among Issuer, relevant Economic Group and related parties.				
Answer whether: Issuer has an internal regulation or policy to authorize transactions between related parties pursuant to section 73 of the Capital Markets Act, transactions with shareholders and Board members, senior managers, statutory auditors and/or Supervisory Committee members, within Issuer's economic group. Explain the main guidelines of the internal regulation or policy.	X			TGN transactions with related parties are in accordance with current legal provisions, including their review by the Audit Committee. Transactions carried out with Company's managers are subject to and comply with Section 271 of the Argentine General Company Law. Internal procedures include compliance with regulations.
Recommendation I.2: Ensure the existence of mechanisms preventing conflicts of interest.				
Answer whether: Issuer has, notwithstanding current regulations, clear policies and specific procedures to identify, manage and address conflicts of interest between Board members, senior managers, statutory auditors and/or Supervisory Committee members, and Issuer or related parties. Describe their relevant aspects.	X			Notwithstanding Section 271 of the Argentine GCL, to which TGN is subject, the Company's Code of Ethics has specific provisions intended to prevent, manage and address s of interest between Board members, senior managers and statutory auditors and TGN and its related parties.

	Compliance Total (1)	Compliance Partial (1)	Non-compliance (1)	Report (2) or Explain (3)
Recommendation I.3: Prevent improper use of privileged information.				
Answer whether: Issuer has, notwithstanding current regulations, reasonable policies and mechanisms to prevent the improper use of privileged information by Board members, senior managers, statutory auditors, Supervisory Committee members, controlling or substantial shareholders, involved professionals and other persons listed in Section 72 of the Capital Markets Act. Describe their main aspects.	X			In accordance with TGN´s Code of Ethics, those who, by reason of their position or role in the Company, hold information about events not yet disclosed to the public and because of their importance, might impair placement or trading of the Company´s securities, should keep such information strictly confidential by refraining from sharing it with third parties and dealing with such securities until such information is disclosed to the public.
PRINCIPLE II. PROVIDE THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF ISSUER				
Recommendation II. 1: Ensure that Issuer's affairs and strategies are managed and supervised by the Board.				
Answer whether: II.1.1 the Board approves:				
II.1.1.1 the strategic or business plan, as well as management objectives and annual budget,	X			As the body responsible for the Company's administration, the Board approves (within the annual budget) and supervises compliance with TGN policies and strategies, subject to the control of the shareholders. As part of the annual budget, the Board approves TGN business plan TGN and management objectives for each fiscal year.
II.1.1.2 the investment policy (in terms of financial assets and fixed assets) and financing policy,	X			TGN has an investment policy approved by the Board that is implemented by a Financial Committee (including an external independent expert) and monitored by the Board and the Internal Audit Department.
II.1.1.3 corporate governance policy (compliance with the Corporate Governance Code),	X			As the body responsible for the Company's administration, the Board approves the company's policies relating to corporate governance.

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
II.1.1.4 the selection, evaluation and compensation policy for senior managers,		X		Policies relating to the selection, evaluation and training of senior managers are developed by the General Management Department together with the Human Resources Department. The Board consent is required for hiring senior managers. Compensation for these positions is approved by the Board as part of the annual budget and then reviewed by the Audit Committee.
II.1.1.5 the policy for assignment of responsibilities to senior managers,			X	Policies relating to the assignment of responsibilities to senior managers are developed by the General Management Department together with the Human Resources Department, and reported to the Chairman.
II.1.1.6: the appointment of successors to senior managers,		X		The Chairman, the General Management Department and the Human Resources Department are responsible for appointing successors to senior managers, reporting to the Board of Directors. The Board of Directors approves the appointment of the Chief Executive Officer, Chief Operations Officer, Chief Financial & Administrative Officer, Chief HR Officer, Chief Legal Officer, Chief Corporate & Regulatory Affairs Officer, as well as senior managers.
II.1.1.7 the policy for corporate social responsibility,			X	The Corporate Social Responsibility policy is designed by the General Management Department.
II.1.1.8 the policies for the integral risk management and internal control, and fraud prevention,			X	The Company has procedures to fully manage business risks, subject to the control of the Internal Audit Department. The risk control system (including frauds) is designed to anticipate events inherent to the gas transportation business in a proactive way, establish an operational risk profile, reduce the occurrence of events and fulfill regulatory requirements. As for internal control, the Company has established the methodology issued by the Committee of Sponsoring of the Treadway Commission ("COSO") as a framework to assess the quality of internal controls.

	Compliance Total (1)	Compliance Partial (1)	Non-compliance (1)	Report (2) or Explain (3)
II.1.1.9 the policy for ongoing training to Board members and senior management. If available, please describe main aspects of such policy.		X		Most of TGN Board members have a sound professional and academic background and a proven track record in executive positions at local and international companies within the energy sector. Based on the above, the Board does not consider it necessary to implement a training and development plan for its members. Senior management training is developed as part of TGN general training policy designed by the Human Resources Department and monitored by the General Management Department.
II.1.2 If relevant, add other policies followed by the Board which have not been mentioned and describe their main aspects.	X			The Board approved a procedure for ensuring complete and timely disclosure of relevant information.
II.1.3 Issuer has a policy aimed at ensuring the availability of relevant information for the Board decision making process and for direct consultation by management level, for all members alike (executives, external and independent) in sufficient advance so as to allow for an appropriate review of its contents. Explain.	X			Directors, managers and statutory auditors are informed on an ongoing basis about all relevant business issues, the knowledge of which is necessary for the performance of their duties. The Company issues a monthly management control report, apart from reports sent to the Board in connection with the financial statements. Furthermore, specific reports are also released at the discretion of Management or at the request of the Board.
II.1.4. Issues referred to the Board consideration are accompanied by a risk analysis associated with decisions that may be adopted, taking into account the corporate risk level defined as acceptable by Issuer. Explain.	X			When making any decision, the Board first identifies associated risks, assesses their probability of occurrence and establishes their potential impact.

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
Recommendation II.2: Ensure an effective Control over Issuer administration.				
Answer whether the Board monitors:				
II.2.1 compliance with annual budget and business plan,	X			The Company's Board monitors compliance with the annual budget and business plan, based on management control reports issued every month and other reports issued at the time of considering the quarterly and annual financial statements.
II.2.2 the performance of senior managers and compliance with the objectives set for them (level of projected versus actual profit, financial rating, quality of accounting report, market share, etc.). Describe the main aspects of the Management Control policy of Issuer by describing techniques used and frequency of monitoring by the Board.		X		The Board monitors the performance of Management as part of Company's overall performance control. The internal control process is aimed at providing reasonable assurance as to whether the company's objectives are met, considering the efficiency and effectiveness of operations, reliability of financial information and compliance with standards and applicable laws.
Recommendation II.3: Disclose the Board performance assessment process and its impact.				
Answer whether: II.3.1 Each Board member complies with the By-laws and, if applicable, with Internal Regulations. Describe main Internal Regulations. State the degree of compliance with By-laws and Internal Regulations.	X			Each Board member complies with the provisions of TGN By-laws and legislation applicable to it. The Board has no internal regulations. .

	Compliance Total (1)	Compliance Partial (1)	Non-compliance (1)	Report (2) or Explain (3)
II.3.2 The Board discloses its administration results versus objectives set at the beginning of the period, so that shareholders may assess the degree of compliance with those objectives, including both financial and non-financial aspects. Additionally, the Board assesses degree of compliance with policies mentioned in Recommendation II, items II.1.1 and II.1.2. Describe main aspects of assessment by General Shareholders' Meeting of degree of compliance by the Board with objectives set and policies mentioned in Recommendation II, items II.1.1 and II.1.2, stating the date of the Meeting when the assessment was submitted.	X			Every year, the Board submits to the Ordinary Shareholders' Meeting the annual report and financial statements that reflect their administration results. The Board´s performance has been always approved by the General Shareholders' Meeting.
Recommendation II.4: A significant number of external independent members on Issuer's Board.				
Answer whether: II.4.1 the number of executive, external independent members (as defined by this Committee regulations) of the Board is proportional to Issuer's capital structure. Explain.	X			The Company Bylaws establishes that its Board shall consist of 14 regular directors and same number of alternates. Of the 14 directors: (i) nine regular directors and their respective alternates are elected by Class A Shareholders Meeting (at least one shall be independent); (ii) four regular directors and their respective alternates are elected by Class B Shareholders Meeting (at least one shall be independent), and (iii) one regular director and the respective alternate are elected by Class C Shareholders Meeting. Currently, TGN has 3 independent directors and, therefore, complies with Recommendation II.4.2 (at least 20% of members are independent). All of them are appointed for one year.

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
II.4.2 During the year, the shareholders adopted, at a General Meeting, a policy to maintain a proportion of at least 20% of independent members on the Board. Please describe the relevant aspects of such policy and any shareholders' agreement that establishes their manner of appointment and term. Inform whether independent status of Board members has been challenged during the year and if any abstention or conflict of interest have occurred.		X		See response to II.4.1. The independence of directors has never been challenged. Directors who were subject to a conflict of interest acted in accordance with Section 272 of the GCL.
Recommendation II.5: Have regulations and procedures in place for selecting and proposing Board members and senior managers.				
Answer whether: II.5.1. Issuer has an Appointment Committee,			X	There is no such committee.
II.5.1.1 such committee is made up by at least three Board members, most of them independent,				N/A
II.5.1.2 such committee is chaired by an independent Board member,				N/A
II.5.1.3: such committee has qualified members experienced in human resources issues,				N/A
II.5.1.4 such committee meets at least twice a year.				N/A

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	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
II.5.1.5 such committee's decisions are binding on Shareholders or just a recommendation about selection of Board members.				N/A
II.5.2 In case there is an Appointment Committee, it shall:				N/A
II.5.2.1 ensure that its regulations are annually reviewed and propose modifications to the Board for its approval,				N/A
II.5.2.2 propose criteria (qualification, experience, professional and ethical standing, among others) for the selection of new Board members and senior management,				N/A
II.5.2.3: identify candidates for the Board to be proposed by the Committee to the General Shareholders' Meeting,				N/A
II. 5.2.4 recommend Board members for appointment to the different Board committees, according to their professional background,				N/A
II. 5.2.5 recommend that Chairman is not the same person as Issuer's General Manager,				N/A ((However, TGN Chairman is not the General Manager).
II. 5.2.6 ensure that Board members and senior management curriculum vitae are available at Issuer's web site, including Board members' terms of office,				N/A ((However, this information is available at CNV's financial information highway, as part of the information memorandum for placement of notes).

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
II.5.2.7 assure a succession plan is in place for Board members and senior management.				N/A
II.5.3 If relevant, add any policies implemented by Issuer's Appointment Committee not mentioned in previous section.				N/A
Recommendation II.6: Evaluate the convenience that Board members and/or statutory auditors and/or supervisory committee members perform duties at several Issuers.				
Answer whether: Issuer sets restrictions for Board members and/or statutory auditors and/or supervisory committee members to perform duties at other entities not belonging to Issuer's economic group. Specify said restriction and any breach thereof during the year.			X	Based on past years' experience, the Board considers that having Board members and/or statutory auditors performing duties as such in other entities does not affect the Company, this notwithstanding Section 272 of the Argentine GCL. However, any such restriction should be established at a Shareholders' Meeting.
Recommendation II.7: Ensure training and career development for Issuer's Board members and senior management. Answer whether:				
II.7.1 Issuer has ongoing training programs for its Board members and senior management, including, among others, their roles and responsibilities, integral corporate risk management, knowledge specific to business and its regulations, corporate governance dynamics, and corporate social responsibility matters. In the case of Audit Committee members, international accounting, audit and internal control standards, and specific capital market regulations. Describe programs developed during the year and their degree of compliance.		X		See answer to II.1.1.9.

	Compliance Total (1)	Compliance Partial (1)	Non-compliance (1)	Report (2) or Explain (3)
II.7.2 Issuer encourages ongoing training among Board members and senior management, through means other than those mentioned in II.7.1, so that they improve their educational backgrounds and add value to Issuer. Describe how this is done.		X		See answer to II.1.1.9.
PRINCIPLE III. ENDORSE AN EFFECTIVE POLICY FOR IDENTIFYING, MEASURING, MANAGING AND COMMUNICATING CORPORATE RISK				
Recommendation III: The Board must have a policy on integral corporate risk management and monitor its correct implementation. Answer whether:				
III.1 Issuer has policies on integral corporate risk management (fulfillment of strategic, operational, financial, reporting, statutory and regulatory goals, among others). Describe the most relevant aspects of those policies.		X		The Company has internal rules for implementing risk controls designed to (i) anticipate events inherent to gas transportation operations in a proactive manner, (ii) establish an operational risk profile, (iii) reduce the occurrence of events, and (iv) meet regulatory requirements. Internal audit verifies the application of those rules. Also, the Company has ISO 9001 (quality management for operations), ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety) standards certified externally. Additionally, the Company has a Risk Matrix.
III.2 There is a Risk Management Committee within the Board of Directors or General Management Department. Inform whether there are procedures manuals in place and describe main risk factors specific to Issuer or its business and risk mitigation actions. If there is no such Committee, then describe the supervision role performed by the Audit Committee in connection with risk management. Also, specify the degree of interaction between the Board of Directors or its Committees and Issuer's General Management Department regarding integral corporate risk management.	X			There is a Risk Management Committee within the Steering Committee. This committee monthly monitors the Integral Risk Matrix evolution. Main risk factors comprise: failures, breakages or incidents in the facilities. For these, mitigation actions are established in a work program aimed at assuring safe service provision, according to industry´s best practices. Additionally, the Audit Committee defines its annual plan considering the nature of business and the environment in which said business takes place (including risks inherent to Company's business and operations).

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
III.3 There is an independent role as part of the Issuer's General Management Department, responsible for implementing integral risk management policies (such as a Risk Management Officer or equivalent). Explain.		X		TGN does not have the position of "risk officer", but it has a Risk Management Committee and an Internal Audit Department. The Risk Management Committee monthly assesses the Company´s Integral Risk Matrix evolution.
				The Internal Audit Department assesses compliance with procedures applicable in different areas. This department reports hierarchically to the General Manager and functionally to the Board, and directly reports to the Chairman of the Board and the Audit Committee.
III.4 Integral risk management policies are regularly updated, in accordance with recommendations and well-known methodologies. Describe which ones (Enterprise Risk Management, according to the conceptual framework of COSO – Committee of Sponsoring Organizations of the Treadway Commission –, ISO 31000, IRAM 17551 standard, section 404 of Sarbanes-Oxley Act, among others).		X		Each Department performs a review of its procedures according to changes in regulations and internal operations and updates them, if applicable. See II.1.1.8.
III.5 The Board reports results from risk management oversight performed jointly with the General Management Department in financial statements and annual report. Specify main aspects reported.		X		The financial statements and annual report include references to both risks inherent to TGN business segment and their impact on the results of its operations.
PRINCIPLE IV. SAFEGUARD THE INTEGRITY OF FINANCIAL INFORMATION THROUGH INDEPENDENT AUDITS				
Recommendation IV: Assure independence and transparency in the roles of the Audit Committee and External Auditor. Answer whether:				
IV.1. The Board, when appointing Audit Committee members, taking into account that a majority of them must be independent, assesses whether it is convenient that the Committee is chaired by an independent member.	X			The Audit Committee is made up by three regular directors and three alternate directors, and the majority of them are independent. The Board deems it convenient that the Committee is chaired by an independent director, and this is the criterion applied.

	Compliance		Non-compliance (1)	Report(2) or Explain (3)
	Total (1)	Partial (1)		
IV.2 There is an internal audit role that reports to the Audit Committee or Chairman of the Board and is responsible for assessing the internal control system. State if the Audit Committee or Board reviews annually the performance of the internal audit area and the degree of independence of their professional work, meaning that professionals responsible for that role are independent from all other operating areas and also independent from controlling shareholders or related entities that exercise significant influence on Issuer. Also, specify if the internal audit role performs its duties in accordance with international auditing standards issued by the *Institute of Internal Auditors* (IIA).	X			TGN has an Internal Audit Department, independent from other operating areas and shareholders or related entities that reports hierarchically to the General Manager and functionally to the Board of Directors, and directly reports to the Chairman of the Board and Audit Committee, which reviews its performance. This Department applies the IIA standards and, in accordance with three-year plans, supervises compliance with procedures related to internal control. The head of this department is independent as established in Recommendation IV.2.
IV.3 Audit Committee members annually review the qualification, independence and performance of External Auditors appointed by the Shareholders' Meeting. Describe the relevant aspects of the procedures applied to perform said review.	X			The Audit Committee, on a yearly basis, reviews the independent status of External Auditors as required by the National Securities Commission, and also whether they have properly performed their duties and reported their independent status as required of External Auditors by CNV each year.

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
IV.4 Issuer has a policy on rotation of Supervisory Committee members and/or External Auditor; and in connection with the latter, if rotation relates to external audit firms or only their individual representatives.		X		Pursuant to the Corporate By-laws, statutory auditors are appointed to the Supervisory Committee by Shareholders; therefore, establishing rotation policies for Supervisory Committee members goes beyond the powers of this Board. However, TGN Supervisory Committee has historically changed its members and chairmanship at reasonable intervals, in accordance with rules and usual practices. As for appointment and rotation of External Auditors, the same applies, except that the Company's external accounting audit firm follows procedures to ensure the qualification, independence and performance of its members (including mandatory rotation of the engagement partner in pre-established periods), which is in turn controlled by TGN Audit Committee. Also, the Company monitors compliance with National Securities Commission regulations. TGN statutory auditors do not carry out external audit activities for the Company. Also, those statutory auditors neither participate in nor are they associated with the firm that provides external audit services. They attend Board, Audit Committee and shareholders' meetings, as prescribed by law and the Company's by-laws. .
PRINCIPLE V. ACCESS TO INFORMATION BY SHAREHOLDERS				
Recommendation V.1: Ensure that the shareholders have access to Issuer information. Answer whether:				
V.1.1 The Board holds regular briefing meetings with shareholders, at the time of presentation of the interim financial statements. Specify the number and frequency of meetings during the year.		X		The Board considers that the suitable means for ensuring that all shareholders receive the same information in terms of quality, quantity and timing is the CNV's financial information highway and Buenos Aires Stock Exchange bulletin. For the time being, the Board does not hold regular briefing meetings with shareholders, except for the Shareholders' Ordinary Annual Meeting.

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
V.1.2 Issuer has mechanisms for providing information to investors and a specialized area for handling their queries; whether Issuer has a website that can be accessed by shareholders and other investors, and serves as a point of contact among them. Describe.	X			In addition to what is mentioned in V.1.1., the Board considers that all relevant information about the Company, which in accordance with the Regulations is to be provided to the market, is disclosed in due time. The Company has a freely accessible website that contains a wide range of information about the Company's activities, in addition to information available to investors through CNV´s financial information highway. This site has a link to the National Securities Commission web site and another link to the National Gas Regulatory Entity web site. The Company replies to specific queries from investors through the Market Relations Officer.
Recommendation V.2: Promote active participation of all shareholders. Answer whether:				
V.2.1 The Board takes measures to promote the participation of all shareholders at General Shareholders' Meetings. Distinguish between measures required by law and those offered by Issuer to its shareholders voluntarily.	X			In order to promote the participation of shareholders, TGN strictly observes all regulatory requirements concerning publicity of its Shareholders' Meetings.
V.2.2 Regulations are in place to provide that information is made available to shareholders in sufficient advance to general meetings for decision-making purposes. Describe the main provisions of those regulations.			X	The proceedings of General Shareholders' Meetings are not governed by any specific regulations, but are subject to the Argentine GCL provisions, National Securities Commission regulations and those established in the corporate By-laws.

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
V.2.3 Issuer has implemented mechanisms for minority shareholders to be able to propose issues to be discussed at General Shareholders' Meetings in accordance with applicable regulations. Explain.	X			The Board considers that regulations in force protect the right of minority shareholders to participate in meetings, if willing, and propose issues to be discussed, and complies with such regulations. TGN Board considers that the participation of minority shareholders in meetings is a healthy practice. The Board believes that all shareholders attending Shareholders' Meetings have their right to speak and vote thereat assured. From 1992 to date, no decision adopted by a TGN Shareholders' Meeting has been objected to.
V.2.4 Issuer has policies in place to encourage the participation of substantial shareholders, such as institutional investors. Explain.			X	The Board considers that the institutional investor is qualified enough to determine *per se* the desired level of involvement in the company business.
V.2.5 At Shareholders' Meetings where Board members are to be appointed: (i) candidates' position regarding the adoption or non-adoption of a Corporate Governance Code; and (ii) the reason for such position, are made known prior to voting.			X	Board members are proposed by the shareholders. So far, shareholders have not commented on their candidates' position regarding the Corporate Governance Code. TGN Board formalizes its position about the Corporate Governance Code through this Exhibit to the Annual Report.
Recommendation V.3: Ensure the principle of equality between shares and votes.				
Answer whether Issuer has a policy that promotes the principle of equality between shares and votes. Describe how the capital structure has changed over the last three years in terms of outstanding shares by class.	X			TGN bylaws establishes equality between shares and votes since all shares, irrespective of their class, carry the right to one vote. Over the last three years, the percentage of Class A, B and C shares has remained unchanged.

Transportadora de Gas del Norte S.A.

	Compliance Total [1]	Compliance Partial [1]	Non-compliance [1]	Report [2] or Explain [3]
Recommendation V.4: Establish mechanisms to protect all shareholders from takeovers.				
Answer whether Issuer abides by the System of Public Offering for Mandatory Purchases. Otherwise, describe if there are other alternative mechanisms included in the by-laws, such as tag along rights or others.		X		The by-laws establish requirements for exercising tag along rights for the benefit of Class C shares.
Recommendation V.5: Encourage share dispersion of Issuer.				
Answer whether Issuer has a share dispersion of at least 20 per cent of its common shares. Otherwise, whether Issuer has a policy to increase its share dispersion in the market. Specify the percentage of share dispersion as a percentage of Issuer's capital and changes in that percentage over the last three years.	X			The company's capital is divided into three classes of shares under the by-law. One of those three classes, Class C, represents 20% of the capital stock and is traded on the Buenos Aires Stock Exchange.
Recommendation V.6: Ensure there is a clear dividend policy in place. Answer whether:				
V.6.1 Issuer bylaws provides for a policy for distributing dividends in cash or in kind and whether such policy is approved at Shareholders' Meetings. If so, specify criteria, conditions and frequency for dividend payment.			X	Considering that the new administration is completing a regulatory normalization process after more than a decade of rate freezing, and that the Comprehensive Renegotiation Agreement for the License is still pending approval from the National Executive Branch, TGN Board believes that establishing a dividend distribution policy is not feasible or prudent at this moment.

	Compliance Total (1)	Compliance Partial (1)	Non-compliance (1)	Report (2) or Explain (3)
V.6.2 Issuer has documented processes for proposing allocation of Issuer's retained earnings, including the creation of legal, statutory or voluntary reserves, their carry-forward to the following fiscal year and/or payment of dividends. Explain those processes and specify the shareholders' meeting where distribution of dividends in cash or in kind or non-distribution was approved, if not established in the corporate bylaws.		X		The allocation of retained earnings proposal is part of the process of preparing the financial statements and annual report. The latest allocation of retained earnings, for fiscal year 2016, was approved at the Ordinary Shareholders Meeting held on March 30, 2017.
PRINCIPLE VI. MAINTAIN A DIRECT AND RESPONSIBLE RELATIONSHIP WITH THE COMMUNITY				
Recommendation VI: Provide Issuer related information to the community as well as a direct communication channel between the community and the company. Answer whether:				
VI.1 Issuer has an updated web site for public access, that not only contains relevant information about the company (by-laws, economic group, Board composition, financial statements, annual report, etc.) but also allows users to make inquiries.	X			TGN has an updated web site that shows relevant information on the company and allows users to make inquiries through different forms created for such purpose. See item VIII.2.
VI.2 Issuer submits a Corporate Social Responsibility and Environmental Report annually, audited by an independent external auditor. If so, specify legal or geographic scope or coverage and where it is available. Specify rules or initiatives adopted in implementing its corporate social responsibility policy (Global Reporting Initiative and/or United Nations Global Compact, ISO 26.000, SA8000, Millennium Development Goals, SGE 21-Foretica, AA 1000, Ecuador Principles, among others).		X		TGN issues an Annual Sustainability Report that follows international standards of G3 Guide for GRI ("Global Reporting Initiative"). This report is published on an annual basis in the United Nations web site and is supervised by an external consultant who makes improvement recommendations. The Sustainability Report is also available on TGN web site and includes, among other topics, measures adopted in connection with greater transparency of social responsibility actions. It also summarizes actions related to environmental protection adopted during the year.

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
PRINCIPLE VII. FAIR AND RESPONSIBLE REMUNERATION				
Recommendation VII: Establish clear remuneration policies for Board members and senior managers, taking into account customary or statutory limitations based on the existence or non-existence of profits. Answer whether:				
VII.1. Issuer has a Remuneration Committee:			X	TGN has no Remuneration Committee.
VII.1.1 that is made up by at least three Board members, most of them independent,				N/A
VII.1.2 that is chaired by an independent Board member,				N/A
VII.1.3 has members who are qualified and experienced in human resource policy issues,				N/A
VII.1.4 that holds meetings at least twice a year,				N/A
VII.1.5 the decisions of which are not binding on the General Shareholders' Meeting or Surveillance Committee, and simply recommend a remuneration for Board members.				N/A
VII. 2 Issuer has a Remuneration Committee. If so, it:				

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
VII.2.1 ensures there is a clear relationship between the performance of key employees and their fixed and variable remuneration, considering risks assumed and their management,				N/A
VII.2.2 supervises that the variable component of the remuneration of Board members and senior managers is linked to Issuer's medium and/or long term performance,				N/A
VII.2.3 reviews how Issuer's policies and practices compare to similar companies' remuneration and benefits and recommends changes, if necessary,				N/A
VII.2.4 defines and communicates policies on retention, promotion, dismissal and termination of key employees,				N/A
VII.2.5 establishes retirement guidelines for Issuer's Board members and senior managers,				N/A
VII.2.6 regularly reports to the Board and Shareholders about actions taken and topics discussed at its meetings,				N/A
VII.2.7 ensures attendance by the Chairman of the Remuneration Committee to such General Shareholders' Meeting where the Board remuneration is approved to explain remuneration policy for Board members and senior managers.				N/A

	Compliance Total (1)	Compliance Partial (1)	Non-compliance (1)	Report (2) or Explain (3)
VII. 3 If relevant, specify those policies applied by Issuer's Remuneration Committee that have not been mentioned in previous item.				N/A
VII. 4 If there is no Remuneration Committee, explain how duties described in VII.2 are performed by the Board.		X		Some of the duties described in VII.2 are performed by the General Manager, in cooperation with Human Resources Manager, and reported to the Chairman. Audit Committee reviews managers' remuneration.
PRINCIPLE VIII. PROMOTE BUSINESS ETHICS				
Recommendation VIII: Ensure ethical conduct by Issuer. Answer whether:				
VIII.1 Issuer has a Code of Business Conduct. Specify main guidelines and whether the Code is generally available to the public. The Code is signed at least by Board members and senior managers. Specify whether suppliers and customers are encouraged to follow the Code.	X			TGN has a Code of Ethics published in its web site. Said code covers Social Responsibility, Corporate Principles, Ethical Values and Behavior Guidelines. The Code of Ethics contains values that should be observed when making decisions and taking actions related to the Company and its employees. It also serves as a basis for assessing conducts within the Company. The Code of Ethics applies to TGN Board and staff and that of its controlled companies. It also applies to relationships with contractors, subcontractors, suppliers, customers, public officers, shareholders and investors and third parties in general.
VIII.2 Issuer has mechanisms to receive complaints about any illicit or unethical conduct, either personally or electronically, that ensure that any information disclosed is handled in accordance with strict confidentiality, integrity, recording and maintenance standards. Specify whether reports are received and reviewed by Issuer's employees or external professionals for greater protection of reporter.	X			TGN has a communication channel by means of which employees, suppliers, customers and third parties in general can report any potential irregularity or infringement of the Code of Ethics. The general public may communicate by using the TRANSPARENT LINE form available at TGN website or by dialing the toll free number 0800-122-8464. Reports received are treated as strictly confidential provided allowed under the law. The company's Committee of Conduct Evaluation will determine the course of action.

	Compliance		Non-compliance (1)	Report (2) or Explain (3)
	Total (1)	Partial (1)		
VIII.3 Issuer has policies, processes and systems for management and resolution of complaints mentioned in item VIII.2. Describe the most relevant aspects and specify the extent of involvement by the Audit Committee in such resolutions, particularly complaints about internal controls for reporting purposes and those related to behaviors on the part of Board members and senior managers.	X			See VIII.2. The Audit Committee becomes immediately aware of any event made known to the Company through any of the channels described in VIII.2.
PRINCIPLE IX. ENHANCE THE SCOPE OF THE CODE				
Recommendation IX: Promote addition of good governance practices into the by-laws.				
Answer whether the Board intends to reflect the provisions of the Corporate Governance Code, either in whole or in part, in the company's bylaws, including the Board general and specific responsibilities. Specify which provisions have been actually included in the by-laws since the Code came into effect.			X	TGN Board shares the principles reflected in the Corporate Governance Code and considers that its performance is in line with the Code provisions, even when the manner in which such provisions are implemented may differ in some cases. We believe that the by-laws provisions are consistent with the Corporate Governance Code and do not conflict with any of the recommendations contained in the Code. As a result, the Board does not deem it necessary to amend the corporate by-laws at this moment. Additionally, Laws 19,550 and 26,831, jointly with the Code of Ethics, provide for a proper legal framework for the performance of the Company's directors, statutory auditors, managers and employees.

(1) Mark with a cross where applicable.
(2) In case of total compliance, inform how Issuer complies with the principles and recommendations of the Corporate Governance Code.
(3) In case of partial compliance or non-compliance, describe the reasons and inform the actions, if any, foreseen by the Issuer's Board for the following fiscal year or years. Otherwise, describe the reasons why following the recommendation is not considered appropriate or applicable.

City of Buenos Aires, March 7, 2018

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016 (in thousand pesos)

	Note	12.31.2017	12.31.2016
ASSETS			
Non-current assets			
Property, plant and equipment	**6**	21,696,171	2,009,912
Investments in affiliated companies	**7**	9,872	5,364
Materials and spare parts	**10**	98,353	88,740
Other accounts receivable	**11**	148,353	132,934
Deferred income tax asset	**8**	-	302,918
Trade accounts receivable	**12**	1,434,545	1,121,815
Investments at amortized cost	**9**	35,085	42,370
Total non-current assets		23,422,379	3,704,053
Current assets			
Materials and spare parts		36,848	21,542
Other accounts receivable	**11**	102,580	60,323
Trade accounts receivable	**12**	895,972	437,855
Investments at amortized cost	**9**	8,645	8,731
Investments at fair value	**9**	117,991	101,296
Cash and cash equivalents	**13**	475,496	250,865
Total current assets		1,637,532	880,612
Total assets		25,059,911	4,584,665

See our report dated March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Tº 1 Fº 17

Transportadora de Gas del Norte S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016 (in thousand pesos)

	Note	12.31.2017	12.31.2016
SHAREHOLDERS' EQUITY			
Common stock	**14**	439,374	439,374
Property, plant and equipment revaluation allowance	**2.5**	14,135,790	-
Other reserves		4,725	2,796
Retained earnings		455,552	(386,304)
Total shareholders' equity		15,035,441	55,866
LIABILITIES			
Non-current liabilities			
Contingencies	**18**	25,521	25,158
Deferred income tax liability	**8**	4,993,937	-
Loans	**15**	4,047,412	2,945,213
Other debts	**16**	21,061	49,977
Trade accounts payable	**17**	154,924	397,114
Total non-current liabilities		9,242,855	3,417,462
Current liabilities			
Contingencies	**18**	76,341	88,947
Loans	**15**	31,250	482,615
Salaries and social security contributions		139,801	118,573
Taxes payable		69,897	67,063
Other debts	**16**	105,119	54,989
Trade accounts payable	**17**	359,207	299,150
Total current liabilities		781,615	1,111,337
Total liabilities		10,024,470	4,528,799
Total liabilities and shareholders' equity		25,059,911	4,584,665

The accompanying notes 1 to 27 are an integral part of these financial statements.

See our report dated March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Tº 1 Fº 17

Dr. Carlos N. Martínez
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. Tº 155 Fº 146

Juan José Valdez Follino
Regular Statutory Auditor

Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

STATEMENTS OF COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016 (in thousand pesos)

	Note	12.31.2017	12.31.2016
Revenues	**19**	3,875,276	1,835,265
Cost of services	**20**	(1,698,458)	(1,118,199)
Gross profit		**2,176,818**	**717,066**
Selling expenses	**20**	(137,994)	(176,390)
Administrative expenses	**20**	(443,975)	(272,878)
Income before other net income and expenses		**1,594,849**	**267,798**
Other net income and expenses	**21**	(16,949)	(59,755)
Income before financial income		**1,577,900**	**208,043**
Net financial income			
Other net financial income	**22**	(334,516)	(401,136)
Financial income	**22**	122,822	87,038
Financial expenses	**22**	(185,295)	(293,891)
Net financial income (loss)		**(396,989)**	**(607,989)**
Income from investments in affiliated companies	**7**	2,579	(1,003)
Income before income tax		**1,183,490**	**(400,949)**
Income tax			
Current		-	-
Deferred		(341,634)	142,123
Subtotal income tax	**8**	**(341,634)**	**142,123**
Income (loss) for the fiscal year		**841,856**	**(258,826)**
Items that will be reclassified through profit or loss			
Changes in fair value of derivatives held as cash flows hedge	**3.3.1.1**	-	(25)
Affiliated companies' financial statements currency translation adjustment	**7**	1,929	2,796
Items that will not be reclassified through profit or loss			
Property, plant and equipment revaluation allowance	**2.5**	14,135,790	-
Other comprehensive income for fiscal year		**14,137,719**	**2,771**
Comprehensive income (loss) for the year		**14,979,575**	**(256,055)**
Net income (loss) per share	**23**	1.9160	(0.5891)

The accompanying notes 1 to 27 are an integral part of these financial statements.

See our report dated March 7, 2018

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Transportadora de Gas del Norte S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016 (in thousand pesos)

ITEM	Common stock	Common stock adjustment	Property, plant and equipment revaluation allowance	Other reserves	Retained earnings	Total shareholders' equity
Balances as of December 31, 2015	**439,374**	**390,185**	**-**	**25**	**(517,663)**	**311,921**
Resolution of Ordinary Shareholders' Meeting held on April 14, 2016:						
Partial absorption of loss for fiscal year 2015 against common stock adjustment	-	(390,185)	-	-	390,185	-
Loss for fiscal year	-	-	-	-	(258,826)	(258,826)
Changes in fair value of derivatives held as hedge	-	-	-	(25)	-	(25)
Affiliated companies' financial statements currency translation adjustment	-	-	-	2,796	-	2,796
Balances as of December 31, 2016	**439,374**	**-**	**-**	**2,796**	**(386,304)** (1)	**55,866**
Profit for fiscal year	-	-	-	-	841,856	841,856
Property, plant and equipment revaluation allowance	-	-	14,135,790	-	-	14,135,790
Affiliated companies' financial statements currency translation adjustment	-	-	-	1,929	-	1,929
Balances as of December 31, 2017	**439,374**	**-**	**14,135,790**	**4,725**	**455,552**	**15,035,441**

(1) The Shareholders' Meeting held on March 30, 2017 resolved to post the loss derived from fiscal year ended December 31, 2016 under Retained Earnings (see Note 14).

The accompanying notes 1 to 27 are an integral part of these financial statements.

See our report dated March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

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Transportadora de Gas del Norte S.A.

STATEMENTS OF CASH FLOWS FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016 (in thousand pesos)

	Note	12.31.2017	12.31.2016
Profit (loss) for fiscal year		841,856	(258,826)
Adjustments to cash generated by (used in) operating activities:			
Property, plant and equipment depreciation		192,512	159,251
Residual value of disposed property, plant and equipment		377	3,646
Income tax	**8**	341,634	(142,123)
Accrued interest generated by liabilities	**22**	168,766	271,559
Accrued interest generated by assets	**22**	(67,551)	(56,704)
Increase in allowances and provisions (net of recoveries)		272,334	399,051
Exchange rate differences and other net financial income		304,523	598,055
Income (loss) from investments in affiliated companies		(2,579)	1,003
Net changes in operating assets and liabilities:			
Increase in trade accounts receivable		(661,320)	(803,129)
(Increase) decrease in other accounts receivable		(89,937)	60,121
Increase in materials and spare parts		(33,330)	(28,025)
(Decrease) increase in trade accounts payable		(253,774)	271,085
Increase in salaries and social security contributions		21,228	50,630
Increase in taxes payable		532	57,353
Increase in other debts		43,447	6,574
Decrease in contingencies		(52,649)	(12,357)
Net cash flow generated by operating activities		**1,026,069**	**577,164**
Acquisition of property, plant and equipment	**6**	(788,137)	(328,610)
Dividends received		-	15,209
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)		5,498	(3,256)
Principal received from investments at amortized cost and investments at fair value		8,372	8,374
Interest received from investments at amortized cost and investments at fair value		11,656	19,402
Net cash flow used in investing activities		**(762,611)**	**(288,881)**
Cash flow hedge transactions		-	(25)
Syndicated loan, net of expenses	**15.2**	3,822,260	-
Principal repayment on notes	**15.2**	(3,641,120)	(157,794)
Interest payment on notes	**15.2**	(283,425)	(137,817)
Net cash flow used in financing activities		**(102,285)**	**(295,636)**
Net increase (decrease) in cash and cash equivalents		**161,173**	**(7,353)**
Cash and cash equivalents at the beginning of fiscal year		250,865	209,602
Financial income generated by cash		63,458	48,616
Cash and cash equivalents at the end of fiscal year	**13**	**475,496**	**250,865**

The accompanying notes 1 to 27 are an integral part of these financial statements.

See our report dated March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW

1.1 - Incorporation of the Company

Transportadora de Gas del Norte S.A. ("the Company" or "TGN") was incorporated on November 24, 1992 as a result of the enactment of Laws Nos. 23,696 and 24,076 ("Natural Gas Act") and the issuance of National Executive Branch Decree No. 1,189/92, whereby the privatization of the natural gas transportation and distribution services and the setting up of the companies that would receive the licenses to operate those services were established. The Company was granted a license (the "License") pursuant to which TGN is authorized to provide the public service of natural gas transportation through the exclusive utilization of its two pipelines in the northern and central-western regions of Argentina.

1.2 - Argentine economic context, energy crisis and its impact on the economic and financial position of the Company

In view of the major changes seen in the main macroeconomic variables that Argentina has experienced since late 2001, as from January 2002 the National Government issued laws, executive orders and regulations that involved a deep change to the then prevailing economic model, which caused a significant impact on the Company's economic and financial equation, its business and the regulatory framework. The most significant changes are mentioned below:

(i) The Public Emergency Law 25,561 ("LEP") established the pesification of the rates for natural gas transportation services within the domestic market and repealed the semi-annual adjustment mechanism based on the Producer Price Index ("PPI"). Furthermore, the LEP authorized the National Executive Branch to renegotiate public works and services contracts and rates. Note 1.3 details several issues relating to rates, the License and the impact of the amendments introduced by the LEP on the Company's regulatory framework.

(ii) As from 2004 the National Government adopted a number of measures to mitigate the effects of the energy crisis as a result of a natural gas and electricity shortage. The former National Energy Secretariat, the former Fuel Under-secretariat and the National Gas Regulatory Entity ("ENARGAS") have adopted a number of measures to prevent a shortfall in domestic natural gas supply and its effects on the wholesale electricity supply, including measures that led to almost cessation of natural gas exports in order to prioritize the supply of domestic demand. Trust funds were also established to finance investments in the expansion of the natural gas transportation and distribution systems and gas imports. These government measures that ultimately did not keep Argentina from again relying on fuel imports, have had an adverse impact on TGN´s gas transportation agreements. This has resulted in material contractual controversies with certain export customers, as described in Notes 18.1.4 and 18.1.5.

(iii) In 2016 TGN entered into a Temporary Agreement under which it obtained a significant rate increase. Additionally, during said fiscal year, the Ministry of Energy and Mining instructed ENARGAS to carry out the Comprehensive Rate Review ("CRR") process with all natural gas transportation and distribution Licensees (see Note 1.3.3).

1 – OVERVIEW (Cont.)

1.2 - Argentine economic context, energy crisis and its impact on the economic and financial position of the Company (Cont.)

The impact generated by all measures adopted so far by the National Government on the Company's balance sheet and financial position as of December 31, 2017 was measured on the basis of estimates used by the Board of Directors as of the date of issuance of these financial statements. The future development of the economy might require the National Government to modify some measures adopted or issue additional regulations. However, actual future results could differ from estimates made at the date of issuance of these financial statements and those differences could be significant.

1.3 - Regulatory framework

1.3.1 - General

The Natural Gas Act and its regulations, together with the License, the Transfer Agreement, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. ("GdE") and the resolutions adopted by ENARGAS establish the legal framework pursuant to which the Company carries out its business. The License was granted for an original term of 35 years, which expires in December 2027. However, the Natural Gas Act and the License provide that the Company may request from ENARGAS an extension of the License for an additional ten-year term. At that time ENARGAS is required to evaluate the Company's performance and make a recommendation to the National Executive Branch.

1.3.2 - Rates

Gas transportation rates were established under the License and are regulated by ENARGAS. Section 38 of the Natural Gas Act establishes that rates must allow covering reasonable operating costs, taxes and depreciation charges, enable to obtain a reasonable profit margin similar to that derived from other comparable or equivalent risky activities and must be in line with the degree of efficiency in the provision of the services. The rates are subject to:

i. adjustments under the five-year rate review by ENARGAS, concerning the "X" efficiency factor and "K" investment factor, where "X" reduces rates as a result of increased efficiency while "K" increases rates to promote unprofitable investments;
ii. non-recurring adjustments to reflect changes in costs resulting from changes in tax regulations (except for changes in income tax); and
iii. non-scheduled adjustments for other objective and justifiable reasons at the discretion of ENARGAS.

1.3.3 - License

Since the enactment of the LEP in early 2002 and subsequent extensions until to December 31, 2017, gas transportation rates were converted into Argentine pesos and frozen, preventing the Company from continuing to invest in the system expansion. Public trusts organized by the former National Secretariat of Energy have replaced the Company in that role since 2004. These trusts are financed through rates that largely exceeded, at the moment of their establishment, the rate collected by TGN.

1 – OVERVIEW (Cont.)

1.3.3 – License (Cont.)

The combined effect of the rate freezing, the steady increase in costs and the devaluation of the Argentine peso against the US dollar has materially impaired operating results of TGN, which has recorded losses from 2011 up to and including the first quarter of 2016. TGN has not received and is not receiving any subsidy from the National Government.

In April 2014 and June 2015 TGN received interim rate increases of 20% and 69.1%, respectively.

In February 2016, TGN entered into a Temporary Agreement with the Ministry of Finance and Ministry of Energy and Mining that set the basic guidelines for a temporary adjustment of its rates and a future CRR, subject to the execution of a comprehensive contractual renegotiation agreement.

On March 31, 2016, ENARGAS issued resolution I/3723, establishing a temporary increase of 289.2% on TGN's rates as from April 1st, 2016. Additionally, ENARGAS established a mandatory investment plan. Meanwhile, TGN will not be allowed to distribute dividends without ENARGAS' prior authorization.

On March 30, 2017, the Company entered into an agreement for the comprehensive renegotiation of the License (the "Comprehensive Agreement"), with the Ministry of Finance and Ministry of Energy and Mining, which effective date is subject to the National Executive Branch's approval, after review by the Federal Treasury Attorney's Office, Argentina's General Accounting Office, and both chambers of the National Congress following the opinion of a bicameral commission. In March 2017 TGN was granted a new temporary average rate increase of 49%, and then in December that year, still another temporary rate increase of 71.6%, in both cases on account of a higher increase to be applied as a result of a CRR carried out by ENARGAS and tied to mandatory investments for $ 457 million through March 2018.

The Comprehensive Agreement, which was ratified by the Company´s extraordinary shareholders meeting held on June 14, 2017, puts an end to a fifteen-year period of legal and regulatory instability that started in 2002 with the LEP. It sets forth the terms and conditions agreed between the National Executive Branch and TGN to have the License updated, establishes the guidelines under which ENARGAS conducted the CRR for 2017-2022 period and concludes the renegotiation process conducted within the framework of the LEP. Once this agreement comes into force, after National Executive Branch ratification, its provisions will cover the contract period from January 6, 2002 to the expiration date of the License.

Between April 1, 2017 and March 31, 2022, the Company must implement a Mandatory Investment Plan for approximately $ 5.6 billion. The Comprehensive Agreement also established the guidelines under which ENARGAS carried out the CRR for 2017-2022 periods.

1 – OVERVIEW (Cont.)

1.3.3 – License (Cont.)

As a condition precedent to the ratification of the Comprehensive Agreement, TGN requested to stay the suit filed against the National Government claiming damages suffered by the Company as a result of the pesification and subsequent freeze of its rates (see Note 18.1.6). Additionally, within ninety calendar days following ENARGAS approval of the rate schedule resulting from the CRR, or following the last rate increase stage, not to exceed April 1, 2018, or following approval of the distribution rate schedules including the aforementioned rate schedules, as appropriate, TGN shall fully and expressly waive the right and dismiss the action brought against the National Government, as well as all rights it might invoke or bring against the National Government in connection with License related measures resulting from the LEP and/or the Producer Price Index ("PPI") discontinuation. The same must be done by the Company's controlling shareholder, Gasinvest S.A. ("Gasinvest"), and the shareholders representing at least two thirds of Gasinvest's capital stock. See Note 18.1.6.

The Comprehensive Agreement contains an indemnity clause for the benefit of the National Government. On the one hand, TGN agrees to hold the National Government harmless in the event that any of TGN's and/or Gasinvest's shareholders and/or any assignee thereof obtain a final award or judgment, in Argentina or abroad, consisting of any type of economic indemnity, relief or compensation in connection with License related matters resulting from the LEP and/or PPI discontinuation, including legal costs and fees.

In such case, the Company shall not be entitled to seek any relief, indemnity or compensation from the National Government, and costs and expenses incurred by TGN shall not be transferred to the users of the transportation service.

On the other hand, the Company agrees to hold the National Government harmless from and against any arbitration awards obtained by former shareholders CMS and Total prior to the execution of the Comprehensive Agreement. The amount of that indemnity, to be determined, will not include the proportional reduction percentage established or to be established under the respective payment agreements, will exclude default interest accrued against the National Government, and will be calculated at its present value. By way of illustration, the amounts awarded are as follows: CMS Gas Transmission Company v. Argentine Republic (Case No. ARB/01/8 in favor of CMS for US$ 133.2 million, dated May 12, 2005) and Total S.A. v. Argentine Republic (Case No. ARB/04/1 in favor of Total for US$ 85.2 million, dated November 27, 2013).

TGN shall indemnify the National Government –for such amount to be determined based on the above - only through sustainable investments, additional to those established by ENARGAS as mandatory investments under the CRR, in gas pipelines and complementary facilities in the "Neuquina Basin". These investments shall not form part of the Company's rate base.

1 – OVERVIEW (Cont.)

1.3.3 – License (Cont.)

Rate increases implemented since 2016 have allowed the Company to cover its operating and maintenance expenses, execute certain works and meet its financial liabilities when due. In order to maintain transportation rates updated over time and thus the ability to meet gas pipeline operation and maintenance requirements, the CRR conducted by ENARGAS introduces non-automatic bi-annual transportation rate adjustments, between five-year rate reviews, due to changes experienced in the cost of the service, in order to maintain the economic-financial balance and quality of the service.

1.3.4 – Technical Assistance Agreement

In December 2017, with ENARGAS' prior approval, TGN decided not to renew, at year end, the technical assistance agreement entered into with certain controlling shareholders based on the accumulated knowledge and experience. Consequently, the Company has been self-operating since January 1, 2018.

1.3.5 - Decrease in revenues from gas transportation for export

Effective February 2004, the National Government adopted a number of measures, still in force, to ensure a natural gas supply sufficient to meet domestic demand, and restricted gas exports considerably. Volumes shipped for export have consistently fallen from 2006 to the end of this fiscal year. As described in Note 1.2 (ii), gas exports became virtually nil. In that context, YPF S.A. ("YPF") ceased to pay and brought administrative and court actions to obtain termination of the gas transportation contract for cause, and Chilean distributor Metrogas S.A. ("Metrogas") intended to unilaterally terminate the transportation contract and claimed compensation for damages. In April 2015 TGN early terminated the firm gas transportation contract for export with Metrogas, due to repeated breaches by said shipper. YPF and Metrogas have, as of December 31, 2017, outstanding balances of $ 1,388.4 million and $ 2,124.4 million, respectively, so the Company has set up an allowance for bad debts of $ 1,756.4 million to cover said past due balances. Disputes with these customers are described in Notes 18.1.4 and 18.1.5.

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and adopted by the National Securities Commission ("CNV").

Furthermore, the provisions of ENARGAS Resolution No. 1,660/00 (as amended by Resolution No. 1,903/00) regulating certain valuation and disclosure criteria for the regulated natural gas transportation and distribution activity have been applied. These criteria are similar to those established by IFRS. If applicable, certain amounts from prior years' financial statements have been reclassified in order to compare them to these financial statements.

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

Purpose of these financial statements:

These financial statements have been translated from the financial statements for the fiscal year ended December 31, 2017, prepared in Spanish and originally issued in the Argentine Republic. The translation into English has been made solely for the convenience of English–speaking readers, and certain notes have been rephrased to facilitate the understanding of legislation and the local economic environment.

2.1 – Use of estimates and accounting policies

The preparation of financial statements requires the Company´s Board to make estimates that affect the reported valuation of assets and liabilities at the date of issuance of these financial statements as well as income and expenses recorded for the fiscal year. However, actual results and amounts may significantly differ from estimates used in the preparation of financial statements.

Estimates and accounting policies applied by the Company during the fiscal year ended December 31, 2017 are consistent with those applied during fiscal year ended December 31, 2016.

2.2 – Interpretations and standards issued but not yet adopted

As of the date of issuance of these financial statements we are not aware of any IFRS standards that shall have been issued and are applicable to the Company or its affiliates that have not been properly considered.

2.3 - Investments in affiliated companies

Affiliated companies are all entities over which the Company exerts a significant influence. Investments in affiliated companies are valued using the equity method of accounting. Investments in affiliated companies Comgas Andina S.A. ("COMGAS") and Companhia Operadora do Rio Grande do Sul ("COPERG") have been valued at equity value, on the basis of their financial statements (see Note 7). TGN maintains an allowance to fully cover its investment in Brazilian company COPERG, because initial expectations about the business have not been fulfilled. That company's reduced level of activity will not allow recovering the investment made.

2.4 - Functional currency

(a) Functional and reporting currency

Items included in the Company's financial statements are stated using the currency of the primary economic environment in which the entity operates ("functional currency").

(b) Transactions and balances

Foreign currency transactions are converted into the functional currency based on the exchange rate prevailing at the date of the transactions or at the date of the financial statements in the case of accounts receivable or payable. Gains or losses resulting from exchange rates in force as at the date of the transaction and those in force at year end for foreign currency denominated assets and liabilities are recorded in the statement of comprehensive income under "Net financial income", while translation differences (gains or losses) are also reported in the statement of comprehensive income under "Other comprehensive income".

2.5 – Property, plant and equipment

Effective December 31, 2017, the Company's Board decided to use, between the two models established in IAS 16 ("Property, plant and equipment"), the "revaluation model" for valuating: (i) its essential assets which include gas pipelines and branch lines, compressor plants, meter and regulating stations, other technical installations, certain plots of land, buildings and civil construction works, gas inventory and the SCADA system; and (ii) all other Lands and Buildings and civil construction works (collectively, "Revalued Assets").

The change in valuation criteria from the "cost model" to the "revaluation model" applies retroactively as per IAS 8 ("Accounting Policies; Changes in Accounting Estimates and Errors").

Said change in accounting policy allows to value Revalued Assets at their fair value, and thus provide more relevant information in the Balance Sheet.

As required by CNV regulations in terms of valuation of Property, plant and equipment items at fair value, the Company has engaged independent expert witnesses to conduct said valuation, who act as advisors to the Company's Board, who is ultimately responsible for such measurement.

Revaluation shall be conducted as often as necessary so that the book value will not significantly differ from the fair value of assets as of the date of each measurement. Cumulative depreciation as of each revaluation date shall be restated proportionally to the change in the gross book value of the asset, so that the book value after revaluation is equal to its revalued amount.

To measure the fair value of Revalued Assets the "income approach" established by IFRS 13 ("Fair Value Measurement") is used as valuation technique. The Company uses a discounted cash flow model based on estimates about future performance of certain inputs that are sensitive to the fair value determination process: (i) firm transportation capacity contracted and transportation volumes sold under interruptible and exchange and displacement modalities; (ii) gas transportation rates; (iii) operation and maintenance expenses; (iv) mandatory investments agreed with ENARGAS; (v) weighted discount rate; and (vi) macro-economic variables, such as the inflation rate, devaluation rate, etc.

Discounted cash flows used cover a period of 20 years, i.e. the ten years remaining to elapse until the due date of the initial 35 year License period (to take place in 2027) plus the ten year extension period the Company may apply for (National Executive Branch Decree N° 2255/92). Additionally, TGN has reflected under discounted cash flows an additional amount foreseen in the License upon expiration thereof, when the Company will be entitled to receive the lesser of the residual value of essential assets or the amount resulting from a new tender, net of expenses and taxes paid by the successful bidder. This latter amount has been recognized by the Company as a perpetual income as of that date.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 – Property, plant and equipment (Cont.)

The increase in the book value of an asset as a consequence of a revaluation is reported under "Other comprehensive income", net of the applicable deferred tax. When the book value of an asset is impaired as a result of a revaluation, said impairment will be reported under the income/loss for the year to the extent it exceeds the balance standing in the "Property, plant and equipment revaluation allowance".

Based on the measurement made in accordance with the revaluation model, the following differences have been identified with respect to book values measured by the 'cost model', for Revalued Assets as of December 31, 2017.

Revalued Assets	Residual book value as of 12/31/2017 (cost model)	Higher value	Fair value as of 12/31/2017 (revaluation model)
Gas pipelines and branch lines	1,466,739	15,150,664	16,617,403
Compressor plants	231,170	2,387,855	2,619,025
Meter and regulating stations	22,357	230,943	253,300
SCADA System	31,680	327,196	358,876
Land	2,102	21,712	23,814
Buildings and civil construction works	35,450	366,163	401,613
Gas inventory	54,054	281,760	335,814
Other technical installations	19,111	197,410	216,521
Subtotal essential assets	**1,862,663**	**18,963,703**	**20,826,366**
Land	1,299	13,389	14,688
Buildings and civil construction works	11,029	113,919	124,948
Subtotal non-essential assets	**12,328**	**127,308**	**139,636**
Total Revalued Assets	**1,874,991**	**19,091,011**	**20,966,002**

Depreciation, based on a component criterion, will start to be recorded as of January 1, 2018, and will be calculated using the straight line method based on the remaining useful life as of the revaluation date:

	Years of estimated remaining useful life
Gas pipelines and branch lines	5 - 20
Compressor plants	20
Meter and regulating stations	20
SCADA System	10
Gas inventory	N/A
Lands	N/A
Buildings and civil construction works	29
Other technical installations	6

See our report dated
March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Tº 1 Fº 17

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 – Property, plant and equipment (Cont.)

The depreciation charge in each fiscal year is recognized under income/loss for the fiscal year, except where reported under other assets' book value. "Property, plant and equipment revaluation allowance" reported under Shareholders' Equity decreases due to the use, retirement and disposal of Revalued Assets with a counter-entry in "Retained earnings" under Shareholders' Equity, with no impact on the income/loss for the fiscal year. As for depreciation charges, the amount to be transferred to the account "Property, plant and equipment revaluation allowance" will be equal to the difference between depreciation calculated on the revalued asset and depreciation that would have been estimated on the basis of its initial cost, net of the deferred tax effect. If an impairment loss occurs, it shall be immediately recorded under income/loss for the fiscal year unless the asset is accounted for under the revaluation method. In this event the impairment loss shall be treated as a decrease in the account "Property, plant and equipment revaluation allowance", and the excess will be attributed to income/loss for the fiscal year.

2.6 – Financial Instruments

2.6.1 – Recognition and Valuation

All financial instruments have been recognized or derecognized on the trade date, i.e. the date on which the Company purchases or sells said instruments. Financial assets are initially measured at fair value, net of transaction costs, except for those financial assets classified at fair value into profit or loss, where transaction costs are recorded as a financial expense in the statement of comprehensive income.

Investments are derecognized when the right to receive their cash flows expire or is transferred and the Company substantially ceases to have all the risks and rewards derived from ownership. Trade accounts receivable and other accounts receivable are valued at amortized cost applying the effective interest rate method.

Profits and losses from changes in the fair value of financial assets at fair value through profit or loss are included in the statement of comprehensive income under "Net Financial Income", in the fiscal year in which the aforementioned changes take place.

2.6.2 - Classification

The Company classifies its financial instruments into the following categories: financial assets at fair value through profit or loss, financial assets at amortized cost and financial liabilities at amortized cost. This classification depends on the way the Company manages its financial assets and the characteristics of the contractual cash flows thereof.

The Company has a policy approved by the Board, which describes the criteria to value its investments in financial assets and establishes monitoring mechanisms to be followed by the General Management Department, as to the proper application of said criteria.

2 – PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6.2 – Classification (Cont.)

2.6.2.1 – Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value included within this category are mutual funds and certain government bonds.

2.6.2.2 – Financial Assets at Amortized Cost

The following items have been included in this category: term deposits, other investments, trade accounts receivables and certain receivables classified as "Other accounts receivables".

2.6.2.3 – Financial Liabilities at Amortized Cost

The Company has determined that all financial liabilities are valued at amortized cost using the effective interest rate method.

2.6.3 - Impairment

As of the date of issuance of each of its Financial Statements, the Company assesses if there is any objective evidence of impairment of a financial asset valued at amortized cost. A financial asset is impaired and an impairment loss is recognized if there is objective evidence of impairment as a result of one or more events occurred after the initial recognition of the asset, and such event or events, have an impact on the estimated future cash flows from the financial asset.

2.7 - Materials and Spare Parts

Materials and spare parts are recorded at their historical cost. This cost is calculated according to the "Weighted Average Price" method. The breakdown of materials and spare parts into current and non-current has been performed based on the estimated utilization schedule. An allowance for slow-moving and obsolete materials and spare parts is determined for those slow-moving or obsolete assets. Considering the economic and financial projections prepared by the Company based on its best estimate, in accordance with the guidelines established in Note 4, the book value of materials and spare parts does not exceed their recoverable value.

2.8 – Trade Accounts Receivable and Other Accounts Receivable

Trade accounts receivable represent amounts due from customers for services rendered by the Company in the normal course of its business. If said amounts are expected to be received within one year or less, they are classified as current assets. Otherwise, they are disclosed as non-current assets. Non-current trade accounts receivable are principally related to customers in dispute described in Notes 18.1.4 and 18.1.5 and have been valued according to the best estimate of discounted receivables, using a rate that reflects the time value of money and the risks specific to each transaction, considering the estimated collection term.

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.8 – Trade Accounts Receivable and Other Accounts Receivable (Cont.)

Other accounts receivable have been valued at amortized cost applying the effective interest rate method, net of an allowance for doubtful accounts. The allowance for doubtful accounts or disputed amounts for trade accounts receivable and other accounts receivable is recorded when there is objective evidence that past due amounts will not be recovered within original terms. Book value of trade accounts receivable and other accounts receivable does not present material differences when compared to their fair value.

2.9 – Cash and Cash Equivalents

This item includes available cash, bank deposits and other short-term liquid investments originally falling due within three months or less. Available cash, bank deposits and term deposits are valued at their amortized cost. Mutual funds and LEBAC bonds are valued at their fair value. Note 13 provides a breakdown of cash and cash equivalents.

2.10 – Common Stock

Common shares are recorded at their nominal value. The difference between common stock stated in constant currency and its historical nominal value is shown under “Common stock adjustment” in the statement of changes in shareholders’ equity.

2.11 Trade Accounts Payable and Other Debts

Trade accounts payable represent payment obligations for goods or services purchased from suppliers in the normal course of the Company’s business. Trade accounts payable and other debts are classified as current or non-current liabilities depending on when the Company’s liabilities become due. Trade accounts payable and other debts have been valued at their amortized cost, using the effective interest rate method. Book value of trade accounts payable and other debts does not present material differences when compared to their fair value.

2.12 - Loans

Loans have been valued at their amortized cost. Any difference between loans received (net of transaction costs) and amounts repaid is recognized in the statement of comprehensive income, using the effective interest rate method. Loans are classified as current or non-current liabilities, depending on when principal and interest payments become due.

2 – PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.13 – Income Tax and Minimum Presumed Income Tax

(a) Income Tax

The Company has recognized the income tax charge using the deferred tax method, recognizing temporary differences between accounting and tax valuations of assets and liabilities. To determine the deferred income tax, the tax rate expected to be in effect at the time of reversal or use has been applied to temporary differences identified, considering regulations in effect at the time of issuance of these Financial Statements.

(b) Minimum Presumed Income Tax

The Company determines the minimum presumed income tax by applying the current 1% rate on taxable assets at the end of each fiscal year. This tax is in addition to the income tax and the Company's tax liability in each fiscal year will be the higher of these two taxes. However, if in any fiscal year the minimum presumed income tax exceeds the income tax liability, said excess will be allocated toward the income tax liability as may accrue during any of the ten following fiscal years.

The Company has recognized the minimum presumed income tax paid in prior fiscal years and that accrued during the current fiscal year as a tax credit, because it anticipates that it will be able to allocate it toward income tax liabilities in future years. Said tax credit has been measured at nominal value, net of an allowance for doubtful recovery.

2.14 - Contingencies

Provisions for labor, civil and administrative lawsuits are recognized when the Company has a legal or constructive liability as a result of past events, and it is likely that an outflow of cash will be required to settle said liability in an amount that can be accurately estimated. Provisions for contingencies are measured at the estimated present value of cash disbursements expected to be required to settle said liability.

2.15 – Revenue Recognition

Firm transportation revenues are recognized based on the contracted capacity reserved, regardless of actual usage. Interruptible transportation revenues are recognized based on the volumes of natural gas delivered. Operation and maintenance revenues are recognized when services are provided.

2 – PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.15 – Revenue Recognition (Cont.)

An allowance is recorded for differences between total amounts invoiced as contractually agreed and estimated actual recovery of certain disputed amounts (Note 1.3.5). These allowances are reflected in Revenues.

According to the basic rules of the License, the Company transfers the turnover tax and tax on bank transactions, related to regulated services, to customers via increases in monthly billings.

Revenues from management fees in connection with works within the gas trust program (Note 26) are recognized based on work progress.

2.15.1 - Interest

Interest income is recognized based on the proportion of time elapsed, using the effective interest rate method and the original contractual rate associated with the underlying instrument or loan.

2.16 –Related Party Transactions

Related party transactions with controlling shareholder, affiliated companies and other related parties have been valued according to current market conditions. Individuals and companies comprised in Law N° 26,831, Section 72, have been included as related parties.

2.17 - Commitments

The Company has no committed expenses pending to be incurred as of the date of these Financial Statements, which have not been properly valued and disclosed.

2.18 – Financial Reporting in Hyperinflationary Economies

International Accounting Standard N° 29 (“IAS 29”) requires that financial statements of an entity which functional currency is that of an hyperinflationary economy, whether based on the historical or current cost method, be stated in terms of the measuring unit current as of the closing date of the reported period. Consequently, in general terms, non-monetary items should include actual inflation since their acquisition or revaluation date, as appropriate. The standard describes a number of characteristics that may indicate that an economy is hyperinflationary, such as when the cumulative inflation rate over three years approaches, or exceeds 100%.

The cumulative inflation rate over the three-year period ended on December 31, 2017 cannot be determined using the National Institute of Statistics and Census (“INDEC”) official database, due to the fact that in October 2015 that institute discontinued the calculation of the domestic Wholesale Price Index, which was resumed in January 2016.

2 – PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.18 – Financial Reporting in Hyperinflationary Economies (Cont.)

Based on the above, at the end of the reported fiscal year, the Board has determined that the Argentine Peso does not meet the characteristics to be rated as the currency of a hyperinflationary economy, according to the guidelines established in IAS 29. Additionally, the Board has taken into account the government's expectation that inflation will tend to decline. Consequently, these Financial Statements have not been restated at constant currency.

However, certain macroeconomic variables that impact on the Company´s business, such as costs of personnel and supplies have experienced substantial variations over the last years. This circumstance has to be considered in reviewing and interpreting the Company´s financial position and results reported in these Financial Statements.

2.19 – Changes in Interpretation and Accounting Standards

a) New accounting standards, amendments and interpretations issued by IASB applicable as from December 31, 2017, adopted by the Company

The Company has adopted the following standards and amendments for the first time for fiscal year beginning on January 1, 2017:

- Amendments to IAS 7 "Statement of cash flows": Disclosure by the Company of changes in liabilities arising from financing activities made it necessary to introduce additional information under Note 15. Said disclosure had no impact on the Company's financial position or results of operations.

- Amendments to IAS 12 "Income Taxes": Changes on the recognition by the Company of deferred tax assets for unrealized losses had no impact on the Company's financial position or results of operations.

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

- IFRS 15 "Revenue from Contracts with Customers": This standard was issued in May 2014, and later, in September 2015 the effective date was deferred to annual reporting periods beginning on or after January 1, 2018. It establishes the principles for revenue recognition and reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows from contracts with clients. The basic principle implies the recognition of revenue that represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company believes that this standard will have no impact on its financial position or results of operations.

2 – PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.19 – Changes in Interpretation and Accounting Standards (Cont.)

- IFRS 9 "Financial Instruments": This standard was amended in July 2014. It includes in one single body all phases of IASB's project to replace IAS 39 - "Financial Instruments: recognition and measurement". These phases are recognition and measurement, impairment and hedge accounting of instruments. This version adds a new expected loss impairment model and a few minor amendments to recognition and measurement of financial assets. The new standard supersedes all previous versions of IFRS 9 and is mandatorily effective for annual periods beginning on or after January 1st, 2018. The Company has adopted the first phase of IFRS 9 at the transition date and the impact of the second and third phases is expected to amount to $ 31.4 million in the event the expected loss impairment model had to be applied as of December 31, 2017.

- IFRS 16 "Leases": This standard was issued in January 2016 and replaces IAS 17. IFRS 16 defines a lease as a contract or part of a contract that conveys to customer the right to use an asset (underlying asset) for a period of time in exchange for a consideration. Under this standard, lessee is required to recognize a lease liability that reflects the present value of future payments and a right-of-use asset. This is a significant change with respect to IAS 17, which required lessees to make a distinction between a financial lease (reported in the balance sheet) and an operating lease (with no impact on the balance sheet). IFRS 16 contains an optional exception for short term leases and for leases where the underlying asset has a low value. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. The Company believes that this standard will have no impact on its financial position or results of operations

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration": Issued in December 2016. The interpretation refers to the determination of the "date of the transaction" for the exchange rate to be used on initial recognition of the related asset, expense or income when an entity has paid or received an advance consideration in a foreign currency. The date of the transaction is the date when a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration is recognized. IFRIC 22 is effective for annual reporting periods beginning on or after January 1, 2018. The Company believes that this standard will have no impact on its financial position or results of operations.

- Annual improvements to IFRS – 2014-2016 Cycle: These amendments were issued in December 2016 and are effective for annual reporting periods beginning on or after January 1, 2018. The Company believes that they will have no impact on its financial position or results of operations.

- IFRS 9 "Financial Instruments": In October 2017 changes were introduced to the application guidelines concerning classification of financial assets where contractual terms modify the timing or amount of contractual cash flows to determine if cash flows to be derived due to the amendment are solely payments of principal and interest. These changes are mandatorily effective for annual reporting periods beginning on or after January 1, 2019. Early application is permitted. The Company believes that its application will have no impact on its financial position or results of operations.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

2 – PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.19 – Changes in Interpretation and Accounting Standards (Cont.)

- IAS 28 “Investments in Associates and Joint Ventures”: Amended in October 2017 outlines that IFRS 9 applies to other financial instruments in an associate or joint venture to which the equity method is not applied. IAS 28 is effective for annual reporting periods beginning on or after January 1, 2019. Early application is permitted. The Company believes that this standard will have no impact on its financial position or results of operations.

- Annual Improvements to IFRS - 2015-2017 Cycle: These amendments were issued in December 2017 and are effective for annual reporting periods beginning on or after January 1, 2019. The Company believes that their application will have no impact on its financial position or results of operations.

3 – FINANCIAL RISK MANAGEMENT

3.1 – Financial Risk Factors

The Company’s activities expose it to various financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Company has an investment policy that provides a conceptual framework within which investments and fund placements are made, minimizing exposure to capital risk, maximizing return based on specific market characteristics, and maintaining liquidity levels necessary for its normal operation.

3.2 – Capital Risk Management

The following table shows the Company’s capitalization as of December 31, 2017 and December 31, 2016:

	12.31.2017	12.31.2016
Current Loans	31,250	482,615
Non-Current Loans	4,047,412	2,945,213
Total Loans	4,078,662	3,427,828
Common Stock	439,374	439,374
Property, Plant and Equipment Revaluation Allowance	14,135,790	-
Other Reserves	4,725	2,796
Retained Earnings	455,552	(386,304)
Total Shareholders’ Equity	15,035,441	55,866
Total Capitalization	19,114,103	3,483,694

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.3 – Market Risks

3.3.1 – Currency Risks

The Company is exposed to a currency risk, since most of its revenues are denominated in local currency and part of its costs and all of its financial debt are denominated in US dollars. In the event of a significant devaluation or inflation without an adequate rate adjustment, the Company might not be able to meet its financial commitments.

Notwithstanding the above, it should be noted that part of the investments are placed in financial instruments adjusted by the US dollar variation or directly issued in US dollars, thus enabling the Company to partially mitigate the risk of a devaluation. The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point of devaluation of the peso against the US dollar would account for an approximate loss of $ 23 million, provided that the other economic and financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable information and assumptions. Yet, actual results might significantly differ from such analysis.

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Transportadora de Gas del Norte S.A.

3 – FINANCIAL RISK MANAGEMENT (Cont.)

Foreign Currency denominated Assets and Liabilities

	12.31.17				12.31.16		
	Amount and type of foreign currency (1)		Current trading price in $	Amount in local currency (1)	Amount and type of foreign currency (1)		Amount in local currency (1)
ASSETS							
NON-CURRENT ASSETS							
Investments in affiliated companies							
Comgas Andina S.A.	$ch	331,642	0.030	9,872	$ch	232,208	5,364
Companhía Operadora do Rio Grande do Sul	R$	201	5.70	1,145	R$	166	698
				11,017			6,062
Trade accounts receivable							
Trade accounts receivable with third parties	US$	189,378	18.549	3,512,773	US$	189,378	2,990,279
				3,512,773			2,990,279
Investments at amortized cost							
Other investments	US$	395	18.549	7,326	US$	395	6,237
				7,326			6,237
Total non-current assets				**3,531,116**			**3,002,578**
CURRENT ASSETS							
Other accounts receivable							
Commercial compensations and other	US$	822	18.549	15,251	US$	807	12,737
Prepaid expenses and advances				-	US$	541	8,542
				-	£	8	156
				-	€	1	17
Other receivables with controlling companies	US$	4	18.549	76			-
Other receivables with affiliated companies	US$	6	18.549	108	US$	72	1,139
	R$	93	5.70	530	R$	105	439
				15,965			23,030
Trade accounts receivable							
Trade accounts receivable with third parties	US$	411	18.549	7,624	US$	302	4,769
Trade accounts receivable with related parties	US$	4,457	18.549	82,673	US$	3,160	49,893
Trade accounts receivable with affiliated companies	US$	25	18.549	471	US$	3,160	-
				90,768			54,662
Investments at fair value							
Government bonds			18.549	-	US$	2,166	34,201
				-			34,201
Cash and cash equivalents							
Term deposits	US$	11,006	18.549	204,146	US$	3,202	50,556
Bank balances	US$	317	18.549	5,877	US$	1,566	24,733
				210,023			75,289
Total current assets				**316,756**			**187,182**
Total assets				**3,847,872**			**3,189,760**

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3 – FINANCIAL RISK MANAGEMENT (Cont.)

Foreign Currency denominated Assets and Liabilities (Cont.)

	12.31.17				12.31.16		
	Amount and type of foreign currency (1)		Current trading price in $	Amount in local currency (1)	Amount and type of foreign currency (1)		Amount in local currency (1)
LIABILITIES							
NON-CURRENT LIABILITIES							
Loans							
Step-up Notes							
Principal				-	US$	150,066	2,384,549
Interest				-	US$	9,485	150,717
Capitalized Interest				-	US$	25,799	409,947
Syndicated Loan							
Principal	US$	220,000	18.649	4,102,780			-
Interest	US$	(2,969)	18.649	(55,368)			-
				4,047,412			2,945,213
Trade accounts payable							
Other Related Parties				-	US$	16,139	256,449
				-			**256,449**
Total Non-Current Liabilities				**4,047,412**			**3,201,662**
CURRENT LIABILITIES							
Trade Accounts Payable							
Suppliers – Goods and Services	US$	3,194	18.649	59,568	US$	7,556	120,065
	£	65	25.26	1,637	£	64	1,257
Unbilled Goods and Services	US$	6,698	18.649	124,906	US$	5,322	84,567
	£	33	25.26	842	£	14	275
	€	14	22.45	305	€	1	17
				187,258			206,181
Loans							
Five-Year Notes							
Principal				-	US$	19,544	310,554
Capitalized interest				-	US$	10,828	172,061
Syndicated loan							
Interest	US$	1,673	18.649	31,194			-
				31,194			**482,615**
Total Current Liabilities				**218,452**			**688,796**
Total Liabilities				**4,265,864**			**3,890,458**

US$: US Dollars
£: Pound sterling
€: Euros
R$: Brazilian Reais
$ch: Chilean Pesos
(1) Does not include allowances, provisions for contingencies or discounts at present value.

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3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.3.1.1 – Hedge transactions during 2016 fiscal year regarding currency risk – Loan related interest payments (Note 15)

In 2016 the Company entered into foreign currency forward contracts for hedging purposes. To such end, the Company documented at the inception of these transactions the relationship between hedging instruments and hedged items, as well as their purpose, i.e. which was no other than hedging the exchange rate risk that a variation in that rate could generate and honoring its financial liabilities. As of December 31, 2016, the effective portion of cash flow hedges amounted to $ 0.025 million and was recognized under Shareholders' Equity - "Other reserves". As of December 31, 2017, said hedge instruments are expired and cancelled.

3.3.2 – Price risks

The Company is exposed to the risk of price fluctuations in investments held and classified in its balance sheet as at fair value through profit or loss. To manage the exposure to price risks, the Company has a diversified portfolio. Portfolio diversification is subject to the restrictions established in TGN´s investment policy.

3.3.3 – Interest rate risks on fair value and cash flows

The Company's financial liabilities amount to US$ 220 million, which accrue a variable interest rate. The applicable rate is 6 months LIBO. In view of the short term and little LIBOR fluctuation in recent years, a LIBO rate increase would not have a significant impact on the Company's cash flow.

3.4 – Credit risks

The credit risk related to investments arises from the credit rating of the financial instrument and the counterparty where such instrument is deposited. The Company's investment policy establishes minimum levels of credit rating for financial instruments and counterparties, according to the type of instrument, currency and marketplace. The Company must transact business with financial institutions with high credit ratings and/or a strong market presence. Diversification restrictions are set, both by instrument and institution.

As to customers, the Company uses independent risk ratings, where available, or otherwise, the Finance and Planning Department and the Commercial Department jointly assess a customer's credit rating considering its financial position, experience and other factors. If it is determined that the customer represents a risk in terms of payment or compliance with obligations, actions to eventually mitigate such risks are considered (basically payment guarantees). The credit risk associated with export customers is described in Note 1.3.5.

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3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.5 – Liquidity risks

Short and medium term cash flow forecasting is performed on a regular basis to ensure that sufficient cash is available to meet the Company’s operation and maintenance requirements.

The Company's Finance and Planning Department invests cash surplus in interest-bearing accounts, term deposits, mutual funds and securities, choosing instruments with adequate maturity dates or sufficient liquidity to be able to meet the above mentioned requirements. The table below breaks down liabilities by the term remaining to elapse to maturity, counted as from the date of the Financial Statements.

As of December 31, 2017	Less than 3 months	Between 3 months and a year	Between 1 and 2 years	More than 2 years	Past due/- Without term
Loans	-	31,250	2,051,390	1,996,022	-
Other liabilities (except contingencies and deferred income tax liabilities)	191,637	18,436	34,427	120,496	485,013

As of December 31, 2016	Less than 3 months	Between 3 months and a year	Between 1 and 2 years	More than 2 years	Past due/- Without term
Loans	-	482,615	-	2,945,213	-
Other liabilities (except contingencies)	346,190	10,488	25,170	100,680	504,338

3.6 – Fair value estimate

Different valuation levels for financial instruments carried at fair value have been defined as follows:

* Level 1: Quoted prices in active markets for identical assets.
* Level 2: Information, other than the quoted price included in Level 1 that can be confirmed for the asset, either directly (i.e., prices) or indirectly (i.e., derived from prices).
* Level 3: Information on the asset that cannot be confirmed in the market (i.e., non-observable data).

3 – FINANCIAL RISK MANAGEMENT (Cont.)

3.6 – Fair value estimate (Cont.)

The value of financial instruments traded in active markets is based on the quoted market prices at the date of the Financial Statements. The quoted market price used for financial assets held by the Company is the ask price as of December 31, 2017. These instruments are included in Level 1 and mainly comprise investments in mutual funds and government bonds. The following table shows the Company's Level 1 assets, measured at fair value as of December 31, 2017 and 2016:

	12.31.2017	12.31.2016
Financial assets at fair value:		
Mutual funds in $	241,322	152,734
LEBAC bonds	117,991	13,537
Government bonds	-	101,296
Total financial assets at fair value	359,313	267,567

4 – CRITICAL ACCOUNTING ESTIMATES

In preparing these Financial Statements the Company's Board is required to make estimates that affect the valuation of contingent assets and liabilities disclosed as of their date of issuance, the allowance for doubtful accounts and disputed amounts, depreciation, recoverable value of assets, allowance for slow-moving or obsolete materials, income tax charge, as well as income and expenses recorded in the pertinent fiscal year. However, actual results may significantly differ from the estimates used in the preparation of these Financial Statements.

5 – BUSINESS SEGMENT INFORMATION

Segment reporting is presented in a manner consistent with the internal reporting submitted to the Chief Operating Decision Maker ("CODM"). The Company's General Director has been identified as CODM. The management information used by the CODM for decision making has started to be prepared on a quarterly basis in million pesos since the first quarter of 2016 and does not include any breakdown by business segment, which means that the information is presented as a single segment. It has been determined that the representative measure used for decision making by the CODM is the "management EBITDA", together with acquisition of "Property, plant and equipment".

Information submitted to the CODM (in million pesos) is included bellow:

	12.31.2017	12.31.2016
Revenues	3,875.3	1,835.3
Operating costs	(2,087.9)	(1,408.2)
Management EBITDA	1,787.4	427.1
Acquisition of "Property, plant and equipment"	788.1	328.6

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5 – BUSINESS SEGMENT INFORMATION (Cont.)

The reconciliation of management EBITDA to net income, before income tax is shown below:

	12.31.2017	12.31.2016
Management EBITDA in million pesos	1,787.4	427.1
“Property, plant and equipment” depreciation	(192.5)	(159.2)
Other net earnings and expenses	(16.9)	(59.8)
Net financial income	(397.0)	(608.0)
Income (loss) from investments in affiliated companies	2.5	(1.0)
Income before income tax	1,183.5	(400.9)

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

6 – PROPERTY, PLANT AND EQUIPMENT

	12.31.2017											Net book value	
	Cost of acquisition						Depreciation						
	At the beginning of fiscal year	Additions	Disposals	Transfers	Revaluation	At the end of fiscal year	At the beginning of fiscal year	Fiscal year	Disposals	Transfers	At the end of fiscal year	12.31.2017	12.31.2016
Essential assets:													
Gas pipelines and branch lines	2,513,964	-	(195)	278,438	15,150,664	17,942,871	1,211,471	114,162	(157)	(8)	1,325,468	16,617,403	1,302,493
Compressor plants	1,055,164	-	(275)	14,536	2,387,855	3,457,280	782,403	56,014	(149)	(13)	838,255	2,619,025	272,761
Meter and regulating stations	86,097	-	-	-	230,943	317,040	61,352	2,386	-	2	63,740	253,300	24,745
SCADA system	66,605	1,140	-	-	327,196	394,941	30,886	4,927	-	252	36,065	358,876	35,719
Gas inventory	54,054	-	-	-	281,760	335,814	-	-	-	-	-	335,814	54,054
Lands	2,102	-	-	-	21,712	23,814	-	-	-	-	-	23,814	2,102
Buildings and civil constructions works	60,559	-	-	1,240	366,163	427,962	25,080	1,228	-	41	26,349	401,613	35,479
Other technical installations	66,009	-	-	7,404	197,410	270,823	50,229	4,076	-	(3)	54,302	216,521	15,780
Sub-total essential assets	**3,904,554**	**1,140**	**(470)**	**301,618**	**18,963,703**	**23,170,545**	**2,161,421**	**182,793**	**(306)**	**271**	**2,344,179**	**20,826,366**	**1,743,133**
Other revalued assets													
Lands	1,299	-	-	-	13,389	14,688	-	-	-	-	-	14,688	1,299
Buildings and civil constructions works	19,008	-	-	-	113,919	132,927	7,591	388	-	-	7,979	124,948	11,417
Sub-total other revalued assets	**20,307**	**-**	**-**	**-**	**127,308**	**147,615**	**7,591**	**388**	**-**	**-**	**7,979**	**139,636**	**12,716**
Total revalued assets	**3,924,861**	**1,140**	**(470)**	**301,618**	**19,091,011**	**23,318,160**	**2,169,012**	**183,181**	**(306)**	**271**	**2,352,158**	**20,966,002**	**1,755,849**
Non-essential assets:													
Building installations	11,927	-	-	(1,892)	-	10,035	1,605	421	-	(66)	1,960	8,075	10,322
Machinery, equipment and tools	34,598	246	(479)	-	-	34,365	28,220	1,813	(473)	31	29,591	4,774	6,378
Other technical installations	42,959	-	(2,453)	2,076	-	42,582	36,290	2,384	(2,422)	(235)	36,017	6,565	6,669
Communication equipment and devices	5,799	-	(23)	-	-	5,776	5,204	237	(24)	-	5,417	359	595
Vehicles	34,341	24,462	(1,228)	-	-	57,575	24,333	4,014	(1,064)	1	27,284	30,291	10,008
Furniture and fixtures	13,698	377	(48)	-	-	14,027	10,703	462	(35)	(2)	11,128	2,899	2,995
Works in progress	217,096	761,912	-	(301,802)	-	677,206	-	-	-	-	-	677,206	217,096
Sub-total non-essential assets	**360,418**	**786,997**	**(4,231)**	**(301,618)**	**-**	**841,566**	**106,355**	**9,331**	**(4,018)**	**(271)**	**111,397**	**730,169**	**254,063**
Balance as of December 31, 2017	**4,285,279**	**788,137**	**(4,701)**	**-**	**19,091,011**	**24,159,726**	**2,275,367**	**192,512**	**(4,324)**	**-**	**2,463,555**	**21,696,171**	
Balance as of December 31, 2016	**3,964,119**	**328,610**	**(7,450)**	**-**	**-**	**4,285,279**	**2,119,920**	**159,251**	**(3,804)**	**-**	**2,275,367**		**2,009,912**

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6 – PROPERTY, PLANT AND EQUIPMENT (Cont.)

A substantial portion of the assets transferred by GdE has been defined in the License as "Essential assets for the performance of the licensed service". Pursuant to the License, the Company is required to repair and maintain the essential assets, together with any improvement and expansion, in accordance with certain standards defined in the License. The Company cannot, for any reason, dispose of, encumber, lease, sublease or lend essential assets or otherwise use them for purposes other than the provision of the licensed service without ENARGAS´ prior authorization.

6.1 – Commitments

As of December 31, 2017, the Company has firm contractual commitments with suppliers for the acquisition of Property, plant and equipment items for 540,773.

7 – INVESTMENTS IN AFFILIATED COMPANIES

	12.31.2017	12.31.2016
Balance at the beginning of fiscal year	5,364	18,488
Distribution of dividends	-	(14,917)
Income from investments in affiliated companies [1]	4,508	1,793
Balance at the end of fiscal year	9,872	5,364

[1] Includes 2,579 and (1,003) that have been charged to "Other comprehensive income" in the Statement of comprehensive income, as of December 31, 2017 and 2016, respectively.

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7 – INVESTMENTS IN AFFILIATED COMPANIES (Cont.)

The interest held by the Company in its unlisted affiliated companies was as follows:

	Description				Book value as of		Information on issuer						
								Most Recent Financial Statements					
Issuer	**Shares**	**Face Value**	**Amount**	**Cost**	**12.31.17**	**12.31.16**	**Main Activity**	**Date**	**Capital Stock and Capital Adjustment**	**Reserve**	**Retained Earnings**	**Shareholders? Equity**	**Percentage of Direct Interest**
Comgas Andina S.A.	Common	(1) 1 per share	490	246	9,872	5,364	Operation and maintenance service of gas pipelines	12.31.17	34	-	20,113	20,147	49.0
Companhía Operadora do Rio Grande do Sul	Common	(2) 1 per share	49	0.1	1,145	698	Operation and maintenance service of gas pipelines	12.31.17	1	1,354	981	2,336	49.0
Investment allowance					(1,145)	(698)							
Total					**9,872**	**5,364**							

(1) Chilean pesos
(2) Brazilian Reais

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8 – INCOME TAX

On December 29, 2017 the National Executive Branch enacted Law No. 27,430 – Income Tax. This law has introduced several changes regarding income tax treatment, including gradual tax rate reductions for Argentine companies from 35% to 30% for fiscal years beginning on January 1, 2018 until December 31, 2019, and a further reduction to 25% for fiscal years beginning on January 1, 2020, inclusive.

Deferred income tax assets and liabilities are offset when it is legally possible, derive from income tax corresponding to the same entity, are subject to the same tax authority and are presented to the authority on a net basis. The deferred income tax net position is as follows:

	12.31.2017	12.31.2016
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	139,993	169,160
Deferred income tax assets to be recovered within 12 months	341,071	720,703
	481,064	889,863
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after 12 months	(5,491,252)	(631,760)
Deferred income tax liabilities to be recovered within 12 months	16,251	44,815
	(5,475,001)	(586,945)
Deferred income tax (Liabilities) / Assets (net)	(4,993,937)	302,918

Deferred tax assets and liabilities, excluding the settlement of balances, is as follows:

Deferred income tax assets	Trade accounts payable and financial liabilities	Materials and spare parts	Investments at fair value	Contingencies	Tax-loss	Other debts	Total
Balance as of December 31, 2015	86,878	88,757	328	27,817	506,389	461	710,630
Charged to statement of comprehensive income	50,328	22,778	(3,686)	4,608	105,412	(207)	179,233
Balance as of December 31, 2016	137,206	111,535	(3,358)	32,425	611,801	254	889,863
Charged to statement of comprehensive income	(83,003)	(18,790)	3,896	(8,305)	(323,106)	20,509	(408,799)
Balance as of December 31, 2017	54,203	92,745	538	24,120	288,695	20,763	481,064

Deferred income tax liabilities	Property, plant and equipment	Trade accounts receivable	Other accounts receivable	Revaluation of property, plant and equipment (1)	Total
Balance as of December 31, 2015	(272,629)	(282,507)	5,300	-	(549,836)
Charged to statement of comprehensive income	11,480	(49,872)	1,283	-	(37,109)
Balance as of December 31, 2016	(261,149)	(332,379)	6,583	-	(586,945)
Charged to statement of comprehensive income	85,730	(14,636)	(3,929)	(4,955,221)	(4,888,056)
Balance as of December 31, 2017	(175,419)	(347,015)	2,654	(4,955,221)	(5,475,001)

(1) As of December 31, 2017, included net of revaluation balance of “Property, plant and equipment” under Shareholders’ Equity.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

8 – INCOME TAX (Cont.)

Reconciliation between income tax charged to income and the amounts obtained by applying the income tax rate to pre-tax income is presented below:

	12.31.2017	12.31.2016
Income before income tax	1,183,490	(400,949)
Statutory income tax rate	35%	35%
Income tax charge determined by applying statutory tax rate to the income for the period	(414,222)	140,332
Exceptions to statutory income tax rate:		
- Adjustment to income tax provision balance and rectification of income tax returns	(5,833)	2,398
- Income from investments in affiliated companies	903	(351)
- Change in income tax rate [1]	83,130	-
- Non-deductible items	(5,612)	(256)
Total income tax charge	(341,634)	142,123

[1] Derived from applying changes in income tax rate to the deferred tax assets and liabilities, as provided under above mentioned law 27,340, based on the year in which their realization is expected to occur.

A detailed breakdown of the minimum presumed income tax credit as of December 31, 2017 is shown below:

Fiscal Year	Amount	Expiration year
2008	6,797	2018
2009	436	2019
2011	21,413	2021
2013	20,320	2023
2014	21,630	2024
2015	20,342	2025
2016	22,716	2026
2017 (estimated)	31,198	2027
Balance as of December 31, 2017	144,852	

A detailed breakdown of the tax-loss carry-forwards as of December 31, 2017 is shown below:

Year	Amount	Expiration year
2013	19,480	2018
2014	229,756	2019
2015	1,204,441	2020
2016	277,660	2021
2017 (estimated)	(769,019)	2022
Balance as of December 31, 2017	962,318	

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8 – INCOME TAX (Cont.)

Projections of future taxable income have been taken into consideration to determine the recoverability of tax-loss carry-forwards and the minimum presumed income tax credit. Such projections have been prepared on a best estimate basis, in accordance with the guidelines described in Note 4. According to such projections, the book value of the minimum presumed income tax credit and tax-loss carry-forward does not exceed their recoverable value.

9 – FINANCIAL INSTRUMENTS BY CATEGORY

	12.31.2017	12.31.2016
Financial assets at fair value (1):		
Classified as "Investments at fair value":		
Government bonds in US$	-	34,201
Government bonds in $	-	67,095
LEBAC bonds	117,991	-
Subtotal	117,991	101,296
Classified as "Cash and cash equivalents":		
Mutual funds in $ (Note 13)	241,322	152,734
LEBAC bonds (Note 13)	-	13,537
Subtotal	241,322	166,271
Total financial assets at fair value - Current	**359,313**	**267,567**
Financial assets at amortized cost:		
Current:		
Classified as "Investments at amortized cost":		
VRD bonds in $	8,645	8,731
Subtotal	8,645	8,731
Classified as "Cash and cash equivalents":		
Cash and banks (Note 13)	30,028	34,038
Term deposits in US$ (2) (Note 13)	204,146	50,556
Subtotal	234,174	84,594
Classified as "Trade accounts receivable" and "Other accounts receivable"	900,260	476,516
Total financial assets at amortized cost - Current	**1,143,079**	**569,841**
Non-Current:		
Classified as "Investments at amortized cost":		
Other investments in US$	7,326	6,237
VRD bonds in $	27,759	36,133
Subtotal	35,085	42,370
Classified as "Trade accounts receivable" and "Other accounts receivable"	1,438,046	1,123,749
Total financial assets at amortized cost – Non-Current	**1,473,131**	**1,166,119**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

9 – FINANCIAL INSTRUMENTS BY CATEGORY (Cont.)

	12.31.2017	12.31.2016
Financial liabilities at amortized cost:		
Current:		
Loans	31,250	482,615
Trade accounts payable, other debts and taxes payable	534,223	406,303
Total financial liabilities at amortized cost – Current	**565,473**	**888,918**
Non-Current:		
Loans	4,047,412	2,945,213
Trade accounts payable and other debts	175,985	447,091
Total financial liabilities at amortized cost – Non-Current	**4,223,397**	**3,392,304**

(1) All financial assets at fair value have been measured using Level 1 fair values. The value of financial instruments traded in active markets is based on quoted market prices at the date of the Financial Statements. The quoted market price used for financial assets held by the Company is the ask price as of December 31, 2017 and December 31, 2016.

(2) Term deposits originally falling due within three months or less are classified as "Cash and cash equivalents" in the balance sheet. A breakdown of this account is presented in Note 13

Credit rating of the financial assets is as follows:

	12.31.2017	12.31.2016
AA	241,322	132,058
A-1	204,146	50,556
A	-	20,676
BBB	7,326	-
B-	-	101,296
Other financial assets without credit rating	2,522,729	1,698,941
Total	2,975,523	2,003,527

10 – MATERIALS & SPARE PARTS

	12.31.2017	12.31.2016
Non-Current		
Spare parts and consumables	202,258	184,322
Allowance for slow-moving and obsolete materials	(103,905)	(95,582)
Total non-current materials and spare parts	98,353	88,740

Changes in allowance for slow-moving and obsolete materials:

	Non-Current
Balance as of December 31, 2015	86,454
– Increases, net of recoveries	9,128
Balance as of December 31, 2016	95,582
– Increases, net of recoveries	8,323
Balance as of December 31, 2017	103,905

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

11 – OTHER ACCOUNTS RECEIVABLE

	12.31.2017	12.31.2016
Non-current		
Minimum presumed income tax (Note 8)	144,852	131,000
Sundry	3,501	1,934
Total other accounts receivable – Non-current	148,353	132,934
Current		
Commercial compensation and loss recoveries	13,324	12,737
Tax credits	-	7,696
Key management personnel (Note 24)	9,841	7,876
Prepaid expenses and advances	79,660	13,834
Attachments, guarantee court deposits and expenses to be recovered	84	242
Hedge transactions related guarantees (Note 3.3.1.1)	-	9,874
Assistance fees – controlling shareholder (Note 24)	76	58
Other receivables – affiliated companies (Note 24)	638	856
Other receivables – related parties (Note 24)	736	7,971
Transactions on behalf of third parties	995	476
Allowance for doubtful accounts	(7,120)	(6,334)
Other trade receivables	4,346	5,037
Total other accounts receivable - Current	102,580	60,323

12 – TRADE ACCOUNTS RECEIVABLE

	12.31.2017	12.31.2016
Non-current		
Trade accounts receivable - third parties	3,549,941	2,993,879
Less: Discount at present value	(359,010)	(376,925)
Less: Allowance for doubtful accounts and disputed amounts	(1,756,386)	(1,495,139)
Total trade accounts receivable – Non-current	1,434,545	1,121,815
Current		
Trade accounts receivable - third parties	707,380	435,964
Trade accounts receivable – related parties (Note 24)	237,933	122,574
Trade accounts receivable – affiliated companies (Note 24)	471	722
Less: Allowance for doubtful accounts and disputed amounts	(49,812)	(121,405)
Total trade accounts receivable - Current	895,972	437,855

As of December 31, 2017, past due trade accounts receivable with no allowance amounted to 324,668. The aging of those receivables is as follows:

	12.31.2017	12.31.2016
Balances past due from 0 to 3 months	94,039	6,071
Balances past due for more than 3 months	230,629	46,478
Total	324,668	52,549

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

12 – TRADE ACCOUNTS RECEIVABLE (Cont.)

As of December 31, 2017 and 2016 the allowance for doubtful accounts and disputed amounts totals $ 1,806,198 and $ 1,616,544, respectively. Changes in the allowance for doubtful accounts and disputed amounts are as follow:

	12.31.2017	12.31.2016
Balance at the beginning of fiscal year	1,616,554	1,258,824
Increases – net of recoveries	189,644	357,720
Balance at the end of fiscal year	1,806,198	1,616,544

The allowance for trade accounts receivable relate to certain customers which, due to the aging of their outstanding balances, the Company estimates that their collection might be difficult. The aging of accounts receivable at nominal value is as follows:

	12.31.2017	12.31.2016
To become due	624,526	245,309
Past due from 0 to 6 months	142,419	184,540
Past due for more than 6 months	3,728,780	3,123,291
Total	4,495,725	3,553,140

The maximum credit risk exposure at the date of issuance of these Financial Statements is the book value of each type of trade accounts receivable and other accounts receivable. The values recorded for the Company's accounts receivable at nominal value are stated in the following currencies:

	12.31.2017	12.31.2016
Argentine Peso	892,185	508,198
US Dollar	3,603,540	3,044,941
Total	4,495,725	3,553,139

13 – CASH AND CASH EQUIVALENTS

Cash and banks (1)	30,028	34,038
Mutual funds in $	241,322	152,734
LEBAC bonds	-	13,537
Term deposits in US$	204,146	50,556
Total cash and cash equivalents	475,496	250,865

(1) As of December 31, 2017 and 2016, US$ 317 and US$ 1,566, respectively are included.

14 – COMMON STOCK AND RESERVES

Common stock, of $ 439,373,939, is represented by 179,264,584 Class A common book-entry shares, of $ 1 par value each and entitled to 1 vote per share, 172,234,601 Class B common book-entry shares, of $1 par value each and entitled to 1 vote per share, and 87,874,754 Class C book-entry shares, of $ 1 par value each and entitled to 1 vote per share. All issued shares are subscribed and paid-in.

At the Shareholders meeting held on March 30, 2017 it was resolved to maintain the loss resulting from fiscal year ended on December 31, 2016 under "Retained earnings". Considering that as of that date the Company fell under the provisions of Section 206 of the Argentine General Companies Law, it was also resolved to defer the discussion of said issue until the Shareholders' meeting to be called to approve the Financial Statements of the current fiscal year is held on the basis of the Board's reasonable expectation that the Company would gradually recover its economic-financial balance (see Note 1.3.3).

The profit derived in fiscal year 2017 will allow reducing the balance standing in the "Retained earnings" account, reinstate the Statutory Reserve, and ultimately normalize TGN's financial position.

14.1 - Restrictions on the transfer of the Company's shares

Gasinvest , TGN's controlling company and Gasinvest´s shareholders, are restricted by the Bidding Terms and the Transfer Agreement to dispose of their interests in the Company and in Gasinvest, respectively. Consequently, Gasinvest may not reduce its shareholding and votes in the Company to less than 51% ("controlling interest") without ENARGAS previous approval. ENARGAS will approve the transfer of the controlling interest provided that (i) shares are transferred in whole but not in part, or the new buyer purchases all of the outstanding Class A shares of common stock and (ii) the quality of the gas transportation service rendered by the Company is not affected. Any transfer or other disposition as a result of which the interest of Gasinvest's original shareholders in said company's capital stock is reduced to less than 51%, including said shareholders' failure to subscribe for any capital increase in Gasinvest, can only be made with the ENARGAS' prior consent- The foregoing restrictions do not apply to transfers between parties belonging to the same economic group, as established in the Bidding Terms and Conditions.

14.2 – Restriction on distribution of profits

At the Shareholders' Meeting held on October 3, 2017 the Board was delegated the power to establish restrictions on payment of dividends (see Note 15.1). Moreover, as long as the Transitional Agreements entered into with the Ministry of Energy and Mining in 2016 and 2017 (see Note. 1.3.3) are in full force and effect, the Company may not pay dividends.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

15 - LOANS

On October 3, 2017, TGN´s Board resolved to redeem (without a premium) of its Outstanding Notes, and established that the redemption date would be November 13, 2017. The Company paid the redemption price (face value plus accrued contractual interest) for the then Outstanding Notes, with the proceeds from a syndicated loan executed on October 26, 2016, with the Industrial and Commercial Bank of China Limited (Dubai Branch), Citibank N.A. and Itaú Unibanco S.A. (Nassau Branch) ("the Syndicated Loan"). The terms and conditions of this loan are described below.

15.1 – Terms and conditions of the Syndicated Loan

The Syndicated Loan has been contracted for a principal amount of US$ 220 million, a term of 36 months, payable on four equal and consecutive bi-annual installments of US$ 55 million each, as from the 18th month. Interest accrues on a bi-annual basis at LIBOR plus an annual nominal margin of 3.00% during the first six-month period, 3.25% during the second six-month period, 3.50% during the third six-month period, 3.75% during the fourth six-month period, 4.00% during the fifth six-month period and 4.25% during the sixth six-month period. The Syndicated Loan includes financial covenants that are generally used in this type of transactions, including non-payment of dividends, unless: (i) the License Comprehensive Renegotiation Agreement has been passed by the National Congress and ratified by the National Executive Branch and the CRR is in force and approved by the enforcement authority, and (ii) the Net Financial Debt / EBITDA ratio does not exceed 2.25:1.00 after dividends are paid. The Syndicated Loan is governed and construed in accordance with the Law of New York and is subject to the jurisdiction of the courts of the Southern District of the City of New York.

15.2 – Changes in Loans

Balance as of 12-31-2016	**3,427,828**
Payment of principal on Notes	(3,641,120)
Payment of interest on Notes	(283,425)
Syndicated Loan, net of expenses	3,822,260
Accrual of interest on Notes	112,684
Accrual of interest on Syndicated Loan	44,651
Exchange difference on Notes	378,562
Exchange difference on Syndicated Loan	217,222
Balance as of 12-31-2017	**4,078,662**

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

16 – OTHER DEBTS

	12.31.2017	12.31.2016
Non-current		
Easements	21,061	49,977
Total other debts – Non-current	21,061	49,977
Current		
Easements	15,173	6,523
Key management personnel (Note 24)	9,858	7,894
Advances	1,063	1,061
Various fees payable	63,194	23,568
Sundry debts and customer's guarantees	15,831	15,943
Total other debts - Current	105,119	54,989

17 – TRADE ACCOUNTS PAYABLE

Non-current		
AES Argentina Generación S.A.	154,924	125,850
Other related parties (Note 24)	-	271,264
Total trade accounts payable – Non current	154,924	397,114
Current		
Suppliers – goods and services	97,400	155,063
AES Argentina Generación S.A.	18,648	13,634
Other related parties (Note 24)	28	4,084
Unbilled goods and services	243,131	126,369
Total trade accounts payable - Current	359,207	299,150

18 - CONTINGENCIES

Provision for labor, civil and administrative lawsuits

	Non-current	Current
Balance as of December 31, 2015	74,023	26,916
– Increases, net of recoveries	8,732	16,791
– Decreases (payments / uses)	-	(12,357)
– Transfers	(57,597)	57,597
Balance as of December 31, 2016	25,158	88,947
– Increases, net of recoveries	363	40,042
– Decreases (payment / uses)	-	(52,648)
Balance as of December 31, 2017	25,521	76,341

18 – CONTINGENCIES (Cont.)

18.1 – Legal matters

The Company is party to several legal proceedings and claims that have arisen in the ordinary course of its business. Although there can be no assurance as to the ultimate disposition of these matters due to their complexity and current status, it is the opinion of the Company's Board, based upon the estimates described in Note 4, that the expected outcome of these claims and legal actions, individually or in the aggregate, would not have a material effect on the Company's financial position or results of operations in excess of the provisions recorded by the Company. However, the actual future outcome of these claims could differ from the estimates and assessments performed as of the date of issuance of these Financial Statements. Following there is a summary of the most significant claims and legal actions, including those brought by and against TGN.

18.1.1 – Fines imposed by ENARGAS

As of the date of issuance of these Financial Statements there are six fines imposed by ENARGAS for a total amount of $ 3.9 million, which have been appealed by the Company.

18.1.2 – Tax assessments related to payments to Note Holders

Since December 2004, TGN is engaged in litigation with Administración Federal de Ingresos Públicos ("AFIP"). The case is pending before the National Tax Court ("TFN"). This controversy arises from a value added tax assessment made on the interest paid to the International Finance Corporation as a result of the notes issued by TGN in accordance with Law No. 23,576. According to TGN, the claim might amount to $ 21.5 million approximately. In June 2016, the Company requested the TFN to make the case file available for the parties to present their final arguments.

18.1.3 – Tax assessments related to useful lives for tax purposes

In late December 2005 TGN was notified of two resolutions whereby AFIP assessed income tax differences for 1999 to 2002 fiscal periods. The total amount claimed is $ 21.2 million, including interest at that date and a fine of 70% of the tax assessed. The tax authorities' claim is supported on the fact that all of the Company´s essential assets must be fully depreciated at the end of the License, considering its 45-year term, according to AFIP. In February 2006 TGN challenged said tax assessments by filing the pertinent appeals with the National Tax Court, which are still pending resolution. In June 2016, the Company requested the National Tax Court to make the case file available for the parties to present their final arguments.

18.1.4 – Pending judicial disputes with YPF

Due to the redirection of transportation capacity established by ENARGAS, YPF started to pay for transportation services on an irregular basis, claiming partial capacity unavailability. In February 2007 YPF requested a comprehensive review of the transportation contract claiming that the measures adopted by the National Government regarding gas exports had unpredictably altered the economic-financial equation of such contract. TGN rejected the claim and demanded contractual performance.

18 – CONTINGENCIES (Cont.)

18.1.4 – Pending judicial disputes with YPF (Cont.)

On April 20, 2009 TGN filed a legal action against YPF in order to (i) demand compliance with the firm transportation contract signed with YPF; and (ii) compel YPF to pay past-due invoices. The claim amounts to US$ 74.8 million (including subsequent extensions), based on the invoices issued by TGN for services rendered between January 2007 and December 2010, plus interest accrued as from each respective date, and interest to be accrued until amounts are actually paid by YPF.

YPF answered the complaint basically claiming that TGN had failed to comply with the transportation service in the terms agreed because it was “prevented from doing so” as a result of the emergency regulations enacted and, alternatively, that the peso rate be applied, in view of the impossibility to export.

In December 2010, TGN terminated the firm transportation contract for gas export with YPF, as a result of shipper’s breach; in December 2012, TGN filed an action for damages claiming YPF’s breach of contract, for an amount of US$ 142.15 million. The Company filed a motion to proceed *in forma pauperis*.

The actions for breach of contract and damages have been joined. All evidence requested by the court has been submitted and both parties have filed their pleas. The court stipulated that before issuing its judgment, a decision will be made with respect to the motion filed by the Company to proceed *in forma pauperis*.

18.1.5 – Pending judicial disputes with Chilean Distributor Metrogas

In April 2009, Metrogas filed a declaratory action against TGN to obtain a court statement on the inapplicability of the US$ denominated rate provided for in the gas transportation contract, if gas is not actually transported. As of the date of issuance of these Financial Statements, no court decision has been issued. Subsequently, in September 2009, Metrogas informed its unilateral decision to terminate its firm gas transportation contract with TGN, and claimed for TGN approximately US$ 238 million for damages allegedly suffered by Metrogas for TGN’s alleged failure to deliver such gas volumes which, according to Metrogas, would have been confirmed and injected by its producers / suppliers.

TGN rejected the unilateral decision to terminate the contract, as well as the claim for damages filed by Metrogas, as TGN has complied with its duties under the gas transportation contract between the parties. It is widely known, that the local gas production has not been enough, in recent years, to meet both the domestic and export demand. This shortage led the national authorities to put in force a number of regulations setting restrictions on natural gas exports, aimed at ensuring supply to the domestic market.

18 – CONTINGENCIES (Cont.)

18.1.5 – Pending judicial disputes with Chilean Distributor Metrogas (Cont.)

TGN also believes that any action for damages that may be brought by Metrogas would not be likely to succeed, and will take all steps necessary to protect the corporate interest. In September 2011 TGN filed a lawsuit (subsequently extended) for breach of contract, claiming an amount of US$ 114.5 million (plus interest and expenses) for transportation services billed and unpaid, from September 2009 up to and including April 2015. In November 2012, Metrogas filed the answer to the complaint requesting that the complaint be dismissed and that the producers that supplied it with gas be summoned as third parties; there was no counterclaim for damages. In April 2015 TGN terminated the firm gas transportation contract for export with Metrogas, due to repeated breaches on the part of shipper. In November 2015, TGN filed a claim against Metrogas for damages arising from the wrongful early termination of the transportation contract for US$ 113 million and requested that this claim be joined with the claim for unpaid invoices. In addition, the Company filed a motion to proceed *in forma pauperis*.

The complaints for breach of contract and damages have been joined. At present, a significant progress has been made in the production of evidence requested by the court.

18.1.6 – Claim against the National Government

On October 11, 2012 TGN brought an action against the National Government seeking compensation for damages suffered from January 1, 2006 to December 31, 2011 (and reserving the right to extend the action) as a result of the pesification and freezing of its rates set forth under the Public Emergency Law (LEP), for the amount of $ 1,436 million (including interest). Furthermore, the Company filed a motion to proceed *in forma pauperis.*

As a condition precedent to the ratification of the Comprehensive Agreement, TGN requested a stay of the proceedings filed against the National Government claiming damages suffered by the Company as a result of the pesification and subsequent freezing of its rates. Note that on May 8, 2017, TGN was served notice about the first instance court ruling dismissing the complaint. Said ruling was appealed by the Company, notwithstanding the stay of the proceeding and eventual abandonment of it connection with the Comprehensive Agreement, as described in next paragraph.

Within ninety calendar days counted as from the date on which ENARGAS resolution approving the rate schedule resulting from the CRR comes into force, or as from the last step of the increase, which shall not go beyond April 1, 2018, or as from the resolutions approving the distribution rate schedules including the aforementioned rate schedules, as applicable, TGN shall have to fully and expressly waive the right and abandon the action brought against the National Government, as well as all rights and actions it might invoke or bring against the National Government, based on or related to events or legal measures ordered in connection with the License under the LEP and/or the fact that the PPI is no longer effective due to its elimination. The same courses of action must be followed by the Company’s controlling shareholder, Gasinvest, and shareholders representing at least two thirds of Gasinvest’s capital stock.

18 – CONTINGENCIES (Cont.)

18.1.7 – Actions for refund with AFIP- DGI

On December 15, 2014, TGN filed with Administración Federal de Ingresos Públicos - Dirección General Impositiva ("AFIP-DGI") an action for refund amounting to $7.9 million for 2008 fiscal year Income Tax, overpaid for having computed the tax without applying the inflation adjustment method and without restating the fixed asset depreciation, plus interest accrued in favor of the Company. The action for refund is supported by the inapplicability of the prohibition contained in Section 39 of Law 24,073 and Section 4 of Law 25,561, as it is contrary to the provisions of Title VI of the Income Tax Law, which set forth the inflation adjustment method and other restatements requirements thereunder foreseen and not repealed, such as the fixed assets depreciation. As a result of those regulations, case law and rulings issued by the National Supreme Court, the Company paid for fiscal year 2008 the income tax at a clearly confiscatory effective rate.

Further, on December 15, 2014, TGN filed and action for refund with AFIP- DGI in connection with 2008 fiscal year Minimum Presumed Income Tax ("IGMP") for $ 6.8 million, plus interest accrued in favor of the Company. This action for refund is supported by the fact that the Company had reported accounting and tax losses (the latter due to the tax adjustment for inflation and other restatements mentioned in the preceding paragraph) in said fiscal year and consequently, in view of National Supreme Court precedents in this respect, there is no such minimum income presumed by the income tax law.

On November 13, 2015, TGN filed an action for refund with AFIP-DGI for the amount of $ 17 million in connection with 2009 fiscal year Minimum Presumed Income Tax, plus interest accrued in favor of the Company. This action for refund is supported by the same facts above mentioned. In June 2017, AFIP sustained the aforementioned claim for a principal amount of $ 16.8 million plus the interest foreseen in Resolution No. 314/04 of the former Ministry of Economy and Production. In August 2017 the principal amount aforementioned was credited and in September 2017 the Company was credited an amount of $ 1.8 million on account of interest in accordance with above mentioned Resolution No. 314/04. In connection with interest, on June 29, 2017 the Company had filed an administrative litigation claim requesting Section 4 of Resolution No. 314/04 of the former Ministry of Economy and Production be declared unlawful and unconstitutional and, that an appropriate interest rate be applied to compensate the Company for such improper tax payment.

Finally, in July 2017, and in view of AFIP's General Instruction No. 2/17, TGN filed an action for refund for the amount of $ 21.4 million in connection with the Minimum Presumed Income Tax for 2011 fiscal year, plus interest accrued, as in said fiscal year the Company had experienced accounting and tax losses.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

18 – CONTINGENCIES (Cont.)

18.1.8 – Controversies with gas distributors

In March 2016, ENARGAS established a temporary increase of 289.2% in TGN’s rates for residential users effective as of April 1, 2016, which was declared null and void by the National Supreme Court of Justice in August 2016 since no prior public hearing had been held. As a result, in September 2016, the Ministry of Energy and Mining and ENARGAS held a public hearing at which the three gas rate components were reviewed, i.e. gas price at well head, transportation margin and distribution margin, after which ENARGAS reestablished the aforementioned temporary increase effective as of from October 7, 2016. However, distributors Metrogas S.A., Litoral Gas S.A., Distribuidora de Gas del Centro S.A. and Distribuidora de Gas Cuyana S.A. contested the pro-rata criteria applied by TGN between April and October 6, 2016 to render the transportation service used by distributors to serve their non-residential customers, following ENARGAS instructions under Resolution I/3961 and ceased to pay invoices for the transportation service for an aggregate amount of $ 126.5 million. The Company referred said controversies to ENARGAS.

In December 2017, TGN entered into compromise and settlement agreements with Distribuidora de Gas del Centro S.A. and Distribuidora de Gas Cuyana S.A. putting an end to the controversies, under which the Company was paid $ 46 million.

19 - REVENUES

	12.31.2017	12.31.2016
Gas transportation service	3,594,446	1,677,000
Gas pipelines operation and maintenance and other services	280,830	158,265
Total revenues	3,875,276	1,835,265

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Transportadora de Gas del Norte S.A.

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

20 – EXPENSES BY NATURE

Item	Cost of services	Selling expenses	Administrative expenses	Total as of 12.31.2017	Total as of 12.31.2016
Directors' fees	-	-	5,345	**5,345**	**4,053**
Supervisory Committee's fees	-	-	3,395	**3,395**	**2,723**
Fees for professional services	10,782	131	28,747	**39,660**	**31,216**
Salaries, wages and other personnel benefits	430,964	6,887	136,408	**574,259**	**444,971**
Social security contributions	88,793	1,499	29,989	**120,281**	**94,787**
Technical assistance fees	14,086	-	-	**14,086**	**13,108**
Materials and spare parts	97,391	13	500	**97,904**	**52,987**
Third party services and supplies	45,644	182	1,889	**47,715**	**35,866**
Maintenance and repair of property, plant and equipment	702,664	440	9,655	**712,759**	**349,998**
Travel expenses	52,926	249	6,844	**60,019**	**43,522**
Freight and transportation	7,619	-	30	**7,649**	**5,530**
Post and telecommunication expenses	4,134	223	2,518	**6,875**	**4,158**
Insurance	27,755	3	2,859	**30,617**	**24,270**
Office supplies	7,340	112	6,334	**13,786**	**8,521**
Rentals	9,555	107	1,372	**11,034**	**6,847**
Easements	(3,941)	-	-	**(3,941)**	**8,072**
Taxes, rates and contributions	1,802	165,908	156,559	**324,269**	**151,235**
Property, plant and equipment depreciation	187,813	41	4,658	**192,512**	**159,251**
Doubtful accounts	-	(37,849)	-	**(37,849)**	**94,329**
Lawsuits	-	-	42,378	**42,378**	**16,999**
Slow-moving and obsolete materials and spare parts	8,335	-	-	**8,335**	**9,141**
Other	4,796	48	4,495	**9,339**	**5,883**
Balance as of December 31, 2017	**1,698,458**	**137,994**	**443,975**	**2,280,427**	
Balance as of December 31, 2016	**1,118,199**	**176,390**	**272,878**		**1,567,467**

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

21 – OTHER NET INCOME AND EXPENSES

	12.31.2017	12.31.2016
Income from commercial compensation	358	10,903
Compensation for damages adjustment [1]	(46,673)	(109,879)
Net income from disposal of property, plant and equipment	794	219
Net income from sundry sales, loss recovery and other	28,572	39,002
Total other net income and expenses	(16,949)	(59,755)

(1) During fiscal years ended December 31, 2017 and 2016, the Company has recognized losses for $ 46.7 million and $ 109.9 million, respectively, in relation to the compromise and settlement agreement entered into with AES Argentina Generación S.A. in 2012 (and subsequently amended in 2014). These losses are the result of measuring the liability with AES Argentina Generación S.A. based on the Access and Use Charge (CAU) in force in each of said fiscal years.

22 – NET FINANCIAL INCOME

	12.31.2017	12.31.2016
Other net financial income		
Foreign exchange gains	302,748	320,912
Foreign exchange losses	(637,264)	(722,048)
Total other net financial income	(334,516)	(401,136)
Financial income		
Interest	67,551	56,704
Results from changes in fair values	40,894	28,410
Results on discounting at present value	12,175	-
Other financial income	2,202	1,924
Total financial income	122,822	87,038
Financial expenses		
Interest	(168,766)	(256,937)
Results from changes in fair value	-	(2,208)
Results on discounting at present value	(1,466)	(32,001)
Banking and financial fees, expenses and taxes	(15,063)	(2,745)
Total financial expenses	(185,295)	(293,891)
Total net financial income	(396,989)	(607,989)

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

23 – NET INCOME PER SHARE

Income per common share has been calculated by dividing the income for fiscal years ended December 31, 2017 and 2016, by the weighted average of outstanding common shares, which as at said dates totaled 439,373,939 shares. As of December 31, 2017 and 2016 there are neither notes nor other debt securities convertible into shares, for which reason no diluted earnings per share have been disclosed. Basic earnings per share are calculated by dividing the net profits attributable to the Company's equity holders by the weighted average number of common shares outstanding during the fiscal year. The Company has no preferred shares or debt convertible into shares, so the basic earnings per share are equal to the diluted earnings per share.

24 – RELATED PARTIES

Transactions with related parties are as follows:

	12.31.2017	12.31.2016
Controlling company		
Other net income		
Gasinvest S.A.	222	178
Total other net income	222	178
Affiliated companies		
Revenues		
Comgas Andina S.A.	1,857	1,198
Companhía Operadora do Rio Grande do Sul	353	307
Total revenues	2,210	1,505
Other net income and expenses		
Comgas Andina S.A.	674	-
Total other net income and expenses	674	-
Recovery of expenses		
Companhía Operadora do Rio Grande do Sul	-	31
Comgas Andina S.A.	453	386
Total recovery of expenses	453	417
Dividends received		
Comgas Andina S.A.	-	15,209
Total dividends received	-	15,209
Other related parties		
Revenues		
Litoral Gas S.A.	624,146	283,592
Siderar S.A.	88,559	45,542
Siderca S.A.	55,231	29,855
Transportadora de Gas del Mercosur S.A.	13,330	11,734
Gasoducto Gasandes Argentina S.A.	2,354	3,092
Total revenues	783,620	373,815

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

24 – RELATED PARTIES (Cont.)

	12.31.2017	12.31.2016
Cost of services		
Tecpetrol S.A.	(2,500)	(2,356)
Compañía General de Combustibles S.A.	(2,500)	(2,356)
Litoral Gas S.A.	-	(1,079)
Total cost of services	(5,000)	(5,791)
Administrative expenses		
Cainzos, Fernández & Premrou Soc. Civ.	(3,188)	(1,402)
Total administrative expenses	(3,188)	(1,402)
Other net income and expenses		
Gasoducto Gasandes Argentina S.A.	473	176
Tecpetrol S.A.	-	182
Compañía General de Combustibles S.A.	-	184
Total other income and expenses	473	542
Financial income		
Transportadora de Gas del Mercosur S.A.	4,023	2,926
Litoral Gas S.A.	-	1,885
Total financial income	4,023	4,811
Financial expenses (interest)		
Tecpetrol S.A.	(3,300)	(2,596)
Compañía General de Combustibles S.A.	(3,301)	(2,596)
VR Global Partners L.P.	(12,679)	(11,199)
Total financial expenses	(19,280)	(16,391)
Recovery of expenses		
Transportadora de Gas del Mercosur S.A.	762	386
Total recovery of expenses	762	386
Acquisition of materials and property, plant and equipment items		
Litoral Gas S.A.	(38)	(1,652)
Siderca S.A.	-	(4,047)
Siat S.A.	(73,725)	(13,879)
Total acquisition of materials and property, plant and equipment items	(73,763)	(19,578)
Key management personnel		
Board of Directors' fees	(5,346)	(4,053)
Supervisory Committee's fees	(3,395)	(2,723)

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

24 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

Trade accounts receivable	12.31.2017	12.31.2016
Other related parties		
Transportadora de Gas del Mercosur S.A.	82,424	50,407
Litoral Gas S.A.	129,431	62,578
Siderar S.A.	15,619	5,660
Siderca S.A.	10,210	3,717
Gasoducto Gasandes Argentina S.A.	249	212
Total trade accounts receivable - other related parties	237,933	122,574
Accounts receivable – affiliated companies		
Comgas Andina S.A.	372	641
Companhía Operadora do Rio Grande de Sul	99	81
Total other accounts receivable –affiliated companies	471	722
Other accounts receivable		
Assistance fee – controlling company		
Gasinvest S.A.	76	58
Total assistance fee – controlling company	76	58
Other accounts receivable – affiliated companies		
Comgas Andina S.A.	108	472
Companhía Operadora do Rio Grande de Sul	530	384
Total other accounts receivable – affiliated companies	638	856
Other accounts receivable – related parties		
Siat S.A.	564	7,846
Litoral Gas S.A.	117	118
Transportadora de Gas del Mercosur S.A.	55	7
Total other accounts receivable – related parties	736	7,971
Key management personnel		
Board of Directors and Supervisory Committee’s fees paid in advance	9,841	7,876
Total key management personnel	9,841	7,876
Loans		
Other related parties		
VR Global Partners L.P.	-	156,990
Total other related parties	-	156,990

See our report dated
March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

24 – RELATED PARTIES (Cont.)

	12.31.2017	12.31.2016
Trade accounts payable		
Other related parties		
Litoral Gas S.A.	-	368
Transportadora de Gas del Mercosur S.A.	28	28
Siat S.A.	-	656
Tecpetrol S.A.	-	137,017
Compañía General de Combustibles S.A.	-	137,279
Total other related parties	28	275,348
Other debts		
Key management personnel		
Provision for Board of Directors and Supervisory Committee's fees	9,858	7,894
Total key management personnel	9,858	7,894

Senior management compensation

The Board of Directors compensation is determined by the Shareholders' Meeting for each fiscal year. The compensation policy for Company's managers establishes a monthly, fixed basic compensation, and an additional amount, payable on an annual basis, consisting of a fixed and a variable component. While the fixed component is established according to the level of responsibility inherent to the position and market values, the variable component consists of an additional amount based on performance and achievement of the year's objectives. The Company's policy does not establish option or other plans for its personnel.

25 - FINANCIAL TRUSTS FOR EXPORT MARKET EXPANSION

On March 8, 2004, the Company (as trustor) and HSBC Bank Argentina S.A. (as trustee) entered into a Master Agreement for the creation of Financial Trusts for an amount of up to US$ 50 million and a term of 5 years (the "Program"), pursuant to ENARGAS Resolution 2,877 and Law N° 24,441. The Program envisages the possibility of creating Financial Trusts for the issuance of securities authorized or not for public offering, to finance the capacity expansion of the Company's gas pipeline system. The Program also establishes that, upon expiration of the trust, those expansion works will become the exclusive property of the Company, free from any charge or encumbrances. While the trust is in force, the Company shall be responsible for the operation and maintenance of those assets. Under this Program, the Company´s Board authorized the creation of "TGN Series 01" Financial Trust currently in force, under which securities were issued for a nominal value of US$ 7.5 million, that were subscribed and paid-in on March 26, 2004, and applied to expand the transportation capacity by 303,000 m3/d contracted by Metrogas Chile S.A. Series 01 establishes September 30, 2019 or the date on which Series 01 securities are repaid as the Final Payment Date. Under the Master Agreement, neither the Company nor the Trustee will be liable to secure with their own assets any shortage of funds to pay principal and/or interest on trust securities and/or trust taxes and expenses. Security holders will have no right to claim such shortage from TGN or the Trustee and the limitation on TGN's liability as technical operator has been established in the contract. The trust is not consolidated in the Company's Financial Statement.

26 – FINANCIAL TRUSTS FOR LOCAL MARKET EXPANSION CREATED BY FORMER NATIONAL ENERGY SECRETARIAT

Former Ministry of Federal Planning, Public Investment and Services (MPFIPyS) Resolution No. 185/04, adopted on the basis of Decree No. 180/04, created a Gas Trust Program organized by former National Energy Secretariat aimed at financing infrastructure works for transportation and distribution of natural gas. In April 2006 the National Congress enacted law 26,095 vesting the National Executive Branch with the power to apply rate charges destined to finance those works.

26.1 2005 Expansion Trust – Northern Gas Pipeline

In 2004 the National Government requested the participation of TGN as licensee and of other companies as investors in order to undertake the capacity expansion of the Northern gas pipeline by 1.8 MMm3/d. A local trust created by former National Energy Secretariat and administered by Nación Fideicomisos S.A. as trustee, entrusted TGN the construction of the expansion works along the Northern gas pipeline. TGN contributed US$ 8.4 million to fund part of those works. The expansion works completed on the transportation system will be the property of the trust until its expiration, upon which, ownership of those essential asset will be transferred to TGN, at the latter's option. In July 2005 TGN began to bill certain customers the "Gas Trust Charge" on behalf and for the account of the "Gas Trust - Northern Gas Pipeline Expansion".

26.2 - 2006-2008 Expansion Trust

In 2006 a second expansion project for 15.2 MMm3/d in Central West and Northern gas pipelines was started at the request of former National Energy Secretariat, under the same trust structure described in Note 26.1. In February 2007, TGN started to bill certain customers the "Gas II Trust Charge" on behalf and for the account of the "Gas Trust - Northern Gas Pipeline Expansion". In October 2016, the National Ministry of Energy and Mining issued an order to terminate the construction contract entered into by and between the aforementioned Trust and the firm Odebrecht S.A., which brought expansion works to a halt. As of the date of issuance of these Financial Statements, works representing a capacity increase of 5.2 MMm3/d along Northern gas pipeline, and 2.337 MMm3/d on La Mora – Beazley section and 3.404 MMm3/d on Beazley – La Dormida section along Central West gas pipeline were commissioned.

27 – SUBSEQUENT EVENTS

As of the date of issuance of these Financial Statements, the US dollar exchange rate published by Banco de la Nación Argentina amounts to 20.34 pesos per US dollar. See Note 3.3.1, where the impact on the Company's equity is explained.

Subsequent to December 31, 2017, there have been no other events, situations or circumstances that are not publicly known, that significantly impact or may impact on the net worth, or economic and financial position of the Company that have not been considered or mentioned in these Financial Statements.

Transportadora de Gas del Norte S.A.

OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

As required by the National Securities Commission (“CNV”), an overview of Transportadora de Gas del Norte S.A. (“TGN” or the “Company”) revenues, financial position, business prospects and other economic-financial indicators, that must be read in conjunction with the Company’s Financial Statements for fiscal year ended December 31, 2017, additional information to the Notes required under Title IV, Chapter III, Section 12 of CNV’s regulations is shown below, as well as relevant facts timely informed to the CNV.

I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

- *Comprehensive income for fiscal year:*

(in million pesos)

	For years ended December 31					
	2017	***2016***	***Variation***	***2015***	***2014***	***2013***
Revenues						
Gas transportation service	*3,594.4*	*1,677.0*	*1,917.4*	*668.5*	*586.5*	*476.7*
Allowance for disputed amounts	-	-	-	*(25.3)*	*(89.0)*	*(59.3)*
Subtotal gas transportation service	***3,594.4***	***1,677.0***	***1,917.4***	***643.2***	***497.5***	***417.4***
Other services:						
Gas pipeline operation & maintenance and other services	*280.8*	*157.0*	*123.8*	*82.8*	*55.9*	*48.0*
Management Fees – Gas Trust Program	-	*1.3*	*(1.3)*	*27.0*	*18.6*	*18.5*
Subtotal other services	***280.8***	***158.3***	***122.5***	***109.8***	***74.5***	***66.5***
Total revenues	***3,875.2***	***1,835.3***	***2,039.9***	***753.0***	***572.0***	***483.9***
Cost of service						
Operation and maintenance costs	*(1,510.7)*	*(961.2)*	*(549.5)*	*(725.7)*	*(499.5)*	*(347.3)*
Property, plant and equipment depreciation	*(187.8)*	*(157.0)*	*(30.8)*	*(141.9)*	*(135.9)*	*(132.7)*
Subtotal	***(1,698.5)***	***(1,118.2)***	***(580.3)***	***(867.6)***	***(635.4)***	***(480.0)***
Gross profit (loss)	***2,176.7***	***717.1***	***1,459.6***	***(114.6)***	***(63.4)***	***3.9***
Administrative and selling expenses	*(582)*	*(449.2)*	*(132.8)*	*(212.4)*	*(184.6)*	*(150.0)*
Income (loss) before other net income and expenses	***1,594.7***	***267.9***	***1,326.8***	***(327.0)***	***(248.0)***	***(146.1)***
Other net income and expenses	*(16.9)*	*(59.8)*	*42.9*	*(24.7)*	*29.6*	*170.8*
Income (loss) before financial income	***1,577.8***	***208.1***	***1,369.7***	***(351.7)***	***(218.4)***	***24.7***
Net financial income	*(397)*	*(608.0)*	*211.0*	*(450.9)*	*(175.7)*	*(258.9)*
Income from loan restructuring	-	-	-	-	-	*280.7*
Income (loss) from investments in affiliated companies	*2.6*	*(1.0)*	*3.6*	*7.7*	*5.6*	*2.8*
Income before income tax	***1,183.4***	***(400.9)***	***1,584.3***	***(794.9)***	***(388.5)***	***49.3***
Income tax	***(341.6)***	*142.1*	*(483.7)*	*277.4*	*131.9*	*(20.4)*
Income (loss) for fiscal year	***841.8***	***(258.8)***	***1,100.6***	***(517.5)***	***(256.6)***	***28.9***
Currency conversion of affiliated companies financial statements	*1.9*	*2.8*	*(0.9)*	-	-	-
Property, plant and equipment revaluation allowance	*14,135.8*	-	*14,135.8*	-	-	-
Other comprehensive income	***14,137.7***	***2.8***	***14,134.9***	-	-	-
Comprehensive income (loss) for fiscal year	***14,979.5***	***(256.0)***	***15,235.5***	***(517.5)***	***(256.6)***	***28.9***
EBITDA [1]	***1,781.6***	***379.0***	***1,402.6***	***(196.6)***	***(73.7)***	***161.3***

(1) Earnings before income tax, financial income, income from loan restructuring, property, plant and equipment depreciation and charges on consumable assets that do not involve cash outflows.

See our report dated
March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Tº 1 Fº 17

Dr. Carlos N. Martínez
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. Tº 155 Fº 146

OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

(in million pesos)

	12.31.2017	**12.31.2016**	**12.31.2015**	**12.31.2014**	**12.31.2013**
Total assets	*25,060*	*4,585*	*3,875*	*3,259*	*3,138*
Total liabilities	*10,025*	*4,529*	*3,563*	*2,429*	*2,052*
Shareholders' equity	*15,035*	*56*	*312*	*830*	*1,086*

The following paragraphs describe the reasons for main variations in TGN's comprehensive income and cash flows, and disclose some economic-financial indicators in connection with the Company's equity.

Revenues

Revenue variation of $ 2,039.9 million between fiscal years ended December 31, 2017 and 2016 is due to:

i. an increase of $ 1,917.4 million as a result of an increase in domestic transportation rates (see Title VI) "Business Prospects for next Fiscal Year" under this Overview; and

ii. an increase of $ 123.8 million in "Gas pipeline operation and maintenance and other services".

See our report dated
March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Dr. Carlos N. Martínez
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I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

- *Cost of services*

Account	Years ended 12.31									
	2017	**%**	**2016**	**%**	**2015**	**%**	**2014**	**%**	**2013**	**%**
Fees for professional services	10.8	0.6	14.9	1.3	12.7	1.5	9.2	1.4	6.5	1.4
Salaries, wages and other personnel benefits and social security contributions	519.8	30.6	401.4	35.9	289.9	33.4	208.7	32.8	163.1	34.0
Technical assistance fee	14.1	0.8	13.1	1.2	10.1	1.2	9.5	1.5	15.9	3.3
Materials and spare parts	97.4	5.7	52.7	4.7	38.0	4.4	33.2	5.2	23.8	5.0
Maintenance and repair of property, plant and equipment and third-party services and supplies	748.3	44.1	378.0	33.8	289.2	33.3	187.7	29.5	101.8	21.2
Post, telecommunications, transportation, freight and travel expenses	64.7	3.8	46.6	4.2	36.6	4.2	28.3	4.5	19.3	4.0
Insurance	27.8	1.6	22.3	2.0	13.9	1.6	9.4	1.5	6.6	1.4
Rentals and office supplies	16.9	1.0	10.3	0.9	6.2	0.7	4.9	0.8	3.7	0.8
Easements	(3.9)	(0.2)	8.2	0.7	23.5	2.7	4.8	0.8	5.5	1.1
Taxes, rates and contributions	1.8	0.1	1.0	0.1	1.2	0.1	1.0	0.2	0.7	0.1
Property, plant and equipment depreciation	187.8	11.1	157.0	14.0	141.9	16.4	135.9	21.4	132.7	27.6
Slow-moving and obsolete materials and spare parts	8.3	0.5	9.1	0.9	1.8	0.2	0.5	0.1	(1.8)	(0.4)
Other	4.7	0.3	3.6	0.3	2.6	0.3	2.4	0.4	2.2	0.5
Total	**1,698.5**	**100.0**	**1,118.2**	**100.0**	**867.6**	**100.0**	**635.4**	**100.0**	**480.0**	**100.0**
% of Cost of service on revenues	**43.8%**		**60.9**		**115.2**		**111.1**		**99.2**	

Accounts recording the most relevant variations between both fiscal years are as follows:

i. an increase of $ 118.4 million in *Salaries, wages and other personnel benefits and social security contributions* as a result of pay increases for inflation adjustment ($ 96.7 million), headcount increase ($ 10.1 million), higher severance pay charges ($ 8.4 million) and other; and

ii. an increase of $ 370.3 million in *Maintenance and repair of property, plant and equipment and third-party services and supplies*, mainly due to the fact that during fiscal year ended December 31, 2017 higher disbursements were made in cleaning, painting and weeding of facilities ($ 19.1 million), critical maintenance of gas pipelines ($ 12.9 million), outsourced maintenance works ($ 31.2 million), layout changes ($ 166.5 million), inline inspection of gas pipelines ($ 66.6 million), cathodic protection ($ 16.5 million), pipe repairs ($ 13 million), costs associated with revenues from service projects related to power plants bypass lines ($ 28.9 million) and safety and surveillance ($ 8.2 million).

See our report dated
March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

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I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

- *Administrative and selling expenses*

(in million pesos)

Accounts	***Years ended 12.31.***									
	2017	***%***	***2016***	***%***	***2015***	***%***	***2014***	***%***	***2013***	***%***
Salaries, wages and other personnel benefits and social security contributions	*174.8*	*30.0*	*138.4*	*30.8*	*97.7*	*46.0*	*67.3*	*36.5*	*52.3*	*34.9*
Property, plant and equipment depreciation	*4.7*	*0.8*	*2.2*	*0.5*	*2.0*	*0.9*	*1.9*	*1.0*	*1.9*	*1.3*
Fees for professional services	*28.9*	*5.0*	*16.4*	*3.7*	*16.4*	*7.7*	*14.0*	*7.6*	*13.1*	*8.7*
Taxes, rates and contributions	*322.5*	*55.4*	*150.3*	*33.5*	*88.9*	*41.9*	*65.5*	*35.5*	*57.6*	*38.4*
Post, telecommunications, transportation, freight and travel expenses	*9.9*	*1.7*	*6.6*	*1.5*	*5.2*	*2.4*	*5.3*	*2.9*	*3.0*	*2.0*
Maintenance and repair of property, plant and equipment and third-party services and supplies	*12.2*	*2.1*	*7.8*	*1.7*	*5.9*	*2.8*	*4.7*	*2.5*	*3.7*	*2.5*
Rentals and office supplies	*7.9*	*1.4*	*5.0*	*1.1*	*3.8*	*1.8*	*3.1*	*1.7*	*2.2*	*1.5*
Doubtful accounts	*(37.8)*	*(6.5)*	*94.3*	*21.0*	*(9.9)*	*(4.7)*	*10.2*	*5.5*	*9.9*	*6.6*
Lawsuits	*42.4*	*7.3*	*17.0*	*3.8*	*(6.6)*	*(3.1)*	*4.4*	*2.4*	*1.3*	*0.9*
Supervisory Committee's fees	*3.4*	*0.6*	*2.7*	*0.6*	*2.1*	*1.0*	*1.5*	*0.8*	*1.2*	*0.8*
Board of Directors' fees	*5.3*	*0.9*	*4.1*	*0.9*	*3.8*	*1.8*	*2.7*	*1.5*	*2.0*	*1.3*
Other	*7.8*	*1.3*	*4.5*	*1.0*	*3.2*	*1.5*	*4.0*	*2.2*	*1.8*	*1.2*
Total	***582.0***	***100.0***	***449.3***	***100.0***	***212.4***	***100.0***	***184.6***	***100.0***	***150.0***	***100.0***
% of Administrative and Selling expenses on revenues	***15.5***		***24.5***		***28.2***		***32.3***		***31.0***	

Accounts recording the most relevant variations between both fiscal years are as follows:

i. an increase of $ 36.4 million in *Salaries, wages and other personnel benefits and social security contributions* as a result of pay increases for inflation adjustment ($ 30.1 million), higher severance pay charges ($ 4.5 million), headcount increase ($ 2.5 million) and others;

ii. an increase of $ 172.2 million in *Taxes, rates and contributions* principally due to a higher verification and control fee charged by ENARGAS ($ 55.4 million), tax on bank transactions ($ 26.1 million) and turnover tax ($ 90.6 million);

iii. a decrease of $ 132.1 million in allowance for *Doubtful accounts* during 2017 consistent with balances of customers in default; and

iv. an increase of $ 25.4 million in *Lawsuits*, as a result of the adjustment of the provision for contingencies to the current status of lawsuits and claims in which the Company is involved.

I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

- *Other net income and expenses*

(in million pesos)

Accounts	*Fiscal years ended 12. 31.*				
	2017	***2016***	***2015***	***2014***	***2013***
Income for commercial compensation	*0.4*	*10.9*	*0.1*	*7.6*	*163.9*
Compensation for damages adjustment	*(46.7)*	*(109.9)*	*(20.8)*	*21.5*	*-*
Court fees	*-*	*-*	*(32.9)*	*-*	*-*
Net income from disposal of property, plant and equipment	*0.8*	*0.2*	*3.1*	*0.2*	*1.9*
Net income from sundry sales, loss recovery and other	*28.6*	*39.0*	*25.8*	*0.3*	*5.0*
Total	***(16.9)***	***(59.8)***	***(24.7)***	***29.6***	***170.8***

During fiscal years ended December 31, 2017 and 2016, the Company has recognized losses for $ 46.7 million and $ 109.9 million, respectively, in relation with the compromise and settlement agreement entered into with AES Argentina Generación S.A. in 2012 (and subsequently amended in 2014). These losses are the result of measuring the liability with AES Argentina Generación S.A. based on the access and use charge in force in each fiscal year.

- *Net financial income*

(in million pesos)

Accounts	*Fiscal years ended 12.31.*				
	2017	***2016***	***2015***	***2014***	***2013***
Other net financial income:					
Exchange rate gain	*302.7*	*320.9*	*598.8*	*337.5*	*253.3*
Exchange rate loss	*(637.3)*	*(722.0)*	*(1,082.9)*	*(456.6)*	*(393.9)*
Total financial loss generated by exchange rate fluctuations	***(334.6)***	***(401.1)***	***(484.1)***	***(119.1)***	***(140.6)***
Financial income:					
Interest	*67.6*	*56.7*	*41.1*	*38.8*	*28.9*
Income due to changes in fair values	*40.9*	*28.4*	*195.9*	*108.7*	*52.7*
Income due to loan repurchase	*-*	*-*	*-*	*19.6*	*5.9*
Other financial income	*2.2*	*1.9*	*1.9*	*0.9*	*6.4*
Income due to discount at present value	*12.2*	*-*	*15.1*	*-*	*-*
Total financial income	***122.9***	***87.0***	***254.0***	***168.0***	***93.9***
Financial expenses:					
Interest	*(168.8)*	*(256.9)*	*(149.0)*	*(118.3)*	*(79.4)*
Expense due to changes in fair values	*-*	*(2.3)*	*-*	*(2.3)*	*-*
Expense due to discount at present value	*(1.5)*	*(32.0)*	*(69.3)*	*(101.5)*	*(130.6)*
Banking, financial and other fees, expenses and taxes	*(15.0)*	*(2.7)*	*(2.5)*	*(2.5)*	*(2.2)*
Total financial expenses	***(185.3)***	***(293.9)***	***(220.8)***	***(224.6)***	***(212.2)***
Total net financial income (loss)	***(397.0)***	***(608.0)***	***(450.9)***	***(175.7)***	***(258.9)***

See our report dated
March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Dr. Carlos N. Martínez
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. T° 155 F° 146

OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

Net financial income for fiscal year ended December 31, 2017 showed a lower loss by $ 211 million as compared to fiscal year 2016. Accounts with the most relevant variations between both fiscal years were:

i. a lower loss for $ 84.7 million due to a lesser number of US dollar denominated liabilities during 2017, as compared to previous year;

ii. a lower profit for $ 18.2 million due to a lesser number of US dollar denominated assets during 2017, as compared to previous year;

iii. a decrease of $ 88.1 million in interest expense, due to repayment of "Step-up" and "Five-Year" Notes, and a new syndicated loan at a significantly lower interest rate. TGN's borrowing rate decreased from 9% to 4.56% approximately;

iv. a lower loss for $ 42.7 million due to long-term receivables and payables being discounted at present value; and

v. a lower loss for $ 14.8 million due to changes in fair values accrued during fiscal year ended December 31, 2017.

- *Income tax*

(in million pesos)

	Fiscal years ended 12.31.				
	2017	***2016***	***2015***	***2014***	***2013***
Current income tax	-	-	*(3.0)*	-	*(8.9)*
Deferred income tax	*(341.6)*	*142.1*	*280.4*	*131.9*	*(11.5)*
Total	***(341.6)***	***142.1***	***277.4***	***131.9***	***(20.4)***

Deferred income tax for fiscal year ended December 31, 2017 reported a higher loss for $ 483.7 million as compared to 2016 fiscal year. Said variation is mainly the result of a higher tax-loss carry-forward reported in fiscal year ended December 31, 2017. Note 8 to the Company's Financial Statements as of December 31, 2017 includes a breakdown of deferred income tax assets and liabilities and their variation during fiscal year 2017.

- *Other comprehensive income*

On December 31, 2017, the Board made the decision to use the "revaluation model" established in IAS 16 - "Property, plant and equipment". As a result of that, a higher value was recognized which, net of the applicable deferred income tax, amounts to $ 14,135.8 million. See Note 2.5. to the Financial Statements as of December 31, 2017.

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I) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION (Cont.)

- *Summary of statement of cash flows*

(in million pesos)

	Fiscal years ended 12.31				
	2017	***2016***	***2015***	***2014***	***2013***
Cash generated by operating activities	*515.7*	*447.8*	*16.4*	*33.8*	*178.9*
Income tax	*341.6*	*(142.1)*	*(277.4)*	*(131.9)*	*20.4*
Accrual of interest generated by liabilities	*168.8*	*271.5*	*149.0*	*118.2*	*79.4*
Net cash flow generated by (used in) operating activities	***1,026.1***	***577.2***	***(112.0)***	***20.1***	***278.7***
Acquisition of property, plant and equipment	*(788.1)*	*(328.6)*	*(159.3)*	*(120.7)*	*(82.9)*
Dividends received	-	*15.2*	-	-	*0.8*
Principal and interest received from investments at amortized cost and investments at fair value	*20.0*	-	-	-	-
Subscriptions, net of recovery of investment at amortized cost and investments at fair value (non-cash equivalents)	*5.4*	*24.5*	*193.3*	*(30.4)*	*7.8*
Net cash flow (used in) generated by investing activities	***(762.7)***	***(288.9)***	***34.0***	***(151.1)***	***(74.3)***
Decrease (increase) in attachments and court deposits	-	-	-	*4.8*	*(16.7)*
Syndicated loan, net of expenses	*3,822.3*	-	-	-	-
Principal repayment on Notes	*(3,641.1)*	-	-	-	-
Interest payment on Notes	*(283.5)*	*(295.6)*	*(25.9)*	*(62.2)*	*(10.1)*
Net cash flow used in financing activities	***(102.3)***	***(295.6)***	***(25.9)***	***(57.4)***	***(26.8)***
Net increase (decrease) in cash and cash equivalents	***161.1***	***(7.3)***	***(103.9)***	***(188.4)***	***177.6***
Cash and cash equivalents at the beginning of fiscal year	***250.9***	***209.6***	***250.5***	***350.2***	***123.9***
Financial income generated by cash	***63.5***	***48.6***	***63.0***	***88.7***	***48.7***
Cash and cash equivalents at the end of fiscal year	***475.5***	***250.9***	***209.6***	***250.5***	***350.2***

- *Breakdown of cash and cash equivalents*

(in million pesos)

	Fiscal years ended 12.31.				
	2017	***2016***	***2015***	***2014***	***2013***
Cash and banks	*30.0*	*34.0*	*91.1*	*66.8*	*90.3*
Term deposits in US$	*204.1*	*50.6*	*81.5*	*153.8*	*177.3*
Term deposits in $	-	-	-	-	*12.2*
Mutual funds in US$	-	-	-	*29.9*	*32.6*
Mutual funds in $	*241.4*	*152.8*	*37.0*	-	*36.6*
LEBAC Bonds	-	*13.5*	-	-	-
Repurchase agreement with haircut in $	-	-	-	-	*1.2*
Cash and cash equivalents at the end of fiscal year	***475.5***	***250.9***	***209.6***	***250.5***	***350.2***

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Transportadora de Gas del Norte S.A.

OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

II) COMPARATIVE BALANCE SHEETS AS OF DECEMBER 31, 2017, 2016, 2015, 2014 AND 2013

(in million pesos)

	As of 12.31.				
	2017	***2016***	***2015***	***2014***	***2013***
Non-current assets	*23,422*	*3,704*	*3,130*	*2,535*	*2,329*
Current assets	*1,638*	*881*	*745*	*724*	*809*
Total	***25,060***	***4,585***	***3,875***	***3,259***	***3,138***
Shareholders' equity	*15,035*	*56*	*312*	*830*	*1,086*
Non-current liabilities	*9,243*	*3,418*	*3,109*	*1,859*	*1,654*
Current liabilities	*782*	*1,111*	*454*	*570*	*398*
Subtotal liabilities	*10,025*	*4,529*	*3,563*	*2,429*	*2,052*
Total	***25,060***	***4,585***	***3,875***	***3,259***	***3,138***

III) COMPARATIVE COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2017, 2016, 2015, 2014 AND 2013

(in million pesos)

	As of 12.31.				
	2017	***2016***	***2015***	***2014***	***2013***
Profit (loss) before other net income and expenses	***1,594.8***	***267.8***	***(327.0)***	***(248.0)***	***(146.1)***
Other net income and expenses	*(16.9)*	*(59.8)*	*(24.7)*	*29.6*	*170.8*
Profit (loss) before financial income	***1,577.9***	***208.0***	***(351.7)***	***(218.4)***	***24.7***
Net financial income	*(397.0)*	*(608.0)*	*(450.9)*	*(175.7)*	*(258.9)*
Income from loan restructuring	-	-	-	-	*280.7*
Income from investments in affiliated companies	*2.6*	*(1.0)*	*7.7*	*5.6*	*2.8*
Income before income tax	***1,183.5***	***(401.0)***	***(794.9)***	***(388.5)***	***49.3***
Income tax	*(341.6)*	*142.1*	*277.4*	*131.9*	*(20.4)*
Profit (loss) for the year	***841.9***	***(258.9)***	***(517.5)***	***(256.6)***	***28.9***
Other comprehensive income	*14,137.7*	*2.8*	-	-	-
Comprehensive income (loss) for the year	***14,979.6***	***(256.1)***	***(517.5)***	***(256.6)***	***28.9***

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

IV) COMPARATIVE STATISTICAL DATA FOR FISCAL YEARS ENDED DECEMBER 31, 2017, 2016, 2015, 2014 AND 2013

Dispatched volumes in million m3:

By type of transportation

	As of 12.31.				
	2017	***2016***	***2015***	***2014***	***2013***
Firm	*15,109*	*14,841*	*15,169*	*14,903*	*15,139*
Interruptible & exchange and displacement	*7,284*	*7,396*	*7,239*	*7,340*	*6,334*
Total	***22,393***	***22,237***	***22,408***	***22,243***	***21,473***

By source

	As of 12.31.				
	2017	***2016***	***2015***	***2014***	***2013***
Northern Pipeline	*9,767*	*9,402*	*9,669*	*9,930*	*8,692*
Central West Pipeline	*12,626*	*12,835*	*12,739*	*12,313*	*12,781*
Total	***22,393***	***22,237***	***22,408***	***22,243***	***21,473***

By destination

	As of 12.31.				
	2017	***2016***	***2015***	***2014***	***2013***
Local market	*22,380*	*22,232*	*22,013*	*22,104*	*21,368*
Export market	*13*	*5*	*395*	*139*	*105*
Total	***22,393***	***22,237***	***22,408***	***22,243***	***21,473***

V) COMPARATIVE RATIOS AS OF DECEMBER 31, 2017, 2016, 2015, 2014 AND 2013

	As of 12.31				
	2017	***2016***	***2015***	***2014***	***2013***
Liquidity (1)	*2.09*	*0.79*	*1.64*	*1.27*	*2.03*
Solvency (2)	*1.5*	*0.01*	*0.09*	*0.34*	*0.53*
CATA (3)	*0.93*	*0.81*	*0.81*	*0.78*	*0.74*
Profitability (4)	*0.11*	*(1.39)*	*(0.91)*	*(0.27)*	*0.03*

(1) Current assets / current liabilities
(2) Equity / total liabilities
(3) Non-current assets / total assets
(4) Net income / average equity

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OVERVIEW FOR FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016

VI) BUSINESS PROSPECTS (*not covered by the Independent Accountants' Report*)

This section, related to the Company's business, operating, financial and regulatory prospects must be complemented with the notes to the Financial Statements, the additional information required under Title IV, Chapter III, Section 12 of the National Securities Commission regulations as of December 31, 2017. This information should be jointly read, analyzed and interpreted to have a full vision of corporate matters.

Business prospects for next fiscal year:

Rate increases implemented since 2016 have allowed the Company to finance its operating and maintenance expenses, execute certain works and meet its financial liabilities when due. In order to maintain transportation rates updated over time and thus be able to meet gas pipeline operation and maintenance requirements, the CRR conducted by the ENARGAS introduces non-automatic bi-annual transportation rate adjustments, between five-year rate reviews, due to changes noted in the economy relating to in the cost of service, in order to maintain the economic-financial balance and quality of the service. The Company is confident that the new rates shall be maintained at constant values to be able to face such expenses and investments required for the operation and maintenance of gas pipelines.

City of Buenos Aires, March 7, 2018

See our report dated
March 7, 2018
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
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Emilio Daneri Conte-Grand
President

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2017 (in thousand pesos, except as otherwise expressly stated).

i. General matters related to the Company's activities:

1. Specific and significant legislation and regulations applicable to the Company and potential contingencies:

The Natural Gas Act and its regulations, the Bidding Terms and Conditions for the privatization of Gas del Estado S.E. ("GdE"), the Transfer Agreement, the License and the resolutions adopted by ENARGAS establish the legal framework pursuant to which the Company carries out its business. The License, granted for an original term of 35 years, with an option for a ten year extension, may be revoked by the National Executive Branch upon ENARGAS' recommendation in case the Company fails to comply with the duties thereunder expressly established. If the License is revoked, the Company may be forced to cease operating the assets received from GdE and transfer them to the National Government or any designee thereof. Note 1 to TGN´s Financial Statements as of December 31, 2017 describes the Company's legal and regulatory matters.

2. Major changes in the Company's business activities or other similar circumstances that took place during the fiscal years covered by the Financial Statements which affect their comparability with those submitted in previous fiscal years, or which could affect such comparability with those to be submitted in future fiscal years:

See Notes 1.3.3; 1.3.4; 2.5; 15 and 18 to the Company's Financial Statements for year ended December 31, 2017.

3. Classification of receivables and payables based on aging and due dates:

	12.31.2017		
	Receivables (1)	**Loans (2)**	**Other Payables (3)**
Past due			
From 01.01.2007 to 12.31.2007	158,317	-	1,359
From 01.01.2008 to 12.31.2008	187,270	-	1,980
From 01.01.2009 to 12.31.2009	623,329	-	302
From 01.01.2010 to 12.31.2010	810,172	-	9,912
From 01.01.2011 to 12.31.2011	400,586	-	37,703
From 01.01.2012 to 12.31.2012	398,449	-	17,590
From 01.01.2013 to 12.31.2013	399,034	-	11,012
From 01.01.2014 to 12.31.2014	419,306	-	12,438
From 01.01.2015 to 12.31.2015	198,756	-	10,897
From 01.01.2016 to 12.31.2016	82,503	-	11,467
From 01.01.2017 to 03.31.2017	18,937	-	3,000
From 01.04.2017 to 06.30.2017	49,822	-	3,018
From 01.07.2017 to 09.30.2017	63,095	-	3,893
From 01.10.2017 to 12.31.2017	102,832	-	43,180

(1) Includes trade accounts receivable and other accounts receivable, at face value, and excludes allowances.
(2) Denominated at present value.
(3) Includes all non-financial liabilities, excluding contingencies and deferred tax liabilities.

See our report dated
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(Partner)

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ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2017 (in thousand pesos, except as otherwise expressly stated).

	12.31.2017		
	Receivables (1)	**Loans (2)**	**Other payables (3)**
Without due date	813,777	-	317,261
To become due			
03.31.2018	24,078	56	191,637
06.30.2018	27	31,194	9,828
09.30.2018	-	-	4,303
12.31.2018	-	-	4,303
12.31.2019	769	2,051,390	17,214
12.31.2020	1,871	1,996,022	17,214
12.31.2021	848	-	17,214
12.31.2022	-	-	17,214
12.31.2023	-	-	17,214
12.31.2024	-	-	17,214
12.31.2025	-	-	17,214
12.31.2026	-	-	17,214
12.31.2027	-	-	17,214
Total as of 12.31.2017	**4,753,778**	**4,078,662**	**850,009**

4. Classification of receivables and payables based on their financial effects:

	12.31.2017		
	Receivables (1)	**Loans (2)**	**Other payables (3)**
In local currency	1,070,872	56	786,773
In foreign currency	3,606,585	4,078,606	63,236
In kind	76,321	-	-
Total as of 12.31.2017	**4,753,778**	**4,078,662**	**850,009**
Balances subject to adjustment clause	-	-	-
Balances not subject to adjustment clause	4,753,778	4,078,662	850,009
Total as of 12.31.2017	**4,753,778**	**4,078,662**	**850,009**
Interest bearing balances	356	4,078,662	22,056
Non-interest bearing balances	4,753,422	-	827,953
Total as of 12.31.2017	**4,753,778**	**4,078,662**	**850,009**

(1) Includes trade accounts receivable, other accounts receivable at face value, and excludes allowances.
(2) Recorded at present value.
(3) Includes non-financial liabilities and excludes contingencies and deferred tax liabilities.

5. Interest Percentage and votes in Affiliated Companies – Argentine General Company Law, Section 33:

See Note 7 to the Company's Financial Statements as of December 31, 2017.

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ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2017 (in thousand pesos, except as otherwise expressly stated).

5.1. Debit and/or Credit balances by company, based on their financial effects:

	Comgas Andina S.A.		Companhía Operadora do Rio Grande do Sul	
	Receivables	**Other payables**	**Receivables**	**Other payables**
Past due				
From 01.01.2017 to 12.31.2017	-	-	-	-
Without due date	480	-	530	-
To become due				
From 01.01.2018 to 03.31.2018	-	-	99	-
Total as of 12.31.2017	**480**	**-**	**629**	**-**
In local currency	-	-	-	-
In foreign currency	480	-	629	-
In kind	-	-	-	-
Total as of 12.31.2017	**480**	**-**	**629**	**-**
Balances subject to adjustment clause	-	-	-	-
Balances not subject to adjustment clause	480	-	629	-
Total as of 12.31.2017	**480**	**-**	**629**	**-**
Interest bearing balances		-		-
Non-interest bearing balances	480	-	629	-
Total as of 12.31.2017	**480**	**-**	**629**	**-**

6. Trade receivables or loans with Directors, Statutory Auditors and their second-degree relatives:

None.

ii. Physical count of inventories:

7. Frequency and scope of physical count of inventories.

The physical count of all (100%) materials and spare parts is performed on an annual basis. Slow-moving and obsolete materials and spare parts amount to $ 103.9 million are totally written-off. (See Note 10 to the Company's Financial Statements as of December 31, 2017).

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ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2017 (in thousand pesos, except as otherwise expressly stated).

iii. Current values:

8. Source of data used to calculate the current values used to measure inventories, fixed assets and other significant assets.

The only assets the Company appraises using current values are disclosed under "Investments at fair value". The sources used to calculate those current values are included in Note 3.6 to the Company´s Financial Statements as of December 31, 2017.

9. Technically appraised Fixed Assets:

See Note 2.5 to the Company's Financial Statements as of December 31, 2017.

10. Value of Obsolete Fixed Assets:

None.

iv. Equity Investments in Other Companies:

11. Equity investments in other companies exceeding the provisions of Section 31 of the Argentine General Company Law:

None.

v. Recoverable Values:

12. The criteria followed to determine the recoverable value of the Company's assets are:

-Materials and spare parts: the recoverable value of said assets was determined based on their economic use - Note 2.7 to the Company's Financial Statements as of December 31, 2017.

-Minimum presumed income tax asset and tax-loss carry-forward: projections of future taxable income have been considered in calculating the recoverable value. Said projections are based on the best estimate in accordance with the guidelines contained in Notes 2.13.b), 4 and 8 to the Company's Financial Statements as of December 31, 2017.

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ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2017 (in thousand pesos, except as otherwise expressly stated).

vi. Insurance:

13. Insurance covering the Company's tangible assets are as follows:

Property Insured	Risks covered	Insured amount in thousands	Book value in thousand $
• Personal and real property allocated to the provision of service	Operational all risk and loss of profit.	US$ 87,000	20,949,244
	Third party Liability	US$ 220,000	
	Terrorism.	US$ 35,000	
• Machinery.	Machinery breakdown.	US$ 10,000	949,419
• Vehicles:			
- Management fleet.	Limited liability.	$ 6,000	2,205
	Total loss for car accident.	$ 9,720	
	Total or partial loss due to fire, robbery or theft.	$ 9,720	
- Operational fleet (cars and pickups).	Limited liability.	$ 6,000	28,087
- Trucks and trailers.	Limited liability	$ 18,000	-
• Personal property at Head Office and IT equipment.	Fire. Theft.	US$ 8,650 US$ 10	9,843
• Works in progress.	All risk, construction and assembly	US$ 5,000	677,206

See our report dated
March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Tº 1 Fº 17

Dr. Carlos N. Martínez
Chartered Accountant (UBA)
C.P.C.E.C.A.B.A. Tº 155 Fº 146

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR FISCAL YEAR ENDED DECEMBER 31, 2017 (in thousand pesos, except as otherwise expressly stated).

vii. Positive and negative contingencies:

14. Balance of Allowances and Provisions, which jointly or individually exceed 2% of equity:

The allowances and provisions deducted from assets and included under liabilities amount to 2,020,230. The Financial Statements as of December 31, 2017 contain a breakdown of these allowances and provisions and their changes during the year.

15. Contingencies the probability of occurrence of which is not remote and with an impact on equity, which has not been reported in these Financial Statements:

None.

viii. Irrevocable advances toward future subscription of shares:

16. Status of capitalization process:

There are no irrevocable advances toward future subscription of shares pending to be capitalized.

17. Unpaid cumulative dividends on preferred shares:

None.

18. Conditions, circumstances or terms for the cessation of restrictions on distribution of retained earnings:

At the Shareholders Meeting held on October 3, 2017, the Board was delegated the power to establish restrictions on payment of dividends (see Note 15.1 to the Company's Financial Statements as of December 31, 2017). Moreover, as long as the Transitional Agreements entered into with the Ministry of Energy and Mining in 2016 and 2017 are in full force and effect (see Note 1.3.3 to the Company's Financial Statements as of December 31, 2017) the Company may pay dividends without the prior approval of ENARGAS.

Free translation from the original in Spanish for publication in Argentina

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders, President and Directors of
Transportadora de Gas del Norte S.A.
Legal address: Don Bosco 3672 - 3rd floor
City of Buenos Aires
Tax Code No. 30-65786305-6

Report on the Financial Statements

We have audited the attached financial statements of Transportadora de Gas del Norte S.A. (the Company), which consist of the statement of financial position as of December 31, 2017, the statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement for the year then ended, as well as a summary of the most significant accounting policies and other explanatory information.

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

Management's responsibilities

The Board of Directors of the Company is responsible for the preparation and reasonable presentation of these financial statements under International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated into the regulations of the National Securities Commission (CNV), as approved by the International Accounting Standards Board (IASB). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare financial statements free of any material misstatements due to error or irregularities.

Auditors' responsibility

Our responsibility is to express an opinion on the attached financial statements, based on our audit. We performed our audit in accordance with auditing standards in force in Argentina established in Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and pertinent adoption guidelines. These standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

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

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

Opinion

In our opinion, the financial statements mentioned in the first paragraph of this report present fairly, in all material respects, the financial position of Transportadora de Gas del Norte S.A. as of December 31, 2017, as well as the comprehensive income and cash flows for the fiscal year then ended, in accordance with International Financial Reporting Standards.

Report on compliance with current regulations

In compliance with current regulations, we report with respect to Transportadora de Gas del Norte S.A. that:

a) the financial statements of Transportadora de Gas del Norte S.A. are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) the financial statements of Transportadora de Gas del Norte S.A. arise from accounting records carried in all formal aspects in conformity with legal requirements which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;

c) we have read the Summary of Activities and the additional information to the notes to the financial statements required by section 12, Chapter III, Title IV of the regulations of National Securities Commission, on which we have no observations to make insofar as concerns matters within our field of competence.

d) at December 31, 2017 the debt accrued by Transportadora de Gas del Norte S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to $ 13,676,744, none of which was claimable at that date.

e) as required by section 21, subsection e), Chapter III, Part VI, Title II of the rules issued by the National Securities Commission, we report that total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2017 account for:

   e.1) 89.6% of the total fees for services billed to the Company for all items during that fiscal year;
   e.2) 91.7% of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
   e.3) 79.3% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;

f) we have applied for Transportadora de Gas del Norte S.A. the money laundering abatement and anti-terrorist financing procedures comprised in the professional standards issued by the Professional Council in Economic Sciences of the City of Buenos Aires.

Autonomous City of Buenos Aires, March 7, 2018

PRICE WATERHOUSE & CO. S.R.L.

by (Partner)

Carlos N. Martinez

REPORT FROM THE SUPERVISORY COMMITTEE

To the Shareholders of
Transportadora de Gas del Norte S.A.

Documents reviewed

In accordance with the provisions of Section 294, Subsection 5 of the Argentine General Company Law, we have reviewed the Financial Statements of Transportadora de Gas del Norte S.A., which comprise the Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows for the year ended as of December 31, 2017, and supplemental Notes and Annexes, the Inventory, the Annual Report as well as the Additional Information required by the National Securities Commission Regulations (CNV).

The balances and other information for fiscal year 2016 and interim periods are an integral part of the aforementioned Financial Statements and therefore they should be considered in relation with these Financial Statements.

Management Responsibility

The preparation and presentation of the Financial Statements are the responsibility of the Company's Board, in exercise of its exclusive duties, and in full observance of applicable regulations. This responsibility includes the design; implementation and maintenance of an adequate and efficient control system so that such Statements are free from material misstatements, whether due to error or fraud, and also includes the selection and application of appropriate accounting policies and the most reasonable estimates under the prevailing circumstances.

Supervisory Committee's Responsibility

We conducted our review of the Financial Statements in accordance with Statutory Auditing Standards in force. Those standards require that the review is conducted in accordance with applicable auditing standards and that the consistency of significant information contained in those Statements is verified against the information on corporate decisions set forth in minutes, including the consistency of those decisions with the Law and the Company's Bylaws concerning their formal and documentary aspects.

We have also examined the review of the Financial Statements as of December 31, 2017 conducted by Independent Auditors and the Report issued by independent auditor Carlos N. Martínez (CPA), Partner of Price Waterhouse & Co. S.R.L., dated March 7, 2018, issued in compliance with applicable auditing standards in Argentina. Our review included the verification of the work planning, scope, nature and timeliness of the procedures followed and the results of the audit conducted by said professional.

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

We have not reviewed the Company's management and therefore we have not assessed the Company's criteria and decisions concerning the gas transportation utility service, its administration and commercialization, since these issues are the exclusive responsibility of the Board and are beyond the scope of this Supervisory Committee.

Conclusion

We believe that the scope of our work and the Independent Auditor's Report provide a reasonable basis for our opinion, and in accordance with applicable regulations we inform that, in our opinion, the Financial Statements as of December 31, 2017, discussed and approved by the Company's Board on the date hereof, include all material facts and circumstances that have come to our knowledge.

Report on compliance with applicable regulations

a) The Financial Statements of Transportadora de Gas del Norte S.A. are recorded in the "Inventory and Balance Sheet" book and are in compliance with the provisions of the Argentine General Company Law and pertinent resolutions of the National Securities Commission. Accounting books and records are kept, in all formal respects, in accordance with applicable legislation, and have approved by the National Securities Commission as they provide for a reasonable basis of assurance and integrity.

b) As regards the above mentioned Financial Statements and the Additional Information to the notes to such Financial Statements required under Title IV, Chapter III, Section 12 of the CNV regulations, we have no remarks to make in addition to the above stated.

c) The Board´ Annual Report for fiscal year ended December 31, 2017, contains the information required by Section 66 of the Argentine General Company Law, being the assertions related to the economic context in which the Company operated, the Company´s management and subsequent events included in that document, the sole responsibility of the Company´s Board. Insofar as matters within our competence, accounting figures included in said document are derived from Company´s accounting records and related documentation. In addition, we have reviewed the Report on the extent of compliance with the Code of Corporate Governance prepared by the Board of Directors, and we have no material remarks to make.

d) We have complied with the requirements of Section 294 of the Argentine General Company Law, having regularly participated in the Board and Audit Committee´s meetings and having exercised, where relevant, the powers vested on us by said piece of legislation and the Company´s by-laws.

e) As required by the National Securities Commission regulations (as amended in 2013), we have reviewed the Independent Auditor's Report issued by the independent auditor, from which it is derived that:

i) The accounting policies applied to prepare the Financial Statements as of December 31, 2017 are in accordance with applicable professional accounting standards; and

ii) The independent auditors have conducted their audit applying auditing standards established by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), which call for objectivity and independence.

f) We have applied anti-money laundering and -counter-terrorist financing procedures set forth in the relevant professional standards issued by the Professional Council in Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 7, 2018.

By the Supervisory Committee

Juan José Valdez Follino
Regular Statutory Auditor