



**Interim Condensed Financial Statements as of June 30, 2019 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.

INTERIM CONDENSED FINANCIAL STATEMENTS for the six-month period ended June 30, 2019, 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%.

Nominal Capital Structure (Note 14)

Classes of Shares	Subscribed and Paid-in	
	06.30.19	12.31.18
	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 ⁽¹⁾	172,235	172,235
Book-entry class C common shares, of \$1 par value each and entitled to one vote per share ⁽²⁾	87,875	87,875
Total	439,374	439,374

⁽¹⁾ Authorized for public offering in Argentina and admitted for listing on Bolsas y Mercados Argentinos S.A.

⁽²⁾ Authorized for public offering in Argentina. Listed on Bolsas y Mercados Argentinos S.A.

Juan José Valdez Follino
Regular Statutory Auditor

Néstor Rafaelli
Regular Director

Transportadora de Gas del Norte S.A.

INDEX

Interim Condensed Balance Sheet
Interim Condensed Statement of Comprehensive Income
Interim Condensed Statement of Changes in Shareholders' Equity
Interim Condensed Statement of Cash Flows

Notes to the Financial Statements:

- 1 Overview
- 2 Basis of Preparation and Presentation
- 3 Financial Risk Management
- 4 Business Segment Information
- 5 Property, Plant and Equipment
- 6 Investment in Affiliated Companies
- 7 Income Tax
- 8 Investments
- 9 Financial Instruments by Category
- 10 Materials & Spare Parts
- 11 Other Accounts Receivable
- 12 Trade Accounts Receivable
- 13 Cash and Cash Equivalents
- 14 Common Stock
- 15 Loans
- 16 Taxes payable
- 17 Other Debts
- 18 Trade Accounts Payable
- 19 Contingencies
- 20 Revenues
- 21 Expenses by Nature
- 22 Other Net Income and Expenses
- 23 Net Financial Income
- 24 Net Earnings per Share
- 25 Related Parties
- 26 Financial Trusts for Export Market Expansion
- 27 Financial Trusts for Domestic Market Expansion organized by the former National Energy Secretariat
- 28 Subsequent Events

Overview

Additional information to the Notes to Interim Condensed Financial Statements required under Title IV, Chapter III, Section 12 of the National Securities Commission regulations.

Review Report on the Interim Condensed Financial Statements

Report from the Supervisory Committee

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED BALANCE SHEETS AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 (in thousand pesos)

	Note	<u>06.30.2019</u>	<u>12.31.2018</u>
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	41,652,351	43,525,692
Investments in affiliated companies, net	6	38,049	34,281
Materials and spare parts, net	10	701,880	608,412
Other accounts receivable	11	17,050	12,223
Trade accounts receivable, net	12	3,609,057	3,934,953
Investments at amortized cost	8	15,197	23,727
Total non-current assets		46,033,584	48,139,288
Current assets			
Materials and spare parts		95,428	68,250
Other accounts receivable, net	11	356,764	371,354
Trade accounts receivable, net	12	1,949,913	1,746,268
Investments at amortized cost	8	1,992,495	2,999,483
Investments at fair value	8	489,881	444,760
Cash and cash equivalents	13	821,516	2,866,775
Total current assets		5,705,997	8,496,890
Total assets		51,739,581	56,636,178

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED BALANCE SHEETS AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 (in thousand pesos)

	Note	<u>06.30.2019</u>	<u>12.31.2018</u>
SHAREHOLDERS' EQUITY			
Common stock	14	439,374	439,374
Common stock integral adjustment		10,752,755	10,752,755
Property, plant and equipment revaluation surplus		16,352,615	17,650,889
Statutory reserve		2,238,427	158,812
Optional reserve		1,040,017	-
Voluntary reserve for future dividends		743,670	-
Other reserves		(3,315)	(1,693)
Retained earnings		2,730,628	6,591,783
Total shareholders' equity		34,294,171	35,591,920
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	7	7,502,148	7,841,366
Loans	15	2,332,263	5,063,417
Lease debts		8,501	-
Other debts	17	39,988	40,038
Trade accounts payable	18	286,325	296,697
Total non-current liabilities		10,169,225	13,241,518
Current liabilities			
Contingencies	19	153,762	203,188
Loans	15	4,748,845	5,194,042
Derivative financial instruments		36,399	-
Lease debts		6,191	-
Salaries and social security contributions		173,088	279,979
Income tax		1,278,973	1,080,623
Taxes payable	16	180,872	179,564
Other debts	17	64,027	86,219
Trade accounts payable	18	634,028	779,125
Total current liabilities		7,276,185	7,802,740
Total liabilities		17,445,410	21,044,258
Total liabilities and shareholders' equity		51,739,581	56,636,178

The accompanying notes 1 to 28 are an integral part of these interim condensed financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Néstor Rafaelli
Regular Director

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018 (in thousand pesos)

		<u>Six-month period ended</u>		<u>Three-month period ended</u>	
	Note	<u>06.30.2019</u>	<u>06.30.2018</u>	<u>06.30.2019</u>	<u>06.30.2018</u>
Revenues	20	7,175,491	6,980,742	3,850,581	4,271,106
Cost of service	21	(4,196,191)	(3,153,964)	(2,124,663)	(1,603,697)
Gross profit		2,979,300	3,826,778	1,725,918	2,667,409
Selling expenses	21	(305,750)	(285,264)	(155,480)	(88,981)
Administrative expenses	21	(517,917)	(510,795)	(274,239)	(292,168)
Income before other net income and expenses		2,155,633	3,030,719	1,296,199	2,286,260
Other net income and expenses	22	(62,270)	(188,614)	(67,005)	(195,707)
Income before financial income		2,093,363	2,842,105	1,229,194	2,090,553
Net financial income					
Other net financial income	23	11,493	(1,836,033)	(44,194)	(1,527,249)
Financial income	23	140,123	140,345	63,895	71,034
Financial expenses	23	(367,691)	(322,790)	(220,528)	(214,889)
Gain on monetary position	23	112,825	436,430	39,587	359,853
Net financial loss (income)		(103,250)	(1,582,048)	(161,240)	(1,311,251)
Income from investments in affiliated companies	6	7,083	6,145	3,461	4,991
Income before income tax		1,997,196	1,266,202	1,071,415	784,293
Income tax					
Current	7	(1,118,298)	(61,968)	(658,951)	(61,968)
Special	7	5,599	-	(532)	-
Deferred	7	339,219	(343,114)	147,307	(170,722)
Subtotal income tax		(773,480)	(405,082)	(512,176)	(232,690)
Income for the period		1,223,716	861,120	559,239	551,603
Items that will be reclassified through profit or loss					
Affiliated companies' financial statements currency translation adjustment	6	(3,315)	5,202	(4,102)	4,340
Other comprehensive income for the period⁽¹⁾		(3,315)	5,202	(4,102)	4,340
Comprehensive income for the period		1,220,401	866,322	555,137	555,943
Net income per share, basic and diluted	24	2.7851	1.9599	1.2728	1.2554

⁽¹⁾ Comprehensive income is shown net of income tax effect.

The accompanying notes 1 to 28 are an integral part of these interim condensed financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Néstor Rafaelli
Regular Director

Transportadora de Gas del Norte S.A.**INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018 (in thousand pesos)**

ITEM	Common stock	Common stock integral adjustment	Property, plant and equipment revaluation surplus	Statutory reserve	Voluntary reserve for future dividends	Optional reserve	Other reserves	Retained earnings	Total shareholders' equity
Balances as of December 31, 2017	439,374	10,752,755	15,386,478	-	-	-	(7,002)	984,284	27,555,889
Resolution at Ordinary Shareholders' Meeting dated April 12, 2018:									
Reinstatement of Statutory Reserve	-	-	-	158,812	-	-	-	(158,812)	-
Distribution of dividends in cash	-	-	-	-	-	-	-	(606,392)	(606,392)
Profit for the six-month period ended June 30, 2018	-	-	-	-	-	-	-	861,120	861,120
Other comprehensive income	-	-	(756,285)	-	-	-	5,202	756,285	5,202
Balances as of June 30, 2018	439,374	10,752,755	14,630,193	158,812	-	-	(1,800)	1,836,485	27,815,819
Profit for the complementary six-month period ended December 31, 2018	-	-	-	-	-	-	-	3,694,713	3,694,713
Other comprehensive income	-	-	3,020,696	-	-	-	107	1,060,585	4,081,388
Balances as of December 31, 2018	439,374	10,752,755	17,650,889	158,812	-	-	(1,693)	6,591,783	35,591,920
Resolution at Ordinary Shareholders' Meeting dated April 10, 2019:									
Reinstatement of Statutory Reserve	-	-	-	2,079,615	-	-	-	(2,079,615)	-
Creation of Voluntary Reserve for future dividends	-	-	-	-	743,670	-	-	(743,670)	-
Creation of Optional Reserve	-	-	-	-	-	1,040,017	-	(1,040,017)	-
Distribution of dividends in cash ⁽¹⁾	-	-	-	-	-	-	-	(2,518,150)	(2,518,150)
Absorption of Other reserves	-	-	-	-	-	-	1,693	(1,693)	-
Profit for the six-month period ended June 30, 2019	-	-	-	-	-	-	-	1,223,716	1,223,716
Other comprehensive income	-	-	(1,298,274)	-	-	-	(3,315)	1,298,274	(3,315)
Balances as of June 30, 2019	439,374	10,752,755	16,352,615	2,238,427	743,670	1,040,017	(3,315)	2,730,628	34,294,171

(1) On April 10, 2019, the Company's shareholders approved the distribution of dividends for an amount of \$ 2,378,750, which were paid on April 22, 2019.

The accompanying notes 1 to 28 are an integral part of these interim condensed financial statements.

Juan José Valdez Follino
Regular Statutory Auditor

Néstor Rafaelli
Regular Director

Transportadora de Gas del Norte S.A.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018 (in thousand pesos)

	Note	06.30.2019	06.30.2018
Profit for the period		1,223,716	861,120
Adjustments to cash generated by (used in) operating activities:			
Property, plant and equipment depreciation	5	2,843,038	1,844,833
Residual value of property, plant and equipment written-off	5	15,138	4,333
Income tax	7	773,480	405,082
Accrued interest generated by liabilities	23	365,588	315,241
Accrued interest generated by assets	23	(91,809)	(59,978)
Increase in allowances (net of recoveries)		(591,092)	1,793,074
Loss from derivative financial instruments	23	36,399	-
Exchange rate differences and other net financial income		(1,078,206)	912,953
Income from investments in affiliated companies	6	(7,083)	(6,145)
Net changes in operating assets and liabilities:			
Decrease (increase) in trade accounts receivable		1,122,381	(2,333,521)
Decrease (increase) in other accounts receivable		33,009	(53,337)
Increase in materials and spare parts		(65,315)	(19,600)
Decrease (increase) in trade accounts payable		(167,277)	108,078
Decrease in salaries and social security contributions		(106,891)	(99,675)
Decrease (increase) in taxes payable		(933,892)	106,287
Decrease in other debts		(22,242)	(19,617)
Decrease in contingencies		(49,426)	47,712
Net cash flow generated by operating activities		3,299,516	3,806,840
Acquisition of property, plant and equipment	5	(964,227)	(936,075)
Subscriptions net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)		1,036,150	(888,972)
Principal received from investments at amortized cost and investments at fair value		4,187	6,523
Interest received from investments at amortized cost and investments at fair value		6,370	9,552
Net cash flow generated by (used in) investing activities		82,480	(1,808,972)
Principal and interest paid on loans		(2,887,670)	(163,948)
Payment of dividends in cash		(2,518,150)	(606,392)
Lease payment		(3,966)	-
Net cash flow used in financing activities		(5,409,786)	(770,340)
Net (decrease) increase in cash and cash equivalents		(2,027,790)	1,227,528
Cash and cash equivalents at the beginning of fiscal year		2,866,775	859,341
Financial income generated by cash		(17,469)	106,563
Cash and cash equivalents at the end of the period	13	821,516	2,193,432
Transactions not affecting cash:			
Right of use on property, plant and equipment through leases		20,610	-

The accompanying notes 1 to 28 are an integral part of these interim condensed financial statements.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, 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 on State Reform and 24,076 (“Natural Gas Act”) and the issuance of National Executive Branch Decree No. 1,189/92 which regulates such law, 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 – The economic emergency and renegotiation of the License

The Public Emergency Law 25,561 (“LEP”), enacted in January 2002, 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. Under said legal framework and after more than ten years of rate freezing, the Company entered into with the national government, in March 2017, an Agreement toward amendment of its License (the “Comprehensive Agreement”), which was ratified and came into force with enactment of PEN Decree No. 251 on March 27, 2018. This put an end to the renegotiation process conducted under the LEP. The Comprehensive Agreement covers the contractual period from January 6, 2002 to the end of the License.

The Comprehensive Agreement requires the Company 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 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 the National Gas Regulatory Entity (“ENARGAS”) as mandatory investments in gas pipelines and complementary facilities in “Neuquina Basin”. These investments shall not form part of the Company’s rate base.

Furthermore, the Comprehensive Agreement established rules for the conduct of TGN rate review. See Note 1.3.3 to these interim condensed financial statements as of June 30, 2019.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

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 initial 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. The request for extension may be filed not less than 18 months nor more than 54 months prior to the expiration date of the initial term.

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. 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 – Comprehensive rate review

From April 2014 to December 2017 TGN received successive interim rate increases until March 2018 when ENARGAS implemented the rates resulting from the Comprehensive Rate Review ("CRR") conducted by ENARGAS starting in March 2016. In return, between April 1, 2017 and March 31, 2022, the Company must implement a Mandatory Investment Plan ("MIP") for approximately \$ 5.6 billion, which amount shall be adjusted in line with TGN rates. The Company is bound to both invest the amount committed and to carry out those works described under the MIP.

Under the regulatory framework the Company is entitled to charge a rate that allows it to cover its reasonable operating costs, depreciate assets, pay required taxes and obtain a fair and reasonable return similar to comparable risk activities, that is in line with the efficiency and satisfactory quality of the service rendered. Said regulatory framework further provides for non-automatic bi-annual transportation rate procedures for 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.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

1 – OVERVIEW (Cont.)

1.3 - Regulatory framework (Cont.)

1.3.3 – Comprehensive rate review (Cont.)

Even if ENARGAS established, as part of the CRR, that the biannual rate adjustment would be based on the Domestic Wholesale Price Index – General Level (“IPIM”) published by the National Institute of Statistics and Census (“INDEC”), ENARGAS could consider other macroeconomic variables to reflect the impact of rate adjustments on household economies, by reference to levels of activity, salaries and retirement benefits, among others. Actually, the rate adjustment applied to the six-month period “October 2018 – March 2019” resulted from the simple average of IPIM, labor cost index and construction cost index published by INDEC, which is lower than the one that would have resulted from applying the IPIM. For the six-month period “April 2019 – September 2019” ENARGAS resumed the rate adjustment based on IPIM, applying the variation recorded by said index between August 31, 2018 and February 28, 2019.

2 - PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

These interim condensed financial statements for the six-month period ended June 30, 2019 have not been audited. The Company’s Management believes that all adjustments necessary have been made to reasonably present the results for each period. The results for the six-month period ended June 30, 2019 do not necessarily reflect the Company’s full year results.

In addition, these financial statements have been prepared in accordance with International Accounting Standard 34 (“Interim Financial Reporting”).

The National Securities Commission (“CNV”) under Title IV “Periodic Reporting Regime”, Chapter III “Regulations relative to the manner of presentation and valuation criteria for financial statements” – Article 1 of its regulations, has established the application of Technical Resolution No. 26 of the Argentine Federation of Professional Councils in Economic Sciences (“FACPCE”), as amended, which adopts International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”), to certain entities encompassed by the public offering regime of Law No. 26,831, either because of their capital or negotiable obligations, or because those entities have requested authorization to be encompassed by said regime. Furthermore, the provisions of ENARGAS Resolution No. 1660/00 (as amended by Resolution No. 1903/00, also enacted by ENARGAS) 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 interim condensed financial statements have been reclassified in order to compare them to the interim condensed financial statements for this period.

2.1 – Use of estimates and accounting policies

The preparation of interim condensed 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 interim condensed financial statements as well as income and expenses recorded for the period. However, actual results and amounts may significantly differ from estimates used in the preparation of interim condensed financial statements.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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

2.1 – Use of estimates and accounting policies (Cont.)

The accounting policies applied in preparing these interim condensed financial statements are consistent with those applied in preparing the financial statements for fiscal year ended December 31, 2018, except for “derivative financial instruments” (See Note 2.5 to these interim condensed financial statements) and the adoption of new standards described below.

2.2 – Going Concern

As of the date of these interim condensed financial statements, there are no uncertainties as regards events or conditions that might cast doubt on the Company’s ability to continue doing business normally as a going concern.

2.3 – Measuring Unit

International Accounting Standard N° 29 on “Financial Reporting in Hyperinflationary Economies” (“IAS 29”) requires that interim condensed financial statements of an entity which functional currency is that of an hyperinflationary economy, whether based on the historical or current cost approach, be stated in terms of the measuring unit current as of the closing date of the reporting period. Consequently, in general terms, non-monetary items should include actual inflation since their acquisition or revaluation date, as appropriate. Said requirements also apply to comparative information included in interim condensed financial statements.

The standard describes a number of factors indicative of a hyperinflationary economy under IAS 29, such as when the cumulative inflation rate over three years approaches, or exceeds 100%. This is why Argentina’s economy should be regarded as hyperinflationary as from July 1, 2018.

The inflation adjustment to initial balances was determined considering the indexes established by FACPCE on the basis of price indexes published by INDEC. The average price index variation for the six-month period ended June 30, 2019 was 22%, while the year-on-year variation amounted to 56%.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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

2.4 – Changes in Interpretation and Accounting Standards

a) New accounting standards, amendments and interpretations issued by IASB applicable as from June 30, 2019, adopted by the Company

The Company has adopted the following standards and amendments for the first time for fiscal year beginning on January 1, 2019:

- 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 a party 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 adopted the simplified approach, without restating the period being compared. As a result of adopting this standard, a right of use and a lease debt have been recorded, though the impact on the net income at the beginning of fiscal year has not been significant.

- 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. IFRS 9 applies to annual reporting periods beginning on or after January 1, 2019. The adoption of this standard has had no impact on TGN’s financial position or results of operations.

- 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 applies to annual reporting periods beginning on or after January 1, 2019. The adoption of this standard has had no impact on TGN’s financial position or results of operations.

Additionally, on January 1, 2019 the following standards and interpretations have been adopted with no significant impact on the Company’s financial statements:

- IFRIC 23 “Uncertainty over Income Tax Treatments”.

- Annual Improvements to IFRS 2015-2017 Cycle.

b) New accounting standards, interpretations and/or amendments published but not yet effective for this fiscal year

There are no other new accounting standards, interpretations and/or amendments published and not yet effective for this fiscal year which might have a significant impact on the Company’s financial statements.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

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

2.5 – Derivative financial instruments – Initial recognition and subsequent measurement

Derivative financial instruments used by the Company are initially recognized at their fair value as of the date of the derivative contract, and are subsequently again measured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

Any gain or loss as a result of changes in derivatives' fair value is directly recognized through profit or loss.

3 – FINANCIAL RISK MANAGEMENT

Except as mentioned in Note 3.1. below, as of June 30, 2019 no significant variations in financial risks have been identified with respect to Note 3 to the Company's Financial Statements as of December 31, 2018.

3.1 – Currency Risks

The Company has entered into currency forward transactions in US dollars to manage the risk associated with exchange rate variations to which it is exposed due to its US dollar denominated liabilities. Said transactions have been classified as held for trading and are recorded as current instruments because they are due within twelve months.

The potential impact on the statement of comprehensive income and the statement of changes in shareholders' equity resulting from each percentage point of depreciation or appreciation of the peso against the US dollar would account for an approximate loss or profit, as applicable, of \$ 19.4 million, provided that the other economic and financial variables affecting the Company remain stable. This sensitivity analysis is based on reasonable assumptions and information. Nevertheless, actual results might significantly differ from such analysis.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

3 – FINANCIAL RISK MANAGEMENT (Cont.)**Foreign Currency denominated Assets and Liabilities**

	06.30.19			12.31.18	
	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					
Trade accounts receivable					
Trade accounts receivable with third parties	US\$ 189,378	42.263	8,003,682	US\$ 189,378	8,692,783
			8,003,682		8,692,783
Total non-current assets			8,003,682		8,692,783
CURRENT ASSETS					
Other accounts receivable					
Commercial compensations and other	US\$ 445	42.263	18,805	US\$ 937	43,011
Collateral posted on derivative instruments	US\$ 2,139	42.263	90,410	US\$ -	-
Other receivables with controlling companies	US\$ 4	42.263	173	US\$ 4	189
Other receivables with affiliated companies	R\$ 106	10.6	1,119	US\$ 2	81
				R\$ 116	1,313
			110,507		44,594
Trade accounts receivable					
Trade accounts receivable with third parties	US\$ 1,101	42.263	46,532	US\$ 852	39,108
Trade accounts receivable with related parties	US\$ 75	42.263	3,165	US\$ 75	3,452
Trade accounts receivable with affiliated companies	US\$ 13	42.263	548	US\$ 34	1,552
			50,245		44,112
Investments at amortized cost					
Other investments	US\$ 46,940	42.263	1,983,828	US\$ 65,112	2,988,767
			1,983,828		2,988,767
Investments at fair value					
Mutual funds	US\$ 6,546	42.263	276,668	US\$ 3,318	152,301
Government bonds	US\$ 5,045	42.263	213,213	US\$ 6,371	292,459
			489,881		444,760
Cash and cash equivalents					
Term deposits	US\$ 5,464	42.263	230,920	US\$ 50,438	2,315,195
Mutual funds	US\$ 10,011	42.263	423,099	US\$ -	-
Bank balances	US\$ 55	42.263	2,333	US\$ 10,342	474,732
			656,352		2,789,927
Total current assets			3,290,813		6,312,160
Total assets			11,294,495		15,004,943

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

3 – FINANCIAL RISK MANAGEMENT (Cont.)

Foreign Currency denominated Assets and Liabilities (Cont.)

	06.30.19			12.31.18	
	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					
Syndicated Loan	US\$ 54,925	42.463	2,332,263	US\$ 109,725	5,063,417
Total Non-Current Liabilities			2,332,263		5,063,417
CURRENT LIABILITIES					
Trade accounts payable					
Suppliers - goods and services	US\$ 4,668	42.463	198,232	US\$ 4,350	200,749
	£ 491	54.0257	26,533	£ 353	20,724
Unbilled Goods and Services	US\$ 6,490	42.463	275,599	US\$ 8,037	370,879
	£ 36	54.0257	1,950	£ 172	10,095
	€ 19	48.3229	898	€ 30	1,589
			503,212		604,036
Loans					
Syndicated loan	US\$ 111,835	42.463	4,748,845	US\$ 112,554	5,194,042
			4,748,845		5,194,042
Total Current Liabilities			5,252,057		5,798,078
Total Liabilities			7,584,320		10,861,495

US\$: US Dollars

£: Pound sterling

€: Euros

R\$: Brazilian Reais

⁽¹⁾ Does not include allowances, provisions for contingencies or discounts at present value.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated).

4 – 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 is prepared on a quarterly basis, in million Pesos, and does not include any breakdown by business segment, which means that the information is presented as a single segment, and reflects the Company as a whole. 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”. Here is the information provided to the CODM (in million Pesos);

	<u>06.30.2019</u>	<u>06.30.2018</u>
Revenues	7,175.5	6,980.7
Operating costs	(2,176.8)	(2,105.2)
Management EBITDA	<u>4,998.7</u>	<u>4,875.5</u>
Acquisition of “Property, plant and equipment”	<u>984.8</u>	<u>936.1</u>

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

	<u>06.30.2019</u>	<u>06.30.2018</u>
Management EBITDA in million pesos	4,998.7	4,875.5
“Property, plant and equipment” depreciation	(2,843.0)	(1,844.8)
Other net income and expenses	(62.3)	(188.7)
Net financial income	(103.3)	(1,582.0)
Income (loss) from investments in affiliated companies	7.1	6.2
Income before income tax	<u>1,997.2</u>	<u>1,266.2</u>

Transportadora de Gas del Norte S.A.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)****5 – PROPERTY, PLANT AND EQUIPMENT**

06.30.2019											Property, plant and equipment, net		
	Original Value						Depreciation						
	At the beginning of fiscal year	Additions	Disposals	Transfers	Revaluations	At the end of period	At the beginning of fiscal year	Period	Disposals	At the end of period	06.30.2019	12.31.2018	06.30.2018
Essential assets:													
Gas pipelines and branch lines	32,559,415	-	-	216,795	-	32,776,210	-	2,077,205	-	2,077,205	30,699,005	32,559,415	28,789,130
Compressor plants	4,834,250	-	(13,740)	95,534	-	4,916,044	-	590,793	(4,314)	586,479	4,329,565	4,834,250	4,232,926
Meter and regulating stations	490,611	-	-	-	-	490,611	-	21,198	-	21,198	469,413	490,611	439,382
SCADA system	633,894	-	(1,039)	-	-	632,855	-	62,923	(179)	62,744	570,111	633,894	611,761
Gas inventory	701,439	-	-	-	-	701,439	-	-	-	-	701,439	701,439	701,439
Lands	36,144	-	-	-	-	36,144	-	-	-	-	36,144	36,144	36,144
Buildings and civil construction works	816,546	-	-	-	-	816,546	-	17,108	-	17,108	799,438	816,547	833,656
Other technical installations	377,938	-	-	-	-	377,938	-	41,230	-	41,230	336,708	377,937	363,580
Sub-total essential assets	40,450,237	-	(14,779)	312,329	-	40,747,787	-	2,810,457	(4,493)	2,805,964	37,941,823	40,450,237	36,008,018
Other revalued assets													
Lands	20,202	-	-	-	-	20,202	-	-	-	-	20,202	20,202	20,202
Buildings and civil construction works	244,685	-	-	-	-	244,685	-	5,055	-	5,055	239,630	244,685	249,740
Sub-total other revalued assets	264,887	-	-	-	-	264,887	-	5,055	-	5,055	259,832	264,887	269,942
Total revalued assets	40,715,124	-	(14,779)	312,329	-	41,012,674	-	2,815,512	(4,493)	2,811,019	38,201,655	40,715,124	36,277,960
Non-essential assets:													
Building installations	56,185	-	-	-	-	56,185	23,279	1,198	-	24,477	31,708	32,906	14,149
Machinery, equipment and tools	250,408	13,544	(1,129)	-	-	262,823	235,516	3,576	(1,136)	237,956	24,867	14,892	7,932
Other technical installations	330,170	24	(10,999)	-	-	319,195	315,622	4,126	(12,068)	307,680	11,515	14,548	10,668
Communication equipment and devices	34,749	209	(9)	-	-	34,949	33,174	640	(9)	33,805	1,144	1,575	557
Vehicles	246,896	19,956	(3,590)	-	-	263,262	159,830	12,122	(2,661)	169,291	93,971	87,067	52,119
Furniture and fixtures	145,118	574	(197)	-	-	145,495	124,224	1,462	(152)	125,534	19,961	20,894	4,941
Right of use	-	20,610	-	-	-	20,610	-	4,402	-	4,402	16,208	-	-
Works in progress	2,638,685	929,920	(4,954)	(312,329)	-	3,251,322	-	-	-	-	3,251,322	2,638,686	2,163,133
Sub-total non-essential assets	3,702,211	984,837	(20,878)	(312,329)	-	4,353,841	891,645	27,526	(16,026)	903,145	3,450,696	2,810,568	2,253,499
Balances as of June 30, 2019	44,417,335	984,837	(35,657)	-	-	45,366,515	891,645	2,843,038	(20,519)	3,714,164	41,652,351	-	-
Balances as of December 31, 2018	40,307,616	2,745,287	(22,301)	-	5,486,734	48,517,336	863,066	4,145,009	(16,431)	4,991,644	-	43,525,692	-
Balances as of June 30, 2018	40,307,616	936,075	(9,846)	-	-	41,233,845	863,066	1,844,833	(5,513)	2,702,386	-	-	38,531,459

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

5 – PROPERTY, PLANT AND EQUIPMENT (Cont.)

5.1 – Commitments

As of June 30, 2019, the Company has firm contractual commitments with suppliers for the acquisition of Property, plant and equipment for \$ 1,183,933.

6 – INVESTMENTS IN AFFILIATED COMPANIES

	<u>06.30.2019</u>	<u>12.31.2018</u>
Balance at the beginning of fiscal year	34,281	17,842
Income from investments in affiliated companies ⁽¹⁾	<u>3,768</u>	<u>16,439</u>
Balance at the end of period	<u>38,049</u>	<u>34,281</u>

⁽¹⁾ Includes \$ (3,315) and \$ 5.309 that have been charged to “Other comprehensive income” in the Interim Condensed Statement of Comprehensive Income, as of June 30, 2019 and December 31, 2018, respectively.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

6 – INVESTMENTS IN AFFILIATED COMPANIES (Cont.)

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

Issuer	Description		Amount	Cost	Book value as of		Information on issuer							
	Shares	Face Value			06.30.19	12.31.18	Main Activity	Most Recent Financial Statements						
								Date	Capital Stock and Capital Adjustment	Other Reserves	Retained Earnings	Shareholders' Equity	Percentage of Direct Interest	
Comgas Andina S.A.	Common	(1) 1 per share	490	246	38,049	34,281	Gas pipeline operation and maintenance service	06.30.19	82	-	77,569	77,651	49.0	
Companhia Operadora do Rio Grande do Sul	Common	(2) 1 per share	49	0.1	1,703	2,256	Gas pipeline operation and maintenance service	06.30.19	1	3,761	(287)	3,475	49.0	
Investment allowance					(1,703)	(2,256)								
Total					38,049	34,281								

(1) Chilean pesos

(2) Brazilian Reais

Transportadora de Gas del Norte S.A.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)****7 – INCOME TAX**

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:

	<u>06.30.2019</u>	<u>12.31.2018</u>
Deferred income tax assets:		
Deferred income tax assets to be recovered after 12 months	184,086	219,585
Deferred income tax assets to be recovered within 12 months	<u>118,656</u>	<u>153,706</u>
	<u>302,742</u>	<u>373,291</u>
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after 12 months	(7,120,685)	(6,940,657)
Deferred income tax liabilities to be recovered within 12 months	<u>(684,205)</u>	<u>(1,274,000)</u>
	<u>(7,804,890)</u>	<u>(8,214,657)</u>
Deferred income tax liabilities (net)	<u>(7,502,148)</u>	<u>(7,841,366)</u>

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

Deferred income tax assets	Trade accounts payable and financial liabilities	Materials and spare parts	Contingencies	Tax Loss	Other debts	Other accounts receivable	Total
Balances as of December 31, 2017	97,958	94,929	43,591	521,744	37,524	4,797	800,543
Charged to statement of comprehensive income	43,558	70,056	9,485	(521,744)	(26,227)	(2,380)	(427,252)
Balances as of December 31, 2018	141,516	164,985	53,076	-	11,297	2,417	373,291
Charged to statement of comprehensive income	(4,106)	(52,480)	(13,386)	-	(2,533)	1,956	(70,549)
Balances as of June 30, 2019	137,410	112,505	39,690	-	8,764	4,373	302,742

Deferred income tax liabilities	Property, plant and equipment	Trade accounts receivable	Revaluation of Property, plant and equipment ⁽¹⁾	Investments at fair value	Tax inflation adjustment	Total
Balances as of December 31, 2017	(3,938,799)	(627,143)	(5,393,644)	972	-	(9,958,614)
Charged to statement of comprehensive income	2,713,539	(297,814)	(662,143)	(9,625)	-	1,743,957
Balances as of December 31, 2018	(1,225,260)	(924,957)	(6,055,787)	(8,653)	-	(8,214,657)
Charged to statement of comprehensive income	46,688	37,656	556,668	7,757	(239,002)	409,767
Balances as of June 30, 2019	(1,178,572)	(887,301)	(5,499,119)	(896)	(239,002)	(7,804,890)

⁽¹⁾ As of June 30, 2019, included net of revaluation balance of “Property, plant and equipment” under Shareholders’ Equity.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

7 – 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:

	06.30.2019	06.30.2018
Income before income tax	1,997,196	1,266,202
Statutory income tax rate	30%	30%
Income tax charge determined by applying statutory tax rate to the income for the period	(599,159)	(379,860)
Exceptions to statutory income tax rate:		
- Equity items inflation adjustment	(913,457)	(493,582)
- Deferred tax liabilities inflation adjustment at beginning	228,780	364,127
- Income from investments in affiliated companies	1,948	1,800
- Adjustment to income tax provision balance	-	7,517
- Change in income tax rate ⁽¹⁾	51,538	96,879
- Special tax – Law 27,430 – Chapter X – art. 1	5,599	-
- Tax revaluation – Law 27,430 – Chapter X – art.1	835,139	-
- Tax inflation adjustment – Income Tax Law – Title VI – art. 94 and subsequent ones	(382,401)	-
- Non-deductible items	(1,467)	(1,963)
Total income tax charge	(773,480)	(405,082)

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

On February 26, 2019, the Company's Board resolved to adopt the option to revalue, for tax purposes, items of Property, plant and equipment as established in Law 27,430, Title X, Chapter 1 ("Law 27,430"). Said law establishes that the option period shall be the first fiscal period ended subsequent to the effective date of the law. In the case of the Company, said date was December 31, 2017.

Once the option has been exercised, the residual value for tax purposes of each item will result from applying the following procedure:

- The cost of acquisition or construction determined as per the Income Tax Law ("LIG") shall be multiplied by the revaluation factor established under Law 27,430.
- The amount so determined shall be deducted any depreciation otherwise applicable pursuant to LIG, for useful life periods elapsed, including the option period, over the amount established in the preceding item.

The residual value for tax purposes shall not exceed the present value. The revaluation amount is the difference between the residual value for tax purposes of the item of Property, plant and equipment as of the closing date of the option period, and its original residual value as of that date, determined as per LIG. Pursuant to Law 27,430 a "special tax" at a rate of 8% for real property, and 10% for personal property, is payable over such amount. This special tax will not be deductible for income tax purposes. Also, the revaluation amount shall not be counted in determining the Minimum Presumed Income Tax ("IGMP").

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

7 – INCOME TAX (Cont.)

The Special Tax amounted to 634 million Pesos. Going forward, revalued property shall be adjusted in line with their revaluation.

The option exercise implies a waiver to bring any judicial or administrative action claiming, for tax purposes, the application of adjustment procedures of any nature. Also, if any such actions have been brought in respect of previous years, both said actions and rights claimed shall be waived and relevant costs and expenses shall have to be paid. (See Note 20.1.7 to the Company's financial statements as of December 31, 2018).

Law 27,430 establishes that the tax inflation adjustment provided for in Title VI of the Income Tax Law be applied to the first, second and third fiscal years as from its effective date (in 2018), provided the Consumer Price Index ("IPC") cumulative variation from the beginning to the end of each fiscal year exceeds fifty-five percent (55%), thirty percent (30%) and fifteen percent (15%) in 2018, 2019 and 2020, respectively. The IPC cumulative variation recorded in the first fiscal year did not exceed 55%.

Based on the local context and financial variables, Management believes that IPC variation for 2019 fiscal year will exceed 30%.

The tax inflation adjustment has been applied when calculating the current and deferred income tax provision.

8 – INVESTMENTS

Non-Current:	<u>06.30.2019</u>	<u>12.31.2018</u>
Investments at amortized cost:		
VRD bonds in \$	15,197	23,727
Total investments at amortized cost	15,197	23,727
Current:		
Investments at amortized cost:		
Government bonds in US\$ - Commercial papers	485,010	882,741
Government bonds in US\$ - T-BILLS	1,374,283	2,106,026
Government bonds in US\$ - Letes	124,535	-
VRD bonds in \$	8,667	10,716
Total investments at amortized cost	1,992,495	2,999,483
Investments at fair value:		
Mutual funds in US\$	276,668	152,301
Government bonds in US\$	213,213	292,459
Total investments at fair value	489,881	444,760

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

9 – FINANCIAL INSTRUMENTS BY CATEGORY

	<u>06.30.2019</u>	<u>12.31.2018</u>
Financial assets at fair value ⁽¹⁾:		
Current:		
Classified as “Investments at fair value”:		
Mutual funds in US\$	276,668	152,301
Government bonds in US\$	213,213	292,459
Subtotal	489,881	444,760
Classified as “Cash and cash equivalents”:		
Mutual funds in \$ (Note 13)	135,351	-
		-
Mutual funds in US\$ (Note 13)	423,099	
Subtotal	558,450	-
Total financial assets at fair value - Current	1,048,331	444,760
Financial assets at amortized cost:		
Current:		
Classified as “Investments at amortized cost”:		
Government bonds in US\$ - Commercial papers	485,010	882,741
Government bonds in US\$ - T-BILLS	1,374,283	2,106,026
Government bonds in US\$ - Letes	124,535	-
VRD bonds in \$	8,667	10,716
Subtotal	1,992,495	2,999,483
Classified as “Cash and cash equivalents”:		
Cash and banks (Note 13)	32,146	551,580
Term deposits in US\$ ⁽²⁾ (Note 13)	230,920	2,315,195
Subtotal	263,066	2,866,775
Classified as “Trade accounts receivable” and “Other accounts receivable”	2,114,961	1,815,564
Total financial assets at amortized cost - Current	4,370,522	7,681,822
Non-Current:		
Classified as “Investments at amortized cost”:		
VRD bonds in \$	15,197	23,727
Subtotal	15,197	23,727
Classified as “Trade accounts receivable” and “Other accounts receivable”	3,626,107	3,938,858
Total financial assets at amortized cost – Non-Current	3,641,304	3,962,585

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

9 – FINANCIAL INSTRUMENTS BY CATEGORY (Cont.)

	<u>06.30.2019</u>	<u>12.31.2018</u>
Financial liabilities at fair value:		
Current:		
Derivative financial instruments ⁽³⁾	36,399	-
Total financial liabilities at fair value - Current	36,399	-
Financial liabilities at amortized cost:		
Current:		
Loans	4,748,845	5,194,042
Trade accounts payable, other debts, taxes payable, income taxes and lease debt	2,164,091	2,125,531
Total financial liabilities at amortized cost – Current	6,912,936	7,319,573
Non-Current:		
Loans	2,332,263	5,063,417
Trade accounts payable, other debts and lease debt	334,814	336,735
Total financial liabilities at amortized cost – Non-Current	2,667,077	5,400,152

⁽¹⁾ All financial assets at fair value have been measured using Level 1 fair values. The value of financial instruments traded on active markets is based on quoted market prices as of the date of the interim condensed financial statements. The quoted market price used for financial assets held by the Company is the ask price as of June 30, 2019 and December 31, 2018.

⁽²⁾ Investments originally falling due within three months or less are classified as “Cash and cash equivalents” in the interim condensed balance sheet. A breakdown of this account is presented in Note 13 to these interim condensed financial statements.

⁽³⁾ All derivative financial instruments have been measured using Level 2 fair values. The fair value has been determined based on available market information.

10 – MATERIALS & SPARE PARTS

	<u>06.30.2019</u>	<u>12.31.2018</u>
Non-Current		
Spare parts and consumables	1,094,983	1,055,544
Allowance for slow-moving and obsolete materials	(393,103)	(447,132)
Total non-current materials and spare parts	701,880	608,412

Changes in allowance for slow-moving and obsolete materials:

Balance as of December 31, 2017	473,681
– Recoveries, net of gain on monetary position	(11,864)
Balance as of June 30, 2018	461,817
– Recoveries, net of gain on monetary position	(14,685)
Balance as of December 31, 2018	447,132
– Recoveries, net of gain on monetary position	(54,029)
Balance as of June 30, 2019	393,103

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

11 – OTHER ACCOUNTS RECEIVABLE

	<u>06.30.2019</u>	<u>12.31.2018</u>
Non-current		
Other	17,050	12,223
Total other accounts receivable – Non-current	<u>17,050</u>	<u>12,223</u>
Current		
Key management personnel (Note 25)	14,645	26,186
Prepaid expenses and advances	212,111	272,868
Attachments, guarantee court deposits and expenses to be recovered	50	61
Assistance fees – controlling shareholder (Note 25)	173	189
Collateral posted on derivative instruments	90,410	-
Other receivables – affiliated companies (Note 25)	1,119	1,394
Other receivables – other related parties (Note 25)	34	52,987
Transactions on behalf of third parties	18,625	11,171
Guarantee deposits - rentals	11,146	-
Allowance for doubtful accounts	(4,698)	(7,461)
Other trade receivables	13,149	13,959
Total other accounts receivable - Current	<u>356,764</u>	<u>371,354</u>

Changes in the allowance are as follows:

Balances as of December 31, 2017	12,868
– Increases, net of gain/loss on monetary position	8,079
– Loss on monetary position	(2,431)
Balances as of June 30, 2018	<u>18,516</u>
– Increases, net of gain/loss on monetary position	7,157
– Accounts received	(15,014)
– Loss on monetary position	(3,198)
Balances as of December 31, 2018	<u>7,461</u>
– Recoveries, net of gain/loss on monetary position	(1,460)
– Loss on monetary position	(1,303)
Balance as of June 30, 2019	<u>4,698</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

<u>12 – TRADE ACCOUNTS RECEIVABLE</u>	<u>06.30.2019</u>	<u>12.31.2018</u>
Non-current		
Trade accounts receivable - third parties	8,003,677	8,707,940
Allowance for doubtful accounts and disputed amounts	(4,394,620)	(4,772,987)
Total trade accounts receivable – Non-current	<u>3,609,057</u>	<u>3,934,953</u>
Current		
Trade accounts receivable - third parties	2,022,982	1,878,303
Trade accounts receivable – other related parties (Note 25)	233,183	329,146
Trade accounts receivable – affiliated companies (Note 25)	548	1,552
Less: Allowance for doubtful accounts and disputed amounts	(306,800)	(462,733)
Total trade accounts receivable - Current	<u>1,949,913</u>	<u>1,746,268</u>

Changes in the allowance for non-current doubtful accounts and disputed amounts are as follow:

Balances as of December 31, 2017	3,174,231
– Increases, net of gain/loss on monetary position	<u>1,750,650</u>
Balances as of June 30, 2018	4,924,881
– Recoveries, net	<u>(151,894)</u>
Balances as of December 31, 2018	4,772,987
– Recoveries, net	<u>(378,367)</u>
Balance as of June 30, 2019	<u>4,394,620</u>

Changes in the allowance for current doubtful accounts and disputed amounts are as follow:

Balances as of December 31, 2017	90,023
– Increases, net of gain/loss on monetary position	91,438
– Loss on monetary position	<u>(18,942)</u>
Balances as of June 30, 2018	162,519
– Increases, net of gain/loss on monetary position	337,333
– Loss on monetary position	<u>(37,119)</u>
Balances as of December 31, 2018	462,733
– Recoveries, net of gain/loss on monetary position	<u>(77,957)</u>
– Loss on monetary position	<u>(77,976)</u>
Balance as of June 30, 2019	<u>306,800</u>

The Company uses the credit loss methodology foreseen in the expected loss impairment model established under IFRS 9. For trade accounts receivable, the Company adopted the simplified approach to estimate the expected credit loss as established under IFRS 9 that requires the use of the loss provision criterion during the lifetime of trade receivables. The expected loss to be recognized is determined on the basis of a bad debt percentage across past due ranges for each trade receivable. To measure the expected credit loss, trade receivables have been grouped based on their nature as to credit risk and time elapsed as past due receivables.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

13 – CASH AND CASH EQUIVALENTS

	06.30.2019	12.31.2018
Cash and banks ⁽¹⁾	32,146	551,580
Mutual funds in \$	135,351	-
Mutual funds in US\$	423,099	-
Term deposits in US\$	230,920	2,315,195
Total	821,516	2,866,775

⁽¹⁾ As of June 30, 2019 and December 31, 2018, 2,333 and 474,732, respectively, denominated in foreign currency, are included. See Note 3 to these interim condensed financial statements.

14 – COMMON STOCK

The nominal Common stock, of \$ 439,374, is represented by 179,264,584 book-entry Class A common shares, of \$ 1 par value each and entitled to 1 vote per share, 172,234,601 book-entry Class B common shares, of \$1 par value each and entitled to 1 vote per share, and 87,874,754 book-entry Class C common shares, of \$ 1 par value each and entitled to 1 vote per share. All issued shares are subscribed and paid-in. Class B shares are admitted for listing on Bolsas y Mercados Argentinos S.A. (“BYMA”). Class C shares are listed on BYMA.

14.1 – Restrictions on the transfer of the Company’s shares

Gasinvest S.A. (“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.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

15 - LOANS

Note 16 to the Company's Financial Statements as of December 31, 2018 includes information about the terms and conditions concerning TGN's financial indebtedness.

On April 29, 2019 US\$ 55 million and US\$ 7.1 million were paid on account of principal and interest, respectively under the Syndicated Loan.

15.1 Changes in Loans

	<u>06.30.2019</u>	<u>06.30.2018</u>
Balance at the beginning of fiscal year	10,257,459	7,371,166
Accrual of interest on Syndicated Loan	275,860	245,580
Exchange rate difference on Syndicated Loan	1,171,507	3,510,459
Principal and interest paid on Syndicated Loan	(2,887,670)	(163,948)
Loss on monetary position	(1,736,048)	(1,031,940)
Balance at the end of period	<u>7,081,108</u>	<u>9,931,317</u>

16 – TAXES PAYABLE

	<u>06.30.2019</u>	<u>12.31.2018</u>
Value Added Tax	124,508	97,565
Turnover Tax	7,307	2,037
Tax withholdings and receipts from third parties	<u>49,057</u>	<u>79,962</u>
Total taxes payable	<u>180,872</u>	<u>179,564</u>

17 – OTHER DEBTS

Non-current		
Allowance for easements	<u>39,988</u>	<u>40,038</u>
Total other debts – Non-current	<u>39,988</u>	<u>40,038</u>
Current		
Allowance for easements	19,800	21,192
Key management personnel (Note 25)	14,663	26,208
Advances	339	415
Various fees payable	23,200	30,198
Other debts and customer's guarantees	<u>6,025</u>	<u>8,206</u>
Total other debts - Current	<u>64,027</u>	<u>86,219</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

18 – TRADE ACCOUNTS PAYABLE

	<u>06.30.2019</u>	<u>12.31.2018</u>
Non-current		
AES Argentina Generación S.A.	286,325	296,697
Total trade accounts payable – Non current	<u>286,325</u>	<u>296,697</u>
Current		
Suppliers – goods and services	93,597	69,401
AES Argentina Generación S.A.	41,358	40,178
Unbilled goods and services	499,073	669,546
Total trade accounts payable - Current	<u>634,028</u>	<u>779,125</u>

19 - CONTINGENCIES

	<u>Non-current</u>	<u>Current</u>
Provision for labor, civil and administrative lawsuits		
Balance as of December 31, 2017	46,123	137,967
– Increases, net of recoveries	3,470	79,095
– Decreases (payment / uses)	-	(33,272)
– Loss on monetary position	(6,373)	(19,064)
Balance as of June 30, 2018	<u>43,220</u>	<u>164,726</u>
– Increases, net of recoveries	7,147	84,271
– Decreases (payment / uses)	(44,875)	(3,941)
– Loss on monetary position	(5,492)	(41,868)
Balance as of December 31, 2018	<u>-</u>	<u>203,188</u>
– Net recoveries	-	(5,108)
– Decreases (payment / uses)	-	(6,182)
– Loss on monetary position	-	(38,136)
Balance as of June 30, 2019	<u>-</u>	<u>153,762</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

19 – CONTINGENCIES (Cont.)

19.1 – 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 to the Company's Financial Statements as of December 31, 2018, 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 interim condensed financial statements. Following there is a summary of the most significant developments concerning the Company's legal matters during the six-month period ended June 30, 2019.

19.1.1 Pending judicial disputes with YPF S.A. ("YPF")

On April 20, 2009 TGN filed a legal action against YPF in order to (i) demand compliance with the export 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 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. In February 2019 the court announced that the case was closed in order to render judgement.

19.1.2 – 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 interim condensed 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 from 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 based on the opinion of its legal advisors this claim has expired.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

19 – CONTINGENCIES (Cont.)

19.1 – Legal matters (Cont.)

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

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.

The complaints for breach of contract and damages have been joined. At present, the production of evidence requested by the court has been fully completed.

19.1.3 – Actions for refund with Administración Federal de Ingresos Públicos (AFIP) - Dirección General Impositiva (DGI)

On December 15, 2014, TGN filed with AFIP 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 was supported on 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 restatement 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 (“CSJN”), the Company paid for fiscal year 2008 the income tax at a clearly confiscatory effective rate. Further, on December 15, 2014, TGN filed an action for refund with AFIP 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 was supported on 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 CSJN precedents in this respect, there was no such minimum income presumed under the income tax law. However, having exercised the tax revaluation option referred to in Note 7 to these interim condensed financial statements, on March 27, 2019 the Company has been forced to drop the above mentioned claims.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

20 - REVENUES

	<u>For the six-month period as of</u>		<u>For the three-month period as of</u>	
	<u>06.30.2019</u>	<u>06.30.2018</u>	<u>06.30.2019</u>	<u>06.30.2018</u>
Gas transportation service	6,954,630	6,767,149	3,755,934	4,158,049
Gas pipeline operation and maintenance and other services	220,861	213,593	94,647	113,057
Total revenues	<u>7,175,491</u>	<u>6,980,742</u>	<u>3,850,581</u>	<u>4,271,106</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

21 – EXPENSES BY NATURE

Item	For the six-month period as of 06.30						Total as of 06.30.2019	Total as of 06.30.2018
	Cost of service		Selling expenses		Administrative expenses			
	2019	2018	2019	2018	2019	2018		
Directors’ fees	-	-	-	-	11,574	23,209	11,574	23,209
Supervisory Committee’s fees	-	-	-	-	3,073	11,332	3,073	11,332
Fees for professional services	25,167	16,998	521	30	42,891	33,214	68,579	50,242
Salaries, wages and other personnel benefits	397,519	407,541	10,708	11,138	158,001	142,052	566,228	560,731
Social security contributions	73,495	80,037	2,158	1,312	29,841	31,297	105,494	112,646
Materials and spare parts	227,307	140,652	91	30	1,415	5,589	228,813	146,271
Third party services and supplies	45,496	43,674	104	215	2,591	2,217	48,191	46,106
Maintenance and repair of property, plant and equipment	562,482	520,050	1,537	441	12,871	7,599	576,890	528,090
Travel expenses	59,841	53,791	1,203	804	7,799	8,905	68,843	63,500
Freight and transportation	10,510	7,153	-	-	11	26	10,521	7,179
Post and telecommunication expenses	3,380	3,579	207	215	2,502	2,186	6,089	5,980
Insurance	38,769	34,371	4	3	3,970	3,087	42,743	37,461
Office supplies	7,682	7,278	148	239	9,733	7,428	17,563	14,945
Rentals	9,516	10,192	172	184	2,529	2,333	12,217	12,709
Easements	17,140	19,337	-	-	-	-	17,140	19,337
Taxes, rates and contributions	2,151	1,582	248,689	275,534	171,273	175,392	422,113	452,508
Property, plant and equipment depreciation	2,757,748	1,799,068	28,430	904	56,860	44,861	2,843,038	1,844,833
Doubtful accounts	-	-	11,725	(5,842)	-	-	11,725	(5,842)
Lawsuits	-	-	-	-	(5,461)	2,137	(5,461)	2,137
Slow-moving and obsolete materials and spare parts	(54,029)	3,520	-	-	-	-	(54,029)	3,520
Other	12,017	5,141	53	57	6,444	7,931	18,514	13,129
Balances as of June 30, 2019	4,196,191	-	305,750	-	517,917	-	5,019,858	-
Balances as of June 30, 2018	-	3,153,964	-	285,264	-	510,795	-	3,950,023

Transportadora de Gas del Norte S.A.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)****21 – EXPENSES BY NATURE (Cont.)**

Item	For the three-month period as of 06.30						Total three-month period as of 06.30.2019	Total three-month period as of 06.30.2018
	Cost of service		Selling expenses		Administrative expenses			
	2019	2018	2019	2018	2019	2018		
Directors' fees	-	-	-	-	5,941	20,459	5,941	20,459
Supervisory Committee's fees	-	-	-	-	1,555	9,613	1,555	9,613
Fees for professional services	10,772	10,433	299	23	13,972	19,097	25,043	29,553
Salaries, wages and other personnel benefits	224,808	223,471	6,008	6,825	93,542	84,819	324,358	315,115
Social security contributions	40,689	44,621	1,235	414	17,626	18,708	59,550	63,743
Materials and spare parts	121,135	102,297	67	21	1,135	5,247	122,337	107,565
Third party services and supplies	26,465	23,485	104	122	1,285	1,263	27,854	24,870
Maintenance and repair of property, plant and equipment	283,949	235,076	914	269	5,565	4,517	290,428	239,862
Travel expenses	31,592	27,121	822	559	4,388	5,794	36,802	33,474
Freight and transportation	4,841	3,951	-	-	8	(8)	4,849	3,943
Post and telecommunication expenses	2,261	2,024	138	124	1,671	1,249	4,070	3,397
Insurance	16,376	16,368	2	1	2,431	1,686	18,809	18,055
Office supplies	3,952	4,342	28	149	5,758	4,398	9,738	8,889
Rentals	6,200	4,713	71	95	1,423	1,236	7,694	6,044
Easements	8,209	10,342	-	-	-	-	8,209	10,342
Taxes, rates and contributions	1,087	573	132,721	168,605	93,409	84,776	227,217	253,954
Property, plant and equipment depreciation	1,385,704	898,992	14,305	662	28,608	23,011	1,428,617	922,665
Doubtful accounts	-	-	(1,276)	(88,927)	-	-	(1,276)	(88,927)
Lawsuits	-	-	-	-	(8,571)	1,003	(8,571)	1,003
Slow-moving and obsolete materials and spare parts	(49,643)	(8,148)	-	(2)	-	(104)	(49,643)	(8,254)
Other	6,266	4,036	42	41	4,493	5,404	10,801	9,481
Balances for the three-month period as of June 30, 2019	2,124,663	-	155,480	-	274,239	-	2,554,382	-
Balances for the three-month period as of June 30, 2018	-	1,603,697	-	88,981	-	292,168	-	1,984,846

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

22 – OTHER NET INCOME AND EXPENSES

	<u>For the six-month period as of</u>		<u>For the three-month period as of</u>	
	<u>06.30.2019</u>	<u>06.30.2018</u>	<u>06.30.2019</u>	<u>06.30.2018</u>
Commercial compensation	265	672	-	-
Disposal of property, plant and equipment, net	(13,056)	3,909	(8,762)	3,588
Readjustment for compensation for damages	(72,970)	(72,694)	(72,970)	(72,694)
Other sales, loss recovery and other, net	23,491	(120,501)	14,727	(126,601)
Total other net income and expenses	<u>(62,270)</u>	<u>(188,614)</u>	<u>(67,005)</u>	<u>(195,707)</u>

23 – NET FINANCIAL INCOME

	<u>For the six-month period as of</u>		<u>For the three-month period as of</u>	
	<u>06.30.2019</u>	<u>06.30.2018</u>	<u>06.30.2019</u>	<u>06.30.2018</u>
Other net financial income				
Foreign exchange gains	1,347,198	1,910,511	(151,866)	1,615,998
Foreign exchange losses	(1,335,705)	(3,746,544)	107,672	(3,143,247)
Total other net financial income	<u>11,493</u>	<u>(1,836,033)</u>	<u>(44,194)</u>	<u>(1,527,249)</u>
Financial income				
Interest	91,809	59,978	40,425	30,938
Income from changes in fair values	38,943	77,330	18,064	38,473
Discounts obtained and other financial income	9,371	3,037	5,406	1,623
Total financial income	<u>140,123</u>	<u>140,345</u>	<u>63,895</u>	<u>71,034</u>
Financial expenses				
Interest	(365,588)	(315,241)	(169,160)	(212,160)
Interest capitalized into property, plant and equipment ⁽¹⁾	52,296	8,232	-	8,232
Expense from discount at present value	(9,434)	(11,941)	(8,931)	(5,878)
Loss from derivative financial instruments	(36,399)	-	(36,399)	-
Banking and financial fees, expenses and taxes	(8,566)	(3,840)	(6,038)	(5,083)
Total financial expenses	<u>(367,691)</u>	<u>(322,790)</u>	<u>(220,528)</u>	<u>(214,889)</u>
Gain on monetary position	<u>112,825</u>	<u>436,430</u>	<u>39,587</u>	<u>359,853</u>
Total net financial income	<u>(103,250)</u>	<u>(1,582,048)</u>	<u>(161,240)</u>	<u>(1,311,251)</u>

(1) The monthly effective compound interest rate used is 1.55%.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

24 – NET EARNINGS PER SHARE

Earnings per common share have been calculated by dividing the income for the six-month periods ended June 30, 2019 and 2018, by the weighted average of outstanding common shares, which as at said dates totaled 439,373,939 shares. As of June 30, 2019 and 2018 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 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.

25 – RELATED PARTIES

Transactions with related parties are as follows:

	<u>06.30.2019</u>	<u>06.30.2018</u>
Controlling company		
<u>Other net income and expenses</u>		
Gasinvest S.A.	1,260	355
<u>Total other net income and expenses</u>	<u>1,260</u>	<u>355</u>
Affiliated companies		
<u>Revenues</u>		
Comgas Andina S.A.	3,011	2,060
Companhia Operadora do Rio Grande do Sul	782	409
<u>Total revenues</u>	<u>3,793</u>	<u>2,469</u>
<u>Recovery of expenses</u>		
Comgas Andina S.A.	473	189
<u>Total recovery of expenses</u>	<u>473</u>	<u>189</u>
Other related parties		
<u>Revenues</u>		
Litoral Gas S.A.	1,114,114	1,106,397
Ternium Argentina S.A.	161,023	164,307
Siderca S.A.I.C.	106,680	138,957
Compañía General de Combustibles S.A.	668	-
Transportadora de Gas del Mercosur S.A.	23,438	14,794
Gasoducto Gasandes Argentina S.A.	-	3,541
Tecpetrol S.A.	9,122	-
<u>Total revenues</u>	<u>1,415,045</u>	<u>1,427,996</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

25 – RELATED PARTIES (Cont.)

Transactions with related parties are as follows (Cont.):

	<u>06.30.2019</u>	<u>06.30.2018</u>
<u>Recovery of expenses</u>		
Transportadora de Gas del Mercosur S.A.	<u>3,670</u>	<u>2,968</u>
<u>Total recovery of expenses</u>	<u>3,670</u>	<u>2,968</u>
<u>Acquisition of materials and property, plant and equipment</u>		
Siat S.A.	<u>12,618</u>	<u>-</u>
<u>Total acquisition of materials and property, plant and equipment</u>	<u>12,618</u>	<u>-</u>
Key management personnel		
Board of Directors' fees	11,574	23,209
Supervisory Committee's fees	3,073	11,332

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

25 – RELATED PARTIES (Cont.)

Balances with related parties are as follows:

Trade accounts receivable	<u>06.30.2019</u>	<u>12.31.2018</u>
<u>Other related parties</u>		
Transportadora de Gas del Mercosur S.A.	3,165	3,452
Litoral Gas S.A.	229,224	257,223
Compañía General de Combustibles S.A.	794	-
Ternium Argentina S.A.	-	37,500
Siderca S.A.I.C.	-	30,296
Gasoducto Gasandes Argentina S.A.	-	675
<u>Total trade accounts receivable - other related parties</u>	<u>233,183</u>	<u>329,146</u>
<u>Accounts receivable – affiliated companies</u>		
Comgas Andina S.A.	470	1,292
Companhia Operadora do Rio Grande do Sul	78	260
<u>Total other accounts receivable –affiliated companies</u>	<u>548</u>	<u>1,552</u>
Other accounts receivable		
<u>Assistance fee – controlling company</u>		
Gasinvest S.A.	173	189
<u>Total assistance fee – controlling company</u>	<u>173</u>	<u>189</u>
<u>Other accounts receivable – affiliated companies</u>		
Comgas Andina S.A.	-	81
Companhia Operadora do Rio Grande do Sul	1,119	1,313
<u>Total other accounts receivable – affiliated companies</u>	<u>1,119</u>	<u>1,394</u>
<u>Other accounts receivable – related parties</u>		
Litoral Gas S.A.	-	145
Siat S.A.	-	32,153
Compañía General de Combustibles S.A.	-	20,689
Tecpetrol Internacional S.L (Spain)	34	-
<u>Total other accounts receivable – related parties</u>	<u>34</u>	<u>52,987</u>
<u>Key management personnel</u>		
Board of Directors and Supervisory Committee’s fees paid in advance	14,645	26,186
<u>Total key management personnel</u>	<u>14,645</u>	<u>26,186</u>

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

25 – RELATED PARTIES (Cont.)

Balances with related parties are as follows (Cont.):

	<u>06.30.2019</u>	<u>12.31.2018</u>
Other debts		
<u>Key management personnel</u>		
Provision for Directors and Supervisory Committee's fees	14,663	26,208
<u>Total key management personnel</u>	<u>14,663</u>	<u>26,208</u>

26 - 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 interim condensed financial statements.

Transportadora de Gas del Norte S.A.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019, PRESENTED ON A COMPARATIVE BASIS (in thousand pesos, except as otherwise expressly stated)

27 – FINANCIAL TRUSTS FOR DOMESTIC 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.

Under said program and as instructed by the former National Energy Secretariat, in 2004 and 2006 expansion works were conducted which accounted for a capacity increase of 5.2 MMm³/d along the 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.

In September 2018 the former Ministry of Energy issued Resolution No. 15 providing, among other things, for the permanent discontinuation of expansion works under said program, the consolidation of trust assets created thereunder, the sale of residual assets and payment of outstanding amounts owed to TGN on account of technical management fees for those expansion works.

28 – SUBSEQUENT EVENTS

As of the date of issuance of these interim condensed financial statements, the US dollar exchange rate published by Banco de la Nación Argentina amounts to 45.30 pesos per US dollar. See Note 3.1 to these interim condensed financial statements, where the impact on the Company's equity is described.

No events or circumstances have occurred subsequent to June 30, 2019 which impact or may significantly impact on the Company's financial or economic position as of that date other than those made available to the public and disclosed in these interim condensed financial statements.

Transportadora de Gas del Norte S.A.**OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**

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, certain economic-financial indicators and business prospects, that must be read in conjunction with the Company’s Interim Condensed Financial Statements for the six-month period ended June 30, 2019, accompanying additional information to the Notes required under Title IV, Chapter III, Section 12 of CNV’s regulations, relevant facts timely informed to the CNV, and the Company’s Financial Statements for the fiscal year ended December 31, 2018.

D) ANALYSIS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION*Comprehensive income for the period:*

	(in million pesos)		
	Six-month period ended 06.30.		
	2019	2018	Variation
Revenues			
Gas transportation service	6,954.6	6,767.1	187.5
Gas pipeline operation & maintenance and other services	220.9	213.6	7.3
Total revenues	7,175.5	6,980.7	194.8
Cost of service			
Operation and maintenance costs	(1,438.5)	(1,354.9)	(83.6)
Property, plant and equipment depreciation	(2,757.7)	(1,799.1)	(958.6)
Subtotal	(4,196.2)	(3,154.0)	(1,042.2)
Gross profit	2,979.3	3,826.7	(847.4)
Administrative and selling expenses	(823.7)	(796.0)	(27.7)
Income before other net income and expenses	2,155.6	3,030.7	(875.1)
Other net income and expenses	(62.3)	(188.6)	126.3
Income before financial income	2,093.3	2,842.1	(748.8)
Net financial income	(103.3)	(1,582.1)	1,478.8
Income from investments in affiliated companies	7.1	6.2	0.9
Income before income tax	1,997.1	1,266.2	730.9
Income tax	(773.4)	(405.1)	(368.3)
Income for the period	1,223.7	861.1	362.6
Currency conversion of affiliated companies financial statements	(3.3)	5.2	(8.5)
Other comprehensive income for the period	(3.3)	5.2	(8.5)
Comprehensive income for the period	1,220.4	866.3	354.1
EBITDA ⁽¹⁾	4,998.7	4,875.5	123.2

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

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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

	<i>(in million pesos)</i>	
	<i>06.30.2019</i>	<i>12.31.2018</i>
<i>Total assets</i>	<i>51,739.6</i>	<i>56,636.2</i>
<i>Total liabilities</i>	<i>17,445.4</i>	<i>21,044.3</i>
<i>Shareholders' equity</i>	<i>34,294.2</i>	<i>35,591.9</i>

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 adjusted for inflation amounts to \$ 194.8 million between the six-month periods ended June 30, 2019 and 2018 is due to:

- i. \$ 308.4 million increase in billing, mainly as a result of an increase in transportation service for export; and*
- ii. \$ 7.3 million increase net of inflation adjustment in Gas pipeline operation and maintenance and other services.*

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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

Cost of service

Account	(in million Pesos)		
	Six-month period ended 06.30.		
	2019	2018	Variation
<i>Fees for professional services</i>	25.2	17.0	8.2
<i>Salaries, wages and other personnel benefits and social security contributions</i>	471.0	487.6	(16.6)
<i>Materials and spare parts</i>	227.3	140.7	86.6
<i>Maintenance and repair of property, plant and equipment and third-party services and supplies</i>	608.0	563.7	44.3
<i>Post, telecommunications, transportation, freight and travel expenses</i>	73.7	64.5	9.2
<i>Insurance</i>	38.8	34.4	4.4
<i>Rentals and office supplies</i>	17.2	17.5	(0.3)
<i>Easements</i>	17.1	19.3	(2.2)
<i>Taxes, rates and contributions</i>	2.2	1.6	0.6
<i>Property, plant and equipment depreciation</i>	2,757.7	1,799.1	958.6
<i>Slow-moving and obsolete materials and spare parts</i>	(54.0)	3.5	(57.5)
<i>Other</i>	12.0	5.1	6.9
Total	4,196.2	3,154.0	1,042.2
% of Cost of service on revenues	58.5%	45.2%	

Accounts recording the most significant variations between both periods are as follows:

- i. \$ 145.1 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to a \$ 16.6 million decrease). Said variation is explained by salary increases due to inflation adjustment (\$ 117.5 million), higher headcount (\$ 6.2 million), higher overtime charges and severance pays (\$ 15.1 million) and other;
- ii. \$ 65.4 million increase in *Materials and spare parts* (which adjusted for inflation amounts to \$ 86.6 million). Said variation is mainly due to higher costs during this period associated with spare parts (\$ 21.9 million), consumables (\$ 14.1 million), cathodic protection (\$ 8.1 million), compression integrity (\$ 2.4 million), compressor plants' safety integrity (\$ 7.4 million) and communication projects (\$ 6.1 million);
- iii. \$ 217.4 million increase in *Maintenance and repair of property, plant and equipment and third-party services and supplies* (which adjusted for inflation amounts to \$ 44.3 million). Said variation is mainly due to higher costs during this period associated with cleaning and dismantling of facilities (\$ 15.8 million), outsourced maintenance works (\$ 31.8 million), higher pipeline inspection costs (\$ 99.9 million), river and special crossing works (\$ 23.6 million), cathodic protection (\$ 27.2 million), pipe repairs (\$ 25.3 million), compressor plants' compression integrity (\$ 13.2 million), main gas integrity (\$ 12.1 million) partially offset with lower costs in backfill and safety strip projects (\$ 72.5 million);

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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

- iv. \$ 619.1 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to \$ 958.6 million). Said variation is due to the higher “*Property, plant and equipment*” depreciation during the current period, as a result of the revaluation made as of December 31, 2018; and
- v. \$ 20.2 million decrease in *Slow-moving and obsolete materials and spare parts* (which adjusted for inflation amounts to \$ 57.5 million). Said variation is mainly due to a lower allowance for obsolete materials during the period.

Administrative and selling expenses

Accounts	(in million pesos)		
	Six-month period ended 06.30.		
	2019	2018	Variation
Salaries, wages and other personnel benefits and social security contributions	200.7	185.8	14.9
Property, plant and equipment depreciation	85.3	45.8	39.5
Fees for professional services	43.4	33.2	10.2
Taxes, rates and contributions	420.0	450.9	(30.9)
Post, telecommunications, transportation, freight and travel expenses	11.7	12.1	(0.4)
Maintenance and repair of property, plant and equipment and third-party services and supplies	17.1	10.5	6.6
Rentals and office supplies	12.6	10.2	2.4
Doubtful accounts	11.7	(5.8)	17.5
Lawsuits	(5.5)	2.1	(7.6)
Supervisory Committee's fees	3.1	11.3	(8.2)
Board of Directors' fees	11.6	23.2	(11.6)
Materials and spare parts	1.5	5.6	(4.1)
Insurance	4.0	3.1	0.9
Other	6.5	8.0	(1.5)
Total	823.7	796.0	27.7
% of Administrative and Selling expenses on revenues	11.5%	11.4%	

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

- i. \$ 75.5 million increase in *Salaries, wages and other personnel benefits and social security contributions* (which adjusted for inflation amounts to \$ 14.9 million). Said variation is explained by salary increases due to inflation adjustment (\$ 63.8 million), higher headcount (\$ 5.9 million), and other;
- ii. \$ 118.8 million increase in *Taxes, rates and contributions* (which adjusted for inflation amounts to a \$ 30.9 million decrease). Said variation is mainly due to a higher costs associated with the allowance for court fees (\$ 30 million), tax on bank transactions (\$ 26.2 million) and turnover tax (\$ 60.8 million);

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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

- iii. \$ 18.6 million increase in *Doubtful accounts* (which adjusted for inflation amounts to \$ 17.5 million). Said variation is due to higher allowances set up during this period;
- iv. \$ 11.1 million increase in *Fees for professional services* (which adjusted for inflation amounts to \$ 10.2 million). Said variation is mainly due to higher project costs related to TGN's future new corporate offices (\$ 12.3 million), and other; and
- v. \$ 68.7 million increase in *Property, plant and equipment depreciation* (which adjusted for inflation amounts to \$ 39.5 million), due to the higher "*Property, plant and equipment*" depreciation during the current period, as a result of the revaluation made as of December 31, 2018.

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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

Net financial income

Accounts	(in million pesos)		
	Six-month period ended 06.30.		
	2019	2018	Variation
Other net financial income:			
Exchange rate gain	1,347.2	1,910.5	(563.3)
Exchange rate loss	(1,335.7)	(3,746.5)	2,410.8
Total other net financial income	11.5	(1,836.0)	1,847.5
Financial income:			
Interest	91.8	60.0	31.8
Income due to changes in fair values	38.9	77.3	(38.4)
Discounts obtained	9.4	3.0	6.4
Total financial income	140.1	140.3	(0.2)
Financial expenses:			
Interest	(365.6)	(315.2)	(50.4)
Expense due to discount at present value	(9.4)	(12.0)	2.6
Interest compounded on Property, plant and equipment	52.3	8.2	44.1
Loss on derivative financial instruments	(36.4)	-	(36.4)
Banking, financial and other fees, expenses and taxes	(8.6)	(3.8)	(4.8)
Total financial expenses	(367.7)	(322.8)	(44.9)
Gain on monetary position	112.8	436.4	(323.6)
Total net financial (loss) income	(103.3)	(1,582.1)	1,478.8

Net financial income for the period ended June 30, 2019 showed a higher gain of \$ 1,045.1 million (which adjusted for inflation amounts to \$ 1,478.8 million), as compared to the period ended June 30, 2018. Accounts with the most relevant variations between both periods were:

- i. a lower loss of \$ 1,135.3 million (which adjusted for inflation amounts to \$ 2,410.8 million), on account of exchange rate differences on US dollar denominated liabilities;
- ii. a higher gain of \$ 12.9 million (which adjusted for inflation amounts to a \$ 563.3 million higher loss), on account of exchange rate differences on US dollar denominated assets;
- iii. a higher gain of \$ 164.2 million (which adjusted for inflation amounts to a \$ 18.6 million higher loss), associated with interest accrued during the period;
- iv. a higher gain of \$ 0.1 million (which adjusted for inflation amounts to \$ 2.6 million), due to long-term payables being discounted at present value;
- v. a lower gain of \$ 10.2 million (which adjusted for inflation amounts to \$ 38.4 million), due to changes in fair values accrued during the period;

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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

- vi. a higher gain of \$ 42.5 million (which adjusted for inflation amounts to \$ 44.1 million), in compound interest in connection with works the duration of which exceeds one year. The effective monthly compound rate used was 1.55%;
- vii. a higher loss of \$ 36.4 million (which adjusted for inflation amounts to \$ 36.4 million) in transactions with derivative instruments; and
- viii. a lower gain on monetary position of \$ 323.6 million, due to the greater number of monetary assets exposed to inflation held in the current period as compared to the same period in 2018.

Income tax

Income tax for the six-month period ended June 30, 2019 reported a higher charge of \$ 368.3 million as compared to the same period in previous year. Said variation is mainly the result of a higher current tax charge of \$ 1,056.3 million due to a higher gain reported in the six-month period ended June 30, 2019, offset by a lower deferred income tax charge of \$ 682.3 million.

Summary of statement of cash flows

	<i>(in million pesos)</i>	
	<i>Six-month period ended 06.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Cash generated by operating activities</i>	2,160.4	3,086.5
<i>Income tax</i>	773.5	405.1
<i>Interest accrued on liabilities</i>	365.6	315.2
<i>Net cash flow generated by operating activities</i>	3,299.5	3,806.8
<i>Acquisition of property, plant and equipment</i>	(964.2)	(936.1)
<i>Subscriptions, net of recovery of investments at amortized cost and investments at fair value (non-cash equivalents)</i>	1,036.2	(888.9)
<i>Principal and interest received from investments at amortized cost and investments at fair value</i>	10.5	16.0
<i>Net cash flow generated by (used in) investing activities</i>	82.5	(1,809.0)
<i>Capital and interest paid on Syndicated Loan</i>	(2,887.7)	(163.9)
<i>Payment of dividend in cash</i>	(2,518.2)	(606.4)
<i>Lease payment</i>	(3.9)	-
<i>Net cash flow used in financing activities</i>	(5,409.8)	(770.3)
<i>Net (decrease) increase in cash and cash equivalents</i>	(2,027.8)	1,227.5
<i>Cash and cash equivalents at the beginning of fiscal year</i>	2,866.8	859.3
<i>Financial income generated by cash</i>	(17.5)	106.6
<i>Cash and cash equivalents at the end of period</i>	821.5	2,193.4

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

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

Breakdown of cash and cash equivalents

<i>Accounts</i>	<i>(in million pesos)</i>	
	<i>Six-month period ended 06.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Cash and banks</i>	32.1 ⁽¹⁾	551.6
<i>Term deposits in US\$</i>	230.9	2,315.2
<i>Mutual funds in \$</i>	135.4	-
<i>Mutual funds in U\$</i>	423.1	-
<i>Cash and cash equivalents at the end of period</i>	821.5	2,866.8

⁽¹⁾ As of June 30, 2019 and 2018 it includes \$ 2.3 million and \$ 474.7 million, respectively, denominated in foreign currency.

II) COMPARATIVE BALANCE SHEETS AS OF JUNE 30, 2019 and 2018

<i>Items</i>	<i>(in million pesos)</i>	
	<i>As of 06.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Non-current assets</i>	46,033.6	41,799.7
<i>Current assets</i>	5,706.0	7,646.2
<i>Total</i>	51,739.6	49,445.9
<i>Shareholders' equity</i>	34,294.2	27,815.8
<i>Non-current liabilities</i>	10,169.2	19,597.7
<i>Current liabilities</i>	7,276.2	2,032.4
<i>Subtotal liabilities</i>	17,445.4	21,630.1
<i>Total</i>	51,739.6	49,445.9

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

III) COMPARATIVE COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

<i>Items</i>	<i>(in million pesos)</i>	
	<i>As of 06.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Income before other net income and expenses</i>	<i>2,155.6</i>	<i>3,030.7</i>
<i>Other net income and expenses</i>	<i>(62.3)</i>	<i>(188.6)</i>
<i>Income before financial income</i>	<i>2,093.3</i>	<i>2,842.1</i>
<i>Net financial income</i>	<i>(103.3)</i>	<i>(1,582.1)</i>
<i>Income from investments in affiliated companies</i>	<i>7.1</i>	<i>6.2</i>
<i>Income before income tax</i>	<i>1,997.1</i>	<i>1,266.2</i>
<i>Income tax</i>	<i>(773.4)</i>	<i>(405.1)</i>
<i>Income for the period</i>	<i>1,223.7</i>	<i>861.1</i>
<i>Other comprehensive income for the period</i>	<i>(3.3)</i>	<i>5.2</i>
<i>Comprehensive income for the period</i>	<i>1,220.4</i>	<i>866.3</i>

IV) COMPARATIVE STATISTICAL DATA FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

Dispatched volumes in million m3:

	<i>By type of transportation</i>	
	<i>As of 06.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Firm</i>	<i>6,966</i>	<i>7,363</i>
<i>Interruptible & exchange and displacement</i>	<i>5,198</i>	<i>4,311</i>
<i>Total</i>	<i>12,164</i>	<i>11,674</i>

	<i>By source</i>	
	<i>As of 06.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Northern Pipeline</i>	<i>4,403</i>	<i>5,054</i>
<i>Central West Pipeline</i>	<i>6,639</i>	<i>6,620</i>
<i>Final Sections</i>	<i>1,122</i>	<i>-</i>
<i>Total</i>	<i>12,164</i>	<i>11,674</i>

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

IV) COMPARATIVE STATISTICAL DATA FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND, 2018 (Cont.)

	<i>By destination</i>	
	<i>As of 06.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Domestic market</i>	<i>11,511</i>	<i>11,653</i>
<i>Export market</i>	<i>653</i>	<i>21</i>
<i>Total</i>	<i>12,164</i>	<i>11,674</i>

V) COMPARATIVE RATIOS AS OF JUNE 30, 2019 AND 2018

	<i>As of 06.30.</i>	
	<i>2019</i>	<i>2018</i>
<i>Liquidity (1)</i>	<i>0.78</i>	<i>3.76</i>
<i>Solvency (2)</i>	<i>1.97</i>	<i>1.29</i>
<i>Equity Immobility (3)</i>	<i>0.89</i>	<i>0.85</i>

- (1) Current assets / current liabilities
- (2) Equity / total liabilities
- (3) Non-current assets / total assets

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

VI) BUSINESS PROSPECTS FOR CURRENT YEAR *(not covered by the Independent Auditors' Report)*

This section about the Company's business, operating, financial and regulatory prospects should be read, analyzed and interpreted in conjunction with the notes to the interim condensed financial statements as of June 30, 2019, and the additional information required under Title IV, Chapter III, Section 12 of the National Securities Commission regulations as of June 30, 2019, in order to have a full picture of corporate matters.

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

Business prospects for this fiscal year:

Rate increases implemented since 2016 have allowed the Company to cover its operating and maintenance expenses, execute certain works, meet its financial liabilities when due, and distribute dividends in April 2018 and April 2019, as a result of profits derived during fiscal years ended December 31, 2017 and December 31, 2018. In order to maintain transportation rates updated over time and thus be able to meet gas pipeline operation and maintenance requirements, the Comprehensive Rate Review ("CRR") conducted by the National Gas Regulatory Entity ("ENARGAS") introduced non-automatic bi-annual transportation rate adjustments, between five-year rate reviews, due to changes experienced in the cost of service, in order to maintain the economic-financial balance and quality of the service. However, ENARGAS could consider other macroeconomic variables to reflect the impact of rate adjustments on household economies, by reference to levels of activity, salaries and retirement benefits, among others.

Actually, as part of the biannual adjustment applicable as from October 1, 2018, ENARGAS resolved to apply the simple average of the Domestic Wholesale Price Index – General Level ("IPIM") published by the National Institute of Statistics and Census, the Construction Cost Index (February 2018 - August 2018), and the Labor Cost Index (December 2017 - June 2018), which resulted in an increase (19.7%) lower than would have otherwise resulted by applying the IPIM (30.7%).

The Company has been unable to confirm whether the ENARGAS has reasonably analyzed and concluded that the polynomial formula applied for said biannual adjustment actually maintains the economic-financial sustainability and quality of the service rendered by TGN, as required under item 7.1 of the License Comprehensive Agreement. Assuming that the regulator intended to soften the rate impact on consumers through a price control, the Company requested ENARGAS to discuss the terms of an equivalent compensation (including a review of the scope of the mandatory investment plan), as established in item 9.8 of the Basic Rules of the License.

In March 2019 ENARGAS published the transportation rate tables to be applied by the Company during "April 2019 – September 2019" period. This time, ENARGAS resumed the IPIM adjustment, applying the variation recorded by this index between August 31, 2018 and February 28, 2019, which resulted in an average 26% increase. ENARGAS also established a new rate zone called "Greater Buenos Aires – Greater Buenos Aires", and further, that the "Neuquén – Neuquén" zone rate be applied to said newly created zone until the next five-year rate review.

Transportadora de Gas del Norte S.A.

OVERVIEW FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

VI) BUSINESS PROSPECTS (*not covered by the Independent Auditors' Report*) (Cont.)

Business prospects for this fiscal year (Cont.):

In April 2019, the national government announced that after the coming into effect of the rate tables applicable as from April 1, 2019, the natural gas utility rates will not be adjusted until the end of the current year.

The Company assumes that the rates resulting from the CRR will remain at constant values along time in order to be able to meet expenses and investments required for gas pipeline operation and maintenance. However, the outcome of biannual rate adjustment could actually differ from current assumptions and the outcome of the next five-year rate review cannot be anticipated.

City of Buenos Aires, August 7, 2019

Néstor Rafaelli
Regular Director

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (in thousand pesos, except as otherwise expressly stated).

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

1. Legislation and regulations applicable to the Company and potential contingencies:

Act No. 24,076 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 the National Gas Regulatory Entity ("ENARGAS") establish the legal framework pursuant to which the Company carries out its business. The License, granted for an initial term of 35 years, which expires in December 2027, 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 the Company's interim condensed financial statements as of June 30, 2019 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 periods covered by the interim condensed financial statements which affect or could affect the ability to compare them with those submitted in previous or future periods:

See Notes 1.3.3; 2.3; 2.5; 15 and 19 to the Company's interim condensed financial statements for the six-month period ended June 30, 2019.

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

	06.30.2019		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other Payables ⁽³⁾
Past due			
From 07.01.2008 to 06.30.2009	1,619,307	-	167
From 07.01.2009 to 06.30.2010	1,405,530	-	43
From 07.01.2010 to 06.30.2011	1,491,065	-	174
From 07.01.2011 to 06.30.2012	897,533	-	58
From 07.01.2012 to 06.30.2013	906,167	-	23,386
From 07.01.2013 to 06.30.2014	906,257	-	60,253
From 07.01.2014 to 06.30.2015	782,722	-	23,412
From 07.01.2015 to 06.30.2016	26,916	-	23,642
From 07.01.2016 to 06.30.2017	95,097	-	25,554
From 07.01.2017 to 06.30.2018	30,089	-	26,605
From 07.01.2018 to 09.30.2018	175,541	-	2,438
From 10.01.2018 to 12.31.2018	37,525	-	13,084
From 01.01.2019 to 03.31.2019	23,998	-	10,405
From 04.01.2019 to 06.30.2019	382,629	-	205,897

(1) Includes trade accounts receivable and other accounts receivable, at face value, and excludes allowances.

(2) Recorded at present value.

(3) Includes all liabilities, except for loans, contingencies and deferred tax liabilities.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (in thousand pesos, except as otherwise expressly stated).

	06.30.2019		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
Without due date	328,690	-	1,348,205
To become due			
09.30.2019	1,529,836	77,915	593,711
12.31.2019	-	2,335,465	9,544
03.31.2020	-	-	9,544
06.30.2020	-	2,335,465	47,721
06.30.2021	-	2,332,263	38,177
06.30.2022	-	-	38,177
06.30.2023	-	-	38,177
06.30.2024	-	-	38,177
06.30.2025	-	-	38,177
06.30.2026	-	-	38,177
06.30.2027	-	-	19,088
Total as of 06.30.2019	10,638,902	7,081,108	2,671,993

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

	06.30.2019		
	Receivables ⁽¹⁾	Loans ⁽²⁾	Other payables ⁽³⁾
In local currency	2,474,468	-	2,168,781
In foreign currency	8,164,434	7,081,108	503,212
In kind	-	-	-
Total as of 06.30.2019	10,638,902	7,081,108	2,671,993
Balances subject to adjustment clause	-	-	-
Balances not subject to adjustment clause	10,638,902	7,081,108	2,671,993
Total as of 06.30.2019	10,638,902	7,081,108	2,671,993
Interest bearing balances	426	7,003,193	51,225
Non-interest bearing balances	10,638,476	77,915	2,620,768
Total as of 06.30.2019	10,638,902	7,081,108	2,671,993

(1) Includes trade accounts receivable and other accounts receivable at face value, and excludes allowances.

(2) Recorded at present value.

(3) Includes all liabilities, except for loans, contingencies, derivative financial instruments and deferred tax liabilities.

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

See Note 6 to the Company's interim condensed financial statements as of June 30, 2019.

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (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.		Companhia Operadora do Rio Grande do Sul	
	Receivables	Other payables	Receivables	Other payables
Without due date	-	-	78	-
To become due				
From 07.01.2019 to 09.30.2019	470	-	1,119	-
Total as of 06.30.2019	470	-	1,197	-
In local currency	-	-	-	-
In foreign currency	470	-	1,197	-
In kind	-	-	-	-
Total as of 06.30.2019	470	-	1,197	-
Balances subject to adjustment clause	-	-	-	-
Balances not subject to adjustment clause	470	-	1,197	-
Total as of 06.30.2019	470	-	1,197	-
Interest bearing balances	-	-	-	-
Non-interest bearing balances	470	-	1,197	-
Total as of 06.30.2019	470	-	1,197	-

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 \$ 393.1 million and are totally covered by an allowance. (See Note 10 to the Company's interim condensed financial statements as of June 30, 2019.)

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (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”. (See Note 8 to the Company’s interim condensed financial statements as of June 30, 2019.)

9. Technically appraised Fixed Assets:

See Note 2.6 to the Company’s Financial Statements as of December 31, 2018.

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 & Property, plant and equipment: the recoverable value of said assets was determined based on their economic use (see Note 2.6 to the Company’s Financial Statements as of December 31, 2018).

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (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 \$
<ul style="list-style-type: none"> Personal and real property allocated to the provision of service 	Operational all risk and loss of profit. Third party Liability Terrorism.	US\$ 90,000 US\$ 220,000 US\$ 35,000	38,161,854
<ul style="list-style-type: none"> Machinery. 	Machinery breakdown.	US\$ 10,000	1,529,836
<ul style="list-style-type: none"> Vehicles: <ul style="list-style-type: none"> - Management fleet. - Operational fleet (cars and y pickups). - Trucks and trailers. 	Limited liability. Total loss for car accident. Total or partial loss due to fire, robbery or theft. Limited liability. Limited liability	\$ 6,000 \$ 9,720 \$ 9,720 \$ 6,000 \$ 18,000	9,477 84,494
<ul style="list-style-type: none"> Personal property at Head Office and IT equipment. 	Fire. Theft.	US\$ 9,000 US\$ 10	88,858
<ul style="list-style-type: none"> Works in progress. 	All risk, construction and assembly	US\$ 52,000	3,251,322

Transportadora de Gas del Norte S.A.

ADDITIONAL INFORMATION TO THE NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS REQUIRED UNDER TITLE IV, CHAPTER III, SECTION 12 OF THE NATIONAL SECURITIES COMMISSION REGULATIONS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (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 \$ 5,254,686. The interim condensed financial statements as of June 30, 2019 contain a breakdown of these allowances and provisions and their changes during the period.

15. Contingencies with an impact on equity likely to occur, which have 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.

Juan José Valdez Follino
Regular Statutory Auditor

Néstor Rafaelli
Regular Director



Free translation from the original in Spanish for publication in Argentina

REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying condensed interim financial statements of Transportadora de Gas del Norte S.A. (hereinafter, "the Company" or "TGN"), comprised of the interim condensed balance sheets at June 30, 2019, the interim condensed statement of comprehensive income for the six and three months period ended on June 30, 2019 and the interim condensed statement of changes in shareholders' equity and the interim condensed statement of cash flows for the six months period then ended, and the selected explanatory notes.

The amounts and other information related to the fiscal year 2018 and their interim periods are an integral part of the financial statements mentioned above and, therefore, they should be considered in connection with these financial statements.

Management's responsibilities

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

Scope of our review

Our review was limited to the application of the procedures established under International Standards on Review Engagements ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity", adopted as a review standard in Argentina by Technical Pronouncement No. 33 of the FACPCE and approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries to the Company's personnel responsible for preparing the information included in the interim condensed consolidated financial statements and performing analytical and other review procedures. This review is substantially less in scope than an audit examination conducted in accordance with international standards on auditing and consequently it does not enable us to be sure that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion on the Company's consolidated financial position, consolidated comprehensive income and consolidated cash flows.

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Conclusion

On the basis of our review, nothing has come to our attention that make us think that the interim condensed consolidated financial statements mentioned in the first paragraph of this report have not been prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on compliance with regulations in force

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

- a) the interim condensed financial statements of Transportadora de Gas del Norte S.A. are transcribed into the "Inventory and Balance Sheet" book and in regards to 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 interim condensed financial statements of Transportadora de Gas del Norte S.A. arise from accounting records carried in all formal aspects in conformity with legal requirements;
- a) we have read the Overview and the Additional Information to the notes to the interim condensed 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 June 30, 2019, the liabilities 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 and calculations amounted to \$36.537.897, none of which was claimable at that date.

Autonomous City of Buenos Aires, August 7, 2019

PRICE WATERHOUSE & CO.S.R.L.

(Partner)

Dr. Ezequiel Luis Mirazón

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

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 63, Subsection b) of Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires) Regulations, we have reviewed the enclosed Interim Condensed Financial Statements of Transportadora de Gas del Norte S.A. (hereinafter “the Company” or “TGN”), which comprise the Interim Condensed Balance Sheet as of June 30, 2019, Interim Condensed Statement of Comprehensive Income for the six-month period ended June 30, 2019, and Statement of Changes in Shareholders’ Equity and Statement of Cash Flows for the six-month period ended as of that date, and selected notes.

Balances and other information for fiscal year 2018 and interim periods thereof, are an integral part of the financial statements above mentioned and therefore should be considered in relation to those financial statements.

Management Responsibility

The preparation and presentation of said 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 mistakes, 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 above mention documents in accordance with Statutory Auditing Standards in force. Those standards require that the review is conducted in accordance with standards applicable to assignments for review of interim financial information 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 Report on the Interim Condensed Financial Statements by independent auditor Ezequiel Luis Mirazón (CPA), Partner of Price Waterhouse & Co. S.R.L., dated August 7, 2019, issued in compliance with standards applicable in Argentina

for the “Review of Interim Financial Information developed by the Company’s Independent Auditor”. Our review included the verification of the work planning, scope, nature and timeliness of the procedures followed and the results of the review conducted by said professional.

We have not reviewed any management performance 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 the Interim Condensed Financial Statements as of June 30, 2019, 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 Interim Condensed Financial Statements are derived from books and records kept, in all formal respects, in accordance with applicable legislation, and comply with the provisions of the General Company Law and National Securities Commission resolutions.
- b) As regards the above mentioned Interim Condensed Financial Statements, and the Additional Information to the Notes to such Interim Condensed Financial Statements required under Title IV, Chapter III, Section 12 of the CNV regulations, we have no other remarks than those above stated.
- c) We have complied with the requirements of Section 294 of the Argentine General Company Law during the reported period.

City of Buenos Aires, August 7, 2019.

By the Supervisory Committee

Dr. Juan José Valdez Follino
Regular Statutory Auditor